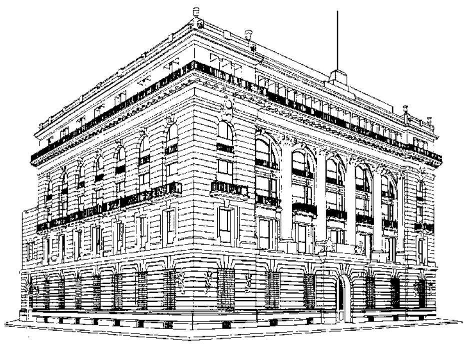
Annual Report

2001



BANCO DE MEXICO

APRIL 2002

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The Annual Report
Submitted to the President and the Mexican Congress
in accordance with Banco de México's Law Article 51, section III.

FOREWARNING

Figures presented for 2001 are preliminary and subject to change. Although data is consistent within each section, comparing figures drawn from various sections may result in discrepancies because they have been estimated on the basis of different sources and methodologies

Banco de México has always given the utmost importance to the publication of information that will help decision-making and allow the public to evaluate the execution of its policies. This text is provided only as a convenience to the reader, and discrepancies could eventually arise from the translation of the original document into English. The original and unabridged Annual Report in Spanish is the only official document.

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I. Introduction

Throughout 2001 Mexico experienced the effects of the global economic slowdown, especially that of the United States. Exports, output and employment all contracted while GDP fell 0.3 percent. The weakness of economic activity translated into a considerable reduction of formal employment particularly in those sectors that are closely linked to exports, and the number of workers affiliated to the Mexican Social Security Institute (*Instituto Mexicano del Seguro Social,* IMSS) fell by 358 thousand individuals.

However, it is important to emphasize that unlike previous recession periods in Mexico, inflation declined markedly in a stable financial environment in 2001. Annual inflation moved from 8.96 percent to 4.40 percent between December 2000 and the same month in 2001, therefore attaining the established target for the third consecutive year. Meanwhile, both nominal and real interest rates fell to levels unseen for many years and the exchange rate showed remarkable stability. Thus, the economy, for the first time in a quarter of a century, experienced a normal business cycle in which economic downturn was accompanied by stable behavior of the country's main financial variables.

Several elements of strength allowed the Mexican economy to undergo an orderly adjustment to the downward phase of the economic cycle: i) monetary policy compatible with the inflation objective; ii) fiscal discipline; and iii) the structural reforms launched in previous years (most importantly, trade liberalization). This combination of factors led to more long-term external capital inflows and also helped to curb the current account deficit. All of the aforementioned leads to believe that Mexico's economy will recover in line with the rest of the world.

During 2001, developments in inflation responded to the following factors: the preventive monetary policy undertaken in 2000 and at the start of 2001; the decline in aggregate demand; exchange rate stability; and, finally, the favorable evolution of prices of agricultural and livestock goods and of those of goods and services administered or regulated by the public sector. It is important to mention that there was also a substantial decline in core inflation, from 7.52 percent at year-end 2000 to 5.08 percent at the close of 2001. The decline of overall inflation could be transitory as it benefited from the reduction –perhaps also transitory– of some highly volatile prices. As a result, core inflation has now gained relevance in the evaluation of medium-term inflationary pressures.

In response to Mexico's economic changes, monetary policy has moved towards an inflation-targeting scheme. In order to attain the established targets, monetary policy actions in Mexico over recent years have been founded on an exhaustive and continuous analysis of short and medium-term inflationary pressures. When this assessment has indicated that medium-term inflation is not compatible with the targets, the monetary policy stance has been altered to induce the necessary monetary conditions to bring inflation forecasts in line with the objectives.

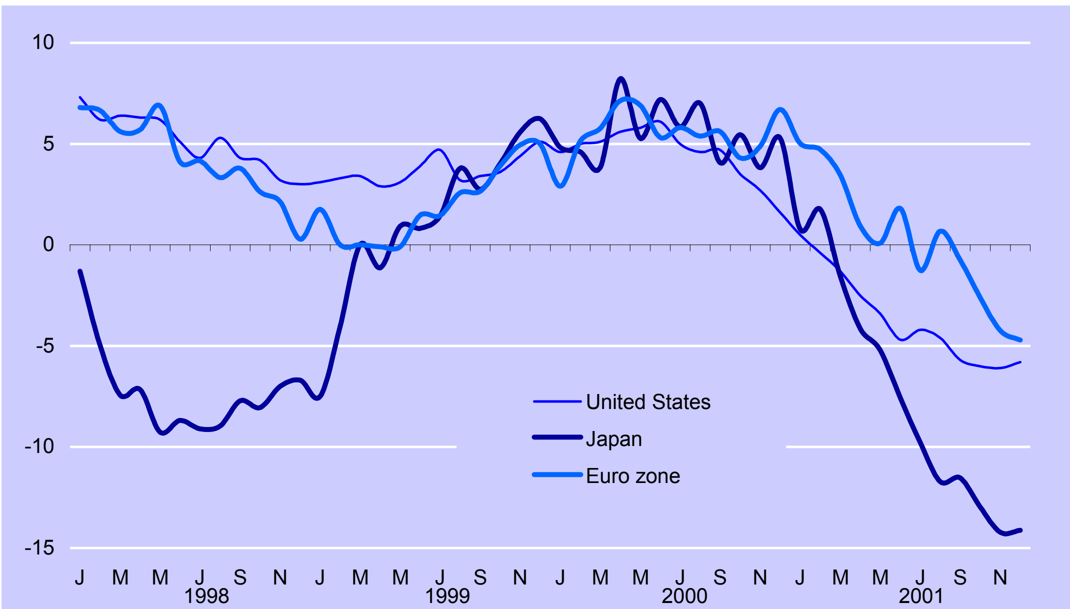
One aspect of the present monetary policy framework worth mentioning is its emphasis on transparency and communication regarding the central bank's motives and actions. These factors, besides being a fundamental part of the process of accountability that an autonomous entity like Banco de México must comply, also contribute to alleviate the social cost of abating inflation.

II. International Environment

During 2001 there was a synchronized slowdown of the economies of the United States, Japan and Europe that caused an unusually severe contraction of international trade flows (Graph 1 and Table 1). The deterioration of global economic growth throughout the year had a considerable impact on the Mexican economy's performance as it led to reduced levels of exports, economic activity and employment. The substantial decline in exports contrasted with the relatively favorable conditions surrounding the supply of foreign capital that continued despite the fear of contagion from instability in some emerging markets. Mexico smoothly adjusted to the changing international scenario, thereby laying the foundations for sustained growth once the world economy begins to pick up.

Graph 1 **Industrial Output* in the United States, Japan and the European Union**

Annual percentage change



* Excluding Construction.
Source: Bureau of Economic Analysis, Eurostat, and Ministry of Economy, Trade and Industry of Japan.

Table 1

GDP and World Trade

Annual percentage change

	1997	1998	1999	2000	2001 e/
World GDP	4.2	2.8	3.6	4.7	2.4
Advanced Economies	3.4	2.7	3.3	3.9	1.1
Main Advanced Economies	3.2	2.8	3.0	3.5	1.0
United States	4.4	4.3	4.1	4.1	1.2
European Union	2.3	2.9	2.6	3.3	1.5
Japan	1.8	-1.0	0.7	2.2	-0.4
Asian RIE 2/	5.8	-2.4	7.9	8.2	0.4
Developing Countries	5.8	3.6	3.9	5.8	4.0
Africa	3.1	3.5	2.5	2.8	3.5
Asia	6.5	4.0	6.2	6.8	5.6
Middle East and Turkey	5.1	4.1	1.1	5.9	1.8
Latin America and the Caribbean	5.3	2.3	0.1	4.1	1.0
Transition Economies	1.6	-0.8	3.6	6.3	4.9
World Trade in Goods	10.5	4.6	5.6	12.8	0.2

e/ Estimated.
1/ Including United States, Japan, Germany, France, Italy, United Kingdom and Canada.
2/ Including China, Hong-Kong, Korea, Singapore and Taiwan.
Source: World Economic Outlook, December 18th 2001, IMF except for the United States: Bureau of Economic Analysis; European Union: Eurostat and; Japan: Cabinet Office.

The downturn in the United States' economy began in the second half of 2000 as a result of cuts in private investment plans, particularly in the technology sectors. The United States' economy became weaker in 2001 and brought an end to that country's longest period of postwar economic expansion. Thus, during 2001 GDP in that country registered its lowest growth in a decade. The manufacturing sector was hardest hit by the drop in domestic demand and by the contraction of exports. The impact of reduced investment and a considerable adjustment in inventories was partly offset by relatively strong expenditure by households, the easement of monetary policy and the granting of fiscal incentives.

The uncertainty and disruption caused by the terrorist attacks on September 11th had an adverse impact on the operations of the world's most important financial centers. In response to intensified risks in an economy that was already fragile, the United States authorities agreed to further ease monetary policy and made plans for additional fiscal incentives. Meanwhile, in the context of sluggish economic activity in the industrialized economies and growing pressures on emerging markets, the most important central banks in the world decided to respond to the higher risks created by the terrorist events. The attacks led to the closure of important bond-placement markets and the higher risk premiums for a wide range of security issuers. Nevertheless, this situation began to normalize when physical infrastructure for financial market operations was re-established and new measures by the central banks of the main industrialized countries were adopted. As a result, economic activity in the United States started to show signs of recovery by the end of 2001.

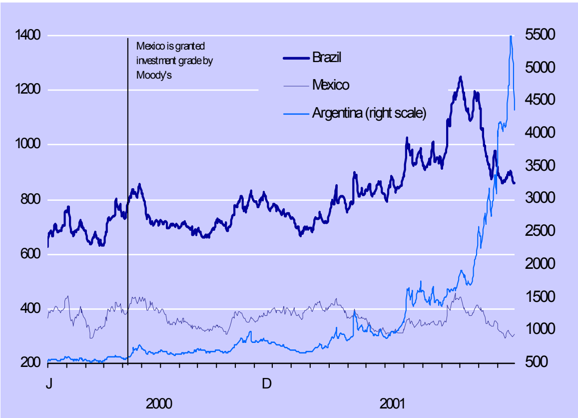
The synchronization of the international economic slowdown responded to factors inherent to each region as well as to others of world impact. In this context, the global nature of the disturbance generated by the contraction in the technology sectors and the consequent correction in the valuation of the shares of companies linked to these sectors are relevant issues. In the Euro zone and Japan, several factors of domestic origin reduced the authorities' capacity to stave off the effects of external shocks.

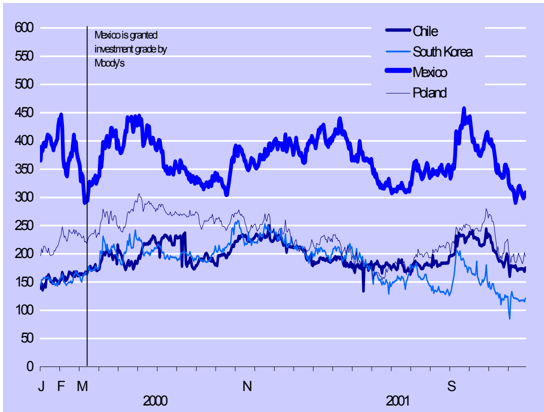
The Euro zone economies moved from stagnation in the second quarter 2001 to contraction in the last quarter of the year, as Germany's domestic demand weakened and the possibility of adopting fiscal stimuli policies was restricted by the inter-European budgetary agreement (the Stability and Growth Pact). Meanwhile, during 2001 Japan registered its third recession in a decade and the resulting deflationary pressures sharpened companies' and banks' difficulties in their financial balances. The high levels of budget deficit and the public debt limited Japanese fiscal policy's margin for action, while monetary policy proved unable to spur aggregate demand. The impact of the economic downturn in the United States was felt sharply in some Asian countries, especially in those economies that had still not completed the restructuring process that started after the crisis in 1997 and are highly dependant on their exports of high-tech products.

For Latin American countries, the world economic slowdown translated into a contraction of private capital inflows, lower volume of merchandise exports and a deterioration of the terms of trade. Argentina's worsening economic crisis also represented an additional risk factor. During 2001, this country had to confront the interruption of its access to international capital markets after three years of economic stagnation and growing concerns about the sustainability of its fiscal situation. Throughout 2001, the Argentinian government implemented several measures to maintain the value of its currency vis-à-vis the US dollar, activate the economy and reduce the public deficit. Thus, at year-end, amid speculation about whether it would abandon the exchange rate parity and increasing uncertainty caused by the country's political situation, the government applied restrictions on bank deposit withdrawals. This measure worsened the economic crisis and exacerbated social discontent.

Graph 2 **Net Yield on Foreign Debt for Some Emerging Economies (EMBI+)**

Basis points over U.S. Treasury Bills





Source: JP Morgan.

The Brazilian economy was also affected by the deterioration of world economic conditions, Argentina's difficulties and domestic supply restrictions that stemmed from the crisis in its electric sector. The perception of external vulnerability rapidly depreciated the exchange rate, thus translating into higher inflationary pressures. However, by year-end this perception changed and the country began to decouple from Argentina. Although there were some pressures on the Chilean currency, this country managed to attain its inflation target. The Uruguayan economy also felt the impact of the Argentinian crisis. Even though other economies in the region were less affected by this crisis, they did suffer the consequences of the global slowdown. In Venezuela, for example, public accounts were adversely affected by the fall in oil prices.

Regarding Mexico, the monetary program announced at the onset of 2001 anticipated the adverse international environment derived from the cyclical deceleration of the United States economy, lower oil prices and the contraction in the manufacturing exports' market. The favorable outlook for direct foreign investment continued but the risks for capital flows associated with possible contagion problems from the worsening situation in Argentina were reiterated. Although contagion did not materialize and the drop in oil prices was as expected, the export sector had to confront the sharp decline in demand stemming from Mexico's main trading partner.

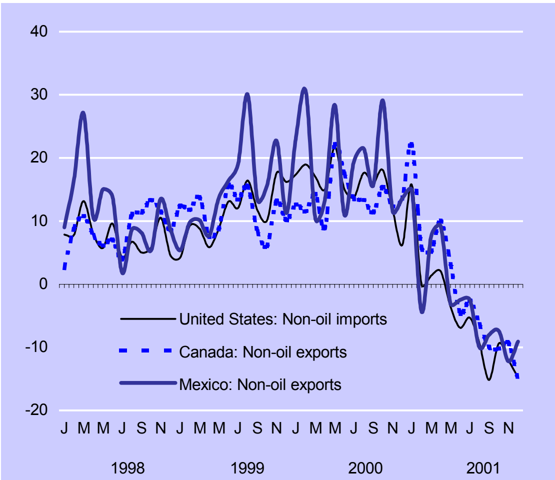
Oil prices remained stable during the first nine months of the year and those for reference crude oil only experienced a significant downward adjustment when global growth expectations deteriorated after the terrorist attacks on September 11th. The average price of the Mexican oil export mix in 2001 was slightly higher than had been forecasted at the start of the year due to the narrowing of the differential between the price of the Mexican export mix and that of the WTI.

The contraction of the market for Mexican manufacturing exports was particularly intense in both size and speed. The weakness of the United States' manufacturing sector was transmitted simultaneously to Canada and Mexico (Graph 3) as a result of the increasing integration of the production processes of companies operating in the North American Free Trade Agreement zone.

Graph 3

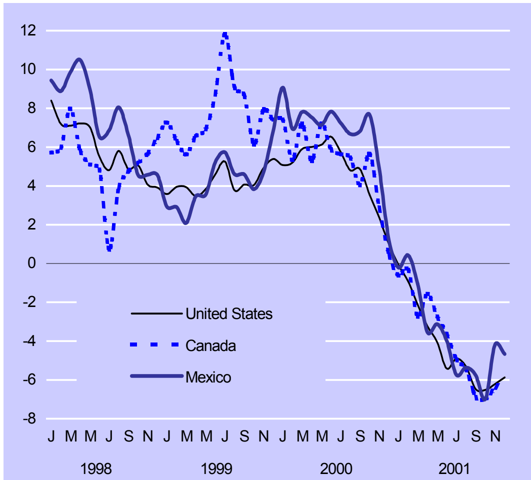
United States Imports and Canadian and Mexican Exports

Annual percentage change



Manufacturing Output

Annual percentage change



Source: U.S. Census Bureau, Statistics Canada and Banco de México.

Mexico's economy orderly and smooth adjustment to the changing international environment was clearly attested by the stability of its exchange rate. One important factor is that, unlike in the past, this time Mexico did not have to face simultaneously a shock to exports and another of the financial type. With the exception of a short period of interruption in world markets' operations from the attacks of September 11th, Mexican security issuers continued to enjoy favorable access to international capital markets. In particular, the supply of external capital was not affected by the worsening situation in Argentina despite the contamination experienced by other countries in the region. In contrast to what happened during previous periods of turbulence in emerging markets, the favorable perceptions for Mexico's country risk continued in 2001 and were evident in the declining trend of interest rates paid by Mexican debt issuers throughout the year (Graph 2).

III. Evolution of the Economy: General Overview

III.1. Economic Activity

The evolution of economic activity in Mexico during 2001 was mainly determined by the cyclical economic downturn in the world economy and particularly, in its main trading partner, the United States. The global economic slowdown worsened in the aftermath of the terrorist attacks in the United States. These events further weakened economic activity in Mexico, above all in those sectors associated with exports, airlines and tourism. In fact, the events of September occurred at a time when the weakness of some economic variables in Mexico was easing, therefore interrupting this incipient process. As a result, the Mexican economy, like most of the world's economies, registered a substantial decline in economic activity throughout 2001. In fact, real GDP fell in Mexico, although it was the smallest contraction in the last twenty-one years. Nevertheless, the slowdown was more pronounced than had been expected by economic analysts.

The economic downturn in Mexico led to a significant reduction in formal employment, especially in the manufacturing sector as well as in its most export-oriented branches.

The main aspects that characterized the evolution of economic activity in 2001 were as follows:

a) After five years of continuous growth, real GDP fell 0.3 percent;

b) Aggregate demand shrank due to a modest increase in domestic spending and a significant fall in goods and services' exports;

c) Consumption continued to contribute positevely to GDP expansion, but its effect was offset by a substantial reduction in investment spending;

d) Private consumption, the main component of aggregate demand, was the only item that grew during the year mostly because of a greater availability of credit and lower interest rates;

e) Private sector spending as a whole went up in 2001 because lower levels of investment from this sector did not cancel out the increase in consumer expenditures;

f) Public expenditure in consumption and investment declined considerably at constant prices, significantly contributing to the decrease in domestic demand;

g) After having increased on a yearly basis since 1986, exports of goods and services fell due to weak external demand;

h) Business climate and confidence indicators remained pessimistic for most of 2001, posting a slight improvement in November-December;

i) The slowdown of economic activity affected all productive sectors, but most severely the industrial sector. In fact, the decline of GDP stemmed exclusively from the substantial fall in the industrial sector that offset gains in the agricultural, livestock and services sectors;

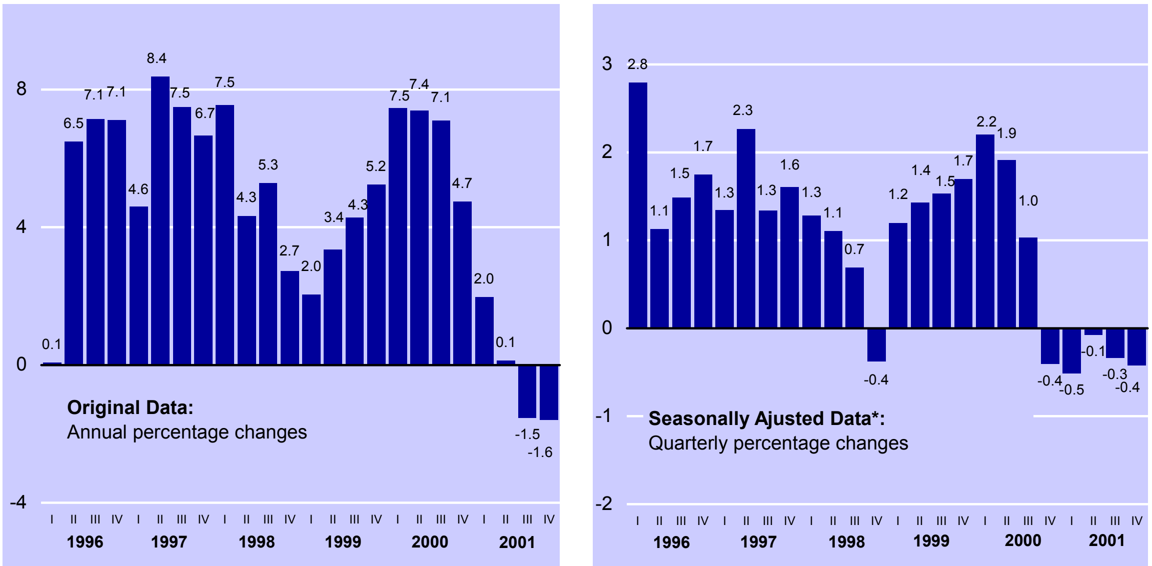
j) Both the level of GDP and its annual percentage change were lower in real terms than potential GDP measurements for 2001;

k) During the second half of the year, indicators for output, domestic expenditure and external demand behaved unfavorably. Despite this, during November-December the number of positive indicators went up slightly; and

l) The leading indicator prepared by Banco de México showed a significant recovery during the second half of the year, hence suggesting that an economic upturn could begin in the first months of 2002.

According to the National Institute of Statistics, Geography and Informatics (*Instituto Nacional de Estadística, Geografía e Informática*, *INEGI*), Mexico's GDP went down 0.3 percent at constant prices in 2001, its first decrease after five years of uninterrupted growth. Seasonally adjusted quarterly figures for GDP showed marginally negative rates of 0.5, 0.1, 0.3 and 0.4 percent, respectively. As a result, GDP accumulated five quarters with negative quarterly changes (Graph 4).

Graph 4 **Gross Domestic Product**



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

The decline of GDP was much greater than had been originally expected. Economic growth forecasts were revised downwards throughout the year. Thus, Banco de México's monthly survey of expectations of private sector economic analysts showed that the consensus for real GDP growth for 2001 in January was 3.8 percent, and then fell to 2.5 percent in May, 0.8 percent in August, -0.03 percent in October, and –0.26 percent in December.

The evolution of aggregate supply and demand was different in each semester of 2001 (Table 2). By mid-year, aggregate demand, GDP, exports and imports of goods and services registered positive annual growth rates but in the second half of the year all of these posted negative results. In the first semester, the annual increase of aggregate demand (1.5 percent) outpaced GDP growth (1 percent). The expansion of demand in that period was brought about by annual increases in private consumption and exports, while private investment and public expenditure fell considerably.

Table 2 **Aggregate Supply and Demand**

Annual percentage changes

	1998	1999	2000	2001 1st Half	2001 2nd Half	2001 Annual
Aggregate Supply	7.4	6.1	10.3	1.5	-3.4	-1.0
GDP	4.9	3.7	6.6	1.0	-1.6	-0.3
Imports	16.6	14.1	21.5	2.8	-7.9	-2.9
Aggregate Demand	7.4	6.1	10.3	1.5	-3.4	-1.0
Total Consumption	5.0	4.4	7.5	4.2	1.4	2.8
Private	5.4	4.3	8.3	5.3	1.6	3.4
Public	2.3	4.7	2.0	-3.3	0.5	-1.4
Total Investment	10.3	7.7	11.4	-2.5	-9.0	-5.9
Private	13.8	7.2	9.2	-3.2	-7.2	-5.1
Public	-7.5	10.7	24.5	2.3	-16.4	-9.6
Exports	12.1	12.4	16.4	0.4	-10.2	-5.1

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

By the second half of 2001, the economic downturn had affected both domestic and external demand. During this period, the contraction of aggregate demand had already surpassed that of GDP. The fall in aggregate demand resulted from the significant drop in goods and services' exports measured at constant prices (10.2 percent), as well as from the reduction in public investment (16.4 percent). The latter was similar to that observed in the second half of 1996. Regarding private spending, consumption continued to decline during the second semester of 2001 (although remaining at positive rates) while investment fell substantially.

Consumer spending slowed sharply as it grew only 2.8 percent after having registered a considerable expansion during the previous year (7.5 percent). This was the only component of domestic demand that increased, reaching 81.3 percent as a proportion of GDP measured at constant prices, its highest level in the last seven years. In the first half of the year consumption was driven by its private component while its public sector component decreased. Total consumption during the second half of the year decelerated noticeably although remaining at positive rates, once again mainly attributable to its private component, which rose at an annual rate of 1.6 percent. Meanwhile, public sector consumption went up slightly. At year-end 2001, the annual growth rate of total consumption had outpaced that of GDP for nine consecutive months, therefore leading to a reduction in domestic saving.

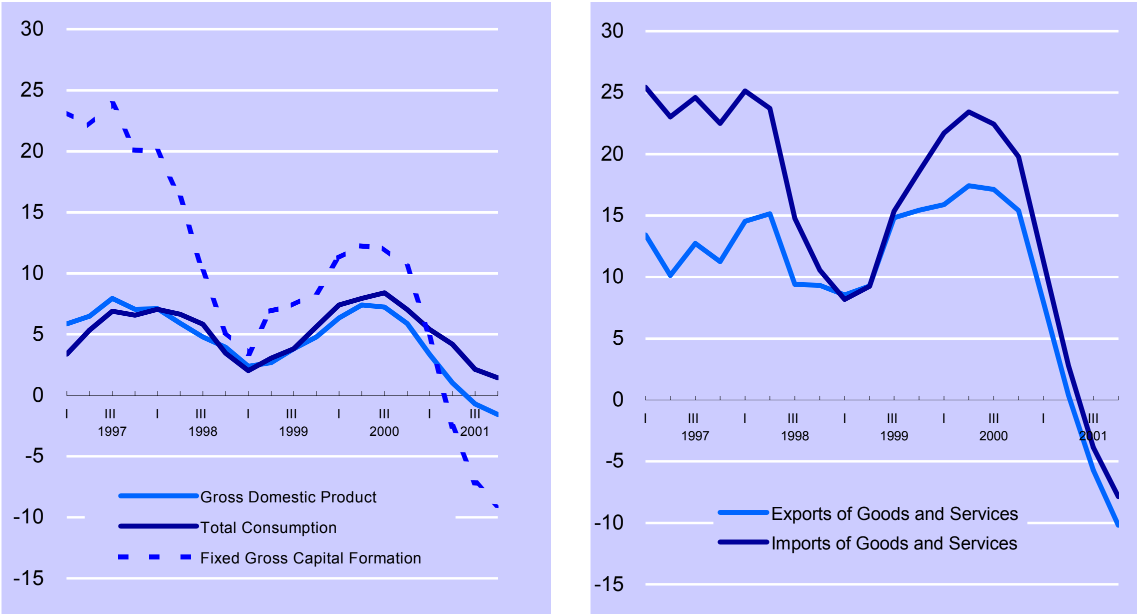
The slowdown of private consumption in 2001 was influenced by a higher rate of open employment in urban areas and a weakening of households' economic expectations. Rising unemployment and evidence of a slower pace of economic activity tend to weaken people's perceptions about job security, leading them to moderate their spending. However, there were also some factors that curbed the decline in consumption, among which, real wage increases that raised the total wage bill in some of the affected sectors are relevant. The significant reduction of interest rates and the greater availability of consumer credit, granted by both commercial banks and the main commercial chain stores, also favored private consumption. The latter also offered frequent promotions with interest-free credit or deferred payments. In 2001, private consumption of durable goods fell 4.6 percent while that of non-durable goods and services increased 7.1 and 1.3 percent, respectively.

The performance of the Mexican economy in 2001 was characterized by a strong contraction in investment spending, which had grown during the previous five years. Investment declined 5.9 percent measured at constant prices, reflecting a reduction in all of its components. In the construction sector, expenditures on machinery and equipment fell 6.9 percent and 4.5 percent. The 7.8 percent reduction in machinery and equipment produced in Mexico compared to the 6.4 percent decrease in that which is imported is noteworthy. The weakness of investment spending was more pronounced during the second half of the year.

Private and public investment went down 5.1 and 9.6 percent, respectively. For the year as a whole, private investment accounted for 16.7 percent of real GDP. The weakeness of this type of expenditures responded to several factors such as the prevailing pessimism shown by business climate and business confidence indicators throughout most of the year; the reduction (in real terms) in financing granted by commercial banks to private companies; a significant fall in firms' operating profits because rises in sales' costs and other operating costs were higher than the modest gains in sales (which, in turn, reduced firms' ability to finance investment with internal resources derived from profits) and; the curbing of gains in productivity and efficiency accomplished in past years by a large number of companies. In fact, in those sectors for which information is available, there were significant increases in unit labor costs. For example, in the non in-bond manufacturing sector, such increases resulted from the slight cyclical growth in labor productivity, which was more than offset by real wage increases.

Graph 5 **Components of Aggregate Supply and Demand**

Annual percentage change at constant prices: moving average of two-quarters

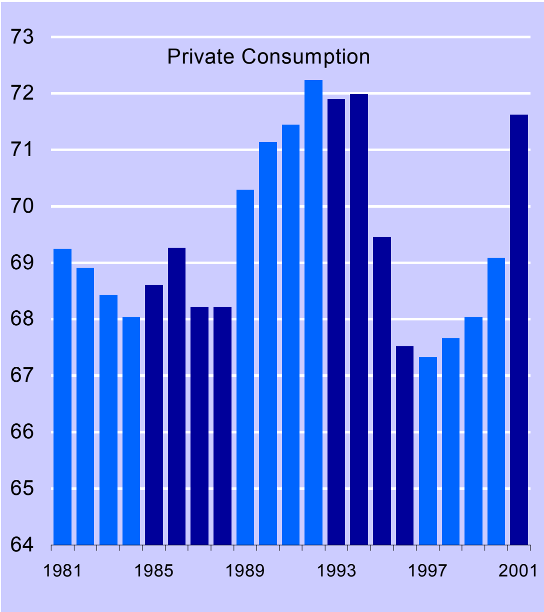


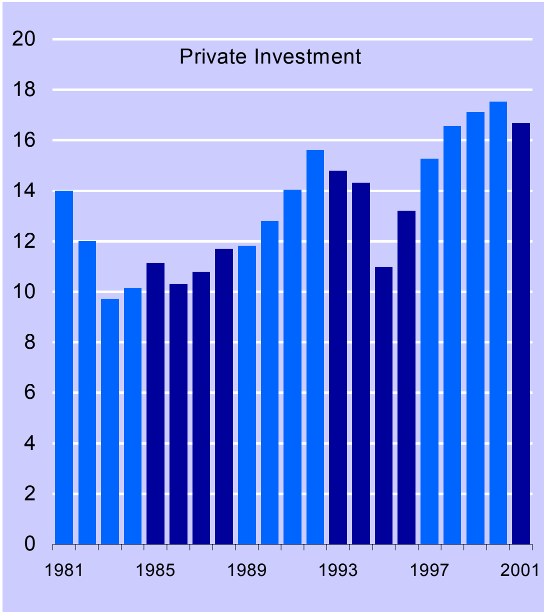
Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI.

During the period analyzed, public spending on goods and services that are included in aggregate demand and in the national accounts declined 3.5 percent. This, measured at constant prices, stemmed from annual percentage falls of 1.4 and 9.6 percent in its consumption and investment components. The evolution of public consumption was influenced by expenditure-saving and productivity-gains efforts implemented throughout the year. Meanwhile, public sector investment was destined to infrastructure in the energy, road, education and health sectors. The decline in public expenditure during 2001 led to a fall in aggregate demand equivalent to 0.5 percentage points of GDP.

Graph 6 **Private Sector Consumption and Investment**

Percentage of GDP at constant prices





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

The economic downturn in 2001, especially that in the United States, caused a contraction in global trade of goods and services (Table 1). Lesser demand faced by Mexico induced a 5.1 percent decrease in exports of goods and services measured at constant prices, after having grown year after year since 1986. In this context it should be mentioned that Mexico's integration to the world economy had been consolidating for more than fifteen years and therefore exports became (and currently represent) a more significant and sustained source of economic growth. This trend was interrupted in 2001. External demand for goods and services was further weakened by the events on September 11 in the United States. Such evolution meant that exports measured as a proportion of GDP at constant prices receded from 35.2 percent in 2000 to 33.5 percent in 2001. Falling exports were accompanied by a decline in the international purchasing power as Mexico's terms of trade deteriorated. The latter responded to a fall in the international prices of some export products such as oil and coffee. Towards the end of the year, seasonally adjusted figures suggested that some merchandise exports were showing signs of an incipient recovery.

Gross fixed capital formation, measured as a proportion of GDP at current prices, was 19.6 percent. Domestic saving's share in the financing of gross fixed capital formation was 16.7 percentage points of GDP, while external saving (the deficit of the current account of the balance of payments) was 2.9 percentage points (Table 3). Thus, both gross fixed capital formation and domestic saving measured as a proportion of GDP diminished. The decline in the rate of domestic saving was the result of a continuous rise in consumption throughout the year, while GDP contracted.

Table 3 **Financing Investment with Domestic and External Savings**

As a percentage of GDP at current prices

Item	1996	1997	1998	1999	2000	2001*
Gross Fixed Capital Formation 1/	17.9	19.5	20.9	21.2	21.3	19.6
Financed with External Savings	0.7	1.9	3.8	2.9	3.1	2.9
Financed with Domestic Savings	17.1	17.7	17.1	18.3	18.2	16.7

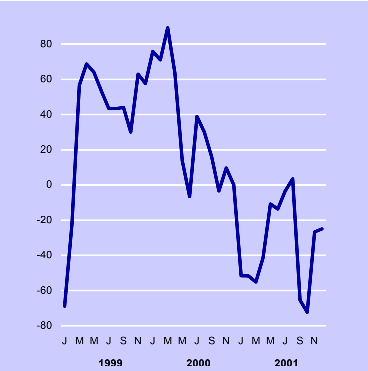
* Preliminary.
1/ Investment does not include variations in inventories.
Source: Data on gross fixed capital formation is drawn from the Mexican National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI.
External saving is equivalent to the current account deficit of the balance of payments at current prices.
This calculation may be somewhat inaccurate due to the fact that a portion of external saving may have been used to finance some accumulation of inventories.

In general, the different indicators for business climate and confidence levels were weaker in 2001 than in the previous year. This evolution was more noticeable in September and October, when they reached their lowest point during the year. These results were obtained from the monthly surveys of expectations of private sector economic analysts and manufacturing companies undertaken by Banco de México (Graph 7). Among surveys' responses, the greater stability of manufacturing companies' expectations compared to those of the economic specialists is noteworthy. During November-December, the weakness of the aforementioned indicators eased.

Graph 7 **Indicators of Confidence Regarding the Economic Situation and the Outlook for the Near Future**

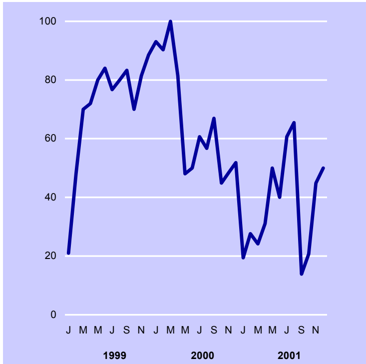
Percent of responses

Economic Specialists



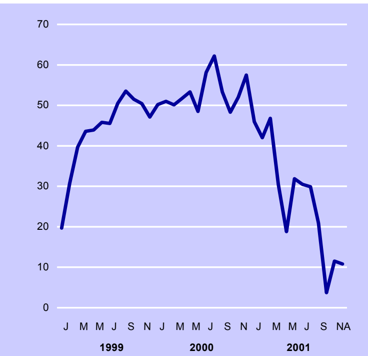
Balance on the Business Climate for the Following Six Months

Balance on Formal Employment for the Following Six Months

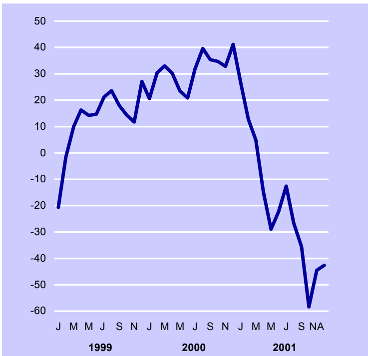


Will the Economic Situation Improve in the Following Six Months?

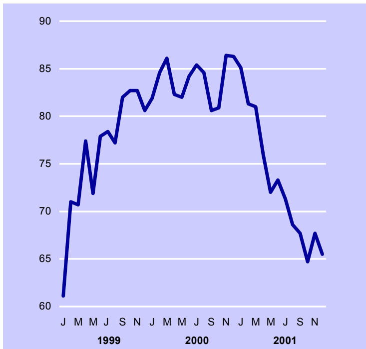
Manufacturing Firms



Balance on the Business Climate for the Following Six Months



Balance on Formal Employment for the Following Six Months



Will the Economic Situation Improve in the Following Six Months?

The decline of GDP in 2001 stemmed from a 3.5 percent drop in industrial sector output which offset increases of 2.5 and 1.1 percent posted by the agricultural and livestock, and services sectors, respectively (Table 4). Agricultural and livestock output benefited from increased harvests of several perennial products and from a more vigorous activity in the fishing sector.

Table 4 **Gross Domestic Product**

Real annual percentage change

	1998	1999	2000		2001				
	Annual	Annual	IV	Annual	I	II	III	IV	Annual
Total	4.9	3.7	4.7	6.6	2.0	0.1	-1.5	-1.6	-0.3
Agriculture, Forestry and Fishing	0.8	3.6	-2.2	0.6	-6.2	4.4	6.5	5.7	2.5
Industrial Sector	6.3	4.2	3.2	6.1	-1.4	-3.7	-4.8	-4.1	-3.5
Mining	2.7	-2.1	1.4	3.8	0.2	-2.7	-0.9	1.2	-0.6
Manufacturing	7.4	4.2	4.0	6.9	-1.3	-3.5	-5.7	-5.0	-3.9
Construction	4.2	5.0	1.1	5.1	-3.6	-6.9	-4.1	-3.5	-4.5
Electricity, Gas and Water	1.9	7.9	-0.4	1.0	1.9	1.4	1.4	2.4	1.7
Service Sector	4.7	3.6	6.0	7.4	4.1	1.6	-0.3	-0.8	1.1
Commerce, Restaurants and Hotels	5.6	3.1	11.2	12.4	6.3	-0.6	-4.5	-5.6	-1.3
Transportation and Communications	6.7	7.8	5.4	9.6	6.5	4.6	1.0	-0.6	2.8
Financial, Insurance and Real Estate	4.6	3.6	4.3	5.2	3.7	3.7	4.2	4.8	4.1
Community, Social and Personal Services	2.9	2.1	2.6	2.9	1.0	0.6	0.2	0.2	0.5

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

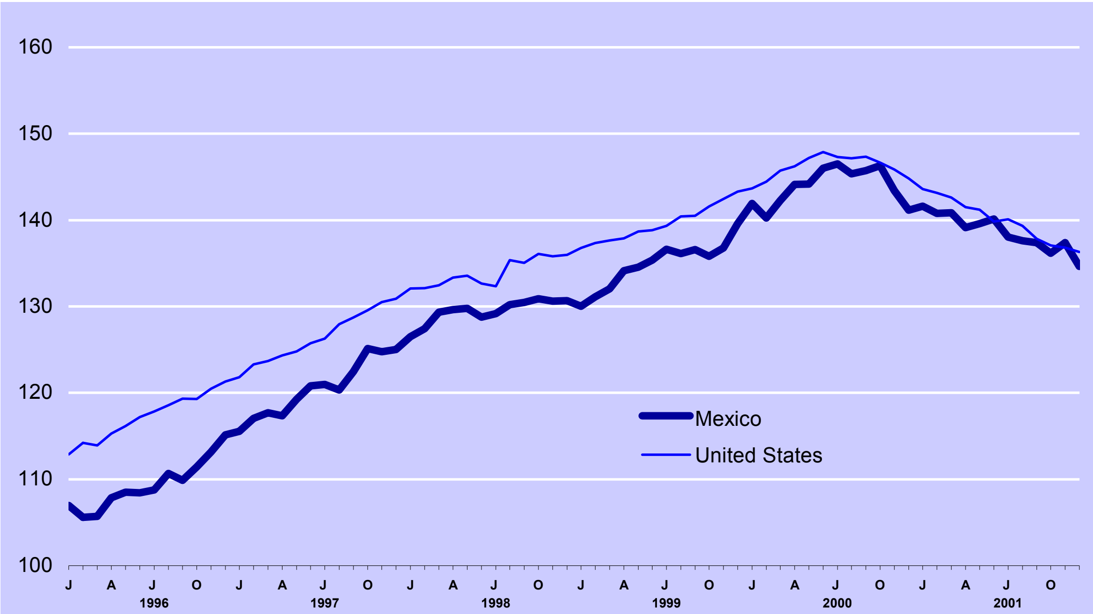
The unfavorable behavior of industrial sector GDP stemmed from the declines in the manufacturing (3.9 percent), construction (4.5 percent) and mining (0.6 percent) industries. In contrast, electricity, gas and water generating industries went up slightly (1.7 percent). The weakness of industrial GDP is confirmed by its seasonally adjusted series, which were negative in all four quarters of the year, 1.6, 0.9, 0.4 and 0.8 percent, respectively.

The mining industry displayed a mixed behavior, since industrial oil production expanded (2.4 percent), and non-oil production fell (4.3 percent) due to lower levels of gold, lead, mineral coal and iron production.

The contraction in manufacturing GDP included both the non in-bond (3.4 percent) and the in-bond (9.2 percent) sectors, and was greatly influenced by the sharp drop in external demand caused by the considerable slowdown of the United States' economy, particularly in the manufacturing sector. This can be seen in the marked correlation between Mexico and United States' manufacturing outputs (Graph 8).

Graph 8 **Manufacturing Output in Mexico and the United States**

Seasonally adjusted series 1993 = 100



Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI; Industrial Production and Capacity Utilization Statistical Release, U.S. Federal Reserve System.

The weakening of Mexico's manufacturing sector in 2001 affected almost all of its components. Of the 49 branches that make up this sector, only 14 showed annual GDP increases, while 34 posted reductions and one did not register annual variations. One of the branches that contracted was the automotive sector. This sector is of crucial importance for the Mexican economy due to its output value, the jobs it creates and its contribution to total exports. The number of automobiles produced in Mexico dropped 3.1 percent in the year as a whole. However, domestic car sales rose 4.5 percent, mainly because of increased sales of imported vehicles (12.2 percent), whereas sales of those produced in Mexico fell (2.4 percent). The number of units exported decreased 2.3 percent, compared to the 31.8 percent increase registered during the previous year. Vehicle exports accounted for 75 percent of domestic output.

The weakness of investment spending in 2001 was particularly pronounced in the construction industry where GDP fell 4.5 percent. This result mainly responded to the decline in both private and public sector construction projects. Thus, the number of projects for electricity, communications, transportation, and those related to water, irrigation and sanitation went down. Meanwhile, GDP for electricity generation, gas and water services expanded 1.7 percent mainly as a result of greater households' demand for energy.

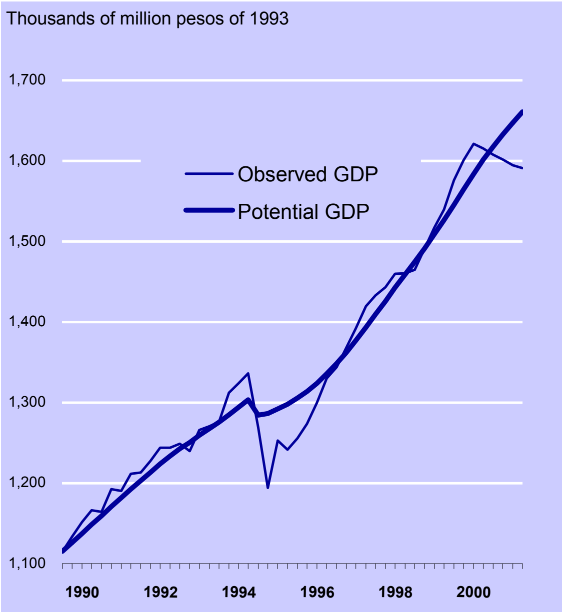
GDP in the services sector grew 1.1 percent in response to increases in transportation, warehousing and communications (2.8 percent); financial, insurance and real-estate (4.1 percent); and community, social and personal services (0.5 percent). The positive evolution of these activities offset the fall in the commerce, restaurant and hotels sectors (1.3 percent). Seasonally adjusted figures show that the services sector weakened in the last three quarters of the year.

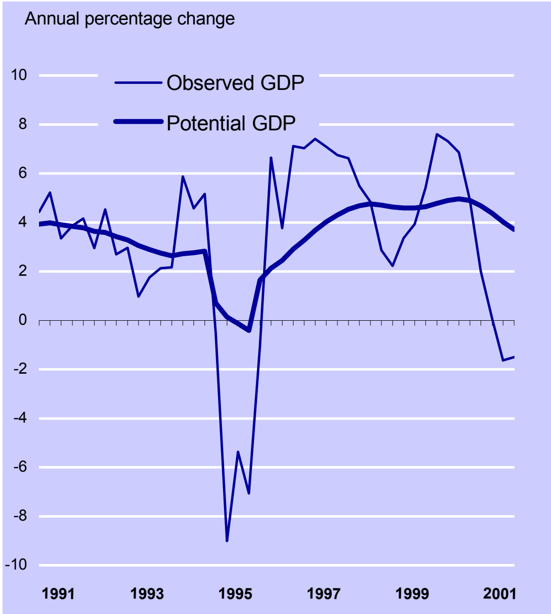
Robust demand for both traditional and cellular phone services supported the higher level of activity registered in the communications sector during 2001. The contraction of GDP in commerce, restaurants and hotels responded to lower sales volume of merchandise destined for firms' intermediate consumption and capital formation, as well as to the lackluster behavior of hotel and restaurant activities. In contrast, final consumption sales by the National Association of Self-service and Department Stores (*Asociación Nacional de Tiendas de Autoservicio y Departamentales*, *ANTAD*) rose 7.5 percent in 2001, with increases of 9.5 percent in general goods (household appliances, furniture, electronic goods and other), 6.8 percent in apparel goods, and 6.5 percent in supermarket goods (groceries and perishables).

During the same period, the GDP of community, social and personal services grew 0.5 percent due to an expansion in leisure, education and medical services. Meanwhile, the GDP of financial, insurance, real estate and rental services expanded 4.1 percent as a result of financial intermediation growth.

In 2001, the level of GDP and its annual percentage change were lower than the figures suggested by the different indicators for potential GDP calculated by Banco de México. In fact, the average of five potential GDP measurements shows an annual growth of 4.1 percent in 2001 (Graph 9). This implies that, unlike previous years, there was a negative output gap during 2001 that helped to curb inflationary pressures throughout the year. A detailed description of potential GDP and how it is calculated is included in Appendix 1 of Banco de México's Annual Report for 2000. It is worth mentioning that potential GDP is not a directly observable variable and Banco de México's measures are updated once new data becomes available.

Graph 9 **Observed* and Potential GDP: 1990-2001**



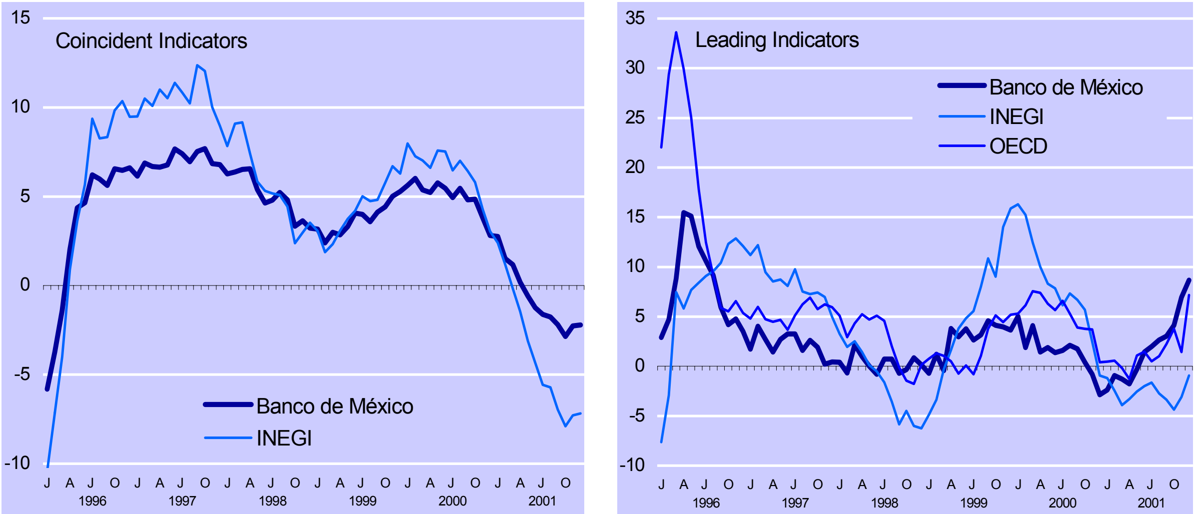


* Seasonally adjusted figures by Banco de México.

Banco de México, along with other institutions (INEGI and the OECD), has developed a system of cyclical indicators for the Mexican economy (leading and coincident indicators). The coincident indicator calculated by the Central Bank declined throughout 2001 and reached its lowest level near the end of the year. The leading indicator registered a sustained increase during the second half of 2001, hence suggesting an economic recovery in the first months of 2002 (Graph 10). It is important to mention that the correlation between coincident and leading indicators for the United States and Mexico has increased in recent years as the economies of the two countries have become more integrated (Graph 11).

Graph 10 **Coincident and Leading Indicators for Mexico**

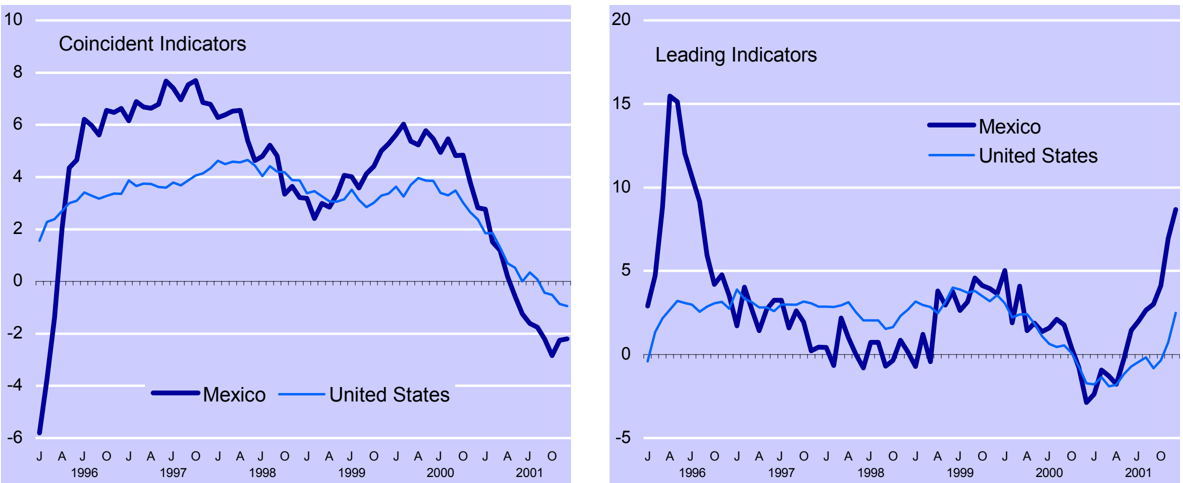
Annual percentage change



Source: Cyclical Indicators System (*Sistema de Indicadores Cíclicos*), Banco de México; Main Economic Indicators, OECD; Coincident and Leading Indicators System (*Sistema de Indicadores Compuestos: Coincidente y Adelantado*), INEGI.

Graph 11 **Coincident and Leading Indicators for Mexico and the United States**

Annual percentage change



Source: Cyclical Indicators System (*Sistema de Indicadores Cíclicos*), Banco de México; U.S. Business Cycle Indicators, The Conference Board.

III.2. Employment, Wages and Productivity

The synchronization of Mexico's economic fluctuations with those of Canada and the United States was attested by a decline in output and a much weaker demand for labor. However, the evolution of compensations and wages contributed to deteriorate employment in Mexico. As Banco de México reiterated in its quarterly Inflation Reports during 2001, the nominal growth of these variables was not compatible with changes in labor productivity and inflation expectations. In fact, labor productivity apparently rose only slightly and even fell. This brought about significant increases in unit labor costs.

The following were the most outstanding aspects in the evolution of Mexico's labor market in 2001:

(a) The considerable decline of employment in most sectors of economic activity;

(b) Significant regional differences in the fall of formal employment, which was more notorious in both the northern frontier states and in the more-industrialized states;

(c) The contraction of employment in Mexico's northern states due to the weakening of the in-bond industry and other export-related activities;

(d) The upward trend of open unemployment in urban areas, although its increase was lower than might have been expected considering the fall in formal employment;

(e) Nominal wage increases above observed inflation and expected inflation for the following twelve months;

(f) Several sectors experienced real wage increases per worker that did not correspond to gains in labor productivity. The rise of real average wages also responded to the abatement of inflation;

(g) A significant decrease in real terms of the total wage bill for the in-bond industry as well as for other activities. However, the total wage bill increased for the non in-bond manufacturing and commerce sectors;

(h) Incipient gains in labor productivity in the manufacturing industry, and reductions in other sectors. This coupled with the rise in average real wages and led to increases in unit labor costs that negatively affected employment;

(i) A substantial loss of competitiveness in several sectors due to high unit labor costs;

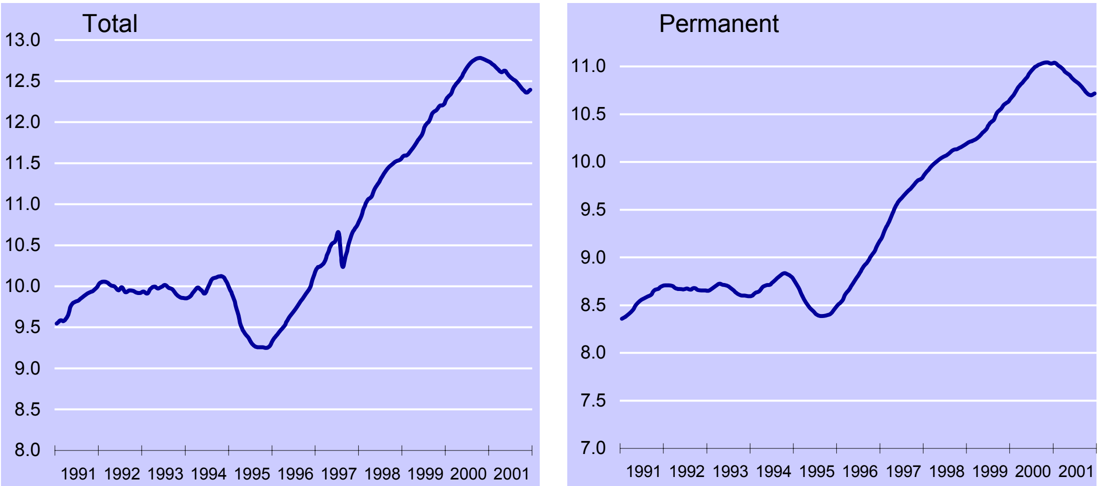
(j) Fewer strike calls and lower worker involvement in these movements than in 2000, although a greater number of strikes actually took place.

The economic slowdown and the rise of real average wages that were not backed by productivity gains brought about a contraction in the demand for labor. This was attested by the reduction in the total number of workers affiliated to the Mexican Social Security Institute (*Instituto Mexicano del Seguro Social*, *IMSS*), which dropped 2.8 percent compared to December 2000 and represented a loss of 358 thousand jobs (Graph 12). Most sectors experienced a decline in employment, and from December 2000 to December 2001 the number of affiliated workers in the manufacturing industry dropped 10.8 percent. The decrease in the number of affiliated workers in construction (5.4 percent), financial services and real estate (5.7 percent), and mining and extractive industries (4 percent) was also noteworthy. However, this indicator did post increases in the agricultural and livestock, commerce, and social and community services' sectors.

Graph 12 **Workers Affiliated to the Mexican Social Security Institute (*Instituto Mexicano del Seguro Social, IMSS*)**

Millions affiliated

Seasonally adjusted figures*

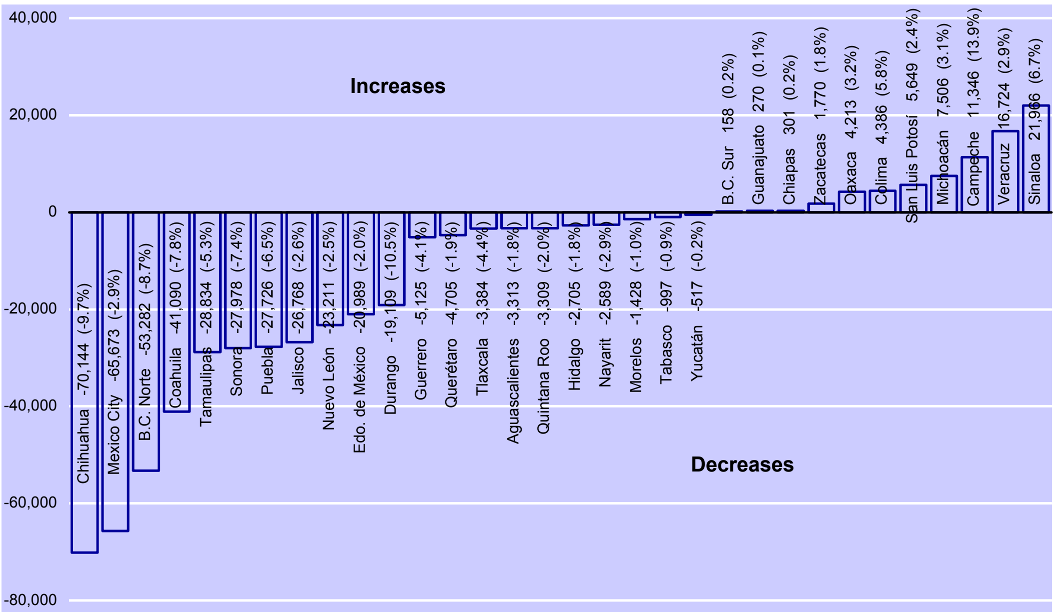


* Seasonal adjustments by Banco de México.
Source: IMSS.

Data for each state shows that the highest losses of formal jobs during 2001 were in the northern states of the country as well as in Mexico City, Puebla, Jalisco and Estado de México. IMSS figures reveal that a total of 386 thousand people lost their jobs in the ten most affected states. On the other hand, employment went up in eleven states and provided 74 thousand workers with jobs (Graph 13). The deterioration of employment in northern Mexico responded to a contraction in the in-bond export industry and in the rest of the export sector. In the last few years and up to 2000 this industry had a significant influence on job creation. During the eight-year period between December 1993 and December 2000 this sector generated a total of 761 thousand new jobs. However, the strong correlation between the Mexican in-bond industry and the United States' business cycle (especially its industrial output) brought about a substantial reduction of in-bond output and employment during 2001. A total of 226 thousand jobs were lost, which is equivalent to 30 percent of the total number of jobs created in the previous eight years.

Graph 13 **Affiliated Workers to the IMSS by State**

Absolute and relative annual changes by December 2001



Source: IMSS.

Table 5 **Employment Indicators**

	1998	1999	2000	2001						
	Annual	Annual	Annual	I	II	III	IV	Nov.	Dec.	Annual
Affiliated to the IMSS	Annual percentage change									
Total	7.8	5.7	5.9	2.6	0.3	-1.9	-3.0	-3.2	-2.8	-0.5
Permanent	4.9	3.5	5.0	2.6	0.2	-1.8	-2.9	-3.1	-2.8	-0.5
Temporary	40.1	24.6	12.1	2.8	0.9	-2.3	-3.4	-4.0	-2.7	-0.6
Manufacturing	12.1	7.1	6.5	0.8	-4.1	-8.4	-10.8	-11.0	-10.8	-5.7
Agricultural and Livestock	0.4	2.1	-4.9	-6.2	-1.6	-1.4	2.0	0.2	6.7	-1.9
Extractive Industry	-0.1	-1.3	0.1	0.3	-0.5	-6.5	-5.6	-5.8	-4.0	-3.2
Construction	5.9	10.3	6.0	-0.7	-2.8	-4.8	-5.6	-5.8	-5.4	-3.5
Individuals employed in the in-bond industry	12.2	12.7	12.4	5.6	-2.4	-11.3	-16.8	-17.1	-17.3	-6.5
	Percentage of the Economically Active Population									
Open unemployment rate in urban areas	3.2	2.5	2.2	2.5	2.3	2.4	2.6	2.4	2.5	2.5
Mexico City	4.0	3.2	2.7	3.2	2.9	2.8	3.2	2.7	3.2	3.0
Guadalajara	2.8	2.1	1.9	2.1	2.2	2.1	2.0	2.2	1.6	2.1
Monterrey	3.1	2.2	2.1	2.6	2.4	3.0	2.9	3.1	2.2	2.7

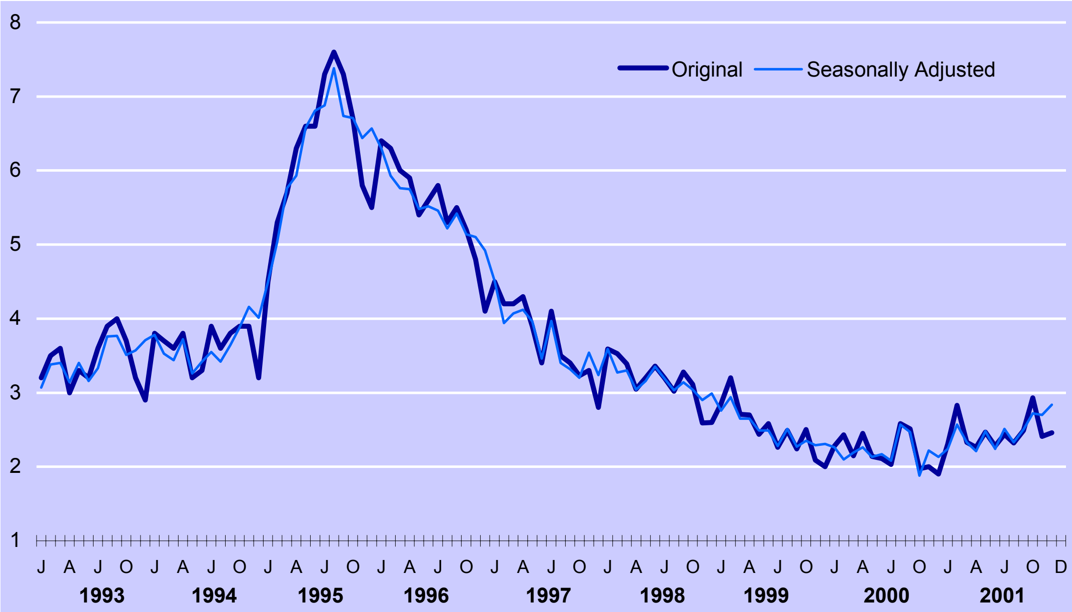
Source: IMSS; In-bond Export Industry Statistics and National Survey on Urban Employment (*Estadísticas de la Industria Maquiladora de Exportación y Encuesta Nacional de Empleo Urbano*), INEGI.

