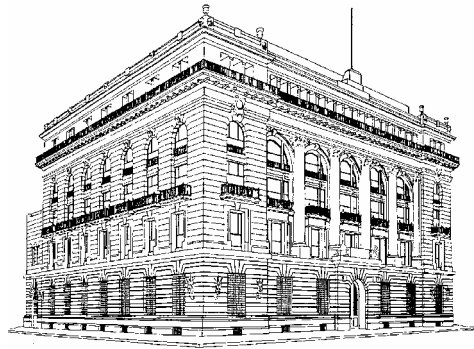


Annual Report

2004



BANCO^{DE} MEXICO

APRIL 2005

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The Annual Report
Submitted to the President and the Mexican Congress
under Article 51, section III of Banco de México's Law

FOREWARNING

Banco de México has always given the utmost importance to the publication of information that aids decision-making and allows the public to assess its policies. This text is provided for the reader's convenience only, and discrepancies may eventually arise from the translation of the original document into English. The original and unabridged Annual Report in Spanish is the only official document.

Figures for 2004 are preliminary and subject to change. Although data is consistent within each section, comparing figures drawn from different sections may differ because they have been estimated on the basis of different sources and methodologies.

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I. Introduction

In 2004, Mexico benefited from the continued recovery of the world economy, which recorded its highest rate of growth since the mid-seventies. Mexican economic growth, which had begun towards the end of 2003, strengthened during 2004. Real GDP growth was 4.4 percent, figure above that anticipated at the beginning of the year by the main economic analysts.

In December 2004 annual headline inflation was 5.19 percent, above that recorded in the same month of the previous year (3.84 percent). The path of headline CPI inflation in Mexico was significantly affected by the international environment. The contribution of several Asian economies, especially the Chinese, to world growth continued to increase during 2004 due to their intensive use of energy, metals and other raw materials, as well as a considerable growth of a wide range of their food imports. As a result, prices of such commodities were subject to significant pressures in international markets, therefore affecting headline inflation in Mexico. Given their nature, the aforementioned supply shocks mainly affected CPI's non-core component and the food items of the core merchandise subindex.

During the second half of the year different weather-related factors changed supply conditions of many agricultural products in Mexico and the U.S. The hurricanes that hit the East coast of the U.S. significantly reduced fruits and vegetables' crops. Tomato prices were particularly affected; in December, however, inflation pressures began to ease.

International financial markets exhibited low volatility, a high level of liquidity and a considerable search for yields during 2004. This resulted from a favorable growth scenario, reduced inflation pressures worldwide –except for price increases in several commodities, including the significant increase in crude oil prices– and the improvement in both U.S. corporate gains and in emerging markets' credit standing.

Such conditions prevailed despite the fact that by mid-year the Federal Reserve Board began its cycle of monetary policy actions to withdraw the monetary stimulus. The fact that U.S. core inflation and its expectations remained relatively contained enabled

U.S. monetary policy actions to be implemented at a moderate pace. In contrast to previous cycles, when the Federal Reserve has tightened its monetary policy stance, in 2004 interest rates for longer terms remained at relatively low levels.

Under such conditions, Mexico's economic activity grew during 2004. The strength of demand for Mexican exports and the availability of resources that have promoted domestic expenditure deserve particular mention. Regarding the latter, the most significant have been oil revenues and workers' remittances, and the pace at which consumption and mortgage credit have been growing. This environment has sustained the proper conditions that fostered the continued growth of consumption and the consolidation of the recovery of investment. Industrial and manufacturing production expanded, thereby contributing to job creation. Nonetheless, this did not lead to a fall in the unemployment rate in urban areas.

Throughout 2004, monetary policy faced the following challenges: a) contain the effects of price increases of several commodities in international markets on inflation expectations and wages; b) foster an orderly adjustment of the economy to an environment of tighter global monetary conditions; and, c) limit inflation pressures that could originate from changes in aggregate demand.

Given the aforementioned, the Board of Governors of Banco de México tightened the monetary policy stance significantly in 2004, mainly through two channels: i) by increasing the *corto* (short position) on nine occasions, from 25 million pesos at the start of the year to 69 million pesos on December 10, 2004; and ii) starting June 25, by stating in its press releases on monetary policy that, until deemed necessary, domestic monetary conditions should mirror, at least, the greater monetary astringency that prevailed in the U.S. In this context, the combination of Banco de México's monetary policy actions and the relatively ample liquidity conditions prevailing in world financial markets have led to a significant "flattening" of the yield curve in pesos..

It is important to mention that despite the growth of several components of expenditure during 2004, no considerable inflation pressures from the demand side are envisaged. Furthermore, fluctuations in inflation during the year do not seem to have had any significant effect on wage negotiations.

Throughout the world, inflation abatement is a gradual process that must be carried through a long-term horizon. Therefore, although a series of exceptional shocks affected such process during 2004, the Central Bank reiterates its commitment to price stability, therefore safeguarding the basic conditions to produce and invest.

II. International Environment

In 2004, the Mexican economy was favored by the strengthening global recovery, which recorded its highest rate of growth since the mid-seventies (5.1 percent at an annual rate). Growth was driven mainly by the strength of economic activity in the U.S., China and most emerging economies, offsetting the weakness of the euro-area economies and Japan (Table 1). Although growth slowed in the second half of the year (partly as a result of surging oil prices), the U.S. and Chinese economies continued to grow at a fast pace. U.S. expansion was accompanied by a strengthening of industrial activity and of employment, which had been sluggish during 2003. Under such context, the Federal Reserve decided to raise interest rates gradually starting mid-year. Despite the latter, and risk perceptions regarding the high U.S. current account deficit and its possible impact on exchange rates, international financial markets adjusted without major fluctuations and emerging markets' country risk indicators fell to historically low levels.

The increasing importance of Asian economies in the global economy has significantly affected the demand for raw materials, particularly energy. As these economies are intensive users of such goods, the increase in their contribution to world growth has resulted in higher pressures on commodities' prices in international markets, contributing to an inflationary rebound in advanced economies throughout the year.

At the start of the present economic expansion the U.S. recovery was mostly supported by consumer spending (which had also been the most important driving force of the economy during the previous downturn). The sources of growth were more balanced in 2004 as investment gained strength. GDP increased 4.4 percent during the year. Despite the reduction of the fiscal and monetary stimulus and the negative effect of rising oil prices, consumption continued to grow vigorously (3.8 percent) due to increased household income and wealth. The latter was in turn brought about by the appreciation of real estate holdings and financial assets. Disposable income rose 3.5 percent in real terms during the year and the saving rate fell to historically low levels.

Table 1

GDP and World Trade

Annual percentage change

	1999	2000	2001	2002	2003	2004e
World GDP	3.7	4.6	2.5	3.0	4.0	5.1
Advanced Economies	3.5	3.8	1.2	1.6	2.0	3.4
Main Advanced Economies ^{1/}	3.1	3.4	1.0	1.2	2.0	3.3
United States	4.5	3.7	0.8	1.9	3.0	4.4
European Union	2.8	3.5	1.6	0.9	0.5	2.1
Japan	-0.1	2.4	0.2	-0.3	1.4	2.7
Asian NICs ^{2/}	7.3	7.9	1.3	5.3	3.1	5.5
Developing Countries	4.0	5.8	4.2	4.7	6.4	7.2
Africa	2.8	3.2	4.0	3.6	4.6	5.1
Asia	6.2	6.5	5.8	6.5	8.1	8.2
Middle East and Turkey	2.1	5.4	3.3	4.1	5.8	5.5
Latin America and the Caribbean	0.4	3.9	0.5	-0.1	2.2	5.7
World Trade in Goods	5.8	12.4	0.2	3.3	4.9	9.9
Memo:						
Main contributors to World GDP growth						
Euro area	0.4	0.5	0.2	0.1	0.1	0.3
United States	0.9	0.8	0.2	0.4	0.6	0.9
China	0.9	1.1	1.0	1.1	1.2	1.3

e/ estimated.

1/ Includes the U.S., Japan, Germany, France, Italy, United Kingdom and Canada.

2/ Includes China, Hong Kong, South Korea, Singapore and Taiwan.

Source: IMF, World Economic Outlook, April 2005. U.S. data drawn from the Bureau of Economic Analysis (BEA); European Union data drawn from Eurostat; and Japan data drawn from the Economic and Social Research Institute (ESRI).

Fixed investment, which had started to recover in the third quarter of 2003, expanded 10.3 percent in 2004, twice the previous year's figure (Table 2). Such result was fueled by solid corporate profits -which expanded firms' internal funds- as well as by improved sales forecasts, favorable financial conditions and fiscal incentives. Investment in equipment and software rose significantly (13.6 percent), while investment in non-residential structures increased only slightly in 2004 after having contracted for two years.

Industrial production recovered in 2004 from its stagnation since the end of 2000. The U.S. industrial production index rose 4.1 percent at an annual rate, while that of manufacturing grew 4.8 percent. However, these increases were only enough to raise the respective indexes slightly above their previous maximum levels. The high tech sector was among the most dynamic, growing at an annual rate of nearly 20 percent and contributing with almost one percentage point to the expansion of the manufacturing sector during the year.

Table 2

U.S. Aggregate Supply and Demand

Annual and annualized quarterly percentage change

	2002	2003	2004	2004			
				I	II	III	IV
GDP	1.9	3.0	4.4	4.5	3.3	4.0	3.8
Domestic Absorption ^{1/}	2.0	3.5	4.4	3.9	3.5	4.9	4.6
Private Consumption	3.1	3.3	3.8	4.1	1.6	5.1	4.2
Private Fixed Investment	-4.9	5.1	10.3	4.5	13.9	8.8	10.5
Memo: Nonresidential	-8.9	3.3	10.6	4.2	12.5	13.0	14.5
Government Expenditure	4.4	2.8	1.9	2.5	2.2	0.7	0.9
Exports of Goods and Services	-2.3	1.9	8.6	7.3	7.3	6.0	3.2
Imports of Goods and Services	3.4	4.4	9.9	10.6	12.6	4.6	11.4

^{1/} Excluding inventories.

Source: Bureau of Economic Analysis (BEA).

Employment in the U.S. nonfarm sector strengthened significantly in 2004. Nonetheless, employment continued to grow at a considerably slower rate than during previous stages of recovery. Although job creation was robust at the start of 2004, rising by more than 300 thousand jobs in both March and April, only 183 thousand new jobs were created per month, on average, in the nonfarm sector during 2004. While manufacturing employment recovered in 2004, its level remained below that observed at the beginning of the sixties.

The federal government's deficit for the fiscal year that ended in October 2004 was considerably below that forecasted at the start of that year (3.6 percent of GDP compared with 4.2 percent) and similar to the one observed in 2003. Nonetheless, the magnitude of the fiscal imbalance was a source of constant concern due to, among other things, its implications for the current account deficit. The structural deficit, on the other hand, decreased from 2.7 to 2.4 percent of potential GDP, which is evidence of a reduced fiscal stimulus during 2004.¹

The U.S. current account deficit currently poses a significant risk for the world economy. Contrary to expectations at the start of the year that there would be an improvement in this indicator (resulting from the depreciation of the dollar and expected higher economic growth in Europe and Japan than actually

¹ Figures for the public deficit are drawn from *An Analysis of the President's Budgetary Proposals for Fiscal Year 2005*, Congressional Budget Office, March 2004, and *The Budget and Economic Outlook: Fiscal Years 2006 to 2015*, Congressional Budget Office, January 2005.

observed), the deficit in goods and services reached 5.2 percent of GDP (national accounts figures), while the current account balance was 5.7 percent of GDP, both historically high levels. The expansion of the current account deficit was mainly the result of low private sector saving and the higher fiscal deficit. Viewed from an alternative perspective, the widening of the U.S. external deficit in 2004 was due to the unexpected weakness of other industrialized economies, higher oil prices –which raised the value of oil imports - and the intervention in the exchange markets of several Asian central banks reluctant to allow their currencies to reflect market conditions.

Headline CPI inflation in the U.S. rebounded in 2004 as a result of sharp increases in the contribution of its energy and core components (1.2 and 1.7 percentage points, respectively, in 2004 compared to 0.5 and 0.9 percentage points in 2003, in end-of-period terms). At the end of the year headline inflation was 3.3 percent (1.9 percent in 2003), while core inflation was 2.2 percent (1.1 percent in 2003). Nonetheless, mainly in response to confidence in U.S. monetary policy, long-term inflation expectations remained at levels between 2.2 to 2.5 percent. Inflation expectations were maintained at moderate levels amid an expected gradual economic slowdown and as unit labor costs –the main determinant of core inflation-remained at levels similar to those observed during 2003. This has been made possible by productivity gains, which despite following a downward trend throughout the year increased 4.0 percent in 2004, well above its historic average (2.3 percent). In addition, productivity growth has limited the expansion of employment and wage pressures.

The stance of U.S. monetary policy began to change gradually at the start of 2004. The communiqués from the first meetings of the year the Federal Open Market Committee still mentioned the risk of deflation. Thus, although the Federal Reserve was confident of a sustained rebound, the first interest rate hike did not take place until mid-year, once clear signs of a recovery in employment were present. In its press releases the Committee underlined its intention to withdraw the monetary stimulus at a measured pace. Consequently, in all of its meetings from June to December the target for the federal funds rate was raised 25 basis points, ending the year at 2.25 percent.

The abovementioned adjustments in the federal funds rate were anticipated by financial markets, and therefore, the latter adjusted smoothly to such changes. The stock market rose in 2004

due to strong gains during the last quarter of the year. Short-term interest rates mirrored federal funds rate movements, while the 10-year rate, which started the year at 4.25 percent, reached 4.87 percent in June and 4.22 percent at the end of the year. The US dollar recovered slightly at the start of 2004, but began to weaken again since mid-May, reaching new historical lows against the euro by the end of the year. The US dollar also reached minimal levels unseen for several years vis-à-vis the Canadian dollar, the pound sterling and the yen. The widening of the U.S. current account deficit contributed to the weakness of its currency.

The economies of Canada and the United Kingdom also recorded favorable growth outcomes during 2004 (2.8 and 3.1 percent, respectively). Canada's economic growth was mainly fueled by exports. Canadian monetary authorities continued the process of gradual interest rate adjustments and fiscal discipline was maintained. In the case of the U.K., economic expansion was driven by strong domestic demand stemming from an improvement in companies' financial positions and higher disposable income of consumers. This led the Bank of England to raise its policy rates.

The recovery of the euro area economy, which had begun at the end of 2003, continued in the first half of 2004. This was the result of strong exports and the temporary recovery of domestic demand in some member countries. Nonetheless, in the second half of the year the euro area economy slowed as net exports' contribution to growth became negative, mainly in response to the appreciation of the euro and higher crude oil prices. Furthermore, the growth of both private investment and consumption was weaker than expected (especially in Germany and Italy). The euro area grew 2.1 percent in 2004 -figure much higher than that registered in 2003 but below forecasts- Inflation in the euro area was above 2 percent for most of the year, due mainly to surging oil prices. Nonetheless, the evolution of core prices and labor costs allowed the European Central Bank to maintain its benchmark interest rate unchanged throughout the year.

After having exhibited vigorous growth in the first quarter of 2004, the Japanese economy recorded negative growth during the following two quarters and then recovered slightly in the last quarter of the year. These developments mainly responded to the weakening of exports, particularly in the high tech sector, due to reduced external demand. Furthermore, both consumption and investment remained weak. As a result, GDP growth in 2004 was 2.7 percent

(below forecasts).² Despite reduced deflation pressures, the Bank of Japan continued its expansive monetary policy in view of possible risks derived from the appreciation of the yen and weak economic activity.

As for China, despite administrative measures implemented by the authorities to avoid an overheating of the economy, the Chinese economy grew vigorously during 2004 (9.5 percent in real terms). Measures adopted included the central bank's decision in October to raise interest rates for the first time in nine years. The strength of economic activity was sustained by the favorable performance of exports and strong domestic demand. The other emerging Asian economies benefited from the global recovery and, particularly, from Chinese expansion. The region (including China) grew 7.8 percent in 2004, the highest figure since the Asian crisis at the end of the nineties.

Latin American GDP grew an estimated 5.7 percent during 2004, the highest figure since 1980. Such development is explained by a favorable international environment (reflected in increased exports and improved terms of trade), and the recovery of domestic demand, especially during the second half of the year. In contrast with the pattern observed during previous recoveries, GDP growth was accompanied by an improvement in the region's current account balance for a second year in a row.

External financing conditions were favorable for emerging nations during 2004. Abundant liquidity in international financial markets, investors search for higher yields and an improvement in emerging countries' fundamentals all contributed to such an environment. Sovereign risk spreads for these countries fell to historic lows and emerging countries' net bond issues reached 82 billion US dollars in 2004 (an average of 46 billion annually during the period 1999-2003). Several of these countries totally or partially pre-financed their financial requirements for 2005, and some of them even issued bonds denominated in domestic currency in international markets.

² Since the third quarter of 2004, Japanese authorities began to publish their national accounts' figures using a new methodology based on a chain-weighted price index. The fixed base-year methodology was substituted by a base year to be changed every 5 years. This decision was intended to deal with the possible bias in figures in real terms as the rate at which prices decrease tended to be overestimated. Growth estimates for the Japanese economy have been considerably lower using the chain-weighted price index than with the previous methodology.

III. Developments in the Mexican Economy: General Overview

III.1. Economic Activity

Economic activity, which had began to expand towards the end of 2003, strengthened in 2004. Real GDP grew 4.4 percent, above forecasts at the beginning of the year.

Throughout 2004, the Mexican economy was influenced by the ample availability of external financial resources and the strength of both oil and non-oil exports. These factors fostered the expansion of private consumption and investment. During the year consumption made the highest contribution to real GDP growth, followed by gross capital formation and the net trade balance of goods and services. Consumption outpaced economic growth in 2004 and, measured at constant prices, accounted for 81.6 percent of GDP at the end of the year. The strengthening of investment through the year allowed for such indicator to be the most dynamic component of domestic expenditure. Thus, its annual growth rate rose from 5.2 percent in the first semester to 9.7 percent in the second. After having fallen in 2001 and 2002, investment grew slightly in 2003 and expanded in 2004.

Economic growth led to an improvement in formal employment. However, this did not translate into a lower unemployment rate in urban areas, which indicates that the formal sector's increased demand for labor and possible job creation in the informal sector were not sufficient to fully absorb new entrants to the labor force.

In 2004, the performance of the Mexican economy was mainly characterized by the following aspects:

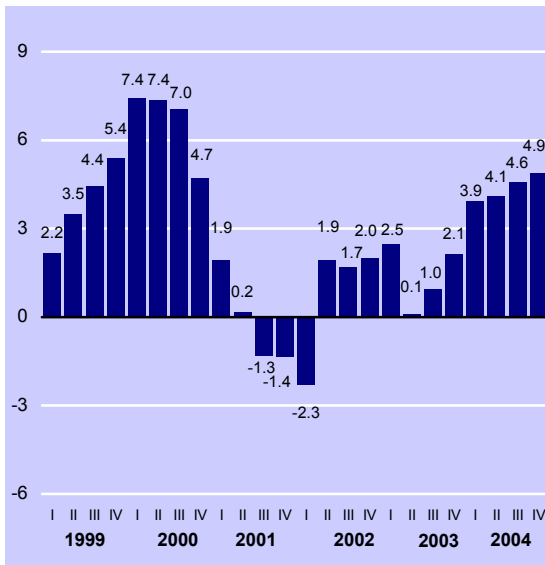
- a) Real GDP grew 4.4 percent, the highest rate in the last four years.
- b) Both the external and domestic components of aggregate demand grew significantly at an annual rate.

- c) The expansion in consumption expenditure fostered GDP growth. In fact, consumption expenditure's annual contribution to GDP exceeded that of the previous three years. In particular, private consumption –aggregate demand's main component according to its share- was favored by several factors such as a greater availability of financing and higher employment and real average earnings in various sectors.
- d) Investment was the most dynamic component of domestic demand as a result of increased private and public investment.
- e) Total public expenditure rose slightly due to a combination of higher government investment expenditure and reduced consumption expenditure.
- f) Exports of goods and services rose considerably.
- g) Domestic saving measured as a proportion of GDP at current prices, increased slightly compared with the previous year.
- h) During the last quarter of the year, Banco de México's Business Confidence and Consumer Confidence Indexes exhibited upward corrections.
- i) All three main sectors of output contributed to economic growth in 2004.

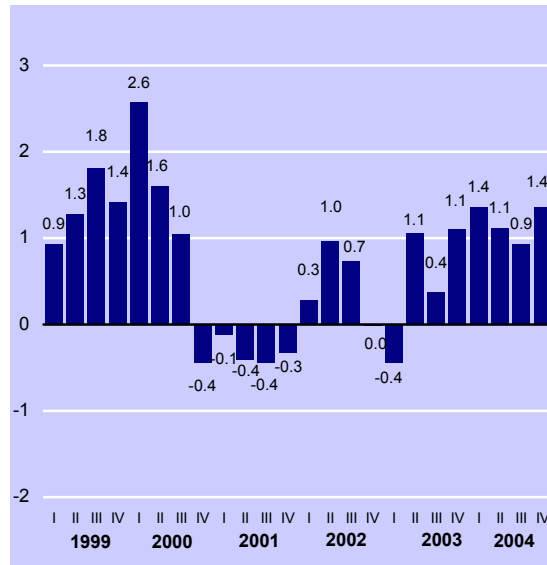
According to the National Statistics Bureau (*Instituto Nacional de Estadística, Geografía e Informática, INEGI*), GDP rose 4.4 percent in 2004 (at constant prices) as a result of annual variations during the first, second, third and fourth quarters of 3.9, 4.1, 4.6 and 4.9 percent, respectively (Graph 1). It is important to mention that GDP growth in 2004 was above that originally forecasted by both financial authorities and private sector economic analysts. In particular, economic analysts revised upward their monthly forecasts, from 3.1 percent in January to 4.1 percent in December.

Graph 1 GDP Quarterly Growth

a) Original Data
Annual percentage change



b) Seasonally Adjusted Data
Quarterly percentage change



Source: INEGI.

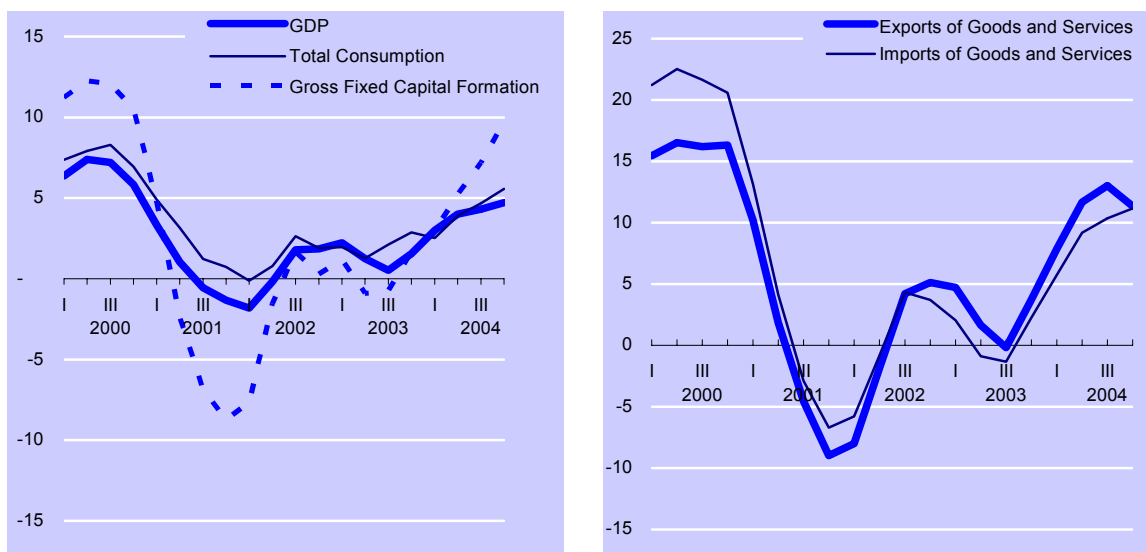
In 2004, aggregate supply and demand rose 6 percent. On the supply side, such result stemmed from GDP growth and a 10.2 percent increase in imports of merchandise and services. On the demand side, such results originated from the positive growth exhibited by consumption (4.7 percent), exports of goods and services (11.5 percent) and investment expenditure (7.5 percent) [Graph 2 and Table 3].

In 2004, consumption expenditure grew at a higher rate than in the previous three years. This component measured as a proportion of GDP at constant prices reached 81.6 percent, slightly above its level in the previous year. The boost in consumption came mainly from the private sector, which increased 5.5 percent, while that of the public sector fell 1.2 percent. Thus, in 2004, private consumption once again grew as a proportion of GDP (Graph 3).

Graph 2 **Aggregate Supply and Demand Components**

Annual change in constant pesos

Moving average of two quarters



Source: Prepared by Banco de México with data from INEGI.

Table 3 **Aggregate Supply and Demand**

Annual percentage change in relation to the same period of the previous year

	2001	2002	2003	2004				Annual
	Annual	Annual	Annual	I	II	III	IV	
Aggregate Supply	-0.6	1.0	1.2	5.0	5.8	6.2	6.8	6.0
GDP	-0.2	0.8	1.4	3.9	4.1	4.6	4.9	4.4
Imports	-1.6	1.5	0.7	7.9	10.4	10.4	11.9	10.2
Aggregate Demand	-0.6	1.0	1.2	5.0	5.8	6.2	6.8	6.0
Total Consumption	1.9	1.4	2.1	3.5	4.3	5.1	6.0	4.7
Private	2.5	1.6	2.3	3.9	5.2	5.8	7.0	5.5
Public	-2.0	-0.3	0.8	-0.2	-2.7	-1.1	-0.9	-1.2
Total Investment	-5.6	-0.6	0.4	4.5	5.9	8.5	10.9	7.5
Private	-5.9	-4.1	-1.5	4.3	6.8	11.0	12.6	8.5
Public	-4.2	17.0	8.5	5.7	1.6	-2.6	7.4	3.6
Exports	-3.8	1.6	2.7	9.6	13.7	12.4	10.3	11.5

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI.

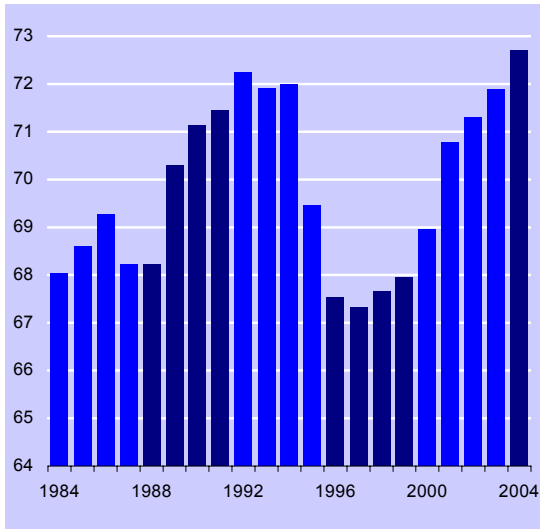
The increase in real average earnings in different sectors together with the greater availability of consumer credit from banks, non-bank financial intermediaries and commercial chain stores, fostered private consumption growth in 2004. One additional factor contributing to consumption growth was the significant amount of resources from workers' remittances. In 2004, purchases of nondurable goods and services rose 5.3 percent (5.3 percent growth

in both nondurable goods and services components), while consumption of durable goods increased 8.7 percent.

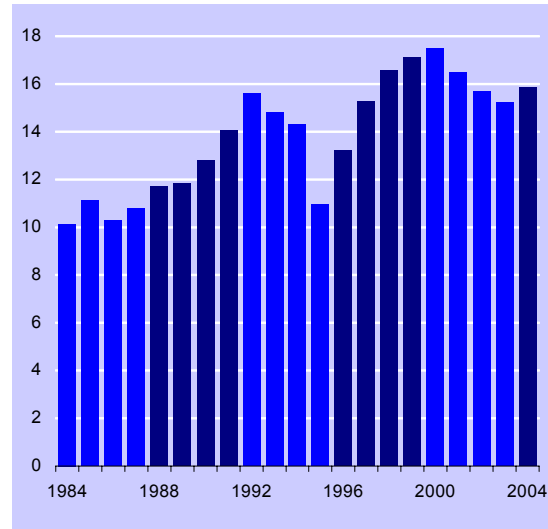
Graph 3 Private Consumption and Investment

GDP percentage at constant prices

a) Private Consumption



b) Private Investment



Source: Prepared by Banco de México with data from INEGI.

In 2004, gross fixed capital formation at constant prices rose 7.5 percent, after having grown merely 0.4 percent during the previous year. Such result was due to increases in all of its components. Thus, investment in machinery and equipment rose 9.5 percent, while investment in construction did so by 5.3 percent. Regarding the former, investment in imported and domestic machinery rose 11.5 and 6.1 percent, respectively.

Private sector investment at constant prices accounted for most of total investment's robust performance in 2004, as it grew 8.5 percent while public sector investment rose 3.6 percent. In 2004, private investment equaled 15.8 percentage points of real GDP (Graph 3). The strengthening of investment throughout 2004, measured at constant prices and with seasonally adjusted data, allowed for such indicator to be above the maximum levels recorded in November 2000. Under such context, and as reiterated by Banco de México, the lack of advance in structural reforms has limited a more robust recovery of investment. In the surveys conducted periodically by Banco de México on manufacturing firms, foreign investment firms and private sector economic analysts, such factor has been pointed out on numerous occasions as the main obstacle to achieve greater levels of investment and, therefore, to strengthen

productivity and competitiveness of the different sectors. In this regard, the results of a recent international study based on a survey of executive officers of the world's thousand largest enterprises indicate that Mexico has lost attractiveness for investors against other emerging economies due to the pending structural reforms in that country.³

During 2004, public expenditure in goods and services rose 0.2 percent at constant prices. Such variation resulted from a 3.6 percent increase in investment expenditure and a 1.2 percent reduction in consumption expenditure. The former was channeled to energy sector infrastructure and to urbanization and regional development.

The expansion of external demand, especially U.S. demand raised exports of goods and services (at constant prices) by 11.5 percent. This rate was above that registered in the three previous years. Exports measured as a proportion of GDP at constant prices was 36.9 percent, figure higher than in the previous year (34.6 percent). In 2004, Mexico's total foreign trade at constant prices accounted for 76.1 percent of GDP.

Financing of gross fixed capital formation, measured as a proportion of GDP at current prices, was 21.7 percent in 2004 (Table 4). Given that domestic saving equaled 20.4 percent of GDP in the same year, the difference necessary to finance gross capital formation was covered with external savings, equaling 1.3 percentage points of GDP (the same figure as that for the current account deficit). Thus, since external saving remained practically unchanged, financing of gross capital formation rose in response to higher domestic saving.

Table 4

Saving and Investment

Percentage of GDP at current prices

Item	1999	2000	2001	2002	2003	2004 ^{P/}
Financing of Gross Capital Formation ^{1/}	23.5	23.7	20.9	20.6	20.6	21.7
External Saving	2.9	3.1	2.9	2.2	1.4	1.3
Domestic Saving	20.6	20.6	18.0	18.4	19.2	20.4

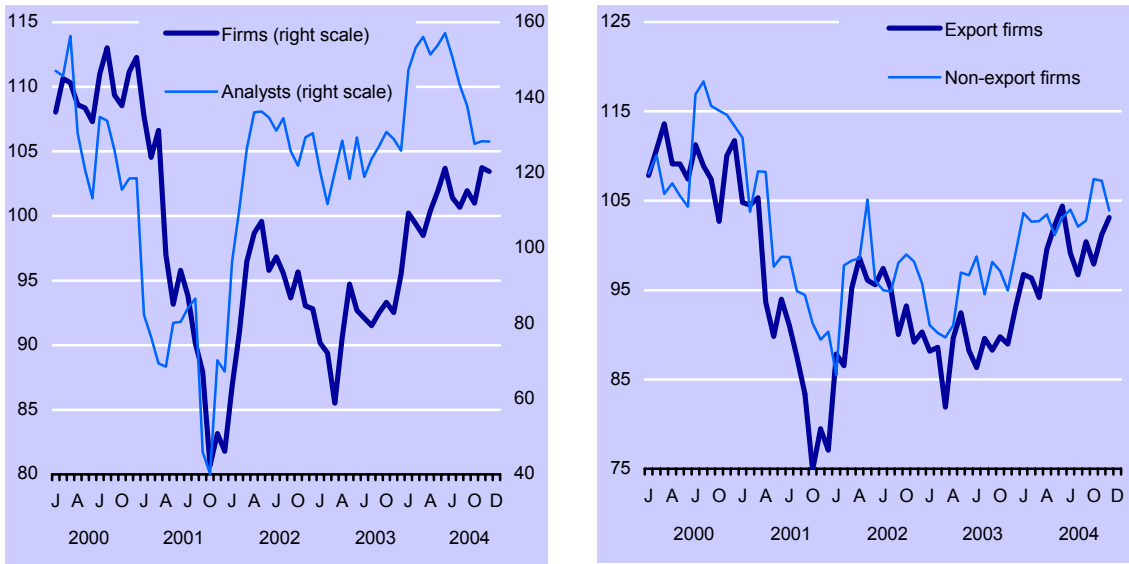
* Preliminary figures.

^{1/} Includes gross fixed capital formation plus changes in inventories.Source: Mexico's National Accounts (*Sistema de Cuentas Nacionales de México*), INEGI, except for external saving data, which is drawn from the balance of payments' current account measured in current pesos and as a percentage of GDP.³ A.T. Kearney, *FDI Confidence Index*, the Global Business Policy Council, October 2004, Volume 7.

All three of Banco de México's confidence indicators exhibited strong results in the first half of 2004. In the third quarter such indicators declined compared to the previous quarter and generally improved during the fourth quarter of the year (Graph 4). In fact, two out of the three business confidence indicators exhibited an improvement compared to the third quarter (Consumer Confidence and Business Confidence indexes). On the other hand, Private Sector Analysts' Confidence Index declined as compared to the previous quarter.

Mexico's economic expansion in 2004 was attributed to growth in all three sectors of the economy: the services, industrial and agriculture sectors grew 4.8, 3.8 and 4 percent, respectively (Table 5). Agriculture GDP increased significantly in the first and second quarters, 7.1 and 6.9 percent, respectively, at an annual rate. In autumn-winter significant crop production was registered in palay rice, safflower, onion, green chili pepper, strawberry, corn, melon, water melon, sorghum and tomato, among others; and in spring-summer, in cotton, palay rice, green chili pepper, strawberry, soybean and melon. These positive results were partly due to heavy rainfall in the April-June quarter allowing crops to be planted earlier to take advantage of higher humidity. However, several regions of the country suffered from excess rains during August and September, therefore reducing the supply of some fruits and vegetables in the domestic market. In particular, tomato production was reduced due to heavy rain in those states which produce this item. Finally, production of perennial and semi-perennial crops increased during the year, while the livestock sector also exhibited higher production in beef, pork, poultry, eggs and fresh milk.

Graph 4 Manufacturing Firms and Private Sector Economic Analysts' Confidence Indicators
1998=100



Industrial GDP grew in 2004 due to positive results in all four of its components: construction (5.3 percent); manufacturing (3.8 percent); electricity, gas and water generation (2.3 percent); and mining (2.5 percent). Mining rose due to an expansion in both of its components: oil mining (0.9 percent) and non-oil mining (4.6 percent). The positive results in construction were due mainly to a greater number of housing projects, especially single-family and multiple-family projects. Construction works for schools, business offices and industry also contributed to such results, followed by works related with irrigation and drainage and construction for the oil and petrochemical industries.

The growth in manufacturing GDP stemmed from increased production in maquiladora (7.2 percent) and non-maquiladora (3.5 percent) industries. It is important to mention that for a second year in a row the maquiladora industry exhibited positive growth after having contracted in 2001 and 2002. This expansion was mainly due to the higher U.S. demand for Mexican products. Such behavior confirms the significant link between Mexican and U.S. manufacturing production (Graph 5).

Table 5

Real GDP

Annual percentage change compared with the same period of the previous year

	2001	2002	2003	2004				Annual
	Annual	Annual	Annual	I	II	III	IV	
Total	-0.2	0.8	1.4	3.9	4.1	4.6	4.9	4.4
Agriculture, Forestry and Fishing	3.5	0.1	3.5	7.1	6.9	-1.1	2.9	4.0
Industrial Sector	-3.5	-0.1	-0.2	3.2	3.7	4.8	3.6	3.8
Mining	1.5	0.4	3.7	5.9	2.6	1.6	0.0	2.5
Manufacturing	-3.8	-0.7	-1.3	2.6	3.8	5.0	3.6	3.8
Construction	-5.7	2.1	3.3	4.9	4.5	5.9	6.0	5.3
Electricity, Gas and Water	2.3	1.0	1.6	3.5	2.5	2.6	0.8	2.3
Services Sector	1.2	1.6	2.1	4.1	4.2	5.0	5.6	4.8
Commerce, Hotels and Restaurants	-1.2	0.0	1.6	3.4	3.9	4.9	7.0	4.9
Transport and Communications	3.8	1.8	5.0	10.3	8.9	9.9	9.9	9.7
Financial, Insurance and Real Estate	4.5	4.2	3.9	4.4	4.9	4.4	4.7	4.6
Community, Social and Personal Services	-0.3	0.9	-0.6	1.0	1.0	2.3	2.4	1.7

Source: Mexico's National Accounts (*Sistema de Cuentas Nacionales*), INEGI.

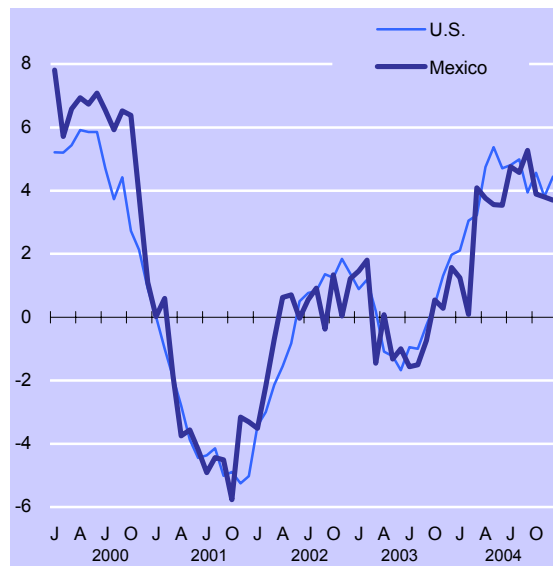
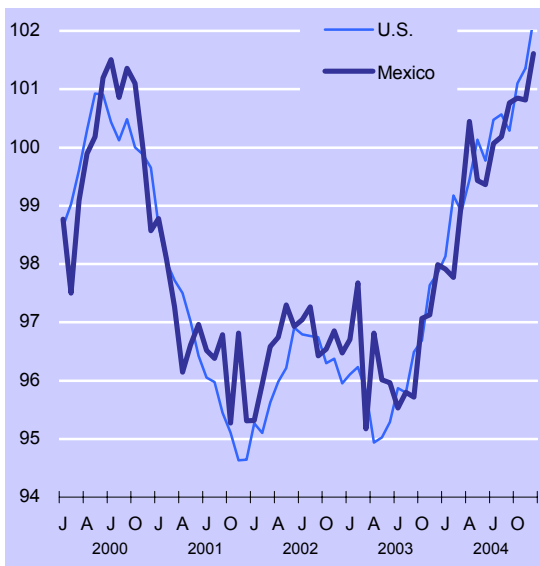
According to Banco de México's indicators for manufacturing orders, economic recovery in 2004 included most branches of economic activity and groups of large, medium and small firms. The number of domestic purchase orders followed a positive trend in all three company sizes (Graph 6).

Graph 5

Industrial Production in Mexico and the U.S.

a) Seasonally adjusted data, 2000=100

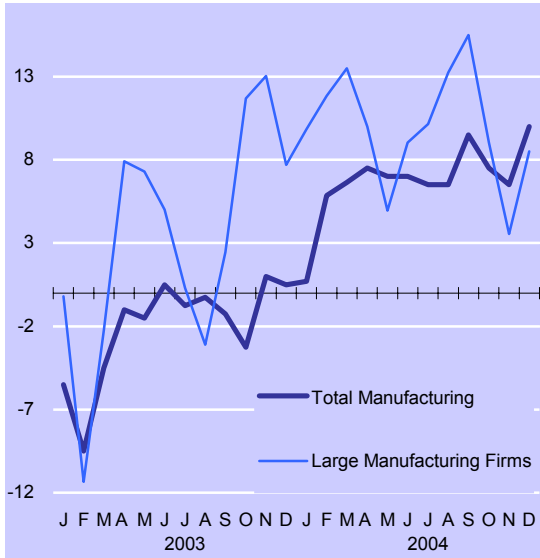
b) Annual percentage change



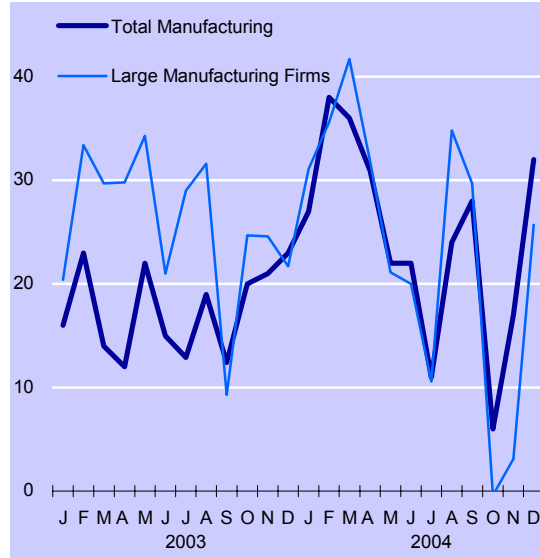
Source: INEGI and Federal Reserve Board.

Graph 6 Manufacturing Purchasing Orders
Balance of responses

a) Purchase Orders ^{1/}



b) Export Expectations ^{2/}



1/ The balance of responses (2-month moving average) refers to the percentage of firms whose placed sale orders were above those of the previous month minus the percentage of those that recorded less manufacturing orders than in the previous month.

2/ The balance of responses equals the percentage of firms that expect to raise their volume of exports in the next three months minus those that expect a reduction as compared to the previous quarter.

Within the manufacturing industry, the automotive industry (key for the Mexican economy due to its output value, the jobs it creates and its contribution to total exports) exhibited a mixed behavior as domestic vehicle sales increased, while the number of vehicles manufactured in Mexico fell. Automotive production in Mexico decreased 1.1 percent in 2004, after having declined 12.5, 2.1 and 2 percent in 2003, 2002 and 2001, respectively. This drop in automotive production resulted from a 5.9 percent decline in the number of export units and a 12.5 percent increase in those for the domestic market. As for car retail sales, these rose 12.1 percent, their highest rate of growth in the last four years. Such expansion was due to higher sales of both imported units (16.5 percent) and those manufactured domestically (5.3 percent). In 2004, vehicle exports accounted for 72.5 percent of domestic production, while 62.9 percent of domestic demand was fulfilled with imported units.

In 2004, services GDP rose 4.8 percent due to increases in its four components: transport, warehousing and communications (9.7 percent); financial, insurance and real estate services (4.6 percent); community, social and personal services (1.7 percent); and commerce, restaurants and hotels (4.9 percent). The higher sales in the domestic market were one of the main contributors to growth of

commerce, restaurants and hotels. According to INEGI, retail sales rose for a second year in a row in 2004 (3.3 and 4.9 percent in 2003 and 2004, respectively), while the National Retailers Association (*Asociación Nacional de Tiendas de Autoservicio y Departamentales, ANTAD*) reported consumer sales increased 9.6 percent. Hotel occupancy, especially beach resorts, also exhibited significant dynamism throughout 2004.

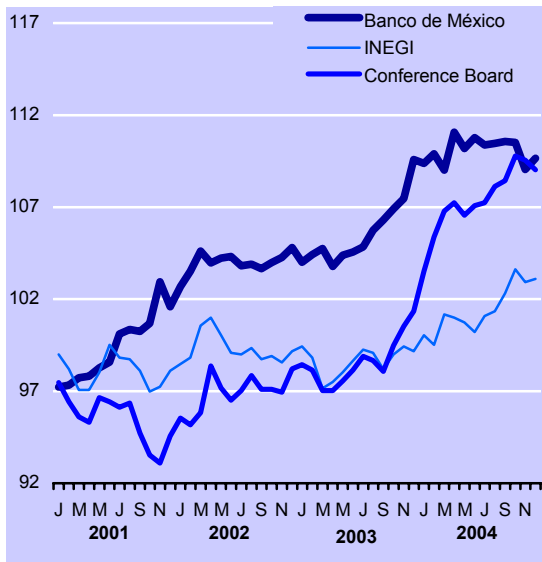
Transport and communications expanded during the reference period mainly as a result of a higher demand for cellular, satellite and traditional phone services, as well for air and railroad transportation, road freight, and subway transportation. Community, social and personal services GDP grew 1.7 percent due to the increase in entertainment, medical, and education services.

Banco de México, INEGI and the Conference Board prepare cyclical indicators for the Mexican economy (coincident and leading indicators). Banco de México's leading indicator exhibited a stable behavior during 2004 (Graph 7), while the leading indicators prepared by INEGI and the Conference Board rose throughout the year. In the last years, the correlation between U.S. and Mexico's coincident and leading indicators has increased as both economies have become more integrated (Graph 8).

Graph 7

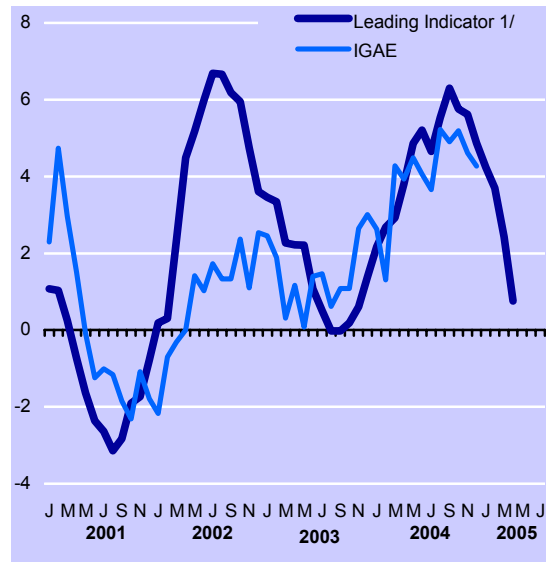
Mexico Leading Indicators and Global Indicator of Economic Activity (*Indicador Global de Actividad Económica, IGAE*)

a) Leading Indicators
Index 2000 = 100



Source: INEGI, The Conference Board and Banco de México.

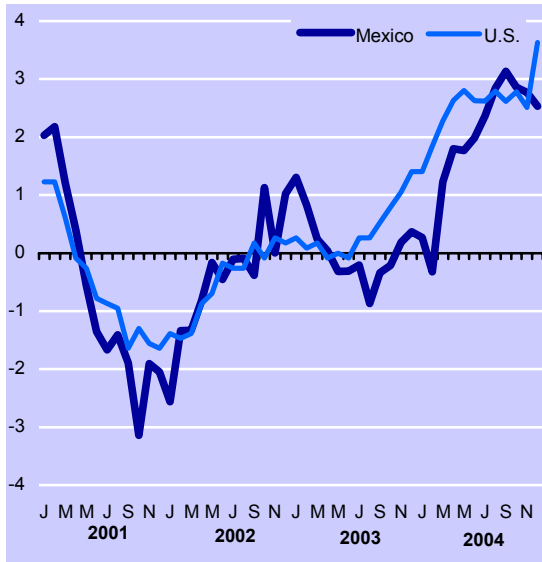
b) Leading Indicator and IGAE
Annual percentage change



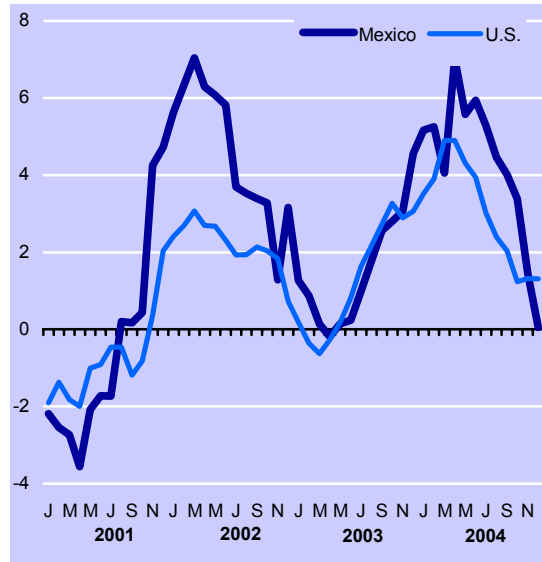
1/ Prepared by Banco de México. Annual change of the 2-month average of the leading indicator with a 4-month lag.
Source: INEGI and Banco de México.

Graph 8 Mexico and U.S. Coincident and Leading Indicators
Annual percentage change

a) Coincident Indicators



b) Leading Indicators



Source: Mexico coincident and leading indicators, Banco de México; U.S. indicators, The Conference Board.

III.2. Employment, Earnings and Productivity

In 2004, economic expansion was accompanied by an improvement in employment. The most relevant aspects of the labor market during the year were the following:

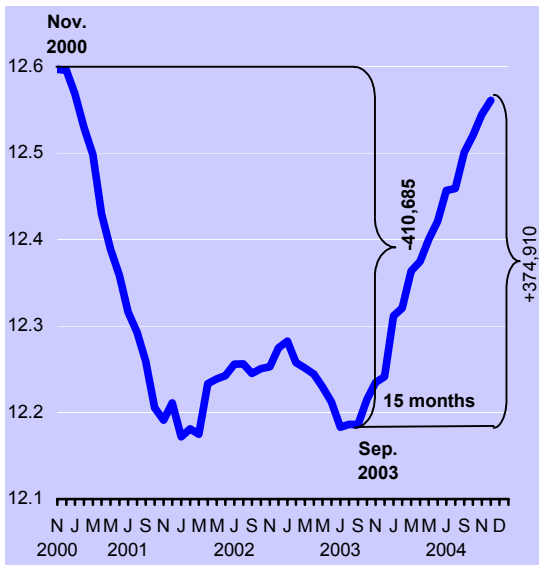
- a) Formal employment increased throughout the year, although at a slower annual rate during the fourth quarter.
- b) More permanent than temporary jobs were created. More jobs were created in larger companies.
- c) The expansion of formal employment practically included all states, but was more dynamic in the northern region.
- d) The number of workers insured by the IMSS rose in most sectors, including manufacturing.
- e) INEGI's monthly surveys of manufacturing employment reveal a significant recovery of employment in the maquiladora industry. Nonetheless, its level exhibited a significant decline as compared with its maximum historic level in 2000.

- f) The open unemployment rate in urban areas rose slightly for the year as a whole as compared with the previous year, as a result of the trend exhibited by the open unemployment rate in Mexico City, which remained high throughout the year.
- g) Economic recovery in 2004 led to an increase in the demand for labor. At the end of 2004 the number of workers insured by the Social Security Institute (*Instituto Mexicano del Seguro Social, IMSS*) rose by 318,634 (2.6 percent) compared with December 2003. More permanent than temporary jobs were created in urban areas. Thus, from December 2003 to the end of 2004, the number of permanent workers rose by 227,466, while that of temporary workers increased by 91,168. According to seasonally adjusted figures, at the end of 2004 the number of workers insured by the IMSS had grown for fifteen consecutive months and amounted to 374,910 new formal jobs. However, despite such improvement, the level of such indicator in December 2004 was still below that reached at the end of 2000 (Graph 9).

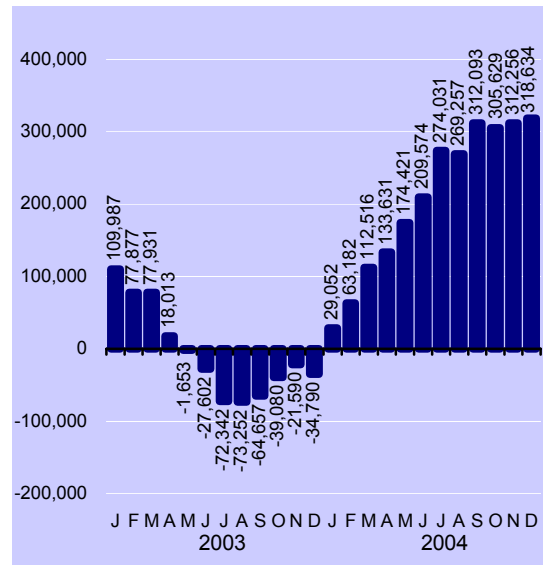
Graph 9 Workers Insured by the Social Security Institute (*Instituto Mexicano del Seguro Social, IMSS*): Permanent and Temporary in Urban Areas

Millions insured

a) Million Workers Insured by IMSS
Seasonally adjusted data



b) Number of Workers Insured by IMSS
Annual change (original data)



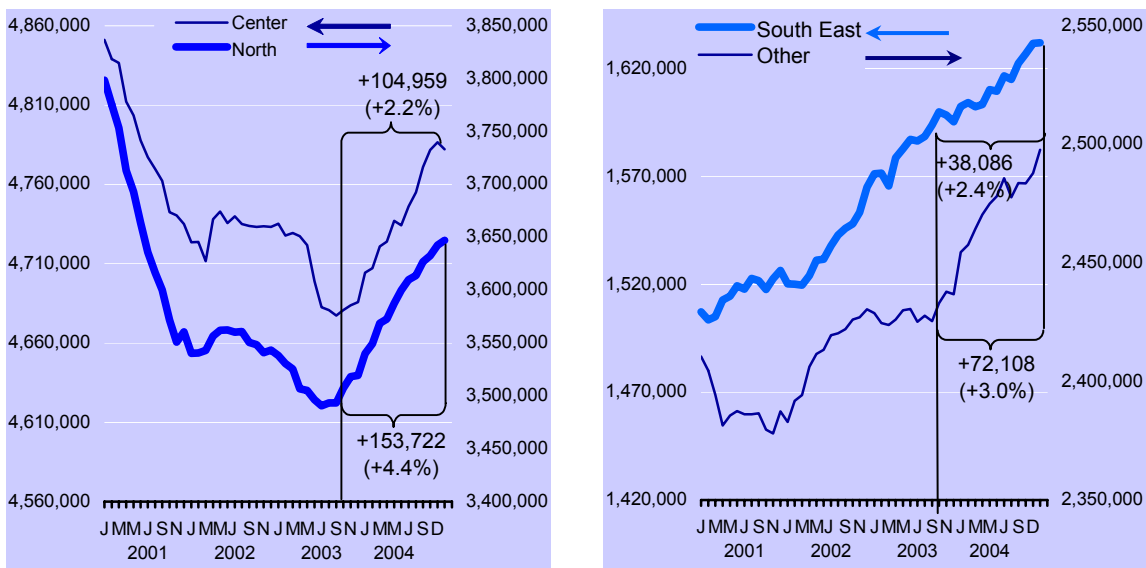
Source: IMSS; seasonal adjustments by Banco de México.

In 2004, job creation in the formal sector included practically all states (except for Oaxaca and Nayarit, where formal employment fell slightly); however, it exhibited greater strength in northern states (Graph 10). This mostly reflects the improvement in external demand throughout the year, especially that from the U.S. Another significant aspect of this indicator in 2004 is that its recovery took place mainly in larger companies (with 101 to 500 workers, and 501 or above), while in the smallest (from 1 to 10 workers) the number of workers fell.

Graph 10

Formal Employment by Regions ^{1/}

Number of workers insured and seasonally adjusted data



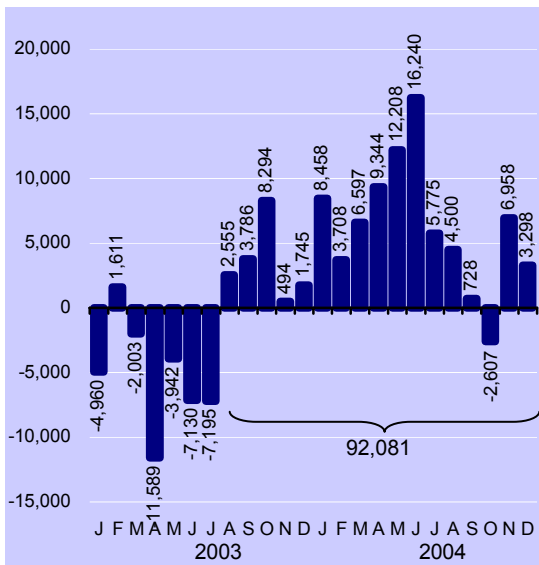
^{1/} The Center region includes D.F., Guanajuato, Hidalgo, Estado de México, Morelos, Puebla, Querétaro and Tlaxcala; the North region includes Baja California, Baja California Sur, Coahuila, Chihuahua, Nuevo León, Sonora and Tamaulipas; the South East region includes Campeche, Chiapas, Guerrero, Oaxaca, Quintana Roo, Tabasco, Veracruz and Yucatán; Other regions include Aguascalientes, Colima, Durango, Jalisco, Michoacán, Nayarit, San Luis Potosí, Sinaloa and Zacatecas.
Source: IMSS; seasonal adjustments and regional classification by Banco de México.

The improvement in formal employment was significant in most sectors, including manufacturing. Nonetheless, at the end of December 2004, formal employment in such sector still recorded a decline of 675 thousand workers compared with its level in the same month of 2000. Within such sector, in 2004, employment rose mainly in the export-maquiladora industry. The aforementioned improvement began in August 2003 and by December 2004 78,988 formal jobs had been created in such sector, thus implying a 7.6 percent increase during the referred period (an increase of 92,081 workers with seasonally adjusted data, Graph 11). Although at the end of 2004 exports and imports of the maquiladora industry were already above the historically high levels registered in 2000,

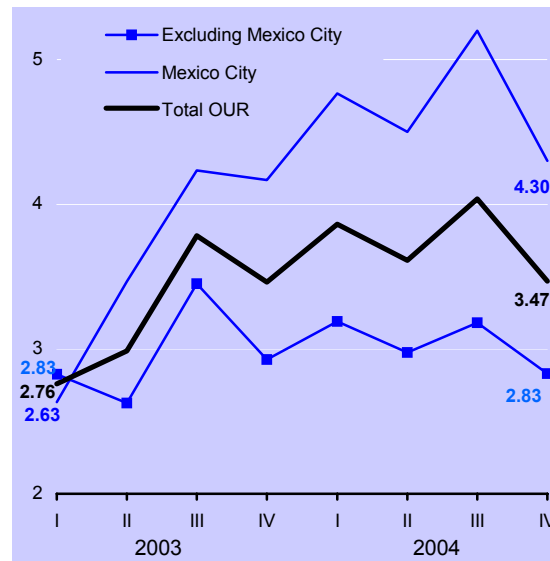
employment still recorded a fall of more than 200 thousand workers. This is explained basically by two factors: a) a significant improvement in labor productivity in most industries in this sector, which was reflected in the reduction in the labor requirements per US dollar exported; and, b) a significant contraction in the textile industry, the most labor-intensive industry of the maquiladora sector.

Graph 11 Employment and Unemployment

a) Monthly change of Number of Maquiladora Workers
Seasonally adjusted data



b) Open Unemployment Rate in Urban Areas:
including and excluding Mexico City
Percent



Source: a) INEGI; seasonal adjustments by Banco de México; b) total unemployment rate in urban areas and in Mexico City (INEGI), Unemployment rate excluding Mexico City prepared by Banco de México with data from INEGI.

