

# Annual Report

---

2006



BANCO<sup>DE</sup>MEXICO

---

APRIL 2007



## **BOARD OF GOVERNORS**

### **Governor**

GUILLERMO ORTIZ MARTÍNEZ

### **Deputy Governors**

EVERARDO ELIZONDO ALMAGUER  
GUILLERMO GÚÉMEZ GARCÍA  
JOSÉ JULIÁN SIDAQUI DIB

### **Secretary**

FRANCISCO JOAQUÍN MORENO Y GUTIÉRREZ

## **OFFICERS**

### **General Directors**

ARMANDO JOSÉ BAQUEIRO CÁRDENAS (Strategic Planning)  
ALEJANDRO GARAY ESPINOSA (Administration)  
DAVID AARÓN MARGOLÍN SCHABES (Central Bank Operations)  
MANUEL GALÁN MEDINA (Currency Issuance)  
FRANCISCO JOAQUÍN MORENO Y GUTIÉRREZ (Legal Affairs)  
JOSÉ GERARDO QUIJANO LEÓN (Financial System Analysis)  
MANUEL RAMOS FRANCIA (Economic Research)

### **Comptroller**

JORGE MANUEL NICOLÍN FISCHER

### **Directors**

ALEJANDRO ALEGRE RABIELA (Security)  
SAMUEL ALFARO DESENTIS (Market Analysis and Evaluation)  
JOAQUÍN ARAICO RÍO (Human Resources)  
FRANCISCO JAVIER CÁRDENAS RIOSECO (Development Banks and Trust Funds)  
FERNANDO ALFREDO CASTAÑEDA RAMOS (Information Technology)  
JESÚS CERVANTES GONZÁLEZ (Economic Measurement)  
JOSÉ ANTONIO CORTÉS OLIVERA (Operation Registry)  
FERNANDO LUIS CORVERA CARAZA (Central Bank Regulations)  
ALEJANDRO DÍAZ DE LEÓN CARRILLO (Economic Studies)  
FRANCISCO JAVIER DUCLAUD GONZÁLEZ DE CASTILLA (Operations)  
IGNACIO JAVIER ESTÉVEZ GONZÁLEZ (Material Resources)  
ALEJANDRO GARCÍA KOBEH (Strategy)  
JAVIER EDUARDO GUZMÁN CALAFELL (International Affairs)  
RICARDO MEDINA ÁLVAREZ (Operating and Payment Systems)  
JOSÉ CUAUHTÉMOC MONTES CAMPOS (Financial System Information)  
PASCUAL RAMÓN O'DOHERTY MADRAZO (Financial System Analysis)  
FEDERICO RUBLI KAISER (External Affairs)  
HUMBERTO ENRIQUE RUIZ TORRES (Legal)  
JAVIER SALAS MARTÍN DEL CAMPO (Prices, Wages, and Productivity)  
ALBERTO TORRES GARCÍA (Macroeconomic Analysis)  
GABRIEL ALBERTO VERA Y FERRER (Information Coordination)  
GERARDO RUBÉN ZÚÑIGA VILLARCE (Accounting)



Annual Report  
Submitted to the President and the Mexican Congress  
according to Article 51, Section III of the Law Governing Banco de México



### **FOREWARNING**

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

*Figures for 2006 are preliminary and subject to changes. Although data is consistent within each section, comparing figures from different sections may differ because they have been estimated according to different sources and methodologies.*



# Contents

---

<b>I.</b>	<b>Introduction</b>	<b>11</b>
<b>II.</b>	<b>International Environment</b>	<b>12</b>
<b>III.</b>	<b>Developments in the Mexican Economy: General Overview</b>	<b>17</b>
	III.1. Economic Activity	17
	III.2. Employment, Earnings and Productivity	25
	III.3. External Sector	31
	III.4. Public Finances	40
	III.5. Monetary and Credit Aggregates	47
	III.6. Inflation	55
<b>IV.</b>	<b>Monetary and Exchange Rate Policy</b>	<b>63</b>
	IV.1. Monetary Policy	63
	IV.2. Exchange Rate Policy	67
<b>V.</b>	<b>Final Remarks</b>	<b>70</b>
	<b>Appendices</b>	<b>71</b>
	<b>Appendix 1</b>	<b>72</b>
	Mexico's Relationship with International Financial Organizations	72
	<b>Appendix 2</b>	<b>76</b>
	Public Sector Borrowing Requirements (PSBR)	76
	<b>Statistical Appendix</b>	<b>81</b>
	<b>Balance Sheet</b>	<b>163</b>





## I. Introduction

---

The global economic expansion remained robust during 2006 and became more balanced amongst regions than in previous years. Nonetheless, the pace of expansion of the U.S. economy slowed during the second half of the year. Inflationary pressures remained contained as previous oil price increases began to revert in the middle of 2006 and economic activity in several countries slowed.

The environment described contributed to the continuation of relatively benign conditions in international financial markets during 2006. In this context, sovereign spreads for some emerging economies remained close to their historically low levels. Nevertheless, towards the middle of the year international financial markets recorded an episode of turbulence in response to uncertainty regarding the course that the main central banks would set for their monetary policy stance. However, the turbulence was short-lived and did not have significant effects, allowing emerging bond and stock markets to recover during the second half of the year.

The Mexican economy grew 4.8 percent in 2006, figure above that recorded during 2005, higher than that anticipated by analysts at the start of the year, and the highest since 2000. Such result responded to the strength of consumption, vigorous investment and the favorable behavior of external demand. It is important to mention that, just as in previous years, among the factors contributing to domestic expenditure growth are the significant revenues from workers' remittances and oil exports, and a considerable increase in private sector's access to financing.

Although headline inflation declined during the first quarter of 2006, reaching levels close to 3 percent by the middle of the year, it rebounded in August and ended the year at 4.05 percent. Such behavior responded to the performance of its non-core component, particularly weather conditions affecting prices of some agricultural products. Core inflation also began to rise during the second half of the year, mainly as a result of higher sugar and corn-tortilla prices. Notwithstanding the aforementioned, analysts' medium and long-term expectations for inflation remained relatively stable.

In light of the above, during the first quarter of 2006, the Board of Governors of Banco de México continued to revert its tightening monetary stance adopted in previous years, and from May through the rest of the year kept monetary conditions unchanged. Nonetheless, given the supply shocks that affected inflation, in its monetary policy press releases from August to the end of the year, the Board signaled its intention to remain alert to the development of inflation expectations, specifically medium-term forecasts and their possible impact on wages.

## II. International Environment

---

The world economy continued to exhibit vigorous growth during 2006, while the differences in growth rates between advanced economies narrowed (Table 1). During the past five years, the global economic expansion has recorded its fastest pace since the seventies. Moreover, high growth has been accompanied by a significant convergence of GDP levels of emerging market economies, particularly those in Asia, with those of the advanced economies. Economic growth in the U.S. was only slightly higher than during the previous year, as the robust expansion observed in the first quarter was offset by a significant slowdown during the remainder of the year in response to a deceleration of domestic demand. Economic growth in the Euro area reached a six year peak, driven mainly by stronger domestic demand, buoyed in turn by an improved business climate and a stronger labor market. In Japan, economic activity also expanded at a faster rate than during recent years as solid investment growth continued. Emerging market economies, led by China and India, expanded at a brisk pace. Inflation remained well anchored at low levels during 2006, although robust economic growth coupled with high oil prices led to renewed concerns about greater inflationary pressures, while uncertainty surrounding the path of the policy stance of the main central banks resulted in a period of turbulence in international financial markets that lasted from May to June. Nonetheless, such turbulence was short-lived and did not lead to serious repercussions. International financial market conditions generally favored the expansion of demand due to the fact that long-term interest rates rose only slightly from already very low levels. Furthermore, emerging bond and stock markets recovered strongly after the volatility observed in May and June.

In commodities' markets, metal prices recorded noticeable increases, while dollar prices for oil, which began to rise in the first quarter, reached new highs towards the middle of the year before falling considerably in subsequent months.<sup>1</sup> The latter responded to several factors, including signs of a weakening of demand, a recovery in oil supplies from non-OPEC member countries during the second half of the year, a moderate decrease of tensions in the Middle East, and favorable weather conditions.

The U.S. economy grew 3.3 percent in 2006, although the pace of expansion fluctuated throughout the year (Table 2). U.S. GDP rebounded during the first quarter as the effects of the hurricanes that struck the Gulf of Mexico in the autumn of 2005 began to dissipate. Nonetheless, in the following quarters the expansion of the U.S. economy slowed due to the weakening of several demand components. Adjustments stemming from the correction in the real estate sector, which saw a decline in the growth of property prices and a significant drop in home sales, were the most important factors limiting demand. Domestic expenditure recorded its lowest quarterly growth during the second quarter, as consumption slowed from the rapid pace of expansion recorded during the first quarter and fixed investment declined. Although consumption regained strength during the fourth quarter, the growth rate of domestic demand remained sluggish

---

<sup>1</sup> The price of WTI oil reached record highs of 77 US dollars per barrel on July 14, 2006. During the year, the price of WTI oil averaged 66.2 US dollars per barrel, 9.6 US dollars above the average observed in 2005.

due to the contraction of expenditure on residential construction (which deepened during the second semester) and the reduced strength of non-residential investment, which during the fourth quarter recorded its first negative quarterly variation since the beginning of 2003.

**Table 1**  
**GDP and World Trade**  
Annual percentage change

	2003	2004	2005	2006 <sup>e/</sup>
<b>World GDP</b>	<b>4.0</b>	<b>5.3</b>	<b>4.9</b>	<b>5.4</b>
Advanced economies	1.9	3.3	2.5	3.1
Main advanced economies <sup>1/</sup>	1.8	3.1	2.3	2.8
United States	2.5	3.9	3.2	3.3
European Union	0.8	2.0	1.4	2.7
Japan	1.4	2.7	1.9	2.2
Asian NICs <sup>2/</sup>	3.2	5.8	4.7	5.3
Developing countries	6.7	7.7	7.5	7.9
Africa	4.7	5.8	5.6	5.5
Asia	8.4	8.7	9.2	9.4
Middle East and Turkey	6.5	5.6	5.4	5.7
Latin America and the Caribbean	2.4	6.0	4.6	5.5
<b>World Trade (Goods and Services)</b>	<b>5.4</b>	<b>10.6</b>	<b>7.4</b>	<b>9.2</b>

e/ Estimated.

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

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

Source: IMF, World Economic Outlook, April 2007. U.S. data drawn from the Bureau of Economic Analysis (BEA); European Union data drawn from Eurostat; and Japan data drawn from the Economic and Social Research Institute (ESRI).

The economic slowdown was most evident in the goods producing sector. During 2006, the indexes for industrial and manufacturing production recorded growth rates (4.0 and 4.7 percent, respectively) above those registered in 2005 and higher than their corresponding historical averages. Nevertheless, such annual average increases are explained by the strength observed in the first half of the year, since manufacturing activity remained practically stagnated during the second semester. Such behavior was determined by a reduction in the demand for construction materials and a process of inventory adjustment that had a negative impact on demand during the second semester of 2006.

The labor market remained relatively tight throughout 2006. On average, monthly non-farm payrolls increased by about 189,000 jobs per month during the year. As a result of the continued expansion of the demand for labor, the unemployment rate, after remaining at around 4.7 percent during the first three quarters of the year, decreased to 4.5 percent in the fourth quarter, its lowest quarterly level since 2001. Partly in response to these developments in the labor market, wage pressures rose slightly, but remained at moderate levels. Earnings per hour (including wages and benefits) in the non-agricultural private sector rose 1.5 percent in real terms during 2006, a figure 1 percentage point above the average increase of the two previous years.

During 2006, annual CPI inflation was 3.2 percent, below that observed in 2005 (3.4 percent), as inflationary pressures declined during the second half of the year after having rebounded during the first semester. This behavior mainly reflected the behavior of oil prices throughout 2006. On the other hand, the rise in

the cost of housing services put upward pressure on core inflation, which reached 2.5 percent during 2006, figure above the previous year's (2.2 percent). Core inflation measured by the consumption deflator (2.2 percent) was also slightly higher than in 2005 (2.1 percent). The slowing of economic activity throughout 2006 contained pressures on core inflation.

Imbalances associated with low rates of saving, particularly the wide current account deficit, continued during 2006. The U.S. economy has experienced a significant decline in the savings rate over the past decade, mainly as a result of the increase in the fiscal deficit during the last recession and households' tendency to reduce their propensity to save. The latter began in the eighties and became more accentuated as household spending received an additional stimulus as a result of the rise in property prices and the greater availability of credit during the recent real estate boom.

**Table 2**  
**U.S. Aggregate Supply and Demand**  
Annual and annualized quarterly percentage change

	2004	2005	2006	2006			
				I	II	III	IV
<b>GDP</b>	<b>3.9</b>	<b>3.2</b>	<b>3.3</b>	<b>5.6</b>	<b>2.6</b>	<b>2.0</b>	<b>2.5</b>
Domestic absorption <sup>1/</sup>	4.0	3.7	3.0	5.4	1.6	2.0	1.8
Private consumption	3.9	3.5	3.2	4.8	2.6	2.8	4.2
Private fixed investment	7.3	7.5	2.9	8.2	-1.6	-1.2	-9.1
Nonresidential	5.9	6.8	7.2	13.7	4.4	10.0	-3.1
Residential	9.9	8.6	-4.2	-0.3	-11.1	-18.7	-19.8
Government expenditure	1.9	0.9	2.1	4.9	0.8	1.7	3.4
Exports of goods and services	9.2	6.8	8.9	14.0	6.2	6.8	10.6
Imports of goods and services	10.8	6.1	5.8	9.1	1.4	5.6	-2.6

<sup>1/</sup> Excluding inventories.

Source: Bureau of Economic Analysis (BEA).

In 2006, public sector savings grew substantially for the second consecutive year. The government's total deficit decreased (by 1.4 percentage points of GDP) as a consequence of better-than-expected fiscal collection results and efforts to reign in discretionary expenditure. Meanwhile, the savings rate for households ceased to deteriorate after having reached historical lows in August 2005, a development that could have been influenced by the end of the real estate boom.

The increase in the savings rate was reflected in a slight moderation of domestic expenditure and, thereby, in the growth of imports. The aforementioned, together with the strength of economic activity among major U.S. trading partners and the accumulated depreciation of the dollar, led to a reduction in the current account deficit, from 7 percent of GDP during the fourth quarter of 2005, to 5.8 percent at the end of 2006.

Financial conditions continued to favor the expansion of demand in 2006. Short-term interest rates adjusted in line with the Federal Open Market Committee's decision to raise the target for the federal funds rate by 25 basis points in each of its meetings during the first half of 2006. In June, there was a pause in the process of tightening the monetary policy stance, which lasted until the end of the year. In its last four press releases of 2006, the Federal Reserve



reiterated its concern about the level of inflation and the risk of additional pressures associated with the high level of resource utilization. The tightening of monetary conditions during the first quarter resulted in an inversion of the slope of the yield curve, as long-term interest rates increased modestly (the yield on 10-year Treasury bills rose by some 30 basis points during 2006), allowing them to remain at historically low levels. In foreign exchange markets, the robust expansion of other advanced economies fed expectations of a decline in interest rate spreads which in turn led to a depreciation of the US dollar, mainly vis-à-vis the euro. The real effective US dollar exchange rate index against other major currencies decreased by 4.7 percent, while the index vis-à-vis a wider basket of currencies depreciated by 4.4 percent.<sup>2</sup> Meanwhile, the vigorous growth of corporate profits bolstered U.S. stock markets, while corporate bond risk margins remained narrow.

Among other advanced economies, growth was generally higher in 2006 than during the previous year. The Japanese economy grew 2.2 percent compared to 1.9 percent in 2005, with capital expenditure, supported by high corporate profits, making a significant contribution to such expansion. Euro area GDP grew strongly, reaching 2.7 percent in 2006 (1.4 percent in 2005). Such behavior was driven by solid consumer expenditure, which expanded at a substantially higher rate than during the previous year. The improved performance of the Euro area led to a reduction in the unemployment rate. GDP rose 2.7 percent in the United Kingdom, reflecting a slightly higher rate of consumption growth. In Canada, consumption expenditure remained strong supported by a moderate increase in employment, and GDP grew 2.7 percent during the year. CPI inflation in advanced nations declined substantially after the summer when energy costs fell. Consumer prices in Japan rose during 2006 after seven years of being negative or null.

Emerging market economies grew rapidly. In Asia, the expansion of China (10.7 percent) and India (9.2 percent) was outstanding. The remaining Asian emerging economies performed generally well due to vigorous exports and, in some cases, the strengthening of domestic demand. Although inflation in China rebounded slightly at the end of the year in response to higher food prices, it remained low (1.5 percent). Except for Indonesia, which recorded inflation of 13.1 percent, inflation in other countries in the region remained low. In several countries the appreciation of the exchange rate contributed to this result.

In 2006, Latin America experienced robust growth for the third consecutive year, supported by stronger domestic spending and robust external demand. Such result was accompanied by a surplus in the current account balance for the fifth consecutive year, which partly reflected favorable terms of trade for the region. In Brazil, GDP expanded at a faster pace than during the previous year (3.7 percent compared to 2.9 percent), while in Argentina, increased investment and consumption fostered solid growth (8.5 percent). Meanwhile, Chile's economic growth slowed in comparison with 2005. The strong fiscal stance of several Latin American countries together with the appreciation of their currencies enabled their central banks to maintain inflation within established targets. Despite relatively high inflation in Argentina and Venezuela (10.9 and 13.6

---

<sup>2</sup> The Federal Reserve's real effective exchange rate of the US dollar against major currencies is an average of the dollar's value vis-à-vis the euro, the yen, the Canadian dollar, the pound sterling, the Swiss franc, the Australian dollar, and the Swedish crown. The wider index calculated by the Federal Reserve includes currencies of 26 countries.



percent, respectively), average CPI inflation for the region as a whole fell to 5.4 percent during 2006, almost one percentage point below that observed in 2005.

The global environment of vigorous growth and low inflation contributed to the maintenance of favorable conditions for emerging market economies in international financial markets. Furthermore, the decline in external financing requirements of these countries, together with prudent macroeconomic policies and higher appetite for risk among investors, brought about a reduction in sovereign risk spreads, which reached new historical lows.<sup>3</sup> Although private net capital flows to emerging markets remained at high levels in 2006, they were lower than during the previous year. The composition of such flows has improved in recent years with foreign direct investment becoming a more important component. The period of turbulence in financial markets during the May-June period was relatively brief and did not seriously affect growth and inflation prospects for most emerging market economies. During such period, risk margins registered only modest increases and in the following months emerging bond and stock markets returned to robust growth. Although this episode revealed several weaknesses in the international financial system, particularly in countries with high external financing requirements, adjustment was orderly and provided evidence of emerging market economies' greater resilience to episodes of volatility in financial markets.

---

<sup>3</sup> The EMBI Global declined 66 basis points during the year, ending 2006 at a level of 171 basis points.

### III. Developments in the Mexican Economy: General Overview

---

#### III.1. Economic Activity

---

The behavior of economic activity during 2006 was positive given that real GDP grew 4.8 percent, its highest rate in the last six years. Likewise, all the main components of aggregate demand exhibited significant growth. Nevertheless, the strength of GDP and demand declined slightly during the second semester. Just like in 2004 and 2005, during 2006 the performance of domestic expenditure and economic activity benefited from the favorable performance of external demand and Mexico's oil trade balance surplus, as well as revenues from workers' remittances.

Economic growth was balanced among the economic sectors in 2006. The services and agricultural sectors expanded, while expansion in the industrial sector was particularly noteworthy in its manufacturing production and construction components. Nonetheless, economic activity weakened in the second semester, registering its most important deceleration during the fourth quarter of 2006.

As for aggregate demand, private consumption continued to make the highest contribution to real GDP growth, followed by gross capital formation, while the net trade balance of goods and services made a negative contribution. It is important to mention that increases in consumption and investment during 2006 were higher than those recorded in the last five years.

In 2006, the performance of the Mexican economy was mainly characterized by the following:

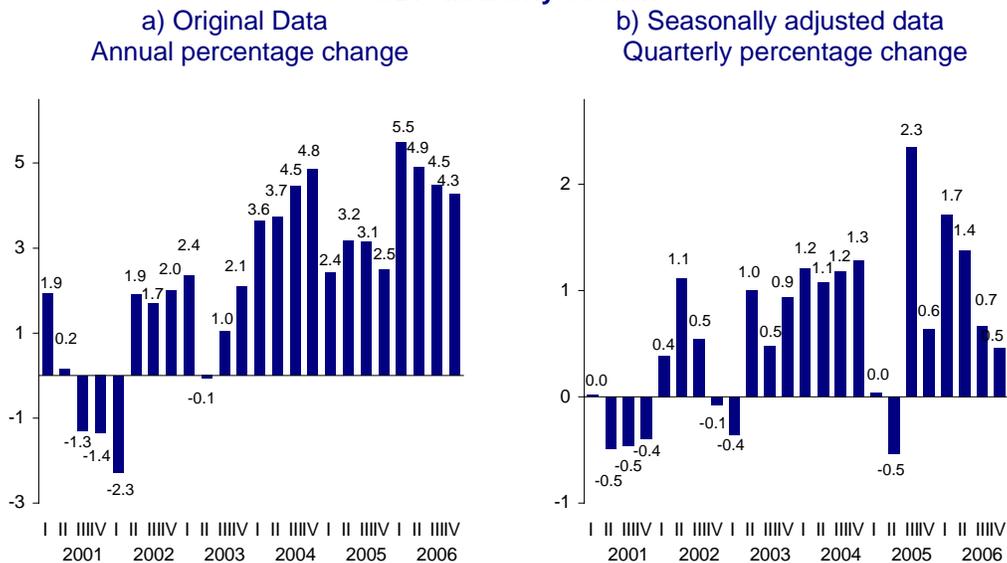
- a) Aggregate demand and GDP grew at a higher rate than in 2005, although both items weakened during the second half of 2006.
- b) Both external and domestic demand rose considerably. The expansion of consumption expenditure being particularly noteworthy among the components of domestic demand.
- c) The strength of consumption expenditure was due to several factors, such as the greater availability of financing, job creation, the increase in real average earnings in some sectors, and further increases in the amount of external resources from workers' remittances.
- d) Investment outpaced economic growth for the third consecutive year. Such behavior resulted from increases in investment as well as both

public and private expenditure. Imported capital goods registered the highest growth among the components of investment expenditure.

- e) Total public expenditure was higher in 2006 than during the previous year due to increases in both consumption and investment expenditure. Such behavior was favored by increased public revenues, partly derived from the high oil prices that prevailed during the year.
- f) Exports of goods and services rebounded compared to levels recorded in 2005. Such increase was achieved despite the deceleration of U.S. imports (Mexico's main export market) during the second half of 2006.
- g) At the end of the year, Banco de México's Consumer Confidence and Private Sector Analyst Confidence Indexes, as well as its Business Climate and Manufacturing Sector Confidence Indicators exhibited higher levels compared to December 2005.
- h) GDP growth responded to expansion in all three economic sectors: agricultural, industrial, and services.
- i) Similar to previous years, in 2006, economic growth was higher in the non-tradable goods sector than in the tradable goods sector, although the spread between their growth rates narrowed.

According to the National Statistics Bureau (*Instituto Nacional de Estadística, Geografía e Informática*, INEGI), GDP rose 4.8 percent at constant prices in 2006, as a result of annual variations of 5.2 and 4.4 percent during the first and second half of the year, and slower growth during the second half of the year (Graph 1). GDP growth in 2006 was above that originally forecasted by private sector analysts. Analysts revised upward their monthly forecasts throughout 2006, from 3.5 percent in January to 4.7 percent in December.

**Graph 1**  
**GDP Quarterly Growth**



Source: National Accounts, INEGI.

In 2006, aggregate supply and demand rose 7 percent. On the supply side, this result stemmed from GDP growth and a 12.2 percent increase in merchandise and services imports. On the demand side, these results originated from the positive growth exhibited by consumption (5.1 percent), investment expenditure (10 percent), and exports of goods and services (11.1 percent) (Table 3).

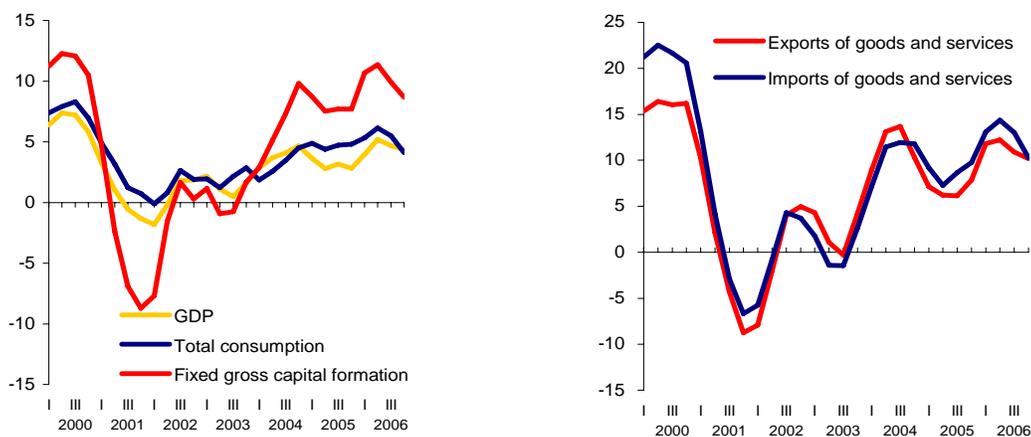
**Table 3**  
**Aggregate Supply and Demand**  
 Annual percentage change in relation to the same period of the previous year

	2003	2004	2005	2006				
				I	II	III	IV	Annual
Aggregate Supply	1.2	6.2	4.4	8.4	7.2	7.1	5.3	7.0
GDP	1.4	4.2	2.8	5.5	4.9	4.5	4.3	4.8
Imports	0.7	11.6	8.6	16.0	12.9	13.2	7.6	12.2
Aggregate Demand	1.2	6.2	4.4	8.4	7.2	7.1	5.3	7.0
Total consumption	2.1	3.6	4.6	6.5	5.8	5.2	3.1	5.1
Private	2.2	4.1	5.1	6.4	5.4	5.2	3.1	5.0
Public	0.8	-0.4	0.4	7.3	8.9	5.1	3.1	6.0
Total investment	0.4	7.5	7.6	13.0	9.7	10.0	7.4	10.0
Private	-1.6	8.8	9.7	11.8	12.3	12.9	9.2	11.5
Public	8.5	2.5	-0.6	19.6	-2.6	-4.3	1.3	2.9
Exports	2.7	11.6	7.1	13.8	10.7	11.1	9.3	11.1

Source: National Accounts, INEGI.

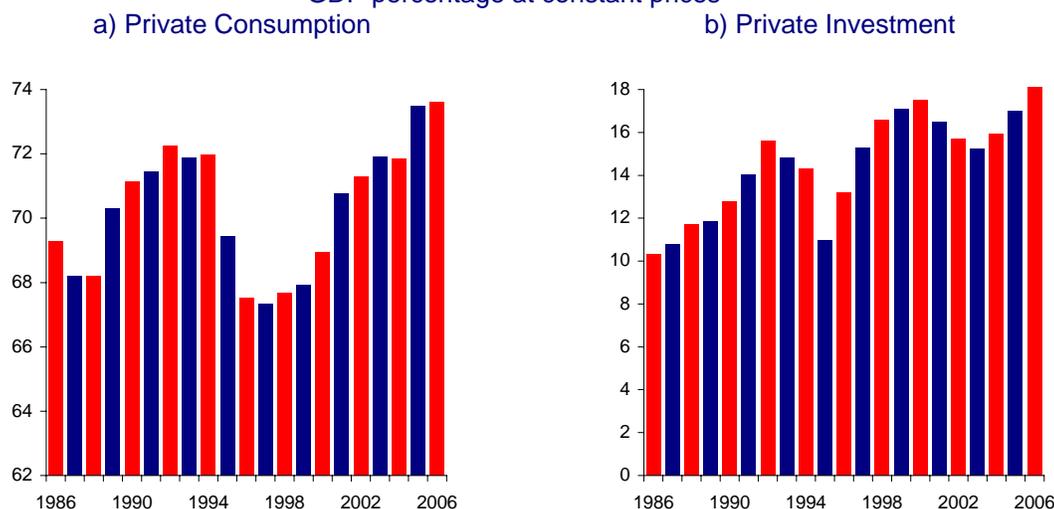
Both the private sector (5 percent) and the public sector (6 percent) contributed to the boost in consumption expenditure during 2006. Consumption measured as a proportion of GDP at constant prices reached 82.6 percent, a higher level than that recorded in 2005 (82.3 percent). Meanwhile, private consumption grew as a percentage of GDP, accounting for 73.6 percent of economic growth (Graph 3), its highest level since quarterly national accounts began to be recorded in 1980.

**Graph 2**  
**Aggregate Supply and Demand Components**  
 Annual change in constant pesos  
 Moving average of two quarters



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

**Graph 3**  
**Private Consumption and Private Investment**  
 GDP percentage at constant prices



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

Just as in the previous year, consumption growth in 2006 reflected greater purchases of different products. In particular, purchases of durable goods rose 6.3 percent, while those of nondurable goods and services increased 4.7 percent (3.8 percent growth in goods and 5.4 percent in services). Private consumption benefited from: an increase in revenues from workers' remittances; a high oil trade balance surplus; the improvement in employment -which together with higher real average earnings in several sectors- implied an increase in households' available income, boosting their spending capacity; and, the greater availability of consumer credit from banks, non-bank financial intermediaries and commercial chain stores. Meanwhile, the behavior of public expenditure responded to increased public revenues, partly originating from high oil prices that prevailed for most of the year.

In 2006, the Mexican economy's output capacity continued to strengthen. Gross fixed capital formation at constant prices rose 10 percent, its highest increase during the last five years. Investment in machinery and equipment grew 12.5 percent. Investment in imported and domestic machinery rose 16.1 percent and 5.1 percent, respectively. Investment in construction increased by 6.9 percent.

In 2006, private sector investment, measured at constant prices, expanded 11.5 percent and accounted for most of total investment growth in 2006 due to the fact that public sector investment increased only 2.9 percent. According to figures from INEGI, the behavior of public expenditure varied considerably throughout the year. Thus, in the first quarter such expenditure rose 19.6 percent at an annual rate, while in the following three quarters it exhibited a negative average annual variation of 1.5 percent. In 2006, private investment increased as a proportion of GDP, equaling 18.1 percentage points of real GDP. Investment expenditure benefited from the fact that various sectors of the economy enjoyed greater access to credit and obtained higher profits which enabled them to finance part of their investment.

During 2006, public expenditure in goods and services rose 5.1 percent at constant prices. This variation resulted from increases of 6 and 2.9 percent in consumption expenditure and investment, respectively.

In 2006, exports of goods and services exhibited strong growth (11.1 percent at constant prices) compared to 2005 (7.1 percent). Such expansion was achieved despite weaker external demand resulting during the second semester of 2006, due to the slowing of imports in the U.S., Mexico's main trading partner. The value of exports measured as a proportion of GDP at constant prices was 40.9 percent, figure higher than the previous year's (38.6 percent). In 2006, Mexico's total foreign trade at constant prices accounted for 85.9 percent of GDP.

Financing of gross capital formation measured as a proportion of GDP at current prices was 22 percent in 2006 (Table 4). Given that domestic saving equaled 21.8 percent of GDP in the same year, the difference necessary to finance gross capital formation was covered with external savings, equaling 0.2 percentage points of GDP (the same figure as that for the current account deficit). It is worth mentioning that external saving has declined as a proportion of total saving in recent years.

**Table 4**  
**Saving and Investment**  
Percentage of GDP at current prices

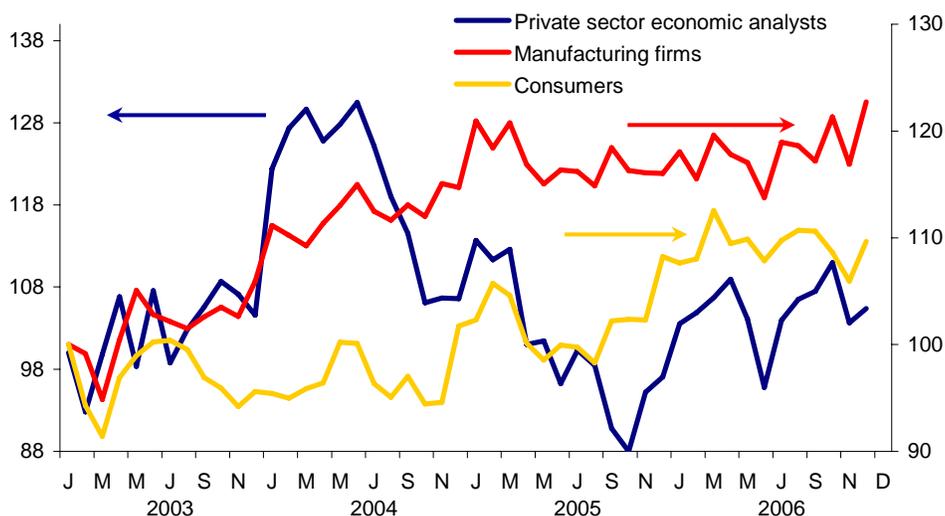
Item	2001	2002	2003	2004	2005 <sup>p/</sup>	2006 <sup>p/</sup>
Financing of Gross Capital Formation <sup>1/</sup>	20.9	20.6	20.6	22.1	21.8	22.0
External saving	2.9	2.2	1.4	1.1	0.6	0.2
Domestic saving	18.0	18.4	19.2	21.0	21.2	21.8

p/ Preliminary figures.

1/ Includes gross fixed capital formation plus changes in inventories.

Source: Prepared by Banco de México with data from Mexico's National Accounts (*Sistema de Cuentas Nacionales de México*), INEGI, except for external saving figures, which are obtained from the balance of payments' current account measured in current pesos and as a proportion of GDP.

**Graph 4**  
**Consumer, Private Sector Economic Analysts, and Manufacturing Firms Confidence Indicators**  
January 2003=100



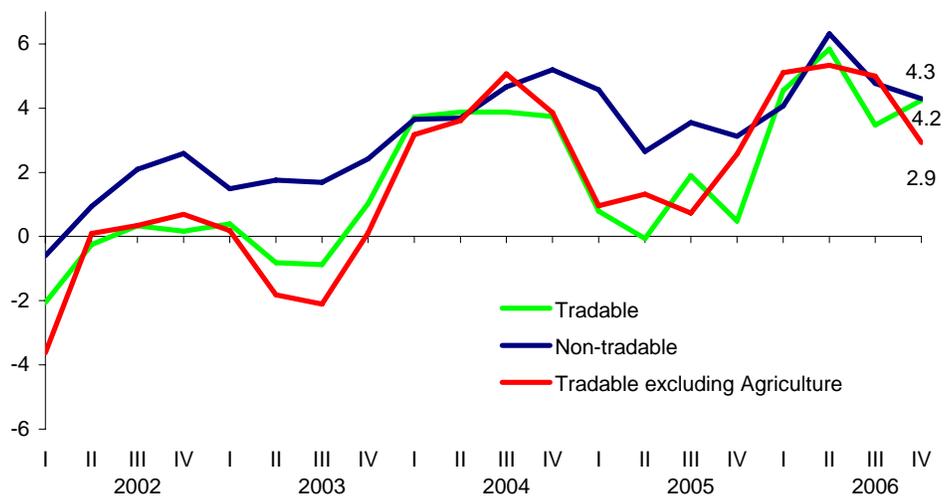
Source: Banco de México and INEGI.

Mexico's Consumer Confidence, Business Confidence, and Private Sector Analysts' Confidence indexes all ended 2006 at higher levels than those registered in December of the previous year (Graph 5). However, the performance of such indicators varied during the year. All three indicators rose in the first quarter and then weakened slightly in the second, while in the second half of the year all recorded improvements in their annual rates.

Mexico's economic expansion (4.8 percent) in 2006 was attributed to growth in all three sectors of the economy: the industrial, services and agricultural sectors grew 5, 4.9 and 4.8 percent, respectively (Table 5). These results, in particular, the improved performance of industrial production, implied that the gap between the growth of tradable and non-tradable good narrowed in 2006. It is worth mentioning that the annual expansion of non-tradable goods had been higher than that of tradable goods in previous years (Graph 5).

Agriculture, forestry and fishing GDP rose 4.8 percent in 2006 (-2.1 percent in 2005), its highest increase since 1991. This sector recorded an unbalanced behavior throughout the year, registering annual rates of 2.7, 8, -2.3, and 9.8 percent in the first, second, third, and fourth quarters, respectively. Agriculture benefited from favorable weather conditions which allowed an annual increase of 10.4 percent in the year harvested area, the spring-summer period exhibiting particularly high growth of 14.1 percent. The crops which benefited the most from these conditions were bean, corn, cotton, sesame seed, palay rice, oats, barley, water melon, avocado, green alfalfa, lemon, mango, and pineapple. The 9.8 percent growth of agricultural GDP during the fourth quarter of 2006 (the highest quarterly expansion since 1995) partly reflected the statistical effect resulting from the low levels this economic activity recorded during the fourth quarter of 2005 (-7.2 percent at an annual rate) due to the adverse impact of drought, as well as hurricanes Stan and Wilma. Finally, the livestock sector registered moderate growth in 2006, exhibiting higher annual production in beef, pork, poultry, and fresh milk.

**Graph 5**  
**Tradable and Non-tradable GDP**  
 Seasonally adjusted data, annual percentage change



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

**Table 5**  
**Real GDP**  
Annual percentage change compared with the same period of the previous year

	2003	2004	2005	2006				
				I	II	III	IV	Annual
Total	1.4	4.2	2.8	5.5	4.9	4.5	4.3	4.8
Agriculture, Forestry and Fishing	3.1	3.5	-2.1	2.7	8.0	-2.3	9.8	4.8
Industrial Sector	-0.2	4.2	1.7	7.1	3.9	5.4	3.6	5.0
Mining	3.7	3.4	2.1	6.1	-0.4	2.7	0.8	2.2
Manufacturing	-1.3	4.0	1.4	7.1	3.9	5.1	3.1	4.7
Construction	3.3	6.1	3.3	8.8	5.3	7.8	5.9	6.9
Electricity, gas, and water	1.5	2.8	1.7	4.1	4.5	5.9	5.4	5.0
Services Sector	2.1	4.4	4.0	5.4	5.3	4.7	4.2	4.9
Trade, hotels, and restaurants	1.5	5.5	2.7	5.1	4.0	3.2	2.8	3.7
Transport and communications	5.0	9.2	7.1	8.4	9.2	9.3	9.3	9.1
Financial, insurance, and real estate	3.9	3.9	5.8	6.0	5.8	4.9	4.7	5.4
Community, social and personal services	-0.6	0.6	1.8	3.0	3.6	2.9	1.7	2.8

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

Growth in the industrial sector was outstanding during 2006, although such expansion weakened during the last few months of the year. Industrial GDP grew 5 percent due to positive results in all four of its components: construction (6.9 percent); manufacturing (4.7 percent); mining (2.2 percent); and electricity (5 percent). All the preceding figures, except mining, were above those recorded for such sectors during the last five years. Mining rose due to a combination of a 5.2 percent expansion in non-oil mining and a 0.2 percent contraction in oil mining. The positive results in construction were due mainly to a greater number of projects (including single-family and multi-family projects), as well as construction works for schools, business offices, and industry. Construction related to transport (roadworks, highways and freeways, among others) as well as oil and petrochemicals (extraction and distribution plants, among others). Finally, it is important to point out that the deceleration of industrial production during the fourth quarter of 2006 was most noteworthy in the manufacturing sector.

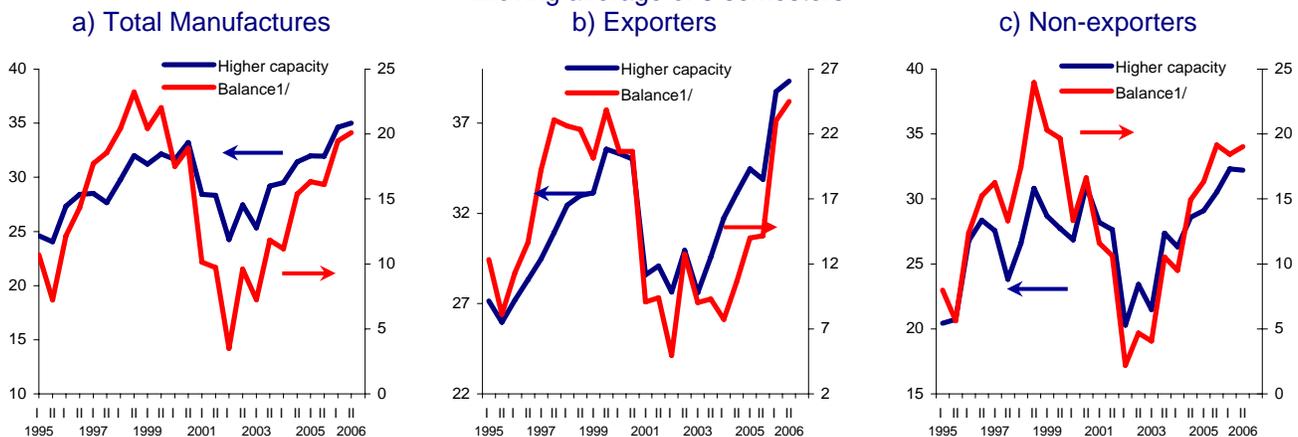
The growth in manufacturing GDP resulted from increases of 3.3 percent and 4.8 percent in both maquiladora and non-maquiladora industries, respectively. The manufacturing industry slowed significantly during the fourth quarter, partly in response to weaker automotive exports. However, it is important to mention that in 2006 the automotive industry registered the highest growth among the manufacturing sectors followed by alcoholic beverages; metallic structure products; beer and malt; metallic furniture; cement; animal feed; and non-metallic mineral products. In total, 38 of the 49 manufacturing branches recorded average growth in 2006, while the remaining 11 branches contracted.

The automotive industry registered a significant annual increase in 2006, although such expansion declined throughout the year. Thus, during the first half of the year the annual growth of automotive production (automobiles and trucks) was 36.3 percent. The aforementioned reflected considerable investment by the main automotive manufacturers to modernize their production lines in order to produce new models, mostly for the U.S. export market. Nevertheless, the growth of this sector slowed, registering annual variations of 14.5 and 3.5 percent in the third and fourth quarters of 2006, respectively. However, automotive production in Mexico increased 21.1 percent during 2006 after having grown 8.7 percent in 2005 and contracted in the previous four years (-1.2 percent in 2004, -

12.5 percent in 2003, -1.9 percent in 2002 and - 4 percent in 2001). The performance of this industry during 206 mainly resulted from a 27.9 percent rise in the number of export units, while those destined for the domestic market increased only 4.1 percent. Car retail sales rose 0.7 percent, after having grown 3.3 percent in 2005. In 2006, vehicle exports accounted for 75.4 percent of domestic production, while 63 percent of domestic demand was fulfilled with imported units.

Banco de México’s Business Climate surveys conducted every six months reveal that the number of manufacturing companies which have increased their output capacity has increased over the last few years. Thus, 37 percent of firms who took part in the survey in 2006 stated that their output capacity was higher than during the previous year, while in 2005, 2004, 2003, and 2002 the percentage was 33, 31, 29, and 26, respectively. These results have enabled manufacturing firms (both exporting and non-exporting) to increase their production capacity (Graph 6).

**Graph 6**  
**Percentage of Manufacturing Firms that Expanded their Installed Capacity**  
**Weighted Percentages (Opinion)**  
 Moving average of 3 semesters



Source: Banco de México, Half-yearly Survey of Current Economic Conditions.

1/Refers to the percentage of firms mentioning to have had higher installed capacity during the reference semester minus the percentage of firms mentioning to have had reduced installed capacity.

In 2006, services GDP rose 4.9 percent due to increases in its four components: transport, warehousing and communications (9.1 percent); financial; insurance and real estate and rental services (5.4 percent); community, social and personal services (2.8 percent); and, commerce, restaurants and hotels (3.7 percent). Higher sales in the domestic market were one of the main contributors to growth of commerce, restaurants and hotels. According to the National Retailers Association (*Asociación Nacional de Tiendas de Autoservicio y Departamentales*, ANTAD), consumer sales rose 13.1 percent in 2006, the highest increase reported by this business indicator since it was created in 1997. Hotel occupancy expanded significantly throughout most of 2006, partly recovering from the negative impact of hurricanes Wilma and Stan, which occurred in October 2005. Furthermore, it is important to mention that this sector also suffered the adverse impact of security issues and political events that took place in several Mexican cities.

The growth of transport and communications mainly reflected the evolution of cellular phone services as well as several types of transport such as

road freight and associated services. Financial and rental services GDP grew as a result of significant advances in banking and housing rental services. Finally, the expansion of community, social, and personal services GDP was due to increases in its professional, education, and medical service components.

### **III.2. Employment, Earnings and Productivity**

---

The significant expansion of economic activity in 2006 was reflected in a substantial increase in the demand for labor, which contributed to an important improvement of different employment indicators. Worth mentioning is the increase in formal employment in most sectors of economic activity. However, one labor market indicator which did not improve in 2006 was the national unemployment rate, which remained at a similar level to that observed in 2005. The aforementioned indicator was influenced upward by the greater participation of women in the economically active population.

The most relevant aspects of the labor market during the year were the following:

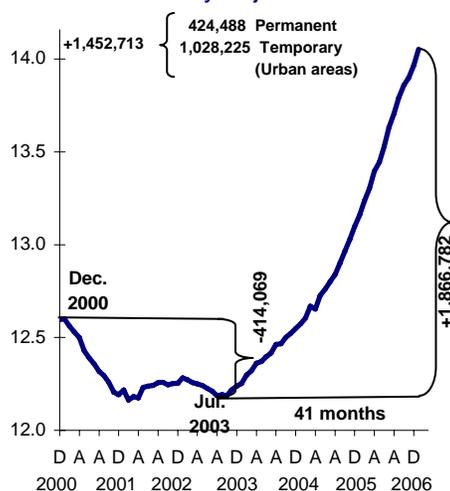
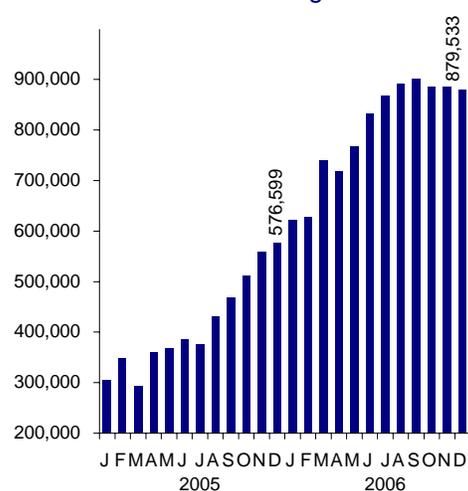
- a) A significant increase in the number of workers insured by the IMSS.
- b) Formal employment growth was more noticeable in temporary jobs in urban areas than in permanent jobs.
- c) Job creation included all states.
- d) The increase in the number of workers insured by the IMSS was highest in the services and construction sectors, although it was also significant in the manufacturing industry.
- e) The improvement of formal employment in 2006 did not translate into a shortage of skilled labor.
- f) During 2006, the average national unemployment rate remained at a very similar level to that observed in 2005, although it continued its upward trend during the second half of the year.
- g) The proportion of the population in informal employment remained high, despite the fact that it exhibited a slight downward trend throughout the year.

In 2006 the number of workers insured by the Social Security Institute (*Instituto Mexicano del Seguro Social*, IMSS) was 13,965,558, an increase of 879,533 employees (from December 2005 to December 2006), representing annual growth of 6.7 percent, the highest total annual increase for more than two decades. The number of permanent workers in urban areas rose by 405,416 (3.7 percent), while that of temporary workers increased by 474,117 (23.3 percent). According to seasonally adjusted figures, at the end of 2006 formal employment surpassed its maximum level reached at the end of 2000 by 1,452,713 jobs (Graph 7).

Formal job creation in 2006 was noteworthy in most states, except the states of Oaxaca and Tlaxcala where it recorded only meager growth. The states which registered the highest annual increases were: Distrito Federal (the Federal District) (143,042), Estado de México (94,666), Nuevo León (78,889), and Jalisco

(70,320). Furthermore, the improvement in formal employment was noteworthy in most economic sectors, although the most significant growth was recorded in services, particularly in trade (170,139 workers and 6.6 percent) and other services (360,904 workers and 8.3 percent). Higher formal employment in the industrial sector reflected employment growth in construction (147,401 workers and 14.5 percent) and manufacture (157,150 workers and 4.1 percent). The latter allowed the improvement already observed in manufacturing employment in 2004 to continue, after having contracted for three years in a row. Nonetheless, at the end of 2006, the number of manufacturing workers insured by the IMSS with seasonally adjusted data fell by 466 thousand as compared with its level of October 2000.

**Graph 7**
**Workers Insured by the IMSS: Permanent and Temporary in Urban Areas**

 a) Millions of Workers Insured  
Seasonally adjusted data

 b) Number of Workers Insured by the IMSS  
Annual variation of original data


Source: IMSS. Seasonal adjustments by Banco de México.

**Table 6**  
**Employment Indicators**

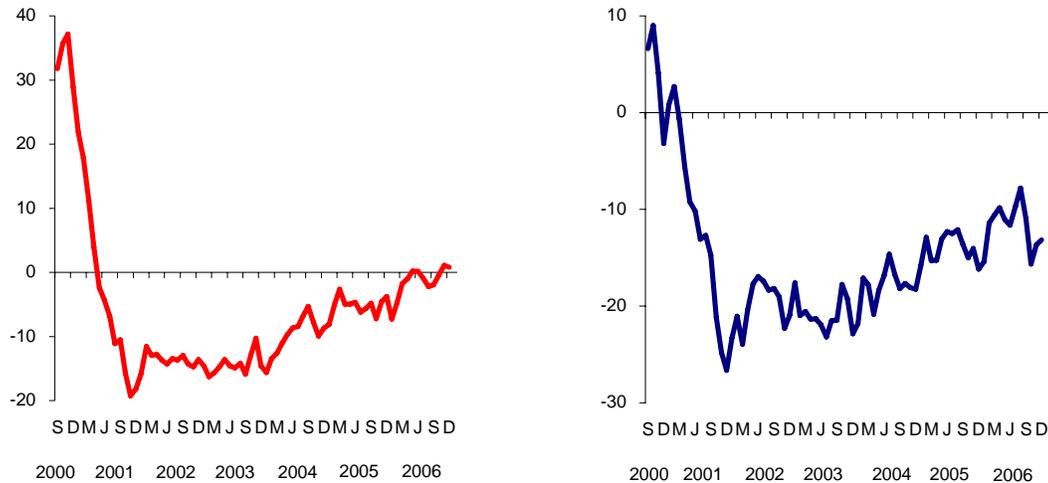
	2003	2004	2005	2006						
				I	II	III	IV	Nov.	Dec.	Annual
<b>Workers Insured by the IMSS</b>										
	Annual Percentage Change									
Total	-0.03	1.71	3.34	5.28	6.06	6.87	6.71	6.68	6.72	6.24
Permanent	-0.66	1.16	1.73	1.96	2.80	3.54	3.57	3.58	3.67	2.97
Temporary in urban areas	4.39	5.45	13.81	26.54	25.58	25.56	23.52	23.07	23.27	25.23
Manufacturing	-4.12	-0.28	1.33	2.74	3.99	5.11	4.36	4.17	4.34	4.05
Agriculture	-10.91	-9.67	0.38	10.46	11.53	10.03	5.03	3.37	4.34	9.24
Extractive industry	2.41	3.24	4.48	4.03	6.09	7.94	9.03	9.28	8.49	6.78
Construction	2.36	2.43	6.54	14.09	13.80	16.15	15.84	15.71	14.53	15.01
Percent of Economically Active Population										
<b>Open Unemployment Rate</b>	3.41	3.92	3.58	3.52	3.17	3.99	3.69	3.58	3.47	3.59
D.F. (Federal District)	N.A.	N.A.	N.A.	5.46	4.98	6.19	5.49	N.A.	N.A.	5.53
Jalisco	N.A.	N.A.	N.A.	3.91	2.80	3.89	3.63	N.A.	N.A.	3.56
Monterrey	N.A.	N.A.	N.A.	4.63	4.74	6.01	4.59	N.A.	N.A.	4.99

 Source: IMSS and National Employment Survey (Encuesta Nacional de Ocupación y Empleo, ENOE), INEGI.  
N.A. Not available.

Despite the considerable growth of formal employment, monthly indicators for the manufacturing sector prepared by Banco de México reveal that, in 2006, enterprises did not face any difficulties in hiring skilled labor for their production, sales, and administrative areas (Graph 8).

**Graph 8**  
**Manufacturing Sector, Labor Shortage Indicators**  
**2-month Moving Average of Balance of Responses**

a) More competition among firms to hire skilled labor      b) Number of workers that resigned to be hired by other firms



Source: Banco de México, Monthly Survey of Manufacturing Firms' Conditions. Balance of responses refers to the weighted percentage of firms that faced greater competition from other firms to hire skilled labor (or firms mentioning that the number of workers that resigned to be hired by other firms increased) minus those mentioning to have faced less competition in hiring workers.

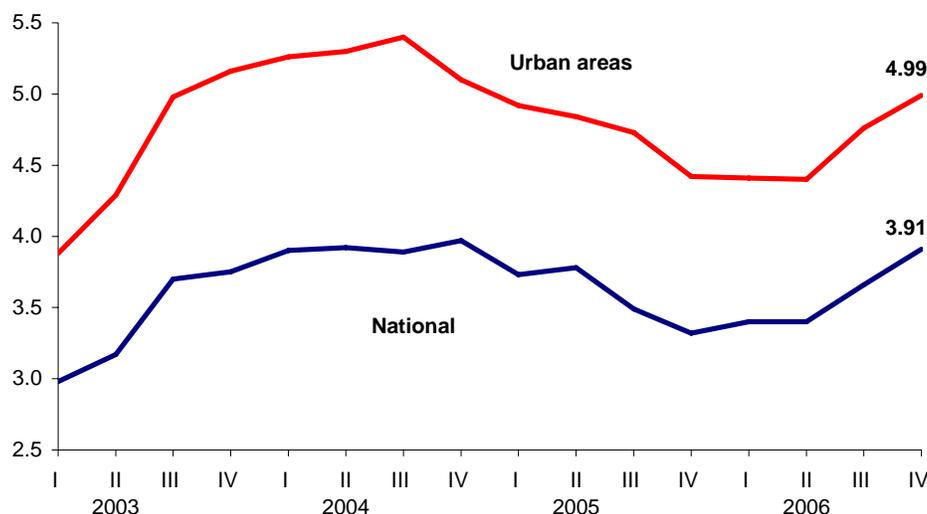
The significant improvement in formal employment during 2006 did not translate into a reduction of Mexico's unemployment rate. According to the National Employment Survey (*Encuesta Nacional de Ocupación y Empleo, ENOE*) conducted by INEGI, the average National Unemployment Rate was 3.59 percent in 2006, similar to that registered in 2005 (3.58 percent, Table 6). In this context, the "rate of participation" (the ratio of economically active population to population age 14 and older) increased in 2006, thereby contributing to a higher unemployment rate. Thus, the rate of participation was on average 58.7 percent in 2006, after having been 57.9 percent in 2005. The 0.78 percentage point rise in such indicator originated from 1.11 and 0.46 percentage point increases in the rates for women and men, respectively. The percentage of the working population employed in informal-related activities continued to decline slightly throughout the year to an average of 27.1 percent, while those who considered themselves as underemployed remained high (6.8 percent, Table 7).

**Table 7**  
**Employment Characteristics**  
 Percentage of Working Population

	2006				
	I	II	III	IV	Annual
Wage earning working rate	60.1	60.1	59.8	60.5	60.1
Underemployment rate	6.2	6.0	8.2	7.0	6.8
Employment rate (informal sector)	27.6	27.2	26.8	26.6	27.1

Source: National Employment Survey (*Encuesta Nacional de Ocupación y Empleo, ENOE*), INEGI.

**Graph 9**  
**National Unemployment Rate in Urban Areas**  
 Seasonally adjusted  
 Percent



Some of the most important aspects regarding earnings and unit labor costs (ULC) during 2006 were:

- a) The main indicators for earnings exhibited mixed growth. The IMSS average reference wage for permanent employees and average contractual wages rose at a lower rate than in 2005. In contrast to the aforementioned, real average wages in the maquiladora and non-maquiladora industries rebounded.
- b) Average unit labor costs (ULC) in the maquiladora industry rose at a similar rate to that observed in the previous year. ULC in the non-maquiladora industry fell at a higher rate than during 2005.

Earnings of formal sector workers, measured by the IMSS average reference wage, were 198.5 pesos per day on average in 2006. This result implied a nominal increase of 5.1 percent, 0.7 percentage points below that of 2005. The slowing of this indicator was seen in most sectors of the economy, particularly in mining, social services, and agriculture, livestock, forestry, hunting, and fishing (Table 8).

Analysis of companies according to their size<sup>4</sup> reveals that changes in the reference wage were lower in all size groups than those recorded in 2005. The slower rate of growth of wages in companies with 10 employees or less was particularly noteworthy (Table 8), although employees in this type of company obtained the highest wage increases in 2006 (6.7 percent in nominal terms).

<sup>4</sup> Mexico's Minimum Wage Commission (*Comisión Nacional de los Salarios Mínimos*, CONASAMI) groups companies according to the number of employees.

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

Activity	Annual Percentage Change			Pesos per Day		Percentage Structure of Permanent Workers Insured
	2005	2006	(B) - (A)	2005	2006	2006
	(A)	(B)				
Total	5.8	5.1	-0.7	188.9	198.5	100.0
<b>By economic activity</b>						
Agriculture, forestry, hunting and fishing	2.1	0.6	-1.5	108.7	109.4	2.9
Mining industries	15.0	9.4	-5.6	224.8	245.9	0.6
Manufacturing	6.0	5.7	-0.3	190.2	201.0	32.0
Construction	7.2	6.3	-0.9	148.9	158.2	4.7
Electricity, and potable water supply services	7.2	7.3	0.1	400.9	430.2	1.3
Commerce	6.8	6.0	-0.8	164.5	174.4	21.3
Transportation and communications	5.2	4.4	-0.8	249.6	260.5	5.9
Services provided to businesses and individuals	4.9	4.6	-0.3	193.7	202.7	24.1
Social and community services	6.8	4.9	-1.9	201.1	210.9	7.2
<b>By firm size</b>						
Workers (1-10)	8.4	6.7	-1.7	99.5	106.2	15.0
Workers (11-50)	6.3	5.4	-0.9	148.9	157.0	18.2
Workers (51-100)	5.0	4.1	-0.9	183.2	190.8	9.7
Workers (101-300)	4.6	4.5	-0.1	205.5	214.8	18.0
Workers (301-above)	4.4	3.7	-0.7	238.6	247.5	39.2

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

As for workers in enterprises and entities under federal jurisdiction, contractual wages recorded an average nominal increase of 4.1 percent during 2006, 0.3 percentage points below its observed level of the previous year, therefore recovering the downward trend of nominal contractual wage increases.