The weakening of the demand for labor in 2001 led to an increase of the open unemployment rate[1] (*Tasa de Desempleo Abierto, TDA*) in urban areas, which moved from 1.9 percent in December 2000 to 2.46 percent in December 2001 (Graph 14). During this period, the unemployment rate for women went up 0.71 percentage points, while that for men rose 0.48 percentage points. Job dismissal became a usual factor for leaving employment (Table 6). Dismissal is the manifestation of unemployment that is most directly linked to the business cycle and to structural changes in the economy. By level of education, people with medium-high and higher education were the most affected. This group is made up of workers that after having lost their job are most likely to remain unemployed for the entire period of low economic activity, especially when this affects the industrial sector in particular.

[1] The open unemployment rate is defined according to the criteria used by the International Labor Organization (ILO). This indicator measures the percentage of the Economically Active Population 12 years of age or older that at the time of reference have not worked at least one hour per week, after having actively searched for salaried employment or having tried to engage in self-employment.

Graph 14 **Open Unemployment Rate in Urban Areas**

Percentage of the Economically Active Population



* Seasonal adjustments by Banco de México.
Source: INEGI.

Table 6 **Unemployment Characteristics**

Openly Unemployed Population (Percentage Distribution)

	Dec. 2000	Dec. 2001
Reasons for leaving employment		
Dismissal	36.3	45.2
Temporary job ended	18.2	20.2
Not satisfaid with job	38.7	27.6
Other	6.8	7.0
Level of education		
No education	2.2	1.4
Incomplete Grade School	4.9	6.1
Grade School	15.0	11.8
Junior High School	36.3	36.0
High School and Higher Education	41.6	44.7

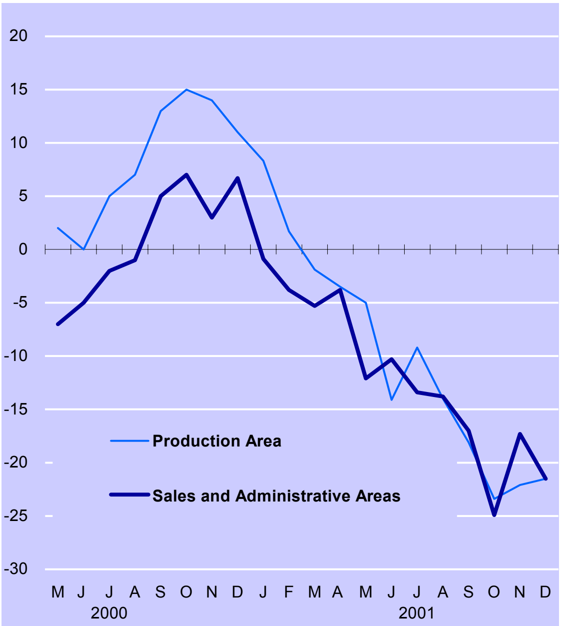
Source: INEGI.

Open unemployment in urban areas grew at a lower than expected rate given the weakness of economic activity and of the demand for labor. This lower than expected increase responded basically to two reasons: first, Open Unemployment Rate (*Tasa de Desempleo Abierta, TDA*) calculations consider part-time urban employees as employed persons and it is likely that some workers that lost their jobs in the formal market continued working in informal activities. Second, the economically inactive population rose from 44.2 percent in December 2000 to 45.3 percent of the Overall Economic Population in December 2001. Thus, as the demand for labor decreased, some workers who had lost their jobs left the labor market temporarily and, as a result, were not registered as unemployed in the EAP (Economically Active Population) figures.

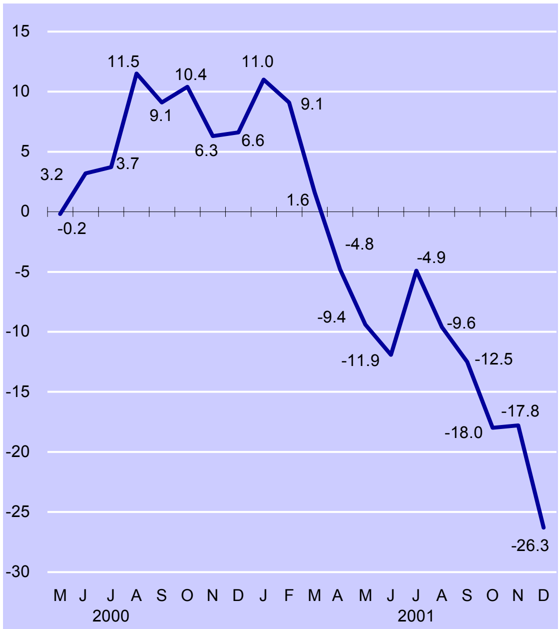
The contraction of employment in 2001 was mostly seen in the decline in labor shortage indicators elaborated by Banco de México with data from its Economic Survey. These indicators reveal that manufacturing firms found it less difficult to recruit and hire qualified labor for its production, sales and administration areas in 2001 than in the previous year (Graph 15). Labor turnover among firms also fell substantially during the year, mainly because of workers' greater uncertainty regarding the possibility for finding alternative, better-paid and more satisfactory jobs. The latter was also evident in INEGI's data refering to the reasons for leaving work, as the indicator for "job dissatisfaction" was recorded less frequently.

Graph 15

Difficulty to Find Skilled Labor
Balance of responses [1]



Firms' Labor Turnover (Cities or Regions)
Balance of responses [2]



1 Percentage of firms that mentioned to have more difficulty to hire skilled labor minus percentage of those that mentioned to have less difficulty.
2 The balance of responses equals the percentage of firms that had greater labor turnover minus those with less labor turnover.

Nominal compensations per worker rose significantly in 2001 compared to their level in the previous year. In those activities for which information is available, rises in wages in the construction and manufacturing industries (including the in-bond sector) were significant. The lowest increases were observed in the commerce sector (Table 7).

Table 7 **Nominal and Real Wages per Worker**

Annual percentage change

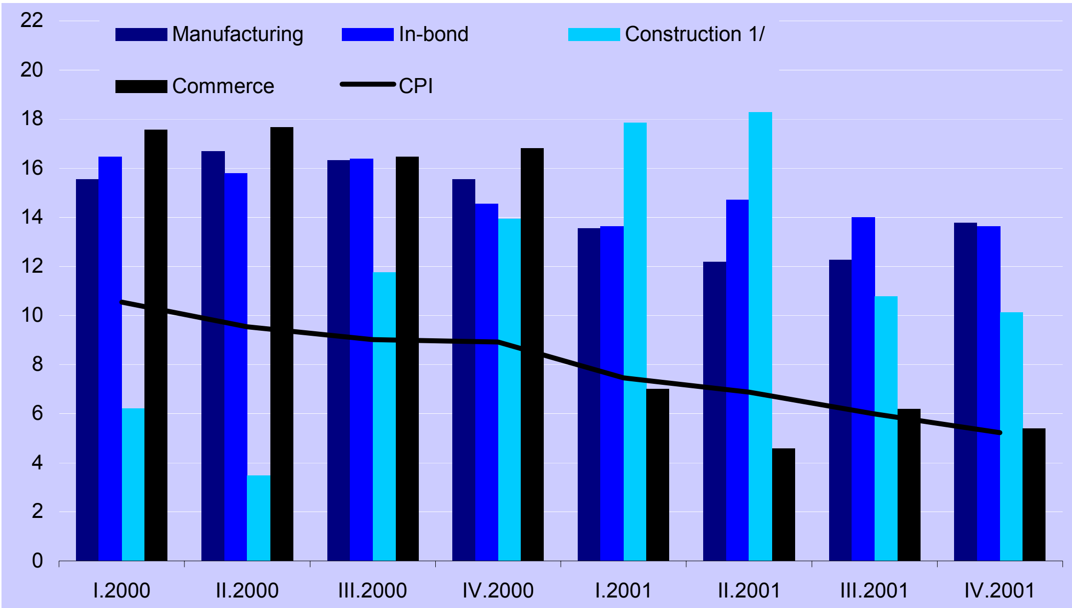
Activity	2000					2001				
	I	II	III	IV	Average	I	II	III	IV	Average
					Nominal change					
Manufacturing	15.5	16.7	16.3	15.6	16.0	13.5	12.2	12.3	13.8	13.0
In-bond	16.5	15.8	16.4	14.6	15.8	13.6	14.7	14.0	13.6	14.0
Construction 1/	6.2	3.5	11.8	13.9	9.0	17.8	20.2	10.8	10.1	14.9
Commerce	17.6	17.7	16.5	16.8	17.1	7.0	4.6	6.2	5.4	5.7
					Real change					
Manufacturing	4.5	6.5	6.7	6.1	6.0	5.7	5.0	5.9	8.2	6.3
In-bond	5.4	5.7	6.8	5.2	5.8	5.8	7.3	7.6	8.0	7.2
Construction 1/	-3.9	-5.5	2.5	4.6	-0.6	9.7	12.4	4.6	4.3	7.9
Commerce	6.3	7.4	6.8	7.3	7.0	-0.4	-2.2	0.2	0.3	-0.5

1/ Figures for the fourth quarter of 2001 correspond to October-November. Annual figures cover January-November.
Source: INEGI and Banco de México.

In general, the annual growth rate of nominal compensations outpaced observed inflation throughout 2001 (Graph 16). This led to an important recovery in real wages (Table 7). Particularly, real wages in the manufacturing industry (6.3 percent) posted their sharpest rise (at annual rates) since 1992, while those in the in-bond industry (7.2 percent) were the highest since 1982. This indicator only went down in the commerce sector.

Graph 16 **Nominal Wages per Worker and CPI**

Annual average percentage change



1/ Calculated by Banco de México with data from INEGI.
2/ Figures for the fourth quarter of 2001 correspond to October-November.
Source: INEGI and Banco de México.

During the year covered by this Report, wages' components behaved very differently. The item that registered the highest growth was social benefits, which meant that the improvement in workers' purchasing power surpassed that indicated by contractual wage increases. In numerous wage negotiations, workers often received increases in different benefits above those implicit in direct wage rises. These benefits include, among others, aid for grocery expenses, medical expenses, payments for school supplies, and productivity bonuses. Figures from the Ministry of Labor and INEGI confirmed this improvement in worker's income.

The substantial rise in real compensations coincided with a substantial slowdown of productivity growth. Labor productivity in the non in-bond manufacturing sector only increased by one percent and declined in the commerce, construction and in-bond industries (Table 8).

Table 8 **Worker Productivity and Unit Labor Costs** [1/]

Annual percentage change

Activity	2000					2001				
	I	II	III	IV	Average	I	II	III	IV	Average
					Worker Productivity					
Manufacturing	7.3	4.6	5.5	3.8	5.3	0.4	0.5	0.7	2.4	1.0
In-bond	3.8	0.3	1.3	0.1	1.4	-3.9	-2.3	-4.1	-1.0	-2.8
Construction [1/]	-13.9	-7.9	1.0	-8.6	-7.4	-2.9	-4.3	-5.5	1.7	-3.2
Commerce	5.7	4.9	4.7	-0.4	3.6	-4.1	-7.5	-11	-8.0	-7.7
					Unit Labor Costs					
Manufacturing	-2.6	2.0	1.1	2.8	0.9	5.3	4.4	5.3	5.7	5.2
In-bond	1.6	5.3	5.4	5.4	4.4	10.0	9.9	12.3	8.7	10.2
Construction [1/]	11.7	2.9	1.3	14.3	7.4	12.9	17.3	10.7	2.5	11.6
Commerce	0.4	2.1	2.0	7.7	3.0	3.9	5.7	12.6	8.8	7.7

1/ Figures for the fourth quarter of 2001 correspond to October-November. Annual figures cover January-November.
Source: INEGI and Banco de México.

The modest productivity gain in the non in-bond manufacturing sector was much lower than the rise in real average wages, hence leading to an average increase of 5.2 percent in product unit labor costs in that industry. The behavior of unit labor costs in the manufacturing industry is an important guide for assessing the Mexican economy's external competitiveness, especially when this sector accounts for 90 percent of Mexico's total export goods. In 2001, the commerce sector and the in-bond industry also experienced a substantial loss of competitiveness due to higher unit production costs. As industries' competitiveness dropped, the perspectives for job creation deteriorated, therefore limiting the faster recovery of employment.

The Inflation Report for the third quarter of 2001 included a study that estimated the impact real wage increases in the manufacturing sector have on employment. Results indicated that 27 percent of the fall in employment could be explained by the rise in real wages, while 61 percent was associated with the decline in output. In those sectors where unit costs rose the most in 2001, employment fell considerably. As a result, unit labor costs in the construction and in-bond sectors went up 11.6 and 10.2 percent, respectively, while employment decreased 24.1 and 6.5 percent.

When a country experiences an economic downturn, productivity falls because firms adjust labor employment with a certain lag. However, during the second semester of 2001, some sectors experienced a rapid decline in employment. For example, in the non in-bond manufacturing sector, job losses were proportional to the fall in output. As a result, although productivity in this sector rose at positive rates most of the time, it mainly responded to the substantial deterioration in employment.

Mexican companies faced lower demand for their products, which together with a loss of competitiveness brought about by higher unit labor costs. As a result, they had to make adjustments in order to continue operating. First, they reduced output by curtailing the total number of hours worked and limiting job creation and second, they cut the number of employees on the payroll. In some sectors this process took place swiftly.

The deterioration of the demand for labor was so intense that despite the substantial increase in real wages, the total wage bill fell in several sectors, and therefore, total labor income contracted. The latter clearly has adverse medium-term implications. In particular, it could become a factor that might weaken the domestic market, hindering the future upturn of aggregate demand and thereby slowing the speed of economic recovery. Moreover, rises in unit labor costs could hamper the potential growth of the economy in the upward stage of the business cycle due to their adverse impact on competitiveness. On the other hand, it is very likely that this situation could mean that the start of economic recovery would not be accompanied by a significant expansion in employment due, partly, to firms' idle capacity. Thus, during 2001 it was clear that a more flexible labor market in which real-wage growth is more in line with productivity gains is needed.

The average increase of nominal contractual wages[2] was 9.1 percent, 3.3 percentage points below that observed in 2000 (Table 9). The total number of workers that benefited from this increase was 1,732,219 persons, 4.8 percent lower than in 2000. It is worth mentioning that private sector's contractual wages rose 9.9 percent on average, thus benefiting 1,088,790 workers. Meanwhile, in the most important public enterprises, the average increase in contractual wages was 7.6 percent and benefited 643,429 workers.

[2] Results of negotiations of collective contracts in companies under federal jurisdiction.

Table 9 **Wage Revisions in the Main Public and Private Firms under Federal Jurisdiction**

	2000					2001				
	I	II	III	IV	Annual	I	II	III	IV	Annual
Total	12.9	12.8	12.8	11.4	12.4	10.3	10.4	9.3	6.9	9.1
Public	12.0	12.0	12.0	11.0	11.4	10.2	10.0	8.5	6.5	7.6
Private	13.0	12.8	13.5	12.0	12.8	10.4	10.5	9.8	7.8	9.9

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

Reviewing the behavior of contractual wages is important as any increases granted remain in force for twelve months and during this period they also influence the determination of other wages. Furthermore, they also become a leading indicator of labor market conditions, at least regarding wage pressures.

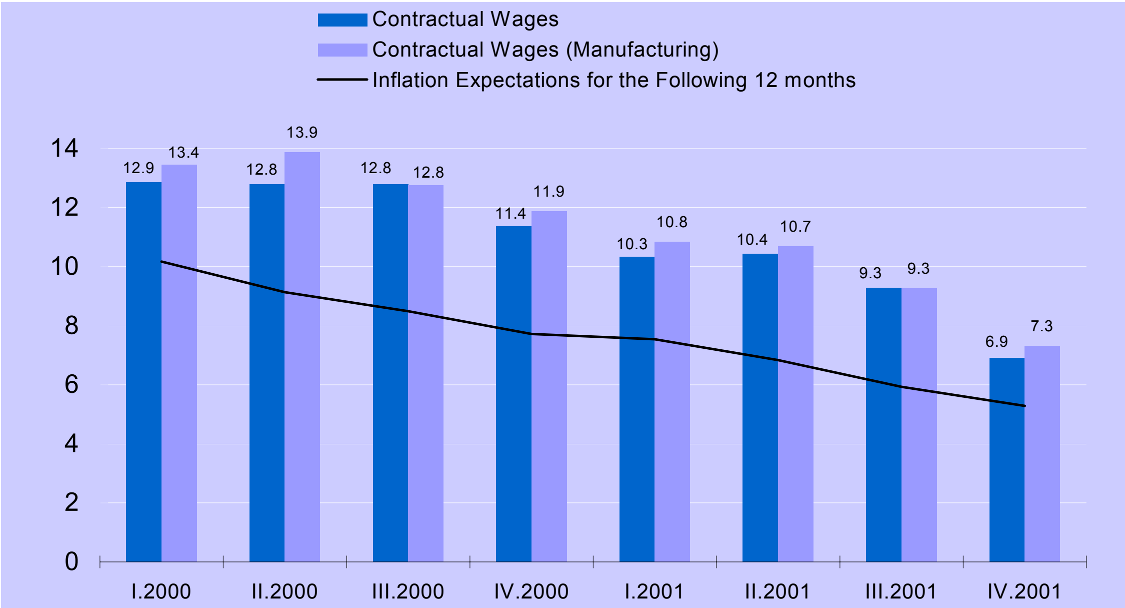
In the first nine months of the period covered by this Report, contractual wage revisions continued to show downward rigidity as they remained at between 9 and 10.7 percent (an average of 10.1 percent).[3] Contractual wage increases only began to level off in the fourth quarter of 2001, despite the fact that inflation expectations showed a clear downward trend throughout the year[4] (Graph 17). The aforementioned is an example of the inertia caused by increases granted through wage negotiations. To a great extent, these tend to reflect the results of previous negotiations as well as the slow adjustment in certain economic agents' expectations regarding the inflation targets of the Central Bank.

[3] If PEMEX is excluded from the July revisions, the average contractual increase in that month is 9.7 percent instead of 9 percent.

[4] The increase granted to the 360 thousand workers in the IMSS during October has a great influence in the month's and quarter's weighted average (8.9 and 7.6 percent, respectively when the IMSS is not considered and 6.9 and 6.3 percent, respectively, considering the IMSS).

Graph 17 **Contractual Wages and Expected Inflation for the Following 12 Months**

Annual percentage change



Source: Prepared by Banco de México with data from the Survey of Private Sector Economic Analysts' Expectations undertaken by Banco de México, and from the Ministry of Labor.

The results of wage negotiations in 2001 brought about high real increases in ex-ante contractual wages, which reached 3.8 percent in September and posted an annual average of 2.4 percent at year-end. Ex-post contractual wages experienced their highest real growth during August (6.9 percent) and an annual average of 5.5 percent by year-end.[5] The latter figure indicates that, on average, workers obtained considerable real gains in their wages. The decline in inflation during the year also contributed significantly to this result (Table 10).

[5] Variations in ex-ante contractual wages are calculated using increases registered in the current year, deflated with inflation expectations for the following 12 months. Ex-post variations refer to nominal wage increases granted in the previous 12 months, deflated by observed inflation during the period in which the referred increases were in force.

Table 10 **Ex ante and Ex post Real Contractual Wages**

Annual percentage change

	2000					2001				
	I	II	III	IV	Annual	I	II	III	IV	Annual
Ex ante	2.4	3.3	3.8	3.4	**3.1**	2.6	3.3	3.1	1.3	**2.4**
Ex post	6.5	7.3	6.5	5.4	**6.3**	5.0	5.5	6.5	5.4	**5.5**

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

The general weakness of the labor market worsened in the second half of the year when open unemployment grew at more pronounced rates. This curbed wage demands during the last quarter of the year.

As has occurred in the last four years, wage increases granted by manufacturing firms have been higher than those obtained by workers in other sectors, especially in the services sector. This situation highly contrasts with prices' behavior. In 2001, the core measure of merchandise prices went up 3.85 percent, while that of services rose 6.87 percent. Two factors made an essential contribution to this result: the appreciation of the exchange rate and the greater incidence of contractual wage increases on prices of services, a sector whose goods can be considered as non-tradable.[6]

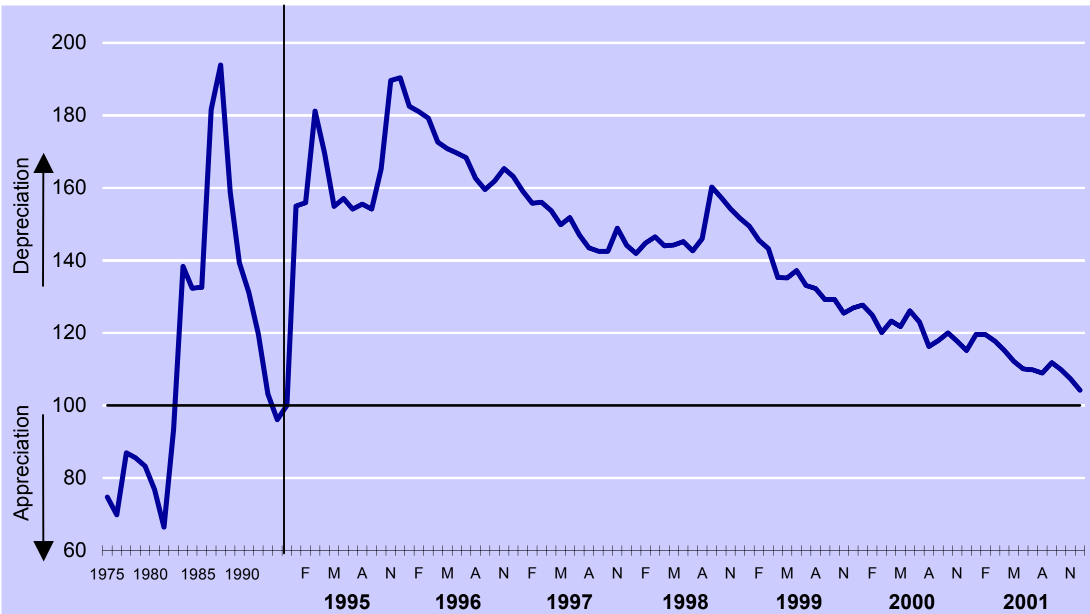
Wage revisions that are not in line with the inflation target or with sustainable gains in labor productivity not only affect firms' competitiveness but also hinder the entrance of the young and unemployed to the labor market.

Indicators for Mexico's real exchange rate exhibited an appreciation in 2001. One of these, which is extremely useful for reviewing the manufacturing sector's international competitiveness, is the real exchange rate index based on unit labor costs. The real appreciation of this indicator during the year can be attributed to two factors: higher unit labor costs and the appreciation of the peso's nominal exchange rate. However, this indicator remained slightly depreciated compared to the average level registered in 1994 (Graph 18).

[6] It is important to mention that PEMEX's collective agreement (which benefited 136 thousand workers) had a significant influence on wage settlements in July. If the different activities carried out by this public entity are considered (where only 59.5 percent of its workers correspond to manufacturing, while the rest are involved in exploration, extraction and administrative activities), the average increase of wages in the manufacturing sector was 13 percent in the third quarter of 2000 and 9.5 percent in the same period of 2001, compared to 12.8 and 9.3 percent, respectively (without making adjustments for PEMEX).

Graph 18 **Real Exchange Rate Index Based on Manufacturing Unit Labor Costs***

Base 1994=100



* Calculated with data from Mexico's main trading partners of manufactured goods (United States, United Kingdom, France, Italy, Spain, Germany, Japan and Canada).

Another indicator of labor market's conditions is the number of strike calls and actual strikes that took place. Negotiations held under federal jurisdiction registered 6,821 strike calls, of which only 35 were carried out. Although the number of strike calls was lower than in the previous year (8,282), the number of strikes that broke out increased (26).

III.3. External Sector

The evolution of Mexico's external sector during 2001 was influenced by the following factors: the world's downturn (particularly that of the United States); lower international oil prices; and large capital inflows to Mexico. The growing link between the Mexican and the United States' economies meant that the deceleration of the latter and, especially, the contraction of its industrial output unfavorably affected the performance of Mexican exports. Moreover, the synchronization of Mexico's business cycle with that of the United States led to a rapid adjustment of aggregate demand and imports in Mexico due to weaker demand for Mexican exports. This prevented any substantial widening of the trade and current account deficits, which ended the year at lower than expected levels. In fact, the current account deficit turned out to be smaller than in 2000.

International oil prices dropped considerably due to the following reasons: forces depressing this price as a result of the global economic downturn; less demand for oil stemming from the unusually high temperatures at the start of the winter season; and the world's oil surplus. The fall in the price of the Mexican oil export mix had an adverse impact on the trade deficit. Increasing uncertainty surrounding Argentina's situation was also an important feature of the external scenario that the Mexican economy had to face throughout 2001. However, this did not affect capital flows to Mexico and there was an important inflow of long-term resources during the year that allowed the current account deficit to be financed easily. The foregoing occurred because international capital markets discriminated, more than in the past, between those economies with solid foundations and those with significant weaknesses. This was clearly shown in the differing behavior of country risk indicators for the main emerging markets. There was a significant amount of foreign direct investment (FDI) to Mexico, once again confirming favorable foreign expectations for Mexico's economic expansion in the medium and long terms. All the above allowed the Mexican economy to follow an orderly adjustment in spite of external disturbances, thus preventing its entry into the downward phase of the business cycle from causing unsustainable imbalances in its external accounts.

The most outstanding features of Mexico's external sector in 2001 were as follows:

(a) A sharp decline in the value of both exports and imports of goods compared to their levels in the previous year. This decrease can be attributed to world trade contraction during the period;

(b) Exports of both oil and non-oil goods fell. The first of these was affected by the slowdown of the world economy, particularly that of the United States. Moreover, the reduction in these exports was due to low world demand for crude oil;

(c) Plummeting manufacturing exports, especially in the in-bond sector, during the second half of the year;

(d) Higher participation of Mexican products in United States' imports. As a result, Mexican exports performed better in that market than the rest of the United States' trading partners altogether;

(e) A decline in imports of goods stemming from the weakness of domestic demand and output as well as from lesser exports that generate demand for imported goods;

(f) A wider trade balance deficit due to the decrease in the value of oil exports. In fact, the non-oil trade deficit fell substantially compared to its level in 2000;

(g) A more moderate current account deficit than in the previous year (measured in both current US dollars and as a proportion of GDP) that was financed with long-term external resources;

(h) A large inflow of resources from remittances of Mexican residents abroad;

(i) A surplus in the capital account (the highest for the last eight years), mainly due to inflows of long-term resources from the private sector;

(j) An unprecedented amount of foreign direct investment, considerably larger than the current account deficit;

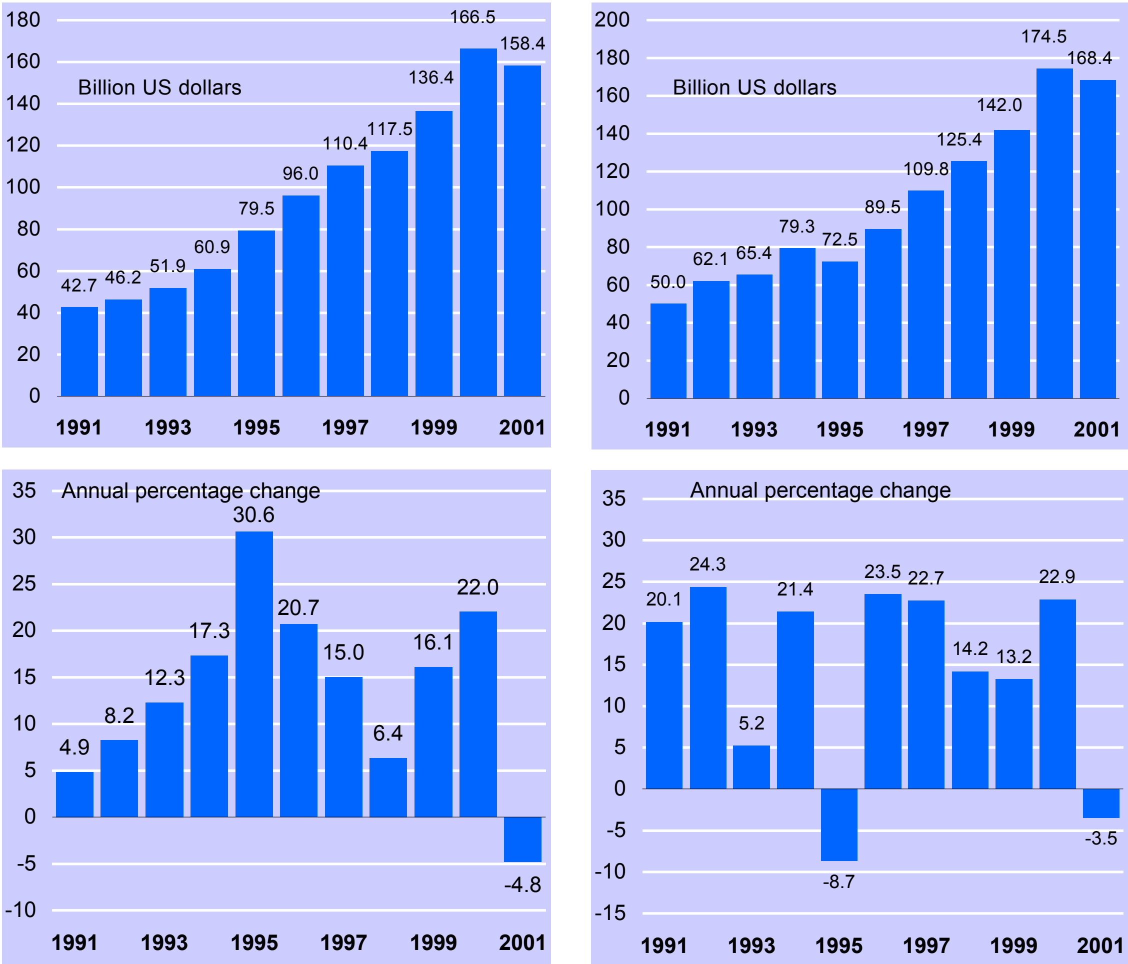
(k) A reduction in public sector and commercial banks' external debt; and

(l) A significant increase in net international reserves that reached a record-high level at year-end.

The trade deficit amounted to 9.95 billion US dollars, 24.4 percent higher than the 8 billion US dollar figure of the previous year (Table 11). This result stemmed from 158.44 billion US dollars in export goods and imports worth 168.40 billion. The widening of the trade deficit is completely attributable to the fall in the value of oil exports due to weak global demand for crude oil. It is worth noting that the non-oil trade deficit (excluding oil exports and imports of gasoline as well as butane and propane gas) diminished 2.13 billion US dollars compared to 2000.

Graph 19 **Foreign Trade in Goods**

Exports **Imports**



The value of merchandise exports decreased 4.8 percent, posting negative annual rates during the last eight months of the year. This behavior responded to the global and, in particular, the United States' sluggish economic activity. Non-oil exports declined considerably throughout the year as they posted negative annual variations during the last three quarters of the year, which represented a fall of 3 percent for the year as a whole. This result mainly stemmed from a 2.7 percent drop in manufactured goods' exports during the year. Exports in both the non in-bond and in-bond manufacturing sectors recorded negative variations in 2001, the in-bond sector being the most affected.

The average price of the Mexican oil export mix in 2001 was 18.57 US dollars per barrel, a significantly lower figure than the previous year's (24.62 US dollars). As a result, the total value of oil exports decreased 21.9 percent.

Exports of agricultural products also went down (7.5 percent), mainly because of the fall in coffee and cotton exports. However, exports of fresh legumes and vegetables, tomatoes, chickpeas and cattle, among others, increased.

The total value of import goods slided 3.5 percent due to falling domestic output and aggregate spending as well as the decline in exports that use imported inputs. Imports of intermediate goods went down in both the non in-bond and in-bond sectors during the year. Imports of capital goods also decreased (6.8 percent) as a result of a contraction in private sector investment (Table 11).

Table 11 **Trade Balance**

Million US dollars

Item	1999	2000	2001	Absolute change in 2001	Percentage change	
					2000	2001
	(1)	(2)	(3)	(3)-(2)	(2)/(1)	(3)/(2)
Exports	**136,391**	**166,455**	**158,443**	**-8,012**	**22.0**	**-4.8**
Oil	9,928	16,383	12,799	-3,584	65.0	-21.9
Non-oil	126,463	150,072	145,644	-4,428	18.7	-3.0
Agricultural and Livestock	3,926	4,217	3,903	-315	7.4	-7.5
Extractive	452	521	388	-132	15.1	-25.4
Manufacturing	122,085	145,334	141,353	-3,981	19.0	-2.7
In-bond	63,854	79,467	76,881	-2,587	24.5	-3.3
Rest	58,231	65,867	64,472	-1,395	13.1	-2.1
Imports	**141,975**	**174,458**	**168,396**	**-6,061**	**22.9**	**-3.5**
Consumption Goods	12,175	16,691	19,752	3,061	37.1	18.3
Intermediate Goods	109,270	133,637	126,149	-7,489	22.3	-5.6
In-bond	50,409	61,709	57,599	-4,110	22.4	-6.7
Rest	58,860	71,929	68,550	-3,378	22.2	-4.7
Related to exports	78,358	96,096	86,778	-9,318	22.6	-9.7
Not related to exports	30,911	37,541	39,371	1,829	21.4	4.9
Capital Goods	20,530	24,130	22,496	-1,634	17.5	-6.8
Total Trade Balance	**-5,584**	**-8,003**	**-9,954**	**-1,951**	**43.3**	**24.4**
Non-oil Trade Balance	**-14,423**	**-22,567**	**-20,438**	**2,128**	**56.5**	**-9.4**

Note: The sum of partial figures may not coincide with the total due to rounding off.

In contrast, imports of consumer goods rose 18.3 percent. Although this was a very high increase, it was substantially lower than in 2000 (37.1 percent). The upward trend of gasoline and car imports was an important component of the expansion of consumer goods' imports during 2001. These two items represented 9.1 and

25.8 percent, respectively, of total imports of consumer goods during the year.

The following features of regional aspects of Mexico's foreign trade during 2001 are worth mentioning: an overall trade surplus with NAFTA trading partners; a surplus with other countries in Latin America; and a deficit with Europe, Asia and the rest of the world (Table 12). The widening of Mexico's total trade deficit derived from the combination of a larger surplus with the NAFTA zone, a lower surplus with the Latin American countries and a higher deficit with other regions. Thus, Mexico's rising deficits with Asia and Europe more than compensated the larger trade surplus with the NAFTA zone.

Table 12 **Mexican Trade Balance by Region**

Million US dollars

	1999 (A)	2000 (B)	2001 (C)	Absolute Change (C)-(B)	Percentage change Exports 2000	Percentage change Exports 2001	Percentage change Imports 2000	Percentage change Imports 2001
TOTAL	-5,584	-8,003	-9,954	-1,951	22.0	-4.8	22.9	-3.5
NAFTA REGION	14,568	19,488	25,364	5,877	23.0	-5.1	21.6	-10.3
United States	15,126	20,151	26,530	6,379	22.7	-5.0	21.2	-10.8
Canada	-558	-663	-1,165	-502	40.2	-8.5	36.2	5.4
REST OF THE WORLD	-20,152	-27,491	-35,318	-7,827	13.3	-2.2	27.1	17.5
Rest of America	1,942	1,760	1,165	-595	23.0	0.8	41.0	13.2
Europe	-8,490	-10,342	-12,344	-2,002	9.9	-8.0	16.9	8.9
Asia	-12,955	-18,072	-23,118	-5,046	1.6	3.0	34.2	25.3
Others	-647	-837	-1,021	-184	-24.9	33.9	16.3	23.8

Note: The sum of partial figures may not coincide with the total due to rounding off.

Information for United States' foreign trade shows that there was an important contraction in imports of goods during 2001, although it was not as drastic for purchases of Mexican products. Thus, while U.S. imports of goods fell 6.2 percent (6.6 percent if Mexican products are excluded), those from Mexico declined only 3.3 percent. The corresponding negative rates were 5.4 and 1.6 percent excluding United States' oil imports. Despite the aforementioned, other countries such as Germany, France and China managed to improve their export performance in the United States' market.

The fact that imports of Mexican products declined less than those from the rest of the world allowed Mexican products to increase their participation in United States' imports, from 11.16 percent in 2000 to 11.51 percent in 2001 (Graph 20). Furthermore, Mexico surpassed Japan to become the second most important exporter of goods to the United States behind Canada (Table 13). As has occurred in the last few years, the value of Mexican exports to the United States outpaced those of the latter's two main European trading partners (Germany and the United Kingdom), as well as those of the countries collectively known as the Asian Tigers (Hong-Kong, South Korea, Singapore and Taiwan).

Graph 20 **Participation of Mexican Exports in United States' Imports**

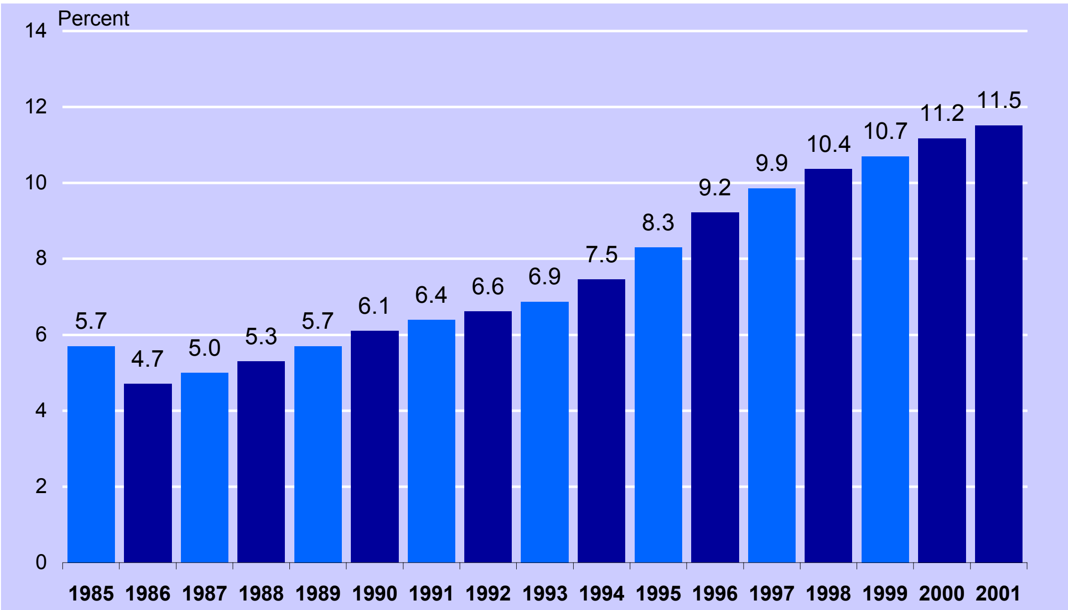


Table 13 **United States' Imports**

Annual percentage changes

	Percentage Structure 1999	2000	2001	Total 2001	Total excluding oil 2001	Auto industry 2001	Total excluding the oil and auto industries 2001
Total	100.00	100.00	100.00	-6.2	-5.4	-3.4	-5.8
Total excluding Mexico	89.29	88.84	88.49	-6.6	-5.8	-4.1	-6.1
1 Canada	19.39	18.95	18.99	-6.0	-5.1	-9.6	-3.3
2 Mexico	**10.71**	**11.16**	**11.51**	**-3.3**	**-1.6**	**-0.8**	**-2.0**
3 Japan	12.77	12.03	11.08	-13.6	-13.6	-5.6	-17.4
4 China	7.98	8.21	8.95	2.3	2.6	0.0	2.6
5 Germany	5.39	4.80	5.18	1.1	1.1	1.5	0.9
6 United Kingdom	3.83	3.56	3.62	-4.5	-4.5	-8.4	-4.1
7 France	2.51	2.45	2.65	1.7	1.7	0.0	1.7

United States' goods imports are made up of 1,250 generic products or items, and a total of 1,235 items excluding oil products. Of the latter group, Mexico sells 1,073 items to the United States. The more favorable evolution of Mexican products in the United States' total non-oil imports during 2001 was due to the increase in purchases of a large number of Mexican products in that market. This was the case for 479 products whose total export value in the year amounted to 42.93 billion US dollars.

It is worth mentioning that Mexico was the most important supplier of 119 non-oil products to the United States in 2001 (Table 14). Mexican exports of these products amounted to 53.37 billion US dollars, accounting for 44 percent of United States' total purchases of Mexican non-oil products. Among the products that the United States imported and Mexico is the main supplier are computers, electric cables, televisions, video cameras and recorders as well as automobile seats.

Table 14

United States' Non-oil Imports from Mexico according to the Latter's Level of Importance as a Supplier in 2001

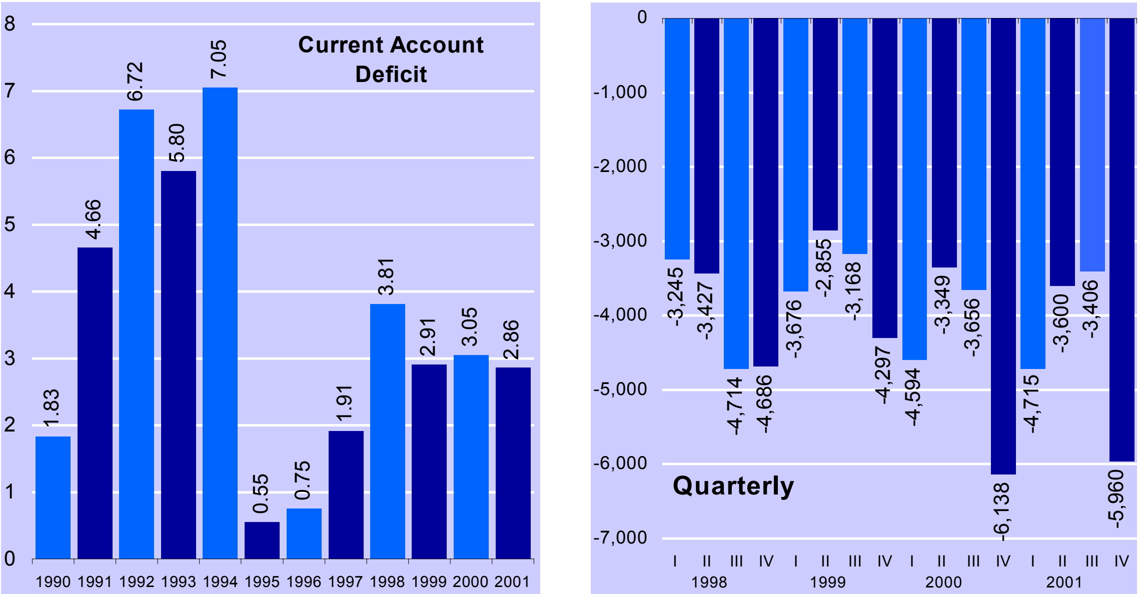
Ranking of Mexican products supplied to the U.S.		Number of Products		Value of Mexican Exports to the U.S. (millions of US dollars)
1°		119		53,366
2°		133		21,084
3°	509	107	110,637	14,948
4°		87		17,675
5°		63		3,564
Rest		564		10,597
Total		1,073		121,234

Mexico is also one of the top five suppliers of 509 non-oil products to the United States. These represented 91 percent of Mexican non-oil exports to that country. In addition to the above mentioned, United States imports of Mexican goods such as cars, trucks, radio receivers, phones, gasoline engines and their parts as well as men's sweaters and men's shirts were also outstanding.

During the referred period, the current account deficit closed at 17.68 billion US dollars, equivalent to 2.9 percent of GDP (Graph 21). This deficit was lower than that of 2000 measured both in current US dollars (17.74 billion) and as a proportion of GDP (3.1 percent). Long-term external resources from the private sector, mostly from FDI and loans to the non-bank private sector, mainly financed the current account deficit.

Graph 21 **Current Account Balance**

Percentage of GDP Million US dollars



The non-factorial services' balance showed a deficit of 3.56 billion US dollars (Table 15). The international traveler component of this balance registered a surplus of 2.7 billion US dollars, 3.4 percent less than in 2000. It is important to mention that the effect of September's terrorist attacks in the United States discouraged international travel both to and from Mexico. The initial impact of these events was very severe in September; however, this situation gradually dissipated. The other components of the non-factorial services' balance showed a total deficit of 6.26 billion US dollars that mainly obeyed to expenditures related to foreign trade such as freight and insurance, port dues and telecommunications.

Table 15 **Current Account of the Balance of Payments**

Million US dollars

Item	2000 (A)	2001 (B)	Absolute change (B - A)
Curent Account	-17,737	-17,681	56
Trade Balance	-8,003	-9,954	-1,951
Exports	166,455	158,443	-8,012
Imports	174,458	168,396	-6,061
Non-factorial services	-2,323	-3,558	-1,234
Factorial services	-14,404	-13,508	896
Transfers	6,994	9,338	2,344

The deficit in the factorial services' balance narrowed from 14.404 billion in 2000 to 13.51 billion US dollars in 2001. Interest expenditures of both public and private sectors went down 7.1 percent as a result of falling international interest rates during the year. The remaining components of the factorial services' balance registered a total deficit of 5.004 billion US dollars, which was mostly composed of profit payments (remitted and reinvested) by companies with foreign participation in their capital.

The surplus in the transfers account grew to 9.34 billion US dollars in 2001. The biggest component of this line item was households' remittances, which is made up of resources sent by Mexicans living abroad to their family members in Mexico. In the year covered by this Report these rose to 8.90 billion US dollars, equivalent to 69.5 percent of oil exports and 1.44 percentage points of GDP for the year. It is worth pointing out that, as previously mentioned in press releases throughout the year concerning the balance of payments, the methodology used to calculate households' remittances in 2001 included improvements in the registry of these transactions undertaken by intermediate financial institutions. This explains the high increase in income from these remittances compared to the previous year.

Information concerning the regional distribution of family remittances shows that the state of Michoacán received the highest amount of resources from this item in 2001 (Table 16). Thus, during the year, 11.7 percent of total family remittances were destined to Michoacán, followed by Guanajuato (8.3 percent), Jalisco (7.9 percent), Estado de México (7.2 percent), Guerrero (6.3 percent), Veracruz (6 percent) and Mexico City (5.7 percent). These seven states accounted for 53.1 percent of total remittances. A comparison of distribution of remittances by state between 1995 and 2001 shows a substantial increase in the participation of Veracruz, Estado de México, Chiapas and Hidalgo, while that of Jalisco, Michoacán, Guanajuato and Zacatecas has declined. It is also worth mentioning that from an international comparison of 27 countries where information for family remittances is available, Mexico is ranked second for receiving the highest amount of these resources. Despite these facts, if the relative importance of these resources measured as a proportion of GDP is taken into consideration, Mexico occupies the 17th place (Table 16).

Table 16 **Household Remmitances Revenues**

State	Distribution by State: Ranking 1995	Ranking 2001	Percentage Share 1995	Percentage Share 2001	International Comparison: Selected Countries (2000): Country	Millions of US dollars	As a percentage of GDP
Michoacán	1	1	16.25	11.69	India 1/	11,002	2.42
Guanajuato	3	2	10.25	8.31	Mexico 2/	8,895	1.44
Jalisco	2	3	12.70	7.89	Turkey	4,560	2.24
Estado de México	7	4	4.39	7.16	Spain	3,414	0.61
Guerrero	4	5	6.11	6.27	Portugal	3,131	2.98
Veracruz	15	6	2.07	5.99	Egypt	2,852	2.93
Mexico City	5	7	5.34	5.67	Morocco	2,161	6.57
Oaxaca	8	8	4.34	4.03	Bangladesh	1,958	4.31
Puebla	6	9	4.84	3.97	El Salvador	1,751	13.26
Hidalgo	16	10	1.95	3.89	Dominican Republic	1,689	8.59
Morelos	9	11	3.56	2.82	Greece	1,613	1.42
San Luis Potosí	10	12	3.26	2.82	Ecuador	1,317	9.68
Tamaulipas	21	13	1.27	2.69	Nigeria 1/	1,301	3.56
Sinaloa	13	14	2.99	2.62	Indonesia	1,190	0.78
Chiapas	27	15	0.54	2.51	Colombia	1,118	1.38
Durango	14	16	2.08	2.11	Brazil	1,113	0.19
Zacatecas	11	17	3.12	2.10	Pakistan	1,075	1.82
Chihuahua	19	18	1.75	2.05	Peru	718	1.34
Nayarit	20	19	1.57	1.91	Tunisia	700	3.56
Querétaro	17	20	1.93	1.79	Guatemala	563	2.96
Coahuila	18	21	1.84	1.69	China	556	0.05
Sonora	24	22	0.76	1.67	Croatia	531	2.79
Baja California Norte	23	23	0.85	1.64	Honduras	410	6.91
Nuevo León	22	24	1.05	1.56	Nicaragua	320	13.35
Aguascalientes	12	25	3.11	1.24	Philipines	125	0.17
Colima	25	26	0.75	1.15	Costa Rica	109	1.31
Tlaxcala	26	27	0.60	0.75	Argentina 1/	29	0.01
Tabasco	32	28	0.09	0.70			
Yucatán	28	29	0.31	0.42			
Quintana Roo	29	30	0.13	0.37			
Campeche	31	31	0.10	0.28			
Baja California Sur	30	32	0.12	0.21			
TOTAL			100.00	100.00			

1/ 1999 figures.
2/ 2001 figures.
Source: Balance of Payments Yearbook, International Finance Statistics (IMF); and Banco de México.

The capital account posted a surplus of 22.71 billion US dollars, its highest level in the last eight years. This resulted from the combination of a high inflow of long-term resources from the private sector via FDI and external credit. There was also a modest inflow of portfolio foreign investment as well as net debt amortization by commercial banks and the public sector. Meanwhile, foreign assets held by Mexican residents increased throughout the year (Table 17).

Table 17

Balance of Payments

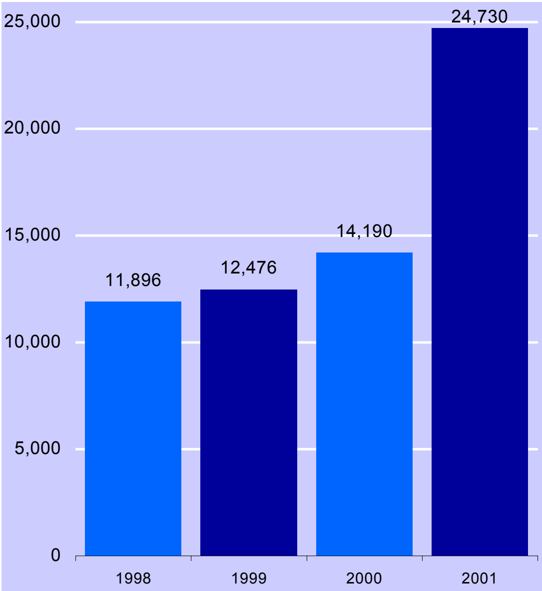
Million US dollars

Item	2000	2001
Current Account	**-17,737**	**-17,681**
Capital Account	**16,930**	**22,707**
Liabilities	9,831	26,146
Indebtedness	-4,760	324
Development Banks	-186	-1,210
Commercial Banks	-2,446	-3,061
Banco de México	-4,286	0
Non-bank public sector	-6,573	-32
Non-bank private sector	8,730	4,627
Foreign Investment	14,591	25,822
Direct	14,190	24,730
Portfolio	401	1,092
Equity Market	447	151
Money Market	-46	941
Assets	7,099	-3,439
Errors and Omisions	**3,631**	**2,299**
Variation in Net International Reserves	**2,822**	**7,325**
Adjustments	3	0

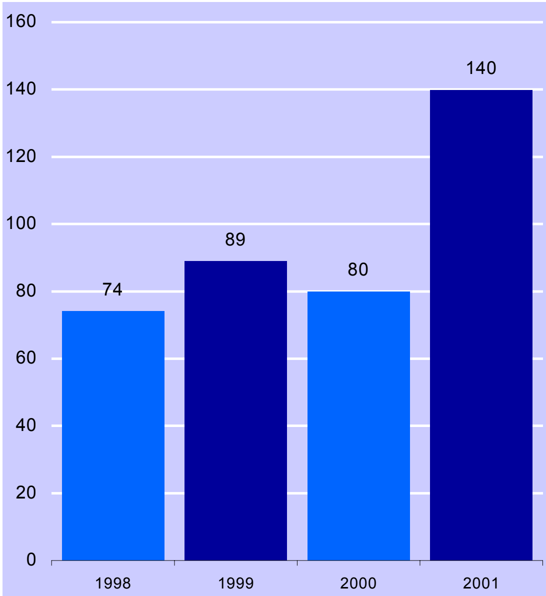
During 2001, Mexico received an unparallel inflow of foreign direct investment amounting to 24.73 billion US dollars (Graph 22). This flow comprised investments made by 5,011 companies, 1,428 of which pertained to the in-bond industry. The breakdown of FDI was as follows: 18.39 billion in new investment; 3.587 billion in re-invested profits; 2.172 billion in imports of fixed assets by in-bond manufacturers; and a 577 million US dollar increase in liabilities of companies with main offices located abroad. By sectors, FDI was mainly channeled to financial services (58.3 percent); manufacturing (18.4 percent); transportation and communications (12 percent), and commerce (3.8 percent). Regarding investment by country, the most important flows came from the United States (82.5 percent), Holland (9.7 percent) and Canada (3.5 percent). FDI included 12.45 billion US dollars from Citigroup's purchase of BANAMEX.

Graph 22 **Foreign Direct Investment**

Million US dollars



As a percentage of the current account deficit



There was a net inflow of foreign portfolio investment of 1.09 billion US dollars in 2001. As a result, total foreign investment, including both direct and portfolio investments amounted to 25.82 billion US dollars for the year.

Public sector's net external indebtedness accounted for 1.24 billion US dollars, 23.68 billion in new liabilities and 24.92 billion in principal payments. This resulted from net principal payments by the non-financial public sector (1.28 billion) and development banks (1.21 billion), and Federal Government's net indebtedness (1.25 billion). During the year covered by this Report, the public sector made six bond placements totaling 8.6 billion US dollars, at an average term of 13.2 years.

Throughout 2001, the Federal Government carried out several operations involving Brady Bonds. The nominal value of acquired bonds was 8.64 billion US dollars. These transactions were financed by bond placements in the international markets as well as the recovery of guarantees from canceled bonds. The latter accounted for a total income of 4.55 billion US dollars.

The net external indebtedness of the private sector during the year amounted to 1.57 billion US dollars and was mainly composed of a non-bank private sector indebtedness of 4.63 billion US dollars and a net external debt payment by the commercial banking sector of 3.061 billion. The non-bank private sector made eight security placements (bonds and promissory notes) totaling 2.26 billion US dollars, at an average term of 6.3 years.

It is worth mentioning that Mexican non-bank private sector's foreign currency liabilities are mainly explained by those of exporting companies. At year-end 2001, the value of foreign currency liabilities held by non-financial firms listed on the Mexican Stock Exchange (*Bolsa Mexicana de Valores, BMV*) totaled 38.41 billion US dollars, while their assets denominated in foreign currency amounted to 30.11 billion. Exporting companies accounted for 96 percent of these liabilities. A considerable proportion of these firms' sales was made abroad and their ratio of foreign currency sales to foreign liabilities was very high. The subgroup of these firms known as "strong exporters" holds most of the liabilities in foreign currency (52 percent of liabilities of the firms taken into consideration) and its ratio foreign sales to external liabilities is the highest (87 percent) [Table 18].

Table 18 **Indicators on External Liabilities of Firms listed in the Mexican Stock Exchange (*Bolsa Mexicana de Valores, BMW*)***

Percent

	Exporters				Non	
	Total Exporters	Strong Exporters	Medium Exporters	Low Exporters	Exporters	Total
Breakdown of:						
Foreign Currency Liabilities	96	52	20	24	4	100
Exports	100	75	20	6	-	100
Ratios:						
Exports/Total Sales	25	49	17	3	-	20
Exports/Foreign Currency Liabilities	63	87	60	14	-	61
Foreign Currency Liabilities/Total Liabilities	48	58	38	40	19	45

*Includes 90 issuers listed in the Mexican Stock Market. "Strong Exporters" are defined as those firms whose exports account for more than 25 percent of their total sales, while those considered "Medium Exporters" and "Low Exporters" as those that register exports that account for 10-25 percent and less than 10 percent of their total sales, respectively.
Source: Mexican Stock Exchange (*Bolsa Mexicana de Valores, BMW*).

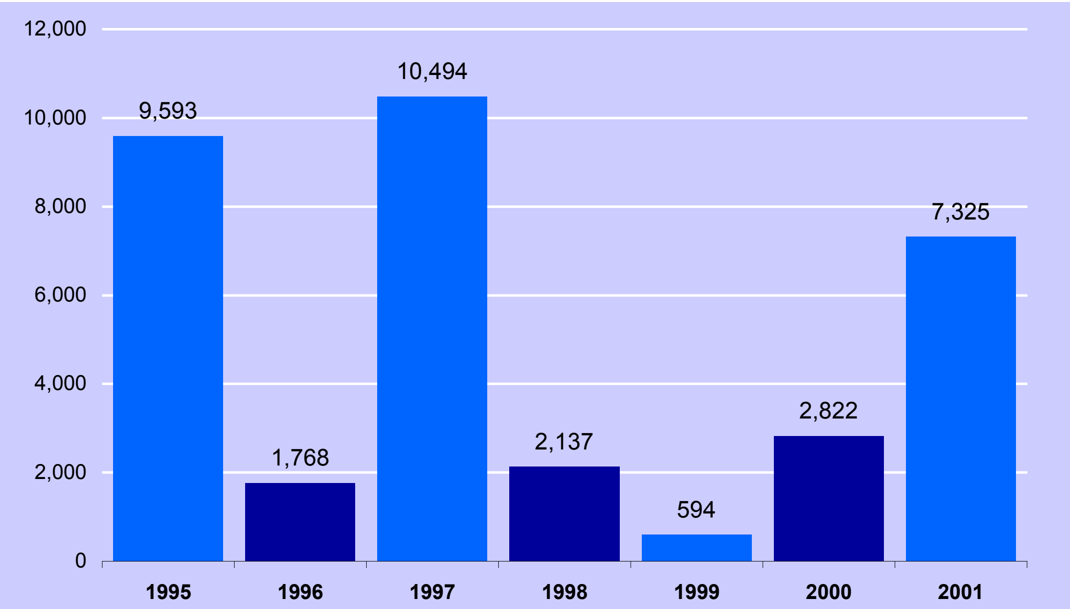
The amount of foreign assets held by Mexican residents rose, therefore implying a net outflow of 3.44 billion US dollars. This was mainly made up of income related to the BANAMEX-

Citigroup transaction, which included direct external investment by Mexican residents and increased commercial bank deposits abroad.

In short, Mexico's balance of payments in 2001 was characterized by the following results: a current account deficit totaling 17.68 billion US dollars; a 22.71 billion US dollar capital account surplus; a 2.30 billion US dollar positive flow in the errors and omissions line item; and an accumulation of Banco de México's net international reserves amounting to 7.33 billion US dollars (Graph 23). Thus, by December 31st 2001, the stock of net international reserves[7] totaled 40.89 billion US dollars, its highest historical level at year-end.

Graph 23 **Variation in Net International Reserves**

Million US dollars



III.4. Public Finances

III.4.1. Economic Balance[8]

In 2001, the non-finance public sector deficit reached 42.1 thousand million pesos (Table 19), accounting for 0.73 percent of

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[7] As defined by Banco de México's Law.

[8] Based on Ministry of Finance's calculations.

GDP.[9] Both of these figures were lower than in the previous year, although they were slightly higher than the objectives approved by Congress (by 2.1 thousand million pesos and 0.08 percentage points of GDP). The primary surplus (difference between revenues and expenditures excluding public sector's financial costs) was 150.4 thousand million pesos at year-end. This surplus was below the target (by 10.5 percent) and its level in the previous year (by 1.5 percent at constant prices). The primary surplus measured as a proportion of GDP remained at the same level as that observed in 2000 (2.61 percentage points).