Job creation in the formal sector in 2004 did not translate into lower unemployment rate in urban areas.⁴ Such indicator rose from an average of 3.25 percent in 2003 to 3.75 percent in 2004 (Table 6). Under such context it is important to mention that after having increased in 2003, in 2004, the unemployment rate in Mexico City remained relatively high. The Open Unemployment Rate (*Tasa de Desempleo Abierto, TDA*) was 4.96 percent in 2004, after having been 3.63 percent in 2003 and 2.98 percent in 2002. Excluding Mexico City, such indicator rose only slightly, from 2.96

⁴ The Open Unemployment Rate is defined according to the International Labor Organization (OIT) criteria. This indicator measures the percentage of the Economically Active Population 12 years of age or older that during the reference period did not work at least one hour per week, after having continually searched for paid employment or tried to engage in self employment.

in 2003 to 3.05 in 2004. In such period, the unemployment rate for men rose 0.35 percentage points, while that for women did so by 0.74 points. As in 2003, job dismissal and job dissatisfaction were the two main reasons for leaving employment in 2004 (Table 7). According to the level of education, the most affected sector was that of high school and higher education. This group is made up of workers, who after having lost their job are most likely to remain unemployed for a relatively long period.

Table 6 **Employment Indicators**

	2001	2002	2003	2004						
	Annual	Annual	Annual	I	II	III	IV	Nov.	Dec.	Annual
Workers Insured by the IMSS				Annual percentage change						
Total	-0.57	-0.98	-0.03	0.56	1.41	2.33	2.54	2.52	2.61	1.71
Permanent	-0.51	-1.21	-0.66	-0.12	0.87	1.86	2.04	1.98	2.14	1.16
Temporary in Urban Areas	-1.01	0.68	4.39	5.33	5.12	5.51	5.84	6.05	5.86	5.45
Manufacturing	-5.68	-5.93	-4.12	-2.93	-0.71	1.26	1.35	1.31	1.61	-0.28
Agriculture	-1.94	2.87	-10.91	-9.29	-5.69	-18.88	-5.55	-5.62	-1.96	-9.67
Extractive Industry	-3.17	-2.83	2.41	1.49	1.37	6.13	4.00	4.07	2.70	3.24
Construction	-3.53	-1.67	2.36	3.16	2.64	1.85	2.13	1.99	2.59	2.43
Workers Employed in Maquiladora				Percentage of Economically Active Population						
	-7.15	-10.65	-0.85	-0.17	4.43	7.74	6.78	6.96	7.08	4.68
Open Unemployment Rate in Urban Areas										
	2.46	2.70	3.25	3.86	3.61	4.04	3.47	3.78	3.04	3.75
Mexico City	3.03	2.98	3.63	4.77	4.50	5.20	4.30	5.20	3.60	4.69
Guadalajara	2.04	2.65	2.93	3.27	2.87	3.23	2.90	2.00	2.30	3.07
Monterrey	2.73	3.35	3.64	4.33	3.80	4.17	3.50	3.20	3.30	3.95

Source: IMSS; *Maquiladora* Export Industry Statistics and National Survey on Urban Employment (*Estadísticas de la Industria Maquiladora de Exportación y Encuesta Nacional de Empleo Urbano*), INEGI.

Table 7 **Unemployment Characteristics**

Openly Unemployed Population (Percentage Distribution)

	2003	2004
Reasons for leaving employment		
Dismissal	36.9	37.6
Temporary job completed	16.6	18.0
Job dissatisfaction	38.6	36.3
Other	7.1	8.1
By level of education		
No education	1.1	1.2
Incomplete Grade School	5.0	5.1
Grade School	10.9	10.6
Junior High School	34.9	36.3
High School and Higher Education	48.2	46.8

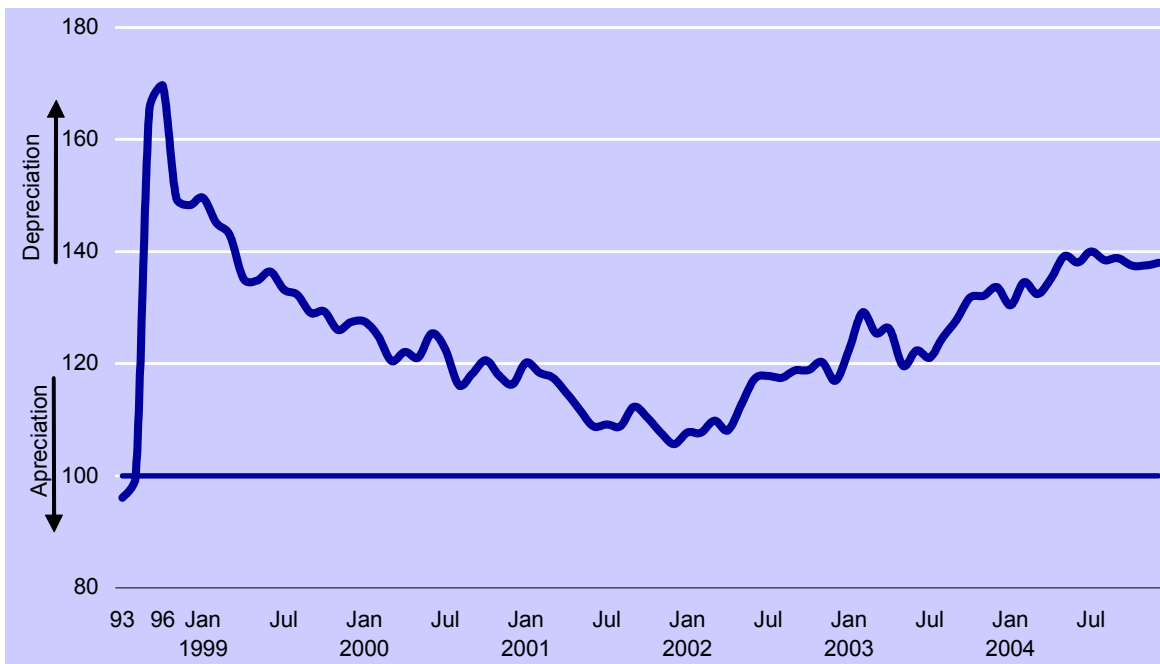
Source: Urban Employment Survey, INEGI.

The real exchange rate index based on manufacturing unit labor costs is one of the indicators most frequently used to follow the evolution of a country's labor costs vis-à-vis those of its competitors. Such indicator depreciated in real terms during 2004 (Graph 12), implying a reduction of labor costs in Mexico compared with those of its main competitors.

Some of the most important aspects regarding earnings and productivity in 2004 were:

- a) In general terms, the main indicators for earnings grew at a slower rate than in 2003. One exception was earnings of workers in small companies (the group with the lowest earnings), which, according to IMSS, exhibited the highest wage increases.
- b) Unit labor costs fell in both maquiladora and non-maquiladora manufacturing industries, as well as in the retail sector. Such results are explained by productivity gains and moderate increases in real average earnings in all three of the aforementioned sectors.

Graph 12 **Manufacturing Unit Labor Costs Real Exchange Rate Index ^{1/}**
 Index: 1994=100



^{1/} Based on data from Mexico's main trading partners of manufactured goods (United States, United Kingdom, France, Italy, Spain, Germany, Japan and Canada).

Earnings of formal sector workers, measured by the IMSS average reference wage, were 178.6 pesos per day on average in 2004. Such result implied a nominal increase of 6.1 percent, 0.4 percentage points below that of 2003. An analysis by sector reveals that the slower rate of growth of earnings is mainly explained by the behavior of wages in the manufacturing industry and in services provided to business and individuals, which altogether accounted for 56.9 percent of total permanent workers insured by the IMSS during 2004. On the other hand, the highest wage increases were granted to workers from the extractive and construction industries, whose workforce accounts for 4.8 percent of the total workforce (Table 8).

During 2004, workers hired by small companies (defined as companies with less than 10 employees) were granted the highest average wage increases (9.0 percent in nominal terms),⁵ while those employed by larger companies received the lowest (4.9 percent). However, it is important to mention that workers in small companies on average earned 91.8 pesos per day and those in larger companies 228.6 pesos per day during the referred period.

Table 8 **IMSS Average Reference Wage**
Annual percentage change, pesos per day, and percentage structure of permanent workers insured

Activity	Annual percentage change		Pesos per day		Percentage structure of permanent workers insured	
	2003	2004	2003	2004	2003	2004
Total	6.5	6.1	168.4	178.6	100.0	100.0
By economic activity						
Agriculture, Forestry, and Hunting and Fishing	7.9	5.6	100.8	106.5	2.1	2.2
Extractive Industries	4.5	10.7	176.6	195.5	0.6	0.6
Manufacturing	6.6	5.4	170.2	179.4	34.5	33.7
Construction	9.5	9.0	127.4	138.8	4.1	4.2
Electricity, and Potable Water Supply Services	9.4	8.3	345.4	374.0	1.4	1.4
Commerce	5.7	6.4	144.9	154.1	21.8	21.7
Transportation and Communications	7.0	7.1	221.3	237.2	6.0	5.9
Services provided to Businesses and Individuals	4.9	5.5	175.1	184.7	22.6	23.2
Social and Community Services	10.9	7.9	174.4	188.2	7.0	7.1
By firm size						
1-10 Workers	7.5	9.0	84.2	91.8	16.7	16.3
11-50 Workers	7.0	7.0	131.0	140.1	19.2	18.9
51-100 Workers	7.5	5.4	165.5	174.4	9.6	9.7
101-300 Workers	6.3	5.5	186.2	196.5	17.4	17.5
301-above Workers	6.2	4.9	218.0	228.6	37.1	37.5

Source: Estimates prepared by Banco de México with data from the Minimum Wages' Commission (*Comisión Nacional de los Salarios Mínimos, CONASAMI*).

⁵ The grouping of companies according to the number of employees is carried out by the National Commission of Minimum Wages (*Comisión Nacional de Salarios Mínimos, CONASAMI*).

As for workers in enterprises and entities under federal jurisdiction, contractual wages recorded an average nominal increase of 4.1 percent during 2004, 0.6 percentage points below its observed level of the previous year (Table 9). Thus, the downward trend that nominal contractual wage increases have exhibited over the last eight years continued. It is worth mentioning that in 2004, the lowest growth of this indicator was registered in the fourth quarter. During the year, 5,920 contractual wage revisions were carried out, benefiting 1,776,242 workers.

Contractual wage revisions exhibited different results according to the type of enterprise. In private firms average wages increased 4.6 percent, 1.1 percentage points above the raise granted to workers in public enterprises (Table 9). In general, wage revisions in public and private enterprises decreased 0.6 percentage points compared with 2003.

Table 9 Contractual Wages in Enterprises under Federal Jurisdiction
Average percentage change

	2003					2004				
	I	II	III	IV	Annual	I	II	III	IV	Annual
Total	5.1	5.1	4.8	4.2	4.7	4.5	4.5	4.3	3.4	4.1
Public	4.3	4.3	4.3	4.0	4.1	3.9	3.9	4.0	3.0	3.5
Private	5.2	5.4	5.2	4.6	5.2	4.6	4.6	4.7	4.3	4.6
Manufacturing	5.3	5.5	5.4	4.5	5.2	4.5	4.7	4.8	4.1	4.6
Other sectors	4.9	5.0	4.5	4.2	4.6	4.5	4.4	4.2	3.3	3.9

Source: Estimates prepared by Banco de México with data from the Ministry of Labor.

As for its size, 36 percent of workers accepted a wage increase of less than 4 percent during 2004, compared with 10.4 percent in the comparable interval of 2003 (Table 10).

Table 10 Contractual Wage Revisions by Interval
Percentage distribution

Interval Increase	2003					2004				
	I	II	III	IV	Average	I	II	III	IV	Average
According to number of workers benefited										
0.0-3.9%	5.5	5.8	7.9	18.9	10.4	22.6	13.0	7.9	82.2	36.0
4.0- 4.9%	34.5	34.6	51.6	65.6	48.1	52.8	58.4	71.0	9.0	44.0
5.0- 5.9%	44.9	39.4	32.3	11.6	30.3	19.6	18.3	14.8	7.5	14.6
6.0% and over	15.1	20.2	8.2	3.9	11.2	5.0	10.3	6.3	1.4	5.4
According to number of wage revisions										
0.0-3.9%	10.9	12.1	21.0	19.9	14.9	14.3	18.5	18.1	24.9	18.3
4.0- 4.9%	14.6	18.2	14.4	22.6	16.8	39.2	36.2	38.2	33.5	37.0
5.0- 5.9%	38.5	40.5	39.0	38.0	39.1	33.9	31.9	26.1	27.4	30.6
6.0% and over	36.0	29.2	25.6	19.5	29.2	12.6	13.4	17.7	14.2	14.2

Source: Estimates prepared by Banco de México with data from the Ministry of Labor.

In December 2004, the National Commission of Minimum Wages (*Comisión Nacional de los Salarios Mínimos, CONASAMI*) agreed that starting January 1, 2005 the General Minimum Wage would be set at 45.24 pesos per day (Table 11). The highest minimum wage increase was observed in geographic region “C” (4.60 percent), which includes the least developed areas of Mexico. Regions “A” and “B” recorded variations of 3.50 and 3.70 percent, respectively. Therefore, the standardization of the minimum wage continued in the three regions.

Table 11 **Nominal Minimum Wage**
Pesos per day and annual percentage change

Period	Pesos per day				Annual percentage change			
	General	Geographic area			General	Geographic area		
		A	B	C		A	B	C
1999	31.91	34.45	31.90	29.70	14.01	14.07	13.93	14.01
2000	35.12	37.90	35.10	32.70	10.06	10.01	10.03	10.10
2001	37.57	40.35	37.95	35.85	6.99	6.50	8.09	9.68
2002	39.74	42.15	40.10	38.30	5.78	4.50	5.70	6.90
2003	41.53	43.65	41.85	40.30	4.50	3.56	4.36	5.22
2004	43.30	45.24	43.73	42.11	4.25	3.64	4.50	4.50
2005	45.24	46.80	45.35	44.05	4.50	3.50	3.70	4.60

Source: CONASAMI.

In 2004, average unit labor costs dropped in both maquiladora and non-maquiladora industries, and in the retail sector. Such results are explained mainly by the increase in labor productivity and slower average real wage increases in the mentioned sectors during the referred period (Table 12).

Labor productivity in the manufacturing non-maquiladora industry grew at an annual rate of 6.3 percent in 2004. Such result was mainly due to the strength of output compared with employment. Nonetheless, from the second quarter of the year labor productivity gains slowed (Graph 13), while real average earnings remained practically unchanged throughout the year. Consequently, unit labor costs exhibited negative annual growth rates in every quarter of the year (Table 12).

Table 12 **Average Earnings per Worker, Labor Productivity, and Unit Labor Costs (ULC)**

Annual average percentage change

Actividad	2003					2004				
	I	II	III	IV	Average	I	II	III	IV	Average
Real average earnings										
Manufacturing	1.1	1.0	2.2	1.1	1.4	1.4	0.5	-0.2	-1.2	0.0
Maquiladora	-0.1	-0.9	-0.7	1.6	0.0	2.3	0.6	-1.2	-2.4	-0.2
Retail	4.4	2.2	2.8	2.8	3.0	1.1	4.2	5.5	-0.1	2.6
Productivity per worker										
Manufacturing	4.2	-0.8	1.3	3.7	2.0	6.9	6.6	6.8	4.8	6.3
Maquiladora	3.6	0.8	1.3	3.4	2.2	2.3	4.1	2.6	0.5	2.4
Retail	1.9	3.2	8.9	8.1	5.6	9.6	7.3	5.3	5.7	6.9
Unit Labor Costs										
Manufacturing	-3.0	1.8	0.9	-2.9	-0.9	-5.1	-5.7	-6.6	-5.8	-5.8
Maquiladora	-3.6	-1.7	-2.0	-2.0	-2.3	0.1	-3.4	-3.7	-3.1	-2.6
Retail	2.5	-0.8	-5.6	-5.1	-2.3	-7.8	-3.0	0.0	-5.4	-4.1

Source: Estimates prepared by Banco de México with data from the Ministry of Labor.

Graph 13 **Non-maquiladora Manufacturing Industry**

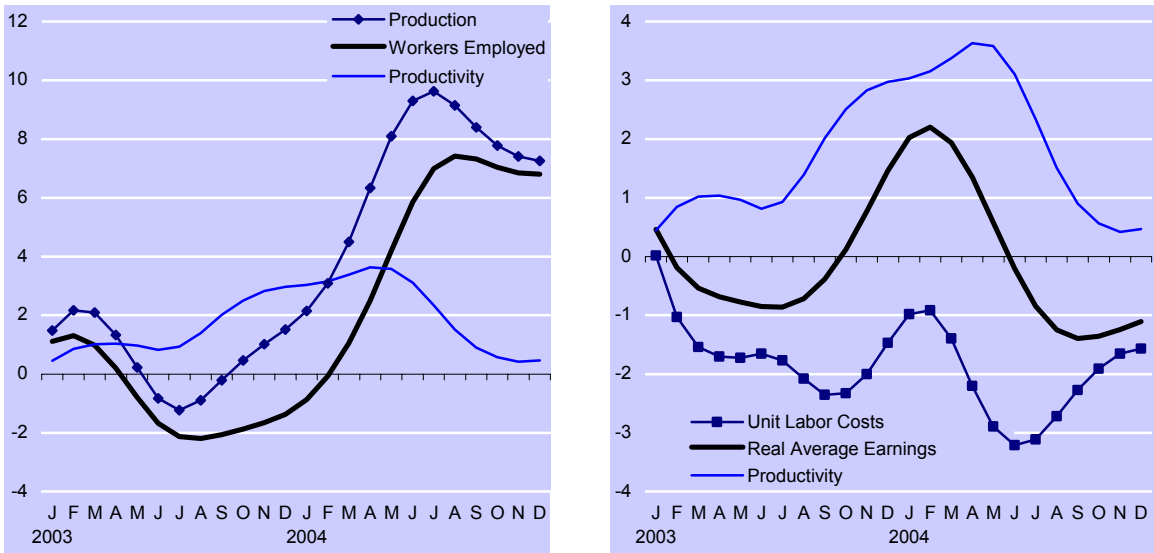
Earnings, Labor Productivity and ULC
Trend, annual percentage change



Source: Prepared by Banco de México with data from INEGI.

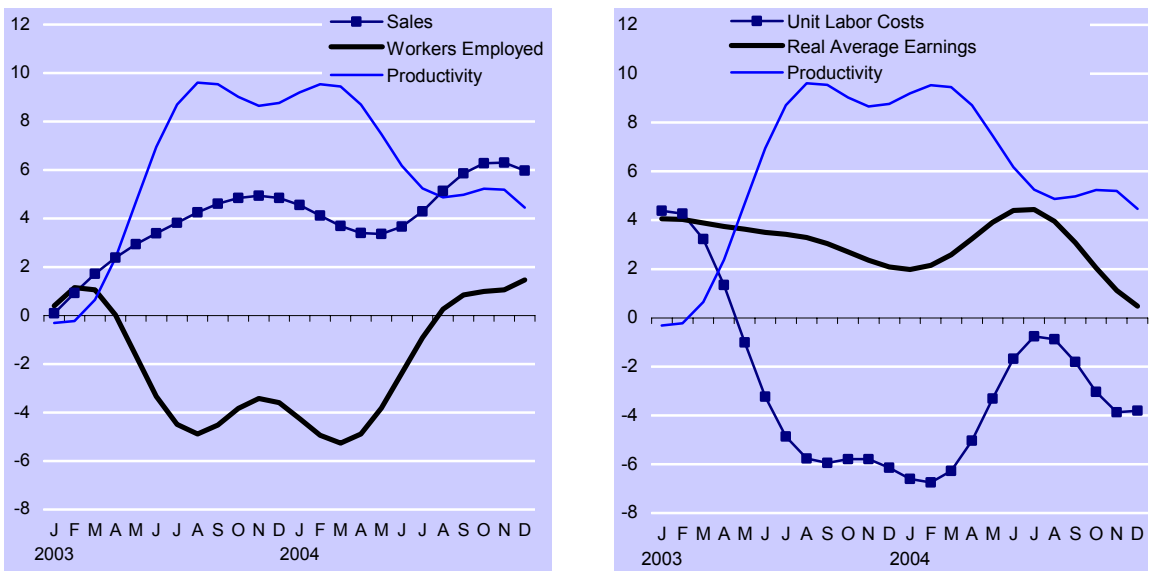
Labor productivity in the maquiladora industry grew at an annual average rate of 2.4 percent in 2004. In addition, during the same period, real average earnings decreased 0.2 percent. Consequently, average unit labor costs fell 2.6 percent in the referred period (Table 12 and Graph 14).

Graph 14 **Maquiladora Industry**
Earnings, Labor Productivity and ULC
Trend, annual percentage change



Source: Prepared by Banco de México with data from INEGI.

Graph 15 **Retail**
Earnings, Labor Productivity and ULC
Trend, annual percentage change



Source: Prepared by Banco de México with data from INEGI.

On the other hand, labor productivity in the retail sector exhibited positive results during 2004, increasing 6.9 percent at an annual average rate. The latter is mainly explained by sales upward

trend driven by economic recovery and the greater availability of credit. During the same period, real average earnings rose 2.6 percent in this sector. Consequently, unit labor costs fell, on average, 4.1 percent (Table 12 and Graph 15).

III.3. External Sector

During 2004, Mexico's external sector was characterized by the following: the strength of external demand, especially that from the U.S.; the significant rise in international crude oil prices; the loss of share of Mexican products in the U.S. market; the rapid expansion of merchandise imports, which responded to increased production and domestic expenditure in Mexico; significant inflow of workers' remittances; and, Federal Government's policies to reduce foreign debt and improve its conditions. The abovementioned factors narrowed the trade and current account deficits; in the case of the latter, as in previous years, it was mainly financed by long-term financial resources.

In 2004 the external sector was characterized by the following aspects:

- a) Significant growth in merchandise exports and imports.
- b) Robust non-oil exports due to the strength of external demand, particularly that from the U.S.
- c) Significant increase in oil exports for the second consecutive year in response to considerably higher crude oil prices in international markets.
- d) Loss of share of Mexican exports in U.S. imports. Like in 2003, Mexico's exports to the U.S. grew at a lower rate than exports of other countries to the U.S.
- e) Significant growth in merchandise imports due to the expansion of both domestic production and aggregate expenditure during the year, and the increase in manufactured exports that use imported inputs for their production.
- f) Imports from China grew considerably and at a much higher rate than those from the rest of Mexico's trading partners.

- g) Wider total trade deficit in response to the aforementioned increase in merchandise imports. The effect of higher imports was partly offset by the increased value of oil and non-oil exports.
- h) Significant inflow of resources from workers' remittances.
- i) Similar current account deficit of the balance of payments to that observed in 2003, measured both in US dollars and as a proportion of GDP. As in the previous two years, such deficit was mainly financed with long-term resources.
- j) Significant inflow of financial resources from Foreign Direct Investment (FDI). Its level was higher than during the previous two years and included Banco Bilbao Vizcaya's (BBVA) purchase of shares in BBVA-Bancomer.
- k) Capital account surplus mainly due to inflows from FDI, the money market (mostly fixed rate long term government bonds), and external financing channeled to long-term investment projects known as PIDIREGAS (*Proyectos de Infraestructura Productiva de Largo Plazo*).
- l) Decline in public and private foreign indebtedness. There were also outflows of resources associated with reduced investment in the Mexican stock market and an increase of Mexican residents' assets abroad.
- m) Significant increase in international reserves, although lower than the one observed in 2003.

The trade deficit was 8.530 billion US dollars, figure higher than that observed in 2003 (5.779 billion). Such increase is mainly attributed to the effect of higher imports, which was only partly offset by the expansion of oil and non-oil exports.

Merchandise exports rose 14.5 percent in 2004 (Graph 16). Non-oil exports grew 12.9 percent. Manufacturing exports did so by 12.6 percent. Regarding the latter, maquiladora and non-maquiladora exports rose by 13 and 12 percent, respectively.

Oil exports rose 27.2 percent due to the considerable increase in the price of Mexican crude oil export mix. In 2004, the average price of the Mexican crude oil export mix was 31.07 US

dollars per barrel, 6.23 US dollars above that in 2003 and the highest price in the last 23 years.

Table 13 **Trade Balance**
Million US dollars

Item				Absolute	Percentage change	
	2002	2003	2004	Variation in 2004	2003	2004
	(1)	(2)	(3)	(3)-(2)	(2)/(1)	(3)/(2)
Exports	161,046	164,766	188,626	23,860	2.3	14.5
Oil	14,759	18,498	23,534	5,036	25.3	27.2
Non-oil	146,287	146,268	165,092	18,824	0.0	12.9
Agriculture	3,866	4,664	5,344	680	20.6	14.6
Mining	389	517	939	422	32.8	81.5
Manufacturing	142,031	141,087	158,809	17,722	-0.7	12.6
Maquiladora	78,098	77,467	87,548	10,081	-0.8	13.0
Other	63,933	63,620	71,262	7,642	-0.5	12.0
Imports	168,679	170,546	197,156	26,611	1.1	15.6
Consumer Goods	21,178	21,509	25,359	3,850	1.6	17.9
Intermediate Goods	126,508	128,831	149,199	20,368	1.8	15.8
Maquiladora	59,296	59,057	68,433	9,376	-0.4	15.9
Other	67,212	69,774	80,765	10,991	3.8	15.8
Capital Goods	20,992	20,205	22,599	2,393	-3.7	11.8
Total Trade Balance	-7,633	-5,779	-8,530	-2,751	-24.3	47.6
Trade Balance Excluding Oil Exports	-22,392	-24,277	-32,064	-7,787	8.4	32.1

Note: Figures may not add up due to rounding.

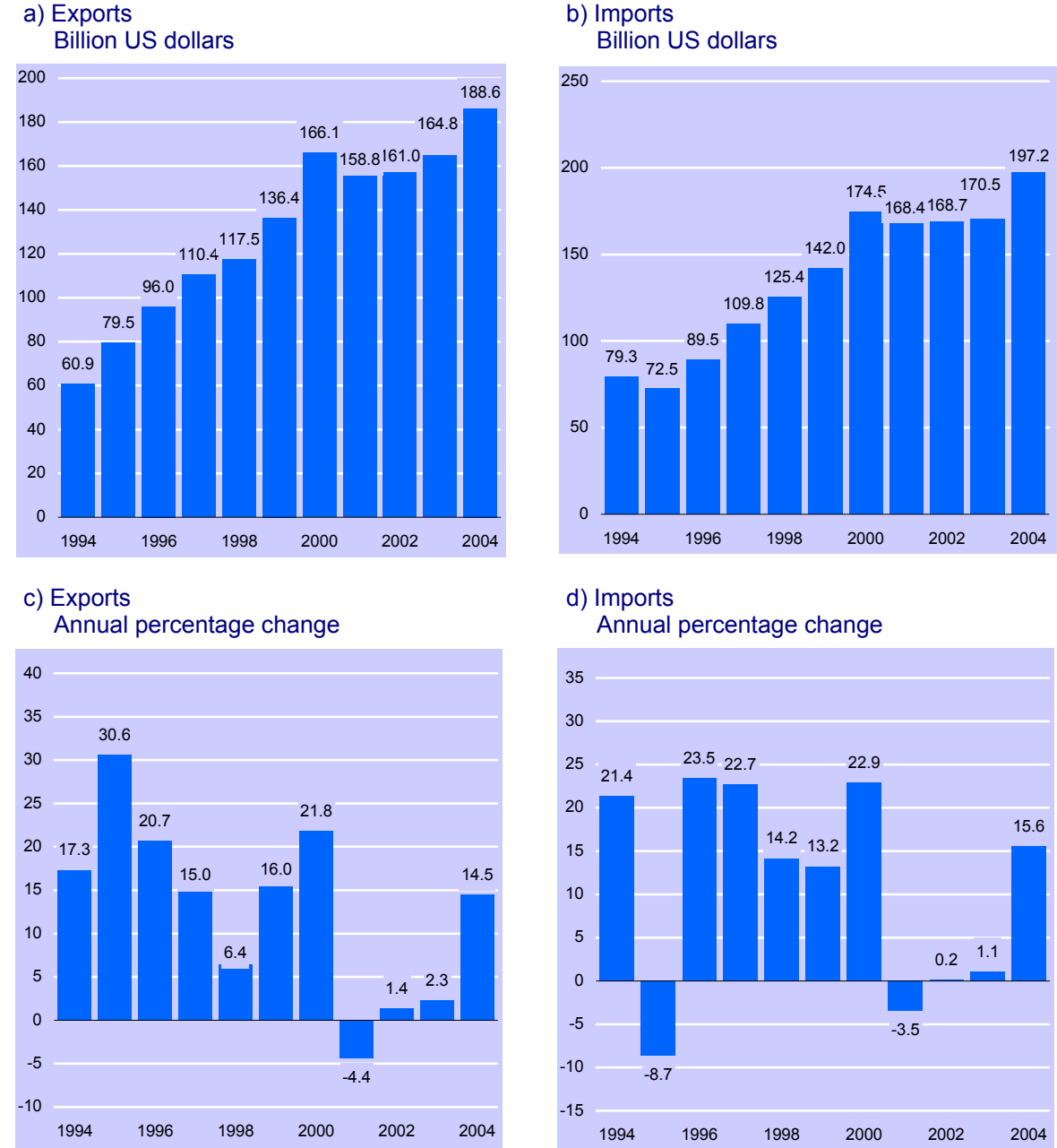
Agricultural exports rose 14.6 percent due mainly to higher exports of legumes and fresh vegetables, melon and watermelon, as well as other fresh fruits and cattle.

Merchandise imports increased 15.6 percent in 2004 (Graph 16), due to the growth of domestic demand and production as well as robust manufacturing exports, many of which are made with imported inputs. Imports of intermediate goods rose 15.8 percent as a result of a 15.8 percent increase in non-maquiladora purchases and 15.9 percent growth in maquiladora purchases. Imports of capital goods grew 11.8 percent after having fallen for three consecutive years. Consumer goods imports rose 17.9 percent, with imports of televisions, electrical and electronic goods, gasoline and automobiles exhibiting the most significant growth.

From a regional perspective, Mexico's foreign trade in 2004 was characterized by two aspects: i) a surplus with NAFTA trading partners; and, ii) a deficit with the rest of the countries in America, and with Europe and Asia. The widening of Mexico's total trade deficit in 2004 was due to a combination of a higher surplus with the NAFTA region, particularly with the U.S., and a larger deficit with the other mentioned areas. The increased deficit with Asia mainly reflected the behavior of trade with China which is the

second largest supplier of merchandise to Mexico and the country with which Mexico has the highest deficit (Table 14).

Graph 16 Mexico's Trade Balance



Data on U.S. foreign trade in 2004 shows a significant increase in total merchandise imports, higher than the one shown for imports from Mexico. While the former rose 16.9 percent, the latter

only did so by 12.9 percent (Table 15). The results are similar when U.S. non-oil imports are analyzed, as these increased 15.5 percent, while Mexican non-oil exports to that country did so by 11.5 percent. In 2004, exports from China, South Korea, Germany and Canada performed better in the U.S. market than Mexico.

Table 14 Trade Balance by Regions

Million US dollars

	2002 (A)	2003 (B)	2004 (C)	Absolute Variation (C)-(B)	Percentage Change			
					Exports		Imports	
					2003	2004	2003	2004
TOTAL	-7,633	-5,779	-8,530	-2,751	2.3	14.5	1.1	15.6
NAFTA	33,804	37,854	52,229	14,375	1.7	14.3	-1.4	6.2
United States	35,273	38,933	54,264	15,331	1.7	14.5	-1.1	5.2
Canada	-1,469	-1,079	-2,035	-957	1.0	8.4	-8.0	29.5
REST OF THE WORLD	-41,437	-43,633	-60,759	-17,125	7.6	15.8	5.9	32.5
Rest of America	-56	-1,100	-2,552	-1,452	3.6	25.5	19.1	40.2
Europe	-12,650	-13,643	-16,831	-3,188	9.1	9.0	8.2	18.7
Asia	-28,050	-28,171	-40,704	-12,533	11.3	7.2	1.6	40.2
Other	-682	-719	-672	47	23.4	36.6	11.2	8.9

Note: Figures may not add up due to rounding.

Thus, just like in 2003, Mexican exports reduced their share in U.S. imports from 11 percent in that year to 10.6 percent in 2004 (Graph 17). This behavior contrasted with that of other nations which compete with Mexico in the U.S. market. In 2004, for the second consecutive year, Mexico was the third largest supplier of U.S. imports behind Canada and China (Table 15).

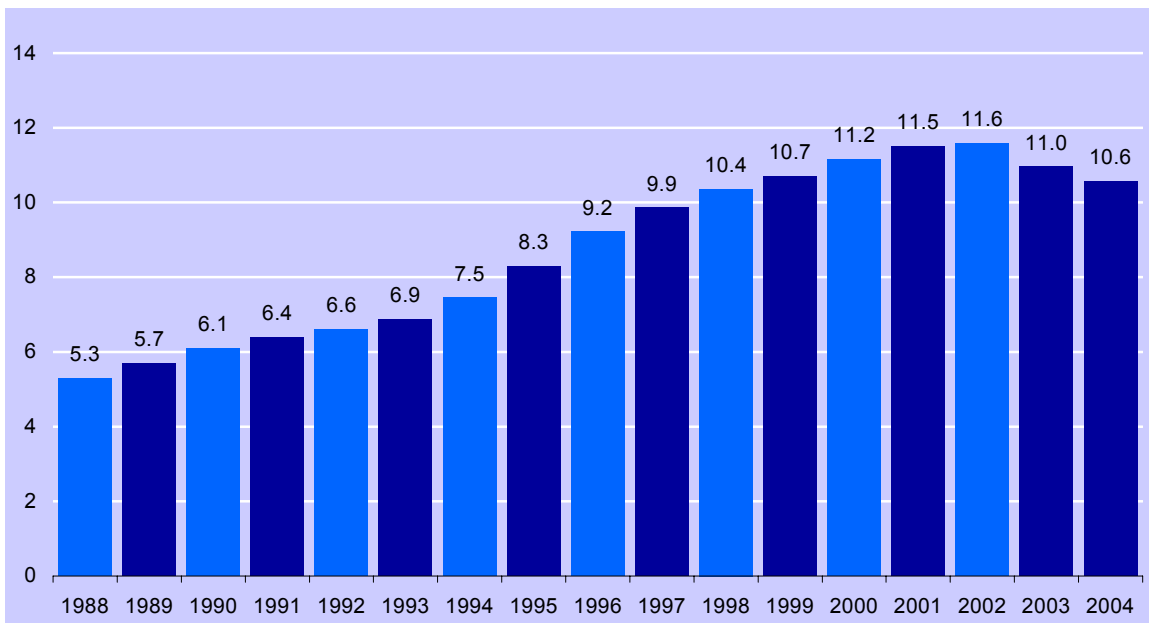
In 2004, the current account deficit of the balance of payments totaled 8.712 billion US dollars (1.3 percent of GDP). In 2002 and 2003 it totaled 13.410 and 8.587 billion, accounting for 2.1 and 1.3 percent of GDP, respectively (Table 16 and Graph 18). As in previous years, in 2004, the current account deficit was financed mainly with long-term resources.

Table 15 **U.S. Imports**
Percent

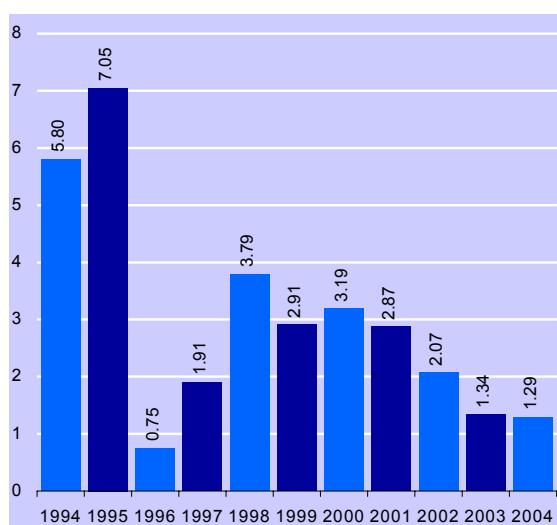
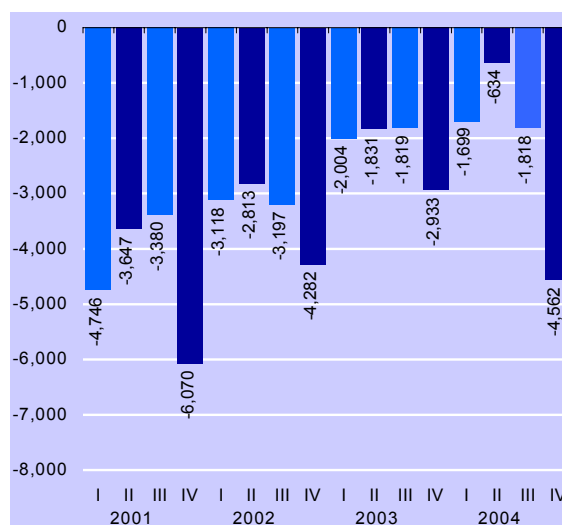
	Share		Annual Percentage Change: 2004				
	2003	2004	Total	Oil	Total excluding Oil	Automotive	Total excluding Oil and Automotive
Total	100.00	100.00	16.91	32.90	15.54	8.60	17.06
Total excluding Mexico	89.02	89.40	17.40	34.31	16.02	9.47	17.30
Total excluding Mexico and China	76.89	76.01	15.57	34.26	13.78	9.47	14.80
1 Canada	17.63	17.41	15.49	33.47	14.27	11.66	15.34
2 China	12.13	13.38	29.04	75.75	29.00	--	29.00
3 Mexico	10.98	10.60	12.88	24.60	11.52	4.91	14.62
4 Japan	9.39	8.82	9.79	--	9.79	4.31	13.38
5 Germany	5.42	5.26	13.39	--	13.39	5.48	18.04
6 United Kingdom	3.40	3.16	8.43	--	2.70	-0.46	3.27
7 South Korea	2.96	3.14	24.00	--	24.00	25.37	23.53
8 Taiwan	2.51	2.36	9.55	--	9.55	16.27	9.21
9 France	2.32	2.16	8.88	--	8.88	--	8.88
10 Malaysia	2.02	1.92	10.79	31.38	10.63	--	10.63

Source: Prepared by Banco de México with data from the U.S. Department of Commerce.

Graph 17 **Share of Mexican Exports in U.S. Imports**
Percent



Source: Prepared by Banco de México with data from the U.S. Department of Commerce.

Graph 18**Current Account of the Balance of Payments**a) Current Account Deficit
Percentage of GDPb) Current Account Balance
Million US dollars

The current account deficit in 2004 originated mainly from the deficit in the trade balance, which combined with deficits in the factor and non-factor services balances more than offset the surplus in the transfers account (Table 16). The latter surplus responded to a significant increase in the inflow of workers' remittances to Mexico.

Table 16**Current Account of the Balance of Payments**

Million US dollars

Item	2003 (A)	2004 (B)	Absolute variation (B - A)
Current Account	-8,587	-8,712	-126
Trade Balance	-5,779	-8,530	-2,751
Exports	164,766	188,626	23,860
Imports	170,546	197,156	26,611
Nonfactor services	-4,505	-4,563	-58
Factor services	-12,160	-12,662	-502
Transfers	13,858	17,044	3,186

Note: Figures may not add up due to rounding.

The non-factor services deficit was 4.563 billion US dollars in 2004. Within this balance, international tourism exhibited a surplus of 3.880 billion US dollars due to inflows totaling 10.839 billion (14.6 percent increase) and outflows of 6.959 billion (11.3 percent increase). Meanwhile, the other components registered a deficit of 8.443 billion US dollars, mainly due to expenditures associated with foreign trade.

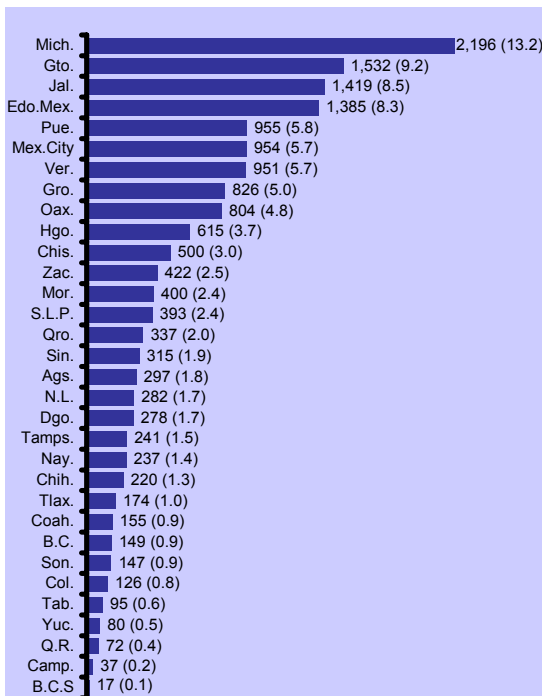
The factor services deficit was 12.662 billion US dollars in 2004. Net interest (expenditures less revenues) amounted to 9.423 billion US dollars, 0.5 percent above that in 2003. The other items from the factor services balance accumulated a net deficit of 3.239 billion US dollars, mainly from expenditures from FDI firms' profits (remitted or reinvested). In 2004, such profits amounted to 3.442 billion US dollars, figure above that in 2003 (3.192 billion).

In 2004, the transfers account exhibited a surplus of 17.044 billion US dollars. Its main component, workers' remittances accumulated 16.613 billion US dollars (an annual increase of 24 percent). Such result, which was similar to FDI during the year, equaled 78 percent of crude oil exports and represented 2.5 percent of GDP. In 2004, 50.9 million transactions from remittances were carried out, for an average of 327 US dollars each. As for their destination, Michoacán, Guanajuato, Jalisco, Estado de México and Puebla received the highest amount (45 percent of the total) of remittances (Graph 19).

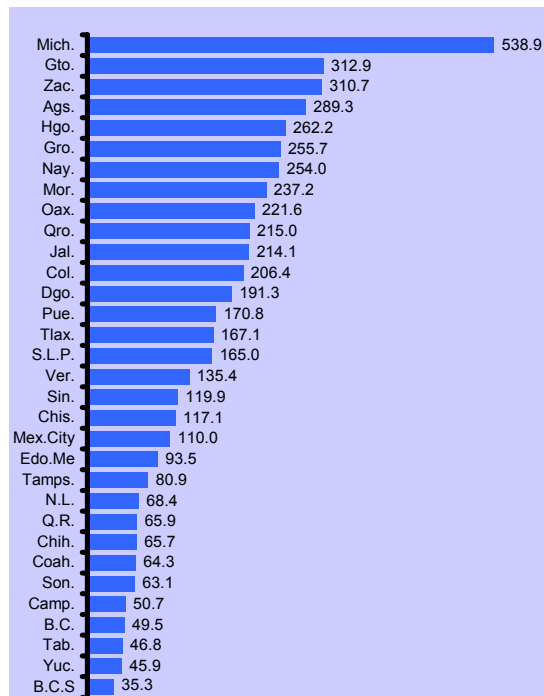
Graph 19 Workers' Remittances by State

January-December 2004

a) Million US dollars ^{1/}



b) Per capita US dollars (yearly) ^{2/}



1/ Figures in parentheses correspond to states' percentage share in total remittances.

2/ States' population in 2004 corresponds to average data of year's four quarters from INEGI's National Employment Survey (*Encuesta Nacional de Empleo, ENE*).

The capital account of the balance of payments exhibited a surplus of 13.692 billion US dollars, mainly from FDI inflows, the money market (mainly long-term government bonds at fixed rates) and foreign financing for PIDIREGAS projects. On the other hand, the outflow of resources stemmed from a reduction in the foreign indebtedness of both public and private sectors, disinvestment in the stock market and an increase in Mexican assets abroad (Table 17).

Table 17

Balance of Payments

Million US dollars

Item	2003	2004
Current Account	-8,587	-8,712
Capital Account	18,044	13,692
Liabilities	11,110	18,279
Indebtedness	-1,041	-994
Development Banks	-1,641	-2,680
Commercial Banks	-529	-906
Banco de México	0	0
Non-bank public sector	-2,691	-1,759
Non-bank private sector	-2,383	-1,597
PIDIREGAS	6,203	5,949
Foreign Investment	12,152	19,273
Direct	11,373	16,602
Portfolio	779	2,671
Equity	-123	-2,522
Money Market	902	5,193
Assets	6,934	-4,588
Errors and Omissions	-19	-921
Change in Net International Reserves	9,451	4,061
Valuation Adjustments	-13	-3

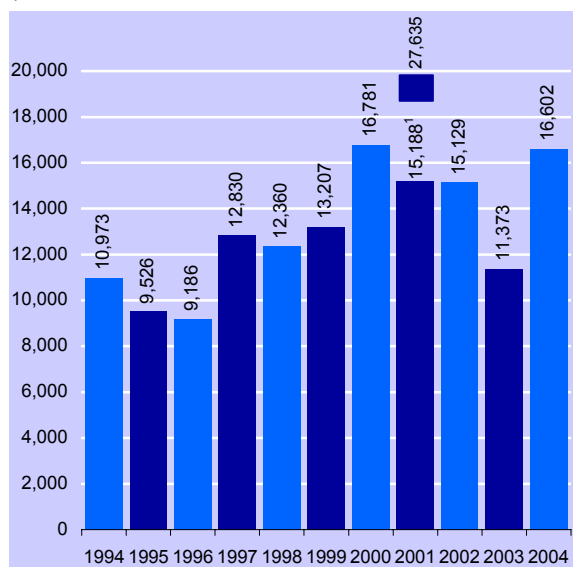
Note: Figures may not add up due to rounding.

In 2004, FDI amounted to 16.602 billion US dollars, its highest level for the last two years (Graph 20). Such figure included new investments (7.99 billion); profit reinvestments (2.473 billion); an increase in net liabilities of firms with headquarters abroad (3.665 billion); and maquiladora's fixed asset imports (2.474 billion). As for its sectorial distribution, FDI was mostly channeled to manufacturing (52 percent), financial services (29.9 percent), transport and communications (7.8 percent) and commerce (5.6 percent). Its breakdown by country of origin is as follows: U.S. (48 percent), Spain (34.7 percent), Switzerland (7.2 percent), Canada (2.1 percent), Germany (2.1 percent) and the Netherlands (1.5 percent). Net foreign portfolio investment totaled 2.671 billion US dollars, mainly from money market inflows (5.193 billion) and stock

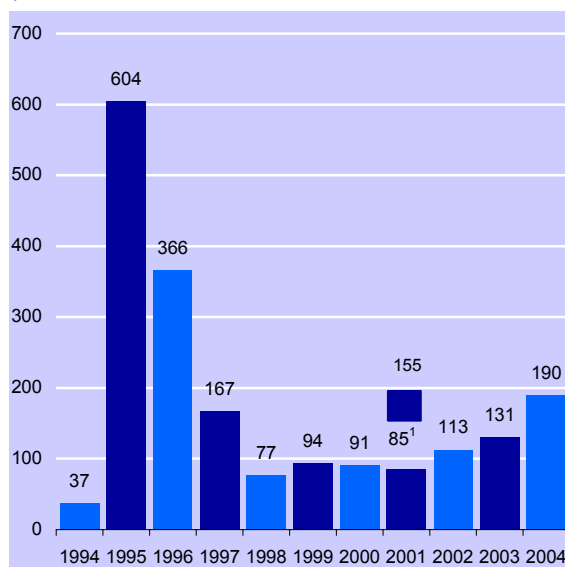
market outflows (2.522 billion). Thus, total foreign investment flows in 2004 added up to 19.273 billion US dollars.

Graph 20 Foreign Direct Investment Flows

a) Million US dollars



b) Percent of current account deficit



1/ Excluding the sale of BANAMEX.

In 2004, the public sector reduced its foreign indebtedness by 4.439 billion US dollars, as a result of 18.162 billion in disbursements and 22.601 billion in amortizations.⁶ The reduction in public sector's indebtedness included net amortizations from non-financial public enterprises (4.487 billion) and development banks (2.680 billion), as well as federal government's external debt net disbursements (2.728 billion). During the year the federal government issued eight bonds in the international markets for a total of 8.175 billion US dollars. These placements have an average maturity of 14.8 years. A large part of the resources from such placements was used to refinance past liabilities, which helped to improve the cost and maturity of federal government's external debt. Capital inflows channeled to financing PIDIREGAS projects amounted to 5.949 billion US dollars in 2004. Meanwhile, private sector's foreign indebtedness fell by 2.503 billion US dollars in

⁶ Data on public sector's foreign indebtedness as reported in Banco de México's balance of payments differs from that reported by the Ministry of Finance. This is due to the fact that the balance of payments excludes certain public sector external debt transactions that are not considered as effective flow of resources. Furthermore, previous to 2004 there is another difference, which concerns the different criteria for entering Brady bonds redeemed. While the Ministry of Finance considers such redemptions at face value and for the period in which Brady bonds are redeemed with the U.S. Treasury, the balance of payments considers them at market value and for the period in which the Federal Government acquires such bonds abroad.

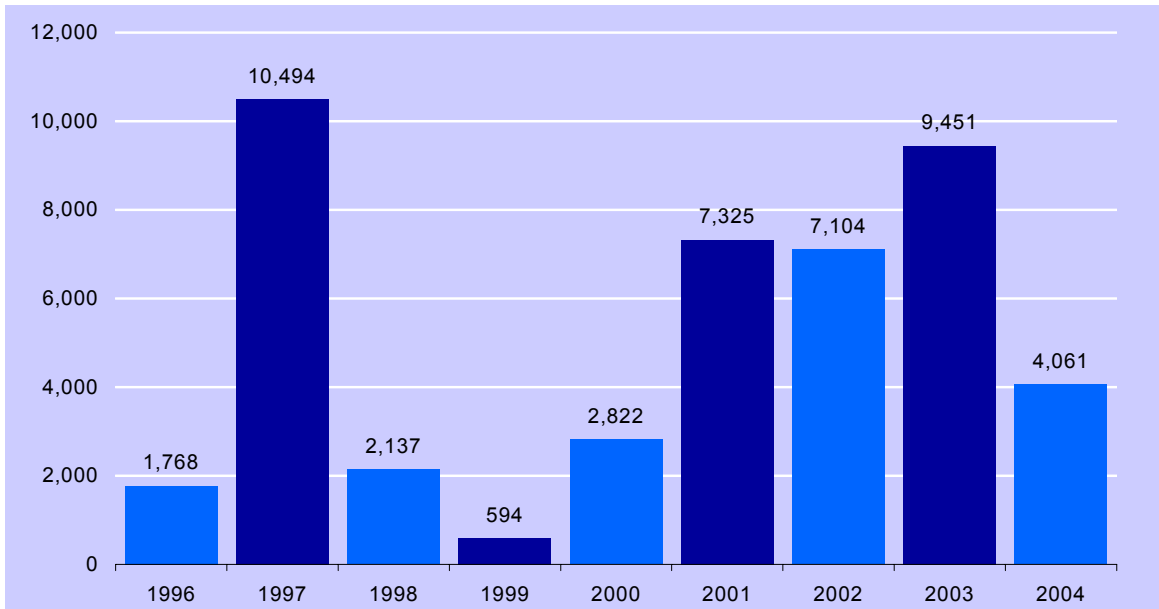
2004 as a result of net amortizations by non-banks (1.597 billion) and commercial banks (906 million).

Mexican assets abroad rose in 2004, resulting in an outflow of resources from the country totaling 4.588 billion US dollars. Such behavior originated mainly from an increase in commercial bank and non-bank's (public and private) external deposits, and direct investment abroad by Mexican residents. The abovementioned rise in international assets was partly due to increased deposits by PEMEX in Banco de México, which raised gross international reserves but had no effect on net international reserves (given that such deposits raise both central bank's assets and liabilities), item included in Mexico's balance of payments. These deposits are registered in the capital account as external assets. However, such variation in the external assets item corresponds to the accounting entry and does not represent an outflow of resources from the Mexican economy.

Summing up, Mexico's balance of payments results in 2004 were as follows: an 8.712 billion US dollar current account deficit, a 13.692 billion US dollar capital account surplus, a 921 million US dollar net negative flow in errors and omissions, and a 4.061 billion US dollar increase in international reserves (Graph 21).⁷ As a result of such an increase, international reserves totaled 61.496 billion US dollars in December 31, 2004.

⁷ For a definition of international reserves see Banco de México's Law. For the adding up of the current account and capital accounts plus the errors and omissions item, to result in the variation of international reserves, a 3 million US dollar valuation adjustment must be made.

Graph 21 **International Reserves (Variation)**
Million US dollars



III.4. Public Finances

During 2004, the public sector's economic deficit amounted to 19.7 thousand million pesos, equal to 0.26 percent of GDP (Table 18).⁸ Excluding outlays from the Voluntary Retirement Program for Public Employees (*Programa de Separación Voluntaria, PSV*), such deficit totaled 12.4 thousand million pesos (0.16 percent of GDP). The primary surplus, defined as revenues less expenditures other than financial costs, was 189.9 thousand million pesos (2.49 percent of GDP).

⁸ The economic balance is an indicator for evaluating federal government's budget obligations.

Table 18 Public Balance in 2002, 2003 and 2004 ^{1/}

	Million pesos of 2004			Percentage of GDP		
	2002 ^{2/}	2003	2004	2002 ^{2/}	2003	2004
Economic Balance	-82,750.3	-44,456.3	-19,740.7	-1.21	-0.62	-0.26
Budgetary Balance	-79,586.1	-50,205.1	-23,300.5	-1.16	-0.70	-0.31
Federal Government (1-2)	-147,862.7	-104,643.5	-103,150.9	-2.16	-1.45	-1.35
1 Excluding PSV	-147,862.7	-87,696.8	-95,777.8	-2.16	-1.21	-1.25
2 PSV Cost	0.0	16,946.6	7,373.1	0.00	0.23	0.10
Public Enterprises and Institutions (3+4)	68,276.6	54,438.3	79,850.4	1.00	0.75	1.05
3 PEMEX	34,821.1	28,413.5	48,228.7	0.51	0.39	0.63
4 Other	33,455.4	26,024.8	31,621.7	0.49	0.36	0.41
Non-budgetary balance	-3,164.2	5,748.8	3,559.8	-0.05	0.08	0.05
Primary Balance	118,199.3	150,594.2	189,865.7	1.72	2.09	2.49
Economic Balance Excluding PSV	-82,750.3	-27,509.7	-12,367.6	-1.21	-0.38	-0.16
Primary Balance Excluding PSV	118,199.3	167,540.8	197,238.8	1.72	2.32	2.58

1/ Deficit (-) Surplus (+).

2/ Includes the net costs of both the National Farm Credit Bank's (*Banco Nacional de Crédito Rural SNC, BANRURAL*) liquidation and the creation of the Rural Finance Institution (*Financiera Rural*).

PSV = Voluntary Retirement Program for Public Employees (*Programa de Separación Voluntaria*).

Note: Figures may not add up due to rounding.

Source: Ministry of Finance.

In 2004, budgetary revenues totaled 1,774.2 thousand million pesos (23.24 percent of GDP, figure similar to that registered in 2003), 166.2 thousand million above federal budget figures (Table 19). Such surplus was mainly due to: a) higher oil revenues (which equaled 1.79 percent of GDP and 82.2 percent of excess revenues); b) non-oil taxes (increased revenues from the Value Added Tax and import duties more than offset the reduction in Income Tax revenues); and, c) an increase in revenues from public enterprises and institutions other than PEMEX (mainly from the Federal Electricity Commission-*Comisión Federal de Electricidad, CFE*), which accounted for 13.9 percent of excess revenues.

In 2004, budgetary revenues increased 5.9 percent in real terms. Such result stemmed from increases in both oil (14.5 percent in real terms) and non-oil revenues (1.6 percent in real terms). The behavior of the oil component mainly responded to the price of Mexican crude oil export mix, which was 6.1 US dollars per barrel (d.p.b.) higher than in 2003.⁹ Furthermore, the oil component's share in budgetary revenues was 36.1 percent during 2004, its highest level since 1987.¹⁰

⁹ This figure refers to the average price of crude oil used in public finance calculations and differs from that used for external trade figures. In 2004, the price of Mexican crude oil export mix was 9.9 d.p.b. higher than budgeted, while production was 96 thousand barrels less than forecasted.

¹⁰ Oil revenues are defined as PEMEX revenues, oil duties and benefits, plus the Special Tax (*Impuesto Especial sobre Producción y Servicios, IEPS*) on gasoline and diesel.

Table 19 Public Balance in 2003 and 2004 ^{1/}

	Million pesos				Real growth (3/1)
	2003	2004		Difference (3-2)	
	Observed (1)	Approved (2)	Observed (3)		
Economic Balance	-42,465.4	-24,093.0	-19,740.7	4,352.3	-55.6
Non-budgetary balance	5,491.4	0.0	3,559.8	3,559.8	-38.1
Budgetary balance	-47,956.7	-24,093.0	-23,300.5	792.5	-53.6
Fiscal Revenues	1,600,286.3	1,608,012.1	1,774,176.4	166,164.3	5.9
Oil	533,420.7	502,988.7	639,627.6	136,638.9	14.5
Federal Government	357,644.1	350,001.5	446,250.2	96,248.7	19.2
PEMEX	175,776.6	152,987.2	193,377.4	40,390.2	5.1
Non-oil	1,066,865.6	1,105,023.4	1,134,548.8	29,525.4	1.6
Federal Government	775,340.9	817,500.2	823,892.3	6,392.1	1.5
Tax revenues	679,002.9	714,492.6	716,867.9	2,375.3	0.8
Income Tax (ISR)	337,015.5	361,533.7	345,155.6	-16,378.1	-2.2
VAT (IVA)	254,433.4	271,614.9	285,353.8	13,738.9	7.1
Special Tax on Production and Services (IEPS)	30,178.8	31,048.3	31,911.5	863.2	1.0
Imports	26,897.8	24,076.3	29,469.6	5,393.3	4.7
Other	30,477.4	26,219.4	24,977.4	-1,242.0	-21.7
Non-tax revenues	96,338.0	103,007.6	107,024.4	4,016.8	6.1
Duties	19,238.5	13,958.8	16,477.5	2,518.7	-18.2
Proceeds	5,153.7	6,430.7	5,674.3	-756.4	5.2
Benefits	71,945.9	82,618.1	84,872.6	2,254.5	12.7
Public Enterprises and Institutions	291,524.7	287,523.2	310,656.5	23,133.3	1.8
Net Paid Expenditures	1,648,243.1	1,632,105.1	1,797,476.9	165,371.8	4.2
Programmable	1,216,023.2	1,165,204.0	1,322,160.7	156,956.7	3.9
Deferred Payments	d.n.a.	-18,400.0	d.n.a.	18,400.0	d.n.a.
Programmable Accrued Expenditures	1,216,023.2	1,183,604.0	1,322,160.7	138,556.7	3.9
Current Expenditures	1,006,575.0	1,029,751.3	1,048,635.8	18,884.5	-0.5
Personal Services	506,355.2	524,496.1	529,065.9	4,569.8	-0.2
Voluntary Retirement Program for Public Employees (PSV) ^{2/}	16,187.8	0.0	7,373.1	7,373.1	-56.5
Other	490,167.4	524,496.1	521,692.8	-2,803.3	1.7
Other	500,219.8	505,255.2	519,569.9	14,314.7	-0.8
Capital Expenditures	209,448.2	153,852.7	273,524.9	119,672.2	24.7
Fixed Investment	186,830.0	152,670.0	227,255.8	74,585.8	16.2
State Infrastructure Trust (FIES) ^{3/}	12,396.3	0.0	23,201.0	23,201.0	78.8
Other	174,433.7	152,670.0	204,054.8	51,384.8	11.7
Financial Investment	22,618.2	1,182.7	46,269.1	45,086.4	95.4
Benefits for Infrastructure Projects (AOI) ^{4/}	0.0	0.0	32,638.0	32,638.0	d.n.a.
Oil revenues' Stabilization Fund (FEIP) ^{5/}	6,227.9	0.0	11,546.0	11,546.0	77.1
Other	16,390.3	1,182.7	2,085.1	902.4	-87.8
Non-programmable	432,219.9	466,901.0	475,316.2	8,415.2	5.0
Financial Cost	190,863.1	213,908.2	206,929.5	-6,978.7	3.6
Federal Government	129,245.5	145,860.1	129,843.2	-16,016.9	-4.0
Public Enterprises and Institutions	31,206.5	30,018.0	32,151.0	2,133.0	-1.6
Debtor and Savings Support Programs	30,411.1	38,030.1	44,935.3	6,905.2	41.1
Revenue Sharing	225,227.8	242,281.0	239,838.6	-2,442.4	1.7
ADEFAS and other	16,128.9	10,711.8	28,548.1	17,836.3	69.1
Memo:					
Economic Balance Excluding PSV	-26,277.7	-24,093.0	-12,367.6	11,725.4	-55.0
Primary Balance	143,849.9	190,644.7	189,865.7	-779.0	26.1

1/ Deficit (-) Surplus (+).

