Annual Report

2010

BANCO DE MÉXICO

APRIL 2011

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Annual Report
submitted to the President and the Mexican Congress
according to Article 51, Section III of Banco de México’s Law

FOREWARNING

This text is provided for the reader's convenience only. Discrepancies may possibly arise due to the translation of the original document to English. The original and unabridged Annual Report in Spanish is the only official document.

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

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Contents

1. Introduction

During 2010, the world economy consolidated its recovery which started in the second half of the previous year. Economic performance was uneven since emerging economies exhibited a greater dynamism than advanced economies. In the latter case, the growth resulted primarily from fiscal and monetary stimuli. In contrast, emerging economies' growth was driven by their domestic demand, in various cases due to improved terms of trade.

Episodes of considerably increased uncertainty in the financial markets were registered during the year. These were caused by concerns about fiscal sustainability and solvency of the banking system in some European countries. The European Union, in coordination with the International Monetary Fund (IMF), implemented diverse measures designed to provide financial assistance to the countries in distress.

World inflation during 2010 was low, although it rebounded by the end of the year, mainly due to increases in international commodity prices. Inflation performance in advanced economies was different from that in emerging economies. In the first group, core inflation remained at low levels and long-term inflation expectations stayed anchored throughout the year. On the other hand, some emerging economies, characterized by going through an advanced phase of their economic cycle, in addition to the impact on headline inflation produced by the increase in commodity prices, also faced a deterioration in inflation expectations.

In this environment, central banks of major advanced economies maintained their monetary policy rates at very reduced levels and, in some cases, expanded their unconventional liquidity measures. In turn, emerging economies' central banks, which faced more widespread inflation pressures, started to withdraw the implemented strong monetary stimulus.

The improvement in emerging economies' fundamentals and the search for yield, given the environment of abundant global liquidity, motivated considerable capital inflows to these economies. Some emerging economies, in order to contain the currency appreciation and to lower the risk of a possible capital flow reversal, responded with various measures, ranging from international reserve accumulation to actions aimed at directly limiting capital flows.

Despite the fact that the recovery of the world economy in 2010 exhibited important progress, the composition of the expansion and the policies adopted during the year in order to boost economic activity might have an impact on the foundations of future growth. In particular, some elements of concern are the latent risk of an increase in global imbalances, the persistent fiscal weakness in advanced economies, as well as the increase in crude oil prices.

In Mexico, during 2010 the process of reactivation of economic activity, which started in the second half of 2009, was consolidated. The recovery of production levels resulted from the growth exhibited by the world economy, in particular, the U.S. industrial activity growth. The latter considerably boosted

Mexican exports which was gradually transmitted to domestic spending components.

This year, real GDP registered an annual increase of 5.5 percent, as compared to the contraction of 6.1 percent observed during the previous year. This expansion led to the significant generation of formal employment observed in the economy, which reached levels exceeding the ones before the onset of the global crisis. Despite that, during the year the economy continued operating below potential GDP, avoiding the presence of demand pressures on the price formation process.

Annual headline inflation during 2010 was, on average, lower than the one registered in 2009, having decreased from 5.30 to 4.16 percent. The registered annual headline inflation also resulted lower than that forecasted by Banco de México at the beginning of the analyzed year. This was the result of various factors, among which stand out the following: i) the exchange rate appreciation, ii) output gap levels, iii) moderate wage increases which mitigated labor cost pressures, and iv) absence of second-round effects derived from fiscal changes implemented that year. To all this it is necessary to add the progress in communication and transparency reached by the Central Institute.

Considering the abovementioned, it can be concluded that in 2010 the economy grew more than expected, while inflation was lower than forecasted. In this environment, Banco de México decided to maintain the Overnight Interbank Interest Rate unchanged during 2010.

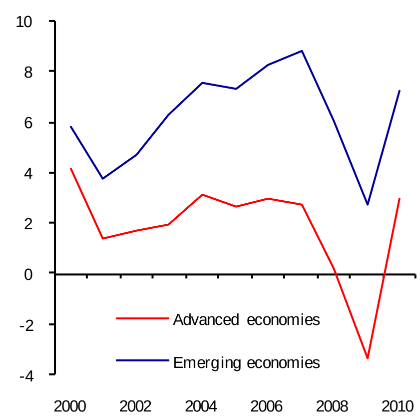
2. International Environment

The recovery of the world economy which started in the second half of 2009 continued during 2010. World economic activity increased at a rate of 5.0 percent in 2010, after having contracted 0.5 percent during the previous year. Nevertheless, growth differed significantly among countries and regions. In particular, emerging economies expanded at a higher rate than advanced economies and their share of world GDP continued to increase. In turn, the volume of world trade recovered considerably during 2010 after the sharp fall registered in 2009 (Graph 1).

Fiscal and monetary stimuli significantly supported the recovery in the main advanced economies and led to a gradual rebound in private demand. However, at the end of 2010, there were still important risks to the achievement of sustained economic growth. Advanced economies' labor market remained weak, and banks and households were still in the process of consolidating their balances. In turn, several emerging economies, which reached an advanced phase in their economic cycle, registered demand pressures.

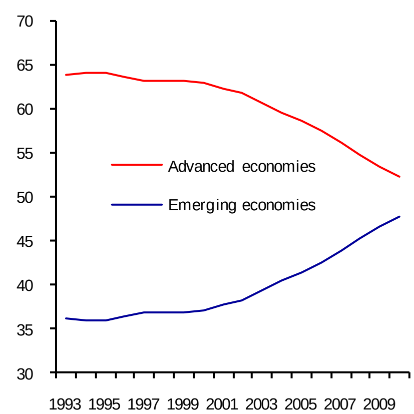
Graph 1
Economic Activity and World Trade

a) Real GDP Growth
Annual change in percent



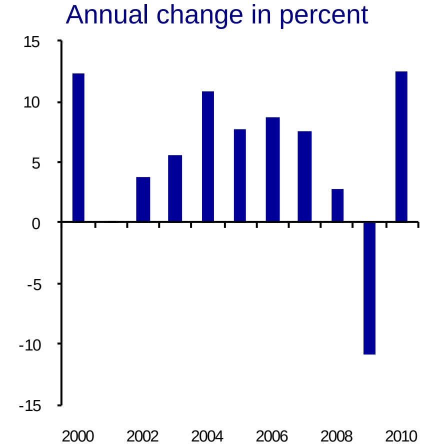
Source: IMF, WEO April 2011.

b) Share of World GDP[1/]
In percent



1/ World GDP in purchasing power parity.
Source: IMF, WEO April 2011.

c) Volume of World Trade in Goods and Services
Annual change in percent



Source: IMF, WEO April 2011.

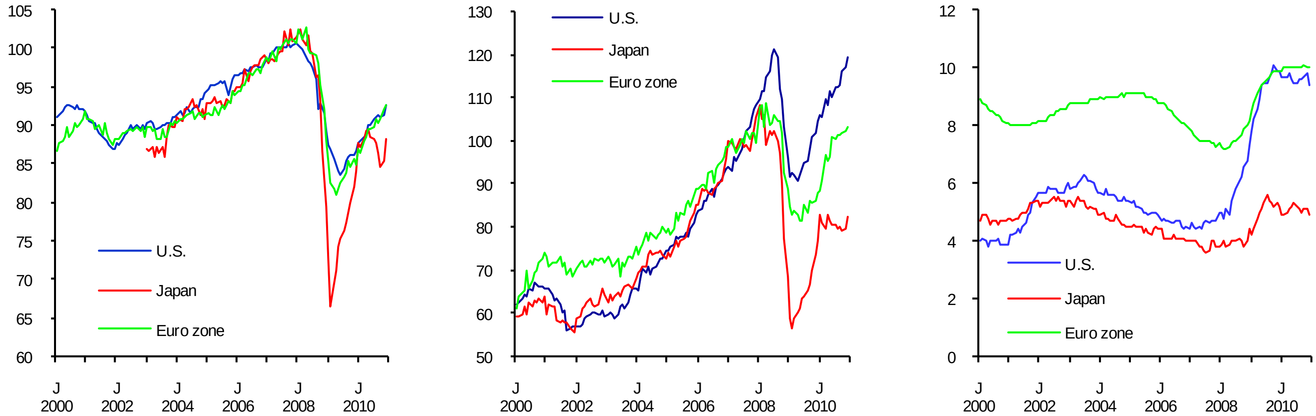
The recovery of economic activity in the U.S. slowed during the second and third quarters of 2010, affecting growth expectations and consumer confidence. This was due to a significant reduction in the contribution of inventories as well as a negative contribution of the external sector. As will be explained below, this weakening of economic activity led the U.S. authorities to announce and implement additional fiscal and monetary stimuli in the second half of the year. As a result, economic activity rebounded during the fourth quarter buoyed by consumer spending, a positive contribution of net exports and, in general, an improvement in growth expectations. In turn, credit to the non-financial private sector remained weak, while households continued deleveraging.

However, the financial conditions of large firms improved. Thus, U.S. GDP grew 2.9 percent during 2010, after having contracted 2.6 percent in the previous year.

U.S. industrial production registered a considerable rebound in 2010, although this was not sufficient to recover the pre-crisis level (Graph 2a).[1] Thus, after contracting 11.2 percent in 2009, industrial production expanded 5.3 percent. It is also important to mention that the recovery of industrial production encompassed most sectors throughout 2010.

Graph 2
Economic Indicators in Main Advanced Economies

a) Industrial Production Index 2007=100 | b) Exports of Goods Index 2007=100 | c) Unemployment Rate In percent of labor force



Source: National Statistics Bureaus. Source: National Statistics Bureaus. Source: National Statistics Bureaus.

In the U.S., after the loss of over 8.5 million jobs in 2008 and 2009, the labor market created only 940 thousand employments in 2010. In addition, the number of long-term (more than six months) unemployed workers remained high. The crisis could have increased structural unemployment, among others, as it caused imbalances between supply and demand of different workforce skills. Although the unemployment rate fell from 9.9 percent in December 2009 to 9.4 percent in December 2010 (Graph 2c), this reflected, to a large extent, a reduction in the labor force participation rate, which reached its lowest level for the last 26 years at the end of 2010. The labor market situation is perhaps the main source of uncertainty about economic recovery in the U.S.

The Euro zone economy expanded 1.7 percent during the year, partly recovering from the 4.1 percent decline observed in 2009. Performance among countries in the area was heterogeneous. In particular, Germany exhibited a high growth rate (3.6 percent), while the economies of Ireland, Greece and Spain contracted. This will be described in more detail below.

Although Japan's economy weakened considerably in the last months of 2010, it recorded an expansion of 3.9 percent for the year as a whole, after having contracted 6.3 percent in 2009. This recovery was boosted by a considerable fiscal stimulus and a rebound in exports.

[1] Industrial production ended the year 8.0 percent below the level observed at the end of 2007.

Emerging economies were driven by their domestic demand, in several cases as a result of improved terms of trade, with some of them even showing signs of overheating. China's GDP grew 10.3 percent in 2010, figure higher than that observed during the previous year (9.2 percent), supported by a rapid growth of credit. GDP growth in India also accelerated during 2010 (10.4 percent as compared to 6.8 percent in 2009), fueled by expenditure on infrastructure. Latin America and the Caribbean registered a 6.1 percent increase in GDP during the year, more than offsetting the 1.7 percent decline observed in 2009. Economic recovery in Latin America was driven, among other factors, by the upward trend in commodity prices and strong external demand, particularly coming from Asian emerging countries.

One relevant feature of the world economic performance was the sharp increase in commodity prices since the second half of 2010 as fears concerning economic slowdown diminished. The rise in international commodity price quotes was driven by both supply and demand factors. Regarding the former, the most significant was the effect of adverse weather conditions on agricultural production during the second half of the year. On the demand side stand out the following:

I. Better growth prospects for the world economy, particularly for China and India.

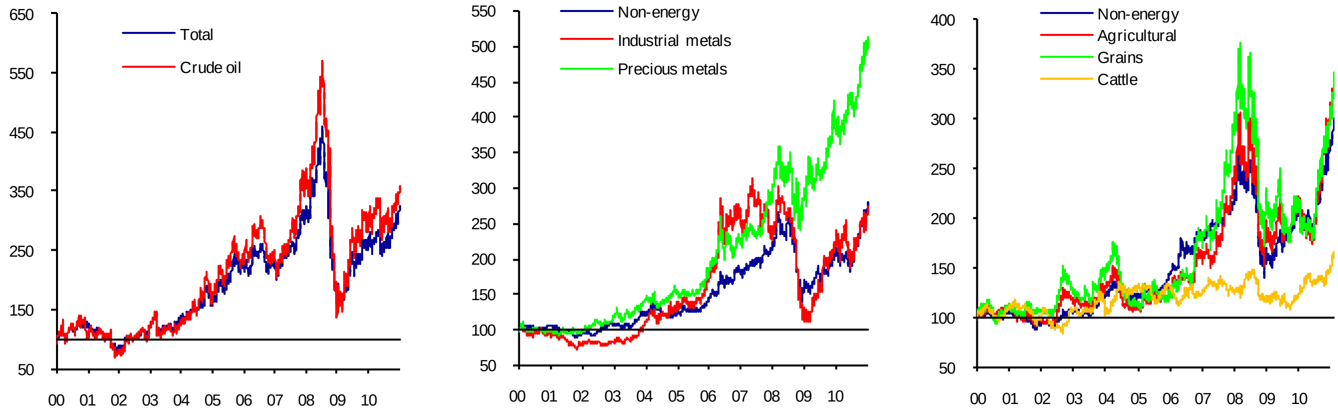
II. Increasing participation of some emerging countries, such as China, in manufacturing processes, which has increased the demand for commodities as production inputs.

III. The situation of high global liquidity caused by the monetary stimulus in advanced economies, which, among other factors, has increased the demand for commodity-based financial derivatives (Graph 3).

World inflation remained low during 2010, although, in general, its dynamics differed between advanced and emerging countries. In major advanced economies headline and core inflation continued at reduced levels, although the former rose at the end of the year in response to higher commodity prices. In this environment, major advanced economies' central banks maintained their reference interest rates at very low levels and, as will be explained below, in some cases expanded the degree of monetary easing.

Graph 3
Commodity Prices
Index December 31, 1999=100

a) Total and Crude Oil | b) Non-energy and Metals | c) Non-energy and Agricultural

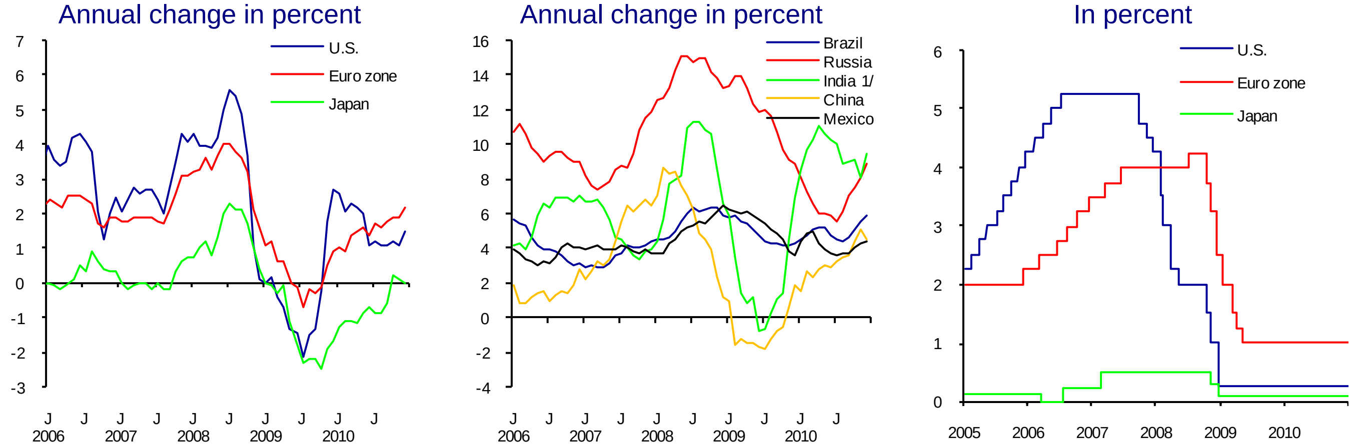


Source: S&P GSCI. Source: S&P GSCI. Source: S&P GSCI.

Headline inflation in the U.S. showed a downward trend in the first half of 2010, after the rebound observed during the last quarter of 2009 (Graph 4a). The inflation rate remained slightly above 1.0 percent between June and November, ending the year at 1.5 percent mainly as a result of the increase in energy and food prices.

Graph 4
Headline Inflation and Monetary Policy Rates in Selected Countries

a) Inflation in Advanced Economies, Annual change in percent | b) Inflation in Emerging Economies, Annual change in percent | c) Monetary Policy Rate, In percent



Source: BLS, Eurostat and Statistics Office of Japan.

1/ Refers to inflation of wholesale prices.
Source: Bloomberg.

Source: Central Banks.

In the light of perceptions that the recovery of production and employment was excessively weak, the U.S. Federal Reserve Bank adopted various measures to further boost economic growth in the second half of 2010. In August, the Federal Open Market Committee (FOMC) decided to reinvest principal payments of government agency debts and mortgage-backed securities, held by the Central Bank, in long-term Treasury securities in order to keep the net balance of these instruments unchanged and thereby avoid the implicit tightening of the monetary policy. In November, the Federal Reserve Bank also announced a second program of quantitative monetary easing (QE2). This measure initially led to a decline in long-term interest rates, which afterwards rose significantly to levels above those seen before the policy announcement, partly as a result of increases in real interest rates spurred by improved growth prospects. The FOMC also kept its target range for the federal funds rate between 0 and ¼ percent throughout the second half of the year, reiterating its expectation that economic conditions were likely to warrant exceptionally low levels of the federal funds rate for an extended period (Graph 4c).

On the other hand, in December the U.S. Congress approved a new fiscal package destined to give an additional impulse to economic activity in 2011 and 2012. This package, with an estimated cost of around USD 858 billion, besides extending some of the fiscal measures originally set to expire in 2010, introduced new measures aimed at supporting domestic demand.[2]

In the Euro zone, inflation rose from 0.9 percent in December 2009 to 2.2 percent in December 2010, figure marginally above its target for inflation (2 percent). This was mainly due to the increase in food and energy prices, which in December registered their largest variation (5.0 percent) since October 2008. Core inflation located at 1.0 percent at the end of the year. The European Central Bank (ECB) maintained its reference interest rate at 1.0 percent during 2010, and in December it announced that it would maintain for a certain time part of its unconventional liquidity measures and its purchase program of sovereign debt securities (Securities Markets Program, SMP).[3]

Inflation in emerging economies generally showed an upward trend, especially during the second half of the year (Graph 4b). This was due to the performance of energy and food prices, and to the fact that the latter have a greater weight in these countries' price indices. The strong recovery of economic activity, reflected in greater demand pressures, also contributed to higher inflation in diverse emerging economies. In this context, the central banks of some of these countries responded by withdrawing part of the monetary stimulus.[4]

The fiscal position in advanced economies deteriorated during 2010. In particular, the level of debt as a percentage of GDP increased, ending 2010 at an average of 98.7 percent of GDP among advanced economies (Graph 5a). Due to this weak fiscal position, together with existing pressures stemming from an expected increase in pension and health expenditures associated with the ageing population, it is foreseeable that these economies will demand a substantial

[2] The package was approved as a law on December 17 under "Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010" initiative. Among the measures stand out the following; (i) extension for two years of tax cuts introduced by the Bush Administration in 2001 and 2003; (ii) extension for two years of the alternative minimum tax indexation; (iii) extension for 13 months of unemployment benefits; (iv) reduction for one year of the payroll tax paid by employees from 6.2 to 4.2 percent; and (v) increase in the percentage of accelerated depreciation of investments in machinery and equipment from 50 to 100 percent for 2011.

[3] At the beginning of December, the ECB announced that it would continue conducting its main refinancing operations (MROs) as 3-month fixed-rate tender procedure with full allotment, as long as necessary, and at least until April 12, 2011.

[4] The People's Bank of China raised the benchmark loan rate from 5.31 percent to 5.56 percent in October and to 5.81 percent in December. It also increased the reserve requirements on several occasions during the year, moving it from 15.5 percent in January to 18.5 percent in December. During 2010, the Reserve Bank of India hiked the repo rate by 150 basis points in six stages to 6.25 percent, while it increased the reserve requirements from 5.75 percent to 6 percent in April, level where it remained for the rest of the year. The Central Bank of Brazil increased the "Selic" interest rate on three occasions to 10.75 percent.

amount of resources in the following years. Advanced economies must implement fiscal consolidation plans if they are to avoid a possible significant increase in long-term interest rates and to guarantee sustained economic growth.

These fiscal imbalances were also reflected in greater uncertainty in international financial markets. In particular, besides problems stemming from the deterioration in banks' balance sheets, the perception that the capacity of advanced economies' governments to support their financial systems had been seriously eroded after the crisis became widespread. In this regard, European banks' holdings of sovereign debt represented a significant risk and, thus, uncertainty increased considerably in the area during 2010. In fact, since October 2009 concerns began to arise regarding fiscal sustainability in several European countries (particularly Greece, Portugal, Spain, Ireland and Italy). In April 2010, the situation worsened after Greece entered into crisis. In this context, an increase in the costs of accessing capital was observed in these economies leading to a significant increment in the cost of hedging debt delinquency, while the EUR depreciated considerably against other currencies (Graph 5b). In turn, emerging economies' sovereign risk spreads generally registered much smaller increases (Graph 5c).

In May 2010 the European Union (EU), in coordination with the International Monetary Fund, agreed on a financing program for Greece. Most countries in the Union also adopted or announced fiscal adjustment measures.[5] In the same month, the EU announced the establishment of a mechanism of financial assistance to its member countries in distress or severely threatened by exceptional circumstances beyond their control.[6] Also in May, the European Central Bank (ECB) implemented different measures to address difficulties in some segments of the financial and sovereign debt market. Among these stood out the provision of liquidity in USD (establishment of the swap line with the U.S. Federal Reserve), mechanisms of fixed-rate tenders in EUR and purchase of government securities in secondary markets.

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5 Greece, Spain and Ireland adopted measures to decrease public spending, while Germany, France and the U.K. announced substantial budgetary consolidation programs, one of the main aims of which is to reduce public debt as a percentage of GDP over the following years.

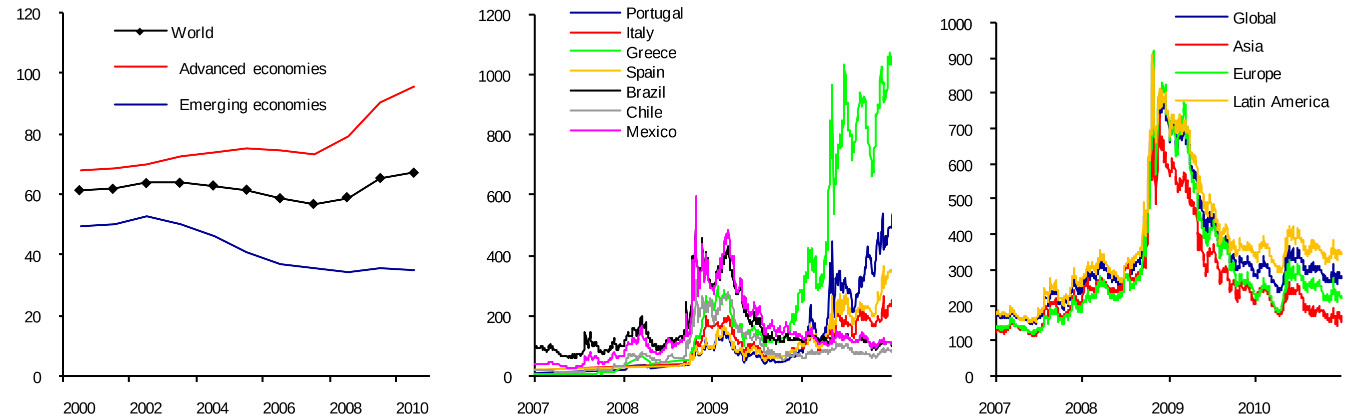
6 In May, the EU also approved the establishment of the European Financial Stabilization Mechanism (EFSM), whose main components are: i) a medium-term financial support procedure with available funds of EUR 60 billion to assist member countries; and, ii) the so-called European Financial Stability Facility (EFSF) for the Euro zone of EUR 440 billion in funds and guarantees granted by member countries.

Graph 5
Debt and Sovereign Risk Indicators

a) Public Debt
In percent of GDP

b) Credit Default Swaps (CDS) of
Selected Economies
Basis points

c) Sovereign Risk Spreads of
Emerging Economies (EMBI Global)
Basis points



Source: IMF. Source: Bloomberg. Source: Bloomberg.

The adopted measures contained the deterioration of financial markets, preventing widespread contagion. Therefore, financing conditions in international markets stabilized at the end of May and even improved during the second quarter of 2010. Diminishing perceptions of the sovereign crisis in Europe as possibly having significant systemic implications led to a decrease in international financial markets volatility during the third quarter.

Despite the fiscal adjustment measures implemented in several European economies, their capacity to service their debts still remained in doubt. During the last months of the year, fears about fiscal sustainability and vulnerability of some European countries' banking systems became more pronounced, particularly in the case of Ireland. The latter was due to announcements at the end of August that the losses of Irish banks were considerably higher than those previously anticipated. In addition, declarations by several European authorities on the possible compulsory participation of holders of Euro zone countries' sovereign debt in any future bailout further aggravated this uncertainty. These events led to new increases in these countries' sovereign debt spreads. In November, in order to avoid contagion to other markets, the EU and the IMF jointly announced a fiscal package for Ireland for EUR 85 billion.[7] It was also agreed to establish a new permanent mechanism to provide liquidity once the European Financial Stability Facility (EFSF) expires in June 2013.[8] In turn, the European Central Bank moderately increased its sovereign debt purchases.

It is important to mention that in September 2010 the Basel Committee on Banking Supervision announced an important agreement for strengthening the

[7] The European Union will contribute with EUR 22.5 billion by means of the European Stability Mechanism (EFSM), the International Monetary Fund will contribute with EUR 22.5 billion and the Irish government, with EUR 17.5 billion. The remaining EUR 22.5 billion will be granted by the European Financial Stability Facility (EUR 17.7 billion), the United Kingdom (EUR 3.8 billion), Sweden (EUR 600 million) and Denmark (EUR 400 million).

[8] To back these measures, in December the European Commission announced new stress tests for the European financial system, aimed at strengthening the credibility of supervision, including revisions of the liquidity criteria and not only of capital requirements.

regulation of the international financial system, in particular by establishing stricter capitalization standards at the global level in order to contribute to improving international financial conditions. The objective is to increase banks' loss absorbing capacity and to promote a more robust and resistant funding structure among them, given the volatility in the markets. The agreed measures to increase the quality and quantity of banks' capital will be implemented gradually in line with an established calendar. In this way, the banking sector will be able to meet higher capital requirements through earnings retention and greater capital raising. This seeks to simultaneously strengthen the financial system and consolidate the global economy's recovery.[9] These changes will be fundamental for reducing the possibility of a future financial crisis. As will be seen in another section below, Mexico already had an extremely strict regulatory framework for banks' capitalization, this is why, Mexican banks will not have to make significant efforts to meet the new regulatory parameters. Besides, important measures have been implemented to consolidate the strength of the macroprudential framework, among which stands out the creation of a Financial System Stability Board.

Improvements in emerging economies' fundamentals and the search for higher yield, attributed to the environment of abundant global liquidity, boosted important capital flows to emerging economies. Due to this, the currencies of some countries with flexible exchange rate regimes appreciated considerably during the year (Graph 6a) and upward pressures on asset prices were observed. Stock markets registered significant profits particularly in the second half of the year (Graph 6b). In the light of concerns about a possible sudden reversal of capital flows and, in some cases, in order to slow down the appreciation of their currencies, authorities in several emerging countries implemented diverse measures. Among these measures stand out a significant accumulation of international reserves and additional measures aimed at discouraging capital flows or reducing their impact on the economies.[10]

The strategy of sustaining exports based on a policy of depreciated exchange rate, reflected in a significant accumulation of international assets (Graph 6c), is not a viable solution on the global level. In turn, the accommodative monetary policy in advanced economies is also generating important externalities, being a determining factor for explaining the capital flows to emerging economies. Finally, it is essential for advanced economies to address their considerable fiscal imbalances. In order to be able to reduce the risk of another crisis it will be indispensable to ensure efficient and timely economic policy coordination.