Table 19 **Public Balance in 2001** 1/

	Million pesos			Percentage of GDP	
	Approved	Observed	Difference Observed-Approved	Approved	Observed
OVERALL BALANCE	**-39,934.5**	**-42,050.3**	**-2,115.8**	**-0.65**	**-0.73**
Non-budgetary balance	1,035.8	-2,130.1	-3,165.9	0.02	-0.04
Budgetary balance	-40,970.4	-39,920.2	1,050.2	-0.67	-0.69
FISCAL REVENUES	**1,302,496.8**	**1,268,680.4**	**-33,816.4**	**21.24**	**21.98**
Oil-related revenues	**451,039.2**	**419,707.5**	**-31,331.7**	**7.35**	**7.27**
Tax revenues 2/	132,265.0	121,921.4	-10,343.6	2.16	2.11
Non-tax revenues	318,774.2	297,786.1	-20,988.1	5.20	5.16
Fees and Charges	190,086.8	187,632.2	-2,454.6	3.10	3.25
Contributions	5,309.5	8,260.0	2,950.5	0.09	0.14
PEMEX	123,377.9	101,893.9	-21,484.0	2.01	1.77
Non oil-related revenues	**851,457.6**	**848,972.8**	**-2,484.8**	**13.88**	**14.71**
Tax revenues	533,783.0	532,433.9	-1,349.1	8.70	9.22
Income tax (*ISR*)	283,823.4	285,955.6	2,132.2	4.63	4.95
VAT (*IVA*)	169,706.1	173,304.8	3,598.7	2.77	3.00
Special Tax on Production and Services (IEPS)	26,022.9	23,500.5	-2,522.4	0.42	0.41
Imports	33,842.3	28,401.1	-5,441.2	0.55	0.49
Other	20,388.3	21,271.9	883.6	0.33	0.37
Non-tax revenues	90,962.0	88,853.4	-2,108.6	1.48	1.54
Public entities and enterprises	226,712.6	227,685.5	972.9	3.70	3.94
NET PAID EXPENDITURES	**1,343,467.2**	**1,308,600.6**	**-34,866.6**	**21.91**	**22.67**
Programmable	930,011.2	922,464.5	-7,546.6	15.16	15.98
Non-programmable	413,456.0	386,136.1	-27,320.0	6.74	6.69
Financial cost	207,085.3	188,033.8	-19,051.5	3.38	3.26
Revenue sharing	194,084.7	196,914.4	2,829.6	3.16	3.41
ADEFAS * and other	12,286.0	1,187.9	-11,098.1	0.20	0.02
PRIMARY BALANCE	**167,936.4**	**150,359.2**	**-17,577.2**	**2.74**	**2.61**

1/ Deficit (-), Surplus (+).
2/ Includes gasoline and diesel IEPS, VAT on oil and petrochemical products as well as import taxes paid by PEMEX.
* ADEFAS: Payments on fiscal expenditures deferred from previous years (*Adeudos Fiscales de Años Anteriores*).
Source: Ministry of Finance (SHCP).

9 The Economic deficit is used to assess the compliance with budget commitments set out by the Public Administration.

Budgetary public revenues amounted to 1.27 thousand million pesos (equivalent to 22 percent of GDP).[10] This total represented 97.4 percent of that set by the Federal Revenues Law.[11] The difference between the objective and the amount of budgeted revenues actually obtained can be explained by the contraction of economic activity, the strength of the peso and reduced crude oil exports. The main items of revenue that did not reach their expected level in 2001 were i) tax revenues from PEMEX, 10.3 thousand million pesos;[12] ii) PEMEX's own revenues (mainly due to lower domestic sales of oil derivatives and petrochemicals), 21.4 thousand million pesos; iii) import duties, 5.4 thousand million pesos; and iv) revenues from privatizations, approximately 23 thousand million pesos.

Fewer revenues from the above sources were partly offset by other revenue items that turned out to be higher than budgeted such as revenues from the value-added (VAT) and income taxes (stemming from numerous and improved fiscal programs, among which the "Let bygones be bygones" is noteworthy) [Graph 24]; non-recurrent revenues from Brady Bonds canceling[13]; and higher revenues from several public enterprises other than PEMEX. The latter originated from greater contributions made to the Mexican Social Security Institute (IMSS) and the Federal Employees' Social Security Institute (ISSSTE) due to the higher reference salary and the larger number of vehicles using federal toll roads.

[10] Compared to the previous year, public revenues increased 0.4 percent in real terms and 0.39 as a percentage of GDP.

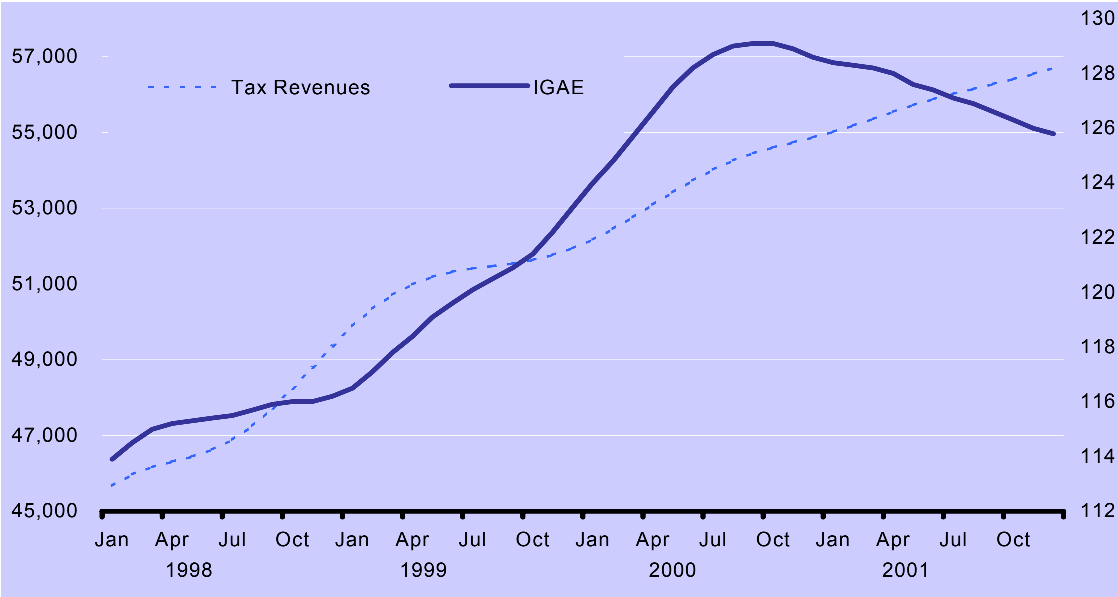
[11] As a proportion of GDP, budgetary revenues were higher than had been forecasted in the Federal Revenues Law.

[12] Refers to IEPS on gasoline, VAT and import taxes paid by PEMEX. The reduction was mainly due to the fact that the IEPS on gasolines did not increase as had been programmed because international gasoline prices surpassed expectations. According to the formula, IEPS rate rises when international gasoline prices decrease so domestic prices remain constant.

[13] These revenues are obtained from the recovery of guarantees associated with Brady Bond cancellations as well as from the difference between these bonds' nominal and market values.

Graph 24 **Tax Revenues and Mexico's Global Economic Activity Index (*Indicador Global de Actividad Económica, IGAE*)**

Million pesos of December 2001 and Index
Trend series



Source: INEGI and Ministry of Finance (SHCP).

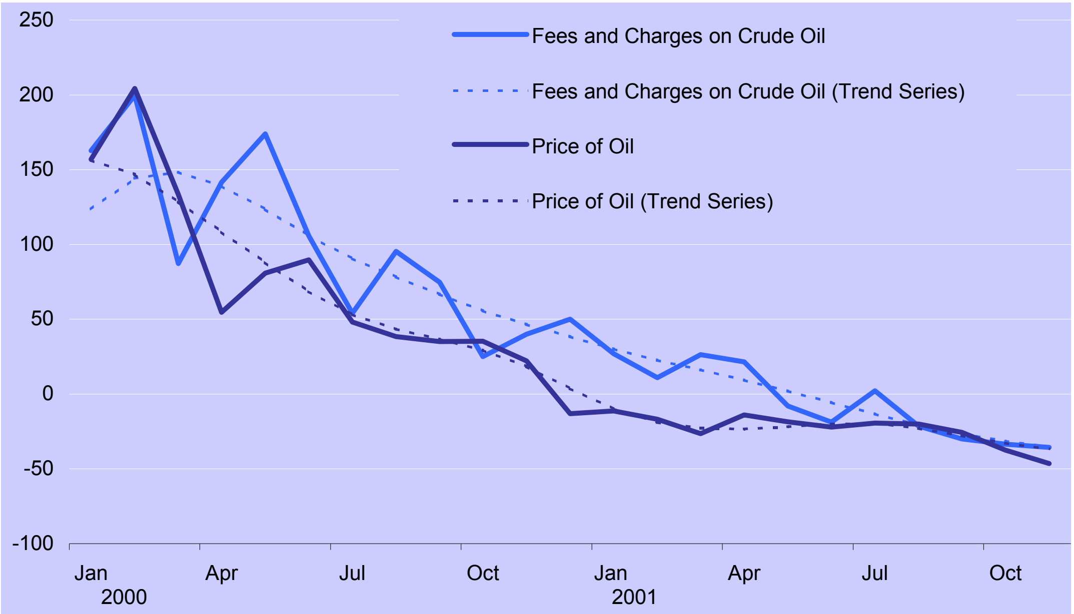
Faced with the fall in public revenues and with the objective of not exceeding the deficit authorized by Congress, fiscal authorities implemented four cuts to programmed expenditure during the year amounting to 16.2 thousand million pesos. No further adjustment was needed because the decline of domestic and external interest rates, coupled with the strength of the peso, led to substantial reductions in programmed interest payments (19 thousand million pesos). These adjustments translated into less public programmable expenditure, 2.6 percent lower than had been set out in the Federal Budget (*Presupuesto de Egresos de la Federación*).[14]

Budgetary public revenues rose 0.4 percent in real terms compared to 2000. In the previous result there is a sharp contrast between the 5.8 percent real growth of tax revenues and the real contraction in oil duties and fees (9 percent). The latter responded to the fall in the price of Mexico's oil export mix during the year (Graph 25).

[14] Public programmable expenditure in 2001 was 1.31 thousand million pesos. Compared to 2000, this aggregate declined 1.4 percent in real terms and 0.06 as a percentage of GDP.

Graph 25 **Fees and Charges on Crude Oil and Price of Oil in Pesos**

Annual percentage change



Fuente: Ministry of Finance and PEMEX.

Total budgetary expenditure contracted 1.4 percent in real terms compared to 2000. Programmable expenditure rose 0.7 percent in real terms, while non-programmable expenditure fell 6.3 percent. Meanwhile, current expenditure registered a real increase of 3 percent. This mainly obeyed to the larger amounts of resources transferred by the Federal Government to states and municipalities. Taking total grants, revenue sharing and collaboration agreements into consideration, resources transferred to local governments increased 7.3 percent at constant prices in 2001.[15]

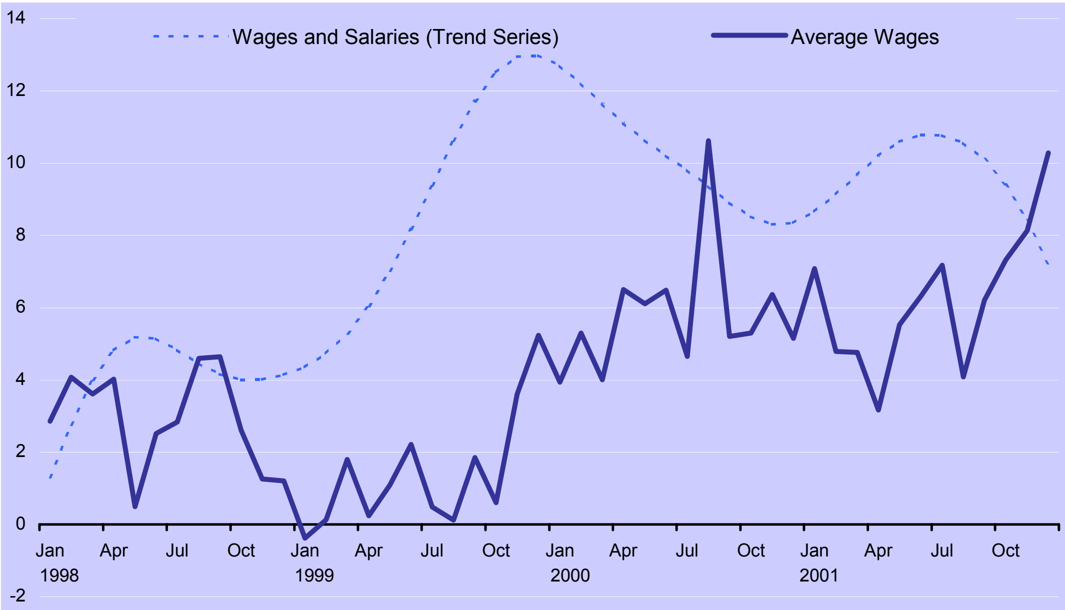
As for current expenditure, outlays for personal services (salaries and wages) that are paid directly by the Federal Government and state-owned entities went up 6.9 percent in real terms. Thus, in 2001, the public sector joined those private companies that granted wage increases above productivity gains plus inflation (Graph 26). In contrast, direct budgetary fixed investment spending decreased 4.9 percent at constant prices. This reduction was partly offset by net investment via Long-term Productive Infraestructure Projects with Deffered Expenditure Impact (*Programas de Impacto Diferido en el Gasto, PIDIREGAS*), which rose 4.1 percent in real terms during the year. However,

[15] Includes revenue sharing, capital expenditure and most importantly, current expenditure.

consolidated capital expenditure for both of these items went down 2.5 percent.

Graph 26 **Expenditures on Wages and Salaries [1/] and Average Wages[2/]**

Real annual percentage change



1/ Does not include transfers.
2/ Non in-bond manufacturing industry.
3/ Source: INEGI, Ministry of Finance (SHCP) and Banco de México.

Public sector's budgetary financial cost decreased 12.1 percent in real terms during 2001. External interest rate payments were 14.3 percent below those in 2000 as a result of i) lower interest rates in external markets; ii) the appreciation of the peso; and iii) measures undertaken to reduce the external debt burden. Financial cost's domestic component fell 10.8 percent in real terms due to reduced outlays (38.1 percent) on Bank-Debtor and Bank-Depositor Support Programs. In contrast, interest payments rose 25 percent in real terms because of a higher stock of debt and the fact that 58 percent of interests paid during the year was determined by interest rates in force before April, the month when rates began to drop substantially. Furthermore, although debt-management measures – focused on increasing placements of government securities in the domestic market as well as widening their maturity and duration – reduce Federal Government's financial risks, they give rise to a more expensive debt service.

III.5. Evolution of Monetary and Credit Aggregates, and of the Stock Market

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

By year-end 2001 the monetary base stock was 225.58 thousand million pesos, 11.81 million below estimate. Thus, the monetary base expanded at an average nominal rate of 12.8 percent during the year, lower than that forecasted in the Monetary Program (16 percent). This represented an average deviation of –2.9 percent, which can mainly be explained by the unforeseen slowdown of economic activity. Nevertheless, the monetary base measured as a proportion of GDP rose, therefore continuing the remonetization process that began in 1977 (Graph 27a).

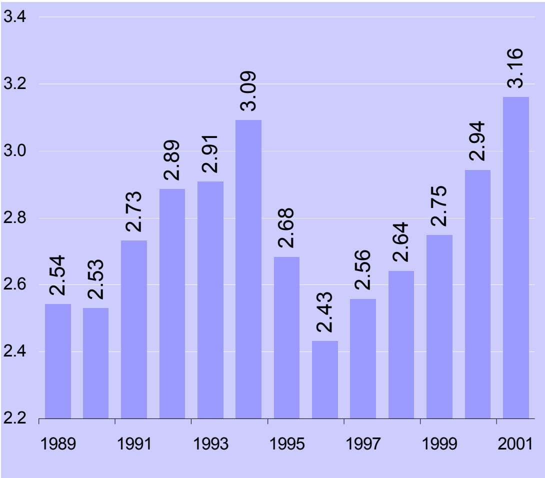
Remonetization by December 2001 (3.7 percent)[16] was higher than had been forecasted in the Monetary Program (2.6 percent), mainly as a result of two factors that fueled the demand for real monetary base stocks: i) the considerable decline of interest rates, and ii) rising real wages. From past experiences it is well known that in economies with falling inflation the demand for monetary base as a proportion of income increases[17] due to reduced costs and less uncertainty of maintaining liquid assets such as bills and coins (Graph 27b).

[16] Calculated as a percentage change of the monetary base (in relation to stocks at the end of the period) above inflation and real GDP growth.

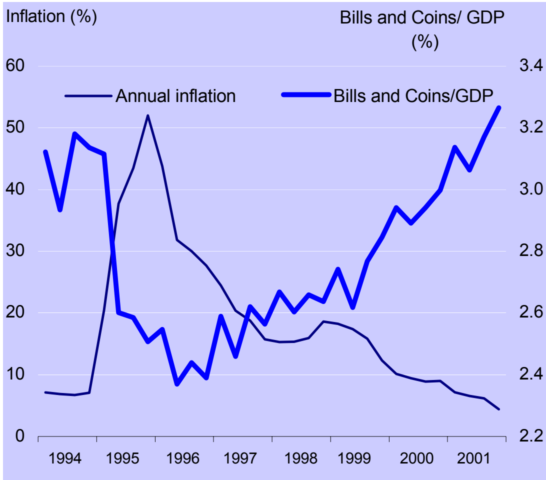
[17] A more detailed explanation of this subject can be found in the document "Monetary Policy Program for 2000".

Graph 27 **Bills and Coins in Circulation [1/] as a percentage of GDP, and Inflation**

a) Bills and Coins in Circulation
Percentage of GDP



b) Bills and Coins in Circulation
(Percentage of GDP) and Inflation



1/ Average daily stocks.

Accumulation of net international assets during 2001 amounted to 9.29 billion US dollars. In order to preserve the balance between the supply of monetary base and the public's demand for it, Banco de México sterilized the monetary impact of the accumulation by increasing central bank liabilities that are not included in the monetary base. The latter led to a 71,517 thousand million-peso contraction of net domestic credit.

Security placements by Banco de México are undertaken as a result, among other factors, of sterilizing the accumulation of international assets. In this context, it is worth mentioning that the issuing of BREMs during 2001 gradually replaced government securities placed for monetary regulation purposes (Table 20).

Table 20 **Monetary Control Securities placed by Banco de México**

Million pesos

	Stocks		Flows
	Dec. 2000	Dec. 2001	2001
Total	162,764	203,169	40,405
BREMS	21,834	156,725	134,891
Monetary Control Government Securities	140,930	46,444	-94,486

The main source of the accumulation of international assets was purchases of 8.91 billion US dollars from PEMEX, while the

Federal Government's net demand amounted to 2.55 billion (Table 21). The accumulation of international assets included the acquisition of 1.36 billion US dollars via the options mechanism, which was suspended as of June 29, 2001.

Table 21 **Monetary Base, Net International Assets and Net Domestic Credit**

Millions

	Stock		Accumulated cash flows
	to Dec.30th 2000	to Dec. 31st 2001	in 2001 1/
(A) Monetary Base (pesos)	208,943	225,580	16,637
(B) Net International Assets (pesos) 2/	342,386	411,315	88,154
Net International Assets (US dollars) 2/	35,629	44,857	9,228
Variation of Net International Assets (US dollars)			9,228
PEMEX			8,910
Federal Government			-2,549
Options Purchases			1,363
Other 3/			1,504
(C) Net Domestic Credit (pesos) [(A)-(B)] 1/	-133,443	-185,735	-71,517
Memorandum:			
(D) International Reserves 4/ (US dollars)	33,555	40,880	7,325

1/ In the estimation of net international assets' cash flows in pesos, the exchange rate applied to the transaction of each flow is considered. The difference between net international assets' stocks in pesos does not correspond to the item of effective flows because stocks of the former definition are valued at the daily exchange rate. This also explains why the differential between net domestic credit stocks is not the same as the effective flows.
2/ Net international assets are defined as gross reserves plus credit agreements with the central banks with more than six months to maturity, minus total liabilities payable to the IMF, and minus credit agreements with central banks with less than six months to maturity.
3/ Includes mainly transactions related to sales of US dollars and interests earned on international assets.
4/ As defined by Banco de México's Law.

III.5.2. Evolution of Monetary Aggregates M1 and M4

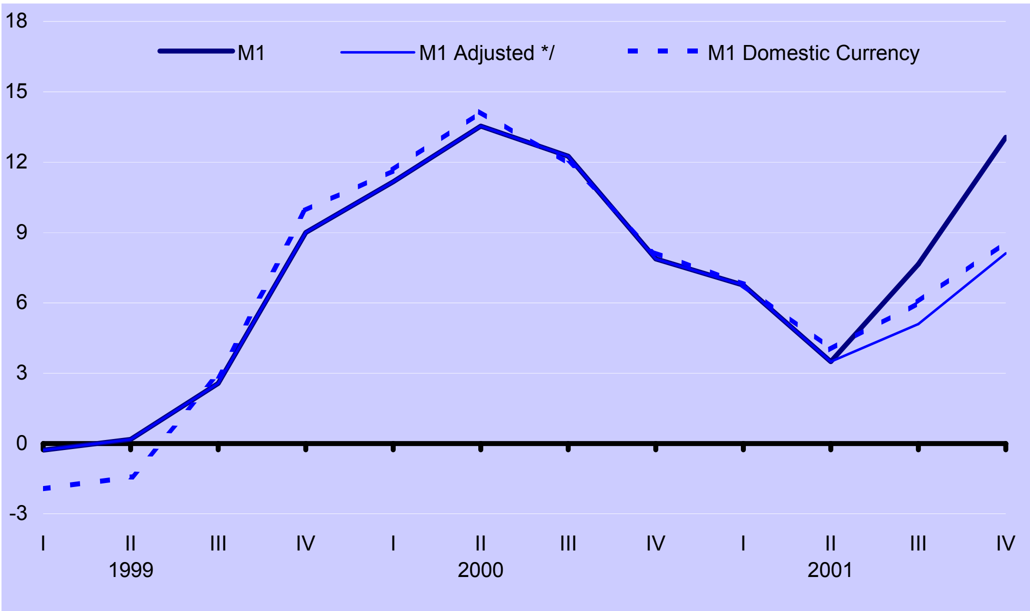
The real annual average growth rate of stock of the narrow monetary aggregate in 2001 was 7.8 percent, a figure lower than that registered in 2000 (11.1 percent). Despite this, the growth rate of M1 increased substantially in the second half of the year, rising from the second to the fourth quarter at a real annual average rate of 3.4 to 13.1 percent, respectively. This is largely explained by the increase in checking accounts held in foreign currency, related to Citigroup's purchase of BANAMEX.[18] However, if M1 in domestic currency is

[18] A more detailed explanation of the impact of the BANAMEX-Citigroup transaction on the monetary aggregates can be found on page 50 of the document "Inflation Report October-December 2001" and "Monetary Program for 2002".

only considered, this also grew at a faster rate since the third quarter (Graph 28).

Graph 28 **Effect of Citigroup's Purchase of BANAMEX on M1**

Real annual percentage change of the quarterly average stock



*/ Adjusted by the increase in foreign currency checking accounts due to Citigroup's purchase of BANAMEX.

In general, the demand for the narrow monetary aggregate in pesos is basically determined by the following two variables: income (GDP) and the cost of holding liquid assets at the bank (the interest rates on alternative financial instruments). Lower GDP growth during the second half of the year had a negative effect on the demand for this aggregate. However, there were at least two other factors whose influence more than compensated the reduced expansion of GDP:

(a) The fall in interest rates of nearly 10 percentage points lowered the opportunity cost of holding liquid assets (Graph 29a); and

(b) The spread between the interest paid on checking accounts[19] and bank time deposits widened substantially (Graph 29b). These changes in the yields of the different

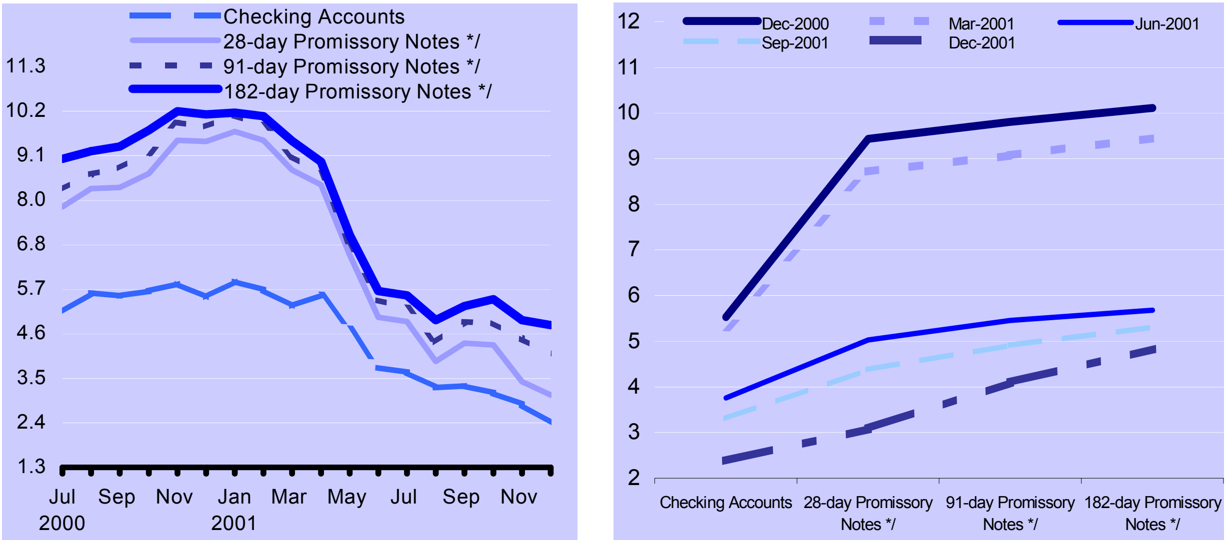
[19] Approximately 60 percent of checking accounts receive some kind of yield.

banking instruments have brought about a higher demand for more liquid assets.

Graph 29 **Yield on Checking Accounts and Time Deposits**

a) Interest rates
Annual percentage

b) Bank Deposits' Yield Curve in 2001
Annual percentage



* Over-the-counter rates.

There are other institutional aspects related to means of payment that have caused a change in the structure of narrow money. For example, current account deposits (payroll accounts) showed a particularly robust growth throughout 2001 (Table 22). This can be attributed to the expanding number of users of these accounts.[20] It is likely that this process will continue in the medium term as part of the natural development of the financial system.

[20] Based on information from October 2001, the number of debit cards grew on average 24 percent compared to the previous year. Source: PROSA.

Table 22 **Monetary Aggregates**

Real annual percentage change of average stocks

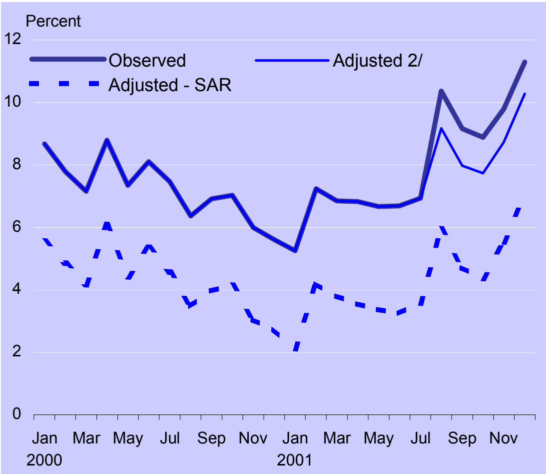
	2001			
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
M1	**6.79**	**3.49**	**7.64**	**12.99**
Bills and Coins Held by the Public	7.35	3.13	6.26	4.88
Checking Accounts in Pesos	4.14	3.14	4.20	8.13
Checkig Accounts in Foreign Currency	6.46	-1.25	22.02	60.69
Current Account Deposits	17.65	10.24	13.53	16.67
M4	**6.45**	**6.74**	**8.84**	**9.87**
Bank Deposits	-10.31	-7.23	-2.99	0.95
Public Securities 1/ 2/	37.08	31.13	28.80	24.98
Private Securities 2/	19.99	10.59	5.16	0.35
Retirement Savings Funds (excluding SIEFORES) 3/	18.26	17.26	14.80	13.75

1/ Including Federal Government securities, Savings Protection Bonds (*Bonos de Protección al Ahorro, BPAS*) and Monetary Regulation Bonds (*Bonos de Regulación Monetaria, BREMS*).
2/ Including securities held by the Specialized Retirement Funds (*Sociedades de Inversión Especializada en Fondos para el Retiro, SIEFORES*).
3/ Including housing funds and retirement funds held by Banco de México.

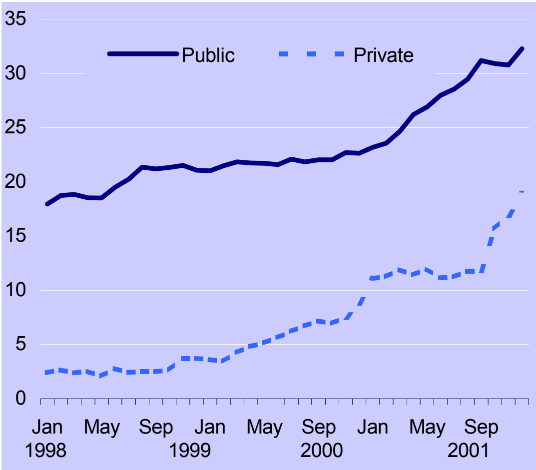
The stock of the broad monetary aggregate M4 expanded at a real average annual rate of 9.9 percent in the last quarter of 2001. After adjusting for the effect of Citigroup's purchase of BANAMEX, this fell to 8.8 percent. Much of the growth of this aggregate stems from the large quantity of financial savings channeled through the retirement savings system (including SIEFORES, INFONAVIT and other retirement funds). If these financial savings are excluded from calculations, the real annual growth of M4 turns out to be 5.6 percent (Graph 30).

Graph 30 **Broad Monetary Aggregate (M4) and Securities Held by the Specialized Retirement Funds (*Sociedades de Inversión Especializada en Fondos para el Retiro, SIEFORES*)**

M4 Adjusted by the Effect of Citigroup's Purchase of BANAMEX
Real annual percentage change



Securities held by the SIEFORES
Percentage of Total Private and Public[1/] Securities



1/ Refers to securities issued by the Federal Government, the Bank Savings Protection Institute (*Instituto de Protección al Ahorro Bancario, IPAB*) and Banco de México.
2/ Excludes the impact of the increase in foreign currency checking accounts due to Citigroup's purchase of BANAMEX.

SIEFORES have represented an important source of financing for both the public and private sectors. At year-end 2001, the holding of securities by SIEFORES accounted for around 30 percent of all securities issued by the public sector and 20 percent of private securities (Graph 30).

Residual maturity,[21] an important aspect of financial saving, rose throughout 2001 as a result of the longer maturities of public sector securities. This contrasts with the behavior of bank deposits, which have centered in more liquid financial instruments with shorter maturities (Table 23).

[21] Refers to the average terms to maturity of the different instruments that make up financial saving.

Table 23 **Residual Maturity of Financial Savings in Pesos [1/]**

Days

	2000	2001			
	Dec.	Mar.	Jun.	Sep.	Dec.
Total Financial Savings	**246**	**267**	**291**	**311**	**318**
Total Bank Deposits [2/]	17	13	13	11	11
Time Deposits	26	19	20	17	19
Government Securities [3/]	539	571	633	711	744
Private Securities [4/]	527	551	571	553	553

1/ M2 minus bills and coins held by the public. Does not include housing fund savings of the Retirement Savings System (*Sistema de Ahorro para el Retiro, SAR*).
2/ Includes demand deposits.
3/ Includes securities issued by the Federal Government, the IPAB and Banco de México.
4/ Includes medium- term commercial paper and promissory notes.

III.5.3. Evolution of Credit Granted to the Private Sector

The stock of bank financing to the private sector gradually deteriorated throughout the year. This behavior responded, among other factors, to the impact of prevailing international uncertainty on the credit market and its connection with domestic economic activity. Banco de México's Survey of Credit Market Conditions, carried out among a sample of firms that use credit, showed that "economic uncertainty" has gained importance as a factor explaining lesser demand for credit (Table 24). However, as will be explained furtherly, lower inflation has allowed a reduction of credit rates and an extension in loans' maturities.

Table 24 **Results of the Survey on Credit Market Conditions as of the Fourth Quarter of 2001** [1/]

Percentage of responses

	2000	2001									
	4th	1st	2nd	3rd	4th Quarter						
						By company size [2/]				By company type [3/]	
Item	Total	Total	Total	Total	Total	Small	Medium	Big	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	53.8	55.3	53.3	53.2	52.3	59.3	53.8	43.8	27.5	48.3	57.6
Commercial banks	22.4	22.0	21.0	20.4	21.4	19.0	23.5	20.9	27.5	22.9	19.5
Foreign-owned banks	4.9	5.5	5.6	5.2	5.3	2.2	3.8	9.8	17.5	7.2	2.6
Other companies of the same Corporate Group	12.7	10.8	13.1	13.8	12.8	12.5	12.6	13.1	15.0	11.4	14.6
Development banks	1.9	1.5	2.2	2.5	2.7	2.9	2.1	2.6	5.0	3.0	2.3
Head offices	2.7	3.4	3.3	3.0	3.3	2.2	2.9	5.9	2.5	5.0	1.0
Other liabilities	1.6	1.5	1.5	1.9	2.2	1.9	1.3	3.9	5.0	2.2	2.4
Companies that used bank credit	**34.2**	**31.8**	**33.6**	**31.9**	**33.0**	**26.4**	**36.1**	**34.2**	**62.1**	**38.9**	**26.8**
Purpose:											
Working capital	60.2	59.6	61.4	64.1	64.9	73.5	71.4	51.8	47.8	62.5	69.0
Reestructuring of liabilities	14.3	11.7	14.9	12.9	10.8	13.2	6.0	12.5	17.4	14.6	4.6
Foreign trade operations	9.2	10.8	5.8	6.9	6.1	0.0	3.6	14.3	13.0	6.9	4.6
Investment	13.5	14.3	14.9	12.9	13.9	7.4	14.3	17.9	21.7	13.2	14.9
Other purposes	2.8	3.6	3.0	3.2	4.3	5.9	4.8	3.6	0.0	2.8	6.9
Companies that did not use bank credit	**65.8**	**68.2**	**66.4**	**68.1**	**67.0**	**73.6**	**63.9**	**65.8**	**37.9**	**61.1**	**73.2**
Reason:											
High interest rates	36.8	36.0	30.9	26.3	25.8	24.2	25.4	32.3	23.1	28.7	22.7
Problems with demand for their products	3.1	5.2	6.2	4.8	3.5	3.7	3.8	3.1	0.0	3.7	3.3
Bank refusal	18.0	14.6	14.1	17.7	16.2	18.7	15.4	9.2	15.4	14.8	17.5
Uncertainty about the country's economic situation	15.7	16.9	19.1	19.9	24.8	25.1	25.4	23.1	23.1	23.6	26.1
Financial reestructuring problems	8.6	10.1	8.3	9.4	9.8	6.4	10.0	18.5	23.1	10.2	9.5
Credit application not approved	7.5	3.8	7.6	9.7	8.7	11.4	7.7	3.1	0.0	6.9	10.4
Overdue loan portfolio	4.7	5.6	3.9	3.5	4.4	4.6	3.1	6.2	7.7	4.2	4.7
Market competition problems	4.7	4.7	4.8	4.8	4.9	4.6	6.9	3.1	0.0	4.6	5.2
Other	0.9	3.1	5.1	3.9	1.9	1.4	2.3	1.5	7.7	3.2	0.5
Firms that granted some kind of financing	**77.2**	**79.3**	**77.9**	**77.0**	**72.7**	**72.4**	**75.6**	**71.8**	**58.6**	**80.7**	**64.3**
Destined for:											
Clients	76.3	78.2	75.0	78.6	78.6	82.0	78.7	75.5	59.1	75.5	83.1
Suppliers	11.6	10.9	11.1	11.1	11.3	12.8	11.7	7.8	9.1	13.9	7.5
Same Group companies	11.8	10.4	13.5	10.3	10.1	5.2	9.6	16.7	31.8	10.6	9.4
Other	0.4	0.5	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average maturity of financing (days)											
Clients	50	49	49	56	59	59	57	67	47	43	81
Suppliers	38	44	35	37	41	37	47	41	45	44	33
Same Group companies	56	50	53	48	56	51	38	67	80	63	44
Companies that will apply for credit in the next 3 months	**60.3**	**63.6**	**63.7**	**59.0**	**59.5**	**61.8**	**56.6**	**59.0**	**62.1**	**62.4**	**56.4**

1/ National sample includes at least 500 firms. Responses are voluntary and confidential.
2/ Firms' size was determined based on their total sales in 1997:

	Total Sales in 1997
Small=	1-100 million pesos
Medium=	101-500 million pesos
Big=	501-5000 million pesos
AAA=	More than 5000 million pesos

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

The following results from the Survey of Credit Market Conditions are noteworthy:

a) Supplier credit continued to be the most important source of financing among companies that took part in the survey, particularly small and non-exporting companies;

b) Around one third of companies surveyed made use of bank credit, which was more frequent in larger companies as well as in those linked to the external market;

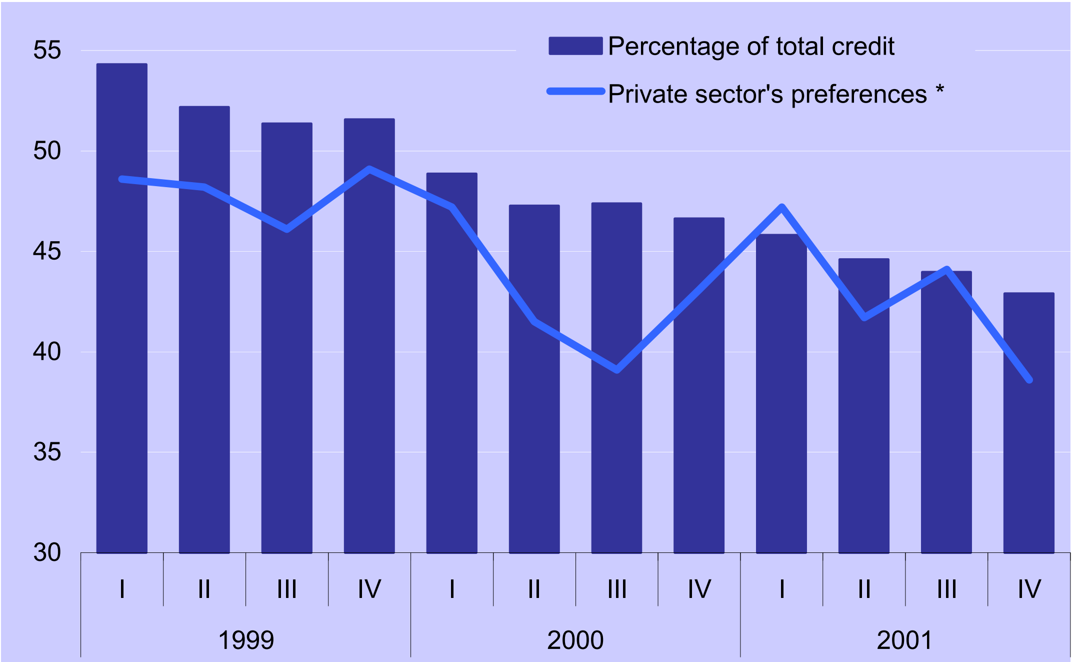
c) Among the reasons mentioned by surveyed companies for not having relied on bank financing during 2001, the importance of "high interest rates" declined while "uncertainty about the economic conditions" and "applications rejected" became more frequent;

d) Slightly more than three quarters of firms surveyed said they had granted some kind of credit, mainly to their customers. This practice was more common in smaller companies; and

e) The preference for credit in foreign currency dimished throughout 2001. This was reflected in the structure of credit by currency (Graph 31).

Graph 31 **Foreign Currency Credit Granted to the Private Sector**

Percentage of total direct credit, and private sector's preferences



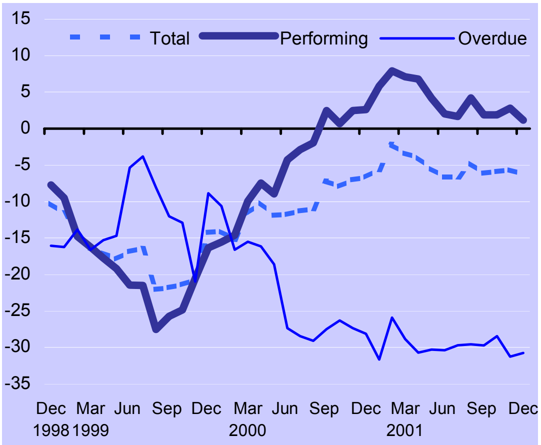
* Source: Survey of Credit Market Conditions, Banco de México.

Regarding credit granted by commercial banks, the performing loan portfolio with the private sector registered real positive growth rates, although these decreased throughout the year. Thus, by end-December this portfolio item registered a real annual increase of 1.2 percent, compared to the 6.9 percent of the first quarter of the year (Graph 32). Particularly important is the fact that growth of consumer credit weakened, while credit granted to firms dropped even more sharply, and that for housing continued to decrease in real terms.

Graph 32 Credit Granted by Commercial Banks to the Private Sector

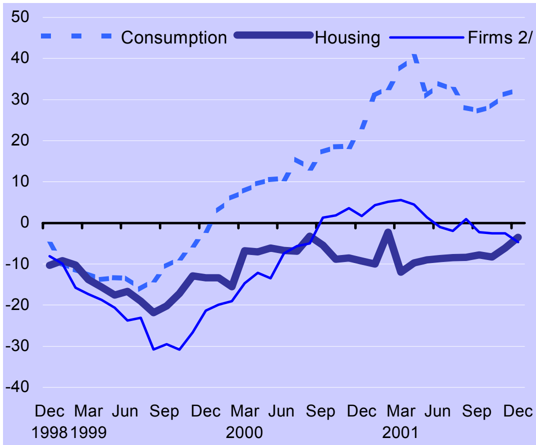
Total Credit, Performing and Overdue Loans

Real annual percentage change



Performing Loan Portfolio 1/

Real annual percentage change



1/ Refers to commercial banks' own portfolio excluding credit related to debtor support programs and bank rescue programs (promissory notes IPAB-FOBAPROA and CETES–UDIs).
2/ Firms and individuals with business activity. Does not include credit granted to non-bank financial intermediaries.

Prevailing economic uncertainty during 2001 had a negative effect on firms' outlook, as the evolution of financing obtained by companies via placement of securities registered a real annual increase of 6.5 percent, significantly lower than in the previous year (29.8 percent). Thus, the total stock of these instruments reached 119.6 thousand million pesos at year-end (Table 25). The credit profile of debt placements in Mexico's Stock Exchange, measured by specialized rating agencies, showed an increase in the risk premium for lower-grade private paper. This partly responded to the greater demand for higher-grade bonds by SIEFORES (Graph 33).

Table 25 **Private Securities [1/]**

	Stocks in million pesos		Real annual change	
	Dec-00	Dec-01	Dec-00	Dec-01
Total	107,598	119,646	29.8	6.5
Commercial Paper	39,083	44,585	61.4	9.3
Medium-term Promissory Notes	33,186	30,177	15.8	-12.9
Placed at Variable Rate	20,042	15,743	-19.3	-24.8
Placed in UDIs	13,144	14,434	242.8	5.2
Other [2/]	44,884	44,885	17.7	21.7

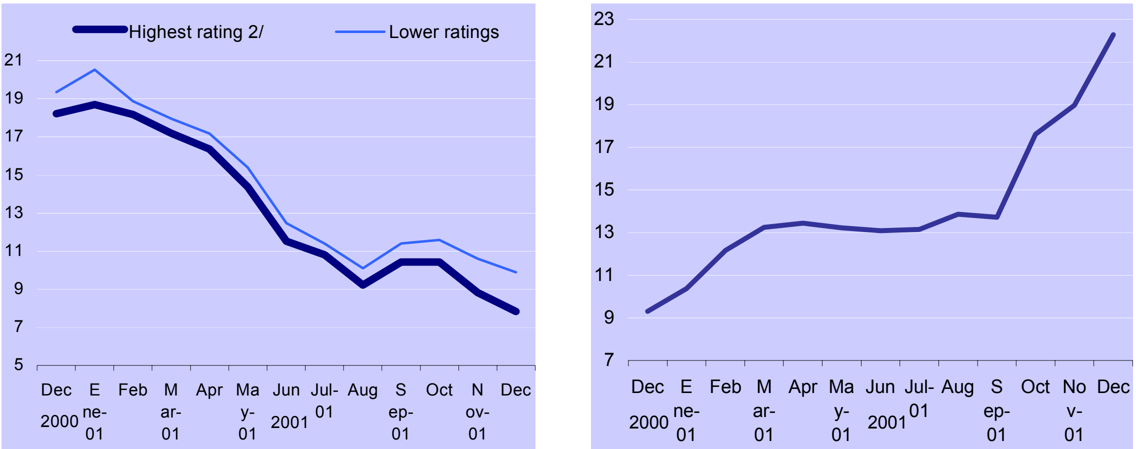
1/ Does not include debt placements abroad.
2/ Composed of mortgages, debentures and ordinary participation certificates.
Source: Mexican Stock Exchange.

Graph 33 **Risk Premium on Private Paper, and Private Securities Held by the SIEFORES**

Interest Rate on Commercial Paper According to Credit Rating 1/
Percent

SIEFORES Investment in Private Securities

Stock in thousands of million pesos



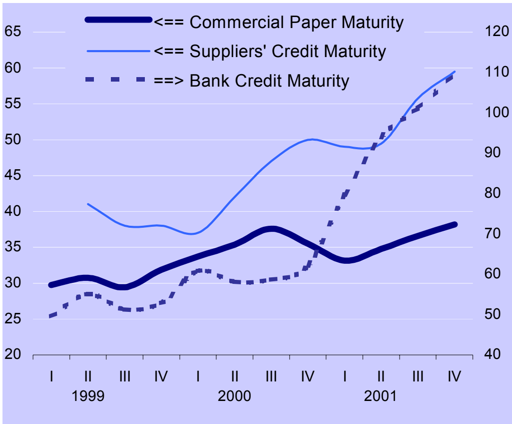
1/ According to Standard and Poor's, Fitch and Moody's rating scales for Mexico. The interest rate is weighted based on the amount of securities placed in the market.
2/ Highest credit rating from Standard and Poor's (MX-A1), Fitch (F1 MEX) and Moody's (F1-MEX). Such rating confirms the soundest capacity to pay all financial commitments in time compared to other issuers or issues in the domestic market.

One positive element in the Mexican credit market –related to lesser uncertainty due to lower inflation and to the consequent decline of interest rates– has been the lengthening of economic agents' planning horizons. This has led to longer-term credit contracts in both the private and public sectors (Graph 34).

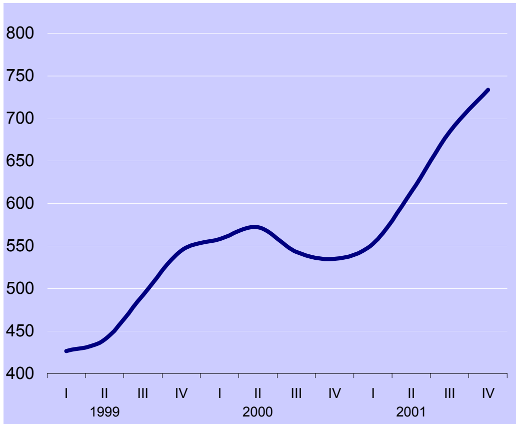
Graph 34 **Terms of Financing in Mexico**

Number of days, trend series

Private Sector



Government [1/]



1/Average maturity of government securities.
Source: Survey of Credit Market Conditions, Banco de México.

III.5.4. Flow of Funds

The flow of funds matrix summarizes financial resource flows among the different sectors of the economy, identifying which were net suppliers or net users of resources during the year.[22] Those considered are the private sector (composed of firms, individuals and non-bank financial institutions); the public sector; the banking sector (made up of commercial banks, including their agencies abroad); development banks and Banco de México; and the external sector (including all agents residing abroad that carry out financial transactions with Mexico).

A broad definition of public sector's demand for financial resources is used in the matrix. This includes the Federal Government, official financial intermediaries (development banks and official trust funds) as well as public corporations and entities. Other public sector obligations such as net liabilities of the IPAB, PIDIREGAS, guaranteed obligations of the Trust for the Support and Rescue of Concessioned Highways (*Fideicomiso de Apoyo para el Rescate de Autopistas Concesionadas*, *FARAC*), interest rate "swaps" offered in the schemes for restructuring bank credits denominated in UDIs, and bank debtor support programs have also been incorporated.[23]

[22] For a detailed explanation of the methodology used to prepare the flow of funds matrix, see Banco de México's 1998 Annual Report, Appendix 6, page 243.

[23] This definition corresponds to that for the PSBR used in Appendix 2 of this Report. Includes revenues from privatizations of non-financial assets.

In order to carry out a comparative analysis of the flow of funds matrix, the previous year's flows have also been included. Flows correspond to net positions, where a plus sign means the sector in question received financing and negative flows imply a creditor position, i.e. the sector granted financing.[24]

Table 26 **Flow of Funds of the Institutional Financial System[1/]**

Net financing obtained or granted by sector
(Positive sign=debtor position, negative sign=creditor position)
Revalued flows as a percentage of GDP[2/]

	2000				2001			
	Private sector[3/]	Public Sector[4/]	Banking sector[5/]	External sector	Private sector[3/]	Public Sector[4/]	Banking sector[5/]	External sector
1. Change in domestic financial instruments (2+7+8+9)	-5.1	2.9	1.9	0.2	**-5.3**	**2.9**	**2.3**	**0.1**
2. Domestic financial instruments	-5.2	4.3	0.6	0.3	**-6.2**	**3.8**	**2.3**	**0.1**
3. Bills and coins	-0.3		0.3		**-0.3**		**0.3**	
4. Bank deposits instruments	0.2	0.2	-0.7	0.3	**-1.7**	**-0.3**	**1.8**	**0.2**
5. Securities issued[6/]	-4.9	3.9	1.0	0.0	**-4.3**	**4.2**	**0.2**	**-0.1**
6. Retirement and housing funds[7/]	-0.2	0.2			**0.1**	**-0.1**		
7. Financing	-0.3	-0.9	1.2		**-0.5**	**-1.3**	**1.7**	
8. Stock market	0.0		0.1	-0.1	**-0.2**		**0.2**	**0.0**
9. Other financial system items[8/]	0.4	-0.5	0.1		**1.6**	**0.4**	**-1.9**	
10. Change in external financial instruments (11+12+13+14+15)	5.0	0.4	-1.9	-3.4	**4.2**	**1.0**	**-2.3**	**-2.9**
11. Foreign direct investment	2.4			-2.4	**4.0**			**-4.0**
12. External financing	0.6	0.2	-1.1	0.3	**0.5**	**0.3**	**-0.5**	**-0.3**
13. Financial assets held abroad	1.5	0.1	-0.4	-1.3	**-0.6**	**0.7**	**-0.6**	**0.5**
14. International Reserves held by Banco de México			-0.5	0.5			**-1.2**	**1.2**
15. Errors and omisions (Balance of Payments)	0.4			-0.4	**0.4**			**-0.4**
16. Statistical discrepancy[9/]	-0.1			0.1	**0.0**			**0.0**
17. Total change in financial instruments (1+10+16)	-0.2	3.3	0.0	-3.0[10/]	**-1.0**	**3.9**	**0.0**	**-2.9**[10/]

1/ Preliminary figures. The sum of the components may not coincide due to rounding off.
2/ Excludes the effect of the Mexican peso's exchange rate fluctuations against other currencies.
3/ The private sector includes firms, individuals and non-bank financial intermediaries.
4/ The public sector involves Government's Financial Resources (*Recursos Financieros del Sector Público, RFSP*), including earnings on privatization of non-financial assets.
5/ The banking sector includes Banco de México, development and commercial banks (including the latter's agencies abroad).
6/ Includes government securities, BPAs, BREMs and private securities, as well as securities held by the SIEFORES.
7/ Includes retirement funds from the Government Employees' Social Security Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado, ISSSTE*) and IMSS on deposit in Banco de México, as well as housing funds.
8/ Includes non-classified assets, real estate assets and others, as well as equity and profit and loss accounts of the banking sector.
9/ Difference between financial information and that obtained from the balance of payments.
10/ Corresponds to the current account reported in the balance of payments. A negative figure implies external financing granted to the domestic economy, which is equivalent to Mexico's current account deficit.

The private sector maintained a net creditor position equivalent to one percent of GDP in 2001 (Table 26), a figure higher

[24] A breakdown of the matrix of uses and sources of financial resources for 2001 is shown in the statistical appendix.

than that registered in 2000 (0.2 percent of GDP). Net savings in domestic financial instruments during the year were 5.3 percent of GDP, a similar level to that observed in 2000. Among its components the increase in the holding of financial assets is noteworthy (6.2 percent of GDP). External financing to the private sector amounted to 4.2 percent of GDP, lower than that of 2000 (5 percent of GDP). The latter responded to the fact that although there was a large flow of foreign direct investment throughout the year (4 percent of GDP), the increase in assets held abroad reduced net external financing to the private sector.[25]

During the referred period, the consolidated banking sector maintained a debtor position in domestic financial instruments equivalent to 2.3 percent of GDP, a higher figure than that registered in the previous year. Within this result, the significant recovery of bank deposits (1.8 percent of GDP) is outstanding and can mainly be explained by the strength of liquid instruments. On the other hand, bank financing to the private and public sectors diminished. Total bank deposits obtained from the domestic market were channeled to its holdings of external assets and to the amortization of external liabilities.

Public Sector Borrowing Requirements represented 3.9 percent of GDP, 0.6 percentage points more than in 2000. Of this figure, 74 percent was financed domestically, mainly via the placement of government securities (BPAs and PICs). The public sector obtained resources from external markets amounting to one percent of GDP. This mostly obeyed to the recovery of guarantees associated with Brady bond repurchases and to financing of PIDIREGAS, which are considered as public indebtedness.

External financing to Mexico amounted to 2.9 percent of GDP (line 17), a slightly lower amount than in 2000 (3 percent of GDP). This was mainly composed of foreign direct investment (4 percent of GDP) and, to a lesser extent, financing of PIDIREGAS. In contrast, portfolio investment by foreigners remained practically nil during the year. Thus, the structure of external indebtedness in 2001 was oriented to long-term investments. It is important to mention that the substantial amount of Central Bank's accumulation

[25] Foreign direct investment includes 12.45 billion US dollars from Citigroup's purchase of BANAMEX. This transaction led to an outflow of 3.56 billion US dollars of foreign direct investment abroad by Mexicans. The latter amount represents the value of Citigroup shares held by Mexican shareholders, which is registered as foreign assets in Table 26 (line 13). For further information, see Banco de México's press release No. 128 of November 28, 2001.

of international reserves (1.2 percent of GDP) reduced total net financing from abroad.

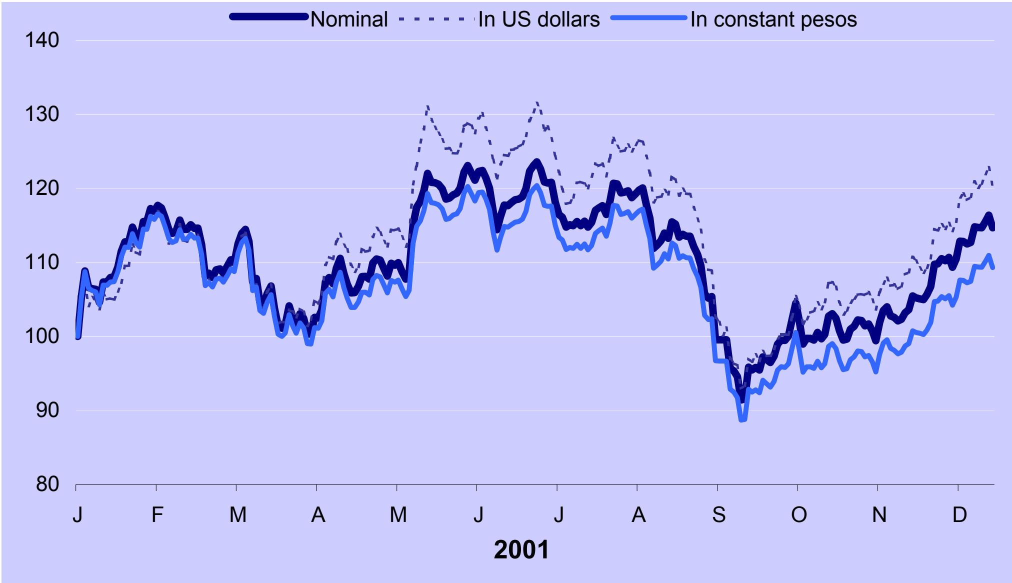
The flow of funds matrix identifies both the sector granting financing and that receiving it so that the deficit in one sector can be related to surpluses in one or more other sectors. Thus, Public Sector Borrowing Requirements in 2001 (3.9 percent of GDP) were financed by external (2.9 percent del PIB) and private sector (one percent of GDP) surpluses. The private sector was a net saver in the domestic market (5.3 percent of GDP) and a net borrower of external resources (4.2 percent of GDP). In comparison, the public sector funded its large financing requirements mainly through the domestic market. Therefore, savings generated in the domestic financial system were channeled to the public sector, leaving limited resources for the private sector.

III.5.5. Stock Market

Despite the economic contraction and uncertainty prevailing in 2001, the performance of the Mexican stock market was relatively favorable. From the beginning of the year, international financial markets were adversely affected by the economic slowdown in the United States. Moreover, in the second semester, the international outlook was further complicated by the crisis in Argentina and the terrorist attacks of September 11th. Nevertheless, by the end of year the Mexican Stock Exchange Index (*Indice de Precios y Cotizaciones de la Bolsa Mexicana de Valores, IPC*) accumulated a nominal rise of 12.7 percent over its level at year-end 2000. This implied an increase of 8 percent in real terms and of 18 percent in US dollars (Graph 35).

Graph 35 **Evolution of the Mexican Stock Market**

Base January 2, 2001=100

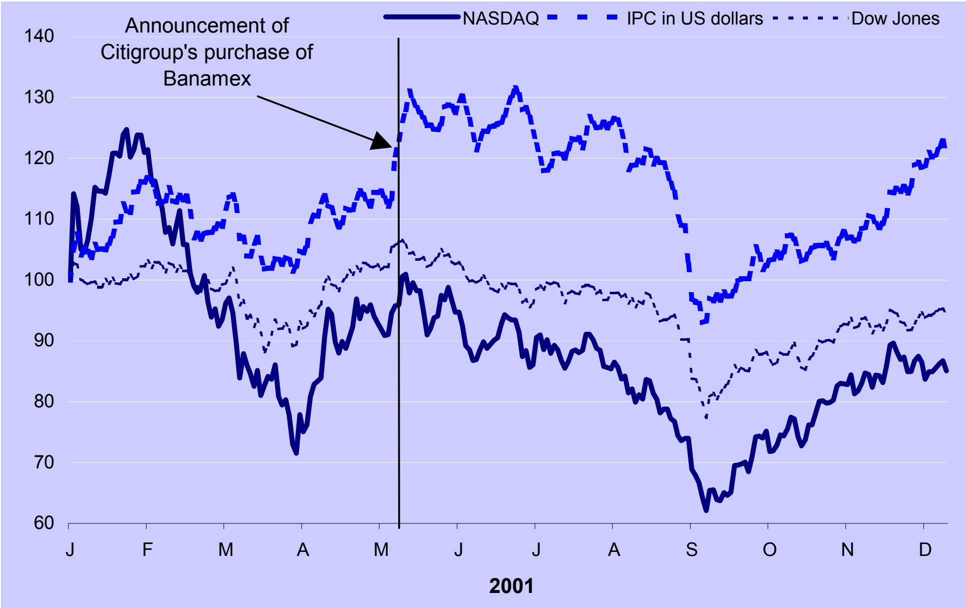


The evolution of the Mexican Stock Market during 2001 is mainly explained by the following factors: i) a positive assessment on the prospects for Mexico's economy, unlike other emerging economies (particularly those of Latin America); ii) the behavior of the United States' stock markets; and iii) the inflow of resources related to Citigroup's purchase of BANAMEX.

Throughout 2001, Mexican stock market's results were influenced by the behavior of stock markets in the United States (Graph 36). The period between January and April and after the September terrorist attacks is particularly relevant. However, some domestic factors induced a more positive evolution than that observed in other stock markets. This became even more evident by mid-May 2001 when Citigroup's purchase of BANAMEX was announced.

Graph 36 **Mexican Stock Exchange's Price and Quotations Index (*Indice de Precios y Cotizaciones, IPC*) in US dollars, DOW JONES and NASDAQ Indexes**

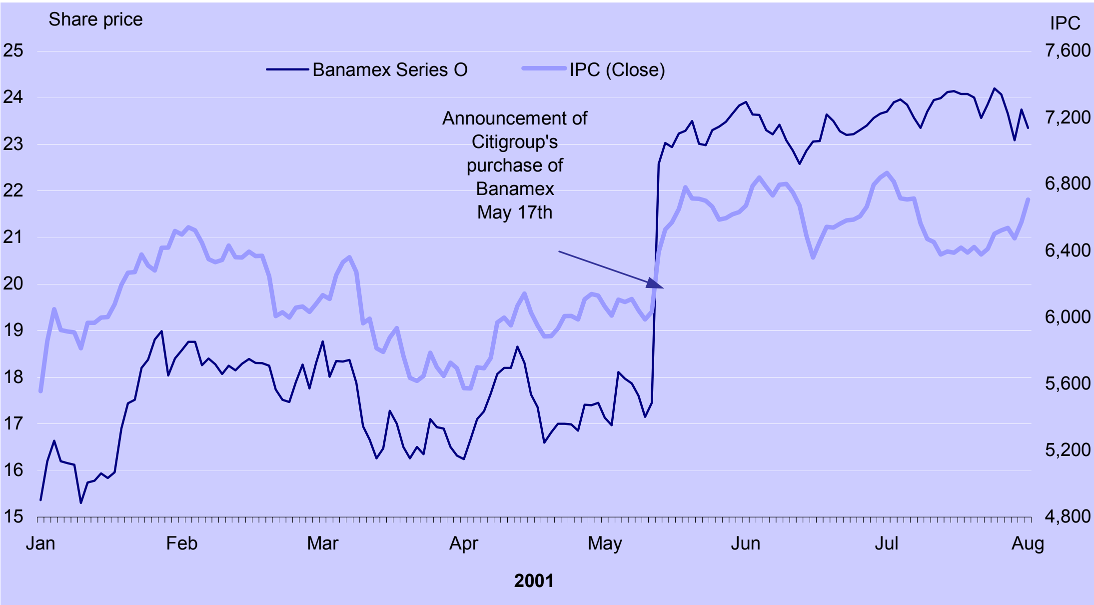
Base January 2, 2001=100



Citigroup's acquisition of Grupo Financiero BANAMEX-ACCIVAL (BANACCI) for 12.45 billion US dollars was announced on May 17th 2001. From this amount, BANACCI shareholders received 6.24 billion US dollars via the exchange of Citigroup shares for those of BANACCI. The remainder of the transaction (6.21 billion US dollars) was paid in three ways according to shareholders' choice: deposits abroad, deposits in hedge funds operated by Citigroup, and trust fund deposits with instructions to exchange US dollars to pesos in no less than 20 business days. On the date the transaction was officially announced, the price of BANACCI shares rose 29.4 percent, therefore contributing to an increase of 6 percent in the Price and Quotations Index (*Indice the Precios y Cotizaciones, IPC*) [Graph 37].