2/ Voluntary Retirement Program for Public Employees (Programa de Separación Voluntaria, PSV).

3/ State Infrastructure Trust (Fideicomiso para la Infraestructura de los Estados, FIES).

4/ Refers to benefits for PEMEX Infrastructure Projects (Aprovechamientos para Obras de Infraestructura, AOI) as approved in the 2004 Budget and granted to PEMEX as a transfer of funds from the Federal Government. Equal to benefits over PEMEX excess revenues from previous years.

5/ Oil Revenues Stabilization Fund (Fondo de Estabilización de Ingresos Petroleros, FEIP).

d.n.a./ does not apply.

Note: Figures may not add up due to rounding. Real growth is estimated according to average inflation per year.

Source: Ministry of Finance.

In 2004, non-oil tax revenues rose 0.8 percent in real terms, due mainly to higher revenues from the VAT (which increased at a real annual rate of 7.1 percent in response to robust private consumption) and import duties (which rose 4.7 percent). Such results offset weak income tax revenues, partly resulting from the repeal of the substituting tax on wage benefits (*Impuesto Sustitutivo al Crédito al Salario, ISCAS*).¹¹ Non-oil tax revenues decreased 9.4 percentage points as a proportion of GDP in 2004 (such revenues had been around 9.8 percent of GDP from 2001 to 2003) [Graph 22].

In 2004, non-oil nontax revenues increased 6.1 percent at constant prices as a result of higher non-recurrent revenues, which amounted to 61.4 thousand million pesos and accounted for 0.82 percent of GDP (such revenues only accounted for 0.69 percentage points of GDP in 2003). The most important sources of non-recurrent revenues in 2004 were the following: Banco de México's operational surplus (15,000 million pesos); the guarantees associated with the redemption of Brady bonds (13,865 million pesos); revenues from road concessions to the Toll Road Rescue Program-*Fideicomiso de Apoyo para el Rescate de Autopistas Concesionadas, FARAC* (10,172 million pesos); contributions from the National Commission for the Retirement Savings System-*Comisión Nacional del Sistema de Ahorro para el Retiro, CONSAR* (3,926 million pesos); and other revenues (18,500 million pesos).

In 2004, revenues from non-oil public enterprises and entities under direct budgetary control rose 1.8 percent in real terms.¹² Such result was mainly due to higher electricity prices and increased sales from the Federal Electricity Commission (*Comisión Federal de Electricidad, CFE*) as well as higher revenues from social security contributions to both the IMSS (due to the increase in the reference wage and the higher number of insured workers) and the Public Employees' Social Security Institute (*Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado, ISSSTE*). ISSSTE's contributions rose due to the wage increase granted to public school teachers, the recovery of contributions due from the previous year and the sale of real estate assets.

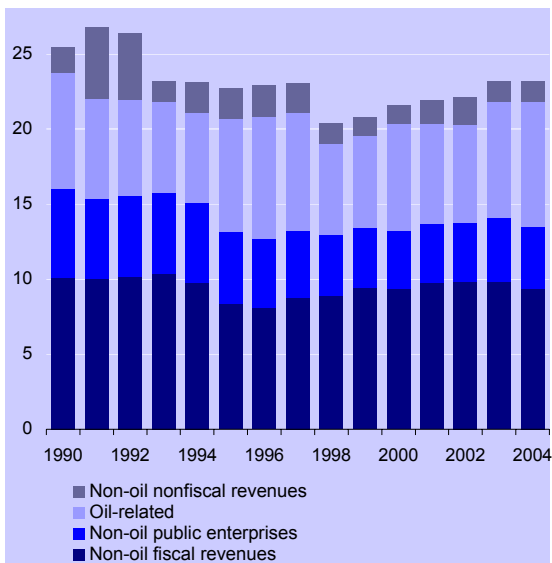
¹¹ Income tax revenues would have been lower if not for the Mexican Supreme Court's resolution declaring the exemption of benefits paid to public sector employees during 2003 from income tax as unconstitutional. The higher revenues from the income tax on such benefits implied by this decision were offset by expenditure in the item ADEFAS (*Adeudos de Ejercicios Fiscales Anteriores*- payments of previous years' debt).

¹² From 2004, Federal Roads and Bridges (*Caminos y Puentes Federales, CAPUFE*) and the National Lottery (*Lotería Nacional, LOTENAL*) were no longer under direct budgetary control.

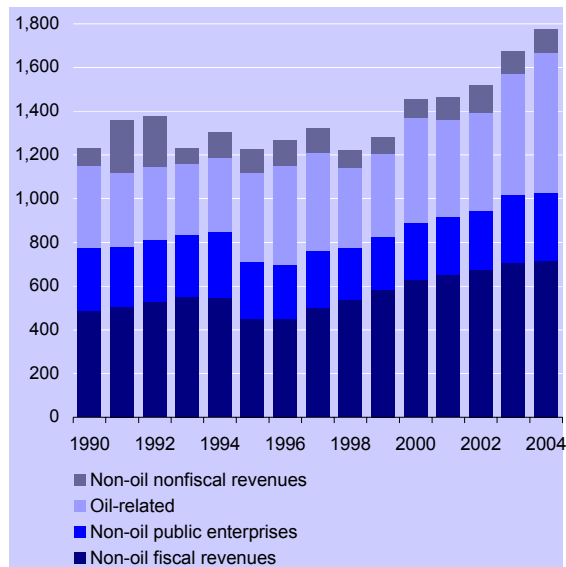
Budgetary expenditures totaled 1,797.5 thousand million pesos in 2004 (23.54 percent of GDP), an annual increase of 4.2 percent at constant prices (Table 19 and Graph 23). Public expenditure ended 165.4 thousand million pesos above Federal Budget approved figures mainly as a result of capital expenditures. Such outlays were partly due to existing mechanisms for distributing excess revenues and the Federal Congress's decision to channel part of tax revenues from PEMEX to investment in its infrastructure, the so-called Benefits for Exploration, Gas, Refining and Petrochemical Infrastructure Projects (*Aprovechamiento para Obras de Infraestructura en Materia de Exploración, Gas, Refinación y Petroquímica, AOI*). The latter amounted to 32.6 thousand million pesos.^{13, 14}

Graph 22 Public Sector Fiscal Revenues

a) Percent of GDP



b) Thousand million pesos 2004



Source: Ministry of Finance.

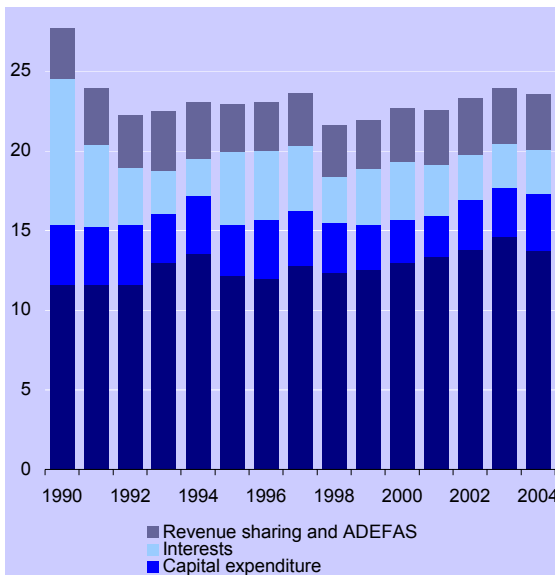
¹³ Paragraph "j" of Article 21 of the Federal Budget 2004 stated that excess revenues were to be channeled as follows: a) public entities and enterprises can use their own excess revenues, prior authorization from the Ministry of Finance; b) any increase in non-programmable expenditure must be covered; c) any additional factors that could affect revenues-expenditures must be compensated; and d) once all of the above have been met, excess revenues (46.6 thousand million pesos in 2004) are to be channeled to state infrastructure (50 percent), the Oil Revenues Stabilization Fund (*Fondo de Estabilización de los Ingresos Petroleros, FEIP*) (25 percent) and to improving the public balance (25 percent).

¹⁴ PEMEX's return of Benefits for Infrastructure Projects (AOI) is shown as a capital transfer in Article 7 of the Federal Revenues Law for 2004 and is equivalent to Benefits from PEMEX's Excess Revenues from previous fiscal years. Such benefits are generated when international crude oil prices exceed the price estimated for budgetary purposes (20 d.p.b. in 2004). The amount granted to PEMEX (32.6 thousand million pesos) differs from that reported as revenues because it was based on estimates for the end of the fiscal year. The difference will be deposited at the beginning of 2005.

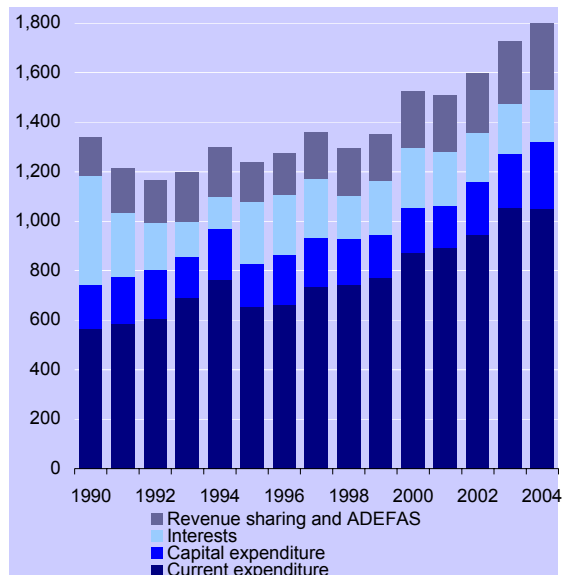
Programmable expenditure rose 3.9 percent at a real annual rate. Such result was due to a 0.5 percent decrease in current expenditure (which accounted for 79.3 percent of programmable outlays) and a 24.7 percent increase in capital expenditure (representing 20.7 percent of programmable outlays). The behavior of current expenditure was mainly due to a combination of the following factors: slightly reduced outlays in personal services; lower pension payments; lower operation costs; and, higher subsidies and transfers mostly to education, social development and agriculture (mainly to the Agency for the Marketing of Agriculture Products- *Apoyos y Servicios a la Comercialización Agropecuaria, ASERCA*).

Graph 23 Public Sector Fiscal Expenditures

a) Percent of GDP



b) Thousand million pesos 2004



Source: Ministry of Finance.

In 2004, total budgetary investment (including fixed and financial investment) expanded 24.7 percent in real terms. Fixed investment rose 16.2 percent in real terms mostly as a result of outlays channeled to state infrastructure (urbanization, housing and regional development) and to the energy sector. Federal government transfers to states included those to the Trust for State Infrastructure (*Fondo para la Infraestructura de los Estados, FIES*), which was granted 23.2 thousand million pesos. The growth of financial investment (95.4 percent in real terms) responded to transfers to the Oil Revenues Stabilization Fund (*Fondo de Estabilización de los Ingresos Petroleros, FEIP*) for 11.5 thousand million pesos and to

the AOI for 32.6 thousand million. At year-end 2004, the Oil Revenues Stabilization Fund's balance was 11.6 thousand million pesos (0.15 percent of GDP).

In 2004, total public capital expenditures (which include budgetary, non-budgetary and financed investment) rose 13.6 percent at a real annual rate and amounted to 322.9 thousand million pesos (4.2 percent of GDP). Such result was mainly due to the increase (18.3 percent in real terms) in PIDIREGAS projects for both PEMEX (107.3 thousand million pesos) and CFE (19.4 thousand million).

In 2004 federalized expenditures increased 5.8 percent in real terms and accounted for 33.6 percent of total budgetary expenditure.¹⁵ From these expenditures, those to the education and health sector, which channel a significant amount of their resources to payroll expenses, accounted for 41.8 percent.

In 2004, non-programmable expenditure rose 5 percent at constant prices. Such results were mainly due to the following: a) an increase in the financial cost of PIDIREGAS; b) the maturity and advanced payment of several debtor support trust funds and restructuring programs denominated in UDIs (20.3 thousand million pesos); c) a reduction in the financial cost of the Federal Government's debt (with a payment for 129.8 thousand million pesos, which implied a real annual reduction of 4 percent); d) a 1.7 percent increase in real terms in revenue sharing to States and Municipalities;¹⁶ and, e) an increase in ADEFAS, mainly as a result of income tax payments on Government employees' 2003 Christmas bonus and vacation benefits. The latter was offset by Federal Government's income tax revenues.

III.5. Monetary and Credit Aggregates

III.5.1. Monetary Base, Net Domestic Credit and Net International Assets

At the end of 2004, the monetary stock was 340.2 thousand million pesos. During the same year, the monetary base grew, on

¹⁵ Federalized expenditures include shared federal revenues, contributions, PAFEF (*Programa de Apoyo para el Fortalecimiento de las Entidades Federativas*- state support program), and collaboration agreements.

¹⁶ Contributions' growth was influenced by the payment of loans granted to states in 2003 and 2004. Excluding such effect, contributions registered real growth of 3.1 percent in 2004.

average, 14.1 percent at an annual rate, 2.3 percentage points below that observed in 2003.¹⁷ As stated in previous reports, although the process by which the ratio monetary base to GDP has increased (remonetization), it has lost strength in recent years.¹⁸

At the end of 2004, international assets rose by 5.174 billion US dollars; thus their stock at December 31, 2004 was 64.233 billion US dollars.¹⁹ In 2004, the monetary base grew by 36,564 million pesos. As a result, Banco de México's net domestic credit decreased by 21,004 million pesos during the year (Table 20 and Graph 24a).

International reserves increased 4.061 billion US dollars during 2004. The main source of such reserves was the purchasing of US dollars from PEMEX (13.832 billion). As for its uses, the federal government demanded 3.24 billion US dollars, while Banco de México auctioned 6.712 billion US dollars through the mechanism to slow the pace of international reserve accumulation. The aforementioned mechanism has been successful in reducing the rate of international reserve accumulation (Graph 24b), thereby raising the availability of domestic financial resources to the private sector.

¹⁷ Changes calculated based on the average of daily stocks.

¹⁸ Historic evidence reveals that in low inflation economies: i) the effects of shocks to revenues or interest rates are reflected more slowly on the demand for money; and ii) such demand tends to become more sensitive to interest rate fluctuations. Therefore, as interest rates have fallen sharply in recent years, the following was to be expected: i) a considerable remonetization process; and, ii) that such process would gradually decrease.

¹⁹ For a definition of international assets and international reserves please refer to the Glossary included in Banco de México's weekly press release on the Central Bank statements.

Table 20 Monetary Base, International Assets and Net Domestic Credit

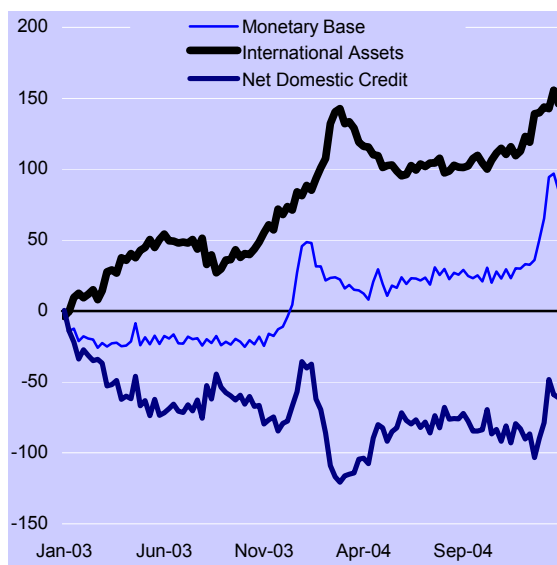
Millions

	Stocks		Flows in 2004				Accumulated at Dec. 31 2004
	At Dec. 31 2003	At Dec. 31 2004	Quarter I	Quarter II	Quarter III	Quarter IV	
(A) Monetary Base (Pesos)	303,614	340,178	-36,190	11,422	1,942	59,389	36,564
(B) Net International Assets (Pesos) ^{1/ 2/}	663,657	716,170	28,771	-13,209	20,313	21,692	57,567
Net International Assets (US dollars) ^{2/}	59,059	64,233	2,646	-1,186	1,800	1,915	5,174
(C) Net Domestic Credit (Pesos) [(A)-(B)] ^{1/}	-360,043	-375,992	-64,960	24,631	-18,371	37,696	-21,004
(D) International Reserves (US dollars) [(E)-(F)] ^{3/}	57,435	61,496	1,614	79	-1,513	3,881	4,061
(E) Gross Reserves (US dollars)	59,028	64,198	2,631	-1,183	1,800	1,921	5,169
PEMEX			3,268	2,484	5,102	2,977	13,832
Federal Government			880	-1,446	-2,585	-89	-3,240
Sale of US dollars to banks ^{4/}			-1,938	-1,892	-1,430	-1,452	-6,712
Other ^{5/}			421	-329	712	485	1,290
(F) Liabilities with less than six months to maturity (US dollars)	1,593	2,701	1,017	-1,262	3,313	-1,960	1,108

1/ Net international assets' cash flows in pesos are estimated considering the exchange rate applied to each transaction.
 2/ Net international assets are defined as gross reserves plus credit agreements with foreign central banks with more than six months to maturity, minus total liabilities payable to the IMF and credit agreements with foreign central banks with less than six months to maturity.
 3/ As defined by Banco de México's Law.
 4/ Daily sales of US dollars according to the mechanism to slow the pace of international reserve accumulation (see Exchange Commission's press bulletin of March 20, 2003).
 5/ Includes yields on international reserves, and other transactions.

Graph 24 Monetary Base and International Reserves

a) Monetary Base, International Assets and Net Domestic Credit. Cash flows accumulated since 2003 in thousand million pesos



b) International Reserves (Stock) and Accumulated US dollar Sales ^{1/} Billion US dollars



1/ Sale of US dollars via the mechanism to reduce the rate of international reserve accumulation.

III.5.2. Monetary Aggregates and Financing to the Private Sector

In 2004, money (M1) grew at an annual average rate of 8.8 percent. Such result was due to both the remonetization process involving all payment means, and the dynamism of payroll accounts. At the end of 2004, this type of accounts represented 21 percent of liquid bank deposits; during the year, they grew at a real annual average rate of 17.1 percent (Table 21).

Table 21

Monetary Aggregates

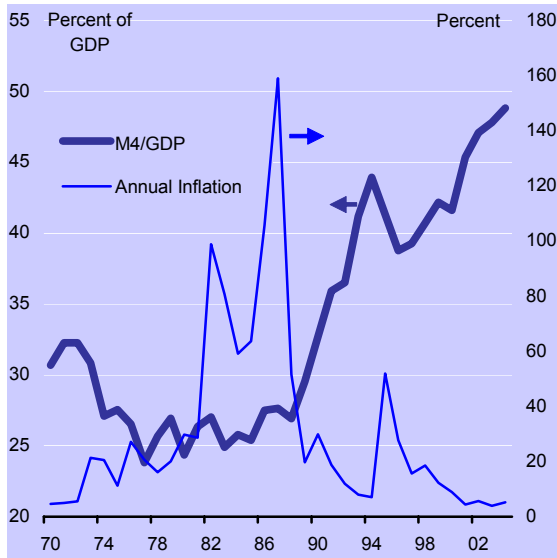
Annual real percentage change of average stocks

	2003	2004				2004
		Quarters				
		I	II	III	IV	
Circulating Currency (bills and coins)	9.8	7.9	10.5	10.4	8.8	9.4
Checking Accounts (Pesos)	7.3	7.7	9.2	5.0	2.1	5.9
Current Account Deposits	15.3	23.2	20.8	16.4	9.5	17.1
Checking Accounts (US dollars)	-8.7	-6.5	3.0	19.0	22.6	8.8
M1	7.0	8.0	10.4	9.6	7.2	8.8
M2	6.9	8.0	8.4	7.0	6.3	7.4
M3	7.1	8.6	8.8	7.5	7.6	8.1
M4	6.9	8.4	8.6	7.3	7.6	8.0
Memo:						
Domestic Bank Term Deposits	5.7	0.6	6.6	7.7	9.1	6.0
Non-residents' Savings	33.8	63.7	43.2	42.5	128.1	69.0

During 2004, saving in domestic financial markets strengthened in response to Mexico's current economic conditions, specifically the economic recovery, and to structural factors. Regarding the latter, among the most important are the financial reforms adopted during the last years and the disinflation process which has allowed for a greater deepening of Mexico's financial system (Graph 25a). The vigorous expansion of the broad monetary aggregates (M2, M3 and M4), which had begun towards the end of 2003, continued in 2004, exhibiting average annual growth rates of above 7 percent (Table 21). In this regard, the Retirement Savings System (*Sistema de Ahorro para el Retiro, SAR*) has been an important source of domestic financial saving (25.7 percent of the flow of M4 in 2004), as do the recovery of bank deposits and the increase in non-resident savings in domestic financial instruments, mainly fixed rate long-term public securities. Security holdings by non-residents rose by 53.6 thousand million pesos in 2004, accounting for 11 percent of the flow of M4. Commercial banks' efforts to obtain resources are partly associated with the growth in financing to the private sector.

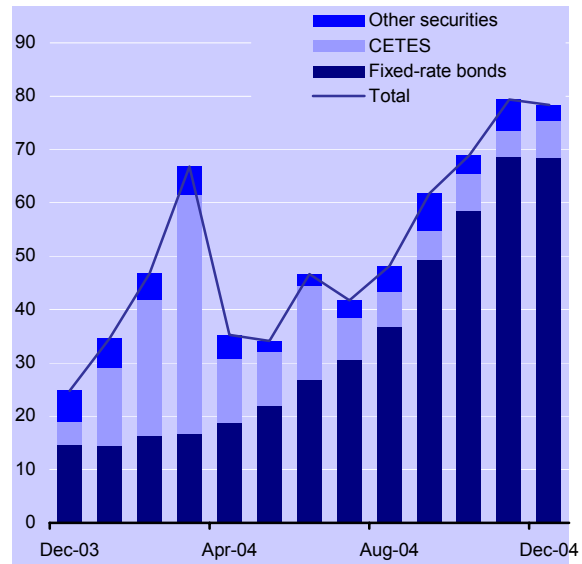
Graph 25 **Monetary Aggregate M4**

a) M4 and Inflation ^{1/}
Percent



^{1/} M4 average stocks during the period.

b) Securities held by Non-residents
Stocks in thousand million pesos



Total financing to the non-financial private sector rebounded significantly in 2004, although it remains at relatively low levels.²⁰ Domestic financing expanded throughout 2004, accumulating real annual growth of 9.5 percent by the end of the year. Such result represented a flow of 181 thousand million pesos during 2004 (2.4 percent of GDP). This flow of domestic financing to the private sector came mainly from commercial banks and non-bank financial intermediaries (110 thousand million pesos and 44.6 thousand million pesos, respectively), and, to a lesser extent, from the issuance of debt instruments (16.4 thousand million pesos). Furthermore, the process to reduce foreign indebtedness continued (a reduction of 3.1 percent measured in foreign currency, Table 22).

²⁰ Total financing to the non-financial private sector consists of: a) domestic financing, including commercial and development banks' total credit portfolio, accrued interest and portfolio associated with debt-restructuring programs, financing granted by Special Purpose Financial Companies (*Sociedades Financieras de Objeto Limitado, SOFOLES*) savings and loan companies, financial leasing companies, financial factoring companies and credit unions, debt instruments issued by the non-financial private sector, and firms' suppliers; and, b) external financing, including firms' foreign suppliers and credit granted by foreign banks, commercial paper, bonds and emissions placed abroad, and other creditors excluding PIDIREGAS from PEMEX.

Table 22 Total Financing to the Non-financial Private Sector

	Stocks in thousand million pesos			Annual real growth rate		
	Dec-02	Dec-03	Dec-04	Dec-02	Dec-03	Dec-04
Total financing	1,716.6	1,782.1	1,943.0	2.8	-0.2	3.7
Foreign	566.1	581.5	558.8	3.6	-1.2	-8.6
Foreign direct financing ^{1/2/}	367.3	370.3	351.0	4.4	-3.0	-9.9
Foreign debt issuance ^{3/}	198.9	211.2	207.8	2.0	2.1	-6.5
Domestic	1,150.4	1,200.6	1,384.2	2.4	0.4	9.6
Commercial banks ^{4/}	676.8	681.2	791.3	-4.6	-3.2	10.4
Development banks ^{4/}	112.8	95.4	84.2	19.9	-18.6	-16.1
Non-financial intermediaries ^{5/}	152.2	180.4	225.0	23.4	14.0	18.6
Debt issuance	108.8	146.4	162.8	18.0	29.4	5.7
Suppliers credit ^{6/}	99.8	97.1	120.8	-4.1	-6.4	18.2
Memo:						
Households	344.7	381.9	476.0	6.3	6.6	18.5
Firms ^{7/}	1,371.9	1,400.2	1,467.0	1.9	-1.8	-0.4
Foreign financing in US dollars ^{8/}	54.2	51.7	50.1	-3.8	-4.6	-3.1

1/ Including firms' foreign suppliers.

2/ Including credit granted by foreign banks, and other creditors. Source: Balance of Payments, excluding PIDIREGAS-PEMEX.

3/ Commercial paper, bonds and emissions placed abroad. Source: Balance of Payments, excluding PIDIREGAS-PEMEX.

4/ Including total credit portfolio and accrued interests, and portfolio related with debt-restructuring programs (UDIs and IPAB-FOBAPROA).

5/ Special-purpose financial companies (*Sociedades Financieras de Objeto Limitado, SOFOLES*), savings and loan companies, financial leasing companies, financial factoring companies, and credit unions.

6/ Refers only to suppliers of firms listed in the Mexican Stock Exchange (*Bolsa Mexicana de Valores, BMV*). Preliminary figures (up to date not all firms have reported their balance sheets to the BMV).

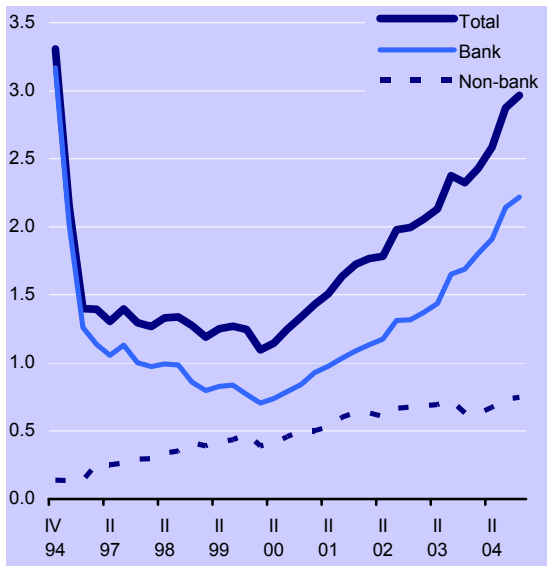
7/ Including individuals with business activity.

8/ Billion US dollars. Nominal variation. Does not include PIDIREGAS-PEMEX.

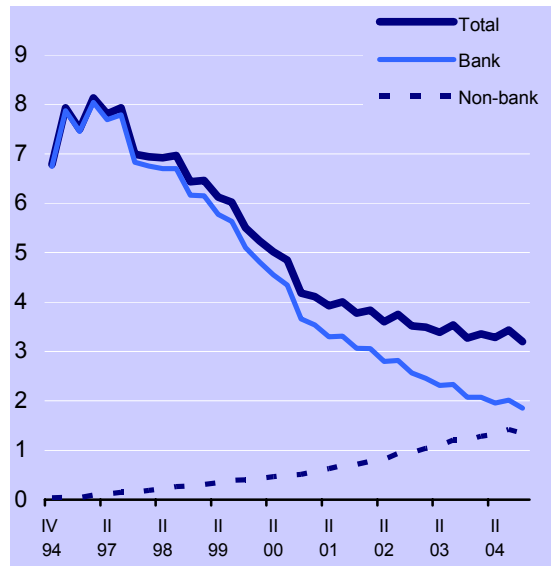
Total financing to households was particularly strong in 2004, registering a real annual variation of 18.5 percent at the end of the year. The greater availability of credit in Mexico has helped maintain the growth of spending, especially consumption. Consumption credit granted by commercial banks expanded at a real annual rate of 42.2 percent. Mortgage loans granted by commercial banks and special-purpose financial companies (*Sociedades Financieras de Objeto Limitado, SOFOLES*) also increased considerably during 2004 (real annual growth of 24.9 and 23.8 percent, respectively). The expansion of financing to households was due, among other factors, to progress in price stability and the different financial reforms adopted in the last years, which have raised access to credit and allowed it to be granted in better terms, both for debtors and creditors.

Graph 26 Bank and Non-bank Credit

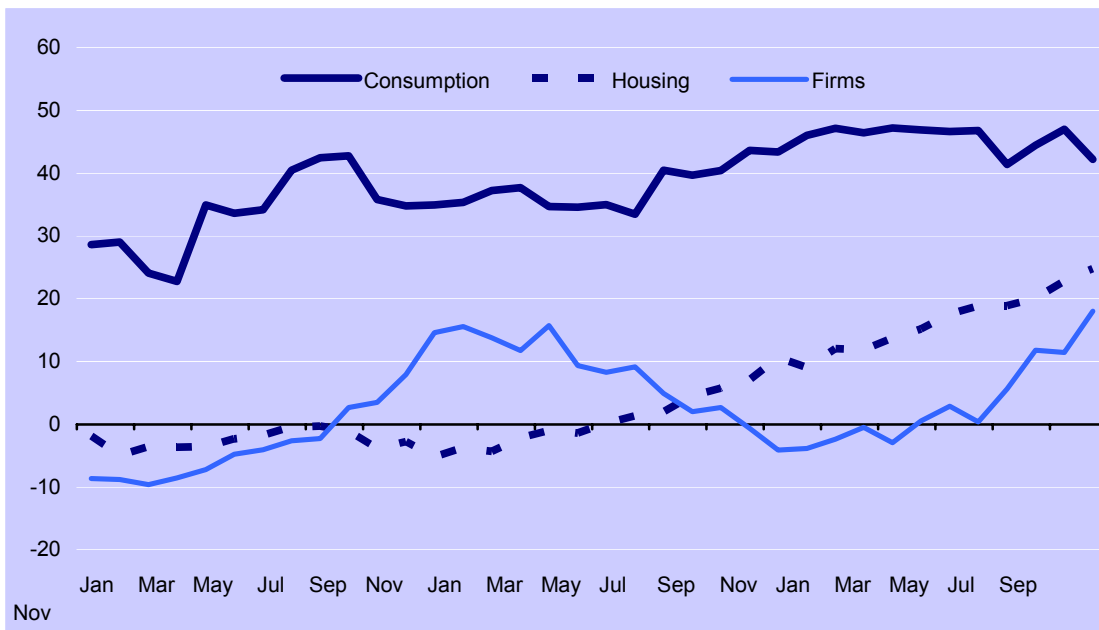
a) Consumption Credit
Percent of GDP



b) Housing Loans
Percent of GDP



Graph 27 Direct Performing Loans to the Private Sector
(Excluding debt-restructuring portfolio)
Annual real percentage change



Direct performing credit (excluding portfolio related with debt-restructuring programs) granted to firms by commercial banks began to recover in 2004 (18 percent at a real annual rate, in

December). Furthermore, the placement of securities on the domestic market has become an alternative source of financing for firms. In particular, during 2004 non-financial and financial private companies placed medium-term securities on the Mexican Stock Market for a total of 43 thousand million pesos.

III.5.3. Flow of Funds

The flow of funds exercise presents, in a summarized format, the financial flows among the different sectors of the economy (public, private, bank and foreign), identifying them as net suppliers or net users of resources during the year.²¹ Flows equal net positions. A positive sign means a sector received financing while a negative sign implies a creditor position, i.e., a sector granted financing.²² In order to identify the total demand for public sector's financial resources, a broader definition, the Public Sector Borrowing Requirements (PSBR), is considered.²³

In 2004, the private sector had a total net creditor position of 0.6 percent of GDP (item 17 of Table 23), a reduced surplus compared with that observed in 2003 (1.2 percent of GDP). Private sector's lower creditor position was due to a significant decrease in net savings in domestic financial instruments from 3.4 percent of GDP in 2003 to 1.8 percent in 2004.²⁴ Furthermore, net foreign financing to this sector also fell from 2.2 percentage points of GDP in 2003 to 1.2 percentage points in 2004.

The reduction in private sector's net domestic financial savings (1.8 percent of GDP) resulted from an increase of savings in financial instruments, 4.3 percent of GDP (compared to 3.9 percent in 2003), and a significant rebound in bank financing to the private sector (1.4 percent of GDP in 2004 compared to -0.2 percent in 2003). Bank financing recovered as a result of an increase in both credit to firms and other institutions amounting to 0.4 percent of

²¹ For a detailed description of the methodology for preparing the flow of funds matrix, see Banco de México's Annual Report 1998, Appendix 6, page 243.

²² For a detailed matrix of financial sources and uses for 2004 refer to the Statistical Appendix of this Report.

²³ For a detailed description of PSBR, see Appendix 2 of this Report. The flow of funds matrix uses the PSBR version that includes non-recurrent revenues and is not significantly affected by the interchange of FOBAPROA time deposits (see section III.4).

²⁴ This section refers to financial saving and not total saving, which is reported in section III.1 of this Report. Thus, financial saving referred to in this section is a component of total saving.

GDP (-0.7 percent of GDP in 2003) and in household loans, which accounted for one percent of GDP (0.5 percent of GDP in 2003).²⁵

In 2004, PSBR were 1.9 percent of GDP, 0.7 percentage points lower than in 2003. PSBR were largely financed with domestic resources (63 percent), mainly through the placement of securities. In addition, net external financing to the public sector was 0.7 percent of GDP, resources mostly associated with PIDIREGAS.

Overall, external financing equaled 1.3 percent of GDP, figure corresponding to the balance of payments current account and the same as that observed in 2003. The main component of external financing was foreign direct investment (2.4 percent of GDP), which was partly offset by an increase in Mexican residents' financial assets abroad (0.7 percent of GDP). The significant accumulation of Banco de México's international reserves declined from 1.1 and 1.5 percent of GDP during 2002 and 2003 to 0.6 percent of GDP in 2004. Such reduction implied, at the margin, a greater amount of available resources for other sectors of the economy.²⁶

²⁵ Also includes financing to credit unions, savings and loan companies, investment funds, financial leasing companies, financial factoring companies, special-purpose financial companies (*Sociedades Financieras de Objeto Limitado, SOFOLES*), insurance companies, investment funds specialized in retirement savings (*Sociedades de Inversión Especializadas en Fondos para el Retiro, SIEFORES*), bonding companies, deposit warehouses, public funds and trusts, and brokerage houses. This item includes financing to states and municipalities and securities associated with debt-restructuring programs.

²⁶ In 2004, the sale of US dollars through the mechanism to slow international reserve accumulation adopted by the Exchange Commission equaled one percent of GDP.

Table 23

Flow of Funds of Mexico's Financial System^{1/}

Net financing received by sector

(Positive sign=debtor position, negative sign=creditor position)

Flows revalued as a percentage of GDP^{2/}

	Private ^{3/}	Public ^{4/}	Bank ^{5/}	External	Private ^{3/}	Public ^{4/}	Bank ^{5/}	External
	2003				2004			
1. Change in domestic financial instruments (2 + 7 + 8 + 9)	-3.4	2.1	1.1	0.1	-1.8	1.2	1.1	-0.5
2. Financial instruments	-3.9	2.7	1.2	0.1	-4.3	3.2	1.9	-0.8
3. Currency	-0.5		0.5		-0.5		0.5	
4. Checkable, time and savings deposits	-2.0	-0.3	2.1	0.2	-1.6	-0.4	2.0	-0.1
4.1 Non-financial enterprises and other institutions	-0.5	-0.3	0.6	0.2	-0.7	-0.4	1.1	-0.1
4.2 Households	-1.5		1.5	0.0	-0.9		1.0	-0.1
5. Securities issued ^{6/}	-1.4	2.9	-1.4	-0.1	-2.2	3.5	-0.6	-0.7
6. Retirement and housing funds ^{7/}	-0.1	0.1			-0.1	0.1		
7. Loans	-0.2	-0.5	0.7		1.4	-0.8	-0.7	
7.1 Non-financial enterprises and other institutions ^{8/}	-0.7	-0.5	1.2		0.4	-0.8	0.3	
7.2 Households	0.5		-0.5		1.0		-1.0	
8. Shares and other equity	-0.1		0.0	0.0	-0.3		0.0	0.4
9. Other financial system items ^{9/}	0.8	0.0	-0.8		1.4	-1.3	-0.1	
10. Change in external financial instruments (11 + 12 + 13 + 14 + 15)	2.2	0.5	-1.1	-1.5	1.2	0.7	-1.1	-0.8
11. Foreign direct investment	1.8			-1.8	2.4			-2.4
12. External financing	-0.6	0.6	0.1	-0.1	-0.9	0.3	0.3	0.2
13. Financial assets held abroad	1.0	-0.2	0.3	-1.1	-0.2	0.4	-0.8	0.7
14. Banco de México's international reserves			-1.5	1.5			-0.6	0.6
15. Errors and omissions (Balance of payments)	0.0			0.0	-0.1			0.1
16. Statistical discrepancy^{10/}	0.0			0.0	0.0			0.0
17. Total change in financial instruments (1+10+16)	-1.2	2.6	0.0	-1.3 ^{11/}	-0.6	1.9	0.0	-1.3 ^{11/}

1/ Preliminary figures. Figures may not add up due to rounding.

2/ Excludes the effect of Mexican peso's exchange rate fluctuations vis-à-vis other currencies.

3/ Private sector includes firms, households and non-bank financial intermediaries.

4/ Public sector measured as Public Sector Borrowing Requirements (*Recursos Financieros del Sector Público, RFSP*), including non-recurrent revenues.

5/ Banking sector includes Banco de México, development and commercial banks (including the latter's agencies abroad). Given their condition as financial intermediaries, this sector has a total net position of zero (item 17). Consolidated financial flows from the banking sector were estimated using statistics on assets and liabilities from commercial and development banks, and Banco de México.

6/ Includes government securities, bonds issued by the IPAB (BPAs and BPATs), Banco de México's monetary regulation bonds (BREM), private securities, and securities from states and municipalities. As for the private sector, it includes securities held by SIEFORES.

7/ Includes retirement funds from the Public Employees Social Security Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado, ISSSTE*) and from the IMSS held by Banco de México, and housing funds.8/ Private sector includes firms, credit unions, savings and loan companies, investment funds, financial leasing companies, financial factoring companies, special-purpose financial companies (*Sociedades Financieras de Objeto Limitado, SOFOLES*), insurance companies, investment funds specialized in retirement savings (*Sociedades de Inversión Especializadas en Fondos para el Retiro, SIEFORES*), bonding companies, deposit warehouses, public funds and trusts, brokerage houses, states and municipalities, and securities associated with debt-restructuring programs. The public sector includes entities as defined by PSBR.

9/ Includes items such as non-classified assets, real estate assets and other, and banking sector's equity and profit and loss accounts.

10/ Difference between financial data and that obtained from the balance of payments.

11/ Drawn from the current account of the balance of payments. A negative figure means the domestic economy received foreign financing (external sector surplus), which equals Mexico's current account deficit.

The total financial position (item 17) confirms that PSBR (1.9 percent of GDP) were met with both external (1.3 percent of GDP) and private sector (0.6 percent of GDP) surpluses in 2004. Although to a lesser extent than during 2003, the private sector became both a net saver in the domestic market and a net borrower

of foreign resources. In contrast, the public sector was mostly a borrower of domestic financial resources, although for a lower amount than during previous years. Public sector's lower financial requirements combined with a reduction in Banco de México's accumulation of international reserves (due to the mechanism to reduce the pace of such accumulation) raised the availability of resources to the private sector.

III.5.4. Securities and Derivatives Markets

In general terms, international markets exhibited reduced volatility, ample liquidity, and a significant search for higher yields during 2004. This was based on a favorable growth scenario, reduced inflation pressures worldwide –except for price increases in several commodities, including the significant increase in crude oil prices- and the improvement in both U.S. corporate gains and in emerging markets' credit standing. It is important to mention that such conditions prevailed despite the fact that toward mid-year the Federal Reserve Board began its cycle of monetary policy actions to withdraw the monetary stimulus.

Under such context, in 2004, Mexico's Stock Exchange Price and Quotations Index (*Índice de Precios y Cotizaciones de la Bolsa Mexicana de Valores, IPC*) surpassed its previous historical maximum level on 63 occasions, ending the year with an annual nominal yield of 46.9 percent, figure higher than that registered in 2003 (43.6 percent). Measured in US dollars, the IPC accumulated an annual variation of 46.5 percent, above its historically highest level registered at the start of 1994. Furthermore, an international comparison of the IPC's performance during 2004 shows that it provided one of the highest accumulated yields in US dollars among all the main developed and emerging markets (Table 24).

The range of financial instruments available to the public continued to increase via the Global Market BMV. In addition to shares of companies included in the Dow Jones and the Stoxx50 index, the Mexican Stock Exchange now offers investment possibilities in securities listed in the world's most liquid indexes (known as "TRAC's").

Table 24 Main Stock Exchange Indexes

Country	Index	Yield (US dollars)					
		2001	2002	2003	2004	2001-04	2002-04
United States	DJIA	-7.1	-16.8	25.3	3.1	0.0	7.6
	NASDAQ	-21.1	-31.5	50.0	8.6	-11.9	11.5
	SP 500	-13.0	-23.4	26.4	9.0	-8.2	5.6
United Kingdom	FTSE-100	-18.2	-16.4	26.1	15.4	-0.5	21.7
Germany	DAX	-24.2	-34.0	64.5	15.6	-4.8	25.5
France	CAC-40	-26.2	-22.0	39.3	15.7	-7.3	25.7
Canada	S&P / TSX	-18.9	-12.9	50.5	21.5	29.2	59.3
Japan	NIKKEI-225	-33.5	-9.8	37.6	12.7	-7.0	39.9
South Korea	KOSPI	31.1	0.2	28.5	27.3	114.9	63.9
Singapore	STI	-20.9	-12.1	34.4	21.8	13.9	44.0
Hong Kong	HANG SENG	-24.5	-18.2	35.5	13.0	-5.4	25.3
Mexico	IPC	18.0	-14.8	31.7	46.5	94.2	64.5
Chile	IGPA GENERAL	-3.8	-14.6	77.5	30.3	89.9	97.4
Brazil	BOVESPA	-24.9	-45.9	141.8	28.3	26.1	67.9
Argentina	MERVAL	-29.2	-47.3	132.5	27.7	10.7	56.4

Source: Prepared by Banco de México with data from Mexico's Stock Exchange (*Bolsa Mexicana de Valores, BMV*) and Reuters.

In 2004, 204 million contracts were traded on the Mexican Derivatives Market (MexDer). The average open interest rate at the end of each month in 2004 rose 95.3 percent compared with the previous year, while average daily trading volume increased 14.7 percent during the year.²⁷ The 28-day interbank interest rate futures account for most of MexDer market's trading volume (98 percent of total market volume).

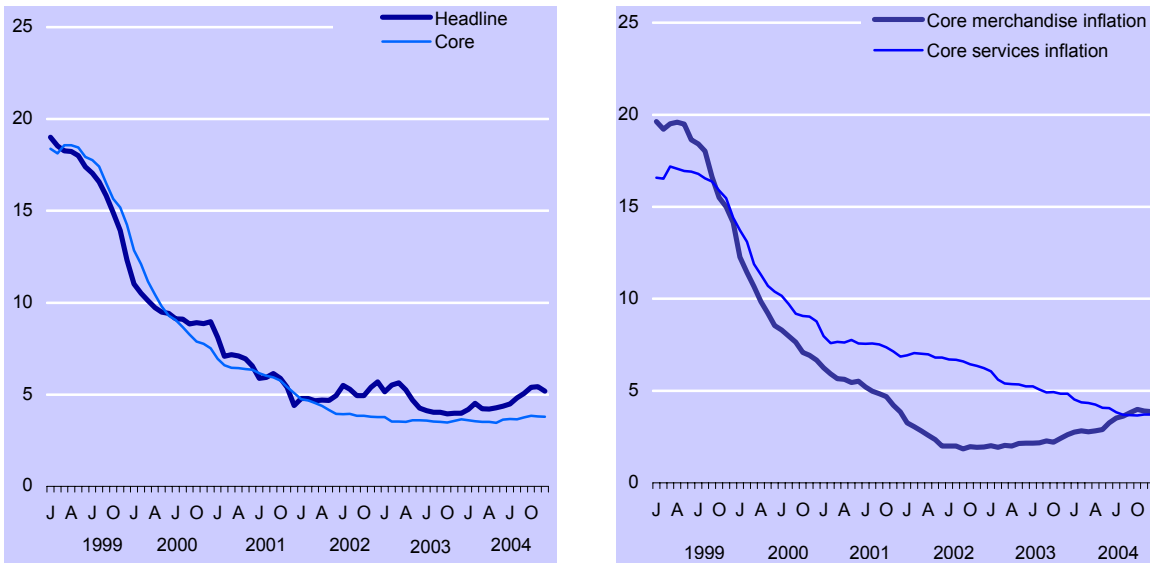
III.6. Inflation

Annual headline CPI inflation was 5.19 percent in December 31, 2004, while at the end of the previous year it had been 3.98 percent. The rise in headline inflation in 2004 mainly responded to external pressures, particularly to price increases of certain commodities. These price increases were mainly due to the higher share in world growth of economies, such as China, which are characterized by their intensive use of energy and metals, as well as considerable food imports. During 2004, inflation was also affected by the rise in the price of public transportation fares in some Mexican cities which are heavily weighted in the CPI and by price increases in several fruits and vegetables during the second quarter of the year.

²⁷ The open interest rate represents the number of futures contracts that have still not been settled through compensation or redemption on a specific date.

The abovementioned external inflation pressures affected CPI's non-core component and food items of the core merchandise price subindex. From December 2003 to the end of 2004 the former grew from 4.66 to 8.20 percent at annual rates (3.54 percentage points), while the latter did so from 4.70 to 7.04 percent (2.34 percentage points).

Graph 28 **CPI Inflation (Headline and Core)**
Annual percentage change



Annual core inflation remained relatively stable despite considerable increases in processed foods' prices. Such result was the outcome of inflation pressure from foodstuffs being partially offset by the slower growth of services' prices (Graph 28). Thus, annual core inflation was 3.80 percent at the end of 2004 compared to 3.66 percent at the end of 2003.

III.6.1. Consumer Prices

Supply shocks associated with the increase in commodity prices, which affected headline inflation during 2004, influenced the domestic prices of the following items: goods and services with prices administered by the public sector, livestock products and processed foods.

Table 25 **Consumer Price Index**
Percentage change

Month	2004									
	CPI		Core		Administered and Regulated Prices		Agriculture		Education	
	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual
January	0.62	4.20	0.40	3.60	1.10	3.85	1.63	7.10	0.25	8.47
February	0.60	4.53	0.48	3.56	0.97	4.54	0.93	10.28	0.41	8.22
March	0.34	4.23	0.41	3.52	0.62	4.71	-0.65	6.46	0.14	8.20
April	0.15	4.21	0.36	3.51	0.32	5.13	-1.90	5.36	0.21	8.26
May	-0.25	4.29	0.25	3.46	-1.99	5.99	-0.90	4.92	0.14	8.37
June	0.16	4.37	0.29	3.64	0.56	6.51	-1.77	3.24	0.14	8.45
July	0.26	4.49	0.17	3.67	0.45	6.95	0.64	3.47	0.26	8.60
August	0.62	4.82	0.22	3.66	0.49	7.10	3.87	7.98	1.10	7.49
September	0.83	5.06	0.26	3.76	0.47	7.09	3.57	9.99	4.68	7.51
October	0.69	5.40	0.33	3.84	0.90	7.30	3.65	12.92	0.00	7.52
November	0.85	5.43	0.27	3.82	2.95	7.24	1.73	13.41	0.00	7.49
December	0.21	5.19	0.30	3.80	0.46	7.51	-0.90	10.11	0.01	7.50

Goods and services with administered prices were mainly affected by the increase in international energy prices. The annual growth of the subindex of administered prices rose from 6.11 percent in December 2003 to 10.02 percent a year later, therefore implying an increase of 0.34 percentage points in their contribution to annual headline inflation (Table 26). The items included in the aforementioned subindex (gasoline, household-use gas and electricity) exhibited the following behavior:

- a) Annual inflation of low-octane gasoline prices rose from 4.74 percent at the end of 2003 to 5.42 percent at the end of 2004. Annual inflation of high-octane gasoline prices increased from 2.37 to 8.47 percent during the referred period. Gasoline prices in Mexican border cities moved up due to the increase in their price references in the U.S. and Belize. Furthermore, in addition to predetermined monthly price increases, further raises were authorized for high-octane gasoline in the rest of the states in January and June (1.44 and 2.93 percent, respectively).
- b) The annual growth rate of electricity prices rose from 7.04 percent in December 2003 to 9.15 percent in December 2004. Such result was due to the combined effect of the prices of natural gas, other fuels and steel on tariff calculations for high-consumption electricity, as well as

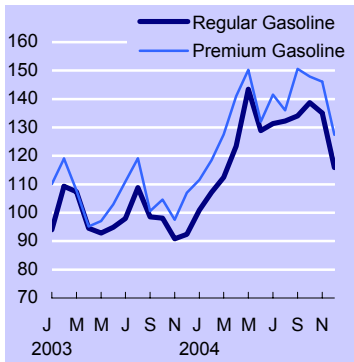
the significant monthly growth of other household tariffs (0.469 percent).²⁸

- c) Annual inflation of gas prices rose from 7.75 percent in December 2003 to 18.27 percent in the same month of 2004 (10.52 percentage points).

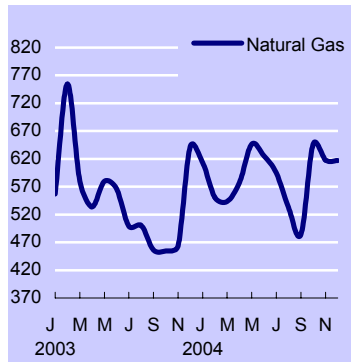
Graph 29

International Prices of Gasoline^{1/}, Natural Gas^{2/} and Propane^{3/}

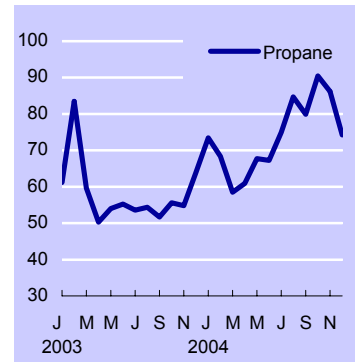
a) US cents per gallon



b) US dollars per MMBtu



c) US cents per gallon



1/ Texas spot price.
 2/ Mont Belvieu spot price.
 3/ Tetco spot price.

Livestock goods prices grew at a faster rate during 2004 mainly as a result of three factors: i) higher production costs originated by the significant price increase in grain forage for cattle and poultry; ii) an increase in global demand for this type of goods; and, iii) sanitary problems that led to a reduction in world beef production, which was heightened in Mexico by authorities' restrictions on beef imports. Thus, the annual growth rate of livestock goods prices rose from 8.34 percent at the end of 2003 to 12.69 percent in December 2004, therefore contributing with 0.23 percentage points to annual headline inflation (Table 26).

Within the core merchandise subindex, processed food prices rose at a higher rate in 2004 than during the previous year. Such result was due, among other factors, to price increases in livestock products and several grains and cereals, which are used as raw materials for such foods. Thus, the annual rate of growth of

²⁸ High-consumption household electricity prices are updated on a monthly basis according to the following factor: $F = 0.8 * TIP + 0.2 * TCC$. The first term in the equation (TIP), consists of an average of three PPI subindexes: Machinery and Equipment, Basic Metal Industries and Other Manufacturing Industries. The second term (TCC) represents the cost of the following fuels used for generating electricity: imported and domestic fuel oil, natural gas, industrial diesel, and imported and domestic coal.

processed food prices increased from 4.70 percent in December 2003 to 7.04 percent at the end of 2004, contributing with 0.35 percentage points to headline inflation. Annual inflation of the remaining goods included in the core merchandise subindex also rose from 1.24 percent to 1.69 percent during the referred period (Table 26 and Graph 30).

Table 26**CPI (Breakdown)**

Annual percentage change and percentage contribution

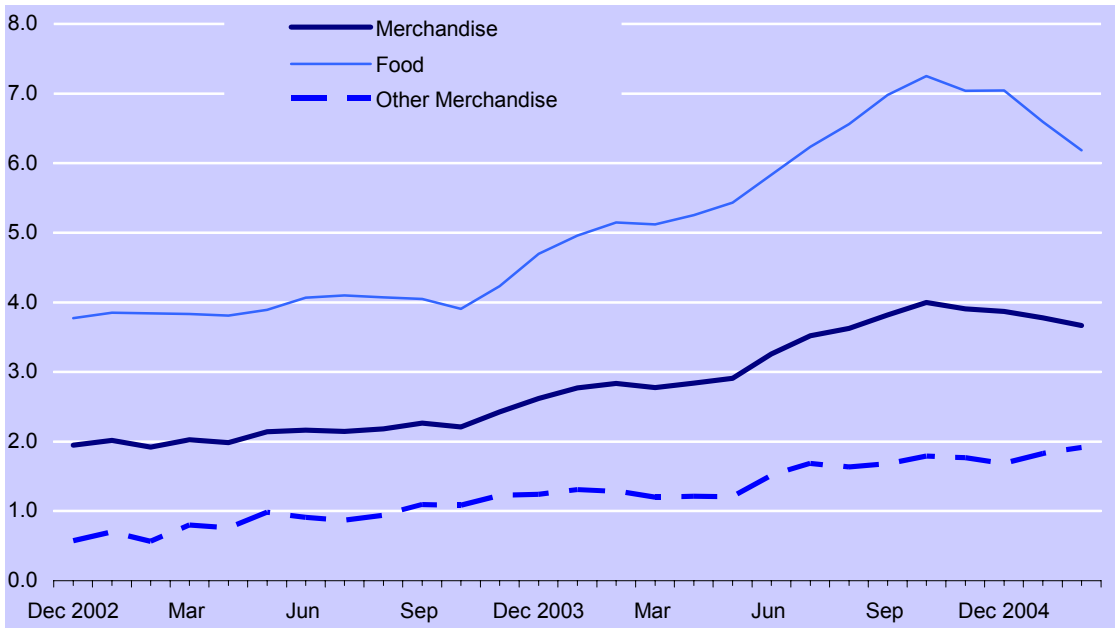
	Dec-2003/ Dec-2002	Dec-2003/ Dec-2002	Dec-2004/ Dec-2003	Dec-2004/ Dec-2003	Contribution
	Variation	Contribution ^{3/} (a)	Variation	Contribution ^{3/} (b)	Change ^{3/} (b-a)
CPI	3.98	3.98	5.19	5.19	1.2140
Core	3.66	2.51	3.80	2.59	0.0818
Merchandise	2.62	0.95	3.87	1.38	0.4345
Foods	4.70	0.68	7.04	1.03	0.3463
Otras merchandises	1.24	0.27	1.69	0.36	0.0882
Services	4.84	1.56	3.72	1.21	-0.3527
Housing	4.12	0.73	3.70	0.66	-0.0747
Otros services	5.72	0.83	3.74	0.55	-0.2780
Non-core	4.66	1.47	8.20	2.60	1.1322
Agriculture	3.65	0.31	10.11	0.85	0.5436
Fruits and Vegetables	-2.36	-0.09	6.43	0.22	0.3114
Tomato	0.30	0.00	23.24	0.15	0.1509
Other ^{1/}	-2.97	-0.09	2.51	0.07	0.1605
Other Agriculture	8.34	0.40	12.69	0.63	0.2322
Beef	10.62	0.23	15.51	0.36	0.1280
Poultry	0.85	0.01	12.24	0.14	0.1277
Egg	19.84	0.12	5.19	0.03	-0.0807
Other ^{2/}	4.78	0.04	11.52	0.10	0.0572
Prices administered and regulated	3.91	0.69	7.51	1.32	0.6306
Administered	6.11	0.51	10.02	0.85	0.3429
Low-octane gasoline	4.74	0.14	5.42	0.17	0.0220
High-octane gasoline	2.37	0.01	8.47	0.04	0.0277
Electricity	7.04	0.20	9.15	0.26	0.0669
Household-use gas	7.75	0.16	18.27	0.38	0.2264
Regulated	1.90	0.18	5.13	0.46	0.2877
Education	8.59	0.47	7.50	0.43	-0.0419

1/ Includes the rest of fruits and vegetables.

2/ Includes fish, pork, and other meats.

3/ In some cases, figures may not add up due to rounding.

Graph 30 **Core Merchandise Index (Food and Other)**
Annual percentage change

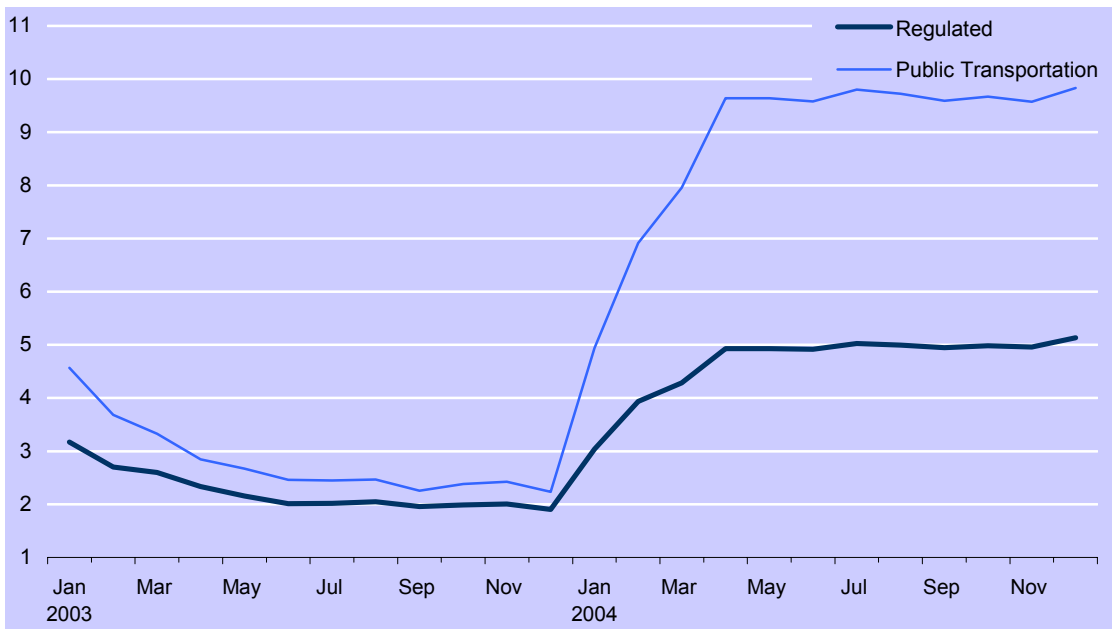


The annual inflation of the subindex of regulated prices increased from 1.90 percent in December 2003 to 5.13 at the end of 2004. This was mainly due to the rise in public transportation fares in D.F. (Mexico City) and Estado de México (Graph 31). Due to the permanent nature of such price increases they affected headline inflation throughout the year. As a result, regulated prices' contribution to annual headline inflation rose by 0.29 percentage points in 2004 compared with 2003.