[9] See press release of the National Banking and Securities Commission (CNBV) and Banco de México from September 12, 2010.

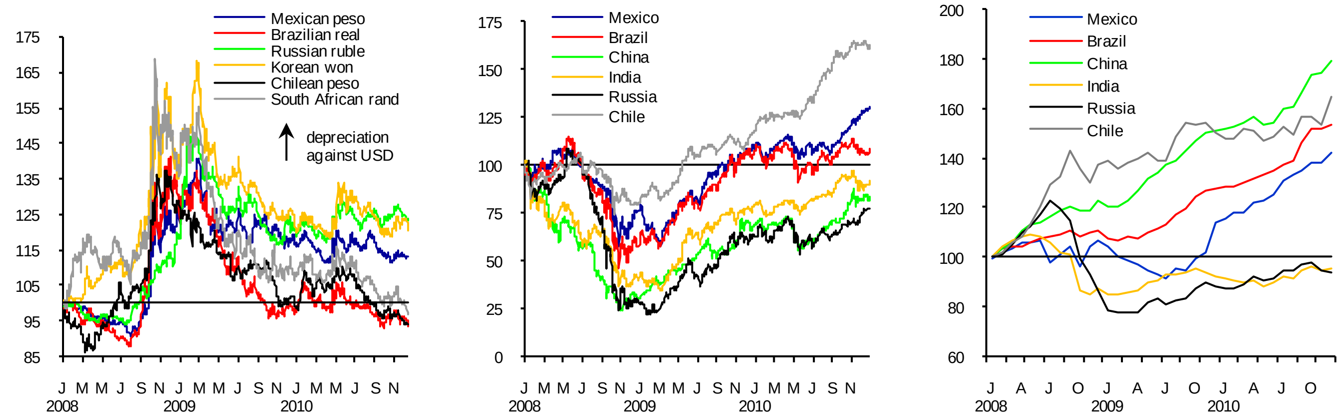
[10] It should be pointed out that in many cases, at least part of the exchange rate appreciation reflected more fundamental factors, such as the significant increase in the terms of trade from which some commodity exporting countries have benefitted and which implies that the competitiveness of all their exports has not necessarily been affected.

Graph 6
Financial Indicators of Selected Emerging Economies

a) Exchange Rate
Index 01/01/2008=100

b) Stock Exchange
Index 01/01/2008=100

c) International Reserves
Index January 2008=100



Source: Bloomberg.

Source: Bloomberg.

Source: IMF.

3. Developments in the Mexican Economy: General Overview

3.1. Economic Activity

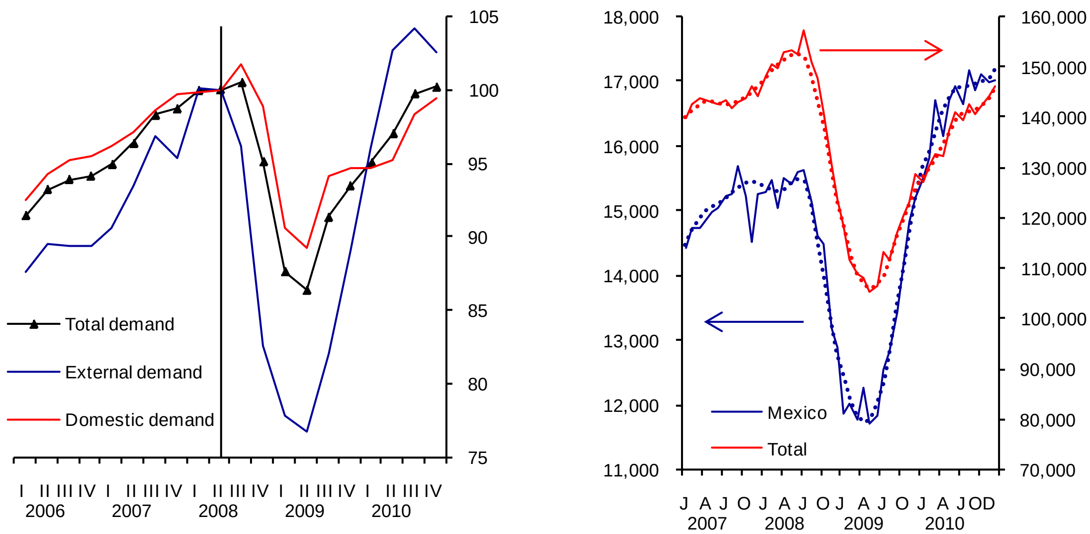
During 2010, the reactivation process of economic activity, which started in the second half of 2009, strengthened. This was a result of the dynamism shown by the external demand, as well as the gradual pass-through of this expansion to the components of domestic expenditure (Graph 7a).

The growth exhibited by the world economy, particularly by the U.S. industrial activity, considerably boosted Mexican exports. In particular, U.S. imports of Mexican non-oil products presented high levels of dynamism, which, in fact, was more favorable than that registered by U.S. total imports of such products (Graph 7b). In addition, exports destined to the non-U.S. market also showed a positive trend, growing even faster by the end of the year studied in this report (Graph 8a). This performance was influenced by both higher levels of world economic activity and the depreciation of the MXN real exchange rate in the context of economy's adjustment to the global crisis (Graph 8b).

Graph 7
Aggregate Demand Indicators

a) Aggregate Demand
Second quarter of 2008=100; seasonally adjusted data

b) U.S.: Total and Mexican Non-oil Imports; USD million; seasonally adjusted and trend data

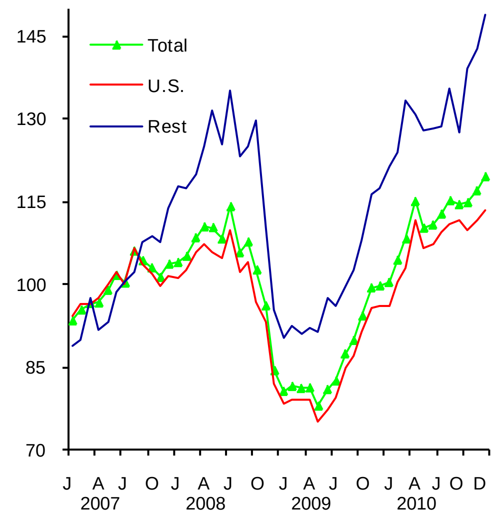


Source: Prepared by Banco de México with data from Mexico's System of National Accounts, INEGI.

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

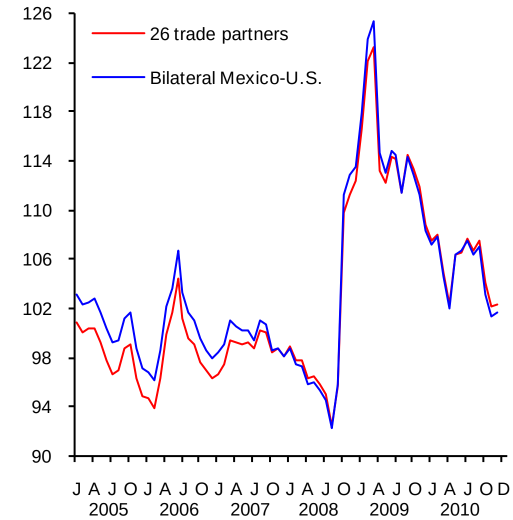
Graph 8
Merchandise Exports and Real Exchange Rate

a) Value of Manufacturing Exports by Region of Destination
Index 2007=100; seasonally adjusted data



Source: Banco de México.

b) Mexican Real Exchange Rate[1/]
Index 2008=100



Source: Banco de México and IMF.
1/ An increase of the index represents a depreciation of the national currency in real terms.

In turn, the dynamism shown by exports was gradually transmitted to the components of domestic spending. Nevertheless, the reactivation of domestic expenditure was, in general, more moderate compared with that of the external demand, and it started to be more widespread in the second half of 2010. Indeed, in the analyzed year, private consumption maintained the positive trend started in the second half of 2009, although its growth rate was modest (Table 1 and Graph 9a). In addition, investment showed signs of recovery in the last months of 2010. Thus, this aggregate remained at levels significantly lower than the ones observed before the global crisis (Graph 9b).

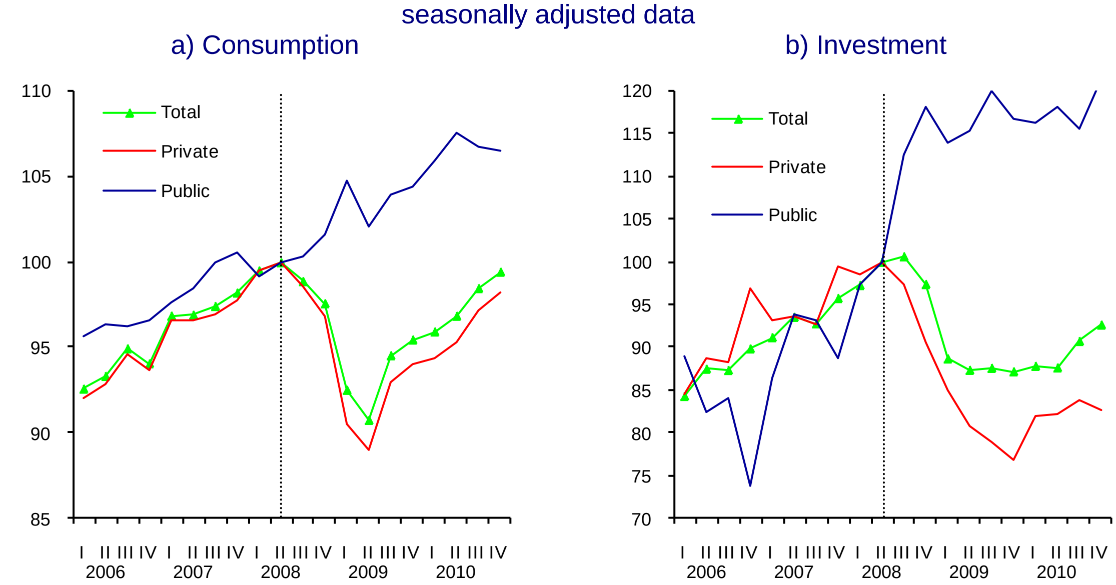
The evolution of domestic expenditure described above, reflected the gradual reactivation of some of its determinants. In particular, the real wage bill of the formal sector of the economy recovered in 2010, mainly due to higher employment levels (Graph 10a). In turn, economic agents' confidence indicators also showed an upward trend, although they ended the year at lower levels than the ones observed before the crisis (Graph 10b). Remittances from Mexican workers abroad also began to show a slight reactivation, although they continued to be far below the levels recorded up until the first half of 2007 (Graph 10c). Finally, commercial banks' financing for consumption was moderately reactivated throughout the year (Graph 10d). Banks' financing to firms exhibited similar evolution (Section 3.3.1).

Table 1
Aggregate Supply and Demand
Annual changes in percent with respect to the same period of the previous year

	2007	2008	2009	2010 I	2010 II	2010 III	2010 IV	2010 Annual
Aggregate supply	4.2	1.8	-9.2	7.9	12.9	9.2	7.2	9.3
GDP	3.3	1.5	-6.1	4.5	7.7	5.3	4.6	5.5
Imports	7.1	2.8	-18.6	20.2	31.8	22.5	15.5	22.1
Aggregate demand	4.2	1.8	-9.2	7.9	12.9	9.2	7.2	9.3
Total consumption	3.9	1.7	-5.7	3.6	6.6	4.4	4.2	4.7
Private	4.0	1.8	-7.1	4.0	6.8	4.7	4.6	5.0
Public	3.1	1.1	3.5	1.1	5.4	2.6	2.0	2.8
Total investment	6.9	5.9	-11.3	-2.5	1.8	3.7	6.2	2.3
Private	5.8	2.2	-16.8	-3.5	1.6	6.7	7.3	2.7
Public	11.7	20.3	7.2	1.4	2.6	-4.2	4.5	1.4
Exports	5.7	0.5	-13.7	23.2	33.5	27.1	15.4	24.3

Source: Mexico's System of National Accounts, INEGI.

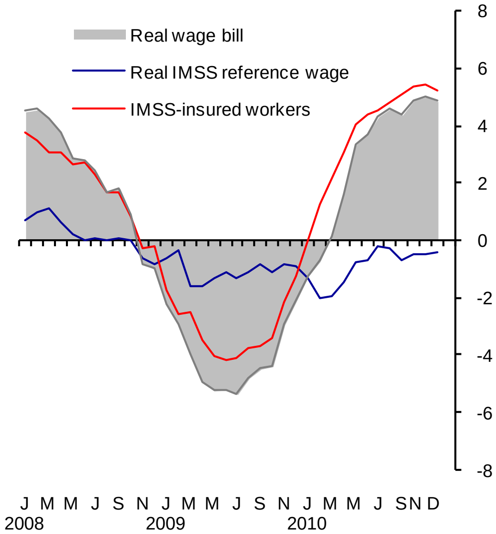
Graph 9
Domestic Demand Indicators
Second quarter of 2008=100;
seasonally adjusted data



Source: Prepared by Banco de México with data from Mexico's System of National Accounts, INEGI.

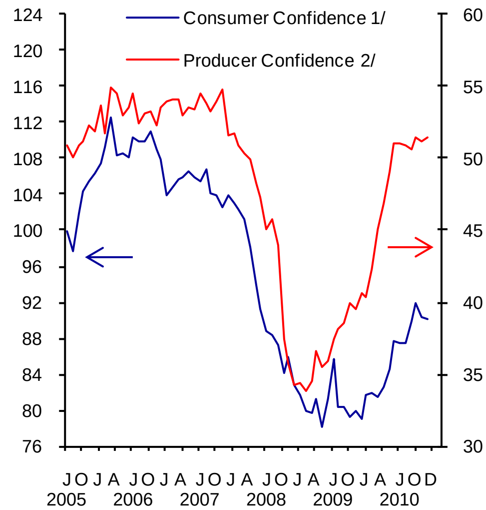
Graph 10
Determinants of Domestic Expenditure

a) Formal Sector's Real Wage Bill
Annual change in percent;
seasonally adjusted data



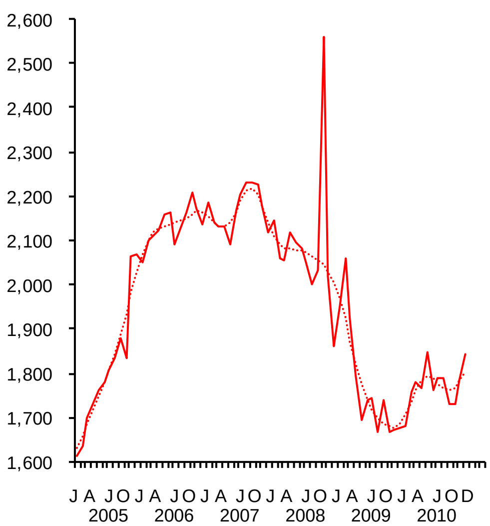
Source: Prepared by Banco de México with data from IMSS.

b) Consumer Confidence Index
(January 2003=100) and
Producer Confidence Index



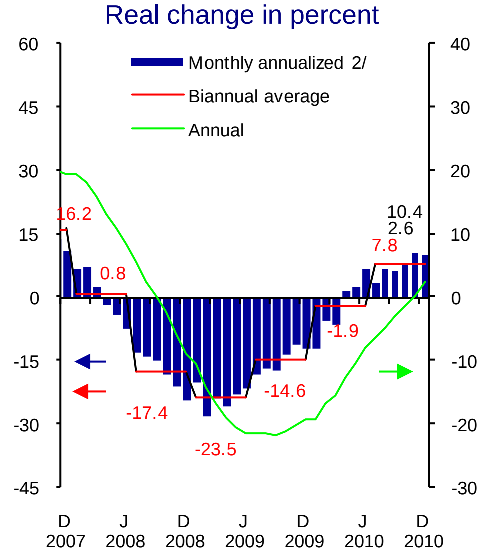
Source: National Survey on Consumer Confidence *(Encuesta Nacional sobre la Confianza del Consumidor)* and Monthly Survey on Business Opinion (*Encuesta Mensual de Opinión Empresarial)*; INEGI and Banco de México.
1/ Seasonally adjusted figures; January, 2003=100.
2/ Indicator with a reference point of 50; original series.

c) Workers' Remittances
USD million;
seasonally adjusted and trend data



Source: Banco de México.

d) Commercial Banks' Performing
Credit for Consumption[1/]
Real change in percent



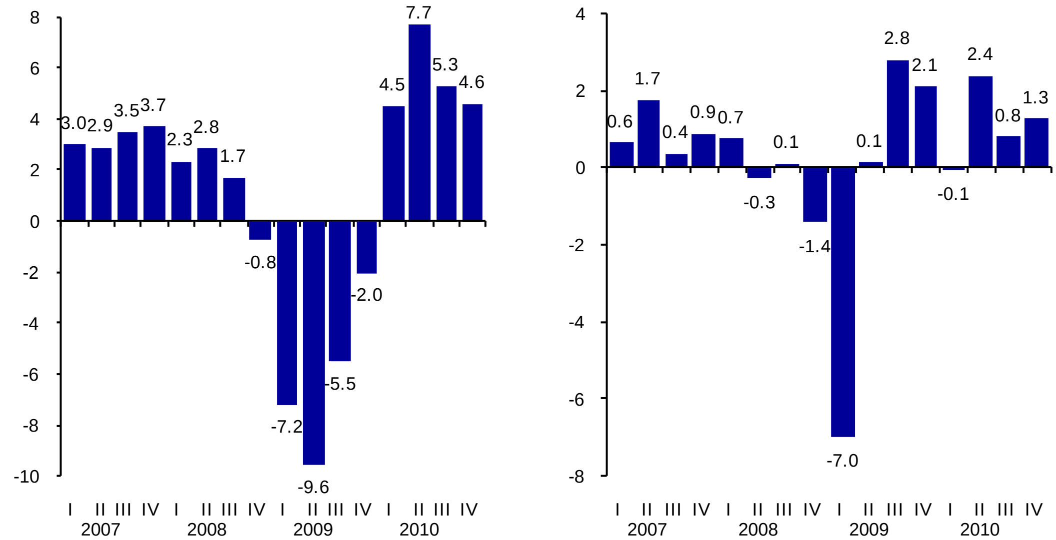
Source: Banco de México.
1/ Includes credit portfolio of credit-card regulated SOFOM: *Tarjetas BANAMEX, Santander Consumo, Ixe Tarjetas* and *Sociedad Financiera Inbursa*. From February 2009 onwards, figures are affected by the reclassification from consumer credit to credit granted to non-financial firms.
2/ Seasonally adjusted figures.

The gradual reactivation of aggregate demand led to a recovery of the productive activity (Graph 11 and Graph 12). Indeed, for 2010 as a whole, real GDP registered an annual increase of 5.5 percent, compared to the contraction of 6.1 percent observed in 2009.

Graph 11
GDP Growth

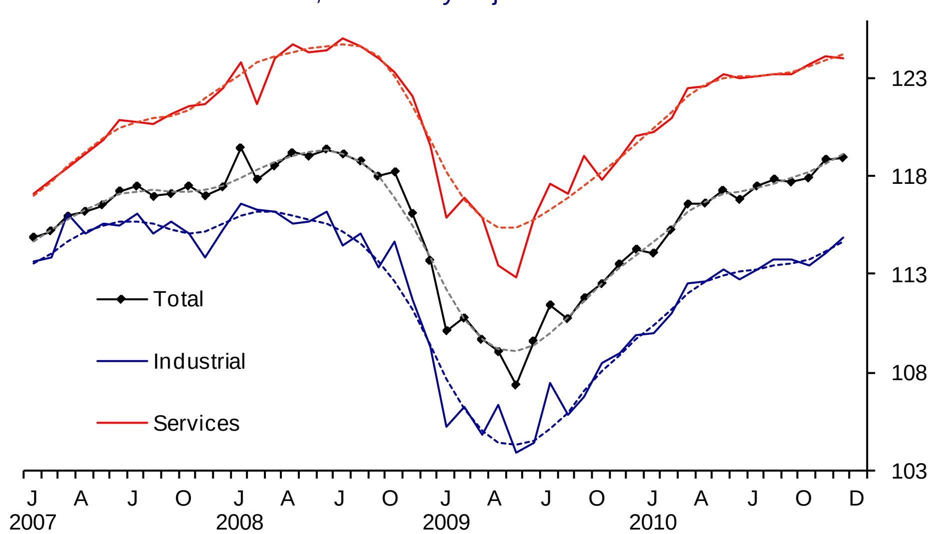
a) Original data
Annual change in percent

b) Seasonally adjusted data
Quarterly change in percent



Source: Mexico's System of National Accounts, INEGI.

Graph 12
Global Economic Activity Indicator
2003=100; seasonally adjusted and trend data

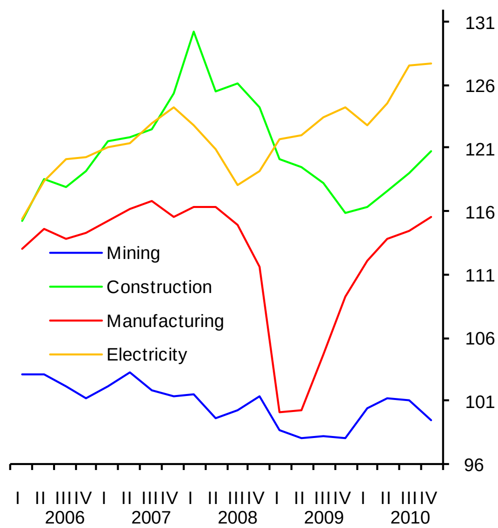


Source: Mexico's System of National Accounts, INEGI.

GDP growth during 2010 was mainly determined by the boost to manufacturing sector's activity stemming from external demand, as well as by the gradual pass-through of this growth to the service sector. In particular, manufacturing production expanded at a considerable pace throughout the year, which, along with a more favorable behavior of construction activity during the second half of 2010, led to high dynamism of industrial sector (Graph 13a). Services also recovered substantially during the year, although this was more evident in those activities that are more related to the economy's external sector (commerce and transport; Graph 13b).

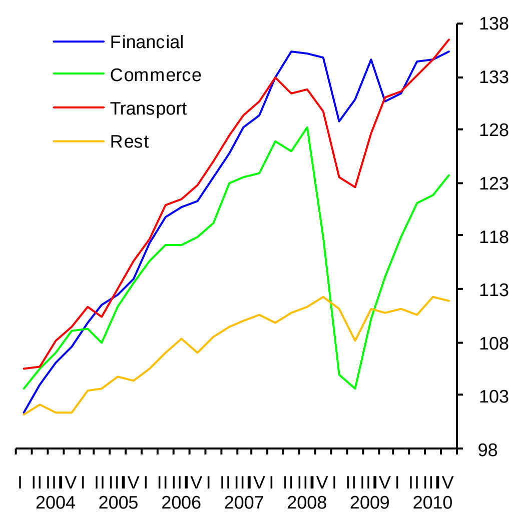
Graph 13
Economic Activity
Index 2003=100; seasonally adjusted data

a) Industrial Sector GDP



Source: Mexico's System of National Accounts, INEGI.

b) Service Sector GDP

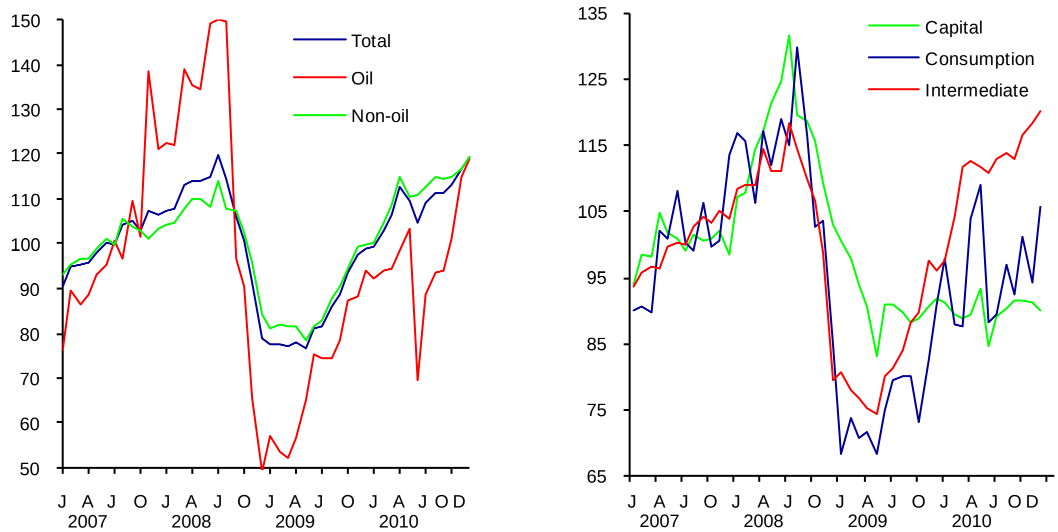


Source: Prepared by Banco de México with data from INEGI. Commerce includes lodging services, and food and beverage preparation; Transport includes mail, warehousing services and mass media services; and Financial Services include insurance, real estate and leasing services.

During 2010 the evolution of the external accounts reflected the evolution of aggregate demand previously described, as well as the favorable financial conditions for emerging economies, which prevailed along the year. Indeed, as stated previously, the performance of external demand led to a significant dynamism of manufacturing exports during 2010. Oil exports also rose substantially, due to increases in international crude oil prices, as well as export volumes of oil as compared with those observed in 2009 (Graph 14a). Although imports recovered, this was mainly derived from purchases of intermediate goods, which, in turn, were associated with higher export levels. In contrast, imports destined to the domestic market showed a more moderate dynamism, and, in the particular case of capital goods, no favorable change in their trend was observed in 2010 (Graph 14b). As a result of the aforementioned, the trade balance and the current account deficits were at reduced levels (USD 3,121 and 5,690 million, or 0.3 and 0.5 percent of GDP, respectively; Table 2).

Graph 14
Exports and Imports
Index 2007=100; seasonally adjusted data

a) Merchandise Exports   b) Merchandise Imports by Type of Good



Source: Banco de México.

Table 2
Current Account
USD million

	2009	2010				
	Annual	Q-I	Q-II	Q-III	Q-IV	Annual
Current account	**-6,290**	**532**	**-682**	**-1,913**	**-3,627**	**-5,690**
Trade balance	-4,602	371	-59	-2,296	-1,137	-3,121
Exports	229,783	66,596	74,666	75,545	81,554	298,361
Imports	234,385	66,225	74,725	77,841	82,691	301,482
Non-factor services	-8,405	-1,166	-2,611	-3,031	-2,802	-9,610
Factor services	-14,814	-3,529	-3,909	-2,200	-4,825	-14,463
Transfers	21,531	4,856	5,897	5,614	5,137	21,504
Oil trade balance	**10,448**	**2,673**	**2,249**	**2,500**	**4,049**	**11,471**
Non-oil trade balance	**-15,050**	**-2,302**	**-2,308**	**-4,796**	**-5,186**	**-14,592**

Source: Banco de México.

As described in Section 2 of this report, although international financial markets experienced episodes of uncertainty and volatility, in general, emerging economies faced favorable financial conditions for most of the year. This was due to high levels of liquidity at the global financial markets, mainly fueled by the monetary policy implemented by major advanced economies. This situation encouraged a search for higher yields, thereby, inducing considerable capital flows towards emerging economies. This environment, together with the inclusion of the Mexican government long-term bonds into the World Government Bond Index (WGBI) in October, favored the significant inflow of foreign financial resources to Mexico, leading to a large capital account surplus totaling USD 36,017 million. This result allowed an easy financing of the current account deficit and the international reserve accumulation of USD 22,759 million (Table 3).