Graph 37 **Shares of BANAMEX-ACCIVAL Group, and Price and Quotations Index (*Indice de Precios y Cotizaciones, IPC*)**

Last share price in pesos and IPC



After the authorities' approval, Citigroup's purchase of BANAMEX was completed on August 3rd 2001 for a total of 4.71 billion BANACCI shares accounting for 99.86 percent of its social capital. This transaction led to the registry of the only foreign share issuer currently operating in the Mexican Stock Market and caused the following changes in the structure of the Mexican Stock Market's main indicators:

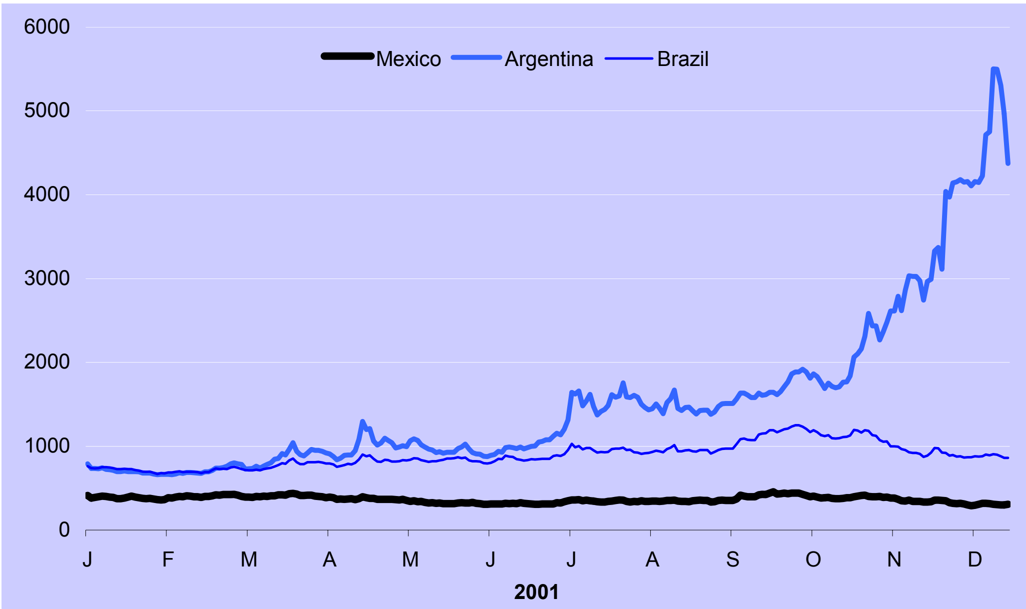
(a) The sample of the main stock market price indexes was modified; in particular, BANACCI was removed from the IPC and Citigroup was not included; and

(b) The stock market's capitalization value was modified after the exclusion of BANACCI shares (which had a relative weight equivalent to 39.6 percent of the total of the services sector at the end of July), excluding Citigroup's shares that were later included in that sector's measurements.

During the second half of 2001, the Argentinian crisis was another factor that brought uncertainty to international financial markets, particularly in Latin America. Although the situation in this country led to a reduction in the availability of financial resources for emerging economies, international capital markets discriminated between these countries more than in the past. In particular, it is worth mentioning that Mexico's country risk factor, measured as the spread between the yields on Mexican government bonds placed abroad and United States Treasury bonds of similar maturities, was not affected (Graph 38).

Graph 38 **EMBI+ Sovereign Spread for Mexico, Argentina and Brazil**

Basis points



Source: JP Morgan-Chase & Co.

An additional factor that showed investors' preference for Mexico was the Mexican Stock Market's yield measured in US dollars, which was above those obtained in the majority of the world's most important stock markets in 2001 (Table 27).

Table 27 **International Stock Market Indexes**

Country	Index	Stock Indexes 1998=100 */			Yield in US dollars		
		1999	2000	2001	1999	2000	2001
United States	DOW	125	117	109	24.7	-5.8	-7.1
	NASDAQ	184	113	89	84.1	-38.8	-21.1
	SP 500	120	107	94	19.5	-10.1	-12.1
United Kingdom	FTSE-100	118	106	89	21.2	-2.9	-14.0
Germany	DAX	139	129	103	61.6	-1.0	-15.2
France	CAC-40	151	150	117	75.7	6.4	-17.5
Canada	TSE-300	130	138	119	36.4	3.1	-18.9
Japan	NIKKEI-225	137	100	76	51.1	-34.8	-33.5
South Korea	KOSPI	168	82	113	78.7	-55.6	31.1
Mexico	IPC	180	143	161	86.7	-21.2	18.0
Chile	IGPA GENERAL	144	135	150	28.3	-12.9	-3.8
Singapore	SS1	178	138	117	76.5	-25.3	-20.9
Hong Kong	HANG SENG	169	150	113	68.2	-11.3	-24.5
Brazil	BOVESPA	252	225	200	68.6	-17.4	-24.9
Argentina	MERVAL	128	97	69	27.9	-24.2	-29.2

*/ Year-end data.
Source: Reuters and Bloomberg.

III.6. Inflation

The inflation target established in the monetary policy program for 2001 was comfortably attained for the third consecutive year. Thus, in December of 2001 prices grew 4.4 percent, 2.1 percentage points below the objective. This is the lowest ever inflation in the history of the CPI. Meanwhile, annual core inflation, which is a more accurate indicator of medium-term inflationary pressures, recorded 5.08 percent at year-end, 2.44 percentage points lower than in 2000.

Among the factors that contributed to the favorable behavior of prices during the year, the following are noteworthy: i) the application of a preventive monetary policy throughout 2000 and at the onset of 2001; ii) the decline in aggregate demand; iii) the strength of the exchange rate; and, iv) the supporting evolution of agricultural and livestock goods' prices and those of goods and services administered or regulated by by the public sector.

III.6.1. Evolution of Consumer Prices in 2001

At the onset of 2001 the international economic outlook was not overly favorable to advance the abatement of inflation. The United States' economy was slowing down and the price of oil in the international markets was substantially lower than during the previous year. In contrast, the positive results of Mexico's economy during 2000 instilled greater confidence in both Mexican and foreign investors, there were no demand pressures, and the public sector adopted a pricing policy that was compatible with the inflation target.

The weak performance of world's economies continued and, in particular, there was a sharp slowdown in economic activity in the United States. This began even before the terrorist attacks on September 11th. Furthermore, the price of the Mexican oil export mix, which had remained relatively stable until September, dropped sharply at the end of that month and continued to decline until December. Despite this situation, Mexican financial variables were remarkably stable throughout 2001.

Under this scenario, CPI recorded an annual variation rate in each of the first six months of 2001 below that of the previous year and was compatible with the established target. Thus, the objective that was set for annual price increases had practically been attained by June, when the indicator registered 6.57 percent (Table 28). From then onwards, annual inflation remained below the 6.5 percent target. At the close of the first half of 2001, CPI had an accumulated increase of 2.11 percent.

Table 28

Consumer Price Index (*Indice Nacional de Precios al Consumidor, INPC*)

Percentage change

Month	2001		
	Monthly 1/	Accumulated 2/	Annual 3/
January	0.55	0.55	8.11
February	-0.07	0.49	7.09
March	0.63	1.12	7.17
April	0.50	1.63	7.11
May	0.23	1.87	6.95
June	0.24	2.11	6.57
July	-0.26	1.84	5.88
August	0.59	2.45	5.93
September	0.93	3.40	6.14
October	0.45	3.87	5.89
November	0.38	4.26	5.39
December	0.14	4.40	4.40

1/ Change compared to the previous month.
2/ Change compared to December of the previous year.
3/ Change compared to the same month of the previous year.

Inflation is usually higher in the final months of the year as a result of seasonal factors. However, this did not occur in 2001 for the following reasons: i) there were no problems in the supply of agricultural goods as favorable climatic conditions prevailed, therefore allowing sales abroad not to affect domestic prices; ii) prices of gas for domestic use fell sharply in July and August (13.16 and 7.28 percent, respectively) offsetting increases in the prices of other goods and services during that period; and iii) the appreciation of the exchange rate and falling domestic consumption (which prompted sale discounts in July) led to a significant decline in core inflation of goods. As a result, inflation turned out to be 2.24 percent in the second half of the year, only 0.13 percentage points above that observed in the first six months. Thus, annual headline inflation ended the year at 4.4 percent.

During the referred period, the subindex for prices of goods and services included in the basic consumer basket rose 3.83 percent, 0.57 percentage points below CPI annual inflation. The items that had a greater impact on this subindex were beans, gasoline, corn tortilla, electricity and urban bus fares. These increases were partly offset by the reduction in the price of gas for domestic use.

III.6.2. Evolution of Core Inflation

CPI is influenced by transitory or seasonal variations in some prices. For this reason, many central banks currently use indicators for measuring the trend of inflation. One of these is known as "core inflation." The general practice used in the making of the core inflation index is to exclude goods and services with highly volatile prices from the basic basket of goods and services that comprises the general index. The historical behavior of price subindexes for agricultural and livestock products, education, and goods and services administered or regulated by the public sector has led to their exclusion from core inflation calculations.[26]

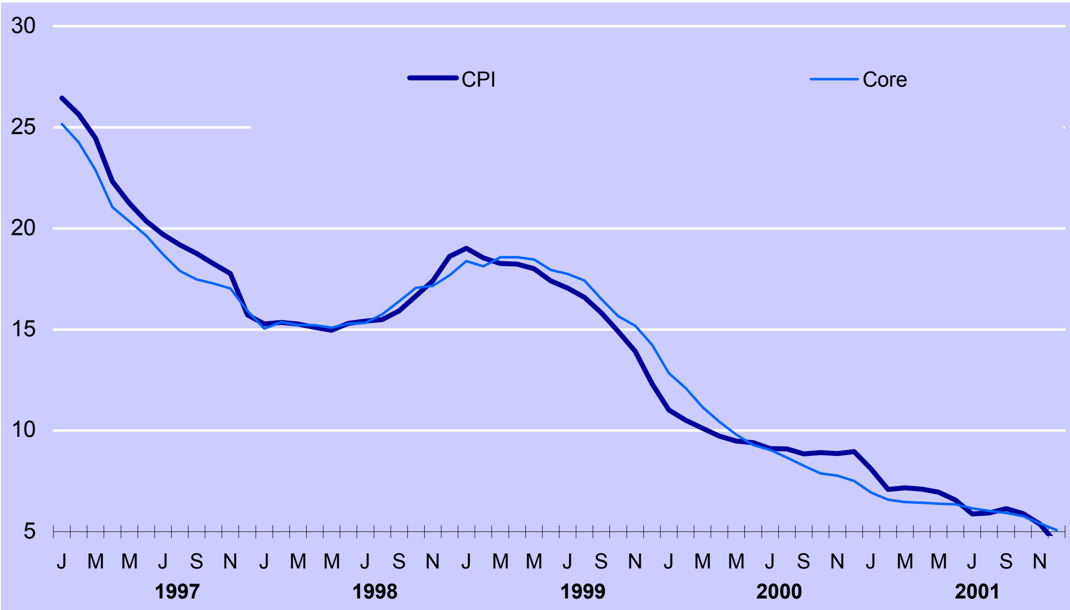
During 2001, annual core inflation remained on the same clear downward path it has followed since April 1999 (Graph 39). However, prices increased at a slower pace than in 2000, mainly driven by the favorable evolution of the price subindex for goods. In the first half of the year, annual core inflation remained below CPI inflation. During the following six months this behavior changed,

[26] For a description of the methodology used in these calculations, see the Appendix of the Inflation Report for January-March 2000.

although overall inflation ended December 0.68 percentage points below core inflation. Compared to the previous year, the annual growth rate of the core prices' subindex for 2001 went down 2.44 percentage points.

Graph 39 **CPI and Core Inflation**

Annual percentage change

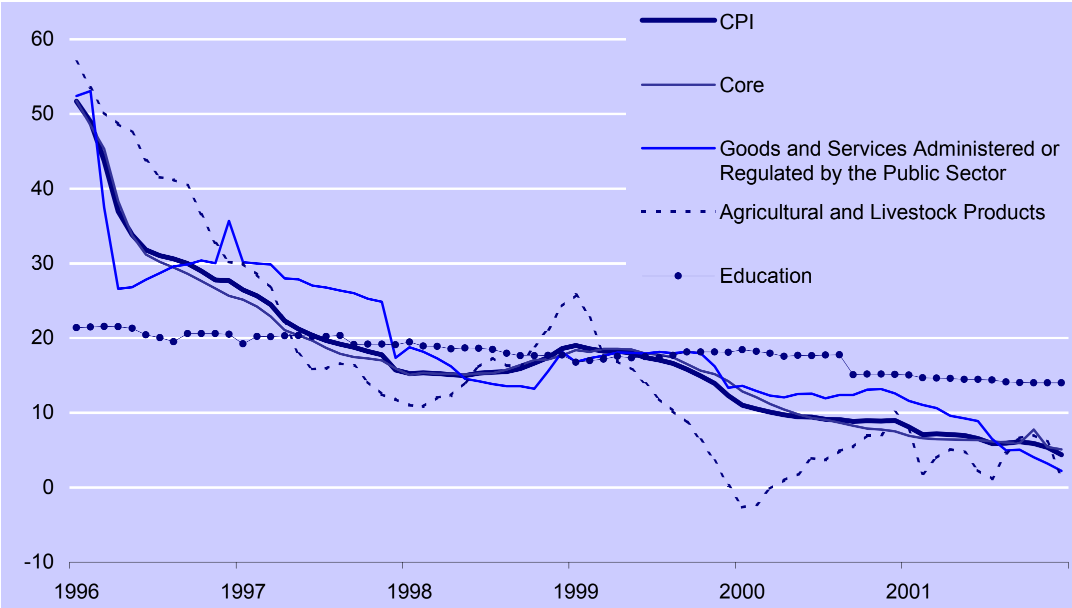


III.6.3. Variables that Affected the Behavior of Inflation

At year-end 2001, overall annual inflation was lower than annual core inflation. In particular, the education prices' subindex (school fees) continued to expand at rates above those of the CPI (Graph 40). In comparison, subindexes for prices of agricultural and livestock products and for prices of goods and services administered or regulated by the public sector decreased substantially at annual rates.

Graph 40 **CPI Inflation, Core Inflation and Complementary Subindexes**

Annual percentage change



As of March, monthly increases of prices of goods and services administered or regulated by the public sector were favorably influenced by the behavior of the price of domestic-use gas. It is important to remember that the price of gas is determined using a formula that includes, among other elements, the international prices for this fuel. Just like other oil products' prices, these fell sharply in the period. Thus, prices for goods administered or regulated by the public sector registered an annual variation of 2.21 percent, 10.37 percentage points lower than in 2000.

The annual growth rate of agricultural and livestock goods' prices during 2001 benefited from the statistical effect of a higher comparison base. In particular, the prices of fruits and vegetables had been extremely high in December 2000. Consequently, when making annual rate comparisons there was a considerable reduction (5.97 percent) in December. It should be pointed out that since there was sufficient agricultural production and sales abroad did not cause any pressures on domestic supply, prices of agricultural and livestock goods behaved favorably during the year.

In the case of education services' prices, although the annual rate of expansion of the subindex for these prices fell slightly compared to the previous year, it remained high. Thus, school fees and other charges related to education rose 14.02 percent, compared with 15.16 percent in 2000 (Table 29). In general, the increases of this subindex in January, February and August resulted from the adjustment of school fees in higher education, while the increase in September can be attributed to rises in pre-school, elementary, and junior-high and high-school education.

Table 29 **Consumer Price Index (*Indice Nacional de Precios al Consumidor, INPC*)**

Percentage changes

Month	2001									
	CPI		Core		Administered or Regulated by the Public Sector		Agricultural and Livestock		Education	
	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual
January	0.55	8.11	0.77	6.94	0.90	11.59	-1.23	7.69	0.77	15.07
February	-0.07	7.09	0.82	6.59	0.80	11.07	-6.49	1.89	0.57	14.67
March	0.63	7.17	0.59	6.46	0.43	10.62	1.42	3.98	0.01	14.63
April	0.50	7.11	0.54	6.44	-0.48	9.59	2.05	5.15	0.01	14.60
May	0.23	6.95	0.41	6.39	-0.98	9.26	1.08	4.73	0.31	14.48
June	0.24	6.57	0.32	6.36	0.18	8.87	-0.20	2.35	0.28	14.49
July	-0.26	5.88	0.16	6.16	-1.51	6.53	-0.89	1.16	0.10	14.39
August	0.59	5.93	0.28	6.03	-0.48	4.97	3.98	4.60	1.09	14.15
September	0.93	6.14	0.29	5.93	0.93	5.06	1.87	6.63	10.46	14.06
October	0.45	5.89	0.28	5.77	0.72	4.04	1.16	7.03	0.05	14.02
November	0.38	5.39	0.26	5.41	1.72	3.23	-0.83	6.12	0.00	14.02
December	0.14	4.40	0.25	5.08	0.00	2.21	-0.23	1.35	0.00	14.02

The simultaneous slowdown experienced by several of the world's most important economies continued to put downward pressure on international oil prices. This also led to a reduction in the price of domestic gas in the Mexican market. As a result, the subindex for prices administered or regulated by the public sector played an important role in abating inflation throughout the year (Table 30).

Table 30 **CPI Inflation, Core Inflation and Complementary Subindexes**

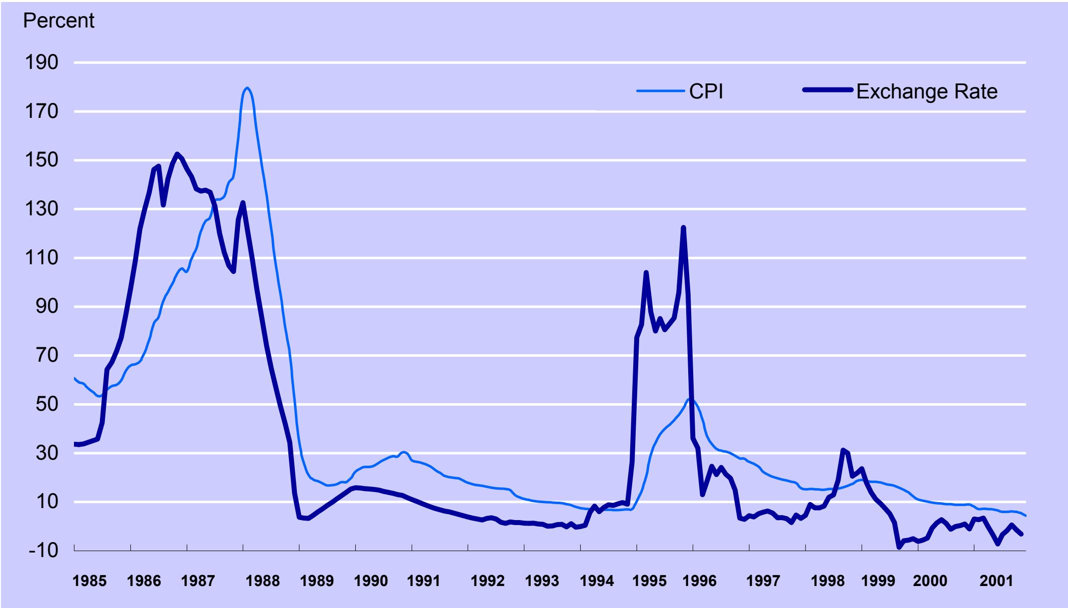
Percentage change

Item	Dec. 2001 / Dec. 2000	Structure of CPI Variations: Contribution in Percentage Points	Structure of CPI Variations: Structure in Percent
CPI Inflation	4.40	4.40	100.00
Core	5.08	3.37	76.44
Goods	3.85	1.52	34.43
Services	6.87	1.85	42.01
Goods and Services Administered or Regulated by the Public Sector	2.21	0.40	9.17
Administered	-1.26	-0.10	-2.38
Regulated	5.13	0.51	11.55
Agricultural and Livestock	1.35	0.16	3.73
Fruits and vegetables	-5.97	-0.31	-7.05
Other products	6.84	0.47	10.78
Education	14.02	0.47	10.65

The exchange rate is another factor that significantly influences the evolution of prices in Mexico. This impact occurs directly by its effect on goods' prices and indirectly, by affecting inflation expectations, which in turn influence thousands of contracts (wages, credit terms, leasing, etc.) and thereby, services' prices (Graph 41).

Graph 41 **CPI and Exchange Rate**

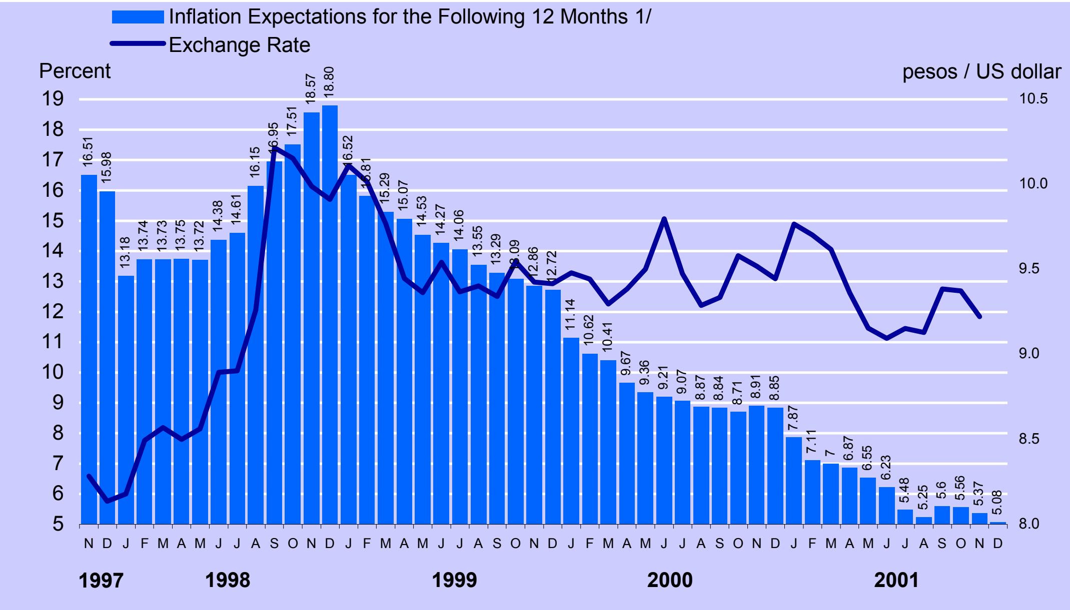
Annual percentage change



The appreciation of the exchange rate in 2001 and the eventual decline in the growth of the core inflation subindex for goods contributed to revise inflation expectations downwards gradually throughout the year (Graph 42).

Graph 42 **Inflation Expectations and Exchange Rate**

Annual percentage change and pesos per US dollar

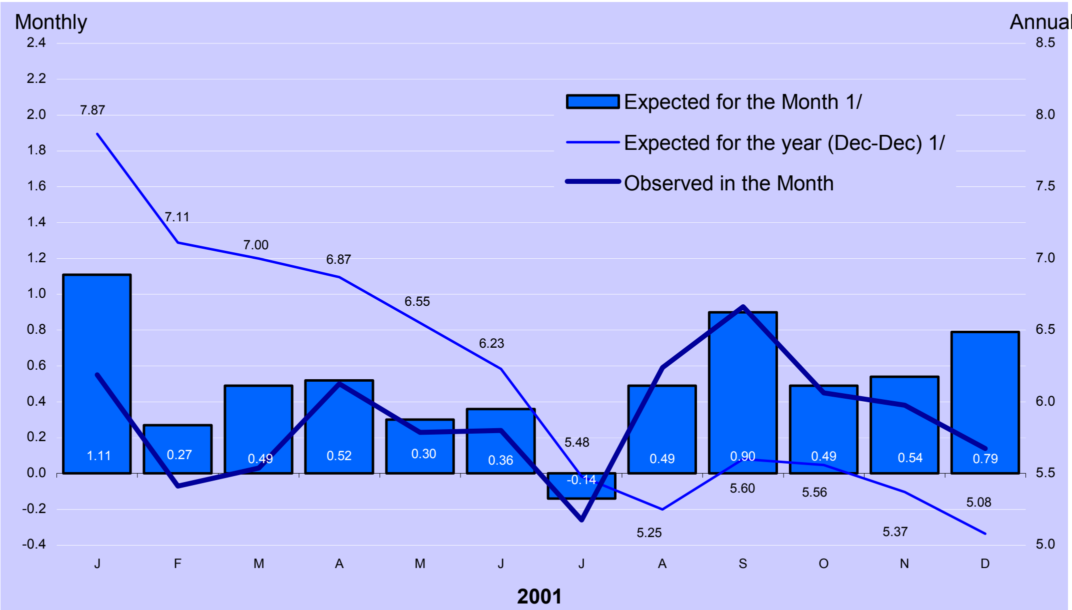


1/ According to the Survey of Private Sector Economic Analysts' Expectations conducted by Banco de México.

The positive results in abating inflation were another factor that contributed to improve inflation expectations throughout 2001. The fact that monthly inflation was consistently lower than had been expected led to a gradual revision of inflation forecasts. Thus, these two factors together had a downward influence on inflation expectations, which went from 7.87 percent in January 2001 to 5.08 percent in December of the same year (Graph 43).

Graph 43 **Observed and Expected Inflation**

Percentage change



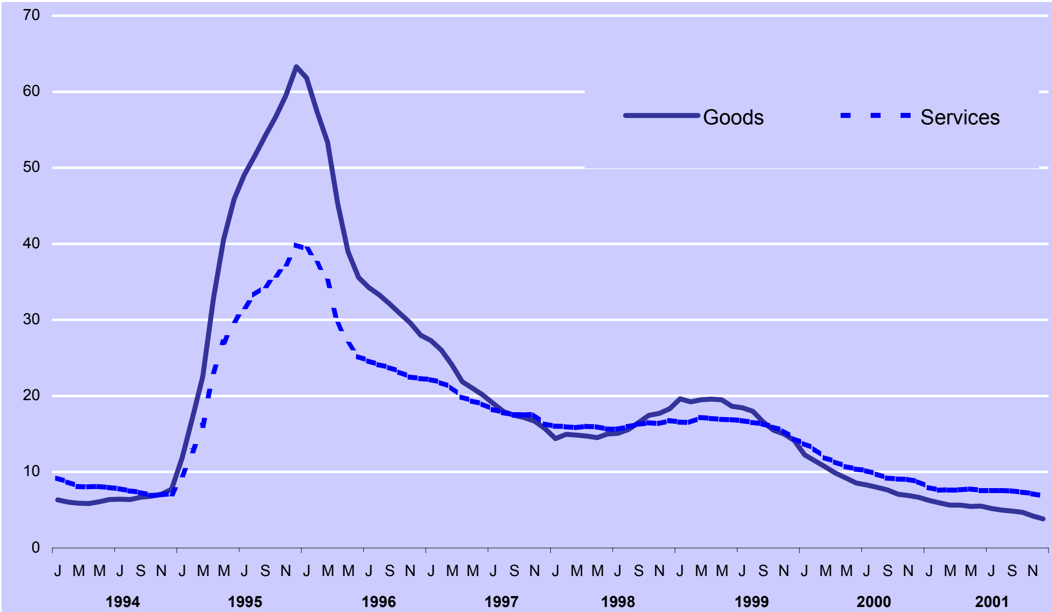
1/ According to the Survey of Private Sector Economic Analysts' Expectations conducted by Banco de México.

In order to identify the main causes that affected inflation during the period covered by this Report, the core inflation index should be divided in two categories: goods and services. Goods are basically internationally-traded items, which means that their prices are subject to exchange rate fluctuations. Services, on the other hand, can be considered as non-tradable items, and, therefore, their prices are mainly determined by labor costs and inflation expectations.

The rate of price increases for goods declined more than that for services (Graph 44). This behavior mainly responded to the appreciation of the exchange rate. The rate of growth of prices for services decreased less due to the slower adjustment of nominal wage increases. Thus, while core inflation for goods fell 2.83 percentage points in 2001, that for services went down only 1.90 percentage points.

Graph 44 **Core Inflation Subindexes for Goods and Services**

Annual percentage change

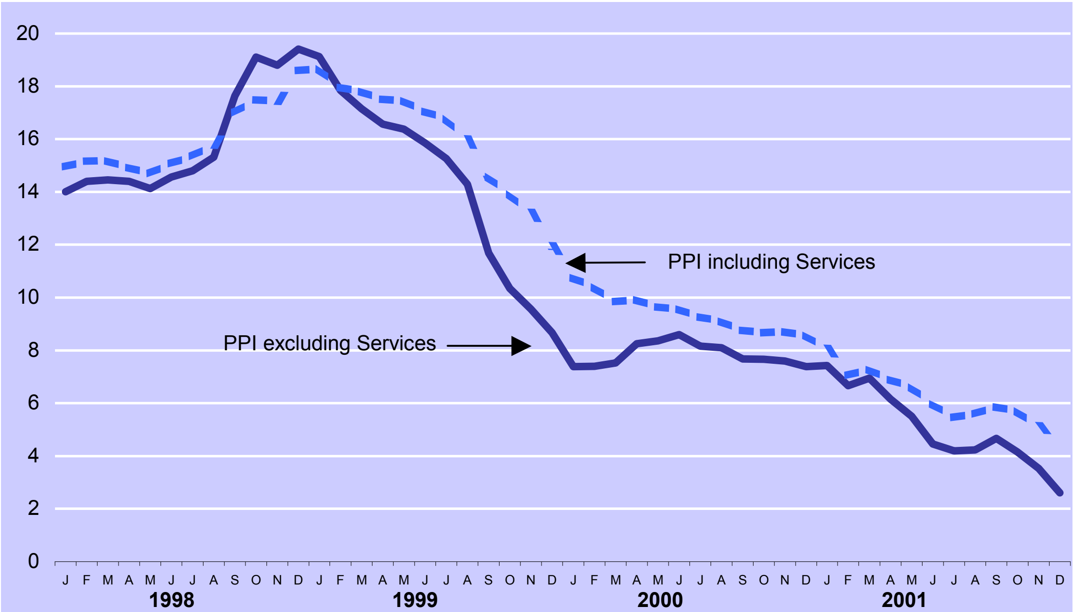


III.6.4. Producer Price Index

In December 2001, the annual growth rate of the Producer Price Index (PPI) excluding oil and services was 2.61 percent. This represents a 4.77 percentage point reduction from the annual figure registered in 2000 (Graph 45). It is important to mention that this is the lowest annual growth rate registered by this indicator since it was first published in 1981. Regarding PPI excluding oil and including services, its annual growth rate was 4.33 percent, 4.24 percentage points lower than in 2000.

Graph 45 **Producer Price Index Excluding Oil**

Annual percentage change



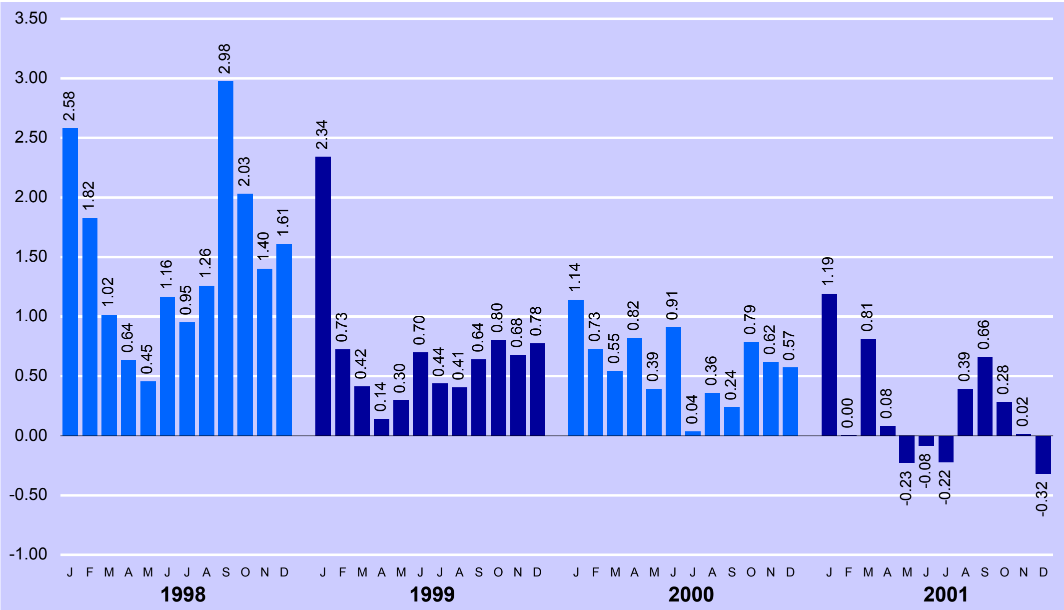
In contrast to the previous year and despite significant falls in the annual expansion of PPI including and excluding services, the spread between the annual growth rates of both indicators widened throughout 2001. The key factors that influenced this behavior were the following:

a) The peso's appreciation during the year (an average of 1.19 percent) was a significant factor in reducing tradable good's prices; and

b) A lesser reduction in the inflation of prices for services than in 2000. This was mainly attributable to the behavior of wage increases, which, as has been explained, have a greater incidence on prices of services.

Graph 46 **Producer Price Index Excluding Oil and Services**

Monthly percentage change



Regarding the unprecedented behavior of monthly variations of PPI excluding oil and services (Graph 46), the following observations are noteworthy:

a) For the first time in this indicator's history, it registered three consecutive negative monthly variations in May (0.23 percent), June (0.08) and July (0.22);

b) The factors that highly influenced price variations in the referred months were the changes in prices of electricity for residential use (May); the appreciation of the exchange rate (May and June); falling prices of goods traded in the agricultural and livestock sector (June and July); and the downward revisions of liquid gas prices (in July);

c) Monthly inflation in February (0 percent), November (0.02 percent) and December (-0.32 percent) were also the lowest since the PPI began to be calculated in 1981; and

d) In contrast, this indicator posted a higher monthly variation in January than that registered in 2000. This change was fueled by the increase in the prices of construction goods as well as the peso depreciation vis-à-vis the US dollar (more than 3 percent) during that month.

Table 31 **Producer Price Index Excluding Oil**

Classified by destination of goods

Annual percentage change

Item	Excluding Services		Services		Including Services	
	2000	2001	2000	2001	2000	2001
Final Goods	7.38	2.61	9.60	5.77	8.58	4.33
Domestic Demand	7.85	3.42	9.90	6.11	8.96	4.89
Private Consumption	8.15	3.61	9.61	5.79	9.01	4.90
Government Consumption	8.35	2.59	11.92	9.44	11.70	9.02
Investment	7.22	3.06	9.60	3.75	7.68	3.19
Exports	3.31	-4.73	6.64	2.30	5.07	-0.99
Intermediate Goods	10.58	-4.49	9.76	6.13	10.28	-0.61

In regards to annual variations in the PPI excluding oil, the following are noteworthy (Table 31 and Graph 47):

(a) Export goods' prices excluding oil registered the most pronounced reductions (4.73 percent at an annual rate). If oil had been included in this indicator (a 25.50 percent decrease) it would have declined 11.54 percent in the year;

(b) Within the final goods' subindex, the behavior of goods' prices (2.61 percent growth) made a greater contribution to reduce overall inflation than those of services (5.77 percent increase);

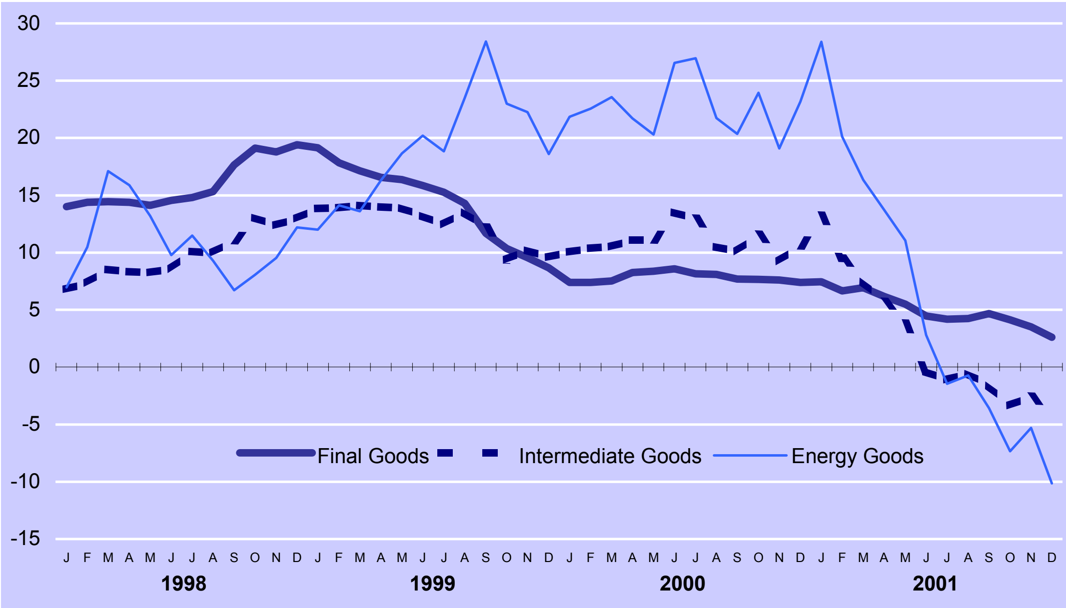
(c) As for final goods' prices, those destined for investment (for example, metallic products, machinery and equipment) only rose 3.06 percent due to competition from imported goods;

(d) Prices of final services went up 5.77 percent during the year. Among these, the evolution of prices for services consumed by the government (9.44 percent) and, in particular, the variations registered by prices of education (9.29 percent) and health services (9.94 percent) are significant; and

(e) Intermediate goods inflation was –4.49 percent, mainly responding to the impact of reductions in the prices of goods and services such as oil products, basic metal industries and electricity for industrial use.

Graph 47 **Producer Price Index Excluding Oil and Services**

Annual percentage change of final, intermediate and energy goods



If the origin of both final and intermediate goods in PPI calculations excluding oil and including services is taken into account, the following conclusions can be made (Table 32):

a) Annual growth of prices for final and intermediate goods declined in the different sectors of the economy, thus suggesting that no sector in particular registered price distortions during 2001;

b) Prices of intermediate goods and services went down 0.61 percent, while those of final goods and services increased 4.33 percent;

c) The downward behavior of prices for intermediate goods and services mainly originated from reductions in prices of mining (natural gas, 62.98 percent; iron minerals, 17.88 percent; and non-ferrous metal minerals, 13.79 percent); and electricity for industrial use and gas (medium tension electricity, 9.49 percent; high tension electricity, 7.89 percent; and dry industrial gas, 63 percent);

d) Of the sixteen classes of production of goods and services, only four (non-metallic minerals, metallic products, machinery and equipment, property leasing and other manufacturing industries) experienced increases in the prices of intermediate goods –used in production processes destined for final or export goods- above those of final goods within the same sector;

e) Regarding growth of final prices, the following sectors of economic activity registered noticeable falls: mining (10.6 percent), chemical industry, oil industry, rubber and plastics industry (0.83), and metallic products, machinery and equipment (0.46); and

f) The highest increases in prices of final goods were in community, social and personal services (10.7 percent), timber products (6.45) and property leasing (5.81).

Table 32 **Producer Price Index Excluding Oil and Including Services**

Classification by origin of final goods and branch group level

Annual percentage change as of December of each year

Item	Intermediate Goods		Final Goods	
	2000	2001	2000	2001
GENERAL INDEX	**10.28**	**-0.61**	**8.58**	**4.33**
Primary economic sector	11.75	-7.17	7.71	4.89
Agricultural and livestock, forestry and fishing	5.76	0.04	8.35	5.78
Mining	28.47	-23.74	-2.24	-10.60
Secondary economic sector	8.03	0.12	7.19	2.33
Manufacturing Industry	8.03	0.12	6.57	1.80
Foods, beverages and tobacco	6.14	3.72	6.51	4.76
Textiles, apparel and leather	7.11	-2.15	6.37	1.47
Wood and wood products	5.41	4.75	6.66	6.45
Paper and paper products, printing and publishing	9.02	0.97	11.11	1.91
Chemicals, oil, rubber and plastic	11.02	-1.76	11.80	-0.83
Non-metallic minerals	7.24	1.84	6.70	1.36
Basic metal Industries	6.53	-4.21	8.66	0.69
Metal products, machinery and equipment	5.08	2.00	1.81	-0.46
Other manufacturing industries	8.50	5.36	4.25	2.47
Construction /1			9.14	3.97
Tertiary economic sector	12.38	1.27	9.69	5.77
Electricity and gas	59.61	-34.71	13.09	4.90
Commerce, restaurants and hotels	10.69	-0.91	9.80	3.44
Transportation and communications	7.43	3.39	8.04	3.90
Real estate rental	7.73	6.23	6.62	5.81
Community, social and personal services	9.71	9.37	11.90	10.70

1/ This sector does not produce intermediate goods.

III.6.5. National Index of Social-Interest Housing Construction Cost

The National Index of Social-Interest Housing Construction Cost (*Indice Nacional del Costo de Edificación de la Vivienda de Interés Social, INCEVIS*) posted a 3.47 percent annual increase, less than half the rate observed in 2000. Just as in the previous year, labor costs in 2001 grew more than those related to construction materials (Table 33).

Table 33 **Index of Social-Interest Housing Cost**

Percentage change

Item	Dec. 2000 / Dec. 1999	Dec. 2001 / Dec. 2000	Contribution [1/] in Percentage Points
Construction Cost Index	7.59	3.47	3.47
Construction Materials Sub-index	6.92	2.20	1.85
I. Masonry	6.51	0.94	0.42
II. Metal work	7.17	3.19	0.17
III. Carpentry	7.93	5.98	0.16
IV. Hydraulic, sanitary equipment	8.76	0.56	0.05
V. Electrical equipment	3.79	1.34	0.05
VI. Plaster	10.13	7.89	0.30
VII. Paint	10.30	2.54	0.06
VIII. Floors and Coverings	8.91	3.61	0.14
IX. Various	5.00	5.64	0.50
Labor Cost Sub-index	11.22	10.08	1.62

1/ Based on each groups' relative importance in the overall Index.

The following conclusions can be drawn from the behavior of the various components of the INCEVIS during 2001:

a) A decrease of more than 5 percentage points in the annual growth rates of four of its subindexes (hydraulic and sanitary equipment, paint, masonry and floors and coverings);

b) Regarding hydraulic and sanitary equipment, decreases in the prices of piping products such as copper (3.24 percent), galvanized steel (3.11 percent) and sanitary PVC (9.59 percent), which highly influenced the behavior of this aggregate throughout the year, were substantial;

c) Falling prices of steel reinforcements were the main cause of the 5.58 percent reduction in the subindex for masonry, the most important branch of the total indicator. This result was influenced to a large extent by rising imports of these products in the last few years (Table 34) and sluggish growth of prices for cement (1.46 percent) and ready-mix concrete (0.63 percent); and

d) Moderate price growth in the social-interest housing sector dropped along with the plant-capacity utilization factor of construction firms affiliated to the Mexican Chamber of Construction, from an average of 82 percent in January-November 2000, to 78.1 percent in the same period in 2001.

Table 34

Trade Balance of the Non In-bond Iron and Steel Industry

Intermediate Goods

Million US dollars

Year	Exports 1/ (a)	Imports 2/ (b)	Balance (a) – (b)
1997	2,962.5	3,181.8	-219.3
1998	2,562.3	3,698.7	-1,136.4
1999	1,993.6	3,259.8	-1,266.2
2000	2,073.1	4,230.5	-2,157.3
2001	1,680.3	3,861.0	-2,180.7

1/ Includes: bars and ingots, manufactured steel, steel sections, tubes and pipes, ferroalloys in ingots, and other products.
2/ Includes: sheets or thin plates, tramp iron, scrap steel/iron, wire, wire cable/rope, bars, ingots, bloomings (hewings), containers, tubes, pipes, pipe couplings, steel tapes and flat iron /steel strips, ferroalloys, casting for drill steel, bearings, shafts, pulleys and other products.
Source. Banco de México, Foreign Trade Statistics (*Estadísticas de Comercio Exterior)*.

From the 23 cities used in the making of the INCEVIS, the most noticeable price increases were registered in Mérida, YUC (7.94 percent); Chihuahua, CHIH (7.91 percent); Iguala, GRO (7.72 percent); Tapachula, CH (6.62 percent); and La Paz, BCS (6.40 percent).

Price variations that had the most influence on the INCEVIS during 2001 are shown in Table 35.

Table 35

Index of Social-Interest Housing Construction

Products with highest incidence en 2001

Annual percentage changes

Upward Price Products	% Change	Downward Price Products	% Change
Flat Glass	13.01	PVC plumbing pipeline	-9.59
Iron Door	9.38	Iron bar and mesh (fabric)	-6.71
Plaster	7.89	Glazed tile	-4.51
Water Closet (Toilet)	7.72	Copper pipe (tubing)	-3.24
Vinyl Floor Tile	6.22	(tubing)	-3.11

IV. Monetary and Exchange Rate Policy

IV.1. Monetary Policy

During the last few years, Banco de México's monetary policy regime has been adjusted to changing circumstances in Mexico's economy. These developments have led to the formal adoption of an inflation-targeting scheme with the following main characteristics:

(a) The acknowledgement of price stability as the basic objective of monetary policy;

(b) The establishment and announcement of short and medium-term inflation targets;

(c) The consolidation of an autonomous monetary authority;

(d) The transparent implementation of monetary policy based on open communication with the public regarding central banks' targets, instruments and decisions;

(e) Permanent assessment of all potential sources of inflationary pressures to evaluate the future path of prices; and

(f) The use of alternative inflation indicators such as core inflation to distinguish those factors that have a transitory influence on inflation and identify the trend of growth of prices over the medium term.

In order to attain inflation objectives, monetary policy actions have been founded on an exhaustive and continuous analysis of short and medium-term inflation pressures. When this assessment has indicated that inflation will not be compatible with the medium-term objective, the monetary policy stance has been modified to induce the monetary conditions required to re-establish convergence between inflation forecasts and inflation targets.

One essential element of the current monetary policy is its emphasis on transparency and communication regarding the central bank's motives and actions. These factors, besides being a fundamental part of the process of accountability that an autonomous entity like Banco de México must have, contribute to lessen the social cost of abating inflation.

As in previous years, the instrument used by Banco de México to modify its monetary policy stance was the accumulated balance objective of commercial banks' current accounts held at the Central Bank, also known as the "short". Typically, the setting or widening of the "short" tends to temporarily induce higher short-term interest rates. This restriction of monetary conditions allows a downward correction of inflation expectations to be made and weakens inflationary pressures.

As is known, monetary policy affects aggregate demand and other determinants of inflation through different channels and with a certain lag. For this reason, expectations on inflation and other variables are of utmost importance in identifying inflationary pressures. To this end, Banco de México continued monitoring the behavior of economic agents' inflation expectations in 2001. The reviewing of the different factors that may reflect inflationary pressures over the medium term is also a basic element in the decision-making process of the Central Bank to abate inflation.

IV.1.1. Elements of the Monetary Program

The Board of Governors has considered that it is preferable to mitigate price increases gradually to achieve a permanent effect. This strategy has been adopted to reduce the social costs derived from the stabilization process. Evidence from economies which have reduced inflation from rates similar to those prevailing in Mexico in 1995 (when the present disinflation effort began) and in the following years, confirms that the decision made by the Central Bank was appropriate.

Based on the above, the Board of Governors of Banco de México has established as the medium-term target a CPI annual growth rate of approximately 3 percent by December 2003. In order to provide short-term reference points along the path towards price stability, the Board of Governors of Banco de México also established that annual inflation for 2001 shall not exceed 6.5 percent and should be less than 4.5 percent by year-end 2002.

In the Monetary Program for 2001, the following factors were considered necessary to attain short and medium-term inflation targets:

(a) A restrictive monetary policy stance;

(b) Adjustments in prices administered by the public sector compatible with inflation objectives;

(c) Wage increases consistent with sustainable productivity gains and the inflation target;

(d) The absence of severe external shocks –such as a deterioration of the terms of trade or a reduction in the supply of foreign capital– that could lead to significant fluctuations in the real exchange rate; and

(e) A structurally sound fiscal stance.

It is important to mention that, unlike other years, Banco de México's Monetary Program for 2001 did not set limits on variations in net domestic credit.[27]

IV.1.2. Monetary Program Implementation

Banco de México altered its monetary policy stance on three occasions in 2001. The Central Bank increased the amount of the "short" in the first quarter, while in the second and third quarters it adopted an easier monetary policy by reducing it. An explanation of the main motives that led to these changes during the year and their impact on inflation expectations is next presented.

During the last weeks of 2000 and the first few weeks of 2001, the following elements of risks, which Banco de México had repeatedly warned about on previous occasions, appeared:

(a) Information then available suggested that domestic spending continued growing at much higher rates than those of production;

(b) In the international scenario, the United States' experienced a considerable slowdown in economic activity during the second half of 2000; and

(c) Mexico's oil export mix price fell markedly.

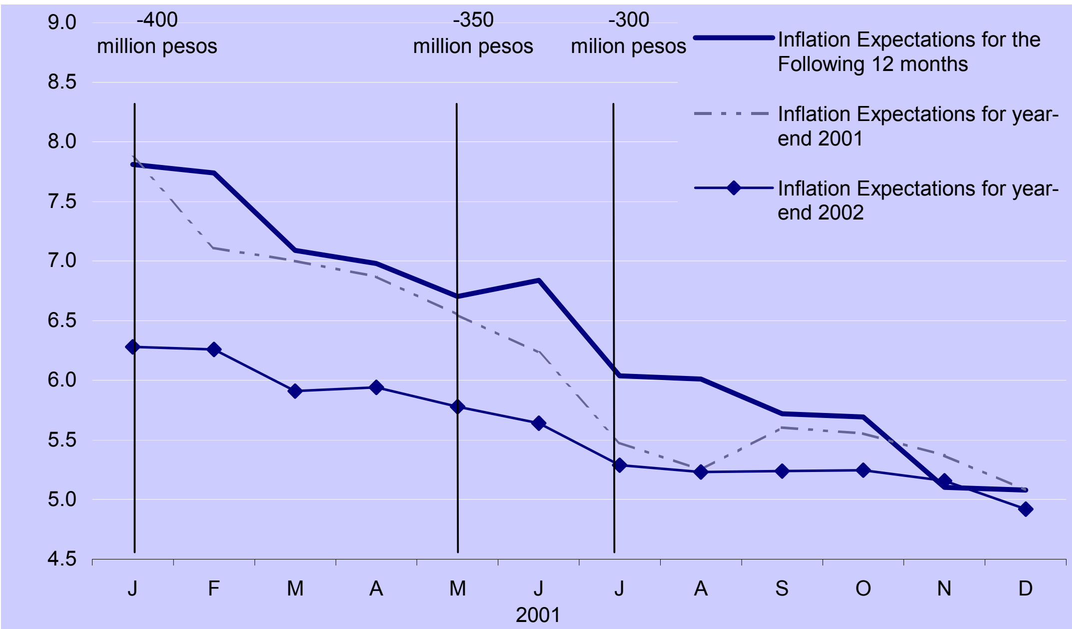
[27] The figure for net domestic credit is obtained by subtracting the accumulated flows of net international assets —valued in pesos at the exchange rate of each operation— from the accumulated flows of the monetary base.

The above factors pointed to a significant widening of the current account deficit as well as to the likely depreciation of the peso. If the latter had occurred inflationary pressures would surely have arisen. In response, some analysts revised their inflation expectations for 2001 upwards. However, in the first few days of January domestic interest rates decreased, a development incompatible with the materialization of the above mentioned risk factors. Therefore, the attainment of the inflation target for the year required a more restrictive monetary policy stance to re-establish the downward path of inflation and make inflation expectations converge with it.

On January 12th 2001, Banco de México increased the "short" from 350 to 400 million pesos. This action was aimed at ensuring the attainment of annual inflation that would not exceed 6.5 percent. As on previous occasions when the "short" was widened, inflation expectations returned to the downward trend it had shown throughout 2000 (Graph 48).[28]

Graph 48 **Inflation Expectations and Accumulated Balances Objective ("Short")**

Percent



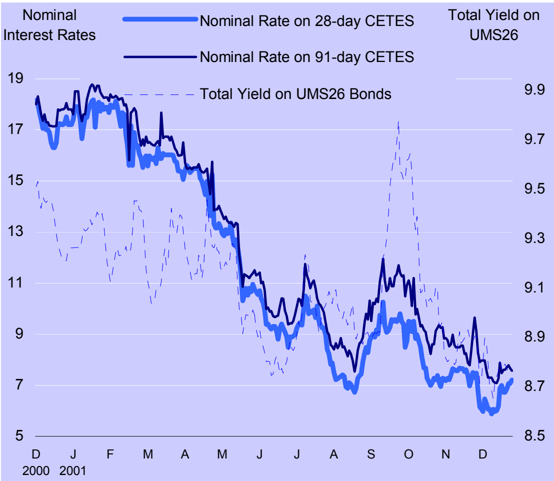
Source: Survey of Private Sector Economic Analysts' Expectations conducted by Banco de México.

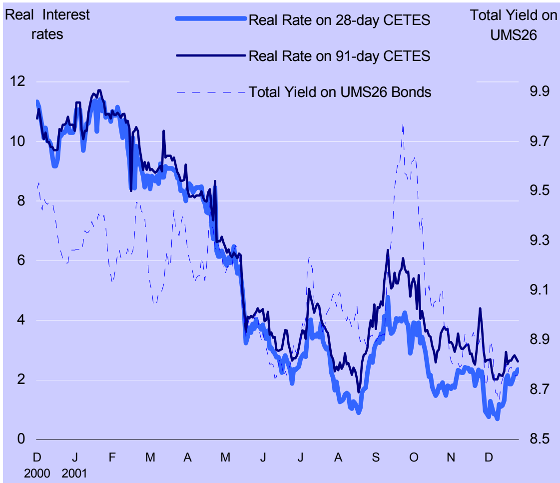
[28] It is important to point out that inflation expectations for year-end 2001 recorded in January and March were consistent with analysts' forecasts excluding the possible effects of the Fiscal Reform on prices. In contrast, expectations for the following twelve months, obtained in January and February, did include the possible impact of this reform.

The positive impact that the increase of the "short" had on inflation expectations contributed to substantially reduce nominal and real interest rates as from the middle of February (Graph 49). This response was also probably linked to the favorable inflation results during January and the first two weeks of February.

Graph 49 **Nominal Interest Rates1/, Real Interest Rates and Total Yield on UMS26 Bonds**

Percent





1/ Nominal interest rates deflated by inflation expectations for the following 12 months.

During the second quarter of 2001 the evolution of inflation was favorable and some elements of risk that had been identified at the beginning of the year as potential obstacles for accomplishing the target for 2001 were mitigated. In response, Banco de México announced on May 18th 2001 its decision to reduce the "short" to 350 million pesos, maintaining it at that level for the rest of the quarter. The context in which this change of monetary policy stance occurred was as follows:

(a) Annual CPI inflation declined from 8.96 percent in December 2000 to 7.11 percent in April 2001. During the same period core inflation had also fallen from 7.52 to 6.44 percent, and private sector inflation expectations for 2001 had moved from 7.58 percent in December 2000 to 6.87 percent in April 2001;

(b) The economic downturn in the United States during the first quarter of 2001 was sharper than expected and this caused annual growth of Mexico's GDP to fall from 5.1

percent in the fourth quarter of 2000 to 1.9 percent in the first quarter of 2001;

(c) The rate of expansion of demand decreased rapidly. This derived in a lower than expected accumulated trade deficit and in job losses and higher unemployment. Although the downward rigidity of contractual wages continued, the intensity of the economic slowdown makes it reasonable to assume that contractual wages would be more compatible with inflation objectives and with lower than expected gains in labor productivity; and

(d) The favorable medium-term outlook for the Mexican economy and falling interest rates in the United States led to substantial capital inflows, especially of foreign direct investment.

Consequently, nominal and real interest rates continued on a downward trend during the second quarter of 2001, from 6.63 to 5.94 percent, respectively. This evolution can be attributed to the favorable inflation outcome, the moderation of monetary restrictions, the reduction of external interest rates, and to capital inflows.

Furthermore, in order to maintain its liquid creditor position vis-à-vis the banking system, on June 22nd 2001 Banco de México called on Mexican credit institutions to make voluntary deposits at the Central Bank with three-year maturities. These deposits would pay interest every 28 days at rates equivalent to the arithmetic average of the 28-day Interbank Equilibrium Interest Rate (*Tasa de Interés Interbancaria de Equilibrio, TIIE*) during the corresponding period. The creation of these deposits meant monetary policy would preserve its effectiveness to influence the evolution of short-term interest rates.

It should be mentioned that Banco de México replenishes all liquidity withdrawn from the market as a result of said deposits via daily short-term open market operations. Thus, the total amount of resources in the money market as well as Banco de México's monetary policy remain unchanged.

Later, on July 31st of 2001, the Board of Governors of Banco de México decided to further reduce the "short" to 300 million pesos, maintaining it at this level for the remainder of the year. This decision, like the reduction of the "short" in the previous quarter, was motivated by the favorable evolution of inflation and the mitigation of some risk factors that had threatened the attainment of the inflation target in 2001.

The decision to soften the monetary policy stance for the second time was based on the next factors:

(a) The CPI during January-June had recorded an accumulated growth of 2.11 percent, which fell to 5.87 percent in the first two weeks of July. The corresponding results for the core prices index were 3.5 and 6.26 percent, respectively;

(b) At that time, private sector expectations for annual inflation in 2001 were below 6 percent;

(c) The significant downturn of economic activity in the United States considerably reduced economic growth in Mexico. As a result, the growth rate of domestic demand fell sharply and the gap between output and spending was reduced. This brought about a lower than expected deficit in the trade balance;

(d) During the first two quarters of the year there was an abundant supply of foreign capital, particularly from foreign direct investment. Thus, the evolution of the current and capital accounts fostered exchange rate stability; and

(e) Preliminary data concerning public finances during January-May implied that the fiscal stance would enable the proper conditions for stabilization.

During the first two weeks of July, nominal interest rates on 28-day CETES rose considerably in line with external rates (Graph 49). This mainly responded to a slight contagion caused by the worsening situation in Argentina. Just before the reduction of the "short" both domestic and external rates leveled off in response to the announcement of a widening in the IMF's program for that country. The decline in interest rates occurred before the reduction of the "short", already foreseen by the markets. This change in the monetary policy stance led to a disassociation of domestic and external interest rates, as the latter increased while the former fell.

After the monetary policy stance was altered, domestic interest rates continued falling until mid-August. This trend, which reverted towards the end of that month and did not correspond to the behavior of external rates, can be explained by several factors. First, it is likely that the public might have believed that the “short” would be further reduced; nonetheless since inflation during the first two weeks of August turned out to be higher than anticipated, this expectation dissipated. Second, this situation also combined with the reaction to the demand for high contractual wage increases in the automotive company Volkswagen, which eventually led to a strike.[29] Finally, there was also the opinion among the public that there would be a reform of the Retirement Savings System Law to allow the AFORES to invest in a more diversified portfolio of debt instruments, but such reform never took place. The upward adjustment of domestic interest rates towards the end of August was also intensified by the tragic events in the United States, which also led to a substantial rise in external rates.

During the fourth quarter of 2001 the amount of the “short” was not altered. The convergence of inflation with the corresponding target made it clear that the objective for 2001 would most likely be attained. Therefore, the decision to maintain the monetary policy stance unchanged responded to the determination to encourage the necessary conditions to reach a target of less than 4.5 percent in 2002. Moreover, the behavior of real wages and wage increases in collective agreements undoubtedly pointed to a scenario of inflationary pressures inconsistent with the inflation target for 2002.

Inflation ended the year below the 2002 target. Nevertheless, although there were some factors that could limit the surge of additional inflationary pressures, the possible reversion of transitory factors that had previously contributed to a sharper decline of inflation in 2001 along with other sources of inflationary pressures, led the Board of Governors of Banco de México to keep the “short” unaltered during the last quarter of the year.

This decision did not curb the decline of interest rates. The behavior of both nominal and real domestic interest rates was very similar to that of external rates in the fourth quarter as they diminished and reversed the increase observed in August-September (Graph 49). After falling sharply in October, domestic and external interest rates remained practically constant in November, declining again in December.

[29] Volkswagen’s strike began on August 18th and ended on September 5th.

IV.2. Exchange Rate Policy

In accordance with the law, during 2001 Mexico's exchange rate policy was conducted as per the guidelines established by the Foreign Exchange Commission.[30] Since 1995, Mexico has operated under a floating exchange rate regime.

In August 1996, the Foreign Exchange Commission decided to introduce a mechanism that allowed the accumulation of international reserves via auctioning of US dollar call options to Banco de México. This is complementary to the accumulation usually carried out via Central Bank's purchases of foreign currency from PEMEX and the Federal Government. The auctioning of options successfully fulfilled its original purpose and enabled Banco de México to significantly increase its international assets without creating distortions in the foreign exchange market. In May 2001, the Foreign Exchange Commission considered that the stock of net international assets accumulated by that date no longer justified the use of the above mechanism and therefore it was suspended until further notice after the June 29th 2001 auction.[31] In order to preserve the symmetry of the floating exchange rate regime in force, the Foreign Exchange Commission also decided to stop contingent US dollar sales [32] as of July 12th of 2001.

During the period in which these mechanisms were in use (1996–2001), foreign exchange acquisitions totaled 12.25 billion US dollars (US dollar call options), while expenditures amounted to 2.23 billion US dollars (currency sales). Accumulated assets via US dollar call options accounted for 27.5 percent of total accumulated net international assets (Table 36).

30 Made up of officials from the Ministry of Finance (*Secretaría de Hacienda y Crédito Público, SHCP*) and Banco de México. It is in charge of determining the country's exchange rate policy.

31 Banco de México's press release of May 18th 2001. A detailed explanation is presented in "Mechanisms for the Accumulation of International Reserves" and "Mechanism for US dollar Sales". These documents can be found in the Monetary and Exchange Rate Policy section of Banco de México's web site.

32 On a daily basis, the Central Bank auctioned 200 million US dollars at an exchange rate at least 2 percent higher than the immediately preceding day.