Graph 31

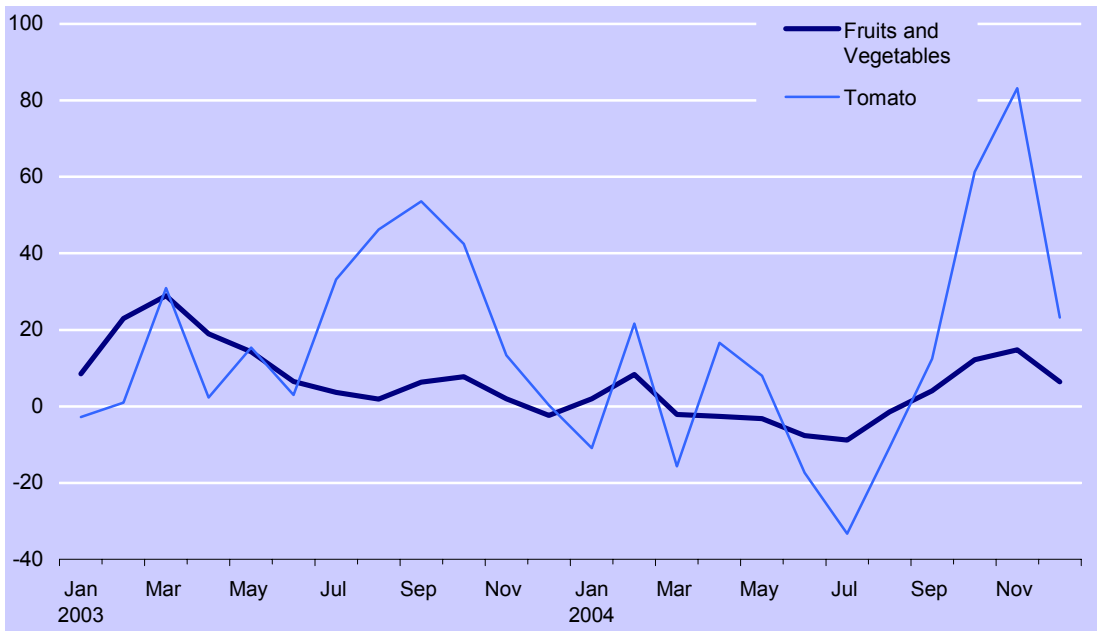
Regulated Prices Index

Annual percentage change



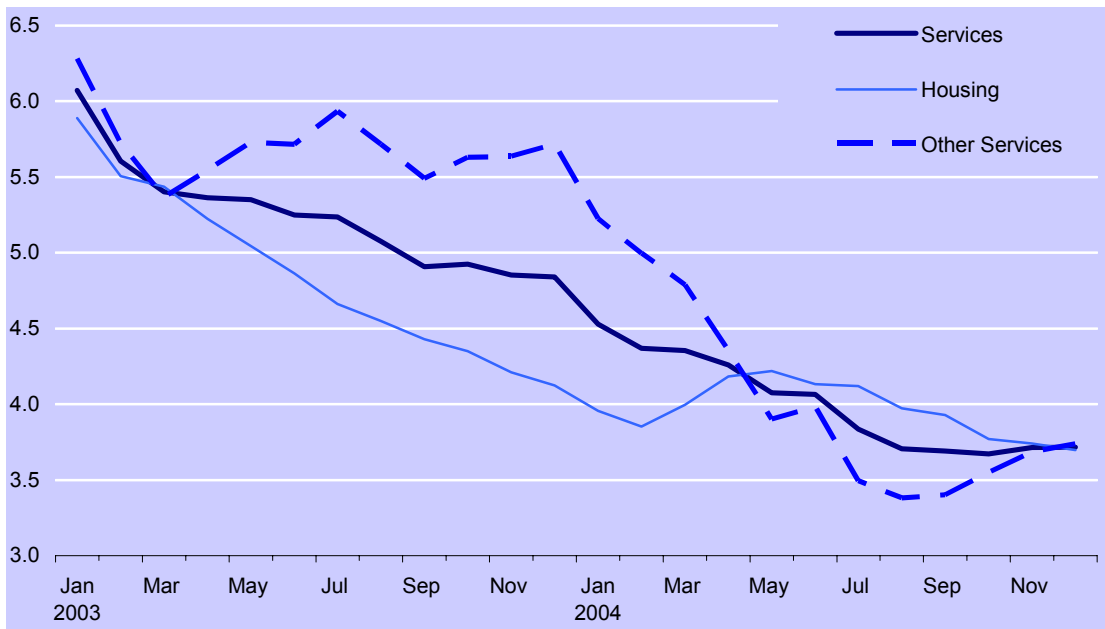
Price increases in several fruits and vegetables during the second half of 2004 constituted additional supply side pressures to those mentioned above. Such increases originated from the reduction in the supply of some of those products as a result of adverse weather conditions in Mexico and the U.S. Between December 2003 and December 2004, the annual growth rate of the fruits and vegetables price subindex increased from -2.36 percent to 6.43 percent, producing an increment of 0.31 percentage points in the subindex's contribution to annual headline inflation during the reference period. In particular, the rise in tomato prices accounted for practically half of the increase in the fruits and vegetables price subindex's contribution to headline inflation (Graph 32).

Graph 32 **Fruits and Vegetables' Price Index**
Annual percentage change



The services and education subindexes contributed to limit inflation growth during 2004. The annual variation of the former declined from 4.84 percent in December 2003 to 3.72 percent at the end of 2004, while the latter decreased from 8.59 to 7.50 percent during the same period. Thus, their contribution to headline inflation declined 0.35 and 0.04 percent, respectively. In the case of the services subindex such result was mainly due to a significant fall in the annual inflation of its non-housing component (from 5.72 percent in December 2003 to 3.74 percent at the end of 2004). Annual inflation of housing increased during the first quarter, declined in the second, ending 2004 at a level below the one attained in the previous year (Graph 33).

Graph 33 **Core Services Index (Housing and Other)**
Annual percentage change



III.6.2. Construction Cost Index (CCI)

The Construction Cost Index (CCI) registered an annual growth rate of 14.62 percent at the end of 2004. The residential housing component of this index, which affects CPI's owner-occupied housing component, rose 12.15 percent during the referred period. Such results were mainly due to the increase in the construction materials' subindex, which grew at an annual rate of 17.74 percent in the case of the CCI and 14.79 percent in that corresponding to the CCI's housing component.

Within the CCI, the components which exhibited the most significant price increases were metal products (annual growth of 50.85 percent in December 2004) and wire materials (annual growth of 77.43 percent). The aforementioned construction materials contributed with 58.4 percent to CCI's total growth, despite the fact that their weight in the index is only 13.76 percent. Metal products and wire materials accounted for 62.3 percent of the growth in CCI's residential housing component, while their weight in the index is 11.37 percent (Table 27).

Table 27 **Construction Cost Index^{1/}**
Annual percentage change

I T E M	General		Residential	
	Dec. 2004	Contribution	Dec. 2004	Contribution
	Dec. 2003		Dec. 2003	
General	14.62	14.62	12.15	12.15
Construction materials subindex	17.74	13.58	14.79	11.03
Non-metal minerals	5.36	0.42	5.83	0.53
Cement and concrete	2.77	0.49	2.58	0.57
Cementing materials	4.08	0.09	4.60	0.15
Clay materials	2.92	0.09	3.15	0.17
Concrete materials	1.26	0.04	0.75	0.05
Concrete structures	8.60	0.11	6.07	0.20
Other concrete products	3.48	0.03	3.75	0.04
Other non-metal mineral products	12.42	0.12	12.65	0.08
Timber products	12.55	0.22	10.74	0.29
Paint and similar products	11.82	0.22	12.16	0.21
Plastic products	12.17	0.12	12.15	0.08
Other chemical products	5.13	0.18	5.83	0.01
Metal products	50.85	4.04	39.49	1.27
Metal pipes	48.52	1.51	50.51	0.16
Metal structures	59.60	1.98	58.73	0.84
Sheet metal	51.68	0.37	55.01	0.05
Metal ducts	37.51	0.08	37.79	0.01
Metal doors and windows	15.70	0.09	15.73	0.21
Wire materials	77.43	4.50	77.40	6.30
Rod	76.87	3.55	76.56	4.63
Wire and wire rod	78.83	0.58	79.33	0.90
Steel mesh	80.81	0.37	80.45	0.76
Electric equipment	11.38	1.01	9.67	0.06
Electric accesories	38.67	0.82	38.88	0.55
Furniture and accesories	6.62	0.05	7.55	0.12
Otros materials and accesories	17.69	1.04	10.70	0.35
Machinery and equipment rental subindex	4.13	0.07	4.72	0.05
Worker earnings subindex	4.47	0.97	4.42	1.08

1/ This indicator, which substituted the Social Housing Cost Index (*Índice Nacional del Costo de Edificación de Vivienda de Interés Social, INCEVIS*), began publishing in January 2004.

III.6.3. Producer Price Index (PPI)

In December 2004, the PPI of merchandise and final services excluding oil recorded an annual growth of 6.52 percent (Table 28), 2 percentage points above the corresponding figure in 2003. Prices in the primary sector grew at an annual rate of 3.20 percent in December 2003, reaching 8.58 percent at the end of 2004. In this sector of the economy, the increase that agricultural prices began to experience in August was noteworthy. Between December 2003 and December 2004, the annual growth rate of agricultural prices increased from 1.75 to 8.08 percent, mainly as a result of weather-related phenomena that affected the crops of many agricultural products in Mexico and the U.S. Prices in the secondary sector grew at an annual rate from 6.48 at the end of 2003 to 7.78 percent in December 2004. Such result was due to the higher world demand for metals, which led to an increase in the annual rate of

growth of metal prices (from 15.71 to 48.85 percent during the referred period), which in turn affected inflation in the construction industry. Finally, prices in the tertiary sector grew at an annual rate from 3.23 percent in December 2003 to 5.44 percent at the end of 2004, the highest increase being in the electricity and gas subindex (11.32 percent at the end of 2004).

Table 28 **Producer Price Index Excluding Oil and Including Services**
Annual percentage change

I T E M	Dec. 2003	Dec. 2004
	Dec. 2002	Dec. 2003
Merchandise and Services	4.52	6.52
Primary sector	3.20	8.58
Agriculture, forestry and fishing	1.75	8.08
Mining	29.72	13.12
Secondary sector	6.48	7.78
Manufacturing	6.21	5.10
Food, beverages and tobacco	6.30	7.27
Textiles, apparel and leather	4.12	2.88
Timber and wood-based products	4.77	8.68
Paper and paper by-products, printing and publishing	3.85	2.96
Chemicals, oil, and rubber and plastics	7.12	8.98
Non-metal minerals	5.07	1.59
Basic metal industries	15.71	48.85
Metal products, machinery and equipment	6.07	1.43
Other	4.38	2.68
Construction	7.27	14.49
Tertiary sector	3.23	5.44
Electricity and gas	7.87	11.32
Restaurants and hotels	0.73	5.22
Transport and communications	3.96	8.23
Real estate rental	4.44	3.63
Community, social and personal services	5.30	4.03

IV. Monetary and Exchange Rate Policy

IV.1. Monetary Policy

IV.1.1. General Aspects

Banco de México adopted inflation targeting as its framework for monetary policy in 2001. Inflation targeting is mainly characterized by: i) the announcement of an annual CPI inflation target of 3 percent, with a variability interval of plus/minus one percentage point; ii) a systematic approach for identifying the origin and characteristics of inflation pressures; iii) a description of the instruments used by the Central Bank to attain its inflation objective; and, iv) a communication policy that fosters the transparency, accountability and effectiveness of monetary policy.

IV.1.2. Monetary Policy Actions

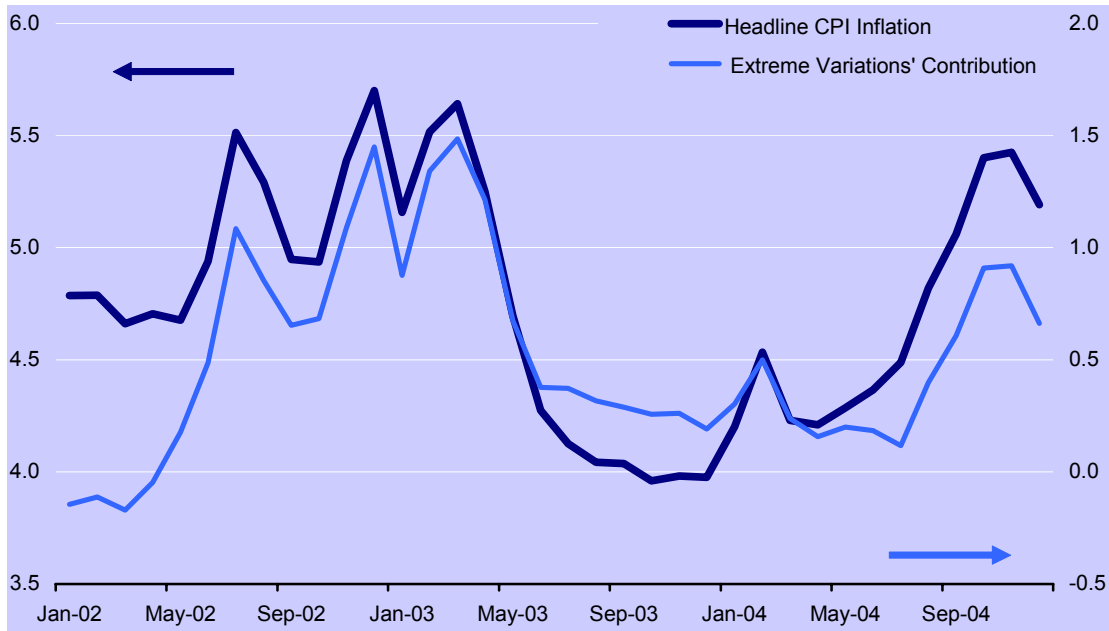
In 2004, monetary policy faced the following challenges:

- a) Containing the effects of price increases of several commodities in international markets on inflation expectations and wage negotiations.
- b) Limiting inflation pressures that could originate from the economy's cyclical recovery.
- c) Fostering an orderly adjustment of the economy to an environment of tighter monetary conditions.

As mentioned in the quarterly Inflation Reports, various supply shocks took place during 2004, which created inflationary pressures on several CPI subindexes. In particular, price increases of various raw materials in international markets raised domestic production costs of goods that use such commodities as inputs. However, no generalized price increases resulting from these shocks were observed (Graph 34).

Graph 34

Contribution of Item Prices' Extreme Variations (Maximum and Minimum) on Headline CPI Inflation^{1/}



^{1/} The contribution of extreme variations in the prices of some CPI items to headline CPI inflation is calculated as follows: i) seasonally adjusted monthly variations of CPI items are ordered from maximum to minimum according to the contribution of each variation to CPI's variation; ii) the 10 percent maximum and 10 percent minimum are selected; and iii) the contributions of extreme variations to headline CPI inflation are accumulated. The contribution of extreme variations is a useful indicator for identifying if the changes in headline CPI inflation are originated by changes in the prices of only a few CPI items (which occurs when the contribution of extreme variations behaves in a similar way to that of headline CPI inflation).

It is essential to identify both the origin and characteristics of inflation pressures. When inflation pressures come from the supply side, they usually reflect changes in relative prices, which affect inflation temporarily. Under such conditions, the monetary authority should ensure inflationary pressures do not contaminate the price determination process, especially wage negotiations, in order to prevent subsequent price increases (second round effects). Nonetheless, for the case of economies like Mexico, which have not concluded their disinflation processes, this recommendation should be put in context. On the other hand, when inflation pressures come from the demand side, the monetary authority should tighten the monetary policy stance in order to prevent an upward price movement of all goods and services.

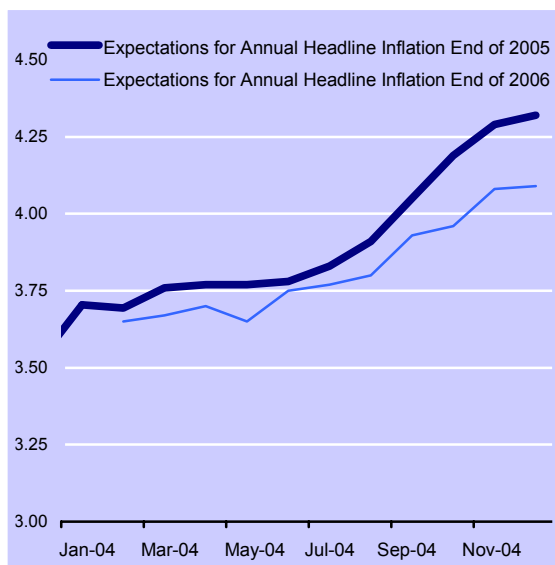
Although supply shocks usually have a temporary effect on inflation, the number and magnitude of these shocks during 2004 induced a considerable increase in inflation expectations for the medium term throughout the year (Graph 35). As shown in Table 29, while annual inflation for 2004 increased by 121 basis points, expectations for annual inflation for the end of 2005 and for 2006

drawn from Banco de México's survey did so by 79 and 44 basis points, respectively.

Graph 35 Inflation Expectations: Banco de México Survey

a) Inflation Expectations for the end of 2005 and 2006

Annual percent



b) Inflation Expectations for the Following 12 Months and Average for the Next Four Years

Annual percent

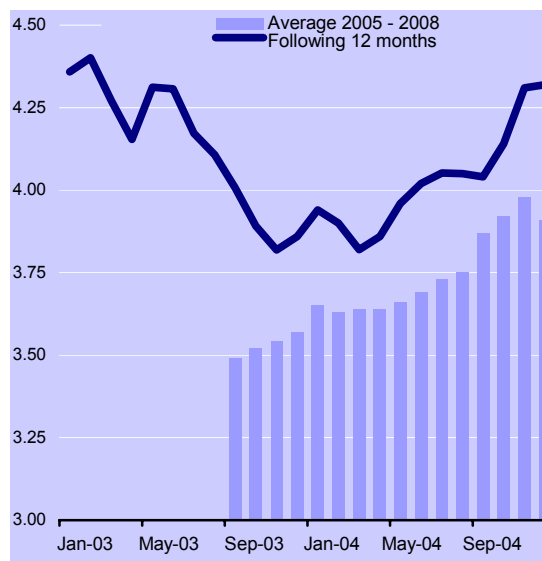


Table 29 Annual Observed Inflation and Inflation Expectations: Banco de México Survey

	Annual Observed Inflation	Annual Expected Inflation							
		2004		2005		2006		Following 12 Months	
		Infosel ^{1/}	Banxico	Infosel ^{1/}	Banxico	Infosel ^{1/}	Banxico	Infosel ^{1/}	Banxico
Dec-03	3.98	3.99	3.86	3.69	3.53	n.a.	n.a.	3.99	3.86
Jan-04	4.20	3.89	3.95	3.65	3.70	3.73	n.a.	3.88	3.94
Feb-04	4.53	4.15	4.20	3.70	3.69	3.80	3.65	3.84	3.90
Mar-04	4.23	4.17	4.23	3.72	3.76	3.76	3.67	3.76	3.82
Apr-04	4.21	4.07	4.11	3.72	3.77	3.75	3.70	3.80	3.86
May-04	4.29	4.10	4.09	3.75	3.77	3.79	3.65	3.96	3.96
Jun-04	4.37	4.13	4.08	3.76	3.78	3.80	3.75	4.02	4.02
Jul-04	4.49	4.16	4.14	3.83	3.83	3.83	3.77	4.03	4.05
Aug-04	4.82	4.39	4.33	3.91	3.91	3.88	3.80	4.03	4.05
Sep-04	5.06	4.64	4.64	3.97	4.05	3.91	3.93	3.98	4.04
Oct-04	5.40	5.22	5.18	4.13	4.19	3.99	3.96	4.19	4.14
Nov-04	5.43	5.35	5.36	4.21	4.29	4.01	4.08	4.23	4.31
Dec-04	5.19	5.43	5.47	4.22	4.32	4.01	4.09	4.22	4.32
Dec-04 - Dec-03 (Δpb)	121	144	161	53	79	30 ^{2/}	44 ^{3/}	23	46

n.a. not available.

1/ Data correspond to the last survey of the month.

2/ Compared with the first survey of January 2004.

3/ Compared with the first survey of February 2004.

Under these conditions, Banco de México tightened the monetary policy stance considerably in 2004. This was done mainly through two channels:

- a) By increasing the *corto* (short position) on nine occasions. The daily balance objective moved from 25 million pesos at the beginning of 2004 to 10 million in December (Table 30);
- b) By stating in its press releases on monetary policy that starting July 25, 2004 until deemed convenient, domestic monetary conditions should mirror, at least, the greater monetary stringency prevailing in the U.S.

As a result of the abovementioned actions, short-term domestic rates rose significantly during 2004. In particular, the interbank interest rate rose from a minimum level of 4.73 percent on January 19 to 8.75 percent on December 31 (Graph 36).

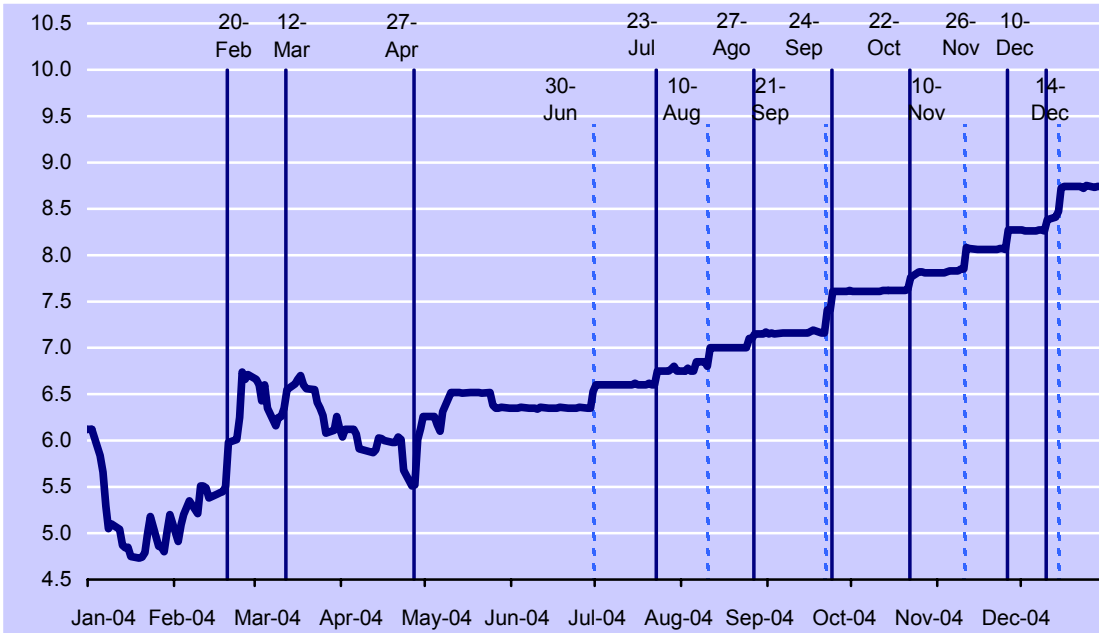
Actions to tighten the monetary policy stance in Mexico took place in an environment of favorable conditions in international financial markets, given the gradual withdrawal of the monetary stimulus in the U.S.

Table 30

Daily Balances Objective in 2004
Million Pesos

Date	Balance	Change
20-Feb-04	-29	-4
12-Mar-04	-33	-4
27-Apr-04	-37	-4
23-Jul-04	-41	-4
27-Aug-04	-45	-4
24-Sep-04	-51	-6
22-Oct-04	-57	-6
26-Nov-04	-63	-6
10-Dec-04	-69	-6

Graph 36 Interbank Interest Rate, Changes in the *Corto* and Changes in the U.S. Federal Funds Rate ^{1/}



^{1/} Continuous vertical lines indicate changes in the *corto* and dotted lines indicate changes in the U.S. federal funds rate.

The combination of Banco de México’s monetary policy actions and the relatively liquid conditions prevailing in world financial markets led to both a significant “flattening” of the yield curve in pesos, and to interest rate spreads between Mexico and the U.S. that have widened in the short term and narrowed in the long term (Graph 37).

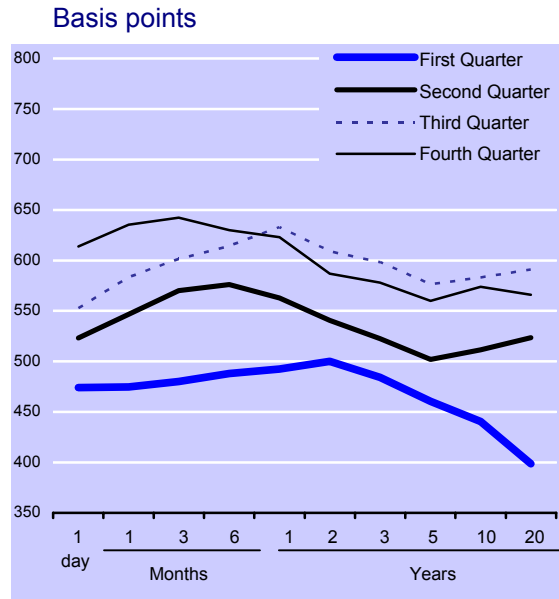
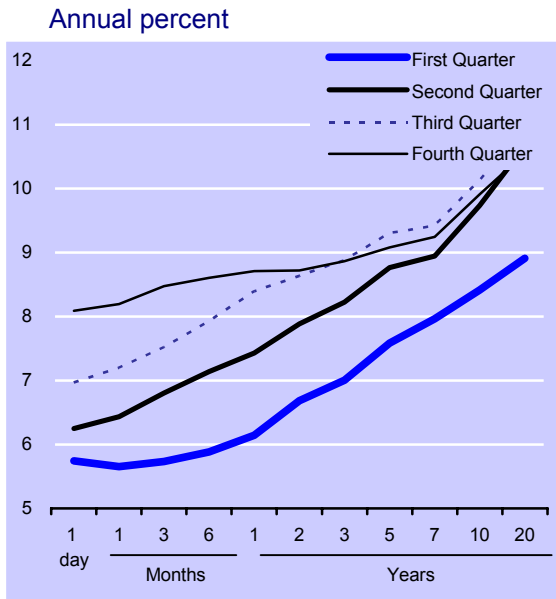
Even though the different items of expenditure evolved favorably during 2004, no significant inflation pressures from the demand side were perceived. At the same time, inflation pressures during the year apparently have not significantly affected wage negotiations.

Graph 37

Yield Curve in Mexico and Spread Between Mexico and the U.S.

a) Yield Curve in Mexico

b) Yield Spread Between Mexico and the U.S.



For 2005, monetary policy in Mexico will continue to face significant challenges to abate inflation. The Central Bank will monitor that no sequels from the significant increase in headline CPI inflation in 2004 take place, particularly regarding aggregate demand and any demand side pressures on inflation.

IV.2. Exchange Rate Policy

The Exchange Rate Commission is solely responsible for conducting Mexico’s exchange rate policy.²⁹ In late 1994, the Commission adopted a floating exchange rate regime, in which the exchange rate is determined freely by market forces. A free floating regime simplifies monetary policy management because the exchange rate can adjust more rapidly to domestic and external shocks, such as changes in international interest rates and in the terms of trade. This, in turn, allows the economy to adjust more easily to such shocks.

As stated in the 2003 Annual Report, in March of that year the Exchange Commission announced the implementation of a

²⁹ The Exchange Commission is integrated by officials from both the Ministry of Finance and Banco de México.

mechanism to reduce Banco de México's rate of accumulation of international reserves.³⁰ Given the level of international reserves accumulated it was concluded that the benefits of continuing such accumulation would be less significant. As of May 2003, Banco de México auctions a fixed amount of US dollars through this mechanism on a daily basis at a pre-established time. It was decided that the amount of US dollars to be auctioned would be calculated each quarter and would correspond to 50 percent of the total flow of accumulated reserves during the preceding quarter, once US dollar sales had been discounted.

Although the abovementioned mechanism succeeded in slowing international reserve accumulation, the amount of US dollars auctioned daily fluctuated significantly between the end of 2003 and the beginning of 2004 (Table 31). Consequently, and in order to procure a more stable amount of quarterly US dollar sales throughout the year, the Exchange Commission decided to adequate the mechanism by modifying the schedule of US dollar sales, while keeping the total amount of US dollars to be auctioned unchanged.³¹ Therefore, starting in the quarter May-July of 2004, the amount of US dollars to be auctioned will continue to be 50 percent of the accumulated net reserves from the preceding quarter, after deducting total sales in that period. Such amount will be auctioned in equal parts during the following four quarters (Table 31).

Table 31

Daily Amount of US dollars Auctioned by Banco de México
Million US dollars

Quarter	Daily Amount Auctioned
2-May-03 to 31-Jul-03	32
1-Aug-03 to 31-Oct-03	14
3-Nov-03 to 30-Jan-04	6
2-Feb-04 to 30-Apr-04	45
3-May-04 to 30-Jul-04	22
2-Aug-04 to 29-Oct-04	22
1-Nov-04 to 31-Jan-05	22

IV.2.1. Exchange Rate

As mentioned in other Reports, the geopolitical uncertainty surrounding the war in Iraq towards the end of 2002 and the beginning of 2003, reduced investors appetite for risk, contributing to a depreciation of the peso vis-à-vis the US dollar (Graph 38).

³⁰ See Exchange Commission's press release of March 20, 2003.

³¹ See Exchange Commission's press release of March 12, 2004.

However, favorable conditions prevailed in international markets during 2004, due to reduced worldwide geopolitical uncertainty and relatively slack monetary conditions throughout the year. This environment led to a significant search for higher returns, which, in turn, fostered capital flows into emerging markets including Mexico (Graph 38). As a result the exchange rate against the US dollar remained relatively stable, and even appreciated slightly toward the end of the year.

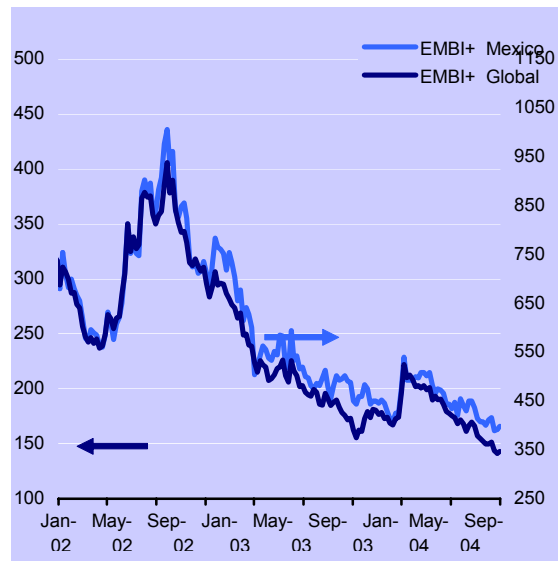
The significant rise in international prices of several raw materials in 2004 contributed to a considerable appreciation of the currencies of many emerging economies which mostly export raw materials. Such was the case of Chile, Brazil, Argentina and Columbia (Graph 39). However, the Mexican peso remained more stable due to the fact that Mexico exports mainly manufactured goods (crude oil only accounted for around 12 percent of Mexico's total exports during 2004).³²

Graph 38 Exchange Rate and Sovereign Risk Spread

a) Peso/US dollar Exchange Rate



b) Sovereign Risk Spread Measured through EMBI+ Global and EMBI+ Mexico Indexes Basis Points

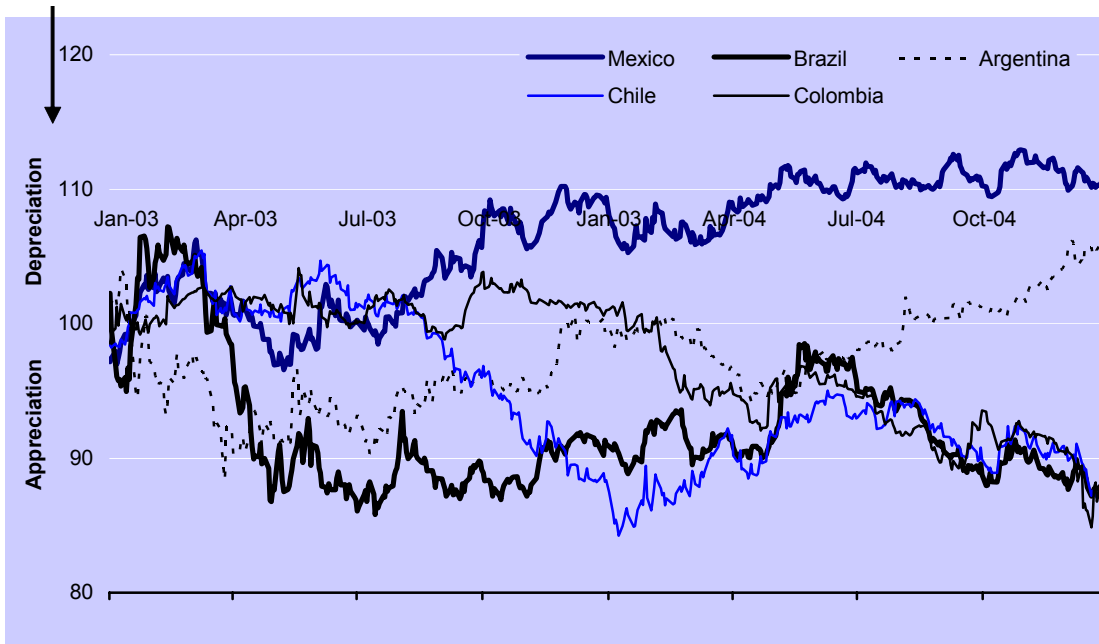


³² Although total oil-based exports amounted to 23,534.1 million US dollars in 2004, the total balance exhibited a surplus of 13,267.4 million US dollars (foreign trade of fuel includes crude oil, gas, oil by-products and petrochemicals).

Graph 39

Nominal Effective Exchange Rate in Emerging Markets

Index January 2003=100



Source: Bloomberg.

V. Final Remarks

Mexico's economic growth strengthened in 2004. In particular, the rebound in Mexican exports and the availability of resources that have promoted domestic expenditure (oil revenues, workers' remittances, consumption and mortgage loans) deserve mention. In 2004, for the first time in more than a decade, commercial banks granted more credit to both households and firms. Such environment fostered the continued growth of consumption and the recovery of investment. Industrial and manufacturing production expanded, therefore contributing to job creation, although this was not sufficient to provide all the necessary jobs for the new entrants to the labor market.

During 2004, inflation was subject to many supply shocks, mainly associated with the upward movement in the international references of several raw materials, as a result of the increasing contribution of several Asian economies, especially the Chinese, to world growth. These economies are characterized by their intensive use of energy, metals and other raw materials as well as by a considerable increase in several food imports. Economic conditions were further complicated towards the end of the year by different weather-related factors that affected the production of several agricultural products. The number and intensity of supply shocks that took place in 2004 led to a significant upward revision in inflation expectations for the medium term. Under such environment, and in order to prevent wage negotiations and price formation from being contaminated, Banco de México tightened the monetary policy stance.

Appendices

Appendix 1

Mexico's Relationship with International Financial Organizations

International Monetary Fund (IMF)

Mexico is a member of the International Monetary Fund since its foundation in 1944. Currently, Mexico's quota in the organization is 2,585.8 million Special Drawing Rights (SDRs), accounting for 1.22 percent of IMF's total quotas.³³ A member's quota determines its access to IMF resources as well as its voting power in the institution's governing bodies.

Two issues in Mexico's relationship with the IMF were particularly relevant in 2004: the consultation under Article IV of the IMF's charter and Mexico's participation in the IMF's Financial Transactions Plan (FTP).

Consultations under Article IV of the IMF's Articles of Agreement is an oversight procedure set up by the IMF to monitor and evaluate the economy of each of its members, whether or not these are currently under an IMF-supported program. A mission from the IMF visits the member country, collects and analyzes economic and financial data, and meets with the authorities to discuss the country's economic policies in the context of recent developments. The IMF's staff team submits a report on the country to the Executive Board, which discusses the staff's analysis. Afterwards, the IMF informs the country's authorities of its findings and recommendations.

The last Article IV consultation for Mexico was discussed in the IMF's Executive Board on October 18, 2004. The Mexican authorities released a press bulletin with a summary of the consultation's results.³⁴

³³ On December 31, 2004, one SDR equaled 1.55301 US dollars.

³⁴ The documents concerning IMF's consultation for Mexico can be found at the following websites: <http://www.shcp.gob.mx>; <http://www.banxico.org.mx>; and <http://www.imf.org/external/index.htm>

During the discussion of Mexico's report, the IMF's Executive Board commended the Mexican authorities for the prudent management of macroeconomic policy and expressed its satisfaction with the consolidation of Mexico's economic recovery. Special mention was made of the continued modernization of the financial system and the strength of banking institutions. The Board was also particularly satisfied with the continued attainment of fiscal targets and the authorities' commitment to medium-term fiscal consolidation. In this regard, the Board believed that tax reform was essential to raise non-oil revenues to avoid budget cuts in priority areas.

The IMF's Executive Board pointed out other key aspects in the reform agenda. These include stepped up efforts to improve good governance and enhance flexibility in the labor market. It also mentioned that building consensus around these efforts, as well as actions to foster competition in the telecommunications sector, will be crucial for promoting private investment.

As for monetary policy, the Board recognized the success of the inflation targeting regime in bringing inflation down to single digit levels and viewed the tightening of the monetary stance as appropriate to ensure the credibility of the Mexican authorities' commitment to lowering inflation. The Board also supported the authorities' efforts to refine monetary policy announcements that have led to more stable short-term interest rates and to more predictable market responses to monetary policy decisions.

Regarding Mexico's participation in the IMF's Financial Transactions Plan, each quarter the IMF adopts an FTP which establishes the amounts and the currency to be used for granting loans as well as the distribution of past loan payments. Among the criteria the IMF uses to select participating currencies are: 1) the country's balance of payments and reserve position; 2) developments in exchange markets; 3) external competitiveness; 4) external debt indicators; and 5) short-term liquidity indicators.

Mexico's participation in the FTP began in June 2002, becoming a creditor of the IMF.³⁵ Since then, Mexico has contributed with its currency to financing the FTP on eight occasions. At the end of 2004, Mexico's creditor position with the IMF amounted to 578.3 million SDR, equal to 22.4 percent of its

³⁵ Mexico's last Stand-By Agreement with the IMF ended on November 30, 2000 and in August 2004 the country made an advanced payment of its total debt. Mexico currently has no debts with the IMF.

quota. In 2004, the Mexican peso was used twice in the FTP for an equivalent of 51.8 million SDR. Other Latin American and Caribbean countries participating in the FTP are Chile, and Trinidad and Tobago.

Mexico's Role in IMF's Special Data Dissemination Standard (SDDS)

Mexico subscribed to the IMF's Special Data Dissemination Standard (SDDS) in August 1996. The SDDS are a set of international guidelines on the scope, periodicity, timeliness and quality of economic and financial statistics. The SDDS encourage immediate and fair access to information, help users of economic and financial statistics to assess data quality, and contribute to ensure the objectivity and integrity in compiling and publishing them. The coverage of SDDS has widened in recent years to include indicators which help to identify the sources of external vulnerability. Currently, 60 countries participating actively in international capital markets have subscribed voluntarily to the SDDS.³⁶

Bank for International Settlements (BIS)

The Bank for International Settlements (BIS) is an international organization established in 1930 to foster international monetary and financial cooperation as well as to offer banking services to central banks. It currently has 55 member central banks or monetary authorities, all of which are entitled to be represented and vote in the General Meetings. Banco de México is a member of the BIS since November 1996. In that year it subscribed 3,000 shares of the organization's third tranche of capital, which by December 31, 2004 represent 0.55 percent of the voting rights of BIS shareholders.

Since becoming a member, Banco de México has actively participated in the meetings of Governors and senior officials of member central banks (the primary instrument through which the BIS seeks to promote international financial cooperation), and in various committees and working parties within the organization. In the bimonthly meetings held during 2004, the central bank governors exchanged views on conjunctural developments and issues of topical interest or concern. Among the topics discussed in 2004 were: recent economic and financial market developments; the

³⁶ All documents regarding Mexico's role in the SDDS are available at the following website:
<http://www.banxico.org.mx/eInfoFinanciera/infcarteleraelectronica/fmi.html>

resilience of financial markets and institutions; the widening of the European Union and its impact on the European Monetary System; the effectiveness of fiscal measures and their implications for central banks; excess global liquidity and its effect on economic policy management; the progress in the reforms of rating agencies; and implementation of the New Capital Adequacy Framework (Basel II).

In 2004, the governors also had the opportunity to meet informally with senior representatives of the private financial sector and other financial authorities. Meetings were focused on analyzing the ways to promote sound and well-functioning financial markets and, especially, on the implications for the financial system of growth of credit risk transfer instruments.

In January 2004, the BIS included in its agenda of central bank governors meetings one focused on satisfying the specific needs of the group of central banks of emerging market economies and smaller industrial countries (named “Non-G10 Governors Meeting”) in order to provide them with briefings on the activities of the various committees in whose deliberations they are not directly involved. During 2004, the following topics were discussed in these meetings: foreign direct investment in the financial sector of emerging market economies; progress report on the New Capital Adequacy Framework (Basel II); the role and activities of the Committee on Payment and Settlement Systems; the changing interest rate environment and debt sustainability in emerging market economies; and the link between central banks and the insurance industry.

The BIS also organized discussion panels on issues surrounding monetary and financial stability. In particular, the eighth meeting of the Working Party on Monetary Policy in Latin America was held in October 2004 and focused on the following topics: assessment of the macroeconomic situation; debt and fiscal policy; and monetary policy and de-dollarization.

The Central Bank Governance Steering Group of which Banco de México’s Governor is a member and whose functions are to compile, analyze and disseminate information on institutional and organizational matters of interest to central banks, held several meetings during 2004. Among the topics discussed by the Group were: central bank capital, the way central banks organize their financial stability function, and central bank services to government.

BIS headquarters are located in Basel, Switzerland. It also has two representative offices: one set up in 1998 in Hong Kong Special Administrative Region of the People's Republic of China, which covers the Asia-Pacific region, and another created in 2002 in Mexico City, whose objective is to coordinate BIS activities in the American continent.

Appendix 2

Public Sector Borrowing Requirements (PSBR)³⁷

The Public Sector Borrowing Requirements (PSBR) are an indicator of the public sector's financial needs, which include: a) the traditional public sector (federal government and public enterprises); b) financial intermediation of development banks and public funds and trusts; and c) additional liabilities representing obligations guaranteed by the federal government.³⁸ Additional liabilities included in the calculation of PSBR are: a) IPAB's net liabilities; b) long-term investment projects (*Proyectos de Infraestructura Productiva de Largo Plazo, PIDIREGAS*), which, despite being associated with assets that in the long term will be part of public investment, nowadays are an indirect financial liability for the public sector; c) guaranteed liabilities from the toll road rescue program (*Fideicomiso de Apoyo para el Rescate de Autopistas Concesionadas, FARAC*); d) the interest rate swapping cost implied in programs for restructuring bank credits denominated in UDIs; and e) liabilities associated with debtor support programs.

At the end of 2004, total PSBR (measured by source of financing and in accrued terms), including additional liabilities and public sector non-recurrent revenues, accumulated a deficit of 141.2 thousand million pesos (1.85 percent of GDP). Such result was lower than that of 2003 (176.2 thousand million pesos, 2.56 percent of GDP).^{39, 40} In 2004, public sector's non-recurrent revenues totaled

³⁷ PSBR reflect public sector's use of net financial resources, both domestic and external. Since 1977, Banco de México has calculated PSBR and published it in its Annual Reports. PSBR definition includes the Federal Government, public enterprises and institutions, official financial intermediaries and, since 2000, a number of additional items implying liabilities guaranteed by the public sector.

³⁸ The methodology for calculating the PSBR presented in this section is based on sources of financing (accrued deficit) and differs from that of the Ministry of Finance which is based on public sector's revenues and expenditures (cash flow deficit).

³⁹ The figure for 2003 differs from that reported in that year's Annual Report due to later adjustments in PSBR components and to INEGI's review of GDP.

⁴⁰ In 2004, the main differences between PSBR calculated with this methodology and those reported by the Ministry of Finance are: a) the value of assets (market value versus placement value); and b) the recovery of portfolio associated with the Capitalization Program and FOBAPROA portfolio purchases. Regarding the latter, it is important to point out that Banco de México's methodology takes into account changes in IPAB's financial position to obtain necessary resources. Thus, this measurement considered the following as assets: portfolio and asset recovery as well as the participation of losses and the incentive program associated with the Portfolio Capitalization and Purchase Program

51.2 thousand million pesos, resulting mainly from Banco de México's operational surplus (15 thousand million pesos), revenues from debt repurchases (13.9 thousand million pesos) and revenues from other benefits (22.3 thousand million pesos).⁴¹ In 2004, PSBR excluding non-recurrent revenues accumulated a deficit of 192.4 thousand million pesos (2.52 percent of GDP).

In 2004, PSBR were mainly financed through domestic resources. PSBR domestic financing (including non-recurrent revenues) totaled 89.3 thousand million pesos, while foreign indebtedness reached 51.9 thousand million pesos (includes investment associated with PIDIREGAS and the reduction of external assets resulting from the recovery of collateral from Brady bonds). Domestic financing included the following: accumulated net financial assets at Banco de México (37 thousand million pesos), commercial bank net financing (67 thousand million pesos), a reduction in private sector financing through government securities (13.7 thousand million pesos), and an increase in other liabilities with the private sector, mainly additional liabilities (73 thousand million pesos).⁴²

The breakdown of PSBR according to its uses by government entities was as follows: public sector's accrued financial balance (integrated by the economic balance and financial intermediation by development banks and public funds and trusts) recorded a deficit of 48.4 thousand million pesos (0.63 percent of GDP). Such result partly explained the reduction in PSBR during 2004 compared to the previous year (0.73 percentage points less of GDP than in 2003).

(*Programa de Capitalización y Compra de Cartera, PCCC*) carried out by FOBAPROA. As a result, in Banco de México's methodology the redemption of promissory notes associated with the PCCC does not generate the benefit reported by the Ministry of Finance.

⁴¹ Federal Government's non-recurrent revenues amounted to 61.4 thousand million pesos, of which 10.2 thousand million pesos were transferred to FARAC (reducing its financial assets). Thus, when the public sector including FARAC is considered, net non-recurrent revenues amounted to only 51.2 thousand million pesos.

⁴² The placement of flexible securities (*certificados bursátiles*) to finance PIDIREGAS increased in 2004.

Table 32 Public Sector Borrowing Requirements in 2004 ^{1/}
 Thousand million pesos

Item	2003		2004	
	Including non-recurrent revenues	Percent of GDP	Including non-recurrent revenues	Percent of GDP
Sources:				
PSBR ^{2/}	-176.2	-2.56	-141.2	-1.85
Net External Financing ^{3/}	-32.1	-0.47	-51.9	-0.68
(Billion US dollars) ^{4/}	-3.0		-4.6	
Net Domestic Financing	-144.1	-2.09	-89.3	-1.17
Banco de México	6.5	0.09	37.0	0.49
Commercial Banks	-87.3	-1.29	-67.0	-0.88
Government Securities ^{5/}	-69.6	-0.98	13.7	0.18
Other Private Sector Financing	6.3	0.09	-73.0	-0.96
Uses:				
PSBR	-176.2	-2.56	-141.2	-1.85
Financial Balance ^{6/}	-93.6	-1.36	-48.4	-0.63
Additional liabilities	-82.6	-1.20	-92.7	-1.21
IPAB ^{7/}	-10.9	-0.16	-5.8	-0.08
FARAC ^{8/}	-1.3	-0.02	-15.4	-0.20
UDI Restructuring Programs	0.2	0.00	13.3	0.17
PIDIREGAS ^{9/}	-72.7	-1.05	-84.9	-1.11
Debtor Support Programs ^{10/}	2.1	0.03	0.1	0.00
Memo:				
Non-recurrent Revenues	46.8	0.68	51.2	0.67
PSBR excluding Non-recurrent revenues	-223.0	-3.24	-192.4	-2.52

1/ Deficit (-), Surplus (+).

2/ Excludes the effect of exchange rate fluctuations (peso/US dollar and US dollar/other currencies).

3/ Net foreign financing is calculated by subtracting redemptions and changes in financial assets' balances from total outlays.

4/ Includes both public sector's debt as well as the use of other foreign resources granted by Mexican banks' agencies abroad.

5/ Includes private sector securities only. Federal government securities held by banks are included in the item Net Financing by Commercial Banks. Government securities are registered at market value in the item Financing to the Public Sector, according to IMF's Government Finance Statistics Manual (2001).

6/ Public sector's financial balance includes the economic balance (federal government and public enterprises), and financial intermediation by development banks and public funds and trusts.

7/ Estimates based on the change in the Institute for the Protection of Bank Savings' (*Instituto de Protección al Ahorro Bancario, IPAB*) net liabilities as published in the Ministry of Finance's Public Debt Reports.

8/ Estimates based on the changes in federal government guaranteed liabilities from the toll road rescue program (*Fideicomiso de Apoyo al Rescate de Autopistas Concesionadas, FARAC*).

9/ Net investment in long-term infrastructure investment projects (*Proyectos de Infraestructura Productiva, PIDIREGAS*).

10/ Figure reported by commercial banks as credit granted to the federal government under these programs.

Source: Ministry of Finance and Banco de México.

Public sector's additional liabilities recorded a total net debt of 92.7 thousand million pesos (1.21 percent of GDP), due to PIDIREGAS net debt (84.9 thousand million pesos); an increase in IPAB's net liabilities (5.8 thousand million pesos); accumulated net liabilities from FARAC (15.4 thousand million pesos); and a reduction in net liabilities associated with UDI restructuring programs and debtor support programs (13.3 and 0.1 thousand million pesos, respectively, Table 32).

Public Sector Net Debt⁴³

At the end of 2004, public sector's total net debt accounted for 34.96 percent of GDP, 2.91 percentage points below its level at the end of 2003. Such results were due to a decrease in the net broad economic debt and in debt associated with additional liabilities (Table 33).

On 2004, the net broad economic debt equaled 19.43 percent of GDP, 2.11 percentage points below the figure in 2003. The external net broad economic debt was 1.68 percentage points of GDP below that registered in 2003. Such result is explained mainly by a reduction in the external indebtedness of development banks, and public enterprises and entities. Significant actions were taken regarding federal government's external debt management, such as the advanced payment of 11 loans granted by the International Development Bank, 13 loans from the International Bank for Reconstruction and Development, and 2 loans from the International Fund for Agricultural Development.

⁴³ The broad net economic debt includes net liabilities of the federal government and non-financial public enterprises, as well as indebtedness and financial assets of official financial intermediaries (development banks and public funds and trusts). The net debt consolidated with Banco de México includes Central Bank's financial assets and liabilities with the private sector, commercial banks and the external sector. The latter definition allows for offsetting the net financing granted by the Central Bank to the public sector. Total net debt includes the broad economic debt plus net liabilities from IPAB, FARAC, PIDIREGAS and debtor support programs. Since financing to the public sector is considered as an asset and given that the methodology for calculating public debt is also different from that of the Ministry of Finance, public debt definitions are not the same as those used by the Ministry of Finance in its Quarterly Reports on Public Finances and Public Debt to the Mexican Congress.

Table 33 Public Sector Total Net Debt
End of period outstanding stocks

	Thousand million pesos			Percent of GDP		
	2003	2004 ^{P/}	Variation	2003	2004 ^{P/}	Variation
a. Net Broad Economic Debt ^{1/}	1,567.2	1,598.4	31.20	21.54	19.43	-2.11
1. External	842.2	814.3	-27.90	11.58	9.90	-1.68
2. Domestic	725.0	784.1	59.10	9.96	9.53	-0.43
b. Additional liabilities	1,187.7	1,278.6	90.90	16.33	15.53	-0.80
1. <i>IPAB</i> ^{2/}	651.7	657.5	5.80	8.96	7.99	-0.97
2. <i>FARAC</i> ^{3/}	141.2	156.6	15.40	1.94	1.90	-0.04
3. UDI Restructuring Programs ^{4/}	41.6	28.4	-13.20	0.57	0.34	-0.23
4. Direct <i>PIDIREGAS</i> ^{5/}	348.3	431.3	83.00	4.79	5.24	0.45
5. Debtor Support Programs ^{6/}	4.9	4.8	-0.10	0.07	0.06	-0.01
c. Public Sector Total Net Debt (a+b)	2,754.9	2,877.0	122.10	37.87	34.96	-2.91

*/ Preliminary figures.

1/ The difference between the increase in the net broad economic debt and PSBR is due to 1) the revaluation of debt flows in foreign currency; 2) the exclusion of liquid assets held by public enterprises in investment funds; and 3) the fact that credit granted to the private sector is considered an asset and not a liability as with "financial intermediation".

2/ Corresponds to the difference between *IPAB*'s gross liabilities and total assets as reported in Appendix II of Public Debt from Ministry of Finance's Quarterly Report on Economic Situation, Public Finances and Public Debt for the Fourth Quarter of 2004.

3/ *FARAC* liabilities guaranteed by the federal government.

4/ The difference between liabilities associated with special CETES (issued by the federal government and banks) and debt restructured in UDIs.

5/ The debt balance for direct *PIDIREGAS* is based on investment flows.

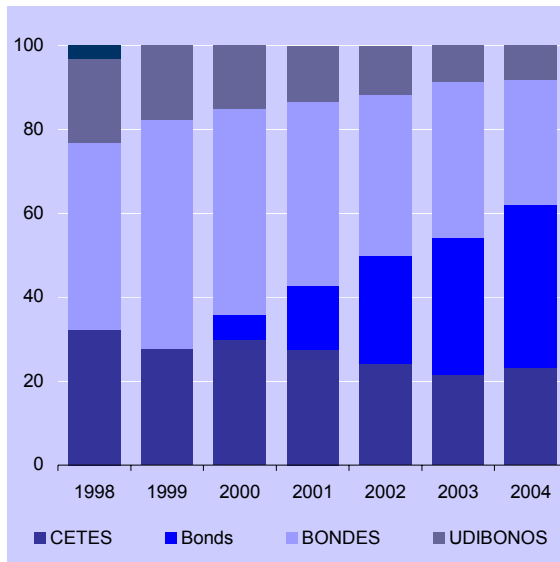
6/ Credit granted by commercial banks to the federal government under the mentioned programs.

Note: GDP ratios were computed using the GDP figure of the last quarter of the year.

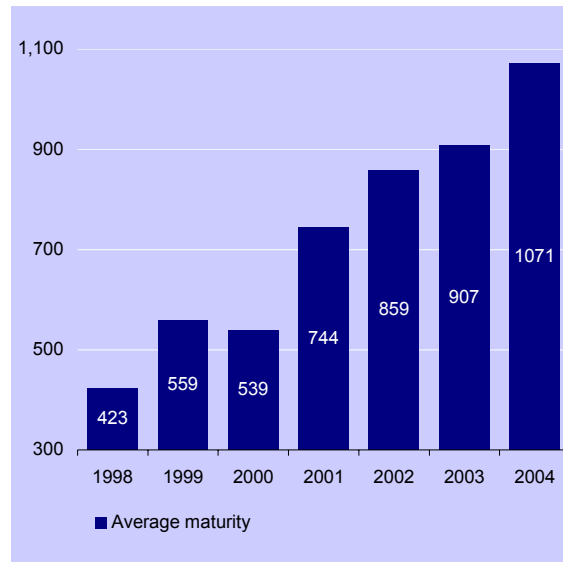
Source: Ministry of Finance and Banco de México.

Graph 40 Government Securities

a) GDP Percentage



b) Days



Source: Ministry of Finance and Banco de México.

Regarding the domestic net broad economic debt, its stock decreased by 0.43 percentage points of GDP as compared with

2003. Although this stock increased by 59.1 thousand million pesos compared to December 2003, the considerable growth of nominal GDP (13.07 percent compared to the fourth quarter of 2003) meant the domestic net broad economic debt fell as a percentage of GDP.⁴⁴ As for domestic debt's management, the use of variable and indexed rate instruments in government securities portfolio declined. As a result of such measure, the average maturity of domestic debt increased by 164 days, from 907 days in December 2003 to 1,071 days at the end of 2004 (Graph 40).

Additional liabilities decreased by 0.80 percent of GDP. Such result is explained by the reductions, as a percentage of GDP, in liabilities associated with IPAB, FARAC, UDI restructuring programs and debtor support programs, which offset the increase in PIDIREGAS. Regarding IPAB, the redemption of promissory notes associated with the Portfolio Capitalization and Purchase Program (*Programa de Capitalización y Compra de Cartera, PCCC*) did not have a significant impact on debt figures due to the fact that the methodology employed considers IPAB debt net of assets, which included both portfolio recovery as well as losses associated with the PCCC.

At December 31, 2004 net public sector debt consolidated with Banco de México equaled 19.38 percent of GDP, 1.29 percentage points below that in 2003 (Table 34). External indebtedness consolidated with the Central Bank represented 1.17 percent of GDP in 2004, thus implying a decline of 1.26 percentage points compared to 2003. Such reduction responded to a decrease in public sector's external indebtedness and to Banco de México's accumulation of international reserves. Meanwhile, the domestic component of the net consolidated debt declined by 0.02 percentage points of GDP in 2004 compared to its level in the previous year. However, such result is attributed to the significant growth of nominal GDP in 2004, which more than offset the increment in domestic debt stocks. The latter, is explained, among other factors, by the increase in Banco de México's liabilities issued for monetary regulation purposes. Finally, total public sector debt (including additional liabilities) consolidated with Banco de México reached 34.91 percent of GDP, 2.09 percentage points below that registered in 2003.

⁴⁴ The economic program for 2004 established that the Federal Government's deficit was to be funded with domestic resources.

Table 34 Public Sector Total Debt Consolidated with Banco de México
End of period outstanding stocks

	Thousand Million Pesos			Percentage of GDP		
	2003	2004 ^P	Variation	2003	2004 ^P	Variation
a. Net Debt Consolidated with Banco de México^{1/}	1,503.5	1,594.7	91.20	20.67	19.38	-1.29
1. Foreign	177.2	96.5	-80.70	2.43	1.17	-1.26
2. Domestic	1,326.4	1,498.2	171.80	18.23	18.21	-0.02
b. Additional liabilities	1,187.7	1,278.6	90.90	16.33	15.53	-0.80
1. <i>IPAB</i> ^{2/}	651.7	657.5	5.80	8.96	7.99	-0.97
2. <i>FARAC</i> ^{3/}	141.2	156.6	15.40	1.94	1.90	-0.04
3. UDI Restructuring Programs ^{4/}	41.6	28.4	-13.20	0.57	0.34	-0.23
4. Direct <i>PIDIREGAS</i> ^{5/}	348.3	431.3	83.00	4.79	5.24	0.45
5. Debtor Support Programs ^{6/}	4.9	4.8	-0.10	0.07	0.06	-0.01
c. Total Public Sector Debt Consolidated with Banco de México (a+b)	2,691.2	2,873.3	182.10	37.00	34.91	-2.09

*/ Preliminary figures.

1/ The difference between the increase in the net debt consolidated with Banco de México and PSBR is due to 1) the revaluation of debt flows in foreign currency; 2) the exclusion of public enterprises' liquid assets held by investment funds; and 3) the fact that credit granted to the private sector is considered an asset and not a liability as with "financial intermediation".

2/ Corresponds to the difference between *IPAB*'s gross liabilities and total assets as reported in Appendix II of Public Debt from Ministry of Finance's Quarterly Report on Economic Situation, Public Finances and Public Debt for the Fourth Quarter of 2004.

3/ *FARAC* liabilities guaranteed by the federal government.

4/ The difference between liabilities associated with special CETES (issued by the federal government and by banks) and debt restructured in UDIs.

5/ The debt balance for direct *PIDIREGAS* is based on investment flows.

6/ Credit granted by commercial banks to the federal government under the mentioned programs.

Note: GDP ratios were computed using the GDP figure of the last quarter of the year.