Table 3
Balance of Payments
USD million

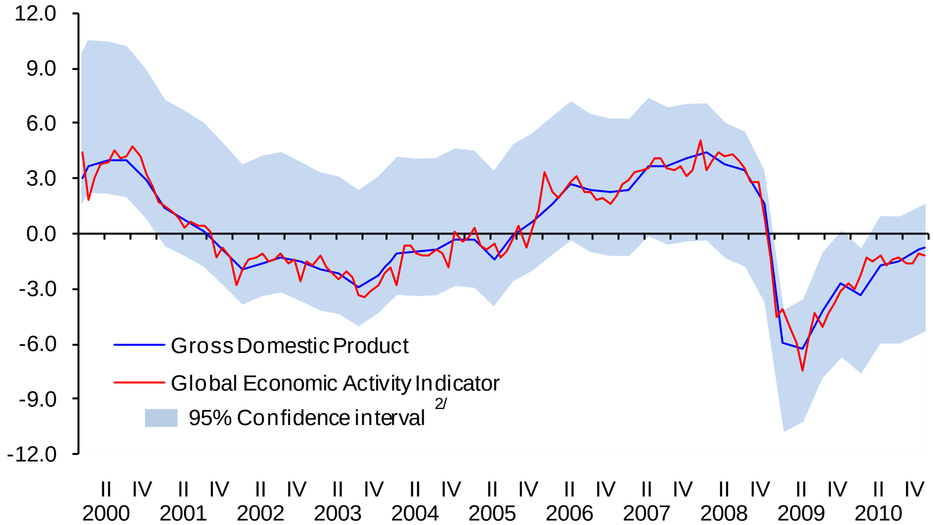
	2009	2010				
	Annual	Q-I	Q-II	Q-III	Q-IV	Annual
Current account	**-6,290**	**532**	**-682**	**-1,913**	**-3,627**	**-5,690**
Capital account	**18,853**	**8,146**	**6,413**	**9,198**	**12,260**	**36,017**
Liabilities	**36,836**	**12,128**	**14,509**	**13,667**	**26,826**	**67,130**
Indebtedness	13,982	2,594	3,358	6,670	13,013	25,635
Development banks	794	-344	-15	-177	1,184	648
Commercial banks	-28	1,490	323	4,148	3,622	9,583
Banco de México	7,229	-3,221	0	0	0	-3,221
Non-bank public sector	9,638	1,207	8	3,335	8,471	13,021
Non-bank private sector	-3,651	3,462	3,042	-636	-264	5,604
Foreign investment	22,854	9,534	11,151	6,997	13,813	41,495
Direct	15,206	4,876	7,648	2,442	2,760	17,726
Portfolio	7,648	4,658	3,503	4,555	11,053	23,769
Equity	4,169	-740	1,286	-58	153	641
Money market	3,479	5,398	2,217	4,613	10,900	23,128
Assets	**-17,983**	**-3,982**	**-8,096**	**-4,469**	**-14,566**	**-31,113**
Direct investment abroad	-7,019	-2,816	-7,343	-1,124	-1,411	-12,694
Other	-10,964	-1,166	-753	-3,345	-13,155	-18,419
Errors and omissions	**-7,229**	**-3,838**	**-81**	**-353**	**-3,376**	**-7,648**
Change in net international reserves	**5,397**	**4,845**	**5,682**	**6,948**	**5,284**	**22,759**
Valuation adjustments	**-63**	**-5**	**-32**	**-16**	**-27**	**-80**

Source: Banco de México.

To conclude this section, it is important to make some considerations regarding the slackness prevailing in the economy during the year analyzed in this Report. The evaluation is based on the estimation of the output gap, and on the analysis of indicators associated with conditions prevailing in markets for the main factors of production, among which stand out those related to the labor market, financing and installed capacity utilization, as well as the economy's balance of income and expenditure, measured through the current account balance. As will be shown, all these indicators coincide in suggesting that, during 2010, the Mexican economy still operated below its productive potential, implying that there were no demand-related pressures on the price formation process. In particular, the following stands out:

a) Although the output gap has been closing due to the expansion of aggregate demand, it remained negative during 2010 (Graph 15). It should be remarked that, precisely due to the difficulty of the estimation of this concept, especially after abrupt changes in production levels, such as those observed in 2009 and 2010, it becomes particularly relevant to complement this calculation with an analysis of other indicators associated with the markets for the main factors of production and the balance of income and expenditure of the economy.

Graph 15
Output Gap Estimation 1/
Percentage of potential product



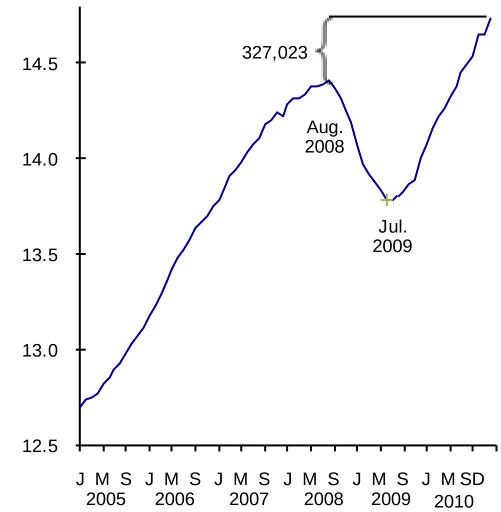
Source: Banco de México.
1/ Estimated using the Hodrick-Prescott (HP) filter with tail corrections; see Banco de México (2009), "Inflation Report, April-June 2009", p.69.
2/ Confidence interval of output gap calculated with an unobserved components method.

b) As for the indicators associated with the main input markets, it is relevant to study the labor market. The expansion of the economy during 2010 resulted in a significant recovery of the formal employment, to such an extent that it surpassed levels observed before the onset of the global crisis (Graph 16a). Nonetheless, diverse indicators suggest that slack conditions in the labor market persisted. In particular, unemployment and underemployment rates remained at levels higher than those prevailing in 2008, before the outbreak of the global crisis (Graph 16b). In line with this, firms in the manufacturing sector did not face difficulties in hiring skilled labor (Graph 16c). These slack conditions contributed to moderate wage increases during the year.

In turn, the rate of capacity utilization remained at relatively low levels, although it showed an upward trajectory. This allowed production reactivation levels to exceed those of employment, implying a significant increase in average labor productivity. All of this, together with the moderation of wage increases, led to a fall in unit labor costs (Graph 16d). The aforementioned favorably influenced the behavior of prices in Mexico, while it also fostered greater job creation.

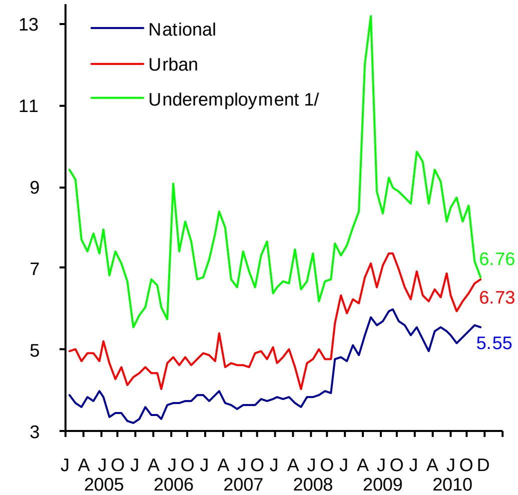
Graph 16
Labor Market Indicators

a) IMSS-insured Workers
Millions of persons
Seasonally adjusted data



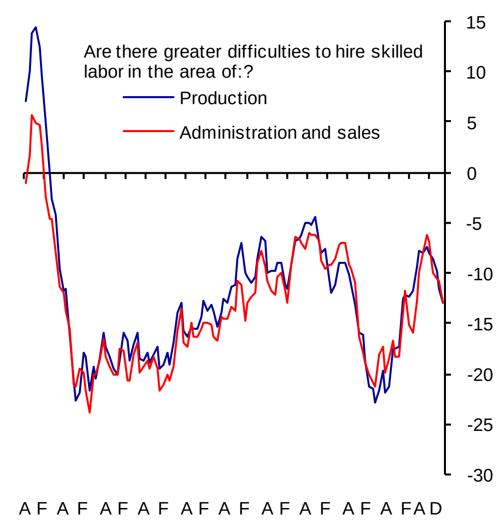
Source: IMSS, seasonal adjustment by Banco de México.

b) Unemployment and Underemployment
Rate, percent;
seasonally adjusted data



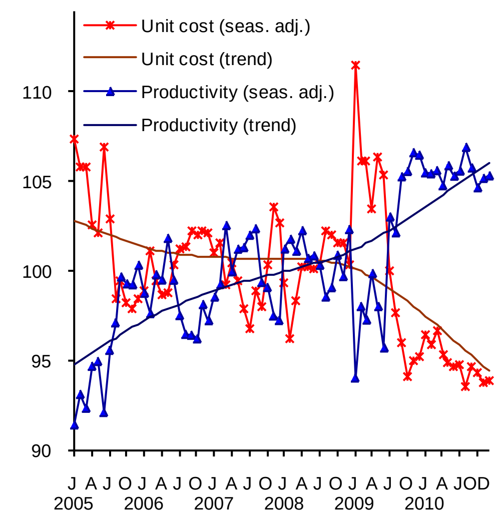
Source: INEGI.
1/ Original series.

c) Labor Shortage
Two-month moving average
balance of responses



Source: Monthly Manufacturing Business Tendency Survey *(Encuesta Mensual de Coyuntura en el Sector Manufacturero),* Banco de México.

d) Productivity and Unit Labor Cost in the
Manufacturing Sector
2007=100; seasonally
adjusted and trend data

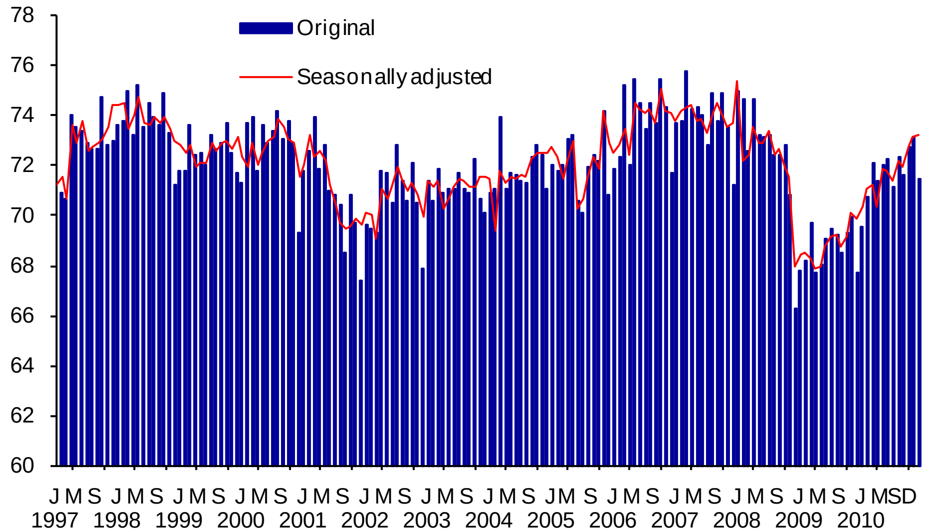


Source: Prepared by Banco de México with data from INEGI.

c) As will be seen in more detail in Section 3.3.1, total financing to the Mexican economy slowly recovered during 2010, implying a moderate expansion rate in real annual terms. Such expansion was much lower than the levels observed prior to the outbreak of the financial crisis and at no time were pressures observed on the loanable funds market.

d) The recovery of exports and, thereby, of the manufacturing sector production, was reflected in higher levels of installed capacity utilization in that industry. However, by the end of 2010, levels of capacity utilization remained below those observed before the crisis and in more advanced phases of previous economic cycles (Graph 17).

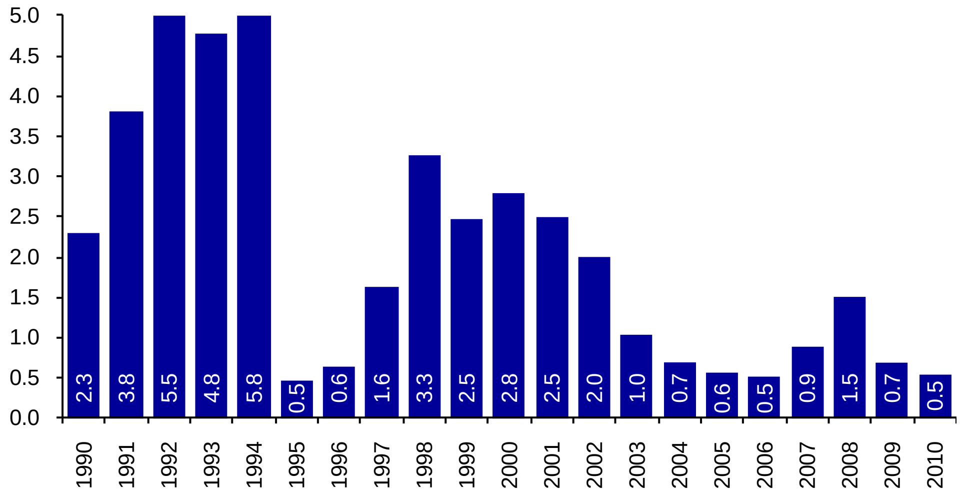
Graph 17
Installed Capacity Utilization: Manufacturing Sector
Percent



Source: Monthly Manufacturing Business Tendency Survey (*Encuesta Mensual de Coyuntura en el Sector Manufacturero*). Banco de México.

e) Finally, as mentioned above, although growth in the economic activity was reflected in the recovery of imports, the pace of export growth led the trade balance and current account deficits to remaining at reduced levels. In fact, in 2010 the current account deficit reached one of its lowest levels since 1990 (Graph 18). This indicates that the evolution of domestic spending did not constitute a source of pressure on external accounts. In this context, the behavior of external accounts contributed to the appreciation of the nominal exchange rate and, in this context, had a favorable impact on the behavior of prices of internationally traded goods.

Graph 18
Current Account Deficit
Share of GDP



Source: Banco de México.

3.2. Public Finances

In 2010, public finances benefitted from a more favorable macroeconomic performance than that observed in 2009. The recovery of economic activity, a higher crude oil price, as well as the fiscal adjustments applied from January 2010 onwards, all allowed oil and non-oil tax revenues to increase in real terms as compared to those in 2009 and to exceed those approved in the Federal Revenues Law for 2010 (*Ley de Ingresos de la Federación 2010*, LIF-2010).

In 2010, the traditional public balance registered a deficit of MXN 370.6 billion (2.8 percent of GDP).[11] If Pemex physical investment is excluded, this deficit would be MXN 101.8 billion (0.8 percent of GDP). Although both figures are above the approved levels (MXN 353.4 and 90.0 billion, respectively), the corresponding deviations maintained within the limits established in the Federal Budget and Fiscal Responsibility Law (*Ley Federal de Presupuesto y Responsabilidad hacendaria*, LFPyRH).[12] Regarding the primary balance (defined as the difference between revenues and expenditures other than financial costs), it presented a deficit of MXN 112.3 billion, figure equivalent to 0.9 percent of the GDP (Table 4).

[11] The traditional public balance or economic balance reflects the public sector's net financial position and is used for evaluating the degree of accomplishment of budgetary goals of the non-financial federal public administration.

[12] In order to evaluate the compliance with the target for the fiscal balance, LFPyRH regulations establish a deviation margin equivalent to 1.0 percent of total net expenditure approved in the Federal Expenditure Budget for each fiscal year (MXN 31.8 billion in the case of 2010).

Table 4
Public Balance in 2008 – 2010 1/

	MXN billion of 2010			Percent of GDP		
	2008	2009	2010	2008	2009	2010
Economic balance	**-8.7**	**-284.9**	**-370.6**	**-0.1**	**-2.3**	**-2.8**
Budgetary balance	**-12.8**	**-283.0**	**-373.3**	**-0.1**	**-2.3**	**-2.8**
Federal government	-211.2	-270.7	-358.4	-1.6	-2.2	-2.7
Public entities and enterprises (1+2)	198.3	-12.2	-14.9	1.5	-0.1	-0.1
1 Pemex	158.8	-33.4	-57.9	1.2	-0.3	-0.4
2 Rest	39.5	21.2	43.0	0.3	0.2	0.3
Non-budgetary balance	**4.1**	**-1.9**	**2.7**	**0.0**	**0.0**	**0.0**
Economic balance excl. investment by Pemex	**68.1**	**-23.0**	**-101.8**	**0.5**	**-0.2**	**-0.8**
Primary balance	**237.4**	**-8.0**	**-112.3**	**1.8**	**-0.1**	**-0.9**
Primary balance excl. investment by Pemex	**314.2**	**253.8**	**156.4**	**2.3**	**2.0**	**1.2**

Source: Ministry of Finance (SHCP).
1/ Deficit (-), Surplus (+).
Note: Figures may not add up due to rounding.

In 2010, budgetary revenues amounted to MXN 2,960.2 billion (22.5 percent of GDP), presenting a real growth of 0.9 percent, as compared to that observed in 2009. This growth was moderate, despite the observed favorable macroeconomic framework and tax adjustments applied from 2010 onwards, due to the fact that high non-recurrent revenues registered in 2009 were not used again during 2010. Among these sources of revenue stand out the Banco de México's operational surplus, the pull out of resources from the Oil Revenue Stabilization Fund (*Fondo de Estabilización de los Ingresos Petroleros*, FEIP) and financial revenues obtained from oil hedging. If non-recurrent revenues from 2009 and 2010 were excluded, budgetary revenues would be 10.3 percent in real terms. Noteworthy among budgetary revenues was the growth of oil and non-oil tax components, resulting from a more favorable macroeconomic framework during 2010 and to fiscal changes applied from January 2010 onwards (See Graph 19a and Graph 19b).[13]

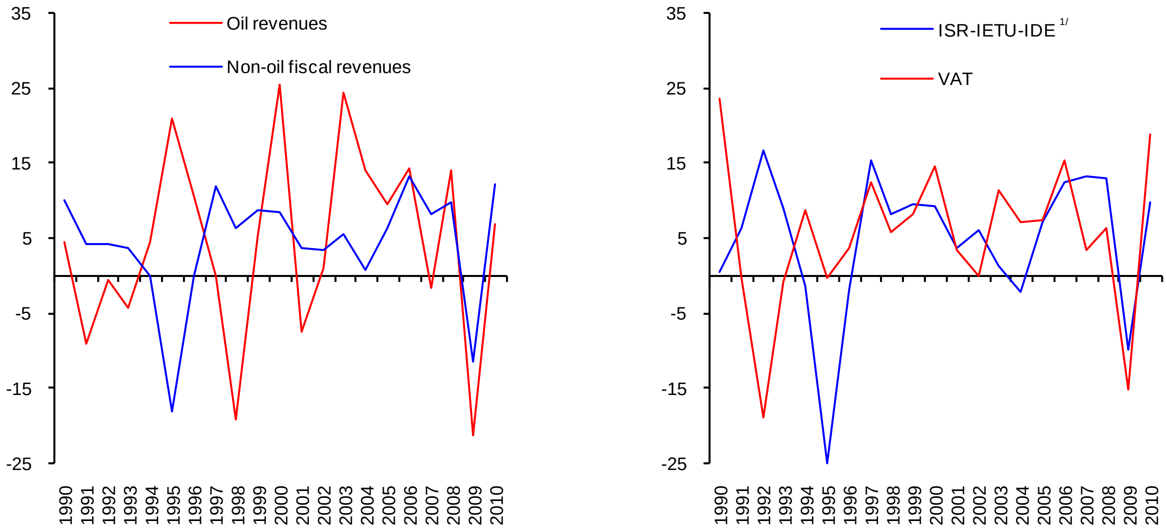
Oil revenues increased 6.9 percent in real terms, mainly in response to the fact that the average price of the Mexican crude oil export mix exceeded the level of USD 16.7 per barrel (dpb), which was observed in 2009. This effect more than offset the 1.3 percent decline in crude oil extraction, the higher value of oil imports (37.6 percent growth in real terms) and the exchange rate appreciation. Within oil revenues, gasoline and diesel price subsidies were observed through a negative Excise Tax (*Impuesto Especial sobre Producción y Servicios*, IEPS) and a reduction of 3.1 percent in real terms in Pemex revenues. The former resulted from the significant increase in international hydrocarbon prices which surpassed the predetermined increment of domestic prices of these two fuels.[14] The latter was mainly due to a higher fiscal burden levied on Pemex as compared to the previous year. It is worth mentioning that the reduction in revenues of this public enterprise was compensated by the use of MXN 30.0 billion from its Infrastructure Investment Stabilization Fund (*Fondo de Estabilización para la Inversión en Infraestructura,* FEIPemex).

[13] Oil revenues include total Pemex revenues, oil duties and benefits, the oil revenue tax and the Excise Tax (*Impuesto Especial sobre Producción y Servicios*, IEPS) on gasoline and diesel.
[14] In 2010, the monthly increment applied to prices of magna gasoline was of 8 cents, while that of Premium gasoline and diesel was of 4 cents.

Graph 19
Public Sector Budgetary Revenues in 1990 – 2010

a) Oil and Non-oil Fiscal Revenues
Real annual change in percent

b) Non-oil Fiscal Revenues
Real annual change in percent



Source: Ministry of Finance (SHCP).
1/ Includes the asset tax (*Impuesto al Activo*, IMPAC).

Non-oil tax revenues grew 12.1 percent in real terms, mainly as a result of the increase in VAT revenues (18.8 percent), higher joint revenues of income taxes (ISR-IETU-IDE) (9.7 percent) and the increase in Excise Tax (IEPS) revenues (22.9 percent). These results were buoyed by improved macroeconomic conditions and greater tax rates in 2010.[15] The recovery of economic activity also boosted revenues of public entities and enterprises other than Pemex; they rose 9.3 percent in real terms, mostly due to the increased electricity sales by the Federal Electricity Commission (*Comisión Federal de Electricidad*, CFE) and social security contributions to the IMSS and ISSSTE.

In 2010, budgetary revenues were MXN 163.3 billion (5.8 percent) higher than those programmed in the LIF-2010. These excess revenues originated from:

a) MXN 59.4 billion from higher oil revenues, due to the increase in the price of the Mexican crude oil export mix as well as higher oil extraction and export levels, as compared to those projected for the year.[16]

b) MXN 57.8 billion from higher non-tax non-oil revenues as a result of increased income from duties and benefits.

[15] The maximum marginal rate of Income Tax (ISR) for natural persons was increased from 28 to 30 percent; the Flat Rate Business Tax (IETU) was raised from 17 to 17.5 percent; the general VAT rate was raised from 15 to 16 percent and from 10 to 11 percent in border cities; the Excise Tax on some goods and services was increased, and an Excise Tax on telecommunications was introduced as well.

[16] In 2010, the average price of Mexico's crude oil export mix was USD 12.9 per barrel above the programmed levels; while extraction and exports increased by 65 and 223 thousand barrels per day, respectively.

c) MXN 52.2 billion due to an expansion of revenues from public entities and enterprises other than Pemex.

d) A MXN 6.2 billion shortfall in non-oil tax revenues. The lower revenues obtained from the income taxes scheme (ISR-IETU-IDE) of MXN 27.4 billion were the main cause for this. According to the Ministry of Finance (SHCP), this is explained by tax payers making advance payments at the end of 2009 in order to reduce the fiscal burden before the fiscal reform came into force in 2010.[17]

The existence of excess revenues and the prevailing regulations for their use, defined in LFPyRH and in the LIF-2010 (art. 10 and 12), resulted in these revenues to be assigned as follows:[18]

a) MXN 147.6 billion were used for three purposes: to finance expenditures of public entities and enterprises under direct budgetary control (using self-generated excess revenues), to finance infrastructure investment projects (art. 10 and 12 of the LIF-2010) and to expand outlays of federal entities and states.

b) The remaining excess revenues (MXN 15.7 billion) were used to partially compensate for the damage caused by natural disasters in 2010 which could not be covered by the Natural Disaster Fund (*Fondo de Desastres Naturales,* Fonden) (MXN 20.3 billion). Therefore, there were no net excess revenues channeled to the capitalization of stabilization funds.

Higher fiscal revenues in 2010 allowed public expenditure to increase in real terms, relative to 2009, and to exceed the programmed level of MXN 183.2 billion (Graph 20b). The latter was due to both the MXN 218.9 billion increase in higher programmable outlays and the MXN 35.7 billion reduction in non-programmable expenditures. The deviation of non-programmable expenditures was mainly determined by lower financial costs associated with lower interest rates and exchange rates, a situation which was partly offset by higher revenue sharing and Adefas. In turn, the expansion of programmable expenditures compared to those originally budgeted was due to the excess revenues obtained in 2010 (MXN 163.3 billion), lower non-programmable expenditures than those considered in the budget (MXN 35.7 billion), the deviation of the economic deficit from the approved level (MXN 17.2 billion), and a small surplus in the non-budgetary sector (MXN 2.7 billion) relative to the expected value.

It is worth mentioning that public expenditure in 2010 adjusted to the availability of public revenues and the economic balance target approved in the

[17] Another possible cause of lower revenues from income taxes (ISR-IETU-IDE) could be associated with the changes in the scheme approved at the end of 2009 for deferred Income Tax (ISR) payments under the fiscal consolidation regime. Indeed, it was approved that conglomerates consolidating fiscal results would be forced to pay 25 percent of the income tax generated up until 2004 and which remained unpaid on December 31, 2009. However, under the Miscellaneous Resolution published in Mexico's Official Gazette (*Diario Oficial de la Federacion*, DOF) on March 31, 2010, the Ministry of Finance (SHCP) made this regime more flexible by providing the option not to pay deferred income tax until the holding company reduces its shareholding, the holding company is dissolved or the group is broken up.

[18] Articles 10 and 12 of the LIF-2010 establish that revenues mainly from concessions, capital returns and disincorporations should be channeled to finance infrastructure investment projects.

LIF-2010. The implementation of austerity measures and other budget measures also contributed to this achievement.

Table 5
Public Balance 2009 and 2010 1/

	MXN billion				Real growth %
	2009	2010			
	Observed	Approved	Observed	Difference	
	(1)	(2)	(3)	(3-2)	(3/1)
Economic balance	**-273.5**	**-353.4**	**-370.6**	**-17.2**	**30.1**
Non-budgetary balance	-1.8	0.0	2.7	2.7	d.n.a.
Budgetary balance	-271.7	-353.4	-373.3	-20.0	31.9
Budgetary revenues	**2,817.2**	**2,797.0**	**2,960.2**	**163.3**	**0.9**
Oil	**874.2**	**913.6**	**973.0**	**59.4**	**6.9**
Federal government	492.2	553.7	587.6	33.9	14.6
PEMEX	382.0	359.9	385.4	25.5	-3.1
Non-oil	**1,943.0**	**1,883.4**	**1,987.3**	**103.9**	**-1.8**
Federal government	**1,508.2**	**1,440.8**	**1,492.4**	**51.6**	**-5.0**
Tax revenues	1,125.4	1,320.5	1,314.3	-6.2	12.1
ISR-IETU-IDE	594.8	707.1	679.7	-27.4	9.7
Income tax (*ISR*) 2/	534.2	640.9	626.5	-14.3	12.6
Flat rate business tax (*IETU*)	44.7	53.2	45.1	-8.1	-3.2
Tax on cash deposits (*IDE*)	15.9	13.1	8.1	-5.0	-50.9
VAT (*IVA*)	407.8	485.6	504.4	18.9	18.8
Excise tax on merchandise and services (*IEPS*)	47.4	62.3	60.6	-1.7	22.9
Imports	30.2	27.9	24.5	-3.4	-22.1
Other	45.3	37.6	45.0	7.4	-4.5
Non-tax revenues	382.8	120.3	178.1	57.8	-55.3
Duties	29.7	13.8	32.1	18.3	3.5
Proceeds	6.7	6.0	4.1	-1.9	-40.3
Benefits	346.4	100.5	141.9	41.4	-60.7
Public entities and enterprises	**434.8**	**442.6**	**494.8**	**52.2**	**9.3**
Net paid budgetary expenditures	**3,088.9**	**3,150.3**	**3,333.6**	**183.2**	**3.6**
Programmable	**2,436.5**	**2,399.6**	**2,618.5**	**218.9**	**3.2**
Deferred payments	d.n.a.	-26.0	d.n.a.	d.n.a.	d.n.a.
Programmable accrued expenditures	2,436.5	2,425.6	2,618.5	192.9	3.2
Current expenditures	1,829.9	1,841.0	1,972.4	131.4	3.5
Personal services	765.4	807.5	799.9	-7.5	0.3
Other	1,064.5	1,033.5	1,172.4	139.0	5.7
Capital expenditures	606.6	584.6	646.1	61.5	2.3
Fixed investment	549.3	538.0	608.6	70.6	6.4
Financial cost	57.3	46.6	37.5	-9.1	-37.2
Non-programmable	**652.3**	**750.8**	**715.1**	**-35.7**	**5.2**
Financial cost	262.8	295.9	255.8	-40.1	-6.6
Federal government	200.2	232.9	202.5	-30.4	-2.9
Public entities and enterprises	31.5	13.8	39.5	25.7	20.2
Debtor and savings support program	31.1	49.2	13.7	-35.5	-57.6
Revenue sharing	375.7	441.6	437.3	-4.2	11.8
Adefas and other	13.8	13.3	22.0	8.6	52.8
Memo:					
Economic balance excl. investment by Pemex	-22.1	-90.0	-101.8	-11.9	342.9
Budgetary revenues excl. non-recurrent revenues 3/	2,496.0	2,797.0	2,868.3	71.3	10.3

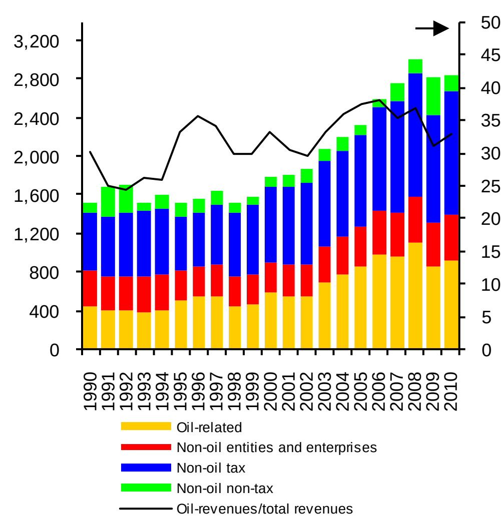
Source: Ministry of Finance (SHCP).
1/ Deficit (-), Surplus (+).
2/ Includes the asset tax *(Impuesto al Activo*, IMPAC).
3/ The Federal Revenue Law 2009 (*Ley de Ingresos de la Federación*, *LIF-2009*) did not consider income from non-recurrent revenues.
d.n.a. Does not apply.
Note: Figures may not add up due to rounding; real growth is estimated using yearly average inflation.