During 2006, average wage revisions granted to workers in private firms recorded a weighted increase of 4.4 percent, 0.6 percentage points above that obtained by workers in public enterprises. Wage revisions obtained in 2006 were lower in both types of enterprises compared to those observed in 2005 (Table 9).

As for its size, 36 percent of workers in enterprises and entities under federal jurisdiction obtained wage increases below 4.0 percent, while such figure had been 13.3 percent in 2005 (Table 10).

**Table 9**  
**Contractual Wages in Enterprises under Federal Jurisdiction**  
 Percentage change, weighted average of period <sup>1/</sup>

	2002	2003	2004	2005	2006				Annual
					I	II	III	IV	
Total	5.8	4.7	4.1	4.4	4.3	4.4	4.3	3.7	4.1
Publicly-owned	4.9	4.1	3.5	4.0	4.0	4.0	4.1	3.6	3.8
Privately-owned	6.4	5.2	4.6	4.7	4.4	4.5	4.4	4.2	4.4
Manufacturing	6.4	5.2	4.6	4.7	4.4	4.4	4.5	4.5	4.4
Other sectors	5.5	4.6	3.9	4.2	4.2	4.3	4.1	3.6	4.0

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

<sup>1/</sup> Weighted average is calculated based on the number of workers benefited in each wage revision.

**Table 10**  
**Contractual Wage Revisions by Interval**  
Percentage distribution

Interval Increase	2005	2006				Average
		I	II	III	IV	
<b>According to number of workers benefited</b>						
0.0-3.9%	13.3	23.4	14.4	6.7	79.9	35.9
4.0- 4.9%	69.8	63.4	71.3	81.3	14.3	53.2
5.0- 5.9%	11.1	9.4	8.4	6.3	4.3	7.0
6.0 and over	5.8	3.9	5.9	5.8	1.4	3.9
<b>According to number of wage revisions</b>						
0.0-3.9%	23.5	11.8	20.2	14.9	14.9	15.3
4.0- 4.9%	35.9	57.0	53.0	55.9	55.3	55.4
5.0- 5.9%	26.8	20.5	16.3	18.3	20.7	18.9
6.0 and over	13.6	10.7	10.5	10.8	9.1	10.3

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

In December 2006, Mexico's Minimum Wage Commission (*Comisión Nacional de los Salarios Mínimos*, CONASAMI) determined an increase of 3.9 percent to the General Minimum Wage to take effect on January 1, 2007. Such increase was 0.1 percentage points below that negotiated the previous year. Thus, the average minimum wage was 48.88 pesos per day (Table 11). The increase (3.9 percent) applied equally to all geographic areas. However, it represented different wage dynamics in each of them and therefore interrupted, for the second consecutive year, the process of homogenization of wage statistics for the three geographic regions.

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

Period	Pesos per Day				Annual Percentage Change			
	General	Geographic region			General	Geographic region		
		A	B	C		A	B	C
2001	37.57	40.35	37.95	35.85	6.99	6.50	8.09	9.68
2002	39.74	42.15	40.10	38.30	5.78	4.50	5.70	6.90
2003	41.53	43.65	41.85	40.30	4.50	3.56	4.36	5.22
2004	43.30	45.24	43.73	42.11	4.25	3.64	4.50	4.50
2005	45.24	46.80	45.35	44.05	4.50	3.50	3.70	4.60
2006	47.05	48.67	47.16	45.81	4.00	4.00	4.00	4.00
2007	48.88	50.57	49.00	47.60	3.90	3.90	3.90	3.90

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

During 2006, labor productivity in the non-maquiladora manufacturing industry grew at an annual average rate of 3.5 percent, 1.4 percentage points above growth observed in the previous year. Nevertheless, during the second semester of 2006 this indicator slowed significantly, while real average earnings increased (0.5 percent). Consequently, ULC recorded an annual average rate of - 2.8 percent during 2006 (Table 12 and Graph 10).

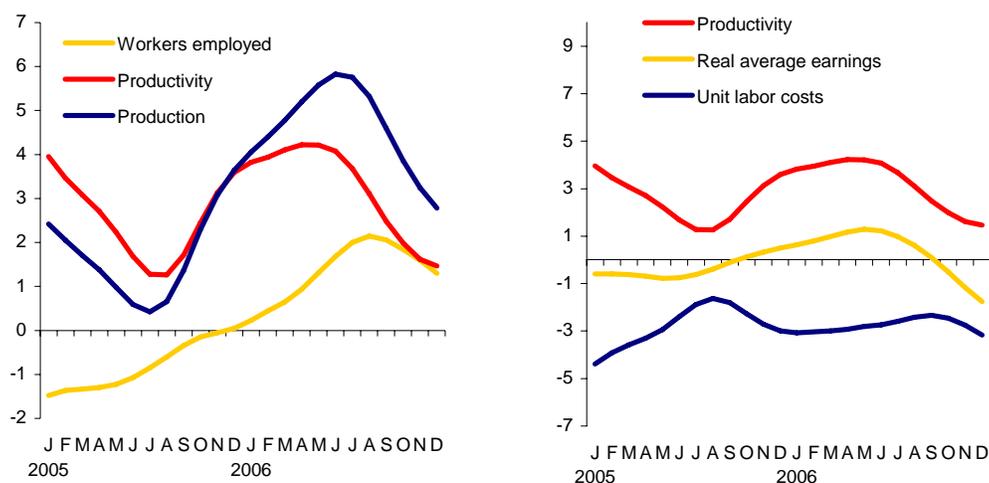
**Table 12**  
**Average Earnings per Worker, Labor Productivity, and Unit Labor Costs (ULC)<sup>1/</sup>**  
 Annual average percentage change

Activity	2005	2006				Average (B)	Difference (B) - (A)
	Average (A)	I	II	III	IV		
Real Average Earnings							
Manufacturing non-maquiladora	-0.2	0.9	0.8	1.1	-0.8	0.5	0.7
Maquiladora <sup>1/</sup>	0.3	2.2	2.3	0.4	1.9	1.7	1.4
Productivity per Worker							
Manufacturing non-maquiladora	2.1	6.8	2.6	3.0	1.6	3.5	1.4
Maquiladora <sup>1/</sup>	-1.1	1.3	0.1	-0.2	-0.3	0.2	1.3
Unit Labor Costs							
Manufacturing non-maquiladora	-2.2	-5.5	-1.6	-1.9	-2.3	-2.8	-0.6
Maquiladora <sup>1/</sup>	1.4	0.9	2.2	0.6	2.2	1.5	0.1

Source: Estimates prepared by Banco de México with data from INEGI.

1/ Calculations for maquiladora production are based on number of hours worked. Average labor productivity per employed workers thus reflects labor intensity in the production process.

**Graph 10**  
**Non-maquiladora Manufacturing Industry**  
 Earnings, Labor Productivity, and ULC  
 Trend, annual percentage change



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

ULC in the maquiladora manufacturing industry grew at an annual rate of 1.5 percent in 2006 (Table 12). This result was due to growth in real average earnings (1.7 percent), above that registered by labor productivity (0.2 percent). It is important to point out that the variation in the latter indicator was 1.3 percentage points higher than that observed during the previous year.

### III.3. External Sector

During 2006, Mexico's external sector performance was characterized by the following: vigorous external demand, although such strength declined during the second half of the year; high international oil prices; higher GDP and aggregate demand growth than that observed in 2005, reflected in a significant

increase in the demand for imports; greater share of Mexican products in U.S. imports; and, an increased inflow of workers' remittances. The current account of the balance of payments recorded a modest deficit in 2006, measured both in US dollars and as a proportion of GDP. This result implied that the strength exhibited by aggregate demand and GDP during the year, did not translate into a widening of such deficit compared to its level in 2005. In this regard, the current account deficit was influenced downwards by the increase of both, the surplus in the oil trade balance and inflows from workers' remittances.

In 2006 the external sector was characterized by the following:

- a) Higher growth of non-oil exports than during 2005, although such expansion slowed during the second half of the year. The aforementioned partly responded to the behavior of automotive exports which increased significantly in 2006, but at a declining rate throughout the year. In 2006, positive results for non-oil exports were obtained despite the deceleration of external demand during the second half of the year.
- b) Significant increase in the value of oil exports in response to considerable higher crude oil prices in international markets. Nevertheless, such performance weakened in the last few months of 2006 partly due to a reduction in the volume of crude oil exports.
- c) Greater annual growth of merchandise imports with respect to that observed in 2005. This result responded to increased economic growth and stronger aggregate demand than during the previous year. All three components of imports (intermediate, capital, and consumption goods) grew, although capital goods imports did so outstandingly.
- d) A recovery in Mexican products' share of the U.S. market, after having lost share during the three previous years. Such improvement is maintained even when oil and automotive exports are excluded.
- e) Significantly higher inflow of resources from workers' remittances.
- f) A moderate current account deficit -which was lower than that registered in 2005- measured in both US dollars and in relation to GDP.
- g) A moderate capital account surplus due to the net result of the following: inflows from foreign investment (both direct and portfolio), external financing channeled to the bank and non-bank private sector, and also to investment projects known as *Pidiregas*; outflows associated to reductions in public sector foreign debt; and, increases in Mexican residents' assets abroad. The public sector's reduction of its net external debt for 22.027 billion US dollars was particularly important.

The trade deficit was 6.133 billion US dollars, figure below that observed in 2005 (7.587 billion). Merchandise exports rose 16.7 percent in 2006, in response to increases of 22.4 percent in oil exports and 15.7 percent in non-oil exports. Manufacturing exports also rose 15.8 percent, although they slowed during the second half of the year (Table 13) partly as a result of the previously mentioned deceleration in the growth of automotive exports.

During 2006, the international oil market was again characterized by high prices, which produced an increase of 22.4 percent in Mexican oil exports. For the year as a whole, the average price of the Mexican crude oil export mix

was 53.04 US dollars per barrel, 10.33 US dollars above that in 2005. Oil imports also exhibited a significant annual growth (17.9 percent). As a result of the aforementioned, Mexico's oil trade balance (including petrochemicals) totaled 19.829 billion US dollars, an increase of 4.221 billion compared with 2005.

**Table 13**  
**Trade Balance**  
Million US dollars

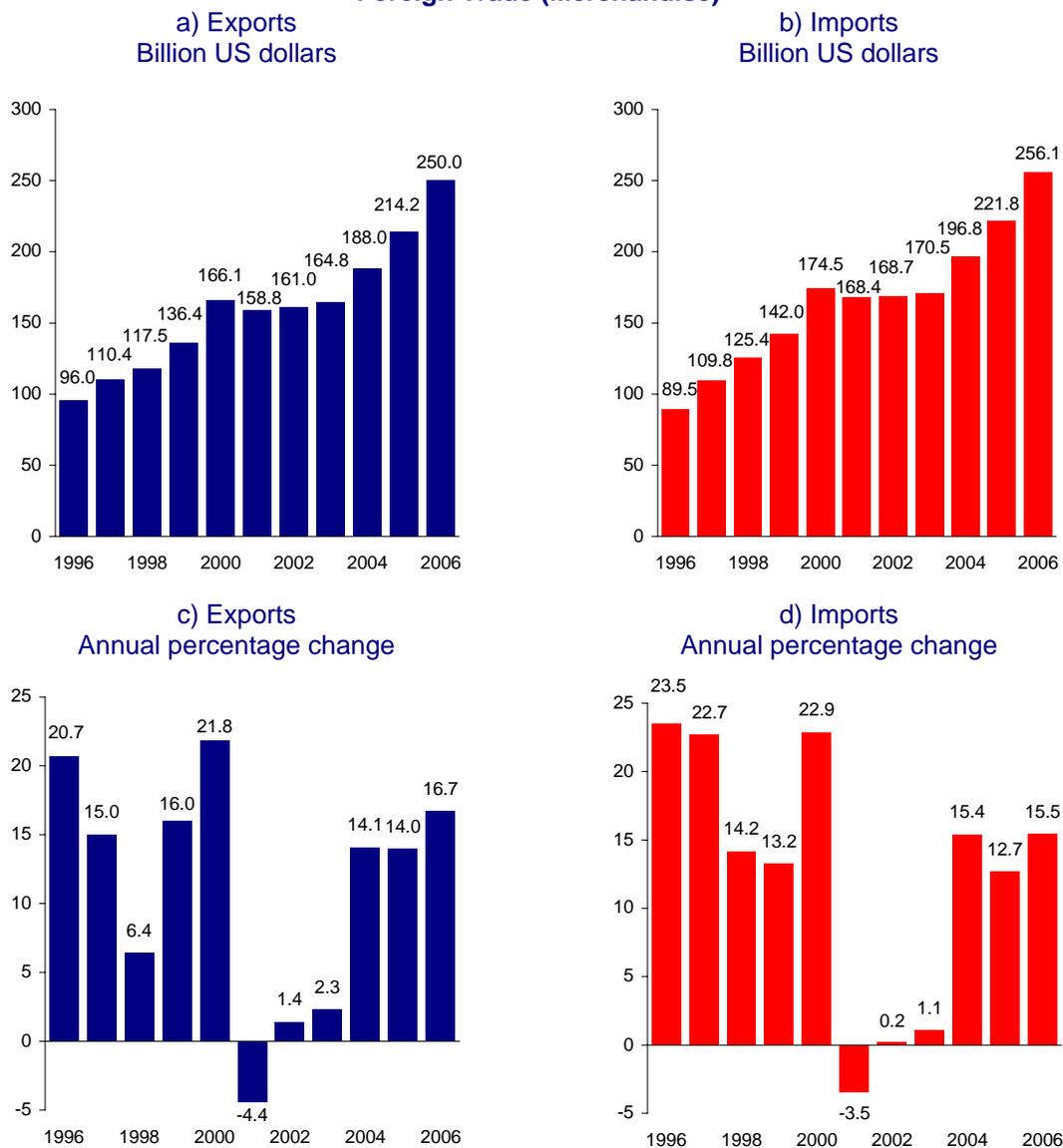
Item	2004 (1)	2005 (2)	2006 (3)	Absolute	Percentage Change	
				Change in 2006 (3)-(2)	2005 (2)/(1)	2006 (3)/(2)
<b>Exports</b>	<b>187,999</b>	<b>214,233</b>	<b>249,997</b>	<b>35,764</b>	<b>14.0</b>	<b>16.7</b>
Oil	23,667	31,891	39,022	7,131	34.8	22.4
Non-oil	164,332	182,342	210,975	28,633	11.0	15.7
Agriculture	5,684	6,008	6,853	845	5.7	14.1
Mining	901	1,168	1,317	149	29.6	12.8
Manufacturing	157,747	175,166	202,806	27,640	11.0	15.8
Maquiladora	86,952	97,401	111,824	14,422	12.0	14.8
Other	70,796	77,765	90,982	13,217	9.8	17.0
<b>Imports</b>	<b>196,810</b>	<b>221,820</b>	<b>256,130</b>	<b>34,311</b>	<b>12.7</b>	<b>15.5</b>
Consumer goods	25,409	31,513	36,972	5,459	24.0	17.3
Intermediate goods	148,804	164,091	188,634	24,543	10.3	15.0
Maquiladora	67,742	75,679	87,503	11,824	11.7	15.6
Other	81,061	88,412	101,130	12,718	9.1	14.4
Capital goods	22,597	26,216	30,525	4,309	16.0	16.4
<b>Total Trade Balance</b>	<b>-8,811</b>	<b>-7,587</b>	<b>-6,133</b>	<b>1,453</b>	<b>-13.9</b>	<b>-19.2</b>
Oil trade balance	12,602	15,607	19,829	4,221	23.8	27.0
Non-oil trade balance	-21,413	-23,194	-25,962	-2,768	8.3	11.9

Note: Figures may not add up due to rounding.

The considerable strength of economic growth and aggregate demand during 2006 implied an increase in the demand for merchandise imports. Thus, such imports increased 15.5 percent in 2006, figure above the 12.7 percent growth observed during 2005 (Graph 11). This result was due to increases in the three types of goods in which they are classified: consumer goods (17.3 percent); intermediate goods (15 percent); and capital goods (16.4 percent).

From a regional perspective, Mexico's foreign trade in 2006 was characterized by three aspects: i) a large surplus with NAFTA trading partners; ii) a reduced deficit with the rest of the countries in America; and, iii) larger deficits with Europe and Asia (Table 14). The increased deficit with the latter region mainly resulted from trade with China, which remains the second largest supplier of merchandise to Mexico, and the country with which Mexico has the highest bilateral deficit.

**Graph 11**  
**Foreign Trade (Merchandise)**



In 2006, the performance of Mexican exports to the U.S. was positive, leading to an increase in Mexican products' share in this market, after such participation had decreased from 2003 to 2005. Such improvement remains even when oil and automotive exports are excluded. Thus, Mexican exports to the U.S. grew 16.6 percent, more than total exports of the rest of U.S. trading partners, which increased 10.9 percent (Table 15). As a result, the aforementioned share of Mexican products rose from 10.2 percent in 2005 to 10.7 percent in 2006 (Graph 12). Worth mentioning is that during 2006 Mexican exports fared better in the U.S. market than those of the rest of the world excluding China, outperforming countries such as Canada, Japan, Germany, the U.K., France, and Malaysia.

**Table 14**  
**Trade Balance by Region**  
Million US dollars

	2004 (A)	2005 (B)	2006 (C)	Absolute Change (C)-(B)	Percentage Change			
					Exports		Imports	
					2005	2006	2005	2006
TOTAL	-8,811	-7,587	-6,133	1,453	14.0	16.7	12.7	15.5
NAFTA	51,659	63,081	79,288	16,208	11.9	15.6	7.4	10.5
United States	53,695	65,016	81,488	16,473	11.6	15.4	7.0	10.0
Canada	-2,036	-1,935	-2,200	-265	28.6	22.2	15.8	19.6
REST OF THE WORLD	-60,470	-70,667	-85,422	-14,754	31.0	24.6	20.4	21.9
Rest of America	-2,556	-1,827	-1,228	599	32.1	24.7	18.3	16.8
Europe	-16,784	-18,952	-20,585	-1,633	34.1	19.7	19.2	12.3
Asia	-40,459	-48,875	-62,508	-13,632	21.2	33.6	20.8	28.4
Other	-671	-1,013	-1,100	-87	42.8	28.7	47.3	17.3

Note: Figures may not add up due to rounding.

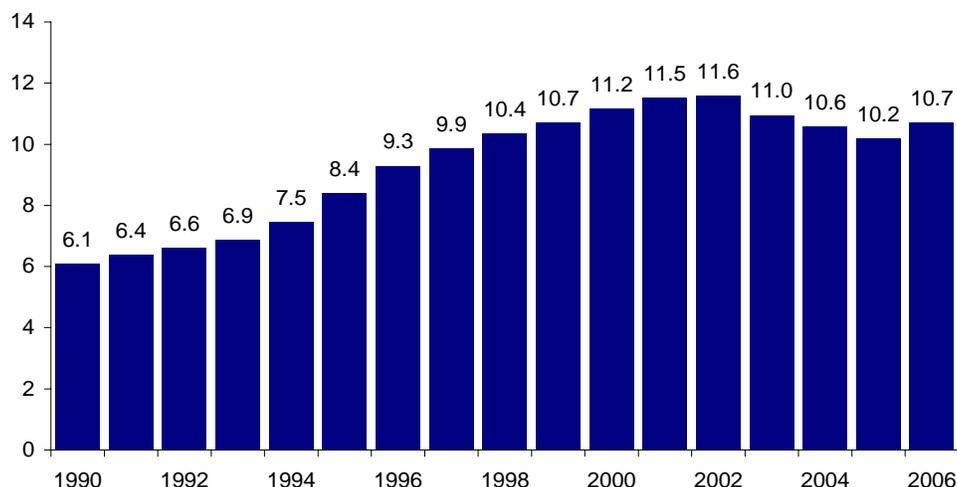
**Table 15**  
**U.S. Imports**  
Percent

	Share		Total	Annual Percentage Change: 2006			
	2005	2006		Oil	Total excluding Oil	Automotive	Total excluding Oil and Automotive
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>10.86</b>	<b>23.60</b>	<b>9.36</b>	<b>7.07</b>	<b>9.79</b>
<b>Total excluding Mexico</b>	<b>89.83</b>	<b>89.31</b>	<b>10.21</b>	<b>22.43</b>	<b>8.83</b>	<b>5.40</b>	<b>9.41</b>
<b>Total excluding Mexico and China</b>	<b>75.29</b>	<b>73.80</b>	<b>8.67</b>	<b>22.47</b>	<b>6.77</b>	<b>5.40</b>	<b>7.07</b>
1 Canada	17.35	16.36	4.49	36.31	1.60	-0.83	2.46
2 China	14.55	15.51	18.20	5.73	18.22	--	18.22
<b>3 Mexico</b>	<b>10.17</b>	<b>10.69</b>	<b>16.55</b>	<b>31.37</b>	<b>14.22</b>	<b>14.67</b>	<b>14.04</b>
4 Japan	8.25	7.98	7.31	--	7.31	14.27	3.01
5 Germany	5.06	4.80	5.10	--	5.10	-2.44	8.65
6 United Kingdom	3.05	2.88	4.71	-37.21	8.91	-10.53	12.72
7 South Korea	2.62	2.47	4.68	--	4.68	7.99	3.51
8 Taiwan	2.08	2.06	9.73	--	9.73	3.61	10.10
9 France	2.02	2.00	9.77	--	9.77	--	9.77
10 Malaysia	2.01	1.97	8.45	-10.25	8.56	--	8.56

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

In 2006, the current account of the balance of payments recorded a small deficit totaling 1.771 billion US dollars (0.2 Percent of GDP). This figure was below that recorded in 2005: 4.897 billion US dollars and 0.6 percent of GDP (Table 16). Such result was influenced by the higher oil trade balance surplus and increased inflows from workers' remittances (Graph 13). The current account deficit in 2006 originated from the deficit in the trade balance, which combined with deficits in the factor and non-factor services balances, more than offset the surplus in the transfers item.

**Graph 12**  
**Share of Mexican Exports in U.S. Imports**  
 Percent



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

**Table 16**  
**Current Account of the Balance of Payments**  
 Million US dollars

Item	2005	2006	Absolute
	(A)	(B)	Change (B - A)
<b>Current Account</b>	<b>-4,897</b>	<b>-1,771</b>	<b>3,126</b>
Trade balance	-7,587	-6,133	1,454
Exports	214,233	249,997	35,764
Imports	221,820	256,130	34,310
Nonfactor services	-4,713	-6,099	-1,386
Factor services	-13,082	-12,991	91
Transfers	20,484	23,452	2,968

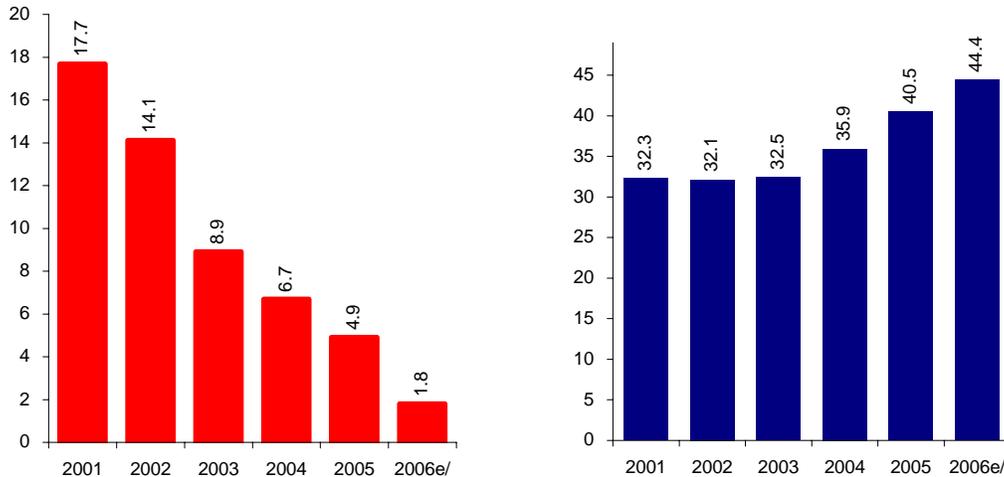
Note: Figures may not add up due to rounding.

The non-factor services deficit was 6.099 billion US dollars in 2006. Within this balance, the international travelers item exhibited a surplus of 4.068 billion US dollars (4.203 billion in 2005) due to inflows totaling 12.176 billion US dollars (3.2 percent increase) and outflows of 8.108 billion (6.7 percent increase). The modest increase in inflows from the international travelers item mainly responded to border tourism, which declined significantly in both the number of foreign residents who visited Mexico (6.4 percent decrease) and the number of Mexican residents who visited the U.S. border area (5.7 percent decrease). Meanwhile, the other components of the non-factor services balance registered a deficit of 10.167 billion US dollars, mainly due to expenditures associated with foreign trade.

**Graph 13**  
**Current Account Deficit of the Balance of Payments**  
 Billion US dollars

a) Current Account

b) Non-oil Current Account excluding  
 Workers' Remittances<sup>1/</sup>

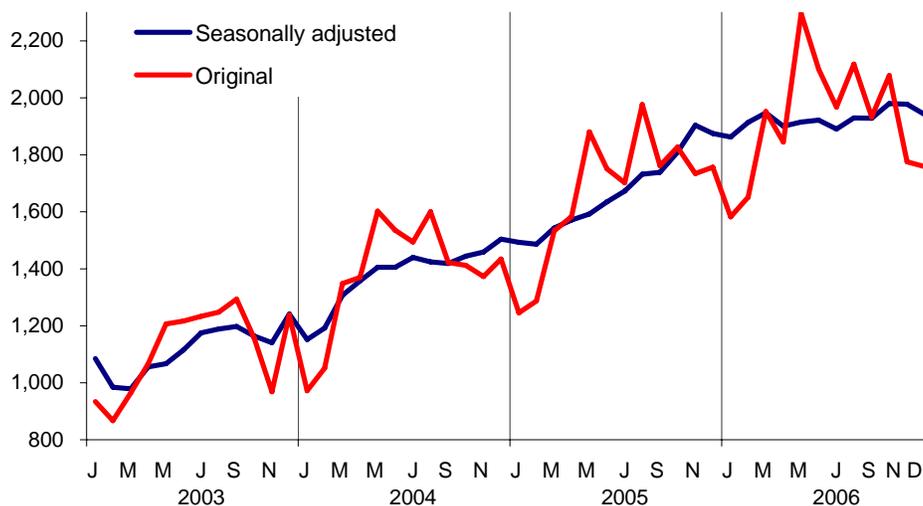


e/ Estimated.

1/ Excludes the non-oil trade balance and revenues from workers' remittances.

In 2006, the factor services deficit was 12.991 billion US dollars as a result of revenues totaling 6.691 billion US dollars and expenditures for 19.682 billion. Net interest payments (expenditures less revenues) amounted to 9.256 billion US dollars, 0.1 percent above that in 2005. The other items from the factor services balance accumulated a net deficit of 3.734 billion US dollars, mainly from expenditures from foreign direct investment (FDI) firms' profits (remitted and reinvested) amounting to 5.006 billion US dollars.

**Graph 14**  
**Workers' Remittances**  
 Million US dollars per month;  
 Original and seasonally adjusted data



In 2006, the transfers account exhibited a surplus of 23.452 billion US dollars. Its main component, workers' remittances, accumulated 23.054 billion US dollars, an increase of 3.019 billion US dollars and 15.1 percent compared to 2005. The growth of workers' remittances slowed significantly throughout 2006, falling from 27.5 and 19.7 percent during the first and second quarters to 10.6 and 5.5 percent during the third and fourth (Graph 14). Such behavior is a result of several factors, among which are: a) the improved coverage of remittance operations influenced an upward trend in the statistics in previous years, but its effect has gradually decreased; b) the greater obstacles faced by Mexican workers to emigrate to the U.S. as a result of U.S. increased border surveillance; and, c) the additional difficulties for illegal Mexican immigrants to find work in the U.S. due to stricter official controls coupled with the slowdown of the U.S. economy.

Inflows from workers remittances in 2006 equaled 2.7 percentage points of GDP and surpassed both the oil trade balance surplus and FDI. During the year, 65.8 million transactions from remittances were carried out, for an average of 350 US dollars each. As for their destination, Michoacán, Guanajuato, Jalisco, Estado de México, and the Federal District received the highest amount (43 percent) of remittances (Graph 15).

The capital account of the balance of payments exhibited a surplus of 1.834 billion US dollars, resulting from FDI inflows and investment channeled to the money and stock markets, as well as foreign financing for the private sector (banking and non-banking) and Pidiregas projects. On the other hand, the outflow of resources stemmed from a net repayment of public sector's foreign debt as well as an increase in Mexican assets abroad (Table 17).

**Table 17**  
**Balance of Payments**  
Million US dollars

Item	2005	2006
<b>Current Account</b>	<b>-4,897</b>	<b>-1,770</b>
<b>Capital Account</b>	<b>12,692</b>	<b>1,834</b>
Liabilities	26,884	14,928
Indebtedness	543	-10,488
Development banks	-3,469	-7,959
Commercial banks	-2,280	99
Banco de México	0	0
Non-bank public sector	-6,624	-14,068
Non-bank private sector	4,166	4,415
Pidiregas	8,749	7,026
Foreign investment	26,341	25,416
Direct	19,643	18,938
Portfolio	6,699	6,477
Equity	3,353	2,805
Money market	3,346	3,672
Assets	-14,193	-13,094
<b>Errors and Omissions</b>	<b>-630</b>	<b>-1,067</b>
<b>Change in Net International Reserves</b>	<b>7,173</b>	<b>-989</b>
Valuation Adjustments	-8	-14

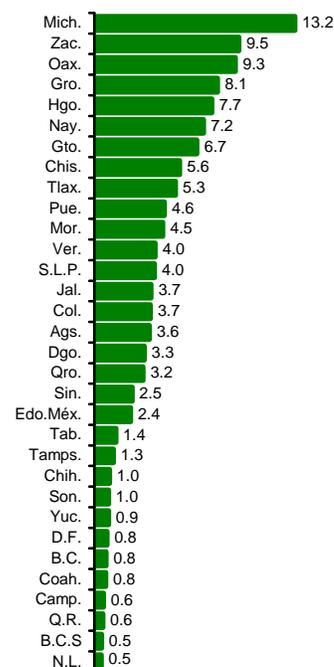
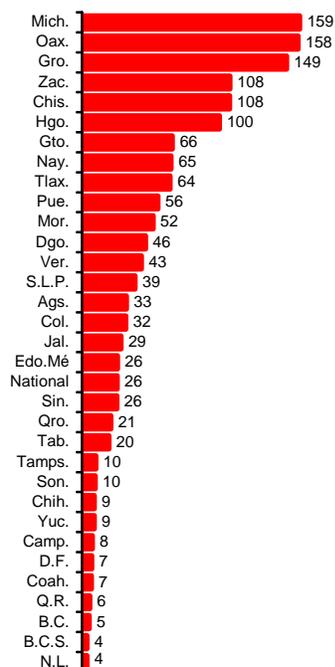
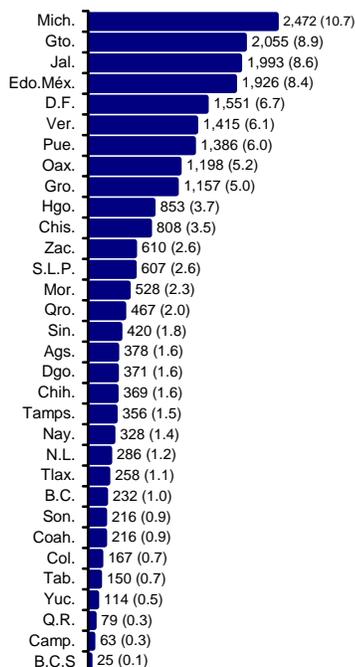
Note: Figures may not add up due to rounding.

**Graph 15**  
**Workers' Remittances by State**  
 January-December 2006

a) Million US dollars <sup>1/</sup>

b) As a percentage of the Wage Bill  
 in the Formal Sector <sup>2/</sup>

c) As a percentage of GDP <sup>3/</sup>



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

2/ Prepared by Banco de México with data from IMSS.

3/ States' GDP is obtained by applying the structure of states' GDP of 2004 to data of 2006 at current prices as reported by INEGI.

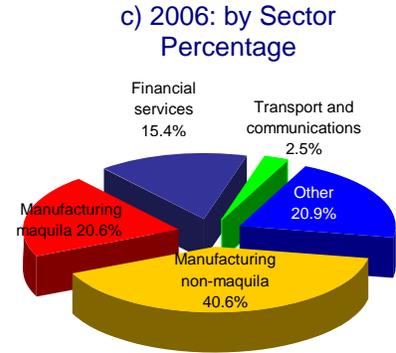
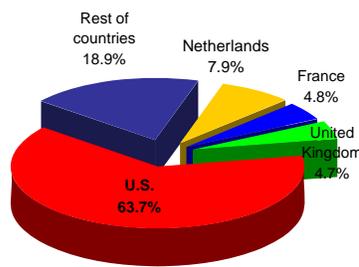
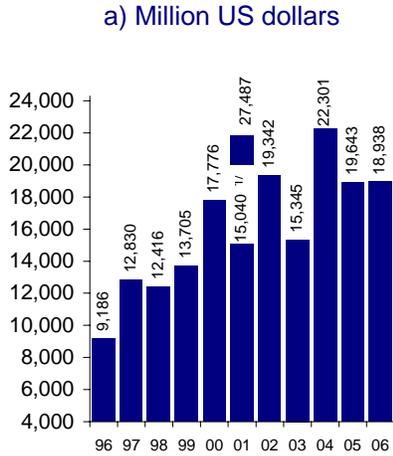
In 2006, FDI amounted to 18.938 billion US dollars (Graph 16). As for its distribution, FDI was mostly channeled to manufacturing (61.2 percent), financial services (15.4 percent), and transport and communications (2.5 percent). Its breakdown by country of origin is as follows: U.S. (63.7 percent), Netherlands (7.9 percent), France (4.8 percent), and U.K. (4.7 percent). Net foreign portfolio investment totaled 6.477 billion US dollars, due to inflows to the stock market (2.805 billion) and the money market (3.672 billion). Foreign investment flows (direct and portfolio) in 2006 totaled 25.416 billion US dollars.

In 2006, the public sector significantly reduced its foreign net debt by 22.027 billion US dollars, as a result of 14.948 billion in disbursements and 36.975 billion in amortizations.<sup>5</sup> A substantial part of the reduction in public sector's debt corresponded to advanced payments of loans from the Inter-American Development Bank and the World Bank, as well as the repurchase of bonds placed in international markets. Thus, in 2006 there were amortizations from the federal government for 11.012 billion, non-financial public enterprises for 3.056 billion, and development banks for 7.959 billion. On the other hand, capital inflows channeled to financing Pidiregas projects amounted to 7.026 billion US dollars in 2006. Meanwhile, private sector's foreign net financing totaled 4.514 billion US

<sup>5</sup> Data on public sector's foreign debt as reported in Banco de México's balance of payments differs from that reported by the Ministry of Finance. This is due to that fact that the balance of payments excludes certain public sector external debt transactions that are not considered as effective flow of resources.

dollars resulting from net disbursements by non-banks (4.415 billion US dollars) and commercial banks (99 million).

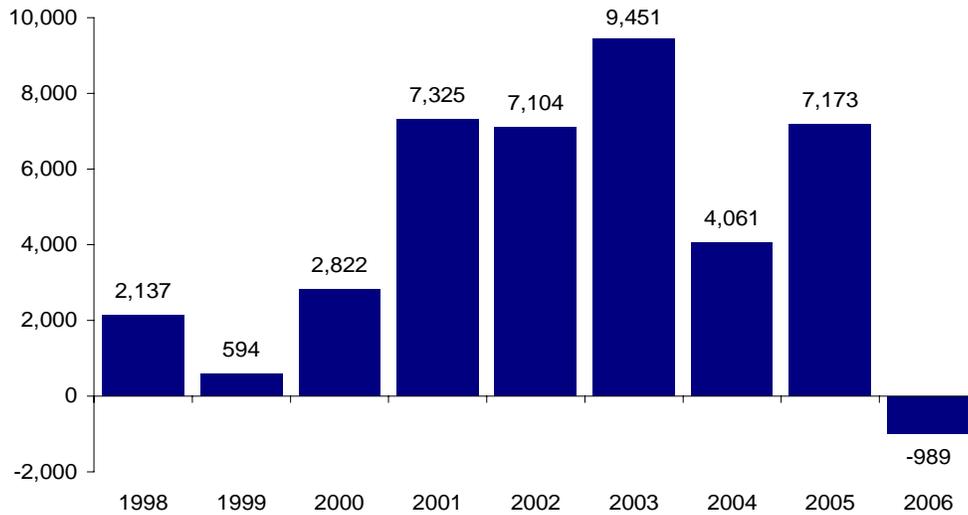
**Graph 16**  
**Foreign Direct Investment Flows**  
b) 2006: by Country Percentage



1/ Excludes the sale of Banamex.

Mexican assets abroad rose in 2006, resulting in an outflow of resources from the country totaling 13.094 billion US dollars. This behavior originated mainly from outflows associated to direct investment abroad by Mexican companies and an increase in non-bank's deposits abroad.

**Graph 17**  
**International Reserves Variation**  
Million US dollars



Summing up, Mexico's balance of payments results in 2006 were as follows: a 1.771 billion US dollar current account deficit, a 1.834 billion US dollar capital account surplus, 1.066 billion U.S. dollar net negative flow in errors and omissions and a 989 million US dollar reduction in international reserves (Graph

17).<sup>6</sup> As a result of such reduction, international reserves totaled 67.68 billion US dollars on December 31, 2006.

### III.4. Public Finances

#### III.4.1. Economic Balance

During 2006, the non-financial public sector recorded an economic surplus of 9.8 thousand million pesos, equivalent to 0.11 percent of GDP (Table 18, Graph 18).<sup>7</sup> When excluding outlays from the Retirement Program for Public Employees (*Programa de Conclusión de la Relación Laboral*, CRL), such surplus totaled 21.6 thousand million pesos (0.24 percent of GDP). The primary surplus, defined as revenues less expenditures other than financial costs, was 261.2 thousand million pesos (2.85 percent of GDP).

**Table 18**  
**Public Balance in 2004 - 2006<sup>1/</sup>**

	Thousand Million Pesos 2006			Percent of GDP		
	2004	2005	2006	2004	2005	2006
<b>Economic Balance</b>	<b>-20.7</b>	<b>-10.5</b>	<b>9.8</b>	<b>-0.25</b>	<b>-0.12</b>	<b>0.11</b>
<b>Budgetary balance</b>	<b>-22.6</b>	<b>-10.6</b>	<b>8.0</b>	<b>-0.27</b>	<b>-0.12</b>	<b>0.09</b>
Federal government	-111.2	-104.4	-180.7	-1.34	-1.20	-1.97
Public entities and enterprises (1+2)	88.5	93.8	188.7	1.07	1.08	2.06
1 PEMEX	52.0	51.2	149.3	0.63	0.59	1.63
2 Other	36.6	42.6	39.4	0.44	0.49	0.43
<b>Non-budgetary balance</b>	<b>1.9</b>	<b>0.1</b>	<b>1.7</b>	<b>0.02</b>	<b>0.00</b>	<b>0.02</b>
<b>Primary Balance</b>	<b>206.4</b>	<b>208.9</b>	<b>261.2</b>	<b>2.48</b>	<b>2.41</b>	<b>2.85</b>
<b>Economic balance excluding CRL</b>	<b>-12.8</b>	<b>-6.5</b>	<b>21.6</b>	<b>-0.15</b>	<b>-0.07</b>	<b>0.24</b>
<b>Primary balance excluding CRL</b>	<b>214.4</b>	<b>212.9</b>	<b>273.1</b>	<b>2.58</b>	<b>2.46</b>	<b>2.98</b>

Source: Ministry of Finance.

1/Deficit (-) Surplus (+).

CRL= refers to the End-of-working relationship Program for Public Employees (*Programa de Conclusión de la Relación Laboral*) previously known as Voluntary Retirement Program for Public Employees (*Programa de Separación Voluntaria*, PSV).

Note: Figures may not add up due to rounding.

In 2006, budgetary revenues totaled 2,263.1 thousand million pesos (24.72 percent of GDP) (Table 19 and Graph 19a), 309.6 thousand million (3.38 percent of GDP) above revenues forecasted in the Federal Revenues Law (*Ley de Ingresos de la Federación*, LIF). This outcome was mainly due to: a) an increase in non-oil tax revenues (particularly from income tax and the VAT), which accounted for 37.4 percent of excess revenues; b) higher oil revenues, representing 35 percent of excess revenues; c) an increase in non-oil nontax revenues (from increased duties and benefits, mainly as a result of non-recurrent revenues), which contributed to 16.7 percent of excess revenues; and, d) greater revenues from public entities and enterprises other than PEMEX, which accounted for 10.9 percent of excess revenues and stemmed from increased

<sup>6</sup> For a definition of international reserves see Banco de México's Law. For the adding up of current account and capital accounts plus the errors and omissions item, to result in the variation of international reserves, a 14 million US dollar adjustment must be made.

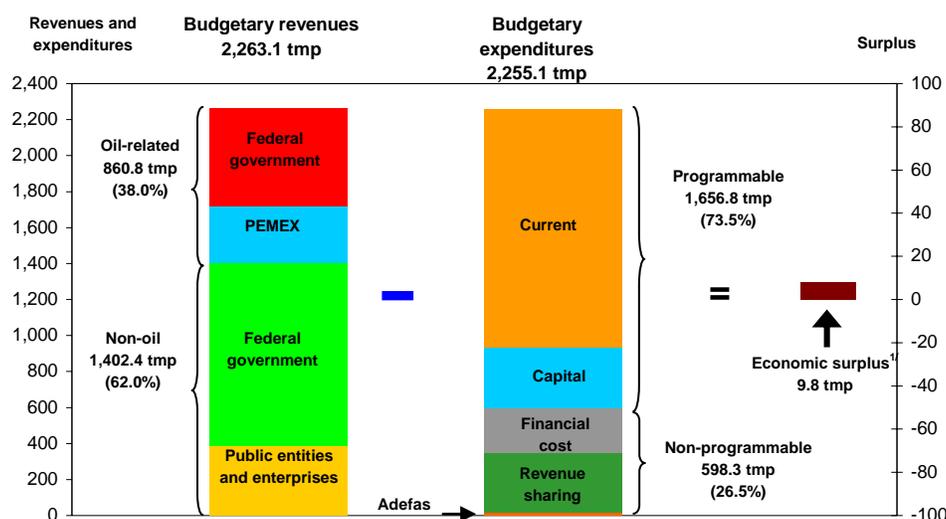
<sup>7</sup> The economic balance is the indicator commonly used for evaluating the public sector's budget obligations.

sales and higher collection of accounts receivable by the Federal Electricity Commission (*Comisión Federal de Electricidad, CFE*).

In real terms, budgetary revenues grew 12.1 percent in 2006. This result stemmed from increases in both oil (14.3 percent) and non-oil revenues (10.8 percent). The behavior of the oil component mainly responded to the price of the Mexican crude oil export mix, which was 11.4 US dollars per barrel (d.p.b.) higher than the average price observed in 2005.<sup>8</sup> In 2006, oil revenues' share in budgetary revenues was 38.0 percent, its highest level since 1987 (38.7 percent).<sup>9</sup>

In 2006, non-oil tax revenues rose 13.1 percent in real terms, due mainly to higher revenues from the VAT (which increased at a real annual rate of 15.1 percent in response to higher private consumption) and higher income tax collection (whose rate of growth on a yearly basis was 12.4 percent in real terms, as a result of fiscal reforms implemented in 2004, fiscal measures applied to taxpayers, and the expansion of economic activity). Non-oil tax revenues accounted for 10.15 percentage points of GDP in 2006 (9.48 percentage points in 2005), a slightly higher level than that registered by total oil revenues (9.40 percentage points of GDP).

**Graph 18**  
**Revenues, Expenditures and Economic Balance in 2006**  
 Thousand million pesos



Source: Ministry of Finance (SHCP).  
 1/ Includes non-budgetary surplus (1.7 thousand million pesos).  
 Note: Totals may not add up due to rounding.

Non-oil non-tax revenues increased 5.9 percent at constant prices mainly due to higher non-recurrent revenues (duties and benefits), which amounted to 31.5 thousand million pesos and represented 0.34 percent of GDP

<sup>8</sup> Regarding oil revenue estimates included in the Federal Revenues Law for 2006, the price of the Mexican crude oil export mix was 16.1 US dollars per barrel above forecasts, while oil production was around 50 thousand barrels a day below expected levels. It is important to mention that the average price of the Mexican oil mix used in public finance records differs from that shown in section III.3 of this Report due to the fact that PEMEX has around one month in which to cover its fiscal obligations with the Federal Government.

<sup>9</sup> Oil revenues are defined as PEMEX revenues, oil duties and benefits plus the Excise Tax (*Impuesto Especial sobre Producción y Servicios, IEPS*) on gasoline and diesel.

(0.24 percentage points in 2005). Among the sources of non-recurrent revenues, the sales of shares of the Center-North and Pacific airport groups were significant.

**Table 19**  
**Public Balance 2005 and 2006 <sup>1/</sup>**

	Thousand million pesos				Real Growth %
	2005	2006		Difference (3-2)	
	Observed (1)	Approved (2)	Observed (3)		
<b>Economic Balance</b>	<b>-10.1</b>	<b>0.0</b>	<b>9.8</b>	<b>9.8</b>	<b>d.n.a.</b>
Non-budgetary balance	0.1	0.0	1.7	1.7	d.n.a.
Budgetary balance	-10.2	0.0	8.0	8.0	d.n.a.
<b>Fiscal Revenues</b>	<b>1,947.8</b>	<b>1,953.5</b>	<b>2,263.1</b>	<b>309.6</b>	<b>12.1</b>
<b>Oil</b>	<b>726.5</b>	<b>752.4</b>	<b>860.8</b>	<b>108.3</b>	<b>14.3</b>
Federal government	541.0	492.1	543.6	51.6	-3.0
PEMEX	185.5	260.4	317.1	56.8	64.9
<b>Non-oil</b>	<b>1,221.3</b>	<b>1,201.1</b>	<b>1,402.4</b>	<b>201.3</b>	<b>10.8</b>
<b>Federal government</b>	<b>871.5</b>	<b>847.7</b>	<b>1,015.2</b>	<b>167.5</b>	<b>12.4</b>
Tax revenues	793.0	813.4	929.1	115.7	13.1
Income Tax ( <i>ISR</i> )	384.5	388.3	448.1	59.7	12.4
VAT ( <i>IVA</i> )	318.4	335.7	379.9	44.1	15.1
Excise Tax on Merchandise and Services ( <i>IEPS</i> )	34.4	37.6	36.9	-0.7	3.3
Imports	26.8	21.7	31.7	10.0	14.0
Other	28.8	30.0	32.6	2.6	9.4
Non-tax revenues	78.5	34.3	86.1	51.8	5.9
Duties	19.9	12.3	22.5	10.2	9.1
Proceeds	7.3	6.3	7.0	0.7	-7.7
Benefits	51.3	15.8	56.7	40.9	6.6
<b>Public entities and enterprises</b>	<b>349.8</b>	<b>353.3</b>	<b>387.2</b>	<b>33.8</b>	<b>6.8</b>
<b>Net Paid Expenditures</b>	<b>1,958.0</b>	<b>1,953.5</b>	<b>2,255.1</b>	<b>301.6</b>	<b>11.1</b>
<b>Programmable</b>	<b>1,458.5</b>	<b>1,386.9</b>	<b>1,656.8</b>	<b>269.9</b>	<b>9.6</b>
Deferred payments	d.n.a.	-20.0	d.n.a.	d.n.a.	d.n.a.
Programmable accrued expenditures	1,458.5	1,406.9	1,656.8	249.9	9.6
Current expenditures	1,171.2	1,194.5	1,322.2	127.7	8.9
Personal services	557.4	585.9	609.5	23.6	5.5
Other	613.8	608.7	712.7	104.1	12.1
Capital expenditures	287.3	212.4	334.6	122.2	12.4
Fixed investment <sup>2/</sup>	234.5	210.7	273.7	63.1	12.6
Financial investment <sup>3/</sup>	52.8	1.7	60.8	59.1	11.2
<b>Non-programmable</b>	<b>499.5</b>	<b>566.6</b>	<b>598.3</b>	<b>31.8</b>	<b>15.6</b>
Financial cost	210.2	261.8	250.1	-11.7	14.8
Federal government	145.0	182.0	153.8	-28.2	2.4
Public entities and enterprises	37.7	42.8	57.6	20.6	47.3
Debtor and savings support programs	27.5	37.0	38.6	-4.2	35.7
Revenue sharing	278.9	290.9	329.2	38.2	13.9
<i>Aceras</i> and other	10.4	13.9	19.1	5.2	77.2
<b>Memo:</b>					
<b>Economic Balance Excluding CRL</b>	<b>-6.3</b>	<b>0.0</b>	<b>21.6</b>	<b>21.6</b>	<b>d.n.a.</b>
<b>Primary Balance</b>	<b>201.6</b>	<b>262.6</b>	<b>261.2</b>	<b>-1.4</b>	<b>25.0</b>

Source: Ministry of Finance (SHCP).

1/Deficit (-) Surplus (+).

2/ For 2005, includes contributions from the State Infrastructure Trust (*Fideicomiso para la Infraestructura de los Estados*, FIES) and transfers to PEMEX from "Benefits over PEMEX Excess Revenues" and surplus revenues from the Federal Budget 2006, art. 25, section "n".

3/ In 2006, includes contributions from the Oil Revenues Stabilization Fund (*Fondo de Estabilización de Ingresos Petroleros*, FEIP).

d.n.a./ does not apply.

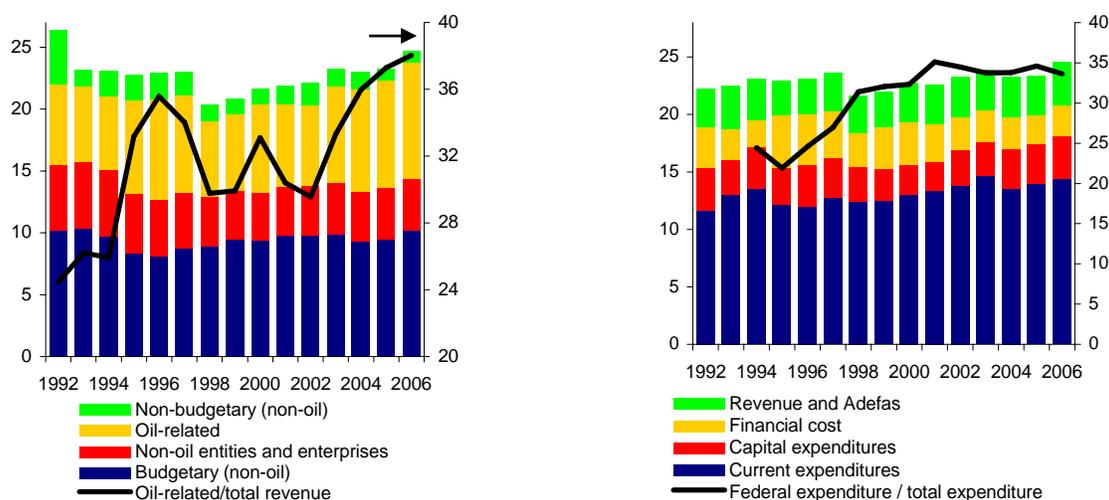
Note: Figures may not add up due to rounding. Real growth is estimated according to average inflation per year.

Two noteworthy events took place in the area of fiscal legislation during 2006. First, the new fiscal regime for PEMEX-Exploration and Production came

into force. The main objective of this regime was to reduce the company's fiscal burden and, thereby, free up resources for further investment in oil exploration and production. The second change in fiscal legislation concerned the introduction of the Federal Budget and Financial Responsibility Law (*Ley Federal de Presupuesto y Responsabilidad Hacendaria*).<sup>10</sup> This new law established: a) the obligation to maintain an equilibrium in the fiscal balance; b) the formula to determine the oil price to be used for budgetary purposes; c) rules for the distribution of excess revenues; d) adjustment mechanisms in the case of a reduction in revenues below their programmed levels, for both the oil and non-oil components of revenue; and, e) deadlines for approving each year's fiscal package.<sup>11</sup>

In 2006, budgetary expenditures totaled 2,255.1 thousand million pesos. This result represented an annual increase of 11.1 percent at constant prices and accounted for 24.63 percentage points of GDP (23.4 percentage points in 2005) (Table 19 and Graph 19b).

**Graph 19**  
**Public Sector Fiscal Revenues and Expenditures (1992-1996)**  
 a) Revenues (Percent of GDP) and Percent of Total  
 b) Expenditures (Percent of GDP) and Percent of Total



Source: Ministry of Finance (SHCP).

In 2006, public expenditure surpassed its programmed level by 301.6 thousand million pesos (Table 19). Such difference is explained by excess revenues of 309.6 thousand million pesos. These excess revenues were distributed according to the Federal Expenditure Budget as follows (Graph 20):

- a) 23.8 thousand million pesos obtained from both Excess Yield Benefits (*Aprovechamiento sobre Rendimientos Excedentes, ARE*) and the Extraordinary Duty on Crude Oil Exports (*Derecho Extraordinario sobre*

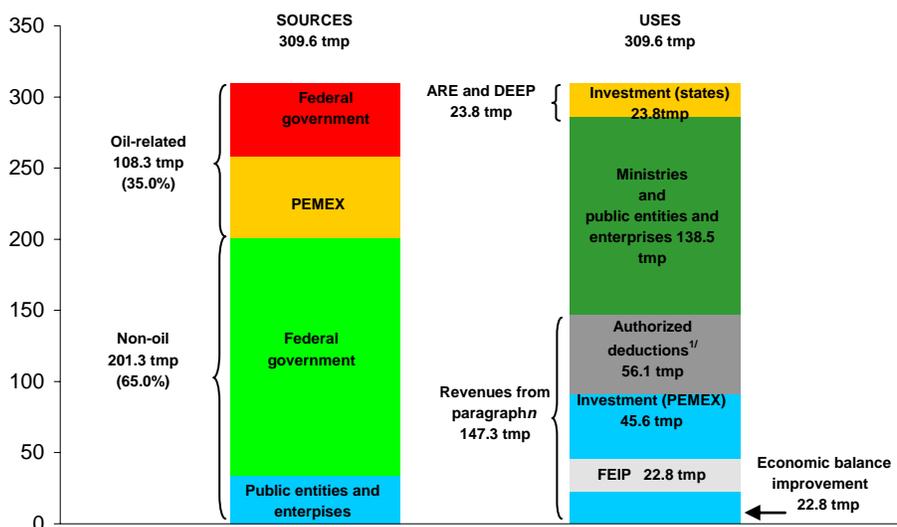
<sup>10</sup> The new Law came into force on April 1, 2006. The Law's third transitory article established that the distribution of excess revenue would be subject to the rule established by the Federal Expenditure Budget for 2006 (*Presupuesto de Egresos de la Federación*).

<sup>11</sup> Among the timelines established by the new Law are: a) the annual fiscal package should be submitted to Congress by September 8, at the latest; b) the Federal Revenues Law must be approved by October 20 and October 31 by Congress and the Senate, respectively; and, c) the Federal Budget regarding expenditures must be approved by November 15, at the latest. In the first year of a Federal Government's term, the due date for presenting the fiscal package shall be December 15.

*Exportación de Petróleo Crudo*, DEEP) were allocated to investment in states projects;<sup>12</sup>

- b) Public entities and enterprises are assigned their own excess revenues (138.5 thousand million pesos);
- c) 56.1 thousand million to cover higher non-programmable expenditure, to relieve damage caused by natural disasters, to meet fiscal obligations from previous years, and to the CFE to cover the increased cost of fuel for generating electricity; and,
- d) Remaining excess revenues (91.2 thousand million) were shared as follows: 50 percent to PEMEX for physical investment, 25 percent to improving the economic balance, and 25 percent to the Oil Revenues Stabilization Fund (*Fondo de Estabilización de los Ingresos Petroleros*, FEIP).<sup>13</sup>

**Graph 20**  
**Sources and Uses of Excess Revenues in 2006**  
 Thousand million pesos



Source: Ministry of Finance (SHCP).

<sup>1/</sup>Refers to higher non-programmable expenditure (32.7 tmp), additional outlays to cover natural disasters (13.8 tmp), to cover tax obligations from previous fiscal years (8.6 tmp), and, to the higher cost of fuel (1.0 tmp).

At end-2006, programmable expenditure rose 9.6 percent at a real annual rate. This result was due to an 8.9 percent real increase in current expenditure (which accounted for 79.8 percent of programmable outlays) and real growth of 12.4 percent in capital expenditure (representing 20.2 percent of programmable outlays). The behavior of current expenditure was mainly due to higher outlays in the following: personal services (5.5 percent real increase); pensions and retirements (10.2 percent real increase); operation costs (10.7

<sup>12</sup> In 2006, the Extraordinary Duty on Crude Oil Exports and Excess Yield Benefits were applied at rates of 13.1 and 6.5 percent, respectively, on the additional value of crude oil exports above that forecasted and which resulted from higher oil price increases than those programmed for the year (36.5 US dollars per barrel)

<sup>13</sup> As a result of this contribution and other net expenditures for 4.4 thousand million pesos, the Oil Revenues Stabilization Fund amounted to 34.6 thousand million pesos at the end of 2006 (16.2 thousand million in 2005).

percent real increase);<sup>14</sup> and, subsidies, transfers and aid (15.3 percent real increase). The latter include federal government transfers to states and municipalities, social and economic development programs, resources shared to IFE to fund political parties for the 2006 electoral process and the cost of the Retirement Program for Public Employees (*Programa de Conclusión de la Relación Laboral*, CRL).