Source: Ministry of Finance and Banco de México.

Statistical Appendix

Statistical Appendix

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Basic Information

Table A 1 Summary of Selected Indicators

	2000	2001	2002	2003	2004
Social and Demographic Indicators					
Surface area (sq km)	1,964,375	1,964,375	1,964,375	1,964,375	1,964,375
Population (millions) ^{1/}	100.6	101.8	103.0	104.2	105.3
Population annual growth rate ^{1/}	1.3	1.2	1.2	1.1	1.1
Life expectancy at birth ^{1/}	74.0	74.3	74.6	74.9	75.2
Production and Prices					
Gross Domestic Product (thousand million pesos)	5,492	5,810	6,263	6,891	7,635
	Annual percentage change				
GDP at constant prices	6.6	-0.2	0.8	1.4	4.4
Consumer Price Index (Dec-Dec)	8.96	4.40	5.70	3.98	5.19
Money and Finances					
Monetary Aggregates ^{2/}	Annual percentage change				
Monetary Base	14.7	5.4	11.4	10.7	8.8
M1	11.1	8.2	12.9	7.0	8.8
M4	7.7	8.3	6.6	6.9	8.0
Interest Rates ^{3/}	Annual percentage change				
28-day CETES	15.24	11.31	7.09	6.23	6.82
28-day TIIE (Interbank Equilibrium Interest Rate)	16.96	12.89	8.17	6.83	7.15
	Pesos per U.S. dollar				
Exchange Rate (end of period) ^{4/}	9.5722	9.1423	10.3125	11.2360	11.2648
Public Finances					
	GDP Percentage				
Economic Balance (cash flow) ^{5/}	-1.1	-0.7	-1.2	-0.6	-0.3
Primary Balance ^{5/}	2.6	2.6	1.7	2.1	2.5
Net Public Debt ^{6/}	19.66	19.57	21.01	21.54	19.43
External Sector					
	GDP Percentage				
Trade Balance including Maquiladora	-1.4	-1.5	-1.2	-0.9	-1.3
Current Account Balance	-3.2	-2.9	-2.1	-1.3	-1.3
Capital Account Balance	3.2	4.3	3.5	2.8	2.0
Total External Debt	27.3	25.3	23.9	24.7	23.8
Interest Paid	2.4	2	1.9	1.8	1.7
	Billion US dollars				
Net International Reserves (end of period) ^{7/}	33.6	40.9	48.0	57.4	61.5

1/ Estimates for 2004.

2/ Estimates based on the average of stocks at end of period.

3/ Average of daily or week observations.

4/ Used for settling liabilities in foreign currency.

5/ Based on the revenue-expenditure methodology.

6/ Refers to the broad economic debt, which includes net liabilities of the Federal Government, public sector, and of official financial intermediaries (development banks, and trust funds). Stocks at end of period. Measurements by Banco de México.

7/ As defined in Article 19 of Banco de México's Law.

p/ Preliminary figures.

Source: Banco de México, Ministry of Finance (*Secretaría de Hacienda y Crédito Público, SHCP*), National Statistics Bureau (*Instituto Nacional de Estadística, Geografía e Informática, INEGI*), and National Population Council (*Consejo Nacional de Población, CONAPO*).

Table A 2 Socio-demographic Indicators

	1997	1998	1999	2000	2001	2002	2003	2004 ^{1p}
Population (millions)	96.5	97.9	99.3	100.6	101.8	103.0	104.2	105.3
Urban Population ^{1/}	76.5	76.7	76.9	77.0	77.2	77.3	77.4	77.6
Rural Population ^{1/}	23.5	23.3	23.1	23.0	22.8	22.7	22.6	22.4
Population per sq.km	49.1	49.8	50.5	51.1	51.8	52.4	53.0	53.6
Population annual growth rate	1.5	1.4	1.3	1.3	1.2	1.2	1.1	1.1
Economically Active Population (millions)	38.3	39.6	39.6	40.2	40.1	41.1	41.5	43.4
Open unemployment rate	3.7	3.2	2.5	2.2	2.4	2.7	3.3	3.8
Life expectancy at birth (years)	73.1	73.4	73.7	74.0	74.3	74.6	74.9	75.2
Fertility rate ^{2/}	2.6	2.6	2.5	2.4	2.3	2.3	2.2	2.2
Mortality rate (per thousand)	4.7	4.7	4.6	4.5	4.5	4.5	4.5	4.5
Infant mortality rate (per thousand live births)	19.7	19.0	18.5	18.2	17.2	17.9	16.4	16.1
Number of hospital beds (per 100,000 inhabitants) ^{3/}	72.9	74.5	74.2	74.0	74.1	73.9	72.6	72.6
Illiteracy rate (population 15 years or over)	10.0	9.8	9.5	9.2	9.0	8.8	8.5	8.3
Number of students per teacher (grade school)	27.6	27.2	27.2	27.0	26.9	26.7	26.4	26.2
Population with access to drinking water ^{1/}	85.7	86.4	87.4	88.5	89.0	89.2	89.4	89.4

1/ Percent of total population.

2/ At the end of women's reproductive life.

3/ National Health System (*Sistema Nacional de Salud*) only.

p/ Preliminary figures.

n.a. Not available.

Source: Annual Government Report 2004, Presidency of the Republic-Mexico (*Presidencia de la República*), INEGI, and CONAPO.

Table A 3 Infrastructure and Natural Resources

	1997	1998	1999	2000	2001	2002	2003	2004 ^{1p}
Roads (km)	313,604	319,792	329,533	333,912	340,457	337,168	349,043	349,219
Federal toll roads (km)	6,394	6,388	6,430	6,598	6,759	6,987	6,981	6,981
Federal non-toll roads (km)	41,411	41,653	41,765	41,866	41,645	41,537	41,455	41,630
Paved roads (km)	102,250	104,023	108,087	108,488	110,910	113,125	117,024	117,200
Railroad transportation								
Total railway network (km)	26,622	26,622	26,622	26,655	26,655	26,655	26,662	26,662
Passengers (million passengers/km)	1,508	460	254	82	67	69	78	72
Commercial cargo (million tons/km)	42,442	46,873	47,274	48,333	46,615	51,616	54,171	55,796
Air transportation								
International airports	54	55	55	57	57	57	56	57
Passengers (thousands)	28,896	30,922	32,662	33,974	33,673	33,190	35,287	37,800
Cargo (thousand tons)	335	388	407	379	351	389	410	435
Maritime transportation								
Number of ports (sea and river)	107	107	108	108	108	108	106	106
Sea freight (international and domestic cargo)	219,653	237,380	231,440	244,252	244,431	253,046	262,846	273,009
Communications								
Phones (thousand lines in service)	9,254	9,927	10,927	12,332	13,774	14,975	16,311	17,750
Cellular phones (thousand subscribers)	1,741	3,350	7,732	14,078	21,758	25,928	30,098	35,500
Telegraph services (number of offices)	1,813	1,868	1,878	1,819	1,609	1,568	1,555	1,555
Postal services (locations served)	31,167	31,515	32,015	32,127	29,216	16,029	14,942	19,598
Radio stations ^{1/}	1,342	1,351	1,349	1,371	1,410	1,413	1,417	1,485
T.V. stations ^{1/}	580	584	582	579	642	652	645	741
Lodging (number of rooms)	382,364	396,968	419,608	421,850	458,123	469,488	496,292	500,154
Electric generation (gigawatts/hour) ^{2/}	170,519	180,491	192,234	204,206	209,074	214,383	223,893	241,003
Oil reserves (million barrels)	60,900	56,505	57,741	58,204	56,154	52,951	50,032	48,041

1/ Including broadcasting, concessions and licenses.

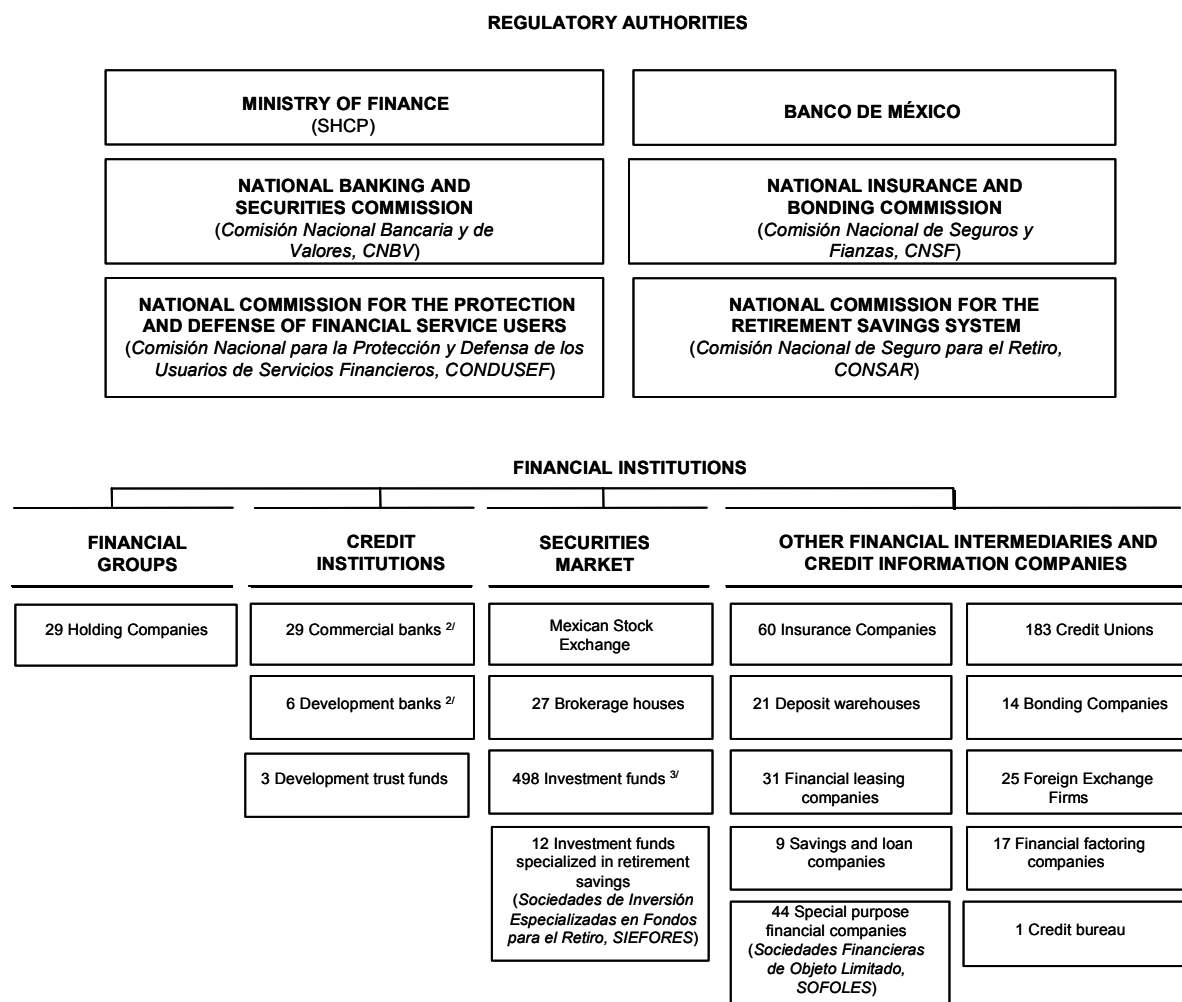
2/ Including Federal Electricity Commission (*Comisión Federal de Electricidad, CFE*) and Central Light and Power (*Luz y Fuerza del Centro, LFC*).

p/ Preliminary figures.

n.a. Not available.

Source: Annual Government Report 2004 (*Presidencia de la República*).

Table A 4 Mexican Financial System Structure



1/ Does not include institutions in the process of being liquidated or under default.

2/ Includes Variable-income Investment Funds, Investment Funds of Debt Instruments for Individuals and Enterprises, Capital Investment Funds, and Investment Fund Operators.

Source: National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores, CNBV*). Information up to December 2004.

Production and Employment

Table A 5 **Production Indicators**

	Annual percentage change					
	1999	2000	2001	2002	2003	2004
Gross Domestic Product	3.9	6.6	-0.2	0.8	1.4	4.4
Private Consumption	4.3	8.2	2.5	1.6	2.3	5.5
Public Consumption	4.7	2.4	-2.0	-0.3	0.8	-1.2
Private Investment	7.2	9.0	-5.9	-4.1	-1.5	8.5
Public Investment	10.7	25.2	-4.2	17.0	8.5	3.6
Exports (Merchandise and Services)	12.4	16.4	-3.8	1.6	2.7	11.5
Imports (Merchandise and Services)	14.1	21.5	-1.6	1.5	0.7	10.2

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI.

Table A 6 **Gross Domestic Product**

	Current Prices	Exchange rate	Million U.S. dollars
1994	1,420,159.5	3.375	420,788
1995	1,837,019.1	6.419	286,185
1996	2,525,575.0	7.599	332,356
1997	3,174,275.2	7.918	400,894
1998	3,846,349.9	9.135	421,056
1999	4,594,724.2	9.561	480,569
2000	5,491,708.4	9.456	580,764
2001	5,809,688.2	9.343	621,823
2002	6,263,136.6	9.656	648,626
2003	6,891,433.8	10.789	638,746
2004	7,634,926.1	11.286	676,495

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI.

Table A 7 **Aggregate Supply and Demand**
1993 Prices

	Annual percentage change						GDP percentage	
	1999	2000	2001	2002	2003	2004	1994	2004
Aggregate Supply	6.2	10.3	-0.6	1.0	1.2	6.0	122.3	139.2
GDP	3.9	6.6	-0.2	0.8	1.4	4.4	100.0	100.0
Imports of merchandise and services	14.1	21.5	-1.6	1.5	0.7	10.2	22.3	39.2
Aggregate Demand	6.2	10.3	-0.6	1.0	1.2	6.0	122.3	139.2
Total Consumption	4.4	7.4	1.9	1.4	2.1	4.7	82.8	81.7
Private	4.3	8.2	2.5	1.6	2.3	5.5	72.0	72.7
Public	4.7	2.4	-2.0	-0.3	0.8	-1.2	10.9	9.0
Total Investment	7.7	11.4	-5.6	-0.6	0.4	7.5	19.3	19.8
Private	7.2	9.0	-5.9	-4.1	-1.5	8.5	14.3	15.8
Public	10.7	25.2	-4.2	17.0	8.5	3.6	4.9	4.0
Exports of merchandise and services	12.4	16.4	-3.8	1.6	2.7	11.5	17.2	36.9

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI.

Table A 8 Domestic Saving and Investment
Percentage of GDP at current prices

Item	1998	1999	2000	2001	2002	2003	2004 ^{p/}
Gross Capital Formation ^{1/}	24.3	23.5	23.7	20.9	20.6	20.6	21.7
Financed with External Saving	3.8	2.9	3.1	2.9	2.2	1.4	1.3
Financed with Domestic Saving	20.5	20.6	20.6	18.0	18.4	19.2	20.4

p/* Preliminary figures.

1/ Includes gross fixed investment plus change in inventories.

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI, except for external saving figures, which are drawn from the current account balance measured in current pesos.**Table A 9 Gross Domestic Product by Sectors**
1993 Prices

	Annual percentage change										Percentage of GDP	
	1995	1996	1997	1998	1999	2000	2001	2002	2003 /p	2004 /p	1998	2004 /p
Gross Domestic Product	-6.2	5.1	6.8	4.9	3.9	6.6	-0.2	0.8	1.4	4.4	100.0	100.0
Agriculture, forestry and fishery	0.9	3.6	0.2	0.8	3.6	0.6	3.5	0.1	3.5	4.0	5.3	5.2
Industrial sector	-7.8	10.1	9.3	6.3	4.7	6.1	-3.5	-0.1	-0.2	3.8	26.4	24.9
Mining	-2.7	8.1	4.5	2.7	-2.1	3.8	1.5	0.4	3.7	2.5	1.3	1.2
Manufacturing Industry	-4.9	10.8	9.9	7.4	4.2	6.9	-3.8	-0.7	-1.3	3.8	19.6	18.2
Construction	-23.5	9.8	9.3	4.2	5.0	4.2	-5.7	2.1	3.3	5.3	4.0	3.9
Electricity, Gas and Water	2.2	4.6	5.2	1.9	15.8	3.0	2.3	1.0	1.6	2.3	1.5	1.6
Services	-6.4	3.0	6.6	4.7	3.6	7.3	1.2	1.6	2.1	4.8	62.7	65.1
Commerce, Restaurants and Hotels	-15.5	4.8	10.7	5.6	3.1	12.2	-1.2	0.0	1.6	4.9	19.2	19.8
Transport, Warehousing and Communications	-4.9	8.0	9.9	6.7	7.8	9.1	3.8	1.8	5.0	9.7	9.7	11.8
Financial Services, Insurance and Real Estate	-0.3	0.6	3.7	4.6	3.6	5.5	4.5	4.2	3.9	4.6	14.5	15.9
Social, Community and Personal Services	-2.3	1.0	3.3	2.9	2.1	2.9	-0.3	0.9	-0.6	1.7	19.3	17.5
Banking services	-10.7	-5.1	10.6	5.6	5.9	6.8	6.5	7.6	7.1	7.5	-2.6	-3.2
Net product taxes (excluding subsidies)	-6.2	5.2	6.7	5.1	3.8	6.6	0.0	0.8	1.4	4.4	8.1	8.1

p/ Preliminary figures.

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI.**Table A 10 Manufacturing Growth Rates**
1993 Prices

	Annual percentage change										Percentage of GDP	
	1995	1996	1997	1998	1999	2000	2001	2002	2002 /p	2004 /p	1998	2004 /p
Total	-4.9	10.8	9.9	7.4	4.2	6.9	-3.8	-0.7	-1.3	3.8	19.6	18.2
Food, beverages and tobacco	0.0	3.3	3.2	6.6	4.0	3.9	2.3	1.9	1.7	2.7	4.8	4.8
Textile, apparel and leather industry	-6.3	15.7	10.5	3.9	3.1	5.4	-8.6	-5.9	-6.7	1.6	1.7	1.3
Timber and wood by-products	-7.8	6.9	6.7	4.4	0.5	3.9	-6.7	-4.9	-2.2	0.6	0.6	0.4
Paper, printing and publishing	-7.6	1.3	12.7	5.9	5.0	2.7	-4.3	-1.8	-1.0	1.9	0.9	0.8
Chemical, plastic, and oil by-products	-0.9	6.6	6.8	6.1	2.4	3.3	-3.8	-0.4	1.5	3.8	3.0	2.7
Non-metal minerals	-11.7	8.1	5.9	5.2	1.8	4.1	-1.7	3.8	0.1	5.2	1.3	1.3
Basic metal industries	4.1	18.8	11.1	4.0	0.4	3.0	-7.1	1.3	4.1	6.0	1.0	0.9
Metal products, machinery and equipment	-10.3	22.3	19.1	11.5	6.9	13.6	-6.9	-2.0	-4.9	5.1	5.8	5.4
Other	-10.2	14.4	10.5	7.9	5.8	8.2	-2.1	-3.6	-1.4	2.6	0.6	0.5

p/ Preliminary figures.

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI.

Table A 11 Crude Oil / Gas Production and Crude Oil Reserves

Year	Crude oil (Million barrels per day)		Natural gas (Million cubic feet per day)	Total oil reserves (Thousand million barrels at end-period)
	Total	Daily average	Total	Total
1986	886.2	2.428	3,431	70.9
1987	927.5	2.541	3,498	70.0
1988	917.2	2.506	3,478	69.0
1989	917.2	2.513	3,572	67.6
1990	930.0	2.548	3,651	66.5
1991	976.7	2.676	3,634	65.5
1992	976.5	2.668	3,584	65.0
1993	975.6	2.673	3,576	65.1
1994	980.0	2.685	3,625	64.5
1995	955.2	2.617	3,759	63.2
1996	1,046.0	2.858	4,195	62.1
1997	1,103.0	3.022	4,467	60.9
1998	1,120.9	3.071	4,791	56.5
1999	1,060.7	2.906	4,791	57.7
2000	1,102.4	3.012	4,679	58.2
2001	1,141.4	3.127	4,511	56.2
2002	1,159.6	3.177	4,423	53.0
2003	1,230.4	3.371	4,498	50.0
2004/p	1,238.2	3.383	4,573	48.0

p/ Preliminary figures.

Source: PEMEX Activities Report 1989-2004 (*Memorias de Labores 1989-2004*), and crude oil indicators (*Indicadores Petroleros*), vol. XVII, Num.2, PEMEX.

Table A 12

Total Number of Workers Insured by the IMSS
Thousands

Year	Permanent	Temporary Urban Workers	Total
1994	8,818	1,083	9,901
1995	8,502	630	9,132
1996	9,163	794	9,957
1997	9,837	714	10,551
1998	10,141	1,170	11,311
1999	10,629	1,388	12,017
2000	11,026	1,520	12,546
2001	10,713	1,450	12,164
2002	10,733	1,493	12,226
2003 Jan	10,642	1,503	12,144
Feb	10,652	1,521	12,174
Mar	10,670	1,537	12,207
Apr	10,666	1,549	12,215
May	10,651	1,559	12,210
Jun	10,634	1,572	12,205
Jul	10,612	1,585	12,198
Aug	10,607	1,594	12,201
Sep	10,640	1,599	12,240
Oct	10,706	1,638	12,344
Nov	10,742	1,647	12,389
Dec	10,636	1,555	12,191
2004 Jan	10,599	1,575	12,173
Feb	10,638	1,599	12,237
Mar	10,689	1,631	12,320
Apr	10,714	1,635	12,349
May	10,748	1,637	12,385
Jun	10,767	1,647	12,415
Jul	10,798	1,674	12,472
Aug	10,799	1,671	12,470
Sep	10,855	1,697	12,552
Oct	10,920	1,730	12,650
Nov	10,955	1,747	12,701
Dec	10,863	1,646	12,509

Source: Social Security Institute (*Instituto Mexicano del Seguro Social, IMSS*).

Table A 13

Unemployment Rates in Urban Areas

	Open ^{1/}	Broad Open ^{2/}	Labor Market Pressures ^{3/}	Open Unemployment and Less-than-35-hours-week Employed Population ^{4/}	Open Unemployment and Employed Population Earning Below Minimum Wage ^{5/}
1994	3.6	6.0	4.6	22.3	11.2
1995	6.3	8.6	7.7	25.7	16.2
1996	5.5	6.3	6.8	25.3	17.2
1997	3.7	4.5	4.8	23.3	16.3
1998	3.2	4.1	4.0	21.8	14.7
1999	2.5	3.4	3.1	19.1	12.8
2000	2.2	2.9	2.8	18.9	10.2
2001	2.5	3.1	3.0	18.8	9.7
2002	2.7	3.3	3.3	18.4	8.5
2003	3.2	3.9	4.0	20.6	9.8
2004	3.7	4.4	4.8	21.4	10.8
2003	I 2.8	3.4	3.4	20.4	9.2
	II 3.0	3.5	3.5	21.6	9.5
	III 3.8	4.5	4.6	19.5	10.2
	IV 3.5	4.1	4.4	20.8	10.3
2004	I 3.9	4.5	4.8	22.1	11.0
	II 3.6	4.3	4.7	23.0	10.7
	III 4.0	4.8	5.3	19.4	11.0
	IV 3.5	4.1	4.4	21.3	10.6

1/ Ratio of openly unemployed population to economically active population. Openly unemployed population includes individuals 12 years and over who did not work even one hour a week during the reference period but were searching for remunerated employment or attempted to work self-employed.

2/ Ratio of economically active population and available economically inactive population (available for work despite having ceased looking for employment or might start working in the near future) to openly unemployed population during the reference period. The broader definition of unemployed population used in this section includes not only the openly unemployed, but also the economically inactive population who ceased looking for employment to dedicate themselves to domestic activities or schooling, but nevertheless were available for employment. Such classification is also known as Covered Unemployed. This item also includes individuals who expect to begin working in the four weeks following the reference period.

3/ Ratio of openly unemployed population and/or employed population seeking for additional employment to economically active population.

4/ Ratio of openly unemployed population and less-than-35 hours a week employed population to economically active population.

5/ Ratio of openly unemployed population and employed population earning below the minimum wage to economically active population.

p/ Preliminary figures.

Source: National Urban Employment Survey (Encuesta Nacional de Empleo Urbano), INEGI.

Table A 14

Real Exchange Rate ^{1/}

1990 = 100

Year	Based on Unit Labor Costs in the Non-maquiladora Manufacturing Industry ^{2/}	Annual percentage change	
1982	71.2	40.6	
1983	105.4	48.1	
1984	100.8	-4.4	
1985	101.0	0.2	
1986	138.3	37.0	
1987	147.9	6.9	
1988	121.1	-18.1	
1989	106.2	-12.3	
1990	100.0	-5.8	
1991	91.2	-8.8	
1992	78.8	-13.6	
1993	73.2	-7.1	
1994	76.2	4.1	
1995	125.9	65.3	
1996	129.2	2.6	
1997	113.9	-11.8	
1998	113.0	-0.9	
1999	102.9	-8.9	
2000	92.3	-10.4	
2001	85.4	-7.4	
2002	87.2	2.1	
2003	96.3	10.4	
2004	104.1	8.2	
2003	I	95.8	15.9
	II	93.5	8.8
	III	94.9	5.5
	IV	101.0	11.7
2004	I	100.9	5.4
	II	104.7	12.0
	III	106.0	11.7
	IV	104.9	3.9

^{1/} Rate increases reflect peso depreciation.

^{2/} Real effective exchange rate estimated according to hourly wages adjusted by hourly output per hour worked in Mexico and its eight major trading partners. Estimates based on seasonally adjusted series.

Source: Banco de México, International Monetary Fund and INEGI.

Prices, Wages and Productivity

Table A 15 Price Indexes

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Prices	Annual percentage change									
Consumer prices										
End-period	51.97	27.70	15.72	18.61	12.32	8.96	4.40	5.70	3.98	5.19
Annual average	35.00	34.38	20.63	15.93	16.59	9.49	6.37	5.03	4.55	4.69
Producer prices excluding oil and services										
End-period	56.90	24.76	13.66	19.41	8.66	7.38	2.61	6.29	6.24	7.97
Annual average	38.64	33.88	17.55	15.98	14.24	7.84	5.02	3.66	6.31	8.58
Producer prices excluding oil and including services										
End-period	51.01	26.55	15.18	18.59	11.94	8.58	4.33	5.67	4.52	6.52
Annual average	36.01	32.32	19.88	16.01	15.98	9.42	6.14	4.87	4.90	6.43
Producer prices including oil and services										
End-period	52.60	26.68	13.51	17.60	13.71	8.06	3.67	7.05	4.83	6.56
Annual average	37.62	32.56	18.97	14.89	16.62	10.40	5.28	5.19	5.51	6.81
Construction Cost Index (Residential) ^{1/}										
End-period	45.59	25.38	15.88	19.14	14.37	7.59	3.47	3.50	6.92	12.15
Annual average	31.85	29.09	17.91	18.11	17.62	11.21	5.29	2.27	6.48	12.25

^{1/} Since January 2004 this indicator substituted the Social Housing Construction Cost Index (*Índice Nacional del Costo de Edificación de Vivienda de Interés Social, INCEVIS*).

Table A 16

Consumer Price Index (CPI)

Month	CPI 2Q. Jun 2002	Percentage change		
		Annual	Annual 12-month moving average	Monthly
1989 Dec	14.319	19.70	20.01	
1990 Dec	18.605	29.93	26.65	
1991 Dec	22.101	18.79	22.66	
1992 Dec	24.740	11.94	15.51	
1993 Dec	26.721	8.01	9.75	
1994 Dec	28.605	7.05	6.97	
1995 Dec	43.471	51.97	35.00	
1996 Dec	55.514	27.70	34.38	
1997 Dec	64.240	15.72	20.63	
1998 Dec	76.195	18.61	15.93	
1999 Dec	85.581	12.32	16.59	
2000 Dec	93.248	8.96	9.49	
2001 Dec	97.354	4.40	6.37	
2002 Dec	102.904	5.70	5.03	
2003 Jan	103.320	5.16	5.06	0.40
Feb	103.607	5.52	5.12	0.28
Mar	104.261	5.64	5.20	0.63
Apr	104.439	5.25	5.25	0.17
May	104.102	4.70	5.25	-0.32
Jun	104.188	4.27	5.19	0.08
Jul	104.339	4.13	5.07	0.14
Aug	104.652	4.04	4.97	0.30
Sep	105.275	4.04	4.89	0.60
Oct	105.661	3.96	4.81	0.37
Nov	106.538	3.98	4.69	0.83
Dec	106.996	3.98	4.55	0.43
2004 Jan	107.661	4.20	4.47	0.62
Feb	108.305	4.53	4.39	0.60
Mar	108.672	4.23	4.27	0.34
Apr	108.836	4.21	4.19	0.15
May	108.563	4.29	4.16	-0.25
Jun	108.737	4.37	4.16	0.16
Jul	109.022	4.49	4.19	0.26
Aug	109.695	4.82	4.26	0.62
Sep	110.602	5.06	4.35	0.83
Oct	111.368	5.40	4.47	0.69
Nov	112.318	5.43	4.59	0.85
Dec	112.550	5.19	4.69	0.21

Table A 17 **Consumer Price Index (CPI) by Type of Goods**
Annual percentage change

Month	CPI	Food, beverages and tobacco	Apparel, footwear and accessories	Housing	Furniture and household goods	Medical and personal care	Transport	Education and entertainment	Other goods and services	
1991	Dec	18.79	15.51	11.72	23.88	11.91	16.74	29.83	24.07	13.65
1992	Dec	11.94	8.58	13.16	13.55	10.94	16.82	10.09	21.75	14.18
1993	Dec	8.01	4.74	6.65	10.22	5.94	9.28	8.53	15.80	10.37
1994	Dec	7.05	6.94	4.76	8.04	5.69	9.78	6.94	8.64	5.12
1995	Dec	51.97	61.73	44.85	41.77	62.54	58.01	55.84	40.51	39.58
1996	Dec	27.70	29.12	28.65	26.00	26.77	24.68	33.48	20.19	24.46
1997	Dec	15.72	13.30	18.38	17.69	15.61	17.56	15.87	15.18	16.73
1998	Dec	18.61	22.02	16.56	14.10	16.37	20.18	19.86	17.13	18.27
1999	Dec	12.32	7.85	13.88	13.11	14.67	19.14	12.27	15.95	16.75
2000	Dec	8.96	8.06	8.46	10.50	4.69	9.03	8.08	12.78	10.65
2001	Dec	4.40	3.75	4.04	2.68	0.49	5.97	3.83	10.47	9.79
2002	Dec	5.70	5.45	2.19	9.54	-2.08	3.72	3.95	7.25	6.47
2003	Jan	5.16	3.75	2.25	10.41	-2.15	4.01	2.27	7.02	6.04
	Feb	5.52	6.27	1.79	8.71	-1.85	3.74	2.21	6.81	5.57
	Mar	5.64	7.36	1.55	7.93	-1.24	3.94	2.31	6.64	5.51
	Apr	5.25	6.39	1.38	7.30	-1.69	3.92	1.99	7.54	5.06
	May	4.70	5.88	1.37	5.76	-0.93	4.14	1.51	7.47	5.29
	Jun	4.27	4.81	0.54	5.35	-0.74	4.57	1.37	7.20	5.23
	Jul	4.13	4.14	0.27	5.32	-0.67	4.71	1.34	7.16	5.62
	Aug	4.04	3.71	0.16	5.12	-0.63	4.78	1.62	7.25	5.85
	Sep	4.04	4.56	-0.05	4.71	-0.20	4.65	2.00	5.99	5.80
	Oct	3.96	4.80	0.10	4.20	-0.16	4.39	1.90	6.32	5.62
	Nov	3.98	4.56	0.22	4.46	-0.02	4.54	1.74	6.23	5.80
	Dec	3.98	4.31	0.32	4.20	0.16	4.35	2.47	6.35	5.88
2004	Jan	4.20	5.74	0.54	3.73	0.46	4.05	3.13	5.79	5.92
	Feb	4.53	6.98	0.45	3.90	0.50	3.99	3.63	5.43	5.80
	Mar	4.23	5.61	0.26	4.01	0.48	3.90	3.86	5.31	5.48
	Apr	4.21	5.29	0.29	4.11	0.89	3.63	4.54	4.64	5.69
	May	4.29	5.25	0.40	4.38	0.32	3.46	5.16	4.62	5.27
	Jun	4.37	4.90	1.27	4.56	0.45	3.07	5.68	4.88	5.13
	Jul	4.49	5.24	1.80	4.84	0.46	2.82	5.36	4.99	5.01
	Aug	4.82	7.07	1.65	4.97	0.26	2.73	5.22	4.59	4.58
	Sep	5.06	8.07	1.60	5.08	0.27	2.82	4.93	4.78	4.46
	Oct	5.40	9.30	1.49	4.99	0.86	2.90	5.23	4.75	4.70
	Nov	5.43	9.36	1.41	4.89	1.17	2.83	5.41	4.81	4.73
	Dec	5.19	8.17	1.14	5.04	1.28	2.89	5.38	4.77	4.72

Table A 18 **Headline and Core CPI Inflation, and Complementary CPI Subindexes**
Annual percentage change

	Month	Headline CPI	Core CPI	Administered and Regulated	Livestock	Education
1996	Dec	27.70	25.63	35.69	30.21	20.52
1997	Dec	15.72	15.93	17.35	11.80	19.09
1998	Dec	18.61	17.68	18.13	24.29	17.71
1999	Dec	12.32	14.24	13.36	0.25	18.10
2000	Dec	8.96	7.52	12.58	10.07	15.16
2001	Dec	4.40	5.08	2.21	1.35	14.02
2002	Dec	5.70	3.77	10.96	8.65	10.04
2003	Jan	5.16	3.78	10.55	4.01	9.92
	Feb	5.52	3.54	8.86	10.29	10.24
	Mar	5.64	3.53	8.22	13.42	10.24
	Apr	5.25	3.51	7.42	10.74	10.39
	May	4.70	3.61	4.65	9.18	10.41
	Jun	4.27	3.60	4.21	6.09	10.31
	Jul	4.13	3.59	4.36	4.21	10.34
	Aug	4.04	3.54	4.34	3.06	11.28
	Sep	4.04	3.51	4.02	5.47	8.57
	Oct	3.96	3.48	3.24	6.40	8.56
	Nov	3.98	3.57	3.63	5.13	8.59
	Dec	3.98	3.66	3.91	3.65	8.59
2004	Jan	4.20	3.60	3.85	7.10	8.47
	Feb	4.53	3.56	4.54	10.28	8.22
	Mar	4.23	3.52	4.71	6.46	8.20
	Apr	4.21	3.51	5.13	5.36	8.26
	May	4.29	3.46	5.99	4.92	8.37
	Jun	4.37	3.64	6.51	3.24	8.45
	Jul	4.49	3.67	6.95	3.47	8.60
	Aug	4.82	3.66	7.10	7.98	7.49
	Sep	5.06	3.76	7.09	9.99	7.51
	Oct	5.40	3.84	7.30	12.92	7.52
	Nov	5.43	3.82	7.24	13.41	7.49
	Dec	5.19	3.80	7.51	10.11	7.50

Table A 19 **Producer Price Index (PPI) Excluding Oil**
 1994 = 100

Period	Merchandise			Services			Merchandise and Services		
	Index	Percentage change		Index	Percentage change		Index	Percentage change	
		Annual	Monthly		Annual	Monthly		Annual	Monthly
1995 Dec	43.686	56.90	3.83	39.416	45.15	2.62	41.307	51.01	3.24
1996 Dec	54.501	24.76	2.58	50.468	28.04	3.59	52.272	26.55	3.11
1997 Dec	61.943	13.66	1.08	58.786	16.48	1.08	60.205	15.18	1.09
1998 Dec	73.966	19.41	1.61	69.218	17.75	2.51	71.399	18.59	2.08
1999 Dec	80.374	8.66	0.78	79.512	14.87	1.07	79.924	11.94	0.93
2000 Dec	86.305	7.38	0.57	87.146	9.60	1.03	86.780	8.58	0.82
2001 Dec	88.556	2.61	-0.32	92.178	5.77	0.37	90.541	4.33	0.06
2002 Dec	94.128	6.29	0.31	96.960	5.19	0.31	95.672	5.67	0.31
2003 Jan	94.559	6.24	0.46	97.230	4.41	0.28	96.010	5.21	0.35
Feb	95.708	7.64	1.22	97.483	4.56	0.26	96.671	5.91	0.69
Mar	96.971	8.34	1.32	97.794	4.63	0.32	97.419	6.26	0.77
Apr	96.705	7.60	-0.27	98.088	4.32	0.30	97.460	5.77	0.04
May	96.112	6.16	-0.61	98.120	4.00	0.03	97.210	4.96	-0.26
Jun	96.443	5.71	0.34	98.248	3.71	0.13	97.428	4.60	0.22
Jul	96.568	5.30	0.13	98.254	3.53	0.01	97.489	4.32	0.06
Aug	96.998	5.60	0.45	98.533	3.35	0.28	97.833	4.35	0.35
Sep	97.471	5.62	0.49	99.169	3.39	0.65	98.392	4.38	0.57
Oct	98.203	5.75	0.75	99.383	3.28	0.22	98.841	4.38	0.46
Nov	99.161	5.68	0.97	99.734	3.18	0.35	99.472	4.30	0.64
Dec	100.000	6.24	0.85	100.000	3.13	0.27	100.000	4.52	0.53
2004 Jan	100.403	6.18	0.40	100.527	3.39	0.53	100.469	4.64	0.47
Feb	101.991	6.56	1.58	101.188	3.80	0.66	101.564	5.06	1.09
Mar	103.465	6.70	1.45	101.491	3.78	0.30	102.414	5.13	0.84
Apr	104.917	8.49	1.40	101.968	3.96	0.47	103.348	6.04	0.91
May	105.324	9.59	0.39	102.125	4.08	0.15	103.621	6.60	0.26
Jun	105.553	9.45	0.22	102.995	4.83	0.85	104.192	6.94	0.55
Jul	105.841	9.60	0.27	103.555	5.40	0.54	104.624	7.32	0.41
Aug	106.547	9.84	0.67	103.857	5.40	0.29	105.116	7.44	0.47
Sep	107.079	9.86	0.50	104.196	5.07	0.33	105.545	7.27	0.41
Oct	107.496	9.46	0.39	104.490	5.14	0.28	105.897	7.14	0.33
Nov	108.281	9.20	0.73	104.828	5.11	0.32	106.443	7.01	0.52
Dec	107.968	7.97	-0.29	105.254	5.25	0.41	106.524	6.52	0.08

Table A 20

Producer Price Index (PPI) Excluding Oil

Classified by goods' end-use

Annual percentage change at December of each year

ITEM	1996	1997	1998	1999	2000	2001	2002	2003	2004
PPI including services	26.55	15.18	18.59	11.94	8.58	4.33	5.67	4.52	6.52
Domestic demand	27.77	15.86	18.84	12.88	8.96	4.89	5.31	4.11	6.67
Private consumption	28.47	16.05	18.87	12.78	9.01	4.90	5.53	3.79	5.56
Government consumption	22.93	20.33	18.80	14.61	11.70	9.02	5.53	4.41	4.92
Investment	26.87	13.55	18.77	12.59	7.68	3.19	4.35	5.30	12.85
Exports	17.61	9.75	16.50	3.94	5.07	-0.99	9.27	8.56	5.48
PPI excluding services	24.76	13.66	19.41	8.66	7.38	2.61	6.29	6.24	7.97
Domestic demand	25.56	13.60	19.76	9.71	7.85	3.42	5.81	5.79	8.61
Private consumption	26.62	14.27	20.25	9.05	8.15	3.61	6.26	5.25	6.00
Government consumption	18.57	13.44	16.53	9.78	8.35	2.59	4.19	5.71	9.82
Investment	23.72	12.28	18.89	11.07	7.22	3.06	4.93	6.92	13.03
Exports	18.88	14.06	16.68	0.36	3.31	-4.73	11.07	10.38	5.44
PPI services	28.04	16.48	17.75	14.87	9.60	5.77	5.19	3.13	5.25
Domestic demand	29.87	17.94	18.03	15.72	9.90	6.11	4.91	2.73	5.23
Private consumption	29.89	17.37	17.87	15.54	9.61	5.79	5.04	2.80	5.32
Government consumption	23.28	20.86	18.96	14.95	11.92	9.44	5.61	4.33	4.58
Investment	44.33	19.56	18.24	19.42	9.60	3.75	1.99	-1.44	7.13
Exports	15.10	4.88	15.20	7.08	6.64	2.30	8.12	7.28	5.65

Table A 21 **Producer Price Index (PPI) Excluding Oil and Including Services**
 Classified by origin of final goods
 Annual percentage change at December of each year

ITEM	1997	1998	1999	2000	2001	2002	2003	2004
PPI including Services	15.18	18.59	11.94	8.58	4.33	5.67	4.52	6.52
Primary Sector	11.01	31.82	-7.06	7.71	4.89	11.04	3.20	8.58
Agriculture, forestry and fishery	11.24	33.34	-7.61	8.35	5.78	10.40	1.75	8.08
Mining	7.72	9.92	2.56	-2.24	-10.60	24.13	29.72	13.12
Secondary Sector	13.91	18.34	10.26	7.19	2.33	5.03	6.48	7.78
Manufacturing industry	14.59	18.15	9.55	6.57	1.80	5.00	6.21	5.10
Food, beverages and tobacco	15.33	18.91	11.01	6.51	4.76	4.06	6.30	7.27
Textiles, apparel and leather	14.06	16.19	8.05	6.37	1.47	3.87	4.12	2.88
Timber and wood by-products	16.29	11.29	9.56	6.66	6.45	1.37	4.77	8.68
Paper, printing and publishing	5.60	15.76	12.92	11.11	1.91	3.65	3.85	2.96
Chemical, oil and plastic industries	14.41	17.48	15.57	11.80	-0.83	6.77	7.12	8.98
Non-metal minerals	21.40	21.47	7.80	6.70	1.36	2.55	5.07	1.59
Basic metal industries	9.99	22.63	-2.23	8.66	0.69	9.66	15.71	48.85
Metal products, machinery and equipment	14.27	18.39	3.97	1.81	-0.46	5.33	6.07	1.43
Other	12.90	20.30	4.66	4.25	2.47	7.37	4.38	2.68
Construction	11.75	18.95	12.53	9.14	3.97	5.11	7.27	14.49
Tertiary Sector	16.53	17.79	14.88	9.69	5.77	5.76	3.23	5.44
Electricity and gas	14.06	14.68	12.37	13.09	4.90	33.64	7.87	11.32
Commerce, restaurants and hotels	16.76	17.33	16.54	9.80	3.44	3.41	0.73	5.22
Transport and communications	15.69	20.34	11.75	8.04	3.90	4.95	3.96	8.23
Real estate leasing	16.10	15.97	12.11	6.62	5.81	6.58	4.44	3.63
Community, social and personal services	17.19	17.94	16.14	11.90	10.70	7.17	5.30	4.03

Table A 22

Construction Cost Index ^{1/}
Annual percentage change

Item	General		Residential	
	Dec. 2004	Contribution	Dec. 2004	Contribution
	Dec. 2003		Dec. 2003	
General Index	14.62	14.62	12.15	12.15
Construction materials subindex	17.74	13.58	14.79	11.03
Non-metal minerals	5.36	0.42	5.83	0.53
Cement and concrete	2.77	0.49	2.58	0.57
Cementing materials	4.08	0.09	4.60	0.15
Clay materials	2.92	0.09	3.15	0.17
Concrete materials	1.26	0.04	0.75	0.05
Concrete structures	8.60	0.11	6.07	0.20
Other concrete materials	3.48	0.03	3.75	0.04
Other non-metal mineral products	12.42	0.12	12.65	0.08
Timber products	12.55	0.22	10.74	0.29
Paint and other similar materials	11.82	0.22	12.16	0.21
Plastic materials	12.17	0.12	12.15	0.08
Other chemical products	5.13	0.18	5.83	0.01
Metal products	50.85	4.04	39.49	1.27
Metal pipes	48.52	1.51	50.51	0.16
Metal structures	59.60	1.98	58.73	0.84
Metal plates	51.68	0.37	55.01	0.05
Metal ducts	37.51	0.08	37.79	0.01
Metal doors and windows	15.70	0.09	15.73	0.21
Wire materials	77.43	4.50	77.40	6.30
Bars	76.87	3.55	76.56	4.63
Wire and wire rods	78.83	0.58	79.33	0.90
Wire mesh	80.81	0.37	80.45	0.76
Electric equipment	11.38	1.01	9.67	0.06
Electric accessories	38.67	0.82	38.88	0.55
Furniture and accessories	6.62	0.05	7.55	0.12
Other materials and accessories	17.69	1.04	10.70	0.35
Rented machinery and equipment subindex	4.13	0.07	4.72	0.05
Worker earnings subindex	4.47	0.97	4.42	1.08

^{1/} This indicator, which began publishing in January 2004 and is based on December 2003=100, substituted the Social Housing Construction Cost Index (*Índice Nacional del Costo de Edificación de Vivienda de Interés Social, INCEVIS*).

Table A 23

Contractual Wages

Period	Contractual Wages					
	Total			Manufacturing		
	Annual percentage increase	Number of workers (thousands)	Number of enterprises	Annual percentage increase	Number of workers (thousands)	Number of enterprises
1995 Average	12.3	1,491	3,633	10.9	442	1,782
1996 Average	21.0	1,491	3,686	20.2	457	1,811
1997 Average	19.5	1,495	4,074	20.4	419	1,973
1998 Average	17.7	1,568	4,525	18.2	501	2,168
1999 Average	16.5	1,572	4,671	17.9	499	2,107
2000 Average	12.4	1,819	5,358	13.3	627	2,354
2001 Average	9.1	1,732	5,679	10.0	575	2,348
2002 Average	5.8	1,757	5,487	6.4	549	2,450
2003 Average	4.7	1,763	5,337	5.2	525	2,296
2004 Average	4.1	1,776	5,920	4.6	534	2,432
2002 Jan	6.6	148	402	7.0	45	203
Feb	6.9	126	469	7.0	74	239
Mar	6.1	128	436	6.2	51	221
Apr	5.8	215	546	6.6	45	201
May	6.5	87	533	6.4	43	253
Jun	6.0	66	533	6.5	27	220
Jul	6.8	92	658	7.1	58	338
Aug	6.6	69	583	6.8	32	242
Sep	5.7	227	447	5.7	44	179
Oct	4.8	465	451	6.1	52	178
Nov	5.2	110	276	6.3	64	113
Dec	5.8	25	153	5.8	15	63
2003 Jan	5.2	155	507	5.5	45	238
Feb	5.0	151	594	5.0	87	315
Mar	5.0	170	603	5.5	78	344
Apr	5.0	206	564	5.7	42	238
May	4.9	72	536	5.3	30	192
Jun	5.7	82	539	5.6	27	201
Jul	4.5	218	425	5.4	31	144
Aug	5.4	61	500	5.3	31	169
Sep	5.0	69	335	5.4	45	162
Oct	4.2	466	336	4.9	34	135
Nov	4.3	77	231	4.1	55	87
Dec	4.2	36	167	4.6	19	71
2004 Jan	4.6	149	516	4.6	49	222
Feb	4.5	154	640	4.4	91	299
Mar	4.4	169	675	4.6	65	306
Apr	4.3	235	731	4.6	52	297
May	4.4	99	636	4.7	48	260
Jun	5.1	77	500	5.0	31	203
Jul	4.1	201	335	5.0	20	150
Aug	4.5	65	443	4.6	29	210
Sep	4.8	76	362	4.9	47	156
Oct	3.2	439	415	4.5	31	133
Nov	4.1	76	335	3.8	53	102
Dec	4.3	34	332	4.3	19	94

Note: Annual percentage wage increase figures correspond to weighted averages of monthly figures. Annual figures for number of workers and number of companies correspond to total monthly figures.

Source: Ministry of Labor.

Table A 24 Labor Productivity and Unit Labor Costs by Economic Sectors
Annual percentage change

Period	Labor Productivity					Unit Labor Costs					
	Manufacturing	Maquiladora	Trade			Manufacturing	Maquiladora	Trade			
			Wholesale	Retail	Total			Wholesale	Retail	Total	
1996	Average	7.7	3.1	-0.3	-0.9	0.4	-16.4	-8.4	-12.1	-9.3	-12.1
1997	Average	4.7	-5.1	0.8	-3.2	-3.6	-5.0	7.2	4.0	5.3	8.1
1998	Average	3.3	-0.7	2.4	0.7	0.8	-0.4	4.7	-0.3	3.0	1.5
1999	Average	2.9	-0.4	-1.4	3.4	1.7	-1.4	2.6	-0.1	-1.5	-2.4
2000	Average	5.3	0.8	2.6	5.5	3.6	0.9	3.7	4.4	0.9	3.1
2001	Average	1.2	-2.6	-8.1	-4.4	-7.7	5.4	11.9	8.1	4.1	7.6
2002	Average	5.4	0.3	-6.1	0.9	-2.3	-3.4	5.3	10.4	1.6	6.0
2003	Average	2.0	2.2	0.8	5.6	3.8	-0.9	-2.3	2.0	-2.3	-0.8
2004	Average	6.3	2.4	8.8	6.9	7.9	-5.8	-2.6	-5.4	-4.1	-4.8
2002	Jan	4.3	0.8	-7.6	-0.1	-4.2	1.4	8.8	12.4	2.0	7.9
	Feb	5.3	0.8	-5.5	0.8	-2.1	-1.6	7.0	11.6	0.3	6.6
	Mar	-1.2	-3.1	-11.5	-0.8	-5.9	3.5	8.1	13.0	4.4	7.2
	Apr	17.8	2.9	1.0	5.7	3.7	-11.3	5.9	10.0	-3.6	5.0
	May	6.3	1.6	-5.3	2.6	-1.3	-1.9	5.0	5.5	6.0	3.3
	Jun	4.2	-0.6	-9.5	-0.8	-5.1	-3.7	6.1	12.2	-0.4	6.3
	Jul	7.3	3.9	-4.4	3.4	0.0	-5.7	1.6	8.3	-1.6	3.1
	Aug	4.2	-1.3	-8.3	2.3	-2.6	-3.4	6.0	12.3	-0.4	5.4
	Sep	4.1	0.6	-6.0	-1.6	-3.6	-2.8	4.3	8.6	3.5	5.9
	Oct	5.5	3.2	-5.1	1.4	-1.4	-2.6	1.8	13.0	2.6	8.0
	Nov	2.9	-3.5	-6.7	-0.7	-3.1	-4.9	5.8	14.4	1.5	8.7
	Dec	5.4	-1.3	-3.8	-0.7	-2.0	-5.6	4.4	6.6	4.9	5.0
2003	Jan	2.5	2.3	-0.3	1.0	-0.3	-0.8	-2.6	7.8	5.5	7.5
	Feb	3.5	3.9	-1.2	2.2	0.1	-2.9	-3.6	5.3	2.9	4.2
	Mar	6.5	4.5	4.7	2.6	3.2	-5.3	-4.5	-0.5	-0.9	0.4
	Apr	-4.2	0.8	-3.9	0.3	-2.0	4.5	-1.6	5.3	3.5	3.9
	May	0.2	-0.2	-4.1	2.0	-0.6	0.4	-1.3	10.5	-2.3	5.1
	Jun	1.6	2.0	-2.2	7.4	3.8	0.7	-2.2	6.8	-3.3	0.5
	Jul	0.9	2.2	-0.8	9.8	6.3	2.6	-1.6	7.0	-4.7	-0.5
	Aug	-0.6	-1.5	-1.0	9.2	5.9	1.9	-0.8	2.3	-7.4	-4.4
	Sep	3.9	3.2	2.9	7.8	6.4	-1.8	-3.5	-0.4	-4.8	-3.6
	Oct	3.1	1.7	5.2	9.0	8.1	-1.2	0.6	-2.5	-6.0	-5.1
	Nov	0.9	3.5	4.1	8.4	7.0	-0.4	-2.3	-3.5	-6.3	-5.9
	Dec	7.3	5.3	6.0	7.2	7.1	-5.8	-3.8	-9.9	-3.1	-9.0
2004	Jan	4.6	1.2	1.0	7.7	5.8	-3.7	1.2	-1.3	-7.7	-5.8
	Feb	6.0	1.0	2.4	11.6	9.0	-4.0	1.0	-0.6	-8.7	-6.6
	Mar	10.1	4.6	12.6	9.7	12.1	-7.6	-2.0	-9.8	-7.0	-9.4
	Apr	6.3	4.6	7.1	9.0	9.3	-3.8	-2.8	1.8	-6.3	-1.7
	May	4.8	4.0	8.6	7.8	8.8	-5.8	-3.7	-2.1	-2.7	-2.6
	Jun	8.7	3.6	13.9	5.3	8.9	-7.6	-3.6	-7.4	0.1	-3.1
	Jul	6.2	1.8	9.6	5.1	6.5	-6.8	-3.4	-5.3	-0.3	-2.3
	Aug	7.5	1.1	15.1	3.7	7.8	-7.7	-3.7	-7.9	7.9	-0.3
	Sep	6.7	5.0	13.7	7.2	9.2	-5.3	-4.1	-11.6	-7.1	-8.1
	Oct	2.5	-1.2	5.7	5.4	5.1	-4.4	-2.0	-2.9	-3.3	-2.5
	Nov	7.1	-0.7	11.6	5.3	7.4	-6.9	-3.4	-15.3	-6.2	-11.1
	Dec	5.0	3.8	5.1	6.3	5.7	-6.0	-3.9	-3.9	-6.5	-4.8

Source: Bureau of Statistics (*Instituto Nacional de Estadística, Geografía e Informática, INEGI*).

Table A 25 **Nominal and Real Earnings per Worker by Economic Sectors**
Annual percentage change

Period	Nominal Earnings					Real Earnings					
	Manufacturing	Maquiladora	Trade			Manufacturing	Maquiladora	Trade			
			Wholesale	Retail	Total			Wholesale	Retail	Total	
1996	Average	21.6	27.5	18.7	21.3	19.3	-9.9	-5.5	-12.1	-10.2	-11.6
1997	Average	19.9	22.7	26.4	22.7	25.5	-0.6	1.8	4.9	1.8	4.2
1998	Average	19.3	20.7	18.4	20.8	19.0	2.8	4.0	2.1	4.1	2.6
1999	Average	18.3	19.1	14.7	18.3	15.5	1.5	2.2	-1.5	1.6	-0.8
2000	Average	16.0	14.3	17.3	17.0	17.2	6.0	4.4	7.1	6.8	7.1
2001	Average	13.5	16.0	5.7	5.7	5.7	6.7	9.0	-0.5	-0.5	-0.5
2002	Average	7.0	10.9	9.0	7.9	8.7	1.9	5.6	3.8	2.7	3.5
2003	Average	5.9	4.5	7.2	7.7	7.3	1.4	0.0	2.6	3.0	2.7
2004	Average	4.7	4.4	7.5	7.4	7.5	0.0	-0.2	2.7	2.6	2.7
2002	Jan	10.7	14.9	8.8	6.7	8.3	5.7	9.7	3.8	1.9	3.3
	Feb	8.6	13.0	10.5	5.9	9.4	3.6	7.8	5.5	1.1	4.4
	Mar	7.0	9.6	4.7	8.4	5.6	2.3	4.7	0.0	3.6	0.9
	Apr	9.5	14.0	16.4	6.7	14.0	4.6	8.9	11.1	1.9	8.9
	May	9.1	11.6	4.6	13.8	6.7	4.3	6.6	-0.1	8.7	2.0
	Jun	5.3	10.6	6.6	3.6	5.9	0.3	5.4	1.6	-1.2	0.9
	Jul	6.7	11.4	9.2	7.3	8.8	1.2	5.5	3.5	1.7	3.1
	Aug	6.0	10.2	8.4	7.3	8.2	0.6	4.6	3.0	1.9	2.7
	Sep	6.2	10.1	7.2	6.9	7.1	1.2	4.9	2.1	1.9	2.0
	Oct	7.8	10.2	12.6	9.1	11.7	2.8	5.0	7.3	4.0	6.5
	Nov	3.1	7.6	12.5	6.2	11.0	-2.2	2.1	6.8	0.8	5.3
	Dec	5.2	9.0	8.4	10.1	8.8	-0.4	3.1	2.5	4.2	2.9
2003	Jan	7.0	4.8	13.0	12.0	12.8	1.7	-0.3	7.5	6.5	7.3
	Feb	6.1	5.6	9.8	11.0	10.1	0.5	0.1	4.1	5.2	4.4
	Mar	6.6	5.4	10.1	7.4	9.5	0.9	-0.2	4.2	1.7	3.6
	Apr	5.4	4.4	6.6	9.3	7.2	0.1	-0.8	1.3	3.8	1.8
	May	5.3	3.1	11.0	4.3	9.3	0.6	-1.5	6.0	-0.4	4.4
	Jun	6.6	4.0	8.9	8.3	8.8	2.2	-0.3	4.5	3.9	4.3
	Jul	7.7	4.7	10.5	9.0	10.1	3.4	0.6	6.1	4.6	5.8
	Aug	5.4	1.7	5.4	5.2	5.3	1.3	-2.3	1.3	1.1	1.2
	Sep	6.1	3.7	6.7	6.7	6.7	2.0	-0.3	2.5	2.5	2.5
	Oct	5.9	6.4	6.7	6.6	6.7	1.9	2.3	2.6	2.5	2.6
	Nov	4.5	5.1	4.5	5.5	4.7	0.5	1.1	0.5	1.5	0.7
	Dec	5.1	5.3	-0.7	7.9	1.3	1.0	1.3	-4.5	3.8	-2.6
2004	Jan	5.0	6.6	3.8	3.5	3.8	0.7	2.3	-0.3	-0.6	-0.4
	Feb	6.4	6.6	6.4	6.5	6.4	1.7	2.0	1.8	1.9	1.8
	Mar	6.0	6.9	5.8	6.3	5.9	1.7	2.6	1.5	2.0	1.6
	Apr	6.6	5.9	13.6	6.4	11.9	2.3	1.6	9.0	2.1	7.4
	May	2.9	4.5	10.9	9.4	10.5	-1.3	0.2	6.3	4.9	6.0
	Jun	4.9	4.2	10.1	10.0	10.1	0.5	-0.1	5.5	5.4	5.5
	Jul	3.4	2.7	8.5	9.5	8.8	-1.0	-1.7	3.9	4.8	4.1
	Aug	4.1	2.1	11.1	17.3	12.6	-0.7	-2.6	6.0	12.0	7.4
	Sep	6.2	5.7	5.7	4.6	5.4	1.0	0.7	0.6	-0.4	0.3
	Oct	3.3	2.1	8.1	7.4	7.9	-2.0	-3.1	2.6	1.9	2.4
	Nov	5.1	1.1	-0.3	4.1	0.7	-0.3	-4.1	-5.4	-1.2	-4.4
	Dec	3.8	4.9	6.3	4.6	5.9	-1.3	-0.3	1.0	-0.6	0.7

Source: Bureau of Statistics (*Instituto Nacional de Estadística, Geografía e Informática, INEGI*).