The approval of the economic package for 2010 was accompanied by the establishment of a National Program for the Reduction of Public Expenditure (*Programa Nacional de Reducción del Gasto Público*, PNRGP), submitted by the Ministry of Finance (SHCP) to the Mexican Chamber of Deputies in March 2010. The PNRGP is multi-annual and is aimed to rationalize operating expenditures and to reduce the structures of entities and dependencies of public federal administration without adversely affecting provision of the public services. The program is intended to achieve total savings of at least MXN 40.1 billion during 2010-2012. These resources will then be channeled to finance the Federal Government's priority projects, particularly social development and investment in infrastructure. According to the Ministry of Finance, at the end of 2010 the PNRGP achieved savings of MXN 15.0 billion of which MXN 9.3 billion corresponded to administrative and operating expenditures and MXN 5.8 billion to personal services.

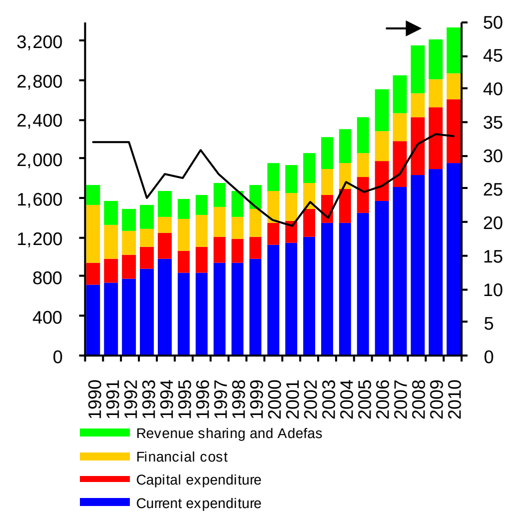
In 2010, public budgetary expenditures totaled MXN 3,333.6 billion (25.4 percentage points of GDP), which implied a 3.6 percent growth in real terms as compared to 2009 (Table 5 and Graph 20b). Within programmable spending, current expenditure rose 3.5 percent in real terms, mainly as a result of increases in pensions and retirements (9.2 percent), and subsidies and transfers (7.5 percent). It should be noted that this latter group includes federal government transfers, other than personal services, to states and municipalities destined to fund social and economic development programs. The groups of personal services and administrative and operating expenditures exhibited a more moderate growth (0.3 and 2.2 percent in real terms, respectively), as a result of austerity measures adopted to restrain public spending.

Graph 20
Public Sector Budgetary Revenues and Expenditures in 1990 - 2010

a) Revenues (MXN billion of 2010) and percent of total

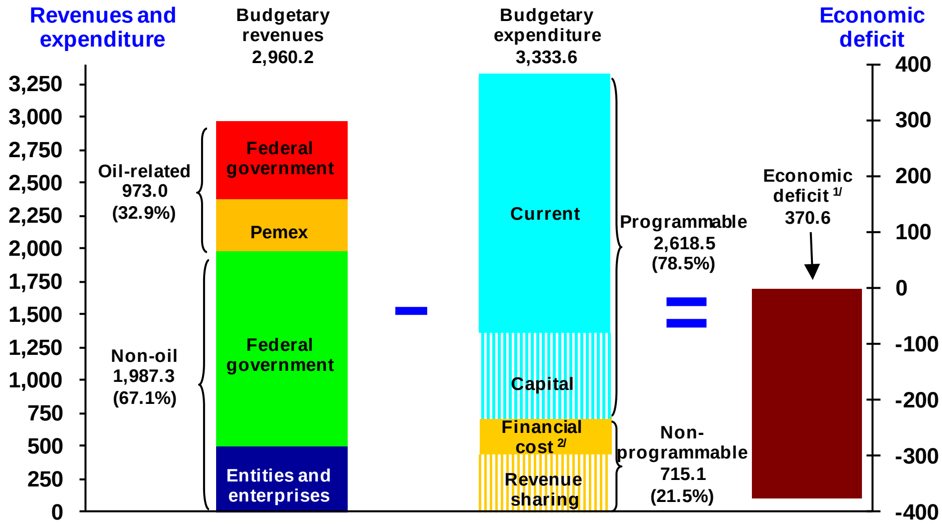


b) Expenditures (MXN billion of 2010) and percent of total



Source: Ministry of Finance (SHCP).

Graph 21
Revenues, Expenditures and Economic Balance in 2010
MXN billion



Source: Ministry of Finance (SHCP).
1/ Includes the surplus of the non-budgetary sector for MXN 2.7 billion.
2/ Includes Adefas.
Note: Figures may not add up due to rounding.

As for capital expenditure, physical investment presented a positive change of 6.4 percent in real terms and accounted for 4.6 percent of GDP. The behavior of capital expenditure allowed fostered investment to increase 7.0 percent in real terms as compared to 2010, and, thus, amounted to 4.8 percent of GDP.[19]

Non-programmable expenditure rose 5.2 percent in real terms, due to the increase shown by revenue sharing (which increased 11.8 percent in real terms), reflecting the favorable evolution of Shared Federal Tax Revenues (*Recaudación Federal Participable*, RFP) and partially offsetting the 6.6 percent reduction in financial costs due to the decline in domestic and external interest rates, and the appreciation of the exchange rate.

Improved macroeconomic conditions, as well as fiscal adjustments which came into force in January 2010, contributed positively to the public finances of local governments. At the end of 2010, federalized expenditures grew 6.6 percent in real terms as compared to 2009, due to increases of 11.8 percent and 12.1 percent in revenue sharing and other types of transfers, respectively. Contributions to states, on the other hand, exhibited a moderate growth of 0.9 percent in real terms. It should be remembered that these contributions were extremely high in 2009 given that this type of transfers is linked to revenues originally budgeted for the year and not to those actually observed, as in the case of revenue sharing.

[19] Fostered investment includes net budgetary physical investment (excluding capital amortizations to Pidiregas) and non-budgetary financed investment. It is therefore not affected by the cancellation of Pemex's Pidiregas scheme.

3.3. Financial Saving and Financing

3.3.1. Financial Saving

The sources of financial funding in the Mexican economy performed favorably during 2010, in contrast to the weakness observed during the previous year. The economy's flow of financial resources reached its historical maximum at the end of the fourth quarter of 2010. This resulted from significant inflows of foreign resources and the recovery of domestic finance sources.

Total financial saving, defined as the monetary aggregate M4 less banknotes and coins held by the public, presented an upward trend in its real annual growth rates, resulting from both substantial inflows of foreign resources and an increase in Mexican residents' financial saving. At the end of 2010 this aggregate registered a real annual variation of 8.5 percent, 5.7 percentage points above the increase observed a year ago (Graph 22a).

During 2010, non-residents' financial saving showed an upward trend. This behavior was positively influenced by the solid macroeconomic framework in Mexico, by the increase in international liquidity, which boosted the search for yields around the globe, as well as by the interest rate spreads between Mexico and other economies, particularly the United States. Other factors also affected the evolution of non-residents' financial saving during the year. First, the higher uncertainty in financial markets during May and June, due to the increased risk aversion caused by the crisis in Europe, led to lower inflows of foreign resources. Second, the inclusion of Mexican government long-term bonds into the World Government Bond Index last October was another factor boosting larger capital inflows from abroad.[20] In December 2010, non-residents' financial saving grew 83.9 percent in real annual terms, which is above that for 2009 (10.7 percent) (Graph 22a and b).

The stock of residents' financial saving showed certain weakness during the first months of 2010. However, it recovered significantly from the second quarter onwards, as a result of the rebound in voluntary financial saving. Indeed, compulsory saving presented high growth rates due to increased employment levels, while the rise in voluntary saving was explained by, among other factors, higher levels of economic activity as compared to those observed in 2009. The evolution of interest rates of medium and long-term government securities also influenced residents' financial saving. Up until October, these interest rates showed a downward trend, increasing the valuation of financial assets. However, from November onwards, a steepening of the yield curve was observed, lowering the value of the aforementioned assets. Hence, residents' financial saving showed a moderation in its growth during the last two months of the year. Thus, at the end of 2010, this aggregate registered a real annual change of 3.3 percent (2.3 percent in 2009) (Graph 22c).

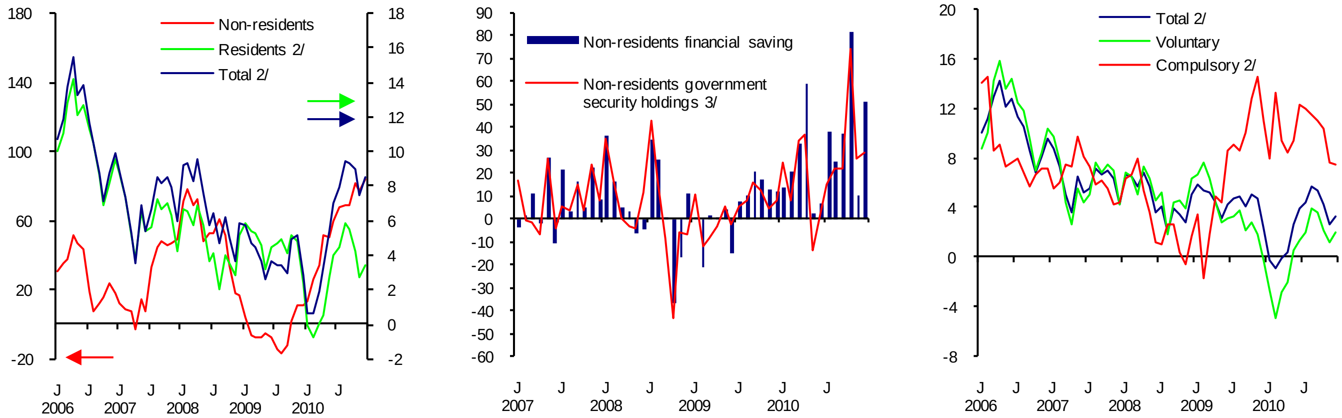
[20] The incorporation of Mexico's government bonds into the WGBI (World Government Bond Index) increased these bonds' holdings by non-residents due to the fact that, among other reasons, a considerable number of investment funds use this index as a reference for their investment portfolio formation.

Graph 22
Financial Saving [1/]

a) Total Financial Saving
Real annual change in percent

b) Non-residents' Financial Saving
Monthly change in MXN billion

c) Residents' Financial Saving
Real annual change in percent



Source: Banco de México
1/ Defined as monetary aggregate M4 less the stock of banknotes and coins held by the public.
2/ Excludes the impact of the reform to the ISSSTE Law on this aggregate.
3/ Holdings of government securities in nominal value. Figures available up to December 31, 2010.

3.3.2. Financing to the Private Sector

Total financing to the non-financial private sector, including that channeled to firms as well as to households, recovered slowly during 2010. These recoveries implied moderate real annual growth rates in both sectors.

Regarding financing to non-financial private firms in 2010, foreign financing in USD maintained the upward trend it had exhibited since the last quarter of 2009 (Graph 23a). In the first half of 2010 this financing stemmed mainly from debt issuance in external markets, while in the second half of the year supplier financing stood out. It is important to mention that increased risk aversion in international markets during the second quarter of 2010 did not significantly affect private firms' access to foreign financing. Thus, in 2010, foreign financing to private firms registered an annual change of 14.6 percent in terms of USD, after having fallen 4.6 percent in annual terms during 2009.

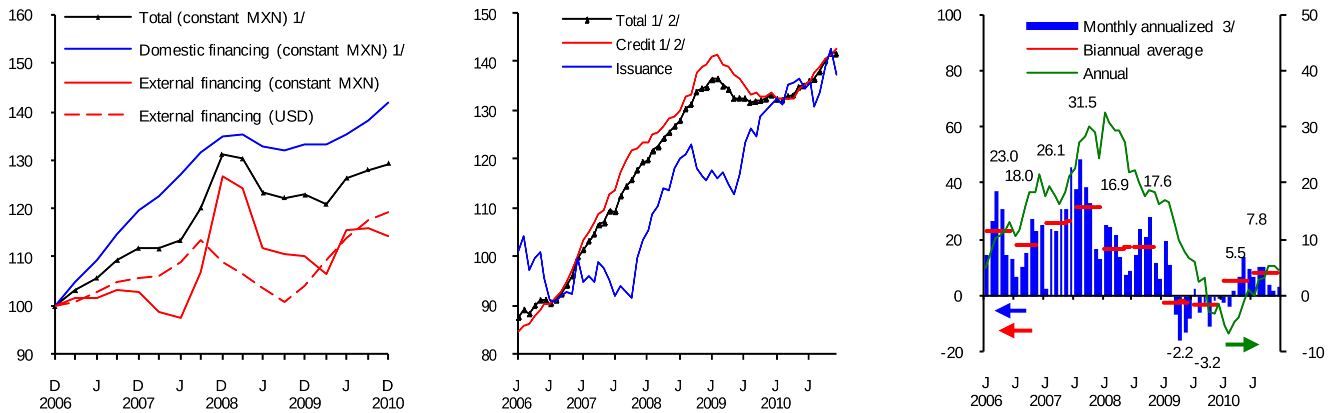
In turn, domestic financing to non-financial private firms, which had been contracting since 2009, reached an inflection point in March 2010 as a result of the expansion of commercial banks' credit (Graph 23b and c). Non-financial private firms' debt issuance in the domestic market maintained a positive trend during the first half of the year buoyed by significant placements made during that period. Nevertheless, in the second half of the year this aggregate observed a moderation in its growth (Graph 23b). Thus, in December 2010 domestic financing to private firms registered a real annual variation of 5.5 percent, figure contrasting with the 0.1 percent contraction in 2009.

Graph 23
Total Financing to Non-financial Private Firms

a) Total Financing to Non-financial Private Firms
Seasonally adjusted stocks
(Index Dec2006=100)

b) Domestic Financing to Non-financial Private Firms
Seasonally adjusted stocks
(Real index Dec2006=100)

c) Commercial Banks' Performing Credit to Non-financial Private Firms;
Real annual change in percent 2/



Source: Banco de México.
1/ These figures are affected by the disappearance of some non-banking financial intermediaries and their conversion to non-regulated Sofom.
2/ From February 2009 onwards, figures are affected by the reclassification of credit granted to small- and medium-size firms (PyMES, for its acronym in Spanish) from consumer credit to credit granted to non-financial firms.
3/ Seasonally adjusted figures.

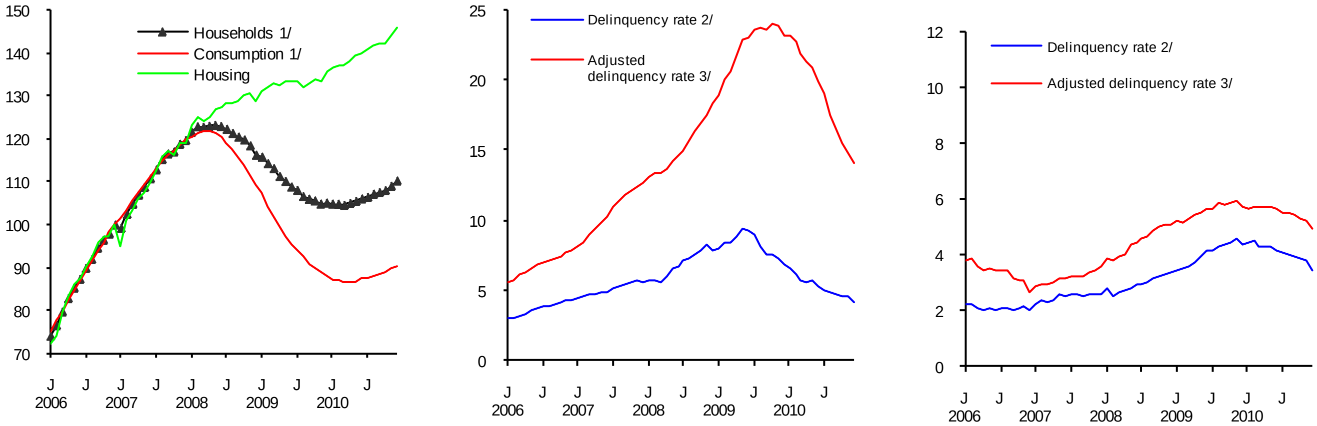
As for financing to households, commercial banks' performing credit to that sector grew during 2010 (Graph 24a). It began to expand in the second quarter of the year in response to, among other factors, higher employment levels, as well as to the improvement in the quality of consumer credit portfolio. The latter reflects commercial banks' efforts to restructure this portfolio, leading to a gradual decline of delinquency rates to levels where banks resumed the expansion of their credit supply, though under stricter selection criteria (Graph 24b). In fact, consumer credit exhibited a favorable change of trend in the second quarter of 2010 for the first time in two years. Thus, in 2010, commercial banks' performing credit to consumption presented a real annual increase of 2.6 percent, while in 2009 it had contracted 19.1 percent in real annual terms. In turn, commercial banks' credit for housing presented a stable growth throughout the year due to, among other reasons, relatively low delinquency rates, even during the low phase of the economic cycle (Graph 24c). In 2010, commercial banks' performing credit for housing rose 7 percent in real annual terms (5.2 percent in 2009).

Graph 24
Commercial Banks' Performing Credit to Households

a) Commercial Banks' Performing Credit to Households
Seasonally adjusted stocks
(Real index Dec2006=100)

b) Delinquency Rate and Adjusted Delinquency Rate of Consumer Credit
Percent

c) Delinquency Rate and Adjusted Delinquency Rate of Housing Credit
Percent



Source: Banco de México
1/ From March 2008 onwards figures include the total credit portfolio of Sofomes E.R. subsidiaries of commercial banks. From February 2009, figures are affected by the reclassification of loans to PyMEs from consumer credit portfolio to commercial portfolio. Since December 2010, figures are adjusted in order to eliminate the impact of the reclassification of the direct credit portfolio to ADES.
2/ The delinquency rate (*Índice de Morosidad*, IMOR) is defined as non-performing portfolio divided by total loan portfolio.
3/ The adjusted delinquency rate (*Índice de Morosidad Ajustado*, IMORA) is defined as the sum of non-performing loans plus any write-offs or losses recognized by banks during the twelve previous months divided by total loan portfolio plus the abovementioned write-offs or losses.

As previously mentioned, the Basel Committee established new regulation standards, which require higher capitalization levels by banking institutions at a global level. However, these new regulatory parameters do not imply any major changes in Mexican banks' policies, in comparison to other countries. The aforementioned is due to the establishment, after Mexico's financial crisis in 1994-1995, of a strict regulatory framework for capitalization standards that include criteria on the quantity and quality of required capital. Furthermore, the Financial Stability Board (FSB), an international body hosted by the Bank for International Settlements in Basel, published an evaluation of the Mexican financial system's regulation and supervision framework. This publication emphasized that in recent years Mexico has achieved considerable progress in improving its regulation and supervision framework bringing it into line with international standards and best practices, which, coupled with the strength of the Mexican financial system, allowed it to overcome the recent global financial crisis relatively well.

3.3.3. Flow of Funds

The exercise of flow of funds presents, in a summarized format, movements during the year of financial resources among different sectors of the economy (public, states and municipalities, private, banking and external), identifying them as net suppliers or net users of financial resources.[21] Flows correspond to net positions, for which a positive sign means that a sector received net financing, while a negative sign implies a creditor position, i.e., a sector

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

granted net financing during the period.[22] It should be noted that the exercise considers broad definitions of the public and private sectors. The public sector corresponds to the definition of the Public Sector Borrowing Requirements (PSBR).[23] In turn, the private sector includes the non-financial private sector and non-bank financial intermediaries.

In 2010, the external sector constituted a net source of funding for the Mexican economy, granting financing equivalent to 0.5 percent of GDP (line item 17 in Table 6). This figure corresponds to the deficit of balance of payments' current account, which resulted slightly lower than that registered in 2009 (0.7 percent of GDP). Regarding foreign flows, what stands out is the rebound in non-residents' holdings of domestic financial instruments, which rose from 0.9 percent of GDP in 2009 to 2.8 percent of GDP in 2010 (line item 1 in Table 6), as well as larger inflows of foreign financing (line item 12 in Table 6). As for the use of financial resources, the flow of international reserves increased from 0.5 percent of GDP in 2009 to 2.2 percent of GDP in 2010 (line item 14 in Table 6).

In 2010, Public Sector Borrowing Requirements (PSBR) accounted for 2.7 percent of GDP (line item 17 in Table 6), figure below that recorded in 2009 (3.3 percent of GDP). The composition of public financing presented an important change as financing with foreign resources increased (line item 10 in Table 6), allowing for a reduction in the use of domestic resources (line item 1 in Table 6). In turn, states and municipalities decreased their use of financial resources, as compared to the previous year, shifting from 0.9 percent of GDP in 2009 to 0.4 percent of GDP in 2010 (line item 17 in Table 6).

The private sector decreased its net creditor position from 3.5 percent of GDP in 2009 to 2.5 percent of GDP in 2010 (line item 17 in Table 6). This decrease in its net creditor position mainly resulted from a contraction of the surplus held with the external sector (line item 10 in Table 6), while net domestic saving remained at similar levels to those observed in the previous year (line item 1 in Table 6).

Regarding private sector's external accounts, this sector showed a net creditor position equal to 1.5 percent of GDP in 2010 (line item 10 in Table 6), while this figure accounted for 2.3 percent of GDP in 2009. This reduction mainly resulted from the increase in net external financing to this sector during 2010, which contrasts with the negative flows registered in 2009 (line item 12 in Table 6). In turn, Foreign Direct Investment (FDI) presented an amount equivalent to the one observed during the previous year (line item 11 in Table 6).

[22] For a breakdown of the uses and sources of financial funds included in the matrix, see the Statistical Appendix of this Report.

[23] For a definition of PSBR see Appendix 2 of this Report. The flow of funds uses PSBR that includes non-recurrent revenues. The figure presented in the flow of funds matrix is prepared using Banco de México's PSBR methodology.

Table 6
Flow of Funds Matrix of Mexico's Financial System [1/]
Net financing received by sector
(Positive sign=debtor position, negative sign=creditor position)
Flows revalued as percentage of GDP [2/]

	Private[3/]	States and municipalities[4/]	Public[5/]	Bank[6/]	Foreign	Private[3/]	States and municipalities[4/]	Public[5/]	Bank[6/]	Foreign
	2009					2010				
1. Change in domestic financial instruments (2 + 7 + 8 + 9)	-1.2	0.9	2.8	-1.6	-0.9	**-1.0**	**0.4**	**1.5**	**1.9**	**-2.8**
2. Financial instruments	-3.2	0.1	3.8	-0.3	-0.4	**-2.0**	**0.0**	**2.3**	**2.4**	**-2.8**
3. Currency	-0.4			0.4		**-0.5**			**0.5**	
4. Checkable, time and savings deposits	-0.6	0.1	-0.3	0.8	0.0	**-1.5**	**0.0**	**-0.1**	**2.0**	**-0.4**
4.1 Non-financial enterprises and other institutions [7/]	0.0	0.1	-0.3	0.2	0.0	**-1.2**	**0.0**	**-0.1**	**1.7**	**-0.4**
4.2 Individuals	-0.7			0.6	0.0	**-0.3**			**0.3**	**0.0**
5. Securities issued [8/]	-2.4	0.0	4.2	-1.5	-0.4	**0.1**	**0.0**	**2.2**	**0.0**	**-2.4**
6. Retirement and housing funds [9/]	0.2		-0.2			**-0.1**		**0.1**		
7. Financing	0.2	0.8	0.1	-1.1		**0.9**	**0.4**	**1.8**	**-3.1**	
7.1 Enterprises and other entities [10/]	0.4	0.8	0.1	-1.3		**0.5**	**0.4**	**1.8**	**-2.7**	
7.2 Households	-0.2			0.2		**0.4**			**-0.4**	
8. Shares and other equity	0.6			-0.1	-0.5	**0.3**			**-0.2**	**-0.1**
9. Other financial system items [11/]	1.3		-1.2	-0.2		**-0.2**		**-2.6**	**2.8**	
10. Change in foreign financial instruments (11 + 12 + 13 + 14 + 15)	-2.3	0.0	0.6	1.6	0.2	**-1.5**	**0.0**	**1.2**	**-1.9**	**2.3**
11. Foreign direct investment	1.7				-1.7	**1.7**				**-1.7**
12. Foreign financing	-0.6		1.2	0.9	-1.5	**0.5**		**1.2**	**0.2**	**-1.9**
13. Financial assets held abroad	-2.7		-0.6	1.2	2.1	**-3.1**		**0.0**	**0.1**	**3.0**
14. Banco de México's international reserves				-0.5	0.5				**-2.2**	**2.2**
15. Errors and omissions (balance of payments)	-0.8				0.8	**-0.7**				**0.7**
16. Statistical discrepancy [12/]	0.0	0.0			0.0	**0.0**	**0.0**			**0.0**
17. Total change in financial instruments (1+ 10 +16)	-3.5	0.9	3.3	0.0	-0.7 [13/]	**-2.5**	**0.4**	**2.7**	**0.0**	**-0.5** [13/]

1/ Preliminary figures. Figures may not add up due to rounding.
2/ Excludes the effect of MXN/USD exchange rate fluctuations.
3/ Private sector includes firms, individuals and non-bank financial intermediaries.
4/ States and municipalities measured as the position in relation to the banking sector and the debt market.
5/ Public sector measured as Public Sector Borrowing Requirements (*Recursos Financieros del Sector Público*, RFSP), including non-recurrent revenues.
6/ Banking sector includes Banco de México, development banks 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, development banks and Banco de México.
7/ For the Private sector column, besides firms it also includes non-bank financial intermediaries.
8/ Includes government securities, IPAB securities, BREMs, private securities and securities from states and municipalities. It also includes securities held by SIEFORES.
9/ 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 both held by Banco de México, and housing funds.
10/ For the Private sector column, besides firms it includes individuals engaged in business activities, non-bank financial intermediaries, and securities associated with debt-restructuring programs.
11/ Includes non-classified assets, real-estate and other assets, and both banking sector's equity and earnings accounts.
12/ Difference between financial data and that obtained from the balance of payments.
13/ 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.