In 2006, total budgetary public investment (including fixed and financial investment) grew 12.4 percent in real terms compared to 2005. Increased expenditure in physical capital mainly concentrated in the electric and education sectors, in hydraulic infrastructure, and in resources channeled to states and municipalities via contributions and the Support Program for the Strengthening of Federal Entities (*Programa de Apoyos para el Fortalecimiento de las Entidades Federativas*, PAFEF). Meanwhile, the increase in financial investment mainly stemmed from the Oil Revenues Stabilization Fund (*Fondo de Estabilización de los Ingresos Petroleros*, FEIP) capitalization.

Public sector's fostered investment (*inversión impulsada*), which includes budgetary, non-budgetary, and financial investment, grew at a real annual rate of 14.3 percent and amounted to 422.9 thousand million pesos (4.62 percent of GDP) in 2006. Such results mainly responded to budgetary investment and investment through Pidiregas, 86.4 percent of which was carried out by PEMEX and the remainder by the CFE.

In 2006, federalized expenditures increased 8.0 percent in real terms and accounted for 33.6 percent of total budgetary expenditure (Graph 19b).<sup>15</sup> Of such resources, 43.4 percent were channeled to state and municipal governments to be distributed as they deemed necessary (mainly a special kind of federal contributions-*participaciones federales*), while the remainder were shared in line with the Fiscal Coordination Law.

In 2006, non-programmable expenditure rose 15.6 percent at constant prices. This result was mainly due to increases in the following: a) the financial cost (14.8 percent in real terms), mostly reflecting higher interest payments from Pidiregas and resources channeled to debtors and savers support programs; b) revenue sharing for states and municipalities (13.9 percent in real terms) due to higher federal tax sharing; and, c) an increase in payments of accrued expenditures from the previous year (*Adeudos de Ejercicios Fiscales Anteriores*, Adefas).

---

<sup>14</sup> The growth of operating expenditures is due to higher outlays on fuel for generating electricity, Pidiregas payments, basic health service expenditures, resources channeled to the Encyclopedia Program, and expenditures associated with the 2006 federal elections.

<sup>15</sup> Federalized expenditures include shared federal revenues, contributions, PAFEF, and collaboration agreements. Revenues shared to states and municipalities are distributed as they deem necessary, while remaining resources are channeled to specific expenditure programs.

### III.5. Monetary and Credit Aggregates

---

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

In economies where inflation declines significantly, and where such decline is perceived as permanent, remonetization processes (periods in which people gradually increase their holdings of monetary stocks) are commonly observed. This applies to the Mexican economy, where narrow monetary aggregates, among them the monetary base, have increased significantly in recent years (Graph 21a). Thus, the monetary base rose as a proportion of GDP from 3.38 percent in 2002 to 4 percent in 2006 (Graph 21b).

At the end of 2006, the monetary base was 449.8 thousand million pesos. During the same year, the monetary base grew, on average, 16.2 percent at an annual rate, 4.1 percentage points above that observed in 2005 (12.1 percent).<sup>16</sup> Although part of such increase can be explained by higher economic growth, as well as a further reduction in interest rates, it also probably responded to temporary factors such as the increased use of cash broadly associated to the process of federal elections.

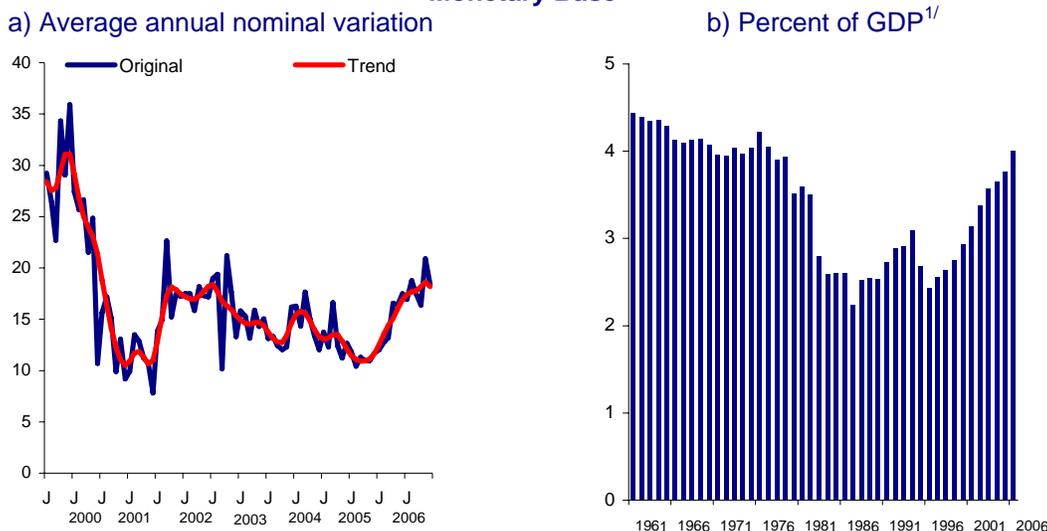
In 2006, net international assets rose by 2.189 billion US dollars; thus their stock at December 31, 2006 was 76.304 billion US dollars.<sup>17</sup> Meanwhile, the monetary base grew by 69,788 thousand million pesos during 2006. As a result, Banco de México's net domestic credit increased by 43,847 million pesos during the year (Table 20).

International reserves decreased 989 million US dollars as a result of a 2.220 billion US dollar increase in gross reserves which was offset by a 3.209 billion US dollar increase in Banco de México's liabilities with less-than-six months to maturity. The main source of international reserves was the purchasing of US dollars from PEMEX (26.698 billion). As for its uses, the federal government demanded 20.192 billion US dollars, while Banco de México auctioned 8.014 billion US dollars through the mechanism to slow international reserve accumulation.

---

<sup>16</sup> Changes calculated based on the average of daily stocks.

<sup>17</sup> For a definition of international assets and international reserves refer to the glossary of Banco de México's weekly balance sheet bulletin (*Boletín Semanal sobre el Estado de Cuenta del Banco de México*). Banco de México's broad credit position vs. the domestic market (net domestic credit) is obtained by subtracting international assets from the monetary base; i.e., financing granted or received domestically by the central bank. The international reserves definition excludes Banco de México's short-term (less-than-six months) foreign currency liabilities.

**Graph 21  
Monetary Base**


1/ Up to 1988, calculated based on the average of stocks at the end of month. Since 1989, according to the average of daily stocks.

**Table 20  
Monetary Base, International Assets and Net Domestic Credit  
Millions**

	Stocks at end of period			Flows accumulated by		
	2004	2005	2006	2004	2005	2006
(A) Monetary Base (Pesos)	340,178	380,034	449,821	36,564	39,856	69,788
(B) Net International Assets (Pesos) <sup>1/ 2/</sup>	716,170	788,167	824,967	57,567	104,918	25,941
Net International Assets (US dollars) <sup>2/</sup>	64,233	74,115	76,304	5,174	9,881	2,189
(C) Net Domestic Credit (Pesos) [(A)-(B)] <sup>1/</sup>	-375,992	-408,133	-375,145	-21,004	-65,062	43,847
(D) International Reserves (US dollars) [(E)-(F)] <sup>3/</sup>	61,496	68,669	67,680	4,061	7,173	-989
(E) Gross Reserves (US dollars)	64,198	74,110	76,330	5,169	9,913	2,220
PEMEX				13,832	20,378	26,698
Federal government				-3,240	-7,290	-20,192
Sale of US dollars to banks <sup>4/</sup>				-6,712	-4,402	-8,014
Other <sup>5/</sup>				1,290	1,227	3,728
(F) Liabilities with less than six months to maturity (US dollars)	2,701	5,441	8,650	1,108	2,740	3,209

1/ Net international assets' cash flows in pesos are estimated considering the exchange rate applied to each transaction.

2/ Net international assets are defined as gross reserves plus credit agreements with foreign central banks with more than six months to maturity, minus total liabilities payable to the IMF and credit agreements with foreign central banks with less than six months to maturity.

3/ As defined by the Law governing Banco de México.

4/ Daily sales of US dollars according to the mechanism to slow the pace of international reserve accumulation (see Foreign Exchange Commission's press bulletin of March 20, 2003).

5/ Includes yields on international reserves, and other transactions.

During the third quarter of 2006, Banco de México's international reserves decreased by 11.44 billion US dollars. This reduction was the result of the Ministry of Finance's purchase of 12.451 billion US dollars destined to prepay foreign debt.<sup>18</sup> Resources for this purchase were obtained from the government's issuance of BONDES D for 135,051 million pesos. Simultaneously, Banco de México withdrew from circulation an equivalent amount of BREMs. As result of these operations, the stock of international reserves and BREMs decreased,

<sup>18</sup> Banco de México's weekly balance sheet bulletin (*Boletín Semanal sobre el Estado de Cuenta del Banco de México*), Banco de México, August 22, 2006.

reducing both, assets and liabilities from Banco de México's balance sheet. In the future, the remaining stock of BREMs in circulation will be substituted according to their maturity date with BONDES D.

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

In 2006, the monetary aggregate M1 recorded a nominal annual average variation of 15.6 percent, figure 4.4 percentage points above that observed in 2005 (Table 21). Such behavior was influenced by the decline in the opportunity cost of holding liquid financial assets due to a reduction in deposit interest rates and the expansion of economic activity. The higher growth rate of the narrow monetary aggregate was mirrored by all of its components. Thus, in 2006, current account deposits and currency in circulation recorded annual variations of 20 and 15.9 percent, respectively.

In 2006, the monetary aggregate M2, which includes M1 plus residents' financial savings, grew at a real annual average rate of 10 percent, figure 0.8 percentage points above that registered in 2005 (Table 22). Despite the fact that the growth of this monetary aggregate slowed during the second half of 2006, in the fourth quarter it recorded a real average annual variation of 7.5 percent, figure similar to its average growth during the last four years (Graph 22a).

**Table 21**  
**Monetary Aggregate M1**  
Annual percentage change of average stocks

	2004	2005	2006	2006			
				Quarter			
				I	II	III	IV
M1	13.9	11.2	15.6	13.4	17.6	16.8	14.9
Currency in circulation (bills and coins)	14.5	12.3	15.9	12.9	16.6	17.3	16.8
Checking accounts (Pesos)	10.8	9.6	15.4	13.0	17.9	16.9	13.8
Current account deposits	22.5	15.3	20.0	21.1	20.8	16.8	21.2
Deposits in Savings and Loan Associations (SAPs)	19.7	22.8	29.3	27.3	33.1	30.3	26.7
Checking accounts (US dollars)	14.1	8.8	9.7	5.9	14.1	14.3	4.5

The increased strength of residents' financial savings (M2) in 2006 mainly resulted from higher saving in government securities, which recorded an average annual variation of 13 percent. Meanwhile, time deposits registered the lowest growth among domestic instruments (3.5 percent at constant prices), exhibiting a real annual contraction during the fourth quarter of 2006 as compared to its level during the same quarter of 2005. Foreigners' holdings of domestic financial instruments continued to increase during 2006, recording a real annual variation of 27.2 percent. These resources have mainly been channeled to long-term government securities at fixed interest rates (73.6 percent of non-residents' saving and 88.9 percent of their public securities holdings) (Graph 22b). As a result of the aforementioned, in 2006, the average stock of the monetary aggregate M4 recorded a real annual increase of 10.6 percent.

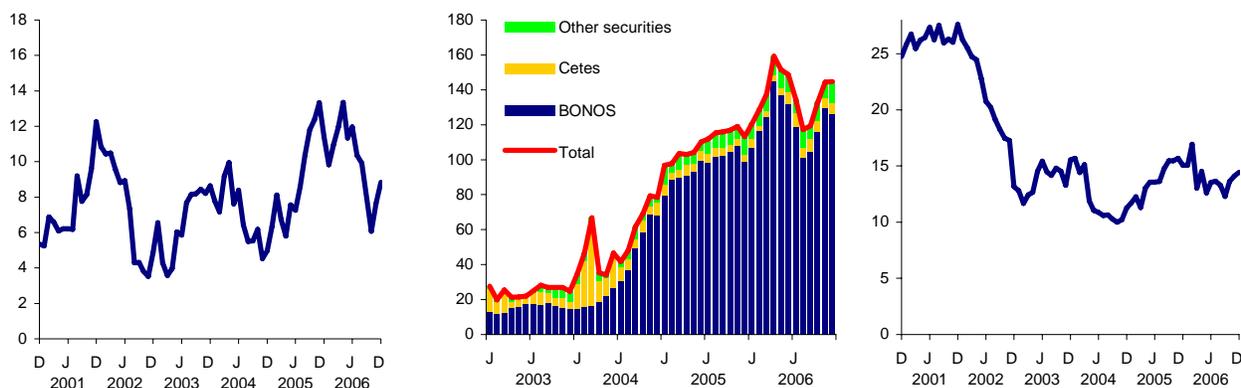
**Table 22**  
**Broad Monetary Aggregates**  
 Annual real percentage change of average stocks

	2004	2005	2006	2006			
				Quarters			
				I	II	III	IV
M2 (= M1 +)	6.9	9.2	10.0	10.9	12.2	9.4	7.5
Bank deposits	-2.1	6.3	3.5	4.7	13.7	0.0	-3.8
Deposits in Savings and Loans Companies	22.9	20.1	15.8	16.5	15.8	15.4	15.5
Public securities	9.7	12.2	13.0	16.3	11.9	13.0	11.1
Private securities	13.4	4.1	5.0	4.8	6.4	2.9	6.0
Housing funds and others	8.5	11.0	9.4	9.3	9.2	9.4	9.6
M3	7.6	10.5	10.6	11.6	13.3	9.7	8.1
M4	7.5	10.4	10.6	11.5	13.2	9.6	8.2
Memo:							
Savings from SAR included in M2 <sup>1/</sup>	10.2	14.2	8.8	12.6	8.3	7.2	7.4
Non-resident savings	43.0	72.2	27.2	34.1	46.8	12.3	18.6

<sup>1/</sup> Excludes investment in foreign debt instruments and variable-income securities from total SAR resources.

The average stock of resources in the Retirement Savings System (*Sistema de Ahorro para el Retiro, SAR*) recorded a real annual variation of 13.9 percent, figure similar to that observed in 2005 (13.8 percent at a real annual rate) (Graph 22c). However, SAR resources invested in financial assets included in M2 grew at a real average annual rate of 8.8 percent, figure 5.4 percentage points below that observed in 2005 (Table 22). The lower real rate of variation of SAR savings included in M2 mainly responded to changes in the regulations governing Siefores investments, allowing them to invest part of their resources in variable interest rate instruments, government securities placed abroad (UMS Bonds), and external securities, none of which are included in the monetary aggregates.<sup>19</sup>

**Graph 22**  
**Monetary Aggregate M2, Public Securities held by Non-residents and Retirement Savings System**  
 a) M2 Real annual change      b) Public Securities held by Non-residents Thousand million pesos      c) SAR Funds Real annual change



The decline in public sector borrowing requirements and the slower pace of reserve accumulation by Banco de México observed in recent years continued during 2006. These factors have freed resources to finance the private sector. Thus, in 2006, financing to the non-financial private sector accounted for

<sup>19</sup> CONSAR newsletter 15-12 which regulates Siefores' investment regime published in Mexico's Official Gazette (*Diario Oficial de la Federación*) on May 26, 2004.

30.2 percent of GDP, figure 2.3 percentage points above that observed in 2005 (27.9 percent of GDP) and which represented a real annual increase of 13.9 percent.

Among the different components of total financing to the non-financial private sector, domestic resources deserves mention. In particular, the growth in financing from commercial banks recorded real annual growth of 26.4 percent and accounted for 12.4 percent of GDP, figure 2.1 percentage points above that observed in 2005. Meanwhile, external financing to such sector represented 6.9 percent of GDP in 2006, a similar level to that registered during the previous year (Table 23).

In 2006, credit to households grew 18.4 percent at a real annual rate and represented 14.1 percent of GDP, figure 1.6 percentage points higher than that recorded in 2005. Such growth resulted from stronger mortgage and consumption credit. Financing to consumption recorded a real annual variation of 33.3 percent and rose, as a percentage of GDP, from 3.8 percent in 2005 to 4.8 percent in 2006 (Graph 23b). The importance of consumption credit in total financing to the private sector has increased significantly in recent years, rising from 3.6 percent of such financing in 2000 to 15.9 percent in 2006. Mortgage financing increased 11.9 percent at a real annual rate in 2006, supported mainly by commercial bank financing and the recovery of Infonavit credit. Although in 2006 financing granted by Infonavit measured as a proportion of GDP remained at levels similar to those registered in 2005, it increased at a real annual rate of 7.1 percent, figure 6.3 percent above that observed in the previous year.

**Table 23**  
**Total Financing to the Non-financial Private Sector**

	Stocks in thousand million pesos				Percent of GDP				Real annual percentage change
	Dec.95	Dec.00	Dec.05	Dec.06	Dec.95	Dec.00	Dec.05	Dec.06	Dec.05- Dec.06
<b>Total Financing</b>	1,159.3	1,680.1	2,333.0	2,764.5	63.0	30.6	27.9	30.2	13.9
<b>Foreign</b>	239.9	520.2	568.4	629.8	13.0	9.5	6.8	6.9	6.5
Foreign direct financing <sup>1/</sup>	141.3	322.3	362.8	419.6	7.7	5.9	4.3	4.6	11.2
Foreign debt issuance <sup>2/</sup>	98.5	197.9	205.6	210.2	5.4	3.6	2.5	2.3	-1.8
<b>Domestic</b>	919.5	1,159.9	1,764.6	2,134.7	50.0	21.1	21.1	23.3	16.3
Commercial banks <sup>3/</sup>	700.6	700.4	860.2	1,131.8	38.1	12.7	10.3	12.4	26.4
Other intermediaries <sup>4/</sup>	141.3	158.5	309.4	349.1	7.7	2.9	3.7	3.8	8.4
Debt issuance	19.2	79.7	166.0	175.8	1.0	1.5	2.0	1.9	1.8
From Infonavit <sup>5/</sup>	58.4	221.1	429.0	478.0	3.2	4.0	5.1	5.2	7.1
<b>Memo:</b>									
<b>Households</b>	271.4	513.6	1,044.9	1,287.2	14.7	9.3	12.5	14.1	18.4
Consumption	43.8	60.6	316.7	439.5	2.4	1.1	3.8	4.8	33.3
Housing	227.5	453.0	728.1	847.8	12.4	8.2	8.7	9.3	11.9
<b>Firms</b> <sup>6/</sup>	887.9	1,166.5	1,288.1	1,477.3	48.2	21.2	15.4	16.1	10.2
Foreign financing	239.9	520.2	568.4	629.8	13.0	9.5	6.8	6.9	6.5
Domestic financing <sup>7/</sup>	648.1	646.3	719.7	847.5	35.2	11.8	8.6	9.3	13.2
Foreign financing in US dollars <sup>8/</sup>	31.0	54.1	53.4	58.3	--	--	--	--	9.0

Source: Infonavit quarterly financial statements.

1/ Including firms' foreign suppliers, credit granted by foreign banks, and other creditors. Source: Balance of Payments. Does not include Pidiregas-PEMEX.

2/ Commercial paper, bonds and emissions placed abroad. Source: Balance of Payments. Does not include Pidiregas-PEMEX.

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

4/ Includes credit granted by development banks, financial factoring companies, financial leasing companies, credit unions, SAPS, and Special-purpose financial companies (*Sociedades Financieras de Objeto Limitado*, Sofoles).

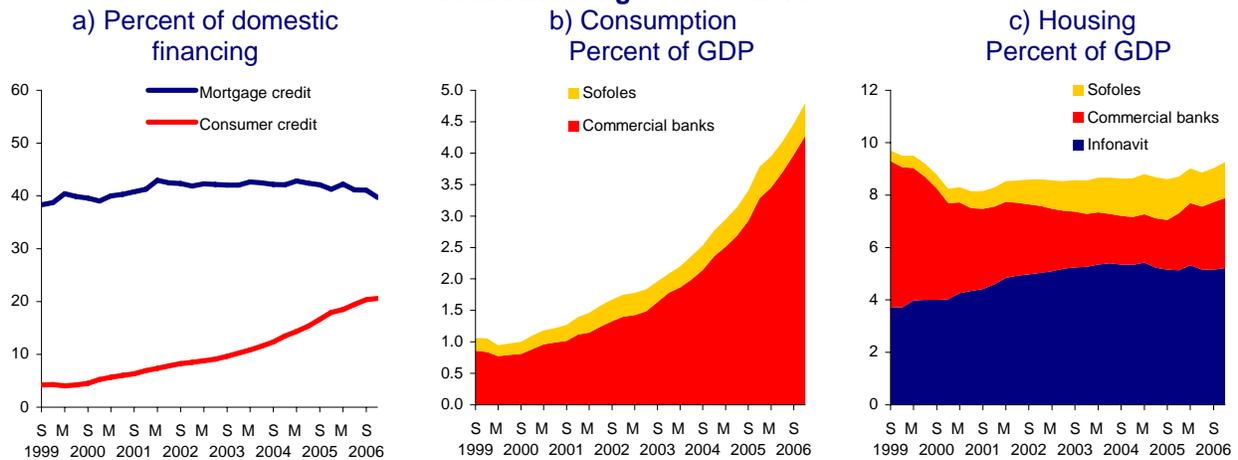
5/ Refers to performing and non-performing mortgage loans from the Public Housing Institute (*Instituto del Fondo Nacional de la Vivienda para los Trabajadores*, Infonavit). Source: Infonavit Quarterly financial statements.

6/ Including individuals with business activity.

7/ Domestic financing to firms includes total financing granted by financial factoring companies, financial leasing companies and credit unions. Financing granted by SAPS is mainly destined to households.

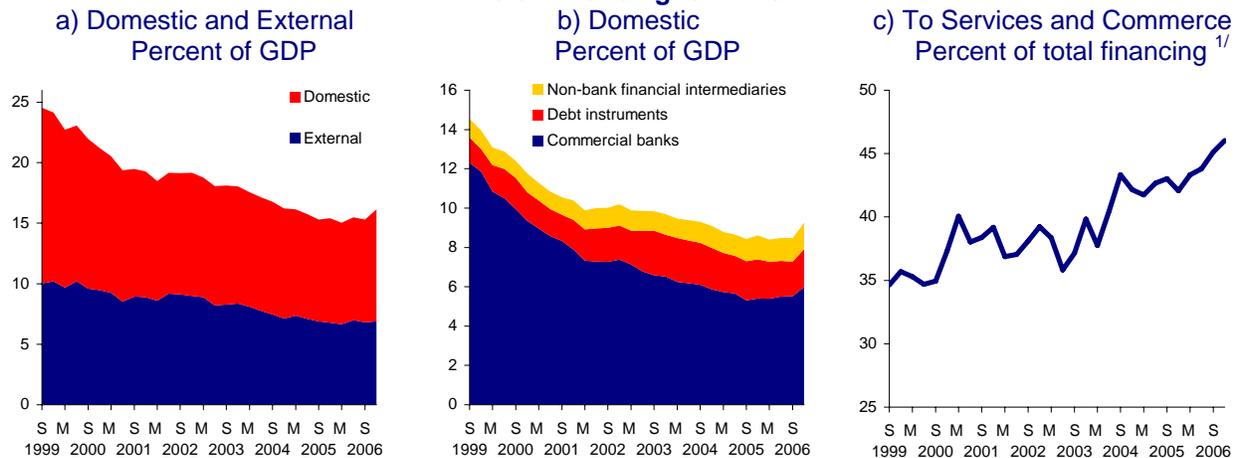
8/ Billion US dollars. Nominal variation. Does not include Pidiregas-PEMEX.

**Graph 23**  
**Total Financing to Households**



In 2006, total financing to firms recovered significantly, registering a real annual variation of 10.2 percent, figure that contrasts sharply with the real annual decrease of 0.4 percent observed during the previous year. This growth can mainly be explained by the increase in domestic sources of funds within the context of higher economic growth (Graph 24a). In particular, bank financing to firms recorded a real annual variation of 20.1 percent and increased 0.6 percent as a proportion of GDP compared to 2005 (Graph 24b). As for the economic sectors that received financing, the services and retail sectors continued to absorb a growing percentage of credit granted to firms (Graph 24c).

**Graph 24**  
**Total Financing to Firms**



<sup>1/</sup> Includes direct external financing (credit from foreign suppliers, credit from foreign banks, and other creditors). It also includes debt issue in the domestic market and debt placed abroad (excluding Pidiregas-PEMEX), credit granted by commercial and development banks, financial factoring companies, financial easing companies, credit unions, and Sofoles.

### III.5.3. Flow of Funds

The flow of funds exercise presents, in a summarized format, the financial flows among the different sectors of the economy (public, private, bank

and foreign), identifying them as net suppliers or net users of resources.<sup>20</sup> Flows equal net positions: a positive sign means a sector received financing while a negative sign implies a creditor position, i.e., a sector granted financing.<sup>21</sup> In order to identify the total demand for public sector's financial resources, a broader definition of the Public Sector Borrowing Requirements (PSBR) is considered.<sup>22</sup>

In 2006, external financing was not a significant source of resources for the Mexican economy due to the fact that it equaled just 0.2 percent of GDP, figure corresponding to the current account deficit of the balance of payments and below that observed in 2005 (0.6 percent of GDP). The main component of external financing was foreign direct investment, which accounted for 2.3 percent of GDP, figure 0.3 percentage points lower than that observed in the previous year. Foreign direct investment was offset by an increase in Mexican residents' financial assets abroad (1.5 percent of GDP) and by a negative flow of external financing (1.2 percent of GDP), mainly due to a reduction in public sector foreign financing (1.6 percent of GDP).

In 2006, PSBR accounted for one percent of GDP, 0.6 percentage points lower than in 2005. PSBR were financed with domestic resources equal to 3 percent of GDP mainly associated to the placement of securities and a reduction in net external financing equal to 2 percent of GDP. The latter was mostly the result of Federal Government operations to substitute external liabilities for domestic ones. The public sector's reduced use of resources has implied, at the margin, a greater amount of financing available for the private sector.

In 2006, the private sector had a total net creditor position of 0.8 percent of GDP (item 17 of Table 24) and a similar surplus to that observed in 2005 (one percent of GDP). Private sector's balance included net savings in domestic financial instruments equal to 1.9 percent of GDP, figure 0.5 percentage points below that observed in 2005.<sup>23</sup> As mentioned previously, financing to both households and firms increased in 2006. As a percentage of GDP, the flow of total credit received by households rose from 1.7 percent in 2005 to 1.9 percent in 2006, while financing to firms increased from 0.2 percent to 0.5 percent over the same period. On the other hand, net external financing to this sector declined from 1.4 percent of GDP in 2005 to 1.1 percent in 2006. Such results mainly responded to a decline in the flow of foreign direct investment equal to 0.3 percentage points of GDP.

---

<sup>20</sup> For a detailed description of the methodology for preparing the flow of funds matrix, see Banco de México's Annual Report 1998, Appendix 6, p. 243.

<sup>21</sup> For a detailed matrix of financial sources and uses for 2006 refer to the Statistical Appendix of this Report.

<sup>22</sup> For a detailed description of PSBR, see Appendix 2 of this Report. The flow of funds matrix uses the version of PSBR that includes non-recurrent revenues.

<sup>23</sup> This section refers to financial saving and not total savings, which is reported in section III.1 of this Report. Thus, financial savings referred to in this section is a component of total saving.

**Table 24**  
**Flow of Funds of Mexico's Financial System <sup>1/</sup>**  
 Net financing received by sector  
 (Positive sign=debtor position, negative sign=creditor position)  
 Flows revalued as a percentage of GDP <sup>2/</sup>

	Private <sup>3/</sup>	Public <sup>4/</sup>	Bank <sup>5/</sup>	External	Private <sup>3/</sup>	Public <sup>4/</sup>	Bank <sup>5/</sup>	External
	2005				2006			
<b>1. Change in Domestic Financial Instruments</b> <b>(2 + 7 + 8 + 9)</b>	-2.4	1.5	1.9	-0.9	-1.9	3.0	-0.3	-0.8
2. Financial instruments	-4.9	3.0	2.4	-0.5	-5.9	6.9	-0.6	-0.4
3. Currency	-0.4		0.4		-0.6		0.6	
4. Checkable, time and savings deposits	-1.6	-0.4	2.1	-0.1	-1.1	0.6	0.6	-0.1
4.1 Non-financial enterprises and other institutions	-0.8	-0.4	1.3	-0.1	-0.6	0.6	0.0	0.0
4.2 Households	-0.8		0.8	0.0	-0.5		0.6	-0.1
5. Securities issued <sup>6/</sup>	-2.8	3.3	-0.1	-0.4	-4.1	6.2	-1.8	-0.3
6. Retirement and housing funds <sup>7/</sup>	-0.1	0.1			-0.1	0.1		
7. Loans	1.9	-2.3	0.4		2.4	-2.7	0.3	
7.1 Non-financial enterprises and other institutions <sup>8/</sup>	0.2	-2.3	2.1		0.5	-2.7	2.2	
7.2 Households	1.7		-1.7		1.9		-1.9	
8. Shares and other equity	0.4		0.0	-0.4	0.4		0.0	-0.3
9. Other financial system items <sup>9/</sup>	0.1	0.9	-0.9		1.2	-1.2	-0.1	
<b>10. Change in External Financial Instruments</b> <b>(11 + 12 + 13 + 14 + 15)</b>	1.4	0.2	-1.9	0.3	1.1	-2.0	0.3	0.6
11. Foreign direct investment	2.6			-2.6	2.3			-2.3
12. External financing	0.8	0.1	-0.9	-0.1	-0.2	-1.6	0.6	1.2
13. Financial assets held abroad	-1.9	0.1	-0.1	1.9	-0.8	-0.4	-0.3	1.5
14. Banco de México's international reserves			-0.9	0.9			0.1	-0.1
15. Errors and omissions (balance of payments)	-0.1			0.1	-0.2			0.2
<b>16. Statistical Discrepancy <sup>10/</sup></b>	0.0			0.0	0.0			0.0
<b>17. Total Change in Financial Instruments</b> <b>(1 + 10 + 16)</b>	-1.0	1.6	0.0	-0.6 <sup>11/</sup>	-0.8	1.0	0.0	-0.2 <sup>11/</sup>

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

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

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

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

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

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

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

8/ Private sector includes firms, credit unions, savings and loan companies, investment funds, financial leasing companies, financial factoring companies, special-purpose financial companies (*Sociedades Financieras de Objeto Limitado*, Sofoles), insurance companies, investment companies specialized in retirement savings (*Sociedades de Inversión Especializadas en Fondos para el Retiro*, Siefores), bonding companies, deposit warehouses, public funds and trusts, brokerage houses, states and municipalities, and securities associated with debt-restructuring programs. The public sector includes entities as defined by PSBR.

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

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

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

### III.5.4. Securities and Derivatives Markets

The loose conditions prevailing in international financial markets during 2005 had a positive influence on the Mexican capital market. Nevertheless, in the second quarter of the year this situation changed slightly due to expectations of a possible return to tighter monetary conditions by the world's main central banks, which reduced international investors' appetite for risk. However, as uncertainty concerning global monetary conditions dissipated, some of the adjustments in

prices of emerging economies' assets and currencies were reverted and domestic capital markets benefited again from improved global financial conditions.

In 2006, Mexico's Stock Exchange Price and Quotations Index (*Índice de Precios y Cotizaciones de la Bolsa Mexicana de Valores*, IPC) surpassed its previous historical maximum level on 61 occasions, ending the year with an annual nominal yield of 48.6 percent. Measured in US dollars, the IPC accumulated an annual variation of 47.2 percent. Furthermore, an international comparison of the IPC performance during 2006 shows that it provided one of the highest accumulated yields in US dollars among all the main developed and emerging market economies (Table 25).

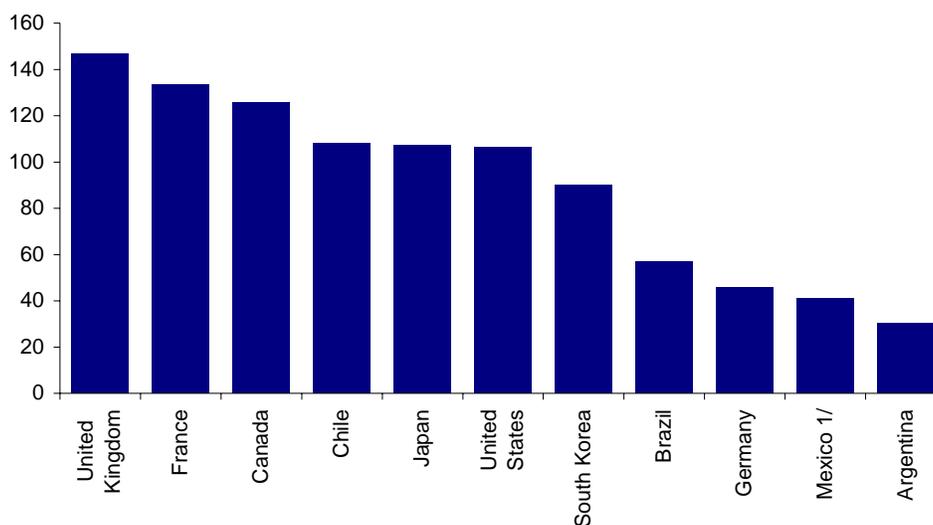
**Table 25**  
**Main Stock Exchange Indexes <sup>1/</sup>**

Country	Index	Yield in USD						
		2001	2002	2003	2004	2005	2006	2001-06
Mexico	IPC	18.0	-14.8	31.7	46.5	44.0	47.2	311.6
Brazil	BOVESPA	-24.9	-45.8	141.6	28.3	45.2	45.5	166.3
Singapore	STI	-20.8	-12.1	34.3	22.0	11.5	37.5	74.8
Germany	DAX	-24.3	-33.9	64.5	15.5	10.0	35.9	42.2
Argentina	MERVAL	-29.2	-47.1	134.2	26.5	10.1	34.1	63.6
Hong Kong	HANG SENG	-24.5	-18.2	35.5	13.0	4.8	33.8	32.6
France	CAC-40	-26.4	-21.9	39.4	15.6	6.9	30.9	29.8
Chile	IGPA GENERAL	-3.8	-14.6	77.6	30.3	11.5	29.4	174.1
United Kingdom	FTSE-100	-18.3	-16.4	26.0	15.5	4.8	25.9	31.2
United States	DJIA	-7.1	-16.8	25.3	3.1	-0.6	16.3	15.5
	SP 500	-13.0	-23.4	26.4	9.0	3.0	13.6	7.4
	NASDAQ	-21.1	-31.5	50.0	8.6	1.4	9.5	-2.2
Canada	S&P / TSX	-19.0	-12.8	50.6	21.4	26.1	14.2	85.8
South Korea	KOSPI	32.4	0.2	28.5	27.3	57.8	12.9	286.7
Japan	NIKKEI-225	-33.5	-9.8	37.9	12.4	22.2	5.7	20.1

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

<sup>1/</sup> End-of-year data (each year).

**Graph 25**  
**Stock Market Capitalization Value (2005)**  
Percent of GDP



<sup>1/</sup> Corresponds to 2006.

Although the IPC has risen considerably in recent years, the capitalization value of the Mexican Stock Market at the end of 2006 accounted for

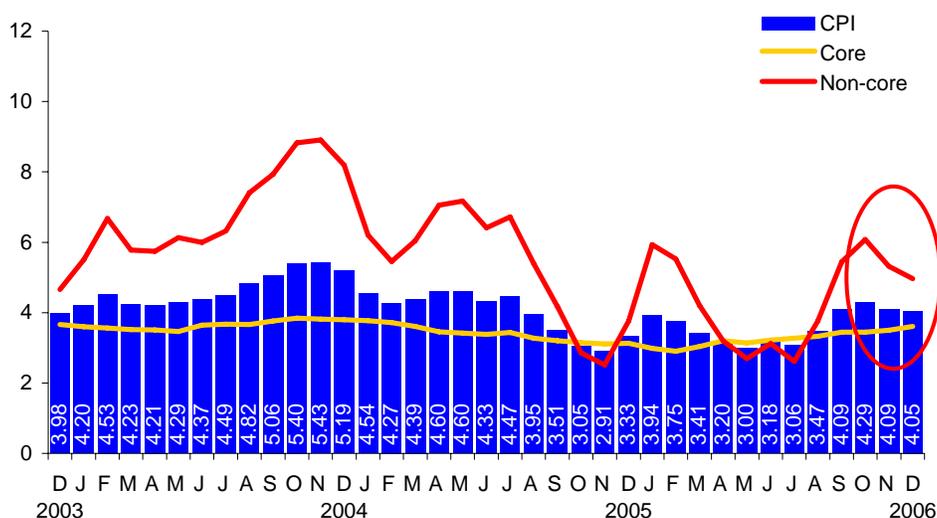
41.2 percent of GDP, figure which compares unfavorably to other economies (Graph 25). In addition, although there were three new stock offerings in 2006, only 136 firms were listed on the Mexican Stock Market, figure which indicates its limited role in firms' financing.

### III.6. Inflation

Developments in headline inflation throughout 2006 mainly reflected the appearance and disappearance of certain supply shocks which affected a relatively reduced number of goods and services. During the first semester of 2006 headline inflation remained at relatively low levels, while in the second it followed an upward trend (Graph 26), reaching 4.05 percent in December (3.33 percent at the end of 2005). Meanwhile, annual core inflation rose mainly during the second half of 2006, ending the year at 3.61 percent (3.12 percent in December 2005).

Annual headline inflation recorded relatively low levels during the first eight months of 2006 (3.38 percent on average), while in the last four months of the year it remained above 4 percent. Such behavior was mainly due to the non-core component of the CPI. In particular, the subindex of agricultural products fluctuated considerably throughout the year in response to changing weather conditions that affected the supply of certain vegetables (Table 26 and Table 27).

**Graph 26**  
**Consumer Price Index**  
 Annual percentage change



The upward trajectory exhibited by annual core inflation resulted from price increases in several raw materials. During the first half of 2006, upward pressure was moderate and stemmed from the growth of the housing price subindex, which was driven by increases in prices of construction materials, particularly steel and copper. In the second half of the year, the processed foods price subindex affected the evolution of core inflation, due mainly to increases in sugar and corn-tortilla prices.



The increase in annual core inflation during 2006 responded to higher growth in both the merchandise and the services subindices (Graph 27). The annual expansion of the former remained relatively stable in the first eight months of the year, after which it began to rise, ending the year at 3.38 percent (such figure had been 2.82 percent in December 2005). Meanwhile, the annual variation of the services subindex followed an upward pattern during the first nine months of 2006 and ended the year at 3.87 percent (3.46 percent in December 2005).

Higher inflation of the core merchandise subindex responded to price increases in processed foods, the annual variation of which rose from 3.69 percent in December 2005 to 5.10 percent at the end of 2006 (Graph 27). Such rise was almost totally due to increases in corn-tortilla and sugar prices. The annual growth of the non-food merchandise index moved from 2.19 to 2.12 percent during the aforementioned period.

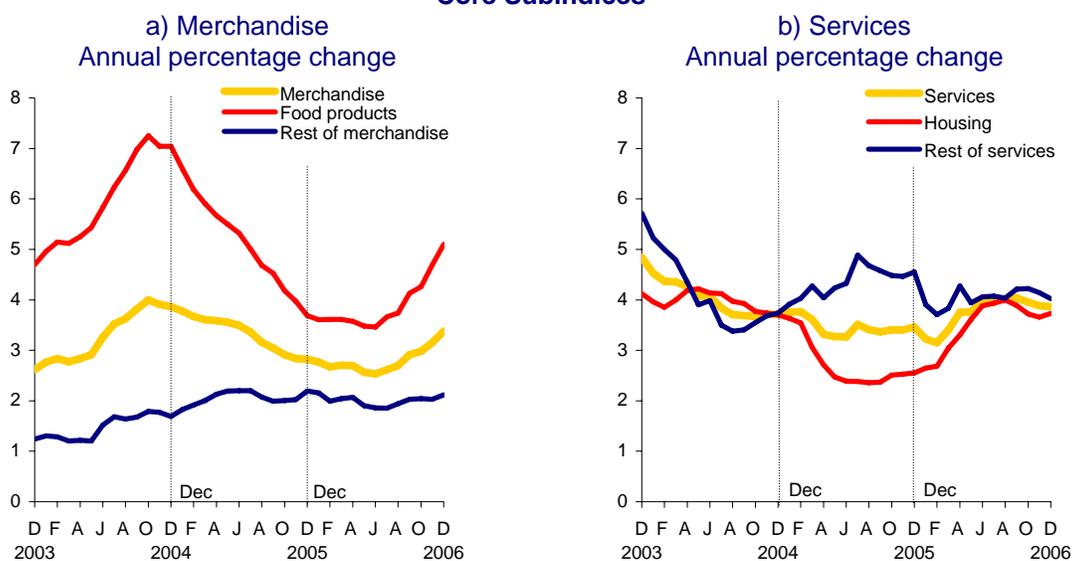
**Table 26**  
**Consumer Price Index**  
**Annual percentage change**

	Annual			Incidences				
	Percentage Change			Percentage Points				
	Dec-2005	Jun-2006	Dec-2006	Dec-2005 (a)	Jun-2006 (b)	Dec-2006 (c)	Difference (c-a)	Difference (c-b)
<b>CPI</b>	<b>3.33</b>	<b>3.18</b>	<b>4.05</b>	<b>3.33</b>	<b>3.18</b>	<b>4.05</b>	<b>0.72</b>	<b>0.87</b>
<b>Core</b>	<b>3.12</b>	<b>3.22</b>	<b>3.61</b>	<b>2.11</b>	<b>2.19</b>	<b>2.43</b>	<b>0.32</b>	<b>0.24</b>
<b>Merchandise</b>	<b>2.82</b>	<b>2.53</b>	<b>3.38</b>	<b>1.00</b>	<b>0.90</b>	<b>1.19</b>	<b>0.19</b>	<b>0.29</b>
Food products	3.69	3.46	5.10	0.55	0.52	0.76	0.21	0.24
Corn-tortilla	5.36	6.76	13.82	0.07	0.09	0.19	0.12	0.10
Sugar	-4.03	2.09	31.93	-0.01	0.00	0.07	0.08	0.07
Rest of food products	3.67	3.15	3.74	0.49	0.42	0.50	0.01	0.08
Rest of merchandise	2.19	1.86	2.12	0.45	0.38	0.43	-0.02	0.05
<b>Services</b>	<b>3.46</b>	<b>3.96</b>	<b>3.87</b>	<b>1.11</b>	<b>1.28</b>	<b>1.24</b>	<b>0.13</b>	<b>-0.04</b>
Housing	2.55	3.88	3.73	0.45	0.68	0.65	0.20	-0.03
Rest of services	4.55	4.06	4.02	0.66	0.60	0.59	-0.07	-0.01
<b>Non-core</b>	<b>3.76</b>	<b>3.12</b>	<b>4.96</b>	<b>1.23</b>	<b>1.00</b>	<b>1.62</b>	<b>0.40</b>	<b>0.63</b>
<b>Agricultural</b>	<b>-0.18</b>	<b>-2.04</b>	<b>8.30</b>	<b>-0.02</b>	<b>-0.18</b>	<b>0.71</b>	<b>0.72</b>	<b>0.88</b>
<b>Fruits and vegetables</b>	<b>-1.86</b>	<b>-3.95</b>	<b>15.46</b>	<b>-0.07</b>	<b>-0.13</b>	<b>0.52</b>	<b>0.58</b>	<b>0.65</b>
Tomato	-23.18	-27.23	10.18	-0.18	-0.16	0.06	0.24	0.22
Onion	-22.14	-40.65	186.09	-0.04	-0.07	0.22	0.26	0.29
Rest of fruits and vegetables	5.74	3.68	8.85	0.15	0.10	0.23	0.09	0.14
<b>Livestock</b>	<b>0.93</b>	<b>-0.83</b>	<b>3.69</b>	<b>0.05</b>	<b>-0.04</b>	<b>0.19</b>	<b>0.14</b>	<b>0.23</b>
Poultry	0.88	-1.83	8.39	0.01	-0.02	0.10	0.09	0.12
Eggs	-7.84	4.90	15.79	-0.05	0.03	0.09	0.15	0.07
Rest of livestock	2.66	-1.43	-0.05	0.09	-0.05	0.00	-0.09	0.05
<b>Administered and Regulated</b>	<b>4.76</b>	<b>4.54</b>	<b>3.14</b>	<b>0.85</b>	<b>0.79</b>	<b>0.57</b>	<b>-0.28</b>	<b>-0.22</b>
<b>Administered</b>	<b>7.13</b>	<b>8.18</b>	<b>4.42</b>	<b>0.64</b>	<b>0.68</b>	<b>0.41</b>	<b>-0.23</b>	<b>-0.27</b>
Low-octane gasoline	4.47	7.74	5.59	0.14	0.24	0.17	0.04	-0.07
High-octane gasoline	4.39	5.74	8.46	0.02	0.03	0.04	0.02	0.01
Electricity	4.27	7.79	5.07	0.13	0.17	0.15	0.03	-0.02
Gas for residential use	14.79	9.58	1.53	0.35	0.23	0.04	-0.31	-0.19
<b>Regulated</b>	<b>2.43</b>	<b>1.22</b>	<b>1.83</b>	<b>0.22</b>	<b>0.11</b>	<b>0.16</b>	<b>-0.06</b>	<b>0.05</b>
<b>Education</b>	<b>6.63</b>	<b>6.51</b>	<b>5.71</b>	<b>0.39</b>	<b>0.38</b>	<b>0.35</b>	<b>-0.04</b>	<b>-0.04</b>

**Table 27**  
**Consumer Price Index, 2005 - 2006**  
 Annual percentage change

Month	2005			2006		
	CPI	Core	Non-core	CPI	Core	Non-core
January	4.54	3.77	6.20	3.94	2.98	5.93
February	4.27	3.71	5.46	3.75	2.90	5.52
March	4.39	3.61	6.04	3.41	3.04	4.20
April	4.60	3.46	7.06	3.20	3.20	3.19
May	4.60	3.42	7.17	3.00	3.14	2.70
June	4.33	3.38	6.41	3.18	3.22	3.12
July	4.47	3.44	6.72	3.06	3.27	2.62
August	3.95	3.28	5.40	3.47	3.33	3.76
September	3.51	3.20	4.17	4.09	3.45	5.44
October	3.05	3.14	2.85	4.29	3.44	6.08
November	2.91	3.11	2.52	4.09	3.50	5.31
December	3.33	3.12	3.76	4.05	3.61	4.96

**Graph 27**  
**Core Subindices**



During 2006, corn-tortilla prices accumulated an increase of 13.82 percent. This upward movement was initially influenced by higher international corn prices driven by the greater global demand of this product for ethanol production (Graph 28). Such influence was exacerbated by various distortions characterizing the corn-tortilla chain of production.

In 2006, sugar prices recorded an annual variation of 31.93 percent. The price increase of sugar was not associated with increments in sugar international references. In response to the increase, a series of import quotas were authorized as of August 30, while the new sugar cane harvest cycle, which started in November, increased the product's availability. Nonetheless, the decline in sugar prices was limited: in December 2006 sugar prices in the domestic market were over 136 percent above their international references (Graph 29).

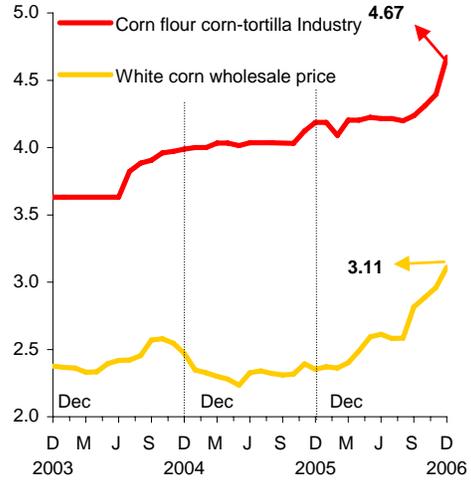
**Graph 28**

**Prices of Corn-tortilla and Raw Materials**

a) Price Index of Corn-tortilla  
Annual percentage change

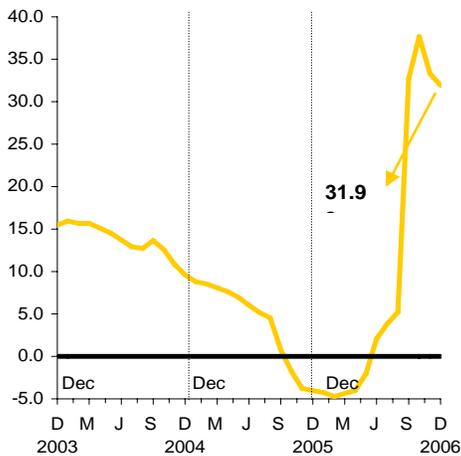


b) Prices of Corn-tortilla Raw Materials  
Pesos per kilogram

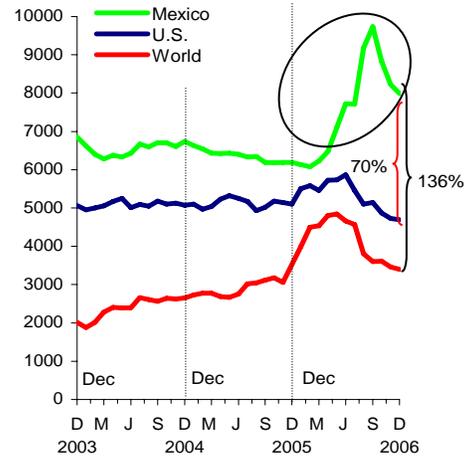


**Graph 29**  
**Sugar Price Index**

a) Sugar Price Index  
Annual percentage change



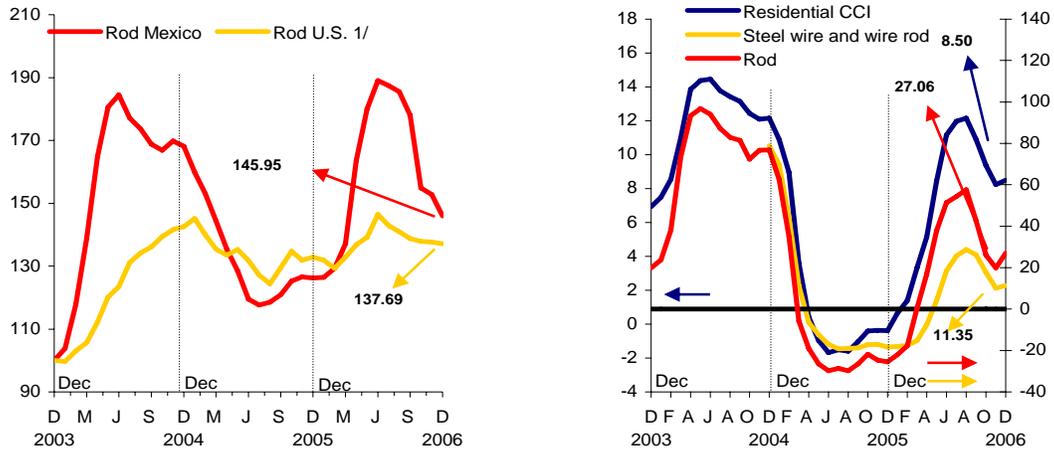
b) Domestic and International Prices of Sugar  
Wholesale, pesos per ton



Source: U.S. Department of Agricultura (USDA) and National Data and Market Integration System (Sistema Nacional de Información e Integración de Mercados, SNIIM).

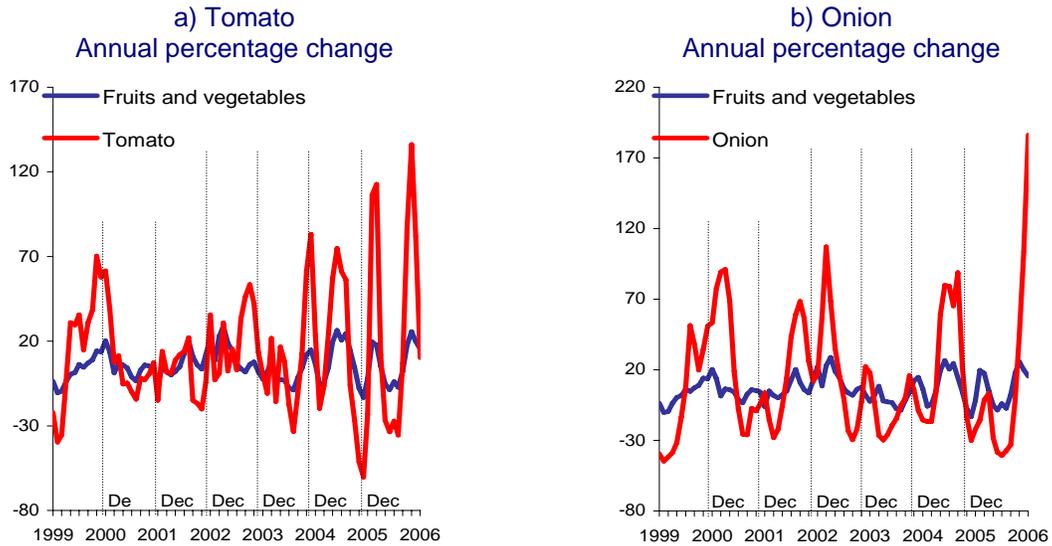
The rise in the annual variation of the core services subindex during 2006 was mainly due to increases in prices of various construction materials, which had an upward impact on housing services price inflation. The annual variation of the latter rose from 2.55 at the end of 2005 to 3.73 percent in December 2006. The increases in prices of construction materials mainly stemmed from upward movements in international steel and copper prices. In particular, steel price increases underwent additional upward pressure from labor conflicts that affected production (Graph 30). The annual variation of non-housing services declined from 4.55 to 4.02 percent during the aforementioned period.

**Graph 30**  
**Prices of Steel By-products and Residential Construction Costs**  
 a) Producer Prices of Rod<sup>1/</sup> Índices  
 b) Residential Construction Costs<sup>2/</sup> Annual percentage change



Source: Banco de México (Mexico) and Bureau of Labor Statistics (U.S.).  
 1/ Based on price quotes of producer companies. The U.S. Index includes all types of steel rods.  
 2/ Based on price quotes of distributors of construction materials.

**Graph 31**  
**Price Subindex of Fruits and Vegetables**

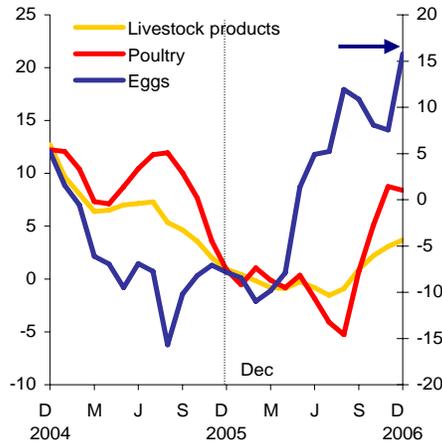


Annual non-core inflation was 4.96 percent at the end of 2006, figure 1.20 percentage points higher than that observed in December 2005. Such increase responded to the increased contribution of the agricultural products subindex, the annual variation of which was 8.30 percent at the end of 2006 (-0.18 percent in December 2005). This result was due to two factors: first, adverse weather conditions affecting the supply of several crops, particularly tomato and onion, during the second half of 2006 (Graph 31); second, the rise in chicken and egg prices caused by higher poultry feed prices, which, in turn, depend on the prices of grains (Graph 32).

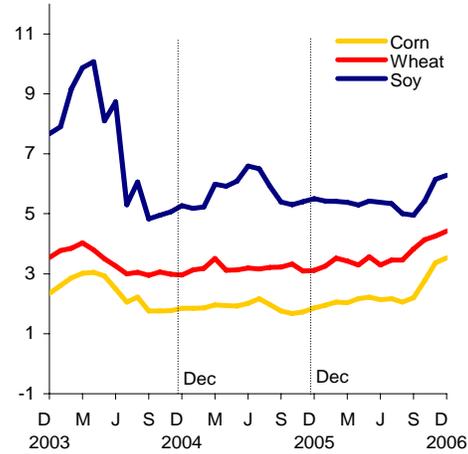
**Graph 32**

**Livestock Products Subindex and International Prices of Grains**

a) Livestock Products, Poultry and Eggs  
Annual percentage change



b) International Prices of Grains  
US dollars per bushel

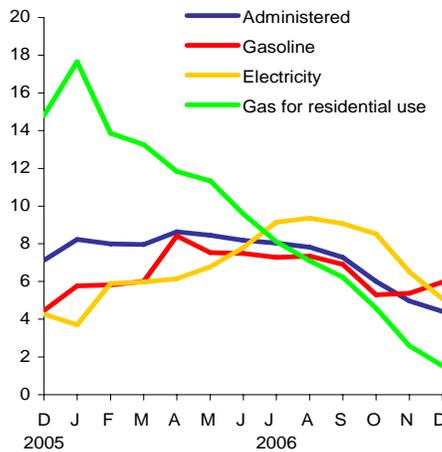


Source: U.S. Department of Agriculture (USDA), Chicago Mercantile Exchange (CME).