Table 36 **Accumulated Net International Assets 1996 – 2001***

Million US dollars

Revenues		Expenditures	
PEMEX transactions	51,089.0	Federal Government transactions	21,668.4
Auctions of US dollar call options	12,245.0	Automatic mechanism of sale of exchange	2,228.0
Other transactions	4,969.5		
Total Revenues	**68,303.5**	**Total Expenditures**	**23,896.4**
Accumulated Net International Assets (Revenues-Expenditures)			**44,407.1**

* From January 1996 to December 2001. The automatic mechanism of sale of exchange includes a US dollar government intervention for 278 million US dollars done in September 10th, 1998.

In those months where the mechanism for auctioning call options by the Central Bank was in force, 1.5 billion US dollars were auctioned (250 million US dollars per month), of which 1.36 billion were exercised (Table 37). It should be mentioned that the automatic currency-sale mechanism was not used during the period.

Table 37 **US Dollar Purchases from Credit Institutions under the Options Mechanism 1996-2001**

Million US dollars

Year	Auctioned Amount	Amount Exercised
1996 1/	**930**	**909**
1997 2/	**5,150**	**4,476**
1998	**2,750**	**1,428**
1999 2/	**3,000**	**2,225**
2000	**3,000**	**1,844**
January	250	240
February	250	245
March	250	250
April	250	250
May 3/	250	250
June	250	128
Total 2001	**1,500**	**1,363**
Total 1996 - 2001	**16,330**	**12,245**

1/ In August 1996, the Foreign Exchange Commission announced the auctioning of US dollar call options to Banco de México.
2/ Since February 1997 and until December 1998, the Foreign Exchange Commission allowed an additional auction if 80% or more options for the corresponding month were to be exercised before the 16th of that month.
3/ As of May 31th, 2001 the Foreign Exchange Commission suspended auctions of US dollar call options to Banco de México.

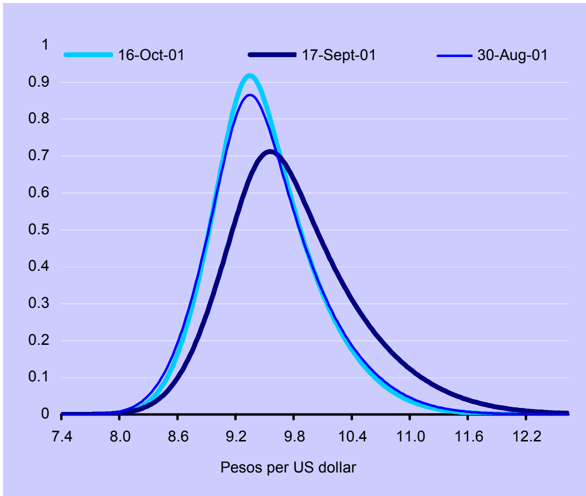
During 2001 the floating exchange rate regime allowed short-term uncertainty on the evolution of the Mexican economy to be absorbed through temporary fluctuations in the exchange rate. Thus, the terrorist attacks of September 11th led to a slight depreciation that was largely reverted by the end of October.

Based on information from exchange rate options it is possible to estimate the probability distribution of the exchange rate. This study shows that after the events on September 11th, expectations of market participants for the following three months were for a more depreciated exchange rate, greater uncertainty regarding its future price and a more pronounced trend towards depreciation. However, by October 16th conditions in the exchange rate market went back to be very similar to those prevailing before the terrorist attacks (Graph 50).[33]

Graph 50 **Interbank Exchange Rate (FIX) in 2001**

Daily Prices During 2001
Pesos per US dollar

Expected Density Function for the Exchange Rate in the Following Three Months
Pesos per US dollar



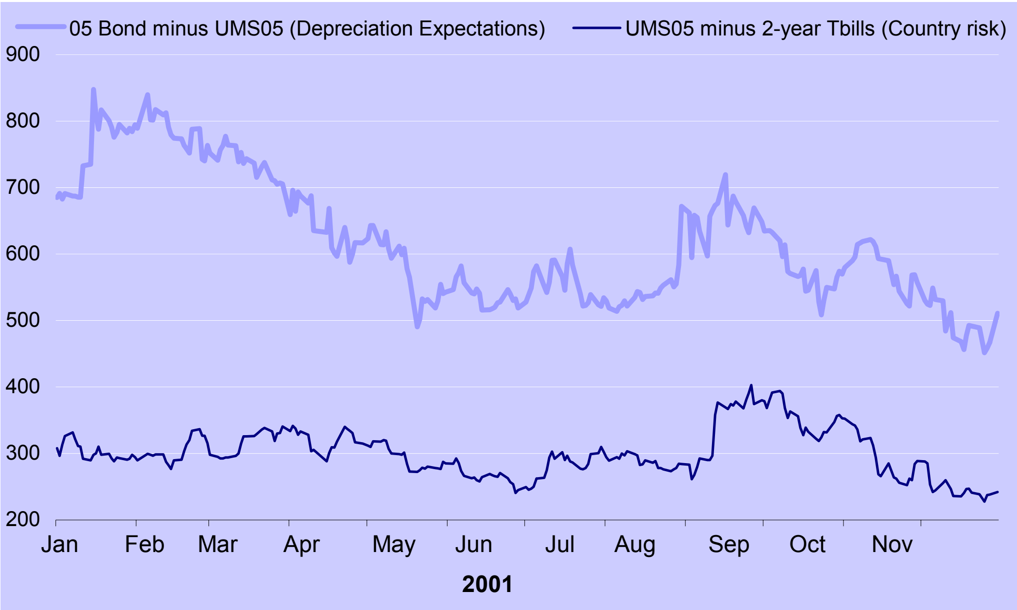
Source: Estimates of Banco de México based on information provided by banks participating in the Derivatives Market (OTC).

It is important to point out that the exchange rate tended to appreciate throughout 2001, reaching 4.6 percent by year-end. This behavior can mainly be explained by the large amount of capital inflows resulting from favorable medium-term expectations on the Mexican economy, Mexico's sound external accounts, and the reduction of country and exchange rate risks (Graph 51).

[33] The present methodology, which was proposed by Malz in "Estimating the Probability Distribution of the Future Exchange Rate from Option Prices", *Journal of Derivatives*, 1997, Vol. 5, is used by the Bank of England (Quarterly Bulletin, February 1999, 2000) and the International Monetary Fund (Global Financial Stability Report, March 2002).

Graph 51 **Expected Depreciation and Medium-term Country Risk (2005)**

Interest rate spread in basis points



In short, the peso-US dollar exchange rate is indeed determined in the context of a floating exchange rate regime, which has proved to be very effective in allowing the exchange rate to absorb some of the effects caused by external and domestic shocks.

V. Final Remarks

In 2001, the adverse external environment had a negative impact on the Mexican economy. In particular, the downturn in the United States' halted the economic expansion that had taken place in Mexico during the previous five years, and real GDP declined 0.3 percent. However, in contrast to previous occasions when GDP registered negative variations at constant prices, the financial environment remained stable and inflation went down. Mexico's orderly insertion into the world business cycle was sustained by the country's sound economic fundamentals, among which the following are worth mentioning:

(a) The positive results of the disinflationary efforts;

(b) The discipline of public sector finances;

(c) The floating exchange rate regime and market-determined interest rates;

(d) The comfortable foreign public debt amortization schedule in 2001 and 2002;

(e) The stability of foreign investment fostered by previous structural reforms; and

(f) The moderation of the current account deficit.

The inflation target was met for the third consecutive year. Annual CPI growth declined from 8.96 percent at year-end 2000 to 4.40 percent in 2001. Core inflation also decreased in line with the set objectives, from 7.52 percent to 5.08 percent between December 2000 and the same month of 2001. In contrast to the previous year, overall inflation went down more than core inflation during 2001 aided by the very favorable evolution of prices for agricultural and livestock products and of those administered or regulated by the public sector. However, given the volatility of the subindexes of prices that are excluded from core inflation calculations, core inflation has gained relevance in the assessment of medium-term inflationary pressures.

Most recent information on the United States' economy suggests that the likelihood of a recovery during the first quarters of

2002 has increased. In this context, and in view of the synchronization of the business cycles among the members of the North American Free Trade Agreement, Mexico is expected to register positive annual GDP growth rates during the second quarter of 2002.

Notwithstanding the expected recovery of world growth, it is unlikely that economic activity in Mexico's main trading partners will return to the levels seen before the current downturn. Besides, Mexico's output in recent years has been adversely affected by rising unit labor costs stemming from increases in real wages and falls in productivity. This loss of competitiveness could curb the country's capacity to expand at the moment when economic activity in the United States rebounds. This brings to fore the need to reinforce those domestic factors that will allow Mexico to reach high and sustainable growth rates under a less favorable international environment. Among these factors, the following should be mentioned:

(a) Maintaining macroeconomic stability;

(b) The energy sector reform;

(c) Improvements in the economic regulation framework;

(d) The promotion of capital market development and of higher domestic saving rates;

(e) Incentives for investing in infrastructure, technology, education and health; and

(f) The labor market reform.

The above reforms are essential to achieve the needed productivity gains to foster job creation, improve real wages and allow economic growth in the medium term.

Perseverance in monetary and fiscal discipline will be crucial to return to the path of high and sustainable growth. In this regard, the results obtained in 2001 are very promising because they were achieved in a context of adverse international environment. The attainment of macroeconomic objectives in previous years strengthened the credibility of economic policy authorities. However, the fact that these results were obtained in a more favorable international scenario left unanswered the question of how they would conduct policy in a more complicated environment.

Thus, the results obtained in 2001 should have a considerably positive impact since they were attained under very severe economic disturbances.

For 2002, the Federal Government and Congress have confirmed their firm commitment to continue implementing prudent fiscal policy in the midst of an uncertain environment. The public deficit objective was therefore kept unchanged. Nevertheless, as has been mentioned, the recently approved measures will not fully resolve the structural weaknesses of the country's public finances.

Regarding monetary policy, the Board of Governors of Banco de México reiterates its commitment to attain an inflation rate of less than 4.5 percent in 2002 and a convergence to approximately 3 percent by 2003. The Central Bank will use the instruments at its disposal in a timely and effective manner to ensure an environment of low and stable inflation that, together with the recovery of economic growth, will lead to a sustainable improvement in the well-being of the population.

Appendices

Appendix 1

Mexico's Relationship with International Financial Organizations

The International Monetary Fund (IMF)

Mexico has been a member of the International Monetary Fund since it was founded in 1944. On December 31st 2001, Mexico's quota in the organization rose to 2,585.8 million Special Drawing Rights (SDR),[34] accounting for 1.22 percent of the IMF's total quotas. The latter figure determines each country's access to IMF resources.

Mexico's relationship with the IMF during 2001 was basically outlined by two issues: the undertaking of a consultation in accordance with Article IV of IMF's Articles of Agreement and the preparation of a study on financial sector's conditions, better known as FSAP (Financial Sector Assessment Program). It is important to remember that the last Drawing Rights Agreement Mexico had with the IMF ended on November 31st 2000, and all outstanding debt with that institution was paid in advance in August of that year.

Consultation is a practice of surveillance and assessment carried out by the IMF with each of its member countries since 1978, whether or not there are economic or technical assistance programs in force. All of the 183 member countries, without exception, take part in this type of consultation. As part of the corresponding process, the IMF visits the country, gathers and studies its economic and financial information and then meets with its authorities to review it along with the monetary policy measures that are being implemented. Based on these consultations, the IMF's technical staff prepares a report on the country so its personnel can examine it. The IMF then communicates its conclusions and recommendations to the country in question.

The results of the consultation for Mexico were announced in October 2001 and soon after Mexican authorities released them to the public for the first time as part of their transparency policy.

[34] On December 31st 2001, one SDR was equivalent to 1.25673 US dollars.

In their report for Mexico, the IMF's technical personnel made special mention of the favorable performance of the economy in the previous 12 months, decoupling it from most other emerging economies during the recent period of financial shocks. Particularly, they emphasized the prudent management of fiscal and monetary policies in the context of a downturn in economic activity in the United States and the financial instability suffered by emerging markets. Regarding monetary policy, the IMF set forth the importance of it continuing to focus on the attainment of a medium-term inflation objective. The IMF also agreed with the Mexican authorities on the need to strengthen the country's fiscal position in the medium term.

In 2001, at the same time the documents related to the consultation were published, the results of the FSAP were also released. The IMF and the World Bank -per request of the Mexican authorities- carried out the study of Mexico's financial system conditions. The FSAP is part of a joint effort begun in May 1999 by both multilateral institutions to promote sounder financial systems. These studies identify the strengths and weaknesses of countries' financial systems to determine how the main risks are being handled, evaluate their importance and their technical assistance requirements.

The FSAP proved extremely useful in identifying the strengths and weaknesses of Mexico's financial system. The study concluded that the Mexican financial system had become considerably more robust over the last few years. The different financial measures that were approved by Congress in April 2001 made a significant contribution to these developments. Advances in Mexico's fulfillment of international codes and standards such as adequate practices of transparency in monetary and financial policy; basic Basel principles for efficient bank supervision; basic principles for systemically-relevant payment systems; basic insurance principles of the International Association of Insurance Supervisors; and the objectives and principles for securities market regulation of the International Organization of Securities Commissions were also reviewed. Based on the analysis, the IMF considered it highly unlikely that systemic risks would arise in the near future in Mexico's financial system. Nevertheless, the study did point to some areas where the institutional framework could be improved to raise the financial system's response capacity to face sudden shocks and completely fulfill the corresponding international standards.[35]

Mexico's Participation in the IMF's Special Data Dissemination Standards (SDDS)

Mexico has subscribed the IMF's Special Data Dissemination Standards (SDDS) since August 1996. The SDDS are a set of international guidelines on the scope, frequency, timeliness and quality of economic and financial information published by countries. SDDS also encourage immediate and fair access to information, help users of economic and financial statistics to evaluate data quality and guarantee objectivity and integrity in compiling and publishing them. Today, fifty countries that actively participate in the international capital markets have voluntarily submitted to the SDDS.

Throughout 2001, the three domestic agencies involved in the publishing of Mexico's economic and financial statistics –the National Institute for Statistics, Geography and Informatics, the Ministry of Finance and Banco de México- worked in coordination with the IMF to complete the methodology pages for each of the SDDS categories. As of February it has been possible to consult on the Internet the methodology for compiling statistics related to the Federal Government's debt. Towards the end of the year these were sent to the IMF to be reviewed and later, the methodology pages corresponding to the statistics for employment, unemployment, wages, stock market index, interest rates and exchange rates were published on the Internet.[36]

Bank for International Settlements (BIS)

Banco de México has been a member of the BIS since November 1996, having subscribed 3,000 shares of that organization's Tier 3 capital. On December 31st 2001 these shares were equivalent to 0.57 percent of the total representative shares issued by the BIS. Since then, Banco de México has participated actively in bimonthly meetings of central bank governors of member

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35/ Documents related to the IMF consultation for Mexico and the FSAP can be found on the following web pages:
http://www.shcp.gob.mx/
http://www.imf.org/external/pubs/ft/scr/2001/cr01190.pdf
http://www.imf.org/external/np/sec/pn/2001/pn0199.htm
http://www.imf.org/external/pubs/ft/scr/2001/cr01192.pdf

36 Documents related to Mexico's participation in the SDDS can be found on the following web page:
http://www.banxico.org.mx/eInfoFinanciera/infcarteleraelectronica/fmi.html

countries as well as in various committees and working parties within that organization.

Among the wide variety of monetary policy and financial stability topics addressed in these meetings during 2001, the following deserve special mention: the implementation of standards and codes for strengthening financial systems; exchange rate policy objectives and instruments adopted by countries in Asia and the Pacific; the soundness of Asian markets and financial institutions after the 1997 crisis; the link between the *new economy* and the business cycle; the effects of electronic financial operations on monetary policy implementation; the impact of external capital inflows on the designing of economic policy in emerging economies; and the consequences of the terrorist attacks of September 11th in international financial markets.

An exhaustive analysis of the world economy and the evolution of international financial markets was undertaken in the meetings between governors of the central banks of emerging economies and the main industrialized nations. During the year covered by this Report, several round tables were held amid governors of emerging economies' central banks, analyzing, among other topics, the impact of slower global economic growth on emerging economies and the fall of share values in some developed countries. Furthermore, the Board of Directors on Central Banking Administration (of which Banco de México's governor is a member) met on several occasions during the year to discuss issues such as central banks' balances and allocation of their profits; management of international reserves; mandates, rights and procedures concerning the accountability of central banks; board of governors' decision making, central banks' counsels and committees; and regulations and agreements concerning central bank employees' communications with the public.

In January 2001 the Basel Committee on Banking Supervision released an updated version of the New Basel Capital Agreement draft, which included the comments of the main participants in the international financial markets to the draft released in June 1999. In addition, the BIS undertook a series of quantitative studies throughout the year to determine the likely impact of the New Agreement on Banking Institutions. Although the Basel Committee had originally planned to complete the New Agreement by 2002 and implement it in 2005, the referred process of dialogue will continue so the date for concluding it and putting the new Agreement into effect will still need to be defined.

The fact that discussion topics and BIS's efforts towards increased cooperation are becoming more global led to the signing of the Seat-Agreement between the Mexican Government and this organization in Mexico City on November 5th 2001. Under this agreement, the BIS will set up a Representative Office for the Americas in Mexico. This Office will function as a regional center for BIS activities in North America and Latin America, contributing to strengthen its links with central banks and monetary authorities of the region's countries, whether they are formal members or not. Likewise, the BIS will establish a wide network of consultation and cooperation between the central banks of North America and Latin America. It is worth mentioning that the office in Mexico is the second Representative Office established by the BIS after Hong Kong (1998) to cover the Asia- Pacific region.

International Bank for Reconstruction and Development (IBRD)

As of December 31st, 2001, the Mexican government held 18,804 shares of the International Bank for Reconstruction and Development's capital, accounting for 1.18 percent of the voting rights in this organization and worth 2.27 billion US dollars. Of this amount, only 139 million have been paid in cash and the remainder (2.13 billion US dollars) is callable capital that would only be required if this organization faced a serious financial contingency.

At year-end 2001, the IBRD had twenty-one loans under execution in Mexico amounting to 5.07 billion US dollars, of which 2.75 billion had already been disbursed. During 2001, the institution approved three loans to Mexico totaling 860.1 million US dollars. Of this amount, 505.1 million will be used for stabilizing Mexico's finances, 350 million for the health sector and 5 million to support micro and small industries.

Inter-American Development Bank (IADB)

As of December 31st, 2001, Mexico's government participation in IADB's capital rose to 578,632 shares, accounting for 6.9 percent of the voting rights in that organization and worth 6.98 billion US dollars. Of this amount, 299 million had been paid in cash and the rest, 6.68 billion, were callable or contingent capital.

At year-end 2001, there were 20 IADB loans in execution in Mexico totaling 4.40 billion US dollars, of which 2.20 billion had already been disbursed. During 2001 the IADB approved three transactions with Mexico for 1.1 billion US dollars. Of the latter amount, 500 million were channeled to the agricultural and livestock sector, 300 million to training and employment, and the remaining 300 million to strengthen states and municipalities.

Appendix 2

Public Sector Borrowing Requirements and Net Public Sector Debt

Public Sector Borrowing Requirements (PSBR)

In its broadest terms, the government's impact on the financial market is measured by the "Public Sector Borrowing Requirements" (PSBR). PSBR measure the use of net financial resources, both domestic and external, by the public sector during the year. The Federal Government, official financial intermediaries (development banks and official trust funds) as well as public corporations and entities are considered as main users of financial resources. However, since 2000 other public sector liabilities such as net liabilities associated with the IPAB; Long-term Projects for Productive Infraestructure with Deffered Expenditure Impact (*Programas de Impacto Diferido en el Gasto*, *PIDIREGAS*); the Trust for the Support and Rescue of Concessioned Highways (*Fideicomiso de Apoyo para el Rescate de Autopistas Concesionadas*, *FARAC*); the interest rate swapping cost implied in programs for restructuring bank credits denominated in UDIs; and costs derived from debtor support programs have also been included in PSBR calculations.[37]

It is important to mention that PSBR measurements referred to in this section differ from those reported by the Ministry of Finance on a quarterly basis because the former are calculated in cash terms using information provided by public sector creditors at market value.[38] As a result, the method used here is only comparable

[37] Programs that reflect public sector's activities are included in the PSBR according to the Ministry of Finance's mesurements. In 2000, these programs were added to the PSBR as contingent debt under the item "Total Public Sector Financial Borrowing Requirements".

[38] The Ministry of Finance reports these figures on a quarterly basis in the document entitled "Report on the Economic Situation, Public Finances and Public Debt" (*Informes sobre la Situación Económica, las Finanzas Públicas y la Deuda Pública*). This estimation uses mainly debtor information while leverage is measured at placement value. Ministry of Finance's calculations includes recurrent and non-recurrent revenues. Revenues from privatizations, trust funds, Brady Bonds guarantees and profits from public enterprises and entities are considered as non-recurrent revenues. According to Banco de México's methodology, these revenues do not affect the PSBR because they do not reduce the stock of public sector's net debt valued at market prices. PSBR calculated by Banco de México correspond to variations in net debt balances at market prices and non-recurrent revenues are therefore not considered as additional revenue.

to the Ministry of Finance's calculation if non-recurrent expenditures are excluded (219,009.5 million pesos).

In 2001, total PSBR, excluding revenues from the privatization of public entities, implied a deficit of 223.8 thousand million pesos, 3.88 as a percentage of GDP (Table 38). This amount of financing was higher than that registered in 2000, when it reached 3.27 percent of GDP. Revenues from the privatization of public corporations were much lower in 2001 than in the previous year (53.6 million pesos) because only 2.43 percent of those programmed were actually carried out.

PSBR were mainly financed with resources from the domestic market totaling 190.6 thousand million pesos. This amount was composed of i) resources deposited in Banco de México worth 112.3 thousand million pesos; ii) net financing by commercial banks totaling 72.2 thousand million pesos; and, iii) the placement of government securities in the private sector for 23.5 thousand million pesos. Meanwhile, private sector's deposits in development banks decreased 11.7 thousand million pesos and accrued public sector financial assets by brokerage houses amounted to 5.7 thousand million pesos. Finally, additional net external indebtedness by end-year recorded 33.3 thousand million pesos and was mainly channeled to PIDIREGAS.

At year-end 2001, the public sector's economic deficit (including the Federal Government and non-financial public corporations and entities), estimated via its sources of financing, was 117.9 thousand million pesos, equivalent to 2.04 percent of GDP.[39] This figure was higher than the previous year's deficit (1.78 percent of GDP). In 2001, financial intermediation by development banks and official development trusts measured in accrued flows posted a surplus of 9.7 thousand million pesos (0.17 percent of GDP).

[39] Includes 3 thousand million pesos of credit guaranteed by the Federal Government and granted by commercial banks to Mexico City's Government.

Table 38 **Total Public Sector Borrowing Requirements in 2001 1/**

Thousands of million pesos

Item	Amount	GDP %
SOURCES:		
PSBR 2/	-223.8	-3.88
Net External Financing 3/	-33.3	-0.58
(Thousands of million pesos) 4/	-3.6	
Net Domestic Financing	-190.6	-3.30
Banco de México	-112.3	-1.95
Commercial Banks	-72.2	-1.25
Brokerage Firms	5.7	0.10
Government Securities 5/	-23.5	-0.41
Other Private Sector Financing	11.7	0.20
USES:		
PSBR	-223.8	-3.88
PSBR Including Contingent Programs 2/	-108.3	-1.88
Economic Balance	-117.9	-2.04
Federal Government	-125.1	-2.17
Public Enterprises	7.1	0.12
Financial Intermediation	9.7	0.17
Contingent Programs	-115.6	-2.00
PIDIREGAS 6/	-45.4	-0.79
FARAC 7/	-16.5	-0.29
UDIs Restructuring Programs	-7.3	-0.13
IPAB 8/	-57.2	-0.99
Debtor Support Programs 9/	10.8	0.19

1/ Deficit (-), Surplus (+).
2/ Excludes the impact of changes in the peso/US dollar exchange rate as well as changes in the US dollar exchange rate versus other currencies. Earnings on privatizations are also excluded.
3/ Net external financing is calculated by subtracting amortizations and changes in financial assets' stocks from total disbursements.
4/ This figure includes both public sector's debt as well as the use of other external resources originally obtained by Mexican banks' agencies abroad, among others. This definition is different from the one used in the balance of payments and external debt sections of this Report. In the latter sections, the debt of commercial banks' agencies abroad is classified as commercial banks' liabilities.
5/ Includes only securities held by the private sector. Federal government securities held by banks are included in the net financing item granted by the banking system.
6/ Calculations are estimated from the amount of investment made, and therefore represent financial obligations.
7/ This figure is estimated through changes in federal-government-guaranteed obligations of the Trust for the Support and Rescue of Concessioned Highways (FARAC).
8/ Additional Indebtedness is drawn from the increase of Special CETES held by banks in relation to prommissory notes in UDIs held by the Federal Government as assets.
9/ Estimates based on the change of IPAB's net liabilities as published in the Ministry of Finance's (SHCP) Public Debt Report.
10/ This figure is reported by commercial banks as credit granted to the Federal Government under these programs.
Source: Ministry of Finance (SHCP) and Banco de México.

The cost of programs that are not included in the common definition of public sector's economic deficit amounted to 115.6 thousand million pesos, thus representing 2 percent of GDP (0.09 percentage points more than in 2000). Among those programs were IPAB's net liabilities that rose 57.2 thousand million pesos and PIDIREGAS, which implied a net indebtedness of 45.4 thousand million pesos. Meanwhile, liabilities from the FARAC increased 16.5 thousand million pesos while net debt derived from the restructuring of bank credits denominated in UDIs increased 7.3 thousand million pesos. Finally, debt associated with debtor support programs decreased 10.8 thousand million pesos.

Net Public Sector Debt [40]

By year-end 2001, the total net public sector debt, which includes IPAB liabilities, PIDIREGAS, FARAC and debtor support programs accounted for 37.19 percent of GDP (Table 39), 0.37 percentage points higher than in December 2000. This result mainly stemmed from the 0.49 percent growth in IPAB's liabilities. The broad economic debt (which excludes net liabilities of programs that are not included in the traditional balance) declined 0.3 percentage points, to 20.35 percent of GDP.

Table 39 **Total Net Public Sector Debt**

End-period stocks

		Thousands of million pesos			GDP percentage		
		2000	2001 *	Change	2000	2001	Change
a.	**Net Broad Economic Debt** 1/	1,133.9	1,174.5	40.6	20.65	20.35	-0.30
b.	**Contingent Items**	887.6	971.9	84.3	16.17	16.84	0.67
	1. IPAB 2/	567.0	624.2	57.2	10.33	10.82	0.49
	2. FARAC 3/	105.4	121.9	16.5	1.92	2.11	0.19
	3. UDIs Restructuring Programs 4/	34.9	42.3	7.3	0.64	0.73	0.10
	4. Direct PIDIREGAS 5/	151.5	165.6	14.1	2.76	2.87	0.11
	5. Debtor Support Programs 6/	28.7	17.9	-10.8	0.52	0.31	-0.21
c.	**Total Net Public Sector Debt (a+b)**	2,021.5	2,146.4	124.9	36.81	37.19	0.37

* Preliminary figures.
1/ The difference between the growth of this stock and the PSBR is due to 1) the revaluation of debt flows in foreign currency for the PSBR; 2) the exclusion of liquid assets held by public firms and entities in Investment Funds; and 3) the fact that credit granted to the private sector is considered an asset and not a deficit as with "financial intermediation".
2/ Corresponds to the difference between IPAB's gross liabilities and total assets as reported in the Country's Economic Situation, Public Finances and Public Debt Report for the fourth quarter of 2000.
3/ FARAC obligations guaranteed by the Federal Government.
4/ The difference between Special CETES issued by the Federal Government and its assets denominated in UDIs.
5/ The stock of debt in Long-term Productive Infraestructure Projects with Deferred Expenditure Impact (PIDIREGAS) equals investment flows minus amortizations.
6/ Corresponds to credit granted by commercial banks to the Federal Government under the referred programs.
Source: Ministry of Finance (SHCP) and Banco de México.

[40] The Broad Net Economic Debt includes net liabilities of the Federal Government and public entities and enterprises, as well as debt, financial assets and profits or losses of official financial intermediaries (development banks and official development trusts). Likewise, the net debt consolidated with Banco de México also includes financial assets and liabilities of the Central Bank vis-à-vis the private sector, commercial banks and the external sector. The latter definition does not include net financing granted by the Central Bank to the rest of the public sector or Federal Government assets held by the Central Bank. Due to methodological considerations (mainly because data is gathered from financing sources and is expressed in accrued terms, at market value), public debt definitions explained herein are not directly comparable with those presented in the Ministry of Finance's quarterly reports to the Mexican Congress. Calculations presented in this section add net liabilities of contingent programs (IPAB, Debtor Support Programs, PIDIREGAS, FARAC and UDIs restructuring programs) to the broad economic debt.

The stock of net debt consolidated with Banco de México was 20.49 percent of GDP, 0.51 percentage points higher than at year-end 2000. Since this measurement was introduced, this is the first time that it has exceeded the broad economic debt.

Regarding external indebtedness, net broad economic and consolidated debt with Banco de México continued their downward trend throughout the year, representing 11.87 and 4.78 percent of GDP, respectively. The broad external economic debt went down 1.05 percentage points of GDP, while that consolidated with Banco de México fell 1.99 percentage points. During 2001, the Federal Government mainly carried out prepayment operations that led to an improvement in the debt-maturity framework. The Government also made bond placements in international capital markets worth 8.99 billion US dollars. These operations allowed the pre-writting off of 8.64 billion US dollar Mexican Brady Bonds and the recovery of Federal Government guarantees for 4.55 billion US dollars. Since the Federal Government registers its debt at nominal value, the referred Brady Bond repurchase operation at discount rates aided in reducing the external debt. Other factors that contributed to narrow the external debt measured as a proportion of GDP were the appreciation of the peso vis-à-vis the US dollar and, in the case of debt consolidated with Banco de México, the accumulation of net international reserves.

The net domestic component of the broad economic debt rose 0.74 percentage points of GDP in 2001, reaching 8.53 percent at year-end. This responded to the Federal Government’s strategy of obtaining financing mainly from the domestic market. Net domestic debt consolidated with Banco de México increased 2.51 percentage points of GDP due to the sterilization of international reserves accumulation via the placement of monetary regulation bonds (BREMS) and the acceptance of bank loans.

In this regard, it is important to mention the issuing of a new Federal Government bond denominated in pesos at a fixed interest rate and with 10 years to maturity. This instrument was very popular among investors, as the amount requested in its first auction was 3.2 times higher than that offered initially. With this type of measure, the average maturity of government securities went up to 744 days, surpassing the 539 days figure registered at year-end 2000. This also helped to reduce the sensitivity of public debt’s payment service when confronted with variations in domestic interest rates.

Statistical Appendix

Statistical Appendix

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Basic Information

Table A 1 Summary of Selected Indicators

				2000	2001
Social and Demographic Indicators					
Area (sq km)				1,964,375	1,964,375
Population (millions) 1/				97.4	101
Annual rate of population growth 1/				1.4	1.4
Life expectancy at birth 1/				75.3	75.7
	1997	**1998**	**1999**	**2000**	**2001 p/**
Production and Prices					
Gross Domestic Product (GDP in billion pesos)	3,179	3,848	4,599	5,491	5,772
	Annual percentage change				
GDP at constant prices	6.8	4.9	3.7	6.6	-0.3
Consumer Price Index	15.72	18.61	12.32	8.96	4.40
Money and Finances					
Monetary Aggregates 2/	Real annual percentage change				
Monetary Base	12.0	1.8	27.7	1.6	3.4
M1	14.7	0.5	12.3	5.9	14.9
M4	8.8	6.1	6.0	5.5	10.7
Interest Rates 3/	Annual rates in percentage				
28-day CETES	19.80	24.76	21.41	15.24	11.31
28-day Interbank Interest Rate (TIIE)	21.91	26.89	24.10	16.96	12.89
	Pesos per US dollar				
Exchange Rate (end-period) 4/	8.0833	9.8650	9.5143	9.5722	9.1423
Public Finances	Percentage of GDP				
Economic Balance (cash flow) 5/	-0.7	-1.2	-1.1	-1.1	-0.7
Primary Balance 5/	3.5	1.7	2.5	2.6	2.6
Net Public Debt 6/	22.1	24.5	21.9	20.7	20.4
External Sector	Percentage of GDP				
Trade Balance including in-bond industries	0.2	-1.9	-1.2	-1.4	-1.6
Current Account Balance	-1.9	-3.8	-2.9	-3.1	-2.8
Capital Account Balance	3.9	4.1	2.9	2.9	3.7
Total External Debt	38.1	38.5	34.2	27.3	25.1
Interest Payments	3.1	3.0	2.7	2.3	2.0
	Billion US dollars				
International Reserves (stocks at end-period) 7/	28.0	30.1	30.7	33.6	40.9

1/ Estimates for 2001.
2/ End-period.
3/ Period average.
4/ Used for settling liabilities in foreign currency.
5/ Based on the revenue-expenses methodology.
6/ Refers to the broad economic debt, which includes net liabilities of the Federal Government, public firms and enterprises and official financial intermediaries (development banks and trust funds). Stocks at end-period. Estimates by Banco de México.
7/ Defined in Article 19 of Banco de México's Law.
p/ Preliminary figures.
Source: Banco de México, Ministry of Finance (SHCP), INEGI, and National Council of Population (*Consejo Nacional de Población, CONAPO*).

Table A 2 Demographic and Social Indicators

	1990	1995	1997	1998	1999	2000	2001 /p
Population (millions)	81.2	91.2	93.7	94.9	96.1	97.4	101.0
Urban Population 1/	71.3	73.5	74.2	74.6	75.0	74.7	75.0
Rural Population 1/	28.7	26.5	25.8	25.4	25.0	25.3	25.0
Population per sq.km	41.3	46.4	47.7	48.3	48.9	49.6	51.0
Annual rate of population growth	2.0	1.7	1.7	1.6	1.5	1.4	1.4
Economically Active Population (millions)	34.1	35.6	38.3	39.5	39.8	39.6	n.a.
Open unemployment rate	2.7	6.3	3.7	3.2	2.5	2.3	2.5
Life expectancy at birth (years)	70.8	72.0	73.0	73.9	75.0	75.3	75.7
Fertility rate 2/	3.3	2.8	2.6	2.6	2.5	2.4	2.3
Mortality rate (per thousand)	5.2	4.6	4.4	4.4	4.3	4.3	4.2
Infant mortality rate (per thousand live births)	23.9	17.5	16.4	15.8	14.5	14.1	13.4
Number of physicians (per 100,000 inhabitants) 3/	107.1	120.5	127.5	131.3	131.4	136.7	135.6
Number of hospital beds (per 100,000 inhabitants) 3/	75.3	73.4	74.0	75.4	75.1	74.8	74.8
Iliteracy rate of population aged 15 and over	12.6	10.6	10.4	10.4	10.2	10.0	9.1
Number of students per teacher (grade school)	26.3	25.6	23.9	23.5	23.5	23.4	23.2
Population with access to drinking water 1/	77.8	84.2	85.7	86.4	87.4	88.1	88.9

1/ Percentage of total population.
2/ At the end of women's reproductive life.
3/ National Health System only.
p/ Preliminary figures.
n.a. Not available.
Source: First Government Report 2001 (Presidency of the Republic), INEGI and CONAPO.

Table A 3 Infrastructure and Natural Resources

	1990	1996	1997	1998	1999	2000	2001 /p
Roads (km)	239,235	310,591	313,604	319,792	329,532	333,112	335,777
Federal toll roads (km)	1,761	6,356	6,394	6,388	6,429	5,798	5,840
Federal non-toll roads (km)	45,743	41,014	41,411	41,653	41,765	41,866	41,659
Paved roads (km)	83,925	98,717	102,250	104,023	108,086	107,688	107,873
Railroad transportation							
Railway network (km)	26,361	26,622	26,622	26,622	26,622	26,655	26,690
Transported passengers (millions of passengers/km)	5,336	1,799	1,508	460	254	82	78
Commercial cargo transported (millions of tons/km)	36,417	41,723	42,442	46,873	42,274	48,333	48,816
Air transportation							
International airports (number)	42	53	54	55	55	57	57
Passengers (thousands)	20,449	26,493	28,896	30,922	32,662	33,974	36,483
Cargo transported (thousands of tons)	164	285	335	388	407	379	403
Maritime transportation							
Number of ports (sea and river)	85	85	107	107	108	108	108
Passengers (millions)	3.8	6.4	6.2	7.2	7.9	8.9	n.a.
Shipping (thousands of tons loaded and unloaded)	169,140	208,581	219,653	237,380	231,440	244,252	247,191
Communications							
Phones (thousands of lines in service)	5,355	8,826	9,254	9,927	10,927	12,332	13,524
Cellular phones (thousands of subscribers)	63.9	1,022	1,741	3,350	7,732	14,078	19,000
Telegraph services (number of offices)	2,604	1,771	1,813	1,868	1,878	1,819	1,819
Postal services (locations served)	22,000	30,828	31,167	31,515	32,015	32,127	32,248
Radio stations 1/	1,045	1,325	1,342	1,351	1,369	1,465	1,473
T.V. stations 1/	540	545	580	584	593	1,209	1,212
TELEX service (installed lines)	24,718	19,625	18,915	18,765	12,280	11,536	n.d.
Hotel capacity (number of rooms)	333,547	381,522	382,364	396,968	419,608	421,850	424,117
Gross generation of electric power (gigawatts/hour) 2/	122,757	160,494	170,519	184,049	192,234	205,766	213,457
Oil reserves (millions of barrels)	66,450	62,058	60,900	60,160	57,741	55,900	52,951

1/ Includes broadcasting, concessions and licenses.
2/ Includes 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: First Government Report 2001, Presidency of the Republic.

Table A 4 Structure of the Mexican Financial System

REGULATORY ENTITIES

MINISTRY OF FINANCE AND PUBLIC CREDIT	BANCO DE MÉXICO
NATIONAL BANKING AND SECURITIES COMMISSION	NATIONAL INSURANCE AND BONDING COMMISSION
NATIONAL COMMISSION FOR THE PROTECTION AND DEFENSE OF FINANCIAL SERVICES USERS	NATIONAL COMMISSION FOR THE RETIREMENT SAVINGS SYSTEM

FINANCIAL INSTITUTIONS

FINANCIAL GROUPS	CREDIT INSTITUTIONS	SECURITIES INSTITUTIONS	OTHER FINANCIAL INTERMEDIARIES AND CREDIT INFORMATION SOCIETIES	
28 Holding companies	45 Commercial banks (of which 15 are branch offices) 1/	Mexican Stock Exchange	63 Insurance companies	229 Credit unions
	7 Development banks	26 Brokerage houses 2/	24 Deposit warehouses 2/	14 Bonding companies 5/
	3 Development trust funds 7/	339 Investment funds	35 Leasing companies 3/	25 Foreign exchange houses
	1 National savings patronage	16 Investment funds specialized in retirement savings	12 Savings and loans companies	22 Factoring companies 6/
			35 Limited purpose societies 4/	1 Credit bureau

1/ Of which 11 are intervened by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*).
2/ Of which 2 are intervened by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*).
3/ Of which 1 is intervened by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*).
4/ Of which 2 are intervened by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*).
5/ Of which 3 are intervened by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*).
6/ Of which 6 are intervened by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*).
7/ FIDEC merged with FOVI in December 2000.
Information as of February 2000.

Production and Employment

Table A 5 Main Indicators of Production

	1996	1997	1998	1999	2000	2001 p/
	Annual percentage changes					
Gross Domestic Product	5.1	6.8	4.9	3.7	6.6	-0.3
Private Consumption	2.2	6.5	5.4	4.3	8.3	3.4
Public Consumption	-0.7	2.9	2.3	4.7	2.0	-1.4
Private Investment	26.7	23.5	13.8	7.2	9.2	-5.1
Public Investment	-14.8	10.1	-7.5	10.7	24.5	-9.6
Exports of Goods and Services	18.2	10.7	12.1	12.4	16.4	-5.1
Imports of Goods and Services	22.9	22.7	16.6	14.1	21.5	-2.9

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI and Banco de México.
p/ Preliminary figures.

Table A 6 Gross Domestic Product

	Million pesos	Exchange rate	Million US dollars
1993	1,256,196.0	3.115	403,273.2
1994	1,420,159.5	3.375	420,788.0
1995	1,837,019.1	6.419	286,184.6
1996	2,525,575.0	7.599	332,356.2
1997	3,174,275.2	7.918	400,893.6
1998	3,846,349.9	9.136	421,010.3
1999	4,593,685.2	9.561	480,460.7
2000	5,485,372.2	9.456	580,094.3
2001	5,771,857.2	9.343	617,773.4

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

Table A 7 Aggregate Supply and Demand

1993 Prices

	Annual percentage changes						Percentage of GDP	
	1996	1997	1998	1999	2000	2001	1994	2001
Aggregate Supply	8.1	9.8	7.4	6.1	10.3	-1.0	122.3	136.7
GDP	5.1	6.8	4.9	3.7	6.6	-0.3	100.0	100.0
Imports of goods and services	22.9	22.7	16.6	14.1	21.5	-2.9	22.3	36.7
Aggregate Demand	8.1	9.8	7.4	6.1	10.3	-1.0	122.3	136.7
Total Consumption	1.8	6.0	5.0	4.4	7.5	2.8	82.8	81.3
Private	2.2	6.5	5.4	4.3	8.3	3.4	72.0	71.6
Public	-0.7	2.9	2.3	4.7	2.0	-1.4	10.8	9.7
Total Investment	16.4	21.0	10.3	7.7	11.4	-5.9	19.3	19.7
Private	26.7	23.5	13.8	7.2	9.2	-5.1	14.3	16.7
Public	-14.8	10.1	-7.5	10.7	24.5	-9.6	4.9	3.0
Exports of goods and services	18.2	10.7	12.1	12.4	16.4	-5.1	17.2	33.5

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

Table A 8 Financing of Investment with Domestic and External Saving

Percentage of GDP at current prices

Item	1995	1996	1997	1998	1999	2000	2001 p/
Gross Fixed Capital Formation 1/	16.2	17.9	19.5	20.9	21.2	21.3	19.6
Financed with External Saving	0.5	0.7	1.9	3.8	2.9	3.1	2.9
Financed with Domestic Saving	15.6	17.1	17.7	17.1	18.3	18.2	16.7

p/* Preliminary figures.
1/ Investment does not include variation in inventories.
Source: Figure on gross fixed capital formation obtained from Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI.
Notes: External saving is equivalent to balance of payments' current account at current prices.
It is important to note that this calculation may be slightly inaccurate due to the fact that part of external savings could have been used to finance inventory accumulation.

Table A 9 Growth Rates of Gross Domestic Product

1993 Prices

	Annual percentage changes										Percentage of GDP	
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 /p	1995	2001 /p
Gross Domestic Product	3.5	1.9	4.5	-6.2	5.1	6.8	4.9	3.7	6.6	-0.3	100.0	100.0
Agriculture, livestock, forestry and fishery	-2.2	2.9	0.9	0.9	3.6	0.2	0.8	3.6	0.6	2.5	6.0	5.2
Industrial sector	4.4	0.3	4.8	-7.8	10.1	9.3	6.3	4.2	6.1	-3.5	24.3	25.6
Mining	1.3	1.8	2.5	-2.7	8.1	4.5	2.7	-2.1	3.8	-0.6	1.3	1.2
Manufacturing Industry	4.2	-0.7	4.1	-4.9	10.8	9.9	7.4	4.2	6.9	-3.9	17.7	19.1
Construction	6.7	3.0	8.4	-23.5	9.8	9.3	4.2	5.0	5.1	-4.5	3.7	3.8
Electricity, Gas and Water	3.1	2.6	4.8	2.2	4.6	5.2	1.9	7.9	1.0	1.7	1.6	1.5
Services	3.9	2.8	4.9	-6.4	3.0	6.6	4.7	3.6	7.4	1.1	64.3	64.0
Commerce, Restaurants and Hotels	5.3	0.1	6.8	-15.5	4.8	10.7	5.6	3.1	12.4	-1.3	18.5	19.9
Transportation, Warehousing and Communications	5.3	4.0	8.7	-4.9	8.0	9.9	6.7	7.8	9.6	2.8	9.0	10.7
Financial Services, Insurance and Real estate	4.6	5.4	5.4	-0.3	0.6	3.7	4.6	3.6	5.2	4.1	15.7	14.9
Social, Community and Personal Services	1.5	3.3	1.3	-2.3	1.0	3.3	2.9	2.1	2.9	0.5	21.2	18.5
Imputed banking services	6.5	10.8	11.1	-10.7	-5.1	10.6	5.6	5.9	6.8	6.2	-2.7	-2.8
Taxes on products Net of Subsidies	3.5	1.9	4.4	-6.2	5.2	6.7	5.1	3.6	6.6	-0.3	8.0	8.0

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

Table A 10 Growth Rates of Manufacturing Industries

1993 Prices

	Annual percentage changes										Percentage of GDP	
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 /p	1995	2001 /p
Total	4.2	-0.7	4.1	-4.9	10.8	9.9	7.4	4.2	6.9	-3.9	17.7	19.1
Food, beverages and tobacco	4.1	3.1	3.3	0.0	3.3	3.2	6.6	4.0	3.9	1.8	5.0	4.8
Textiles, apparel and leather industry	-0.1	-2.7	1.1	-6.3	15.7	10.5	3.9	3.1	5.4	-10.1	1.5	1.5
Timber and timber products	2.8	-2.5	1.9	-7.8	6.9	6.7	4.4	0.5	3.9	-4.5	0.5	0.5
Paper, printing and publishing	3.5	-2.0	2.9	-7.6	1.3	12.7	5.9	5.0	2.7	-4.0	0.9	0.8
Chemical, petroleum derivatives and plastic	1.8	-1.7	3.4	-0.9	6.6	6.8	6.1	2.4	3.2	-4.3	2.9	2.7
Non-metallic minerals	6.3	2.7	4.6	-11.7	8.1	5.9	5.2	1.8	4.1	-4.2	1.3	1.2
Basic metal industries	1.5	3.2	6.2	4.1	18.8	11.1	4.0	0.4	3.0	-5.7	0.9	0.9
Metal products, machinery and equipment	6.2	-4.1	6.7	-10.3	22.3	19.1	11.5	6.9	13.5	-6.2	4.2	6.0
Other manufacturing industries	16.1	-2.5	2.2	-10.2	14.4	10.5	7.9	5.8	8.0	-0.7	0.5	0.6

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

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

Year	Crude oil (Million barrels per day)		Natural gas (Million cubic feet per day)	Total oil reserves (Billion barrels at end-period)
	Total	Daily average	Total	Total
1983	973.1	2.666	4,054	72.5
1984	982.7	2.685	3,753	71.8
1985	960.3	2.631	3,604	70.9
1986	886.2	2.428	3,431	70.0
1987	927.5	2.541	3,498	69.0
1988	917.2	2.506	3,478	67.6
1989	917.2	2.513	3,572	66.5
1990	930.0	2.548	3,651	65.5
1991	976.7	2.676	3,634	65.0
1992	976.5	2.668	3,584	65.1
1993	975.6	2.673	3,576	64.5
1994	980.0	2.685	3,625	63.2
1995	955.6	2.618	3,759	62.1
1996	1,046.0	2.858	4,195	60.9
1997	1,103.0	3.022	4,467	60.2
1998	1,120.6	3.070	4,791	58.7
1999	1,060.7	2.906	4,791	57.7
2000	1,102.4	3.012	4,679	55.9
2001	1,141.4	3.127	4,511	53.0

p/ Preliminary figures.
Source: *Memorias de Labores*, 1989-2001 and Crude Oil Indicators Vol. XIV, Num. 1, PEMEX.

Table A 12 **Employment: Total Number of Workers Affiliated to the IMSS**

Thousands

Year		Permanent	Temporary	Total
1991		8,786	1,284	10,070
1992		8,748	1,264	10,012
1993		8,633	1,269	9,902
1994		8,818	1,268	10,086
1995		8,502	820	9,322
1996		9,163	979	10,142
1997		9,837	916	10,753
1998		10,141	1,366	11,507
1999		10,629	1,578	12,207
2000	Jan	10,585	1,598	12,183
	Feb	10,684	1,613	12,297
	Mar	10,768	1,653	12,421
	Apr	10,801	1,653	12,455
	May	10,841	1,653	12,494
	Jun	10,919	1,687	12,606
	Jul	10,964	1,702	12,666
	Aug	11,006	1,730	12,736
	Sep	11,063	1,751	12,814
	Oct	11,132	1,782	12,914
	Nov	11,167	1,797	12,964
	Dec	11,026	1,706	12,732
2001	Jan	10,948	1,661	12,609
	Feb	10,957	1,668	12,625
	Mar	10,957	1,671	12,629
	Apr	10,907	1,661	12,568
	May	10,876	1,694	12,570
	Jun	10,855	1,685	12,539
	Jul	10,830	1,678	12,508
	Aug	10,805	1,695	12,499
	Sep	10,806	1,693	12,499
	Oct	10,809	1,717	12,526
	Nov	10,821	1,726	12,547
	Dec	10,713	1,661	12,374

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

Table A 13 Urban Unemployment Rates

		Open [1/]	Broad Open [2/]	Labor Market Pressures [3/]	Unemployment and Underemployment [4/]	Insufficient Income [5/]
1989		2.9	5.3	4.9	23.1	21.8
1990		2.7	4.4	4.1	21.0	18.3
1991		2.7	4.4	3.6	20.5	14.6
1992		2.8	4.2	3.5	20.8	11.7
1993		3.4	4.8	4.0	21.6	10.9
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 p/	I	2.3	3.1	2.9	18.2	11.3
	II	2.2	2.9	2.8	21.2	10.7
	III	2.4	3.2	3.1	16.6	10.0
	IV	2.0	2.4	2.4	19.6	8.8
2001 p/	I	2.5	3.2	3.0	19.5	10.6
	II	2.3	2.9	2.9	21.6	9.8
	III	2.4	3.0	3.0	15.5	9.2
	IV	2.6	3.2	3.1	18.7	9.3

1/ Measures the proportion of Economically Active Population that is openly unemployed. Figures on openly unemployed individuals include individuals aged 12 and over who did not work more than one hour a week in the reference period but were looking for salaried employment or attempted to carry out some remunerated activity by themselves.
2/ Equals the proportion of the Economically Active Population and the Available Economically Inactive Population that were openly unemployed during the reference period and are available for work, albeit having stopped looking for employment, or who might start working in the near future. The broad concept of unemployed population used in this definition includes not only the openly unemployed, but also the Economically Inactive Population who stopped looking for work to dedicate themselves to domestic activities or schooling, but were nevertheless available for employment. This concept also includes individuals who expect to start working in the four weeks following the reference period.
3/ Represents the proportion of the Economically Active Population that is openly unemployed or is employed but seeking additional employment.
4/ Measures the proportion of the Economically Active Population that is openly unemployed or employed for less than 35 hours a week.
5/ Measures the proportion of the Economically Active Population that is openly unemployed or is employed but earns an income below the minimum wage.
p/ Preliminary figures.
Source: National Urban Employment Survey (*Encuesta Nacional de Empleo Urbano*), INEGI.

Table A 14 **Real Exchange Rate Index 1/**

Base 1990 = 100

Year		Based on Unit Labor Costs in the Non In-bond Manufacturing Industry 2/	Annual Percentage Change
1977		66.2	24.4
1978		65.2	-1.5
1979		63.4	-2.8
1980		58.6	-7.7
1981		50.7	-13.5
1982		71.2	40.6
1983		105.4	48.1
1984		100.8	-4.4
1985		101.0	0.2
1986		138.4	37.0
1987		147.8	6.8
1988		121.0	-18.1
1989		106.2	-12.2
1990		100.0	-5.9
1991		91.2	-8.8
1992		78.7	-13.7
1993		73.2	-6.9
1994		76.2	4.1
1995		125.9	65.2
1996		129.3	2.7
1997		114.0	-11.9
1998		113.0	-0.9
1999		103.0	-8.8
2000	I	94.7	-14.9
	II	94.3	-8.9
	III	90.8	-9.4
	IV	89.6	-7.5
2001	I	90.6	-4.3
	II	85.8	-9.1
	III	84.0	-7.5
	IV	81.7	-8.9

1/ Index's increases indicate a depreciation of the peso.
2/ Real effective exchange rate estimated on the basis of hourly wages adjusted by hourly output per man-hour for 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 Main Indicators of Prices

Prices	1994	1995	1996	1997	1998	1999	2000	2001
				Annual percentage change				
Consumer prices								
End-period	7.05	51.97	27.70	15.72	18.61	12.32	8.96	4.40
Annual average	6.97	35.00	34.38	20.63	15.93	16.59	9.49	6.37
Producer prices excluding oil and services								
End-period	7.09	56.90	24.76	13.66	19.41	8.66	7.38	2.61
Annual average	6.11	38.64	33.88	17.55	15.98	14.24	7.84	5.02
Producer prices excluding oil and including services								
End-period	n.a.	51.01	26.55	15.18	18.59	11.94	8.58	4.33
Annual average	n.a.	36.01	32.32	19.88	16.01	15.98	9.42	6.14
Producer prices including oil and services								
End-period	n.a.	52.60	26.68	13.51	17.60	13.71	8.06	3.67
Annual average	n.a.	37.62	32.56	18.97	14.89	16.62	10.40	5.28
Social interest housing construction								
End of period	4.65	45.59	25.38	15.88	19.14	14.37	7.59	3.47
Annual average	4.45	31.85	29.09	17.91	18.11	17.62	11.21	5.29

n.a. Not available.

Table A 16 Consumer Price Index (CPI)

	Month	CPI 1994 = 100	Annual percentage change: Annual	Annual percentage change: 12-month moving average	Monthly
1989	Dec	51.687	19.70	20.01	
1990	Dec	67.157	29.93	26.65	
1991	Dec	79.779	18.79	22.66	
1992	Dec	89.303	11.94	15.51	
1993	Dec	96.455	8.01	9.75	
1994	Dec	103.257	7.05	6.97	
1995	Dec	156.915	51.97	35.00	
1996	Dec	200.388	27.70	34.38	
1997	Dec	231.886	15.72	20.63	
1998	Dec	275.038	18.61	15.93	
1999	Dec	308.919	12.32	16.59	
2000	Jan	313.067	11.02	15.89	1.34
	Feb	315.844	10.52	15.20	0.89
	Mar	317.595	10.11	14.50	0.55
	Apr	319.402	9.73	13.79	0.57
	May	320.596	9.48	13.08	0.37
	Jun	322.495	9.41	12.43	0.59
	Jul	323.753	9.12	11.79	0.39
	Aug	325.532	9.10	11.19	0.55
	Sep	327.910	8.85	10.63	0.73
	Oct	330.168	8.91	10.16	0.69
	Nov	332.991	8.87	9.76	0.86
	Dec	336.596	8.96	9.49	1.08
2001	Jan	338.462	8.11	9.25	0.55
	Feb	338.238	7.09	8.96	-0.07
	Mar	340.381	7.17	8.71	0.63
	Apr	342.098	7.11	8.49	0.50
	May	342.883	6.95	8.28	0.23
	Jun	343.694	6.57	8.04	0.24
	Jul	342.801	5.88	7.77	-0.26
	Aug	344.832	5.93	7.51	0.59
	Sep	348.042	6.14	7.28	0.93
	Oct	349.615	5.89	7.03	0.45
	Nov	350.932	5.39	6.75	0.38
	Dec	351.418	4.40	6.37	0.14

Table A 17 Consumer Price Index (CPI) by Type of Goods

Annual percentage changes

	Month	CPI	Food, beverages and tobacco	Apparel	Housing	Furniture and household goods	Health and personal care	Transportation	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	Jan	11.02	4.88	13.51	12.87	13.44	17.73	12.06	15.86	15.95
	Feb	10.52	4.82	13.09	12.60	12.28	16.62	11.19	14.87	14.76
	Mar	10.11	5.68	12.13	11.61	10.99	15.07	10.34	13.82	13.91
	Apr	9.73	5.88	11.10	11.34	9.64	14.13	9.73	13.53	12.86
	May	9.48	5.99	10.46	11.63	8.59	12.98	9.28	13.38	11.68
	Jun	9.41	6.53	10.06	11.43	7.60	12.01	9.12	13.19	11.67
	Jul	9.12	6.26	9.85	10.97	7.14	11.92	8.64	13.14	11.80
	Aug	9.10	6.55	9.74	10.90	6.71	11.25	8.60	13.29	11.53
	Sep	8.85	6.70	9.47	10.63	6.32	10.06	8.25	12.43	11.29
	Oct	8.91	7.06	9.05	11.08	5.35	9.60	8.13	12.56	11.08
	Nov	8.87	7.06	8.83	11.02	4.83	9.20	8.31	12.71	11.17
	Dec	8.96	8.06	8.46	10.50	4.69	9.03	8.08	12.78	10.65
2001	Jan	8.11	6.76	7.90	10.32	4.37	8.65	6.72	12.10	9.50
	Feb	7.09	4.33	7.34	10.03	3.42	8.84	5.82	12.06	9.28
	Mar	7.17	5.13	6.80	9.74	2.78	8.73	5.40	12.31	9.93
	Apr	7.11	5.75	6.42	8.80	2.47	8.40	5.30	12.36	10.33
	May	6.95	5.69	6.04	8.09	2.37	7.92	5.19	12.29	12.10
	Jun	6.57	4.83	5.82	7.57	2.42	7.93	5.27	12.35	11.73
	Jul	5.88	4.26	5.40	5.62	2.23	7.27	5.16	12.32	11.42
	Aug	5.93	5.51	5.25	4.47	1.70	7.52	4.94	12.10	11.13
	Sep	6.14	6.18	5.19	4.81	1.76	7.44	4.85	11.74	10.58
	Oct	5.89	6.38	4.88	4.03	1.32	7.14	4.69	11.26	10.37
	Nov	5.39	5.86	4.39	3.63	0.79	6.57	4.05	10.85	10.05
	Dec	4.40	3.75	4.04	2.68	0.49	5.97	3.83	10.47	9.79

Table A 18 **Inflation: CPI, Core Inflation and Complementary Subindexes**

Annual percentage changes

	Month	Core Inflation	Goods and Services Administered or Regulated by the Public Sector	Agriculture and Livestock	Education	CPI	Basic Consumer Basket
1996	Dec	25.63	35.69	30.21	20.52	27.70	33.30
1997	Dec	15.93	17.35	11.80	19.09	15.72	14.89
1998	Dec	17.68	18.13	24.29	17.71	18.61	18.95
1999	Dec	14.24	13.36	0.25	18.10	12.32	13.15
2000	Jan	12.85	13.58	-2.64	18.42	11.02	11.73
	Feb	12.10	12.95	-2.29	18.24	10.52	11.01
	Mar	11.16	12.31	-0.17	17.98	10.11	10.40
	Apr	10.44	12.06	0.97	17.54	9.73	9.74
	May	9.80	12.49	1.82	17.69	9.48	9.54
	Jun	9.29	12.54	3.91	17.66	9.41	9.21
	Jul	9.05	11.92	3.66	17.71	9.12	8.96
	Aug	8.67	12.39	4.87	17.75	9.10	9.09
	Sep	8.26	12.41	5.42	15.08	8.85	8.97
	Oct	7.88	13.09	7.00	15.18	8.91	8.90
	Nov	7.77	13.18	7.06	15.18	8.87	9.03
	Dec	7.52	12.58	10.07	15.16	8.96	8.74
2001	Jan	6.94	11.59	7.69	15.07	8.11	8.14
	Feb	6.59	11.07	1.89	14.67	7.09	7.80
	Mar	6.46	10.62	3.98	14.63	7.17	7.63
	Apr	6.44	9.59	5.15	14.60	7.11	7.55
	May	6.39	9.26	4.73	14.48	6.95	7.31
	Jun	6.36	8.87	2.35	14.49	6.57	7.26
	Jul	6.16	6.53	1.16	14.39	5.88	6.14
	Aug	6.03	4.97	4.60	14.15	5.93	5.62
	Sep	5.93	5.06	6.63	14.06	6.14	5.77
	Oct	5.77	4.04	7.03	14.02	5.89	5.30
	Nov	5.41	3.23	6.12	14.02	5.39	4.58
	Dec	5.08	2.21	1.35	14.02	4.40	3.83

Table A 19 Producer Price Index (PPI) Excluding Oil

Base 1994 = 100

Period		Excluding Services			Services			Including Services		
		Index	Percentage change		Index	Percentage change		Index	Percentage change	
			Annual	Monthly		Annual	Monthly		Annual	Monthly
1994	Dec	103.478	7.09	1.05	103.518	n.a.	0.84	103.691	n.a.	1.09
1995	Dec	162.355	56.90	3.83	150.255	45.15	2.62	156.586	51.01	3.24
1996	Dec	202.549	24.76	2.58	192.386	28.04	3.59	198.153	26.55	3.11
1997	Dec	230.208	13.66	1.08	224.093	16.48	1.08	228.227	15.18	1.09
1998	Jan	236.152	14.00	2.58	228.679	15.70	2.05	233.488	14.95	2.31
	Feb	240.461	14.39	1.82	232.824	15.75	1.81	237.753	15.16	1.83
	Mar	242.907	14.46	1.02	235.521	15.69	1.16	240.366	15.18	1.10
	Apr	244.452	14.40	0.64	237.990	15.28	1.05	242.432	14.93	0.86
	May	245.562	14.13	0.45	240.784	15.08	1.17	244.467	14.69	0.84
	Jun	248.421	14.56	1.16	243.922	15.40	1.30	247.506	15.07	1.24
	Jul	250.782	14.80	0.95	245.901	15.72	0.81	249.680	15.35	0.88
	Aug	253.938	15.32	1.26	248.643	16.11	1.12	252.613	15.78	1.17
	Sep	261.500	17.64	2.98	251.939	16.31	1.33	257.958	17.00	2.12
	Oct	266.810	19.10	2.03	254.002	15.94	0.82	261.564	17.49	1.40
	Nov	270.548	18.79	1.40	257.407	16.10	1.34	265.156	17.45	1.37
	Dec	274.892	19.41	1.61	263.860	17.75	2.51	270.662	18.59	2.08
1999	Jan	281.328	19.13	2.34	270.175	18.15	2.39	277.062	18.66	2.36
	Feb	283.373	17.85	0.73	274.705	17.99	1.68	280.459	17.96	1.23
	Mar	284.551	17.14	0.42	278.673	18.32	1.44	283.179	17.81	0.97
	Apr	284.950	16.57	0.14	281.477	18.27	1.01	284.900	17.52	0.61
	May	285.794	16.38	0.30	284.874	18.31	1.21	287.125	17.45	0.78
	Jun	287.795	15.85	0.70	287.948	18.05	1.08	289.703	17.05	0.90
	Jul	289.051	15.26	0.44	290.322	18.06	0.82	291.591	16.79	0.65
	Aug	290.222	14.29	0.41	291.947	17.42	0.56	293.011	15.99	0.49
	Sep	292.075	11.69	0.64	295.142	17.15	1.09	295.599	14.59	0.88
	Oct	294.413	10.35	0.80	297.552	17.15	0.82	297.978	13.92	0.80
	Nov	296.408	9.56	0.68	299.892	16.50	0.79	300.177	13.21	0.74
	Dec	298.707	8.66	0.78	303.102	14.87	1.07	302.980	11.94	0.93
2000	Jan	302.112	7.39	1.14	307.357	13.76	1.40	306.858	10.75	1.28
	Feb	304.311	7.39	0.73	310.581	13.06	1.05	309.623	10.40	0.90
	Mar	305.972	7.53	0.55	311.790	11.88	0.39	311.060	9.85	0.46
	Apr	308.482	8.26	0.82	313.516	11.38	0.55	313.160	9.92	0.68
	May	309.696	8.36	0.39	315.588	10.78	0.66	314.836	9.65	0.54
	Jun	312.522	8.59	0.91	317.956	10.42	0.75	317.417	9.57	0.82
	Jul	312.633	8.16	0.04	320.055	10.24	0.66	318.613	9.27	0.38
	Aug	313.749	8.11	0.36	321.030	9.96	0.30	319.671	9.10	0.33
	Sep	314.501	7.68	0.24	323.814	9.71	0.87	321.504	8.76	0.57
	Oct	316.970	7.66	0.79	325.874	9.52	0.64	323.795	8.66	0.71
	Nov	318.930	7.60	0.62	328.803	9.64	0.90	326.287	8.70	0.77
	Dec	320.749	7.38	0.57	332.203	9.60	1.03	328.970	8.58	0.82
2001	Jan	324.567	7.43	1.19	333.729	8.58	0.46	331.565	8.05	0.79
	Feb	324.581	6.66	0.00	333.496	7.38	-0.07	331.450	7.05	-0.03
	Mar	327.215	6.94	0.81	335.326	7.55	0.55	333.696	7.28	0.68
	Apr	327.488	6.16	0.08	337.067	7.51	0.52	334.772	6.90	0.32
	May	326.742	5.50	-0.23	339.355	7.53	0.68	335.660	6.61	0.27
	Jun	326.470	4.46	-0.08	340.973	7.24	0.48	336.403	5.98	0.22
	Jul	325.750	4.20	-0.22	340.881	6.51	-0.03	336.013	5.46	-0.12
	Aug	327.024	4.23	0.39	342.613	6.72	0.51	337.541	5.59	0.45
	Sep	329.185	4.67	0.66	346.002	6.85	0.99	340.360	5.86	0.84
	Oct	330.115	4.15	0.28	348.727	7.01	0.79	342.259	5.70	0.56
	Nov	330.166	3.52	0.02	350.103	6.48	0.39	343.030	5.13	0.23
	Dec	329.112	2.61	-0.32	351.385	5.77	0.37	343.225	4.33	0.06

n.a. Not available.