Private sector's domestic surplus was one percent of GDP in 2010, figure slightly lower than that observed in 2009 (1.2 percent of GDP). Holdings of financial assets by the private sector were lower than those observed in the previous year (line item 2 in Table 6). Besides, stands out the increase in the flow of domestic financing to the private sector, which, as mentioned above, affected both firms and households (line item 7 in Table 6).

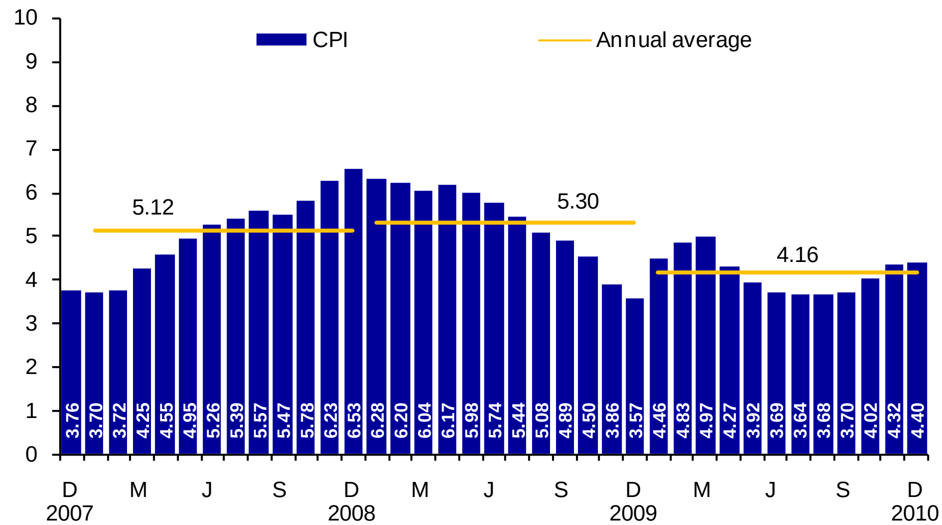
For 2010, what stands out is the increase of foreign financing flows, particularly holdings of domestic financial assets, as well as the decrease in public sector, states and municipalities' financing requirements as compared to the previous year. This situation allowed for the increase in international reserves, as well as for the financing of the private sector.

3.4. Inflation

3.4.1. Consumer Price Inflation

During 2010, annual average headline inflation was lower than that observed in the previous year, falling from 5.30 to 4.16 percent. Besides, inflation was also below the level forecasted by Banco de México in the Inflation Report for the fourth quarter of 2009 (Graph 25, Table 7 and Table 8).

Graph 25
Consumer Price Index
Annual change in percent



Source: Banco de México.

As for the factors that influenced the decline in annual headline inflation from levels anticipated for 2010, stand out the following:

1. The transitory effect on inflation stemming from fiscal modifications and increments in certain fares approved by different government levels. In particular, these measures had a one-time impact and the evidence suggests that no second round effects on economy's price formation process were observed.[24]

2. The exchange rate appreciation contributed to curbing possible pressures on merchandise prices.

3. The output gap, which, by remaining negative, avoided possible demand pressures on inflation.

4. The rise in the main wage indicators was moderate, suggesting the absence of labor cost-related pressures on the price formation process.

In addition, it should be mentioned that Banco de México made certain progress in the areas of communication and transparency. In particular, clarity and

[24] See Box 1 of Inflation Report, January-March 2010, p. 6-7.

content of its monetary policy announcements and inflation reports were emphasized during 2010 (see Section 4.1 for more details).

Table 7
Consumer Price Index and Main Components
Annual average change in percent

	Annual average change 2009	2010
CPI	5.30	4.16
Core	5.01	3.89
Merchandise	6.66	4.25
Food, beverages and tobacco	7.92	4.49
Non-food merchandise	5.64	4.05
Services	3.59	3.57
Housing	3.24	2.76
Education (tuitions)	5.13	4.33
Other services	3.38	4.06
Non-core	6.26	5.04
Agricultural	10.11	2.90
Fruit and vegetables	9.60	5.95
Livestock	10.43	0.94
Energy and fares approved by government	3.87	6.44
Energy	2.07	5.31
Fares approved by government	6.95	8.29

Table 8
Forecasted and Observed Annual Headline Inflation
Quarterly average

Quarter	Forecast Inflation Report 2009-IV	Observed inflation
2010-I	4.25 - 4.75	4.75
2010-II	4.50 - 5.00	3.96
2010-III	4.75 - 5.25	3.67
2010-IV	4.75 - 5.25	4.25

Annual headline inflation during 2010 was mainly influenced by the relatively high incidence of CPI's non-core component, which registered an annual average variation of 5.04 percent in 2010 (6.26 percent in 2009, Table 7). In contrast, the core component's contribution to headline inflation declined.

Annual core inflation increased at the beginning of 2010 and from February onwards exhibited a downward trend. During the analyzed year, on average, this indicator was 3.89 percent as compared to 5.01 percent in 2009 (Table 9 and Graph 26). These dynamics were mainly reflected in the annual average growth rate of the merchandise subindex, which during the referred period decreased from an annual average variation rate of 6.66 percent to the one of 4.25 percent. This subindex was particularly sensitive to the appreciation of the exchange rate and increased competition levels among supermarket chains, as well as the disinflation presented in the group of prices of food, beverages and tobacco throughout most of the year (Graph 27). It is noteworthy, that the annual inflation of the aforementioned group rebounded towards the end of 2010 as a consequence of higher prices of corn tortillas and bread, products whose production costs were affected by increases in the international prices of both corn and wheat (see Section 2).

Table 9
Consumer Price Index
Annual change in percent

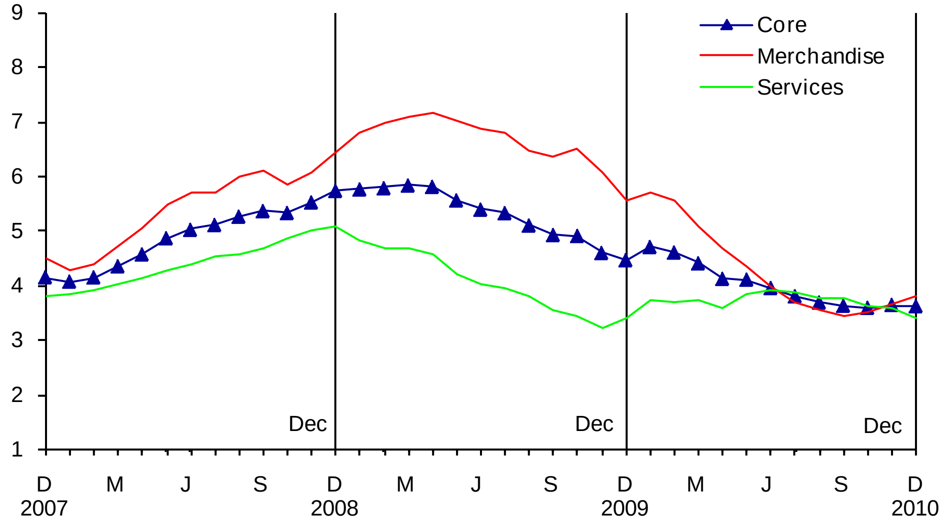
Month	2009 CPI	2009 Core[1/]	2009 Non-core	2010 CPI	2010 Core[1/]	2010 Non-core
January	6.28	5.76	7.71	4.46	4.70	3.80
February	6.20	5.78	7.36	4.83	4.60	5.46
March	6.04	5.83	6.62	4.97	4.40	6.53
April	6.17	5.81	7.18	4.27	4.11	4.70
May	5.98	5.56	7.17	3.92	4.10	3.41
June	5.74	5.39	6.72	3.69	3.94	2.99
July	5.44	5.32	5.75	3.64	3.79	3.20
August	5.08	5.10	5.04	3.68	3.68	3.67
September	4.89	4.92	4.82	3.70	3.62	3.92
October	4.50	4.90	3.38	4.02	3.58	5.27
November	3.86	4.59	1.90	4.32	3.63	6.20
December	3.57	4.46	1.20	4.40	3.61	6.60

Source: Banco de México.
1/ This indicator includes the Merchandise and Services price subindex. The Merchandise price subindex is composed of the following items: processed foods, beverages, tobacco and non-food merchandise. The Services price subindex is made up of the following items: housing, education (tuitions), and other services.

The decline in inflation was curbed by the effect on prices of various goods and services associated with the increase in the Value Added Tax (VAT) from 15 to 16 percent (from 10 to 11 percent in border cities), as well as the increment in the Excise Tax (*Impuesto Especial sobre la Producción y Servicios*, IEPS) on some goods and services.[25]

[25] In 2010, the Mexican Congress approved an increase in the Excise Tax as follows: in the case of beer the tax was raised from 25 to 26.5 percent; for alcoholic beverages of more than 20° G.L. the tax increased from 50 to 53 percent; and, for tobacco an additional fixed fee of 4 cents per cigarette or its equivalent in weight was added to the existing tax. Besides, a new 3 percent Excise Tax on public network telecommunication services (excluding Internet, public and rural telephone services, and interconnection services) was also introduced.

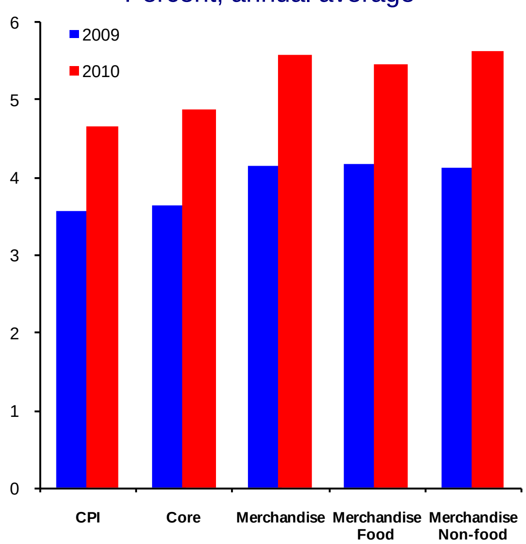
Graph 26
Core Price Index
Annual change in percent



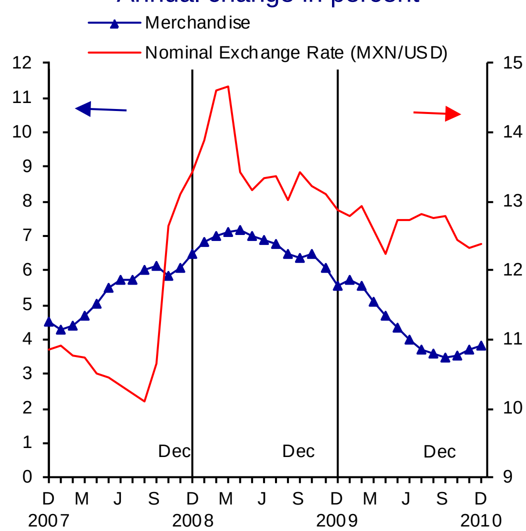
Source: Banco de México.

Graph 27
Selected Factors Affecting Core Inflation

a) Price Markdown Frequency
Percent, annual average



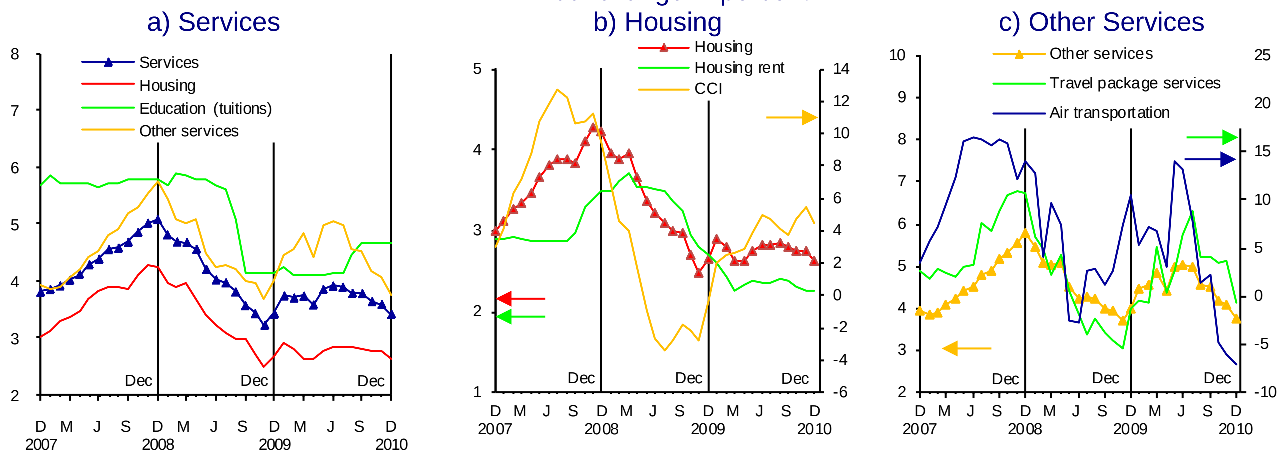
b) Merchandise Price Subindex
Annual change in percent



Source: Banco de México.

The annual inflation of the core services price subindex remained relatively stable during 2010, recording on average 3.57 percent (3.59 percent in 2009, Graph 28a and Table 7). This result was influenced by the upward behavior of the prices of the services group other than housing and education during the first half of 2010 mainly in response to two factors: 1) tax adjustments mentioned previously; and 2) the low base of comparison in the case of tourism services due to the outbreak of influenza A(H1N1) in 2009 (Graph 28).

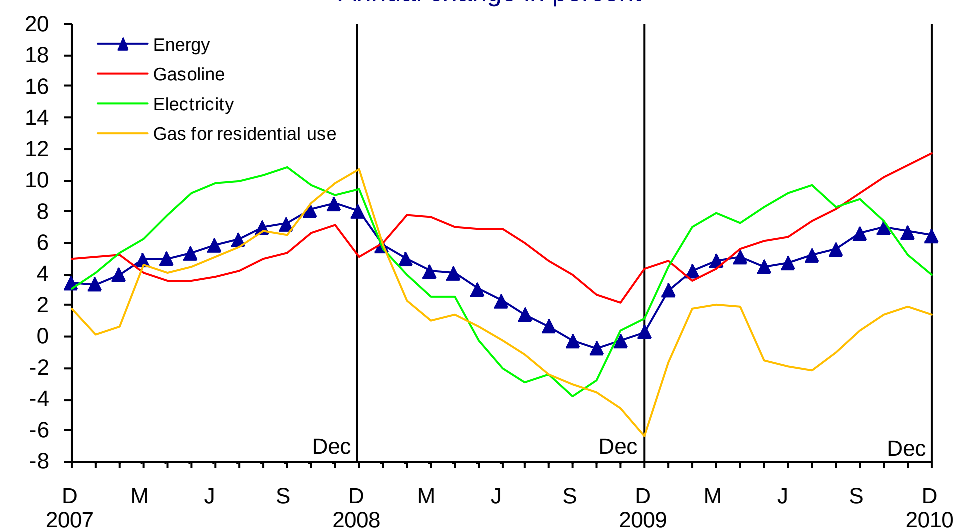
Graph 28
Services Price Subindex
Annual change in percent



Source: Banco de México.

Annual non-core inflation evolution was determined by an interaction of three factors: i) resumption of the policy of increments of energy prices (oriented at mitigating the fiscal and economic cost implied in the misalignment between domestic prices of gasoline and LP gas and their international references, Graph 29); ii) increments in fares and tariffs approved by local governments, especially those corresponding to public transport and water supply (Graph 30); and, iii) volatility in price quotes of agricultural products (Graph 31).

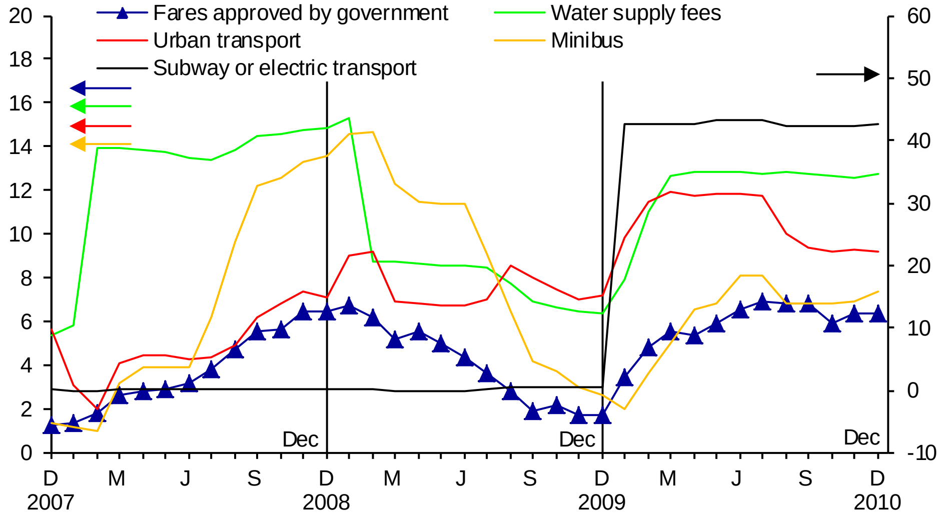
Graph 29
Energy Price Subindex
Annual change in percent



Source: Banco de México.

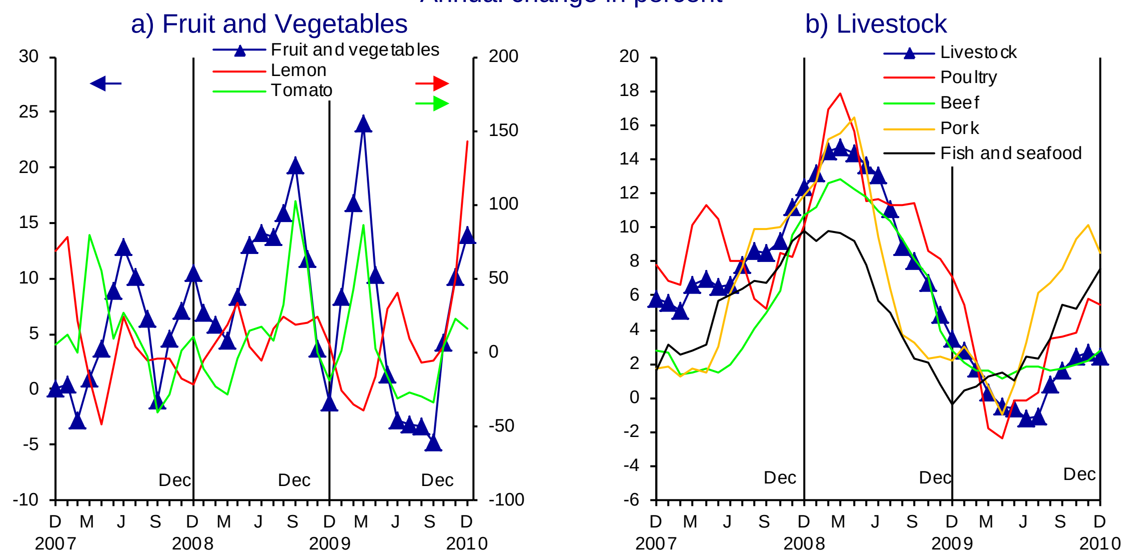
During 2010, headline inflation in Mexico was influenced less than in other countries by rising commodity prices. This was partly due to the policy of increments in domestic fuel prices, with the contribution of monetary policy standing out in preventing the shocks, suffered by inflation at the beginning of the year, from contaminating the price formation process in the economy, while bringing inflation back on track towards convergence with its 3 percent permanent target.

Graph 30
Price Subindex of Government Approved Fares
Annual change in percent



Source: Banco de México.

Graph 31
Agricultural Product Price Subindex
Annual change in percent



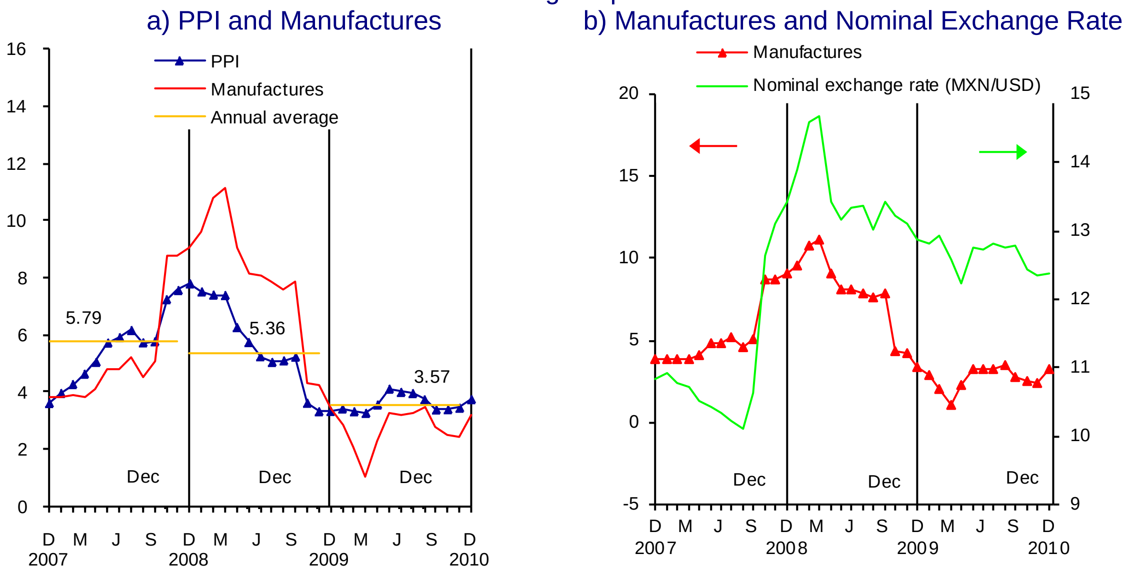
Source: Banco de México.

3.4.2. Producer Price Index

In 2010, the producer price index of finished goods and services, excluding oil, reached an annual average variation rate of 3.57 percent, figure

1.79 percentage points below that registered in the previous year. This reduction was influenced by slower price growth in the manufacturing sector (metal products, machinery and equipment, and food, beverages and tobacco), mainly associated with the dynamics of the exchange rate during the analyzed period (Graph 32).

Graph 32
Producer Price Index, excluding Oil
Annual change in percent



Source: Banco de México.

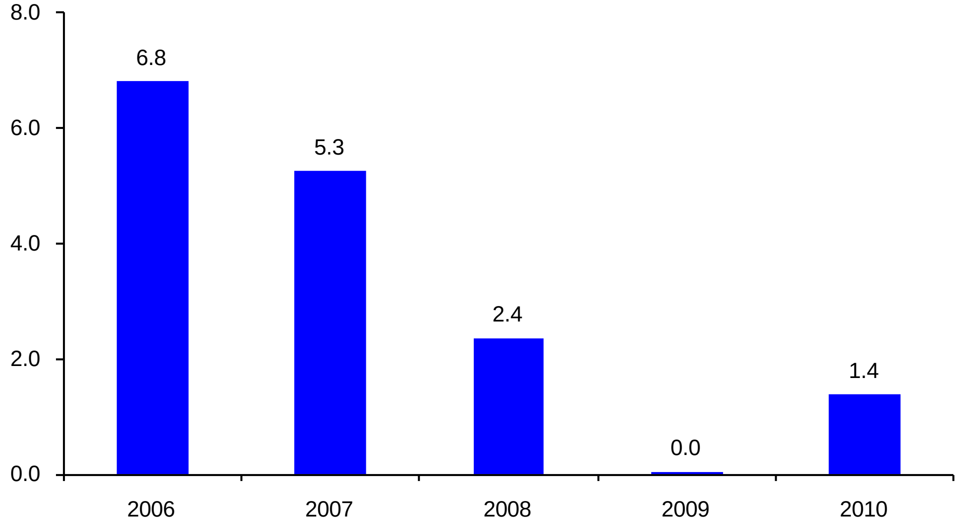
3.4.3. Wages

As described in Section 3.1, the price formation process in the economy was favorably influenced by the evolution of labor costs. In this regard stand out the following:

1. According to data from the National Employment Survey (*Encuesta Nacional de Ocupación y Empleo*, ENOE), average workers' earnings registered an annual variation of 1.4 percent in 2010 (zero in 2009, Graph 33).

2. The IMSS reference wage (*salario base de cotización*, SBC) grew in annual terms 3.2 percent (as compared to 4.2 percent during the previous year, Table 10).

Graph 33
Remunerated Working Population's Average Income: National Employment Survey [1/]
Annual change in percent



Source: Calculated by Banco de México with data from INEGI.
1/ Based on information of the first three quarters of 2010, the remunerated working population in this year was 41.3 million people. The corresponding fourth quarter's figure was still not published.

Table 10
IMSS Reference Wage [1/]
Annual nominal change in percent, MXN per day and total number of IMSS-insured workers

Activity	Annual change in percent			MXN per day		Total workers insured in 2010	
	2009 (A)	2010 (B)	(B) - (A)	2009	2010	Annual change in percent	Percentage structure
Total	4.2	3.2	-1.0	231.6	239.2	4.0	100.0
By economic activity							
Agriculture, livestock, forestry, hunting and fishing	3.7	3.4	-0.3	131.9	136.4	6.1	2.9
Extractive industries	14.1	8.9	-5.2	342.7	373.1	4.5	0.7
Processing industries	4.9	3.3	-1.6	243.3	251.3	6.6	26.9
Construction	3.2	2.5	-0.8	174.6	178.9	3.7	9.3
Electric industry and water supply services	5.0	4.5	-0.4	521.1	544.7	-16.6	1.0
Commerce	4.1	3.5	-0.6	204.4	211.6	3.4	21.4
Transport and communications	4.0	3.0	-1.0	296.6	305.5	1.5	5.5
Services for firms and individuals	3.0	3.5	0.5	234.7	242.9	3.8	25.1
Social services	5.6	5.0	-0.5	248.7	261.2	2.1	7.2

Source: Calculated by Banco de México with data from the Social Security Institute (*Instituto Mexicano del Seguro Social*, IMSS).
1/ This indicator considers IMSS-insured workers. Coverage: 14.4 million workers on average during 2010, representing 34.9 percent of total remunerated workers.

3. The increase of nominal contractual wages in firms under federal jurisdiction was 4.3 percent during the year analyzed in this Report (4.4 percent in 2009). According to the type of ownership, firms showed differentiated behavior. On the one hand, average wage increases negotiated by workers in privately-owned firms were 4.7 percent (4.4 percent during the previous year). In contrast, average wage increase in publicly-owned firms was 3.8 percent (4.3 percent in 2009, Table 11).

4. The National Minimum Wage Commission (*Comisión Nacional de Salarios Mínimos*, CONASAMI) agreed on an increase of 4.85 percent in the general minimum wage for 2010. This increase was 0.23 percentage points above that negotiated the previous year (Table 12).

Table 11
Contractual Wage Increases in Firms under Federal Jurisdiction [1/]
Figures in percent, weighted average of the period [2/]

	2005	2006	2007	2008	2009	2010				
						I	II	III	IV	Annual
Total	4.4	4.1	4.2	4.4	4.4	4.5	4.8	4.8	3.6	4.3
Public	4.0	3.8	4.1	4.3	4.3	4.0	4.9	4.9	3.1	3.8
Private	4.7	4.4	4.3	4.5	4.4	4.6	4.7	4.8	4.8	4.7
Manufactures	4.7	4.4	4.4	4.7	4.4	4.7	4.7	5.0	4.9	4.8
Automotive and autoparts	4.7	4.3	4.4	4.4	2.8	4.7	4.4	5.6	4.6	4.7
Other sectors	4.2	4.0	4.1	4.3	4.4	4.4	4.8	4.8	3.4	4.2

Source: Calculated by Banco de México with data from the Ministry of Labor (*Secretaria de Trabajo y Previsión Social*).
1/ This indicator considers workers negotiating wages in firms under federal jurisdiction. Coverage: 1.9 million workers in 2010, representing 4.6 percent of total remunerated workers of that year.
2/ The weighted average is calculated based on the number of workers benefitted in each wage revision.