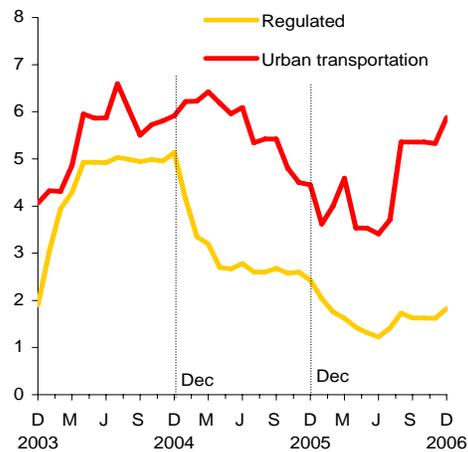
**Graph 33**

**Subindex of Administered and Regulated Prices**

a) Administered  
Annual percentage change



b) Regulated  
Annual percentage change

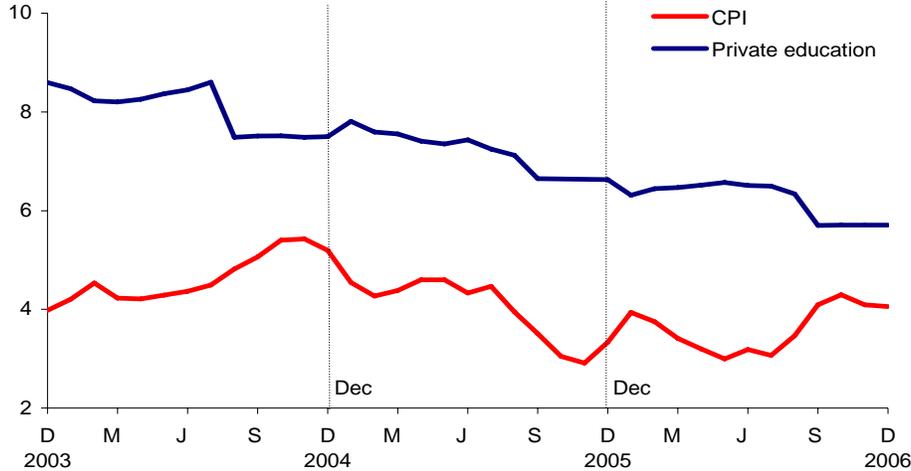


The administered and regulated prices subindex was one factor limiting the growth of non-core inflation given the decline in its annual variation from 4.76 at the end of 2005 to 3.14 percent in December 2006. The deceleration of administered prices stemmed from the reduced growth of gas prices, while the factor which contributed most to the reduction in the inflation of regulated prices was urban bus fares (Graph 33).

The private education subindex declined from 6.63 percent in December 2005 to 5.71 percent at the end of 2006. This subindex has continued to converge

extremely slowly with headline inflation (Graph 34), due mainly to the growing demand for private education during the last few years.<sup>24</sup>

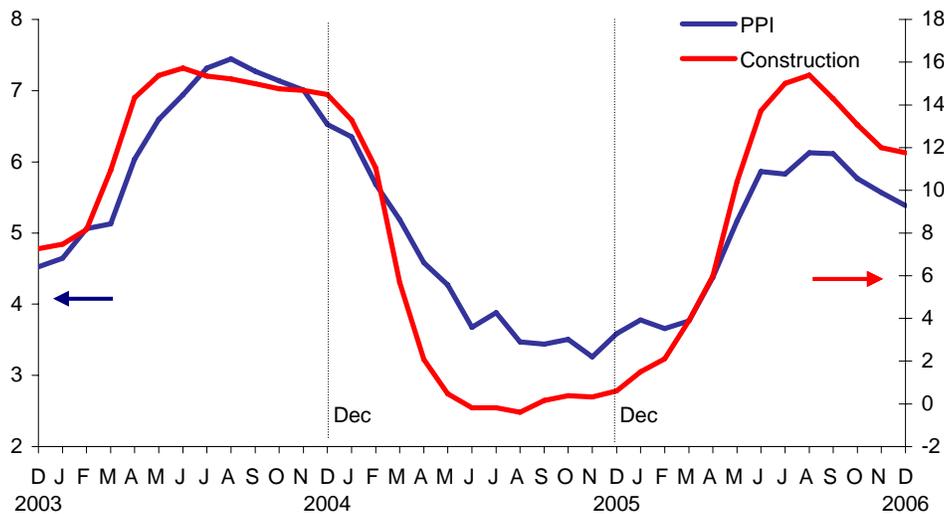
**Graph 34**  
**Price Subindex of Private Education**  
 Annual percentage change



**III.6.1. Producer Price Index (PPI)**

In December 2006, the Producer Price Index (PPI) excluding oil recorded an annual growth of 5.39 percent, while the corresponding figure in 2005 had been 3.59 percent. Such increase mainly responded to construction prices, which fluctuated widely throughout the year as a result of the volatility in steel and copper prices (Graph 35).

**Graph 35**  
**Producer Price Index excluding Oil**  
 Merchandise and final services, annual percentage change



<sup>24</sup> The Household Income Expenditure Survey shows that 42 percent of families reported paying some kind of education fee in 2004, while in 1998 only 34 percent did so.

## IV. Monetary and Exchange Rate Policy

---

### IV.1. Monetary Policy

---

#### IV.1.1. General Aspects

Banco de México conducts monetary policy under an inflation targeting framework. Among the most important elements of this framework are: i) the announcement of a CPI inflation target of 3 percent, with a variability interval of plus/minus one percentage point; ii) a systematic approach for identifying the origin and characteristics of inflation pressures; iii) a description of the instruments used by the central bank to attain its inflation objective; and, iv) a communication policy that fosters monetary policy's transparency and facilitates the public's decision-making process.<sup>25</sup>

#### IV.1.2. Monetary Policy Actions

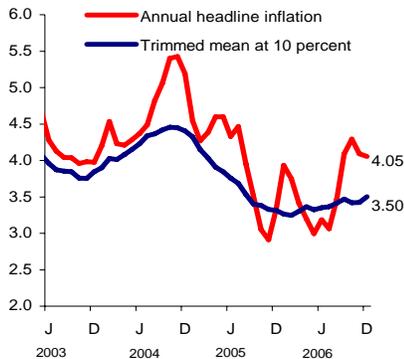
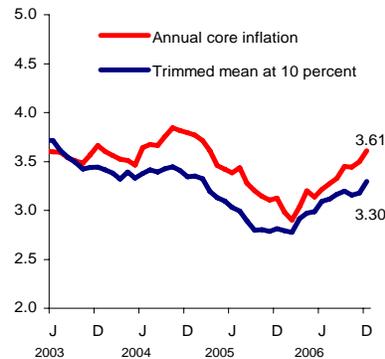
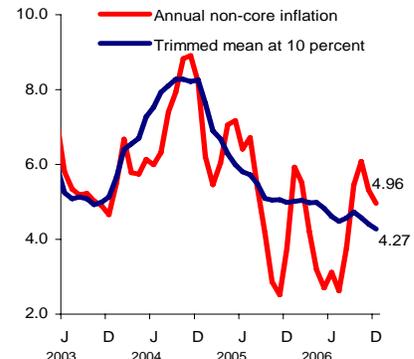
Favorable inflationary conditions prevailed during the first half of 2006. Headline inflation followed a downward trend and, although core inflation rose slightly, it remained at low levels. Nonetheless, during the second half of the year upward pressure on both core and non-core inflation stemming from various supply shocks led to a rebound in headline inflation. In particular, non-core inflation was influenced by the adverse impact of weather conditions on the supply of tomato and onion, while core inflation was affected by sugar supply issues and the increase in corn-tortilla prices. It is important to mention that price increases concentrated in the latter two products and accounted for more than two thirds of the rebound of core inflation during 2006.

The abovementioned can be observed when constructing inflation indicators that exclude items whose prices have exhibited extreme variations (both, the highest and the lowest). One such indicator that has been presented on several occasions is the trimmed mean for inflation, which exhibits, by construction, a relatively stable trajectory and is therefore an efficient indicator of trend inflation.

As Graph 36b shows, core inflation's trimmed mean at 10 percent was below core inflation throughout 2006. During the second half of the year, this situation was mainly due to the size of sugar and tortilla price increases. Furthermore, core inflation's trimmed mean was 3.3 percent in December 2006, 0.31 percentage points below core inflation, albeit having followed a certain upward trend. As Graph 36c shows, during the last months of 2006, non-core inflation's trimmed mean was also below non-core inflation. This was due to the increase in tomato and onion prices.

---

<sup>25</sup> For further details see "Inflation Report October-December 2006 and Monetary Program for 2007".

**Graph 36**
**Headline, Core and Non-core Inflation, and Indicators of Trimmed Means at 10 Percent <sup>1/</sup>**
**a) Headline Inflation and Trimmed Mean Annual percent**

**b) Core Inflation and Trimmed Mean Annual percent**

**c) Non-core Inflation and Trimmed Mean Annual percent**


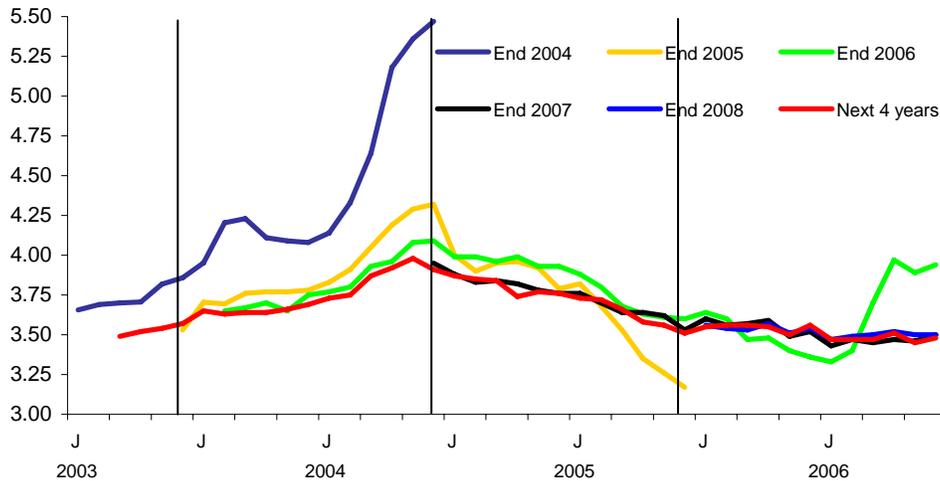
<sup>1/</sup>The trimmed mean excludes the contribution of extreme variations in certain items' prices from headline inflation. To strip these variations, the following calculations are done: i) monthly seasonally adjusted variations of CPI prices are arranged in descending order; ii) the items with the highest and lowest variation are excluded, considering up to 10 percent of the CPI basket, respectively, in each distribution tail; and, iii) with the remaining items, which, by construction, are located at the center of the distribution, the trimmed mean indicator is constructed. This indicator is useful to identify if the increases in headline inflation respond to changes in a few items. This occurs when the trimmed mean does not show the increase observed in headline inflation.

Under such conditions, the rebound in inflation is not expected to contaminate long-term inflation expectations. Thus, as Graph 37 shows, although inflation expectations for the end of 2006 were revised upward in response to the supply shocks that appeared during the last months of 2006, those corresponding to medium and long-term horizons remained stable.

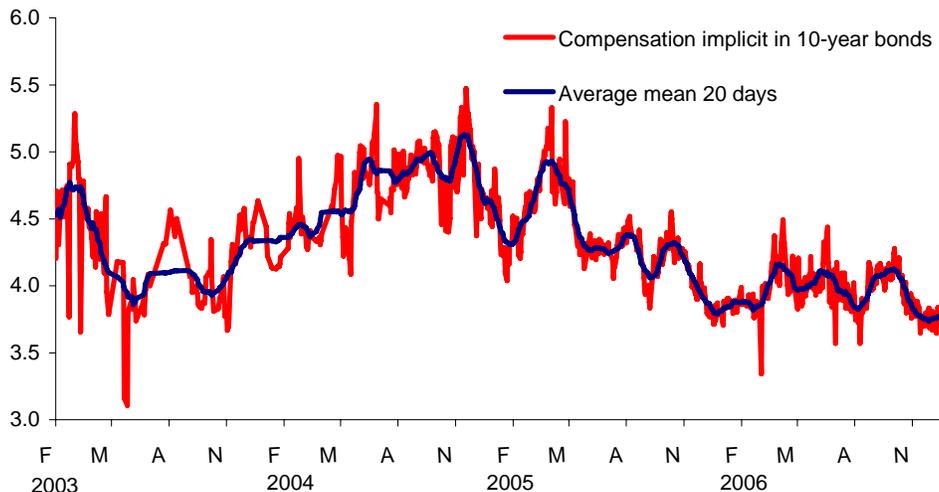
In particular, expectations for annual headline inflation for the end of 2007, 2008, and for the average for the following 4 years, from Banco de México's survey, remained around 3.5 percent (Graph 37). Meanwhile, expectations for annual core inflation for the end of both 2007 and 2008 were around 3.25 percent during the last two quarters of 2006. Such results suggest analysts believed the impact of supply shocks on inflation would be transitory.

Another indicator supporting the fact that long-term inflation expectations remain well anchored is the compensation for inflation (inflation expectations plus a risk premium) that investors demand for holding peso denominated long-term bonds. This indicator is obtained by subtracting the real yield on 10-year indexed securities (Udibonos) from the same maturity bond interest rate. The result of such exercise shows that compensation for inflation remained relatively stable throughout the year (Graph 38).

**Graph 37**  
**Headline Inflation Expectations: Banco de México Survey**  
 Annual percent



**Graph 38**  
**Compensation for Inflation and Inflationary Risk in Long-term Bonds**  
 Annual percent

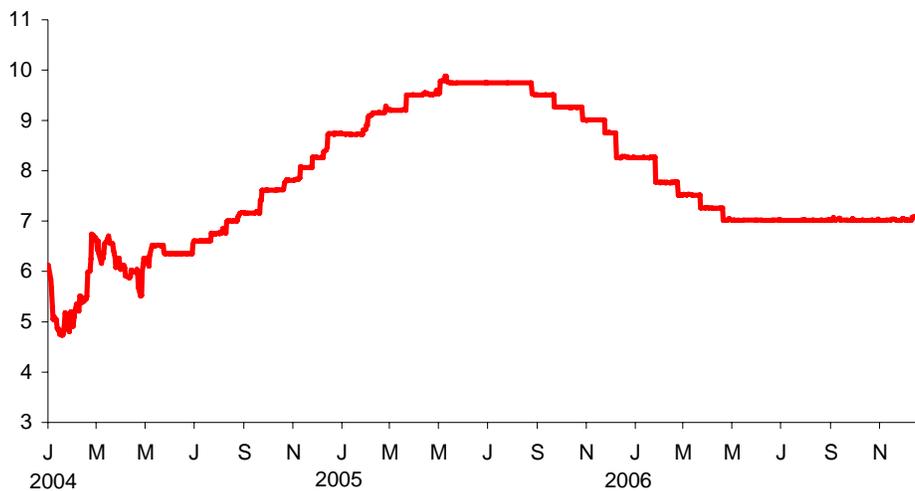


In light of the developments in inflation as well as its outlook, during the first four months of 2006 Banco de México's Board of Governors continued to revert the monetary restriction it had adopted previously. The Board allowed for a loosening in domestic monetary conditions of no more than 50 basis points in January and no more than 25 basis points in February, March, and April. Later, in its press release of April, the Board stated that in the foreseeable future, no space for a further loosening existed. This message was reassured in its press releases of May, June, and July, when the Board decided to leave the referred conditions unchanged. Likewise, in its press releases for the months from August to December, the Board also decided to leave monetary conditions unchanged. Nonetheless, in view of the supply shocks that occurred during that period, the Board stated that it will closely monitor that inflation expectations remain well anchored and the price formation process is not contaminated. As a result of the

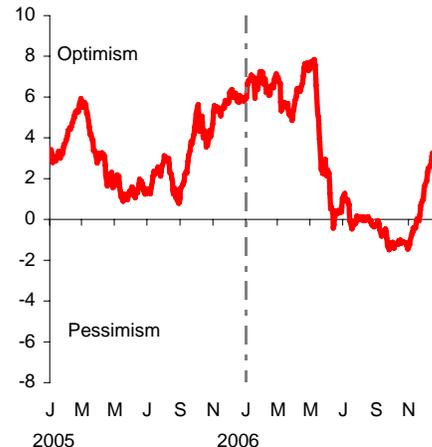
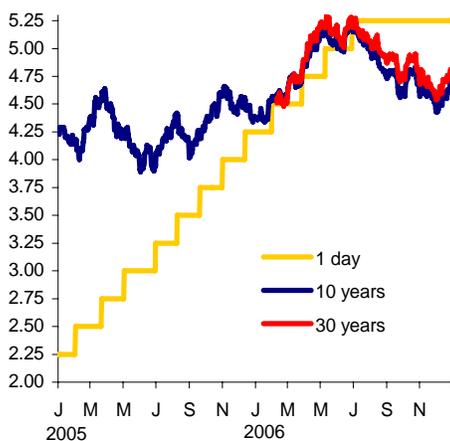
mentioned actions, the overnight interbank rate remained at 7 percent from the end of April to December 2006 (Graph 39).

During the first half of 2006, perceptions of a possible transition towards an environment of tighter global monetary conditions and increased volatility in international financial markets reduced investors' appetite for risk (Graph 40). Meanwhile, in Mexico, some uncertainty associated to the federal elections prevailed, which led to an upward adjustment in longer-term domestic interest rates. As a result of the aforementioned, the yield curve steepened during the second quarter of 2006, while the interest rate spread between Mexico and the U.S. also widened during the same quarter (Graph 41).

**Graph 39**  
**Overnight Interbank Rate**  
Annual percent



**Graph 40**  
**U.S. Interest Rates and Global Risk Appetite Index**  
a) Interest Rates in Annual Percent      b) Index<sup>1/</sup>



Source: Bloomberg.

Source: Credit Suisse.

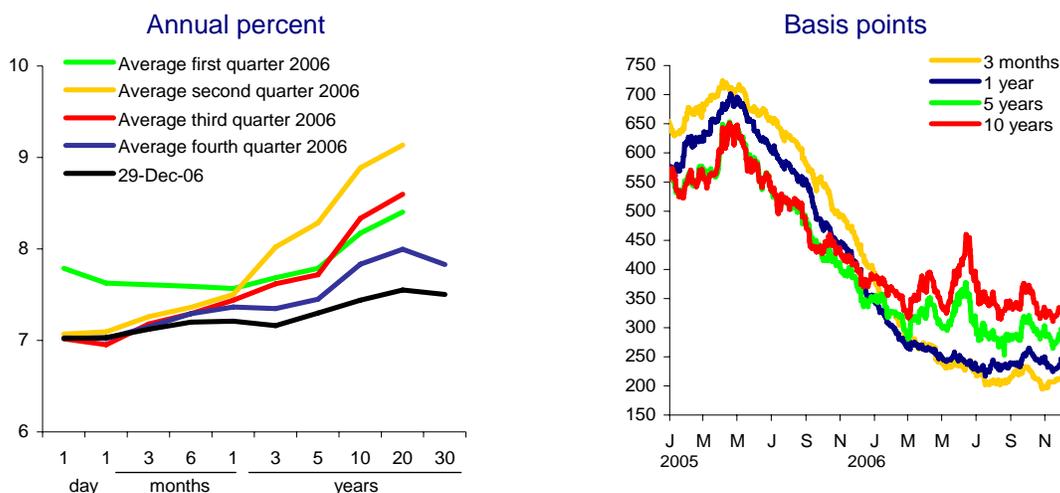
1/ This index compares risk-adjusted returns on 64 assets. For each asset, both a 6-month excess return over cash and 12-month volatility are calculated. Then, a cross-sectional linear regression is run, where volatility is the independent variable and return is the dependent variable. The slope of the regression line is the value of the risk appetite index at that point in time. During periods of high investor risk appetite, risky assets such as developed and emerging market equities usually have very high returns, while government bonds of advanced economies tend to have low or negative returns. The opposite is true during periods of low investor risk appetite.

Subsequently, during the second half of the year, part of the adjustment in emerging economies' asset and currency prices reverted, while uncertainty in local markets associated to the election process dissipated. Thus, longer term domestic currency-denominated interest rates declined during the second half of 2006. Furthermore, given that medium and long-term interest rates decreased more in Mexico than in the U.S., sovereign spreads between the two countries narrowed, reaching historically low levels at the end of 2006 (Graph 41).

**Graph 41**
**Yield Curve in Mexico and Spread between Mexico and the U.S.**

a) Yield Curve in Mexico

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



## IV.2. Exchange Rate Policy

The Foreign Exchange Commission is solely responsible for conducting Mexico's exchange rate policy.<sup>26</sup> In late 1994, the Commission adopted a floating exchange rate regime, in which the exchange rate is determined freely by the market. A free floating regime simplifies monetary policy management because the exchange rate can adjust more rapidly to domestic and external shocks, such as changes in international interest rates and in the terms of trade. This, in turn, allows the economy to adjust more easily to these shocks.

In March 2003, the Foreign Exchange Commission announced the implementation of a mechanism to reduce Banco de México's rate of accumulation of international reserves. In 2004 the Commission decided to adequate the mechanism in order to procure a more stable amount of daily US dollar sales. As mentioned in previous reports, the Commission achieved the aforementioned by modifying the schedule of US dollar sales, while keeping the total amount of US dollars to be auctioned unchanged. Thus, from the quarter May-July of 2004 onwards, the amount of US dollars to be auctioned is 50 percent of the accumulated net reserves from the preceding quarter, after deducting total

<sup>26</sup> The Foreign Exchange Commission is composed of officers from the Ministry of Finance and Banco de México.

sales in that period. This amount is auctioned in equal parts during the following four quarters (Table 28).

**Table 28**  
**Daily Amount of US dollars Auctioned by Banco de México**  
 Million US dollars

Quarter	Daily amount auctioned
2-May-03 to 31-Jul-03	32
1-Aug-03 to 31-Oct-03	14
3-Nov-03 to 30-Jan-04	6
2-Feb-04 to 30-Apr-04	45
3-May-04 to 30-Jul-04	22
3-Aug-04 to 29-Oct-04	22
1-Nov-04 to 31-Jan-05	22
1-Feb-05 to 29-Apr-05	23
2-May-05 to 29-Jul-05	15
1-Aug-05 to 31-Oct-05	12
1-Nov-05 to 31-Jan-06	18
1-Feb-06 to 31-Jul-06	25
1-Aug-06 to 31-Oct-06	45
1-Nov-06 to 31-Jan-07	42

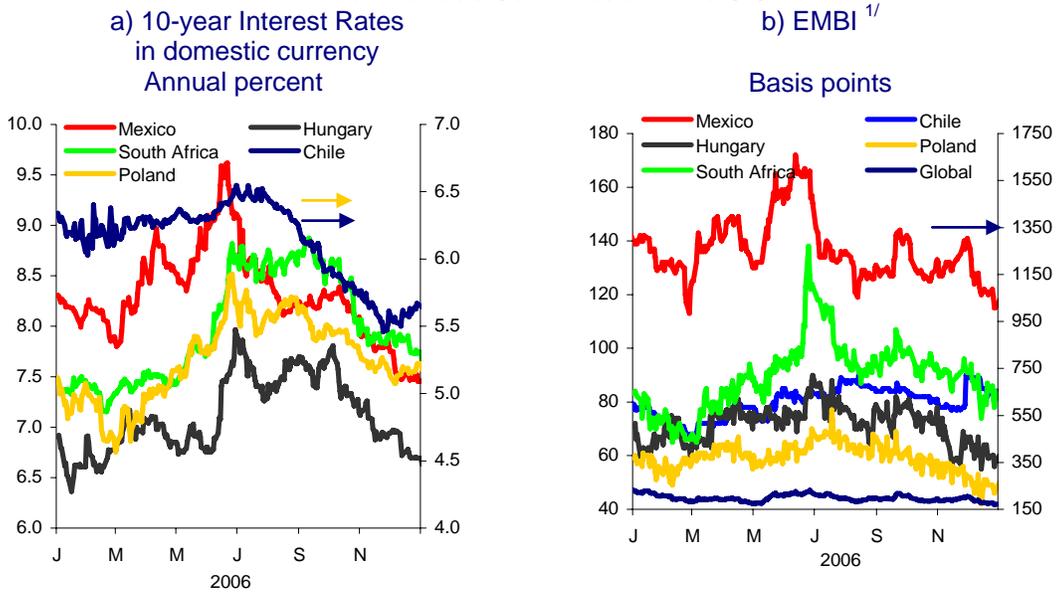
#### IV.2.1. Exchange Rate

As in 2004 and 2005, favorable conditions prevailed in international financial markets during the first few months of 2006 due to relatively loose global monetary conditions. Nonetheless, as mentioned previously, during the second quarter of 2006, expectations of a possible transition to an environment of tighter global monetary restriction were accompanied by increased volatility in international financial markets and lower appetite for risk among investors. This situation led to a temporary rise in longer-term sovereign debt spreads in some emerging economies (Graph 42). In Mexico this adjustment was also affected by uncertainty surrounding federal elections and, as a result, domestic interest rates rose slightly more than in other emerging markets.

Increased volatility in international financial markets together with the resulting decline in international financial flows to emerging markets contributed to a depreciation in the exchange rate of some economies, particularly during the second quarter of 2006. This was also the case in economies with a credit rating higher or similar to Mexico's, such as Poland, Hungary, South Africa, and Chile (Graph 43).

It is important to point out that volatility in domestic financial markets was mainly of a short-term nature and gradually dissipated throughout the third quarter. Longer-term interest rates and the exchange rate recorded levels that had been seen before such volatility (Graph 42 and Graph 43).

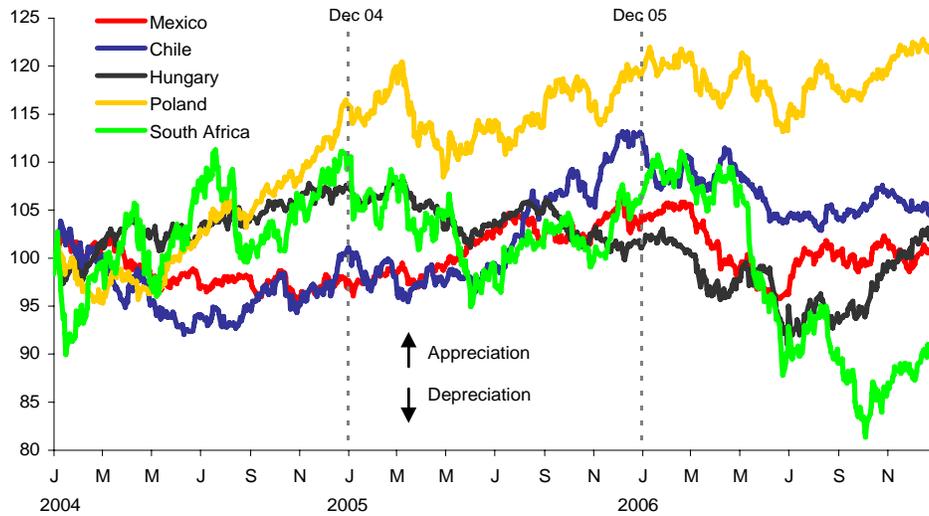
**Graph 42**  
**Long-term Interest Rates and Sovereign Risk Spreads**  
**between Various Countries and the U.S.**



Source: Bloomberg.

1/ EMBI global: sovereign spread.  
 Source: JP Morgan.

**Graph 43**  
**Nominal Effective Exchange Rate in Emerging Markets<sup>1/</sup>**  
**Index January 2003=100**



1/ Increase=appreciation.  
 Source: Bloomberg.

## V. Final Remarks

---

The world economy continued to perform well in 2006. Global inflation remained well anchored in response to the decline in oil prices during the second half of the year and to expectations that economic activity would slow in some countries towards the end of the year.

Economic growth was positive in Mexico during 2006. GDP grew 4.8 percent at a real annual rate and the different economic sectors exhibited favorable results. The expansion of industrial activity was supported by both the performance of the domestic market and manufacturing exports, while positive results in construction stemmed from housing and public expenditure in infrastructure. The services sector also grew considerably, particularly in its communications and transport components. Such vigorous growth translated into significant job creation in the formal sector, increasing the number of workers affiliated to the IMSS by around 900 thousand.

Inflation was influenced by diverse supply shocks resulting from important increases in the prices of some agricultural products, particularly sugar and corn-tortilla, which contributed to the rebound in inflation during the second half of 2006. However, price increases in basic goods concentrated in only a few products and, given that they reflected changes in relative prices, did not significantly contaminate the economy's price and wage determination processes. It is worth mentioning that despite the rebound in headline and core inflation referred to, analysts long and medium-term inflation expectations remained relatively stable.

Under such context, during the first 4 months of 2006, Banco de México's Board of Governors continued to revert the monetary restriction it had previously adopted. Then, in its monetary announcement of May, the Board decided to leave monetary conditions unchanged, reiterating that in the foreseeable future, no space for any further loosening existed. Subsequently, in response to the supply shocks that affected inflation from August to December, the Board announced it would remain alert to changes in the public's inflation expectations and their possible impact on wages.



## Appendices

---

## Appendix 1

---

### Mexico's Relationship with International Financial Institutions

---

#### International Monetary Fund (IMF)

Mexico is a member of the International Monetary Fund since its foundation in 1944. Currently, Mexico's quota in the organization is 2,585.8 million Special Drawing Rights (SDRs), accounting for 1.21 percent of IMF's total quotas.<sup>27</sup> A member's quota reflects the relative position of its economy with regard to other member countries, determines its financial obligations with the IMF, its access to IMF resources as well as its voting power in the institution's governing bodies.

Five issues in Mexico's relationship with the IMF were particularly relevant in 2006: the consultation under Article IV of IMF's Articles of Agreement, the Financial Sector Assessment Program (FSAP) update, the proposed *ad hoc* increase of Mexico's quota in the organization, Mexico's participation in the IMF Financial Transactions Plan (FTP), and the modification of IMF Special Data Dissemination Standards (SDDS) to international guidelines on quality.

Consultations under Article IV are oversight and evaluation procedures carried out by the IMF with each of its members, whether or not these are currently under an IMF-supported program. An IMF mission visits the member country, collects and analyzes economic and financial data, and meets with the authorities to discuss the country's recent economic and financial developments and outlook and current economic policies. The IMF staff team then submits a report on the country to the Executive Board for discussion. Afterwards, the IMF informs the country's authorities of its findings and recommendations.

The last Article IV consultation for Mexico was discussed in the IMF Executive Board on September 6, 2006. The relevant documents and conclusions of this consultation are available to the public in accordance with the Mexican authorities' policy of information transparency.<sup>28</sup>

During the discussion of Mexico's report, the IMF Executive Board commended the Mexican authorities for having established the macroeconomic and financial stability conditions necessary to foster economic growth and strengthen the economy's resilience to shocks. According to the Board, fiscal policy has earned broad credibility and put public debt on a gradual downward trend. Special mention was made on how prudent monetary policy has achieved low inflation and the free floating exchange rate regime has allowed smooth adjustments of the external sector. The Board also emphasized the significant improvements in strengthening the financial sector and creating conditions for its further development. Finally, the Board believed the main challenge for the new

---

<sup>27</sup> On December 29, 2006, one SDR was equivalent to 1.5044 US dollars.

<sup>28</sup> The documents concerning IMF's consultation for Mexico can be found on the following websites: <http://www.banxico.org.mx> <http://www.shcp.gob.mx> <http://www.imf.org/external/index.htm>

administration centers on implementing the necessary structural reforms to encourage economic growth and, at the same time, consolidate macroeconomic stability.

In 2006, IMF and World Bank staff updated Mexico's Financial Sector Assessment Program (FSAP) implemented in 2001. Among the most important conclusions of this study were: 1) the significant contribution of prudent macroeconomic policy, proper supervision, and a favorable external environment to strengthening the financial system's resilience to shocks; 2) a positive outlook for the sustained growth of financing to the private sector; 3) the intensification of the trend towards the creation of financial conglomerates within the context of a highly internationalized Mexican financial system; 4) the growing emphasis given to competition and efficiency in the financial system; 5) the need to encourage price and quality competition among financial intermediaries, allowing users to benefit from a more efficient system; 6) improvements in the framework of bank crisis resolution; 7) the modernization and substantial improvement of the soundness and security of payment systems; 8) considerable advances in the fulfillment of the Basel Committee's Core Principles for Effective Banking Supervision, and in the implementation of the International Organization of Securities Commissions (IOSCO) objectives and principles of securities regulation; 9) achievements in promoting competition between Afores and the need to increase efforts to allow such competition to improve net yields received by individuals; 10) advances in the reform of development banks; and, 11) the significant improvement of the mortgage credit market.

The FSAP report also outlined the main challenges facing Mexico's financial authorities: a) providing supervisory bodies with full autonomy, implementing a consolidated supervision system for financial groups, and improving housing and consumption credit surveillance systems in order to bolster prudent regulation and supervision, thereby strengthening financial system stability; b) deepening the process of rationalization and reform of development banks; and, c) continuing to promote greater and more efficient access to financing for the private sector by fostering transparency and competition.

On September 18, 2006, the Board of Governors of the IMF adopted Resolution 65-1, designed to improve voice and representation in its decisions of those member countries which, as a result of their economic performance, are currently under represented in the IMF. The first stage of this resolution included an immediate *ad hoc* increase in the quotas of China, Korea, Mexico, and Turkey. These countries were chosen because their IMF quota is substantially out of line with their relative position in the world economy.

The Resolution also contemplates the adoption, over the next few years, of a new formula for calculating IMF quota allocations, which will allow for simpler and more transparent mechanisms to determine the relative importance of member countries in the world economy. In addition, the Resolution provides for the implementation of second round of *ad hoc* quota increases based on the new formula as well as an increase in the number of basic votes<sup>29</sup> and the establishment of mechanisms to maintain the number of such votes unchanged as a proportion of total votes.

---

<sup>29</sup> The voting power of IMF members is determined by 250 basic votes plus an additional vote for every 100,000 SDR.

After the Mexican Congress's approval, Mexico's quota in the IMF will increase from 2,585.8 to 3,152.8 million SDR (from 1.21 to 1.45 as a percentage of IMF's total quotas). As a result, Mexico's relative position among the 185 IMF member countries would move from 19<sup>th</sup> to 16<sup>th</sup> place.

The Financial Transactions Plan (FTP) is the quarterly program which establishes the amounts and the currency to be used for granting loans as well as the distributions of payments on previous loans. The countries that participate in the FTP are those with an economy strong enough for the IMF to require them to provide financial resources to support the needs of member countries facing balance of payment problems. Mexico's participation in the FTP began in June 2002, becoming a creditor of the IMF.<sup>30</sup> Since then, Mexico has contributed on thirteen occasions with its currency to the funding of the FTP. In September 2005, Mexico's creditor position with the IMF amounted to 631 million SDR, equal to 24.4 percent of its quota. During the last quarter of 2005 and throughout 2006, several countries prepaid their debts with the IMF and the Mexican peso was used only once in the FTP for an equivalent of 8 million SDR. As a result of payments made to the IMF mainly by Turkey, Indonesia, and Uruguay, Mexico received 197.4 million SDR. Thus, Mexico's creditor position declined significantly to 225.8 million SDR (8.7 percent of its quota) at the end of 2006. Other Latin American and Caribbean countries participating in the FTP are Chile, and Trinidad and Tobago.

Mexico subscribed to the IMF Special Data Dissemination Standard (SDDS) in August 1996. The SDDS are a set of international guidelines on the scope, periodicity, timelines and quality of economic and financial statistics. The SDDS encourage immediate and fair access to information, help users of economic and financial statistics to assess data quality, and contribute to ensure the objectivity and integrity in compiling and publishing them. The coverage of the SDDS has widened in recent years to include indicators that help to identify the sources of external vulnerability. Currently, 64 countries participating actively in international financial markets have subscribed to the SDDS.<sup>31</sup>

In 2006, the IMF requested participating countries to carry out, with the support of its technical personnel, the transformation of their metadata in all SDDS categories to the structure of the Data Quality Assessment Framework (DQAF). The IMF has been developing the DQAF over the last three years, taking into account all participating countries' opinions with the aim of providing all metadata with a common structure and language to provide guidelines when evaluating specific data. Mexico has been one of 20 countries which have published their quality adjusted metadata on the Dissemination Standards Bulletin Board since September 2006.

### Bank for International Settlements (BIS)

Banco de México is a member of the BIS since November 1996. The objectives of the BIS are to foster international monetary and financial cooperation, to function as a center for economic and monetary research, as well

---

<sup>30</sup> Mexico's last stand-by agreement with the International Monetary Fund ended on November 30, 2000 and since August that year, when advanced settlement of the total debt was made, Mexico does not hold any liabilities with the IMF.

<sup>31</sup> All documents regarding Mexico's role in the SDDS are available at the following website: <http://www.banxico.org.mx/eInfoFinanciera/infcarteleraelectronica/fmi.html>



as to serve as a prime counterparty for central banks in their financial transactions and as agent or trustee in connection with international financial operations.

Banco de México holds 3,211 shares of the BIS third tranche of capital, which by December 31, 2006 represented 0.59 percent of the voting rights of BIS shareholders.

The main aspects characterizing Banco de México's relationship with the BIS in 2006 were: 1) the appointment, in May 2006, of Banco de México's Governor as the chair of the Central Bank Governance Forum; 2) the election, in June 2006, of Banco de México's Governor as a member of the BIS Board of Directors; and, 3) Banco de México's acceptance to be a part of the Irving Fisher Committee on Central Bank Statistics (IFC).

The purpose of the Central Bank Governance Forum is to satisfy central banks' growing interest in accurate and timely information on the design and operations of central banks, as well as to provide in depth analysis of such issues in order to foster the good governance of central banks as public policy institutions. The Governance Forum consists of the Central Bank Governance Group, the Central Bank Governance Network, and the Secretariat provided by the BIS. The Governance Group includes up to nine BIS member central bank governors. The group is currently chaired by Banco de México's governor and its other members are the governors of the central banks of China, United States, India, Israel, Malaysia, United Kingdom, South Africa, and the European Central Bank.

The BIS Board of Directors is mainly responsible for determining the strategic and policy direction of the bank, as well as supervising its management. It meets at least six times a year and receives reports on the bank's administrative situation and financial operations from the BIS General Manager. The Board of Directors currently has 19 members, including six *ex officio* members, comprising the central banks of Germany, Belgium, the U.S., France, Italy, and the United Kingdom. Each *ex officio* member may appoint another member of the same nationality and the other members are elected. The governors of the central banks of Canada, China, Japan, Mexico, the Netherlands, Sweden, Switzerland (Chairman of the Board) and the President of the European Central Bank are currently-elected members of the Board.

In 2006, Banco de México accepted the invitation to be a part of the Irving Fisher Committee on Central Bank Statistics (IFC). The committee is a forum of central bank users and compilers of statistics.

Since joining the BIS, Banco de México has actively participated in the meetings of Governors and senior officials of member central banks. In the meetings held during 2006 the following issues were analyzed: opportunities and risks facing financial institutions and the world economy; challenges to the inflation targeting framework; demand for emerging markets assets; monetary policy choices for emerging market economies in the context of global tightening; credit markets, complex financial products and risk management; measurement of inflation as a key element in the conduct of monetary policy; recent developments in payment and settlement systems; and key issues in central bank governance, among others.

## Appendix 2

### Public Sector Borrowing Requirements (PSBR)<sup>32</sup>

Public Sector Borrowing Requirements (PSBR) are an indicator of the public sector's financial needs, which include: a) the traditional public sector (federal government and public entities and enterprises); b) financial intermediation of development banks and public funds and trusts; and, c) additional liabilities representing obligations guaranteed by the federal government.<sup>33</sup> Additional liabilities included in the calculations of PSBR are: a) IPAB's net liabilities; b) financed investment projects (*Proyectos de Impacto Diferido en el Gasto*, *Pidiregas*), which despite being assets that will represent part of public investment, currently represent a public sector financial liability; c) guaranteed liabilities from the toll road rescue program (*Fideicomiso de Apoyo para el Rescate de Autopistas Concesionadas*, FARAC); d) the interest rate swapping implied in programs for restructuring bank credits denominated in UDIs; and, e) liabilities associated with debtor support programs.

At the end of 2006, total PSBR (measured by source of financing and in accrued terms, including public sector non-recurrent revenues) accumulated a deficit of 88.9 thousand million pesos (0.97 percent of GDP). This result was below that observed in 2005 (1.63 percent of GDP).<sup>34</sup> In 2006, public sector's non-recurrent revenues totaled 31.5 thousand million pesos (11.3 thousand million pesos higher than those registered in 2005). Non-recurrent revenues in 2006 mainly resulted from the sale of shares of the Pacific (10.6 thousand million pesos) and Central-Northern (2.1 thousand million) Airports Groups as well as other duties and benefits (18.8 thousand million). In 2006, PSBR excluding non-recurrent revenues accumulated a deficit of 120.4 thousand million pesos and accounted for 1.32 percent of GDP, figure 0.56 percentage points below that registered during the previous year.

In 2006, PSBR were mainly financed through domestic resources. PSBR domestic financing (including non-recurrent revenues) totaled 284.8 thousand million pesos, while net foreign financing decreased by 195.9 thousand million. The structure of domestic financing was as follows: public sector accumulated net financial assets at Banco de México (186.0 thousand million); a reduction in commercial bank net liabilities (122.4 thousand million pesos); an increase in private sector financing through government securities (506.7 thousand million); and an increase in other liabilities mainly related to additional liabilities (86.6 thousand million pesos).

<sup>32</sup> The PSBR reflect public sector's use of net financial resources, both domestic and external. Since 1977, Banco de México has computed PSBR and published it in its Annual Reports. This concept includes the Federal Government, public entities and enterprises, official financial intermediaries, and, since 2000, a series of additional items that include liabilities guaranteed by the public sector.

<sup>33</sup> The methodology for calculating the PSBR presented in this section is based on sources of financing and accrued deficit and differs from that of the Ministry of Finance which is based on public sector's revenues and expenditures in terms of cash flow.

<sup>34</sup> In 2006, the main differences between PSBR calculated with this methodology and those calculated by the Ministry of Finance are: a) the value of assets (market value versus placement value), and, b) the measurement of IPAB's financial requirements. For the latter Banco de México's methodology takes into account changes in IPAB's financial position, while the Ministry of Finance uses the inflationary component of its liabilities.

The integration of the PSBR according to its uses by government entities was as follows: public sector's financial balance (composed of the economic balance and financial intermediation by development banks and public funds and trusts) recorded a surplus of 31.3 thousand million pesos (0.34 percent of GDP). Meanwhile, public sector's additional liabilities recorded a net increase of 120.2 thousand million pesos (1.31 percent of GDP). This increase comes from a net indebtedness of 107.4 thousand million pesos from financed investment projects (Pidiregas); an increase in IPAB's net liabilities (9.5 thousand million pesos); an increase in FARAC's net liabilities (1.3 thousand million pesos); and an increase in net liabilities associated to UDI restructuring programs (2.1 thousand million pesos); and, a reduction of liabilities of debtor support programs (0.2 thousand million pesos)(Table 29).

**Table 29**  
**Public Sector Borrowing Requirements in 2005 and 2006 <sup>1/</sup>**  
 Thousand million pesos

Item	2005		2006	
	Including non-recurrent revenues	Percent of GDP	Including non-recurrent revenues	Percent of GDP
<b>Sources:</b>				
PSBR	136.7	1.63	88.9	0.97
Net external financing	-8.6	-0.10	-195.9	-2.14
(Billion US dollars) <sup>4/</sup>	-0.8		-18.0	
Net domestic financing	145.3	1.74	284.8	3.11
Banco de México	-69.6	-0.83	-186.0	-2.03
Commercial banks	-1.8	-0.02	-122.4	-1.34
Government securities <sup>5/</sup>	171.5	2.05	506.7	5.53
Other private sector financing	45.2	0.54	86.6	0.95
<b>Uses:</b>				
PSBR	136.7	1.63	88.9	0.97
Financial balance <sup>6/</sup>	24.8	0.30	-31.3	-0.34
Additional liabilities	111.9	1.34	120.2	1.31
IPAB <sup>7/</sup>	27.7	0.33	9.5	0.10
FARAC <sup>8/</sup>	2.7	0.03	1.3	0.01
UDI restructuring programs	2.8	0.03	2.1	0.02
Pidiregas <sup>9/</sup>	78.6	0.94	107.4	1.17
Debtor support programs <sup>10/</sup>	0.2	0.00	-0.2	0.00
<b>Memo:</b>				
Non-recurrent revenues	-20.2	-0.24	-31.5	-0.34
PSBR excluding non-recurrent revenues	156.9	1.88	120.4	1.32

Source: Ministry of Finance and Banco de México.

1/ By source of financing methodology, a (-) sign represents surplus and a (+) sign represents deficit.

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

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

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

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

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

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

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

9/ Net investment in financed investment projects (*Proyectos de Infraestructura Productiva de Largo Plazo*, Pidiregas).

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

### Public Sector Net Debt <sup>35/</sup>

At the end of 2006, the public sector total net debt (which includes additional liabilities) accounted for 33.38 percent of GDP, 1.01 percentage points above its level at the end of 2005. These results were due to an increase of around half a point of GDP recorded by both the net broad economic debt and additional liabilities (Table 30).

**Table 30**  
**Public Sector Total Net Debt**  
End of period outstanding stocks

	Thousand Million Pesos			Percent of GDP		
	2005 <sup>pr</sup>	2006 <sup>pr</sup>	Variation	2005 <sup>pr</sup>	2006 <sup>pr</sup>	Variation
<b>a. Net Broad Economic Debt <sup>1/</sup></b>	<b>1,575.6</b>	<b>1,689.5</b>	<b>113.90</b>	<b>17.52</b>	<b>18.02</b>	<b>0.50</b>
1. External	739.1	525.4	-213.70	8.22	5.60	-2.62
2. Domestic	836.5	1,164.1	327.60	9.30	12.41	3.11
<b>b. Additional Liabilities</b>	<b>1,334.8</b>	<b>1,441.0</b>	<b>106.20</b>	<b>14.85</b>	<b>15.36</b>	<b>0.51</b>
1. <i>IPAB</i> <sup>2/</sup>	678.8	688.3	9.50	7.55	7.34	-0.21
2. <i>FARAC</i> <sup>3/</sup>	159.4	160.7	1.30	1.77	1.71	-0.06
3. UDI restructuring programs <sup>4/</sup>	31.1	33.2	2.10	0.35	0.35	0.00
4. Direct <i>Pidiregas</i> <sup>5/</sup>	460.8	554.3	93.50	5.13	5.91	0.78
5. Debtor support programs <sup>6/</sup>	4.7	4.5	-0.20	0.05	0.05	0.00
<b>c. Public Sector Total Net Debt (a+b)</b>	<b>2,910.4</b>	<b>3,130.5</b>	<b>220.10</b>	<b>32.37</b>	<b>33.38</b>	<b>1.01</b>

Source: Ministry of Finance and Banco de México.

1/The difference between the increase in the net broad economic debt and PSBR (Table 29) is due to 1) the revaluation of debt flows in foreign currency;

2) the exclusion of liquid assets held by public enterprises in investment funds; and 3) the fact that credit granted to the private sector is considered an asset and not a liability as with financial intermediation.

2/ Corresponds to the difference between IPAB's gross liabilities and total assets as reported in Appendix III of Public Debt from Ministry of Finance's Quarterly Report on Economic Situation, Public Finances and Public Debt for the Fourth Quarter of 2006.

3/ FARAC liabilities guaranteed by the federal government.

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

5/ Debt balance for direct *Pidiregas* is based on investment flows.

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

\*/ Preliminary figures.

In 2006, the net broad economic debt represented 18.02 percent of GDP, 0.50 percentage points above the figure in 2005. The external net broad economic debt was 2.62 percentage points of GDP below the figure registered in the previous year. This result is mainly explained by the policy, pursued by the federal government in recent years, of substituting external by domestic debt.

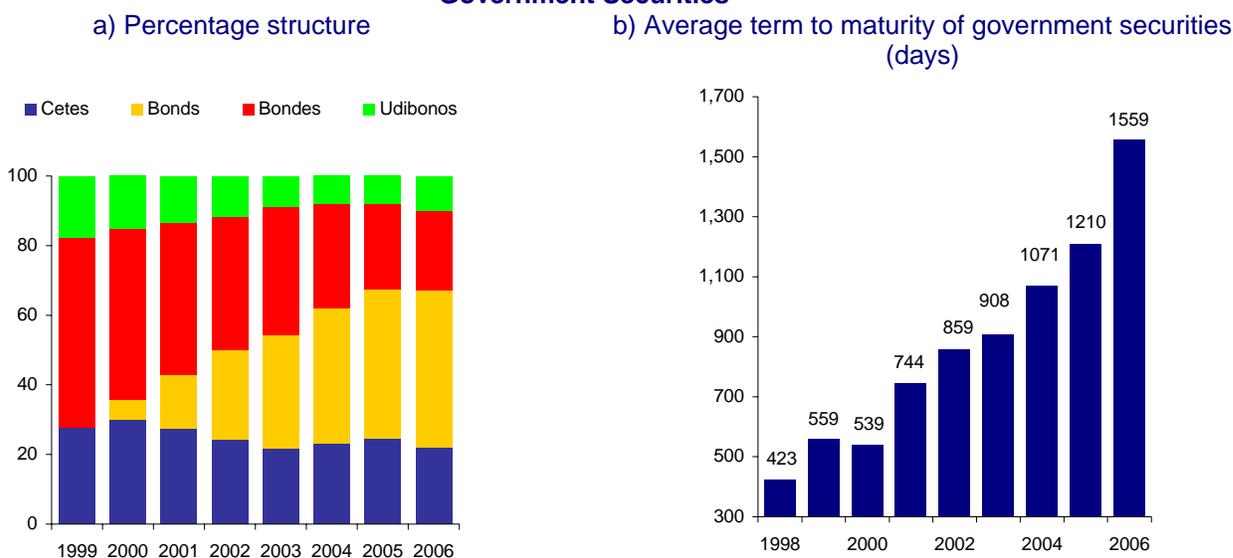
In 2006, significant actions were taken concerning federal government's external debt management, such as the consolidation of the process to substitute foreign for domestic debt.<sup>36</sup> One such operation was the federal government's placement of *Bon-des D* for a total of 135,051 thousand million pesos, through

<sup>35</sup> The net broad economic debt includes net liabilities of the federal government and non-financial public enterprises, as well as indebtedness and net financial assets of official financial intermediaries (development banks and public funds and trusts). The net debt consolidated with Banco de México includes also central bank's financial assets and liabilities with the private sector, commercial banks and the external sector. The latter definition allows for offsetting the net financing granted by the Central Bank to the public sector. The public sector total net debt includes the broad economic debt plus net liabilities from IPAB, FARAC, *Pidiregas*, and debtor support programs. Given that the methodology for calculating public debt is different from that of the Ministry of Finance, public debt definitions are not the same as those used by the Ministry of Finance in its Quarterly Reports on Public Finances and Public Debt to the Mexican Congress.

<sup>36</sup> Economic Policy Guidelines for fiscal year 2006 established that the public sector deficit was to be financed through domestic market resources.

which it was able to purchase 12,451 million US dollars of Banco de México's international reserves.<sup>37,38</sup> The latter resources were used for the early redemption of government securities issued in international market securities as well as to prepay loans with the Inter American Development Bank and the World Bank. The other operation consisted of the maturity of four warrants substituting foreign debt for domestic debt, which together allowed the Federal Government to reduce its external liabilities by 2,706 million US dollars.<sup>39</sup> This operation exchanged UMS bonds issued in international markets for peso-denominated *Bonos M*. Although neither of the two previously mentioned operations represented a reduction in the total balance of the federal government's net debt, they did help to strengthen the structure of the public debt portfolio.

**Graph 44**  
**Government Securities**



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

As a counterpart of the abovementioned debt substitution operations, the domestic broad economic debt rose 3.11 percentage points of GDP compared to 2005.

The yield curve on government securities placed in the domestic market continued to extend. This process was partly due to the placement, for the first time, of Udibonos at 20 and 30 year terms as well as of 30-year fixed rate bonds. As a result, the average maturity of federal government securities increased by 349 days, moving from 1,210 days in 2005 to 1,559 days in 2006 (Graph 44b).

<sup>37</sup> Banco de México's weekly balance sheet bulletin (*Boletín Semanal sobre el Estado de Cuenta del Banco de México*), August 22, 2006.

<sup>38</sup> Bondes D are instruments issued by the Federal Government with the same characteristics as BREMs. The Federal Government started regular placement of 3 and 5-year Bondes D in the fourth quarter of 2006 in order to refinance maturities of Bondes D placed in the initial operation and continue the substitution of external for domestic liabilities.

<sup>39</sup> The maturity dates of the warrants substituting foreign by domestic debt were September 1, October 10, November 9, and November 22.

In 2006, the placement of Udibonos and Bondes D interrupted the downward trend, observed over recent years, in the participation of indexed and variable rate instruments in total government securities (Graph 44a).

Additional liabilities increased by 0.51 percentage points of GDP compared to 2005. This result was due to the rise in financing to Pidiregas. Meanwhile, IPAB and FARAC liabilities decreased as percentages of GDP.

On December 31, 2006, the net debt consolidated with Banco de México equaled 18.39 percent of GDP, 0.14 percentage points above that observed at the end of 2005 (Table 31). In 2006, the creditor position with the external sector deserves mention (3.22 percent of GDP), given that it increased by 2.65 percentage points of GDP compared to the figure observed in 2005. This behavior resulted from the previously mentioned substitution of foreign debt for domestic debt as well as Banco de México's international reserve accumulation. In 2006, domestic debt consolidated with Banco de México rose 2.80 percentage points of GDP. Finally, total public sector debt consolidated with Banco de México, including additional liabilities, equaled 33.75 percent of GDP, 0.65 percentage points above that registered in 2005.

**Table 31**  
**Public Sector Total Debt Consolidated with Banco de México**  
End of period outstanding stocks

	Thousand million pesos			Percent of GDP		
	2005 <sup>1/</sup>	2006 <sup>1/</sup>	Variation	2005 <sup>1/</sup>	2006 <sup>1/</sup>	Variation
<b>a. Net Debt Consolidated with Banco de México <sup>1/</sup></b>	<b>1,640.5</b>	<b>1,724.9</b>	<b>84.40</b>	<b>18.25</b>	<b>18.39</b>	<b>0.14</b>
1. Foreign	-51.4	-302.2	-250.80	-0.57	-3.22	-2.65
2. Domestic	1,691.9	2,027.1	335.20	18.82	21.62	2.80
<b>b. Additional Liabilities</b>	<b>1,334.8</b>	<b>1,441.0</b>	<b>106.20</b>	<b>14.85</b>	<b>15.36</b>	<b>0.51</b>
1. IPAB <sup>2/</sup>	678.8	688.3	9.50	7.55	7.34	-0.21
2. FARAC <sup>3/</sup>	159.4	160.7	1.30	1.77	1.71	-0.06
3. UDI restructuring programs <sup>4/</sup>	31.1	33.2	2.10	0.35	0.35	0.00
4. Direct Pidiregas <sup>5/</sup>	460.8	554.3	93.50	5.13	5.91	0.78
5. Debtor support programs <sup>6/</sup>	4.7	4.5	-0.20	0.05	0.05	0.00
<b>c. Total Public Sector Debt Consolidated with Banco de México (a+b)</b>	<b>2,975.3</b>	<b>3,165.9</b>	<b>190.60</b>	<b>33.10</b>	<b>33.75</b>	<b>0.65</b>

Source: Ministry of Finance and Banco de México.

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

2/ Corresponds to the difference between IPAB's gross liabilities and total assets as reported in Appendix III of Public Debt from Ministry of Finance's Quarterly Report on Economic Situation, Public Finances and Public Debt for the Fourth Quarter of 2006.

3/ FARAC liabilities guaranteed by the federal government.

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

5/ Debt balance for direct Pidiregas is based on investment flows.

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

<sup>1/</sup> Preliminary figures.