Table A 20 **Producer Price Index (PPI) Excluding Oil**

Classified by destination of final goods

Annual percentage changes for December

ITEM	1995	1996	1997	1998	1999	2000	2001
PPI including services	**51.01**	**26.55**	**15.18**	**18.59**	**11.94**	**8.58**	**4.33**
Domestic demand	48.37	27.77	15.86	18.84	12.88	8.96	4.89
Private consumption	49.54	28.47	16.05	18.87	12.78	9.01	4.90
Government consumption	22.28	22.93	20.33	18.80	14.61	11.70	9.02
Investment	55.94	26.87	13.55	18.77	12.59	7.68	3.19
Exports	73.61	17.61	9.75	16.50	3.94	5.07	-0.99
PPI excluding services	**56.90**	**24.76**	**13.66**	**19.41**	**8.66**	**7.38**	**2.61**
Domestic demand	55.26	25.56	13.60	19.76	9.71	7.85	3.42
Private consumption	55.46	26.62	14.27	20.25	9.05	8.15	3.61
Government consumption	67.01	18.57	13.44	16.53	9.78	8.35	2.59
Investment	53.95	23.72	12.28	18.89	11.07	7.22	3.06
Exports	78.25	18.88	14.06	16.68	0.36	3.31	-4.73
PPI services	**45.15**	**28.04**	**16.48**	**17.75**	**14.87**	**9.60**	**5.77**
Domestic demand	41.60	29.87	17.94	18.03	15.72	9.90	6.11
Private consumption	44.53	29.89	17.37	17.87	15.54	9.61	5.79
Government consumption	19.67	23.28	20.86	18.96	14.95	11.92	9.44
Investment	61.29	44.33	19.56	18.24	19.42	9.60	3.75
Exports	76.34	15.10	4.88	15.20	7.08	6.64	2.30

Table A 21 Producer Price Index (PPI) Excluding Oil and Including Services

Classified by origin of final goods

Annual percentage changes for December

ITEM	1995	1996	1997	1998	1999	2000	2001
PPI including services	**51.01**	**26.55**	**15.18**	**18.59**	**11.94**	**8.58**	**4.33**
Primary economic sector	46.71	26.67	11.01	31.82	-7.06	7.71	4.89
Agriculture, livestock, forestry and fishery	40.01	29.67	11.24	33.34	-7.61	8.35	5.78
Mining	146.20	-4.11	7.72	9.92	2.56	-2.24	-10.60
Secondary economic sector	59.53	24.54	13.91	18.34	10.26	7.19	2.33
Manufacturing industry	62.97	24.07	14.59	18.15	9.55	6.57	1.80
Food, beverages and tobacco	58.96	26.34	15.33	18.91	11.01	6.51	4.76
Textiles, apparel and leather	54.02	28.24	14.06	16.20	8.05	6.37	1.47
Timber and timber products	52.83	19.44	16.29	11.29	9.56	6.66	6.45
Paper, printing and publishing	71.52	4.62	5.60	15.77	12.92	11.11	1.91
Chemicals, oil and plastics	67.74	30.95	14.41	17.48	15.57	11.80	-0.83
Non-metallic minerals	37.28	25.84	21.40	21.47	7.80	6.70	1.36
Basic metal industries	113.77	7.10	9.99	22.63	-2.23	8.66	0.69
Metal products, machinery and equipment	74.17	19.12	14.27	18.39	3.97	1.81	-0.46
Other manufacturing industries	86.14	21.83	12.90	20.30	4.66	4.25	2.47
Construction	45.41	26.05	11.75	18.95	12.53	9.14	3.97
Tertiary economic sector	44.65	28.19	16.53	17.79	14.88	9.69	5.77
Electricity and gas	48.23	25.81	14.06	14.68	12.37	13.09	4.90
Commerce, restaurants and hotels	59.53	33.30	16.77	17.33	16.54	9.80	3.44
Transportation and communications	48.28	32.26	15.69	20.34	11.75	8.04	3.90
Real estate leasing	42.57	22.68	16.10	15.97	12.11	6.62	5.81
Community, social and personal services	26.74	21.24	17.19	17.95	16.14	11.90	10.70

Table A 22 National Index of Social-Interest Housing Construction Cost (*Indice Nacional del Costo de Edificación de la Vivienda Social, INCEVIS*)

Annual percentage changes

		National			Mexico City		
		All Cost	Materials	Labor	All Cost	Materials	Labor
1994	Dec	4.65	4.01	7.37	4.11	3.49	7.03
1995	Dec	45.59	49.00	31.37	45.44	48.63	30.99
1996	Dec	25.38	24.12	31.34	26.38	25.48	31.00
1997	Dec	15.88	19.21	0.99	16.06	19.12	0.98
1998	Jan	17.80	18.51	14.60	17.52	18.19	14.18
	Feb	16.85	17.34	14.60	16.61	17.09	14.18
	Mar	16.93	17.43	14.60	16.56	17.03	14.18
	Apr	18.01	18.74	14.59	17.16	17.73	14.18
	May	17.91	18.61	14.59	16.41	16.83	14.18
	Jun	17.72	18.38	14.59	15.98	16.32	14.18
	Jul	17.47	18.06	14.59	15.81	16.12	14.18
	Aug	17.48	18.07	14.59	16.24	16.63	14.18
	Sep	18.76	19.60	14.59	17.73	18.38	14.18
	Oct	19.83	20.88	14.59	18.78	19.62	14.18
	Nov	19.07	19.94	14.59	18.34	19.08	14.18
	Dec	19.14	18.61	21.90	18.51	18.01	21.40
1999	Jan	16.97	18.10	11.66	16.57	17.48	11.85
	Feb	17.69	18.62	13.26	17.56	18.18	14.32
	Mar	19.96	21.30	13.55	19.51	20.49	14.32
	Apr	18.83	19.86	13.81	18.71	19.53	14.32
	May	18.58	19.51	13.99	18.79	19.62	14.32
	Jun	18.94	19.82	14.60	19.20	20.11	14.32
	Jul	19.27	20.00	15.61	19.54	20.51	14.32
	Aug	19.18	19.87	15.70	19.36	20.28	14.32
	Sep	17.65	18.02	15.72	17.64	18.23	14.32
	Oct	15.80	15.81	15.74	15.30	15.46	14.32
	Nov	14.82	14.64	15.75	13.82	13.74	14.32
	Dec	14.37	15.45	8.85	12.92	13.87	7.52
2000	Jan	14.57	15.37	10.60	13.34	13.80	10.83
	Feb	14.61	14.86	13.33	13.09	13.61	10.30
	Mar	12.13	11.93	13.16	10.96	11.08	10.30
	Apr	12.48	12.39	12.91	11.54	11.76	10.30
	May	12.31	12.21	12.81	11.58	11.81	10.30
	Jun	11.91	11.85	12.21	11.20	11.36	10.30
	Jul	10.92	10.87	11.22	10.01	9.96	10.30
	Aug	10.31	10.15	11.16	9.14	8.94	10.30
	Sep	9.51	9.19	11.21	8.02	7.63	10.30
	Oct	9.51	9.19	11.21	8.06	7.67	10.30
	Nov	9.46	9.13	11.21	8.14	7.77	10.30
	Dec	7.59	6.92	11.22	6.34	5.68	10.30
2001	Jan	7.64	6.86	11.64	6.79	5.97	11.35
	Feb	6.46	6.09	8.33	5.88	5.24	9.47
	Mar	6.23	5.75	8.64	5.59	4.89	9.47
	Apr	5.70	4.88	9.90	4.64	3.79	9.47
	May	5.43	4.56	9.87	4.37	3.46	9.47
	Jun	4.87	3.89	9.94	3.78	2.77	9.47
	Jul	5.23	4.31	9.97	4.62	3.76	9.47
	Aug	5.03	4.05	10.11	4.30	3.39	9.47
	Sep	5.07	4.10	10.09	4.36	3.45	9.47
	Oct	4.61	3.55	10.13	3.96	3.00	9.47
	Nov	3.98	2.81	10.12	3.14	2.04	9.47
	Dec	3.47	2.20	10.08	2.65	1.46	9.47

Table A 23 Contractual Wages

Period		Contractual Wages					
		Total			Manufacturing Industries		
		Annual percentage increases	Number of workers (thousands)	Number of establishments	Annual percentage increase	Number of workers (thousands)	Number of establishments
1994	Average	5.3	1,526	3,170	n.a	n.a	n.a
1995	Average	12.3	1,491	3,633	n.a	n.a	n.a
1996	Average	21.0	1,491	3,686	20.8	580	1,810
1997	Average	19.5	1,495	4,074	20.1	552	1,973
1998	Average	17.7	1,568	4,525	18.0	597	2,168
1999	Average	16.5	1,568	4,671	17.3	624	2,107
2000	Average	12.4	1,819	5,358	13.0	763	2,355
2001	Average	9.1	1,732	5,679	9.7	712	2,349
1999	Jan	17.7	155	568	18.0	51	266
	Feb	17.8	190	611	18.1	128	344
	Mar	17.4	227	624	17.8	59	284
	Apr	17.6	130	479	18.3	41	226
	May	17.3	58	329	17.6	25	138
	Jun	18.5	44	362	19.3	24	159
	Jul	15.7	175	303	15.6	154	135
	Aug	16.5	40	229	17.4	25	84
	Sep	17.3	54	341	17.5	30	129
	Oct	14.6	436	300	17.6	57	142
	Nov	15.8	35	268	17.1	16	100
	Dec	16.1	23	257	16.2	12	100
2000	Jan	12.9	212	507	13.4	103	239
	Feb	12.9	171	690	13.6	93	342
	Mar	12.7	177	715	13.3	74	365
	Apr	12.8	151	487	14.0	45	231
	May	12.7	157	531	13.8	52	243
	Jun	13.2	49	394	13.9	25	171
	Jul	12.6	187	397	12.5	168	153
	Aug	13.2	66	403	13.9	34	180
	Sep	13.0	53	382	13.1	35	132
	Oct	11.3	463	347	12.7	59	137
	Nov	11.8	53	253	13.3	11	80
	Dec	11.3	81	252	10.8	62	82
2001	Jan	10.4	159	584	11.1	60	312
	Feb	10.3	155	671	10.7	86	299
	Mar	10.3	199	781	10.8	88	381
	Apr	10.4	209	500	10.9	52	248
	May	10.7	78	527	10.8	39	201
	Jun	10.2	69	486	10.2	41	195
	Jul	9.0	183	433	9.0	164	118
	Aug	9.9	45	437	10.1	18	155
	Sep	9.7	63	326	10.1	41	143
	Oct	6.9	435	445	9.1	41	125
	Nov	6.7	100	270	6.3	55	94
	Dec	7.4	36	219	6.8	26	78

Note: Annual wage increase figures are weighted averages of monthly figures. Annual figures for number of workers and number of establishments are the sums of monthly figures.
n.a. Not available.
Source: Ministry of Labor.

Table A 24 Labor Productivity and Unit Labor Costs by Economic Sector

Annual percentage changes

Period		Labor Productivity						Unit Labor Costs					
		Manufacturing Industries	In-bond Industry	Construction	Wholesale	Retail sale	Commerce	Manufacturing	In-bond	Construction	Wholesale	Retail sale	Commerce
1995	Average	3.3	0.4	-11.5	-8.0	-15.9	-12.8	-15.2	-6.4	0.6	-3.5	5.5	1.8
1996	Average	7.7	3.1	-7.3	-0.3	-0.9	0.4	-16.4	-8.4	-13.8	-12.1	-9.3	-11.6
1997	Average	4.7	-5.1	1.3	0.8	-3.2	-3.6	-5.0	7.2	-4.9	4.0	5.3	7.2
1998	Average	3.3	-0.7	1.7	2.4	0.7	0.8	-0.4	4.7	1.0	-0.3	3.0	2.1
1999	Average	2.9	-0.9	5.3	-1.4	3.4	1.7	-1.4	3.1	-5.6	-0.1	-1.5	-1.5
2000	Average	5.3	1.4	-7.4	2.6	5.5	3.6	0.9	4.4	7.4	4.4	0.9	3.0
2001	Average	1.0	-2.8	-3.2 1/	-8.1	-4.4	-7.7	5.2	10.2	11.6 1/	8.1	4.1	7.7
1999	Jan	-0.8	-0.8	19.8	-4.6	-1.3	-2.2	0.4	4.6	-18.0	-1.3	-0.2	-1.4
	Feb	0.8	-2.3	34.7	-4.5	-3.3	-3.4	-0.7	5.4	-23.2	1.9	3.9	2.4
	Mar	0.4	-1.7	9.0	1.1	5.2	3.5	1.3	6.6	-7.9	-1.1	-1.7	-1.7
	Apr	4.0	-2.7	14.6	-0.4	-0.7	-0.3	-3.6	4.2	-14.2	-4.2	1.6	-1.5
	May	3.3	-1.1	16.3	-2.7	-0.2	-1.0	-2.2	2.0	-14.9	1.8	0.6	0.8
	Jun	6.1	2.5	3.1	0.6	8.7	5.5	-3.7	2.1	-0.3	-1.4	-6.7	-4.8
	Jul	4.3	-1.3	3.4	-3.7	5.2	1.6	-3.7	0.1	-2.6	2.1	-2.2	-1.0
	Aug	4.5	0.7	-2.2	-2.1	-1.4	-0.7	-4.2	3.4	8.4	-0.1	1.7	-0.2
	Sep	3.2	0.6	-6.3	-2.1	5.5	2.8	-1.3	2.5	7.7	1.3	-2.9	-1.9
	Oct	1.0	-4.0	-0.8	-2.7	5.9	2.6	-0.4	5.3	1.6	1.7	-5.6	-3.1
	Nov	4.7	0.7	5.4	3.3	9.1	7.2	-1.1	3.4	0.4	-2.6	-4.5	-4.5
	Dec	3.5	-0.5	-13.5	0.0	6.1	3.9	1.7	-1.0	10.5	0.5	-2.2	-1.6
2000	Jan	6.5	1.9	-14.2	4.3	7.3	5.3	-2.3	3.9	13.9	0.8	-2.7	-0.6
	Feb	8.5	4.0	-18.5	8.7	14.2	11.4	-2.9	1.6	17.3	-0.8	-6.2	-3.6
	Mar	6.8	5.4	-8.9	2.2	-0.4	1.0	-2.5	-0.7	4.2	5.1	6.8	5.8
	Apr	1.4	-1.1	-14.4	-1.1	8.4	3.5	5.2	3.6	10.5	9.0	-2.2	3.2
	May	7.5	2.4	-10.0	9.3	9.7	9.5	-1.1	6.4	4.6	-1.9	-4.1	-3.0
	Jun	4.8	-0.3	0.9	4.0	1.6	1.9	1.7	6.0	-6.1	5.1	7.8	7.4
	Jul	4.6	-0.3	-3.8	1.7	5.9	3.3	-0.2	5.9	0.6	1.5	-1.2	0.7
	Aug	6.9	6.0	7.3	5.5	9.4	6.8	3.3	4.0	-3.9	3.0	0.9	2.6
	Sep	5.1	-1.5	0.0	2.9	7.2	4.1	0.1	6.3	7.7	4.9	-1.1	2.8
	Oct	7.7	1.5	-7.7	4.7	5.2	4.1	-2.0	5.3	9.9	-0.4	3.2	2.3
	Nov	4.8	2.9	-5.2	-0.8	2.6	0.1	2.4	5.6	7.9	9.3	7.0	9.1
	Dec	-1.0	-4.4	-12.5	-7.0	-0.4	-4.2	6.7	5.3	25.1	16.0	5.7	11.2
2001	Jan	3.1	-1.3	-3.8	-0.4	3.5	1.2	4.0	7.3	10.9	0.4	-2.1	-0.5
	Feb	-2.5	-4.5	-1.9	-9.6	-3.5	-8.1	7.6	10.5	15.2	8.2	4.4	8.1
	Mar	0.7	-5.6	-2.9	-8.4	1.1	-5.2	4.3	12.2	12.7	8.0	-2.4	4.2
	Apr	-0.1	-3.0	-3.6	-3.9	-3.3	-5.2	3.3	10.8	15.4	-0.8	3.1	2.9
	May	1.0	0.4	-2.8	-7.5	-4.4	-7.6	4.5	7.6	16.3	4.7	2.8	5.6
	Jun	0.7	-4.4	-6.3	-11.1	-5.3	-9.4	5.5	11.4	20.7	9.5	5.0	8.6
	Jul	1.2	-6.5	-4.1	-8.2	-9.0	-10.7	6.1	14.3	15.8	9.4	10.5	12.6
	Aug	0.7	-1.5	-5.5	-7.9	-9.4	-10.6	3.5	10.4	8.9	10.4	11.1	13.1
	Sep	0.1	-4.5	-6.9	-13.1	-7.5	-11.8	6.2	12.2	7.6	13.4	7.3	12.1
	Oct	1.9	-3.3	2.7	-9.5	-7.2	-10.1	5.1	12.0	2.2	10.9	5.8	10.5
	Nov	3.0	-2.2	0.7	-10.3	-5.7	-9.7	4.0	9.5	2.9	11.5	4.0	9.6
	Dec	2.3	2.9	n.d.	-6.7	-1.6	-4.8	7.4	5.4	n.d.	11.6	1.1	6.9

1/ January – November.
n.a. Not available.
Source: National Institute of Statistics, Geography and Informatics (*Instituto Nacional de Estadística, Geografía e Informática, INEGI*).

Table A 25 Nominal and Real Wages per Worker by Economic Sector

Annual percentage change

Period		Nominal Wages						Real Wages					
		Manufacturing	In-bond	Construction	Wholesale	Retail sale	Commerce	Manufacturing	In-bond	Construction	Wholesale	Retail sale	Commerce
1995	Average	17.6	26.4	19.2	18.9	19.3	19.1	-12.5	-6.0	-10.9	-11.6	-11.4	-11.5
1996	Average	21.6	27.5	8.3	18.7	21.3	20.0	-9.9	-5.5	-19.9	-12.1	-10.2	-11.1
1997	Average	19.9	22.7	16.4	26.4	22.7	24.5	-0.6	1.8	-3.7	4.9	1.8	3.3
1998	Average	19.3	20.7	18.1	18.4	20.8	19.6	2.8	3.9	1.9	2.1	4.1	3.1
1999	Average	18.3	19.1	17.6	14.7	18.3	16.6	1.5	2.2	0.9	-1.5	1.6	0.1
2000	Average	16.0	15.8	9.0	17.3	17.0	17.1	6.0	5.8	-0.6	7.1	6.8	7.0
2001	Average	13.0	14.0	14.9 [1/]	5.7	5.7	5.7	6.3	7.2	8.0 [1/]	-0.5	-0.5	-0.5
1999	Jan	18.6	23.4	16.9	12.1	17.1	14.7	-0.4	3.7	-1.8	-5.8	-1.6	-3.6
	Feb	18.7	22.0	22.7	15.4	19.2	17.3	0.1	3.0	3.5	-2.7	0.5	-1.0
	Mar	20.4	24.0	18.8	18.3	22.3	20.3	1.8	4.8	0.4	0.0	3.4	1.7
	Apr	18.5	19.9	16.3	12.8	19.3	16.1	0.2	1.4	-1.6	-4.6	0.9	-1.8
	May	19.3	19.1	16.7	16.9	18.5	17.7	1.1	0.9	-1.1	-0.9	0.4	-0.3
	Jun	20.0	22.8	20.7	16.5	19.1	17.9	2.2	4.6	2.8	-0.8	1.5	0.4
	Jul	17.6	15.6	17.8	15.0	20.4	17.7	0.5	-1.3	0.7	-1.7	2.9	0.6
	Aug	16.7	21.3	23.6	14.0	16.9	15.5	0.1	4.0	6.0	-2.2	0.3	-0.9
	Sep	18.0	19.4	16.9	14.9	18.6	16.8	1.8	3.1	0.9	-0.8	2.4	0.9
	Oct	15.6	16.1	15.8	13.7	14.9	14.3	0.6	1.0	0.8	-1.0	0.0	-0.5
	Nov	18.0	18.6	20.6	14.5	18.6	16.6	3.6	4.2	5.8	0.5	4.1	2.4
	Dec	18.2	10.6	7.4	13.0	16.6	14.8	5.2	-1.5	-4.4	0.6	3.8	2.2
2000	Jan	15.5	17.5	8.5	16.7	15.9	16.3	4.1	5.8	-2.3	5.1	4.4	4.7
	Feb	16.5	16.7	5.7	19.2	18.3	18.7	5.4	5.6	-4.3	7.9	7.1	7.4
	Mar	14.7	15.3	4.5	18.3	17.1	17.7	4.1	4.7	-5.1	7.4	6.4	6.9
	Apr	17.0	12.4	3.8	18.3	16.3	17.2	6.6	2.4	-5.4	7.8	6.0	6.8
	May	16.4	19.3	3.1	17.3	15.2	16.3	6.3	9.0	-5.9	7.2	5.2	6.2
	Jun	16.6	15.7	3.6	19.6	19.9	19.7	6.6	5.7	-5.3	9.3	9.5	9.4
	Jul	13.9	15.2	5.6	12.7	14.1	13.4	4.4	5.6	-3.2	3.3	4.6	4.0
	Aug	20.6	20.3	12.5	18.5	20.5	19.5	10.5	10.2	3.1	8.7	10.4	9.6
	Sep	14.5	14.0	17.2	17.6	15.4	16.5	5.2	4.7	7.6	8.0	6.1	7.0
	Oct	14.9	16.5	10.5	13.5	18.2	15.9	5.5	7.0	1.5	4.3	8.6	6.5
	Nov	16.9	18.3	11.3	18.1	19.5	18.9	7.3	8.7	2.2	8.5	9.8	9.2
	Dec	15.0	9.7	19.3	17.5	14.7	16.1	5.6	0.7	9.5	7.8	5.3	6.5
2001	Jan	15.9	14.4	15.3	8.1	9.5	8.8	7.2	5.8	6.7	0.0	1.3	0.7
	Feb	12.3	13.0	21.0	4.8	7.9	6.4	4.9	5.5	13.0	-2.2	0.7	-0.7
	Mar	12.5	13.5	17.3	6.0	5.7	5.9	5.0	5.9	9.5	-1.1	-1.4	-1.2
	Apr	10.5	15.1	19.0	2.1	6.7	4.5	3.2	7.5	11.2	-4.7	-0.4	-2.5
	May	12.9	15.5	20.9	3.6	5.2	4.4	5.5	8.0	13.0	-3.2	-1.7	-2.4
	Jun	13.2	13.6	20.5	3.7	6.0	4.9	6.2	6.6	13.1	-2.7	-0.6	-1.6
	Jul	13.7	13.1	17.6	6.4	6.5	6.5	7.4	6.8	11.1	0.5	0.6	0.5
	Aug	10.4	15.1	9.0	7.7	6.5	7.1	4.2	8.7	2.9	1.7	0.6	1.1
	Sep	12.7	13.7	6.4	4.6	5.4	5.0	6.2	7.1	0.2	-1.5	-0.7	-1.1
	Oct	13.4	14.8	11.1	6.3	4.0	5.1	7.1	8.4	4.9	0.4	-1.7	-0.7
	Nov	12.9	12.9	9.2	5.4	3.4	4.3	7.2	7.2	3.6	0.0	-1.9	-1.0
	Dec	14.7	13.3	n.a.	8.8	3.8	6.3	9.8	8.5	n.a.	4.2	-0.5	1.8

1/ January – November.
Source: National Institute of Statistics, Geography and Informatics (*Instituto Nacional de Estadística, Geografía e Informática, INEGI*).

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Table A 26 Ex-ante and Ex-post Real Contractual Wages

Annual percentage changes

Period		Ex-post [1/]	Ex-ante [2/]	Expected inflation [3/]
1994	Average	1.66	n.a.	n.a.
1995	Average	-19.83	n.a.	n.a.
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	2.58	13.32
2000	Average	6.25	3.13	8.88
2001	Average	5.47	2.41	6.40
1999	Jan	-1.09	1.24	16.29
	Feb	-0.79	2.30	15.18
	Mar	-0.55	2.44	14.58
	Apr	-0.61	2.69	14.47
	May	-0.47	3.07	13.80
	Jun	0.94	4.52	13.34
	Jul	0.22	2.46	12.91
	Aug	1.34	3.40	12.62
	Sep	1.63	4.71	12.05
	Oct	2.69	2.47	11.86
	Nov	3.41	3.80	11.56
	Dec	4.88	4.48	11.14
2000	Jan	6.04	2.02	10.66
	Feb	6.61	2.37	10.33
	Mar	6.60	2.94	9.51
	Apr	7.13	2.98	9.52
	May	7.13	3.37	9.01
	Jun	8.27	3.97	8.89
	Jul	6.02	3.40	8.89
	Aug	6.74	4.39	8.43
	Sep	7.79	4.49	8.16
	Oct	5.24	3.29	7.79
	Nov	6.36	3.69	7.80
	Dec	6.57	3.48	7.58
2001	Jan	4.42	2.44	7.81
	Feb	5.46	2.33	7.74
	Mar	5.18	3.02	7.09
	Apr	5.30	3.22	6.98
	May	5.36	3.74	6.70
	Jun	6.23	3.14	6.84
	Jul	6.33	2.77	6.04
	Aug	6.85	3.71	6.01
	Sep	6.48	3.76	5.72
	Oct	5.15	1.14	5.69
	Nov	6.07	1.52	5.10
	Dec	6.62	2.21	5.08

1/ Ex-post real wage changes are calculated by deflating the nominal wage increase granted in the previous 12 months by the annual inflation observed during the month under analysis.
2/ Real ex-ante wage calculations are based on inflation expectations for the following 12 months.
3/ Survey of Private Sector Economic Analysts' Expectations conducted by Banco de México.
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 Zones 2/		
		A	B	C
1987 January 1	2.7608	3.0500	2.8200	2.5350
1987 April 1	3.3148	3.6600	3.3850	3.0450
1987 July 1	4.0801	4.5000	4.1650	3.7500
1987 October 1	5.1020	5.6250	5.2100	4.6900
1987 December 16	5.8672	6.4700	5.9900	5.3950
1988 January 1	7.0407	7.7650	7.1900	6.4750
1988 March 1	7.2529	8.0000	7.4050	6.6700
1989 January 1	7.8337	8.6400	7.9950	7.2050
1989 July 1	8.3060	9.1600	8.4750	7.6400
1989 December 4	9.1389	10.0800	9.3250	8.4050
1990 November 16	10.7866	11.9000	11.0000	9.9200
1991 November 11	12.0840	13.3300	12.3200	11.1150
1993 January 1	13.0600	14.2700	13.2600	12.0500
1994 January 1	13.9700	15.2700	14.1900	12.8900
1995 January 1	14.9500	16.3400	15.1800	13.7900
1995 April 1	16.7400	18.3000	17.0000	15.4400
1995 December 4	18.4300	20.1500	18.7000	17.0000
1996 April 1	20.6600	22.6000	20.9500	19.0500
1996 December 3	24.3000	26.4500	24.5000	22.5000
1998 January 1	27.9900	30.2000	28.0000	26.0500
1998 December 3	31.9100	34.4500	31.9000	29.7000
2000 January 1	35.1200	37.9000	35.1000	32.7000
2001 January 1	37.5700	40.3500	37.9500	35.8500
2002 January 1	39.7400	42.1500	40.1000	38.3000

1/ National average weighed by the number of workers in each region.
2/ States and municipalities are classified in regions to reflect differing costs of living. For details on classification methodology, see "Minimum Wages", National Minimum Wage Commission (*Comisión Nacional de Salarios Mínimos*).

Monetary and Financial Indicators

Table A 28 **Main Monetary and Financial Indicators**

	1998	1999	2000	2001
Monetary Aggregates	Real annual percentage change [1/]			
Monetary Base	1.84	27.74	1.61	3.41
M1	0.51	12.27	5.87	14.87
M4	6.13	6.04	5.51	10.67
	Percentage of GDP [2/]			
Monetary Base	2.69	2.85	2.99	3.19
M1	8.55	8.59	8.75	9.54
M4	40.69	41.97	41.26	45.04
Nominal Interest Rates	Annual percentage rates			
28-day TIIE	26.89	24.10	16.96	12.89
28-day CETES	24.76	21.41	15.24	11.31
CPP	21.09	19.73	13.69	10.12
CCP	22.39	20.89	14.59	10.95
Exchange Rate [1/]	Pesos per US dollar			
To settle liabilities in foreign currency payable in Mexico	9.8650	9.5143	9.5722	9.1423
Mexican Stock Exchange	October 1978 = 100			
Stock market index (IPC) [1/]	3,960	7,130	5,652	6,372

1/ End-period.
2/ Average of stocks at end-month.
Source: Banco de México and Mexican Stock Exchange.

Table A 29 **Monetary Aggregates**

Stocks in thousands of million pesos

End-period	Monetary Base	M1	M2	M3	M4
Nominal Stocks					
1990	30.1	51.0	271.2	277.8	293.7
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	469.8	540.9	580.4
1994	56.9	163.8	554.9	657.1	724.2
1995	66.8	171.6	754.4	784.5	869.2
1996	84.0	245.3	995.2	1025.8	1116.1
1997	108.9	325.4	1295.1	1325.6	1405.4
1998	131.5	387.9	1656.6	1683.2	1769.0
1999	188.7	489.1	2016.4	2033.3	2107.0
2000	208.9	564.2	2337.4	2365.8	2422.1
2001					
Jan	181.9	524.3	2328.9	2355.0	2418.3
Feb	176.3	516.4	2370.7	2396.0	2463.3
Mar	176.1	508.7	2398.3	2422.8	2492.8
Apr	174.6	511.1	2423.2	2446.0	2511.1
May	178.3	513.8	2445.3	2473.4	2532.4
Jun	180.7	530.3	2474.0	2499.3	2557.3
Jul	178.3	531.5	2504.1	2528.4	2585.6
Aug	179.0	542.7	2587.2	2610.0	2664.6
Sep	182.2	575.5	2617.2	2639.9	2695.3
Oct	181.4	574.4	2639.2	2661.2	2713.6
Nov	193.9	600.5	2694.6	2716.6	2765.1
Dec	225.6	676.6	2722.7	2749.9	2798.7
Average Stocks as Percentages of GDP					
1990	2.91	4.66	30.73	30.98	32.51
1991	3.10	6.85	31.64	33.32	35.78
1992	3.10	9.85	30.97	33.97	36.46
1993	2.96	10.51	33.12	38.25	41.19
1994	3.17	10.47	35.10	40.80	44.04
1995	2.73	7.52	34.08	37.56	41.41
1996	2.50	7.52	34.49	35.43	38.85
1997	2.63	8.41	35.70	36.68	39.22
1998	2.69	8.55	37.67	38.46	40.69
1999	2.85	8.59	39.87	40.28	41.97
2000	2.99	8.75	39.71	40.06	41.26
2001	3.19	9.54	43.61	44.03	45.04

The monetary base includes bills and coins in circulation plus the net creditor balance of commercial and development banks' current accounts in Banco de México.
M1 includes bills and coins held by the public plus resident private sector deposits in checking accounts and in current accounts where funds can be withdrawn by means of debit cards.
M2 equals M1 plus resident 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 other instruments held by pension 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.
*/ Estimates based on average stocks at end-month.

Table A 30 Monetary Base

Stocks in thousands of million pesos

End-period		Monetary Base	Liabilities: Bills and Coins in Circulation [1/]	Liabilities: Bank Deposits	Assets: Net Domestic Credit	Assets: Net International Assets [2/]
1990		30.121	27.078	3.044	17.850	12.271
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						
	Jan	157.161	157.161	0.000	-126.766	283.927
	Feb	150.127	150.126	0.001	-134.278	284.405
	Mar	152.995	152.920	0.075	-147.371	300.365
	Apr	158.904	158.846	0.058	-132.384	291.288
	May	157.679	157.679	0.000	-128.181	285.860
	Jun	165.529	165.529	0.000	-125.306	290.836
	Jul	162.204	162.173	0.031	-130.196	292.400
	Aug	157.693	157.693	0.000	-145.909	303.602
	Sep	161.399	161.376	0.023	-161.872	323.272
	Oct	162.823	162.823	0.000	-175.560	338.383
	Nov	175.112	175.112	0.000	-152.665	327.777
	Dec	208.943	208.880	0.063	-133.443	342.386
2001						
	Jan	181.949	181.719	0.230	-200.855	382.804
	Feb	176.274	175.896	0.378	-204.269	380.543
	Mar	176.110	176.028	0.082	-206.892	383.002
	Apr	174.571	174.571	0.000	-199.426	373.997
	May	178.270	178.270	0.000	-195.179	373.449
	Jun	180.734	180.703	0.031	-189.952	370.686
	Jul	178.340	178.256	0.084	-195.738	374.078
	Aug	178.964	178.960	0.004	-200.729	379.693
	Sep	182.188	182.151	0.037	-225.901	408.089
	Oct	181.392	181.039	0.354	-220.905	402.298
	Nov	193.892	193.892	0.000	-213.689	407.581
	Dec	225.580	225.223	0.358	-185.735	411.315

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

2/ Defined as gross reserves plus credit agreements with central banks with maturities over six months, minus total liabilities with the IMF and liabilities from credit agreements with central banks with maturities under six months. Includes the effect of US dollar exchange rate fluctuations vis-à-vis other foreign currencies on purchases and sales of foreign currencies on the date of each transaction.

Table A 31 **Monetary Aggregates M1, M2, M3 and M4**

Stocks in thousands of million pesos

	December					
	1996	1997	1998	1999	2000	2001
1. M1	**245.3**	**325.4**	**387.9**	**489.1**	**564.2**	**676.6**
2. Residents' deposits in banks residing in Mexico	534.0	604.0	761.9	779.4	690.1	689.2
3. Federal Government securities held by residents (including SIEFORES)	104.9	187.2	297.9	501.5	665.0	681.3
4. Securities issued by Banco de México (including SIEFORES)					21.0	144.6
5. Securities issued by the resident private sector and held by residents (including SIEFORES)	31.7	57.4	73.0	72.8	105.4	117.5
6. Securities issued by the IPAB (including SIEFORES)					70.8	149.5
7. Retirement savings funds (excluding SIEFORES)	79.3	121.2	135.9	173.6	220.8	263.8
8. M2=(1+2+3+4+5+6+7)	**995.2**	**1,295.1**	**1,656.6**	**2,016.4**	**2,337.4**	**2,722.7**
9. Non-residents' deposits in banks residing in Mexico	5.4	5.1	4.3	6.8	19.6	11.2
10. Federal Government securities held by non-residents	25.3	25.3	22.3	10.1	8.8	16.0
11. M3=(8+9+10)	**1,025.8**	**1,325.6**	**1,683.2**	**2,033.3**	**2,365.8**	**2,749.9**
12. Residents' deposits in branches and agencies of Mexican banks abroad	40.3	41.4	41.6	33.9	35.7	33.0
13. Non-residents' deposits in branches and agencies of Mexican banks abroad	49.9	38.4	44.3	39.8	20.7	15.9
14. M4=(11+12+13)	**1,116.1**	**1,405.4**	**1,769.0**	**2,107.0**	**2,422.1**	**2,798.7**

Table A 32 Financing to the Private Sector: Banks and Additional Sources

Stocks in million pesos of 1994, total percentage and annual percentage changes

	Total Financing			Consumption Credit			Housing Credit			Financing to firms and individuals with business activities			
	Total	Non-bank 3/ 5/ 6/	Bank 4/	Total	Non-bank 3/ 5/ 6/	Bank 4/	Total	Non-bank 3/ 5/ 6/	Bank 4/	Total	Non-bank 3/ 5/ 6/	Bank 4/	Memorandum
													Foreign Financing
Dec. 1994													
Real stock	854,419	231,942	622,477	48,918	2,013	46,905	99,870	0	99,870	705,631	229,928	475,703	138,881
Total %	100.0	27.1	72.9	5.7	4.1	95.9	11.7	0.0	100.0	82.6	32.6	67.4	19.7
Dec. 1999													
Real stock	579,749	271,055	308,694	26,370	13,881	12,489	89,472	6,609	82,862	463,907	250,564	213,343	155,868
Total %	100.0	46.8	53.2	4.5	52.6	47.4	15.4	7.4	92.6	80.0	54.0	46.0	33.6
Annual real change	-6.2	5.1	-14.3	12.4	34.2	-4.8	-9.0	57.7	-11.9	-6.5	3.0	-15.7	0.1
Dec. 2000													
Real stock	559,921	298,130	261,791	30,584	16,086	14,498	71,971	8,852	63,119	457,365	273,191	184,174	169,520
Total %	100.0	53.2	46.8	5.5	52.6	47.4	12.9	12.3	87.7	81.7	59.7	40.3	37.1
Annual real change	-3.4	10.0	-15.2	16.0	15.9	16.1	-19.6	33.9	-23.8	-1.4	9.0	-13.7	8.8
Mar. 2001													
Real stock	553,488	299,078	254,410	31,990	16,112	15,878	70,166	9,684	60,482	451,333	273,282	178,051	171,921
Total %	100.0	54.0	46.0	5.8	50.4	49.6	12.7	13.8	86.2	81.5	60.6	39.4	38.1
Annual real change	-0.8	12.6	-13.0	32.0	29.4	34.8	-19.7	35.9	-24.7	1.1	11.1	-11.1	11.3
Jun. 2001													
Real stock	522,953	280,079	242,873	32,919	16,458	16,461	66,293	10,639	55,655	423,740	252,983	170,757	163,092
Total %	100.0	53.6	46.4	6.3	50.0	50.0	12.7	16.0	84.0	81.0	59.7	40.3	38.5
Annual real change	-9.6	-3.3	-16.0	26.0	20.6	31.9	-21.8	35.3	-27.6	-9.4	-5.7	-14.5	-1.9
Sep. 2001													
Real stock	524,891	288,653	236,238	33,844	17,014	16,830	65,171	11,361	53,810	425,876	260,278	165,599	171,628
Total %	100.0	55.0	45.0	6.4	50.3	49.7	12.4	17.4	82.6	81.1	61.1	38.9	40.3
Annual real change	-8.4	-1.7	-15.5	20.7	13.9	28.6	-18.8	36.7	-25.2	-8.4	-3.7	-14.9	9.5
Dec. 2001													
Real stock	516,605	286,976	229,630	36,478	18,536	17,942	64,739	12,202	52,536	415,389	256,237	159,151	168,453
Total %	100.0	55.6	44.4	7.1	50.8	49.2	12.5	18.8	81.2	80.4	61.7	38.3	40.6
Annual real change	-7.7	-3.7	-12.3	19.3	15.2	23.8	-10.0	37.8	-16.8	-9.2	-6.2	-13.6	-0.6

1/ Corresponds to credit granted by department stores (including their branches) through their own credit cards. Stores considered: Copel, Elektra, El Palacio de Hierro, Liverpool and Salinas y Rocha.

2/ Information obtained from statistics on funds and debentures of Savings and Credit Societies (*Sociedades de Ahorro y Préstamo, SAPS*), limited financial loan institutions (*Sociedades Financieras de Objeto Limitado, SOFOLES*) and insurance companies.

3/ Information drawn from consolidated balance sheets of 151 companies (including their branches) listed in the Mexican Stock Exchange, particularly in the following items: liabilities with domestic and foreign suppliers and commercial paper; limited financial loan institutions (*Sociedades Financieras de Objeto Limitado, SOFOLES*); financial leasing institutions; factoring firms, and insurance companies.

4/ Data obtained from statistics on commercial and development banks' funds and debentures, especially in the items of securities and credit granted to the country's private sector. The latter includes performing portfolio, overdue portfolio, discounted portfolio, UDIs-restructured portfolio, as well as that related to FOBAPROA-IPAB and accrued interests.

5/ Data obtained from the survey of country's non-financial firms' liabilities entered with foreign banks, as well as the placing of private debt instruments through securities.

6/ Data obtained from the balance sheets of credit unions, particularly in the item of loans granted to the private sector. As of 1996, figures include the Trust for Liquidating Institutions and Auxiliary Credit Institutions (*Fideicomiso Liquidador de Instituciones y Organizaciones Auxiliares de Crédito, FIDELIQ*).

Table A 33 Flow of Funds Matrix of the Financial System for January – December of 2001 1/

Flows revalued as a percentage of GDP 2/

	Country's resident private sector 3/			Public sector 4/			Banking sector 5/			External secto	
	Use of funds (Assets)	Funds resources (Liabilities)	*Net financing received*	Use of funds (Assets)	Funds resources (Liabilities)	*Net financing received*	Use of funds (Assets)	Funds resources (Liabilities)	*Net financing received*	Use of funds (Assets)	Funds resources (Liabilities)
	a	b	c = b - a	d	e	f = e - d	g	h	i = h - g	j	k
1. Change in domestic financial instruments (2 + 7 + 8 + 9)	7.2	1.9	**-5.3**	0.3	3.2	**2.9**	2.0	4.3	**2.3**	-0.1	
2. Domestic financial instruments	7.2	1.0	**-6.2**	0.3	4.1	**3.8**	2.1	4.4	**2.3**	-0.1	
3. Bills and coins	0.3		**-0.3**					0.3	**0.3**		
4. Bank deposits instruments	1.7		**-1.7**	0.3		**-0.3**		1.8	**1.8**	-0.2	
5. Securities issued 6/	4.5	0.2	**-4.3**		4.2	**4.2**	2.1	2.3	**0.2**	0.1	
6. Retirement and housing funds 7/	0.7	0.8	**0.1**		-0.1	**-0.1**					
7. Financing		-0.5	**-0.5**	-0.1	-1.4	**-1.3**	-1.8	-0.1	**1.7**		
8. Stock market		-0.2	**-0.2**				-0.2		**0.2**	0.0	
9. Other financial system items 8/		1.6	**1.6**	0.1	0.5	**0.4**	1.9		**-1.9**		
10. Change in external financial instruments (11 + 12 + 13 + 14 + 15)	0.6	4.9	**4.2**	-0.7	0.3	**1.0**	1.8	-0.5	**-2.3**	4.7	1.7
11. Foreign direct investment		4.0	**4.0**							4.0	
12. External financing		0.5	**0.5**		0.3	**0.3**		-0.5	**-0.5**	0.3	
13. Financial assets held abroad	0.6		**-0.6**	-0.7		**0.7**	0.6		**-0.6**		0.5
14. International Reserves held by Banco de México							1.2		**-1.2**		1.2
15. Errors and omisions (Balance of Payments)		0.4	**0.4**							0.4	
16. Statistical discrepancy 9/		0.0	**0.0**							0.0	
17. Total change in financial instruments (1+ 10 +16)	7.9	6.9	**-1.0**	-0.4	3.5	**3.9**	3.8	3.8	**0.0**	4.6	1.7

1/ Preliminary figures. The sum of the partial figures may not coincide due to rounding off.
2/ Excludes the impact of Mexican peso's exchange rate fluctuations against other currencies.
3/ Private sector includes firms, individuals and non-bank financial intermediaries.
4/ Public sector involves Government's Financial Resources (*Recursos Financieros del Sector Público, RFSP*) including earnings from privatization of non-financial assets.
5/ Banking sector includes Banco de México, development and commercial banks (including the latter's agencies abroad). This sector has a total net position of zero (line 17) regarding financial intermediaries. For the consolidation of banking sector's financial flows, statistics on commercial banks, development banks and Banco de México's resources and obligations were used.
6/ Includes government securities, BPAs, BREMs and private securities, as well as securities held by the SIEFORES.
7/ Includes retirement funds from the Government Employees' Social Services Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado, ISSSTE*) and IMSS on deposit in Banco de México, as well as housing funds.
8/ Includes non-classified assets, real estate assets and others, as well as equity and profit and loss accounts of the banking sector.
9/ Difference between financial information and that obtained from the balance of payments.
10/ Corresponds to the current account reported in the balance of payments. A negative figure implies external financing to the domestic economy (external sector surplus), which is equivalent to Mexico's current account deficit.

Table A 34 **One-year Monetary Regulation Bonds (*Bonos de Regulación Monetaria*, BREMs)** [1/]

	Term in days	Amount in million pesos			Price			
		Offered	Placed	Demanded	Weighted placement price	Maximum	Minimum assigned	Minimum
11/1/2001	364	1000	1000	5790	99.74943	99.78000	99.72100	75.00000
18/1/2001	357	1000	1000	1890	99.67766	99.73214	99.62220	90.00000
25/1/2001	350	1000	1000	2400	99.67626	99.71000	99.65900	75.00000
1/2/2001	343	1000	1000	3200	99.66766	99.68000	99.65666	98.00000
8/2/2001	364	1000	1000	4960	99.68880	99.70248	99.68670	75.00000
15/2/2001	357	1000	1000	4955	99.82600	99.86000	99.82000	75.00000
22/2/2001	350	1000	1000	4525	99.88508	99.90000	99.86777	97.00000
1/3/2001	343	1000	1000	4850	99.95348	99.95580	99.95000	90.00000
8/3/2001	336	1000	1000	9750	99.92500	99.92500	99.92500	75.00000
15/3/2001	364	1000	1000	2600	99.94400	99.94400	99.94400	75.00000
22/3/2001	357	1000	1000	5740	99.95880	99.98000	99.95416	75.00000
29/3/2001	350	1000	1000	4030	99.97095	99.99095	99.96666	99.00000
5/4/2001	343	1500	1500	7410	100.00266	100.01123	99.98178	75.00000
11/4/2001	365	1500	1500	7450	100.02066	100.03010	100.01999	98.00000
19/4/2001	357	1500	1500	4860	100.04548	100.05000	100.04000	75.01000
26/4/2001	350	1500	1500	7140	100.10507	100.15446	100.09400	75.00000
3/5/2001	343	1500	1500	7350	100.70350	101.08476	100.16000	75.00000
10/5/2001	336	1500	1500	9240	100.18251	100.30777	100.15797	75.00000
17/5/2001	364	1500	1500	11770	100.26441	100.28433	100.24169	98.00000
24/5/2001	357	1500	1500	8100	99.50913	100.10374	98.55000	98.00000
31/5/2001	350	1500	1500	21415	100.04382	100.06473	100.03400	97.00000
7/6/2001	343	1500	1500	17270	100.07542	100.09083	100.07100	99.00000
14/6/2001	364	1500	1500	22610	100.19500	100.19500	100.19500	99.00000
21/6/2001	357	1500	1500	14728	100.18147	100.19880	100.16900	75.00000
28/6/2001	350	1500	1500	10280	100.21784	100.23258	100.21000	80.00000
5/7/2001	343	1500	1500	13670	100.11445	100.15539	100.10000	98.00000
12/7/2001	336	1500	1500	10280	99.99005	99.99050	99.99000	75.00000
19/7/2001	364	1500	1500	17499	100.02111	100.02111	100.02111	75.00000
26/7/2001	357	1500	1500	9689	100.02234	100.04000	100.01999	75.00000
2/8/2001	350	1500	1500	22630	100.04000	100.04000	100.04000	75.00000
9/8/2001	343	1500	1500	12890	100.01702	100.02757	99.99567	99.00000
16/8/2001	364	1500	1500	13598	100.01762	100.04260	99.91801	75.00000
23/8/2001	357	1500	1500	18055	100.02933	100.03000	100.02900	75.00000
30/8/2001	350	1500	1500	26134	99.93883	99.96272	99.93555	98.00000
6/9/2001	343	1500	1500	13105	99.93510	99.93580	99.93330	75.00000
13/9/2001	336	1500	1500	7180	99.87748	99.91047	99.84785	99.55200
20/9/2001	364	1500	1500	8760	99.82119	99.87530	99.81000	75.00000
27/9/2001	357	1500	1500	9190	99.81000	99.81000	99.81000	99.02000
4/10/2001	350	1500	1500	6650	99.75252	99.81447	99.69001	99.65000
11/10/2001	343	1500	1500	13650	99.75540	99.76321	99.75000	99.00000
18/10/2001	364	1500	1500	8245	99.80000	99.80000	99.80000	99.37193
25/10/2001	357	1500	1500	10120	99.82747	99.85724	99.81000	99.37878
1/11/2001	350	1500	1500	6545	99.80000	99.80000	99.80000	75.00000
8/11/2001	343	1500	1500	6550	99.77000	99.77000	99.77000	75.52200
15/11/2001	336	1500	1500	9065	99.73611	99.76000	99.71195	75.00000
22/11/2001	364	1500	1500	8599	99.63039	99.63200	99.62960	75.00000
29/11/2001	357	1500	1500	12750	99.64733	99.66000	99.64000	50.00000
6/12/2001	350	1500	1500	5000	99.68378	99.72690	99.67000	75.00000
13/12/2001	343	1500	1500	5450	99.68437	99.69517	99.68000	65.00000
20/12/2001	364	1500	1500	6750	99.52747	99.53200	99.52677	75.00000
27/12/2001	357	1500	1500	7800	99.62000	99.62000	99.62000	50.00000

1/ In accordance with articles 7° section VI of its Law, Banco de México issues Monetary Regulation Bonds to regulate money market liquidity.

Table A 35 Three-year Monetary Regulation Bonds (*Bonos de Regulación Monetaria*, BREMs) 1/

Results of Weekly Auctions

	Term in days	Amount in million pesos			Price			
		Offered	Placed	Demanded	Weighted placement price	Maximum price	Minimum assigned price	Minimum price
4/1/2001	1057	1000	1000	3130	99.29886	99.42702	99.15300	75.00000
11/1/2001	1050	1000	1000	4870	99.17599	99.23983	99.12550	75.00000
18/1/2001	1043	1000	1000	4010	98.92833	98.98914	98.90000	98.00000
25/1/2001	1092	1000	1000	4830	98.99157	98.99600	98.97330	75.00000
1/2/2001	1085	1000	1000	5920	99.02440	99.07000	98.96500	75.00000
8/2/2001	1078	1000	1000	5985	99.10741	99.18648	99.09111	75.00000
15/2/2001	1071	1000	1000	5030	99.49222	99.50000	99.48888	99.65153
22/2/2001	1064	1000	1000	6250	99.60900	99.69000	99.57000	75.50000
1/3/2001	1057	1000	1000	4250	99.69183	99.72083	99.68333	9.67000
8/3/2001	1050	1000	1000	9000	99.59123	99.59123	99.59123	75.00000
15/3/2001	1043	1000	1000	7348	99.53303	99.55685	99.52999	75.00000
22/3/2001	1036	1000	1000	4530	99.62309	99.63619	99.56320	75.00000
29/3/2001	1092	1000	1000	6550	99.79508	99.81000	99.76000	98.00000
5/4/2001	1085	1000	1000	7400	99.89847	99.90480	99.89777	99.00000
11/4/2001	1079	1000	1000	10100	99.97723	100.00000	99.96000	75.01000
19/4/2001	1071	1000	1000	6850	100.06914	100.07179	100.05000	95.00000
26/4/2001	1064	1000	1000	7000	100.32760	100.40000	100.23600	75.00000
3/5/2001	1057	1000	1000	6900	100.35678	100.41000	100.33200	97.00000
10/5/2001	1050	1000	1000	5450	100.52663	100.55090	100.47000	100.00000
17/5/2001	1043	1000	1000	6200	100.57585	100.61000	100.50350	98.00000
24/5/2001	1092	1000	1000	12400	99.93720	100.00000	99.87200	75.00000
31/5/2001	1085	1000	1000	10610	100.07875	100.09500	100.06250	92.00000
7/6/2001	1078	1000	1000	22500	100.17000	100.17000	100.17000	99.00000
14/6/2001	1071	1000	1000	10212	100.48500	100.48500	100.48500	75.00000
21/6/2001	1064	1000	1000	9653	100.30707	100.36000	100.28100	75.00000
28/6/2001	1057	1000	1000	10499	100.43880	100.44600	100.41000	98.00000
5/7/2001	1050	1500	1500	20100	100.17888	100.25000	100.12756	75.00000
12/7/2001	1043	1500	1500	15450	99.87067	99.90000	99.81000	95.00000
19/7/2001	1036	1500	1500	8808	99.92815	100.00010	99.91000	75.00000
26/7/2001	1092	1500	1500	5900	99.89459	99.90000	99.89420	75.00000
2/8/2001	1085	1500	1500	9900	99.97390	99.97390	99.97390	65.00000
9/8/2001	1078	1500	1500	4650	99.84670	99.87000	99.79000	75.00000
16/8/2001	1071	1500	1500	12100	99.73621	99.78845	99.70900	75.00000
23/8/2001	1064	1500	1500	11352	99.87253	100.00000	99.84000	99.55000
30/8/2001	1057	1500	1500	10100	99.65658	99.70100	99.64051	70.00000
6/9/2001	1050	1500	1500	8430	99.55748	99.61400	99.46200	98.00000
13/9/2001	1043	1500	1500	6130	99.29385	99.36600	99.24550	99.10000
20/9/2001	1091	1500	1500	4160	99.26438	99.51780	99.20000	99.08000
27/9/2001	1084	1500	1500	5450	99.14902	99.35000	99.13000	99.06000
4/10/2001	1077	1500	1500	3600	98.95455	98.97172	98.95000	98.33000
11/10/2001	1070	1500	1500	12450	99.05000	99.05000	99.05000	98.00000
18/10/2001	1063	1500	1500	15974	99.18000	99.18000	99.18000	98.00000
25/10/2001	1056	1500	1500	8620	99.41840	99.45200	99.41000	99.10000
1/11/2001	1049	1500	1500	3675	99.06876	99.22600	98.96300	75.00000
8/11/2001	1042	1500	1500	6550	99.05000	99.05000	99.05000	75.00000
15/11/2001	1035	1500	1500	5100	98.96578	99.05254	98.92525	75.00000
22/11/2001	1092	1500	1500	6753	98.79983	98.97122	98.73100	50.00000
29/11/2001	1085	1500	1500	9200	98.71359	98.72441	98.70500	50.00000
6/12/2001	1078	1500	1500	6000	98.80400	98.86000	98.79000	65.00000
13/12/2001	1071	1500	1500	5750	98.80150	98.84499	98.79000	65.00000
20/12/2001	1064	1500	1500	4500	98.43234	98.49000	98.36019	75.00000
27/12/2001	1057	1500	1500	6350	98.67200	98.73000	98.65000	98.00000

1/ In accordance with articles 7° section VI of its Law, Banco de México issues Monetary Regulation Bonds to regulate money market liquidity.

Table A 36 Representative Interest Rates

Yields on Public Securities

Annual percentage rates 1/

	CETES 2/				BONDES Surtax		Fixed-rate bond			UDIBONOS 5/		BPA's Surtax 6/ 7/	
	28 days	91 days	182 days	364 days	3 years 3/ (1092 days)	5 years 4/ (1820 days)	3 years (1092 days)	5 years (1820 days)	10 years (3640 days)	5 years (1820 days)	10 years (3640 days)	3 years (1092 days)	5 years (1820 days)
1991	19.28	19.82	19.78	19.72									
1992	15.62	15.89	15.93	16.11									
1993	14.99	15.50	15.56	15.55									
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	0.57					6.32			
1998	24.76	26.18	21.55	22.38	0.97					6.95			
1999	21.41	22.38	23.31	24.13	1.21					7.95	6.93		
2000	15.24	16.15	16.56	16.94	0.75	0.94	15.90	15.37		6.93	6.74	1.11	1.21
2001	11.31	12.24	13.10	13.79	0.74	0.67	13.14	12.98	10.76		6.63	0.82	0.90
1999													
Jan	32.13	32.27	31.88	31.27	1.24								
Feb	28.76	28.72	28.29	28.29	1.23					8.36			
Mar	23.47	23.86	23.87	25.10	1.20					8.05			
Apr	20.29	21.05	21.50	23.26	1.32					7.79			
May	19.89	21.02	21.82	22.74	1.34					7.83			
Jun	21.08	21.35	22.46	23.55	1.35					8.05			
Jul	19.78	20.78	22.31	23.58	1.26					8.15			
Aug	20.54	21.49	24.33	25.46	1.39					8.35			
Sep	19.71	21.34	23.15	24.01	1.30					8.51			
Oct	17.87	20.30	21.93	22.88	1.16					8.26	7.14		
Nov	16.96	18.68	19.92	20.63	0.87					7.43	7.01		
Dec	16.45	17.65	18.30	18.76	0.80					6.66	6.63		
2000													
Jan	16.19	17.43	17.89	18.82	0.68		17.70			6.64	6.58		
Feb	15.81	16.44	16.61	17.27	0.55		15.95			6.23	6.04		
Mar	13.66	14.46	15.09	15.89	0.59		14.94			6.01	5.91	0.52	
Apr	12.93	14.37	15.49	17.04		1.02	15.95					0.84	
May	14.18	15.58	16.21	17.61		0.89	16.90	17.40		7.48	7.52	1.34	
Jun	15.65	16.61	17.26	16.88		0.90	16.10			8.10	7.64	1.41	
Jul	13.73	14.62	15.27	15.84		0.74	14.95					1.21	
Aug	15.23	15.71	16.46	16.95		0.84	15.70	14.85		7.04	6.81	1.12	1.09
Sep	15.06	16.15	16.67	16.11		1.00	15.15	15.15		7.03	6.48	1.02	1.10
Oct	15.88	17.06	17.19	16.66	0.96	1.08	15.69	15.44			6.91	1.22	1.22
Nov	17.56	18.01	17.44	17.12	0.91	1.02		14.74				1.34	1.50
Dec	17.05	17.41	17.11	17.12	0.82	0.93		14.63			6.78	1.04	1.12
2001													
Jan	17.89	18.50	17.57	17.89	1.10	1.16		16.20			7.47	1.07	1.15
Feb	17.34	18.07	18.05	18.05	0.92	1.06	15.95	15.57				0.97	1.04
Mar	15.80	16.47	16.96	16.68	0.79	0.92	15.29	14.48			7.68	0.90	0.95
Apr	14.96	15.40	15.91	15.52	0.61	0.72	14.07	13.67			7.26	0.71	0.72
May	11.95	12.61	13.55	14.24	0.53	0.52	12.50	13.20			6.34	0.60	0.63
Jun	9.43	10.27	11.04	11.99	0.50	0.42	12.01	12.62				0.57	0.62
Jul	9.39	10.25	11.57	12.82	0.72	0.57	13.25	12.07	10.90		6.05	0.72	0.73
Aug	7.51	8.54	9.64	11.49	0.62	0.46	12.39	12.08			6.25	0.66	0.74
Sep	9.32	10.88	11.76	12.49	0.91	0.70		13.03			6.56	0.93	1.13
Oct	8.36	9.68	11.46	12.84	0.73	0.55	12.59	11.19	11.09			0.87	1.03
Nov	7.43	8.69	10.36	11.43	0.80	0.48	12.28	11.31			6.26	0.98	1.14
Dec	6.29	7.53	9.31	10.08	0.64	0.47	11.02	10.30	10.28		5.78	0.82	0.96

1/ Simple average.
2/ Placement rate in primary auction curve for 28, 91, 182 and 364 days, respectively.
3/ Surtax on primary market yields on 91-day CETES.
4/ Surtax on primary market yields on 182-day CETES.
5/ Federal Government Development Bonds denominated in fixed interest rate UDIs.
6/ Surtax on primary market yields on 28-day CETES.
7/ Savings Protection Bonds issued by the Institute for the Protection of Bank Savings (*Instituto de Protección al Ahorro Bancario, IPAB*).