Table 12
Minimum Wage
MXN per day and annual change in percent

Period	MXN per day				Annual change in percent			
	Average	Geographic region			Average	Geographic region		
		A	B	C		A	B	C
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
2008	50.84	52.59	50.96	49.50	4.00	4.00	4.00	4.00
2009	53.19	54.80	53.26	51.95	4.62	4.20	4.51	4.95
2010	55.77	57.46	55.84	54.47	4.85	4.85	4.85	4.85

Source: Prepared by Banco de México with data from the Minimum Wage Commission (*Comisión Nacional de Salarios Mínimos*, CONASAMI).

4. Monetary and Exchange Rate Policy

4.1. Monetary Policy

4.1.1. Monetary Policy Overview

It is established in Article 2 of Banco de México's Law that the Central Bank's primary objective is to procure stability of the national currency's purchasing power. Additional goals of the Central Bank are to promote the sound development of the financial system and to foster the smooth functioning of the payment systems.

In order to accomplish its constitutional mandate of procuring purchasing power stability of the national currency, the Central Institute conducts the monetary policy under an inflation-targeting scheme. Among its most important aspects is the official announcement of an annual inflation target and continued efforts to improve transparency and communication with the public.[26] Specifically, the Central Institute's medium-term goal is to attain an annual inflation of the Consumer Price Index (CPI) of 3 percent.

Even when the Central Institute adequately adjusts the monetary policy stance in order to attain the 3 percent permanent target of inflation, there is still a margin of uncertainty about the accurate and precise achievement of this goal, given a wide variety of factors that are beyond the monetary authority control and that affect inflation. Considering this degree of uncertainty, the Central Bank has set a variability interval of plus/minus one percentage point around the 3 percent target. This range does not mean that the Central Bank is setting a margin of indifference or tolerance around the inflation target. Rather, it is a practical way of representing uncertainty associated with inflation behavior and, therefore, with the exact attainment of the target. In addition to the aforementioned, it is common knowledge that the monetary policy affects inflation with long and variable lags.

The constitutional mandate of Banco de México regarding the purchasing power stability of the national currency is based on solid reasons to keep inflation under control.[27] The main reasons are: 1) inflation is one of the most regressive taxes because it affects to a greater degree low income population; 2) the higher the inflation the greater the variability in relative prices, which creates severe distortions in resources allocation, leading to a loss in efficiency and activity; 3) more frequent price changes reduce economic agents' planning horizons; and, 4) stability of the purchasing power of the currency is a necessary condition, although not sufficient, for sustained economic growth. It should therefore be pointed out that keeping inflation under control is not a goal that jeopardizes economic growth. On the contrary, low inflation fosters an environment favorable for the development of productive activities. For these reasons, Banco de México's Board of Governors has reiterated on several

[26] The Monetary Program for 2001 includes some considerations on the choice of an inflation-targeting scheme.
[27] See Monetary Program for 2010.

occasions the key importance of maintaining a monetary policy whose invariable priority is to preserve the currency's purchasing power in the medium and long term.

Since January 2008, Banco de México uses the Overnight Interbank Interest Rate (reference rate) as an instrument to implement and to communicate its monetary policy stance. The monetary policy is adjusted when the medium-term inflation expectations deviate from the levels congruent with the permanent 3 percent annual target.

It should be noted that the reference interest rate is adjusted when widespread inflationary pressures are observed, which, if not contained in a timely manner, could lead to a permanent inflation rebound.[28] It is therefore of utmost importance for the Central Institute to correctly identify factors obeying evolution of the expected inflation in order to take appropriate and necessary actions, depending on the situation.

The effectiveness of monetary policy actions on the economy, and, finally, on inflation depends, to a great extent, on the Central Bank's credibility regarding its commitment to maintaining price stability. It is therefore indispensable for Banco de México to clearly communicate its goals, strategy and instruments to the general public. For this reason, in the Inflation Report of July-September 2010, Banco de México's Board of Governors announced the extension of communication mechanisms with the public in order to increase the Central Bank's transparency even further. In particular, it announced that in 2011 it would start to publish the Minutes of the Board of Governors' meetings regarding monetary policy decisions to provide the markets and the public in general with more information on the monetary policy decision-making process.[29] In the same way, the Central Institute also reasserted its commitment to continue increasing the quality of the analysis it releases to be in line with the best international practices in the matter. In this regard, the Board of Governors announced that, starting from the Inflation Report October-December 2010 onwards, it would modify the publication format of the main macroeconomic variables projections using Fan Charts.[30]

Another element that is important to consider in order to assure an environment of price stability in the medium and long term is the proper functioning of the financial system. The accumulation of economic and/or financial imbalances can influence, among others, the evolution of economic activity through a wealth effect that disrupts aggregate demand and, consequently, inflation dynamics. For this reason, to secure price stability, monetary policy implementation must consider a sufficiently extensive time horizon, which would allow the identification of risks implicit in the evolution of financial variables, such as credit aggregates and financial solvency indicators.

It is also important to recognize the complementarity existing between price stability and financial stability. In particular, it is noteworthy that the monetary policy must be congruent with the policy measures aimed at identifying,

[28] For an explanation of the channels through which changes in the reference rate have effect on the economy and, particularly, inflation, see the Monetary Program for 2010.
[29] See Inflation Report, July-September 2010.
[30] For a detailed explanation of the information contained in Fan Charts see Inflation Report, July-September 2010.

measuring and preventing systemic risks to the financial system, all this with the purpose of helping to prevent situations that could put economic activity and inflation evolution at risk.

In this regard, it should be highlighted that, in 2010 on an international level, Mexico was one of the pioneering countries in forming institutional arrangements between supervising authorities and financial system regulators in order to coordinate policies leading to the preservation of financial stability. In this context, Banco de México plays a central role through its participation in the Financial Stability Board (FSB) created in 2010.[31]

4.1.2. Monetary Policy Actions

During 2010, Banco de México's Board of Governors decided to maintain its Overnight Interbank Interest Rate at 4.5 percent, its level since July 17, 2009 (Graph 34).

The adopted monetary policy prevented the economy's price formation process from being contaminated by the shocks suffered by inflation at the beginning of the year as a result of tax adjustments and other fiscal measures. At the same time, it allowed bringing inflation back to a downward trend. Monetary policy, therefore, contributed to the fact that inflation during 2010 was lower than initially expected and lower than that observed during 2009. The adopted monetary stance influenced inflation through its effects on aggregate demand, the exchange rate and inflation expectations. In particular, it contributed to:

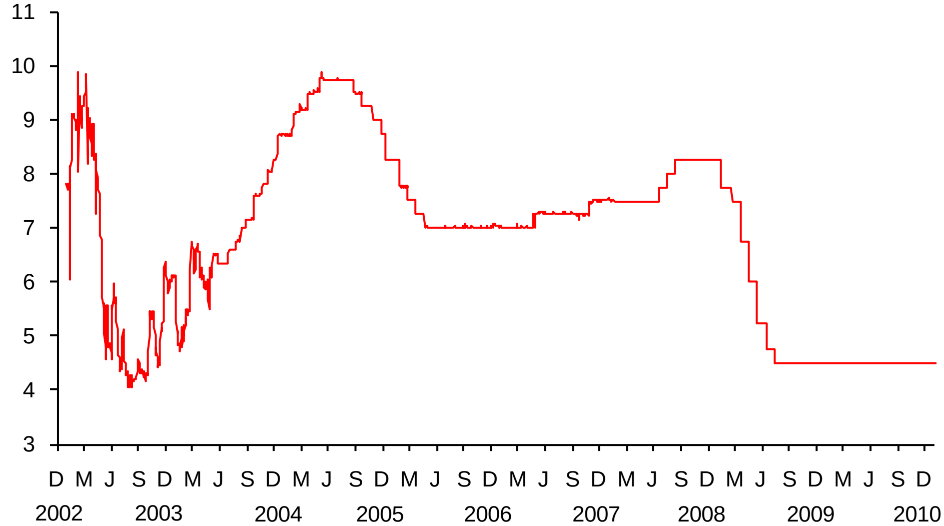
i) Strengthening of the economy's reactivation process showing better balance in the growth of its different expenditure components, as well as its transition towards a more advanced phase of the economic cycle without generating widespread pressures on inflation. The aforementioned occurred taking into account the slackness shown through the levels of installed capacity utilization, the labor market and external accounts, which led to modest wage increases and the absence of demand pressures on prices (Section 3.1).

ii) The fact that the appreciation of the exchange rate partly offsets pressures on some prices derived from the behavior of international commodity prices during the second half of the year.

iii) Inflation expectations remaining anchored within the variability interval of plus/minus 1 percentage point around its 3 percent target, although above it.

[31] See Financial System Report from June 2010.

Graph 34
Overnight Interbank Interest Rate
Percent annual



1/ The target for the Overnight Interbank Interest Rate is shown starting January 21, 2008.

In the context described above, the monetary base registered an average nominal variation of 9.7 percent in annual terms, figure lower than the 16.3 percent growth observed in 2009. At the end of 2010, international reserves totaled USD 113,597 million, a level by USD 22,579 million higher than the one registered in the previous year. The increase in international reserves was mainly due to the sale of USD from Pemex to the Central Institute, as part of the international reserves accumulation process (see Section 4.2). As a consequence, net international assets rose by USD 20,750 million. This increase was higher than that of the demand of monetary base, thus implying a negative annual flow of net domestic credit amounting to MXN 205,009 million (Table 13 and Graph 40).

Throughout the year, inflation expectations for the end of 2010 registered significant downward revisions, while those corresponding to the end of 2011 had a moderate reduction. In the first case, these started at an average level of 4.9 percent in Banco de México's survey in January 2010, decreased to 4.6 percent in the July survey, and, despite the proximity of the end of the year, in December they demonstrated an additional drop to 4.4 percent (Graph 35).[32] As to the ones corresponding to the end of 2011, these remained stable around 3.9 percent during the first part of 2010, falling to levels close to 3.8 percent by the end of the year (the December survey). It should be pointed out that core inflation expectations for 2011 exhibited a slight downward trend, shifting from 3.9 percent in the January survey to 3.6 percent in the December survey. On the other hand, the ones corresponding to non-core inflation increased from 4.0 percent in the January survey to 4.4 percent in that for December.[33]

[32] Average inflation expectations for the end of 2010 reported in the Infosel survey showed the same behavior, falling from 5.1 percent in the survey of January 8, 2010 to 4.7 percent in the survey of July 2, 2010 and to 4.4 percent in the survey of December 17, 2010.

[33] According to the survey of Infosel, the consensus among analysts regarding core inflation at the end of 2011 decreased from 3.85 percent in the survey of January 22, 2010 to 3.7 percent in the survey of December 17, 2010. With respect to non-core inflation, it rose from 3.3 to 4.1 percent in the same period.

Table 13
Monetary Base, International Assets and Net Domestic Credit
Millions

	Stocks at the end of			Flows accumulated in		
	2008	2009	2010	2008	2009	2010
(A) Monetary base (MXN)	577,543	632,032	693,423	82,799	54,490	61,391
(B) Net international assets (MXN) [1/ 2/]	1,317,292	1,304,892	1,489,615	82,183	42,445	266,400
Net international assets (USD) [2/]	95,232	99,870	120,621	7,997	4,638	20,750
(C) Net domestic credit (MXN) [(A)-(B)] [1/]	-739,750	-672,860	-796,192	616	12,044	-205,009
(D) Gross reserves (USD)	95,302	99,893	120,587	8,091	4,591	20,695
Change attributed to:						
Pemex				22,754	11,529	16,037
Federal government				-4,772	5,824	274
Foreign exchange market operations [3/]				-18,674	-16,246	4,466
Other [4/]				8,783	3,484	-83
(E) Liabilities with less than six months to maturity (USD)	9,861	9,055	6,991	640	-805	-2,064
(F) International reserves (USD) [(D)-(E)] [5/]	85,441	90,838	113,597	7,450	5,397	22,759

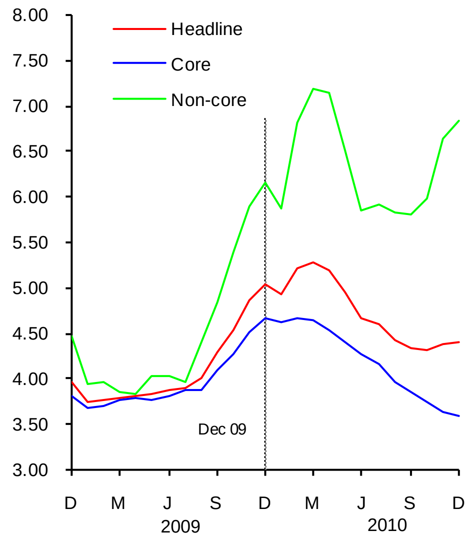
1/ Net international assets' cash flows in MXN are estimated using the exchange rate applied to each transaction.
2/ Net international assets are defined as gross reserves plus funding arrangements with foreign central banks with more than six months to maturity, minus total liabilities payable to the IMF and funding arrangements with foreign central banks with less than six months to maturity.
3/ In 2008, it represents USD sales corresponding to the mechanism aiming at reducing the international reserves accumulation rate (until 31 July). Further, in this year and in 2009, represents USD sales corresponding to one of the following mechanisms: i) daily USD auctions at an exchange rate of at least 2 percent above the exchange rate of the previous business day; ii) daily USD auctions without announced minimum price; and, iii) extraordinary sales of USD in the foreign exchange market. In 2010, includes USD sales options to Banco de México.
4/ Includes yields on net international assets and other transactions.
5/ As defined by Banco de México's Law.

In turn, inflation expectations for longer-term horizons remained anchored, although above the permanent target of 3 percent. Average inflation expectations for the following 4 years and the average for the period of 5 to 8 years, which had increased in November 2009 to levels of 4.0 and 3.6 percent, respectively (possibly due to uncertainty caused by tax reforms and the arithmetic effect of their calculations, which in the case of those for the following 4 years include the year 2010), decreased in January 2010 to levels close to 3.7 and 3.5 percent, respectively, where they remained for the rest of the year.[34] The aforementioned suggests that the rise in inflation during 2010 was perceived by analysts as temporary.

[34] In the case of Infosel's surveys during 2010, average inflation expectations for the following 4 years were located close to 3.6 percent, while for the following 5-8 years the consensus among specialists remained around 3.4 percent.

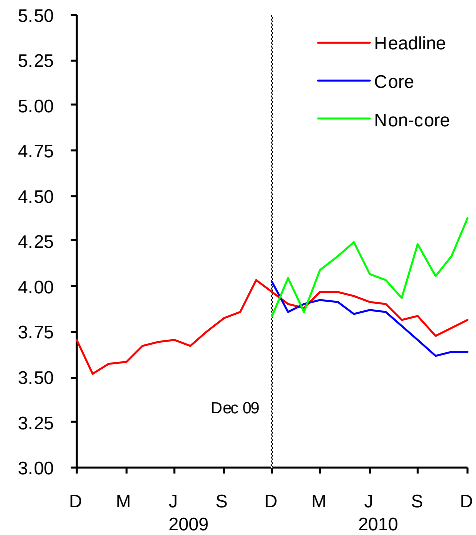
Graph 35
Headline, Core and Non-core Inflation Expectations
Percent annual

a) End of 2010



Source: Banco de México's Survey.

b) End of 2011



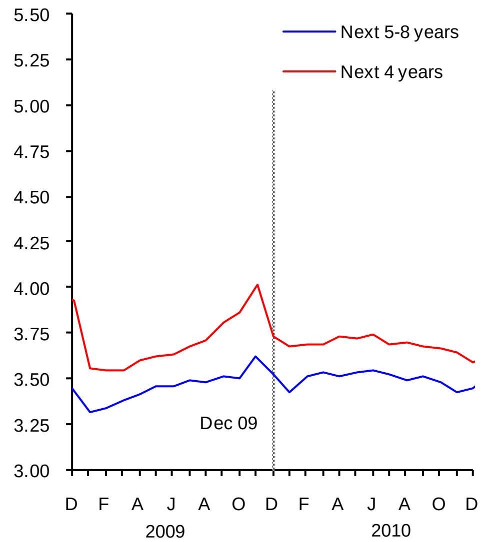
Source: Banco de México's Survey.

As to the break-even inflation and inflationary risk indicator (that represents inflation expectations plus a risk premium), which is obtained from the difference between the nominal yield on a 10-year bond and the real yield of the same term indexed debt instruments (*Udibonos*), it located around 4.1 percent at the end of 2010, after having registered 4.5 percent at the end of 2009 (Graph 36). It is important to mention that this indicator fluctuated during the year. However, as stated in other Reports, given their nature, these indicators are commonly affected by changes in liquidity conditions prevailing in the money market. Therefore, this indicator should be interpreted carefully, due to the volatility typically observed in its performance.

Banco de México's monetary stance allowed a generalized reduction in domestic medium- and long-term interest rates during most of the year. The level reached by these rates during 2010 was congruent with the absence of demand-related inflationary pressures.

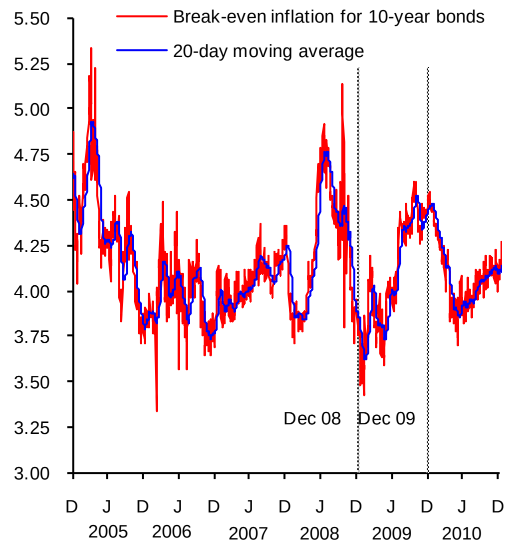
Graph 36
Long-term Inflation Expectations and Break-even Inflation
Percent annual

a) Long-term Inflation Expectations



Source: Banco de México's Survey.

b) Break-even Inflation and Inflationary Risk for Long-term Bonds [1/]



1/ The break-even inflation and inflationary risk implicit in 10-year bonds is calculated based on nominal and real interest rates from the secondary market.
Source: Banco de México estimate with data from Bloomberg.

Thus, despite the volatility existing in international financial markets stemming from uncertainty about the fiscal situation of some Euro zone economies, mostly in May 2010, long-term interest rates in Mexico decreased substantially from December 2009 to October 2010. In particular, the 30-year bonds which showed a yield of 8.8 percent at the end of 2009 decreased to a level of 6.9 percent in October. On the other hand, the short end of the yield curve registered a moderate reduction in response to the absence of movements in the Central Bank's reference rate. One-year interest rates fell from around 4.8 percent to 4.5 percent during the same period, leading to a flattening of the yield curve. In the case of the spread between a 30-year bond and one year rates, the slope reduced by approximately 400 to 240 basis points between December 2009 and October 2010 (Graph 37). Among factors explaining this flattening stand out the following:

1. Improvements in the inflation outlook throughout the year led to a decrease in the inflation risk premia. As a result, economic analysts gradually postponed their estimated date when the Central Bank would start withdrawing the monetary stimulus.

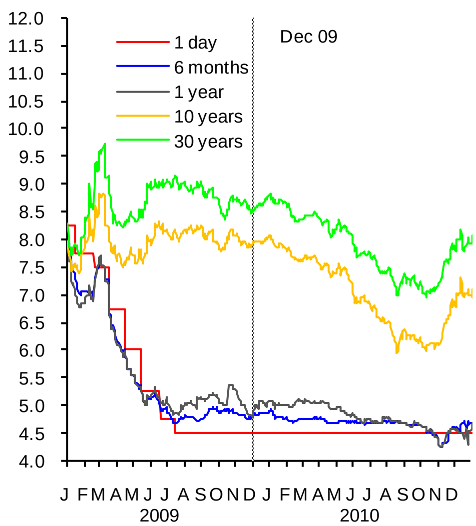
2. The relative improvement in the sovereign risk perception resulting from strengthening of the macroeconomic policy framework that, among other aspects, allowed the inclusion of Mexican government bonds into Citigroup's debt index (Citigroup World Government Bond Index (WGBI)), and led to increased demand for Mexican government bonds as compared to the sovereign bonds of other emerging countries.

3. The favorable evolution of economic activity in Mexico led to a reduction in risk premia that had been demanded by investors during the low phase of the economic cycle (a premium demanded to compensate for the lower yields usually associated with this phase).

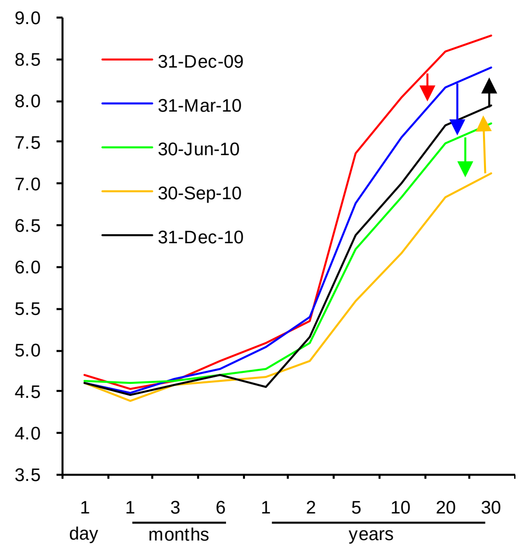
4. International interest rates, particularly U.S. rates, remained at low levels and the expectation that they would continue at low levels for an extended period remained as well.

Graph 37
Interest Rates in Mexico
Percent annual

a) Interest Rates [1/]



b) Yield Curve



1/ From January 21, 2008 onwards, the 1-day series corresponds to the target for the Overnight Interbank Interest Rate (Banco de México's operational target).
Source: PIP.

It should be noted, however, that part of the referred yield curve flattening reverted during the last two months of 2010. This was a result of an increase in longer-term rates, which located at the end of the year at 8.4 percent in the case of the 30-year bond, although still below the level of 8.8 percent reached at the end of 2009. This increase was not attributable to a deterioration in the sovereign risk perception given that the risk premia declined from 165 basis points at the end of 2009 to 150 basis points at the end of 2010, as shown by the EMBI for Mexico.[35] The increment did not stem from increased inflation expectations either. In fact, as pointed out, medium- and long-term inflation expectations have remained stable.

Thus, among the most relevant factors behind longer-term interest rate increments in Mexico during the last two months of 2010 stand out the following:

[35] EMBI stands for Emerging Markets Bond Index. This indicator, produced by JP Morgan, expresses the average spread registered between the interest rate of risk-free instruments (such as U.S. Treasury bonds) and the interest rate on USD denominated debt instruments issued by emerging economies, such as Mexico.

a. Despite the fact that longer-term interest rates in the U.S. were located at low levels, they increased at the end of the year in response to improved economic prospects in that country.

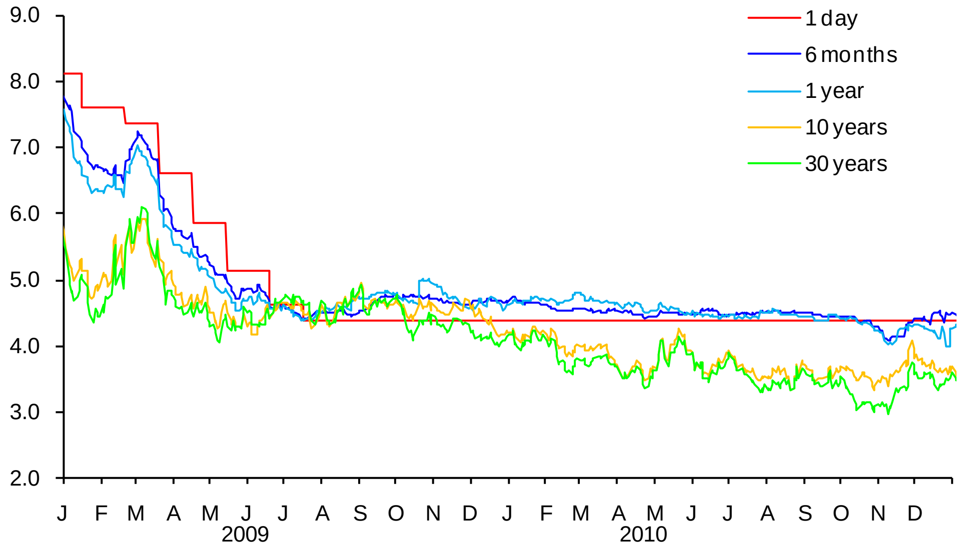
b. Improved growth prospects for the Mexican economy led to higher interest rates as a result of an increase in their real component.

c. Higher risk aversion presented in international financial markets, as a result of fiscal problems in some countries of the Euro zone, generated upward pressure on emerging economies' interest rates, including Mexico. This effect took place especially during November.

The extraordinary degree of monetary accommodation prevailing in the U.S. during 2010 occurred at the same time as the reference interest rate in Mexico was 4.5 percent, creating relatively more stringent monetary conditions in Mexico (Graph 38). This became more pronounced due to the second round of quantitative easing implemented by U.S. monetary authorities (see Section 2). In this way, the spread between interest rates in Mexico and the U.S. was one of the factors contributing to the increase in capital flows towards Mexico. These inflows favored the appreciation of the exchange rate, the decrease in long-term interest rates, and, in general, the increase in asset prices during the year. Moreover, these movements were reinforced. Indeed, the appreciation of the exchange rate contributed to lower inflation, while the improved prospects for inflation contributed to a reduction in long-term interest rates.

Summing up, the monetary stance maintained by Banco de México during 2010 was congruent with the economy's orderly transition towards a more advanced phase of the economic cycle without generating expenditure-related pressures. It is noteworthy that the Board of Governors continued closely monitoring the performance of inflation determinants that might have signaled unexpected and widespread pressures on prices. All of this so that, in such eventuality, the Central Institute would have adequately adjusted the monetary policy stance in order to reach the 3 percent permanent inflation target.

Graph 38
Interest Rate Spread between Mexico and the United States
Percent



Source: PIP and North American Treasury Department.

4.2. Exchange Rate Policy

During 2010, the exchange rate in Mexico showed a trend towards appreciation in an environment where the economy-related risk perceptions improved compared to those in other emerging countries. This improvement was a result of different economic policy actions, among which stand out fiscal consolidation efforts, a prudent monetary policy, the accumulation of international reserves and the renewal of the Flexible Credit Line with the International Monetary Fund.

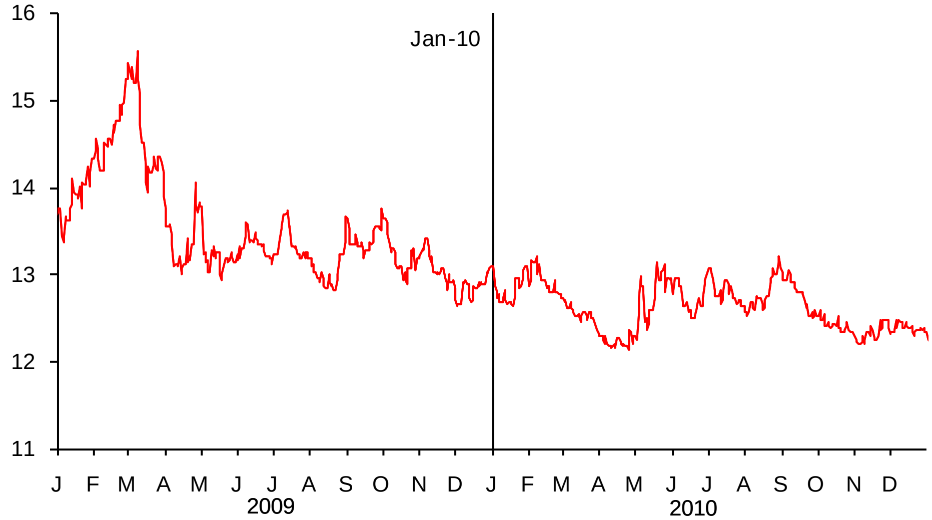
Despite several episodes of volatility in international financial markets stemming from the fiscal and financial situation in some European countries, Mexico's currency registered a tendency of strengthening throughout the year (Graph 39). From the end of 2009 to the end of 2010 the exchange rate changed from a level of MXN/USD 13.1 to 12.3. Among factors contributing to this performance stand out the following:

1. Better prospects for the U.S. economic growth.

2. Improved outlook for domestic expenditure in Mexico.

3. Abundant liquidity in the international financial markets as a consequence of the monetary policy adopted in major advanced economies, in particular, in the United States.