## Statistical Appendix

---





## Statistical Appendix

### Contents

<b>Basic Information.....</b>	<b>85</b>
Table A 1 Summary of Selected Indicators .....	87
Table A 2 Socio-demographic Indicators .....	88
Table A 3 Infrastructure and Natural Resources .....	88
Table A 4 Mexican Financial System .....	89
<b>Production and Employment.....</b>	<b>91</b>
Table A 5 93Production Indicators .....	93
Table A 6 Gross Domestic Product .....	93
Table A 7 Aggregate Supply and Demand.....	93
Table A 8 Domestic Saving and Investment .....	94
Table A 9 Gross Domestic Product by Sector.....	94
Table A 10 Manufacturing Growth Rates .....	95
Table A 11 Crude Oil / Gas Production and Crude Oil Reserves.....	95
Table A 12 Total Number of Workers Insured by the IMSS .....	96
Table A 13 Employment and Unemployment Indicators .....	97
Table A 14 Real Exchange Rate.....	98
<b>Prices, Wages, and Productivity.....</b>	<b>99</b>
Table A 15 Main Price Indices .....	101
Table A 16 Consumer Price Index (CPI).....	102
Table A 17 Consumer Price Index (CPI) by Type of Good .....	103
Table A 18 Headline and Core CPI Inflation, and Complementary CPI Subindices.....	104
Table A 19 Producer Price Index (PPI) Excluding Oil .....	105
Table A 20 Producer Price Index (PPI) Excluding Oil .....	106
Table A 21 Producer Price Index (PPI) Excluding Oil and Including Services .....	106
Table A 22 Construction Cost Index .....	107
Table A 23 Contractual Wages .....	108
Table A 24 Labor Productivity and Unit Labor Costs by Economic Sector.....	109
Table A 25 Nominal and Real Earnings per Worker by Economic Sector.....	110
Table A 26 Ex-ante and Ex-post Real Contractual Wages .....	111
Table A 27 Minimum Wage.....	112
<b>Monetary and Financial Indicators.....</b>	<b>113</b>
Table A 28 Monetary and Financial Indicators .....	115
Table A 29 Monetary Aggregates .....	116
Table A 30 Monetary Base.....	117
Table A 31 Monetary Aggregates M1, M2, M3, and M4.....	118
Table A 32 Credit Market Conditions Survey .....	119
Table A 33 Total Financing to the Non-financial Private Sector.....	120
Table A 34 Financial System Flow of Funds Matrix .....	121
Table A 35 Banco de México's One-year Bonds ( <i>Bonos de Regulación Monetaria</i> , BREMs) .....	122
Table A 36 Banco de México's Three-year Bonds ( <i>Bonos de Regulación Monetaria</i> , BREMs) .....	123
Table A 37 Banco de México's Five-year Bonds ( <i>Bonos de Regulación Monetaria</i> , BREMs) .....	124
Table A 38 Banco de México's One-year Bonds (Bondes D) .....	125
Table A 39 Banco de México's Three-year Bonds (Bondes D) .....	125
Table A 40 Banco de México's Five-year Bonds (Bondes D) .....	126
Table A 41 Representative Interest Rates .....	127
Table A 42 Representative Interest Rates .....	129
Table A 43 Representative Exchange Rates .....	130
Table A 44 Dollar Auction.....	131



Table A 45	Mexican Stock Exchange Market Capitalization .....	132
Table A 46	Mexican Stock Exchange Index ( <i>Indice de Precios y Cotizaciones de la Bolsa Mexicana de Valores, IPC</i> ) .....	133
<b>Public Finances.....</b>		<b>135</b>
Table A 47	Public Finance Indicators (1995-2006) .....	137
Table A 48	Public Sector Revenues, Expenditures and Balances (2005-2006) .....	138
Table A 49	Public Sector Revenues, Expenditures and Balances (1995-2006) .....	139
Table A 50	Public Sector Budgetary Revenues (1995-2006).....	140
Table A 51	Public Sector Budgetary Expenditures (1995-2006).....	141
Table A 52	Public Sector Total Net Debt .....	142
Table A 53	Public Sector Total Net Debt .....	143
Table A 54	Non-financial Public Sector Net Debt .....	144
Table A 55	Federal Government Domestic Debt Securities.....	145
Table A 56	Federal Government Domestic Debt Securities.....	146
<b>External Sector.....</b>		<b>147</b>
Table A 57	External Sector Indicators.....	149
Table A 58	Balance of Payments.....	150
Table A 59	Foreign Trade.....	151
Table A 60	Exports by Sector of Origin.....	152
Table A 61	Imports by Sector of Origin .....	153
Table A 62	Regional Trade Balance .....	154
Table A 63	Non-maquiladora Foreign Trade.....	155
Table A 64	International Travelers.....	156
Table A 65	Revenues from Workers' Remittances .....	157
Table A 66	Revenues from Workers' Remittances .....	158
Table A 67	Foreign Investment Flows.....	158
Table A 68	Foreign Investment in Government Securities .....	159
Table A 69	Foreign Investment in the Stock Market .....	160
Table A 70	Gross External Debt Position.....	161
Table A 71	Gross External Debt and Debt Service .....	162



## **Basic Information**

---



**Table A 1**  
**Summary of Selected Indicators**

	2002	2003	2004	2005	2006 <sup>p/</sup>
<b>Social and Demographic Indicators</b>					
Population (millions) <sup>1/</sup>	100.9	102.0	103.0	103.3	104.9
Population annual growth rate <sup>1/</sup>	1.1	1.0	0.9	0.9	0.9
Life expectancy at birth <sup>1/</sup>	74.4	74.5	74.5	74.5	74.5
<b>Production and prices</b>					
Gross Domestic Product (thousand million pesos)	6,263	6,892	7,709	8,366	9,155
	Annual percentage change				
GDP at constant prices	0.8	1.4	4.2	2.8	4.8
Consumer Price Index (Dec-Dec)	5.70	3.98	5.19	3.33	4.05
<b>Money and finances</b>					
Monetary aggregates <sup>2/</sup>	Annual percentage change				
Monetary base	11.4	10.7	8.8	7.9	12.4
M1	12.9	7.0	8.8	6.9	11.6
M4	6.1	6.6	7.5	10.4	10.6
Interest rates <sup>3/</sup>	Annual percentage change				
28-day Cetes	7.09	6.23	6.82	9.20	7.19
28-day TIIE (Interbank Equilibrium Interest Rate)	8.17	6.83	7.15	9.61	7.51
	Pesos per U.S. dollar				
Exchange rate (end of period) <sup>4/</sup>	10.3125	11.2360	11.2648	10.7777	10.8810
<b>Public finances</b>					
	GDP Percentage				
Economic balance (cash flow) <sup>5/</sup>	-1.2	-0.6	-0.2	-0.1	0.1
Primary balance <sup>5/</sup>	1.7	2.1	2.5	2.4	2.9
Net public debt <sup>6/</sup>	21.5	21.8	19.5	17.5	18.0
<b>External sector</b>					
	GDP Percentage				
Trade balance	-1.2	-0.9	-1.3	-1.0	-0.7
Current account balance	-2.2	-1.4	-1.0	-0.6	-0.2
Capital account balance	4.2	3.5	1.7	1.7	0.2
Total external debt	23.9	24.7	23.7	21.5	19.0
Interest paid	1.8	1.8	1.6	1.6	1.6
	Billion US dollars				
Net international reserves (end of period) <sup>7/</sup>	48.0	57.4	61.5	68.7	67.7

Source: Annual Government Report 2006, Mexico's Presidency; Banco de México, Ministry of Finance (*Secretaría de Hacienda y Crédito Público*, SHCP), and National Statistics Bureau (*Instituto Nacional de Estadística, Geografía e Informática*, INEGI),

1/ Estimates for 2006.

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

3/ Average during the period.

4/ Used for settling liabilities in foreign currency.

5/ Based on the revenue-expenditure methodology.

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

7/ As defined in Article 19 of the Law Governing Banco de México.

p/ Preliminary figures.

**Table A 2**  
**Socio-demographic Indicators**

	1999	2000	2001	2002	2003	2004	2005	2006 <sup>p/</sup>
Population (millions)	97.1	98.4	99.7	100.9	102.0	103.0	103.9	104.9
Urban population <sup>1/</sup>	68.0	68.2	68.5	68.8	69.1	69.4	69.7	70.0
Rural population <sup>1/</sup>	32.0	31.8	31.5	31.2	30.9	30.6	30.3	30.0
Population per sq.km <sup>2/</sup>	49.4	50.0	50.7	51.3	51.9	52.4	52.8	53.3
Population annual growth rate	1.4	1.3	1.3	1.1	1.1	0.9	0.9	0.9
National unemployment rate <sup>2/</sup>	n.a.	2.6	2.8	3.0	3.4	3.9	3.6	3.6
Unemployment rate (urban areas) <sup>3/</sup>	3.7	3.4	3.6	3.9	4.6	5.3	4.7	4.6
Life expectancy at birth (years)	73.8	74.0	74.3	74.4	74.5	74.5	74.5	74.5
Fertility rate <sup>4/</sup>	2.7	2.7	2.6	2.5	2.4	2.3	2.2	2.2
Mortality rate (per thousand)	4.7	4.7	4.6	4.6	4.7	4.7	4.8	4.9
Infant mortality rate (per thousand live births)	17.1	16.5	15.7	16.8	15.9	16.1	15.9	15.7
Number of hospital beds (per 100,000 inhabitants) <sup>5/</sup>	74.2	76.9	76.7	75.6	74.1	75.4	76.0	76.0
Illiteracy rate (population 15 years or over)	9.5	9.2	8.9	8.7	8.4	8.1	7.9	7.7
Number of students per teacher (grade school)	27.2	27.0	26.9	26.7	26.4	26.2	25.9	25.7
Population with access to drinking water <sup>1/</sup>	87.4	87.8	89.0	89.2	89.4	89.5	89.5	89.6

Source: Annual Government Report 2006, Mexico's Presidency (*Presidencia de la República*), and INEGI Occupation and Employment Survey (unemployment rates).

1/Percent of total population.

2/Ratio Open Unemployed Population to Economic Active Population. The Open Unemployed Population is made up of individuals that were not engaged in working activities during the reference week but were searching for work during the last month.

3/ Unemployment rate in 32 cities

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

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

p/ Preliminary figures.

**Table A 3**  
**Infrastructure**

	1999	2000	2001	2002	2003	2004	2005	2006 <sup>p/</sup>
<b>Roads (km)</b>	329,533	323,065	330,005	337,168	349,037	352,072	355,796	355,927
Federal toll roads (km)	6,430	6,598	6,759	6,987	6,979	7,423	7,409	7,409
Federal non-toll roads (km)	41,765	41,866	41,645	41,537	41,454	41,152	40,953	41,073
Paved roads (km)	108,087	108,488	110,910	113,125	117,023	121,336	122,677	122,808
<b>Railroad transportation</b>								
Total railway network (km)	26,622	26,655	26,655	26,655	26,662	26,662	26,662	26,662
Passengers (million passengers/km)	254	82	67	69	78	74	73	73
Commercial cargo (million tons/km)	47,274	48,333	46,615	51,616	54,132	54,387	54,054	55,113
<b>Air transportation</b>								
International airports	55	57	57	57	56	56	56	56
Passengers (thousands)	32,662	33,974	33,673	33,190	35,287	39,422	42,176	43,521
Cargo (thousand tons)	407	379	351	389	410	467	529	580
<b>Maritime transportation</b>								
Number of ports (sea and river)	108	108	108	108	106	107	113	113
Sea freight (international and domestic cargo, thousand tons)	231,440	244,252	244,431	253,046	264,739	266,008	283,604	293,520
<b>Communications</b>								
Phones (thousand lines in service)	10,927	12,332	13,774	14,975	16,330	18,073	19,512	20,981
Cellular phones (thousand subscribers)	7,732	14,078	21,758	25,928	30,098	38,451	47,141	53,811
Telegraph services (number of offices)	1,878	1,819	1,609	1,568	1,555	1,550	1,543	1,556
Postal services (locations served)	32,015	32,127	29,216	16,029	14,942	17,609	17,994	17,994
Radio stations <sup>1/</sup>	1,349	1,371	1,410	1,413	1,417	1,478	1,419	1,421
T.V. stations <sup>1/</sup>	582	579	642	652	645	658	685	680
Lodging (number of rooms)	419,608	421,850	458,123	469,488	496,292	515,904	535,639	541,282
<b>Energy</b>								
Electric generation (gigawatts/hour) <sup>2/</sup>	192,234	204,206	209,074	214,383	223,893	233,984	246,267	255,235
Oil reserves (million barrels)	57,741	58,204	56,154	52,951	50,032	48,041	46,914	46,418

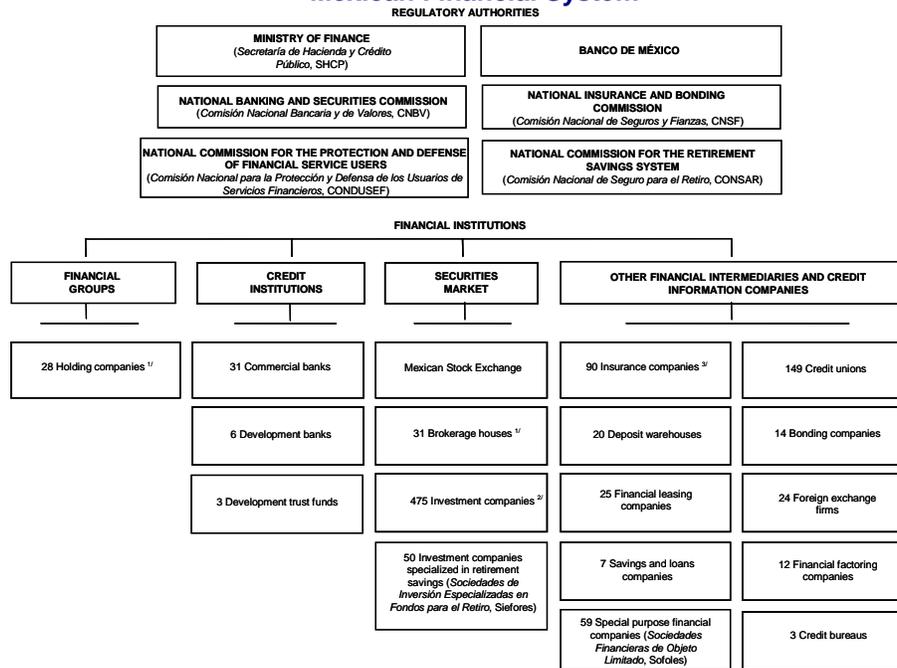
Source: Annual Government Report 2006 (*Presidencia de la República*).

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.

**Table A 4**  
**Mexican Financial System**



1/ Source: National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores, CNBV*).

2/ Includes stock investment funds, fixed-income investment funds for both individuals and enterprises, equity investment funds, and investment fund holdings.

3/ Includes insurance companies, insurance companies specialized in pensions, and health insurance companies. Information up to December 2006.





## **Production and Employment**

---



**Table A 5**  
**Production Indicators**  
Annual percentage change

	2001	2002	2003	2004	2005	2006
Gross Domestic Product	-0.2	0.8	1.4	4.2	2.8	4.8
Private consumption	2.5	1.6	2.2	4.1	5.1	5.0
Public consumption	-2.0	-0.3	0.8	-0.4	0.4	6.0
Private investment	-5.9	-4.1	-1.6	8.8	9.7	11.5
Public investment	-4.2	17.0	8.5	2.5	-0.6	2.9
Exports (goods and services)	-3.6	1.4	2.7	11.6	7.1	11.1
Imports (goods and services)	-1.6	1.5	0.7	11.6	8.6	12.2

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

**Table A 6**  
**Gross Domestic Product**

	Million Pesos at Current Prices	Exchange Rate	Million USD
1996	2,525,575.0	7.599	332,356
1997	3,174,275.2	7.918	400,894
1998	3,846,349.9	9.135	421,056
1999	4,594,724.2	9.561	480,569
2000	5,491,708.4	9.456	580,764
2001	5,809,688.2	9.343	621,823
2002	6,263,136.6	9.656	648,626
2003	6,891,992.5	10.789	638,798
2004	7,709,095.8	11.286	683,067
2005	8,366,205.3	10.898	767,683
2006	9,155,490.3	10.901	839,876

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

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

	Annual Percentage Change						Percent of GDP	
	2001	2002	2003	2004	2005	2006	1996	2006
Aggregate supply	-0.6	1.0	1.2	6.2	4.4	7.0	123.6	145.0
GDP	-0.2	0.8	1.4	4.2	2.8	4.8	100.0	100.0
Imports	-1.6	1.5	0.7	11.6	8.6	12.2	23.6	45.0
Aggregate demand	-0.6	1.0	1.2	6.2	4.4	7.0	123.6	145.0
Total consumption	1.9	1.4	2.1	3.6	4.6	5.1	78.3	82.6
Private	2.5	1.6	2.2	4.1	5.1	5.0	67.5	73.6
Public	-2.0	-0.3	0.8	-0.4	0.4	6.0	10.8	8.9
Total investment	-5.6	-0.6	0.4	7.5	7.6	10.0	16.1	21.8
Private	-5.9	-4.1	-1.6	8.8	9.7	11.5	13.2	18.1
Public	-4.2	17.0	8.5	2.5	-0.6	2.9	2.9	3.7
Exports	-3.6	1.4	2.7	11.6	7.1	11.1	26.8	40.9

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

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

Item	2000	2001	2002	2003	2004	2005 <sup>p/</sup>	2006 <sup>p/</sup>
Gross Capital Formation <sup>1/</sup>	23.7	20.9	20.6	20.6	22.1	21.8	22.0
Financed with External Saving	3.1	2.9	2.2	1.4	1.1	0.6	0.2
Financed with Domestic Saving	20.6	18.0	18.4	19.2	21.0	21.2	21.8

Source: Mexico's National Accounts System (*Sistema de Cuentas Nacionales de México*), INEGI, except for external saving figures, which are drawn from the current account balance measured in current pesos and as a proportion of GDP.

p/ Preliminary figures.

1/ Includes gross fixed investment plus change in inventories.

**Table A 9**  
**Gross Domestic Product by Sector**  
 1993 Prices

	Annual Percentage Change							Percent of GDP	
	2000	2001	2002	2003	2004 <sup>p/</sup>	2005 <sup>p/</sup>	2006 <sup>p/</sup>	2000	2006 <sup>p/</sup>
Gross Domestic Product	6.6	-0.2	0.8	1.4	4.2	2.8	4.8	100.0	100.0
Agriculture, forestry and fishery	0.6	3.5	0.1	3.1	3.5	-2.1	4.8	5.0	5.0
Industrial sector	6.1	-3.5	-0.1	-0.2	4.2	1.7	5.0	26.5	24.8
Mining	3.8	1.5	0.4	3.7	3.4	2.1	2.2	1.2	1.2
Manufacturing industry	6.9	-3.8	-0.7	-1.3	4.0	1.4	4.7	19.8	18.0
Construction	4.2	-5.7	2.1	3.3	6.1	3.3	6.9	3.9	4.0
Electricity, gas and water	3.0	2.3	1.0	1.5	2.8	1.7	5.0	1.6	1.6
Services	7.3	1.2	1.6	2.1	4.4	4.0	4.9	63.0	65.8
Commerce, restaurants and hotels	12.2	-1.2	0.0	1.5	5.5	2.7	3.7	20.1	19.7
Transport, warehousing and communications	9.1	3.8	1.8	5.0	9.2	7.1	9.1	10.3	12.7
Financial services, insurance and Real estate	5.5	4.5	4.2	3.9	3.9	5.8	5.4	14.3	16.4
Social, community and personal services	2.9	-0.3	0.9	-0.6	0.6	1.8	2.8	18.3	16.9
Banking services	6.8	6.5	7.6	7.1	7.5	10.9	8.5	-2.6	-3.6
Net product taxes (excluding subsidies)	6.6	0.0	0.8	1.4	4.2	2.8	4.8	8.1	8.1

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

p/ Preliminary figures.

**Table A 10**  
**Manufacturing Growth Rates**  
 1993 Prices

	Annual Percentage Change									Percent of GDP	
	1998	1999	2000	2001	2002	2003	2004 <sup>p/</sup>	2005 <sup>p/</sup>	2006 <sup>p/</sup>	2000	2006 <sup>p/</sup>
Total	7.4	4.2	6.9	-3.8	-0.7	-1.3	4.0	1.4	4.7	19.8	18.0
Food, beverages, and tobacco	6.6	4.0	3.9	2.3	1.9	1.7	3.3	2.6	2.6	4.7	4.7
Textile, apparel and leather industry	3.9	3.1	5.4	-8.6	-5.9	-6.7	2.8	-3.0	-1.0	1.6	1.1
Timber and wood by-products	4.4	0.5	3.9	-6.7	-4.9	-2.2	2.2	-0.7	-0.9	0.5	0.4
Paper, printing, and publishing	5.9	5.0	2.7	-4.3	-1.8	-1.0	2.9	1.1	3.5	0.9	0.8
Chemical, plastic, and oil by-products	6.1	2.4	3.3	-3.8	-0.4	1.5	3.1	0.6	2.4	2.9	2.6
Non-metal minerals	5.2	1.8	4.1	-1.7	3.8	0.1	3.8	3.5	5.2	1.3	1.3
Basic metal industries	4.0	0.4	3.0	-7.1	1.3	4.1	6.9	2.0	2.8	0.9	0.9
Metal products, machinery, and equipment	11.5	6.9	13.6	-6.9	-2.0	-4.9	5.2	1.5	10.0	6.4	5.7
Other	7.9	5.8	8.2	-2.1	-3.6	-1.1	2.8	0.4	3.7	0.6	0.5

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

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

Year	Crude Oil (Million barrels per day)		Natural Gas (Million cubic feet per day)	Total Oil Reserves (Thousand million barrels at end-period)
	Total	Daily average	Total	Total
1988	917.2	2.506	3,478	69.0
1989	917.2	2.513	3,572	67.6
1990	930.0	2.548	3,651	66.5
1991	976.7	2.676	3,634	65.5
1992	976.5	2.668	3,584	65.0
1993	975.6	2.673	3,576	65.1
1994	980.0	2.685	3,625	64.5
1995	955.2	2.617	3,759	63.2
1996	1,046.0	2.858	4,195	62.1
1997	1,103.0	3.022	4,467	60.9
1998	1,120.9	3.071	4,791	56.5
1999	1,060.7	2.906	4,791	57.7
2000	1,102.4	3.012	4,679	58.2
2001	1,141.4	3.127	4,511	56.2
2002	1,159.6	3.177	4,423	53.0
2003	1,230.4	3.371	4,498	50.0
2004	1,238.2	3.383	4,573	48.0
2005	1,216.5	3.333	4,818	46.9
2006 <sup>p/</sup>	1,188.4	3.256	5,356	46.4

Source: PEMEX Activities Report 1988-2006 (*Memorias de Labores 1988-2006*), and crude oil indicators (*Indicadores Petroleros*), vol. XIX, no.2, PEMEX.  
 p/ Preliminary figures.

**Table A 12**  
**Total Number of Workers Insured by the IMSS**  
 Thousands

Year	Permanent	Temporary in Urban Areas	Total
1996	9,163	794	9,957
1997	9,837	714	10,551
1998	10,141	1,170	11,311
1999	10,629	1,388	12,017
2000	11,026	1,520	12,546
2001	10,713	1,450	12,164
2002	10,733	1,493	12,226
2003	10,636	1,555	12,191
2004	10,863	1,646	12,509
2005 Jan	10,813	1,666	12,479
Feb	10,886	1,699	12,586
Mar	10,881	1,732	12,613
Apr	10,918	1,791	12,709
May	10,930	1,822	12,752
Jun	10,934	1,866	12,800
Jul	10,945	1,904	12,848
Aug	10,957	1,944	12,901
Sep	11,018	2,002	13,021
Oct	11,101	2,061	13,162
Nov	11,149	2,111	13,260
Dec	11,048	2,038	13,086
2006 Jan	11,010	2,091	13,101
Feb	11,067	2,147	13,214
Mar	11,141	2,212	13,353
Apr	11,183	2,244	13,427
May	11,232	2,288	13,520
Jun	11,285	2,348	13,632
Jul	11,319	2,398	13,717
Aug	11,347	2,447	13,794
Sep	11,421	2,500	13,922
Oct	11,486	2,561	14,047
Nov	11,548	2,598	14,145
Dec	11,454	2,512	13,966

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

**Table A 13**  
**Employment and Unemployment Indicators**  
Percent

In Relation to Economically Active Population				In Relation to Employed Population		
	National unemployment rate <sup>1/</sup>	Unemployment rate in urban areas <sup>2/</sup>	Temporary employment and unemployment <sup>3/</sup>	Underemployment <sup>4/</sup>	Informal employment <sup>5/</sup>	
2001	2.8	3.6	7.4	n.a.	n.a.	
2002	3.0	3.9	7.6	n.a.	n.a.	
2003	3.4	4.6	8.5	n.a.	n.a.	
2004	3.9	5.3	9.5	n.a.	n.a.	
2005	3.6	4.7	9.4	7.5	28.1	
2006	3.6	4.6	9.4	6.8	27.1	
2005	I	3.9	5.1	9.8	8.9	28.0
	II	3.5	4.7	9.5	7.5	28.1
	III	3.8	5.1	9.4	7.3	28.0
	IV	3.1	4.1	8.9	6.4	28.4
2006	I	3.5	4.5	9.1	6.2	27.6
	II	3.2	4.3	9.1	6.0	27.2
	III	4.0	5.1	9.8	8.2	26.8
	IV	3.7	4.7	9.7	7.0	26.6

Source: INEGI Quarterly National Employment Survey (*Encuesta Nacional de Ocupación y Empleo, ENOE*), except for the National and Urban Unemployment Rate, which are obtained from the monthly ENOE.

1/ Ratio Open Unemployed Population to Economic Active Population. The Open Unemployed Population is made up of individuals that were not engaged in working activities during the reference week but were searching for work during the last month.

2/ Unemployment rate in 32 cities.

3/ Percent of Economic Active Population (*Población Económicamente Activa, PEA*) that is not working, plus that working less than 15 hours during the reference week.

4/ Employed individuals needing to work more hours than those covered in their current jobs.

5/ Percent of non-farm employed population working in an economic unit operating with household funds, but not considered as an identified enterprise independent from that household. The operational criteria for determining the non-independent condition of production units in relation to households is given by the lack of conventional accounting practices tending to end in a lance of Assets and Liabilities. The fact that such practices are not carried out means that no distinction is made between household and enterprise wealth, and between enterprise and household's expenditures (for example, light and telephone expenditures, and vehicle use, among others).

n.a. not available.

**Table A 14**  
**Real Exchange Rate <sup>1/</sup>**  
1990 = 100

Year	Based on Consumer Prices <sup>2/</sup>	Annual Percentage Change
1984	80.1	-15.9
1985	78.2	-2.3
1986	119.2	52.4
1987	134.3	12.7
1988	111.2	-17.2
1989	100.5	-9.6
1990	100.0	-0.5
1991	91.4	-8.6
1992	85.8	-6.1
1993	73.4	-14.4
1994	75.9	3.3
1995	117.1	54.4
1996	102.9	-12.1
1997	85.8	-16.6
1998	84.6	-1.5
1999	77.7	-8.1
2000	68.8	-11.4
2001	62.8	-8.8
2002	61.1	-2.7
2003	71.8	17.6
2004	77.3	7.6
2005	73.9	-4.4
2006	73.0	-1.3
2005 I	77.8	2.9
II	75.2	-2.8
III	72.2	-7.2
IV	70.4	-10.0
2006 I	69.4	-10.7
II	75.6	0.5
III	74.2	2.7
IV	72.7	3.3

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

1/ Rate increases reflect peso depreciation.

2/ Real effective exchange rate estimated according to consumer prices in relation to a basket of 111 countries, weighted by each country's GDP.



## **Prices, Wages, and Productivity**

---



**Table A 15**  
**Main Price Indices**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Prices</b>	<b>Annual percentage change</b>										
Consumer prices											
End-period	27.70	15.72	18.61	12.32	8.96	4.40	5.70	3.98	5.19	3.33	4.05
Annual average	34.38	20.63	15.93	16.59	9.49	6.37	5.03	4.55	4.69	3.99	3.63
Producer prices (merchandise excluding oil)											
End-period	24.76	13.66	19.41	8.66	7.38	2.61	6.29	6.24	7.97	2.46	7.12
Annual average	33.88	17.55	15.98	14.24	7.84	5.02	3.66	6.31	8.58	3.56	6.12
Producer prices (merchandise and services excluding oil)											
End-period	26.55	15.18	18.59	11.94	8.58	4.33	5.67	4.52	6.52	3.59	5.39
Annual average	32.32	19.88	16.01	15.98	9.42	6.14	4.87	4.90	6.43	4.22	5.12
Producer prices (merchandise and services including oil)											
End-period	26.68	13.51	17.60	13.71	8.06	3.67	7.05	4.83	6.57	4.01	5.50
Annual average	32.56	18.97	14.89	16.62	10.40	5.28	5.19	5.51	6.81	4.52	5.39
Construction Cost Index (Residential) <sup>1/</sup>											
End-period	25.38	15.88	19.14	14.37	7.59	3.47	3.50	6.92	12.15	-0.39	8.49
Annual average	29.09	17.91	18.11	17.62	11.21	5.29	2.27	6.48	12.25	1.19	7.58

<sup>1/</sup> Starting January 2004 this indicator replaced the Social Housing Construction Cost Index (*Índice Nacional del Costo de Edificación de Vivienda de Interés Social, INCEVIS*).

**Table A 16**  
**Consumer Price Index (CPI)**

Year	Month	CPI 2Q. Jun 2002	Annual Percentage Change		Monthly
			Annual Percentage Change	Annual 12-month Moving Average	
1991	Dec	22.101	18.79	22.66	
1992	Dec	24.740	11.94	15.51	
1993	Dec	26.721	8.01	9.75	
1994	Dec	28.605	7.05	6.97	
1995	Dec	43.471	51.97	35.00	
1996	Dec	55.514	27.70	34.38	
1997	Dec	64.240	15.72	20.63	
1998	Dec	76.195	18.61	15.93	
1999	Dec	85.581	12.32	16.59	
2000	Dec	93.248	8.96	9.49	
2001	Dec	97.354	4.40	6.37	
2002	Dec	102.904	5.70	5.03	
2003	Dec	106.996	3.98	4.55	
2004	Dec	112.550	5.19	4.69	
2005	Jan	112.554	4.54	4.72	0.00
	Feb	112.929	4.27	4.69	0.33
	Mar	113.438	4.39	4.70	0.45
	Apr	113.842	4.60	4.74	0.36
	May	113.556	4.60	4.76	-0.25
	Jun	113.447	4.33	4.76	-0.10
	Jul	113.891	4.47	4.75	0.39
	Aug	114.027	3.95	4.68	0.12
	Sep	114.484	3.51	4.55	0.40
	Oct	114.765	3.05	4.35	0.25
	Nov	115.591	2.91	4.14	0.72
	Dec	116.301	3.33	3.99	0.61
2006	Jan	116.983	3.94	3.94	0.59
	Feb	117.162	3.75	3.89	0.15
	Mar	117.309	3.41	3.81	0.13
	Apr	117.481	3.20	3.70	0.15
	May	116.958	3.00	3.56	-0.45
	Jun	117.059	3.18	3.47	0.09
	Jul	117.380	3.06	3.36	0.27
	Aug	117.979	3.47	3.32	0.51
	Sep	119.170	4.09	3.37	1.01
	Oct	119.691	4.29	3.47	0.44
	Nov	120.319	4.09	3.57	0.52
	Dec	121.015	4.05	3.63	0.58



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

Month	CPI	Food, Beverages and Tobacco	Apparel, Footwear and Accessories	Housing	Furniture and Household Goods	Medical and Personal Care	Transport	Education and Entertainment	Other Goods and Services	
1993	Dec	8.01	4.74	6.65	10.22	5.94	9.28	8.53	15.80	10.37
1994	Dec	7.05	6.94	4.76	8.04	5.69	9.78	6.94	8.64	5.12
1995	Dec	51.97	61.73	44.85	41.77	62.54	58.01	55.84	40.51	39.58
1996	Dec	27.70	29.12	28.65	26.00	26.77	24.68	33.48	20.19	24.46
1997	Dec	15.72	13.30	18.38	17.69	15.61	17.56	15.87	15.18	16.73
1998	Dec	18.61	22.02	16.56	14.10	16.37	20.18	19.86	17.13	18.27
1999	Dec	12.32	7.85	13.88	13.11	14.67	19.14	12.27	15.95	16.75
2000	Dec	8.96	8.06	8.46	10.50	4.69	9.03	8.08	12.78	10.65
2001	Dec	4.40	3.75	4.04	2.68	0.49	5.97	3.83	10.47	9.79
2002	Dec	5.70	5.45	2.19	9.54	-2.08	3.72	3.95	7.25	6.47
2003	Dec	3.98	4.31	0.32	4.20	0.16	4.35	2.47	6.35	5.88
2004	Dec	5.19	8.17	1.14	5.04	1.28	2.89	5.38	4.77	4.72
2005	Jan	4.54	5.45	1.29	5.02	1.46	2.81	4.74	5.17	4.81
	Feb	4.27	5.03	0.94	4.58	1.55	3.08	4.12	5.20	4.94
	Mar	4.39	5.84	0.98	4.23	1.69	3.27	3.88	5.49	4.86
	Apr	4.60	7.71	1.13	3.66	1.85	3.47	3.62	5.02	4.82
	May	4.60	8.62	1.11	2.84	2.15	3.47	3.46	5.06	4.97
	Jun	4.33	7.65	1.05	2.69	2.39	3.45	3.14	5.34	5.02
	Jul	4.47	8.01	0.94	2.60	2.50	3.48	3.60	5.35	5.14
	Aug	3.95	6.16	0.84	2.48	2.12	3.54	3.46	5.15	5.06
	Sep	3.51	4.53	0.97	2.39	2.07	3.65	3.40	4.90	4.77
	Oct	3.05	2.22	0.92	2.77	1.76	3.81	3.38	4.86	4.66
	Nov	2.91	0.85	0.97	3.52	1.76	3.66	3.35	4.94	4.58
	Dec	3.33	2.24	1.26	3.60	1.87	3.87	3.50	5.09	4.46
2006	Jan	3.94	4.98	1.41	3.85	1.66	3.75	3.54	4.48	4.04
	Feb	3.75	4.59	1.43	3.78	1.57	3.43	3.25	4.53	3.82
	Mar	3.41	2.83	1.39	3.96	1.50	3.67	3.23	4.56	3.98
	Apr	3.20	1.26	1.34	4.01	1.29	3.87	3.72	5.18	4.00
	May	3.00	0.79	1.26	4.16	0.96	3.74	3.50	4.68	3.99
	Jun	3.18	1.45	1.22	4.25	0.94	3.84	3.48	4.65	3.99
	Jul	3.06	0.89	1.27	4.25	0.79	3.86	3.56	4.88	3.67
	Aug	3.47	2.46	1.22	4.24	1.14	3.78	3.87	4.71	3.78
	Sep	4.09	5.35	1.14	4.07	1.59	3.39	3.90	4.55	3.99
	Oct	4.29	6.76	1.11	3.79	1.88	3.33	3.39	4.60	3.99
	Nov	4.09	6.38	1.11	3.47	1.64	3.33	3.38	4.59	3.88
	Dec	4.05	6.27	1.24	3.27	1.75	3.41	3.54	4.41	4.17

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

Month	CPI	Core	Administered and Regulated	Agricultural Products, Meat, Poultry, Fish and Eggs	Education
1998 Dec	18.61	17.68	18.13	24.29	17.71
1999 Dec	12.32	14.24	13.36	0.25	18.10
2000 Dec	8.96	7.52	12.58	10.07	15.16
2001 Dec	4.40	5.08	2.21	1.35	14.02
2002 Dec	5.70	3.77	10.96	8.65	10.04
2003 Dec	3.98	3.66	3.91	3.65	8.59
2004 Dec	5.19	3.80	7.51	10.11	7.50
2005 Jan	4.54	3.77	6.99	3.49	7.81
Feb	4.27	3.71	5.92	3.06	7.59
Mar	4.39	3.61	5.70	5.73	7.55
Apr	4.60	3.46	4.95	11.33	7.41
May	4.60	3.42	3.78	14.24	7.35
Jun	4.33	3.38	3.52	11.95	7.43
Jul	4.47	3.44	3.40	13.53	7.25
Aug	3.95	3.28	3.23	8.76	7.12
Sep	3.51	3.20	3.14	4.53	6.65
Oct	3.05	3.14	3.54	-1.05	6.64
Nov	2.91	3.11	4.57	-4.31	6.64
Dec	3.33	3.12	4.76	-0.18	6.63
2006 Jan	3.94	2.98	5.11	7.42	6.31
Feb	3.75	2.90	4.85	6.32	6.44
Mar	3.41	3.04	4.76	1.47	6.47
Apr	3.20	3.20	4.97	-2.63	6.52
May	3.00	3.14	4.70	-3.69	6.57
Jun	3.18	3.22	4.54	-2.04	6.51
Jul	3.06	3.27	4.57	-3.83	6.50
Aug	3.47	3.33	4.65	0.27	6.33
Sep	4.09	3.45	4.35	7.47	5.70
Oct	4.29	3.44	3.75	11.17	5.70
Nov	4.09	3.50	3.31	9.41	5.70
Dec	4.05	3.61	3.14	8.30	5.71



**Table A 19**  
**Producer Price Index (PPI) Excluding Oil**  
 December 2003 = 100

Period	Merchandise			Services			Merchandise and Services		
	Index	Percentage Change		Index	Percentage Change		Index	Percentage Change	
		Annual	Monthly		Annual	Monthly		Annual	Monthly
1996 Dec	54.501	24.76	2.58	50.468	28.04	3.59	52.272	26.55	3.11
1997 Dec	61.943	13.66	1.08	58.786	16.48	1.08	60.205	15.18	1.09
1998 Dec	73.966	19.41	1.61	69.218	17.75	2.51	71.399	18.59	2.08
1999 Dec	80.374	8.66	0.78	79.512	14.87	1.07	79.924	11.94	0.93
2000 Dec	86.305	7.38	0.57	87.146	9.60	1.03	86.781	8.58	0.82
2001 Dec	88.556	2.61	-0.32	92.178	5.77	0.37	90.541	4.33	0.06
2002 Dec	94.128	6.29	0.31	96.960	5.19	0.31	95.672	5.67	0.31
2003 Dec	100.000	6.24	0.85	100.000	3.13	0.27	100.000	4.52	0.53
2004 Jan	100.403	6.18	0.40	100.527	3.39	0.53	100.469	4.64	0.47
Feb	101.991	6.56	1.58	101.188	3.80	0.66	101.564	5.06	1.09
Mar	103.465	6.70	1.45	101.491	3.78	0.30	102.414	5.13	0.84
Apr	104.917	8.49	1.40	101.968	3.96	0.47	103.348	6.04	0.91
May	105.324	9.59	0.39	102.125	4.08	0.15	103.621	6.60	0.26
Jun	105.553	9.45	0.22	102.995	4.83	0.85	104.192	6.94	0.55
Jul	105.841	9.60	0.27	103.555	5.40	0.54	104.624	7.32	0.41
Aug	106.547	9.84	0.67	103.857	5.40	0.29	105.116	7.44	0.47
Sep	107.079	9.86	0.50	104.196	5.07	0.33	105.545	7.27	0.41
Oct	107.497	9.46	0.39	104.490	5.14	0.28	105.897	7.14	0.33
Nov	108.282	9.20	0.73	104.828	5.11	0.32	106.444	7.01	0.52
Dec	107.969	7.97	-0.29	105.254	5.25	0.41	106.524	6.52	0.08
2005 Jan	108.057	7.62	0.08	105.792	5.24	0.51	106.852	6.35	0.31
Feb	108.716	6.59	0.61	106.125	4.88	0.31	107.337	5.68	0.45
Mar	109.075	5.42	0.33	106.549	4.98	0.40	107.731	5.19	0.37
Apr	109.524	4.39	0.41	106.818	4.76	0.25	108.084	4.58	0.33
May	108.907	3.40	-0.56	107.287	5.05	0.44	108.044	4.27	-0.04
Jun	108.246	2.55	-0.61	107.821	4.69	0.50	108.020	3.67	-0.02
Jul	108.833	2.83	0.54	108.553	4.83	0.68	108.684	3.88	0.61
Aug	108.787	2.10	-0.04	108.743	4.70	0.18	108.764	3.47	0.07
Sep	109.267	2.04	0.44	109.091	4.70	0.32	109.173	3.44	0.38
Oct	109.753	2.10	0.44	109.485	4.78	0.36	109.610	3.51	0.40
Nov	110.127	1.70	0.34	109.728	4.67	0.22	109.915	3.26	0.28
Dec	110.625	2.46	0.45	110.098	4.60	0.34	110.344	3.59	0.39
2006 Jan	111.465	3.15	0.76	110.387	4.34	0.26	110.891	3.78	0.50
Feb	111.915	2.94	0.40	110.688	4.30	0.27	111.262	3.66	0.33
Mar	112.665	3.29	0.67	111.013	4.19	0.29	111.786	3.76	0.47
Apr	114.047	4.13	1.23	111.734	4.60	0.65	112.816	4.38	0.92
May	115.518	6.07	1.29	111.961	4.36	0.20	113.625	5.17	0.72
Jun	116.779	7.88	1.09	112.222	4.08	0.23	114.354	5.86	0.64
Jul	116.950	7.46	0.15	113.323	4.39	0.98	115.019	5.83	0.58
Aug	117.690	8.18	0.63	113.443	4.32	0.11	115.430	6.13	0.36
Sep	118.234	8.21	0.46	113.752	4.27	0.27	115.848	6.11	0.36
Oct	118.218	7.71	-0.01	113.920	4.05	0.15	115.930	5.77	0.07
Nov	118.145	7.28	-0.06	114.185	4.06	0.23	116.038	5.57	0.09
Dec	118.502	7.12	0.30	114.341	3.85	0.14	116.287	5.39	0.22

**Table A 20**  
**Producer Price Index (PPI) Excluding Oil**  
 Classified by goods' end-use  
 Annual percentage change at December of each year

ITEM	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>PPI with goods and services</b>	<b>15.18</b>	<b>18.59</b>	<b>11.94</b>	<b>8.58</b>	<b>4.33</b>	<b>5.67</b>	<b>4.52</b>	<b>6.52</b>	<b>3.59</b>	<b>5.39</b>
Domestic demand	15.86	18.84	12.88	8.96	4.89	5.31	4.11	6.67	3.99	5.25
Private consumption	16.05	18.87	12.78	9.01	4.90	5.53	3.79	5.56	4.56	4.03
Government consumption	20.33	18.80	14.61	11.70	9.02	5.53	4.41	4.93	5.26	5.38
Investment	13.55	18.77	12.59	7.68	3.19	4.35	5.30	12.85	0.82	10.77
Exports	9.75	16.50	3.94	5.07	-0.99	9.27	8.56	5.48	0.63	6.41
<b>PPI goods</b>	<b>13.66</b>	<b>19.41</b>	<b>8.66</b>	<b>7.38</b>	<b>2.61</b>	<b>6.29</b>	<b>6.24</b>	<b>7.97</b>	<b>2.46</b>	<b>7.12</b>
Domestic demand	13.60	19.76	9.71	7.85	3.42	5.81	5.79	8.61	3.21	7.16
Private consumption	14.27	20.25	9.05	8.15	3.61	6.26	5.25	6.00	4.84	4.94
Government consumption	13.44	16.53	9.79	8.35	2.59	4.19	5.71	9.82	4.22	6.64
Investment	12.28	18.89	11.07	7.22	3.06	4.93	6.92	13.03	0.56	10.91
Exports	14.06	16.68	0.36	3.31	-4.73	11.07	10.38	5.44	-0.58	6.94
<b>PPI services</b>	<b>16.48</b>	<b>17.75</b>	<b>14.87</b>	<b>9.60</b>	<b>5.77</b>	<b>5.19</b>	<b>3.13</b>	<b>5.25</b>	<b>4.60</b>	<b>3.85</b>
Domestic demand	17.94	18.03	15.72	9.90	6.11	4.91	2.73	5.23	4.59	3.81
Private consumption	17.37	17.87	15.54	9.61	5.79	5.04	2.80	5.32	4.41	3.53
Government consumption	20.86	18.96	14.95	11.92	9.44	5.61	4.33	4.58	5.34	5.29
Investment	19.56	18.24	19.42	9.60	3.75	1.99	-1.44	7.13	9.34	6.70
Exports	4.88	15.20	7.08	6.64	2.30	8.12	7.28	5.65	4.93	4.63

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

ITEM	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>PPI with merchandise and services</b>	<b>18.59</b>	<b>11.94</b>	<b>8.58</b>	<b>4.33</b>	<b>5.67</b>	<b>4.52</b>	<b>6.52</b>	<b>3.59</b>	<b>5.39</b>
Primary sector	31.82	-7.06	7.71	4.89	11.04	3.20	8.58	8.00	10.77
Agriculture, livestock, wood and fishing	33.34	-7.61	8.35	5.78	10.40	1.75	8.08	8.32	8.42
Mining	9.92	2.56	-2.24	-10.60	24.13	29.72	13.12	5.22	31.48
Secondary sector	18.34	10.26	7.19	2.33	5.03	6.48	7.78	1.90	6.89
Manufacturing	18.15	9.55	6.57	1.80	5.00	6.21	5.10	2.46	4.81
Food, beverages, and tobacco	18.91	11.01	6.51	4.76	4.06	6.30	7.27	3.85	5.33
Textiles, apparel and leather	16.19	8.05	6.37	1.47	3.87	4.12	2.88	2.73	3.25
Wood	11.29	9.56	6.67	6.45	1.37	4.77	8.68	3.31	5.93
Paper, printing, and publishing	15.76	12.92	11.11	1.91	3.65	3.85	2.96	3.97	3.90
Chemicals, oil and plastics	17.48	15.57	11.80	-0.83	6.77	7.13	8.98	6.53	4.98
Non-metallic minerals	21.47	7.80	6.70	1.36	2.55	5.07	1.59	0.90	7.36
Basic metal industries	22.63	-2.23	8.66	0.69	9.66	15.71	48.87	1.69	28.22
Metal products, machinery, and equipment	18.39	3.97	1.81	-0.46	5.33	6.07	1.43	-0.70	3.35
Other manufacturing industries	20.30	4.66	4.25	2.47	7.37	4.38	2.68	-0.12	6.72
Construction	18.95	12.53	9.14	3.97	5.11	7.27	14.49	0.61	11.76
Tertiary sector	17.79	14.88	9.69	5.77	5.76	3.23	5.44	4.60	3.88
Electricity and gas	14.68	12.37	13.09	4.90	33.64	7.87	11.32	4.41	4.60
Commerce, restaurants and hotels	17.33	16.54	9.80	3.44	3.41	0.73	5.22	3.94	3.83
Transportation and communications	20.34	11.75	8.04	3.90	4.95	3.96	8.23	5.94	2.87
Real estate leasing	15.97	12.11	6.62	5.81	6.58	4.44	3.63	2.85	3.30
Community, social and personal services	17.94	16.14	11.90	10.70	7.17	5.30	4.04	4.76	4.88

**Table A 22**  
**Construction Cost Index <sup>1/</sup>**  
**Annual percentage change and contributions**

Item	General				Residential			
	Annual change		Contributions		Annual change		Contributions	
	Dec-2005	Dec-2006	Dec-2005	Dec-2006	Dec-2005	Dec-2006	Dec-2005	Dec-2006
	Dec-2004	Dec-2005	Dec-2004	Dec-2005	Dec-2004	Dec-2005	Dec-2004	Dec-2005
General Index	0.62	11.82	0.62	11.82	-0.39	8.49	-0.39	8.49
Construction materials subindex	-0.24	14.11	-0.18	11.00	-1.65	10.00	-1.24	7.53
Non-metal minerals	3.65	2.82	0.27	0.21	4.16	2.14	0.37	0.19
Cement and concrete	0.18	4.76	0.03	0.75	0.50	4.71	0.10	0.95
Cementing materials	3.83	5.19	0.08	0.11	3.92	5.40	0.13	0.18
Clay materials	4.53	6.59	0.13	0.19	4.01	7.10	0.21	0.37
Concrete materials	1.68	8.20	0.05	0.24	1.32	8.78	0.08	0.50
Concrete structures	2.04	7.93	0.02	0.09	3.03	6.30	0.10	0.20
Other concrete materials	2.86	7.96	0.02	0.06	1.77	8.83	0.02	0.09
Other non-metal mineral products	7.27	7.83	0.08	0.08	7.42	7.27	0.05	0.05
Timber products	4.46	4.12	0.08	0.07	4.45	4.45	0.12	0.12
Paint and other similar materials	6.76	3.05	0.13	0.06	7.14	2.64	0.13	0.05
Plastic materials	18.90	5.10	0.21	0.06	18.49	8.39	0.15	0.07
Other chemical products	9.03	29.07	0.32	1.03	8.64	28.67	0.02	0.07
Metal products	-1.33	30.58	-0.14	3.13	-2.66	17.39	-0.10	0.68
Wire materials	-23.82	23.86	-1.63	1.63	-23.35	23.33	-2.31	2.31
Electric equipment	0.10	12.82	0.01	1.10	2.07	14.02	0.01	0.09
Electric accessories	18.88	52.24	0.57	1.58	20.30	54.16	0.43	1.14
Furniture and accessories	3.84	10.02	0.03	0.07	3.66	10.12	0.06	0.16
Other materials and accessories	4.15	8.74	0.26	0.54	1.22	9.12	0.04	0.30
Rented machinery and equipment subindex	2.78	2.79	0.04	0.04	2.40	2.60	0.02	0.03
Worker earnings subindex	3.83	3.79	0.78	0.78	3.71	3.96	0.88	0.94

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

**Table A 23**  
**Contractual Wages**

Period		Contractual Wages					
		Total			Manufacturing		
		Annual Percentage Increase	Number of Workers (Thousands)	Number of Enterprises	Annual Percentage Increase	Number of Workers (Thousands)	Number of Enterprises
1997	Average	19.5	1,495	4,074	20.4	418	1,972
1998	Average	17.7	1,568	4,525	18.2	501	2,168
1999	Average	16.5	1,572	4,671	17.9	499	2,107
2000	Average	12.4	1,819	5,358	13.3	624	2,352
2001	Average	9.1	1,732	5,679	10.0	575	2,345
2002	Average	5.8	1,757	5,487	6.4	550	2,446
2003	Average	4.7	1,763	5,337	5.2	526	2,294
2004	Average	4.1	1,776	5,920	4.6	535	2,431
2005	Average	4.4	1,783	5,957	4.7	541	2,476
2006	Average	4.1	1,684	5,819	4.4	483	2,433
2004	Jan	4.6	149	516	4.6	49	221
	Feb	4.5	154	640	4.4	91	299
	Mar	4.4	169	675	4.6	65	306
	Apr	4.3	235	731	4.7	53	298
	May	4.4	99	636	4.7	48	260
	Jun	5.1	77	500	5.0	31	203
	Jul	4.1	201	335	5.0	20	150
	Aug	4.5	65	443	4.6	29	209
	Sep	4.8	76	362	4.8	47	156
	Oct	3.2	439	415	4.5	31	133
	Nov	4.1	76	335	3.8	53	102
	Dec	4.3	34	332	4.3	19	94
2005	Jan	4.3	179	452	4.6	58	226
	Feb	4.6	144	676	4.6	87	334
	Mar	4.6	173	657	4.9	58	279
	Apr	4.4	249	638	4.7	56	312
	May	4.5	77	634	4.7	36	215
	Jun	4.5	61	551	4.7	33	205
	Jul	5.0	57	413	5.0	22	167
	Aug	4.2	213	531	4.5	33	229
	Sep	4.6	84	371	4.6	58	159
	Oct	4.1	440	394	4.5	27	149
	Nov	4.8	81	362	4.9	59	122
	Dec	4.5	26	278	4.4	13	79
2006	Jan	4.4	185	519	4.8	54	244
	Feb	4.2	141	693	4.3	93	330
	Mar	4.2	180	791	4.4	71	371
	Apr	4.4	116	560	4.6	27	196
	May	4.2	164	502	4.4	44	222
	Jun	4.6	63	601	4.3	32	209
	Jul	4.9	38	272	4.9	22	122
	Aug	4.1	205	514	4.4	35	236
	Sep	4.3	72	367	4.3	49	188
	Oct	3.6	434	432	4.3	31	143
	Nov	4.0	68	313	4.6	16	109
	Dec	4.7	19	255	4.9	8	63

Source: Ministry of Labor (*Secretaría del Trabajo y Previsión Social, STPS*).

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

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

Period	Labor Productivity		Unit Labor Costs	
	Manufactures	Maquila	Manufactures	Maquila
1998 Average	3.3	-0.7	-0.3	4.7
1999 Average	2.9	-0.4	-1.4	2.7
2000 Average	5.3	0.8	0.7	3.7
2001 Average	1.2	-2.6	5.4	12.0
2002 Average	5.5	0.3	-3.2	5.4
2003 Average	2.1	2.4	-0.7	-2.4
2004 Average	7.1	2.5	-6.3	-2.6
2005 Average	2.1	-1.1	-2.2	1.4
2006 Average	3.5	0.2	-2.8	1.5
2004 Jan	5.7	0.6	-4.7	1.2
Feb	6.9	0.8	-4.7	0.3
Mar	11.3	4.8	-8.4	-2.0
Apr	6.9	5.3	-4.2	-3.3
May	5.3	3.3	-6.1	-3.8
Jun	9.1	3.3	-7.8	-2.6
Jul	6.2	1.4	-6.3	-3.8
Aug	8.4	0.9	-8.1	-3.4
Sep	7.7	6.1	-6.0	-3.0
Oct	3.5	-1.3	-5.1	-2.0
Nov	8.0	-0.2	-7.1	-4.6
Dec	6.3	4.5	-7.1	-4.3
2005 Jan	2.4	-2.2	-3.0	-0.3
Feb	3.5	-1.6	-3.4	-0.6
Mar	-4.4	-0.7	4.5	0.8
Apr	7.7	-4.3	-8.9	0.9
May	4.3	-4.4	-4.2	7.0
Jun	0.9	1.2	0.5	0.4
Jul	-1.1	-2.2	-0.5	1.1
Aug	2.5	1.8	-2.2	1.8
Sep	1.1	-1.2	-1.9	2.6
Oct	3.1	-1.1	-2.5	0.5
Nov	3.7	2.3	-2.3	1.5
Dec	1.5	-0.4	-2.3	1.6
2006 Jan	6.8	1.7	-5.6	-0.2
Feb	4.0	0.0	-2.8	1.8
Mar	9.7	2.1	-8.2	1.1
Apr	-2.8	-1.1	4.0	3.6
May	5.1	0.7	-3.6	1.8
Jun	5.5	0.7	-5.2	1.1
Jul	3.6	-2.4	-2.9	2.9
Aug	2.8	4.1	-0.3	0.2
Sep	2.6	-2.3	-2.5	-1.4
Oct	1.7	-0.3	-2.2	1.0
Nov	3.1	1.9	-2.5	2.7
Dec	-0.1	-2.5	-2.2	2.7

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

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

Period	Nominal Earnings		Real Earnings		
	Manufactures	Maquila	Manufactures	Maquila	
1998	Average	19.2	20.4	2.9	3.9
1999	Average	18.3	19.4	1.4	2.3
2000	Average	16.1	14.4	6.0	4.5
2001	Average	13.4	16.0	6.6	9.0
2002	Average	7.1	11.0	2.0	5.7
2003	Average	6.0	4.5	1.4	0.0
2004	Average	5.0	4.5	0.3	-0.2
2005	Average	3.8	4.3	-0.2	0.3
2006	Average	4.1	5.4	0.5	1.7
2004	Jan	5.0	6.1	0.7	1.8
	Feb	6.5	5.7	1.9	1.1
	Mar	6.3	7.0	2.0	2.7
	Apr	6.7	6.2	2.4	1.9
	May	3.0	3.6	-1.2	-0.6
	Jun	5.0	5.0	0.6	0.6
	Jul	4.0	1.9	-0.5	-2.5
	Aug	4.4	2.2	-0.4	-2.5
	Sep	6.4	8.1	1.3	2.9
	Oct	3.6	2.0	-1.7	-3.2
	Nov	5.8	0.4	0.3	-4.8
	Dec	3.9	5.2	-1.3	0.0
2005	Jan	3.9	1.9	-0.6	-2.5
	Feb	4.3	2.0	0.0	-2.2
	Mar	4.3	4.4	-0.1	0.0
	Apr	2.6	1.1	-1.9	-3.4
	May	4.5	7.0	-0.1	2.3
	Jun	5.7	6.1	1.3	1.7
	Jul	2.8	3.2	-1.6	-1.2
	Aug	4.3	7.7	0.3	3.6
	Sep	2.7	4.9	-0.8	1.4
	Oct	3.6	2.3	0.5	-0.7
	Nov	4.2	6.9	1.3	3.8
	Dec	2.5	4.6	-0.8	1.2
2006	Jan	4.8	5.5	0.8	1.5
	Feb	4.9	5.6	1.1	1.8
	Mar	4.2	6.7	0.7	3.2
	Apr	4.4	5.8	1.1	2.5
	May	4.4	5.6	1.3	2.6
	Jun	3.2	5.0	0.0	1.8
	Jul	3.7	3.5	0.6	0.4
	Aug	6.0	8.0	2.5	4.3
	Sep	4.2	0.4	0.1	-3.6
	Oct	3.6	5.1	-0.6	0.7
	Nov	4.6	8.9	0.5	4.6
	Dec	1.6	4.2	-2.3	0.2

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

**Table A 26**  
**Ex-ante and Ex-post Real Contractual Wages**  
 Annual percentage change

Period	Ex-Post <sup>1/</sup>	Ex-Ante <sup>2/</sup>	Expected Inflation <sup>3/</sup>
1998 Average	3.21	3.47	14.00
1999 Average	0.76	2.59	13.32
2000 Average	6.26	3.13	8.88
2001 Average	5.47	2.42	6.40
2002 Average	3.91	1.51	4.21
2003 Average	1.20	0.59	4.14
2004 Average	0.02	0.11	4.03
2005 Average	0.15	0.32	4.04
2006 Average	0.63	0.54	3.57
2004 Jan	0.98	0.62	3.94
Feb	0.40	0.58	3.90
Mar	0.76	0.55	3.82
Apr	0.77	0.46	3.86
May	0.62	0.38	3.96
Jun	1.29	1.05	4.02
Jul	0.01	0.07	4.05
Aug	0.55	0.42	4.05
Sep	-0.09	0.72	4.04
Oct	-1.14	-0.88	4.14
Nov	-1.05	-0.18	4.31
Dec	-0.90	-0.06	4.32
2005 Jan	0.04	0.09	4.25
Feb	0.22	0.22	4.33
Mar	0.00	0.30	4.25
Apr	-0.25	0.21	4.19
May	-0.23	0.40	4.11
Jun	0.75	0.25	4.27
Jul	-0.33	0.80	4.14
Aug	0.52	0.20	3.99
Sep	1.23	0.67	3.89
Oct	0.17	0.28	3.79
Nov	1.17	1.08	3.64
Dec	0.90	0.90	3.60
2006 Jan	0.39	0.83	3.55
Feb	0.78	0.70	3.50
Mar	1.11	0.61	3.55
Apr	1.17	0.80	3.61
May	1.49	0.48	3.67
Jun	1.31	0.91	3.70
Jul	1.85	1.24	3.61
Aug	0.70	0.47	3.64
Sep	0.47	0.74	3.54
Oct	-0.20	0.15	3.48
Nov	0.64	0.52	3.50
Dec	0.46	1.16	3.50

Source: Prepared by Banco de México with data from the Ministry of Labor (*Secretaría del Trabajo y Previsión Social*, STPS), and Banco de México.

1/ Ex-post real wage changes are defined as nominal wage increases granted in the previous 12 months deflated by annual inflation observed during the analyzed month.

2/ Real ex-ante wages are calculated according to inflation expectations for the next 12 months.

3/ Banco de México Survey of Private Sector Economic Analysts' Forecasts.

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

Period	National	Geographic Regions <sup>2/</sup>		
	Average <sup>1/</sup>	A	B	C
1989 January 1	7.83	8.64	8.00	7.21
1989 July 1	8.31	9.16	8.48	7.64
1989 December 4	9.14	10.08	9.33	8.41
1990 November 16	10.79	11.90	11.00	9.92
1991 November 11	12.08	13.33	12.32	11.12
1993 January 1	13.06	14.27	13.26	12.05
1994 January 1	13.97	15.27	14.19	12.89
1995 January 1	14.95	16.34	15.18	13.79
1995 April 1	16.74	18.30	17.00	15.44
1995 December 4	18.43	20.15	18.70	17.00
1996 April 1	20.66	22.60	20.95	19.05
1996 December 3	24.30	26.45	24.50	22.50
1998 January 1	27.99	30.20	28.00	26.05
1998 December 3	31.91	34.45	31.90	29.70
2000 January 1	35.12	37.90	35.10	32.70
2001 January 1	37.57	40.35	37.95	35.85
2002 January 1	39.74	42.15	40.10	38.30
2003 January 1	41.53	43.65	41.85	40.30
2004 January 1	43.30	45.24	43.73	42.11
2005 January 1	45.24	46.80	45.35	44.05
2006 January 1	47.05	48.67	47.16	45.81
2007 January 1	48.88	50.57	49.00	47.60

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

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



## **Monetary and Financial Indicators**

---



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

	2003	2004	2005	2006
Monetary Aggregates <sup>1/</sup>	Annual real percentage change			
Monetary base	10.71	8.85	7.86	12.38
M1	7.01	8.75	6.93	11.60
M4	6.61	7.47	10.42	10.57
	GDP percentage			
Monetary Base	3.61	3.68	3.81	4.05
M1	10.64	10.83	11.11	11.74
M4	46.86	47.12	49.89	52.23
Nominal Interest Rates <sup>2/</sup>	Annual percentage change			
28-day TIIE	6.83	7.15	9.61	7.51
28-day Cetes	6.23	6.82	9.20	7.19
CPP	4.45	4.62	6.47	5.14
CCP	5.15	5.41	7.64	6.06
Exchange Rate <sup>3/</sup>	Pesos per US dollar			
To settle liabilities denominated in foreign currency	11.2360	11.2648	10.7777	10.8810
Mexican Stock Exchange <sup>3/</sup>	Index base 1978=100			
Stock Exchange Index ( <i>IPC</i> )	8,795	12,918	17,803	26,448

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

1/ Average of stocks at end of month.