Table A 26

Ex-ante and Ex-post Real Contractual Wages

Annual percentage change

Period	Ex-Post ^{1/}	Ex-Ante ^{2/}	Expected Inflation ^{3/}
1996 Average	-16.64	n.a.	n.a.
1997 Average	-0.10	5.12 ^{4/}	14.09 ^{4/}
1998 Average	3.20	3.47	14.00
1999 Average	0.75	2.59	13.32
2000 Average	6.25	3.13	8.88
2001 Average	5.47	2.41	6.40
2002 Average	3.90	1.51	4.21
2003 Average	1.20	0.59	4.14
2004 Average	0.02	0.10	4.03
2002 Jan	5.40	1.98	4.53
Feb	5.21	2.30	4.50
Mar	5.41	1.59	4.44
Apr	5.46	1.50	4.24
May	5.74	2.22	4.19
Jun	5.00	1.78	4.15
Jul	3.28	2.60	4.09
Aug	4.41	2.53	3.97
Sep	4.53	1.59	4.05
Oct	1.87	0.65	4.12
Nov	1.24	1.08	4.08
Dec	1.61	1.53	4.21
2003 Jan	1.37	0.80	4.36
Feb	1.31	0.57	4.40
Mar	0.43	0.70	4.27
Apr	0.52	0.82	4.15
May	1.72	0.57	4.31
Jun	1.65	1.33	4.31
Jul	2.57	0.32	4.17
Aug	2.46	1.24	4.11
Sep	1.60	0.95	4.01
Oct	0.81	0.30	3.89
Nov	1.17	0.46	3.82
Dec	1.75	0.33	3.86
2004 Jan	0.96	0.63	3.94
Feb	0.45	0.58	3.90
Mar	0.74	0.56	3.82
Apr	0.76	0.42	3.86
May	0.59	0.42	3.96
Jun	1.28	1.04	4.02
Jul	0.01	0.05	4.05
Aug	0.55	0.43	4.05
Sep	-0.06	0.73	4.04
Oct	-1.14	-0.90	4.14
Nov	-1.07	-0.20	4.31
Dec	-0.94	-0.02	4.32

n.a. not available.

^{1/} Ex-post real wage changes are defined as nominal wage increases granted in the previous 12 months deflated by annual inflation observed during the analyzed month.^{2/} Real ex-ante wages are calculated according to inflation expectations for the following 12 months.^{3/} Banco de México Survey of Private Sector Economic Analysts' Forecasts.^{4/} May-December 1997.

Source: Prepared by Banco de México with data from the Ministry of Labor and Banco de México.

Table A 27 **Minimum Wage**
Pesos per day

Period	National average ^{1/}	Geographic regions ^{2/}		
		A	B	C
1987 January 1	2.76	3.05	2.82	2.54
1987 April 1	3.31	3.66	3.39	3.05
1987 July 1	4.08	4.50	4.17	3.75
1987 October 1	5.10	5.63	5.21	4.69
1987 December 16	5.87	6.47	5.99	5.40
1988 January 1	7.04	7.77	7.19	6.48
1988 March 1	7.25	8.00	7.41	6.67
1989 January 1	7.83	8.64	8.00	7.21
1989 July 1	8.31	9.16	8.48	7.64
1989 December 4	9.14	10.08	9.33	8.41
1990 November 16	10.79	11.90	11.00	9.92
1991 November 11	12.08	13.33	12.32	11.12
1993 January 1	13.06	14.27	13.26	12.05
1994 January 1	13.97	15.27	14.19	12.89
1995 January 1	14.95	16.34	15.18	13.79
1995 April 1	16.74	18.30	17.00	15.44
1995 December 4	18.43	20.15	18.70	17.00
1996 April 1	20.66	22.60	20.95	19.05
1996 December 3	24.30	26.45	24.50	22.50
1998 January 1	27.99	30.20	28.00	26.05
1998 December 3	31.91	34.45	31.90	29.70
2000 January 1	35.12	37.90	35.10	32.70
2001 January 1	37.57	40.35	37.95	35.85
2002 January 1	39.74	42.15	40.10	38.30
2003 January 1	41.53	43.65	41.85	40.30
2004 January 1	43.30	45.24	43.73	42.11
2005 January 1	45.24	46.80	45.35	44.05

1/ Country's average weighted by number of wage earners in each region.

2/ States and municipalities are classified by regions to show country's differing costs of living. For details on classification methodology see "Minimum Wages", Minimum Wage Commission (*Comisión Nacional de Salarios Mínimos, CONASAMI*).

Monetary and Financial Indicators

Table A 28

Monetary and Financial Indicators

	2001	2002	2003	2004
Monetary Aggregates ^{1/}				
	Real annual percentage change			
Monetary Base	5.41	11.41	10.71	8.85
M1	8.21	12.91	7.00	8.75
M4	8.32	6.65	6.85	7.98
	Percentage of GDP			
Monetary Base	3.17	3.44	3.61	3.72
M1	9.52	10.47	10.64	10.94
M4	45.36	47.11	47.83	48.83
Nominal Interest Rates ^{2/}				
	Annual percent			
28-day TIIE	12.89	8.17	6.83	7.15
28-day CETES	11.31	7.09	6.23	6.82
CPP	10.12	5.36	4.45	4.62
CCP	10.95	6.17	5.15	5.41
Exchange Rate ^{3/}				
	Pesos per US dollar			
To settle liabilities denominated in foreign currency	9.1423	10.3125	11.2360	11.2648
Mexican Stock Exchange ^{3/}				
	Index base October 1978=100			
Stock Exchange Index (<i>IPC</i>)	6,372	6,127	8,795	12,918

1/ Average of observations at the end of the month.

2/ Average of daily or weekly observations.

3/ End of period.

Source: Banco de México and Mexican Stock Exchange (*Bolsa Mexicana de Valores, BMV*).

Table A 29

Monetary Aggregates

Stocks in thousand million pesos

End of period	Monetary base	M1	M2	M3	M4
Nominal stocks					
1991	38.6	113.6	339.1	358.0	386.7
1992	44.0	131.7	380.5	426.9	458.4
1993	47.2	157.0	469.5	540.6	580.1
1994	56.9	163.8	554.8	657.0	724.1
1995	66.8	171.6	754.4	784.5	869.2
1996	84.0	245.3	995.2	1,025.8	1,116.1
1997	108.9	325.8	1,291.2	1,321.7	1,401.5
1998	131.5	388.2	1,663.2	1,689.8	1,775.6
1999	188.7	489.9	2,030.0	2,046.9	2,120.6
2000	208.9	565.0	2,368.2	2,396.6	2,453.0
2001	225.6	680.7	2,766.3	2,794.8	2,843.6
2002	263.9	766.5	3,071.0	3,096.3	3,140.1
2003	303.6	857.7	3,468.4	3,502.2	3,534.9
2004					
Jan	278.4	812.3	3,476.7	3,519.9	3,556.5
Feb	273.6	804.7	3,470.4	3,525.8	3,562.8
Mar	267.4	797.1	3,547.8	3,625.9	3,664.5
Apr	273.1	800.0	3,563.6	3,608.4	3,646.2
May	276.7	817.0	3,568.8	3,612.1	3,647.4
Jun	278.8	849.8	3,609.5	3,664.7	3,698.9
Jul	282.0	830.9	3,624.6	3,675.0	3,707.3
Aug	277.1	824.8	3,620.1	3,678.1	3,710.1
Sep	280.8	832.8	3,668.8	3,741.6	3,780.4
Oct	285.2	845.1	3,738.2	3,817.5	3,854.1
Nov	294.8	866.2	3,762.3	3,851.8	3,889.2
Dec	340.2	946.6	3,895.4	3,984.6	4,023.6
Average stocks as a percentage of GDP ^{1/}					
1991	3.11	6.88	31.77	33.46	35.93
1992	3.11	9.86	31.01	34.01	36.51
1993	2.96	10.51	33.12	38.25	41.19
1994	3.17	10.44	35.01	40.70	43.93
1995	2.73	7.51	34.01	37.49	41.33
1996	2.49	7.51	34.43	35.36	38.78
1997	2.63	8.41	35.76	36.73	39.27
1998	2.69	8.55	37.70	38.48	40.71
1999	2.85	8.59	40.09	40.50	42.19
2000	2.99	8.74	40.08	40.42	41.62
2001	3.17	9.52	43.93	44.36	45.36
2002	3.44	10.47	46.06	46.47	47.11
2003	3.61	10.64	46.80	47.32	47.83
2004	3.72	10.94	47.53	48.36	48.83

The monetary base includes bills and coins in circulation plus the net creditor balance of commercial and development banks' current accounts at Banco de México.

M1 includes bills and coins held by the public plus domestic private sector deposits in checking accounts and in current accounts where funds can be withdrawn through debit cards.

M2 equals M1 plus domestic private sector bank deposits (other than deposits in checking and current accounts) plus federal government and private sector securities held by the resident private sector, and retirement savings funds.

M3 includes M2 plus non-residents' demand and term deposits in banks, plus federal government securities held by non-residents.

M4 equals M3 plus deposits in Mexican banks' agencies abroad.

1/ Based on average of observations at the end of the month.

Table A 30

Monetary Base

Stocks in thousand million pesos

End of period	Monetary Base	Liabilities		Assets	
		Bills and Coins in Circulation ^{1/}	Bank Deposits	Net Domestic Credit	Net International Assets ^{2/}
1991	38.581	36.172	2.409	3.514	35.067
1992	43.972	42.015	1.957	2.046	41.926
1993	47.193	47.193	0.000	-17.247	64.440
1994	56.935	56.920	0.015	41.896	15.040
1995	66.809	66.809	0.000	55.649	11.160
1996	83.991	83.991	0.000	34.307	49.684
1997	108.891	108.736	0.156	-51.049	159.940
1998	131.528	131.109	0.419	-100.836	232.364
1999	188.718	188.718	0.000	-71.350	260.068
2000	208.943	208.880	0.063	-133.443	342.386
2001	225.580	225.223	0.358	-185.735	411.315
2002	263.937	263.937	0.000	-265.566	529.503
2003					
Jan	246.102	246.102	0.000	-317.041	563.143
Feb	241.470	241.402	0.068	-333.077	574.547
Mar	237.850	237.850	0.000	-344.778	582.628
Apr	243.731	243.731	0.000	-324.303	568.034
May	246.356	246.356	0.000	-330.514	576.870
Jun	240.017	240.017	0.000	-337.303	577.320
Jul	242.514	242.514	0.000	-328.442	570.956
Aug	242.435	242.435	0.000	-354.769	597.204
Sep	238.703	238.703	0.000	-365.873	604.576
Oct	247.926	247.926	0.000	-374.111	622.037
Nov	260.002	260.002	0.000	-393.825	653.827
Dec	303.614	303.614	0.000	-360.043	663.657
2004					
Jan	278.373	278.373	0.000	-416.715	695.088
Feb	273.568	273.568	0.000	-425.192	698.760
Mar	267.425	267.425	0.000	-422.119	689.543
Apr	273.091	273.091	0.000	-416.247	689.337
May	276.652	276.652	0.000	-412.596	689.248
Jun	278.847	278.847	0.000	-418.680	697.527
Jul	281.999	281.999	0.000	-406.904	688.903
Aug	277.136	277.136	0.000	-418.739	695.875
Sep	280.789	280.789	0.000	-428.923	709.711
Oct	285.219	285.219	0.000	-418.811	704.030
Nov	294.825	294.825	0.000	-422.147	716.972
Dec	340.178	340.178	0.000	-375.992	716.170

1/ Bills and coins held by the public and in banks' vaults.

2/ Defined as gross reserves plus credit agreements with central banks with more than six months to maturity, minus total liabilities with the IMF and with foreign central banks with less than six months to maturity.

Table A 31

Monetary Aggregates M1, M2, M3 and M4

Stocks in thousand million pesos

	December					
	1999	2000	2001	2002	2003	2004
1. Bills and coins held by the public	164.2	182.0	198.9	232.2	263.6	301.2
2. Checking accounts (pesos)	233.9	267.8	317.2	353.6	397.5	410.5
3. Checking accounts (US dollars)	43.1	48.9	84.2	84.3	74.0	96.8
4. Current account deposits	48.7	66.3	80.3	96.4	122.6	138.1
5. M1 = (1+2+3+4)	489.9	565.0	680.7	766.5	857.7	946.6
6. Resident bank term deposits	779.4	690.1	689.2	640.1	725.5	798.6
7. Savings and Loan Companies' bank term deposits	5.1	4.3	5.0	6.0	7.7	9.7
8. Public securities held by residents ^{1/}	527.1	802.2	1,031.2	1,237.3	1,366.9	1,552.2
Federal government securities	501.5	665.0	681.3	812.1	873.6	807.9
Banco de México securities (BREM)s		21.0	141.4	152.6	140.1	197.2
IPAB securities		70.8	145.8	198.5	237.1	369.2
Other public securities	25.6	45.3	62.7	74.2	116.1	177.8
9. Private securities	55.0	85.8	96.3	133.1	176.5	206.0
10. Housing and other funds ^{2/}	173.6	220.8	263.8	288.1	334.1	382.4
11. M2=(5+6+7+8+9)	2,030.0	2,368.2	2,766.3	3,071.0	3,468.4	3,895.4
12. Non-resident bank term deposits	6.8	19.6	11.2	7.7	9.1	10.8
13. Public securities held by non-residents	10.1	8.8	17.2	17.6	24.8	78.4
14. M3=(10+11+12)	2,046.9	2,396.6	2,794.8	3,096.3	3,502.2	3,984.6
15. Resident deposits in Mexican bank agencies abroad	33.9	35.7	33.0	30.3	19.1	29.4
16. Non-resident deposits in Mexican bank agencies abroad	39.8	20.7	15.9	13.5	13.5	9.6
17. M4=(13+14+15)	2,120.6	2,453.0	2,843.6	3,140.1	3,534.9	4,023.6

1/ Includes Investment Companies Specialized in Retirement Savings (*Sociedades de Inversión Especializadas en Fondos para el Retiro, SIEFORES*).

2/ Includes public housing funds (National Employees' Housing Fund-*Instituto Nacional del Fondo de Vivienda para los Trabajadores, INFONAVIT* and the Housing Operation and Banking Fund-*Fondo de la Vivienda del ISSSTE, FOVISSSTE*) and retirement funds other than SIEFORES, particularly those managed by Banco de México and Public Employees' Social Security Institute (*Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado, ISSSTE*) retirement savings' funds.

Table A 32 Credit Market Conditions SurveyUp to fourth quarter of 2004 ^{1/}

Percentage of responses

Item	2003				2004						
	4th	1st	2nd	3rd	4th Quarter						
	Total	Total	Total	Total	Total	By firms' size ^{2/}			By type of firm ^{3/}		
					S	M	L	AAA	Exporters	Non-exporters	
Sources of financing	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Suppliers	56.8	57.4	56.0	58.5	55.5	63.6	55.7	47.4	31.3	55.9	55.1
Commercial banks	20.3	18.0	19.1	20.7	19.5	16.9	21.7	18.4	28.1	18.2	21.1
Foreign banks	3.3	3.6	4.2	2.8	2.9	1.7	1.7	3.9	15.6	3.1	2.6
Other firms from the same corporate group	12.9	13.6	13.7	11.2	14.5	13.6	14.9	15.8	12.5	14.0	15.2
Development banks	2.2	2.3	2.0	2.0	2.6	1.7	3.0	3.3	3.1	3.6	1.3
Headquarters	3.3	3.3	3.1	3.6	3.3	2.1	2.1	7.2	3.1	4.2	2.3
Other liabilities	1.2	1.8	1.9	1.2	1.7	0.4	0.9	4.0	6.3	1.0	2.4
Firms using bank credit	31.0	27.5	26.6	26.4	26.3	21.6	29.4	27.1	40.9	25.7	27.0
Destined for:											
Working capital	70.5	63.1	62.9	56.0	62.0	72.0	63.9	54.9	36.4	61.6	62.4
Liability Restructuring	10.1	13.6	12.4	14.1	14.1	14.0	11.1	15.7	27.3	14.1	14.1
Foreign trade transactions	7.2	8.3	8.1	9.9	7.1	4.0	5.6	11.8	9.1	9.1	4.7
Investment	10.1	11.2	12.9	16.8	14.1	10.0	16.7	13.7	18.2	13.1	15.3
Other purposes	2.1	3.8	3.7	3.2	2.7	0.0	2.7	3.9	9.0	2.1	3.5
Firms that did not use bank credit	69.0	72.5	73.4	73.6	73.7	78.4	70.6	72.9	59.1	74.3	73.0
Reason:											
High interest rates	22.2	20.9	21.9	25.9	26.6	23.8	32.1	26.1	17.9	25.1	28.3
Low demand for their products	7.0	6.6	7.5	6.6	6.5	8.3	2.8	8.7	7.1	5.9	7.2
Banks refusal to lend	13.7	12.2	13.5	11.0	12.5	11.3	13.8	13.0	14.3	12.3	12.7
Uncertainty regarding the country's economic conditions	19.8	18.8	18.3	14.9	15.0	16.7	14.7	11.6	17.9	15.5	14.5
Financial restructuring problems	10.1	11.0	10.1	13.0	11.0	10.7	11.9	10.1	10.7	11.2	10.8
Non-approval of credit applications	9.6	9.6	10.8	9.5	10.8	14.9	8.3	5.8	7.1	10.2	11.4
Overdue loan portfolio	3.9	4.2	5.0	4.9	2.8	2.4	2.8	4.3	7.1	2.7	3.0
Market competition problems	6.3	6.1	5.5	6.1	5.7	5.4	5.5	5.8	10.7	7.0	4.2
Other	7.4	10.6	7.4	8.1	9.1	6.5	8.1	14.6	7.2	10.1	7.9
Firms granting financing	79.1	78.7	79.3	80.4	77.5	79.8	76.6	78.0	59.1	86.8	67.4
Destined for:											
Clients	77.2	76.7	75.6	74.2	74.1	78.5	72.4	72.3	55.6	72.8	76.2
Suppliers	10.0	11.2	10.6	10.9	13.2	11.5	15.1	12.6	16.7	15.1	10.3
Other firms from the same corporate group	12.8	11.9	13.7	14.9	12.5	10.0	12.1	15.1	27.7	11.8	13.5
Other	0.0	0.2	0.1	0.0	0.2	0.0	0.4	0.0	0.0	0.3	0.0
Average maturity of financing granted (days)											
Clients	56	59	60	63	65	55	60	84	137	51	85
Suppliers	71	60	64	61	67	57	52	118	36	53	98
Other firms from the same corporate group	58	67	72	67	85	99	72	81	99	67	108
Firms requesting credit in the following 3 months	65.7	63.4	64.2	65.0	63.1	64.7	66	57.6	50	62.5	63.7

1/ Nationwide sample of at least 500 firms. Responses are voluntary and confidential.

2/ Firms' size was determined based on total sales of 1997:

- Size Total sales value (1997):
- Small = 1-100 million pesos
- Medium = 101-500 million pesos
- Large = 501-5000 million pesos
- AAA = More than 5000 million pesos

Given the size of the sample for AAA firms, the item *reasons for not using bank credit* includes total responses of firms, whether these received or not credit.

3/ Non-exporters are companies that only import goods and services and/or have no foreign trade activity.

Table A 33 Total Financing to the Non-financial Private Sector

Quartely data

Stocks in million pesos

	External Financing			Domestic Financing				
	Total financing	Direct external ^{1/}	Debt instruments placed abroad ^{2/}	From commercial banks ^{3/}	From development banks ^{3/}	Non-bank intermediaries ^{4/}	Debt instruments issued	Issuers ^{5/}
2001								
Mar	1,562,261	316,672	200,802	732,138	82,600	95,255	80,337	54,457
Jun	1,531,282	299,828	190,387	705,754	83,145	100,110	79,104	72,954
Sep	1,553,749	324,248	194,276	693,029	85,680	105,976	76,815	73,725
Dec	1,563,690	332,708	184,463	671,488	89,011	116,912	87,229	81,880
2002								
Mar	1,517,084	318,182	177,390	639,087	90,157	120,911	91,904	79,454
Jun	1,586,117	350,592	187,845	646,113	94,515	132,762	97,482	76,808
Sep	1,630,552	355,509	195,412	655,056	102,660	141,015	102,890	78,010
Dec	1,700,179	359,775	198,858	676,810	112,800	151,791	105,261	94,883
2003								
Mar	1,703,383	368,333	202,518	671,565	115,154	159,331	109,098	77,383
Jun	1,687,671	352,021	186,050	658,813	113,827	163,962	134,643	78,356
Sep	1,731,940	366,578	195,211	666,593	102,476	166,211	150,799	84,074
Dec	1,769,860	367,591	211,192	681,138	95,437	179,109	145,751	89,641
2004								
Mar	1,783,020	351,767	225,120	682,522	94,487	186,260	158,098	84,765
Jun	1,807,272	351,748	214,395	699,667	93,789	201,297	157,517	88,859
Sep	1,848,685	356,679	208,047	726,826	87,318	214,500	159,864	95,450
Dec	1,943,017	351,038	207,797	791,335	84,228	225,022	162,822	120,775

1/ Includes financing from foreign suppliers and from foreign banks and other creditors excluding PIDIREGAS.

2/ Commercial paper, bonds and securities placed abroad.

3/ Includes total loan portfolio, accrued interests, and portfolio associated with debt-restructuring programs (UDIs and IPAB-FOBAPROA).

4/ Special-purpose financial companies (*Sociedades Financieras de Objeto Limitado, SOFOLES*), savings and loan companies, financial leasing companies, financial factoring companies, and credit unions.5/ Information drawn from balance sheets of firms listed in the Mexican Stock Exchange (*Bolsa Mexicana de Valores, BMV*).Source: Mexican Stock Exchange (*BMV*), Balance of Payments Statistics and Banco de México.

Table A 34 Financial System Flow of Funds Matrix (January–December 2004) ^{1/}
Flows revalued as a percentage of GDP ^{2/}

	Resident private sector ^{3/}			Public sector ^{4/}			Banking sector ^{5/}			External sector		
	Use of funds (Assets)	Source of funds (Liabilities)	Net financing received	Use of funds (Assets)	Source of funds (Liabilities)	Net financing received	Use of funds (Assets)	Source of funds (Liabilities)	Net financing received	Use of funds (Assets)	Source of funds (Liabilities)	Net financing received
	a	b	c = b - a	d	e	f = e - d	g	h	i = h - g	j	k	l = k - j
1. Change in Domestic Financial Instruments + 8 + 9)	5.3	3.5	-1.8	0.9	2.0	1.2	2.2	3.3	1.1	0.5		-0.5
2. Financial instruments	5.3	1.0	-4.3	0.4	3.6	3.2	1.2	3.1	1.9	0.8		-0.8
3. Bills and coins	0.5		-0.5					0.5	0.5			
4. Checkable, time and savings deposits	1.6		-1.6	0.4		-0.4		2.0	2.0	0.1		-0.1
4.1 Non-financial enterprises and other institutions	0.7		-0.7	0.4		-0.4		1.1	1.1	0.1		-0.1
4.2 Households	0.9		-0.9					1.0	1.0	0.1		-0.1
5. Securities issued ^{6/}	2.6	0.4	-2.2		3.5	3.5	1.2	0.6	-0.6	0.7		-0.7
6. Retirement and housing funds ^{7/}	0.6	0.6	-0.1		0.1	0.1						
7. Financing		1.4	1.4	0.2	-0.6	-0.8	0.8	0.2	-0.7			
7.1 Non-financial enterprises and other institutions ^{8/}		0.4	0.4	0.2	-0.6	-0.8	-0.2	0.2	0.3			
7.2 Households		1.0	1.0				1.0	0.0	-1.0			
8. Shares and other equity		-0.3	-0.3				0.0		0.0	-0.4		0.4
9. Other financial system items ^{9/}		1.4	1.4	0.3	-1.0	-1.3	0.1		-0.1			
10. Change in External Financial Instruments + 13 + 14+15)	0.2	1.4	1.2	-0.4	0.3	0.7	1.4	0.3	-1.1	2.1	1.3	-0.8
11. Foreign direct investment		2.4	2.4							2.4		-2.4
12. External financing		-0.9	-0.9		0.3	0.3		0.3	0.3	-0.2		0.2
13. Financial assets held abroad	0.2		-0.2	-0.4		0.4	0.8		-0.8		0.7	0.7
14. Banco de México's International Reserves							0.6		-0.6		0.6	0.6
15. Errors and omissions (balance of payments)		-0.1	-0.1							-0.1		0.1
16. Statistical discrepancy ^{10/}		0.0	0.0							0.0		0.0
17. Total change in financial instruments +16)	5.5	4.9	-0.6	0.5	2.4	1.9	3.7	3.7	0.0	2.6	1.3	-1.3 ^{11/}

1/ Preliminary figures. Figures may not add up due to rounding.

2/ Excludes the effect of exchange rate fluctuations (peso vs. other currencies).

3/ Private sector includes firms, households and non-bank financial intermediaries.

4/ Public sector measured according to Public Sector Borrowing Requirements (*Recursos Financieros del Sector Público, RFSP*) including non-recurrent revenues.

5/ Banking sector includes Banco de México, development banks excluding non-financial intermediaries, and commercial banks (including agencies abroad). By construction, the banking sector has a total net position of zero (line item 17). Statistics on assets and liabilities from commercial banks, development banks and from Banco de México were used to consolidate banking sector's financial flows.

6/ Includes government securities, BPAs, BPATs, BREMs, private securities, and securities held by the SIEFORES.

7/ Includes retirement saving funds from both the Public Employees' Social Service Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado, ISSSTE*) and the Social Security Institute (*Instituto Mexicano del Seguro Social, IMSS*) held by Banco de México, and housing funds.

8/ The private sector column includes firms, credit unions, savings and loan companies, investment funds, financial leasing companies, financial factoring companies, special-purpose financial companies (*SOFOLÉS*), insurance companies, investment funds specialized in retirement savings (*SIEFORES*), bonding companies, deposit warehouses, public funds and trusts, brokerage houses, states and municipalities, and securities related with debt-restructuring programs. The public sector column includes institutions as defined in Public Sector Borrowing Requirements (*Requerimientos Financieros del Sector Público, RFSP*).

9/ Includes non-classified assets, real estate assets and others, as well as banking sector's capital accounts and balance sheets.

10/ Difference between financial data and data drawn from the balance of payments.

11/ Corresponds to the balance of payments' current account. A negative figure implies external financing to the domestic economy (external sector surplus), equal to Mexico's current account deficit.

Table A 35

Banco de México's One-year Bonds (*Bonos de Regulación Monetaria, BREMs*) ^{1/}

Weekly auction results

	Maturity (days)	Amount in million pesos			Price			
		Offered	Alloted	Tendered	Weighted placement	Maximum	Minimum alloted	Minimum
08/01/2004	343	1,500	1,500	16,910	99.70705	99.71190	99.70700	99.20000
15/01/2004	364	1,500	1,500	10,410	99.71130	99.71130	99.71130	90.00000
22/01/2004	357	1,500	1,500	9,300	99.69236	99.69236	99.69236	99.51600
29/01/2004	350	1,500	1,500	11,000	99.70796	99.70796	99.70796	99.65000
04/02/2004	344	1,500	1,500	22,790	99.71994	99.72000	99.71100	99.67349
12/02/2004	336	1,500	1,500	8,630	99.73000	99.73000	99.73000	99.71782
19/02/2004	364	1,500	1,500	11,600	99.72200	99.72200	99.72200	99.69491
26/02/2004	357	1,500	1,500	21,250	99.73847	99.74150	99.73500	99.00000
04/03/2004	350	1,500	1,500	18,600	99.74385	99.74998	99.74055	99.62280
11/03/2004	343	1,500	1,500	16,400	99.77760	99.77760	99.77760	99.60000
18/03/2004	364	1,500	1,500	17,550	99.77821	99.78464	99.77500	99.76508
25/03/2004	357	1,500	1,500	20,500	99.79100	99.79100	99.79100	99.50000
01/04/2004	350	1,500	1,500	7,690	99.80411	99.80411	99.80411	99.79211
07/04/2004	344	1,250	1,250	4,050	99.80945	99.80945	99.80945	99.78623
15/04/2004	336	1,250	1,250	2,600	99.80957	99.81400	99.80918	99.70000
22/04/2004	364	1,250	1,250	2,050	99.79488	99.79870	99.79380	99.78397
29/04/2004	357	1,250	1,250	4,550	99.82263	99.82263	99.82263	99.60000
06/05/2004	350	1,250	1,250	1,850	99.83005	99.83040	99.82991	99.83000
13/05/2004	343	1,250	1,250	2,500	99.83600	99.83600	99.83600	99.82884
20/05/2004	364	1,250	1,250	3,000	99.82410	99.82410	99.82410	99.81970
27/05/2004	357	1,250	1,250	4,850	99.83100	99.83100	99.83100	99.82195
03/06/2004	350	1,250	1,250	3,200	99.83480	99.83480	99.83480	99.82500
10/06/2004	343	1,250	1,250	5,750	99.83500	99.83500	99.83500	99.69467
17/06/2004	336	1,250	1,250	4,023	99.82941	99.85850	99.82757	99.81851
24/06/2004	364	1,250	1,250	4,236	99.82707	99.83327	99.82700	99.00000
01/07/2004	357	1,250	1,250	5,556	99.81713	99.83651	99.81600	99.78847
08/07/2004	350	1,250	1,250	3,450	99.83526	99.83965	99.83023	99.82081
15/07/2004	343	1,250	1,250	4,200	99.84137	99.84228	99.84000	99.81500
22/07/2004	364	1,250	1,250	5,050	99.84326	99.84326	99.84326	99.82369
29/07/2004	357	1,250	1,250	5,200	99.83015	99.84146	99.82800	99.81740
05/08/2004	350	1,250	1,250	1,350	99.82819	99.83035	99.82800	99.82800
12/08/2004	343	1,250	1,250	3,600	99.82707	99.82918	99.82688	99.70000
19/08/2004	336	1,250	1,250	1,250	99.82353	99.82353	99.82353	99.82353
26/08/2004	364	1,250	1,250	1,450	99.77084	99.77527	99.77000	99.77000
02/09/2004	357	1,250	1,250	1,950	99.72517	99.74121	99.71247	99.71247
09/09/2004	350	1,250	1,250	15,130	99.78366	99.78367	99.78366	99.70853
15/09/2004	344	1,250	1,250	8,048	99.79414	99.79738	99.79386	99.73182
23/09/2004	364	1,250	1,250	5,300	99.78643	99.79000	99.78291	90.00000
30/09/2004	357	1,250	1,250	9,610	99.77835	99.77994	99.77100	99.70001
07/10/2004	350	1,500	1,500	11,070	99.79581	99.79581	99.79581	99.72785
14/10/2004	343	1,500	1,500	18,300	99.80779	99.80809	99.80718	99.62288
21/10/2004	336	1,500	1,500	5,200	99.79472	99.80000	99.79288	99.77892
28/10/2004	364	1,500	1,500	4,080	99.77603	99.77603	99.77602	99.77602
04/11/2004	357	1,500	1,500	13,400	99.79208	99.79208	99.79208	99.66563
11/11/2004	350	1,500	1,500	22,600	99.79009	99.80306	99.78900	95.00000
18/11/2004	343	1,500	1,500	35,150	99.80855	99.80935	99.80794	99.00000
25/11/2004	364	1,500	1,500	8,650	99.79706	99.79996	99.79696	99.65977
02/12/2004	357	1,500	1,500	3,550	99.82950	99.82950	99.82950	99.81396
09/12/2004	350	1,500	1,500	23,623	99.83013	99.83260	99.82266	99.50000
16/12/2004	343	1,500	1,500	2,900	99.81694	99.82000	99.81215	99.80540
23/12/2004	336	1,500	1,500	3,850	99.82610	99.82760	99.82599	99.81350
30/12/2004	364	1,500	1,500	19,500	99.81213	99.81213	99.81213	99.75760

1/ Bonds issued by Banco de México to regulate the liquidity in the money market (in accordance with Article 7, Section VI of Banco de México's Law).

Table A 36

Banco de México's Three-year Bonds (*Bonos de Regulación Monetaria, BREMs*)^{1/}

Weekly auction results

Maturity (days)	Amount in million pesos			Price				
	Offered	Alloted	Tendered	Weighted placement	Maximum	Minimum allotted	Minimum	
08/01/2004	1078	1,000	1,000	6,050	98.85781	98.85781	98.85781	98.78000
15/01/2004	1071	1,000	1,000	5,600	98.91460	98.92001	98.91386	98.37774
22/01/2004	1064	1,000	1,000	7,500	98.88477	98.90113	98.86970	97.00000
29/01/2004	1057	1,000	1,000	12,800	98.88510	98.88510	98.88510	98.82759
04/02/2004	1051	1,000	1,000	9,500	98.89810	98.89810	98.89810	98.65067
12/02/2004	1043	1,000	1,000	20,050	98.94900	98.94900	98.94900	98.90624
19/02/2004	1036	1,000	1,000	19,000	98.98200	98.98200	98.98200	98.91209
26/02/2004	1092	1,000	1,000	18,650	98.99300	98.99300	98.99300	98.20000
04/03/2004	1085	1,000	1,000	5,500	99.10560	99.10560	99.10560	99.00000
11/03/2004	1078	1,000	1,000	5,900	99.17000	99.17000	99.17000	99.01989
18/03/2004	1071	1,000	1,000	4,823	99.16554	99.21915	99.10000	98.90000
25/03/2004	1064	1,000	1,000	10,800	99.24300	99.24300	99.24300	99.11288
01/04/2004	1057	1,000	1,000	2,210	99.20000	99.20001	99.20000	99.14214
07/04/2004	1051	1,250	1,250	8,610	99.18621	99.20000	99.17702	75.00000
15/04/2004	1043	1,250	1,250	52,450	99.16547	99.20544	99.11114	99.07214
22/04/2004	1092	1,250	1,250	19,550	99.15428	99.15660	99.14500	99.03278
29/04/2004	1085	1,250	1,250	6,299	99.20387	99.20500	99.20323	99.04000
06/05/2004	1078	1,250	1,250	23,003	99.23589	99.23590	99.23584	99.04625
13/05/2004	1071	1,250	1,250	1,750	99.20320	99.23060	99.19030	99.19030
20/05/2004	1064	1,250	1,250	9,600	99.17146	99.18146	99.16600	98.66230
27/05/2004	1057	1,250	1,250	20,770	99.18530	99.22459	99.18466	99.17136
03/06/2004	1050	1,250	1,250	2,500	99.18926	99.18980	99.17633	99.09699
10/06/2004	1043	1,250	1,250	3,925	99.18357	99.19446	99.18131	99.00000
17/06/2004	1036	1,250	1,250	8,450	99.21244	99.21245	99.21244	99.00000
24/06/2004	1092	1,250	1,250	7,150	99.18100	99.18100	99.18100	98.68191
01/07/2004	1085	1,250	1,250	5,210	99.20525	99.20808	99.18088	98.66580
08/07/2004	1078	1,250	1,250	10,250	99.22087	99.22695	99.21810	98.70160
15/07/2004	1071	1,250	1,250	8,100	99.22766	99.22805	99.22611	98.70927
22/07/2004	1064	1,250	1,250	1,650	99.22804	99.24023	99.22278	99.22278
29/07/2004	1057	1,250	1,250	5,150	99.25605	99.25605	99.25605	99.20228
05/08/2004	1050	1,250	1,250	6,520	99.25144	99.25990	99.25011	99.15465
12/08/2004	1043	1,250	1,250	4,250	99.25794	99.25794	99.25794	99.21438
19/08/2004	1092	1,250	1,250	2,875	99.22601	99.22610	99.22592	99.04594
26/08/2004	1085	1,250	1,250	1,800	99.17299	99.20596	99.16764	99.16764
02/09/2004	1078	1,250	1,250	6,500	99.20316	99.21089	99.19977	99.17297
09/09/2004	1071	1,250	1,250	12,200	99.22310	99.24000	99.20425	99.09768
15/09/2004	1065	1,250	1,250	13,850	99.24650	99.25904	99.24527	99.15000
23/09/2004	1057	1,250	1,250	7,930	99.24074	99.26273	99.23650	9.19229
30/09/2004	1050	1,250	1,250	10,200	99.24782	99.25062	99.24310	98.95752
07/10/2004	1043	1,500	1,500	15,512	99.28260	99.28700	99.28000	99.20000
14/10/2004	1036	1,500	1,500	11,500	99.28833	99.29532	99.28484	98.94361
21/10/2004	1092	1,500	1,500	5,000	99.22140	99.22140	99.22140	99.21575
28/10/2004	1085	1,500	1,500	9,700	99.23051	99.23689	99.22897	99.22227
04/11/2004	1078	1,500	1,500	10,750	99.23282	99.23282	99.23281	98.80281
11/11/2004	1071	1,500	1,500	46,219	99.21946	99.22000	99.21838	98.91547
18/11/2004	1064	1,500	1,500	14,022	99.22712	99.23000	99.22517	98.92486
25/11/2004	1057	1,500	1,500	7,800	99.24316	99.24914	99.24000	98.85000
02/12/2004	1050	1,500	1,500	5,100	99.26857	99.26857	99.26857	99.19767
09/12/2004	1043	1,500	1,500	10,670	99.26280	99.26671	99.26200	99.22801
16/12/2004	1092	1,500	1,500	15,017	99.25528	99.25978	99.24613	99.17485
23/12/2004	1085	1,500	1,500	6,200	99.23840	99.23900	99.23836	99.20602
30/12/2004	1078	1,500	1,500	4,500	99.22202	99.22202	99.22202	99.21047

1/ Bonds issued by Banco de México to regulate the liquidity in the money market (in accordance with Article 7, Section VI of Banco de México's Law).

Table A 37 **Representative Interest Rates**
Yields on Public Securities
Annual percentage rates ^{1/}

	Treasury Certificates (CETES) ^{2/}				Fixed-rate bonds				
	28 days	91 days	182 days	364 days	3 years (1092 days)	5 years (1820 days)	7 years (2520 days)	10 years (3640 days)	20 years (7280 days)
1994	14.10	14.62	14.07	13.83					
1995	48.44	48.24	43.07	38.56					
1996	31.39	32.91	33.67	34.38					
1997	19.80	21.26	21.88	22.45					
1998	24.76	26.18	21.55	22.38					
1999	21.41	22.38	23.31	24.13					
2000	15.24	16.15	16.56	16.94	15.81	15.37			
2001	11.31	12.24	13.10	13.79	13.14	12.98		10.76	
2002	7.09	7.46	8.08	8.54	9.51	9.84	10.19	10.13	
2003	6.23	6.51	6.92	7.37	7.83	8.18	8.80	8.98	8.39
2004	6.82	7.10	7.38	7.74	8.40	8.75	9.30	9.54	10.45
2002									
Jan	6.97	7.35	8.31	9.10	10.29	9.75		9.98	
Feb	7.91	8.17	8.67	9.11	9.55	9.63		9.93	
Mar	7.23	7.31	7.73	8.02	9.23	9.62		9.72	
Apr	5.76	6.40	6.85	7.34	8.35	9.48		9.85	
May	6.61	6.69	7.14	7.73	8.63	9.58		9.20	
Jun	7.30	7.49	8.33	8.12	8.72	9.50		9.95	
Jul	7.38	7.88	8.30	8.79	9.74	9.95	9.90	10.17	
Aug	6.68	7.07	7.80	8.56	9.56	9.84	9.93	10.23	
Sep	7.34	7.82	7.87	8.51	9.48	10.94	9.81	10.22	
Oct	7.66	8.23	9.05	9.67	10.85	10.46	11.08	11.17	
Nov	7.30	7.83	8.71	9.17	10.27	10.23	10.67	10.96	
Dec	6.88	7.27	8.14	8.41	9.47	9.10	9.77	10.12	
2003									
Jan	8.27	8.69	9.18	9.84	9.62	9.81	9.95	10.12	
Feb	9.04	8.86	9.04	9.19	9.80	9.55	10.25	10.09	
Mar	9.17	9.12	9.23	9.12	9.30	9.70	9.69	10.58	
Apr	7.86	8.00	8.10	8.33	8.64	9.13	9.45	9.53	
May	5.25	5.75	6.21	6.60	7.30	8.15	8.63	8.49	
Jun	5.20	5.37	6.03	6.51	6.85	7.35	7.87	8.07	
Jul	4.57	5.27	5.96	6.59	7.67	7.55	8.82	8.74	
Aug	4.45	5.11	5.90	6.63	7.06	7.51	8.57	8.88	
Sep	4.73	5.20	5.78	6.31	6.78	7.16	7.99	8.37	
Oct	5.11	5.38	5.59	5.92	7.05	7.32	8.18	8.24	8.39
Nov	4.99	5.23	5.74	6.42	6.50	7.25	7.77	8.35	
Dec	6.06	6.18	6.34	6.95	7.39	7.72	8.44	8.32	
2004									
Jan	4.95	5.11	5.49	5.76		7.39	7.96	8.32	8.79
Feb	5.57	5.63	5.85	6.26	7.19	7.74	8.26	8.38	
Mar	6.28	6.21	6.30	6.66	7.04	7.59	8.30	8.60	9.32
Apr	5.98	5.96	6.14	6.18	7.12	7.74	8.48	8.92	9.67
May	6.59	7.08	7.34	8.08	8.46	8.94	9.60	10.10	10.97
Jun	6.57	7.26	7.72	8.23	9.20	9.27	10.22	10.30	11.35
Jul	6.81	7.30	7.85	8.25	8.51	9.86	9.51	9.78	10.99
Aug	7.21	7.50	7.94	8.55	9.00	9.54	9.92	10.03	11.24
Sep	7.36	7.75	8.02	8.56	9.05	9.38	10.14	10.27	10.79
Oct	7.76	8.11	8.34	8.70	8.98	8.92	9.74	9.69	10.53
Nov	8.20	8.58	8.81	9.08	8.92	9.36	9.75	10.35	11.03
Dec	8.50	8.72	8.70	8.61	8.91	9.25	9.68	9.72	10.25

^{1/} Simple average.

^{2/} Primary auction placement rate for 28, 91, 182 and 364 days, respectively.

Continues

Continues

Representative Interest Rates

Yields on Public Securities

Annual percentage rates ^{1/}

	BONDES		UDIBONOS ^{4/}		BPAs ^{5/ 6/}		BPATs ^{5/}	BPA 182 ^{5/ 3/}
	3 years ^{2/} (1092 days)	5 years ^{3/} (1820 days)	5 years (1820 days)	10 years (3640 days)	3 years (1092 days)	5 years (1820 days)	5 years (1820 days)	7 years (2548 days)
1994								
1995								
1996								
1997	0.57		6.32					
1998	0.97		6.95					
1999	1.21		7.95	6.93				
2000	0.75	0.94	6.93	6.74	1.11	1.21		
2001	0.74	0.67		6.63	0.82	0.90		
2002	0.44	0.40		5.52	0.73	0.88	0.84	
2003		0.42		4.59	0.60		0.69	
2004		0.25		4.79	0.38		0.40	0.38
2002								
Jan	0.54	0.32		5.29	0.84	0.97		
Feb	0.47	0.30			0.84	0.96		
Mar	0.42	0.29		5.11	0.75	0.86		
Apr	0.42	0.25		4.89	0.69	0.81		
May	0.43	0.38			0.71	0.83		
Jun	0.38	0.42		5.32	0.71	0.82		
Jul		0.40		5.92	0.72		0.68	
Aug		0.40		5.80	0.72		0.79	
Sep		0.43			0.72		0.89	
Oct		0.55		6.06	0.69		0.92	
Nov		0.52		5.75	0.68		0.89	
Dec		0.48			0.68		0.85	
2003								
Jan		0.52		5.50	0.70		0.90	
Feb		0.48		5.44	0.68		0.87	
Mar		0.46		5.13	0.67		0.83	
Apr		0.39			0.58		0.67	
May		0.33		4.71	0.59		0.63	
Jun		0.36		4.19	0.60		0.66	
Jul		0.45		4.34	0.61		0.69	
Aug		0.49			0.62		0.71	
Sep		0.48		4.08	0.57		0.61	
Oct		0.35		3.89	0.55		0.58	
Nov		0.38			0.53		0.54	
Dec		0.40		4.00	0.51		0.54	
2004								
Jan		0.37		3.99	0.45		0.51	
Feb		0.37		4.07	0.45		0.53	
Mar		0.37			0.41		0.50	
Apr		0.27		4.21	0.38		0.46	
May		0.25		5.12	0.37		0.39	0.41
Jun		0.22			0.38		0.37	0.39
Jul		0.20		5.59	0.38		0.37	0.41
Aug		0.22		5.29	0.39		0.37	0.40
Sep		0.21		5.00	0.38		0.37	0.39
Oct		0.19		4.74	0.34		0.35	0.39
Nov		0.17		4.96	0.33		0.32	0.36
Dec		0.16		4.88	0.31		0.30	0.29

1/ Simple average.

2/ Spread in percentage points over the coupon paying the 91-day CETES primary auction interest rate.

3/ Spread in percentage points over the coupon paying the 182-day CETES primary auction interest rate.

4/ Federal government development bonds denominated in UDI's paying a fixed real interest rate.

5/ Savings protection bonds issued by the Institute for the Protection of Bank Savings (*Instituto de Protección al Ahorro Bancario, IPAB*).

6/ Spread in percentage points over the coupon paying the 28-day CETES primary auction interest rate.

Table A 38

Representative Interest Rates

Cost of Bank Term Deposits, Interbank Interest Rates, Bank Funding Rates and Commercial Paper

Annual percentage rates ^{1/}

	Cost of Bank Term Deposits					Interbank Interest Rates			Weighted Average Funding Rate		Commercial Paper Weighted Average Rate ^{2/}
	CCP	CCP-U.S. dollars	CCP-UDIs	CCP	CCP-Development banks	28-day TIIE	91-day TIIE	91-day MEXIBOR	Bank	Government	
1994				15.50							19.30
1995			6.81	45.12		55.21			52.56	48.00	59.43
1996	30.92	7.19	7.92	30.71		33.61			32.15	30.53	36.39
1997	20.04	6.63	6.59	19.12		21.91	22.29		20.98	19.88	22.14
1998	22.39	6.41	5.77	21.09		26.89	27.14		24.93	23.70	26.36
1999	20.89	6.32	4.07	19.73		24.10	24.63		22.45	20.80	23.74
2000	14.59	6.77	4.06	13.69	17.69	16.96	17.23		16.16	15.34	16.93
2001	10.95	5.33	5.26	10.12	12.75	12.89	13.43	10.42	11.95	11.13	12.80
2002	6.17	3.30	5.82	5.36	7.72	8.17	8.45	8.09	7.15	7.00	8.20
2003	5.15	2.95	5.75	4.45	6.61	6.83	7.15	6.81	6.15	5.96	6.91
2004	5.41	2.91	4.88	4.62	6.95	7.15	7.44	7.26	6.75	6.57	7.22
2002											
Jan	6.19	3.66	6.17	5.52	7.73	7.97	8.44	7.89	7.20	7.00	7.68
Feb	6.76	3.58	6.19	6.01	8.49	8.99	9.06	8.61	8.15	7.99	8.74
Mar	6.54	3.37	6.46	5.82	8.33	8.47	8.61	8.11	7.59	7.49	8.57
Apr	5.46	3.34	5.81	4.86	7.09	6.85	7.12	6.80	5.42	5.38	6.80
May	5.71	3.33	5.78	5.02	7.32	7.73	7.63	7.35	7.09	7.00	7.68
Jun	6.15	3.32	5.74	5.37	7.77	8.42	8.65	8.12	7.26	7.21	8.62
Jul	6.37	3.26	5.73	5.56	7.87	8.34	8.73	8.29	6.92	6.86	8.38
Aug	5.81	3.21	5.72	5.05	7.06	7.61	7.95	7.62	6.53	6.48	7.47
Sep	5.97	3.24	5.59	5.17	7.40	8.37	8.74	8.54	7.08	6.99	8.49
Oct	6.47	3.12	5.54	5.48	8.05	8.67	9.10	8.79	7.73	7.36	8.87
Nov	6.38	3.09	5.50	5.37	7.77	8.33	8.73	8.50	7.34	7.08	8.61
Dec	6.21	3.10	5.56	5.13	7.71	8.26	8.64	8.43	7.50	7.16	8.47
2003											
Jan	6.42	3.17	5.51	5.37	8.31	9.14	9.38	8.95	8.29	8.09	9.49
Feb	7.16	3.21	5.40	6.26	9.15	9.91	9.85	9.37	9.12	8.84	9.83
Mar	7.24	3.12	5.44	6.38	9.36	9.96	10.04	9.43	9.08	8.84	9.99
Apr	6.71	2.91	5.45	5.89	8.42	8.58	8.55	8.63	7.71	7.56	8.81
May	5.03	2.89	5.50	4.37	6.41	5.92	6.74	6.99	5.15	4.95	5.85
Jun	4.50	3.07	5.59	3.91	5.64	5.79	6.19	5.93	5.25	5.05	5.89
Jul	4.14	2.88	5.70	3.59	5.25	5.30	5.70	5.36	4.50	4.31	5.29
Aug	3.83	2.92	5.79	3.33	4.90	4.97	5.54	5.08	4.22	4.05	4.96
Sep	3.87	2.86	6.14	3.34	5.02	5.05	5.50	5.08	4.32	4.18	5.13
Oct	4.16	2.82	6.25	3.59	5.40	5.60	5.93	5.38	5.13	4.96	5.78
Nov	4.07	2.76	6.26	3.48	5.37	5.35	5.83	5.35	4.99	4.82	5.21
Dec	4.66	2.79	5.95	3.91	6.11	6.40	6.57	6.22	6.08	5.92	6.63
2004											
Jan	4.36	2.59	5.50	3.67	5.73	5.36	5.55	5.29	5.07	4.93	5.45
Feb	4.28	2.51	4.76	3.64	5.70	5.79	6.07	5.76	5.67	5.48	5.95
Mar	4.93	2.75	4.79	4.19	6.38	6.49	6.55	6.26	6.41	6.24	6.74
Apr	4.82	3.01	4.80	4.12	6.16	6.17	6.37	6.23	5.96	5.81	6.15
May	5.09	2.98	5.29	4.30	6.53	6.95	7.31	7.15	6.41	6.23	7.05
Jun	5.17	2.94	5.36	4.41	6.66	7.02	7.59	7.46	6.36	6.15	7.04
Jul	5.38	2.96	4.49	4.59	6.87	7.11	7.63	7.34	6.64	6.46	7.26
Aug	5.61	3.02	4.50	4.77	7.18	7.50	7.84	7.73	6.96	6.77	7.44
Sep	5.82	3.03	4.48	5.03	7.47	7.78	8.06	7.95	7.29	7.09	7.78
Oct	6.08	2.97	4.58	5.26	7.82	8.05	8.46	8.23	7.67	7.47	8.18
Nov	6.47	3.06	4.74	5.63	8.21	8.60	8.85	8.74	8.01	7.82	8.61
Dec	6.92	3.05	5.25	5.84	8.74	8.93	9.03	8.95	8.55	8.38	9.01

^{1/} Simple average.

^{2/} 28-day interest rate calculated based on data from the Mexican Stock Exchange (BMV).

Table A 39

Representative Exchange Rates

Pesos per US dollar

	Exchange Rate for Settling Liabilities Denominated in Foreign Currency Payable in Mexico ^{1/}		48-Hour Interbank Exchange Rate Closing References ^{2/}			
	End-period	Period average	Buy		Sell	
			End-period	Period average	End-period	Period average
2000	9.5722	9.4556	9.6200	9.4557	9.6500	9.4610
2001	9.1423	9.3425	9.1350	9.3350	9.1600	9.3399
2002	10.3125	9.6560	10.3800	9.6658	10.3950	9.6704
2003	11.2360	10.7890	11.2285	10.7972	11.2320	10.8023
2004	11.2648	11.2860	11.1500	11.2859	11.1510	11.2893
2001						
Jan	9.6687	9.7701	9.6800	9.7699	9.6840	9.7757
Feb	9.6618	9.7027	9.6875	9.7021	9.6930	9.7072
Mar	9.5380	9.6182	9.4670	9.5885	9.4700	9.5923
Apr	9.2671	9.3508	9.2420	9.3215	9.2470	9.3270
May	9.0851	9.1467	9.1635	9.1355	9.1700	9.1400
Jun	9.0608	9.0957	9.0300	9.0791	9.0400	9.0834
Jul	9.1920	9.1560	9.1670	9.1655	9.1700	9.1702
Aug	9.1438	9.1272	9.2075	9.1298	9.2100	9.1334
Sep	9.5258	9.3841	9.5125	9.4195	9.5175	9.4255
Oct	9.2421	9.3685	9.2580	9.3351	9.2610	9.3399
Nov	9.2762	9.2223	9.2210	9.2198	9.2300	9.2236
Dec	9.1423	9.1672	9.1350	9.1539	9.1600	9.1609
2002						
Jan	9.1714	9.1614	9.1560	9.1637	9.1600	9.1674
Feb	9.0815	9.1062	9.1230	9.0975	9.1270	9.1011
Mar	9.0298	9.0809	9.0125	9.0690	9.0150	9.0712
Apr	9.3196	9.1317	9.3910	9.1664	9.3940	9.1701
May	9.6134	9.4899	9.6450	9.5202	9.6500	9.5243
Jun	9.9998	9.7378	9.9600	9.7646	9.9650	9.7699
Jul	9.6944	9.7978	9.8710	9.7847	9.8750	9.7890
Aug	9.8990	9.8258	9.9400	9.8407	9.9480	9.8467
Sep	10.1667	10.0425	10.2100	10.0718	10.2140	10.0768
Oct	10.1593	10.0961	10.1800	10.0890	10.1910	10.0948
Nov	10.1496	10.2032	10.1420	10.1928	10.1490	10.1975
Dec	10.3125	10.1982	10.3800	10.2293	10.3950	10.2359
2003						
Jan	10.9863	10.5762	10.9055	10.6416	10.9130	10.6471
Feb	11.0329	10.9216	11.0170	10.9354	11.0220	10.9405
Mar	10.7671	10.9427	10.7560	10.9032	10.7600	10.9084
Apr	10.4304	10.6324	10.2570	10.5791	10.2700	10.5847
May	10.4063	10.2506	10.3150	10.2570	10.3230	10.2617
Jun	10.4808	10.4953	10.4400	10.5038	10.4500	10.5103
Jul	10.4878	10.4434	10.5800	10.4588	10.5875	10.4644
Aug	10.9337	10.7327	11.0470	10.7956	11.0500	10.8006
Sep	10.9272	10.9255	10.9975	10.9288	11.0025	10.9326
Oct	11.1078	11.1704	11.0300	11.1703	11.0340	11.1758
Nov	11.3522	11.1145	11.3700	11.1449	11.3800	11.1492
Dec	11.2360	11.2629	11.2285	11.2480	11.2320	11.2627
2004						
Jan	10.9145	10.9308	11.0380	10.9235	11.0440	10.9275
Feb	11.0932	11.0128	11.0615	11.0253	11.0650	11.0294
Mar	11.1540	10.9984	11.1220	11.0110	11.1240	11.0153
Apr	11.3387	11.2535	11.4120	11.2770	11.4140	11.2801
May	11.4515	11.5119	11.4390	11.5142	11.4440	11.5186
Jun	11.4116	11.3790	11.5085	11.3926	11.5130	11.3958
Jul	11.4801	11.4735	11.4150	11.4596	11.4160	11.4634
Aug	11.3739	11.3957	11.3750	11.3895	11.3800	11.3923
Sep	11.4106	11.4858	11.3735	11.4834	11.3775	11.4865
Oct	11.5118	11.3864	11.5310	11.3913	11.5340	11.3948
Nov	11.2470	11.3938	11.2375	11.3652	11.2395	11.3677
Dec	11.2648	11.2100	11.1500	11.1977	11.1510	11.2007

1/ The FIX exchange rate is determined by Banco de México as an average of wholesale foreign exchange references for transactions payable in 48 hours. Published in Mexico's Official Newsletter (*Diario Oficial de la Federación*) one banking business day after its determination date. It is used to settle liabilities denominated in foreign currency payable in Mexico on the next day.

2/ Representative exchange rate for wholesale transactions (between banks, securities firms, foreign exchange firms and other major financial and non-financial companies). Payable in two banking business days.

Table A 40

Dollar Auction Via the Mechanism to Reduce International Reserve Accumulation

Millions

	Daily amount to be auctioned (US dollars)	Amount auctioned during the month ^{2/}		Alloted weighted exchange rate ^{3/}
		US dollars	Pesos	
2003				
May	32	672	6,891	10.2546
Jun	32	672	7,063	10.5098
Jul	32	736	7,689	10.4476
Aug	14	294	3,170	10.7817
Sep	14	294	3,213	10.9287
Oct	14	322	3,598	11.1738
Nov	6	114	1,271	11.1471
Dec	6	126	1,417	11.2472
2004				
Jan	6	126	1,375	10.9157
Feb	45	855	9,422	11.0203
Mar	45	1,035	11,390	11.0052
Apr	45	900	10,146	11.2739
May	22	462	5,319	11.5125
Jun	22	484	5,512	11.3876
Jul	22	484	5,547	11.4609
Aug	22	484	5,514	11.3936
Sep	22	462	5,306	11.4855
Oct	22	462	5,266	11.3992
Nov	22	484	5,501	11.3666
Dec	22	484	5,421	11.1998

1/ Mechanism established by the Exchange Commission (*Comisión de Cambios*) to reduce the rate of international reserve accumulation via the auction of US dollars.

2/ Figures according to the day of auction.

3/ Figures weighted according to total amount of US dollars to be sold on the day of auction.

Table A 41 Mexican Stock Exchange Market Capitalization

Million pesos, according to last listed prices

	Overall Total	Mining	Manufacturing	Construction	Retail and Commerce	Transport and Communications	Services	Other ^{1/}
1999	1,460,336	41,128	283,474	114,008	202,002	522,492	164,040	133,193
2000	1,203,021	21,090	221,051	80,229	176,895	430,977	203,729	69,049
2001	1,157,600	9,565	211,339	103,222	181,424	427,960	154,211	69,879
2002	1,079,221	15,145	214,150	106,035	170,182	370,522	128,310	74,877
2003	1,376,927	45,134	197,027	161,935	226,695	500,344	144,949	100,843
2004	1,916,618	72,479	282,035	241,646	294,503	740,438	143,762	141,755
2001								
Jan	1,325,309	23,084	229,770	92,315	184,742	487,777	231,538	76,084
Feb	1,332,614	21,811	219,893	91,639	177,288	531,068	223,854	67,062
Mar	1,275,497	22,847	217,469	92,448	183,142	480,085	213,275	66,231
Apr	1,321,904	19,541	216,953	93,544	181,922	524,251	221,859	63,835
May	1,403,574	21,772	206,723	102,180	192,884	538,871	270,598	70,545
Jun	1,407,703	19,036	210,442	106,545	194,788	522,858	283,525	71,608
Jul	1,367,613	15,927	205,558	106,844	187,572	510,638	274,253	68,822
Aug	1,310,334	15,587	206,785	102,018	181,523	493,153	242,683	68,586
Sep	1,076,160	12,289	189,530	86,057	161,087	438,728	135,657	52,813
Oct	1,082,690	10,675	186,981	91,833	161,796	441,280	137,486	52,640
Nov	1,113,082	10,146	186,465	99,495	162,767	462,115	133,533	58,561
Dec	1,157,600	9,565	211,339	103,222	181,424	427,960	154,211	69,879
2002								
Jan	1,236,159	14,215	219,501	109,304	186,485	457,255	171,098	78,300
Feb	1,175,488	13,555	223,872	101,754	189,898	404,000	166,751	75,658
Mar	1,269,236	16,041	247,085	119,722	206,368	420,910	177,016	82,093
Apr	1,298,654	18,669	254,860	130,626	217,325	418,623	173,065	85,486
May	1,235,665	21,176	253,023	127,275	200,860	391,581	159,391	82,358
Jun	1,144,051	17,209	243,093	120,030	190,900	344,959	151,923	75,935
Jul	1,036,179	16,410	228,966	111,833	185,664	310,644	107,451	75,210
Aug	1,061,708	14,365	232,897	113,963	186,448	326,671	113,044	74,319
Sep	988,806	6,373	226,254	104,419	170,749	305,512	106,237	69,263
Oct	1,026,787	6,058	230,533	103,054	174,028	330,533	113,236	69,344
Nov	1,075,547	13,903	221,606	110,727	174,062	371,059	111,205	72,986
Dec	1,079,221	15,145	214,150	106,035	170,182	370,522	128,310	74,877
2003								
Jan	996,585	17,309	168,747	100,913	170,915	343,994	131,246	63,463
Feb	977,946	16,086	166,714	97,591	172,127	338,538	121,349	65,540
Mar	969,031	15,059	166,254	97,481	175,943	328,795	119,953	65,545
Apr	1,052,761	16,203	176,119	116,175	190,763	352,204	129,635	71,661
May	1,083,676	17,486	181,677	116,323	196,653	366,225	130,588	74,722
Jun	1,139,769	17,100	188,271	126,221	205,664	391,797	134,574	76,143
Jul	1,163,955	18,853	182,110	135,067	209,227	416,149	123,958	78,591
Aug	1,188,071	18,935	179,223	145,239	203,169	436,453	123,902	81,151
Sep	1,221,454	22,916	181,365	146,629	213,098	441,482	131,871	84,093
Oct	1,265,979	29,297	179,194	147,293	216,164	461,487	142,061	90,483
Nov	1,343,781	30,464	189,000	158,865	227,845	494,610	148,151	94,845
Dec	1,376,927	45,134	197,027	161,935	226,695	500,344	144,949	100,843
2004								
Jan	1,464,863	47,530	210,152	182,541	238,106	526,563	147,305	112,666
Feb	1,546,356	55,807	221,551	187,051	250,669	558,454	156,058	116,767
Mar	1,624,696	59,379	230,415	193,313	257,784	597,199	166,695	119,910
Apr	1,570,017	49,057	224,848	193,997	253,293	568,726	168,644	111,453
May	1,555,003	46,528	219,623	177,515	255,742	572,367	169,079	114,150
Jun	1,610,722	47,427	226,228	196,719	257,223	590,788	174,698	117,639
Jul	1,591,127	49,662	225,212	192,919	257,142	571,803	178,125	116,266
Aug	1,577,087	53,715	228,181	191,911	266,144	571,103	145,263	120,771
Sep	1,687,781	60,813	239,563	198,652	282,469	611,759	170,643	123,883
Oct	1,753,973	62,177	246,235	204,458	284,146	662,856	167,864	126,238
Nov	1,810,375	70,235	259,239	218,869	293,976	685,923	149,708	132,425
Dec	1,916,618	72,479	282,035	241,646	294,503	740,438	143,762	141,755

^{1/} Includes mainly holding companies.Source: Mexican Stock Exchange (*Bolsa Mexicana de Valores, BMV*).