Graph 39
Nominal Exchange Rate[1/]
MXN/USD



1/ An increase corresponds to a depreciation.
Source: Banco de México.

Among measures implemented by the Foreign Exchange Commission the following are noteworthy:

i) It was considered convenient to complement traditional mechanisms for accumulating international reserves (Pemex and Federal Government USD sales), and in February 2010 it was decided to restart auctions of options allowing market participants to sell USD to Banco de México when the market is clearly saturated.[36] This measure was aimed at strengthening the process of international reserve accumulation, without altering the free floating exchange rate regime by not predetermining the exchange rate level. Through this mechanism international reserves amounting to USD 4,565 million were accumulated during the year (Table 14), reaching a balance at the end of the year of USD 113,597 million (Graph 40).

ii) In March 2010, Mexico renewed for one more year the Flexible Credit Line with the International Monetary Fund for approximately USD 48 billion. Furthermore, in December, the Foreign Exchange Commission decided to request an extension of this facility for approximately USD 73 billion for a period of two years (see Appendix 1).[37]

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[36] The mechanism of auctioning options to sell USD to the Central Bank was successfully used to bolster international reserves level between 1996 and 2001. Options to sell USD to Banco de México are auctioned through this mechanism on a monthly basis for a total of USD 600 million. Option holders can exercise their rights to sell all or part of their holdings on any day during the month following the auction if the reference exchange rate (fix) determined one business day before is not higher than the average of the twenty business days immediately prior to the date of exercising the option.

[37] The IMF Executive Board approved the request on January 10, 2011. It should be mentioned that Mexico was the first country to benefit from the new conditions at which this measure was granted: a) an extension for the term of two years, and b) for an amount equivalent to 1,500 percent of the country's quota in the IMF (approximately USD 73 billion).

iii) On April 12, 2010, by an agreement of the aforementioned Commission Banco de Mexico's daily USD auction with the announced minimum price was suspended.[38] This was due to the fact that the conditions leading to the establishment of such auctions in October 2008 had gradually faded inasmuch as the exchange market conditions returned to normal.[39]

Table 14
Mechanisms of USD Sales to the Market, 2010
USD million

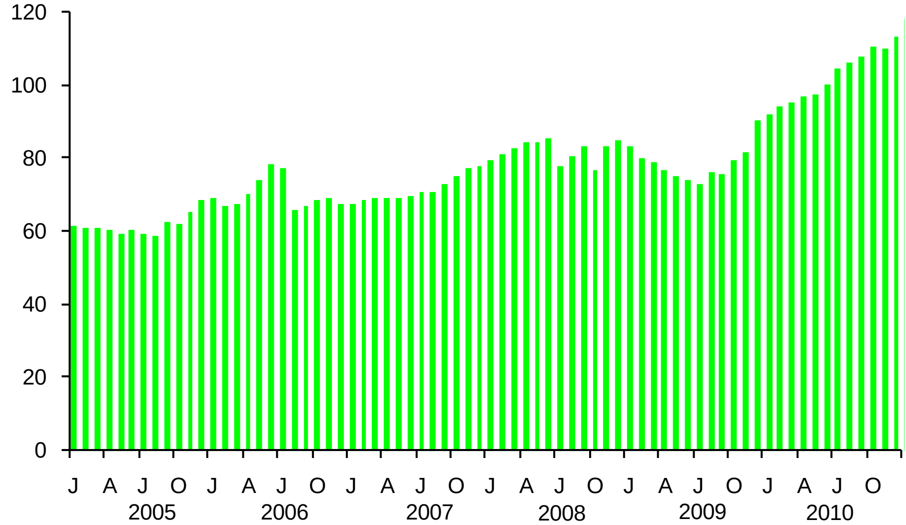
	Quarters				Total
	I	II	III	IV	
Auctions with minimum price[1/]					
Amount offered	15,250	1,250	-	-	16,500
Amount alloted	0	0	-	-	0
USD sales auctions					
Amount offered	1,200	1,800	1,800	1,800	6,600
Amount demanded	5,792	8,474	6,615	5,712	26,593
Amount alloted	1,200	1,800	1,800	1,800	6,600
Amount exercised	600	1,121	1,644	1,200	4,565

1/ USD sold directly in the exchange rate market through Banco de México, as determined by the Foreign Exchange Rate Commission in the press releases of the corresponding dates.
Source: Banco de México.

38 On October 8, 2008 the Foreign Exchange Commission decided to introduce a mechanism through which Banco de México auctioned USD 400 million on a daily basis at a minimum exchange rate of 2 percent above the immediate previous business day exchange rate.

39 The daily amount auctioned through this mechanism had reduced from USD 400 to 300 million from March 9, 2009 onwards and then to USD 250 million from July 9, 2009 on, until it was finally suspended on April 12, 2010.

Graph 40
International Reserves
USD billion



Source: Banco de México.

Finally, it is important to point out that the referred economic policy actions contributed to an improvement in the risk premium of Mexico during the year. As previously mentioned, the EMBI for Mexico fell from approximately 165 basis points at the end of 2009 to around 150 basis points at the end of 2010 (see Section 4.1).

5. Final Remarks

During 2010, the Mexican economy was characterized by an expansion higher than expected and inflation lower than that forecasted by Banco de México at the beginning of the year. This performance took place as the world economy continued the recovery it had begun the previous year and in an environment of low global inflation.

The process of world economic recovery was subject to risks that caused various episodes of financial volatility. In this regard, the fiscal vulnerability of advanced countries stood out, particularly of some countries of the Euro zone which required financial support packages. In turn, low inflation observed at the world level was affected by the end of the year by significant increases in the international prices of commodities.

The Mexican economy remained mostly isolated from the episodes of volatility observed in international financial markets. This was the result of the strengthening of the macroeconomic stance achieved through efforts based on three pillars: first, a significant adjustment in public finances; second, prudent monetary policy in line with the inflation target; and, finally, different measures adopted by financial authorities to mitigate the adverse effects of a possible capital flow reversal, such as mechanisms to increase the pace of reserves' accumulation and negotiation of the FCL with the IMF.

During 2010, headline inflation in Mexico was less affected than that of other countries by the shocks associated with increases in commodity prices. Although this was partly a result of the policy of increments in domestic fuel prices, it should also be emphasized that the adopted monetary policy prevented the price formation process in the economy from being contaminated by the shocks suffered by inflation at the beginning of the year, while bringing inflation back on track towards the 3 percent permanent target. It is also important to mention the downward trend exhibited by core inflation, which is the most sensitive to monetary policy actions and more indicative of the medium-term trend of inflation.

In this context, Banco de México continued to closely monitor the behavior of inflation and inflation expectations. Among other aspects, this Central Institute's Board of Governors closely monitored the trajectory of medium- and long-term inflation expectations, the speed at which the output gap was closing, as well as other inflation determinants that could have had an unexpected and widespread impact on the Mexican economy's price formation process.

Appendices

Appendix 1

Mexico's Relationship with International Financial Institutions

International Monetary Fund (IMF)

Mexico is a founding member of the International Monetary Fund (IMF) since its creation in 1944. At the end of 2010, Mexico's quota in the institution was 3,152.8 million Special Drawing Rights (SDRs), accounting for 1.45 percent of IMF's total quotas.[40] In March 2011, the *ad hoc* increase of quotas approved by the IMF's Board of Governors in 2008 came into force, and, as a result, Mexico's quota rose to SDR 3,625.7 million. A member's quota reflects the position of its economy with respect to other member countries and determines its financial obligations with the IMF.

Several issues regarding Mexico's relationship with the IMF were relevant in 2010: the renewal of the Flexible Credit Line (FCL) in March; the Article IV consultation under the Articles of Agreement; the announcement in December of Mexico's intention to renew the FCL in advance for a longer term and a larger amount; and the IMF Board of Governors approval of a reform package regarding voice and representation of IMF members, under which an increase of Mexico's quota was proposed.

The consultation under Article IV of the IMF's Articles of Agreement is a process of surveillance and assessment carried out by the IMF with each of its member countries, whether or not an economic assistance program is in force.[41]

In March 2010, in the conclusions of the consultation according to Article IV for Mexico,[42] the IMF's Executive Directors highlighted Mexico's solid economic policy framework and public and private sector balance sheets, which allowed an effective countercyclical policy response, and helped maintain stability during the crisis. The Budget for 2010 was also considered appropriate and it was underlined that the adopted fiscal program represented a considerable step in achieving medium-term fiscal sustainability.

The Executive Directors agreed that the monetary policy was appropriate, and stressed the important role of the flexible exchange rate in the adjustment process of the economy. The Board also pointed to the strength of the financial system, backed by an appropriate regulatory and supervisory framework.

In March 2010, the Exchange Rate Commission requested a renewal of the Flexible Credit Line (a contingency measure) for a one-year term for SDR

[40] On December 30, 2010, one SDR was equivalent to USD 1.54003.

[41] To carry out the consultation an IMF mission visits the member country, gathers and analyzes its economic and financial data, and meets with the authorities to discuss the country's economic situation, its outlook, and current economic policies. Based on these consultations, the IMF technical staff elaborates and submits for discussion a report on the country to the Executive Board. Afterwards, the IMF informs the country's authorities about its conclusions and recommendations.

[42] See Banco de México and Ministry of Finance (SHCP) press release of March 16, 2010.

31,528 million (approximately USD 48 billion and equivalent to 1,000 percent of Mexico's quota in the IMF).[43] The FCL is only available to countries with solid economic fundamentals and policies, with a coherent history of implementing a monetary policy oriented at growth and economic stability. Mexico's request was approved by the IMF on March 25.

At the end of 2010, the IMF carried out significant improvements in the FCL, among which stand out increasing the term from one to two years and eliminating the notional access limit to a credit line. Taking these improvements into account, in December 2010 the Foreign Exchange Commission[44] made a new request for an advanced renewal of the Flexible Credit Line,[45] extending the term to two years and increasing the amount to approximately USD 73 billion (equivalent to 1,500 percent of Mexico's quota in the IMF).

It is important to mention that the FCL is especially useful for crisis prevention due to the fact that it can be used at any time and that disbursements are not scaled or subject to any monetary policy conditionality, as in the case of traditional IMF-backed programs. This zero conditionality associated with the use of this line is based on the fact that the eligible countries must have a long history of implementing very solid macroeconomic policies. In this way, granting of the FCL to Mexico represents recognition of the strength of country's policy framework. It is worth reiterating that Mexico has not used this credit line.

Regarding voice and representation in the IMF, in December 2010 the Board of Governors of this organization approved major reforms, among which stand out the following measures:

a) IMF quotas double from SDR 238.4 billion[46] to SDR 476.8 billion.

b) Emerging and developing countries with a strong economic growth increase by a little more than 5 percent their quota shares.

c) The Articles of Agreement is amended making all executive directors elected[47], and reducing the representation of major European countries by two seats.

If IMF member countries approve of these reforms, Mexico's quota will increase from SDR 3,625.7 million[48] to SDR 8,912.7 million, in this way reaching a participation of 1.87 percent of IMF's total quotas.[49]

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[43] See Foreign Exchange Commission's announcement of March 10, 2010.
[44] The Foreign Exchange Commission is composed of six members: three officials from the Ministry of Finance (the Secretary and two Under Secretaries, one Under Secretary directly appointed by the Secretary) and three from Banco de México (the Governor and two other Board members chosen by the Governor).
[45] See Foreign Exchange Commission's announcement of December 14, 2010.
[46] This figure includes the second *ad hoc* increase in quotas approved by the Board of Governors in April 2008 and which came into force in March 2011.
[47] The five executive directors are currently named by the five member countries with the largest quotas (the U.S., Japan, Germany, France and the U.K.), while the remaining directors are elected.
[48] In force since March 24, 2011 onwards, according to the second *ad hoc* increase of quotas.
[49] It is worth noting that this increase will come into force when the resolution is approved by three fifths of the IMF member countries, representing at least 85 percent of the total voting power.

Bank for International Settlements (BIS)

The main mission of the BIS is to promote international monetary cooperation and to support central banks and financial authorities in their pursuit of financial stability. Since becoming a member of the BIS in 1996, Banco de México has actively participated in the meetings, forums and committees organized by the BIS to encourage international monetary cooperation.

During 2010, Banco de México contributed to the work and discussions of different meetings of Governors and senior officials of BIS-member central banks. The following stand out: i) the Governors' Meetings, where matters of general interest for member central banks are discussed; ii) the Global Economy Meeting (GEM), consisting of the Governors from 30 central banks of major advanced and emerging market economies, which monitors the performance of the world economy and of the international financial markets; iii) the meetings of the Economic Consultative Committee, an informal group created in January 2010; and, iv) the meetings of the Consultative Council for the Americas, whose aim is to provide communication between BIS and its members in the Americas (central banks of Argentina, Brazil, Chile, Mexico, the U.S. and Canada).

Banco de México also actively participated in the process of strengthening the bank supervision standards on a global level contained in the Basel III framework announced by the Basel Committee on Banking Supervision in September 2010.[50] This accord establishes a series of measures designed to increase the quality and quantity of banks' capital as well as their gradual implementation according to a calendar.

Furthermore, Banco de México actively contributed to the discussion of various proposals for the regulatory reforms of the international financial system, analyzed in the Financial Stability Board (FSB).[51] Among such proposals the following are noteworthy: i) establishment of guidelines for the supervision of systemically important financial institutions, ii) development of macroprudential policy tools and frameworks, and iii) strengthening the adoption and attainment of effective financial regulatory and supervisory policies. Regarding the latter, it is worth mentioning that Mexico was the first member of this Board to voluntarily undergo a "peer review" of its financial system's regulatory and supervisory framework. On September 27, 2010,[52] the FSB published the results of this evaluation, which recognized the strength and progress of the Mexican financial system in recent years, particularly: i) an outstanding improvement in its financial regulatory and supervisory framework to bring it further into line with international standards and good practices, allowing Mexico to endure the recent international financial crisis relatively well; ii) improvements in mechanisms of coordination between financial authorities for systemic crisis management; iii) establishment of an integral supervisory framework at financial group level; and iv) progress in prudential supervision and bank risk management.

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[50] See National Banking and Securities Commission (CNBV) and Banco de México's joint press release of September 12, 2010.

[51] This is an international organization whose aim is to develop and promote the implementation of effective regulatory and supervisory financial policies, and that comprises the main international financial institutions, as well as the central banks, finance ministries and financial regulators from the 24 countries which represent the world's most important financial systems.

[52] See Ministry of Finance and Banco de México's joint press release of September 27, 2010.

Finally, it is important to mention that the Governor of Banco de México was elected as a member of the BIS Board of Directors in January 2011. The Board's main responsibility is to determine the strategic and policy direction of the BIS, and to supervise its management.[53]

[53] See Banco de México's press release of January 10, 2011.

Appendix 2

Public Sector Borrowing Requirements (PSBR) [54]

Public Sector Borrowing Requirements (PSBR), calculated by sources of financing and in accrued terms, measure the total net financial resources (domestic and external) required by the public sector to cover the fiscal deficit in its broadest definition. This concept consists of the financial balance and additional liabilities (contingent liabilities backed by the public sector). The financial balance includes the non-financial public sector (federal government, and public entities and enterprises) financial operations and financial requirements by development banks and public funds and trusts. In turn, additional liabilities are: a) IPAB's net liabilities; b) financed investment projects (*proyectos de inversión financiada*, Pidiregas); c) net liabilities of dispositions from the toll road rescue program (*Fideicomiso de Apoyo para el Rescate de Autopistas Concesionadas*, FARAC); d) the interest rate swapping cost of programs for restructuring bank credits denominated in UDIs; and e) liabilities associated with debtor support programs.

In 2010, total PSBR recorded a deficit of MXN 350.7 billion, representing 2.7 percent of GDP (Table 15 and Graph 41), and a 0.6 percent decrease in GDP as compared to the one registered in 2009.[55] In 2010, PSBR were financed practically in the same proportion by the domestic and foreign sectors. Domestic resources accounted for 51.4 percent of total funding (79.0 percent in 2009), while foreign financing represented 48.6 percent of the total (21.0 percent in 2009). As a result, PSBR domestic financing totaled MXN 180.3 billion (1.4 percent of GDP) and net foreign financing totaled MXN 170.4 billion (1.3 percent of GDP).

At the end of 2010, the structure of domestic financing was as follows: the public sector accumulated net financial assets at Banco de México, MXN 9.2 billion; commercial banks increased their net liabilities, MXN 61.3 billion; net private sector financing of MXN 269.2 billion was acquired (through government securities); and other liabilities were reduced with the private sector by MXN 141.1 billion.[56] Foreign financing consisted of the net indebtedness of the federal government, public entities and enterprises, and development banks, together amounting to MXN 184.5 billion, as well as net debt reduction from financed investment projects (Pidiregas) for MXN 14.0 billion.

[54] PSBR are an indicator of the public sector's use of net financial resources, both domestic and external. Banco de México has calculated PSBR since 1977 and published them in its Annual Reports. This concept consolidates the Financial and Non-Financial Public Sector and since 2000 includes a group of additional items considered as public sector's guaranteed liabilities.

[55] The methodology for calculating the PSBR is based on sources of financing (accrued deficit) and differs from that of the Ministry of Finance (SHCP), which is based on the methodology of public sector's revenues and expenditures (cash deficit). Other differences between these methodologies are: a) assets valuation: market value (Banco de México) vs. issuing value (Ministry of Finance, SHCP) and b) the measurement of IPAB's financial requirements. The Central Banks' methodology uses the change in the financial position of IPAB, which is published in the Quarterly Reports on the State of the Economy, Public Finances and the Public Debt by the Ministry of Finance. On the other hand, the Ministry of Finance uses the methodology in which the financial requirements of IPAB correspond to the inflationary component of the organizations' debt. According to the methodology of the Ministry of Finance, PSBR increased by 0.8 percent of GDP from 2009 to 2010, shifting from 2.6 to 3.4 percent of GDP, respectively. This increase differs from the results presented in this Section mainly due to the different valuation of assets.

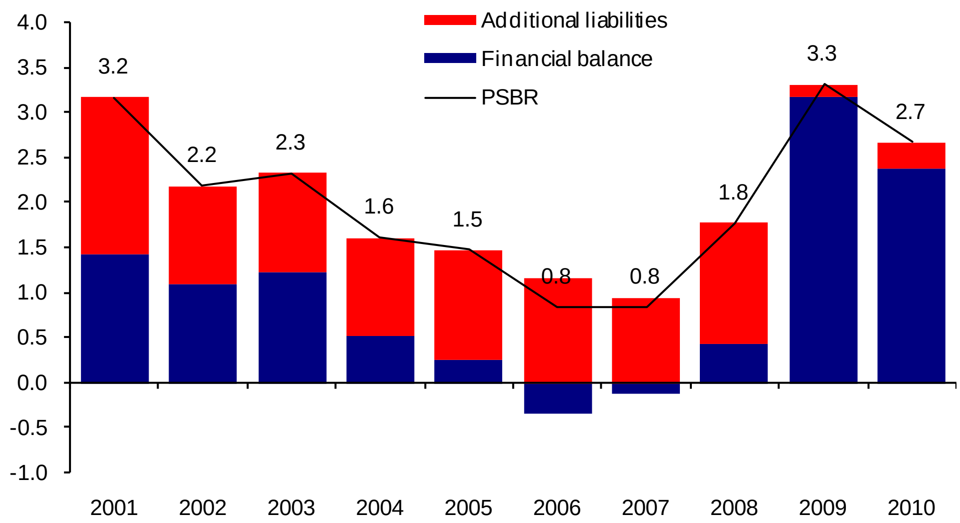
[56] Includes private sector deposits in development banks and additional liabilities.

Table 15
Public Sector Borrowing Requirements in 2009 and 2010 1/

Item	2009		2010 p/	
	MXN billion	Percent of GDP	MXN billion	Percent of GDP
Sources:				
PSBR 2/	396.0	3.3	350.7	2.7
Net external financing 3/	83.2	0.7	170.4	1.3
(USD billion) 4/	6.1		13.5	
Net domestic financing	312.8	2.6	180.3	1.4
Banco de México	-93.9	-0.8	-9.2	-0.1
Commercial banks	308.5	2.6	61.3	0.5
Government securities 5/	286.1	2.4	269.2	2.0
Other private sector financing 6/	-187.9	-1.6	-141.1	-1.1
Uses:				
PSBR	396.0	3.3	350.7	2.7
Financial balance 7/	380.8	3.2	313.8	2.4
Additional liabilities	15.2	0.1	36.9	0.3
IPAB 8/	12.5	0.1	18.8	0.1
FARAC 9/	-4.0	0.0	-0.6	0.0
UDI restructuring programs	2.2	0.0	2.1	0.0
Pidiregas 10/	4.7	0.0	13.5	0.1
Debtor support programs 11/	-0.3	0.0	3.2	0.0
Memo:				
Non-recurrent revenues	-321.2	-2.7	-92.0	-0.7
PSBR excluding non-recurrent revenues	717.2	6.0	442.7	3.4

Source: Ministry of Finance (SHCP) and Banco de México.
p/ Preliminary figures.
1/ PSBR are calculated in accrued terms and include non-recurrent revenues. A negative sign (-) represents a surplus and a positive sign (+) represents a deficit. Figures expressed as share of GDP use average GDP of that year.
2/ Excludes the effect of exchange rate fluctuations (MXN/USD and USD/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 the IMF Government Finance Statistics Manual (2001).
6/ Includes private sector's bank deposits at development banks and contingent liabilities.
7/ 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.
8/ 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.
9/ 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).
10/ Net investment in financed investment projects (*Proyectos de Infraestructura Productiva de Largo Plazo*, Pidiregas).
11/ Figure reported by commercial and development banks as credit granted to the federal government under these programs.

Graph 41
Public Sector Borrowing Requirements
Percent of GDP



Note: In the PSBR calculation, (-) represents a surplus and (+), a deficit.

In 2010, PSBR were used to finance the deficit of the financial balance of MXN 313.8 billion (2.4 percent of GDP) and public sector's additional liabilities for MXN 36.9 billion (0.3 percent of GDP). Additional liabilities were composed of: a rise in IPAB's net debt (MXN 18.8 billion); a net indebtedness of MXN 13.5 billion from financed investment projects (Pidiregas); an increase in liabilities associated with debtor support programs (MXN 3.2 billion); an increase in liabilities associated with UDI-restructuring programs (MXN 2.1 billion); and a reduction in FARAC's net liabilities (MXN 0.6 billion) (Table 15).

Total Public Sector Debt [57]

The total public sector debt rose as a result of the deficit exhibited by PSBR during 2010. In particular, the federal government continued to follow a flexible public debt policy in order to adapt to conditions in domestic and international financial markets. At the domestic level, a flexible program of debt issuance was implemented, in line with the demand for debt instruments, which allowed satisfying federal government's financial needs and managed to raise, and even surpass, the levels before the international financial crisis, the average weighted maturities of government securities. At international markets, issuances

[57] The total public sector debt is made up of the net broad economic debt (*Deuda Económica Amplia Neta*, DEAN) and additional liabilities. The DEAN includes net liabilities of the federal government and non-financial public enterprises, as well as indebtedness and financial assets of official financial intermediaries (development banks and public funds and trusts). Additional liabilities include those from IPAB, FARAC, UDI-restructuring programs, Pidiregas and debtor support programs. On the other hand, the total public sector debt consolidated with Banco de México consists of the net debt consolidated with Banco de México (*Deuda Neta Consolidada con Banco de México,* DNCBM) and additional liabilities. The DNCBM, besides that described for the DEAN, includes central bank's financial assets and liabilities with the private sector, commercial banks, and the external sector. Under the latter definition, both assets and liabilities of Banco de México with the public sector are settled. Finally it is important to mention that, since financing for the public sector by development banks is considered as a public sector asset, in addition to other similar methodological reasons for calculating the PSBR, public debt definitions are not directly comparable to those used by the Ministry of Finance in its Quarterly Reports on the State of the Economy, Public Finances, and Public Debt.

were aimed at strengthening Mexico's bond references, expanding and diversifying the investors' base, taking advantage of financing opportunities at better costs.

Table 16
Total Public Sector Debt
End of period outstanding stocks

Item	MXN billion		Percent of GDP 1/			Real annual change	Percentage structure	
	2009 p/	2010 p/	2009 p/	2010 p/	Difference	2010 - 2009	2009 p/	2010 p/
Total public sector debt (a+b)	4,482.8	5,044.4	35.4	36.3	1.0	7.8	100.0	100.0
a. Net broad economic debt 2/	3,459.1	4,008.7	27.3	28.9	1.6	11.0	77.2	79.5
1. Foreign	1,214.7	1,354.2	9.6	9.8	0.2	6.8	27.1	26.8
2. Domestic	2,244.4	2,654.4	17.7	19.1	1.4	13.3	50.1	52.6
b. Additional liabilities	1,023.7	1,035.7	8.1	7.5	-0.6	-3.1	22.8	20.5
1. *IPAB* 3/	750.5	769.2	5.9	5.5	-0.4	-1.8	16.7	15.2
2. *FARAC* 4/	140.9	140.3	1.1	1.0	-0.1	-4.6	3.1	2.8
3. UDI restructuring programs 5/	39.2	40.9	0.3	0.3	0.0	-0.1	0.9	0.8
4. Direct *Pidiregas* 6/	90.3	83.0	0.7	0.6	-0.1	-12.0	2.0	1.6
5. Debtor support programs 7/	2.8	2.3	0.0	0.0	0.0	-21.3	0.1	0.0

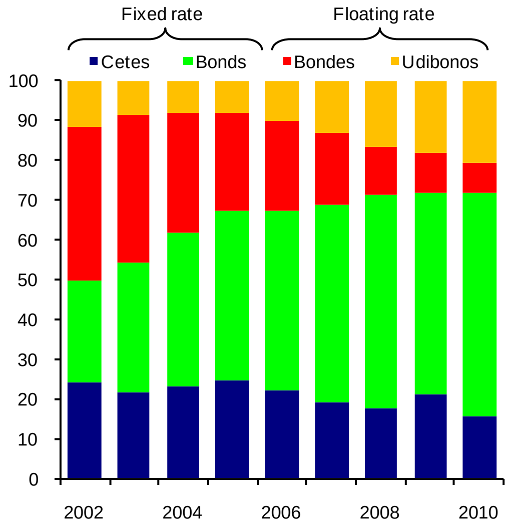
Source: Ministry of Finance (SHCP) and Banco de México.
p/ Preliminary figures.
1/ Figures expressed as a ratio of GDP use GDP from the last quarter of the year.
2/ The difference between the increase in the net broad economic debt and PSBR is due to the revaluation of debt flows in foreign currency, the exclusion of liquid assets held by public enterprises in investment funds, and the fact that credit granted to the private sector is considered an asset (and not a liability as with financial intermediation).
3/ Corresponds to the difference between IPAB's gross liabilities and total assets as reported in Appendix III by the Ministry of Finance Quarterly Report on the State of the Economy, Public Finances and Public Debt, up to the Fourth Quarter of 2010.
4/ FARAC liabilities guaranteed by the federal government.
5/ Difference between federal government's special Cetes liabilities with banks and debt restructured in UDIs.
6/ Debt balance for direct Pidiregas is based on investment flows.
7/ Credit granted by commercial banks to the federal government under the mentioned programs.

In 2010, the total public sector debt (*Deuda Total del Sector Público,* DTSP) accounted for 36.3 percent of GDP, 1.0 percentage point of GDP higher than its level at the end of 2009. This was a result of the public deficit in 2010. As for its composition, in December 2010 the net broad economic debt (*Deuda Económica Amplia Neta,* DEAN) equaled 28.9 percent of GDP (1.6 percentage points above that recorded in 2009), while additional liabilities were equivalent to 7.5 percentage points of GDP (0.6 percentage points lower than in 2009) (Table 16).