2/ Average of daily or weekly observations.

3/ At end of period

**Table A 29**  
**Monetary Aggregates**  
Stocks in thousand million pesos

End of period	Monetary Base	M1	M2	M3	M4
Nominal stocks					
1993	47.2	157.0	469.5	540.6	580.1
1994	56.9	163.8	554.8	657.0	724.1
1995	66.8	171.6	754.4	784.5	869.2
1996	84.0	245.3	995.2	1,025.8	1,116.1
1997	108.9	325.8	1,290.1	1,320.5	1,400.4
1998	131.5	388.2	1,663.2	1,689.8	1,775.6
1999	188.7	489.9	2,030.7	2,047.6	2,121.3
2000	208.9	565.0	2,331.1	2,359.4	2,415.8
2001	225.6	680.7	2,731.8	2,760.2	2,809.0
2002	263.9	766.5	3,027.9	3,053.1	3,096.9
2003	303.6	857.7	3,420.5	3,454.4	3,487.0
2004	340.2	946.6	3,777.2	3,866.4	3,905.4
2005	380.0	1,068.5	4,347.9	4,485.7	4,527.8
2006					
Jan	354.7	1,017.8	4,321.5	4,464.8	4,507.3
Feb	346.4	1,013.6	4,389.8	4,545.0	4,582.2
Mar	353.0	1,034.0	4,470.0	4,636.5	4,675.4
Apr	357.8	1,043.6	4,519.8	4,702.4	4,740.3
May	358.0	1,049.0	4,487.4	4,664.2	4,704.4
Jun	369.1	1,097.4	4,569.2	4,749.7	4,794.0
Jul	368.7	1,092.4	4,563.5	4,722.3	4,765.6
Aug	363.4	1,062.2	4,595.3	4,743.0	4,787.8
Sep	367.1	1,075.7	4,631.1	4,785.6	4,829.8
Oct	368.3	1,069.2	4,642.7	4,803.8	4,854.7
Nov	395.7	1,119.4	4,766.7	4,939.9	4,991.3
Dec	449.8	1,220.0	4,923.9	5,101.1	5,152.9
Average stocks as a percentage of GDP <sup>1/</sup>					
1993	2.96	10.51	33.12	38.25	41.19
1994	3.17	10.44	35.01	40.70	43.93
1995	2.73	7.51	34.01	37.49	41.33
1996	2.49	7.51	34.43	35.36	38.78
1997	2.63	8.41	35.74	36.71	39.25
1998	2.69	8.55	37.73	38.52	40.75
1999	2.85	8.59	40.10	40.51	42.20
2000	2.99	8.74	40.03	40.37	41.57
2001	3.17	9.52	43.32	43.75	44.75
2002	3.44	10.47	45.20	45.61	46.25
2003	3.61	10.64	45.82	46.33	46.86
2004	3.68	10.83	45.83	46.65	47.12
2005	3.81	11.11	47.97	49.41	49.89
2006	4.05	11.74	49.95	51.75	52.23

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

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

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

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

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

<sup>1/</sup> Based on average of observations at end of month.

**Table A 30**  
**Monetary Base**  
Stocks in thousand million pesos

End of period	Monetary Base	Liabilities		Assets	
		Bills and Coins in Circulation <sup>1/</sup>	Bank Deposits	Net Domestic Credit	Net International Assets <sup>2/</sup>
1993	47.193	47.193	0.000	-17.247	64.440
1994	56.935	56.920	0.015	41.896	15.040
1995	66.809	66.809	0.000	55.649	11.160
1996	83.991	83.991	0.000	34.307	49.684
1997	108.891	108.736	0.156	-51.049	159.940
1998	131.528	131.109	0.419	-100.836	232.364
1999	188.718	188.718	0.000	-71.350	260.068
2000	208.943	208.880	0.063	-133.443	342.386
2001	225.580	225.223	0.358	-185.735	411.315
2002	263.937	263.937	0.000	-265.566	529.503
2003	303.614	303.614	0.000	-360.043	663.657
2004	340.178	340.178	0.000	-375.992	716.170
2005					
Jan	316.647	316.647	0.000	-413.524	730.171
Feb	307.241	307.241	0.000	-404.000	711.241
Mar	311.856	311.856	0.000	-405.181	717.037
Apr	306.993	306.993	0.000	-389.351	696.344
May	307.690	307.690	0.000	-368.663	676.354
Jun	314.149	314.149	0.000	-393.095	707.244
Jul	315.322	315.322	0.000	-390.119	705.440
Aug	306.033	306.033	0.000	-431.181	737.214
Sep	312.475	312.475	0.000	-443.017	755.491
Oct	316.469	316.469	0.000	-451.733	768.202
Nov	327.170	327.170	0.000	-443.212	770.382
Dec	380.034	380.034	0.000	-408.133	788.167
2006					
Jan	354.741	354.741	0.000	-447.573	802.314
Feb	346.431	346.431	0.000	-444.674	791.105
Mar	353.044	353.044	0.000	-475.366	828.410
Apr	357.800	357.800	0.000	-512.533	870.333
May	358.024	358.024	0.000	-562.600	920.624
Jun	369.072	369.072	0.000	-588.846	957.918
Jul	368.681	368.681	0.000	-538.567	907.248
Aug	363.432	363.432	0.000	-549.340	912.772
Sep	367.140	367.140	0.000	-550.268	917.408
Oct	368.271	368.271	0.000	-467.127	835.397
Nov	395.670	395.513	0.158	-452.274	847.944
Dec	449.821	449.821	0.000	-375.146	824.967

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

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



**Table A 31**  
**Monetary Aggregates M1, M2, M3 and M4**  
**Stocks in thousand million pesos**

	December					
	2001	2002	2003	2004	2005	2006
1. Bills and coins held by the public	198.9	232.2	263.6	301.2	336.2	389.6
2. Checking accounts (pesos)	316.2	352.3	396.0	408.7	471.7	534.5
3. Checking accounts (US dollars)	84.2	84.3	74.0	96.8	95.3	97.7
4. Current account deposits	80.3	96.4	122.6	138.1	163.0	195.3
5. Savings and loan companies' demand deposits	1.0	1.3	1.5	1.8	2.4	2.9
<b>6. M1 = (1+2+3+4+5)</b>	<b>680.7</b>	<b>766.5</b>	<b>857.7</b>	<b>946.6</b>	<b>1,068.5</b>	<b>1,220.0</b>
7. Resident bank deposits	689.2	640.1	725.5	798.6	858.6	859.8
8. Savings and Loan Companies' bank deposits	5.0	6.0	7.7	9.7	11.8	14.2
9. Public securities held by residents <sup>1/</sup>	996.7	1,194.2	1,319.0	1,433.9	1,753.9	2,073.8
Federal government securities	654.6	761.0	829.7	728.5	838.7	1,205.2
Banco de México securities (BREMs)	143.7	160.0	138.0	195.3	213.1	82.7
IPAB securities	135.8	199.0	235.4	333.1	445.3	479.9
Other public securities	62.6	74.2	115.9	177.2	256.9	306.0
10. Private securities	96.3	133.1	176.5	206.0	218.0	256.3
11. Housing and other funds <sup>2/</sup>	263.8	288.1	334.1	382.4	437.1	499.8
<b>12. M2=(6+7+8+9+10+11)</b>	<b>2,731.8</b>	<b>3,027.9</b>	<b>3,420.5</b>	<b>3,777.2</b>	<b>4,347.9</b>	<b>4,923.9</b>
13. Non-resident bank deposits	11.2	7.7	9.1	10.8	24.6	32.4
14. Public securities held by non-residents	17.2	17.6	24.8	78.4	113.2	144.8
<b>15. M3=(12+13+14)</b>	<b>2,760.2</b>	<b>3,053.1</b>	<b>3,454.4</b>	<b>3,866.4</b>	<b>4,485.7</b>	<b>5,101.1</b>
16. Resident deposits in Mexican bank agencies abroad	33.0	30.3	19.1	29.4	27.3	42.8
17. Non-resident deposits in Mexican bank agencies abroad	15.9	13.5	13.5	9.6	14.7	8.9
<b>18. M4=(15+16+17)</b>	<b>2,809.0</b>	<b>3,096.9</b>	<b>3,487.0</b>	<b>3,905.4</b>	<b>4,527.8</b>	<b>5,152.9</b>

Note: Stocks may not coincide with components' totals due to rounding.

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

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

**Table A 32**  
**Credit Market Conditions Survey (Results up to Fourth Quarter of 2006)<sup>1/</sup>**  
**Percentage of responses**

Item	Total					4th Quarter 2006					
	2006	2006				By size of firm <sup>2/</sup>				By type of firm <sup>3/</sup>	
	4th	1st	2nd	3rd	4th	S	M	L	AAA	Exporter	Nonexporter
<b>Sources of financing</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Suppliers	60.2	61.4	59.0	60.3	60.6	65.9	61.1	52.8	51.9	59.5	61.8
Commercial banks	17.2	17.2	19.1	19.7	18.7	16.4	19.3	20.8	22.2	17.5	20.1
Foreign banks	2.7	2.7	3.2	3.2	2.6	2.2	2.5	3.5	3.7	2.3	3.0
Other firms from the same corporate group	13.0	12.3	12.6	11.0	12.2	11.6	14.3	9.7	11.1	12.8	11.5
Development banks	1.7	1.1	0.9	1.0	1.5	0.9	1.2	2.8	3.7	1.7	1.3
Headquarters	3.8	4.0	3.5	3.8	4.0	3.0	1.6	9.0	7.4	5.5	2.3
Other liabilities	1.4	1.3	1.7	1.0	0.4	0.0	0.0	1.4	0.0	0.7	0.0
<b>Firms using bank credit</b>	<b>24.3</b>	<b>21.6</b>	<b>26.5</b>	<b>25.0</b>	<b>22.9</b>	<b>18.5</b>	<b>22.7</b>	<b>30.0</b>	<b>26.1</b>	<b>23.9</b>	<b>21.8</b>
Destined for:											
Working capital	61.7	63.9	64.5	65.6	64.5	64.3	66.0	64.9	50.0	64.9	64.1
Liability Restructuring	12.3	11.1	10.7	10.4	8.7	11.9	5.7	10.8	0.0	10.8	6.3
Foreign trade transactions	6.2	6.3	4.7	4.3	5.1	4.8	3.8	5.4	16.7	4.1	6.3
Investment	14.8	13.9	16.0	16.0	15.2	14.3	17.0	13.5	16.7	17.6	12.5
Other purposes	5.0	4.8	4.1	3.7	6.5	4.7	7.5	5.4	16.6	2.6	10.8
<b>Firms that did not use bank credit</b>	<b>75.7</b>	<b>78.4</b>	<b>73.5</b>	<b>75.0</b>	<b>77.1</b>	<b>81.5</b>	<b>77.3</b>	<b>70.0</b>	<b>73.9</b>	<b>76.1</b>	<b>78.2</b>
Reason:											
High interest rates	30.7	28.3	25.9	26.4	29.1	30.6	30.2	25.0	14.3	27.6	30.7
Low demand for their products	4.2	4.7	4.5	5.1	4.2	4.8	3.8	3.8	0.0	4.8	3.6
Banks refusal to lend	7.8	9.0	9.9	10.5	12.3	13.7	12.3	9.6	14.3	13.8	10.7
Uncertainty regarding the country's economic conditions	12.3	11.7	13.9	11.4	11.2	11.3	12.3	9.6	14.3	10.3	12.1
Financial restructuring problems	10.4	6.4	7.2	6.6	6.7	4.0	10.4	5.8	0.0	6.9	6.4
Non-approval of credit applications	12.0	8.5	9.0	12.6	11.6	15.3	8.5	9.6	14.3	11.0	12.1
Overdue loan portfolio	2.9	2.3	2.7	2.1	3.2	1.6	5.7	1.9	0.0	4.1	2.1
Market competition problems	4.9	4.4	5.4	6.0	6.0	5.6	6.6	5.8	0.0	4.8	7.1
Other	14.8	24.7	21.5	19.3	15.7	13.1	10.2	28.9	42.8	16.7	15.2
<b>Firms granting financing</b>	<b>77.9</b>	<b>80.7</b>	<b>82.6</b>	<b>80.3</b>	<b>83.5</b>	<b>83.1</b>	<b>86.1</b>	<b>83.6</b>	<b>65.2</b>	<b>87.3</b>	<b>79.8</b>
Destined for:											
Clients	75.0	72.7	73.7	70.7	70.2	73.9	67.9	70.2	60.0	69.1	71.5
Suppliers	12.4	15.4	13.3	17.7	16.3	15.8	19.8	10.5	15.0	16.7	15.7
Other firms from the same corporate group	12.6	11.4	12.8	11.6	12.8	9.9	11.4	18.5	25.0	13.6	12.0
Other	0.0	0.5	0.2	0.0	0.7	0.4	0.9	0.8	0.0	0.6	0.8
Average maturity of financing granted (days)											
Clients	61	70	66	60	61	56	59	75	47	47	78
Suppliers	49	55	58	47	51	37	47	107	35	43	62
Other firms from the same corporate group	81	70	77	61	70	86	55	67	108	72	68
<b>Firms requesting credit in the following 3 months</b>	<b>61.4</b>	<b>65.5</b>	<b>67.0</b>	<b>65.9</b>	<b>67.1</b>	<b>71.4</b>	<b>63.9</b>	<b>65.5</b>	<b>65.2</b>	<b>66.4</b>	<b>67.7</b>

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

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

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

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

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

**Table A 33**  
**Total Financing to the Non-financial Private Sector**  
 Quarterly data  
 Stocks in million pesos

	Total financing	External Financing		Domestic Financing				Infonavit <sup>4/</sup>
		External direct <sup>1/</sup>	Debt instruments placed abroad <sup>2/</sup>	From commercial banks <sup>3/</sup>	From development banks <sup>3/</sup>	Non-bank intermediaries	Debt instruments issued	
2003								
Mar	1,883,758	384,453	190,757	621,400	86,010	159,164	111,756	330,217
Jun	1,882,024	368,327	175,059	610,961	82,449	165,144	136,499	343,586
Sep	1,932,403	378,804	180,452	615,917	81,657	168,480	153,782	353,313
Dec	1,977,233	381,660	194,335	630,947	80,297	180,562	146,431	363,000
2004								
Mar	2,006,268	363,065	208,688	632,843	79,125	186,555	158,098	377,895
Jun	2,037,892	369,740	191,189	648,950	78,179	201,470	157,517	390,847
Sep	2,082,234	375,755	181,632	676,089	76,461	213,780	159,864	398,653
Dec	2,131,177	376,510	172,971	727,598	48,003	231,458	162,822	411,816
2005								
Mar	2,194,208	373,400	205,456	744,521	47,689	240,220	156,051	426,871
Jun	2,216,986	366,647	204,847	776,260	47,336	248,139	153,310	420,448
Sep	2,239,726	365,212	199,460	781,227	47,726	259,019	164,271	422,811
Dec	2,332,996	362,760	205,634	860,228	48,940	260,412	166,002	429,020
2006								
Mar	2,402,013	372,911	197,714	913,509	47,478	252,811	161,303	456,288
Jun	2,529,276	416,033	205,121	977,228	51,359	261,203	161,245	457,087
Sep	2,608,103	418,835	198,320	1,042,630	49,660	271,211	159,902	467,545
Dec	2,764,532	419,613	210,221	1,131,812	51,888	297,167	175,836	477,995

1/ Includes financing from foreign suppliers and from foreign banks and other creditors. Source: Balance of Payments (does not include Pidiregas-PEMEX).

2/ Commercial paper, bonds and securities placed abroad. Source: Balance of Payments (does not include Pidiregas-PEMEX).

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

4/ Non-performing and performing mortgage portfolio from the National Employees' Housing Fund (*Instituto del Fondo Nacional de la Vivienda para los Trabajadores*, INFONAVIT). Source: Quarterly Financial Statements, INFONAVIT.

**Table A 34**  
**Financial System Flow of Funds Matrix (January–December 2006) <sup>1/</sup>**  
**Flows revalued as a percentage of GDP <sup>2/</sup>**

	Resident Private Sector <sup>3/</sup>			Public Sector <sup>4/</sup>			Banking Sector <sup>5/</sup>			External Sector	
	Use of funds (Assets)	Source of funds (Liabilities)	Net financing received	Use of funds (Assets)	Source of funds (Liabilities)	Net financing received	Use of funds (Assets)	Source of funds (Liabilities)	Net financing received	Use of funds (Assets)	Source of funds (Liabilities)
	a	b	c = b - a	d	e	f = e - d	g	h	i = h - g	j	k
<b>1. Change in domestic financial instruments (2 + 7 + 8 + 9)</b>	7.0	5.1	<b>-1.9</b>	1.7	4.7	<b>3.0</b>	0.2	-0.2	<b>-0.3</b>	0.8	
2. Financial instruments	7.0	1.2	<b>-5.9</b>	-0.6	6.3	<b>6.9</b>	-0.9	-1.5	<b>-0.6</b>	0.4	
3. Currency (bills and coins)	0.6		<b>-0.6</b>					0.6	<b>0.6</b>		
4. Checkable, time and savings deposits	1.1		<b>-1.1</b>	-0.6		<b>0.6</b>		0.6	<b>0.6</b>	0.1	
4.1 Non-financial enterprises and other institution	0.6		<b>-0.6</b>	-0.6		<b>0.6</b>		0.0	<b>0.0</b>	0.0	
4.2 Households	0.5		<b>-0.5</b>					0.6	<b>0.6</b>	0.1	
5. Securities issued <sup>6/</sup>	4.7	0.6	<b>-4.1</b>		6.2	<b>6.2</b>	-0.9	-2.7	<b>-1.8</b>	0.3	
6. Retirement and housing funds <sup>7/</sup>	0.7	0.6	<b>-0.1</b>		0.1	<b>0.1</b>					
7. Financing		2.4	<b>2.4</b>	1.3	-1.4	<b>-2.7</b>	1.0	1.3	<b>0.3</b>		
7.1 Non-financial enterprises and other institutions <sup>8/</sup>		0.5	<b>0.5</b>	1.3	-1.4	<b>-2.7</b>	-0.9	1.3	<b>2.2</b>		
7.2 Households		1.9	<b>1.9</b>				1.9	0.0	<b>-1.9</b>		
8. Shares and other equity		0.4	<b>0.4</b>				0.0		<b>0.0</b>	0.3	
9. Other financial system items <sup>9/</sup>		1.2	<b>1.2</b>	0.9	-0.3	<b>-1.2</b>	0.1		<b>-0.1</b>		
<b>10. Change in external financial instruments (11 + 12 + 13 + 14 + 15)</b>	0.8	1.9	<b>1.1</b>	0.4	-1.6	<b>-2.0</b>	0.3	0.6	<b>0.3</b>	0.9	1.4
11. Foreign direct investment		2.3	<b>2.3</b>							2.3	
12. External financing		-0.2	<b>-0.2</b>		-1.6	<b>-1.6</b>		0.6	<b>0.6</b>	-1.2	
13. Financial assets held abroad	0.8		<b>-0.8</b>	0.4		<b>-0.4</b>	0.3		<b>-0.3</b>		1.5
14. Banco de México international reserves							-0.1		<b>0.1</b>		-0.1
15. Errors and omissions (balance of payments)		-0.2	<b>-0.2</b>							-0.2	
<b>16. Statistical discrepancy<sup>10/</sup></b>		0.0	<b>0.0</b>							0.0	
<b>17. Total change in financial instruments (1+ 10 +16)</b>	7.8	7.0	<b>-0.8</b>	2.1	3.0	<b>1.0</b>	0.4	0.4	<b>0.0</b>	1.6	1.4

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

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

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

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

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

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

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

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

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

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

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



**Table A 35**  
**Banco de México's One-year Bonds (*Bonos de Regulación Monetaria, BREMs*) <sup>1/</sup>**  
**Weekly auction results**

Maturity (days)	Amount in Million Pesos			Price				
	Offered	Alloted	Tendered	Weighted placement	Maximum	Minimum alloted	Minimum	
05/01/2006	336	1,000	1,000	9,000	99.92030	99.92030	99.92030	99.90365
12/01/2006	364	1,000	1,000	10,500	99.91576	99.91782	99.91495	99.88403
19/01/2006	357	1,000	1,000	18,700	99.91719	99.91720	99.91718	99.90159
26/01/2006	350	1,000	1,000	4,100	99.91598	99.91826	99.91500	99.88802
02/02/2006	343	1,000	1,000	4,600	99.91945	99.91945	99.91945	99.00000
09/02/2006	364	1,000	1,000	17,050	99.91618	99.91680	99.91569	99.00001
16/02/2006	357	1,000	1,000	104,750	99.92011	99.92011	99.92011	99.80000
23/02/2006	350	1,000	1,000	5,600	99.92483	99.92483	99.92483	99.91551
02/03/2006	343	1,000	1,000	5,800	99.93179	99.93179	99.93179	99.91171
09/03/2006	336	1,000	1,000	58,900	99.91660	99.93315	99.90009	99.25000
16/03/2006	364	1,000	1,000	12,200	99.92550	99.92550	99.92550	99.90242
23/03/2006	357	1,000	1,000	11,000	99.92060	99.92060	99.92060	99.90415
30/03/2006	350	1,000	1,000	51,300	99.92607	99.92623	99.92603	99.50000
06/04/2006	343	1,000	1,000	19,600	99.93550	99.93550	99.93550	99.80000
12/04/2006	365	1,000	1,000	9,935	99.93198	99.93290	99.93190	99.89742
20/04/2006	357	1,000	1,000	19,210	99.93286	99.93310	99.93285	99.90000
27/04/2006	350	1,000	1,000	10,100	99.93152	99.93519	99.92955	99.91000
04/05/2006	343	1,000	1,000	215,750	99.88928	99.92861	99.80700	99.50000
11/05/2006	336	1,000	1,000	24,700	99.92304	99.92304	99.92304	99.86423
18/05/2006	364	1,000	1,000	44,582	99.91200	99.91200	99.91200	99.00000
25/05/2006	357	1,000	1,000	47,091	99.90520	99.90880	99.90480	99.00000
01/06/2006	350	1,000	1,000	98,010	99.91000	99.91000	99.91000	90.00100
08/06/2006	343	1,000	1,000	18,699	99.90902	99.90902	99.90902	99.02000
15/06/2006	364	1,000	1,000	8,500	99.86660	99.87416	99.84500	99.50000
22/06/2006	357	1,000	1,000	25,290	99.88577	99.88577	99.88577	98.00000
29/06/2006	350	1,000	1,000	7,400	99.90600	99.90600	99.90600	99.76472
06/07/2006	343	1,000	1,000	6,700	99.90411	99.90811	99.90010	99.80010
13/07/2006	336	1,000	1,000	9,200	99.89622	99.90760	99.88800	99.86423
20/07/2006	364	1,000	1,000	369,650	99.87636	99.88000	99.87596	99.00000
27/07/2006	357	1,000	1,000	17,139	99.88000	99.88000	99.87954	99.80809

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



**Table A 36**  
**Banco de México's Three-year Bonds (*Bonos de Regulación Monetaria, BREMs*)<sup>1/</sup>**  
**Weekly auction results**

Maturity (days)	Amount in Million Pesos			Price			
	Offered	Alloted	Tendered	Weighted placement	Maximum	Minimum alloted	Minimum
05/01/2006	1,000	1,000	10,500	99.67286	99.67390	99.67181	99.10558
12/01/2006	1,000	1,000	3,300	99.69382	99.69720	99.68890	99.61080
19/01/2006	1,000	1,000	6,700	99.71151	99.71151	99.71151	99.53322
26/01/2006	1,000	1,000	6,900	99.72264	99.72264	99.72264	99.35623
02/02/2006	1,000	1,000	2,700	99.71995	99.72759	99.71727	99.70307
09/02/2006	1,000	1,000	14,700	99.71314	99.71315	99.71314	99.00000
16/02/2006	1,000	1,000	5,023	99.72481	99.72554	99.72408	99.71483
23/02/2006	1,000	1,000	5,640	99.75356	99.75384	99.75344	99.72979
02/03/2006	1,000	1,000	4,300	99.76353	99.77174	99.76000	99.74376
09/03/2006	1,000	1,000	71,240	99.76253	99.76253	99.76253	99.50000
16/03/2006	1,000	1,000	8,430	99.77028	99.77036	99.77027	99.75196
23/03/2006	1,000	1,000	2,040	99.76796	99.77701	99.76758	99.75081
30/03/2006	1,000	1,000	4,200	99.76168	99.76168	99.76168	99.73000
06/04/2006	1,000	1,000	2,200	99.74920	99.74920	99.74920	99.73558
12/04/2006	1,000	1,000	2,100	99.74606	99.74606	99.74606	99.70164
20/04/2006	1,000	1,000	93,320	99.74499	99.74938	99.74490	99.00000
27/04/2006	1,000	1,000	1,000	99.74571	99.74571	99.74571	99.74571
04/05/2006	1,000	1,000	58,046	99.73800	99.73800	99.73800	99.46627
11/05/2006	1,000	1,000	44,100	99.74265	99.74265	99.74265	99.00000
18/05/2006	1,000	1,000	101,943	99.71457	99.72962	99.69280	99.00000
25/05/2006	1,000	1,000	121,955	99.69121	99.69121	99.69121	99.40000
01/06/2006	1,000	1,000	4,498	99.65440	99.65440	99.65440	99.02000
08/06/2006	1,000	1,000	12,300	99.46082	99.61923	99.35900	99.10000
15/06/2006	1,000	1,000	2,650	99.51416	99.51470	99.51370	99.10000
22/06/2006	1,000	1,000	5,450	99.54350	99.54350	99.54350	99.37930
29/06/2006	1,000	1,000	5,200	99.52331	99.53038	99.51860	99.15000
06/07/2006	1,000	1,000	29,250	99.52556	99.52600	99.52511	97.00000
13/07/2006	1,000	1,000	13,050	99.54050	99.54379	99.54001	99.39009
20/07/2006	1,000	1,000	1,550	99.50437	99.51228	99.49910	99.42000
27/07/2006	1,000	1,000	1,750	99.47778	99.48001	99.47630	99.39735

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



**Table A 37**  
**Banco de México's Five-year Bonds (*Bonos de Regulación Monetaria, BREMs*) <sup>1/</sup>**  
**Weekly auction results**

Maturity (days)	Amount in Million Pesos			Price			
	Offered	Alloted	Tendered	Weighted placement	Maximum	Minimum alloted	Minimum
05/01/2006	1,000	1,000	7,400	99.32290	99.32290	99.32290	99.26852
12/01/2006	1,000	1,000	3,500	99.33740	99.33740	99.33740	99.31115
19/01/2006	1,000	1,000	4,000	99.36167	99.36167	99.36167	99.35277
26/01/2006	1,000	1,000	10,800	99.40370	99.40772	99.40240	99.35580
02/02/2006	1,000	1,000	4,200	99.38393	99.38582	99.38038	99.35875
09/02/2006	1,000	1,000	12,900	99.39400	99.39400	99.39400	99.20000
16/02/2006	1,000	1,000	6,300	99.41779	99.42109	99.41449	99.00000
23/02/2006	1,000	1,000	11,450	99.42896	99.43078	99.42822	99.39983
02/03/2006	1,000	1,000	3,830	99.43139	99.43980	99.42500	99.41899
09/03/2006	1,000	1,000	799,800	99.43162	99.43540	99.42798	98.00000
16/03/2006	1,000	1,000	8,400	99.44212	99.44356	99.44151	99.41644
23/03/2006	1,000	1,000	17,200	99.42551	99.42551	99.42551	99.10000
30/03/2006	1,000	1,000	4,370	99.43241	99.45000	99.42562	99.40252
06/04/2006	1,000	1,000	4,200	99.40320	99.40320	99.40320	99.37878
12/04/2006	1,000	1,000	1,000	99.35896	99.35896	99.35896	99.35896
20/04/2006	1,000	1,000	16,200	99.39479	99.39531	99.39401	99.33016
27/04/2006	1,000	1,000	2,000	99.39390	99.39390	99.39390	99.34952
04/05/2006	1,000	1,000	2,800	99.38820	99.39570	99.38069	99.00000
11/05/2006	1,000	1,000	2,400	99.38791	99.39365	99.38615	99.38493
18/05/2006	1,000	1,000	217,100	99.35474	99.36040	99.35220	99.00000
25/05/2006	1,000	1,000	13,795	99.33450	99.34070	99.32830	99.00000
01/06/2006	1,000	1,000	13,000	99.25810	99.28700	99.24350	99.00000
08/06/2006	1,000	1,000	37,850	99.15455	99.15500	99.15200	98.80000
15/06/2006	1,000	1,000	2,750	99.16431	99.16435	99.16430	98.94000
22/06/2006	1,000	1,000	16,400	99.16800	99.16800	99.16800	99.13790
29/06/2006	1,000	1,000	1,200	99.16240	99.16240	99.16240	99.15115
06/07/2006	1,000	1,000	46,500	99.17001	99.17010	99.17000	98.74907
13/07/2006	1,000	1,000	7,700	99.22640	99.23945	99.22075	99.16680
20/07/2006	1,000	1,000	3,000	99.13951	99.14890	99.12861	98.75721
27/07/2006	1,000	1,000	3,300	99.00000	99.00000	99.00000	98.81298

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



**Table A 38**  
**Banco de México's One-year Bonds (Bondes D)**  
 Weekly auction results

	Maturity (days)	Amount in Million Pesos			Price			
		Offered	Alloted	Tendered	Weighted placement	Maximum	Minimum allotted	Minimum
17/08/2006	420	1,000	1,000	9,706	99.84360	99.84600	99.84300	99.70000
24/08/2006	413	1,000	1,000	5,850	99.85644	99.85644	99.85644	99.50000
31/08/2006	406	1,000	1,000	4,800	99.85335	99.85335	99.85335	99.80450
07/09/2006	399	1,000	1,000	43,000	99.86230	99.86230	99.86230	99.80776
14/09/2006	392	1,000	1,000	10,060	99.86787	99.86787	99.86787	99.81104
21/09/2006	364	1,000	1,000	8,000	99.87737	99.87737	99.87737	99.86291
28/09/2006	357	1,000	1,000	120,600	99.88310	99.88310	99.88310	99.70000
05/10/2006	350	1,000	1,000	32,390	99.88991	99.88991	99.88991	99.80000
12/10/2006	343	1,000	1,000	10,700	99.89298	99.89298	99.89298	99.80000
19/10/2006	364	1,000	1,000	23,200	99.88440	99.88440	99.88440	99.80000
26/10/2006	357	1,000	1,000	27,520	99.89259	99.89259	99.89259	99.86563
01/11/2006	351	1,000	1,000	38,494	99.89239	99.89240	99.89236	99.85839
09/11/2006	343	1,000	1,000	2,800	99.84530	99.88900	99.83100	99.83000
16/11/2006	336	1,000	1,000	41,199	99.87835	99.88000	99.87670	75.00000
23/11/2006	364	1,000	1,000	28,443	99.85179	99.85210	99.85140	99.80000
30/11/2006	357	1,000	1,000	3,000	99.86083	99.86083	99.86083	99.84405
07/12/2006	350	1,000	1,000	7,600	99.87768	99.87768	99.87768	70.00000
14/12/2006	343	1,000	1,000	3,500	99.88010	99.88010	99.88010	99.84500
21/12/2006	364	1,000	1,000	7,880	99.87290	99.87290	99.87290	99.80000
28/12/2006	357	1,000	1,000	12,500	99.86952	99.87524	99.86570	99.65000

**Table A 39**  
**Banco de México's Three-year Bonds (Bondes D)**  
 Weekly auction results

	Maturity (days)	Amount in Million Pesos			Price			
		Offered	Alloted	Tendered	Weighted placement	Maximum	Minimum allotted	Minimum
17/08/2006	1148	1,000	1,000	14,750	99.47507	99.48549	99.46593	99.00000
24/08/2006	1141	1,000	1,000	7,499	99.48320	99.48881	99.48000	99.00000
31/08/2006	1134	1,000	1,000	11,000	99.48639	99.49189	99.48428	99.35050
07/09/2006	1127	1,000	1,000	22,100	99.49460	99.49483	99.49457	99.35430
14/09/2006	1120	1,000	1,000	24,300	99.50600	99.50600	99.50600	99.35814
21/09/2006	1113	1,000	1,000	3,100	99.45846	99.48590	99.44538	99.44438
28/09/2006	1106	1,000	1,000	124,000	99.48983	99.50282	99.48663	99.30000
05/10/2006	1099	1,000	1,000	7,150	99.51935	99.51935	99.51935	99.45057
12/10/2006	1092	1,000	1,000	6,300	99.50897	99.51344	99.50826	99.46740
19/10/2006	1092	1,000	1,000	3,200	99.51321	99.51500	99.51118	99.40000
26/10/2006	1085	1,000	1,000	30,400	99.52049	99.52049	99.52049	99.45000
01/11/2006	1079	1,000	1,000	80,100	99.51212	99.51227	99.51208	99.00000
09/11/2006	1071	1,000	1,000	2,300	99.51951	99.51952	99.51951	99.40000
16/11/2006	1064	1,000	1,000	52,000	99.50215	99.51186	99.49297	75.00000
23/11/2006	1057	1,000	1,000	26,550	99.50111	99.50111	99.50111	99.39942
30/11/2006	1050	1,000	1,000	3,300	99.51860	99.51860	99.51860	99.47387
07/12/2006	1043	1,000	1,000	6,400	99.50948	99.50948	99.50948	80.00000
14/12/2006	1092	1,000	1,000	5,200	99.50910	99.50910	99.50910	99.47779
21/12/2006	1085	1,000	1,000	33,800	99.47332	99.49226	99.38540	70.00000
28/12/2006	1078	1,000	1,000	43,600	99.40968	99.43868	99.37310	99.20000



**Table A 40**  
**Banco de México's Five-year Bonds (Bondes D)**  
Weekly auction results

Maturity (days)	Amount in Million Pesos			Price				
	Offered	Alloted	Tendered	Weighted placement	Maximum	Minimum allotted	Minimum	
17/08/2006	1876	1,000	1,000	6,000	99.15543	99.16616	99.14332	98.80000
24/08/2006	1869	1,000	1,000	33,000	99.17938	99.18000	99.17667	99.06680
31/08/2006	1862	1,000	1,000	30,500	99.17803	99.18175	99.17742	99.04820
07/09/2006	1855	1,000	1,000	12,500	99.19383	99.19753	99.19111	99.09440
14/09/2006	1848	1,000	1,000	1,700	99.18449	99.18550	99.18348	99.16210
21/09/2006	1841	1,000	1,000	2,500	99.14808	99.16435	99.14401	99.05730
28/09/2006	1834	1,000	1,000	2,100	99.18766	99.18767	99.18766	99.12380
05/10/2006	1827	1,000	1,000	6,500	99.20127	99.20127	99.20127	99.14800
12/10/2006	1820	1,000	1,000	13,500	99.20145	99.20145	99.20145	99.15000
19/10/2006	1820	1,000	1,000	15,800	99.19281	99.19281	99.19281	99.10000
26/10/2006	1813	1,000	1,000	6,400	99.21856	99.21856	99.21856	99.00000
01/11/2006	1807	1,000	1,000	21,000	99.20850	99.21000	99.20813	99.00000
09/11/2006	1799	1,000	1,000	25,200	99.23445	99.23445	99.23445	99.00000
16/11/2006	1792	1,000	1,000	21,200	99.16836	99.21791	99.10100	75.00000
23/11/2006	1785	1,000	1,000	15,700	99.20000	99.20000	99.20000	70.00000
30/11/2006	1778	1,000	1,000	6,500	99.20208	99.20208	99.20208	97.00000
07/12/2006	1771	1,000	1,000	9,600	99.20099	99.20099	99.20099	70.00000
14/12/2006	1820	1,000	1,000	9,000	99.19530	99.19530	99.19530	99.16363
21/12/2006	1813	1,000	1,000	7,600	99.11482	99.12000	99.11260	98.94000
28/12/2006	1806	1,000	1,000	117,350	99.01100	99.01100	99.01100	70.00000



**Table A 41**  
**Representative Interest Rates**  
**Yields on Public Securities**  
**Annual percentage rates <sup>1/</sup>**

	Cetes <sup>2/</sup>				Fixed-rate Bond					
	28 days	91 days	182 days	364 days	3 years (1092 days)	5 years (1820 days)	7 years (2520 days)	10 years (3640 days)	20 years (7280 days)	30 years (10800 days)
1995	48.44	48.24	43.07	38.56						
1996	31.39	32.91	33.67	34.38						
1997	19.80	21.26	21.88	22.45						
1998	24.76	26.18	21.55	22.38						
1999	21.41	22.38	23.31	24.13						
2000	15.24	16.15	16.56	16.94	15.81	15.37				
2001	11.31	12.24	13.10	13.79	13.14	12.98		10.76		
2002	7.09	7.46	8.08	8.54	9.51	9.84	10.19	10.13		
2003	6.23	6.51	6.92	7.37	7.83	8.18	8.80	8.98	8.39	
2004	6.82	7.10	7.38	7.74	8.25	8.75	9.30	9.54	10.45	
2005	9.20	9.33	9.30	9.28	9.11	9.14	9.34	9.42	9.81	
2006	7.19	7.30	7.41	7.51	7.71	7.86	8.19	8.39	8.55	8.08
2004										
Jan	4.95	5.11	5.49	5.76	6.60	7.39	7.96	8.32	8.79	
Feb	5.57	5.63	5.85	6.26	7.19	7.74	8.26	8.38		
Mar	6.28	6.21	6.30	6.66	7.04	7.59	8.30	8.60	9.32	
Apr	5.98	5.96	6.14	6.18	7.12	7.74	8.48	8.92	9.67	
May	6.59	7.08	7.34	8.08	8.46	8.94	9.60	10.10	10.97	
Jun	6.57	7.26	7.72	8.23	9.20	9.27	10.22	10.30	11.35	
Jul	6.81	7.30	7.85	8.25	8.51	9.86	9.51	9.78	10.99	
Aug	7.21	7.50	7.94	8.55	9.00	9.54	9.92	10.03	11.24	
Sep	7.36	7.75	8.02	8.56	9.05	9.38	10.14	10.27	10.79	
Oct	7.76	8.11	8.34	8.70	8.98	8.92	9.74	9.69	10.53	
Nov	8.20	8.58	8.81	9.08	8.92	9.36	9.75	10.35	11.03	
Dec	8.50	8.72	8.70	8.61	8.91	9.25	9.68	9.72	10.25	
2005										
Jan	8.60	8.74	8.62	8.61	8.80	9.17	9.22	10.02	10.10	
Feb	9.15	9.31	9.28	9.24	9.40	9.35	9.86	9.62	10.02	
Mar	9.41	9.74	9.78	9.88	9.73	9.60	9.98	10.26	10.52	
Apr	9.63	10.00	10.14	10.30	10.09	10.50	10.51	10.41	11.18	
May	9.75	9.92	10.03	10.18	9.83	10.31	10.03	9.84	10.87	
Jun	9.63	9.76	9.74	9.71	9.29	9.33	9.46	9.56	9.88	
Jul	9.61	9.74	9.68	9.59	9.10	9.28	9.10	9.37	9.82	
Aug	9.60	9.69	9.61	9.63	9.36	9.19	9.45	9.40	9.70	
Sep	9.21	9.14	8.91	8.94	8.78	8.32	8.70	8.50	9.02	
Oct	8.91	8.95	8.87	8.81	8.54	8.40	8.65	8.85	9.08	
Nov	8.71	8.76	8.74	8.55	8.41	8.36	8.85	8.73	8.94	
Dec	8.22	8.20	8.17	7.92	8.01	7.88	8.28	8.45	8.55	
2006										
Jan	7.88	7.80	7.70	7.70	7.45	7.86	7.85	8.25	8.44	
Feb	7.61	7.57	7.56	7.52	7.62	7.81	7.90	8.21	8.37	
Mar	7.37	7.38	7.49	7.57	7.64	7.87	8.20	8.25	8.43	
Apr	7.17	7.28	7.46	7.71	8.23	8.00	8.65	8.57	9.19	
May	7.02	7.12	7.29	7.44	7.84	8.07	8.45	8.81	8.68	
Jun	7.02	7.33	7.56	7.56	8.50	8.47	9.35	9.73	9.49	
Jul	7.03	7.18	7.35	7.51	7.94	7.91	8.35	8.69	8.84	
Aug	7.03	7.17	7.31	7.48	7.64	7.87	7.93	8.08	8.65	
Sep	7.06	7.18	7.35	7.53	7.48	7.79	8.01	8.23	8.47	
Oct	7.05	7.21	7.42	7.50	7.62	7.88	8.24	8.40		8.08
Nov	7.04	7.16	7.26	7.28	7.39	7.50	7.88	7.88	7.95	
Dec	7.04	7.16	7.20	7.27	7.18	7.28	7.41	7.56	7.57	

1/ Simple average.

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

Continues



Continues

**Representative Interest Rates**  
**Yields on Public Securities**  
**Annual percentage rates <sup>1/</sup>**

	Bondes <sup>2/</sup>	Udibonos <sup>3/</sup>			BPAs <sup>4/ 5/</sup>	BPATs <sup>4/ 6/</sup>	BPA 182 <sup>4/ 2/</sup>
	5 years (1820 days)	10 years (3640 days)	20 years (7280 days)	30 years (10800 days)	3 years (1092 days)	5 years (1820 days)	7 years (2548 days)
1995							
1996							
1997							
1998							
1999		6.93					
2000	0.94	6.74			1.11		
2001	0.67	6.63			0.82		
2002	0.40	5.52			0.73	0.84	
2003	0.42	4.59			0.60	0.69	
2004	0.25	4.79			0.38	0.40	0.38
2005	0.16	4.92			0.23	0.21	0.20
2006		4.17	4.34	4.41	0.20	0.20	0.20
2004							
Jan	0.37	3.99			0.45	0.51	
Feb	0.37	4.07			0.45	0.53	
Mar	0.37				0.41	0.50	
Apr	0.27	4.21			0.38	0.46	
May	0.25	5.12			0.37	0.39	0.41
Jun	0.22				0.38	0.37	0.39
Jul	0.20	5.59			0.38	0.37	0.41
Aug	0.22	5.29			0.39	0.37	0.40
Sep	0.21	5.00			0.38	0.37	0.39
Oct	0.19	4.74			0.34	0.35	0.39
Nov	0.17	4.96			0.33	0.32	0.36
Dec	0.16	4.88			0.31	0.30	0.29
2005							
Jan	0.16	5.16			0.27	0.26	0.26
Feb	0.16	5.07			0.22	0.23	0.24
Mar	0.16	5.08			0.23	0.22	0.24
Apr	0.16	5.99			0.22	0.22	0.23
May	0.15	5.67			0.24	0.22	0.23
Jun	0.14	5.03			0.22	0.20	0.20
Jul	0.15	4.90			0.21	0.17	0.17
Aug	0.14	4.75			0.23	0.18	0.18
Sep	0.15	4.18			0.23	0.17	0.09
Oct	0.16	4.40			0.24	0.20	0.22
Nov	0.16	4.51			0.22	0.21	0.20
Dec	0.17	4.30			0.20	0.21	0.18
2006							
Jan		4.09	4.25	4.40	0.22	0.22	0.22
Feb		4.09	4.19	4.24	0.19	0.22	0.22
Mar		4.06	4.20	4.28	0.18	0.22	0.24
Apr		4.25	4.65	4.68	0.19	0.21	0.23
May		4.40	4.72	4.74	0.20	0.20	0.22
Jun		5.00	5.13	5.19	0.25	0.20	0.23
Jul		4.47	4.69	4.85	0.22	0.19	0.22
Aug		4.04	4.33	4.39	0.20	0.19	0.19
Sep		4.00	4.08	4.10	0.19	0.19	0.18
Oct		4.04	4.15	4.23	0.18	0.18	0.18
Nov		3.95	3.99	4.04	0.17	0.17	0.16
Dec		3.66	3.75	3.80	0.18	0.16	0.16

1/ Simple average.

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

3/ Federal government development bonds denominated in UDIs paying a fixed real interest rate.

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

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

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



**Table A 42**  
**Representative Interest Rates**  
 Cost of Bank Deposits, Interbank Interest Rates, Overnight Interest Rate, and Commercial Paper  
 Annual percentage rates <sup>1/</sup>

	Cost of Bank Deposits					Interbank Interest Rates			Overnight Interest Rate Weighted Average		Short-term Private Securities <sup>2/</sup>
	CCP	CCP-USD	CCP-Udis	CCP Development banks	CPP	28-day TIIE	91-day TIIE	91-day Mexibor	Bank	Government	
1995			6.81	45.12		55.21			52.56	48.00	59.43
1996	30.92	7.19	7.92	30.71		33.61			32.15	30.53	36.39
1997	20.04	6.63	6.59	19.12		21.91	22.29		20.98	19.88	22.14
1998	22.39	6.41	5.77	21.09		26.89	27.14		24.93	23.70	26.36
1999	20.89	6.32	4.07	19.73		24.10	24.63		22.45	20.80	23.74
2000	14.59	6.77	4.06	13.69	17.69	16.96	17.23		16.16	15.34	16.93
2001	10.95	5.33	5.26	10.12	12.75	12.89	13.43	10.42	11.95	11.13	12.80
2002	6.17	3.30	5.82	5.36	7.72	8.17	8.45	8.09	7.15	7.00	8.21
2003	5.15	2.95	5.75	4.45	6.61	6.83	7.15	6.81	6.15	5.96	7.02
2004	5.41	2.91	4.88	4.62	6.95	7.15	7.44	7.26	6.75	6.57	7.44
2005	7.64	3.61	5.50	6.47	9.46	9.61	9.63	9.50	9.30	9.00	9.70
2006	6.06	4.05	5.45	5.14	7.55	7.51	7.69	7.38	7.23	7.07	7.51
2004											
Jan	4.36	2.59	5.50	3.67	5.73	5.36	5.55	5.29	5.07	4.93	5.57
Feb	4.28	2.51	4.76	3.64	5.70	5.79	6.07	5.76	5.67	5.48	6.27
Mar	4.93	2.75	4.79	4.19	6.38	6.49	6.55	6.26	6.41	6.24	7.04
Apr	4.82	3.01	4.80	4.12	6.16	6.17	6.37	6.23	5.96	5.81	6.42
May	5.09	2.98	5.29	4.30	6.53	6.95	7.31	7.15	6.41	6.23	7.24
Jun	5.17	2.94	5.36	4.41	6.66	7.02	7.59	7.46	6.36	6.15	7.25
Jul	5.38	2.96	4.49	4.59	6.87	7.11	7.63	7.34	6.64	6.46	7.54
Aug	5.61	3.02	4.50	4.77	7.18	7.50	7.84	7.73	6.96	6.77	7.66
Sep	5.82	3.03	4.48	5.03	7.47	7.78	8.06	7.95	7.29	7.09	7.98
Oct	6.08	2.97	4.58	5.26	7.82	8.05	8.46	8.23	7.67	7.47	8.29
Nov	6.47	3.06	4.74	5.63	8.21	8.60	8.85	8.74	8.01	7.82	8.85
Dec	6.92	3.05	5.25	5.84	8.74	8.93	9.03	8.95	8.55	8.38	9.15
2005											
Jan	6.99	3.11	5.46	5.85	8.91	8.97	9.03	8.95	8.73	8.55	9.01
Feb	7.19	3.26	5.61	6.08	9.17	9.47	9.59	9.40	9.12	8.88	9.77
Mar	7.52	3.27	5.63	6.39	9.41	9.78	9.98	9.84	9.28	9.05	10.12
Apr	7.78	3.40	5.67	6.61	9.67	10.01	10.22	10.11	9.52	9.30	10.18
May	8.02	3.49	5.69	6.78	9.81	10.12	10.21	10.11	9.75	9.40	10.43
Jun	7.99	3.58	5.78	6.71	9.83	10.01	10.01	9.94	9.75	9.34	10.08
Jul	7.96	3.61	5.56	6.72	9.86	10.01	10.03	9.87	9.75	9.33	10.01
Aug	8.03	3.77	5.33	6.84	9.85	9.98	10.03	9.84	9.71	9.29	10.05
Sep	7.88	3.87	5.32	6.71	9.63	9.65	9.45	9.40	9.43	9.09	9.59
Oct	7.73	3.92	5.32	6.62	9.40	9.41	9.25	9.14	9.23	8.97	9.32
Nov	7.45	4.03	5.32	6.38	9.16	9.17	9.14	8.88	8.96	8.67	9.19
Dec	7.15	4.04	5.36	5.89	8.78	8.72	8.64	8.54	8.40	8.15	8.59
2006											
Jan	6.89	4.03	5.40	5.73	8.57	8.41	8.16	8.26	8.20	8.06	8.23
Feb	6.56	3.95	5.43	5.57	8.07	7.97	7.93	7.87	7.73	7.56	7.94
Mar	6.41	3.65	5.43	5.50	7.78	7.68	7.78	7.55	7.45	7.15	7.68
Apr	6.21	3.73	5.46	5.22	7.67	7.51	7.72	7.33	7.18	6.91	7.60
May	6.05	3.81	5.48	5.09	7.31	7.32	7.59	7.17	7.02	6.73	7.32
Jun	5.93	4.01	5.73	5.08	7.30	7.33	7.68	7.17	7.02	6.78	7.34
Jul	5.81	4.11	6.59	4.95	7.31	7.31	7.57	7.15	7.01	6.85	7.28
Aug	5.81	4.16	5.21	4.97	7.32	7.30	7.48	7.15	7.01	6.88	7.35
Sep	5.71	4.19	5.15	4.89	7.32	7.31	7.50	7.17	7.03	6.96	7.31
Oct	5.77	4.29	5.15	4.92	7.30	7.31	7.65	7.27	7.01	6.95	7.36
Nov	5.76	4.38	5.12	4.94	7.30	7.30	7.62	7.20	7.02	6.98	7.34
Dec	5.78	4.28	5.25	4.82	7.32	7.34	7.60	7.21	7.05	7.04	7.40

<sup>1/</sup> Simple average.

<sup>2/</sup> 28-day interest rate calculated based on data from the Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV).

**Table A 43**  
**Representative Exchange Rates**  
 Pesos per US dollar

	Exchange Rate for Settling Liabilities Payable in Foreign Currency in Mexico <sup>1/</sup>		48-Hour Interbank Exchange Rate Closing References <sup>2/</sup>			
	End of period	Period average	Buy		Sell	
			End of period	Period average	End of period	Period average
2001	9.1423	9.3425	9.1350	9.3350	9.1600	9.3399
2002	10.3125	9.6560	10.3800	9.6658	10.3950	9.6704
2003	11.2360	10.7890	11.2285	10.7972	11.2320	10.8023
2004	11.2648	11.2860	11.1500	11.2859	11.1510	11.2893
2005	10.7777	10.8979	10.6255	10.8923	10.6271	10.8945
2006	10.8810	10.8992	10.7975	10.9025	10.8090	10.9049
2003						
Jan	10.9863	10.5762	10.9055	10.6416	10.9130	10.6471
Feb	11.0329	10.9216	11.0170	10.9354	11.0220	10.9405
Mar	10.7671	10.9427	10.7560	10.9032	10.7600	10.9084
Apr	10.4304	10.6324	10.2570	10.5791	10.2700	10.5847
May	10.4063	10.2506	10.3150	10.2570	10.3230	10.2617
Jun	10.4808	10.4953	10.4400	10.5038	10.4500	10.5103
Jul	10.4878	10.4434	10.5800	10.4588	10.5875	10.4644
Aug	10.9337	10.7327	11.0470	10.7956	11.0500	10.8006
Sep	10.9272	10.9255	10.9975	10.9288	11.0025	10.9326
Oct	11.1078	11.1704	11.0300	11.1703	11.0340	11.1758
Nov	11.3522	11.1145	11.3700	11.1449	11.3800	11.1492
Dec	11.2360	11.2629	11.2285	11.2480	11.2320	11.2527
2004						
Jan	10.9145	10.9308	11.0380	10.9235	11.0440	10.9275
Feb	11.0932	11.0128	11.0615	11.0253	11.0650	11.0294
Mar	11.1540	10.9984	11.1220	11.0110	11.1240	11.0153
Apr	11.3387	11.2535	11.4120	11.2770	11.4140	11.2801
May	11.4515	11.5119	11.4390	11.5142	11.4440	11.5186
Jun	11.4116	11.3790	11.5085	11.3926	11.5130	11.3958
Jul	11.4801	11.4735	11.4150	11.4596	11.4160	11.4634
Aug	11.3739	11.3957	11.3750	11.3895	11.3800	11.3923
Sep	11.4106	11.4858	11.3735	11.4834	11.3775	11.4865
Oct	11.5118	11.3864	11.5310	11.3913	11.5340	11.3948
Nov	11.2470	11.3938	11.2375	11.3652	11.2395	11.3677
Dec	11.2648	11.2100	11.1500	11.1977	11.1510	11.2007
2005						
Jan	11.2991	11.2556	11.1770	11.2588	11.1800	11.2617
Feb	11.0955	11.1502	11.1000	11.1339	11.1025	11.1360
Mar	11.2942	11.1326	11.1650	11.1437	11.1670	11.1464
Apr	11.1033	11.1262	11.0485	11.1121	11.0505	11.1143
May	10.9030	10.9920	10.8660	10.9660	10.8700	10.9683
Jun	10.8428	10.8340	10.7760	10.8179	10.7775	10.8200
Jul	10.6430	10.6931	10.6020	10.6755	10.6040	10.6776
Aug	10.8936	10.6703	10.7510	10.6895	10.7520	10.6916
Sep	10.8495	10.7791	10.7610	10.7791	10.7635	10.7813
Oct	10.9092	10.8312	10.7900	10.8391	10.7910	10.8410
Nov	10.5670	10.6903	10.5565	10.6642	10.5585	10.6660
Dec	10.7777	10.6201	10.6255	10.6277	10.6271	10.6303
2006						
Jan	10.4598	10.5679	10.4525	10.5502	10.4540	10.5524
Feb	10.4761	10.4813	10.4620	10.4906	10.4635	10.4924
Mar	10.9510	10.7061	10.8985	10.7545	10.9010	10.7562
Apr	11.1578	11.0206	11.0605	11.0489	11.0615	11.0513
May	11.1303	11.0758	11.3340	11.0978	11.3370	11.1005
Jun	11.3973	11.3864	11.3010	11.3961	11.3070	11.3993
Jul	10.8968	11.0268	10.9470	10.9774	10.9485	10.9800
Aug	10.9047	10.8739	10.9175	10.8752	10.9190	10.8774
Sep	11.0152	10.9722	10.9900	10.9791	10.9925	10.9818
Oct	10.7093	10.9201	10.7730	10.8955	10.7735	10.8974
Nov	11.0454	10.8948	10.9800	10.9191	10.9825	10.9215
Dec	10.8810	10.8650	10.7975	10.8453	10.8090	10.8481

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

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

**Table A 44**  
**Dollar Auction** <sup>1/</sup>  
Millions

	Daily amount to be auctioned (US dollars)	Amount Auctioned During the Month <sup>2/</sup>		Alloted weighted exchange rate <sup>3/</sup>
		US dollars	Pesos	
<b>2004</b>				
May	22	462	5,319	11.5125
Jun	22	484	5,512	11.3876
Jul	22	484	5,547	11.4609
Aug	22	484	5,514	11.3936
Sep	22	462	5,306	11.4855
Oct	22	462	5,266	11.3992
Nov	22	484	5,501	11.3666
Dec	22	506	5,669	11.2035
<b>2005</b>				
Jan	22	462	5,200	11.2552
Feb	23	460	5,123	11.1365
Mar	23	460	5,124	11.1394
Apr	23	483	5,369	11.1154
May	15	330	3,621	10.9716
Jun	15	330	3,571	10.8204
Jul	15	315	3,364	10.6805
Aug	12	276	2,949	10.6850
Sep	12	252	2,715	10.7757
Oct	12	252	2,729	10.8309
Nov	18	396	4,224	10.6674
Dec	18	378	4,017	10.6279
<b>2006</b>				
Jan	18	396	4,176	10.5461
Feb	25	475	4,979	10.4827
Mar	25	550	5,907	10.7408
Apr	25	450	4,967	11.0386
May	25	550	6,097	11.0846
Jun	25	550	6,262	11.3863
Jul	25	525	5,764	10.9796
Aug	45	1,035	11,250	10.8694
Sep	45	945	10,379	10.9834
Oct	45	990	10,789	10.8980
Nov	42	840	9,169	10.9154
Dec	42	756	8,202	10.8493

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

2/ Figures according to the day of auction.