Table A 37 Representative Interest Rates

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

	Average Cost of Bank Term Deposits				Interbank Interest Rates				Weighted Average Funding Rate		Commercial Paper
	CCP 2/	CCP-US dollars 3/	CCP-UDIs 4/	CPP 5/	28-day TIIE 6/	91-day TIIE 7/	Mexibor 8/	28-day TIIP 9/	Banks' 10/	Government 11/	at 28 days 12/
1991				22.56							
1992				18.78							
1993				18.56				18.29			19.78
1994				15.50				17.84			19.30
1995			6.81	45.12	55.21			54.05	52.56	48.00	59.37
1996	30.92	7.19	7.92	30.71	33.61			33.70	32.15	30.53	36.48
1997	20.04	6.63	6.59	19.12	21.91	22.29		21.82	20.98	19.88	22.15
1998	22.39	6.41	5.77	21.09	26.89	27.14		26.74	24.93	23.70	26.38
1999	20.89	6.32	4.07	19.73	24.10	24.63		24.06	22.45	20.80	23.66
2000	14.59	6.77	4.06	13.69	16.96	17.23		16.97	16.16	15.34	16.95
2001	10.95	5.33	5.11	10.12	12.89	13.43	10.42	12.91	11.95	11.13	12.80
1999											
Jan	30.01	6.28	5.33	28.31	35.80	35.45		36.27	34.11	31.96	34.69
Feb	28.64	6.26	3.36	26.90	32.21	31.35		31.97	30.26	28.42	31.11
Mar	24.21	6.30	3.33	22.84	26.87	26.37		26.46	25.86	23.99	25.35
Apr	20.31	6.28	3.48	19.16	22.54	22.99		22.49	21.10	19.66	22.23
May	18.95	6.25	3.77	17.82	22.52	23.26		22.42	21.16	19.40	22.48
Jun	19.75	6.23	3.88	18.62	23.60	23.77		23.68	22.02	20.14	23.37
Jul	19.09	6.24	3.87	18.08	22.11	22.98		22.20	20.61	18.69	22.03
Aug	19.18	6.28	4.15	18.17	23.13	24.36		23.20	20.52	18.94	22.37
Sep	18.96	6.27	4.24	17.94	22.04	23.43		22.05	20.24	18.71	21.47
Oct	18.11	6.36	4.34	17.25	20.63	22.41		20.40	18.28	16.92	20.63
Nov	17.10	6.48	4.63	16.26	19.01	20.09		18.94	17.96	16.91	19.29
Dec	16.34	6.57	4.40	15.42	18.75	19.06		18.67	17.24	15.81	18.85
2000											
Jan	16.28	6.60	4.35	15.29	18.55	18.69		18.58	17.70	15.92	18.58
Feb	16.07	6.68	4.28	15.18	18.15	18.12		18.20	17.34	15.60	18.19
Mar	14.42	6.71	3.91	13.67	15.77	15.86		15.75	14.89	13.71	15.65
Apr	13.12	6.75	3.78	12.48	14.74	15.10		14.78	14.08	12.96	14.48
May	13.29	6.80	3.81	12.51	15.92	16.77		15.92	14.95	14.23	15.71
Jun	14.42	6.88	3.89	13.53	17.44	17.73		17.41	16.58	16.06	17.59
Jul	13.84	6.86	3.87	12.98	15.13	15.40		15.01	14.11	13.67	14.92
Aug	13.98	6.83	4.03	13.05	16.62	16.84		16.66	16.30	15.35	16.72
Sep	14.16	6.76	4.11	13.29	16.77	17.13		16.84	15.96	15.30	16.92
Oct	14.44	6.84	4.07	13.51	17.38	17.99		17.47	16.45	16.20	17.84
Nov	15.56	6.78	4.31	14.44	18.64	18.76		18.63	17.92	17.53	18.51
Dec	15.55	6.77	4.27	14.39	18.39	18.39		18.39	17.66	17.56	18.26
2001											
Jan	15.96	6.61	4.49	14.66	18.62	18.86		18.81	17.70	17.57	18.50
Feb	15.82	6.49	4.76	14.63	18.12	18.36		18.22	17.45	16.68	18.28
Mar	15.12	6.34	4.68	14.08	17.28	17.22		17.22	16.68	15.98	17.41
Apr	14.33	6.17	4.69	13.32	16.36	16.31		16.37	15.81	14.80	16.43
May	12.65	5.82	4.78	11.79	14.09	14.22		14.03	13.20	12.15	13.77
Jun	10.15	5.50	4.96	9.47	11.64	11.90		11.55	10.87	9.37	11.47
Jul	8.97	5.16	5.47	8.24	11.10	11.60	11.34	11.02	9.87	9.37	10.92
Aug	8.04	4.76	5.60	7.45	9.29	10.22	10.14	9.38	8.59	7.43	9.34
Sep	8.16	4.61	5.77	7.52	10.95	12.19	11.74	11.08	9.53	8.50	10.48
Oct	8.53	4.48	5.89	7.89	10.34	11.16	10.89	10.35	9.20	7.98	10.19
Nov	7.22	4.17	- -	6.58	8.90	10.21	9.80	8.94	7.71	7.31	9.06
Dec	6.49	3.88	- -	5.81	7.94	8.87	8.58	7.96	6.74	6.38	7.73

1/ Simple average.

2/ Commercial Banks' Average Cost of Funds (CCP) includes interest on term deposits denominated in domestic currency. It excludes convertible subordinated debt, guarantees and interbank operations. This indicator was first published in February 1996. For more information see the Official Gazette of February 13th, 1996.

3/ Commercial Banks' Average Cost of Funds in US dollars (CCP-US dollars) includes term liabilities and US dollar-denominated loans granted by foreign banks. It excludes convertible subordinated debt, guarantees, interbank operations, and loans granted by Export-Import Banks, the Commodity Credit Corporation and other similar institutions. It was first published in May 1996. For more information see Mexico's Official Gazette of May 6th, 1996.

4/ Commercial Banks' Average Cost of Funds in UDIs (CCP-UDIs) includes instruments denominated in investment units (UDIs) that are covered in the calculation of the CCP. It was first published in November 1995. Banco de México stopped publishing the CCP-UDIs in the Official Gazette as of November 2001 due to the reduced volume of bank term deposits in UDIs by banking institutions. Nonetheless, Banco de México will continue to estimate the referred CCP-UDIs on a monthly basis until October 2005 and will provide it to the public when requested. For further information, please see Mexico's Official Gazette of October 24th, 2001.

5/ Commercial Banks' Average Cost of Funds includes bank term deposits, promissory notes with interest payable at maturity, other deposits (different from checking accounts and savings deposits), bank's acceptances and commercial paper with bank guarantee. This indicator was first published in August 1975 and will cease to be published in December 2005, as stipulated by the Official Gazette of February 13th, 1996.

6/ The 28-day Interbank Equilibrium Interest Rate (TIIE) is calculated by Banco de México using commercial banks' quotes as stipulated in the Official Gazette of March 23rd, 1995. Calculation procedures are set out in Banco de México's Circular telefax 2019/95.

7/ The 91-day Interbank Equilibrium Interest Rate (TIIE 91) is calculated by Banco de México using commercial banks' quotes as stipulated by the provisions issued by Banco de México on January 9th, 1997 (Circular telefax 4/1997).

8/ Interbank Equilibrium Interest Rate determined by Reuters on all banking business days and based on interest rate quotes provided by commercial banks.

9/ The 28-day Average Interbank Interest Rate (TIIP) was first calculated in January 1993, according to provisions issued by Banco de México (Circular telefax 1996/93) and will cease to be published on December 31st, 20001, as stipulated in the Official Gazette of March 23rd, 1995.

10/ Average of daily interest rates on one-day government securities traded directly or through repo operations.

11/ Average of daily interest rates on one-day repo operations.

12/ Weighted average of commercial paper placements with different maturity (28-day interest rate equivalent).

Table A 38 Representative Exchange Rates

Pesos per US dollar

		Exchange Rate Used to Settle Liabilities Denominated in Foreign Currency Payable in Mexico 1/		48-Hours Interbank Exchange Rate Closing Quotes 2/			
				Buy		Sell	
		End-period	Period average	End-period	Period average	End-period	Period average
1997		8.0833	7.9185	8.0625	7.9122	8.0650	7.9232
1998		9.8650	9.1357	9.9030	9.1441	9.9080	9.1527
1999		9.5143	9.5605	9.4900	9.5516	9.5000	9.5592
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
1998							
	Jan	8.3603	8.1798	8.4650	8.2237	8.4750	8.2331
	Feb	8.5832	8.4932	8.5180	8.4940	8.5220	8.5000
	Mar	8.5165	8.5689	8.5210	8.5631	8.5240	8.5681
	Apr	8.4818	8.4996	8.4870	8.4911	8.4930	8.4944
	May	8.8802	8.5612	8.8250	8.5986	8.8350	8.6041
	Jun	9.0407	8.8948	8.9580	8.9077	8.9650	8.9151
	Jul	8.9178	8.9040	8.9080	8.8909	8.9120	8.8952
	Aug	9.9600	9.2596	9.9700	9.3588	9.9900	9.3737
	Sep	10.1062	10.2154	10.1800	10.2075	10.2000	10.2278
	Oct	10.1575	10.1523	10.0670	10.1330	10.0780	10.1459
	Nov	9.9404	9.9875	9.9830	9.9612	9.9900	9.9684
	Dec	9.8650	9.9117	9.9030	9.8990	9.9080	9.9068
1999							
	Jan	10.1745	10.1105	10.1650	10.1233	10.1730	10.1378
	Feb	9.9357	10.0150	9.9020	9.9820	9.9100	9.9877
	Mar	9.5158	9.7694	9.5160	9.7233	9.5210	9.7301
	Apr	9.2871	9.4461	9.2950	9.4142	9.3050	9.4207
	May	9.7498	9.3623	9.7300	9.4127	9.7400	9.4217
	Jun	9.4875	9.5418	9.3600	9.5011	9.3700	9.5096
	Jul	9.3827	9.3671	9.4060	9.3625	9.4100	9.3691
	Aug	9.3819	9.3981	9.3600	9.3856	9.3700	9.3926
	Sep	9.3582	9.3403	9.3600	9.3303	9.3650	9.3358
	Oct	9.6504	9.5403	9.6245	9.5719	9.6330	9.5783
	Nov	9.3550	9.4205	9.4130	9.3945	9.4180	9.4011
	Dec	9.5143	9.4151	9.4900	9.4181	9.5000	9.4263
2000							
	Jan	9.5123	9.4793	9.5900	9.4867	9.6000	9.4940
	Feb	9.3748	9.4456	9.3700	9.4188	9.3730	9.4243
	Mar	9.2331	9.2959	9.2550	9.2821	9.2600	9.2866
	Apr	9.4073	9.3748	9.3930	9.3854	9.3970	9.3919
	May	9.5326	9.5081	9.5040	9.5144	9.5100	9.5201
	Jun	9.9538	9.7978	9.8300	9.8384	9.8400	9.8446
	Jul	9.3610	9.4688	9.3500	9.4183	9.3550	9.4238
	Aug	9.2317	9.2846	9.1960	9.2702	9.1980	9.2742
	Sep	9.4088	9.3319	9.4350	9.3529	9.4400	9.3566
	Oct	9.6443	9.5182	9.5590	9.5314	9.5640	9.5350
	Nov	9.4058	9.5180	9.4325	9.4966	9.4500	9.5018
	Dec	9.5722	9.4439	9.6200	9.4731	9.6500	9.4788
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	9.1356	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

1/ This exchange rate (FIX) is determined by Banco de México as an average of wholesale foreign exchange market's quotes for transactions payable in 48 hours. It is published in Mexico's Official Gazette one banking business day after its determination date, and it is used to settle liabilities denominated in foreign currency payable in Mexico on the next day.

2/ Representative exchange rate of wholesale operations (between banks, brokerage houses, foreign exchange houses and other major financial and non-financial firms) payable in two banking business days.

Table A 39 **Results of US dollar Call Options**

Million US dollars

Auctions: Date	Auctions: Exercisable month	Amount offered	Average premium (Pesos per US dollar)		Exercise date 1/	Amount exercised
28-Dec-2000*	Jan-01	250	0.02158		25-Jan-01	135
					29-Jan-01	105
				Subtotal		**240**
31-Jan-2001*	Feb-01	250	0.04382		08-Feb-01	235
					12-Feb-01	5
					20-Feb-01	5
				Subtotal		**245**
28-Feb-2001*	Mar-01	250	0.03902		07-Mar-01	190
					15-Mar-01	60
				Subtotal		**250**
31-Mar-2001*	Apr-01	250	0.04814		04-Apr-01	250
				Subtotal		**250**
30-Apr-2001*	May-01	250	0.0478		08-May-01	20
					09-May-01	202
					16-May-01	28
				Subtotal		**250**
18-May-2001 2/						
31-May-2001*	Jun-01	250	0.02736		13-Jun-01	113
					19-Jun-01	15
				Subtotal		**128**
Total		**1,500**				**1,363**

1/ 48-hour settlement.
2/ The Foreign Foreign Exchange Commission (formed by officials from the Ministry of Finance and Banco de México) announced its decision to suspend as from the June 29, 2001 auction, auctions for US dollar call options until further notice.
*/ The Foreign Foreign Exchange Commission decided not to issue an additional call option auction in case more than 80 percent of that auction was exercised before the 16th day of each month.

Table A 40 Market Capitalization of the Mexican Stock Exchange

Million pesos, according to the last quotes registered

		Total	Extractive industry	Manufacturing industry	Construction	Commerce	Communications and Transportation	Services	Other 1/
1997		1,262,469	36,097	314,139	125,662	199,812	265,354	154,695	166,710
1998		907,366	29,991	246,698	83,441	144,178	220,528	96,653	85,876
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
1999									
	Jan	905,227	30,502	249,475	88,659	133,637	231,748	92,507	78,700
	Feb	949,514	30,380	249,312	95,769	142,619	246,545	99,199	85,690
	Mar	1,071,430	33,348	267,932	116,379	157,267	272,934	125,739	97,831
	Apr	1,149,118	35,654	278,574	98,250	174,615	297,236	135,915	128,874
	May	1,147,449	31,972	269,009	99,121	168,328	328,920	129,768	120,332
	Jun	1,205,854	36,752	286,043	108,778	182,473	330,236	134,899	126,673
	Jul	1,110,444	34,516	272,343	92,814	171,436	307,011	116,984	115,338
	Aug	1,090,217	36,006	260,662	93,916	162,809	309,888	114,915	112,020
	Sep	1,073,630	36,855	252,901	96,867	160,009	302,514	111,898	112,586
	Oct	1,146,390	34,641	244,564	93,481	163,788	367,786	130,752	111,378
	Nov	1,254,367	37,258	267,563	104,240	183,229	392,732	145,559	123,805
	Dec	1,460,336	41,128	283,474	114,008	202,002	522,492	164,040	133,193
2000									
	Jan	1,351,897	43,644	246,952	95,739	180,698	497,872	167,451	119,541
	Feb	1,461,391	39,877	243,875	91,725	208,023	590,227	174,277	113,387
	Mar	1,493,349	36,742	249,748	95,741	219,913	588,054	190,110	113,040
	Apr	1,344,342	32,306	234,953	92,645	202,509	522,045	160,677	99,208
	May	1,251,133	29,317	228,134	89,407	185,526	474,483	151,843	92,424
	Jun	1,420,003	24,002	243,225	100,386	206,241	575,436	173,733	96,980
	Jul	1,350,286	28,113	237,257	100,350	196,426	512,310	180,919	94,910
	Aug	1,379,897	31,729	237,576	97,795	203,899	513,125	201,328	94,445
	Sep	1,321,570	27,796	228,879	88,749	189,007	497,424	204,338	85,379
	Oct	1,332,834	46,788	227,016	90,353	189,809	487,986	205,256	85,627
	Nov	1,202,922	39,226	214,401	85,065	176,384	423,176	189,689	75,003
	Dec	1,203,021	21,090	221,051	80,229	176,895	430,977	203,729	69,049
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

1/ Holding companies mainly.
Source: Mexican Stock Exchange (*Bolsa Mexicana de Valores, BMV*).

Table A 41 — Mexican Stock Market Index (*Indice de Precios y Cotizaciones de la Bolsa Mexicana de Valores, IPC*)

End-period, October 1978 = 100

		General Index	Extractive industry	Manufacturing sector	Construction	Commerce	Communications and Transportation	Services	Other 1/
1997		5,229	7,883	3,492	9,806	11,377	14,343	462	4,362
1998		3,960	6,985	2,874	5,744	7,696	13,875	272	2,752
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
1999									
	Jan	3,958	7,104	2,844	6,227	7,131	14,719	252	2,509
	Feb	4,261	7,079	2,872	6,896	7,919	15,896	290	2,761
	Mar	4,930	7,779	3,123	8,930	8,968	17,691	396	3,169
	Apr	5,415	8,506	3,217	9,657	10,611	19,250	431	3,662
	May	5,478	7,688	3,092	9,790	9,969	21,350	402	3,389
	Jun	5,830	8,838	3,306	10,494	11,075	21,545	440	3,633
	Jul	5,260	8,300	3,104	8,892	10,191	19,932	366	3,199
	Aug	5,087	8,658	2,969	8,973	9,483	19,242	354	3,118
	Sep	5,051	8,862	2,893	9,243	9,239	19,101	343	3,182
	Oct	5,450	8,330	2,774	8,921	9,236	22,807	426	3,160
	Nov	6,137	8,959	3,076	9,954	10,881	24,981	512	3,500
	Dec	7,130	9,894	3,281	10,890	11,728	31,176	587	3,847
2000									
	Jan	6,586	10,529	2,848	9,190	10,415	30,279	601	3,401
	Feb	7,369	9,620	2,861	8,794	12,817	37,096	627	3,227
	Mar	7,473	8,864	2,940	9,141	13,359	37,016	678	3,246
	Apr	6,641	7,794	2,756	8,876	12,358	32,514	561	2,827
	May	5,961	7,154	2,693	8,572	11,224	27,767	526	2,616
	Jun	6,948	5,857	2,825	9,479	13,191	34,575	613	2,755
	Jul	6,514	6,881	2,768	9,463	12,304	30,450	627	2,708
	Aug	6,665	7,766	2,764	9,201	12,990	30,570	670	2,727
	Sep	6,335	6,844	2,692	8,279	11,529	30,129	670	2,420
	Oct	6,394	6,243	2,638	8,460	12,170	29,926	677	2,417
	Nov	5,653	5,074	2,493	7,914	11,045	25,867	619	2,107
	Dec	5,652	5,324	2,549	7,428	10,677	25,655	684	1,955
2001									
	Jan	6,497	5,828	2,655	8,650	11,773	30,324	792	2,154
	Feb	6,032	5,563	2,545	8,583	11,456	26,931	778	1,883
	Mar	5,728	5,824	2,571	8,685	11,499	24,269	741	1,869
	Apr	5,987	4,989	2,527	8,797	11,465	26,835	773	1,806
	May	6,595	5,574	2,416	10,100	12,302	28,056	966	2,000
	Jun	6,666	4,881	2,461	10,062	12,523	28,185	991	2,030
	Jul	6,474	4,093	2,408	10,259	12,090	27,641	955	1,902
	Aug	6,311	3,923	2,534	9,801	11,619	26,671	831	1,967
	Sep	5,404	3,093	2,263	8,222	10,117	23,972	715	1,506
	Oct	5,537	2,687	2,210	8,798	10,841	24,000	718	1,560
	Nov	5,833	2,604	2,216	9,546	10,954	25,257	764	1,740
	Dec	6,372	2,455	2,303	9,919	12,322	27,237	872	2,081

1/ Holding companies mainly.
Source: Mexican Stock Exchange (*Bolsa Mexicana de Valores, BMV*).

Public Finances

Table A 42 **Main Public Finance Indicators**

Percentage of GDP

ITEM	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budgetary Revenues 1/	23.5	23.7	23.1	22.8	22.8	23.0	23.1	20.4	20.8	21.6	22.0
Budgetary Expenditures	23.8	22.2	22.5	23.1	23.0	23.1	23.7	21.6	21.9	22.7	22.7
Budgetary Balance	-0.4	1.4	0.7	-0.3	-0.2	-0.1	-0.6	-1.2	-1.1	-1.1	-0.7
Non-Budgetary Balance 2/	-0.1	0.0	0.0	0.2	0.2	0.1	-0.1	0.0	0.0	0.0	0.0
Economic Balance on a Cash Basis	-0.5	1.5	0.7	-0.1	0.0	0.0	-0.7	-1.2	-1.1	-1.1	-0.7
Primary Balance on a Cash Basis 3/	4.8	5.2	3.3	2.1	4.7	4.3	3.5	1.7	2.5	2.6	2.6
Operational Accumulated Balance 4/	6.2	6.2	1.0	-0.1	0.8	-0.5	0.2	-0.5	-1.2	-1.1	-1.6
Total Net Public Sector Debt 5/	35.4	26.3	21.3	21.1	30.3	26.8	20.8	21.4	20.7	18.9	19.2
Budgetary Interest Payments 6/	5.1	3.6	2.7	2.3	4.6	4.4	4.1	2.9	3.6	3.7	3.3

1/ Data for 1991 and 1992 exclude non-recurrent revenues from privatizations amounting to 3.2 and 2.7 percent of GDP, respectively.
2/ Includes statistical discrepancy vis-à-vis the sources of financing methodology.
3/ Obtained by subtracting interest payments of the budgetary and non-budgetary sectors from the economic balance.
4/ Obtained by subtracting the loss in value of domestic public debt due to inflation from the accumulated economic balance. Measured by Banco de México.
5/ Refers to the broad net economic debt, which includes Federal Government, public enterprises and entities, development banks and official trust funds' net liabilities. Average balances. Measured by Banco de México.
6/ Excludes interest payments made by non-budgetary enterprises and entities.
Figures may not add up due to rounding off.
Source: Ministry of Finance (SHCP), except where Banco de México is mentioned.

Table A 43 Revenues, Expenditures and Balances of the Public Sector in 2000 and 2001

ITEM	2000 Observed		2001 Programmed		2001 Observed		Real % Growth 2000-2001
	Thousands of million pesos	Percentage of GDP	Thousands of million pesos	Percentage of GDP	Thousands of million pesos	Percentage of GDP	
Budgetary Revenues	**1,187.7**	**21.6**	**1,302.5**	**21.2**	**1,268.7**	**22.0**	**0.4**
Federal Government	868.3	15.8	952.4	15.5	939.1	16.3	1.7
Tax Revenues	581.7	10.6	666.0	10.9	654.4	11.3	5.8
Income Tax (ISR)	258.8	4.7	283.8	4.6	286.0	5.0	3.9
Value-Added Tax	189.6	3.5	207.2	3.4	208.2	3.6	3.2
Special Tax on Production and Services (IEPS)	81.5	1.5	120.0	2.0	109.7	1.9	26.5
Tax on Imports	32.9	0.6	34.6	0.6	29.2	0.5	-16.3
Other	18.9	0.3	20.3	0.3	21.3	0.4	5.6
Non-Tax Revenues	286.6	5.2	286.4	4.7	284.7	4.9	-6.6
Public Enterprises and Entities 1/	319.4	5.8	350.1	5.7	329.6	5.7	-3.0
PEMEX	108.6	2.0	123.4	2.0	101.9	1.8	-11.8
Other	210.9	3.8	226.7	3.7	227.7	3.9	1.5
Paid Budgetary Expenditures	**1,248.2**	**22.7**	**1,343.5**	**21.9**	**1,308.6**	**22.7**	**-1.4**
Programmable Expenditures	860.9	15.7	930.0	15.2	922.5	16.0	0.7
Differed Payments (-)	0.0	0.0	-18.4	-0.3	0.0	0.0	n.a.
Programmable Accrued	860.9	15.7	948.4	15.5	922.5	16.0	0.7
Wages and Salaries	392.1	7.1	n.a.	n.a.	421.1	7.3	1.0
Acquisitions	96.4	1.8	n.a.	n.a.	124.9	2.2	21.8
Other Current Expenditures	129.6	2.4	n.a.	n.a.	101.7	1.8	-26.2
Capital Expenditures	146.3	2.7	n.a.	n.a.	149.8	2.6	-3.7
Fixed Investment	139.4	2.5	n.a.	n.a.	141.0	2.4	-4.9
Financial Investment	7.0	0.1	n.a.	n.a.	8.8	0.2	18.6
Aids, Subsidies and Transfers	96.4	1.8	n.a.	n.a.	124.9	2.2	21.8
Non-Programmable Expenditures	387.2	7.1	413.5	6.7	386.1	6.7	-6.3
Financial Cost	201.0	3.7	207.1	3.4	188.0	3.3	-12.1
Domestic	128.5	2.3	n.a.	n.a.	121.9	2.1	-10.8
Interests	68.0	1.2	n.a.	n.a.	82.1	1.4	13.6
Financial enhancing program	60.5	1.1	39.2	0.6	39.9	0.7	-38.1
External	72.5	1.3	n.a.	n.a.	66.1	1.1	-14.3
State and Municipal Sharing	178.1	3.2	194.1	3.2	196.9	3.4	3.9
ADEFAS and Other	8.1	0.1	12.3	0.2	1.2	0.0	-86.2
Budgetary Balance	**-60.5**	**-1.1**	**-41.0**	**-0.7**	**-39.9**	**-0.7**	**-37.9**
Non-Budgetary Balance	**-0.1**	**0.0**	**1.0**	**0.0**	**-2.1**	**0.0**	**n.a.**
Direct Balance	2.2	0.0	1.0	0.0	1.3	0.0	-42.1
Discrepancy with Sources of Financing	-2.3	0.0	0.0	0.0	-3.5	-0.1	41.3
Economic Balance on Cash Basis	**-60.6**	**-1.1**	**-39.9**	**-0.7**	**-42.1**	**-0.7**	**-34.8**
Primary Balance on Cash Basis 3/	**143.4**	**2.6**	**167.9**	**2.7**	**150.4**	**2.6**	**-1.5**

1/ Excludes contributions to the Government Employees' Social Services Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado, ISSSTE*).
2/ Difference between the public balance computed by the revenue-expenditure methodology and that computed according to the sources of financing methodology.
3/ Obtained by subtracting interest payments made by the budgetary and non-budgetary sectors from the economic balance.
n.a. Not available.
Figures may not add up due to rounding off.
Source: Ministry of Finance (SHCP).

Table A 44 Revenues, Expenditures and Balances of the Public Sector: 1991-2001

Percentage of GDP

ITEM	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budgetary Revenues	23.5	23.7	23.1	22.8	22.8	23.0	23.1	20.4	20.8	21.6	22.0
Federal Government	15.5	16.0	15.5	15.2	15.2	15.5	15.9	14.2	14.7	15.8	16.3
Tax revenues	10.7	11.3	11.4	11.3	9.3	8.9	9.8	10.5	11.3	10.6	11.3
Non-tax revenues	4.8	4.8	4.1	3.9	6.0	6.6	6.0	3.7	3.3	5.2	4.9
Public enterprises and entities 1/	7.9	7.6	7.6	7.6	7.6	7.5	7.2	6.2	6.1	5.8	5.7
PEMEX	2.7	2.3	2.2	2.3	2.7	2.9	2.7	2.1	2.2	2.0	1.8
Other	5.3	5.4	5.4	5.4	4.9	4.5	4.5	4.1	3.9	3.8	3.9
Budgetary Expenditures	23.8	22.2	22.5	23.1	23.0	23.1	23.7	21.6	21.9	22.7	22.7
Programmable expenditures	15.2	15.3	16.1	17.2	15.4	15.7	16.3	15.5	15.3	15.7	16.0
Current expenditures	11.5	11.6	13.0	13.5	12.2	12.0	12.8	12.4	12.5	13.0	13.4
Capital expenditures	3.7	3.7	3.1	3.7	3.2	3.7	3.5	3.1	2.8	2.7	2.6
Non-programmable expenditures	8.7	6.9	6.4	5.9	7.6	7.4	7.4	6.1	6.6	7.1	6.7
Financial Cost	5.1	3.6	2.7	2.3	4.6	4.4	4.1	2.9	3.6	3.7	3.3
State and Municipal Sharing	2.8	2.9	3.0	2.9	2.7	2.8	3.0	3.0	3.1	3.2	3.4
ADEFAS and Other 2/	0.8	0.4	0.7	0.6	0.3	0.3	0.3	0.3	0.0	0.1	0.0
Budgetary Balance	-0.4	1.4	0.7	-0.3	-0.2	-0.1	-0.6	-1.2	-1.1	-1.1	-0.7
Non-budgetary balance	-0.1	0.0	0.0	0.2	0.2	0.1	-0.1	0.0	0.0	0.0	0.0
Economic Balance on a Cash Basis	-0.5	1.5	0.7	-0.1	0.0	0.0	-0.7	-1.2	-1.1	-1.1	-0.7
Primary Balance on a Cash Basis 3/	4.8	5.2	3.3	2.1	4.7	4.3	3.5	1.7	2.5	2.6	2.6

1/ Excludes contributions to the Government Employees' Social Services Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado, ISSSTE*).
2/ Includes Federal Government's third party operations.
3/ Obtained by subtracting interest payments made by the budgetary and non-budgetary sectors from the economic balance.
Figures may not add up due to rounding off.
Source: Ministry of Finance (SHCP), except where Banco de México is mentioned.

Table A 45 Budgetary Revenues of the Public Sector: 1991-2001

Percentage of GDP

ITEM	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
BUDGETARY REVENUES	**23.5**	**23.7**	**23.1**	**22.8**	**22.8**	**23.0**	**23.1**	**20.4**	**20.8**	**21.6**	**22.0**
CLASSIFICATION I											
FEDERAL GOVERNMENT	15.5	16.0	15.5	15.2	15.2	15.5	15.9	14.2	14.7	15.8	16.3
Tax revenues	10.7	11.3	11.4	11.3	9.3	8.9	9.8	10.5	11.3	10.6	11.3
Income tax (ISR)	4.5	5.1	5.5	5.1	4.0	3.8	4.3	4.4	4.7	4.7	5.0
Value added tax (IVA)	3.4	2.7	2.6	2.7	2.8	2.9	3.1	3.1	3.3	3.5	3.6
Special Tax on Products and Services (IEPS)	1.3	1.6	1.5	2.0	1.3	1.2	1.4	2.0	2.3	1.5	1.9
Other	1.4	1.8	1.7	1.5	1.1	1.1	1.1	1.0	1.0	0.9	0.9
Non-tax revenues	4.8	4.8	4.1	3.9	6.0	6.6	6.0	3.7	3.3	5.2	4.9
Fees and charges	3.7	3.4	3.2	2.5	4.2	4.8	4.4	2.7	2.5	3.8	3.5
Rents	0.3	0.3	0.1	0.2	0.5	0.3	0.3	0.3	0.2	0.1	0.1
Contributions	0.6	1.0	0.8	1.1	1.3	1.6	1.4	0.6	0.7	1.2	1.3
Other	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PUBLIC ENTERPRISES AND ENTITIES	7.9	7.6	7.6	7.6	7.6	7.5	7.2	6.2	6.1	5.8	5.7
PEMEX	2.7	2.3	2.2	2.3	2.7	2.9	2.7	2.1	2.2	2.0	1.8
Other 1/	5.3	5.4	5.4	5.4	4.9	4.5	4.5	4.1	3.9	3.8	3.9
CLASSIFICATION II											
OIL REVENUES	7.1	6.8	6.4	6.4	8.1	8.7	8.4	6.6	6.8	6.0	5.2
Pemex	2.7	2.3	2.2	2.3	2.7	2.9	2.7	2.1	2.2	2.0	1.8
Exports	2.4	1.9	1.5	1.4	2.4	2.9	2.2	1.2	1.4	1.9	1.4
Domestic sales 2/	3.6	3.5	3.6	3.1	4.3	4.5	4.6	3.3	3.0	4.1	3.8
(-) Taxes 3/	3.3	3.1	2.9	2.2	4.0	4.6	4.1	2.4	2.2	4.0	3.4
Federal Government 4/	4.5	4.5	4.2	4.1	5.4	5.8	5.7	4.4	4.6	4.0	3.4
NON-OIL REVENUES	16.4	16.9	16.7	16.4	14.7	14.2	14.7	13.8	14.0	15.7	16.8
Federal Government	11.1	11.5	11.3	11.0	9.8	9.7	10.1	9.7	10.1	11.8	12.9
Tax revenues	9.5	9.8	10.0	9.3	7.8	7.6	8.2	8.4	8.9	10.6	11.3
Income tax (ISR)	4.5	5.1	5.5	5.1	4.0	3.8	4.3	4.4	4.7	4.7	5.0
Value added tax (IVA)	3.0	2.4	2.3	2.3	2.3	2.3	2.5	2.6	2.8	3.5	3.6
Special Tax on Products and Services (IEPS)	0.6	0.5	0.5	0.4	0.4	0.4	0.3	0.4	0.4	1.5	1.9
Other 5/	1.4	1.8	1.7	1.5	1.1	1.1	1.1	1.0	1.0	0.9	0.9
Non-tax revenues	1.6	1.7	1.3	1.7	2.0	2.1	1.9	1.3	1.2	1.2	1.5
Fees and charges	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3
Rents	0.3	0.3	0.1	0.2	0.5	0.3	0.3	0.3	0.2	0.1	0.1
Contributions1/	0.9	1.0	0.8	1.1	1.3	1.6	1.4	0.6	0.7	0.8	1.2
Public enterprises and entities 1/	5.3	5.4	5.4	5.4	4.9	4.5	4.5	4.1	3.9	3.8	3.9

1/ Excludes contributions to the Government Employees' Social Services Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado, ISSSTE*).
2/ Includes other revenues and third party revenues.
3/ Excludes taxes paid on behalf of third parties (VAT and IEPS).
4/ Oil extraction duties paid to the Federal Government by PEMEX and the surplus over international oil prices.
5/ Includes taxes on foreign trade and other taxes.
Figures may not add up due to rounding off.
Source: Ministry of Finance (SHCP).

Table A 46 Budgetary Expenditures of the Public Sector: 1990-2000

Percentage of GDP

ITEM	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
BUDGETARY EXPENDITURES	**23.8**	**22.2**	**22.5**	**23.1**	**23.0**	**23.1**	**23.7**	**21.6**	**21.9**	**22.7**	**22.7**
Programmable expenditures	15.2	15.3	16.1	17.2	15.4	15.7	16.3	15.5	15.3	15.7	16.0
Current expenditures	11.5	11.6	13.0	13.5	12.2	12.0	12.8	12.4	12.5	13.0	13.4
Wages and salaries	4.7	5.0	5.7	6.0	6.4	6.2	6.8	6.9	7.3	7.1	7.3
Direct	4.7	3.8	4.0	4.0	3.7	3.5	3.7	3.4	3.7	3.5	3.7
Indirect 1/	0.0	1.2	1.7	2.0	2.7	2.7	3.2	3.5	3.7	3.7	3.6
Acquisitions	1.8	1.7	2.4	2.6	1.4	1.5	1.7	1.6	1.7	1.8	2.2
Other disbursements 2/	3.2	3.2	2.6	2.3	3.1	2.9	2.6	2.2	1.8	2.4	1.8
Aids, subsidies and transfers 3/	1.8	1.7	2.4	2.6	1.4	1.5	1.7	1.6	1.7	1.8	2.2
Capital expenditures	3.7	3.7	3.1	3.7	3.2	3.7	3.5	3.1	2.8	2.7	2.6
Fixed Investment	3.4	3.4	2.9	3.4	2.8	3.0	3.2	2.9	2.6	2.5	2.4
Direct	2.9	2.6	2.5	2.6	2.2	2.3	2.4	1.8	1.5	1.4	1.2
Indirect 4/	0.5	0.8	0.4	0.8	0.6	0.7	0.8	1.2	1.0	1.1	1.3
Financial investment and Other 5/	0.3	0.4	0.2	0.3	0.4	0.7	0.3	0.2	0.3	0.1	0.2
NON-PROGRAMMABLE EXPENDITURES	8.7	6.9	6.4	5.9	7.6	7.4	7.4	6.1	6.6	7.1	6.7
Financial cost	5.1	3.6	2.7	2.3	4.6	4.4	4.1	2.9	3.6	3.7	3.3
Domestic	3.1	2.2	1.5	1.1	2.6	2.3	2.5	1.5	2.2	2.3	2.1
Interests	3.1	2.1	1.4	1.1	1.8	1.4	1.3	1.2	1.7	1.2	1.4
Financial enhancing program	0.1	0.1	0.0	0.0	0.9	0.9	1.3	0.3	0.5	1.1	0.7
External	1.9	1.5	1.2	1.2	2.0	2.1	1.6	1.4	1.4	1.3	1.1
State and municipal sharing	2.8	2.9	3.0	2.9	2.7	2.8	3.0	3.0	3.1	3.2	3.4
ADEFAS and Other 6/	0.8	0.4	0.7	0.6	0.3	0.3	0.3	0.3	0.0	0.1	0.0

1/ Includes transfers to state governments for basic education, as well as transfers for wages and salaries paid by non-budgetary enterprises.
2/ Expenditures by budgetary enterprises and entities on behalf of third parties.
3/ Concept adopted in 1996 with the so-called "Classification by Expenditure Objective". It basically includes aids, subsidies and transfers different from those to be paid for wages and salaries and capital expenditure, as the latter are included in their corresponding item (see notes 1, 4 and 5).
4/ Includes transfers for non-budgetary enterprises' capital expenditures.
5/ Includes recoverable expenditures and transfers for non-budgetary enterprises' debt amortization and financial investment.
6/ Includes other net flows of the Federal Government.
n.a. Not available.
Figures may not add up due to rounding off.
Source: Ministry of Finance (SHCP).

Table A 47 Total Net Debt of the Public Sector 1/

Average stocks

Years		Broad Economic Debt 2/ Domestic: Thousands of million pesos	Broad Economic Debt 2/ External: Million US dollars	Broad Economic Debt 2/ External: Thousands of million pesos	Broad Economic Debt 2/ Total: Percentage of GDP	Debt Consolidated with Banco de México Domestic: Thousands of million pesos	Debt Consolidated with Banco de México External: Million US dollars	Debt Consolidated with Banco de México External: Thousands of million pesos	Debt Consolidated with Banco de México Total: Percentage of GDP
1980		0.4	33,334	0.8	26.5	0.5	28,977	0.7	25.4
1981		0.7	43,782	1.1	29.1	0.8	39,529	1.0	28.4
1982		1.6	60,849	3.5	51.5	1.6	59,623	3.4	50.6
1983		3.0	64,166	7.9	59.5	3.0	62,358	7.6	58.0
1984		5.0	70,833	12.2	56.3	5.6	65,135	11.1	55.0
1985		7.6	74,711	19.9	56.2	8.0	70,443	18.7	54.7
1986		14.8	76,463	49.0	76.5	14.4	75,447	47.7	75.2
1987		29.0	81,922	118.6	71.8	37.1	74,880	106.2	70.6
1988		65.4	84,097	191.0	61.7	73.0	76,410	173.9	59.3
1989		97.7	81,967	202.8	54.8	87.6	80,089	198.2	52.1
1990		125.9	74,598	210.5	45.5	113.3	73,235	206.6	43.3
1991		127.9	68,915	208.3	35.4	133.1	59,888	180.9	33.1
1992		85.4	68,072	211.0	26.3	100.4	55,198	171.1	24.1
1993		54.8	68,522	213.1	21.3	78.3	50,914	158.3	18.8
1994		43.2	73,080	256.5	21.1	63.8	58,469	207.6	19.1
1995		24.7	81,864	533.1	30.3	-24.2	84,101	547.1	28.4
1996		30.4	85,376	648.3	26.8	5.9	82,289	624.6	24.9
1997		47.2	77,569	614.6	20.8	112.9	62,596	495.7	19.1
1998		103.7	77,805	718.7	21.4	239.9	56,173	518.8	19.7
1999		199.1	78,621	752.2	20.7	391.6	53,461	511.7	19.6
2000	Jan	268.9	79,009	760.5		510.4	49,414	475.6	
	Feb	275.8	78,728	747.6		520.6	48,832	463.8	
	Mar	271.2	78,860	743.3	19.1	523.3	48,167	454.1	18.5
	Apr	270.5	78,634	740.9		524.0	47,830	450.8	
	May	272.6	78,529	741.3		524.9	47,842	451.7	
	Jun	279.7	78,232	743.4	18.8	530.7	47,716	453.5	18.1
	Jul	283.2	77,657	736.5		535.6	47,019	446.1	
	Aug	285.9	77,305	730.5		541.5	46,372	438.4	
	Sep	289.5	77,094	728.5	18.8	549.1	45,776	432.7	18.1
	Oct	296.0	76,948	728.0		559.6	45,216	427.9	
	Nov	305.3	76,707	725.4		571.2	44,761	423.4	
	Dec	315.2	76,466	724.1	18.9	584.0	44,256	419.1	18.3
2001 p/	Jan	351.9	75,410	730.2		694.0	36,046	349.0	
	Feb	364.0	74,848	725.5		702.9	35,979	348.7	
	Mar	363.6	76,073	732.1	19.0	704.7	36,982	355.9	18.4
	Apr	358.8	76,770	731.5		703.0	37,511	357.3	
	May	358.8	76,677	725.4		706.2	37,208	352.0	
	Jun	365.1	76,515	718.9	18.9	714.6	36,904	346.8	18.5
	Jul	371.0	76,261	713.8		722.4	36,511	341.9	
	Aug	375.3	76,205	711.8		730.4	36,269	338.9	
	Sep	380.2	76,064	711.9	19.4	740.1	35,796	335.1	19.1
	Oct	386.7	75,839	709.0		751.2	35,246	329.6	
	Nov	393.1	75,634	706.5		761.1	34,792	325.1	
	Dec	401.1	75,559	704.8	19.2	773.2	34,400	321.0	19.0

1/ The present data may not match those previously published due to a methodological revision resulting from the inclusion of new items of funds (resources) and liabilities of Banco de México, commercial and development banks. As of January 2001, the measurements of both debts are done according to the new bank statement format (Accounting and Sectors Report) wich substitutes the former Analytical Account Statement.

2/ The broad net economic debt includes net liabilities of the Federal Government as well as of public enterprises, entities and official financial intermediaries (development banks and official trust funds).

3/ The debt consolidated with Banco de México includes, in addition to entities of the Public Sector Debt, net indebtedness of the Central Bank with commercial banks and with the external and private sectors.

(-) Means that stocks of financial assets are larger than those of gross debt.

p/ Preliminary figures.

Table A 48 Total Net Debt of the Public Sector 1/

Stocks outstanding at end-period

Years		Broad Economic Debt 2/				Debt Consolidated with Banco de México			
		Domestic	External		Total	Domestic	External		Total
		Thousands of million pesos	Million US dollars	Thousands of million pesos	Percentage of GDP	Thousands of million pesos	Million US dollars	Thousands of million pesos	Percentage of GDP
1980		0.6	36,178	0.8	31.5	0.6	30,933	0.7	30.3
1981		0.9	55,987	1.5	38.0	1.0	50,857	1.3	37.1
1982		2.6	63,171	6.1	87.4	2.4	62,558	6.0	84.7
1983		4.1	67,166	9.6	75.0	4.3	62,733	9.0	73.1
1984		5.7	74,214	14.2	66.0	6.6	66,871	12.8	64.2
1985		9.7	76,283	28.1	77.3	10.0	72,695	26.8	75.3
1986		21.2	80,093	73.3	114.5	22.2	76,751	70.2	112.0
1987		41.2	85,391	188.7	113.3	52.3	76,254	168.5	108.8
1988		83.0	84,814	193.5	66.4	76.6	82,643	188.5	63.7
1989		108.8	80,562	212.8	58.6	97.3	79,421	209.7	55.9
1990		138.1	72,629	213.9	47.6	131.7	68,512	201.8	45.1
1991		117.5	69,181	212.5	34.8	130.7	57,494	176.6	32.4
1992		64.0	66,407	206.9	24.1	79.8	53,169	165.6	21.8
1993		50.9	68,515	212.8	21.0	87.4	47,937	148.9	18.8
1994		59.8	75,131	400.1	32.3	59.8	72,086	383.9	31.2
1995		11.2	87,639	669.8	37.0	-12.5	87,685	670.1	35.7
1996		70.0	79,849	626.9	27.6	73.6	73,628	578.0	25.8
1997		83.0	76,555	618.8	22.1	199.6	56,739	458.6	20.7
1998		149.9	80,465	793.8	24.5	307.3	56,970	562.0	22.6
1999		262.3	78,146	743.5	21.9	482.8	50,777	483.1	21.0
2000	Jan	268.9	79,009	760.5		510.4	49,414	475.6	
	Feb	282.7	78,448	734.8		530.8	48,249	451.9	
	Mar	261.9	79,123	734.6	18.8	528.7	46,837	434.9	18.2
	Apr	268.4	77,957	733.8		525.9	46,818	440.7	
	May	281.1	78,107	742.9		528.7	47,890	455.5	
	Jun	315.6	76,749	754.0	19.6	559.4	47,085	462.6	18.8
	Jul	303.8	74,205	695.1		565.1	42,839	401.3	
	Aug	305.3	74,842	688.5		582.9	41,841	384.9	
	Sep	318.4	75,407	712.3	19.0	610.2	41,012	387.4	18.4
	Oct	354.2	75,637	723.4		653.4	40,174	384.2	
	Nov	397.7	74,288	699.5		687.8	40,213	378.6	
	Dec	424.5	73,817	709.4	20.7	725.1	38,701	371.9	20.0
2001 p/	Jan	351.9	75,410	730.2		694.0	36,046	349.0	
	Feb	376.2	74,286	720.8		711.7	35,912	348.4	
	Mar	362.8	78,524	745.5	19.2	708.3	38,988	370.1	18.7
	Abr	344.5	78,859	729.7		697.9	39,097	361.8	
	May	358.8	76,304	700.7		719.0	35,998	330.6	
	Jun	396.5	75,708	686.7	18.8	756.6	35,383	321.0	18.7
	Jul	406.6	74,735	683.1		769.0	34,153	312.2	
	Aug	404.9	75,812	697.5		786.7	34,575	318.1	
	Sep	419.2	74,941	712.7	20.1	818.0	32,013	304.4	20.0
	Oct	446.1	73,810	683.1		850.6	30,293	280.3	
	Nov	456.3	73,578	681.9		860.2	30,255	280.4	
	Dec	489.2	74,738	685.3	20.4	906.8	30,090	275.9	20.5

1/ The present data may not match those previously published due to a methodological revision resulting from the inclusion of new items on funds (resources) and liabilities of Banco de México, commercial and development banks. As of January 2001, the measurements of both debts are done according to the new bank statement format (Accounting and Sectors Report) which substitutes the former Analytical Account Statement.

2/ Broad net economic debt includes net liabilities of the Federal Government, as well as of public enterprises, entities and official financial intermediaries (development banks and official trust funds).

3/ Debt consolidated with Banco de México includes, in addition to entities of the Public Sector Debt, net indebtedness of the Central Bank with commercial banks and with the external and private sectors.

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

p/ Preliminary figures.

Table A 49 Net Debt of the Non-Financial Public Sector 1/

Conventional methodology 2/

Stocks outstanding at end-period

		Net Debt of the Non-Financial Public Sector			
		Domestic	External		Total Net Debt
		Thousands of million pesos	Million US dollars	Thousands of million pesos	Percentage of GDP
1982		4.9	37,830	3.6	81.8
1983		7.7	44,517	6.4	75.0
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	45,804	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		443.3	52,424	517.2	25.0
1999		544.4	57,244	543.7	23.7
2000	Jan	528.6	58,332	561.5	
	Feb	533.1	58,988	552.5	
	Mar	522.5	58,157	540.0	20.1
	Apr	515.5	57,586	542.0	
	May	543.7	57,468	546.6	
	Jun	568.1	55,871	548.9	20.5
	Jul	554.2	53,944	505.3	
	Aug	546.8	54,870	504.8	
	Sep	561.4	55,578	525.0	20.0
	Oct	610.9	55,498	530.8	
	Nov	657.0	53,032	499.3	
	Dec	686.3	51,506	495.0	21.5
2001 p/	Jan	643.2	52,875	512.0	
	Feb	666.2	51,891	503.5	
	Mar	659.5	56,406	535.5	20.7
	Apr	635.5	56,643	524.2	
	May	657.7	53,931	495.3	
	Jun	683.4	53,519	485.5	20.3
	Jul	693.4	53,021	484.7	
	Aug	697.9	53,787	494.8	
	Sep	709.5	52,629	500.5	21.5
	Oct	728.9	52,216	483.2	
	Nov	739.4	52,332	485.0	
	Dec	773.9	53,253	488.3	21.9

1/ Due to a methodological revision, figures in this table do not match those presented in previous reports.
2/ Net debt of the non-financial public sector is computed on an accrued basis with data available from the banking system. Federal Government domestic securities are reported at market value and external debt is classified by credit debtor. Besides these factors, data on net debt differs from that published by the Ministry of Finance because the latter uses timely figures from the banking system which are subject to revisions.
p/ Preliminary figures.

Table A 50 Placement of Public Sector Domestic Debt through Securities 1/

Total circulation per instrument 2/

Current stocks in million pesos, at market value

Stocks at End-period		Total Securities in Circulation	CETES	Bondes	AJUSTABONOS	UDIBONOS	Fixed-rate Bonds	Other securities 3/
1986		10,528	8,185	0	0	0		2,343
1987		32,679	28,006	359	0	0		4,315
1988		74,945	42,878	20,186	0	0		11,882
1989		122,127	54,353	55,677	3,225	0		8,872
1990		161,433	72,001	64,513	14,311	0		10,608
1991		171,654	72,658	57,979	38,988	0		2,029
1992		134,755	59,338	36,848	36,271	0		2,298
1993		138,318	81,431	17,036	33,695	0		6,157
1994		228,885	40,689	8,316	29,128	0		150,753
1995		136,000	48,590	44,970	40,087	0		2,353
1996		161,572	62,114	67,849	26,252	5,357		1
1997		272,210	137,813	81,768	15,950	36,678		1
1998		353,240	127,600	151,836	10,970	62,833		1
1999		546,324	129,045	337,271	0	80,008		1
2000	Jan	566,314	132,357	350,922	0	82,066	969	0
	Feb	586,925	136,886	364,333	0	83,428	2,278	0
	Mar	605,160	138,786	377,247	0	85,491	3,636	0
	Apr	617,570	141,871	384,547	0	86,249	4,904	0
	May	624,399	144,737	390,610	0	81,833	7,219	0
	Jun	641,561	149,517	398,667	0	84,811	8,567	0
	Jul	666,549	156,989	411,066	0	88,119	10,376	0
	Aug	677,185	162,589	414,400	0	85,509	14,687	0
	Sep	686,570	164,817	417,314	0	85,513	18,926	0
	Oct	697,303	171,286	415,039	0	86,279	24,699	0
	Nov	711,433	176,033	420,592	0	84,625	30,183	0
	Dec	716,840	175,069	420,256	0	86,645	34,870	0
2001 p/	Jan	716,981	176,734	416,871	0	88,199	35,177	0
	Feb	719,344	178,155	415,849	0	84,554	40,786	0
	Mar	720,053	178,431	408,152	0	83,594	49,876	0
	Apr	721,828	177,845	399,918	0	85,900	58,165	0
	May	720,567	181,213	386,894	0	85,264	67,196	0
	Jun	725,480	184,956	380,928	0	85,993	73,603	0
	Jul	731,987	186,520	377,777	0	87,729	79,960	0
	Aug	748,796	191,503	378,019	0	86,982	92,292	0
	Sep	728,300	190,670	357,559	0	88,366	91,705	0
	Oct	752,632	192,105	364,442	0	90,825	105,259	0
	Nov	748,550	190,554	353,205	0	92,296	112,495	0
	Dec	762,839	196,674	348,988	0	94,847	122,330	0

1/ Prepared using the new banking-system resources and obligations methodology.
2/ Total circulation includes federal government securities and placements of monetary regulation bonds.
3/ 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, and TESOBONOS.
p/ Preliminary figures.

Table A 51 Placement of Public Sector Domestic Debt through Securities 1/

Total circulation per holding sector 2/

Current stocks in million pesos, at market value

Stocks at End-period		Total Securities in Circulation	Private Firms and Individuals	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	212,549	39,560	0	2,505	17,596	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	Jan	566,314	533,859	27,518	0	255	4,682	0	0
	Feb	586,925	541,718	39,763	0	667	4,778	0	0
	Mar	605,160	555,295	44,811	0	909	4,144	0	0
	Apr	617,570	561,241	50,888	0	963	4,478	0	0
	May	624,399	577,638	35,245	0	2,609	8,907	0	0
	Jun	641,561	587,164	41,618	0	1,708	11,071	0	0
	Jul	666,549	603,734	57,239	0	1,632	3,945	0	0
	Aug	677,185	615,591	56,988	0	1,679	2,928	0	0
	Sep	686,570	634,094	34,371	0	6,750	11,355	0	0
	Oct	697,303	655,319	29,567	0	3,530	8,887	0	0
	Nov	711,433	663,518	26,398	0	3,914	17,602	0	0
	Dec	716,840	673,273	19,438	0	8,942	15,187	0	0
2001 p/	Jan	716,981	683,105	20,384	0	1,664	11,828	0	0
	Feb	719,344	685,364	18,475	0	626	14,880	0	0
	Mar	720,053	673,458	26,112	0	501	19,983	0	0
	Apr	721,828	662,762	29,716	0	503	28,846	0	0
	May	720,567	665,804	23,371	0	410	30,983	0	0
	Jun	725,480	665,726	25,107	0	747	33,901	0	0
	Jul	731,987	673,995	21,542	0	324	36,125	0	0
	Aug	748,796	695,300	22,004	0	322	31,170	0	0
	Sep	728,300	679,006	19,680	0	353	29,261	0	0
	Oct	752,632	694,990	16,801	0	357	40,484	0	0
	Nov	748,550	710,669	16,465	0	441	20,974	0	0
	Dec	762,839	697,242	13,908	0	10,068	41,620	0	0

1/ Prepared using the new banking-system resources and obligations methodology.
2/ Total circulation includes federal government securities and placements of monetary regulation bonds.
3/ Includes securities held by SIEFORES since 1997.
p/ Preliminary figures.

Table A 52 Mexican Brady Bonds

End-period		Bid prices 1/ (Cents per US dollar)			Stripped Yield 2/ (Percent)			TB Yield 3/ (Percent)	Spread 4/ (Percent)		
		Par	Discount	Global	Par	Discount	Global	30 years	Par	Discount	Global
Dec 1991		60.3	77.8		12.6	13.6		7.7	4.9	5.9	
Dec 1992		65.3	81.1		11.5	12.7		7.4	4.1	5.3	
Dec 1993		83.4	95.8		8.3	8.6		6.3	2.1	2.4	
Dec 1994		53.0	77.4		16.3	15.8		7.9	8.4	7.9	
Dec 1995		65.9	71.7		14.8	14.6		6.1	8.7	8.5	
Dec 1996		74.0	86.1	105.9	11.9	11.9	10.8	6.6	5.4	5.4	4.3
Dec 1997		83.3	92.4	118.0	10.4	10.3	9.6	6.0	4.4	4.3	3.6
Dec 1998		77.9	81.5	106.6	11.7	14.2	10.7	5.1	6.7	9.1	5.7
Dec 1999		78.9	93.5	119.2	10.8	11.3	9.5	6.4	4.5	4.9	3.1
Dec 2000		90.9	99.4	121.4	9.5	9.5	9.3	5.5	4.0	4.0	3.8
1999	Jan	75.9	79.5	106.6	12.7	12.6	10.7	5.2	7.6	7.4	5.6
	Feb	74.6	80.6	105.1	13.1	13.5	10.9	5.4	7.7	8.2	5.5
	Mar	78.4	84.8	111.4	11.7	12.0	10.2	5.6	6.1	6.4	4.6
	Apr	79.8	86.2	118.9	11.1	11.6	9.5	5.6	5.6	6.1	4.0
	May	74.2	82.6	110.1	13.3	13.6	10.3	5.8	7.5	7.8	4.5
	Jun	73.6	83.3	110.9	13.6	13.8	10.3	6.0	7.6	7.8	4.2
	Jul	70.9	81.4	107.3	14.9	15.5	10.6	6.0	8.9	9.5	4.7
	Aug	71.4	82.8	108.8	14.6	15.7	10.5	6.1	8.5	9.7	4.4
	Sep	73.5	84.9	109.9	13.7	13.9	10.4	6.1	7.7	7.9	4.3
	Oct	74.9	87.5	111.7	12.9	13.1	10.2	6.3	6.7	6.8	3.9
	Nov	77.4	90.5	116.0	11.7	12.2	9.8	6.2	5.6	6.0	3.6
	Dec	78.9	93.5	119.2	10.8	11.3	9.5	6.4	4.5	4.9	3.1
2000	Jan	77.7	92.7	112.9	11.6	12.4	10.1	6.6	5.0	5.8	3.4
	Feb	80.9	95.3	124.7	11.1	11.9	9.0	6.2	4.8	5.7	2.8
	Mar	85.0	98.4	123.9	10.2	11.1	9.1	6.1	4.2	5.1	3.0
	Apr	82.3	97.7	118.2	10.9	11.3	9.6	5.9	5.0	5.5	3.7
	May	79.6	97.7	111.8	11.7	11.6	10.2	6.2	5.5	5.5	4.0
	Jun	83.3	98.1	120.5	10.7	11.0	9.4	5.9	4.7	5.0	3.4
	Jul	85.7	99.3	122.1	10.2	10.9	9.2	5.9	4.3	5.0	3.4
	Aug	89.5	102.9	124.0	9.3	9.5	9.1	5.7	3.6	3.8	3.3
	Sep	89.1	103.2	121.2	9.0	9.2	9.3	5.8	3.2	3.3	3.5
	Oct	87.9	101.5	117.8	9.7	9.7	9.6	5.8	3.9	3.9	3.8
	Nov	89.3	102.2	118.5	9.6	9.4	9.5	5.8	3.8	3.6	3.8
	Dec	90.9	99.4	121.4	9.5	9.5	9.3	5.5	4.0	4.0	3.8
2001	Jan	91.5	100.7	122.6	9.2	8.6	9.2	5.5	3.7	3.1	3.6
	Feb	89.6	97.2	119.9	10.2	9.7	9.4	5.5	4.8	4.2	3.9
	Mar	89.1	96.7	119.9	10.0	9.8	9.4	5.3	4.7	4.4	4.1
	Apr	86.9	95.3	121.1	10.0	10.2	9.3	5.7	4.3	4.6	3.6
	May	89.7	98.5	124.5	9.1	9.3	9.0	5.8	3.3	3.5	3.2
	Jun	91.9	99.2	125.8	8.9	9.4	8.9	5.7	3.2	3.7	3.2
	Jul	91.8	98.5	123.8	9.2	9.3	9.1	5.6	3.6	3.6	3.5
	Aug	93.0	98.3	125.3	9.2	9.1	8.9	5.5	3.8	3.6	3.4
	Sep	90.7	99.4	118.0	9.9	8.0	9.6	5.5	4.4	2.6	4.1
	Oct	93.4	98.9	124.9	9.2	8.5	9.0	5.3	3.9	3.2	3.6
	Nov	n.a.	n.a.	125.4	n.a.	n.a.	8.9	5.1	n.a.	n.a.	3.8
	Dec	92.6	n.a.	127.1	8.4	n.a.	8.8	5.5	3.0	n.a.	3.3

1/ Indicative prices quoted in the secondary market for Brady Bonds Par W-A and Discount A as well as for 30-year UMS bonds.
2/ Yield attributable to uncovered, or pure, country risk. This measurement “strips out” the effect of credit enhancement incorporated in the bonds.
3/ Calculated by subtracting the yield on United States’ 30-year Treasury Bonds from the yield on the Mexican bond.
4/ TB: United States’ Treasury Bond.
Source: Bloomberg.

External Sector

Table A 53 Main Indicators of the External Sector

	1995	1996	1997	1998	1999	2000	2001 p/
BALANCE OF PAYMENTS							
Billion US dollars							
Current account	-1.6	-2.5	-7.7	-16.1	-14.0	-17.7	-17.7
Trade balance 1/	7.1	6.5	0.6	-7.9	-5.6	-8.0	-10.0
Capital account	15.4	4.1	15.8	17.5	13.8	16.9	22.7
Direct foreign investment	9.5	9.2	12.8	11.6	12.5	14.2	24.7
Change in net international reserves	9.6	1.8	10.5	2.1	0.6	2.8	7.3
Net international reserves (stock at end-period)	15.7	17.5	28.0	30.1	30.7	33.6	40.9
Percentage of GDP							
Current account	-0.5	-0.7	-1.9	-3.8	-2.9	-3.1	2.9
Capital account	5.4	1.2	3.9	4.2	2.9	2.9	3.7
FOREIGN TRADE							
Annual percentage change							
Exports	30.6	20.7	15.0	6.4	16.1	22.0	-4.8
Oil	13.1	38.4	-2.8	-37.0	39.2	65.0	-21.9
Non-oil	33.1	18.6	17.5	11.3	14.6	18.7	-3.0
Manufacturing 1/	32.1	20.7	18.1	11.9	15.1	19.0	-2.7
Other	46.9	22.4	14.4	6.7	9.9	13.1	-2.1
Imports	-8.7	23.5	22.7	14.2	13.2	22.9	-3.5
Consumption goods	-43.9	24.8	40.1	19.1	9.6	37.1	18.3
Intermediate goods 1/	3.4	23.1	18.7	13.6	12.7	22.3	-5.6
Capital goods	-34.7	25.6	38.4	14.6	18.5	17.5	-6.8
GROSS EXTERNAL DEBT AND INTEREST PAYMENTS							
Percent of current account revenues							
Total external debt	174.8	141.9	116.4	115.7	103.4	82.0	83.7
Public sector 2/	121.8	96.8	74.2	71.9	60.9	43.8	43.3
Private sector	53.0	45.1	42.2	43.8	42.5	38.1	40.4
Interest payments 3/	14.0	11.6	9.5	8.9	8.1	7.0	6.8
Percentage of GDP							
Total external debt	59.2	49.2	38.1	38.4	34.1	27.3	25.1
Public sector 2/	41.3	33.6	24.3	23.9	20.1	14.6	13.0
Private sector	17.9	15.6	13.8	14.6	14.0	12.7	12.2
Interest payments 3/	4.7	4.0	3.1	3.0	2.7	2.3	2.0

1/ Includes in-bond industry.
2/ Includes Banco de México.
3/ Includes public and private sectors.
p/ Preliminary figures.
Note: Totals may not add up due to rounding off.
Source: Banco de México and Ministry of Finance (SHCP).