Table A 42

Mexican Stock Exchange Index (*Indice de Precios y Cotizaciones de la Bolsa Mexicana de Valores, IPC*)

End of period, October 1978

	Overall Total	Mining	Manufacturing	Construction	Retail and Commerce	Transport and Communications	Services	Other ^{1/}
1999	7,130	9,894	3,281	10,890	11,728	31,176	587	3,847
2000	5,652	5,324	2,549	7,428	10,677	25,655	684	1,955
2001	6,372	2,455	2,303	9,919	12,322	27,237	872	2,081
2002	6,127	3,919	2,489	10,265	11,286	24,652	836	2,186
2003	8,795	10,390	2,948	14,635	15,325	36,721	1,103	3,198
2004	12,918	16,686	4,159	21,353	20,040	56,329	1,858	4,399
2002								
Jan	6,928	3,648	2,419	10,526	12,777	29,329	972	2,339
Feb	6,734	3,478	2,476	9,810	12,967	28,145	944	2,272
Mar	7,362	4,116	2,744	11,548	14,233	30,141	998	2,468
Apr	7,481	4,791	2,841	12,612	15,072	29,680	964	2,578
May	7,032	5,480	2,840	12,366	13,788	27,622	883	2,491
Jun	6,461	4,453	2,735	11,326	13,123	24,464	838	2,295
Jul	6,022	4,247	2,535	10,569	12,797	21,912	817	2,277
Aug	6,216	3,717	2,569	10,494	12,797	23,138	845	2,311
Sep	5,728	3,373	2,443	9,638	11,764	21,369	777	2,149
Oct	5,968	3,249	2,488	9,526	11,940	23,220	814	2,157
Nov	6,157	3,598	2,492	10,507	11,644	24,605	811	2,144
Dec	6,127	3,919	2,489	10,265	11,286	24,652	836	2,186
2003								
Jan	5,954	4,479	2,319	9,600	11,295	24,369	859	1,985
Feb	5,927	4,163	2,308	9,451	11,470	24,083	863	2,061
Mar	5,914	3,897	2,284	9,292	11,891	23,806	854	2,052
Apr	6,510	4,193	2,428	11,064	12,988	25,404	917	2,246
May	6,699	4,525	2,511	11,094	13,392	26,290	927	2,353
Jun	7,055	4,425	2,604	11,588	14,055	28,267	955	2,394
Jul	7,355	4,879	2,563	12,377	14,341	30,081	957	2,470
Aug	7,591	4,900	2,618	13,305	13,887	31,587	975	2,561
Sep	7,822	5,930	2,670	13,421	14,549	32,055	1,038	2,657
Oct	8,065	6,745	2,654	13,491	14,666	33,563	1,070	2,871
Nov	8,554	7,013	2,803	14,313	15,410	36,057	1,115	3,002
Dec	8,795	10,390	2,948	14,635	15,325	36,721	1,103	3,198
2004								
Jan	9,429	10,942	3,136	16,329	16,093	38,869	1,183	3,512
Feb	9,992	12,847	3,320	16,723	16,739	41,618	1,251	3,648
Mar	10,518	13,670	3,467	17,361	17,238	44,612	1,367	3,653
Apr	9,948	11,294	3,353	17,211	16,850	42,187	1,389	3,416
May	10,036	10,711	3,275	17,306	17,091	42,820	1,400	3,506
Jun	10,282	10,918	3,389	17,596	17,218	43,814	1,464	3,621
Jul	10,116	11,433	3,352	17,124	17,303	42,589	1,496	3,584
Aug	10,264	12,366	3,350	17,172	17,950	42,539	1,509	3,729
Sep	10,957	14,000	3,491	17,445	19,128	45,772	1,684	3,828
Oct	11,564	14,314	3,608	18,094	19,239	50,458	1,681	3,910
Nov	12,103	16,169	3,803	19,412	19,972	51,645	1,821	4,114
Dec	12,918	16,686	4,159	21,353	20,040	56,329	1,858	4,399

1/ Includes mainly holding companies.

Source: Mexican Stock Exchange (*Bolsa Mexicana de Valores, BMV*).

Public Finances

Table A 43 Public Finance Indicators (1994-2004)
Percentage of GDP

ITEM	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Budgetary Revenues ^{1/}	23.1	22.8	23.0	23.0	20.3	20.8	21.6	21.9	22.1	23.2	23.2
Budgetary Expenditures	23.1	22.9	23.1	23.6	21.6	21.9	22.7	22.6	23.3	23.9	23.5
Budgetary Balance	0.0	-0.2	-0.1	-0.6	-1.2	-1.1	-1.1	-0.7	-1.2	-0.7	-0.3
Non-Budgetary Balance ^{2/}	0.2	0.2	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Economic Balance on a Cash Basis	0.2	0.0	0.0	-0.7	-1.2	-1.1	-1.1	-0.7	-1.2	-0.6	-0.3
Primary Balance on a Cash Basis ^{3/}	2.1	4.7	4.3	3.5	1.7	2.5	2.6	2.6	1.7	2.1	2.5
Accrued Operational Balance ^{4/}	-0.1	0.8	-0.4	0.2	-0.5	-1.2	-1.1	-1.6	-1.0	-0.9	0.2
Public Sector Total Net Debt ^{5/}	21.1	30.3	26.8	20.8	21.4	20.7	18.9	19.2	20.5	20.5	20.6
Financial Cost ^{6/}	2.3	4.6	4.4	4.1	2.9	3.6	3.7	3.2	2.8	2.8	2.7

1/ Off-budget revenues for 5,081.2 million pesos are included in 1994. Such resources came from the sale of federal government stocks of some banks which were privatized in 1991-1992.

2/ Includes statistical difference with the sources of financing methodology.

3/ Defined as public sector balance less the financial cost of budgetary and non-budgetary sectors. Measured by Banco de México.

4/ Defined as public sector accrued balance less loss in value due to financial cost inflation. Measured by Banco de México.

5/ Includes net liabilities of both the federal government, and public enterprises and official financial intermediaries (development banks and public funds and trusts). Average stocks. Measured by Banco de México.

6/ Excludes financial cost of public entities under indirect budgetary control.

Note: Figures may not add up due to rounding.

Source: Ministry of Finance (SHCP).

Table A 44 Public Sector Revenues, Expenditures and Balances in 2003 and 2004

I T E M	2003		2004				Real Growth 2004
	Observed		Programmed		Observed		
	Thousand million pesos	GDP Percentage	Thousand million pesos	GDP Percentage	Thousand million pesos	GDP Percentage	
Budgetary Revenues	1,600.3	23.2	1,608.0	22.7	1,774.2	23.2	5.9
Federal Government	1,133.0	16.4	1,167.5	16.5	1,270.1	16.6	7.1
Tax revenues	766.6	11.1	821.2	11.6	769.9	10.1	-4.1
Income Tax (ISR)	337.0	4.9	361.5	5.1	345.2	4.5	-2.2
Value Added Tax (IVA)	254.4	3.7	271.6	3.8	285.4	3.7	7.1
Special Tax on Production and Services (IEPS)	117.8	1.7	137.8	1.9	84.9	1.1	-31.1
Import Taxes	26.9	0.4	24.1	0.3	29.5	0.4	4.7
Other	30.5	0.4	26.2	0.4	25.0	0.3	-21.7
Non-tax revenues	366.4	5.3	346.3	4.9	500.3	6.6	30.4
Public Enterprises ^{1/}	467.3	6.8	440.5	6.2	504.0	6.6	3.0
PEMEX	175.8	2.5	153.0	2.2	193.4	2.5	5.1
Other	291.5	4.2	287.5	4.1	310.7	4.1	1.8
Paid Budgetary Expenditures	1,648.2	23.9	1,632.1	23.0	1,797.5	23.5	4.2
Programmable	1,216.0	17.6	1,165.2	16.4	1,322.2	17.3	3.9
Deferred Payments	-18.4	-0.3	-18.4	-0.3	-18.4	0.0	-4.6
Programmable Accrued	1,216.0	17.6	1,183.6	16.7	1,322.2	17.3	3.9
Current Expenditures	1,006.6	14.6	1,029.8	14.5	1,048.6	13.7	-0.5
Wages and Salaries	506.4	7.3	524.5	7.4	529.1	6.9	-0.2
Other Current Expenditures	500.2	7.3	505.3	7.1	519.6	6.8	-0.8
Capital Expenditures	209.4	3.0	153.9	2.2	273.5	3.6	24.7
Fixed Investment	186.8	2.7	152.7	2.2	227.3	3.0	16.2
Financial Investment	22.6	0.3	1.2	0.0	46.3	0.6	95.4
Non-programmable	432.2	6.3	466.9	6.6	475.3	6.2	5.0
Financial Cost	190.9	2.8	213.9	3.0	206.9	2.7	3.6
Domestic	117.1	1.7	n.a.	n.a.	130.2	1.7	6.2
Interests	86.7	1.3	n.a.	n.a.	85.3	1.1	-6.0
Financial Enhancing Program	30.4	0.4	38.0	0.5	44.9	0.6	41.1
External	73.7	1.1	n.a.	n.a.	76.7	1.0	-0.6
State and Municipal Sharing	225.2	3.3	242.3	3.4	239.8	3.1	1.7
ADEFAS and other	16.1	0.2	10.7	0.2	28.5	0.4	69.1
Budgetary Balance	-48.0	-0.7	-24.1	-0.3	-23.3	-0.3	-53.6
Non-budgetary Balance	5.5	0.1	0.0	0.0	3.6	0.0	-38.1
Direct Balance	0.6	0.0	0.0	0.0	6.2	0.1	d.n.a.
Difference with Sources of Financing Methodology ^{2/}	4.9	0.1	0.0	0.0	-2.6	0.0	d.n.a.
Public Balance in a Cash Basis	-42.5	-0.6	-24.1	-0.3	-19.7	-0.3	-55.6
Primary Balance on a Cash Basis ^{3/}	143.8	2.1	190.6	2.7	189.9	2.5	26.1

1/ Excludes contributions to the Government Employees' Social Security Institute (Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado, ISSSTE).

2/ Difference between the public balance calculated with the revenue-expenditure methodology and that calculated according to the sources of financing methodology.

3/ Defined as public sector balance less interest paid by the budgetary and non-budgetary sectors.

n.a. Not available.

d.n.a. Does not apply.

Note: Figures may not add up due to rounding.

Source: Ministry of Finance (SHCP).

Table A 45 Public Sector Revenues, Expenditures and Balances (1994-2004)
Percentage of GDP

ITEM	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Budgetary Revenues ^{1/}	23.1	22.8	23.0	23.0	20.3	20.8	21.6	21.9	22.1	23.2	23.2
Federal Government	15.5	15.2	15.5	15.8	14.2	14.7	15.8	16.2	15.8	16.4	16.6
Tax revenues	11.3	9.3	8.9	9.8	10.5	11.3	10.6	11.3	11.6	11.1	10.1
Non-tax revenues	4.2	6.0	6.6	6.0	3.7	3.3	5.2	4.9	4.2	5.3	6.6
Public enterprises and institutions ^{2/}	7.6	7.5	7.4	7.2	6.2	6.1	5.8	5.7	6.3	6.8	6.6
PEMEX	2.3	2.7	2.9	2.7	2.1	2.2	2.0	1.8	2.4	2.5	2.5
Other	5.3	4.9	4.5	4.5	4.0	3.9	3.8	3.9	4.0	4.2	4.1
Budgetary Expenditure	23.1	22.9	23.1	23.6	21.6	21.9	22.7	22.6	23.3	23.9	23.5
Programmable expenditures	17.2	15.4	15.7	16.2	15.5	15.3	15.7	15.9	16.9	17.6	17.3
Current expenditures	13.5	12.1	12.0	12.8	12.4	12.5	13.0	13.3	13.8	14.6	13.7
Capital expenditures	3.7	3.2	3.7	3.5	3.1	2.8	2.7	2.6	3.2	3.0	3.6
Non-programmable expenditures	5.9	7.6	7.4	7.4	6.1	6.6	7.0	6.6	6.4	6.3	6.2
Financial Cost	2.3	4.6	4.4	4.1	2.9	3.6	3.7	3.2	2.8	2.8	2.7
State and Municipal Sharing	2.9	2.7	2.8	3.0	3.0	3.1	3.2	3.4	3.4	3.3	3.1
ADEFAS and Other ^{3/}	0.6	0.3	0.3	0.3	0.3	0.0	0.1	0.0	0.1	0.2	0.4
Budgetary Balance	0.0	-0.2	-0.1	-0.6	-1.2	-1.1	-1.1	-0.7	-1.2	-0.7	-0.3
Non-budgetary Balance	0.2	0.2	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Public Sector Balance on a Cash Basis	0.2	0.0	0.0	-0.7	-1.2	-1.1	-1.1	-0.7	-1.2	-0.6	-0.3
Primary Balance on a Cash Basis ^{4/}	2.1	4.7	4.3	3.5	1.7	2.5	2.6	2.6	1.7	2.1	2.5

1/ Off-budget revenues for 5,081.2 million pesos are included in 1994. Such resources came from the sale of federal government stocks of some banks which were privatized in 1991-1992.

2/ Excludes contributions made to the Government Employees' Social Services Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado, ISSSTE*).

3/ Includes federal government's third party operations.

4/ Defined as public sector balance less the financial cost of budgetary and non-budgetary sectors.

Note: Figures may not add up due to rounding.

Source: Ministry of Finance (SHCP).

Table A 46 Public Sector Budgetary Revenues (1994-2004)

Percentage of GDP

ITEM	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
BUDGETARY REVENUES ^{1/}	23.1	22.8	23.0	23.0	20.3	20.8	21.6	21.9	22.1	23.2	23.2
CLASSIFICATION I											
FEDERAL GOVERNMENT	15.5	15.2	15.5	15.8	14.2	14.7	15.8	16.2	15.8	16.4	16.6
Tax revenues	11.3	9.3	8.9	9.8	10.5	11.3	10.6	11.3	11.6	11.1	10.1
Income tax (ISR)	5.1	4.0	3.8	4.2	4.4	4.7	4.7	4.9	5.1	4.9	4.5
Value added tax (IVA)	2.7	2.8	2.9	3.1	3.1	3.3	3.4	3.6	3.5	3.7	3.7
Special Tax on Products and Services (IEPS)	2.0	1.3	1.2	1.4	2.0	2.3	1.5	1.9	2.2	1.7	1.1
Other	1.5	1.1	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.8	0.7
Non-tax revenues	4.2	6.0	6.6	6.0	3.7	3.3	5.2	4.9	4.2	5.3	6.6
Duties	2.5	3.8	4.5	4.2	2.7	2.3	3.8	3.5	2.5	3.9	4.8
Proceeds	0.2	0.5	0.3	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1
Benefits	1.5	1.7	1.8	1.6	0.6	0.8	1.2	1.3	1.5	1.3	1.6
PUBLIC ENTERPRISES AND INSTITUTIONS	7.6	7.5	7.4	7.2	6.2	6.1	5.8	5.7	6.3	6.8	6.6
PEMEX	2.3	2.7	2.9	2.7	2.1	2.2	2.0	1.8	2.4	2.5	2.5
Other ^{2/}	5.3	4.9	4.5	4.5	4.0	3.9	3.8	3.9	4.0	4.2	4.1
CLASSIFICATION II											
OIL REVENUES	6.0	7.6	8.2	7.8	6.1	6.2	7.2	6.7	6.5	7.7	8.4
PEMEX	2.3	2.7	2.9	2.7	2.1	2.2	2.0	1.8	2.4	2.5	2.5
Exports	1.4	2.4	2.9	2.2	1.2	1.4	1.9	1.4	1.6	2.1	2.6
Domestic sales ^{3/}	3.1	4.2	4.5	4.6	3.3	3.0	4.1	3.8	3.2	4.4	5.1
(-) Taxes ^{4/}	2.2	4.0	4.6	4.1	2.4	2.2	4.0	3.4	2.4	4.0	5.2
Federal Government ^{5/}	3.7	4.9	5.3	5.2	3.9	4.0	5.2	4.9	4.1	5.2	5.8
NON-OIL REVENUES	17.1	15.2	14.8	15.2	14.3	14.6	14.5	15.2	15.6	15.5	14.9
Federal Government	11.8	10.3	10.3	10.7	10.2	10.6	10.6	11.3	11.6	11.2	10.8
Tax revenues	9.7	8.3	8.1	8.7	8.9	9.4	9.4	9.8	9.8	9.8	9.4
Income tax (ISR)	5.1	4.0	3.8	4.2	4.4	4.7	4.7	4.9	5.1	4.9	4.5
Value added tax (IVA)	2.7	2.8	2.9	3.1	3.1	3.3	3.4	3.6	3.5	3.7	3.7
Special Tax on Products and Services (IEPS)	0.4	0.4	0.4	0.3	0.4	0.4	0.3	0.4	0.4	0.4	0.4
Other	1.5	1.1	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.8	0.7
Non-tax revenues	2.0	2.0	2.1	1.9	1.3	1.2	1.2	1.5	1.8	1.4	1.4
Duties	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.2
Proceeds	0.2	0.5	0.3	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1
Benefits	1.5	1.3	1.6	1.4	0.6	0.7	0.8	1.1	1.4	1.0	1.1
Public enterprises ^{2/}	5.3	4.9	4.5	4.5	4.0	3.9	3.8	3.9	4.0	4.2	4.1

1/ In 1994, off-budget revenues for 5,081.2 million pesos are included. Such resources came from the sale of federal government stocks of some banks which were privatized in 1991-1992.

2/ Excludes contributions made to the Government Employees' Social Security Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado, ISSSTE*).

3/ Includes other revenues and third party revenues.

4/ Excludes taxes paid on behalf of third parties (IVA and IEPS).

5/ Includes duties and benefits from oil extraction and IEPS on gasoline and diesel.

Note: Figures may not add up due to rounding.

Source: Ministry of Finance (SHCP).

Table A 47 Public Sector Budgetary Expenditures (1994-2004)
Percentage of GDP

ITEM	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
BUDGETARY EXPENDITURES	23.1	22.9	23.1	23.6	21.6	21.9	22.7	22.6	23.3	23.9	23.5
PROGRAMMABLE	17.2	15.4	15.7	16.2	15.5	15.3	15.7	15.9	16.9	17.6	17.3
Current expenditures	13.5	12.1	12.0	12.8	12.4	12.5	13.0	13.3	13.8	14.6	13.7
Wages and salaries	6.0	6.4	6.2	6.8	6.9	7.3	7.1	7.3	7.6	7.3	6.9
Direct	4.0	3.6	3.5	3.7	3.4	3.7	3.5	3.7	3.9	3.8	3.5
Indirect ^{1/}	2.0	2.7	2.7	3.2	3.5	3.7	3.7	3.6	3.7	3.6	3.5
Acquisitions	1.7	1.6	1.7	1.6	1.6	1.2	1.5	1.5	1.3	1.7	1.6
Other ^{2/}	3.2	2.9	2.7	2.7	2.3	2.2	2.7	2.4	2.6	3.2	2.9
Subsidies and transfers ^{3/}	2.6	1.3	1.5	1.6	1.6	1.7	1.8	2.1	2.2	2.3	2.3
Capital expenditures	3.7	3.2	3.7	3.5	3.1	2.8	2.7	2.6	3.2	3.0	3.6
Fixed Investment	3.4	2.8	3.0	3.2	2.9	2.6	2.5	2.4	2.3	2.7	3.0
Direct	2.6	2.2	2.3	2.4	1.8	1.5	1.4	1.2	1.2	1.2	1.3
Indirect ^{4/}	0.7	0.6	0.7	0.8	1.2	1.0	1.1	1.3	1.2	1.5	1.7
Financial investment and other ^{5/}	0.3	0.4	0.7	0.3	0.2	0.3	0.1	0.2	0.8	0.3	0.6
NON-PROGRAMMABLE	5.9	7.6	7.4	7.4	6.1	6.6	7.0	6.6	6.4	6.3	6.2
Financial cost	2.3	4.6	4.4	4.1	2.9	3.6	3.7	3.2	2.8	2.8	2.7
Domestic	1.1	2.6	2.3	2.5	1.5	2.2	2.3	2.1	1.9	1.7	1.7
Interests	1.1	1.8	1.5	1.3	1.2	1.7	1.2	1.4	1.2	1.3	1.1
Financial enhancing program	d.n.a.	0.8	0.8	1.3	0.3	0.5	1.1	0.7	0.7	0.4	0.6
External	1.2	2.0	2.1	1.6	1.4	1.4	1.3	1.1	1.0	1.1	1.0
State and municipal sharing	2.9	2.7	2.8	3.0	3.0	3.1	3.2	3.4	3.4	3.3	3.1
ADEFAS and other ^{6/}	0.6	0.3	0.3	0.3	0.3	0.0	0.1	0.0	0.1	0.2	0.4

1/ Includes contributions to state governments for basic education, and transfers for wages and salaries paid by non-budgetary entities.

2/ Expenditures by budgetary entities on behalf of third parties.

3/ Includes subsidies and transfers other than those paid for wages and salaries, and for capital expenditure. Transfers are included in the corresponding items (see notes 1/, 4/ and 5/).

4/ Includes transfers to non-budgetary entities' fixed investment.

5/ Includes recoverable expenditures and transfers for non-budgetary entities' debt amortization and financial investment.

6/ Includes other net flows from the federal government.

d.n.a. does not apply.

Note: Figures may not add up due to rounding.

Source: Ministry of Finance (SHCP).

Table A 48

Public Sector Total Net Debt ^{1/}

Average stocks

Years	Broad Net Economic Debt ^{2/}					Debt Consolidated with Banco de México ^{3/}				
	Domestic		External		Total percentage of GDP	Domestic		External		Total percentage of GDP
	Thousand million pesos	Million dollars	US Thousand Million pesos	Thousand million pesos		Million pesos	Million dollars	US Thousand Million pesos	Thousand million pesos	
1980	0.4	33,334.0	0.8	26.5	0.5	28,977.0	0.7	25.4		
1981	0.7	43,782.0	1.1	29.1	0.8	39,529.0	1.0	28.4		
1982	1.6	60,849.0	3.5	51.5	1.6	59,623.0	3.4	50.6		
1983	3.0	64,166.0	7.8	59.5	3.0	62,358.0	7.6	58.0		
1984	5.0	70,833.0	12.0	56.3	5.6	65,135.0	11.1	55.0		
1985	7.6	74,711.0	19.8	56.2	8.0	70,443.0	18.7	54.7		
1986	14.8	76,463.0	48.3	76.5	14.4	75,447.0	47.7	75.2		
1987	29.0	81,922.0	116.8	71.8	37.1	74,880.0	106.2	70.6		
1988	65.4	84,097.0	191.3	61.7	73.0	76,410.0	173.9	59.3		
1989	97.7	81,967.0	202.8	54.8	87.6	80,089.0	198.2	52.1		
1990	125.9	74,598.0	210.5	45.5	113.3	73,235.0	206.6	43.3		
1991	127.9	68,915.0	208.3	35.4	133.1	59,888.0	180.9	33.1		
1992	85.4	68,072.0	211.0	26.3	100.4	55,198.0	171.1	24.1		
1993	54.8	68,522.0	213.1	21.3	78.3	50,914.0	158.3	18.8		
1994	43.2	73,080.0	256.5	21.1	63.8	58,469.0	207.6	19.1		
1995	24.7	81,864.0	533.1	30.3	-24.2	84,101.0	547.1	28.4		
1996	30.4	85,376.0	648.3	26.8	5.9	82,289.0	624.6	24.9		
1997	47.2	77,569.0	614.6	20.8	112.9	62,596.0	495.7	19.1		
1998	103.7	77,805.0	718.7	21.4	239.9	56,173.0	518.8	19.7		
1999	199.1	78,621.0	752.2	20.7	391.6	53,461.0	511.7	19.6		
2000	315.7	76,466.0	724.1	18.9	584.5	44,256.0	419.1	18.3		
2001	406.8	75,746.0	706.5	19.2	778.2	34,588.0	322.8	18.9		
2002	567.7	73,557.0	716.1	20.5	994.3	27,057.0	262.7	20.1		
2003	Jan	570.9	76,192.0	831.0		1,060.4	24,498.0	267.2		
	Feb	566.0	75,882.0	832.4		1,060.5	23,933.0	262.5		
	Mar	561.9	76,181.0	831.0	21.5	1,067.0	23,508.0	256.5	20.4	
	Apr	555.0	76,140.0	819.0		1,072.0	22,817.0	245.8		
	May	561.5	75,957.0	810.7		1,085.7	22,114.0	236.5		
	Jun	564.3	75,859.0	806.7	20.7	1,091.4	21,750.0	231.8	20.0	
	Jul	569.6	75,605.0	802.9		1,099.7	21,457.0	228.3		
	Aug	573.8	75,292.0	803.5		1,106.4	21,123.0	225.7		
	Sep	578.4	75,092.0	804.1	20.5	1,113.5	20,836.0	223.3	19.8	
	Oct	584.0	75,022.0	805.9		1,122.3	20,551.0	220.9		
	Nov	591.3	74,941.0	809.5		1,133.4	20,197.0	218.0		
	Dec	602.4	74,941.0	812.2	20.5	1,149.5	19,827.0	214.6	19.8	
2004 ^{p/}	Jan	721.5	79,303.0	874.0		1,365.3	16,131.0	177.8		
	Feb	727.2	78,264.0	864.1		1,372.0	15,038.0	166.0		
	Mar	733.0	77,553.0	859.6	22.6	1,373.8	14,798.0	164.0	21.9	
	Apr	732.7	77,142.0	861.2		1,376.8	14,942.0	166.9		
	May	726.9	76,575.0	858.6		1,373.3	14,704.0	164.9		
	Jun	728.1	76,357.0	860.1	22.1	1,376.0	14,683.0	165.4	21.4	
	Jul	730.9	75,984.0	857.4		1,380.5	14,467.0	163.2		
	Aug	729.5	75,710.0	855.2		1,381.5	14,216.0	160.6		
	Sep	728.9	75,473.0	853.3	21.4	1,383.8	13,867.0	156.7	20.8	
	Oct	733.1	75,110.0	850.9		1,388.4	13,546.0	153.4		
	Nov	734.6	74,845.0	846.9		1,393.6	13,063.0	147.5		
	Dec	738.7	74,726.0	844.2	20.7	1,402.3	12,727.0	143.2	20.2	

1/ Present data may not match those previously published due to a methodological revision resulting from including new items such as assets and liabilities from both Banco de México and commercial and development banks. Ratios to GDP are calculated using the average GDP of the four quarters of the year.

2/ The broad net economic debt includes net liabilities from the federal government and non-financial public enterprises, as well as indebtedness and financial assets of official intermediaries (development banks and public funds and trusts).

3/ The net economic debt consolidated with Banco de México includes Central Bank's assets and liabilities and all sectors of the broad economic debt.

(-) Means financial assets' stocks are larger than gross debt stocks.

p/ Preliminary figures.

Source: Banco de México and Ministry of Finance (SHCP).

Table A 49 **Public Sector Total Net Debt ^{1/}**
End of period outstanding stocks

Years	Broad Debt ^{2/}				Debt Consolidated with Banco de México ^{3/}					
	Domestic		External		Total percentage of GDP	Domestic		External		Total percentage of GDP
	Thousand million pesos	Million dollars	US Thousand million pesos	Thousand million pesos		Thousand million pesos	Million dollars	US Thousand million pesos	Thousand million pesos	
1980	0.6	36,178.0	0.8	28.0	0.6	30,933.0	0.7	27.0		
1981	0.9	55,987.0	1.5	34.2	1.0	50,857.0	1.3	33.4		
1982	2.6	63,171.0	6.1	69.9	2.4	62,558.0	6.0	67.7		
1983	4.1	67,166.0	9.6	62.0	4.3	62,733.0	9.0	60.4		
1984	5.7	74,214.0	14.2	56.9	6.6	66,871.0	12.8	55.3		
1985	9.7	76,283.0	28.1	65.1	10.0	72,695.0	26.8	63.5		
1986	21.2	80,093.0	73.3	89.9	22.2	76,751.0	70.2	87.9		
1987	41.2	85,391.0	188.7	80.0	52.3	76,254.0	168.5	76.8		
1988	83.0	84,814.0	193.5	60.4	76.6	82,643.0	188.5	57.9		
1989	108.8	80,562.0	212.8	53.8	97.3	79,421.0	209.7	51.4		
1990	138.1	72,629.0	213.9	41.4	131.7	68,512.0	201.8	39.2		
1991	117.5	69,181.0	212.5	31.6	130.7	57,494.0	176.6	29.4		
1992	64.0	66,407.0	206.9	22.2	79.8	53,169.0	165.6	20.1		
1993	50.9	68,515.0	212.8	19.8	87.4	47,937.0	148.9	17.7		
1994	59.8	75,131.0	400.1	30.1	59.8	72,086.0	383.9	29.0		
1995	11.2	87,639.0	669.8	32.0	-12.5	87,685.0	670.1	30.9		
1996	70.0	79,849.0	626.9	24.1	73.6	73,628.0	578.0	22.5		
1997	83.0	76,555.0	618.8	19.8	199.6	56,739.0	458.6	18.6		
1998	149.9	80,465.0	793.8	22.5	307.3	56,970.0	562.0	20.7		
1999	262.3	78,146.0	743.5	20.0	482.8	50,777.0	483.1	19.3		
2000	430.6	73,817.0	709.4	19.7	731.2	38,701.0	371.9	19.0		
2001	483.7	74,747.0	685.4	19.6	899.3	30,099.0	276.0	19.7		
2002	636.5	73,427.0	766.5	21.0	1,113.1	22,907.0	239.1	20.3		
2003	Jan	570.9	76,192.0	831.0		1,060.4	24,498.0	267.2		
	Feb	561.1	75,572.0	833.7		1,060.6	23,368.0	257.8		
	Mar	553.6	76,780.0	828.4	20.5	1,080.1	22,658.0	244.5		
	Apr	534.2	76,016.0	783.0		1,086.8	20,745.0	213.7		
	May	587.6	75,223.0	777.6		1,140.8	19,302.0	199.5		
	Jun	578.5	75,372.0	786.7	19.8	1,119.6	19,929.0	208.0		
	Jul	601.4	74,079.0	779.6		1,149.8	19,698.0	207.3		
	Aug	603.0	73,105.0	807.6		1,153.4	18,786.0	207.5		
	Sep	615.3	73,489.0	809.4	21.4	1,169.5	18,538.0	204.2		
	Oct	634.2	74,390.0	822.2		1,202.3	17,989.0	198.8		
	Nov	664.3	74,131.0	845.0		1,243.7	16,651.0	189.8		
	Dec	725.0	74,947.0	842.2	21.5	1,326.4	15,765.0	177.2		
2004 ^{p/}	Jan	721.5	79,303.0	874.0		1,365.3	16,131.0	177.8		
	Feb	732.9	77,225.0	854.1		1,378.8	13,944.0	154.2		
	Mar	744.6	76,132.0	850.8	21.8	1,377.4	14,319.0	160.0		
	Apr	731.9	75,907.0	866.0		1,385.7	15,375.0	175.4		
	May	703.5	74,309.0	848.2		1,359.5	13,751.0	157.0		
	Jun	734.0	75,267.0	867.5	21.2	1,389.0	14,578.0	168.0		
	Jul	747.6	73,743.0	841.2		1,407.8	13,168.0	150.2		
	Aug	719.8	73,792.0	839.8		1,388.5	12,463.0	141.8		
	Sep	724.7	73,577.0	837.9	21.0	1,402.4	11,074.0	126.1		
	Oct	770.1	71,845.0	829.0		1,429.6	10,655.0	122.9		
	Nov	749.8	72,199.0	807.7		1,445.8	8,237.0	89.0		
	Dec	784.1	73,418.0	814.3	19.4	1,498.2	9,034.0	96.5		

1/ Present data may not match those previously published due to a methodological revision resulting from including new items such as assets and liabilities from both Banco de México and commercial and development banks. Ratios to GDP are calculated using the GDP of the fourth quarter of the year.

2/ The broad net economic debt includes net liabilities from the federal government and non-financial public enterprises, as well as indebtedness and financial assets of official intermediaries (development banks and public funds and trusts).

3/ The net economic debt consolidated with Banco de México includes Central Bank's assets and liabilities and all sectors of the broad economic debt.

(-) Means financial assets' stocks are larger than gross debt stocks.

p/ Preliminary figures.

Source: Banco de México and Ministry of Finance (SHCP).

Table A 50

Non-Financial Public Sector Net Debt ^{1/}

Traditional methodology

End of period outstanding stocks

		Non-financial Public Sector Net Debt			Total Net Debt
		Domestic	External		Percentage of GDP
		Thousand million pesos	Million U.S. dollars	Thousand million pesos	
1982		4.9	37,826	3.6	81.8
1983		7.7	44,517	6.4	62.7
1984		10.9	46,054	8.8	63.7
1985		20.0	48,155	17.7	75.2
1986		48.5	49,802	45.6	114.3
1987		111.1	52,747	116.6	112.0
1988		156.1	54,341	124.0	67.8
1989		195.3	53,184	140.5	61.6
1990		207.7	48,905	144.0	47.9
1991		205.9	48,368	148.5	37.5
1992		170.0	45,805	142.7	27.8
1993		172.3	41,441	128.7	24.0
1994		257.9	41,033	218.5	33.5
1995		278.2	51,637	394.6	36.6
1996		319.7	53,921	466.7	31.1
1997		336.2	52,855	427.2	24.0
1998		443.8	52,424	517.2	25.0
1999		544.4	57,244	543.7	23.7
2000		686.3	51,506	495.0	21.5
2001		770.3	53,253	488.3	21.7
2002		923.1	51,487	537.5	23.3
2003 ^{p/}	Jan	937.1	55,382	604.0	
	Feb	945.9	55,404	611.2	
	Mar	925.4	56,408	608.6	22.8
	Apr	885.8	58,266	600.1	
	May	916.9	55,459	573.3	
	Jun	919.0	55,036	574.4	21.6
	Jul	924.8	54,372	572.2	
	Aug	939.5	53,596	592.1	
	Sep	953.7	54,036	595.1	23.2
	Oct	967.5	54,586	603.3	
	Nov	977.8	54,478	621.0	
	Dec	1027.1	55,067	618.8	23.9
2004 ^{p/}	Jan	1005.3	59,368	654.3	
	Feb	988.3	59,257	655.4	
	Mar	1003.8	58,461	653.3	22.7
	Apr	976.0	58,243	664.5	
	May	944.1	57,789	659.6	
	Jun	982.7	58,869	678.5	22.0
	Jul	977.5	58,323	665.3	
	Aug	971.6	58,810	669.3	
	Sep	988.1	58,879	670.5	22.2
	Oct	1036.4	56,987	657.6	
	Nov	1007.6	57,698	648.4	
	Dec	1064.7	58,880	656.5	22.5

1/ Non-financial public sector net indebtedness is computed on an accrued basis with data available from the banking sector. Federal government domestic securities are reported at market value and external debt is classified by debtor. Data on net indebtedness differs from that published by the Ministry of Finance because the former uses preliminary figures from the banking system, which are subject to revisions.

p/ preliminary figures.

Source: Banco de México.

Table A 51 Federal Government Domestic Debt SecuritiesTotal circulation per instrument ^{1/}

Current stocks in million pesos at market value

Stocks at end of period	Total Securities in Circulation	CETES	BONDES	UDIBONOS	Fixed rate Bonds	Other securities ^{2/}
1986	10,528	8,185	0	0		2,343
1987	32,679	28,006	359	0		4,315
1988	74,945	42,878	20,186	0		11,882
1989	122,127	54,353	55,677	0		12,097
1990	161,433	72,001	64,513	0		24,919
1991	171,654	72,658	57,979	0		41,017
1992	134,755	59,338	36,848	0		38,570
1993	138,318	81,431	17,036	0		39,852
1994	228,885	40,689	8,316	0		179,881
1995	136,000	48,590	44,970	0		42,440
1996	161,572	62,114	67,849	5,357		26,252
1997	272,210	137,813	81,768	36,678		15,951
1998	353,240	127,600	151,836	62,833		10,971
1999	546,324	129,045	337,271	80,008		1
2000	716,840	175,069	420,256	86,645	34,870	0
2001	762,839	196,674	348,988	94,847	122,330	0
2002	875,640	197,439	343,345	99,768	235,089	0
2003 ^{p/}						
Jan	857,643	206,101	341,402	81,105	229,035	0
Feb	862,483	200,242	342,232	81,874	238,135	0
Mar	871,314	206,771	338,866	81,836	243,842	0
Apr	880,932	201,361	339,492	81,897	258,181	0
May	907,307	209,385	336,091	84,437	277,395	0
Jun	923,790	205,622	342,513	86,839	288,816	0
Jul	951,126	211,446	344,248	86,460	308,973	0
Aug	955,500	206,959	351,475	86,751	310,316	0
Sep	984,880	216,029	358,623	89,990	320,239	0
Oct	1,007,819	218,467	359,674	91,646	338,032	0
Nov	1,018,104	210,001	363,585	92,234	352,284	0
Dec	1,024,457	212,913	355,994	94,651	360,899	0
2004 ^{p/}						
Jan	1,018,156	214,794	360,840	77,989	364,533	0
Feb	1,030,317	232,530	346,329	79,735	371,723	0
Mar	1,049,905	236,620	351,973	79,795	381,517	0
Apr	1,057,488	247,944	341,274	78,661	389,609	0
May	1,064,590	248,481	345,221	80,457	390,431	0
Jun	1,060,976	257,630	331,831	78,904	392,611	0
Jul	1,072,543	257,598	333,600	78,147	403,198	0
Aug	1,082,990	263,073	320,112	80,206	419,598	0
Sep	1,068,036	253,889	323,240	83,760	407,148	0
Oct	1,069,905	246,324	310,003	85,737	427,841	0
Nov	1,088,349	250,334	312,869	87,426	437,721	0
Dec	1,084,463	251,498	316,299	89,800	426,867	0

1/ Total circulation includes federal government securities and placements of monetary regulation bonds.

2/ Includes instruments that have gradually ceased to be placed such as public debt bonds, PETROBONOS, bank indemnity bonds, Treasury promissory notes (*Pagarés de la Tesorería de la Federación, PAGAFES*), urban reconstruction bonds, TESOBONOS and AJUSTABONOS.

p/ Preliminary figures.

Source: Banco de México.

Table A 52

Federal Government Domestic Debt Securities

Total circulation per holding sector ^{1/}

Current stocks in million pesos at market value

Stocks at End of period	Total Securities in Circulation	Private Firms and Individuals ^{2/}	Non-bank Public Sector	Banco de México	Development Banks	Commercial Banks	Other Intermediaries	REPOS
1986	10,528	3,710	146	6,209	132	331	0	0
1987	32,679	14,347	531	14,131	815	2,856	0	0
1988	74,945	34,687	734	24,096	851	14,562	0	15
1989	122,127	56,317	986	33,746	1,274	27,737	0	2,066
1990	161,433	81,898	1,776	37,990	609	36,517	653	1,989
1991	171,654	75,855	2,602	31,814	808	55,450	931	4,193
1992	134,755	75,593	4,680	26,251	174	21,604	1,229	5,225
1993	138,318	117,005	4,999	4,286	51	2,461	1,231	8,286
1994	228,885	141,603	6,501	2,525	2,232	6,115	0	69,910
1995	136,000	93,455	8,956	13,991	2,886	16,712	0	0
1996	161,572	130,211	14,158	11,301	1,890	4,012	0	0
1997	272,210	212,538	39,560	0	2,505	17,607	0	0
1998	353,240	320,167	24,630	0	231	8,212	0	0
1999	546,324	511,580	27,080	0	2,701	4,963	0	0
2000	716,840	673,842	19,438	0	8,942	14,618	0	0
2001	762,839	697,340	13,908	0	10,068	41,523	0	0
2002	875,640	828,290	5,711	0	5,729	35,910	0	0
2003 ^{p/}								
Jan	857,643	787,467	7,461	0	3,886	58,828	0	0
Feb	862,483	778,279	8,709	0	16,109	59,386	0	0
Mar	871,314	760,340	9,653	0	15,398	85,924	0	0
Apr	880,932	808,292	17,156	0	7,277	48,207	0	0
May	907,307	836,216	6,116	0	20,824	44,151	0	0
Jun	923,790	844,219	6,446	0	22,411	50,714	0	0
Jul	951,126	849,985	38,915	0	14,652	47,574	0	0
Aug	955,500	848,768	36,989	0	5,227	64,517	0	0
Sep	984,880	865,547	30,758	0	9,062	79,514	0	0
Oct	1,007,819	897,432	27,411	0	5,146	77,830	0	0
Nov	1,018,104	909,662	26,566	0	4,762	77,115	0	0
Dec	1,024,457	895,875	36,943	0	13,488	78,151	0	0
2004 ^{p/}								
Jan	1,018,156	888,888	29,610	0	9,349	90,309	0	0
Feb	1,030,317	871,095	28,675	0	2,977	127,570	0	0
Mar	1,049,905	877,093	26,363	0	9,670	136,779	0	0
Apr	1,057,488	891,021	28,702	0	14,138	123,626	0	0
May	1,064,590	885,187	33,832	0	15,504	130,067	0	0
Jun	1,060,976	903,322	28,804	0	14,101	114,750	0	0
Jul	1,072,543	919,969	34,251	0	5,583	112,740	0	0
Aug	1,082,990	917,855	34,327	0	15,713	115,094	0	0
Sep	1,068,036	913,254	33,769	0	19,092	101,921	0	0
Oct	1,069,905	933,008	18,083	0	4,120	114,694	0	0
Nov	1,088,349	917,398	19,449	0	20,922	130,580	0	0
Dec	1,084,463	882,542	16,039	0	22,060	163,821	0	0

1/ Total circulation includes federal government securities and placement of monetary regulation bonds.

2/ Includes securities held by SIEFORES since 1997.

p/ Preliminary figures.

Fuente: Banco de México.

External Sector

Table A 53 External Sector Indicators

	1998	1999	2000	2001	2002	2003	2004 ^{p/}
BALANCE OF PAYMENTS							
Thousand million US dollars							
Current account	-16.0	-14.0	-18.5	-17.8	-13.4	-8.6	-8.7
Trade Balance ^{1/}	-7.8	-5.6	-8.3	-9.6	-7.6	-5.8	-8.5
Capital Account	18.8	13.9	18.7	26.5	22.9	18.0	13.7
Foreign Direct Investment	12.4	13.2	16.8	27.6	15.1	11.4	16.6
Change in international reserves	2.1	0.6	2.8	7.3	7.1	9.5	4.1
International reserves (stocks at end-period)	30.1	30.7	33.6	40.9	48.0	57.4	61.5
Percentage of GDP							
Current account	-3.8	-2.9	-3.2	-2.9	-2.1	-1.3	-1.3
Capital account	4.4	2.9	3.2	4.3	3.5	2.8	2.0
Foreign Trade							
Annual Percentage Change							
Exports	6.4	16.0	21.8	-4.4	1.4	2.3	14.5
Oil	-36.3	37.2	62.1	-18.2	12.4	25.3	27.2
Non-oil	11.3	14.6	18.7	-3.0	0.4	0.0	12.9
Manufacturing ^{1/}	11.9	15.1	19.0	-2.7	0.5	-0.7	12.6
Other	6.7	9.9	13.1	-2.1	-0.8	-0.5	12.0
Imports	14.2	13.2	22.9	-3.5	0.2	1.1	15.6
Consumer goods	19.1	9.6	37.1	18.3	7.2	1.6	17.9
Intermediate goods ^{1/}	13.6	12.7	22.3	-5.6	0.3	1.8	15.8
Capital goods	14.6	18.5	17.5	-6.8	-6.7	-3.8	11.8
Gross External Debt and Interest Paid							
Percent of Current Account Revenues							
Total external debt	116.8	104.5	82.3	84.7	82.6	80.9	72.2
Public sector ^{2/}	71.9	60.9	43.8	43.2	41.9	40.5	35.5
Private sector	45.0	43.6	38.5	41.4	40.7	40.4	36.8
Interest ^{3/}	8.9	8.1	7.1	6.8	6.4	6.0	5.2
Percentage of GDP							
Total external debt	38.8	34.5	27.3	25.3	23.9	24.7	23.8
Public sector ^{2/}	23.9	20.1	14.6	12.9	12.1	12.4	11.7
Private sector	14.9	14.4	12.8	12.4	11.8	12.3	12.1
Interest ^{3/}	3.0	2.7	2.4	2.0	1.8	1.8	1.7

1/ Includes maquiladora industry.

2/ Includes Banco de México.

3/ Includes public and private sectors.

p/ Preliminary figures.

Note: Figures may not add up due to rounding.

Source: Banco de México and Ministry of Finance (SHCP).

Table A 54 Balance of Payments

Traditional format

Million US dollars

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^{p/}
Current Account	-1,576.7	-2,507.6	-7,665.0	-15,992.7	-14,041.8	-18,522.9	-17,841.9	-13,410.1	-8,586.6	-8,712.2
Revenues	97,029.3	115,316.1	131,318.2	140,148.5	158,910.5	192,946.8	185,938.5	188,139.8	195,045.8	223,380.4
Merchandise Exports	79,541.6	95,999.7	110,431.4	117,539.3	136,361.8	166,120.7	158,779.7	161,046.0	164,766.4	188,626.5
Non-Factor Services	9,665.1	10,601.6	11,053.5	11,522.6	11,692.0	13,712.3	12,660.3	12,691.6	12,628.3	13,998.4
Tourists	6,178.8	6,756.2	7,376.0	7,493.1	7,222.9	8,294.2	8,400.6	8,858.0	9,457.1	10,838.9
Other	3,486.3	3,845.4	3,677.5	4,029.5	4,469.1	5,418.1	4,259.6	3,833.6	3,171.2	3,159.5
Factor Services	3,827.7	4,153.7	4,560.4	5,047.1	4,516.8	6,090.7	5,138.6	4,098.5	3,755.8	3,631.8
Interest	3,017.9	3,306.7	3,749.6	4,034.3	3,735.7	5,024.5	4,074.7	2,835.3	2,342.8	2,211.3
Other	809.8	847.0	810.8	1,012.8	781.1	1,066.2	1,063.9	1,263.2	1,413.0	1,420.5
Transfers	3,995.0	4,561.1	5,272.9	6,039.5	6,340.0	7,023.1	9,360.0	10,303.7	13,895.3	17,123.7
Expenditures	98,606.0	117,823.8	138,983.2	156,141.1	172,952.3	211,469.7	203,780.4	201,549.9	203,632.4	232,092.6
Merchandise Imports	72,453.1	89,468.8	109,807.8	125,373.1	141,974.8	174,457.8	168,396.5	168,678.9	170,545.8	197,156.5
Non-Factor Services	9,000.6	10,230.9	11,800.0	12,427.5	13,490.6	16,035.7	16,217.9	16,739.7	17,133.7	18,561.9
Insurance and Freight	1,974.5	2,510.0	3,312.4	3,699.1	4,109.2	5,006.4	4,643.1	4,407.8	4,492.9	5,450.2
Tourists	3,170.5	3,387.2	3,891.9	4,209.1	4,541.3	5,499.1	5,701.9	6,059.7	6,253.3	6,959.0
Other	3,855.5	4,333.8	4,595.7	4,519.3	4,840.2	5,530.2	5,872.9	6,272.3	6,387.5	6,152.7
Factor Services	17,117.3	18,094.0	17,349.9	18,313.4	17,460.0	20,946.8	19,144.2	16,096.1	15,915.8	16,294.1
Interest	13,575.4	13,360.9	12,436.2	12,482.3	12,945.9	13,699.0	12,728.7	12,037.0	11,716.4	11,634.5
Other	3,542.0	4,733.1	4,913.7	5,831.1	4,514.2	7,247.8	6,415.4	4,059.1	4,199.4	4,659.6
Transfers	35.0	30.1	25.5	27.1	26.9	29.4	21.9	35.2	37.1	80.0
Capital Account	15,331.6	4,327.2	16,638.7	18,750.8	13,920.4	18,658.0	26,467.8	22,924.5	18,043.7	13,691.6
Liabilities	22,689.3	10,668.4	9,922.9	18,319.4	17,925.1	11,559.0	30,302.4	11,119.8	11,110.2	18,279.3
Indebtedness	26,503.4	-2,225.1	-6,706.7	6,570.9	1,865.5	-5,623.3	1,575.9	-4,055.3	-1,041.4	-993.8
Development Banks	55.2	-2,148.8	-2,191.6	-724.9	-1,774.5	-185.7	-1,210.2	-1,244.2	-1,640.7	-2,680.2
Commercial Banks	-4,108.0	-1,655.0	-1,869.4	-927.8	-1,723.2	-2,445.6	-3,133.4	-2,960.6	-529.2	-906.1
Banco de México	13,332.9	-3,523.8	-3,486.8	-1,071.6	-3,684.7	-4,285.6	0.0	0.0	0.0	0.0
Non-Bank Public Sector	14,390.3	2,140.5	-5,523.9	2,433.0	1,707.1	-6,573.3	-83.9	-3,220.2	-2,691.3	-1,759.3
Non-Bank Private Sector	2,833.0	2,962.0	5,365.0	5,169.0	4,685.4	4,083.0	2,583.2	-1,902.6	-2,382.9	-1,596.8
PIDREGAS	0.0	0.0	1,000.0	1,693.2	2,655.4	3,783.9	3,420.2	5,272.3	6,202.7	5,948.6
Foreign Direct Investment	-3,814.1	12,893.5	16,629.6	11,748.5	16,059.6	17,182.3	28,726.5	15,175.1	12,151.6	19,273.1
Direct Investment	9,526.3	9,185.5	12,829.6	12,360.0	13,207.4	16,781.2	27,634.7	15,129.1	11,372.7	16,601.9
Portfolio Investment	-13,340.4	3,708.1	3,800.1	-611.5	2,852.2	401.0	1,091.8	46.0	778.9	2,671.2
Equity	519.2	2,800.6	3,215.3	-665.6	3,769.2	446.8	151.0	-103.6	-123.3	-2,522.2
Money Market	-13,859.6	907.5	584.8	54.1	-917.0	-45.8	940.8	149.6	902.2	5,193.4
Assets	-7,357.7	-6,341.2	6,715.8	431.5	-4,004.7	7,099.0	-3,834.6	11,804.7	6,933.5	-4,587.7
Held by Foreign Banks	-3,163.5	-6,054.7	4,859.6	155.4	-3,037.0	3,549.7	-1,511.7	10,773.3	7,457.1	-2,940.9
Mexican Direct Investment	0.0	0.0	0.0	0.0	0.0	0.0	-4,404.0	-929.7	-1,784.1	-2,240.0
Credits Granted Abroad	-276.4	-624.7	-113.6	329.8	425.0	412.5	0.0	190.0	46.0	0.0
External Debt Guarantees	-662.2	543.7	-707.7	-768.7	-835.8	1,289.8	3,856.6	1,133.8	90.8	1,717.9
Other	-3,255.6	-205.5	2,677.4	715.0	-556.9	1,847.0	-1,775.6	637.3	1,123.8	-1,124.7
Errors and Omissions	-4,164.2	-46.0	1,537.8	-619.7	713.5	2,689.1	-1,300.8	-2,424.7	-19.4	-921.2
Change in International Reserves	9,592.8	1,768.2	10,493.7	2,136.9	593.6	2,821.5	7,325.0	7,104.1	9,450.9	4,061.4
Valuation Adjustments	-2.1	5.4	17.8	1.5	-1.4	2.7	0.0	-14.4	-13.2	-3.2

p/ Preliminary figures.

Note: Figures may not add up due to rounding.

Table A 55 Balance of Payments

IMF methodology ^{1/}

Million US dollars

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^{p/}
Current Account	-1,576.7	-2,507.6	-7,665.0	-15,992.7	-14,041.8	-18,522.9	-17,841.9	-13,410.1	-8,586.6	-8,712.2
Revenues	97,029.3	115,316.1	131,318.2	140,148.5	158,910.5	192,946.8	185,938.5	188,139.8	195,045.8	223,380.4
Merchandise Exports	79,541.6	95,999.7	110,431.4	117,539.3	136,361.8	166,120.7	158,779.7	161,046.0	164,766.4	188,626.5
Non-Factor Services	9,665.1	10,601.6	11,053.5	11,522.6	11,692.0	13,712.3	12,660.3	12,691.6	12,628.3	13,998.4
Tourists	6,178.8	6,756.2	7,376.0	7,493.1	7,222.9	8,294.2	8,400.6	8,858.0	9,457.1	10,838.9
Other	3,486.3	3,845.4	3,677.5	4,029.5	4,469.1	5,418.1	4,259.6	3,833.6	3,171.2	3,159.5
Factor Services	3,827.7	4,153.7	4,560.4	5,047.1	4,516.8	6,090.7	5,138.6	4,098.5	3,755.8	3,631.8
Interest	3,017.9	3,306.7	3,749.6	4,034.3	3,735.7	5,024.5	4,074.7	2,835.3	2,342.8	2,211.3
Other	809.8	847.0	810.8	1,012.8	781.1	1,066.2	1,063.9	1,263.2	1,413.0	1,420.5
Transfers	3,995.0	4,561.1	5,272.9	6,039.5	6,340.0	7,023.1	9,360.0	10,303.7	13,895.3	17,123.7
Expenditures	98,606.0	117,823.8	138,983.2	156,141.1	172,952.3	211,469.7	203,780.4	201,549.9	203,632.4	232,092.6
Merchandise Imports	72,453.1	89,468.8	109,807.8	125,373.1	141,974.8	174,457.8	168,396.5	168,678.9	170,545.8	197,156.5
Non-Factor Services	9,000.6	10,230.9	11,800.0	12,427.5	13,490.6	16,035.7	16,217.9	16,739.7	17,133.7	18,561.9
Insurance and Freight	1,974.5	2,510.0	3,312.4	3,699.1	4,109.2	5,006.4	4,643.1	4,407.8	4,492.9	5,450.2
Tourists	3,170.5	3,387.2	3,891.9	4,209.1	4,541.3	5,499.1	5,701.9	6,059.7	6,253.3	6,969.0
Other	3,855.5	4,333.8	4,595.7	4,519.3	4,840.2	5,530.2	5,872.9	6,272.3	6,387.5	6,152.7
Factor Services	17,117.3	18,094.0	17,349.9	18,313.4	17,460.0	20,946.8	19,144.2	16,096.1	15,915.8	16,294.1
Interest	13,575.4	13,360.9	12,436.2	12,482.3	12,945.9	13,699.0	12,728.7	12,037.0	11,716.4	11,634.5
Other	3,542.0	4,733.1	4,913.7	5,831.1	4,514.2	7,247.8	6,415.4	4,059.1	4,199.4	4,659.6
Transfers	35.0	30.1	25.5	27.1	26.9	29.4	21.9	35.2	37.1	80.0
Capital Account	15,331.6	4,327.2	16,638.7	18,750.8	13,920.4	18,658.0	26,467.8	22,924.5	18,043.7	13,691.6
Liabilities	22,689.3	10,668.4	9,922.9	18,319.4	17,925.1	11,559.0	30,302.4	11,119.8	11,110.2	18,279.3
Indebtedness	22,877.7	-12,085.5	-7,943.7	4,932.4	-7,287.2	-4,088.0	-1,214.4	-3,377.3	-4,126.4	-5,888.0
Development Banks	958.6	-1,246.0	-1,020.9	239.6	-765.4	919.6	-1,288.8	-545.0	-1,416.8	-2,214.8
Commercial Banks	-4,982.0	-1,720.0	-1,978.4	-142.8	-1,546.2	-1,802.6	-2,933.4	-2,315.6	271.8	-471.1
Banco de México	13,332.9	-3,523.8	-3,486.8	-1,071.6	-3,684.7	-4,285.6	0.0	0.0	0.0	0.0
Non-Bank Public Sector	10,493.2	-7,671.7	-5,035.6	1,270.2	-4,027.4	-3,527.6	-1,279.6	-1,619.5	-2,132.5	-3,064.0
Non-Bank Private Sector	3,075.0	2,076.0	2,578.0	4,410.0	2,569.4	2,711.0	3,117.2	-834.6	-2,127.9	-1,439.8
PIDIREGAS	0.0	0.0	1,000.0	227.0	167.1	1,897.2	1,170.2	1,937.4	1,279.0	1,301.7
Foreign Direct Investment	-188.4	22,753.9	17,866.6	13,387.0	25,212.3	15,647.0	31,516.8	14,497.1	15,236.6	24,167.3
Direct Investment	9,526.3	9,185.5	12,829.6	12,360.0	13,207.4	16,781.2	27,634.7	15,129.1	11,372.7	16,601.9
Portfolio Investment	-9,714.7	13,568.5	5,037.1	1,027.0	12,004.9	-1,134.3	3,882.1	-632.0	3,863.9	7,565.4
Equity	519.2	2,800.6	3,215.3	-665.6	3,769.2	446.8	151.0	-103.6	-123.3	-2,522.2
Money Market	-13,859.6	907.5	584.8	54.1	-917.0	-45.8	940.8	149.6	902.2	5,193.4
Public Sector	-13,790.6	948.5	490.1	130.2	-942.0	-25.1	940.8	149.6	902.2	5,193.4
Private Sector	-69.0	-41.0	94.7	-76.1	25.0	-20.7	0.0	0.0	0.0	0.0
Securities (USD)	3,625.7	9,860.4	1,237.0	1,638.5	9,152.7	-1,535.3	2,790.3	-678.0	3,085.0	4,894.2
Public Sector	2,993.7	8,909.4	-1,659.0	198.3	4,725.4	-4,151.0	1,274.3	-2,299.9	-782.7	839.3
Private Sector	632.0	951.0	2,896.0	-26.0	1,939.0	729.0	-734.0	-1,713.0	-1,056.0	-592.0
PIDIREGAS	0.0	0.0	0.0	1,466.2	2,488.3	1,886.7	2,250.0	3,334.9	4,923.7	4,646.9
Assets	-7,357.7	-6,341.2	6,715.8	431.5	-4,004.7	7,099.0	-3,834.6	11,804.7	6,933.5	-4,587.7
Held by Foreign Banks	-3,163.5	-6,054.7	4,859.6	155.4	-3,037.0	3,549.7	-1,511.7	10,773.3	7,457.1	-2,940.9
Mexican Direct Investment	0.0	0.0	0.0	0.0	0.0	0.0	-4,404.0	-929.7	-1,784.1	-2,240.0
Credits Granted Abroad	-276.4	-624.7	-113.6	329.8	425.0	412.5	0.0	190.0	46.0	0.0
External Debt Guarantees	-662.2	543.7	-707.7	-768.7	-835.8	1,289.8	3,856.6	1,133.8	90.8	1,717.9
Other	-3,255.6	-205.5	2,677.4	715.0	-556.9	1,847.0	-1,775.6	637.3	1,123.8	-1,124.7
Errors and Omissions	-4,164.2	-46.0	1,537.8	-619.7	713.5	2,689.1	-1,300.8	-2,424.7	-19.4	-921.2
Change in International Reserves	9,592.8	1,768.2	10,493.7	2,136.9	593.6	2,821.5	7,325.0	7,104.1	9,450.9	4,061.4
Valuation Adjustments	-2.1	5.4	17.8	1.5	-1.4	2.7	0.0	-14.4	-13.2	-3.2

1/ 1994 format.

p/ preliminary figures.