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

**Table A 45**  
**Mexican Stock Exchange Market Capitalization**  
 Million pesos, according to last listed prices

	Overall Total	Mining	Manufacturing	Construction	Retail and Commerce	Transport and Communications	Services	Other <sup>1/</sup>
2000	1,203,021	21,090	221,051	80,229	176,895	430,977	203,729	69,049
2001	1,157,600	9,565	211,339	103,222	181,424	427,960	154,211	69,879
2002	1,079,221	15,145	214,150	106,035	170,182	370,522	128,310	74,877
2003	1,376,927	45,134	197,027	161,935	226,695	500,344	144,949	100,843
2004	1,916,618	72,479	282,035	241,646	294,503	740,438	143,762	141,755
2005	2,543,771	89,036	362,336	368,992	399,823	953,698	168,316	201,570
2006	3,771,498	142,574	572,818	497,754	650,601	1,395,233	271,454	241,064
2003								
Jan	996,585	17,309	168,747	100,913	170,915	343,994	131,246	63,463
Feb	977,946	16,086	166,714	97,591	172,127	338,538	121,349	65,540
Mar	969,031	15,059	166,254	97,481	175,943	328,795	119,953	65,545
Apr	1,052,761	16,203	176,119	116,175	190,763	352,204	129,635	71,661
May	1,083,676	17,486	181,677	116,323	196,653	366,225	130,588	74,722
Jun	1,139,769	17,100	188,271	126,221	205,664	391,797	134,574	76,143
Jul	1,163,955	18,853	182,110	135,067	209,227	416,149	123,958	78,591
Aug	1,188,071	18,935	179,223	145,239	203,169	436,453	123,902	81,151
Sep	1,221,454	22,916	181,365	146,629	213,098	441,482	131,871	84,093
Oct	1,265,979	29,297	179,194	147,293	216,164	461,487	142,061	90,483
Nov	1,343,781	30,464	189,000	158,865	227,845	494,610	148,151	94,845
Dec	1,376,927	45,134	197,027	161,935	226,695	500,344	144,949	100,843
2004								
Jan	1,464,863	47,530	210,152	182,541	238,106	526,563	147,305	112,666
Feb	1,546,356	55,807	221,551	187,051	250,669	558,454	156,058	116,767
Mar	1,624,696	59,379	230,415	193,313	257,784	597,199	166,695	119,910
Apr	1,570,017	49,057	224,848	193,997	253,293	568,726	168,644	111,453
May	1,555,003	46,528	219,623	177,515	255,742	572,367	169,079	114,150
Jun	1,610,722	47,427	226,228	196,719	257,223	590,788	174,698	117,639
Jul	1,591,127	49,662	225,212	192,919	257,142	571,803	178,125	116,266
Aug	1,577,087	53,715	228,181	191,911	266,144	571,103	145,263	120,771
Sep	1,687,781	60,813	239,563	198,652	282,469	611,759	170,643	123,883
Oct	1,753,973	62,177	246,235	204,458	284,146	662,856	167,864	126,238
Nov	1,810,375	70,235	259,239	218,869	293,976	685,923	149,708	132,425
Dec	1,916,618	72,479	282,035	241,646	294,503	740,438	143,762	141,755
2005								
Jan	1,950,473	72,109	282,547	257,633	293,385	740,644	163,061	141,093
Feb	2,034,984	79,710	297,828	267,463	307,262	781,681	158,053	142,988
Mar	1,894,099	75,407	276,451	246,149	294,549	703,802	161,897	141,093
Apr	1,822,148	66,775	250,788	237,724	297,651	673,517	164,104	131,590
May	1,929,210	67,245	279,185	249,663	306,653	723,250	167,213	136,002
Jun	2,039,580	66,974	337,960	276,254	320,866	744,236	161,033	132,256
Jul	2,114,616	68,165	360,324	299,810	338,058	734,389	175,162	138,708
Aug	2,099,809	67,298	352,940	306,710	332,916	727,229	174,527	138,188
Sep	2,338,213	75,634	372,228	336,341	376,227	841,831	168,939	167,012
Oct	2,299,162	74,126	362,348	333,376	364,492	821,372	159,612	183,835
Nov	2,703,939	83,575	367,583	626,910	387,711	885,208	164,852	188,100
Dec	2,543,771	89,036	362,336	368,992	399,823	953,698	168,316	201,570
2006								
Jan	2,686,271	105,049	378,986	400,536	414,581	999,180	171,210	216,728
Feb	2,678,546	97,312	377,888	386,886	417,260	1,006,041	182,005	211,154
Mar	2,740,873	115,288	403,424	415,690	403,120	1,032,169	185,131	186,051
Apr	2,917,444	141,276	424,655	442,763	435,312	1,095,507	198,899	179,032
May	2,700,275	114,808	406,808	392,830	426,855	999,467	194,585	164,924
Jun	2,762,689	113,308	407,952	398,063	430,272	1,038,195	200,501	174,398
Jul	2,884,495	127,211	438,957	396,519	464,693	1,071,702	205,934	179,479
Aug	2,995,651	127,557	448,633	404,938	492,869	1,117,892	213,049	190,713
Sep	3,128,026	123,381	471,729	425,211	504,196	1,181,740	224,431	197,337
Oct	3,300,393	133,397	496,222	437,352	524,733	1,256,832	242,338	209,517
Nov	3,566,711	142,695	541,933	468,820	567,588	1,355,421	269,721	220,534
Dec	3,771,498	142,574	572,818	497,754	650,601	1,395,233	271,454	241,064

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

<sup>1/</sup> Mainly holding companies.

**Table A 46**  
**Mexican Stock Exchange Index (*Indice de Precios y Cotizaciones de la Bolsa Mexicana de Valores, IPC*)**  
 End of period  
 October 1978=100

	Overall Total	Mining	Manufacturing	Construction	Retail and Commerce	Transport and Communications	Services	Other <sup>1/</sup>
2001	6,372	2,455	2,303	9,919	12,322	27,237	872	2,081
2002	6,127	3,919	2,489	10,265	11,286	24,652	836	2,186
2003	8,795	10,390	2,948	14,635	15,325	36,721	1,103	3,198
2004	12,918	16,686	4,159	21,353	20,040	56,329	1,858	4,399
2005	17,803	20,214	4,611	30,743	27,731	80,359	2,144	5,406
2006	26,448	32,778	7,167	40,316	44,267	121,352	3,331	6,833
2004								
Jan	9,429	10,942	3,136	16,329	16,093	38,869	1,183	3,512
Feb	9,992	12,847	3,320	16,723	16,739	41,618	1,251	3,648
Mar	10,518	13,670	3,467	17,361	17,238	44,612	1,367	3,653
Apr	9,948	11,294	3,353	17,211	16,850	42,187	1,389	3,416
May	10,036	10,711	3,275	17,306	17,091	42,820	1,400	3,506
Jun	10,282	10,918	3,389	17,596	17,218	43,814	1,464	3,621
Jul	10,116	11,433	3,352	17,124	17,303	42,589	1,496	3,584
Aug	10,264	12,366	3,350	17,172	17,950	42,539	1,509	3,729
Sep	10,957	14,000	3,491	17,445	19,128	45,772	1,684	3,828
Oct	11,564	14,314	3,608	18,094	19,239	50,458	1,681	3,910
Nov	12,103	16,169	3,803	19,412	19,972	51,645	1,821	4,114
Dec	12,918	16,686	4,159	21,353	20,040	56,329	1,858	4,399
2005								
Jan	13,097	16,601	4,206	22,421	20,016	56,397	1,948	4,376
Feb	13,789	18,350	4,386	23,280	21,172	59,628	2,019	4,435
Mar	12,677	16,993	4,029	21,432	20,280	53,737	1,895	4,201
Apr	12,323	15,046	3,869	20,672	20,524	51,691	1,927	4,074
May	12,964	15,143	3,941	21,720	20,640	56,187	1,956	4,201
Jun	13,486	15,091	4,108	23,492	21,698	58,201	1,918	4,266
Jul	14,410	15,356	4,364	25,483	23,031	61,867	2,118	4,488
Aug	14,243	15,173	4,241	25,847	22,677	61,355	2,107	4,504
Sep	16,120	17,092	4,456	28,293	25,868	71,243	2,262	4,797
Oct	15,760	16,749	4,306	27,929	25,006	70,014	2,131	4,770
Nov	16,831	18,947	4,417	29,491	26,872	75,270	2,109	4,910
Dec	17,803	20,214	4,611	30,743	27,731	80,359	2,144	5,406
2006								
Jan	18,907	23,891	4,825	33,287	28,652	85,158	2,194	5,643
Feb	18,706	22,144	4,793	32,097	28,746	85,779	2,142	5,455
Mar	19,273	26,324	5,004	34,509	27,873	88,247	2,155	5,316
Apr	20,646	32,368	5,237	36,707	30,480	93,761	2,396	5,136
May	18,678	26,333	4,940	32,522	29,033	85,342	2,299	4,689
Jun	19,147	26,041	4,927	32,418	29,623	88,868	2,389	5,018
Jul	20,096	29,274	5,285	32,230	31,991	92,889	2,575	5,158
Aug	21,049	29,349	5,470	32,847	34,421	97,366	2,677	5,494
Sep	21,937	28,386	5,802	34,455	34,947	103,268	2,843	5,695
Oct	23,047	30,663	6,112	35,429	35,794	109,750	3,105	6,018
Nov	24,962	32,812	6,679	38,002	38,915	118,087	3,327	6,299
Dec	26,448	32,778	7,167	40,316	44,267	121,352	3,331	6,833

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

<sup>1/</sup> Mainly holding companies.





## Public Finances

---



**Table A 47**  
**Public Finance Indicators (1996-2006)**  
 Percentage of GDP

I T E M	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Budgetary revenues	23.0	23.0	20.3	20.8	21.6	21.9	22.1	23.2	23.0	23.3	24.7
Budgetary expenditures	23.1	23.6	21.6	21.9	22.7	22.6	23.3	23.9	23.2	23.4	24.6
Budgetary balance	-0.1	-0.6	-1.2	-1.1	-1.1	-0.7	-1.2	-0.7	-0.3	-0.1	0.1
Non-budgetary balance <sup>1/</sup>	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Economic balance on a cash basis	0.0	-0.7	-1.2	-1.1	-1.1	-0.7	-1.2	-0.6	-0.2	-0.1	0.1
Primary balance on a cash basis <sup>2/</sup>	4.3	3.5	1.7	2.5	2.6	2.6	1.7	2.1	2.5	2.4	2.9
Accrued operational balance <sup>3/</sup>	-0.4	0.2	-0.5	-1.2	-1.1	-1.6	-1.0	-0.9	0.2	0.1	0.8
Public sector total net debt <sup>4/</sup>	26.8	20.8	21.4	20.7	18.9	19.4	20.7	20.8	20.8	18.8	17.9
Financial cost <sup>5/</sup>	4.4	4.1	2.9	3.6	3.7	3.2	2.8	2.8	2.7	2.5	2.7

Source: Ministry of Finance (SHCP).

1/ Includes statistical difference with sources of financing.

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

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

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

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

Note: Figures may not add up due to rounding.

**Table A 48**  
**Public Sector Revenues, Expenditures and Balances (2005-2006)**

I T E M	2005		2006				Real Growth (%) 2005-2006
	Observed		Programmed		Observed		
	Thousand million pesos	GDP Percentage	Thousand million pesos	GDP Percentage	Thousand million pesos	GDP Percentage	
<b>Budgetary Revenues</b>	<b>1,947.8</b>	<b>23.3</b>	<b>1,953.5</b>	<b>21.3</b>	<b>2,263.1</b>	<b>24.7</b>	<b>12.1</b>
<b>Federal government</b>	<b>1,412.5</b>	<b>16.9</b>	<b>1,339.8</b>	<b>14.6</b>	<b>1,558.8</b>	<b>17.0</b>	<b>6.5</b>
Tax revenues	810.5	9.7	836.9	9.1	888.5	9.7	5.8
Income tax ( <i>ISR</i> )	384.5	4.6	388.3	4.2	448.1	4.9	12.4
Value added tax ( <i>IVA</i> )	318.4	3.8	335.7	3.7	379.9	4.1	15.1
Excise tax on products and services ( <i>IEPS</i> )	49.6	0.6	56.2	0.6	-5.4	-0.1	d.n.a.
Tax on crude-oil returns	26.8	0.3	21.7	0.2	31.7	0.3	14.0
Import taxes	2.3	0.0	4.8	0.1	1.6	0.0	-33.0
Other	28.8	0.3	30.1	0.3	32.6	0.4	1.2
Non-tax revenues	602.0	7.2	502.9	5.5	670.4	7.3	7.5
<b>Public entities and enterprises <sup>1/</sup></b>	<b>535.3</b>	<b>6.4</b>	<b>613.7</b>	<b>6.7</b>	<b>704.3</b>	<b>7.7</b>	<b>27.0</b>
PEMEX	185.5	2.2	260.4	2.8	317.1	3.5	64.9
Other	349.8	4.2	353.3	3.9	387.2	4.2	6.8
<b>Paid Budgetary Expenditures</b>	<b>1,958.0</b>	<b>23.4</b>	<b>1,953.5</b>	<b>21.3</b>	<b>2,255.1</b>	<b>24.6</b>	<b>11.1</b>
<b>Programmable</b>	<b>1,458.5</b>	<b>17.4</b>	<b>1,386.9</b>	<b>15.1</b>	<b>1,656.8</b>	<b>18.1</b>	<b>9.6</b>
Deferred payments	d.n.a.	d.n.a.	-20.0	-0.2	d.n.a.	d.n.a.	d.n.a.
Programmable accrued	1,458.5	17.4	1,406.9	15.4	1,656.8	18.1	9.6
Current expenditures	1,171.2	14.0	1,194.5	13.0	1,322.2	14.4	8.9
Wages and salaries	557.4	6.7	585.9	6.4	609.5	6.7	5.5
Other current expenditures	613.8	7.3	608.7	6.6	712.7	7.8	12.1
Capital expenditures	287.3	3.4	212.4	2.3	334.6	3.7	12.4
Fixed investment	234.5	2.8	210.7	2.3	273.7	3.0	12.6
Financial investment	52.8	0.6	1.7	0.0	60.8	0.7	11.2
<b>Non-programmable</b>	<b>499.5</b>	<b>6.0</b>	<b>566.6</b>	<b>6.2</b>	<b>598.3</b>	<b>6.5</b>	<b>15.6</b>
Financial cost	210.2	2.5	261.8	2.9	250.1	2.7	14.8
Federal government	145.0	1.7	182.0	2.0	153.8	1.7	2.4
Public entities and enterprises	37.7	0.3	42.8	0.5	57.6	0.4	47.3
Financial enhancing program	27.5	0.5	37.0	0.4	38.6	0.6	35.7
State and municipal sharing	278.9	3.3	290.9	3.2	329.2	3.6	13.9
Adefas and other	10.4	0.1	13.9	0.2	19.1	0.2	77.2
<b>Budgetary Balance</b>	<b>-10.2</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>8.0</b>	<b>0.1</b>	<b>d.n.a.</b>
<b>Non-budgetary Balance</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.7</b>	<b>0.0</b>	<b>d.n.a.</b>
Direct balance	1.5	0.0	0.0	0.0	3.1	0.0	97.7
Difference with sources of financing methodology <sup>2/</sup>	-1.4	0.0	0.0	0.0	-1.3	0.0	-10.6
<b>Public Balance on a Cash Basis</b>	<b>-10.1</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>9.8</b>	<b>0.1</b>	<b>d.n.a.</b>
<b>Primary Balance on a Cash Basis <sup>3/</sup></b>	<b>201.6</b>	<b>2.4</b>	<b>262.6</b>	<b>2.9</b>	<b>261.2</b>	<b>2.9</b>	<b>25.0</b>

Source: Ministry of Finance (SHCP).

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

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

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

d.n.a. Does not apply.

Note: Figures may not add up due to rounding.

**Table A 49**  
**Public Sector Revenues, Expenditures and Balances (1996-2006)**  
 Percentage of GDP

I T E M	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Budgetary Revenues	23.0	23.0	20.3	20.8	21.6	21.9	22.1	23.2	23.0	23.3	24.7
Federal government	15.5	15.8	14.2	14.7	15.8	16.2	15.8	16.4	16.5	16.9	17.0
Tax revenues	8.9	9.8	10.5	11.3	10.6	11.3	11.6	11.1	10.0	9.7	9.7
Non-tax revenues	6.6	6.0	3.7	3.3	5.2	4.9	4.2	5.3	6.5	7.2	7.3
Public enterprises and institutions <sup>1/</sup>	7.4	7.2	6.2	6.1	5.8	5.7	6.3	6.8	6.5	6.4	7.7
PEMEX	2.9	2.7	2.1	2.2	2.0	1.8	2.4	2.5	2.5	2.2	3.5
Other	4.5	4.5	4.0	3.9	3.8	3.9	4.0	4.2	4.0	4.2	4.2
Budgetary Expenditure	23.1	23.6	21.6	21.9	22.7	22.6	23.3	23.9	23.2	23.4	24.6
Programmable expenditures	15.7	16.2	15.5	15.3	15.7	15.9	16.9	17.6	17.1	17.4	18.1
Current expenditures	12.0	12.8	12.4	12.5	13.0	13.3	13.8	14.6	13.5	14.0	14.4
Capital expenditures	3.7	3.5	3.1	2.8	2.7	2.6	3.2	3.0	3.5	3.4	3.7
Non-programmable expenditures	7.4	7.4	6.1	6.6	7.0	6.6	6.4	6.3	6.2	6.0	6.5
Financial cost	4.4	4.1	2.9	3.6	3.7	3.2	2.8	2.8	2.7	2.5	2.7
State and municipal sharing	2.8	3.0	3.0	3.1	3.2	3.4	3.4	3.3	3.1	3.3	3.6
Adefas and other <sup>2/</sup>	0.3	0.3	0.3	0.0	0.1	0.0	0.1	0.2	0.4	0.1	0.2
Budgetary Balance	-0.1	-0.6	-1.2	-1.1	-1.1	-0.7	-1.2	-0.7	-0.3	-0.1	0.1
Non-budgetary Balance	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Public Sector Balance on a Cash Basis	0.0	-0.7	-1.2	-1.1	-1.1	-0.7	-1.2	-0.6	-0.2	-0.1	0.1
Primary Balance on a Cash Basis <sup>3/</sup>	4.3	3.5	1.7	2.5	2.6	2.6	1.7	2.1	2.5	2.4	2.9

Source: Ministry of Finance (SHCP).

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

2/ Includes other net flows from the federal government.

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

Note: Figures may not add up due to rounding.

**Table A 50**  
**Public Sector Budgetary Revenues (1996-2006)**  
**Percentage of GDP**

I T E M	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>BUDGETARY REVENUES</b>	<b>23.0</b>	<b>23.0</b>	<b>20.3</b>	<b>20.8</b>	<b>21.6</b>	<b>21.9</b>	<b>22.1</b>	<b>23.2</b>	<b>23.0</b>	<b>23.3</b>	<b>24.7</b>
CLASSIFICATION I											
FEDERAL GOVERNMENT	15.5	15.8	14.2	14.7	15.8	16.2	15.8	16.4	16.5	16.9	17.0
Tax revenues	8.9	9.8	10.5	11.3	10.6	11.3	11.6	11.1	10.0	9.7	9.7
Income tax (ISR)	3.8	4.2	4.4	4.7	4.7	4.9	5.1	4.9	4.5	4.6	4.9
Value added tax (IVA)	2.9	3.1	3.1	3.3	3.4	3.6	3.5	3.7	3.7	3.8	4.1
Excise tax on products and services (IEPS)	1.2	1.4	2.0	2.3	1.5	1.9	2.2	1.7	1.1	0.6	-0.1
Tax on crude-oil returns	d.n.a.	0.0	0.0								
Other	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.8	0.7	0.7	0.7
Non-tax revenues	6.6	6.0	3.7	3.3	5.2	4.9	4.2	5.3	6.5	7.2	7.3
Duties	4.5	4.2	2.7	2.3	3.8	3.5	2.5	3.9	4.8	5.8	6.6
Proceeds	0.3	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Benefits	1.8	1.6	0.6	0.8	1.2	1.3	1.5	1.3	1.6	1.3	0.7
PUBLIC ENTERPRISES AND INSTITUTIONS	7.4	7.2	6.2	6.1	5.8	5.7	6.3	6.8	6.5	6.4	7.7
PEMEX	2.9	2.7	2.1	2.2	2.0	1.8	2.4	2.5	2.5	2.2	3.5
Other <sup>1/</sup>	4.5	4.5	4.0	3.9	3.8	3.9	4.0	4.2	4.0	4.2	4.2
CLASSIFICATION II											
OIL REVENUES	8.2	7.8	6.1	6.2	7.2	6.7	6.5	7.7	8.3	8.7	9.4
PEMEX	2.9	2.7	2.1	2.2	2.0	1.8	2.4	2.5	2.5	2.2	3.5
Exports	2.9	2.2	1.2	1.4	1.9	1.4	1.6	2.1	2.6	2.7	3.2
Domestic sales <sup>2/</sup>	4.5	4.6	3.3	3.0	4.1	3.8	3.2	4.4	5.0	5.8	6.7
(-) Taxes <sup>3/</sup>	4.6	4.1	2.4	2.2	4.0	3.4	2.4	4.0	5.2	6.3	6.4
Federal government <sup>4/</sup>	5.3	5.2	3.9	4.0	5.2	4.9	4.1	5.2	5.8	6.5	5.9
NON-OIL REVENUES	14.8	15.2	14.3	14.6	14.5	15.2	15.6	15.5	14.7	14.6	15.3
Federal Government	10.3	10.7	10.2	10.6	10.6	11.3	11.6	11.2	10.7	10.4	11.1
Tax revenues	8.1	8.7	8.9	9.4	9.4	9.8	9.8	9.8	9.3	9.5	10.1
Income tax (ISR)	3.8	4.2	4.4	4.7	4.7	4.9	5.1	4.9	4.5	4.6	4.9
Value added tax (IVA)	2.9	3.1	3.1	3.3	3.4	3.6	3.5	3.7	3.7	3.8	4.1
Excise tax on products and services (IEPS)	0.4	0.3	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Other	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.8	0.7	0.7	0.7
Non-tax revenues	2.1	1.9	1.3	1.2	1.2	1.5	1.8	1.4	1.4	0.9	0.9
Duties	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Proceeds	0.3	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Benefits	1.6	1.4	0.6	0.7	0.8	1.1	1.4	1.0	1.1	0.6	0.6
Public entities and enterprises <sup>1/</sup>	4.5	4.5	4.0	3.9	3.8	3.9	4.0	4.2	4.0	4.2	4.2

Source: Ministry of Finance (SHCP).

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

2/ Includes other revenues.

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

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

Note: Figures may not add up due to rounding.

**TableA 51**  
**Public Sector Budgetary Expenditures (1996-2006)**  
 Percentage of GDP

I T E M	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>BUDGETARY EXPENDITURES</b>	<b>23.1</b>	<b>23.6</b>	<b>21.6</b>	<b>21.9</b>	<b>22.7</b>	<b>22.6</b>	<b>23.3</b>	<b>23.9</b>	<b>23.2</b>	<b>23.4</b>	<b>24.6</b>
PROGRAMMABLE	15.7	16.2	15.5	15.3	15.7	15.9	16.9	17.6	17.1	17.4	18.1
Current expenditures	12.0	12.8	12.4	12.5	13.0	13.3	13.8	14.6	13.5	14.0	14.4
Wages and salaries	6.2	6.8	6.9	7.3	7.1	7.3	7.6	7.3	6.7	6.7	6.7
Direct	3.5	3.7	3.4	3.7	3.5	3.7	3.9	3.8	3.3	3.2	3.2
Indirect <sup>1/</sup>	2.7	3.2	3.5	3.7	3.7	3.6	3.7	3.6	3.4	3.5	3.5
Acquisitions	1.7	1.6	1.6	1.2	1.5	1.5	1.3	1.7	1.6	1.7	1.7
Other <sup>2/</sup>	2.7	2.7	2.3	2.2	2.7	2.4	2.6	3.2	2.9	3.3	3.6
Subsidies and transfers <sup>3/</sup>	1.5	1.6	1.6	1.7	1.8	2.1	2.2	2.3	2.3	2.4	2.4
Capital expenditures	3.7	3.5	3.1	2.8	2.7	2.6	3.2	3.0	3.5	3.4	3.7
Fixed Investment	3.0	3.2	2.9	2.6	2.5	2.4	2.3	2.7	3.0	2.8	3.0
Direct	2.3	2.4	1.8	1.5	1.4	1.2	1.2	1.2	1.2	1.0	1.1
Indirect <sup>4/</sup>	0.7	0.8	1.2	1.0	1.1	1.3	1.2	1.5	1.7	1.8	1.9
Financial investment and other <sup>5/</sup>	0.7	0.3	0.2	0.3	0.1	0.2	0.8	0.3	0.6	0.6	0.7
NON-PROGRAMMABLE	7.4	7.4	6.1	6.6	7.0	6.6	6.4	6.3	6.2	6.0	6.5
Financial cost	4.4	4.1	2.9	3.6	3.7	3.2	2.8	2.8	2.7	2.5	2.7
Federal government	2.9	2.3	2.2	2.6	2.1	2.2	1.8	1.9	1.7	1.7	1.7
Public entities and enterprises	0.8	1.3	0.3	0.5	1.1	0.7	0.7	0.4	0.6	0.3	0.4
Financial enhancing program	0.6	0.5	0.4	0.4	0.4	0.4	0.3	0.5	0.4	0.5	0.6
State and municipal sharing	2.8	3.0	3.0	3.1	3.2	3.4	3.4	3.3	3.1	3.3	3.6
Adefas and other <sup>6/</sup>	0.3	0.3	0.3	0.0	0.1	0.0	0.1	0.2	0.4	0.1	0.2

Source: Ministry of Finance (SHCP).

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

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

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

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

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

6/ Includes other net flows from the federal government.

Note: Figures may not add up due to rounding.

**Table A 52**  
**Public Sector Total Net Debt <sup>1/</sup>**  
**Average stocks**

Years	Broad Net Economic Debt <sup>2/</sup>				Debt Consolidated with Banco de México <sup>3/</sup>			
	Domestic		External		Domestic		External	
	Thousand million pesos	Million USD	Thousand million pesos	Total percentage of GDP	Million pesos	Million USD	Thousand million pesos	Total percentage of GDP
1981	0.7	43,782.0	1.1	29.1	0.8	39,529.0	1.0	28.4
1982	1.6	60,849.0	3.5	51.5	1.6	59,623.0	3.4	50.6
1983	3.0	64,166.0	7.8	59.5	3.0	62,358.0	7.6	58.0
1984	5.0	70,833.0	12.0	56.3	5.6	65,135.0	11.1	55.0
1985	7.6	74,711.0	19.8	56.2	8.0	70,443.0	18.7	54.7
1986	14.8	76,463.0	48.3	76.5	14.4	75,447.0	47.7	75.2
1987	29.0	81,922.0	116.8	71.8	37.1	74,880.0	106.2	70.6
1988	65.4	84,097.0	191.3	61.7	73.0	76,410.0	173.9	59.3
1989	97.7	81,967.0	202.8	54.8	87.6	80,089.0	198.2	52.1
1990	125.9	74,598.0	210.5	45.5	113.3	73,235.0	206.6	43.3
1991	127.9	68,915.0	208.3	35.4	133.1	59,888.0	180.9	33.1
1992	85.4	68,072.0	211.0	26.3	100.4	55,198.0	171.1	24.1
1993	54.8	68,522.0	213.1	21.3	78.3	50,914.0	158.3	18.8
1994	43.2	73,080.0	256.5	21.1	63.8	58,469.0	207.6	19.1
1995	24.7	81,864.0	533.1	30.3	-24.2	84,101.0	547.1	28.4
1996	30.4	85,376.0	648.3	26.8	5.9	82,289.0	624.6	24.9
1997	47.2	77,569.0	614.6	20.8	112.9	62,596.0	495.7	19.1
1998	103.7	77,805.0	718.7	21.4	239.9	56,173.0	518.8	19.7
1999	199.1	78,621.0	752.2	20.7	391.6	53,461.0	511.7	19.6
2000	384.9	76,466.0	724.1	18.9	653.7	44,256.0	419.1	18.3
2001	419.5	77,138.4	707.3	19.4	795.2	34,148.4	313.1	19.1
2002	582.8	68,597.0	716.1	20.7	1,022.7	24,531.7	256.1	20.4
2003	623.1	72,041.3	809.5	20.8	1,172.7	18,729.0	210.5	20.1
2004	739.8	77,660.4	865.9	20.8	1,409.2	14,750.5	164.5	20.4
2005	January	762.5	77,822.5	872.7	1,489.1	12,551.8	140.8	
	February	790.1	77,517.7	860.2	1,513.6	12,409.1	137.7	
	March	779.0	76,673.7	857.1	1,502.3	12,150.2	135.8	20.8
	April	772.7	76,384.2	846.6	1,491.9	11,825.3	131.1	
	May	770.0	76,399.6	834.0	1,485.9	11,533.1	125.9	
	June	774.4	76,441.6	823.7	1,495.4	10,707.7	115.4	20.0
	July	774.2	76,773.0	814.2	1,500.6	9,998.1	106.0	
	August	775.6	74,775.7	807.5	1,507.8	8,839.7	95.5	
	September	776.6	74,288.2	801.6	1,516.8	7,830.1	84.5	19.5
	October	778.4	73,874.9	796.8	1,526.7	6,892.3	74.3	
	November	780.6	74,741.1	790.7	1,537.1	6,022.5	63.7	
	December	785.3	73,949.5	786.4	1,550.0	5,089.3	54.1	19.2
2006 <sup>p/</sup>	January	871.1	71,292.1	744.5	1,741.2	-5,730.1	-59.8	
	February	889.4	69,226.0	723.8	1,759.5	-7,158.0	-74.8	
	March	911.8	66,180.5	720.9	1,786.2	-8,110.5	-88.4	19.8
	April	915.9	64,751.1	718.1	1,799.0	-9,644.5	-107.0	
	May	915.2	63,683.7	719.4	1,810.4	-11,078.6	-125.2	
	June	914.5	63,906.9	720.4	1,824.9	-12,724.5	-143.4	19.0
	July	918.2	65,728.7	717.6	1,834.6	-13,984.7	-152.7	
	August	920.4	65,734.4	716.7	1,843.5	-14,600.0	-159.2	
	September	920.8	65,052.6	715.2	1,846.9	-15,071.5	-165.7	18.6
	October	929.5	65,302.5	702.9	1,853.0	-16,128.3	-173.6	
	November	943.5	62,814.6	690.8	1,862.9	-16,667.5	-183.3	
	December	961.9	62,619.5	677.0	1,876.6	-17,870.5	-193.2	18.4

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

1/ Present data may not match those previously published due to a methodological revision resulting from including new items such as assets and liabilities from both Banco de México and commercial and development banks.

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

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

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

p/ Preliminary figures.

**Table A 53**  
**Public Sector Total Net Debt <sup>1/</sup>**  
**End of period**

Years	Broad Net Economic Debt <sup>2/</sup>				Debt Consolidated with Banco de México <sup>3/</sup>			
	Domestic		External		Domestic		External	
	Thousand million pesos	Million USD	Thousand million pesos	Total percentage of GDP	Million pesos	Million USD	Thousand million pesos	Total percentage of GDP
1981	0.9	55,987.0	1.5	34.2	1.0	50,857.0	1.3	33.4
1982	2.6	63,171.0	6.1	69.9	2.4	62,558.0	6.0	67.7
1983	4.1	67,166.0	9.6	62.0	4.3	62,733.0	9.0	60.4
1984	5.7	74,214.0	14.2	56.9	6.6	66,871.0	12.8	55.3
1985	9.7	76,283.0	28.1	65.1	10.0	72,695.0	26.8	63.5
1986	21.2	80,093.0	73.3	89.9	22.2	76,751.0	70.2	87.9
1987	41.2	85,391.0	188.7	80.0	52.3	76,254.0	168.5	76.8
1988	83.0	84,814.0	193.5	60.4	76.6	82,643.0	188.5	57.9
1989	108.8	80,562.0	212.8	53.8	97.3	79,421.0	209.7	51.4
1990	138.1	72,629.0	213.9	41.4	131.7	68,512.0	201.8	39.2
1991	117.5	69,181.0	212.5	31.6	130.7	57,494.0	176.6	29.4
1992	64.0	66,407.0	206.9	22.2	79.8	53,169.0	165.6	20.1
1993	50.9	68,515.0	212.8	19.8	87.4	47,937.0	148.9	17.7
1994	59.8	75,131.0	400.1	30.1	59.8	72,086.0	383.9	29.0
1995	11.2	87,639.0	669.8	32.0	-12.5	87,685.0	670.1	30.9
1996	70.0	79,849.0	626.9	24.1	73.6	73,628.0	578.0	22.5
1997	83.0	76,555.0	618.8	19.8	199.6	56,739.0	458.6	18.6
1998	149.9	80,465.0	793.8	22.5	307.3	56,970.0	562.0	20.7
1999	262.3	78,146.0	743.5	20.0	482.8	50,777.0	483.1	19.3
2000	474.3	73,820.5	709.4	19.7	775.0	38,700.1	371.9	19.0
2001	501.7	74,742.9	685.4	19.9	922.2	29,308.6	268.7	19.9
2002	670.0	73,422.7	766.5	21.5	1,157.0	22,128.3	231.0	20.8
2003	745.6	74,722.7	839.7	21.8	1,345.5	15,424.3	173.3	20.9
2004	774.2	76,303.5	850.7	19.5	1,486.3	11,919.3	132.9	19.5
2005	January	762.5	77,822.5	872.7		1,489.1	12,551.8	140.8
	February	817.7	76,388.2	847.6		1,538.1	12,133.3	134.6
	March	756.8	76,120.2	850.9	20.2	1,479.7	11,814.1	132.1
	April	753.9	73,542.0	815.1		1,460.8	10,537.7	116.8
	May	759.1	71,781.2	783.6		1,462.1	9,639.9	105.2
	June	796.7	71,660.4	772.2	18.9	1,542.9	5,827.1	62.8
	July	772.9	71,431.2	757.6		1,531.4	4,714.0	50.0
	August	784.9	70,438.2	760.7		1,558.4	1,986.7	21.5
	September	784.5	69,900.4	754.3	18.8	1,588.4	-304.4	-3.3
	October	795.0	69,845.0	753.3		1,615.6	-1,581.0	-17.1
	November	803.0	68,991.1	729.9		1,641.1	-4,019.6	-42.5
	December	836.5	69,500.8	739.1	17.5	1,691.9	-4,832.7	-51.4
2006 <sup>p/</sup>	January	871.1	71,292.1	744.5		1,741.2	-5,730.1	-59.8
	February	907.7	67,246.5	703.1		1,777.7	-8,592.9	-89.8
	March	956.7	65,649.8	715.2	19.0	1,839.6	-10,590.6	-115.4
	April	927.9	63,986.3	709.6		1,837.6	-14,678.1	-162.8
	May	912.5	64,144.1	724.6		1,855.9	-17,519.4	-197.9
	June	910.9	64,336.3	725.2	17.2	1,897.4	-20,835.1	-234.9
	July	940.6	64,220.1	701.2		1,892.6	-19,068.7	-208.2
	August	936.0	65,166.8	710.6		1,905.7	-18,778.1	-204.8
	September	923.5	63,893.3	702.4	18.2	1,874.0	-19,797.5	-217.6
	October	1,008.0	55,069.2	592.8		1,907.8	-22,747.0	-244.8
	November	1,084.0	51,800.6	569.7		1,962.2	-25,483.9	-280.3
	December	1,164.1	48,592.3	525.4	18.0	2,027.1	-27,951.9	-302.2

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

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

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

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

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

p/ Preliminary figures.

**Table A 54**  
**Non-financial Public Sector Net Debt <sup>1/</sup>**  
 Traditional methodology  
 End of period

Non-financial Public Sector Net Debt					
	Domestic		External		Total Net Debt
	Thousand million pesos	Million USD	Thousand million pesos	Percentage of GDP	
1982	4.9	37,825.5	3.6		81.8
1983	7.7	44,516.8	6.4		75.0
1984	10.9	46,053.7	8.8		63.7
1985	20.0	48,155.4	17.7		75.2
1986	48.5	49,801.9	45.6		114.3
1987	111.1	52,747.2	116.6		112.0
1988	156.1	54,341.4	124.0		67.8
1989	195.3	53,183.8	140.5		61.6
1990	207.7	48,905.0	144.0		47.9
1991	205.9	48,367.8	148.5		37.5
1992	170.0	45,804.5	142.7		27.8
1993	172.3	41,440.8	128.7		24.0
1994	257.9	41,033.1	218.5		33.5
1995	278.2	51,637.1	394.6		36.6
1996	319.7	53,920.5	466.7		31.1
1997	336.2	52,855.0	427.2		24.0
1998	443.8	52,424.1	517.2		25.0
1999	544.4	57,244.2	543.7		23.7
2000	686.3	51,505.6	495.0		21.5
2001	770.3	53,252.8	488.3		21.7
2002	923.1	51,487.3	537.5		23.3
2003	1,027.1	55,066.5	618.8		23.9
2004	1,001.3	58,879.5	656.5		21.5
2005					
	January	1,006.0	60,985.3	683.9	
	February	1,013.5	60,296.8	669.1	
	March	967.0	59,679.1	667.1	20.5
	April	965.1	57,853.0	641.2	
	May	992.3	55,795.2	609.1	
	June	1,017.6	56,928.1	613.4	19.6
	July	1,022.5	56,678.0	601.1	
	August	1,015.2	56,594.6	611.2	
	September	1,006.9	56,048.6	604.8	19.7
	October	1,010.5	56,414.6	608.5	
	November	1,022.6	55,741.7	589.7	
	December	993.7	55,428.8	589.5	18.9
2006					
	January	1,100.1	58,930.7	615.4	
	February	1,115.6	56,479.8	590.6	
	March	1,074.3	56,661.9	617.2	19.2
	April	1,018.4	56,365.8	625.1	
	May	980.7	56,316.9	636.2	
	June	1,027.1	57,785.8	651.4	17.7
	July	1,036.5	54,758.6	597.9	
	August	1,087.0	54,136.9	590.3	
	September	1,013.9	53,603.7	589.3	17.9
	October	1,036.0	49,098.8	528.5	
	November	1,087.6	46,146.5	507.5	
	December	1,208.4	42,777.4	462.5	18.2

Source: Banco de México.

<sup>1/</sup> Non-financial public sector (federal government and public entities) net indebtedness is computed on an accrued basis with data available from the banking sector. Federal government domestic securities are reported at market value and external debt is classified by debtor.

p/ Preliminary figures.

**Table A 55**  
**Federal Government Domestic Debt Securities**  
 Total circulation per instrument <sup>1/</sup>  
 Current stocks in million pesos at market value

Stocks at end of	Total Securities in Circulation	Cetes	Bondev	Udibonos	Fixed rate Bonds	Bondev D	Other Securities <sup>2/</sup>
1986	10,528	8,185					2,343
1987	32,679	28,006	358				4,315
1988	74,945	42,878	20,186				11,882
1989	122,127	54,353	55,677				12,097
1990	161,433	72,001	64,513				24,919
1991	171,654	72,658	57,979				41,017
1992	134,755	59,338	36,847				38,570
1993	138,318	81,431	17,036				39,852
1994	228,885	40,689	8,316				179,881
1995	136,000	48,590	44,970				42,440
1996	161,572	62,114	67,849	5,357			26,252
1997	272,210	137,813	81,768	36,678			15,951
1998	353,240	127,600	151,836	62,833			10,970
1999	546,324	129,045	337,271	80,008			1
2000	716,839	175,069	420,256	86,645	34,870		0
2001	762,838	196,674	348,988	94,847	122,330		0
2002	875,640	197,439	343,345	99,768	235,089		0
2003	1,024,457	212,913	355,994	94,651	360,899		0
2004	1,084,463	251,498	316,299	89,800	426,867		0
2005	January	1,094,595	260,928	296,863	90,969	445,834	0
	February	1,079,516	253,745	298,821	76,584	450,367	0
	March	1,101,925	264,520	301,456	78,534	457,415	0
	April	1,116,708	265,150	298,025	78,774	474,758	0
	May	1,131,861	280,318	301,214	81,479	468,851	0
	June	1,150,056	282,312	304,133	85,187	478,425	0
	July	1,165,818	292,275	295,364	87,348	490,832	0
	August	1,198,113	293,553	297,770	90,748	516,041	0
	September	1,225,107	293,297	299,635	94,989	537,185	0
	October	1,238,491	291,828	291,233	96,150	559,281	0
	November	1,263,326	290,859	293,225	99,075	580,168	0
	December	1,259,775	300,028	294,786	101,607	563,353	0
2006 <sup>p/</sup>	January	1,285,275	304,624	280,394	106,990	593,266	0
	February	1,324,471	312,848	280,093	112,243	619,287	0
	March	1,294,315	303,891	265,357	116,366	608,701	0
	April	1,324,839	311,720	265,342	119,855	627,923	0
	May	1,342,972	309,469	265,502	121,916	646,084	0
	June	1,355,484	324,953	249,339	127,020	654,171	0
	July	1,383,940	318,552	248,823	134,156	682,410	0
	August	1,535,789	320,898	233,189	142,815	694,724	144,163
	September	1,592,826	332,081	233,334	149,637	721,559	156,215
	October	1,659,448	336,667	233,305	156,695	761,436	171,344
	November	1,749,641	359,416	218,933	162,767	819,086	189,439
	December	1,767,910	358,824	219,215	170,705	814,660	204,506

Source: Banco de México.

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

<sup>2/</sup> Includes instruments that have gradually ceased to be placed such as public debt bonds, Petrobonos, bank indemnity bonds, Treasury promissory notes (*Pagarés de la Tesorería de la Federación, Pagafes*), urban reconstruction bonds, Tesobonos, and Ajustabonos.

p/ Preliminary figures.

**Table A 56**  
**Federal Government Domestic Debt Securities**  
 Total circulation per holding sector <sup>1/</sup>  
 Current stocks in million pesos at market value

Stocks at End of	Total Securities in Circulation	Private Firms and Individuals <sup>2/ 3/</sup>	Non-bank Public Sector <sup>3/</sup>	Banco de México	Development Banks <sup>4/</sup>	Commercial Banks	Other Intermediaries	Repos	
1986	10,528	3,724	132	6,209	132	331	0	0	
1987	32,679	14,482	396	14,131	815	2,856	0	0	
1988	74,945	34,837	584	24,096	851	14,562	0	15	
1989	122,127	56,511	793	33,746	1,274	27,737	0	2,066	
1990	161,433	82,373	1,302	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	8,955	13,991	2,886	16,712	0	0	
1996	161,572	130,211	14,158	11,301	1,890	4,012	0	0	
1997	272,210	212,538	39,560	0	2,505	17,607	0	0	
1998	353,240	320,167	24,630	0	231	8,212	0	0	
1999	546,324	511,580	27,080	0	2,701	4,963	0	0	
2000	716,839	658,712	34,602	0	8,942	14,584	0	0	
2001	762,838	683,445	27,932	0	10,068	41,393	0	0	
2002	875,640	796,272	37,736	0	5,729	35,904	0	0	
2003	1,024,457	862,037	72,765	0	13,488	76,168	0	0	
2004	1,084,463	820,711	79,483	0	20,345	163,923	0	0	
2005	Jan	1,094,595	862,222	74,627	0	19,230	138,516	0	0
	Feb	1,079,516	859,914	62,942	0	5,840	150,821	0	0
	Mar	1,101,925	849,812	105,009	0	14,040	133,064	0	0
	Apr	1,116,708	864,641	105,016	0	12,434	134,616	0	0
	May	1,131,861	887,330	92,585	0	21,461	130,485	0	0
	Jun	1,150,056	912,256	88,406	0	11,233	138,161	0	0
	Jul	1,165,818	910,265	84,492	0	26,008	145,053	0	0
	Aug	1,198,113	914,614	105,602	0	31,237	146,660	0	0
	Sep	1,225,107	919,260	114,820	0	28,134	162,893	0	0
	Oct	1,238,491	953,530	116,290	0	18,987	149,684	0	0
	Nov	1,263,326	966,806	116,853	0	22,393	157,274	0	0
	Dec	1,259,775	948,369	108,636	0	20,494	141,174	0	41,102
2006 <sup>p/</sup>	Jan	1,285,275	983,518	132,975	0	7,357	154,926	0	6,499
	Feb	1,324,471	1,017,257	117,060	0	35,512	113,213	0	41,431
	Mar	1,294,315	1,007,470	128,216	0	9,743	106,459	0	42,427
	Apr	1,324,839	1,040,051	116,100	0	-213	111,451	0	57,450
	May	1,342,972	1,005,858	127,373	0	10,733	126,183	0	72,824
	Jun	1,355,484	1,032,551	113,753	0	10,772	142,386	0	56,022
	Jul	1,383,940	1,072,051	113,185	0	4,006	99,747	0	94,952
	Aug	1,535,789	1,245,264	112,457	0	22,650	96,199	0	59,218
	Sep	1,592,826	1,266,436	137,488	0	8,697	82,104	0	98,100
	Oct	1,659,448	1,272,235	159,696	0	8,814	100,324	0	118,379
	Nov	1,749,641	1,340,017	140,510	0	12,456	108,820	0	147,838
	Dec	1,767,910	1,369,290	134,224	0	38,669	98,851	0	126,877

Source: Banco de México.

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

2/ Includes securities held by Siefores since 1997.

3/ Modified since 2000 due to methodological changes in the holding of securities by private enterprises and the non-bank public sector.

4/ Negative figures in April 2006 are attributed to the short position in development banks' government securities holdings. This position was temporary.

p/ Preliminary figures.



## **External Sector**

---



**Table A 57**  
**External Sector Indicators**

	2000	2001	2002	2003	2004	2005	2006 p/
<b>Balance of Payments</b>							
	<b>Billion USD</b>						
Current account	-18.7	-17.7	-14.1	-8.9	-6.7	-4.9	-1.8
Trade balance	-8.4	-9.6	-7.7	-5.7	-8.8	-7.6	-6.1
Capital account	19.6	26.0	27.0	22.3	11.8	12.7	1.8
Foreign direct investment	17.8	27.5	19.3	15.3	22.3	19.6	18.9
Change in international reserves	2.8	7.3	7.1	9.5	4.1	7.2	-1.0
Stock of net international reserves	33.6	40.9	48.0	57.4	61.5	68.7	67.7
	<b>Percent of GDP</b>						
Current account	-3.2	-2.8	-2.2	-1.4	-1.0	-0.6	-0.2
Capital account	3.4	4.2	4.2	3.5	1.7	1.7	0.2
<b>Foreign Trade</b>							
	<b>Annual percentage change</b>						
Exports	21.8	-4.4	1.4	2.3	14.1	14.0	16.7
Oil	61.8	-18.2	12.4	25.4	27.2	34.8	22.4
Non-oil	18.7	-2.9	0.4	0.0	12.4	11.0	15.7
Manufactures	19.1	-2.7	0.6	-0.7	12.2	11.0	15.8
Other	7.9	-8.2	-5.2	20.7	19.0	9.0	13.8
Imports	22.9	-3.5	0.2	1.1	15.4	12.7	15.5
Consumer goods	37.1	18.3	7.2	1.6	18.1	24.0	17.3
Intermediate goods	22.3	-5.6	0.3	1.8	15.5	10.3	15.0
Capital goods	17.5	-6.8	-6.7	-3.7	11.8	16.0	16.4
<b>Gross External Debt and Interest Paid</b>							
	<b>Percent of current account revenues</b>						
Total external debt	82.3	84.5	82.6	80.9	72.2	64.9	53.8
Public sector <sup>1/</sup>	43.9	43.1	41.9	40.5	35.2	27.9	18.5
Private sector	38.5	41.3	40.7	40.4	36.7	36.6	35.3
Interest <sup>2/</sup>	7.1	6.8	6.4	6.0	5.0	4.8	4.6
	<b>Percent of GDP</b>						
Total external debt	27.3	25.3	23.9	24.7	23.7	21.5	19.0
Public sector <sup>1/</sup>	14.6	12.9	12.1	12.4	11.6	9.3	6.5
Private sector	12.8	12.4	11.8	12.3	12.1	12.2	12.5
Interest <sup>2/</sup>	2.4	2.0	1.8	1.8	1.6	1.6	1.6

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

1/ Includes Banco de México.

3/ Includes public and private sectors.

p/ Preliminary figures.

Note: Figures may not add up due to rounding.



**Table A 58**  
**Balance of Payments**  
Million US dollars

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 p/
<b>Current Account</b>	<b>-7,665.0</b>	<b>-15,992.7</b>	<b>-13,928.8</b>	<b>-18,683.7</b>	<b>-17,682.6</b>	<b>-14,108.8</b>	<b>-8,851.3</b>	<b>-6,689.8</b>	<b>-4,897.5</b>	<b>-1,770.6</b>
<b>Revenues</b>	<b>131,318.2</b>	<b>140,148.5</b>	<b>158,910.5</b>	<b>192,875.8</b>	<b>186,166.4</b>	<b>188,139.8</b>	<b>195,136.4</b>	<b>224,785.7</b>	<b>256,777.9</b>	<b>296,478.4</b>
<b>Merchandise exports</b>	<b>110,431.4</b>	<b>117,539.3</b>	<b>136,361.8</b>	<b>166,120.7</b>	<b>158,779.7</b>	<b>161,046.0</b>	<b>164,766.4</b>	<b>187,998.5</b>	<b>214,233.0</b>	<b>249,997.2</b>
<b>Non-factor services</b>	<b>11,053.5</b>	<b>11,522.6</b>	<b>11,692.0</b>	<b>13,712.3</b>	<b>12,660.3</b>	<b>12,691.6</b>	<b>12,532.9</b>	<b>13,955.1</b>	<b>16,066.3</b>	<b>16,265.1</b>
Travel	7,376.0	7,493.1	7,222.9	8,294.2	8,400.6	8,858.0	9,361.7	10,795.6	11,803.4	12,176.6
Other	3,677.5	4,029.5	4,469.1	5,418.1	4,259.6	3,833.6	3,171.2	3,159.5	4,262.9	4,088.5
<b>Factor services</b>	<b>4,560.4</b>	<b>5,047.1</b>	<b>4,516.8</b>	<b>6,019.6</b>	<b>5,366.5</b>	<b>4,098.6</b>	<b>3,941.8</b>	<b>5,708.4</b>	<b>5,938.0</b>	<b>6,691.4</b>
Interest	3,749.6	4,034.3	3,735.7	5,024.5	4,074.7	2,835.3	2,342.8	2,211.3	3,010.6	4,443.9
Other	810.8	1,012.8	781.1	995.1	1,291.8	1,263.3	1,599.0	3,497.1	2,927.4	2,247.5
<b>Transfers</b>	<b>5,272.9</b>	<b>6,039.5</b>	<b>6,340.0</b>	<b>7,023.1</b>	<b>9,360.0</b>	<b>10,303.7</b>	<b>13,895.3</b>	<b>17,123.7</b>	<b>20,540.7</b>	<b>23,524.7</b>
<b>Expenditures</b>	<b>138,983.2</b>	<b>156,141.1</b>	<b>172,839.3</b>	<b>211,559.5</b>	<b>203,849.1</b>	<b>202,248.6</b>	<b>203,987.7</b>	<b>231,475.5</b>	<b>261,675.4</b>	<b>298,248.9</b>
<b>Merchandise imports</b>	<b>109,807.8</b>	<b>125,373.1</b>	<b>141,974.8</b>	<b>174,457.8</b>	<b>168,396.5</b>	<b>168,678.9</b>	<b>170,545.8</b>	<b>196,809.6</b>	<b>221,819.5</b>	<b>256,130.4</b>
<b>Non-factor services</b>	<b>11,800.0</b>	<b>12,427.5</b>	<b>13,490.6</b>	<b>16,035.7</b>	<b>16,217.9</b>	<b>16,739.7</b>	<b>17,133.7</b>	<b>18,561.9</b>	<b>20,779.4</b>	<b>22,364.1</b>
Insurance and freight	3,312.4	3,699.1	4,109.2	5,006.4	4,643.1	4,407.8	4,492.9	5,450.2	6,494.0	7,417.7
Travel	3,891.9	4,209.1	4,541.3	5,499.1	5,701.9	6,059.7	6,253.3	6,959.0	7,600.4	8,108.3
Other	4,595.7	4,519.3	4,840.2	5,530.2	5,872.9	6,272.3	6,387.5	6,152.7	6,685.0	6,838.2
<b>Factor services</b>	<b>17,349.9</b>	<b>18,313.4</b>	<b>17,347.1</b>	<b>21,036.5</b>	<b>19,212.8</b>	<b>16,794.8</b>	<b>16,271.1</b>	<b>16,023.9</b>	<b>19,019.8</b>	<b>19,681.9</b>
Interest	12,436.2	12,482.3	12,808.8	13,694.9	12,693.2	11,966.1	11,670.1	11,222.4	12,259.7	13,699.9
Other	4,913.7	5,831.1	4,538.3	7,341.7	6,519.6	4,828.7	4,601.0	4,801.4	6,760.2	5,982.0
<b>Transfers</b>	<b>25.5</b>	<b>27.1</b>	<b>26.9</b>	<b>29.4</b>	<b>21.9</b>	<b>35.2</b>	<b>37.1</b>	<b>80.0</b>	<b>56.6</b>	<b>72.5</b>
<b>Capital Account</b>	<b>16,638.7</b>	<b>18,807.0</b>	<b>14,440.6</b>	<b>19,561.9</b>	<b>26,000.2</b>	<b>27,018.4</b>	<b>22,253.7</b>	<b>11,834.9</b>	<b>12,691.6</b>	<b>1,834.3</b>
<b>Liabilities</b>	<b>9,922.9</b>	<b>18,375.5</b>	<b>18,445.3</b>	<b>12,462.8</b>	<b>29,834.8</b>	<b>15,174.8</b>	<b>14,789.5</b>	<b>23,600.2</b>	<b>26,884.3</b>	<b>14,928.2</b>
<b>Indebtedness</b>	<b>-6,706.7</b>	<b>6,570.9</b>	<b>1,888.5</b>	<b>-5,714.3</b>	<b>1,255.9</b>	<b>-4,213.3</b>	<b>-1,334.4</b>	<b>-1,372.0</b>	<b>543.0</b>	<b>-10,487.6</b>
Development banks	-2,191.6	-724.9	-1,774.5	-185.7	-1,210.2	-1,244.2	-1,640.7	-2,680.2	-3,468.5	-7,959.2
Commercial banks	-1,869.4	-927.8	-1,723.2	-2,445.6	-3,133.4	-2,960.6	-529.2	-906.1	-2,279.8	99.4
Banco de México	-3,486.8	-1,071.6	-3,684.7	-4,285.6	0.0	0.0	0.0	0.0	0.0	0.0
Non-bank public sector	-5,523.9	2,433.0	1,707.1	-6,573.3	-83.9	-3,220.2	-2,691.3	-1,759.3	-6,624.1	-14,068.2
Non-bank private sector	5,365.0	5,169.0	4,708.4	3,992.0	2,263.2	-2,060.6	-2,675.9	-1,975.0	4,166.4	4,414.8
Pidiregas	1,000.0	1,693.2	2,655.4	3,783.9	3,420.2	5,272.3	6,202.7	5,948.6	8,749.0	7,025.6
<b>Foreign Investment</b>	<b>16,629.6</b>	<b>11,804.6</b>	<b>16,556.8</b>	<b>18,177.1</b>	<b>28,578.9</b>	<b>19,388.1</b>	<b>16,123.9</b>	<b>24,972.1</b>	<b>26,341.3</b>	<b>25,415.8</b>
Direct investment	12,829.6	12,416.1	13,704.6	17,776.1	27,487.2	19,342.1	15,345.1	22,300.9	19,642.6	18,938.3
Portfolio investment	3,800.1	-611.5	2,852.2	401.0	1,091.8	46.0	778.9	2,671.2	6,698.7	6,477.4
Equity	3,215.3	-665.6	3,769.2	446.8	151.0	-103.6	-123.3	-2,522.2	3,352.9	2,805.2
Money market	584.8	54.1	-917.0	-45.8	940.8	149.6	902.2	5,193.4	3,345.7	3,672.3
<b>Assets</b>	<b>6,715.8</b>	<b>431.5</b>	<b>-4,004.7</b>	<b>7,099.0</b>	<b>-3,834.6</b>	<b>11,843.6</b>	<b>7,464.2</b>	<b>-11,765.2</b>	<b>-14,192.6</b>	<b>-13,093.9</b>
Held by foreign banks	4,859.6	155.4	-3,037.0	3,549.7	-1,511.7	10,773.3	7,457.1	-5,579.3	-4,402.5	-7,888.9
Mexican direct investment	0.0	0.0	0.0	0.0	-4,404.0	-890.8	-1,253.5	-4,431.9	-6,474.0	-3,896.6
Credits granted abroad	-113.6	329.8	425.0	412.5	0.0	190.0	46.0	0.0	0.0	0.0
External debt guarantees	-707.7	-768.7	-835.8	1,289.8	3,856.6	1,133.8	90.8	1,717.9	0.0	0.0
Other	2,677.4	715.0	-556.9	1,847.0	-1,775.6	637.3	1,123.8	-3,471.9	-3,316.1	-1,308.4
<b>Errors and Omissions</b>	<b>1,537.8</b>	<b>-675.9</b>	<b>80.4</b>	<b>1,946.1</b>	<b>-992.5</b>	<b>-5,819.9</b>	<b>-3,964.7</b>	<b>-1,086.9</b>	<b>-629.7</b>	<b>-1,066.6</b>
<b>Change in International Reserves</b>	<b>10,493.7</b>	<b>2,136.9</b>	<b>593.6</b>	<b>2,821.5</b>	<b>7,325.0</b>	<b>7,104.1</b>	<b>9,450.9</b>	<b>4,061.4</b>	<b>7,172.6</b>	<b>-989.2</b>
<b>Valuation Adjustments</b>	<b>17.8</b>	<b>1.5</b>	<b>-1.4</b>	<b>2.7</b>	<b>0.0</b>	<b>-14.4</b>	<b>-13.2</b>	<b>-3.2</b>	<b>-8.2</b>	<b>-13.7</b>

p/ Preliminary figures.

Note: Figures may not add up due to rounding.