Table A 54

Balance of Payments

Traditional format

Million US dollars

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 /p
Current Account	**-24,438.5**	**-23,399.2**	**-29,662.0**	**-1,576.7**	**-2,507.6**	**-7,665.0**	**-16,072.4**	**-13,995.5**	**-17,736.9**	**-17,681.4**
Revenues	**61,668.9**	**67,752.1**	**78,371.8**	**97,029.3**	**115,316.1**	**131,318.2**	**140,068.8**	**158,939.9**	**193,280.9**	**185,601.6**
Merchandise Exports	**46,195.6**	**51,886.0**	**60,882.2**	**79,541.6**	**95,999.7**	**110,431.4**	**117,459.6**	**136,391.1**	**166,454.8**	**158,442.9**
Non-Factor Services	**9,191.8**	**9,419.2**	**10,301.4**	**9,665.1**	**10,601.6**	**11,053.5**	**11,522.6**	**11,692.0**	**13,712.3**	**12,660.3**
Tourists	4,471.1	4,564.1	4,854.5	4,688.0	5,110.2	5,531.0	5,633.3	5,505.7	6,435.4	6,538.4
One-day visitors	1,613.7	1,602.9	1,508.9	1,490.8	1,646.0	1,845.0	1,859.8	1,717.2	1,858.8	1,862.2
Other	3,107.0	3,252.2	3,937.9	3,486.3	3,845.4	3,677.5	4,029.5	4,469.1	5,418.1	4,259.6
Factor Services	**2,876.0**	**2,790.0**	**3,366.5**	**3,827.7**	**4,153.7**	**4,560.4**	**5,047.1**	**4,516.8**	**6,090.7**	**5,138.6**
Interest	2,159.6	2,048.0	2,699.6	3,017.9	3,306.7	3,749.6	4,034.3	3,735.7	5,024.5	4,074.7
Other	716.4	742.0	666.9	809.8	847.0	810.8	1,012.8	781.1	1,066.2	1,063.9
Transfers	**3,405.5**	**3,656.9**	**3,821.7**	**3,995.0**	**4,561.1**	**5,272.9**	**6,039.5**	**6,340.0**	**7,023.1**	**9,360.0**
Outlays	**86,107.4**	**91,151.3**	**108,033.7**	**98,606.0**	**117,823.8**	**138,983.2**	**156,141.1**	**172,935.4**	**211,017.9**	**203,283.0**
Merchandise Imports	**62,129.4**	**65,366.5**	**79,345.9**	**72,453.1**	**89,468.8**	**109,807.8**	**125,373.1**	**141,974.8**	**174,457.8**	**168,396.5**
Non-Factor Services	**11,488.1**	**11,549.1**	**12,269.7**	**9,000.6**	**10,230.9**	**11,800.0**	**12,427.5**	**13,490.6**	**16,035.7**	**16,217.9**
Insurance and Freight	2,084.0	2,180.7	2,639.8	1,974.5	2,510.0	3,312.4	3,699.1	4,109.2	5,006.4	4,643.1
Tourists	2,541.7	2,416.6	2,444.2	1,240.4	1,536.4	1,821.2	2,001.9	1,950.4	2,444.9	2,767.5
One-day visitors	3,565.8	3,145.2	2,893.5	1,930.1	1,850.8	2,070.7	2,207.2	2,590.9	3,054.2	2,934.4
Other	3,296.6	3,806.7	4,292.2	3,855.5	4,333.8	4,595.7	4,519.3	4,840.2	5,530.2	5,872.9
Factor Services	**12,470.8**	**14,219.1**	**16,378.3**	**17,117.3**	**18,094.0**	**17,349.9**	**18,313.4**	**17,443.1**	**20,494.9**	**18,646.8**
Interest	9,610.6	10,934.4	11,806.9	13,575.4	13,360.9	12,436.2	12,482.3	12,945.9	13,537.8	12,578.4
Other	2,860.2	3,284.7	4,571.4	3,542.0	4,733.1	4,913.7	5,831.1	4,497.2	6,957.2	6,068.3
Transfers	**19.2**	**16.5**	**39.8**	**35.0**	**30.1**	**25.5**	**27.1**	**26.9**	**29.4**	**21.9**
Capital Account	**26,418.8**	**32,482.3**	**14,584.2**	**15,405.6**	**4,069.2**	**15,762.7**	**17,785.5**	**13,848.6**	**16,929.9**	**22,707.0**
Liabilities	**20,866.9**	**36,084.8**	**20,254.2**	**22,763.3**	**10,410.4**	**9,046.9**	**17,354.0**	**17,853.3**	**9,830.8**	**26,146.1**
Indebtedness	**3,544.1**	**13,573.7**	**7,423.3**	**26,577.4**	**-2,483.1**	**-7,582.7**	**6,069.7**	**2,525.1**	**-4,760.3**	**324.0**
Development Banks	1,730.2	3,834.4	4,381.9	55.2	-2,148.8	-2,191.6	-724.9	-1,774.5	-185.7	-1,210.2
Commercial Banks	915.9	4,673.0	1,570.7	-4,108.0	-1,655.0	-1,869.4	-927.8	-1,723.2	-2,445.6	-3,060.8
Banco de México	-460.0	-1,174.9	-1,203.2	13,332.9	-3,523.8	-3,486.8	-1,071.6	-3,684.7	-4,285.6	0.0
Non-Bank Public Sector	-3,708.5	-1,170.9	-763.1	14,390.3	2,140.5	-5,523.9	2,433.0	1,707.1	-6,573.3	-31.9
Non-Bank Private Sector	5,066.5	7,412.1	3,437.0	2,907.0	2,704.0	5,489.0	6,361.0	8,000.4	8,729.9	4,626.9
Direct Foreign Investment	**4,392.8**	**4,388.8**	**10,972.5**	**9,526.3**	**9,185.5**	**12,829.6**	**11,895.8**	**12,476.0**	**14,190.1**	**24,730.4**
Equity Investments	**4,783.1**	**10,716.6**	**4,083.7**	**519.2**	**2,800.6**	**3,215.3**	**-665.6**	**3,769.2**	**446.8**	**151.0**
Money Market	**8,146.9**	**7,405.7**	**-2,225.3**	**-13,859.6**	**907.5**	**584.8**	**54.1**	**-917.0**	**-45.8**	**940.8**
Assets	**5,551.9**	**-3,602.5**	**-5,670.0**	**-7,357.7**	**-6,341.2**	**6,715.8**	**431.5**	**-4,004.7**	**7,099.0**	**-3,439.1**
In Foreign Banks	2,185.9	-1,280.4	-3,713.5	-3,163.5	-6,054.7	4,859.6	155.4	-3,037.0	3,549.7	-1,811.7
Credits Granted Abroad	62.5	-281.1	-40.8	-276.4	-624.7	-113.6	329.8	425.0	412.5	0.0
External Debt Guarantees	1,165.2	-564.3	-615.1	-662.2	543.7	-707.7	-768.7	-835.8	1,289.8	3,856.6
Other	2,138.3	-1,476.8	-1,300.6	-3,255.6	-205.5	2,677.4	715.0	-556.9	1,847.0	-1,775.6
Errors and Omissions	**-960.8**	**-3,142.4**	**-3,313.6**	**-4,238.2**	**212.0**	**2,413.8**	**425.3**	**739.1**	**3,631.3**	**2,299.4**
Change in Net International Reserves	**1,007.6**	**5,983.3**	**-18,389.3**	**9,592.8**	**1,768.2**	**10,493.7**	**2,136.9**	**593.6**	**2,821.5**	**7,325.0**
Valuation Adjustments	**11.9**	**-42.6**	**-2.0**	**-2.1**	**5.4**	**17.8**	**1.5**	**-1.4**	**2.7**	**0.0**

p/ Preliminary figures.
Note: Totals may not add up due to rounding off.

Table A 55 Balance of Payments

IMF methodology 1/

Million US dollars

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 p/
Current Account	**-24,438.5**	**-23,399.2**	**-29,662.0**	**-1,576.7**	**-2,507.6**	**-7,665.0**	**-16,072.4**	**-13,995.5**	**-17,736.9**	**-17,681.4**
Revenues	**61,668.9**	**67,752.1**	**78,371.8**	**97,029.3**	**115,316.1**	**131,318.2**	**140,068.8**	**158,939.9**	**193,280.9**	**185,601.6**
Merchandise Exports	**46,195.6**	**51,886.0**	**60,882.2**	**79,541.6**	**95,999.7**	**110,431.4**	**117,459.6**	**136,391.1**	**166,454.8**	**158,442.9**
Non-Factor Services	**9,191.8**	**9,419.2**	**10,301.4**	**9,665.1**	**10,601.6**	**11,053.5**	**11,522.6**	**11,692.0**	**13,712.3**	**12,660.3**
Tourists	4,471.1	4,564.1	4,854.5	4,688.0	5,110.2	5,531.0	5,633.3	5,505.7	6,435.4	6,538.4
One-day visitors	1,613.7	1,602.9	1,508.9	1,490.8	1,646.0	1,845.0	1,859.8	1,717.2	1,858.8	1,862.2
Other	3,107.0	3,252.2	3,937.9	3,486.3	3,845.4	3,677.5	4,029.5	4,469.1	5,418.1	4,259.6
Factor Services	**2,876.0**	**2,790.0**	**3,366.5**	**3,827.7**	**4,153.7**	**4,560.4**	**5,047.1**	**4,516.8**	**6,090.7**	**5,138.6**
Interest	2,159.6	2,048.0	2,699.6	3,017.9	3,306.7	3,749.6	4,034.3	3,735.7	5,024.5	4,074.7
Other	716.4	742.0	666.9	809.8	847.0	810.8	1,012.8	781.1	1,066.2	1,063.9
Transfers	**3,405.5**	**3,656.9**	**3,821.7**	**3,995.0**	**4,561.1**	**5,272.9**	**6,039.5**	**6,340.0**	**7,023.1**	**9,360.0**
Outlays	**86,107.4**	**91,151.3**	**108,033.7**	**98,606.0**	**117,823.8**	**138,983.2**	**156,141.1**	**172,935.4**	**211,017.9**	**203,283.0**
Merchandise Imports	**62,129.4**	**65,366.5**	**79,345.9**	**72,453.1**	**89,468.8**	**109,807.8**	**125,373.1**	**141,974.8**	**174,457.8**	**168,396.5**
Non-Factor Services	**11,488.1**	**11,549.1**	**12,269.7**	**9,000.6**	**10,230.9**	**11,800.0**	**12,427.5**	**13,490.6**	**16,035.7**	**16,217.9**
Insurance and Freight	2,084.0	2,180.7	2,639.8	1,974.5	2,510.0	3,312.4	3,699.1	4,109.2	5,006.4	4,643.1
Tourists	2,541.7	2,416.6	2,444.2	1,240.4	1,536.4	1,821.2	2,001.9	1,950.4	2,444.9	2,767.5
One-day visitors	3,565.8	3,145.2	2,893.5	1,930.1	1,850.8	2,070.7	2,207.2	2,590.9	3,054.2	2,934.4
Other	3,296.6	3,806.7	4,292.2	3,855.5	4,333.8	4,595.7	4,519.3	4,840.2	5,530.2	5,872.9
Factor Services	**12,470.8**	**14,219.1**	**16,378.3**	**17,117.3**	**18,094.0**	**17,349.9**	**18,313.4**	**17,443.1**	**20,494.9**	**18,646.8**
Interest	9,610.6	10,934.4	11,806.9	13,575.4	13,360.9	12,436.2	12,482.3	12,945.9	13,537.8	12,578.4
Other	2,860.2	3,284.7	4,571.4	3,542.0	4,733.1	4,913.7	5,831.1	4,497.2	6,957.2	6,068.3
Transfers	**19.2**	**16.5**	**39.8**	**35.0**	**30.1**	**25.5**	**27.1**	**26.9**	**29.4**	**21.9**
Capital Account	**26,418.8**	**32,482.3**	**14,584.2**	**15,405.6**	**4,069.2**	**15,762.7**	**17,785.5**	**13,848.6**	**16,929.9**	**22,707.0**
Liabilities	**20,866.9**	**36,084.8**	**20,254.2**	**22,763.3**	**10,410.4**	**9,046.9**	**17,354.0**	**17,853.3**	**9,830.8**	**26,146.1**
Loans and Deposits	**-1,567.0**	**2,776.7**	**1,099.5**	**22,951.7**	**-12,193.5**	**-8,819.7**	**6,197.4**	**-4,539.3**	**-3,788.3**	**-1,586.4**
Development Banks	1,174.8	193.6	1,329.3	958.6	-1,246.0	-1,020.9	239.6	-765.4	919.6	-1,288.8
Commercial Banks	294.9	3,328.0	1,470.7	-4,982.0	-1,720.0	-1,978.4	-142.8	-1,546.2	-1,802.6	-2,860.8
Banco de México	-460.0	-1,174.9	-1,203.2	13,332.9	-3,523.8	-3,486.8	-1,071.6	-3,684.7	-4,285.6	0.0
Non-Bank Public Sector	-4,705.2	-2,402.1	-1,690.3	10,493.2	-7,671.7	-5,035.6	1,270.2	-4,027.4	-3,527.6	-1,227.6
Non-Bank Private Sector	2,128.5	2,832.1	1,193.0	3,149.0	1,968.0	2,702.0	5,902.0	5,484.4	4,907.9	3,790.8
Foreign Investment	**22,433.9**	**33,308.1**	**19,154.7**	**-188.4**	**22,603.9**	**17,866.6**	**11,156.6**	**22,392.6**	**13,619.1**	**27,732.5**
Direct	4,392.8	4,388.8	10,972.5	9,526.3	9,185.5	12,829.6	11,895.8	12,476.0	14,190.1	24,730.4
Portfolio	18,041.1	28,919.3	8,182.2	-9,714.7	13,418.5	5,037.1	-739.2	9,916.6	-571.0	3,002.2
Equity	4,783.1	10,716.6	4,083.7	519.2	2,800.6	3,215.3	-665.6	3,769.2	446.8	151.0
Money Market	8,146.9	7,405.7	-2,225.3	-13,859.6	907.5	584.8	54.1	-917.0	-45.8	940.8
Public Sector	8,146.9	7,012.7	-1,942.3	-13,790.6	948.5	490.1	130.2	-942.0	-25.1	940.8
Private Sector	0.0	393.0	-283.0	-69.0	-41.0	94.7	-76.1	25.0	-20.7	0.0
Foreign Currency Securities	5,111.1	10,797.0	6,323.8	3,625.7	9,710.4	1,237.0	-127.7	7,064.4	-972.0	1,910.4
Public Sector	1,552.1	4,872.0	3,979.8	2,993.7	8,909.4	-1,659.0	198.3	4,725.4	-4,151.0	1,274.3
Private Sector	3,559.0	5,925.0	2,344.0	632.0	801.0	2,896.0	-326.0	2,339.0	3,179.0	636.1
Assets	**5,551.9**	**-3,602.5**	**-5,670.0**	**-7,357.7**	**-6,341.2**	**6,715.8**	**431.5**	**-4,004.7**	**7,099.0**	**-3,439.1**
In Foreign Banks	2,185.9	-1,280.4	-3,713.5	-3,163.5	-6,054.7	4,859.6	155.4	-3,037.0	3,549.7	-1,811.7
Credits Granted Abroad	62.5	-281.1	-40.8	-276.4	-624.7	-113.6	329.8	425.0	412.5	0.0
External Debt Guarantees	1,165.2	-564.3	-615.1	-662.2	543.7	-707.7	-768.7	-835.8	1,289.8	3,856.6
Other	2,138.3	-1,476.8	-1,300.6	-3,255.6	-205.5	2,677.4	715.0	-556.9	1,847.0	-1,775.6
Errors and Omissions	**-960.8**	**-3,142.4**	**-3,313.6**	**-4,238.2**	**212.0**	**2,413.8**	**425.3**	**739.1**	**3,631.3**	**2,299.4**
Change in Net International Reserves	**1,007.6**	**5,983.3**	**-18,389.3**	**9,592.8**	**1,768.2**	**10,493.7**	**2,136.9**	**593.6**	**2,821.5**	**7,325.0**
Valuation Adjustments	**11.9**	**-42.6**	**-2.0**	**-2.1**	**5.4**	**17.8**	**1.5**	**-1.4**	**2.7**	**0.0**

1/ This format has been in use since 1994.
p/ Preliminary figures.
This balance of payments format differs from the traditional one (Table A 54) in the classification criteria used for transactions involving the issuance of securities placed abroad (such as bonds and promissory notes).
In the traditional format, transactions are classified as external indebtedness, whereas in this format they are recorded under portfolio investment. The present format is consistent with the balance of payments methodology recommended by the International Monetary Fund, in use in Mexico since 1994.
Note: Totals may not add up due to rounding off.

Table A 56 Foreign Trade

Million US dollars

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 p/
Exports	**46,195.6**	**51,886.0**	**60,882.2**	**79,541.6**	**95,999.7**	**110,431.4**	**117,459.6**	**136,391.1**	**166,454.8**	**158,442.9**
In-bond industry	**18,680.1**	**21,853.0**	**26,269.2**	**31,103.3**	**36,920.3**	**45,165.6**	**53,083.1**	**63,853.6**	**79,467.4**	**76,880.9**
Other	**27,515.6**	**30,032.9**	**34,613.0**	**48,438.3**	**59,079.4**	**65,265.8**	**64,376.4**	**72,537.5**	**86,987.4**	**81,562.0**
Oil	**8,306.6**	**7,418.4**	**7,445.0**	**8,422.6**	**11,653.7**	**11,323.2**	**7,134.3**	**9,928.2**	**16,382.8**	**12,798.7**
Crude oil	7,419.5	6,485.3	6,624.1	7,419.6	10,705.3	10,333.8	6,367.9	8,858.8	14,887.0	11,590.8
Other	887.1	933.1	820.9	1,003.0	948.4	989.4	766.4	1,069.4	1,495.8	1,207.9
Non-oil	**37,889.0**	**44,467.6**	**53,437.2**	**71,119.0**	**84,346.0**	**99,108.2**	**110,325.2**	**126,462.9**	**150,072.1**	**145,644.1**
Agriculture and livestock	2,112.4	2,504.2	2,678.4	4,016.2	3,592.3	3,828.1	3,796.7	3,925.9	4,217.2	3,902.7
Extractive	356.2	278.3	356.7	545.0	449.2	477.9	466.2	452.5	520.7	388.5
Manufacturing	35,420.5	41,685.1	50,402.1	66,557.9	80,304.6	94,802.2	106,062.3	122,084.5	145,334.2	141,353.0
In-bond industry	18,680.1	21,853.0	26,269.2	31,103.3	36,920.3	45,165.6	53,083.1	63,853.6	79,467.4	76,880.9
Other	16,740.4	19,832.1	24,132.8	35,454.6	43,384.3	49,636.6	52,979.2	58,231.0	65,866.8	64,472.0
Imports	**62,129.4**	**65,366.5**	**79,345.9**	**72,453.1**	**89,468.8**	**109,807.8**	**125,373.1**	**141,974.8**	**174,457.8**	**168,396.5**
In-bond industry	**13,936.7**	**16,443.0**	**20,466.2**	**26,178.8**	**30,504.7**	**36,332.1**	**42,556.7**	**50,409.3**	**61,708.8**	**57,598.5**
Other	**48,192.6**	**48,923.6**	**58,879.7**	**46,274.3**	**58,964.1**	**73,475.7**	**82,816.3**	**91,565.5**	**112,749.0**	**110,797.9**
Consumption goods	**7,744.1**	**7,842.4**	**9,510.4**	**5,334.7**	**6,656.8**	**9,326.0**	**11,108.5**	**12,175.0**	**16,690.6**	**19,752.0**
Intermediate goods	**42,829.6**	**46,468.3**	**56,513.7**	**58,421.1**	**71,889.6**	**85,365.7**	**96,935.2**	**109,269.6**	**133,637.3**	**126,148.8**
In-bond industry	13,936.7	16,443.0	20,466.2	26,178.8	30,504.7	36,332.1	42,556.7	50,409.3	61,708.8	57,598.5
Other	28,892.8	30,025.3	36,047.6	32,242.3	41,384.9	49,033.6	54,378.5	58,860.3	71,928.5	68,550.2
Associated with exports	n.a.	24,388.3	31,299.0	40,752.7	49,675.2	59,402.7	67,830.0	78,358.4	96,096.0	86,778.0
Not associated with exports	n.a.	22,079.9	25,214.8	17,668.4	22,214.5	25,962.8	29,105.2	30,911.2	37,541.3	39,370.8
Capital goods	**11,555.7**	**11,055.9**	**13,321.7**	**8,697.3**	**10,922.4**	**15,116.1**	**17,329.4**	**20,530.1**	**24,129.9**	**22,495.7**
Trade balance	**-15,933.7**	**-13,480.6**	**-18,463.7**	**7,088.5**	**6,531.0**	**623.6**	**-7,913.5**	**-5,583.7**	**-8,003.0**	**-9,953.6**
In-bond industry	**4,743.3**	**5,410.1**	**5,803.1**	**4,924.5**	**6,415.6**	**8,833.5**	**10,526.4**	**13,444.3**	**17,758.6**	**19,282.4**
Other	**-20,677.1**	**-18,890.6**	**-24,266.8**	**2,164.0**	**115.4**	**-8,209.9**	**-18,439.9**	**-19,027.9**	**-25,761.6**	**-29,236.0**
Excluding oil exports	**-24,240.3**	**-20,899.0**	**-25,908.7**	**-1,334.1**	**-5,122.7**	**-10,699.6**	**-15,047.8**	**-15,511.9**	**-24,385.8**	**-22,752.3**

p/ Preliminary figures.
n.a. not available.
Note: Totals may not add up due to rounding off.

Table A 57 Exports by Sector of Origin

Million US dollars

Item	In-bond Industry			Non In-bond Industry			Total		
	1999	2000	2001 p/	1999	2000	2001 p/	1999	2000	2001 p/
Total	63,853.6	79,467.4	76,880.9	72,537.5	86,987.4	81,562.0	136,391.1	166,454.8	158,442.9
I. Agriculture and Forestry	0.0	0.0	0.0	3,473.3	3,615.5	3,325.8	3,473.3	3,615.5	3,325.8
II. Livestock, Beekeeping and Fishing	0.0	0.0	0.0	452.6	601.8	576.9	452.6	601.8	576.9
III. Extractive Industries	0.0	0.0	0.0	9,401.6	15,427.3	12,055.1	9,401.6	15,427.3	12,055.1
Crude Oil	0.0	0.0	0.0	8,858.8	14,887.0	11,590.8	8,858.8	14,887.0	11,590.8
Other	0.0	0.0	0.0	542.8	540.3	464.3	542.8	540.3	464.3
IV. Manufacturing Industries	63,801.9	79,376.5	76,759.8	59,017.3	67,120.9	65,355.5	122,819.1	146,497.4	142,115.4
A. Food, Beverages and Tobacco	492.7	386.0	335.0	3,297.9	3,757.9	3,893.8	3,790.6	4,143.8	4,228.8
B. Textiles, Apparel and Leather Industry	6,992.3	7,703.9	6,920.8	4,226.0	4,815.9	4,250.4	11,218.2	12,519.8	11,171.3
C. Timber Products	523.9	612.7	466.1	589.5	526.7	432.5	1,113.4	1,139.4	898.6
D. Paper, Printing and Publishing	725.1	674.5	583.9	610.4	675.0	697.9	1,335.5	1,349.5	1,281.8
E. Oil Derivatives	0.0	0.0	0.0	800.0	1,165.9	960.5	800.0	1,165.9	960.5
F. Petrochemical products	0.0	0.0	0.0	179.1	310.2	171.5	179.1	310.2	171.5
G. Chemicals	804.0	867.9	843.1	4,115.1	4,793.4	4,918.1	4,919.1	5,661.4	5,761.2
H. Plastic and Rubber products	1,252.1	1,730.7	1,476.2	885.1	895.9	860.0	2,137.2	2,626.5	2,336.2
I. Non-metallic mineral products	964.1	1,145.9	1,222.3	1,621.6	1,740.2	1,767.7	2,585.7	2,886.1	2,990.0
J. Iron and Steel	701.6	806.3	732.1	2,084.3	2,177.4	1,822.6	2,785.9	2,983.7	2,554.8
K. Mining and Metallurgy	179.7	203.2	199.5	1,377.3	1,499.7	1,386.1	1,557.0	1,703.0	1,585.6
L. Metallic products, machinery and equipment	49,935.6	64,148.7	62,808.3	38,801.5	44,368.0	43,826.5	88,737.0	108,516.8	106,634.8
1. For agriculture and livestock	116.9	117.9	85.5	27.3	31.3	24.9	144.2	149.2	110.4
2. For railroads	298.2	276.9	317.9	235.8	268.3	193.7	534.0	545.2	511.5
3. For other transportation & communications	3,747.1	4,533.1	4,129.6	23,729.1	27,805.9	27,656.1	27,476.3	32,339.0	31,785.6
Automotive industry	2,938.5	3,546.0	3,375.4	21,436.4	26,243.3	26,286.9	24,374.9	29,789.3	29,662.3
4. Special machinery and equipment for various industries	10,282.6	13,934.8	16,143.2	8,132.6	9,153.3	9,203.3	18,415.2	23,088.1	25,346.4
5. Professional and scientific equipment	1,709.9	2,083.2	2,292.4	145.1	218.1	341.1	1,855.0	2,301.3	2,633.5
6. Electric and electronic equipment	33,558.9	42,931.3	39,449.1	5,968.7	6,269.8	5,823.7	39,527.5	49,201.0	45,272.7
7. Photographic & optical equipment and watchmaking	221.9	271.5	390.7	562.8	621.3	583.9	784.7	892.8	974.6
M. Other industries	1,230.9	1,096.7	1,172.3	429.5	394.7	367.9	1,660.4	1,491.3	1,540.2
V. Other	51.7	90.9	121.1	192.7	222.0	248.6	244.4	312.9	369.7

p/ Preliminary figures.
Note: Totals may not add up due to rounding off.

Table A 58 Imports by Sector of Origin

Million US dollars

Item	In-bond Industry			Non In-bond Industry			Total		
	1999	2000	2001 p/	1999	2000	2001 p/	1999	2000	2001 p/
TOTAL	**50,409.3**	**61,708.8**	**57,598.5**	**91,565.5**	**112,749.0**	**110,797.9**	**141,974.8**	**174,457.8**	**168,396.5**
I. Agriculture and Forestry	80.7	60.2	22.6	3,945.8	4,244.7	4,632.4	4,026.5	4,304.9	4,655.0
II. Livestock, Beekeeping and Fishing	11.5	15.4	12.2	441.6	478.4	464.8	453.1	493.8	477.0
III. Extractive Industries	85.8	108.2	126.1	808.1	1,217.5	1,454.7	893.9	1,325.7	1,580.8
IV. Manufacturing Industries	48,016.5	59,956.2	56,665.9	85,165.8	105,179.5	102,742.5	133,182.3	165,135.7	159,408.5
A. Food, Beverages and Tobacco	57.1	55.8	60.2	4,109.5	4,979.9	5,885.2	4,166.6	5,035.7	5,945.4
B. Textiles, Apparel and Leather Industry	5,131.9	5,849.8	5,499.9	3,597.1	4,180.8	4,239.9	8,729.0	10,030.6	9,739.9
C. Timber products	279.0	315.2	260.4	391.2	568.6	661.3	670.2	883.8	921.8
D. Paper, Printing and Publishing	1,485.7	1,675.8	1,425.4	2,432.5	2,902.7	2,960.1	3,918.2	4,578.5	4,385.5
E. Oil derivatives	27.6	40.5	37.6	2,601.0	4,604.2	4,305.3	2,628.6	4,644.7	4,343.0
F. Petrochemical products	38.5	55.7	56.0	1,398.7	2,112.6	1,814.6	1,437.2	2,168.2	1,870.6
G. Chemicals	1,674.9	1,985.1	1,839.1	8,298.1	9,436.5	10,170.2	9,973.0	11,421.6	12,009.3
H. Plastic and rubber products	4,625.8	5,308.7	4,772.7	3,503.4	3,968.6	4,081.9	8,129.2	9,277.3	8,854.6
I. Non-metallic mineral products	690.0	1,003.8	774.9	1,009.2	1,158.0	1,129.6	1,699.2	2,161.8	1,904.5
J. Iron and Steel	2,563.1	2,830.0	2,350.6	3,762.8	4,822.3	4,436.3	6,325.9	7,652.3	6,786.9
K. Mining and Matallurgy	879.7	1,045.2	944.0	1,588.9	1,887.8	1,735.7	2,468.6	2,933.0	2,679.8
L. Metallic products, machinery and equipment	30,075.7	39,272.9	38,196.3	51,353.4	63,211.7	59,950.5	81,429.0	102,484.6	98,146.8
1. For agriculture and livestock	2.1	3.2	5.4	326.9	387.9	431.2	329.0	391.1	436.5
2. For railroads	143.1	103.0	111.7	385.1	336.5	195.2	528.2	439.6	306.9
3. For other transportation & communications	1,465.8	1,720.3	2,303.6	15,863.0	22,038.9	21,294.7	17,328.8	23,759.2	23,598.3
4. Special machinery and equipment for various industries	4,845.6	6,621.4	7,440.5	20,386.6	22,075.4	20,408.9	25,232.2	28,696.8	27,849.5
5. Professional and scientific equipment	506.2	614.7	748.6	2,288.4	2,535.3	2,458.8	2,794.7	3,149.9	3,207.4
6. Electric and electronic equipment	22,899.7	29,747.3	27,019.9	11,255.1	14,996.2	14,313.3	34,154.8	44,743.6	41,333.2
7. Photografic & optical equipment and watchmaking	213.1	463.0	566.7	848.3	841.4	848.4	1,061.4	1,304.5	1,415.0
M. Other industries	487.5	517.7	448.7	1,120.1	1,345.8	1,371.8	1,607.6	1,863.5	1,820.6
V. Other	2,214.3	1,568.2	771.4	1,200.5	1,624.8	1,497.6	3,414.8	3,193.0	2,269.0
VI. Non-classified products	0.5	0.5	0.3	3.7	4.2	5.9	4.2	4.7	6.2

p/ Preliminary figures.
Note: Totals may not add up due to rounding off.

Table A 59 Regional Trade Balance 1/

Million US dollars

	Exports				Imports			
	1998	1999	2000	2001 p/	1998	1999	2000	2001 p/
Total	**117,460**	**136,391**	**166,455**	**158,443**	**125,373**	**141,975**	**174,458**	**168,396**
America	**110,681**	**128,214**	**157,715**	**150,098**	**98,635**	**111,704**	**136,467**	**123,569**
North America	104,615	122,784	151,039	143,366	95,549	108,216	131,551	118,002
United States	103,096	120,393	147,686	140,296	93,258	105,267	127,534	113,767
Canada	1,519	2,391	3,353	3,070	2,290	2,949	4,017	4,235
Central America	1,673	1,601	1,694	1,727	238	342	454	418
South America	2,997	2,178	2,685	2,859	2,561	2,835	4,002	4,723
Argentina	384	256	289	244	264	212	247	441
Brazil	536	399	517	585	1,038	1,129	1,803	2,101
Colombia	449	368	462	506	151	220	273	344
Chile	625	366	431	374	552	683	894	975
Peru	196	178	210	173	143	181	177	141
Venezuela	546	436	519	697	303	297	422	503
Other	261	174	256	279	110	113	185	216
Antilles	1,397	1,651	2,297	2,146	288	310	461	426
Europe	**4,359**	**5,851**	**6,430**	**5,918**	**13,111**	**14,341**	**16,771**	**18,262**
European Union	3,890	5,203	5,610	5,334	11,787	12,951	15,033	16,314
Germany	1,152	2,093	1,544	1,504	4,543	5,032	5,758	6,080
Spain	714	822	1,520	1,254	1,257	1,322	1,430	1,827
France	401	289	375	373	1,430	1,394	1,467	1,577
Italy	181	170	222	240	1,581	1,649	1,849	2,100
United Kingdom	639	747	870	673	1,056	1,135	1,091	1,344
Other EU *	803	1,081	1,080	1,291	1,920	2,418	3,437	3,386
Other	469	648	819	584	1,324	1,390	1,739	1,948
Asia	**2,200**	**2,124**	**2,158**	**2,222**	**12,826**	**15,079**	**20,230**	**25,341**
Korea	73	154	189	310	1,951	2,964	3,855	3,632
Taiwan	50	91	144	172	1,527	1,557	1,994	3,015
Japan	851	776	931	621	4,537	5,083	6,466	8,086
People's Republic of China	106	126	204	282	1,617	1,921	2,880	4,027
Other	1,120	976	691	838	3,194	3,554	5,035	6,581
Rest of the World	**219**	**203**	**152**	**204**	**801**	**850**	**989**	**1,225**

1/ Includes in-bond industry.
p/ Preliminary figures.
* Correspond to international transactions identified as European Union without specifying any member country.
Note: Totals may not add up due to rounding off.

Table A 60 Main Products Traded by the Non-In-Bond Industry

	Exports				Imports		
	1993	2000	2001 p/		1993	2000	2001 p/
Total (Million US dollars)	**30,033**	**86,987**	**81,562**	**Total (Million US dollars)**	**48,924**	**112,749**	**110,798**
	(Percentage of total)				(Percentage of total)		
Automobiles	14.2	19.1	18.6	Spare parts for automobiles and trucks	2.3	10.0	9.5
Crude Oil	21.6	17.1	14.2	Automobiles	0.8	4.0	4.6
Trucks and cargo vehicles	2.2	5.5	7.9	Information processing machinery and spare parts	3.4	5.7	4.3
Computers and spare parts	2.0	3.6	4.0	Motors and spare parts for automobiles	0.7	3.0	2.7
Spare parts for machinery	1.7	2.9	3.0	Parts for electrical instalations	2.7	2.1	2.2
Spare parts for automobiles	1.7	2.7	3.0	Lamps of electric valves and spare parts	0.5	1.5	2.0
Automobile motors	4.3	2.4	2.3	Radio and TV devices	1.8	1.9	1.9
Textile products made out of cotton and vegetable fibers	0.4	2.0	1.9	Radio and telegraphic equipment	1.4	2.5	1.7
Fresh legumes and vegetables	2.2	1.6	1.7	Gasoline	1.3	1.2	1.6
Other electrical instruments	1.3	1.6	1.5	Fresh and refrigerated meat	1.1	1.3	1.5
Beer	0.7	1.0	1.2	Measurement and analysis instruments	1.1	1.4	1.4
Spare parts for motors	0.3	0.7	1.0	Articles made of synthetic resin	1.0	1.2	1.2
Glass and glassware	1.5	0.9	1.0	Natural or synthetic resins	0.7	1.1	1.1
Spare parts for motors	0.6	1.0	1.0	Metal-working machinery	1.3	1.0	1.1
Textile products made out of silk, synthetic fibers and wool	0.4	1.1	1.0	Spare parts and machinery for non-specified industries	0.9	1.3	1.1
Plastics and synthetic resin	0.8	0.8	1.0	Mixtures and preparations for industrial use	1.1	0.9	1.0
Insulated electric cables	2.0	1.1	0.9	Pumps, engines and turbopumps	0.9	0.9	1.0
Iron in bars and pigs	1.6	1.3	0.8	Filters and spare parts	0.4	0.5	0.9
Iron and steel manufactures	0.8	0.7	0.8	Loading trucks	0.1	1.1	0.9
Photographic and film equipment	0.7	0.3	0.7	Paper and prepared cardboard	1.0	0.9	0.9
Plastics and synthetic resin manufactures	0.5	0.6	0.7	Wheels and tires	0.5	0.7	0.8
Tomato	1.3	0.5	0.7	Medications and medical items	0.4	0.6	0.8
Tequila and other spirits	0.5	0.6	0.6	Soy seed	1.1	0.7	0.8
Other fresh fruits	1.1	0.6	0.6	Spare parts for radio and TV's	0.5	0.8	0.7
Spare parts for electric instalations	0.3	0.5	0.6	Iron and steel plates	1.0	0.8	0.7
Artificial or synthetic textile fibers	1.0	0.6	0.6	Generators, transformers and electric motors	0.6	0.7	0.7
Refrigerators and spare parts	0.4	0.4	0.5	Drill steel, bearings, shafts and pulleys	0.7	0.7	0.7
Spare parts for radios and TV's	0.1	0.7	0.5	Threads of artificial and synthetic fibers	0.9	0.7	0.6
Bovine cattle	1.5	0.5	0.5	Special food preparations	0.5	0.5	0.6
Electronic communications equipment	0.1	0.5	0.5	Natural gas	0.2	0.4	0.6
Frozen shrimp	0.9	0.5	0.5	Hand tools	0.5	0.6	0.6
Silver bars	0.6	0.5	0.4	Fuel-oil	0.1	0.5	0.6
Pulleys and ball bearings	0.2	0.5	0.4	Corn	0.5	0.9	0.6
Preserved legumes and fruits	0.7	0.4	0.4	Mechanical impellers for the rubber industry	0.6	0.6	0.6
Electric transformers	0.1	0.4	0.4	Rubber manufactures (excluding clothing)	0.4	0.6	0.5
Other	29.8	24.9	24.5	Other	66.9	46.9	47.5

p/ Preliminary figures.
Note: Totals may not add up due to rounding off.

Table A 61 International Travelers

Item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 p/
Balance (million US dollars)	**-22.6**	**605.2**	**1,025.8**	**3,008.3**	**3,369.0**	**3,484.1**	**3,284.0**	**2,681.6**	**2,795.1**	**2,698.7**
INCOMING										
Revenues (million US dollars)	**6,084.9**	**6,167.0**	**6,363.5**	**6,178.8**	**6,756.2**	**7,376.0**	**7,493.1**	**7,222.9**	**8,294.2**	**8,400.6**
Tourists	4,471.1	4,564.1	4,854.5	4,688.0	5,110.2	5,531.0	5,633.3	5,505.7	6,435.4	6,538.4
In-bound	3,867.8	4,019.3	4,254.4	4,051.0	4,470.0	5,086.0	5,134.5	5,061.7	5,816.2	5,941.4
In border areas	603.3	544.8	600.1	636.9	640.2	445.0	498.8	444.0	619.2	597.0
One-day visitors	1,613.7	1,602.9	1,508.9	1,490.8	1,646.0	1,845.0	1,859.8	1,717.2	1,858.8	1,862.2
In border areas	1,525.6	1,514.4	1,424.6	1,383.4	1,532.6	1,722.5	1,737.8	1,551.7	1,657.7	1,646.9
Cruises	88.1	88.5	84.3	107.4	113.4	122.5	121.9	165.4	201.1	215.3
Number of travelers (thousands)	84,060	83,016	83,144	85,446	90,394	92,915	95,214	99,869	105,673	100,719
Tourists	17,146	16,440	17,182	20,241	21,395	19,351	19,392	19,043	20,641	19,810
In-bound	6,352	6,625	7,135	7,784	8,982	9,794	9,775	10,214	10,591	10,151
In border areas	10,794	9,815	10,047	12,457	12,413	9,557	9,617	8,829	10,050	9,659
One-day visitors	66,914	66,576	65,962	65,205	68,999	73,564	75,822	80,826	85,032	80,908
In border areas	65,511	65,089	64,392	63,508	66,857	71,311	73,576	77,778	81,565	77,103
Cruises	1,403	1,487	1,570	1,697	2,142	2,253	2,246	3,048	3,467	3,805
Average expenditure (US dollars)	72.4	74.3	76.5	72.3	74.7	79.4	78.7	72.3	78.5	83.4
Tourists	260.8	277.6	282.5	231.6	238.8	285.8	290.5	289.1	311.8	330.0
In-bound	608.9	606.7	596.3	520.4	497.6	519.3	525.3	495.6	549.1	585.3
In border areas	55.9	55.5	59.7	51.1	51.6	46.6	51.9	50.3	61.6	61.8
One-day visitors	24.1	24.1	22.9	22.9	23.9	25.1	24.5	21.2	21.9	23.0
In border areas	23.3	23.3	22.1	21.8	22.9	24.2	23.6	20.0	20.3	21.4
Cruises	62.8	59.5	53.7	63.3	52.9	54.4	54.3	54.3	58.0	56.6
OUTGOING										
Expenditures (million US dollars)	**6,107.5**	**5,561.8**	**5,337.7**	**3,170.5**	**3,387.2**	**3,891.9**	**4,209.1**	**4,541.3**	**5,499.1**	**5,701.9**
Tourists	2,541.7	2,416.6	2,444.2	1,240.4	1,536.4	1,821.2	2,001.9	1,950.4	2,444.9	2,767.5
In-bound	2,079.4	2,071.9	1,949.6	1,023.3	1,320.1	1,592.8	1,720.6	1,690.8	2,163.9	2,399.5
In border areas	462.2	344.7	494.6	217.1	216.3	228.4	281.4	259.6	281.1	368.0
One-day visitors	3,565.8	3,145.2	2,893.5	1,930.1	1,850.8	2,070.7	2,207.2	2,590.9	3,054.2	2,934.4
In border areas	3,565.8	3,145.2	2,893.5	1,930.1	1,850.8	2,070.7	2,207.2	2,590.9	3,054.2	2,934.4
Number of travelers (thousands)	114,033	115,179	114,097	103,161	103,442	107,242	107,927	117,383	127,268	123,737
Tourists	11,226	10,185	12,029	8,451	9,001	8,910	9,637	10,352	11,079	12,075
In-bound	4,678	4,778	5,047	3,703	4,437	4,838	5,177	5,543	6,200	6,423
In border areas	6,548	5,407	6,982	4,748	4,564	4,072	4,460	4,809	4,879	5,652
One-day visitors	102,807	104,994	102,068	94,710	94,441	98,332	98,290	107,031	116,189	111,662
In border areas	102,807	104,994	102,068	94,710	94,441	98,332	98,290	107,031	116,189	111,662
Average expenditure (US dollars)	53.6	48.3	46.8	30.7	32.7	36.3	39.0	38.7	43.2	46.1
Tourists	226.4	237.3	203.2	146.8	170.7	204.4	207.7	188.4	220.7	229.2
In-bound	444.5	433.6	386.3	276.3	297.5	329.2	332.3	305.0	349.0	373.6
In border areas	70.6	63.8	70.8	45.7	47.4	56.1	63.1	54.0	57.6	65.1
One-day visitors	34.7	30.0	28.3	20.4	19.6	21.1	22.5	24.2	26.3	26.3
In border areas	34.7	30.0	28.3	20.4	19.6	21.1	22.5	24.2	26.3	26.3

p/ Preliminary figures.
Note: Totals may not add up due to rounding off.

Table A 62 Revenues from Household Remittances

	1997	1998	1999	2000	2001 p/
Total remittances (million US dollars)	4,864.9	5,626.8	5,909.5	6,572.8	8,895.3
Money orders	1,728.8	1,870.7	1,448.4	1,434.4	802.9
Checks	78.3	61.5	51.2	8.5	10.1
Electronic transfers	2,637.9	3,250.2	3,935.1	4,642.1	7,784.0
Cash and kind	419.9	444.4	474.9	487.8	298.3
Number of remittances (thousands)	15,368.6	19,419.5	20,937.3	17,999.0	27,745.0
Money orders	4,865.2	5,656.2	3,679.6	3,602.5	1,904.0
Checks	79.5	81.7	58.9	15.3	10.0
Electronic transfers	9,636.2	13,060.2	16,578.5	13,737.1	25,247.0
Cash and kind	787.7	621.5	620.3	644.2	584.0
Average remittances (US dollars)	317	290	282	365	321
Money orders	355	331	394	398	422
Checks	984	753	870	555	1,010
Electronic transfers	274	249	237	338	308
Cash and kind	533	715	766	757	511

p/ Preliminary figures.
Note: Totals may not add up due to rounding off.

Table A 63 Foreign Investment Flows

Million US dollars

	1995	1996	1997	1998	1999	2000	2001 p/
TOTAL	**-3,814.1**	**12,893.5**	**16,629.6**	**10,990.9**	**15,328.2**	**14,591.1**	**25,822.1**
Direct Investment	9,526.3	9,185.5	12,829.6	11,602.4	12,476.0	14,190.1	24,730.4
New investment	6,838.4	5,529.4	9,115.3	5,742.7	4,973.1	5,700.0	18,394.1
Reinvested earnings	1,572.0	2,589.7	2,150.0	2,864.0	2,302.7	3,595.2	3,587.4
Intercompany accounts	1,115.9	1,066.3	1,564.2	3,289.1	5,200.2	4,894.9	2,748.8
Portfolio Investment	-13,340.4	3,708.1	3,800.1	-611.5	2,852.2	401.0	1,091.8
Equity market	519.2	2,800.6	3,215.3	-665.6	3,769.2	446.8	151.0
Money market	-13,859.6	907.5	584.8	54.1	-917.0	-45.8	940.8

p/ Preliminary figures.
NOTE: Totals may not add up due to rounding off.

Table A 64 Foreign Investment in Government Securities

Stocks outstanding at end-period face value

Billion US dollars

		CETES		BONDES		TESOBONOS		AJUSTABONOS		Development bonds 1/		TOTAL 1/	
		Stock	%	Stock	%	Stock	%	Stock	%	Stock	%	Stock	%
1992	Dec	9.2	64.3	1.2	8.7	0.2	1.4	3.6	25.6	n.a.	n.a.	14.2	100.0
1993	Dec	15.4	70.2	0.8	3.9	1.3	5.9	4.4	20.1	n.a.	n.a.	21.9	100.0
1994	Dec	2.5	12.3	*	0.1	17.4	85.0	0.5	2.6	n.a.	n.a.	20.5	100.0
1995	Dec	2.8	82.0	0.1	3.3	0.2	5.6	0.3	9.1	n.a.	n.a.	3.4	100.0
1996	Dec	3.0	89.2	0.3	9.6	0.0	0.0	*	1.1	n.a.	n.a.	3.4	100.0
1997	Dec	3.0	90.3	0.3	7.7	0.0	0.0	*	0.2	n.a.	n.a.	3.3	100.0
1998	Dec	2.1	91.5	0.2	0.1	0.0	0.0	*	0.0	n.a.	n.a.	2.3	100.0
1999	Dec	1.0	88.7	0.1	9.5	0.0	0.0	*	0.0	n.a.	n.a.	1.1	100.0
2000	Dec	0.7	72.0	0.1	9.7	0.0	0.0	0.0	0.2	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
2000													
	Jan	1.0	89.8	0.1	5.2	0.0	0.0	0.0	1.7	0.0	2.4	1.1	100.0
	Feb	0.9	78.3	0.1	7.4	0.0	0.0	0.0	0.6	0.1	5.8	1.2	100.0
	Mar	0.8	74.5	0.1	9.3	0.0	0.0	0.0	0.7	0.1	8.7	1.1	100.0
	Apr	0.7	71.6	0.0	4.5	0.0	0.0	0.0	0.8	0.1	9.9	0.9	100.0
	May	0.6	67.1	0.1	15.4	0.0	0.0	0.0	1.2	0.1	10.1	0.9	100.0
	Jun	0.7	76.7	0.1	7.1	0.0	0.0	0.0	0.5	0.1	10.4	0.9	100.0
	Jul	0.7	77.6	0.1	7.4	0.0	0.0	0.0	0.2	0.1	11.9	0.9	100.0
	Aug	0.7	75.1	0.1	5.9	0.0	0.0	0.0	0.2	0.2	16.2	1.0	100.0
	Sep	0.6	69.4	0.1	11.8	0.0	0.0	0.0	0.3	0.2	16.8	0.9	100.0
	Oct	0.7	73.3	0.1	8.3	0.0	0.0	0.0	0.5	0.2	17.8	0.9	100.0
	Nov	0.6	64.7	0.1	10.7	0.0	0.0	0.0	0.3	0.2	24.4	1.0	100.0
	Dec	0.7	72.0	0.1	9.7	0.0	0.0	0.0	0.2	0.2	18.1	0.9	100.0
2001													
	Jan	1.0	71.3	0.1	9.2	0.0	0.0	0.0	0.0	0.3	19.3	1.4	100.0
	Feb	0.9	66.2	0.1	9.7	0.0	0.0	0.0	0.0	0.3	23.9	1.3	100.0
	Mar	0.7	58.5	0.1	5.9	0.0	0.0	0.0	0.2	0.4	33.7	1.2	100.0
	Apr	0.7	54.9	0.1	7.0	0.0	0.0	0.0	0.1	0.5	37.9	1.3	100.0
	May	0.6	49.9	0.0	4.2	0.0	0.0	0.0	0.1	0.5	44.4	1.1	100.0
	Jun	0.6	47.7	0.1	4.9	0.0	0.0	0.0	0.1	0.5	44.6	1.2	100.0
	Jul	0.5	33.1	0.1	6.8	0.0	0.0	0.0	0.0	0.5	33.4	1.5	100.0
	Aug	0.4	34.8	0.1	4.1	0.0	0.0	0.0	0.0	0.6	51.6	1.2	100.0
	Sep	0.4	36.9	0.0	1.8	0.0	0.0	0.0	0.0	0.6	49.6	1.2	100.0
	Oct	0.4	35.2	0.0	2.1	0.0	0.0	0.0	0.0	0.7	57.5	1.2	100.0
	Nov	0.3	27.8	0.0	1.9	0.0	0.0	0.0	0.0	0.7	59.6	1.2	100.0
	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

1/ Placement of this type of bonds began in January 2000. Includes UDIBONOS since January 1996 and BONOS since February 2000.
2/ Includes UDIBONOS since August 1996 and BREMS and BONOS IPAB since July 2000.
*/ Less than 50 million US dollars.
n.a. Not available
Note: Figures of holding of securities by the external sector have been adjusted to the revised information on sectorized holdings of government securities from 1998, published in Press Bulletin No. 105.

Table A 65 **Foreign Investment in the Stock Market**

Stocks outstanding at market value at end-period

Billion US dollars

		ADR's 1/		Free Subscription		Neutral Fund		Mexico Fund		Total 2/	
		Stock	%	Stock	%	Stock	%	Stock	%	Stock	%
1991	Dec	13.7	73.9	3.0	16.2	1.3	7.2	0.5	2.6	18.6	100.0
1992	Dec	21.2	73.8	5.1	17.8	1.8	6.2	0.6	2.2	28.7	100.0
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
2000	Jan	40.3	64.5	17.3	27.7	3.9	6.3	0.9	1.4	62.5	100.0
	Feb	48.0	66.1	19.4	26.7	4.1	5.7	1.1	1.5	72.6	100.0
	Mar	47.9	66.1	19.2	26.5	4.2	5.8	1.1	1.5	72.4	100.0
	Apr	42.5	62.9	20.3	30.1	3.6	5.4	1.1	1.6	67.5	100.0
	May	36.6	61.9	18.2	30.8	3.3	5.5	1.0	1.7	59.1	100.0
	Jun	44.8	67.3	17.3	26.0	3.4	5.1	1.0	1.5	66.6	100.0
	Jul	41.5	65.3	17.7	27.9	3.3	5.2	1.0	1.6	63.6	100.0
	Aug	42.8	63.7	19.9	29.6	3.4	5.0	1.1	1.7	67.2	100.0
	Sep	40.7	64.7	18.3	29.1	2.8	4.5	1.1	1.7	62.8	100.0
	Oct	40.1	65.0	18.1	29.3	2.5	4.0	1.0	1.7	61.7	100.0
	Nov	35.1	63.7	16.8	30.6	2.2	4.0	0.9	1.6	55.0	100.0
	Dec	32.1	61.8	16.8	32.3	2.2	4.2	0.9	1.7	51.9	100.0
2001	Jan	37.5	62.8	18.9	31.7	2.2	3.7	1.0	1.7	59.7	100.0
	Feb	34.1	61.6	18.5	33.4	1.9	3.4	0.9	1.6	55.4	100.0
	Mar	31.8	59.6	18.8	35.2	2.0	3.7	0.8	1.5	53.4	100.0
	Apr	35.1	59.7	20.9	35.5	1.9	3.2	0.9	1.5	58.8	100.0
	May	36.8	57.8	23.9	37.5	2.0	3.1	1.0	1.6	63.7	100.0
	Jun	35.8	56.3	24.7	38.8	2.2	3.5	1.0	1.6	63.6	100.0
	Jul	34.6	58.3	21.7	36.6	2.0	3.4	1.0	1.7	59.3	100.0
	Aug	32.9	49.9	29.9	45.4	2.2	3.3	0.9	1.4	65.9	100.0
	Sep	27.7	57.3	18.0	37.3	1.8	3.7	0.7	1.4	48.3	100.0
	Oct	29.7	57.8	19.1	37.2	1.8	3.5	0.8	1.6	51.4	100.0
	Nov	31.0	58.1	19.6	36.7	2.0	3.7	0.8	1.5	53.4	100.0
	Dec	33.4	60.8	18.6	33.9	2.2	4.0	0.8	1.5	54.9	100.0

1/ Includes Global Depository Receipts (GDR's).
2/ Since 1993, this total includes warrants and investment in the intermediate market.
Source: Mexican Stock Exchange.

Table A 66 Gross External Debt and Debt Service

Billion US dollars at end-period

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 p/
GROSS EXTERNAL DEBT OUTSTANDING	**117.6**	**131.5**	**142.1**	**169.6**	**163.6**	**152.8**	**162.1**	**164.4**	**158.4**	**155.4**
Public debt	75.8	78.7	85.4	100.9	98.3	88.3	92.3	92.3	84.6	80.3
Federal Government	41.8	41.0	41.2	56.4	55.6	49.0	52.3	53.0	46.1	44.1
Public entities and enterprises	8.4	8.2	10.0	9.7	11.3	10.9	11.7	12.7	12.5	11.9
Development banks	25.6	29.5	34.2	34.8	31.4	28.4	28.3	26.6	26.0	24.3
Commercial banks 1/ 2/	18.7	23.4	25.0	20.6	18.5	16.7	15.8	14.1	12.3	9.3
Banco de México	6.0	4.8	3.9	17.3	13.3	9.1	8.4	4.5	0.0	0.0
Non-banking private sector 1/	17.1	24.6	27.8	30.7	33.5	38.7	45.6	53.5	61.4	65.8
EXTERNAL DEBT SERVICE	**20.8**	**17.0**	**20.8**	**23.0**	**33.8**	**34.3**	**24.2**	**24.0**	**34.6**	**30.0**
Amortizations	11.2	6.1	9.0	9.4	20.4	21.9	11.7	11.1	21.0	17.4
Current amortizations 4/	5.5	6.1	9.0	9.4	10.6	12.4	11.7	11.1	10.6	11.6
Other amortizations 5/	5.7	0.0	0.0	0.0	9.8	9.5	0.0	0.0	10.4	5.8
Interest payments	9.6	10.9	11.8	13.6	13.4	12.4	12.5	12.9	13.6	12.6
Public sector	7.2	7.9	7.8	8.6	8.0	7.0	6.7	6.8	7.4	7.0
Commercial banks	0.9	1.1	1.6	1.7	1.7	1.5	1.5	1.3	1.2	0.8
Banco de México	0.5	0.4	0.2	0.7	0.7	0.5	0.4	0.3	0.2	0.0
Non-banking private sector	1.1	1.5	2.2	2.7	3.0	3.5	3.9	4.5	4.8	4.8

1/ Banco de México data.
2/ Includes Mexican banks as well as their agencies and branches abroad. Excludes domestic currency securities issued abroad.
3/ Excludes debt recognized by the Ministry of Finance (SHCP) as Long-term Productive Infraestructure Projects with Differed Expenditure Impact (PIDIREGAS).
4/ Current amortizations plus interest payments.
5/ Includes amortizations of long-term government liabilities and excludes amortizations of TESOBONOS and payments to the International Monetary Fund (IMF).
6/ Refers to anticipated payments of Brady Bonds and other pre-payments of Federal Government debt.
p/ Preliminary figures.
Source: Banco de México and Ministry of Finance (SHCP).

Table A 67 Mexican Residents' Claims on U.S. Financial Institutions

Billion US dollars at end-period

		TOTAL	Official institutions and banks	All other residents
1988		15.1	1.7	13.4
1989		15.4	2.4	13.0
1990		16.6	6.0	10.6
1991		19.9	11.0	8.9
1992		19.5	11.1	8.4
1993		28.0	20.2	7.8
1994		12.2	3.9	8.3
1995		24.5	15.5	9.0
1996		31.3	21.0	10.3
1997		34.0	21.7	12.3
1998		37.1	23.8	13.3
1999		30.7	15.3	15.4
2000		33.0	15.8	17.2
2001		41.2	22.9	18.3
1999	Mar	36.6	22.7	13.9
	Jun	37.9	24.0	13.9
	Sep	35.0	21.0	14.0
	Dec	30.7	15.3	15.4
2000	Mar	31.4	16.0	15.4
	Jun	33.9	17.9	16.0
	Sep	33.9	17.0	16.9
	Dec	33.0	15.8	17.2
2001	Mar	34.5	18.8	15.7
	Jun	34.8	17.7	17.1
	Sep	39.1	21.5	17.6
	Dec	41.2	22.9	18.3

Source: Board of Governors of the Federal Reserve System of the United States.

Banco de México´s Balance Sheet

BANCO DE MEXICO

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

BALANCE SHEET AS OF DECEMBER 31st, 2001

MILLION PESOS

ASSETS		LIABILITIES	
INTERNATIONAL RESERVES	**$ 378,848**	**INTERNATIONAL MONETARY FUND**	**$ 0**
INTERNATIONAL ASSETS	410,919		
LIABILITIES TO BE DEDUCTED	(36,071)	**MONETARY BASE**	**225,580**
		BILLS AND COINS IN CIRCULATION	225,223
		BANK CURRENT ACCOUNT DEPOSITS	357
CREDIT GRANTED TO THE FEDERAL GOVERNMENT	**0**	**MONETARY REGULATION BONDS**	**156,725**
		FEDERAL GOVERNMENT CURRENT ACCOUNT DEPOSITS	**89,536**
GOVERNMENT SECURITIES	**0**	**OTHER FEDERAL GOVERNMENT DEPOSITS**	**13,589**
		MONETARY REGULATION DEPOSITS	**46,444**
CREDIT GRANTED TO FINANCIAL INTERMEDIARIES AND DEBTORS FROM REPO	**113,907**	**OTHER BANK DEPOSITS AND REPO CREDITORS**	**98,051**
		DEPOSITS FROM SUPPORT FUNDS FOR FINANCIAL INTERMEDIARIES	**6**
CREDIT GRANTED TO PUBLIC ENTITIES	**73,290**	**DEPOSITS OF OFFICIAL TRUST FUNDS**	**4,382**
		SPECIAL DRAWING RIGHTS	**3,342**
PARTICIPATION IN INTERNATIONAL FINANCIAL ORGANIZATIONS	**6,736**	**OTHER LIABILITIES**	**35,588**
		EQUITY	
		CAPITAL	**4,117**
REAL ESTATE, FURNISHINGS AND EQUIPMENT	**2,668**	**CAPITAL RESERVES**	**(11,906)**
		OPERATIONAL SURPLUS OF FISCAL YEAR TO BE APPLIED	**0**
OTHER ASSETS	**94,005**	PROFIT OR LOSS FROM FISCAL YEAR	(34,457)
		CAPITAL RESERVES APPLIED	22,551
		SURPLUS TENDERED TO FEDERAL GOVERNMENT	0
	$ 665,454		**$ 665,454**

MEMORANDUM ACCOUNT $ 13,288,649

The present General Balance was completed on December 31st 2001, and was prepared according to the applicable provisions of Banco de México's Law and Internal Bylaw, the specific guidelines preescribed by its Board of Governors, internal standards of financial information based on adequate Central Bank practices, and the commonly accepted accounting principles 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 the Central Bank's Law; Government Securities are given as net from holdings of these securities after deducting monetary regulation deposits, and without considering any securities acquired or transmitted via repurchase agreements and deposits made to cover labor obligations; Creditor balances are computed in the Monetary Regulation Deposits line item; Credit granted to Financial Intermediaries and Debtors via Repurchase Agreements includes Commercial Banks, Development Banks and Official Trust Funds; Credit to Public Entities and Enterprises includes the Institute for the Protection of Bank Savings; and Financial Intermediary Support Fund deposits include the Bank Fund for the Protection of Savings. Balances denominated in foreign currency were valued at that day's exchange rate, and Equity reflects a surplus of $2,749 due to Fixed Assets and Inventories' updating.

DR. GUILLERMO ORTIZ MARTINEZ GOVERNOR	LIC. ALEJANDRO GARAY ESPINOSA GENERAL DIRECTOR OF INTERNAL ADMINISTRATION	C.P. GERARDO ZUÑIGA VILLARCE DIRECTOR OF ACCOUNTING

We have reviewed the Balance Sheet of Banco de México as of December 31st 2001, its Profit and Loss Statement, as well as the corresponding Statements of Equity Variations and of Changes in the Financial Situation for the year ending on the aforementioned date. The referred Financial Statements are responsability of Banco de México's Administration. Our responsability is to express an opinion of the above based on our audit.

Our examination was carried out following the commonly accepted standards of auditing applicable in Mexico, which require a planned and prepared audit to be carried out in order to reasonable ensure that financial statements do not contain significant errors and are prepared according to Banco de México's Law and Internal Bylaw. The audit consists of an examination, based on selected tests, of evidence supporting all figures and financial statements; furthermore, it includes an assessment of the accounting practices used, the foremost estimations made by the Central Bank's Administration, and the presentation of the financial statements as a whole. We consider that this assessment provides sufficient evidence to support our opinion.

The financial statements have been prepared following the requirements for financial information set out in Banco de México's Law and Internal Bylaw, as well as the applicable accounting principles commonly accepted in Mexico. The financial statements' notes describe the relevant aspects of the line items contained in the Balance Sheet.
In our opinion, these financial statements provide a reasonable depiction of Banco de México's financial situation as of December 31st 2001, the results of its operations, the variations in equity, as well as the changes in its financial situation for the year ending on said date, according to the accounting requirements described above.

RUIZ, URQUIZA Y CIA., S.
Carlos A. García, CPA