This format differs from the traditional one (Table A 54) in the criteria for classifying securities placed abroad (bonds and promissory notes). The traditional format classifies them as external indebtedness while this format does so as portfolio investment. The present format (used by Mexico since 1994) is consistent with the balance of payments methodology recommended by the International Monetary Fund.

Note: Figures may not add up due to rounding.

Source: Banco de México.

Table A 56

Foreign Trade

Million US dollars

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Exports	79,541.6	95,999.7	110,431.4	117,539.3	136,361.8	166,120.7	158,779.7	161,046.0	164,766.4	188,626.5
Maquiladora	31,103.3	36,920.3	45,165.6	53,083.1	63,853.6	79,467.4	76,880.9	78,098.1	77,467.1	87,547.7
Non-maquiladora	48,438.3	59,079.4	65,265.8	64,456.2	72,508.2	86,653.3	81,898.8	82,947.9	87,299.3	101,078.8
Oil	8,422.6	11,653.7	11,323.2	7,214.1	9,898.9	16,048.7	13,135.6	14,758.9	18,497.9	23,534.1
Crude oil ^{1/}	7,419.6	10,705.3	10,333.8	6,447.7	8,829.5	14,552.9	11,927.7	13,392.2	16,676.3	21,234.3
Other	1,003.0	948.4	989.4	766.4	1,069.4	1,495.8	1,207.9	1,366.7	1,821.7	2,299.8
Non-oil	71,119.0	84,346.0	99,108.2	110,325.2	126,462.9	150,072.1	145,644.1	146,287.1	146,268.5	165,092.3
Agriculture	4,016.2	3,592.3	3,828.1	3,796.7	3,925.9	4,217.2	3,902.7	3,866.3	4,664.4	5,344.5
Mining	545.0	449.2	477.9	466.2	452.5	520.7	388.5	389.3	517.0	938.6
Manufacturing	66,557.9	80,304.6	94,802.2	106,062.3	122,084.5	145,334.2	141,353.0	142,031.4	141,087.1	158,809.3
Maquiladora	31,103.3	36,920.3	45,165.6	53,083.1	63,853.6	79,467.4	76,880.9	78,098.1	77,467.1	87,547.7
Non-maquiladora	35,454.6	43,384.3	49,636.6	52,979.2	58,231.0	65,866.8	64,472.0	63,933.3	63,619.9	71,261.6
Imports	72,453.1	89,468.8	109,807.8	125,373.1	141,974.8	174,457.8	168,396.5	168,678.9	170,545.8	197,156.5
Maquiladora	26,178.8	30,504.7	36,332.1	42,556.7	50,409.3	61,708.8	57,598.5	59,296.0	59,057.2	68,433.5
Non-maquiladora	46,274.3	58,964.1	73,475.7	82,816.3	91,565.5	112,749.0	110,797.9	109,382.9	111,488.7	128,723.0
Consumer goods	5,334.7	6,656.8	9,326.0	11,108.5	12,175.0	16,690.6	19,752.0	21,178.4	21,509.0	25,359.0
Intermediate goods	58,421.1	71,889.6	85,365.7	96,935.2	109,269.6	133,637.3	126,148.8	126,508.0	128,831.5	149,199.0
Maquiladora industry	26,178.8	30,504.7	36,332.1	42,556.7	50,409.3	61,708.8	57,598.5	59,296.0	59,057.2	68,433.5
Non-maquiladora industry	32,242.3	41,384.9	49,033.6	54,378.5	58,860.3	71,928.5	68,550.2	67,212.0	69,774.3	80,765.5
Capital goods	8,697.3	10,922.4	15,116.1	17,329.4	20,530.1	24,129.9	22,495.7	20,992.5	20,205.3	22,598.5
Trade balance	7,088.5	6,531.0	623.6	-7,833.8	-5,613.0	-8,337.1	-9,616.7	-7,632.9	-5,779.4	-8,530.0
Maquiladora industry	4,924.5	6,415.6	8,833.5	10,526.4	13,444.3	17,758.6	19,282.4	18,802.1	18,410.0	19,114.2
Non-maquiladora industry	2,164.0	115.4	-8,209.9	-18,360.2	-19,057.2	-26,095.7	-28,899.1	-26,435.0	-24,189.4	-27,644.2
Excluding oil exports	-1,334.1	-5,122.7	-10,699.6	-15,047.8	-15,511.9	-24,385.8	-22,752.3	-22,391.8	-24,277.4	-32,064.1

^{1/} Data provided by PMI Internacional, S.A. de C.V. (operation figures).

Note: Figures may not add up due to rounding.

Source: Working group integrated by officials from Banco de México, INEGI, the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria, SAT*), and the Ministry of the Economy.

Table A 57 Exports by Sector of Origin
Million US dollars

ITEM	Maquiladora			Non-maquiladora			Total		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Total	78,098.1	77,467.1	87,547.7	82,947.9	87,299.3	101,078.8	161,046.0	164,766.4	188,626.5
I. Land Farming and Forestry	0.0	0.0	0.0	3,259.8	3,911.2	4,510.5	3,259.8	3,911.2	4,510.5
II. Livestock and Fishing	0.0	0.0	0.0	606.5	753.2	834.0	606.5	753.2	834.0
III. Extractive Industries	0.0	0.0	0.0	13,792.9	17,194.6	22,173.9	13,792.9	17,194.6	22,173.9
Crude oil ^{1/}	0.0	0.0	0.0	13,392.2	16,676.3	21,234.3	13,392.2	16,676.3	21,234.3
Other	0.0	0.0	0.0	400.7	518.3	939.6	400.7	518.3	939.6
IV. Manufacturing	78,079.2	77,438.6	87,467.7	65,124.0	65,265.9	73,113.3	143,203.1	142,704.6	160,580.9
A. Food, Beverages and Tobacco	370.6	383.6	477.2	4,078.6	4,235.7	4,696.0	4,449.2	4,619.3	5,173.2
B. Textiles, Apparel and Leather products	6,841.2	6,614.8	6,501.1	4,187.6	3,828.4	4,147.7	11,028.8	10,443.2	10,648.8
C. Timber Products	474.3	474.7	497.4	374.3	334.1	399.4	848.6	808.7	896.8
D. Paper, Printing and Publishing	551.7	614.0	651.1	721.5	668.9	766.3	1,273.2	1,282.9	1,417.4
E. Oil by-products	0.0	0.0	0.0	1,177.6	1,612.4	1,947.4	1,177.6	1,612.4	1,947.4
F. Petrochemical products	0.0	0.0	0.0	177.7	207.9	351.3	177.7	207.9	351.3
G. Chemical products	692.6	603.8	554.6	4,982.4	5,140.0	6,202.7	5,675.0	5,743.8	6,757.3
H. Plastic and Rubber products	1,488.4	1,537.7	1,806.4	1,025.2	1,229.4	1,347.6	2,513.6	2,767.1	3,154.0
I. Non-metal mineral products	1,160.4	1,381.2	1,373.5	1,719.6	1,647.4	1,893.1	2,880.0	3,028.6	3,266.6
J. Iron and Steel	581.6	539.2	642.6	2,354.8	2,562.4	3,852.0	2,936.4	3,101.6	4,494.6
K. Mining and Metallurgy	188.8	195.6	206.4	1,168.8	1,143.1	1,659.1	1,357.6	1,338.7	1,865.4
L. Metallic products, machinery and equipment	63,943.5	64,027.8	73,473.9	42,659.7	42,014.0	45,137.6	106,603.1	106,041.8	118,611.5
1. For agriculture	80.6	128.7	265.0	32.1	37.1	46.9	112.7	165.8	311.9
2. For railroads	363.8	39.1	206.1	114.9	169.3	252.8	478.7	208.5	458.9
3. For other transport & communications	4,671.8	5,160.6	6,283.8	27,221.1	26,142.1	27,196.2	31,892.9	31,302.7	33,480.0
Automotive products	3,929.5	4,223.3	5,098.0	25,760.6	24,586.1	25,448.8	29,690.0	28,809.4	30,546.8
4. Industry machinery and equipment	16,470.8	18,025.1	21,303.6	8,897.2	8,613.4	8,564.2	25,368.0	26,638.4	29,867.8
5. Professional and scientific equipment	3,131.9	3,613.7	4,009.6	634.6	876.1	1,090.4	3,766.4	4,489.9	5,100.1
6. Electric and electronic equipment	38,834.1	36,666.8	40,941.3	5,368.0	5,806.7	7,695.3	44,192.1	42,473.5	48,626.6
7. Photographic & optical equipment, and watchmaking	390.4	393.7	464.5	401.8	369.3	301.8	792.3	763.0	766.3
M. Other industries	1,786.0	1,066.3	1,283.6	496.1	642.3	713.0	2,282.2	1,708.6	1,996.6
V. Other	18.9	28.5	80.0	164.8	174.3	432.1	183.7	202.8	512.1
VI. Unclassified products	0.0	0.0	0.0	0.0	0.0	15.0	0.0	0.0	15.0

^{1/} Data provided by PMI Internacional, S.A. de C.V. (operation figures).

Note: Figures may not add up due to rounding.

Source: Working group integrated by officials from Banco de México, INEGI, the Ministry of Finance's Tax Collection System (Servicio de Administración Tributaria, SAT), and the Ministry of the Economy.

Table A 58 **Imports by Sector of Origin**
Million US dollars

ITEM	Maquiladora			Non-maquiladora			Total		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
TOTAL	59,296.0	59,057.2	68,433.5	109,382.9	111,488.7	128,723.0	168,678.9	170,545.8	197,156.5
I. Land Farming and Forestry	20.4	21.9	32.3	4,851.5	5,443.0	5,898.1	4,871.9	5,464.9	5,930.4
II. Livestock and Fishing	21.3	7.3	6.3	482.2	390.3	388.5	503.5	397.6	394.8
III. Extractive Industries	130.9	175.0	278.2	1,836.0	2,949.3	3,798.6	1,967.0	3,124.2	4,076.8
IV. Manufacturing	59,069.3	58,837.9	67,940.2	101,553.5	102,137.4	117,423.7	160,622.8	160,975.4	185,363.9
A. Food, Beverages and Tobacco	70.4	101.8	150.2	6,254.6	6,901.8	7,854.7	6,325.0	7,003.6	8,004.9
B. Textiles, Apparel and Leather products	5,597.2	5,352.0	5,207.9	4,698.2	4,716.7	4,964.9	10,295.3	10,068.7	10,172.7
C. Timber products	318.8	325.2	362.3	808.6	904.3	1,157.8	1,127.4	1,229.5	1,520.1
D. Paper, Printing and Publishing	1,496.7	1,503.6	1,654.7	3,066.2	3,173.5	3,449.3	4,563.0	4,677.1	5,104.0
E. Oil by-products	32.0	47.5	36.1	3,241.6	3,402.5	4,560.3	3,273.6	3,450.0	4,586.4
F. Petrochemical products	91.6	117.4	132.2	2,094.5	2,588.4	3,373.8	2,186.1	2,705.8	3,506.0
G. Chemical products	2,126.4	2,247.1	2,430.1	10,467.0	11,299.5	12,960.4	12,593.4	13,546.6	15,390.6
H. Plastic and rubber products	5,071.1	5,372.9	5,633.3	4,296.1	4,659.4	4,572.1	9,367.2	10,032.3	10,205.4
I. Non-metal mineral products	837.7	842.9	840.4	1,316.7	1,297.2	1,395.2	2,154.4	2,140.1	2,235.6
J. Iron and Steel	2,315.0	2,352.1	2,766.7	4,848.0	5,094.6	7,201.2	7,163.0	7,446.7	9,967.9
K. Mining and Metallurgy	960.0	999.6	1,354.9	1,651.8	1,719.6	2,436.2	2,611.7	2,719.2	3,791.1
L. Metal products, machinery and equipment	39,630.7	39,213.2	46,964.3	57,419.7	54,940.9	62,032.6	97,050.4	94,154.1	108,996.9
1. For agriculture	19.1	20.0	16.3	468.4	425.3	431.6	487.4	445.3	447.9
2. For railroads	111.3	9.4	76.0	122.3	252.9	360.3	233.6	262.2	436.3
3. For other transport & communications	1,811.6	1,682.6	2,024.4	21,842.8	20,108.0	21,538.4	23,654.4	21,790.6	23,562.7
4. Industry machinery and equipment	9,121.1	10,895.4	13,120.7	18,657.7	17,923.3	20,259.9	27,778.8	28,818.7	33,380.6
5. Professional and scientific equipment	967.6	1,188.9	1,348.3	2,439.7	2,469.1	2,646.8	3,407.3	3,658.0	3,995.2
6. Electric and electronic equipment	26,809.1	24,670.3	29,224.4	13,221.8	13,119.9	15,899.7	40,030.9	37,790.2	45,124.0
7. Photographic & optical equipment, and watchmaking	790.9	746.7	1,154.2	666.9	642.4	896.0	1,457.9	1,389.1	2,050.2
M. Other industries	521.9	362.7	407.3	1,390.5	1,438.9	1,475.2	1,912.3	1,801.6	1,882.4
V. Other	54.0	15.0	176.5	658.1	568.7	1,214.0	712.1	583.7	1,390.6
VI. Unclassified products	0.1	0.0	0.0	1.6	0.0	0.0	1.6	0.0	0.0

Note: Figures may not add up due to rounding.

Source: Working group integrated by officials from Banco de México, INEGI, the Ministry of Finance's Tax Collection System (Servicio de Administración Tributaria, SAT), and the Ministry of the Economy.

Table A 59 **Regional Trade Balance**
Million US dollars

	Exports				Imports			
	2001	2002	2003	2004	2001	2002	2003	2004
Total	158,780	161,046	164,766	188,626	168,396	168,679	170,546	197,156
America	150,435	151,504	154,239	177,110	123,569	117,755	117,485	127,434
North America	143,703	144,841	147,335	168,445	118,002	111,037	109,481	116,216
United States	140,633	141,830	144,293	165,146	113,767	106,557	105,361	110,882
Canada	3,070	3,011	3,042	3,299	4,235	4,480	4,120	5,334
Central America	1,727	1,844	1,899	2,087	418	659	905	1,305
Costa Rica	338	373	352	387	184	416	584	857
El Salvador	274	292	286	317	30	36	44	50
Guatemala	560	548	590	673	95	117	151	230
Panama	247	304	320	316	45	35	38	44
Other	308	327	350	393	64	54	88	124
South America	2,858	2,903	2,761	4,052	4,723	5,450	6,509	9,005
Argentina	244	125	235	571	441	687	867	1,110
Brazil	585	658	621	864	2,101	2,565	3,267	4,344
Colombia	506	658	662	789	344	352	406	635
Chile	374	322	381	443	975	1,010	1,082	1,464
Peru	173	233	194	250	141	152	131	282
Venezuela	697	666	421	828	503	532	566	908
Other	279	240	246	306	216	150	189	262
Antilles	2,146	1,915	2,243	2,526	426	609	590	908
Europe	5,918	5,908	6,444	7,022	18,258	18,558	20,087	23,853
European Union	5,334	5,675	6,216	6,807	16,314	17,136	18,645	21,821
Germany	1,504	1,159	1,715	1,690	6,080	6,066	6,218	7,154
Belgium	318	482	344	443	630	557	573	716
Denmark	44	37	44	48	169	177	199	202
Spain	1,254	1,447	1,512	2,000	1,827	2,224	2,288	2,853
France	373	310	337	336	1,577	1,807	2,015	2,398
Netherlands	508	797	701	609	471	547	556	702
Italy	240	196	276	236	2,100	2,171	2,474	2,821
Portugal	149	141	187	154	101	94	126	251
United Kingdom	673	656	733	843	1,344	1,350	1,242	1,461
Other EU countries	272	451	367	449	2,014	2,144	2,953	3,264
Other European countries	584	233	228	214	1,944	1,422	1,443	2,032
Asia	2,223	3,310	3,683	3,947	25,345	31,360	31,854	44,651
China	282	654	974	987	4,027	6,274	9,401	14,459
South Korea	310	182	188	227	3,632	3,948	4,137	5,311
Philippines	16	20	20	18	818	925	784	876
Hong Kong	120	151	144	174	442	509	517	409
India	160	328	487	446	392	459	564	870
Indonesia	14	17	25	27	457	527	448	616
Israel	39	56	61	62	258	250	313	403
Japan	621	1,194	1,173	1,193	8,086	9,349	7,595	10,624
Malaysia	67	86	68	58	2,006	1,993	2,761	3,400
Singapore	242	199	189	314	1,147	1,555	1,338	2,226
Thailand	63	54	54	51	615	839	987	1,270
Taiwan	172	208	148	206	3,015	4,250	2,509	3,502
Other Asian countries	117	161	150	186	449	481	500	685
Africa	87	117	178	170	608	401	391	506
Oceania	108	189	212	291	613	600	711	692
Australia	88	169	199	275	348	351	429	404
New Zealand	19	19	10	15	261	246	278	281
Other	1	1	2	1	5	3	3	7
Unidentified	9	18	11	86	3	6	17	21

Note: Figures may not add up due to rounding.

Source: Working group integrated by officials from Banco de México, INEGI, Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria, SAT*), and Ministry of the Economy.

Table A 60 Non-maquiladora Foreign Trade

	Exports				Imports		
	2002	2003	2004		2002	2003	2004
Total (Million US dollars)	82,948	87,299	101,079	Total (Million US dollars)	109,383	111,489	128,723
	(Percentage of total)				(Percentage of total)		
Crude oil ^{1/}	16.1	19.1	21.0	Spare parts for automobiles and trucks	8.4	6.8	6.0
Automobiles	16.7	14.1	11.5	Automobiles	5.6	5.2	5.0
Trucks and cargo vehicles	8.4	8.4	7.8	Information processing machinery and spare parts	3.7	3.2	3.0
Automobile spare parts	3.5	3.5	3.5	Motors and spare parts for automobiles	3.1	3.2	2.8
Spare parts for machinery	2.9	2.8	2.1	Parts for electrical instalations	2.2	2.2	2.3
Computers	3.6	2.9	2.1	Radio and TV devices	1.6	1.6	2.1
Automobile motors	2.1	1.9	2.0	Electric valve lamps and spare parts	1.8	1.7	2.0
Iron (bars and pigs)	1.0	1.3	1.8	Synthetic resin devices	1.7	2.1	1.9
Fresh legumes and vegetables	1.6	1.6	1.7	Natural gas	0.8	1.6	1.8
Other electrical devices	1.6	1.7	1.6	Gasoline	1.1	1.0	1.6
Textile products made up of cotton and vegetable fibers	2.0	1.6	1.6	Fresh and refrigerated meat	1.6	1.5	1.5
Spare parts for motors	1.1	1.3	1.4	Loading trucks	1.3	1.4	1.4
Beer	1.4	1.4	1.3	Industrial use mixtures and preparations	1.1	1.2	1.2
Other pharmaceutical products	1.1	1.1	1.2	Medications and medical items	1.0	1.1	1.2
Plastics and synthetic resins	0.8	0.9	1.1	Measurement instruments	1.4	1.3	1.2
Sound system equipment (radio and CD)	0.5	0.4	1.1	Paper and manufactured cardboard	1.1	1.2	1.1
Tomato	0.7	1.0	1.0	Spare parts and machinery for unspecified industries	1.0	1.0	1.1
Manufactured steel / iron	1.0	0.9	1.0	Spare parts for radio and TV sets	0.5	0.7	1.1
Insulating cables for electric instalations	0.8	0.8	0.9	Natural or synthetic resins	1.1	1.1	1.1
Other fresh fruits	0.6	0.8	0.8	Generators, transformers and electric motors	1.5	1.3	0.9
Textile products made up of silk, synthetic fibers and wool	1.0	0.9	0.8	Special food preparations	0.8	0.9	0.9
Plastics and synthetic resin manufactures	0.7	0.7	0.8	Radio and telegraphic equipment	1.2	1.1	0.9
Glass and glassware	0.9	0.8	0.7	Soy seed	0.8	1.0	0.9
Spare parts for electric instalations	0.6	0.7	0.7	Pumps, engines and turbopumps	0.9	0.9	0.8
Precision instruments	0.1	0.6	0.7	Metal-working machinery	0.8	0.7	0.8
Silver bars	0.6	0.6	0.6	Corn	0.8	1.0	0.8
Tequila and other spirits	0.7	0.7	0.6	Bearings, shafts and pulleys	0.7	0.7	0.8
Electric motors	0.5	0.7	0.6	Butane and propane gas	0.6	0.8	0.8
Bovine cattle	0.4	0.5	0.5	Polyethylene	0.5	0.7	0.7
Iron and steel piping	0.4	0.4	0.5	Artificial and synthetic fiber threads	0.8	0.8	0.7
Valves and metal parts	0.5	0.5	0.5	Iron and steel plates	0.7	0.7	0.7
Refrigerators and spare parts	0.5	0.4	0.5	Hand tools	0.6	0.6	0.6
Motors and machine motors	0.2	0.3	0.5	Service elevators	0.6	0.6	0.6
Artificial or synthetic textile fibers	0.5	0.4	0.4	Organic acids and anhydrides	0.4	0.5	0.6
Polycarboxylic acids	0.3	0.4	0.4	Other seeds and oleaginous fruits	0.5	0.5	0.6
Other	24.3	24.0	24.8	Other	47.5	48.3	48.5

1/ Data provided by PMI Comercio Internacional, S. A. de C.V. Daily operation figures. Subject to revisions.

Note: Figures may not add up due to rounding.

Source: Working party integrated by officials from Banco de México, INEGI, Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria, SAT*), and Ministry of the Economy.

Table A 61 International Travelers

ITEM	1996	1997	1998	1999	2000	2001	2002	2003	2004 p/	
Balance (million US dollars)	3,008.3	3,369.0	3,484.1	3,284.0	2,681.6	2,795.1	2,698.7	2,798.3	3,203.8	3,879.9
INBOUND										
Revenues (million US dollars)	6,178.8	6,756.2	7,376.0	7,493.1	7,222.9	8,294.2	8,400.6	8,858.0	9,457.1	10,838.9
Tourists	4,051.0	4,470.0	5,086.0	5,134.5	5,061.7	5,816.2	5,941.4	6,083.7	6,680.1	7,783.5
In border areas	2,020.4	2,172.8	2,167.5	2,236.7	1,995.7	2,277.0	2,243.9	2,491.8	2,393.1	2,591.3
Overnight visitors	636.9	640.2	445.0	498.8	444.0	619.2	597.0	640.9	571.6	598.8
One-day visitors	1,383.4	1,532.6	1,722.5	1,737.8	1,551.7	1,657.7	1,646.9	1,850.9	1,821.5	1,992.5
Cruises	107.4	113.4	122.5	121.9	165.4	201.1	215.3	282.5	383.9	464.1
Number of travelers (thousands)	85,446	90,394	92,915	95,214	99,869	105,673	100,719	100,153	93,975	100,368
Tourists	7,784	8,982	9,794	9,775	10,214	10,591	10,151	9,883	10,353	11,553
In border areas	75,965	79,270	80,868	83,193	86,607	91,615	86,762	85,135	77,002	81,204
Overnight visitors	12,457	12,413	9,557	9,617	8,829	10,050	9,659	9,784	8,312	9,065
One-day visitors	63,508	66,857	71,311	73,576	77,778	81,565	77,103	75,352	68,690	72,139
Cruises	1,697	2,142	2,253	2,246	3,048	3,467	3,805	5,136	6,619	7,612
Average spending (US dollars)	72.3	74.7	79.4	78.7	72.3	78.5	83.4	88.4	100.6	108.0
Tourists	520.4	497.6	519.3	525.3	495.6	549.1	585.3	615.6	645.2	673.7
In border areas	26.6	27.4	26.8	26.9	23.0	24.9	25.9	29.3	31.1	31.9
Overnight visitors	51.1	51.6	46.6	51.9	50.3	61.6	61.8	65.5	68.8	66.1
One-day visitors	21.8	22.9	24.2	23.6	20.0	20.3	21.4	24.6	26.5	27.6
Cruises	63.3	52.9	54.4	54.3	54.3	58.0	56.6	55.0	58.0	61.0
OUTBOUND										
Expenditures (million US dollars)	3,170.5	3,387.2	3,891.9	4,209.1	4,541.3	5,499.1	5,701.9	6,059.7	6,253.3	6,959.0
Tourists	1,023.3	1,320.1	1,592.8	1,720.6	1,690.8	2,163.9	2,399.5	2,429.1	2,565.3	2,910.9
In border areas	2,147.2	2,067.1	2,299.1	2,488.6	2,850.5	3,335.3	3,302.4	3,630.6	3,688.0	4,048.1
Overnight visitors	217.1	216.3	228.4	281.4	259.6	281.1	368.0	348.5	269.7	316.4
One-day visitors	1,930.1	1,850.8	2,070.7	2,207.2	2,590.9	3,054.2	2,934.4	3,282.0	3,418.3	3,731.7
Number of travelers (thousands)	103,161	103,442	107,242	107,927	117,383	127,268	123,737	124,633	123,015	128,903
Tourists	3,703	4,437	4,838	5,177	5,543	6,200	6,423	6,492	6,603	7,398
In border areas	99,458	99,005	102,404	102,750	111,840	121,068	117,309	118,141	116,412	121,505
Overnight visitors	4,748	4,564	4,072	4,460	4,809	4,879	5,652	5,456	4,441	5,096
One-day visitors	94,710	94,441	98,332	98,290	107,031	116,189	111,657	112,685	111,971	116,409
Average spending (US dollars)	30.7	32.7	36.3	39.0	38.7	43.2	46.1	48.6	50.8	54.0
Tourists	276.3	297.5	329.2	332.3	305.0	349.0	373.6	374.1	388.5	393.5
In border areas	21.6	20.9	22.5	24.2	25.5	27.5	28.2	30.7	31.7	33.3
Overnight visitors	45.7	47.4	56.1	63.1	54.0	57.6	65.1	63.9	60.7	62.1
One-day visitors	20.4	19.6	21.1	22.5	24.2	26.3	26.3	29.1	30.5	32.1

p/ Preliminary figures.

Note: Figures may not add up due to rounding.

Table A 62 Revenues from Workers' Remittances

	2000	2001	2002	2003	2004 ^{p/}
Total remittances (million US dollars)	6,572.8	8,895.3	9,814.4	13,396.2	16,612.8
Money orders	1,434.4	803.2	686.4	1,623.1	1,883.1
Checks	8.5	10.2	10.1	6.4	n.a.
Electronic transfers	4,642.1	7,783.6	8,798.1	11,512.1	14,496.3
Cash and kind	487.8	298.3	319.8	254.6	233.6
Number of remittances (thousands)	17,999.0	27,744.3	29,953.8	41,807.7	50,874.4
Money orders	3,602.5	1,903.5	1,780.0	4,408.1	4,626.5
Checks	15.3	10.2	10.5	6.9	n.a.
Electronic transfers	13,737.1	25,246.5	27,704.0	37,044.4	45,925.2
Cash and kind	644.2	584.1	459.4	348.3	322.7
Average remittances (US dollars)	365	321	328	320	327
Money orders	398	422	386	368	407
Checks	555	997	966	933	n.a.
Electronic transfers	338	308	318	311	316
Cash and kind	757	511	696	731	724

n.a. not available.

p/ Preliminary figures.

Note: Figures may not add up due to rounding.

Table A 63 Revenues from Workers' Remittances
By state and country

State	Distribution by States								International Comparison Selected Countries (2003)		
	Ranking				Percentage Share				Country	Million USD	Percentage of GDP
	1995	2001	2003	2004	1995	2001	2003	2004			
Michoacán	1	1	1	1	16.25	11.69	12.63	13.22	India	19,763	3.8
Jalisco	3	2	3	2	10.25	8.31	9.03	9.22	Mexico		
Guanajuato	2	3	2	3	12.70	7.89	9.69	8.54	2002	9,814	1.5
Estado de México	7	4	4	4	4.39	7.16	7.77	8.34	2003	13,396	2.1
Federal District (D.F.)	6	9	6	5	4.84	3.97	5.91	5.75	2004	16,613	2.5
Veracruz	5	7	5	6	5.34	5.67	6.34	5.74	Spain	4,715	0.7
Puebla	15	6	7	7	2.07	5.99	5.79	5.72	Pakistan	3,963	5.7
Guerrero	4	5	8	8	6.11	6.27	5.14	4.97	Morocco	3,614	8.3
Oaxaca	8	8	9	9	4.34	4.03	4.91	4.84	Portugal	3,343	0.2
Hidalgo	16	10	10	10	1.95	3.89	3.78	3.70	Egypt	3,180	6.2
Zacatecas	27	15	11	11	0.54	2.51	2.70	3.01	Bangladesh	3,060	3.9
Chiapas	11	17	12	12	3.12	2.10	2.60	2.54	Colombia	2,961	4.2
Morelos	9	11	13	13	3.56	2.82	2.56	2.41	Dominican Republic	2,824	2.5
San Luis Potosí	10	12	14	14	3.26	2.82	2.43	2.37	Turkey	2,107	8.5
Aguascalientes	17	20	17	15	1.93	1.79	1.71	2.03	El Salvador	2,105	14.1
Sinaloa	13	14	15	16	2.99	2.62	1.92	1.90	Brazil	2,061	12.5
Querétaro	12	25	16	17	3.11	1.24	1.73	1.79	China	2,018	0.4
Durango	22	24	22	18	1.05	1.56	1.25	1.70	Guatemala	1,539	5.7
Nuevo León	14	16	18	19	2.08	2.11	1.58	1.67	Ecuador	1,489	0.7
Nayarit	21	13	21	20	1.27	2.69	1.41	1.45	Greece	1,250	5.0
Tamaulipas	20	19	19	21	1.57	1.91	1.48	1.43	Tunisia	1,183	0.9
Chihuahua	19	18	20	22	1.75	2.05	1.43	1.32	Indonesia	860	12.4
Tlaxcala	26	27	23	23	0.60	0.75	1.01	1.05	Peru	860	1.4
Coahuila	18	21	25	24	1.84	1.69	0.87	0.93	Honduras	787	2.7
Baja California	23	23	24	25	0.85	1.64	0.93	0.90	Croatia	729	0.3
Sonora	24	22	26	26	0.76	1.67	0.78	0.89	Nicaragua	439	10.6
Colima	25	26	27	27	0.75	1.15	0.73	0.76	Costa Rica	306	1.8
Tabasco	32	28	28	28	0.09	0.70	0.55	0.57	Philippines	236	0.3
Yucatán	28	29	30	29	0.31	0.42	0.39	0.48			
Quintana Roo	29	30	29	30	0.13	0.37	0.53	0.43			
Campeche	31	31	31	31	0.10	0.28	0.28	0.22			
Baja California Sur	30	32	32	32	0.12	0.21	0.13	0.10			
TOTAL					100.00	100.00	100.00	100.00			

Source: Banco de México, IMF Balance of Payments Division; for India, Reserve Bank of India.

Table A 64 **Foreign Investment Flows**
 Million US dollars

	1998	1999	2000	2001	2002	2003	2004 ^{p/}
TOTAL	11,748.5	16,059.6	17,182.3	28,726.5	15,175.1	12,151.6	19,273.1
Direct Investment	12,360.0	13,207.4	16,781.2	27,634.7	15,129.1	11,372.7	16,601.9
New investment	6,206.8	5,767.6	7,416.1	20,783.3	8,325.6	3,371.0	7,990.1
Reinvested earnings	2,864.0	2,309.3	3,807.5	3,777.9	1,916.9	1,939.3	2,472.6
Intercompany operations	3,289.1	5,130.5	5,557.7	3,073.5	4,886.5	6,062.4	6,139.2
Portfolio Investment	-611.5	2,852.2	401.0	1,091.8	46.0	778.9	2,671.2
Equity	-665.6	3,769.2	446.8	151.0	-103.6	-123.3	-2,522.2
Money market	54.1	-917.0	-45.8	940.8	149.6	902.2	5,193.4

p/ Preliminary figures.

Note: Figures may not add up due to rounding.

Table A 65 Foreign Investment in Government Securities

End of period outstanding stocks at face value

Billion US dollars

		CETES		BONDES		TESOBONOS		AJUSTABONOS		Development Bonds ^{1/}		Total ^{2/}	
		Stock	%	Stock	%	Stock	%	Stock	%	Stock	%	Stock	%
1993	Dec	15.4	70.2	0.8	3.9	1.3	5.9	4.4	20.1	d.n.e.	d.n.e.	21.9	100.0
1994	Dec	2.5	12.3	*	0.1	17.4	85.0	0.5	2.6	d.n.e.	d.n.e.	20.5	100.0
1995	Dec	2.8	82.0	0.1	3.3	0.2	5.6	0.3	9.1	d.n.e.	d.n.e.	3.4	100.0
1996	Dec	3.0	89.2	0.3	9.6	0.0	0.0	*	1.1	d.n.e.	d.n.e.	3.4	100.0
1997	Dec	3.0	90.3	0.3	7.7	0.0	0.0	*	0.2	d.n.e.	d.n.e.	3.3	100.0
1998	Dec	2.1	91.5	0.2	0.1	0.0	0.0	*	0.0	d.n.e.	d.n.e.	2.3	100.0
1999	Dec	1.0	88.7	0.1	9.5	0.0	0.0	*	0.0	d.n.e.	d.n.e.	1.1	100.0
2000	Dec	0.7	72.0	0.1	9.7	0.0	0.0	0.0	0.0	0.2	18.1	0.9	100.0
2001	Dec	0.7	37.0	0.0	0.9	0.0	0.0	0.0	0.0	0.9	52.4	1.8	100.0
2002	Dec	0.3	17.4	0.1	3.3	0.0	0.0	0.0	0.0	1.1	70.9	1.6	100.0
2003	Dec	0.4	18.0	0.5	21.9	0.0	0.0	0.0	0.0	1.1	57.5	2.1	100.0
2004	Dec	0.6	9.1	0.0	0.3	0.0	0.0	0.0	0.0	6.1	87.2	7.0	100.0
2002	Jan	0.4	25.5	0.0	1.5	0.0	0.0	0.0	0.0	1.0	64.5	1.5	100.0
	Feb	0.4	26.3	0.0	1.7	0.0	0.0	0.0	0.0	1.0	65.6	1.5	100.0
	Mar	0.4	25.1	0.0	1.1	0.0	0.0	0.0	0.0	1.0	65.5	1.6	100.0
	Apr	0.4	24.8	0.0	1.6	0.0	0.0	0.0	0.0	1.1	65.6	1.6	100.0
	May	0.4	27.4	0.0	1.3	0.0	0.0	0.0	0.0	1.0	68.0	1.5	100.0
	Jun	0.3	23.8	0.0	1.0	0.0	0.0	0.0	0.0	0.9	68.8	1.3	100.0
	Jul	0.4	26.2	0.0	2.5	0.0	0.0	0.0	0.0	0.9	66.3	1.4	100.0
	Aug	0.3	25.1	0.0	1.5	0.0	0.0	0.0	0.0	0.9	69.7	1.3	100.0
	Sep	0.3	18.7	0.1	10.0	0.0	0.0	0.0	0.0	0.9	62.5	1.5	100.0
	Oct	0.4	28.1	0.0	3.0	0.0	0.0	0.0	0.0	1.0	64.9	1.6	100.0
	Nov	0.3	16.3	0.1	3.6	0.0	0.0	0.0	0.0	1.1	72.4	1.5	100.0
	Dec	0.3	17.4	0.1	3.3	0.0	0.0	0.0	0.0	1.1	70.9	1.6	100.0
2003	Jan	1.3	51.5	0.0	0.5	0.0	0.0	0.0	0.0	1.0	43.6	2.5	100.0
	Feb	0.6	36.1	0.0	0.5	0.0	0.0	0.0	0.0	1.0	57.4	1.7	100.0
	Mar	1.0	43.2	0.2	7.7	0.0	0.0	0.0	0.0	1.0	46.9	2.3	100.0
	Apr	0.4	19.0	0.0	1.0	0.0	0.0	0.0	0.0	1.1	69.3	1.9	100.0
	May	0.5	23.7	0.0	0.7	0.0	0.0	0.0	0.0	1.0	71.7	1.9	100.0
	Jun	0.4	19.4	0.0	0.6	0.0	0.0	0.0	0.0	0.9	77.0	1.9	100.0
	Jul	0.6	26.1	0.0	1.8	0.0	0.0	0.0	0.0	0.9	68.2	2.3	100.0
	Aug	0.7	28.1	0.2	9.7	0.0	0.0	0.0	0.0	0.9	57.5	2.4	100.0
	Sep	0.5	22.0	0.2	7.9	0.0	0.0	0.0	0.0	0.9	65.7	2.3	100.0
	Oct	0.4	17.5	0.4	17.5	0.0	0.0	0.0	0.0	1.0	59.0	2.3	100.0
	Nov	0.5	21.0	0.4	19.1	0.0	0.0	0.0	0.0	1.1	55.5	2.3	100.0
	Dec	0.4	18.0	0.5	21.9	0.0	0.0	0.0	0.0	1.1	57.5	2.1	100.0
2004	Jan	1.4	44.6	0.4	11.5	0.0	0.0	0.0	0.0	1.2	39.2	3.1	100.0
	Feb	2.3	56.8	0.4	9.3	0.0	0.0	0.0	0.0	1.3	32.5	4.1	100.0
	Mar	4.1	68.6	0.4	6.1	0.0	0.0	0.0	0.0	1.4	23.3	5.9	100.0
	Apr	1.1	35.6	0.3	10.1	0.0	0.0	0.0	0.0	1.6	51.6	3.0	100.0
	May	0.9	30.9	0.1	3.7	0.0	0.0	0.0	0.0	1.8	63.3	2.9	100.0
	Jun	1.6	38.7	0.1	2.6	0.0	0.0	0.0	0.0	2.3	56.6	4.1	100.0
	Jul	0.7	19.4	0.1	3.1	0.0	0.0	0.0	0.0	2.6	72.9	3.6	100.0
	Aug	0.6	13.8	0.1	2.6	0.0	0.0	0.0	0.0	3.2	76.2	4.2	100.0
	Sep	0.5	8.8	0.0	0.6	0.0	0.0	0.0	0.0	4.3	79.8	5.4	100.0
	Oct	0.6	10.3	0.0	0.5	0.0	0.0	0.0	0.0	5.0	84.6	5.9	100.0
	Nov	0.4	6.4	0.0	0.5	0.0	0.0	0.0	0.0	6.1	86.2	7.0	100.0
	Dec	0.6	9.1	0.0	0.3	0.0	0.0	0.0	0.0	6.1	87.2	7.0	100.0

1/ Placement of this type of bonds began in January 2000.

2/ Includes PAGAFES (January up December 1991), UDIBONOS (August 1996 up to date), and BREMs and IPAB bonds (July 2001 up to date).

*/ Less than 50 million US dollars.

d.n.e. Does not exist.

Note: External sector securities' figures have been adjusted according to revised data on government securities held by sectors since 1998 (see Banco de México's press release No. 105).

Source: Banco de México.

Table A 66

Foreign Investment in the Stock Market

End of period outstanding stocks at market value

Billion US dollars

	ADRs ^{1/}		Free Subscription		Neutral Fund		Mexico Fund		Total ^{2/}	
	Stock	%	Stock	%	Stock	%	Stock	%	Stock	%
	1992 Dec	21.2	73.8	5.1	17.8	1.8	6.2	0.6	2.2	28.7
1993 Dec	34.0	62.2	12.9	23.6	6.4	11.7	1.4	2.5	54.6	100.0
1994 Dec	21.2	61.6	8.1	23.6	4.3	12.6	0.8	2.2	34.4	100.0
1995 Dec	15.2	62.1	5.9	24.0	2.6	10.7	0.8	3.1	24.5	100.0
1996 Dec	15.1	48.8	11.4	36.9	3.5	11.3	0.9	3.0	31.0	100.0
1997 Dec	23.1	47.2	19.5	39.8	4.9	10.0	1.3	2.7	49.0	100.0
1998 Dec	18.6	57.1	10.3	31.3	2.9	8.9	0.8	2.4	32.6	100.0
1999 Dec	41.5	62.3	19.7	29.5	4.5	6.7	0.9	1.4	66.7	100.0
2000 Dec	32.1	61.8	16.8	32.3	2.2	4.2	0.9	1.7	51.9	100.0
2001 Dec	33.4	60.8	18.6	33.9	2.2	4.0	0.8	1.5	54.9	100.0
2002 Dec	28.0	62.8	14.7	33.0	1.6	3.6	0.3	0.7	44.6	100.0
2003 Dec	34.6	61.2	19.9	35.2	1.7	3.0	0.3	0.5	56.5	100.0
2004 Dec	48.3	65.3	22.4	30.2	2.9	3.9	0.4	0.6	74.0	100.0
2002 Jan	36.1	57.5	23.6	37.6	2.3	3.7	0.8	1.3	62.8	100.0
Feb	34.6	56.6	23.2	38.0	2.4	3.9	0.9	1.5	61.1	100.0
Mar	38.0	56.8	24.0	35.9	2.6	3.9	2.3	3.4	66.9	100.0
Apr	37.5	58.5	23.2	36.2	2.5	3.9	0.9	1.4	64.1	100.0
May	34.5	58.5	21.5	36.4	2.2	3.7	0.8	1.4	59.0	100.0
Jun	30.8	57.1	20.5	38.0	1.8	3.4	0.7	1.4	53.9	100.0
Jul	28.3	60.2	16.3	34.7	1.8	3.7	0.7	1.5	47.0	100.0
Aug	29.0	60.6	16.5	34.4	1.7	3.6	0.7	1.4	47.8	100.0
Sep	25.6	59.5	15.2	35.3	1.6	3.7	0.7	1.5	43.0	100.0
Oct	27.6	60.9	15.7	34.7	1.7	3.8	0.3	0.7	45.3	100.0
Nov	29.4	62.3	15.8	33.5	1.7	3.6	0.3	0.6	47.2	100.0
Dec	28.0	62.8	14.7	33.0	1.6	3.6	0.3	0.7	44.6	100.0
2003 Jan	26.3	62.3	14.2	33.6	1.5	3.6	0.2	0.5	42.2	100.0
Feb	25.4	60.7	14.8	35.3	1.4	3.4	0.2	0.5	41.9	100.0
Mar	25.4	60.0	15.2	35.9	1.5	3.5	0.2	0.5	42.3	100.0
Apr	28.7	60.2	17.3	36.4	1.4	2.9	0.2	0.4	47.7	100.0
May	29.1	59.9	17.5	36.1	1.7	3.4	0.3	0.6	48.5	100.0
Jun	30.6	61.0	17.5	34.9	1.8	3.6	0.3	0.6	50.2	100.0
Jul	32.0	61.9	17.7	34.2	1.7	3.3	0.3	0.6	51.7	100.0
Aug	31.8	62.6	17.0	33.5	1.7	3.3	0.3	0.6	50.8	100.0
Sep	31.8	61.6	17.8	34.5	1.8	3.4	0.3	0.6	51.6	100.0
Oct	32.3	61.5	18.0	34.3	1.9	3.6	0.3	0.6	52.5	100.0
Nov	33.8	61.6	18.9	34.4	1.9	3.5	0.3	0.5	54.9	100.0
Dec	34.6	61.2	19.9	35.2	1.7	3.0	0.3	0.5	56.5	100.0
2004 Jan	36.9	60.4	21.5	35.2	2.3	3.8	0.3	0.5	61.0	100.0
Feb	38.6	60.5	22.6	35.4	2.3	3.7	0.3	0.5	63.9	100.0
Mar	40.2	58.4	26.0	37.7	2.4	3.4	0.3	0.5	68.9	100.0
Apr	37.1	57.4	25.0	38.6	2.2	3.5	0.3	0.4	64.6	100.0
May	37.3	57.7	24.9	38.6	2.1	3.3	0.3	0.4	64.6	100.0
Jun	37.7	57.5	25.4	38.8	2.2	3.3	0.3	0.4	65.6	100.0
Jul	37.2	61.4	21.0	34.7	2.1	3.5	0.3	0.4	60.6	100.0
Aug	37.2	59.7	22.7	36.5	2.1	3.4	0.3	0.4	62.3	100.0
Sep	39.3	59.8	23.8	36.2	2.3	3.5	0.3	0.5	65.7	100.0
Oct	41.6	60.7	24.2	35.2	2.4	3.5	0.4	0.5	68.6	100.0
Nov	44.4	60.3	26.1	35.4	2.8	3.8	0.4	0.5	73.7	100.0
Dec	48.3	65.3	22.4	30.2	2.9	3.9	0.4	0.6	74.0	100.0

1/ Includes Global Depository Receipts (GDR's).

2/ Since 1993 total foreign investment in the stock market includes warrants and investments in the intermediate market.

Source: Mexican Stock Exchange.

Table A 67 **Gross External Debt Position**
By residence criteria 1/
End of period outstanding stocks

	Million USD			Percentage of GDP		
	2003	2004 ^{*/}	Change	2003	2004 ^{*/}	Change
TOTAL (I + II + III + IV)	132,020.6	130,530.5	-1,490.1	20.39	17.69	-2.70
TOTAL ADJUSTED (I + II + III + IV + V)	161,966.1	165,902.7	3,936.6	25.02	22.48	-2.53
PUBLIC SECTOR (I + 3.3 + 4.2.1)	79,023.5	79,225.8	202.3	12.20	10.74	-1.47
I. Federal government ^{2/}	58,358.3	60,084.2	1,725.9	9.01	8.14	-0.87
II. Monetary authorities	0.0	0.0	0.0	0.00	0.00	0.00
III. Banking sector	11,298.8	11,433.4	134.6	1.75	1.55	-0.20
3.1 Commercial banks ^{3/}	1,990.6	2,413.6	423.0	0.31	0.33	0.02
3.2 Other depository corporations ^{4/}	800.7	881.6	80.9	0.12	0.12	0.00
3.3 Development banks ^{2/}	8,507.5	8,138.2	-369.3	1.31	1.10	-0.21
IV. Other sectors	62,363.5	59,012.8	-3,350.7	9.63	8.00	-1.63
4.1 Non-bank financial corporations ^{5/}	0.0	0.0	0.0	0.00	0.00	0.00
4.2 Non-financial enterprises	62,363.5	59,012.8	-3,350.7	9.63	8.00	-1.63
4.2.1 Public corporations ^{2/}	12,157.7	11,003.4	-1,154.3	1.88	1.49	-0.39
4.2.2 Private sector ^{6/}	50,205.8	48,009.4	-2,196.4	7.75	6.51	-1.25
4.2.3 Deposit insurance corporation ^{7/}	0.0	0.0	0.0	0.00	0.00	0.00
V. Adjustments (5.1-5.2+5.3+5.4+5.5)	29,945.5	35,372.2	5,426.7	4.62	4.79	0.17
5.1 Non-residents' holdings of peso-denominated debt ^{8/}	2,107.2	7,054.7	4,947.5	0.33	0.96	0.63
5.2 Residents' holdings of foreign currency-denominated debt ^{9/}	1,141.3	2,782.9	1,641.6	0.18	0.38	0.20
5.3 Agencies' claims on Mexican residents ^{10/}	6,025.6	4,848.2	-1,177.4	0.93	0.66	-0.27
5.4 PIDIREGAS-PEMEX ^{11/}	22,801.2	26,105.3	3,304.1	3.52	3.54	0.02
5.5 Other debt liabilities with non-residents ^{12/}	152.8	147.0	-5.8	0.02	0.02	0.00

*/ Preliminary figures. Calculations based on GDP of the last quarter of the year and end of period FIX exchange rate.

NOTE: Table A-67 and Table A-68 exhibit differences. While Table A-67 is based on IMF criteria, which present data in a more international comparable format, Table A-68 is based on the criteria used for integrating the balance of payments for several years, which allows for temporal comparisons. For further details on such differences, see footnotes of both tables.

1/ Gross external debt statistics are compiled by Banco de México and the Ministry of Finance (SHCP). In order to comply with IMF's "External Debt Statistics: Guide for Compilers and Users" (2003) and, at the same time, facilitate its comparison with official figures published by the Ministry of Finance (available at www.shcp.gob.mx), both official statistics on Mexico's public external debt and its corresponding adjustments are presented following IMF's Special Data Dissemination Standard (SDSS) for residence criteria.

2/ Public sector data (federal government, development banks and public enterprises and institutions) is classified according to "user" criteria.

3/ Unlike official statistics, the present figures do not include debt with other nonresident entities of Mexican commercial bank agencies' located abroad. The reason for such exclusion is that IMF's "External Debt Statistics: Guide for Compilers and Users" considers agencies as nonresidents. Figures include accrued interests.

4/ Includes financial leasing companies, financial factoring companies, limited purpose financial companies (*Sociedades Financieras de Objeto Limitado, SOFOLES*), savings and loan companies, credit unions, and investment funds.

5/ Includes insurance companies, deposit warehouses, brokerage houses and bonding companies. Since official statistics do not include this item, it is reported as zero. However, liabilities of these financial auxiliaries with non-residents are considered in the adjustments section.

6/ Data on short and long-term loans is drawn from Banco de México's Survey "Outstanding Consolidated Claims on Mexico" on foreign creditor banks. Since official statistics for private sector's debt are based on debtor data, figures may not coincide with those published by the Ministry of Finance.

7/ Institute for the Protection of Bank's Savings (Instituto para la Protección al Ahorro Bancario, IPAB). Since official statistics do not include this item, it is reported as zero. However, IPAB's liabilities with non-residents are considered in the adjustments section.

8/ Defined as nonresidents' holdings of Treasury bills (CETES), federal government development bonds (BONDES); fixed-rate federal government development bonds (BONOS), federal government bonds denominated in investment units (UDIBONOS), monetary regulation bonds (BREM) and savings protection bonds (BPAs and BPATs).

9/ Federal government bonds denominated in foreign currency held by Mexican residents.

10/ Corresponds to Mexican residents' liabilities with Mexican commercial banks' agencies abroad. Includes both agencies' direct loans to Mexican residents and agencies' holdings of bonds issued by Mexican residents. When such bonds are held to be negotiated, their stocks are accounted at market value.

11/ PIDIREGAS (*Proyectos de Infraestructura Productiva a Largo Plazo*) is a mechanism used since 1995 for financing strategic long-term investment projects for the oil, gas and energy industries. According to the applicable accounting procedures such debt is assumed by the public sector two years prior to its due date and once the investment project has been concluded. This item does not include debt related with PIDIREGAS-CFE because such debt is assumed as part of the private sector. If such assumption were incorrect, the Gross External Debt associated with PIDIREGAS would be underestimated.

12/ Includes deposits of both multilateral creditors and foreign central banks at Banco de México.

Source: Ministry of Finance and Banco de México.

Table A 68 **Gross External Debt and Debt Service**
Billion US dollars at end of period

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^{p/}
TOTAL EXTERNAL DEBT	142.5	169.8	164.0	154.4	163.7	166.1	158.8	157.4	155.4	157.8	161.3
Public debt ^{1/}	85.4	100.9	98.3	88.3	92.3	92.3	84.6	80.3	78.8	79.0	79.2
Federal government	41.2	56.4	55.6	49.0	52.3	53.0	46.1	44.1	43.6	44.9	48.6
Public enterprises	10.0	9.7	11.3	10.9	11.7	12.7	12.5	11.9	11.6	11.5	10.6
Development banks	34.2	34.8	31.4	28.4	28.3	26.6	26.0	24.3	23.6	22.6	20.0
Commercial banks ^{2/}	25.0	20.6	18.5	16.7	15.8	14.8	12.4	9.3	6.3	5.8	5.2
Banco de México	3.9	17.3	13.3	9.1	8.4	4.5	0.0	0.0	0.0	0.0	0.0
Non-bank private sector ^{3/}	28.2	31.0	33.9	40.3	47.2	54.5	61.8	67.6	70.3	73.0	76.9
EXTERNAL DEBT SERVICE^{4/}	20.8	23.0	33.8	34.3	24.2	24.0	34.7	30.2	25.2	27.3	27.0
Amortizations	9.0	9.4	20.4	21.9	11.7	11.1	21.0	17.5	13.2	15.6	15.4
Current amortizations ^{5/}	9.0	9.4	10.6	12.4	11.7	11.1	10.6	11.7	11.0	10.0	15.4
Other ^{6/}	0.0	0.0	9.8	9.5	0.0	0.0	10.4	5.8	2.2	5.6	0.0
Interest paid	11.8	13.6	13.4	12.4	12.5	12.9	13.7	12.7	12.0	11.7	11.6
Public sector	7.8	8.5	8.0	7.0	6.7	6.8	7.4	7.1	6.6	6.8	6.7
Commercial banks	1.6	1.7	1.7	1.5	1.5	1.3	1.2	0.8	0.4	0.3	0.3
Banco de México	0.2	0.7	0.7	0.5	0.4	0.3	0.1	0.0	0.0	0.0	0.0
Non-bank private sector	2.2	2.7	3.0	3.4	3.9	4.5	5.0	4.8	5.0	4.6	4.6

NOTE: Table A-67 and Table A-68 exhibit differences. While Table A-67 is based on the criteria for integrating the balance of payments for several years, which allows for temporal comparisons, Table A-68 is based on IMF criteria, which present data in a more international comparable format. For further details on such differences, see footnotes of both tables.

1/ Public sector data is classified according to "external debtor" criteria.

2/ Commercial banks' debt includes external liabilities of its agencies and branches abroad.

3/ Includes debt not recognized by the Ministry of Finance, associated with long-term infrastructure investment projects (PIDIREGAS).

4/ Current amortizations including interest paid.

5/ Amortizations of long-term government liabilities. Excludes amortizations of TESOBONOS and payments to the IMF.

6/ Includes early redemption of Brady Bonds and other prepayments of federal government debt.

p/ Preliminary figures.

Source: Banco de México and Ministry of Finance.

Balance Sheet



BANCO DE MEXICO

5 DE MAYO NUM. 2 MEXICO 06059, D.F.

BALANCE SHEET AT DECEMBER 31, 2004

MILLION PESOS

<u>ASSETS</u>		<u>LIABILITIES AND EQUITY</u>	
INTERNATIONAL RESERVES	\$ 685,653	INTERNATIONAL MONETARY FUND	\$ 0
INTERNATIONAL ASSETS	715,771	MONETARY BASE	340,178
LIABILITIES TO BE DEDUCTED	(30,118)	BILLS AND COINS AND CIRCULATION	340,178
CREDIT GRANTED TO THE FEDERAL GOVERNMENT	0	BANK CURRENT ACCOUNT DEPOSITS	0
GOVERNMENT SECURITIES	0	MONETARY REGULATION BONDS	232,996
CREDIT GRANTED TO FINANCIAL INTERMEDIARIES AND DEBTORS FROM REPO OPERATIONS	127,787	FEDERAL GOVERNMENT CURRENT ACCOUNT DEPOSITS	89,018
CREDIT GRANTED TO PUBLIC ENTITIES	59,353	OTHER FEDERAL GOVERNMENT DEPOSITS	22,998
SHARES IN INTERNATIONAL FINANCIAL ORGANIZATIONS	8,195	OTHER BANK DEPOSITS AND DEBTORS FROM REPO OPERATIONS	232,656
FIXED ASSETS, FURNISHING AND EQUIPMENT	3,323	TRUST FUNDS' DEPOSITS	0
OTHER ASSETS	60,934	SPECIAL DRAWING RIGHTS	5,005
TOTAL ASSETS	\$ 945,245	OTHER LIABILITIES	42,025
		TOTAL LIABILITIES	\$ 964,876
		CAPITAL	5,228
		FISCAL YEARS' OPERATIONAL SURPLUS	(24,859)
		TOTAL EQUITY	(19,631)
		TOTAL LIABILITIES AND EQUITY	\$ 945,245

MEMORANDUM ACCOUNT \$ 8,706,275

The present Balance Sheet was prepared according to the rules and regulations set by Banco de México's Law and Internal Bylaw, the specific guidelines set by its Board of Governors, the Bank's financial information standards which comply with adequate international Central Bank practices, and to the accounting principles commonly accepted in Mexico, applicable to its case. In accordance with article 38 of the referred Bylaw, International Reserves are defined as mentioned in article 19 of Banco de México's Law; Government Securities are presented as net holdings from these securities and after monetary regulation deposits, not including any securities acquired or transmitted via repo operations or deposits, and in case of creditor position, listed under line item Monetary Regulation Deposits; Credit granted to Financial Intermediaries and Debtors via Repo operations includes Commercial Banks, Development Banks and Official Trust Funds, as well as the net debtor balance from accounts included in line item Bank Current Account Deposits; Credit to Public Entities and Enterprises includes that granted to the Institute for the Protection of Bank Savings (*Instituto de Protección al Ahorro Bancario, IPAB*); and line item Other Assets is presented as Net from Capital Reserves for Exchange Rate Fluctuations and from Net Revalued Assets, which, as a whole, sum \$23,071. Balances denominated in foreign currency were valued at the daily exchange rate, and Equity reflects a surplus of \$3,860 due to the revaluation of Fixed Assets and Inventories.

DR. GUILLERMO ORTIZ MARTÍNEZ
GOVERNORLIC. ALEJANDRO GARAY ESPINOSA
GENERAL DIRECTOR OF INTERNAL ADMINISTRATIONC.P. GERARDO ZÚÑIGA VILLARCE
DIRECTOR OF ACCOUNTINGExternal Auditors' Report

We have reviewed the Balance Sheet of Banco de México at December 31, 2004, its Profit and Loss Statement as well as the corresponding Statements of Equity Variations and Changes in the Financial Position for the year ending on the aforementioned date. Banco de México's Administration is solely responsible for the referred Financial Statements. Our responsibility is to express an opinion of the above based on our audit.

Our audit was carried out following the commonly accepted auditing standards applicable to Mexico, which require a planned and prepared audit to reasonably ensure financial statements do not reflect significant errors and are prepared in accordance with Banco de México's Law and Internal Bylaw. Such audit consists of an assessment, based on selected tests, of evidence supporting all figures and financial statements; furthermore, it includes an evaluation of the accounting practices used, the foremost estimations made by Banco de México's Administration, and the presentation of the Institution's financial statements. We believe this assessment provides sufficient evidence to support our opinion.

Financial statements have been prepared following the requirements for providing financial information set out by Banco de México's Law and Internal Bylaw, as well as by the specific guidelines agreed by its Board of Governors, and the applicable accounting principles commonly accepted in Mexico.

In our opinion, these financial statements provide a reasonable depiction of Banco de México's financial position at December 31, 2004, its income statement, the variations in equity, and the changes in its financial position for the year ending on said date, according to the accounting requirements described above.

March 14, 2005

KPMG CARDENAS DOSAL, S.C.
C.P.C. José Carlos Rivera Nava