**Table A 59**  
**Foreign Trade**  
Million US dollars

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 p/
<b>Exports</b>	<b>110,431.5</b>	<b>117,539.3</b>	<b>136,361.8</b>	<b>166,120.7</b>	<b>158,779.7</b>	<b>161,046.0</b>	<b>164,766.4</b>	<b>187,998.6</b>	<b>214,233.0</b>	<b>249,997.2</b>
<b>Maquiladora</b>	<b>45,165.4</b>	<b>53,083.1</b>	<b>63,853.6</b>	<b>79,467.4</b>	<b>76,880.9</b>	<b>78,098.1</b>	<b>77,467.1</b>	<b>86,951.7</b>	<b>97,401.4</b>	<b>111,823.8</b>
<b>Non-maquiladora</b>	<b>65,266.1</b>	<b>64,456.2</b>	<b>72,508.2</b>	<b>86,653.3</b>	<b>81,898.8</b>	<b>82,947.9</b>	<b>87,299.3</b>	<b>101,046.9</b>	<b>116,831.6</b>	<b>138,173.4</b>
<b>Oil</b>	<b>11,477.6</b>	<b>7,306.9</b>	<b>9,970.2</b>	<b>16,134.8</b>	<b>13,199.4</b>	<b>14,829.8</b>	<b>18,602.4</b>	<b>23,666.6</b>	<b>31,890.7</b>	<b>39,021.9</b>
Crude oil <sup>1/</sup>	10,333.8	6,447.7	8,829.5	14,552.9	11,927.7	13,392.2	16,676.3	21,257.8	28,329.5	34,707.1
Other	1,143.8	859.3	1,140.6	1,581.9	1,271.7	1,437.6	1,926.1	2,408.8	3,561.2	4,314.8
<b>Non-oil</b>	<b>98,953.9</b>	<b>110,232.4</b>	<b>126,391.7</b>	<b>149,986.0</b>	<b>145,580.3</b>	<b>146,216.2</b>	<b>146,164.1</b>	<b>164,332.0</b>	<b>182,342.2</b>	<b>210,975.3</b>
Agriculture	4,448.8	4,335.7	4,456.0	4,765.5	4,446.3	4,214.5	5,035.6	5,683.9	6,008.3	6,852.8
Mining	450.2	447.5	421.1	495.8	385.5	367.1	496.3	900.8	1,167.7	1,316.8
Manufacturing	94,055.0	105,449.2	121,514.5	144,724.7	140,748.5	141,634.5	140,632.1	157,747.3	175,166.2	202,805.7
Maquiladora	45,165.4	53,083.1	63,853.6	79,467.4	76,880.9	78,098.1	77,467.1	86,951.7	97,401.4	111,823.8
Non-maquiladora	48,889.5	52,366.1	57,661.0	65,257.3	63,867.6	63,536.4	63,165.0	70,795.6	77,764.8	90,981.9
<b>Imports</b>	<b>109,808.2</b>	<b>125,373.1</b>	<b>141,974.8</b>	<b>174,457.8</b>	<b>168,396.4</b>	<b>168,678.9</b>	<b>170,545.8</b>	<b>196,809.7</b>	<b>221,819.5</b>	<b>256,130.4</b>
<b>Maquiladora</b>	<b>36,332.2</b>	<b>42,556.7</b>	<b>50,409.3</b>	<b>61,708.8</b>	<b>57,598.5</b>	<b>59,296.0</b>	<b>59,057.2</b>	<b>67,742.2</b>	<b>75,678.9</b>	<b>87,503.2</b>
<b>Non-maquiladora</b>	<b>73,476.0</b>	<b>82,816.3</b>	<b>91,565.4</b>	<b>112,749.0</b>	<b>110,797.9</b>	<b>109,382.9</b>	<b>111,488.7</b>	<b>129,067.4</b>	<b>146,140.7</b>	<b>168,627.2</b>
<b>Consumer goods</b>	<b>9,090.3</b>	<b>11,108.5</b>	<b>12,175.0</b>	<b>16,690.5</b>	<b>19,752.0</b>	<b>21,178.4</b>	<b>21,509.0</b>	<b>25,409.0</b>	<b>31,512.9</b>	<b>36,971.8</b>
<b>Intermediate goods</b>	<b>85,639.2</b>	<b>96,935.2</b>	<b>109,269.6</b>	<b>133,637.3</b>	<b>126,148.8</b>	<b>126,508.1</b>	<b>128,831.5</b>	<b>148,803.7</b>	<b>164,091.1</b>	<b>188,633.9</b>
Maquiladora	36,332.2	42,556.7	50,409.3	61,708.8	57,598.5	59,296.0	59,057.2	67,742.2	75,678.9	87,503.2
Non-maquiladora	49,306.9	54,378.5	58,860.3	71,928.5	68,550.2	67,212.0	69,774.3	81,061.5	88,412.3	101,130.4
<b>Capital goods</b>	<b>15,078.7</b>	<b>17,329.4</b>	<b>20,530.1</b>	<b>24,129.9</b>	<b>22,495.7</b>	<b>20,992.5</b>	<b>20,205.3</b>	<b>22,597.0</b>	<b>26,215.5</b>	<b>30,524.9</b>
<b>Trade balance</b>	<b>623.3</b>	<b>-7,833.8</b>	<b>-5,612.9</b>	<b>-8,337.1</b>	<b>-9,616.7</b>	<b>-7,632.9</b>	<b>-5,779.4</b>	<b>-8,811.1</b>	<b>-7,586.6</b>	<b>-6,133.2</b>
<b>Maquiladora</b>	<b>8,833.2</b>	<b>10,526.4</b>	<b>13,444.3</b>	<b>17,758.6</b>	<b>19,282.4</b>	<b>18,802.1</b>	<b>18,410.0</b>	<b>19,209.4</b>	<b>21,722.5</b>	<b>24,320.6</b>
<b>Non-maquiladora</b>	<b>-8,209.9</b>	<b>-18,360.2</b>	<b>-19,057.2</b>	<b>-26,095.7</b>	<b>-28,899.1</b>	<b>-26,435.0</b>	<b>-24,189.4</b>	<b>-28,020.5</b>	<b>-29,309.1</b>	<b>-30,453.8</b>

Source: Working group composed of officers from Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística, Geografía e Informática*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT), and the Ministry of the Economy.

Note: Figures may not add up due to rounding.

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

p/ Preliminary figures.

**Table A 60**  
**Exports by Sector of Origin**  
Million US dollars

Item	Maquiladora			Non-maquiladora			Total		
	2004	2005	2006 p/	2004	2005	2006 p/	2004	2005	2006 p/
<b>Total</b>	<b>86,951.7</b>	<b>97,401.4</b>	<b>111,823.8</b>	<b>101,046.9</b>	<b>116,831.6</b>	<b>138,173.4</b>	<b>187,998.6</b>	<b>214,233.0</b>	<b>249,997.2</b>
I. Land Farming and Forestry	0.0	0.0	0.0	4,522.1	4,900.9	5,561.6	4,522.1	4,900.9	5,561.6
II. Livestock and Fishing	0.0	0.0	0.0	1,161.8	1,107.4	1,291.2	1,161.8	1,107.4	1,291.2
III. Extractive Industries	0.0	0.0	0.0	24,567.4	33,058.4	40,338.7	24,567.4	33,058.4	40,338.7
Crude oil <sup>1/</sup>	0.0	0.0	0.0	21,257.8	28,329.5	34,707.1	21,257.8	28,329.5	34,707.1
Other	0.0	0.0	0.0	3,309.6	4,728.9	5,631.6	3,309.6	4,728.9	5,631.6
IV. Manufacturing	86,951.7	97,401.4	111,823.8	70,795.5	77,764.8	90,981.9	157,747.3	175,166.1	202,805.8
A. Food, beverages and tobacco	457.1	668.0	885.4	4,246.9	5,065.4	6,049.5	4,704.0	5,733.4	6,935.1
B. Textiles, apparel and leather products	6,424.1	6,423.9	6,002.4	4,037.2	3,967.4	3,324.3	10,461.3	10,391.4	9,326.8
C. Timber products	328.6	385.0	398.5	333.5	324.6	353.2	662.2	709.6	751.8
D. Paper, printing and publishing	643.2	830.7	980.0	766.2	884.1	883.6	1,409.4	1,714.8	1,863.6
E. Chemical industry	382.8	464.6	726.7	4,935.6	5,450.8	5,817.5	5,318.4	5,915.5	6,544.3
F. Plastic and rubber products	1,960.7	2,151.7	2,376.4	2,732.1	3,314.3	3,497.7	4,692.8	5,466.0	5,874.1
G. Non-metal mineral products	529.4	590.4	712.1	1,784.8	2,096.9	2,265.8	2,314.2	2,687.3	2,977.9
H. Iron and steel	712.4	878.5	928.9	3,815.7	4,608.6	5,334.8	4,528.1	5,487.1	6,263.7
I. Mining and metallurgy	475.6	631.6	751.6	2,129.9	2,835.5	5,258.1	2,605.5	3,467.1	6,009.8
J. Metallic products, machinery and equipment	72,111.1	80,851.4	94,122.6	44,807.0	47,340.9	56,510.4	116,918.1	128,192.4	150,633.1
1. For agriculture and stockbreeding	190.5	190.8	209.0	116.3	180.9	206.7	306.8	371.8	415.7
2. For other transport and communications	13,214.3	14,479.1	15,643.3	28,795.7	32,543.7	39,083.8	42,010.0	47,022.9	54,727.2
Automotive Industry	12,808.1	14,181.8	15,270.9	28,314.5	31,605.1	37,823.0	41,122.6	45,787.0	53,094.0
3. Special machinery and equipment for different industries	17,739.0	18,352.3	19,992.0	7,394.1	6,565.5	7,808.1	25,133.1	24,917.8	27,800.2
4. Metallic products (domestic use)	999.0	590.1	1,157.9	667.9	948.3	1,341.9	1,667.0	1,538.5	2,499.8
5. Professional and scientific equipment	4,338.8	5,813.1	6,598.3	1,331.1	1,480.1	1,565.1	5,670.0	7,293.3	8,163.3
6. Electric and electronic equipment	35,202.4	41,071.7	50,145.4	6,218.5	5,439.6	6,201.2	41,420.9	46,511.3	56,346.6
7. Photographic & optical equipment, and watchmal	426.9	354.3	376.8	283.4	182.7	303.5	710.4	537.0	680.3
K. Other industries	2,926.7	3,525.6	3,939.2	1,206.6	1,876.3	1,687.0	4,133.3	5,401.5	5,625.6

Source: Working group composed of officers from Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística, Geografía e Informática*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT), and the Ministry of the Economy.

Note: Figures may not add up due to rounding.

<sup>1/</sup> Data provided by PMI Internacional, S.A. de C.V. (operation figures).

p/ Preliminary figures.

**Table A 61**  
**Imports by Sector of Origin**  
Million US dollars

Item	Maquiladora			Non-maquiladora			Total		
	2004	2005	2006 p/	2004	2005	2006 p/	2004	2005	2006 p/
<b>TOTAL</b>	<b>67,742.2</b>	<b>75,678.9</b>	<b>87,503.2</b>	<b>129,067.4</b>	<b>146,140.7</b>	<b>168,627.2</b>	<b>196,809.7</b>	<b>221,819.5</b>	<b>256,130.4</b>
I. Land Farming and Forestry	61.7	108.9	121.7	6,121.4	5,867.4	6,779.1	6,183.1	5,976.3	6,900.8
II. Livestock and Fishing	2.6	2.1	1.1	233.7	308.3	366.8	236.3	310.4	367.9
III. Extractive Industries	488.4	664.5	853.1	12,005.5	17,466.9	20,893.7	12,493.9	18,131.4	21,746.8
IV. Manufacturing	67,189.3	74,903.4	86,527.3	110,706.8	122,498.1	140,587.6	177,896.1	197,401.5	227,114.9
A. Food, beverages and tobacco	110.4	125.2	225.1	7,037.1	7,992.5	8,684.2	7,147.5	8,117.7	8,909.3
B. Textiles, apparel and leather products	5,183.4	5,172.7	4,675.2	5,200.8	5,543.1	5,934.0	10,384.2	10,715.8	10,609.2
C. Timber products	318.6	341.9	353.9	972.7	1,137.3	1,236.5	1,291.3	1,479.2	1,590.4
D. Paper, printing and publishing	1,625.9	1,769.6	1,878.3	3,501.9	3,752.6	4,257.4	5,127.8	5,522.2	6,135.7
E. Chemical industry	1,139.0	1,298.3	1,729.8	11,576.6	13,054.4	14,309.7	12,715.6	14,352.7	16,039.5
F. Plastic and rubber products	6,610.9	7,243.1	7,583.6	6,747.1	7,723.1	8,892.5	13,358.0	14,966.2	16,476.1
G. Non-metal mineral products	739.5	808.9	798.8	1,187.3	1,277.3	1,494.3	1,926.8	2,086.2	2,293.1
H. Iron and steel	3,042.6	3,519.9	3,890.3	6,203.3	7,176.3	8,827.9	9,245.9	10,696.2	12,718.2
I. Mining and metallurgy	2,339.6	2,631.7	3,009.6	2,808.9	3,075.4	4,841.9	5,148.5	5,707.1	7,851.5
J. Metallic products, machinery and equipment	44,860.5	50,381.8	60,172.7	62,059.8	67,721.1	76,765.4	106,920.3	118,102.9	136,938.1
1. For agriculture and stockbreeding	16.0	18.0	25.0	534.3	581.5	616.9	550.3	599.5	641.9
2. For other transport and communications	2,474.7	2,790.7	3,568.9	22,605.5	26,416.4	29,371.8	25,080.2	29,207.1	32,940.7
Automotive Industry	2,275.1	2,631.9	3,393.1	21,591.0	25,146.8	27,910.1	23,866.1	27,778.7	31,303.2
3. Special machinery and equipment for different industries	11,174.2	10,924.4	11,030.3	19,656.5	21,725.8	25,227.2	30,830.7	32,650.2	36,257.5
4. Metallic products (domestic use)	87.7	150.5	199.1	554.2	608.3	765.0	641.9	758.8	964.1
5. Professional and scientific equipment	2,253.1	3,001.4	5,326.3	3,123.5	3,455.2	4,059.7	5,376.6	6,456.6	9,386.0
6. Electric and electronic equipment	28,543.8	33,250.2	39,778.0	15,103.4	14,415.7	16,169.1	43,647.2	47,665.9	55,947.1
7. Photographic & optical equipment, and watchmaking	311.0	246.7	245.0	482.3	518.2	555.8	793.3	764.9	800.8
K. Other industries	1,218.9	1,610.3	2,210.0	3,411.3	4,045.0	5,343.8	4,630.2	5,655.3	7,553.8

Source: Working group composed of officers from Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística, Geografía e Informática*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT), and the Ministry of the Economy.

Note: Figures may not add up due to rounding.

p/ Preliminary figures.

**Table A 62**  
**Regional Trade Balance**  
Million US dollars

	Exports				Imports			
	2003	2004	2005	2006 p/	2003	2004	2005	2006 p/
<b>Total</b>	<b>164,766</b>	<b>187,999</b>	<b>214,233</b>	<b>249,997</b>	<b>170,546</b>	<b>196,810</b>	<b>221,820</b>	<b>256,130</b>
America	154,239	176,472	199,234	231,310	117,485	127,369	137,981	153,250
North America	147,335	167,814	187,797	217,048	109,481	116,154	124,717	137,759
United States	144,293	164,522	183,563	211,871	105,361	110,827	118,547	130,383
Canada	3,042	3,292	4,234	5,176	4,120	5,327	6,169	7,376
Central America	1,899	2,086	2,864	3,416	905	1,300	1,514	1,472
Costa Rica	352	387	421	522	584	852	883	789
El Salvador	286	317	472	497	44	50	59	59
Guatemala	590	672	864	935	151	230	222	356
Panama	320	316	463	568	38	44	78	57
Other Central American countries	350	393	645	894	88	123	272	212
South America	2,761	4,047	5,847	7,978	6,509	9,008	10,588	12,403
Argentina	235	569	672	952	867	1,108	1,303	1,799
Brazil	621	863	890	1,147	3,267	4,341	5,214	5,558
Colombia	662	789	1,548	2,132	406	635	675	744
Chile	381	443	668	905	1,082	1,464	1,754	2,470
Peru	194	250	345	533	131	282	445	470
Venezuela	421	828	1,289	1,783	566	916	783	980
Other South American countries	246	306	435	525	189	261	413	383
Antilles	2,243	2,525	2,726	2,869	590	907	1,162	1,615
Europe	6,444	7,039	9,440	11,298	20,087	23,823	28,391	31,883
European Union	6,216	6,825	9,144	11,009	18,645	21,793	25,982	29,012
Germany	1,715	1,689	2,289	2,973	6,218	7,144	8,670	9,437
Belgium	344	442	534	687	573	715	839	805
Denmark	44	48	71	100	199	202	220	271
Spain	1,512	2,027	2,954	3,270	2,288	2,853	3,325	3,638
France	337	335	373	556	2,015	2,395	2,565	2,662
Netherlands	701	606	801	1,326	556	701	925	1,547
Italy	276	235	195	267	2,474	2,817	3,498	4,109
Portugal	187	154	270	282	126	250	305	345
United Kingdom	733	840	1,188	925	1,242	1,458	1,866	2,140
Other EU countries	367	448	468	623	2,953	3,259	3,769	4,059
Other European countries	228	214	296	289	1,443	2,030	2,410	2,871
Asia	3,683	3,942	4,779	6,386	31,854	44,400	53,654	68,893
China	974	986	1,136	1,688	9,401	14,374	17,696	24,438
South Korea	188	227	250	464	4,137	5,276	6,566	10,676
Philippines	20	18	41	58	784	867	1,323	1,232
Hong Kong	144	173	192	282	517	408	552	614
India	487	446	561	680	564	868	959	1,126
Indonesia	25	27	66	46	448	614	654	812
Israel	61	62	87	91	313	402	371	429
Japan	1,173	1,191	1,470	1,594	7,595	10,583	13,078	15,295
Malaysia	68	57	54	100	2,761	3,374	3,658	4,474
Singapore	189	312	327	254	1,338	2,212	2,226	1,955
Thailand	54	51	98	118	987	1,260	1,558	1,784
Taiwan	148	206	200	441	2,509	3,479	4,066	4,974
Other Asian countries	150	186	299	569	500	685	948	1,083
Africa	178	170	342	460	391	505	571	835
Oceania	212	291	364	469	711	691	1,195	1,246
Australia	199	275	341	439	429	404	802	897
New Zealand	10	15	21	28	278	280	385	340
Other Oceanian countries	2	1	2	2	3	7	8	10
Unidentified	11	86	74	75	17	21	27	23

Source: Working group composed of officers from Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística, Geografía e Informática, INEGI*), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria, SAT*), and the Ministry of the Economy.

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



**Table A 63**  
**Non-maquiladora Foreign Trade**

	Exports				Imports		
	2004	2005	2006 p/		2004	2005	2006 p/
<b>Total (Million USD)</b>	<b>101,047</b>	<b>116,832</b>	<b>138,173</b>	<b>Total (Million USD)</b>	<b>129,067</b>	<b>146,141</b>	<b>168,627</b>
	Percent of Total				Percent of Total		
Crude oil <sup>1/</sup>	21.0	24.2	25.1	Automobile spare parts	6.1	6.0	5.7
Automobiles of the tourism kind	11.5	11.3	12.4	Automobiles of the tourism kind	5.0	5.4	5.5
Trucks and cargo vehicles	6.6	6.1	6.2	Gasoline	1.6	3.4	3.9
Automobile spare parts	3.5	3.8	3.8	Gaseous hydrocarbons	2.6	2.5	2.2
Oils other than crude oil	1.9	2.5	2.6	Computers	2.0	2.1	2.0
Malt beer	1.3	1.3	1.3	Trucks and cargo vehicles	1.4	1.6	1.6
Gasoline motors	2.0	1.8	1.3	Radio and T.V.	1.7	1.4	1.5
Spare parts for motors	1.4	1.4	1.3	Retail medicine	1.3	1.2	1.2
Insulating cables for electric installations	0.9	0.9	1.0	Diesel motors	1.5	1.4	1.0
Tractors	1.2	0.9	0.9				
				Other mechanic devices with independent functions	1.2	1.1	1.0
Unalloyed steel and iron intermediate goods	1.0	0.9	0.9	Fuel gas	0.2	0.6	1.0
Silver (crude, worked, and ground)	0.7	0.6	0.9	Ethylene polymers	0.8	0.9	0.9
Fresh and refrigerated legumes	1.0	0.9	0.8	Spare parts for motors	0.9	1.0	0.9
Fresh and refrigerated tomato	0.9	0.8	0.8	Rubber tires	0.8	0.8	0.8
Refrigerators	0.5	0.6	0.8	Gasoline motors	0.6	0.6	0.8
Computers	2.1	0.7	0.8	Cyclical hydrocarbons	0.8	0.8	0.7
Gold (crude, worked, and ground)	0.1	0.3	0.7	Assortment of bibbs	0.6	0.7	0.7
Pipes and steel sections (without welding)	0.3	0.5	0.7	Corn	0.6	0.5	0.7
Hoist, jack and tackle parts	0.6	0.8	0.7	Air pumps	0.6	0.7	0.7
Retail medicine	1.1	0.9	0.6	Recorders and T.V. parts	0.9	0.8	0.7
Bovine cattle	0.5	0.4	0.5	Iron casts	0.7	0.7	0.7
Diesel motors	0.5	0.5	0.5	Electric circuit connection devices	0.7	0.6	0.6
Air conditioning machines and devices	0.4	0.4	0.5	Front and angling-type bulldozers	0.4	0.5	0.6
Polyesters, epoxic resins	0.5	0.5	0.5	Computer spare parts and accessories	1.0	0.6	0.6
Automatic-regulating instruments	0.6	0.5	0.5	Propeller shafts, bearings, and gears	0.6	0.6	0.6
Box cars	0.2	0.3	0.4	Flat laminated products (metal lined)	0.5	0.5	0.6
Electric transformers	0.4	0.4	0.4	Plastic containers	0.6	0.6	0.6
<i>Tequila</i> and <i>mezcal</i> spirits	0.5	0.5	0.4	Furniture, automobile and plastic clothing parts	0.6	0.6	0.6
Plastic containers	0.4	0.5	0.4	Aluminum (crude)	0.5	0.5	0.6
Zinc (crude)	0.2	0.2	0.4	Bovine meat (fresh and refrigerated)	0.5	0.6	0.6
Electric motors and generators	0.5	0.4	0.4	Insulating cables for electric installations	0.5	0.5	0.5
Laminated spring	0.4	0.4	0.4	Soy beans	0.9	0.7	0.5
Assortment of bibbs	0.4	0.4	0.3	Liquid pumps	0.5	0.5	0.5
Seats and their parts	0.5	0.5	0.3	Telephone and telegraph electric devices	0.7	0.5	0.5
Avocado, guava, mango, and pineapple	0.3	0.4	0.3	Automatic-regulating instruments	0.5	0.5	0.5
Copper scraps	0.1	0.1	0.3	Microelectronic circuits	1.7	0.7	0.5
Centrifugates, filters, and purifiers	0.4	0.4	0.3	Propylene polymers	0.4	0.5	0.5
Outfits for men and boys	0.4	0.4	0.3	Polyesters, epoxic resins	0.4	0.5	0.5
Electric lighting devices	0.4	0.4	0.3	Centrifugates, filters and purifiers	0.5	0.5	0.5
Molibdenum minerals and concentrates	0.3	0.5	0.3	Machines and devices to manufacture rubber	0.5	0.5	0.5
Other	32.3	30.6	28.6	Other	43.8	44.6	44.4

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

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

Note: Figures may not add up due to rounding.

p/ Preliminary figures.



**Table A 64**  
**International Travelers**

Item	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 p/
<b>Balance (million USD)</b>	<b>3,484.1</b>	<b>3,284.0</b>	<b>2,681.6</b>	<b>2,795.1</b>	<b>2,698.7</b>	<b>2,798.3</b>	<b>3,108.4</b>	<b>3,836.5</b>	<b>4,203.0</b>	<b>4,068.3</b>
<b>INBOUND</b>										
<b>Revenues (million USD)</b>	<b>7,376.0</b>	<b>7,493.1</b>	<b>7,222.9</b>	<b>8,294.2</b>	<b>8,400.6</b>	<b>8,858.0</b>	<b>9,361.7</b>	<b>10,795.6</b>	<b>11,803.4</b>	<b>12,176.6</b>
Tourists	5,086.0	5,134.5	5,061.7	5,816.2	5,941.4	6,083.7	6,680.1	7,783.5	8,502.4	8,954.6
In border areas	2,167.5	2,236.7	1,995.7	2,277.0	2,243.9	2,491.8	2,393.1	2,591.3	2,848.4	2,763.6
Overnight visitors	445.0	498.8	444.0	619.2	597.0	640.9	571.6	598.8	643.9	604.8
One-day visitors	1,722.5	1,737.8	1,551.7	1,657.7	1,646.9	1,850.9	1,821.5	1,992.5	2,204.5	2,158.8
Cruises	122.5	121.9	165.4	201.1	215.3	282.5	288.5	420.8	452.6	458.3
<b>Number of travelers (thousands)</b>	<b>92,915</b>	<b>95,214</b>	<b>99,869</b>	<b>105,673</b>	<b>100,719</b>	<b>100,153</b>	<b>92,330</b>	<b>99,250</b>	<b>103,146</b>	<b>97,701</b>
Tourists	9,794	9,775	10,214	10,591	10,151	9,883	10,353	11,553	12,534	12,608
In border areas	80,868	83,193	86,607	91,615	86,762	85,135	77,002	81,204	83,905	78,577
Overnight visitors	9,557	9,617	8,829	10,050	9,659	9,784	8,312	9,065	9,381	8,745
One-day visitors	71,311	73,576	77,778	81,565	77,103	75,352	68,690	72,139	74,524	69,832
Cruises	2,253	2,246	3,048	3,467	3,805	5,136	4,974	6,493	6,707	6,516
<b>Average spending (USD)</b>	<b>79.4</b>	<b>78.7</b>	<b>72.3</b>	<b>78.5</b>	<b>83.4</b>	<b>88.4</b>	<b>101.4</b>	<b>108.8</b>	<b>114.4</b>	<b>124.6</b>
Tourists	519.3	525.3	495.6	549.1	585.3	615.6	645.2	673.7	678.4	710.3
In border areas	26.8	26.9	23.0	24.9	25.9	29.3	31.1	31.9	33.9	35.2
Overnight visitors	46.6	51.9	50.3	61.6	61.8	65.5	68.8	66.1	68.6	69.2
One-day visitors	24.2	23.6	20.0	20.3	21.4	24.6	26.5	27.6	29.6	30.9
Cruises	54.4	54.3	54.3	58.0	56.6	55.0	58.0	64.8	67.5	70.3
<b>OUTBOUND</b>										
<b>Expenditures (million USD)</b>	<b>3,891.9</b>	<b>4,209.1</b>	<b>4,541.3</b>	<b>5,499.1</b>	<b>5,701.9</b>	<b>6,059.7</b>	<b>6,253.3</b>	<b>6,959.0</b>	<b>7,600.4</b>	<b>8,108.3</b>
Tourists	1,592.8	1,720.6	1,690.8	2,163.9	2,399.5	2,429.1	2,565.3	2,910.9	3,313.7	3,805.4
In border areas	2,299.1	2,488.6	2,850.5	3,335.3	3,302.4	3,630.6	3,688.0	4,048.1	4,286.7	4,302.8
Overnight visitors	228.4	281.4	259.6	281.1	368.0	348.5	269.7	316.4	339.7	387.9
One-day visitors	2,070.7	2,207.2	2,590.9	3,054.2	2,934.4	3,282.0	3,418.3	3,731.7	3,946.9	3,914.9
<b>Number of travelers (thousands)</b>	<b>107,242</b>	<b>107,927</b>	<b>117,383</b>	<b>127,268</b>	<b>123,737</b>	<b>124,633</b>	<b>123,015</b>	<b>128,903</b>	<b>128,392</b>	<b>122,022</b>
Tourists	4,838	5,177	5,543	6,200	6,423	6,492	6,603	7,398	8,000	8,486
In border areas	102,404	102,750	111,840	121,068	117,309	118,141	116,412	121,505	120,392	113,536
Overnight visitors	4,072	4,460	4,809	4,879	5,652	5,456	4,441	5,096	5,305	5,516
One-day visitors	98,332	98,290	107,031	116,189	111,657	112,685	111,971	116,409	115,087	108,020
<b>Average spending (USD)</b>	<b>36.3</b>	<b>39.0</b>	<b>38.7</b>	<b>43.2</b>	<b>46.1</b>	<b>48.6</b>	<b>50.8</b>	<b>54.0</b>	<b>59.2</b>	<b>66.4</b>
Tourists	329.2	332.3	305.0	349.0	373.6	374.1	388.5	393.5	414.2	448.4
In border areas	22.5	24.2	25.5	27.5	28.2	30.7	31.7	33.3	35.6	37.9
Overnight visitors	56.1	63.1	54.0	57.6	65.1	63.9	60.7	62.1	64.0	70.3
One-day visitors	21.1	22.5	24.2	26.3	26.3	29.1	30.5	32.1	34.3	36.2

p/ Preliminary figures.

Note: Figures may not add up due to rounding.



**Table A 65**  
**Revenues from Workers' Remittances**

	2002	2003	2004	2005	2006 p/
<b>Total remittances (million USD)</b>	<b>9,814.4</b>	<b>13,396.2</b>	<b>16,612.8</b>	<b>20,034.9</b>	<b>23,053.8</b>
Money orders	686.4	1,623.1	1,883.1	1,867.0	1,357.2
Electronic transfers	8,798.1	11,512.1	14,496.3	17,894.8	21,350.1
Cash and kind	319.8	254.6	233.6	273.1	346.6
Checks	10.1	6.4	n.a.	n.a.	n.a.
<b>Number of remittances (thousands)</b>	<b>29,953.8</b>	<b>41,807.7</b>	<b>50,874.4</b>	<b>58,739.3</b>	<b>65,842.6</b>
Money orders	1,780.0	4,408.1	4,626.5	4,017.9	2,831.2
Electronic transfers	27,704.0	37,044.4	45,925.2	54,376.0	62,374.9
Cash and kind	459.4	348.3	322.7	345.4	636.5
Checks	10.5	6.9	n.d.	n.d.	n.d.
<b>Average remittance (USD)</b>	<b>328</b>	<b>320</b>	<b>327</b>	<b>341</b>	<b>350</b>
Money orders	386	368	407	465	479
Electronic transfers	318	311	316	329	342
Cash and kind	696	731	724	791	545
Checks	966	933	n.a.	n.a.	n.a.

n.a. Not available.

p/ Preliminary figures.

Note: Figures may not add up due to rounding.

**Table A 66**  
**Revenues from Workers' Remittances**  
**By state and country**

State	Distribution by State								International Comparison: Selected Countries in 2005		
	Ranking				Percentage Share				Country	Million USD	As a Percentage of GDP
	1995	2001	2005	2006	1995	2001	2005	2006			
Michoacán	1	1	1	1	16.25	11.69	12.95	10.72	India <sup>e/</sup>	23,548	3.6
Guanajuato	3	2	2	2	10.25	8.31	8.56	8.91	China <sup>e/</sup>	22,492	1.5
Jalisco	2	3	3	3	12.70	7.89	8.45	8.64	Mexico		
Estado de México	7	4	4	4	4.39	7.16	8.36	8.36	2004	16,613	2.1
Federal District (D.F.)	5	7	5	5	5.34	5.67	7.25	6.73	2005	20,035	2.6
Veracruz	15	6	7	6	2.07	3.97	5.76	6.14	2006	23,054	2.7
Puebla	6	9	6	7	4.81	5.99	5.86	6.01	Philippines	10,668	11.2
Oaxaca	8	8	8	8	4.32	4.03	5.00	5.20	Spain	5,339	0.5
Guerrero	4	5	9	9	6.11	6.27	4.78	5.02	Egypt	5,017	5.5
Hidalgo	16	10	10	10	1.95	3.89	3.59	3.70	Morocco	4,589	8.9
Chiapas	27	15	11	11	0.54	2.51	3.27	3.50	Pakistan	4,277	3.6
Zacatecas	11	17	12	12	3.12	2.10	2.48	2.65	Bangladesh	4,241	7.0
San Luis Potosí	10	12	14	13	3.26	2.82	2.38	2.63	Colombia	3,314	2.7
Morelos	9	11	13	14	3.56	2.82	2.38	2.29	Guatemala	2,993	10.9
Querétaro	17	20	15	15	1.93	1.79	1.96	2.03	El Salvador	2,830	17.1
Sinaloa	13	14	16	16	2.99	2.62	1.85	1.82	Portugal	2,826	1.8
Aguascalientes	12	25	18	17	3.11	2.11	1.58	1.64	Brazil	2,480	0.3
Durango	14	16	17	18	2.08	1.24	1.70	1.61	Dominican Republic	2,430	11.1
Chihuahua	19	18	20	19	1.75	2.69	1.46	1.60	Ecuador	2,031	6.4
Tamaulipas	21	13	19	20	1.27	2.05	1.51	1.55	Honduras	1,788	22.4
Nayarit	20	19	21	21	1.57	1.91	1.40	1.42	Indonesia	1,760	0.7
Nuevo León	22	24	22	22	1.05	1.56	1.15	1.24	Peru	1,440	1.8
Tlaxcala	26	27	23	23	0.60	0.75	1.05	1.12	Tunisia	1,393	4.5
Baja California	23	23	26	24	0.76	1.67	0.93	1.01	Greece	863	0.4
Sonora	24	22	25	25	1.84	1.69	0.93	0.94	Turkey	851	2.3
Coahuila	18	21	24	26	0.85	1.64	0.94	0.94	Croatia	845	11.9
Colima	25	26	27	27	0.75	1.15	0.73	0.72	Nicaragua	600	11.7
Tabasco	32	28	28	28	0.09	0.70	0.63	0.65	Costa Rica	400	2.0
Yucatán	28	29	29	29	0.31	0.42	0.40	0.49			
Quintana Roo	29	30	30	30	0.13	0.37	0.37	0.34			
Campeche	31	31	31	31	0.10	0.28	0.25	0.27			
Baja California Sur	30	32	32	32	0.12	0.21	0.10	0.11			
<b>TOTAL</b>					<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>			

Source: Banco de México (for Mexico), and IMF Balance of Payments Division.

e/ Estimated figures (World Bank).

**Table A 67**  
**Foreign Investment Flows**  
**Million US dollars**

	2000	2001	2002	2003	2004	2005	2006 p/
<b>Total</b>	<b>18,177.1</b>	<b>28,578.9</b>	<b>19,388.1</b>	<b>16,123.9</b>	<b>24,972.1</b>	<b>26,341.3</b>	<b>25,415.8</b>
<b>Direct Investment</b>	<b>17,776.1</b>	<b>27,487.2</b>	<b>19,342.1</b>	<b>15,345.1</b>	<b>22,300.9</b>	<b>19,642.6</b>	<b>18,938.3</b>
New investment	8,106.5	20,577.1	11,389.4	5,997.4	13,351.2	9,842.0	7,538.3
Reinvested earnings	3,849.8	3,854.6	2,439.9	2,070.4	2,332.9	3,462.8	3,625.5
Intercompany operations	5,819.8	3,055.4	5,512.8	7,277.3	6,616.9	6,337.7	7,774.5
<b>Portfolio Investment</b>	<b>401.0</b>	<b>1,091.8</b>	<b>46.0</b>	<b>778.9</b>	<b>2,671.2</b>	<b>6,698.7</b>	<b>6,477.4</b>
Equity	446.8	151.0	-103.6	-123.3	-2,522.2	3,352.9	2,805.2
Money market	-45.8	940.8	149.6	902.2	5,193.4	3,345.7	3,672.3

p/ Preliminary figures.

Note: Figures may not add up due to rounding.



**Table A 68**  
**Foreign Investment in Government Securities**  
 End of period outstanding stocks at face value  
 Billion US dollars

		Cetes		Bondes		Tesobonos		Ajustabonos		Development bonds <sup>1/</sup>		Total <sup>2/</sup>	
		Stock	%	Stock	%	Stock	%	Stock	%	Stock	%	Stock	%
1995	Dec	2.8	82.0	0.1	3.3	0.2	5.6	0.3	9.1	d.n.e.	d.n.e.	3.4	100.0
1996	Dec	3.0	89.2	0.3	9.6	0.0	0.0	*	1.1	d.n.e.	d.n.e.	3.4	100.0
1997	Dec	3.0	90.3	0.3	7.7	0.0	0.0	*	0.2	d.n.e.	d.n.e.	3.3	100.0
1998	Dec	2.1	91.5	0.2	0.1	0.0	0.0	*	0.0	d.n.e.	d.n.e.	2.3	100.0
1999	Dec	1.0	88.7	0.1	9.5	0.0	0.0	*	0.0	d.n.e.	d.n.e.	1.1	100.0
2000	Dec	0.7	72.0	0.1	9.7	0.0	0.0	0.0	0.0	0.2	18.1	0.9	100.0
2001	Dec	0.7	37.0	0.0	0.9	0.0	0.0	0.0	0.0	0.9	52.4	1.8	100.0
2002	Dec	0.3	9.0	0.1	1.7	0.0	0.0	0.0	0.0	1.1	36.7	3.1	100.0
2003	Dec	0.4	18.0	0.5	21.9	0.0	0.0	0.0	0.0	1.2	57.5	2.1	100.0
2004	Dec	0.6	9.1	0.0	0.3	0.0	0.0	0.0	0.0	6.1	87.2	7.0	100.0
2005	Dec	0.3	3.2	0.2	2.3	0.0	0.0	0.0	0.0	8.8	87.2	10.1	100.0
2006	Dec	0.6	4.7	0.0	0.0	0.0	0.0	0.0	0.0	10.8	86.6	12.4	100.0
2004	Jan	1.4	44.6	0.4	11.5	0.0	0.0	0.0	0.0	1.2	39.2	3.1	100.0
	Feb	2.3	56.8	0.4	9.3	0.0	0.0	0.0	0.0	1.3	32.5	4.1	100.0
	Mar	4.1	68.6	0.4	6.1	0.0	0.0	0.0	0.0	1.4	23.3	5.9	100.0
	Apr	1.1	35.6	0.3	10.1	0.0	0.0	0.0	0.0	1.6	51.6	3.0	100.0
	May	0.9	30.9	0.1	3.7	0.0	0.0	0.0	0.0	1.8	63.3	2.9	100.0
	Jun	1.6	38.7	0.1	2.6	0.0	0.0	0.0	0.0	2.3	56.6	4.1	100.0
	Jul	0.7	19.4	0.1	3.1	0.0	0.0	0.0	0.0	2.6	72.9	3.6	100.0
	Aug	0.6	13.8	0.1	2.6	0.0	0.0	0.0	0.0	3.2	76.2	4.2	100.0
	Sep	0.5	8.8	0.0	0.6	0.0	0.0	0.0	0.0	4.3	79.8	5.4	100.0
	Oct	0.6	10.3	0.0	0.5	0.0	0.0	0.0	0.0	5.0	84.6	5.9	100.0
	Nov	0.4	6.4	0.0	0.5	0.0	0.0	0.0	0.0	6.1	86.2	7.0	100.0
	Dec	0.6	9.1	0.0	0.3	0.0	0.0	0.0	0.0	6.1	87.2	7.0	100.0
2005	Jan	0.5	6.1	0.0	0.5	0.0	0.0	0.0	0.0	7.1	82.5	8.6	100.0
	Feb	0.4	4.5	0.0	0.1	0.0	0.0	0.0	0.0	8.0	90.6	8.9	100.0
	Mar	0.4	4.5	0.0	0.1	0.0	0.0	0.0	0.0	8.1	87.1	9.3	100.0
	Apr	0.6	6.4	0.0	0.1	0.0	0.0	0.0	0.0	8.3	88.3	9.4	100.0
	May	0.5	5.0	0.0	0.1	0.0	0.0	0.0	0.0	8.4	89.1	9.4	100.0
	Jun	0.6	5.5	0.0	0.1	0.0	0.0	0.0	0.0	9.2	90.5	10.2	100.0
	Jul	0.5	5.1	0.0	0.1	0.0	0.0	0.0	0.0	9.2	87.7	10.5	100.0
	Aug	0.5	4.4	0.0	0.1	0.0	0.0	0.0	0.0	9.2	88.2	10.4	100.0
	Sep	0.4	3.9	0.1	0.8	0.0	0.0	0.0	0.0	9.1	88.1	10.3	100.0
	Oct	0.4	4.0	0.0	0.2	0.0	0.0	0.0	0.0	9.2	89.2	10.3	100.0
	Nov	0.3	3.1	0.0	0.2	0.0	0.0	0.0	0.0	9.7	90.7	10.7	100.0
	Dec	0.3	3.2	0.2	2.3	0.0	0.0	0.0	0.0	8.8	87.2	10.1	100.0
2006	Jan	0.5	4.3	0.0	0.4	0.0	0.0	0.0	0.0	9.7	88.5	11.0	100.0
	Feb	0.3	2.3	0.1	1.2	0.0	0.0	0.0	0.0	10.4	90.1	11.6	100.0
	Mar	0.3	2.7	0.0	0.3	0.0	0.0	0.0	0.0	10.9	90.4	12.0	100.0
	Apr	0.3	2.5	0.0	0.2	0.0	0.0	0.0	0.0	12.3	90.6	13.6	100.0
	May	0.3	2.6	0.0	0.2	0.0	0.0	0.0	0.0	11.8	90.1	13.1	100.0
	Jun	0.6	4.6	0.1	0.4	0.0	0.0	0.0	0.0	11.4	88.6	12.9	100.0
	Jul	0.8	6.6	0.0	0.2	0.0	0.0	0.0	0.0	10.4	87.6	11.9	100.0
	Aug	0.5	4.8	0.2	1.7	0.0	0.0	0.0	0.0	8.8	86.0	10.2	100.0
	Sep	0.7	6.5	0.0	0.2	0.0	0.0	0.0	0.0	9.0	87.2	10.3	100.0
	Oct	0.6	5.3	0.0	0.0	0.0	0.0	0.0	0.0	10.0	86.7	11.6	100.0
	Nov	0.6	4.7	0.0	0.0	0.0	0.0	0.0	0.0	10.7	88.9	12.0	100.0
	Dec	0.6	4.7	0.0	0.0	0.0	0.0	0.0	0.0	10.8	86.6	12.4	100.0

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

2/ Includes Udibonos (August 1996 to date), and BREMs and IPAB bonds (July 2001 to date).

\*/ Less than 50 million US dollars.

d.n.e. Does not exist.

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

**Table A 69**  
**Foreign Investment in the Stock Market**  
 End of period outstanding stocks at market value  
 Billion US dollars

	ADRs <sup>1/</sup>		Free		Fund		Fund		Total <sup>2/</sup>	
	Stock	%	Stock	%	Stock	%	Stock	%	Stock	%
			Subscription		Neutral		Mexico			
1994 Dec	21.2	61.6	8.1	23.6	4.3	12.6	0.8	2.2	34.4	100.0
1995 Dec	15.2	62.1	5.9	24.0	2.6	10.7	0.8	3.1	24.5	100.0
1996 Dec	15.1	48.8	11.4	36.9	3.5	11.3	0.9	3.0	31.0	100.0
1997 Dec	23.1	47.2	19.5	39.8	4.9	10.0	1.3	2.7	49.0	100.0
1998 Dec	18.6	57.1	10.3	31.3	2.9	8.9	0.8	2.4	32.6	100.0
1999 Dec	41.5	62.3	19.7	29.5	4.5	6.7	0.9	1.4	66.7	100.0
2000 Dec	32.1	61.8	16.8	32.3	2.2	4.2	0.9	1.7	51.9	100.0
2001 Dec	33.4	60.8	18.6	33.9	2.2	4.0	0.8	1.5	54.9	100.0
2002 Dec	28.0	62.8	14.7	33.0	1.6	3.6	0.3	0.7	44.6	100.0
2003 Dec	34.6	61.2	19.9	35.2	1.7	3.0	0.3	0.5	56.5	100.0
2004 Dec	48.3	65.3	22.4	30.2	2.9	3.9	0.4	0.6	74.0	100.0
2005 Dec	71.5	67.1	31.2	29.3	3.2	3.0	0.7	0.6	106.6	100.0
2006 Dec	99.5	64.5	49.3	32.0	4.6	3.0	0.7	0.5	154.2	100.0
2004 Jan	36.9	60.4	21.5	35.2	2.3	3.8	0.3	0.5	61.0	100.0
Feb	38.6	60.5	22.6	35.4	2.3	3.7	0.3	0.5	63.9	100.0
Mar	40.2	58.4	26.0	37.7	2.4	3.4	0.3	0.5	68.9	100.0
Apr	37.1	57.4	25.0	38.6	2.2	3.5	0.3	0.4	64.6	100.0
May	37.3	57.7	24.9	38.6	2.1	3.3	0.3	0.4	64.6	100.0
Jun	37.7	57.5	25.4	38.8	2.2	3.3	0.3	0.4	65.6	100.0
Jul	37.2	61.4	21.0	34.7	2.1	3.5	0.3	0.4	60.6	100.0
Aug	37.2	59.7	22.7	36.5	2.1	3.4	0.3	0.4	62.3	100.0
Sep	39.3	59.8	23.8	36.2	2.3	3.5	0.3	0.5	65.7	100.0
Oct	41.6	60.7	24.2	35.2	2.4	3.5	0.4	0.5	68.6	100.0
Nov	44.4	60.3	26.1	35.4	2.8	3.8	0.4	0.5	73.7	100.0
Dec	48.3	65.3	22.4	30.2	2.9	3.9	0.4	0.6	74.0	100.0
2005 Jan	48.0	65.0	22.5	30.5	2.9	3.9	0.4	0.6	73.7	100.0
Feb	51.7	65.5	23.7	30.1	3.0	3.8	0.5	0.6	78.9	100.0
Mar	46.2	64.8	21.9	30.7	2.8	3.9	0.4	0.6	71.3	100.0
Apr	44.8	64.4	21.7	31.2	2.7	3.9	0.4	0.6	69.6	100.0
May	48.9	65.4	22.6	30.3	2.8	3.7	0.4	0.6	74.8	100.0
Jun	51.9	65.8	23.7	30.0	2.9	3.7	0.4	0.5	78.9	100.0
Jul	56.1	65.0	26.8	31.0	3.0	3.5	0.4	0.5	86.3	100.0
Aug	55.8	65.1	26.3	30.8	3.0	3.5	0.5	0.6	85.7	100.0
Sep	64.5	67.0	28.1	29.2	3.2	3.3	0.6	0.6	96.3	100.0
Oct	63.3	67.2	27.5	29.1	3.0	3.1	0.5	0.6	94.3	100.0
Nov	68.6	67.2	29.9	29.2	3.1	3.1	0.6	0.5	102.1	100.0
Dec	71.5	67.1	31.2	29.3	3.2	3.0	0.7	0.6	106.6	100.0
2006 Jan	78.2	67.1	34.1	29.3	3.6	3.1	0.6	0.5	116.4	100.0
Feb	78.0	67.4	33.8	29.2	3.3	2.9	0.6	0.5	115.7	100.0
Mar	78.3	67.5	33.7	29.1	3.4	3.0	0.5	0.5	116.0	100.0
Apr	82.1	67.1	36.2	29.6	3.4	2.8	0.6	0.5	122.3	100.0
May	72.8	66.5	32.8	30.0	3.4	3.1	0.5	0.5	109.4	100.0
Jun	76.1	67.6	32.8	29.1	3.2	2.9	0.5	0.4	112.6	100.0
Jul	78.7	66.1	36.2	30.4	3.7	3.1	0.5	0.4	119.2	100.0
Aug	81.2	66.1	37.4	30.5	3.7	3.0	0.5	0.4	122.9	100.0
Sep	85.9	66.7	38.4	29.8	4.0	3.1	0.6	0.5	128.8	100.0
Oct	91.5	65.8	42.7	30.7	4.1	3.0	0.6	0.5	138.9	100.0
Nov	95.8	65.7	45.1	30.9	4.3	2.9	0.7	0.5	145.8	100.0
Dec	99.5	64.5	49.3	32.0	4.6	3.0	0.7	0.5	154.2	100.0

Source: Mexican Stock Exchange.

1/ Includes Global Depository Receipts (GDRs).

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

**Table A 70**  
**Gross External Debt Position**  
 By residence criteria <sup>1/</sup>  
 End of period outstanding stocks

	Million USD			Percent of GDP		
	2005	2006 <sup>2/</sup>	Variation	2005	2006 <sup>2/</sup>	Variation
<b>TOTAL (I + II + III + IV)</b>	128,255.1	116,700.4	-11,554.7	15.17	13.46	-1.72
<b>TOTAL ADJUSTED (I + II + III + IV + V)</b>	173,126.4	169,039.3	-4,087.1	20.48	19.49	-0.99
<b>PUBLIC SECTOR (I + 3.3 + 4.2.1)</b>	71,674.5	54,766.3	-16,908.2	8.48	6.31	-2.16
<b>I. Federal government <sup>2/</sup></b>	58,373.6	41,936.3	-16,437.3	6.90	4.84	-2.07
<b>II. Monetary authorities</b>	0.0	0.0	0.0	0.00	0.00	0.00
<b>III. Banking sector</b>	10,687.7	11,157.3	469.6	1.26	1.29	0.02
3.1 Commercial banks <sup>3/</sup>	2,981.9	3,339.9	358.0	0.35	0.39	0.03
3.2 Other depository corporations <sup>4/</sup>	1,403.3	2,199.4	796.1	0.17	0.25	0.09
3.3 Development banks <sup>2/</sup>	6,302.5	5,618.0	-684.5	0.75	0.65	-0.10
<b>IV. Other sectors</b>	59,193.7	63,606.9	4,413.2	7.00	7.33	0.33
4.1 Non-bank financial corporations <sup>5/</sup>	0.0	0.0	0.0	0.00	0.00	0.00
4.2 Non-financial enterprises	59,193.7	63,606.9	4,413.2	7.00	7.33	0.33
4.2.1 Public enterprises and entities <sup>2/</sup>	6,998.4	7,212.0	213.6	0.83	0.83	0.00
4.2.2 Private sector <sup>6/</sup>	52,195.3	56,394.9	4,199.6	6.17	6.50	0.33
4.2.3 Deposit insurance entity <sup>7/</sup>	0.0	0.0	0.0	0.00	0.00	0.00
<b>V. Adjustments (5.1-5.2+5.3+5.4+5.5)</b>	44,871.4	52,338.9	7,467.5	5.31	6.03	0.73
5.1 Non-residents' holdings of peso-denominated debt <sup>8/</sup>	10,247.1	12,522.6	2,275.5	1.21	1.44	0.23
5.2 Residents' holdings of foreign currency-denominated debt <sup>9/</sup>	2,326.8	1,598.2	-728.6	0.28	0.18	-0.09
5.3 Agencies' claims on Mexican residents <sup>10/</sup>	3,610.8	2,899.7	-711.1	0.43	0.33	-0.09
5.4 Pidiregas-PEMEX <sup>11/</sup>	33,191.4	38,371.5	5,180.1	3.93	4.42	0.50
5.5 Other debt liabilities with non-residents <sup>12/</sup>	148.8	143.2	-5.6	0.02	0.02	0.00

Source: Ministry of Finance and Banco de México.

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

NOTE: This table has differences in relation to Table 16 of the Annual Report. While Table A-70 is based on IMF criteria, which present data in a more international comparable format, Table 16 is based on the criteria used for integrating the balance of payments for several years, which allows for temporal comparisons. For further details on such differences, see footnotes of both tables.

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

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

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

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

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

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

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

8/ Defined as nonresidents' holdings of Treasury bills (*Cetes*), federal government development bonds (*Bonodes*); fixed-rate federal government development bonds (*Bonos*), federal government bonds denominated in investment units (*Udibonos*), monetary regulation bonds (*BREMS*) and savings protection bonds (*BPAs* and *BPATs*).

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

10/ Corresponds to Mexican residents' liabilities with Mexican commercial banks' agencies abroad. Includes both agencies' direct loans to Mexican residents and agencies' holdings of bonds issued by Mexican residents.

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

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

**Table A 71**  
**Gross External Debt and Debt Service**  
 Billion US dollars at end of period

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 p/
<b>TOTAL EXTERNAL DEBT</b>	<b>169.8</b>	<b>164.0</b>	<b>154.4</b>	<b>163.7</b>	<b>166.1</b>	<b>158.8</b>	<b>157.4</b>	<b>155.4</b>	<b>157.8</b>	<b>161.8</b>	<b>165.6</b>	<b>159.5</b>
Public debt <sup>1/</sup>	100.9	98.3	88.3	92.3	92.3	84.6	80.3	78.8	79.0	79.2	71.7	54.8
Federal government	56.4	55.6	49.0	52.3	53.0	46.1	44.1	43.6	44.9	48.6	48.7	39.3
Public entities and enterprises	9.7	11.3	10.9	11.7	12.7	12.5	11.9	11.6	11.5	10.6	6.8	7.1
Development banks	34.8	31.4	28.4	28.3	26.6	26.0	24.3	23.6	22.6	20.0	16.2	8.4
Commercial banks <sup>2/</sup>	20.6	18.5	16.7	15.8	14.8	12.4	9.3	6.3	5.8	6.7	4.4	4.5
Banco de México	17.3	13.3	9.1	8.4	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-bank private sector <sup>3/</sup>	31.0	33.9	40.3	47.2	54.5	61.8	67.6	70.3	73.0	75.9	89.5	100.2
<b>EXTERNAL DEBT SERVICE <sup>4/</sup></b>	<b>23.0</b>	<b>33.8</b>	<b>34.3</b>	<b>24.2</b>	<b>24.0</b>	<b>34.7</b>	<b>30.2</b>	<b>25.2</b>	<b>27.3</b>	<b>26.6</b>	<b>24.6</b>	<b>43.0</b>
Amortizations	9.4	20.4	21.9	11.7	11.1	21.0	17.5	13.2	15.6	15.4	12.3	29.3
Current amortizations <sup>5/</sup>	9.4	10.6	12.4	11.7	11.1	10.6	11.7	11.0	10.0	15.4	12.3	17.0
Other <sup>6/</sup>	0.0	9.8	9.5	0.0	0.0	10.4	5.8	2.2	5.6	0.0	0.0	12.3
Interest paid	13.6	13.4	12.4	12.5	12.9	13.7	12.7	12.0	11.7	11.2	12.3	13.7
Public sector	8.5	8.0	7.0	6.7	6.8	7.4	7.1	6.6	6.8	6.7	7.4	8.1
Commercial banks	1.7	1.7	1.5	1.5	1.3	1.2	0.8	0.4	0.3	0.3	0.4	0.6
Banco de México	0.7	0.7	0.5	0.4	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Non-bank private sector	2.7	3.0	3.4	3.9	4.5	5.0	4.8	5.0	4.6	4.2	4.5	5.0

Source: Banco de México and Ministry of Finance.

NOTE: This table has differences in relation to Table A67 of this Appendix. While Table A71 is based on the criteria for integrating the balance of payments for several years, which allows for temporal comparisons, Table A67 is based on IMF criteria, which present data in a more international comparable format. For further details on such differences, see footnotes of both tables.

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

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

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

4/ Current amortizations including interest paid.

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

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

p/ Preliminary figures.



**Balance Sheet**

---





## BANCO DE MEXICO

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

## BALANCE SHEET AT DECEMBER 31, 2006

MILLION PESOS

<u>ASSETS</u>		<u>LIABILITIES AND EQUITY</u>	
INTERNATIONAL RESERVES	731,725	INTERNATIONAL MONETARY FUND	\$ 0
INTERNATIONAL ASSETS	825,249	MONETARY BASE	449,821
LIABILITIES TO BE DEDUCTED	-93,524	BILLS AND COINS AND CIRCULATION	449,821
CREDIT GRANTED TO THE FEDERAL GOVERNMENT	0	BANK CURRENT ACCOUNT DEPOSITS	0
GOVERNMENT SECURITIES	0	MONETARY REGULATION BONDS	111,828
CREDIT GRANTED TO FINANCIAL INTERMEDIARIES AND DEBTORS FROM REPO OPERATIONS	201,387	FEDERAL GOVERNMENT CURRENT ACCOUNT DEPOSITS	192,671
CREDIT GRANTED TO PUBLIC ENTITIES	63,592	OTHER FEDERAL GOVERNMENT DEPOSITS	44,197
CREDIT GRANTED TO TRUST FUNDS	17,537	MONETARY REGULATION DEPOSITS	339,110
SHARES IN INTERNATIONAL FINANCIAL ORGANIZATIONS	7,946	BANKS	278,981
FIXED ASSETS, FURNISHING AND EQUIPMENT	3,564	GOVERNMENT SECURITIES	60,129
OTHER ASSETS	71,701	OTHER BANK DEPOSITS AND DEBTORS FROM REPO OPERATIONS	100
TOTAL ASSETS	<u>\$ 1,097,452</u>	TRUST FUNDS' DEPOSITS	0
		SPECIAL DRAWING RIGHTS	4,717
		OTHER LIABILITIES	45,856
		TOTAL LIABILITIES	<u>1,188,300</u>
		CAPITAL	5,995
		PREVIOUS YEAR OPERATIONAL SURPLUS	-96,163
		FISCAL YEARS' OPERATIONAL SURPLUS	-680
		TOTAL EQUITY	<u>-90,848</u>
		TOTAL LIABILITIES AND EQUITY	<u>\$ 1,097,452</u>

The present Balance Sheet was prepared according to the rules and regulations set by the Law Governing Banco de México and Banco de México's Internal Bylaw, the specific guidelines set by its Board of Governors, Banco de México's financial information standards which comply with adequate international central bank practices, and to the accounting principles commonly accepted in Mexico, applicable to Banco de México's case. In accordance with article 38 of the referred Bylaw, International Reserves are defined as stated in article 19 of the Law Governing Banco de México; Government Securities are presented as net holdings from these securities and after monetary regulation deposits, and do not include any securities purchased or transmitted via repo operations. In the case of creditor position, it is listed under line item Monetary Regulation Deposits; Credit granted to Financial Intermediaries and Debtors via Repo Operations includes Commercial Banks, Development Banks and Official Trust Funds, as well as the net debtor balance from accounts included in line item Bank Current Account Deposits; Credit to Public Entities and Enterprises includes credit granted to the Bank Savings Protection Institute (*Instituto para la Protección al Ahorro Bancario*, IPAB); and line item Other Assets is presented as Net from both Capital Reserves for Exchange Rate Fluctuations and Net Revalued Assets, which, overall, total \$27,310. Balances denominated in foreign currency were valued at the daily exchange rate, and Equity reflects a surplus of \$4,627 due to the revaluation of fixed assets and inventories.

DR. GUILLERMO ORTIZ MARTÍNEZ  
GOVERNOR

LIC. ALEJANDRO GARAY ESPINOSA  
ADMINISTRATION DIRECTOR GENERAL

C.P. GERARDO ZÚÑIGA VILLARCE  
ACCOUNTING DIRECTOR

External Auditors' Report

We have reviewed the Balance Sheet of Banco de México at December 31, 2006, its Profit and Loss Statement, as well as the corresponding Statements of Equity Variations and Changes in the Financial Position for the year ending on the aforementioned date. Banco de México's Administration is solely responsible for these Financial Statements. Our responsibility is to express an opinion of the above mentioned based on our audit.

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

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

In our opinion, these financial statements provide a reasonable depiction of Banco de México's financial position at December 31, 2006, its income statement, the variations in equity, and the changes in Banco de México's financial position for the year ending on said date, according to the aforementioned accounting requirements.

March 16, 2007

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