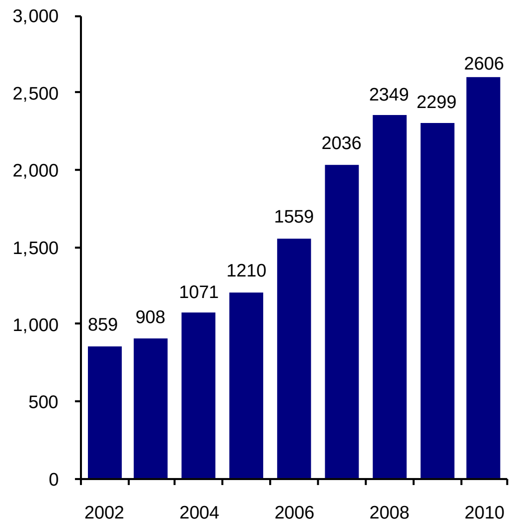
As for the external debt management, the federal government made 6 debt issuances in international markets during 2010 for a total of USD 6,876 million. These issuances were aimed at strengthening the reference bonds and expand and diversify the investors' base. The first two issuances were both for USD 1,000 billion with maturity of 10 years, while the following was for USD 1,000 billion with a maturity of 30 years. The fourth issue was for EUR 850 million (approximately USD 1,076 billion) with a 7-year maturity, followed by one more for USD 1,000 billion with a maturity of 100 years. The last issue was for JPY 150,000 million (approximately USD 1,800 million) with a 10-year maturity. On the other hand, better conditions in international capital markets during 2010 led to a reduction in the need of financing from international financial organizations. Thus, at the end of 2010, the net debt with such organizations amounted to USD 3,499 million (USD 5,280 million in 2009). The federal government's total debt with these international financial organizations rose from USD 13,497 million in December 2009 to USD 16,995 million at the end of 2010.

Graph 42
Government Securities

a) Percentage Structure



b) Average Term to Maturity (Days)



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

As for the domestic market, the federal government continued implementing a flexible program of debt issuance, responding to the market's demand for government securities, thereby allowing a gradual return to the structure of security placements prevailing before the international financial crisis. The aforementioned was reflected in a smaller share of Cetes in total securities and in an increase in the average weighted maturity of government securities, from 2,299 days at the end of 2009 to 2,606 days at the end of 2010, its maximum historical level (Graph 42).[58]

In 2010, the federal government issued its first syndicated bond, from a total of three.[59] The first of these was in February for MXN 25,000 million at a fixed interest rate with a maturity of 10 years; the second in March for 3,500 million UDIs in Udibonos with a 30-year maturity; and the last one, in July for MXN 25,000 million at a fixed interest rate for 5 years. On the other hand, starting in October 2010, Mexican government fixed interest rate MXN-denominated bonds (*Bonos M*) were included in Citigroup's World Government Bond Index (WGBI). Inclusion in this indicator is a recognition of the positive performance of Mexico's debt market during recent years.

In November 2010, the Ministry of Finance implemented a direct issuance program of government securities named cetesdirecto. This program was originally set out in the National Development Plan (*Plan Nacional de Desarrollo*) and the National Development Financing Program (*Programa Nacional de Financiamiento del Desarrollo,* PRONAFIDE), as well as in the

[58] The average weighted maturity is defined as the weighted sum (relative to the outstanding nominal amount) of the remaining maturities for each outstanding security.
[59] Syndicated placement is a method of debt placement that accelerates the process of debt issuance. In Mexico this method implies making one placement for a relatively large amount during a given period (quarter) instead of making several placements for small amounts. This type of operation ensures that new issues start with significant outstanding amounts and generate better liquidity conditions in the secondary market.

Annual Borrowing Plan for 2009 and 2010. The objectives and strategies of the program are aimed at expanding financial services among the population, particularly of low income, and at promoting the development of the Mexican financial system.

Additionally, with the aim of improving the structure of public debt, on December 9, two series of warrants were issued for a total of USD 2,000 billion. Upon their maturity, these warrants will allow USD denominated UMS bonds to be swapped for fixed interest rate MXN-denominated bonds (*Bonos M*). Both issues include a wide basket of swap-eligible UMS bonds denominated in USD, EUR and GBP.

At the end of 2010, the net debt consolidated with Banco de México (DNCBM, for its acronym in Spanish) totaled 30.1 percent of GDP, 2.6 percentage points higher than the figure observed in 2009 (Table 17), as a result of the public deficit exhibited in 2010. Finally, the total public sector debt consolidated with Banco de México, including additional liabilities, amounted to 37.5 percent of GDP, 2.0 percentage points above that registered in 2009.

Table 17
Total Public Sector Debt Consolidated with Banco de México
End of period outstanding stocks

	MXN billion		Percent of GDP [1/]			Real annual change	Percentage structure	
	2009 p/	2010 p/	2009 p/	2010 p/	Difference	2010 - 2009	2009 p/	2010 p/
Total public sector debt consolidated with Banco de México (a+b)	4,510.4	5,211.4	35.6	37.5	2.0	10.7	100.0	100.0
a. Net debt consolidated with Banco de México [2/]	3,486.7	4,175.7	27.5	30.1	2.6	14.7	77.3	80.1
1. Foreign	-41.5	-90.0	-0.3	-0.7	-0.3	107.7	-0.9	-1.7
2. Domestic	3,528.2	4,265.7	27.8	30.7	2.9	15.8	78.2	81.9
b. Additional liabilities	1,023.7	1,035.7	8.1	7.5	-0.6	-3.1	22.7	19.9
1. *IPAB* [3/]	750.5	769.2	5.9	5.5	-0.4	-1.8	16.6	14.8
2. *FARAC* [4/]	140.9	140.3	1.1	1.0	-0.1	-4.6	3.1	2.7
3. UDI restructuring programs [5/]	39.2	40.9	0.3	0.3	0.0	-0.1	0.9	0.8
4. Direct *Pidiregas* [6/]	90.3	83.0	0.7	0.6	-0.1	-12.0	2.0	1.6
5. Debtor support programs [7/]	2.8	2.3	0.0	0.0	0.0	-21.3	0.1	0.0

Source: Ministry of Finance (SHCP) and Banco de México.
p/ Preliminary figures.
1/ Figures expressed in ratios to GDP use GDP of the last quarter of the year.
2/ The difference between the increase in this debt and PSBR is due to the revaluation of debt flows in foreign currency, the exclusion of liquid assets held by public enterprises in investment funds, and the fact that credit granted to the private sector is considered an asset (and not a liability as with financial intermediation).
3/ Corresponds to the difference between IPAB's gross liabilities and total assets as reported in Appendix II from the Ministry of Finance Quarterly Report on the State of the Economy, Public Finances, and Public Debt up to the Fourth Quarter of 2010.
4/ FARAC liabilities guaranteed by the federal government.
5/ Difference between federal government's special Cetes liabilities with banks and debt restructured in UDIs.
6/ Debt balance for direct Pidiregas is based on investment flows.
7/ Credit granted by commercial banks to the federal government under the mentioned programs.

Statistical Appendix

Contents

Basic Information

Table A 1
Summary of Selected Indicators

	2006	2007	2008	2009	2010 p/
Social and demographic indicators					
Population (millions) 1/	104.9	105.8	106.7	107.6	112.3
Population annual growth rate 1/	0.9	0.9	0.8	0.8	n.a.
Life expectancy at birth 1/	74.8	75.0	75.1	75.3	75.4
Production and prices					
Gross Domestic Product (GDP) (MXN billion)	10,379	11,321	12,200	11,930	13,137
			Annual change in percent		
GDP at constant prices	5.2	3.3	1.5	-6.1	5.5
Consumer Price Index (Dec - Dec)	4.05	3.76	6.53	3.57	4.40
Money and finances					
Monetary aggregates 2/			Real annual change in percent		
Monetary base	12.4	8.3	7.1	10.1	5.3
M1	11.5	5.5	2.8	7.2	5.4
M4	11.2	6.9	7.0	7.5	5.7
Domestic financial saving 3/	11.2	6.9	7.0	7.4	5.7
Interest rates 4/					
28-day Cetes	7.19	7.19	7.68	5.43	4.40
28-day TIIE (Interbank Equilibrium Interest Rate)	7.51	7.66	8.28	5.93	4.91
			MXN/USD		
Exchange rate (end of period) 5/	10.8810	10.8662	13.5383	13.0587	12.3571
Public finances			Percent of GDP		
Economic balance (cash flow) 6/	0.1	0.0	-0.1	-2.3	-2.8
Primary balance 6/	2.5	2.2	1.8	-0.1	-0.9
Net public debt 7/	15.8	14.1	18.1	27.3	28.9
External sector			Percent of GDP		
Trade balance	-0.6	-1.0	-1.6	-0.5	-0.3
Current account balance	-0.5	-0.9	-1.5	-0.7	-0.5
Capital account balance	-0.2	2.1	2.5	2.1	3.5
Total external debt	17.4	18.1	18.0	19.3	18.9
Interest paid	1.5	1.4	1.3	1.3	1.2
			USD billion		
Net international reserves (end of period) 8/	67.7	78.0	85.4	90.8	113.6

1/ Projections of the National Council of Population (*Consejo Nacional de Población*, CONAPO). For the population of 2010, Population and Housing Census 2010 was used, National Statistics Bureau (*Instituto Nacional de Estadística y Geografía*, INEGI).
2/ Estimates based on the average of monthly outstanding stocks.
3/ Defined as monetary aggregate M4 less banknotes and coins held by the public.
4/ Average during the period.
5/ Used for settling liabilities in foreign currency.
6/ Based on the revenue-expenditure methodology. In 2008 does not include the cost of the ISSSTE Law Reform.
7/ Refers to the broad economic debt, which includes net liabilities of the federal government, public entities and enterprises and of official financial intermediaries (development banks and trust funds). Outstanding stocks at end of period. Calculated by Banco de México.
8/ As defined in Article 19 of Banco de México's Law.
p/ Preliminary figures.
n.a. Not available.
Source: National Council of Population (CONAPO); National Statistics Bureau (INEGI); Banco de México and Ministry of Finance (*Secretaría de Hacienda y Crédito Público*, SHCP).

Table A 2
Socio-demographic Indicators

	2003	2004	2005	2006	2007	2008	2009	2010 p/
Population (millions) 1/	102.0	103.0	103.9	104.9	105.8	106.7	107.6	112.3
Urban population 2/	69.5	69.9	71.2	71.6	71.8	72.1	72.3	77.8
Rural population 2/	30.5	30.1	28.8	28.4	28.2	27.9	27.7	22.2
Population per sq.km	51.9	52.4	52.9	53.4	53.9	54.3	54.8	57.2
Population annual growth rate	1.1	1.0	0.9	0.9	0.9	0.8	0.8	n.a.
National unemployment rate 3/	3.4	3.9	3.6	3.6	3.7	4.0	5.5	5.4
Unemployment rate (urban areas) 4/	4.6	5.3	4.7	4.6	4.8	4.9	6.7	6.4
Life expectancy at birth (years)	74.5	74.5	74.6	74.8	75.0	75.1	75.3	75.4
Fertility rate 5/	2.3	2.2	2.2	2.2	2.1	2.1	2.1	2.1
Mortality rate (per thousand)	4.8	4.8	4.8	4.8	4.8	4.9	4.9	5.0
Infant mortality rate (per thousand live births)	17.3	17.6	16.8	16.2	15.7	15.2	14.7	14.2
Number of hospital beds (per 100,000 inhabitants) 6/	74.1	75.4	75.5	71.9	75.6	74.0	74.1	n.a.
Illiteracy rate (population 15 years or older)	8.4	8.1	8.3	8.1	7.9	7.8	7.6	7.5
Number of students per teacher (grade school)	26.4	26.2	25.9	25.9	25.9	26.0	26.1	26.1
Population with access to drinking water 2/	89.4	89.5	89.5	89.6	89.9	90.3	90.7	91.1

1/ Projections of the National Council of Population (*Consejo Nacional de Población*, CONAPO). For the population of 2010, Population and Housing Census 2010 was used, National Statistics Bureau (*Instituto Nacional de Estadística y Geografía*, INEGI).
2/ Percentage of total population.
3/ Ratio Unemployed Population to Economic Active Population. The Unemployed Population is comprised of individuals that were not engaged in working activities during the reference week, but were searching for work during the last month.
4/ Unemployment rate in 32 cities.
5/ At the end of women's reproductive life.
6/ National Health System (*Sistema Nacional de Salud*).
p/ Preliminary figures
n.a. Not available
Source: Annual Government Report 2010, México´s Presidency (*Presidencia de la República*); CONAPO; Population and Housing Census, 2010, and INEGI Occupation and Employment Survey.

Table A 3
Infrastructure

	2003	2004	2005	2006	2007	2008	2009	2010 p/
Roads (km)	349,037	352,072	355,796	356,945	360,075	366,096	366,807	366,905
Federal toll roads (km)	6,979	7,423	7,409	7,558	7,844	8,064	8,335	8,335
Federal non-toll roads (km)	41,454	41,152	40,953	40,761	40,631	40,563	40,509	40,607
Paved roads (km)	117,023	116,923	122,678	123,354	127,173	132,728	136,154	136,252
Railroad transportation								
Total railway network (km)	26,662	26,662	26,662	26,662	26,677	26,704	26,704	26,715
Passengers (million passengers/km)	78	74	73	76	84	178	449	467
Commercial cargo (million tons/km) 1/	64,413	69,926	72,185	73,726	77,169	74,582	69,185	71,953
Air transportation								
Number of international airports	56	56	56	59	59	60	61	62
Passengers (thousands)	35,287	39,422	42,176	45,406	52,217	53,300	46,971	49,337
Cargo (thousand tons)	410	467	529	544	572	525	466	559
Sea transportation								
Number of ports (sea and river)	107	107	112	113	114	114	116	116
Sea freight (international and domestic cargo, thousand tons)	264,739	266,008	283,604	287,432	272,934	265,237	241,923	261,277
Communications								
Phones (thousand lines in service)	16,330	18,073	19,512	19,861	19,998	20,491	19,333	19,430
Cellular phones (thousand subscribers)	30,098	38,451	47,129	55,395	66,559	75,303	83,528	87,000
Telegraph services (number of offices)	1,555	1,550	1,543	1,563	1,575	1,591	1,582	1,585
Postal services (locations served)	14,942	17,884	17,994	18,704	17,638	17,724	16,536	16,970
Radio stations 2/	1,417	1,423	1,429	1,433	1,506	1,469	1,501	1,517
T.V. stations 2/	645	658	685	680	730	702	691	694
Lodging (number of rooms)	496,292	515,904	535,639	556,399	583,731	603,781	623,555	n.a.
Energy								
Electric power generation (gigawatts/hour) 3/	223,893	233,984	246,267	254,911	261,760	267,696	266,564	260,835
Oil reserves (million barrels) 4/	48,041	46,914	46,418	45,376	44,483	43,563	43,075	43,074

1/ Includes local freight, intermodal remitted freight, received freight and in-transit freight.
2/ Includes broadcasting, concessions and licenses.
3/ Includes Federal Electricity Commission (*Comisión Federal de Electricidad*, CFE) and Central Light and Power Company (*Luz y Fuerza del Centro*, LFC).
4/ At December 31 of each year.
p/ Preliminary figures.
n.a. Not available.
Source: Annual Government Report 2010, Mexico's Presidency and Oil Reserves at January 1, 2011, PEMEX.

Table A 4
Mexican Financial System

REGULATORY AUTHORITIES

- MINISTRY OF FINANCE (*Secretaría de Hacienda y Crédito Público*, SHCP)
- BANCO DE MÉXICO
- NATIONAL BANKING AND SECURITIES COMMISSION (*Comisión Nacional Bancaria de Valores*, CNBV)
- NATIONAL INSURANCE AND BONDING COMMISSION (*Comisión Nacional de Seguros y Fianzas*, CNSF)
- NATIONAL COMMISSION FOR THE PROTECTION AND DEFENSE OF FINANCIAL SERVICE USERS (*Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros*)
- NATIONAL COMMISSION FOR THE RETIREMENT SAVINGS SYSTEM (*Comisión Nacional del Sistema de Ahorro para el Retiro*)

FINANCIAL INSTITUTIONS

FINANCIAL GROUPS
- 28 Financial holding companies1/

CREDIT INSTITUTIONS
- 41 Commercial banks
- 6 Development banks
- 3 Development trust funds

SECURITIES MARKET
- 1 Mexican Stock Exchange
- 34 Brokerage houses
- 524 Investment companies2/
- 88 Investment companies specialized in retirement savings (*Sociedad. de Inversión Especializadas en Fondos para el Retiro*)
- 1 Derivatives exchange

OTHER FINANCIAL INTERMEDIARIES AND CREDIT INFORMATION COMPANIES
- 93 Insurance companies3/
- 20 Deposit warehouses
- 4 Financial leasing companies
- 19 Special purpose financial companies (*Sociedades Financieras de Objeto Limitado, Sofoldes*)
- 21 Commercial banks' regulated entities (*Sociedades Financieras de Objeto Múltiple*, Sofomes ER.)
- 121 Credit unions
- 14 Bonding companies
- 9 Foreign exchange firms
- 92 Popular savings and credit financial entities
- 1 Financial factoring companies
- 2 Credit bureau

1/ Source: National Commission for the Protection of Financial Service Users (*Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros*, Condusef).
2/ Includes stock investment funds, fixed-income investment funds for 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 2010.

Production and Employment

Table A 5
Main Production Indicators
Annual change in percent

	2006	2007	2008	2009	2010 p/
Gross Domestic Product	5.2	3.3	1.5	-6.1	5.5
Private consumption	5.7	4.0	1.8	-7.1	5.0
Public consumption	1.9	3.1	1.1	3.5	2.8
Private investment	12.9	5.8	2.2	-16.8	2.7
Public investment	-1.1	11.7	20.3	7.2	1.4
Exports (goods and services)	10.9	5.7	0.5	-13.7	24.3
Imports (goods and services)	12.6	7.1	2.8	-18.6	22.1

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

Table A 6
Gross Domestic Product

	MXN million at current prices	Exchange rate 1/	USD million
2005	9,251,737.5	10.8979	848,946.8
2006	10,379,091.0	10.8992	952,280.1
2007	11,320,836.4	10.9282	1,035,928.7
2008	12,200,132.0	11.1297	1,096,178.0
2009	11,929,517.3	13.5135	882,785.2
2010 p/	13,137,171.6	12.6360	1,039,662.2

1/ Exchange rate used to settle liabilities denominated in foreign currency, average of the period.
p/ Preliminary figures.
Source: Mexico's System of National Accounts (*Sistema de Cuentas Nacionales de México*), INEGI; Banco de México.

Table A 7
Aggregate Supply and Demand
2003 Prices

	Annual change (percent)					Percent of GDP	
	2006	2007	2008	2009	2010 p/	2003	2010 p/
Aggregate supply	6.9	4.2	1.8	-9.2	9.3	126.8	133.8
GDP	5.2	3.3	1.5	-6.1	5.5	100.0	100.0
Imports	12.6	7.1	2.8	-18.6	22.1	26.8	33.8
Aggregate demand	6.9	4.2	1.8	-9.2	9.3	126.8	133.8
Total consumption	5.1	3.9	1.7	-5.7	4.7	78.6	80.1
Private	5.7	4.0	1.8	-7.1	5.0	66.7	68.7
Public	1.9	3.1	1.1	3.5	2.8	11.8	11.4
Total investment	9.9	6.9	5.9	-11.3	2.3	18.9	21.2
Private	12.9	5.8	2.2	-16.8	2.7	15.1	15.3
Public	-1.1	11.7	20.3	7.2	1.4	3.8	5.8
Exports	10.9	5.7	0.5	-13.7	24.3	25.4	32.5

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

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

Item	2005	2006	2007	2008	2009	2010 p/
Financing of gross capital formation 1/	24.4	26.2	26.5	27.1	23.9	25.7
Financed with external savings	0.6	0.5	0.9	1.5	0.7	0.5
Financed with domestic savings	23.8	25.7	25.6	25.6	23.2	25.1

p/ Preliminary figures.
1/ Includes gross capital formation plus change in inventories.
Source: Mexico's System of National Accounts (*Sistema de Cuentas Nacionales de México*), INEGI, except for external savings figures, which are drawn from the current account balance measured in current MXN and as a proportion of GDP.

Table A 9
Gross Domestic Product by Sector
2003 Prices

	Annual change in percent					Percent of GDP	
	2006	2007	2008	2009	2010 p/	2003	2010 p/
Total	5.2	3.3	1.5	-6.1	5.5	100.0	100.0
Primary sector	6.3	2.3	1.2	-2.0	5.7	3.8	3.7
Secondary sector	5.7	2.0	-0.1	-7.4	6.1	31.2	30.0
Mining	1.4	-0.2	-1.5	-2.4	2.4	5.9	5.0
Electricity, water supply and pipeline gas supply	12.2	3.7	-2.3	2.0	2.4	1.3	1.4
Construction	7.8	4.4	3.1	-6.4	0.0	6.2	6.3
Manufacturing industry	5.9	1.7	-0.7	-9.8	9.9	17.8	17.3
Tertiary sector	5.3	4.5	2.8	-5.3	5.0	61.5	64.2
Commerce	6.5	5.0	2.1	-14.1	13.3	14.5	15.3
Transport, mail and warehousing services	5.8	3.7	0.0	-6.5	6.4	6.8	6.9
Mass media services	10.7	11.6	8.0	0.8	5.6	2.6	3.9
Financial and insurance services	16.3	13.9	15.5	-6.6	2.8	2.6	4.3
Real estate and leasing services	4.1	3.1	3.0	-1.0	1.7	10.5	10.6
Professional, scientific and technical services	3.0	3.1	3.0	-5.1	-3.0	3.4	3.2
Corporate and firm management services	20.1	-3.0	14.0	-8.1	2.0	0.4	0.4
Business support services, waste management and remediation services	3.7	3.1	1.6	-4.8	1.4	2.6	2.5
Education services	0.1	1.9	0.8	0.5	3.0	5.0	4.7
Health and social assistance services	7.8	2.5	-1.5	0.8	-1.7	3.0	2.8
Cultural and sport services and other recreational services	2.3	3.1	1.5	-4.6	1.9	0.4	0.4
Temporary lodging services and food and beverage related services	1.6	2.6	0.9	-7.7	3.8	2.8	2.5
Other services except for government-related services	3.3	3.9	0.7	-0.7	0.6	2.7	2.6
Government activity services	0.1	1.7	1.2	4.6	4.4	4.2	4.1
Financial intermediation services measured indirectly	20.3	18.0	14.6	3.4	0.4	-1.6	-3.1

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

Table A 10
Manufacturing Growth Rates
2003 Prices

	2007	2008	2009	2010 p/	Percent of GDP 2003	Percent of GDP 2010 p/
Total	1.7	-0.7	-9.8	9.9	17.8	17.3
Food industry	2.3	1.4	-0.2	1.9	4.0	3.9
Beverage and tobacco industries	3.4	2.5	-1.2	-0.4	1.0	1.1
Textile input manufacturing	-3.1	-7.0	-7.3	8.8	0.2	0.2
Textile manufacturing (except for apparel)	1.4	-8.5	-10.1	4.7	0.1	0.1
Apparel industry	-6.0	2.5	-5.6	5.2	0.6	0.5
Leather product industry (except leather clothing)	-1.5	-3.3	-6.3	10.8	0.3	0.2
Timber industry	4.2	-7.6	-4.3	6.0	0.2	0.2
Paper industry	3.0	2.5	-0.6	4.6	0.4	0.4
Printing and printing-related industries	0.5	5.2	-4.8	10.4	0.2	0.2
Oil and coal by-product industries	-2.1	0.7	-1.6	-3.9	0.5	0.5
Chemical industry	2.1	-2.2	-4.4	-0.7	1.8	1.6
Plastic and rubber industry	2.6	-1.7	-9.5	9.8	0.5	0.5
Non-metal mineral products industry	2.3	-3.8	-8.6	2.0	1.1	1.1
Basic metal industries	-1.6	-0.5	-17.1	13.4	1.0	0.9
Metal product industry	0.4	0.9	-15.1	11.6	0.5	0.6
Machinery and equipment	-1.5	-0.3	-21.4	42.8	0.4	0.5
Measurement and other equipment, electronic components and accesories	4.0	-12.1	-16.9	7.8	1.0	0.7
Manufacturing of electricity supply equipment and electric devices and accesories	2.8	-0.1	-12.5	10.6	0.6	0.6
Transport equipment	3.1	0.5	-26.4	40.4	2.7	3.2
Manufacturing of furniture and furniture-related products	-1.1	-4.1	-6.8	8.7	0.3	0.2
Other manufacturing industries	3.3	1.7	-2.5	3.6	0.4	0.4

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

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

Year	Crude Oil (Million barrels) Total	Crude Oil (Million barrels) Daily average	Natural Gas (Million cubic feet per day) Total	Total Oil Reserves 1/ (Billion barrels) Total
1998	1,120.7	3.071	4,791	57.7
1999	1,060.7	2.906	4,791	58.2
2000	1,102.4	3.012	4,679	56.2
2001	1,141.4	3.127	4,511	53.0
2002	1,159.6	3.177	4,423	50.0
2003	1,230.4	3.371	4,498	48.0
2004	1,238.1	3.383	4,573	46.9
2005	1,216.7	3.333	4,818	46.4
2006	1,188.3	3.256	5,356	45.4
2007	1,122.6	3.076	6,058	44.5
2008	1,021.7	2.792	6,919	43.6
2009	949.4	2.601	7,031	43.1
2010 p/	940.2	2.576	7,020	43.1

1/ Figures of December 31.
p/ Preliminary figures.
Source: PEMEX Activities Report (*Memorias de Labores*); Crude Oil Indicators (*Indicadores Petroleros*), and Oil Reserves (*Reservas de Hidrocarburos*), January 1, 2011.

Table A 12
Employment: Total Number of IMSS-insured Workers
Thousands

Year		Permanent	Temporary in Urban Areas	Total
2003		11,079	1,124	12,203
2004		11,352	1,196	12,547
2005		11,685	1,287	12,971
2006		12,163	1,412	13,575
2007		12,628	1,472	14,100
2008		12,569	1,493	14,063
2009	Jan	12,425	1,509	13,934
	Feb	12,363	1,514	13,877
	Mar	12,343	1,538	13,881
	Apr	12,306	1,544	13,850
	May	12,254	1,521	13,775
	Jun	12,252	1,542	13,794
	Jul	12,245	1,563	13,808
	Aug	12,254	1,585	13,839
	Sep	12,303	1,597	13,901
	Oct	12,338	1,642	13,980
	Nov	12,408	1,679	14,087
	Dec	12,314	1,567	13,881
2010	Jan	12,309	1,607	13,917
	Feb	12,395	1,651	14,046
	Mar	12,474	1,697	14,171
	Apr	12,533	1,730	14,263
	May	12,582	1,745	14,326
	Jun	12,630	1,764	14,395
	Jul	12,658	1,783	14,440
	Aug	12,706	1,810	14,515
	Sep	12,775	1,828	14,603
	Oct	12,862	1,870	14,732
	Nov	12,934	1,910	14,844
	Dec	12,826	1,786	14,612

Source: Mexican 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 1/	Unemployment rate in urban areas 2/	Partial employment and unemployment rate 3/	Underemployment rate 4/	Informal employment rate 5/
2007		3.7	4.8	10.1	7.2	27.0
2008		4.0	4.9	10.2	6.8	27.3
2009		5.5	6.7	11.7	9.2	28.2
2010		5.4	6.4	11.7	8.6	28.1
2009	I	5.0	6.1	10.7	8.0	28.2
	II	5.2	6.7	11.5	11.1	28.1
	III	6.3	7.7	12.2	8.7	28.2
	IV	5.3	6.2	12.2	8.8	28.3
2010	I	5.4	6.5	11.8	9.4	28.6
	II	5.2	6.5	12.0	8.9	28.8
	III	5.6	6.6	12.0	8.5	28.0
	IV	5.3	6.2	11.2	7.6	27.2

1/ Ratio Unemployed Population to Economic Active Population. The Unemployed Population is composed 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 Economically 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 and willing to work more hours than those spent in their current jobs.
5/ Percent of 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 Balance 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, electricity and telephone expenditures, and vehicle use, among others).
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.

Table A 14
Real Exchange Rate Index[1/]
1990 = 100

Year		Based on consumer prices [2/]	Annual change in percent
1991		91.4	-8.6
1992		85.8	-6.1
1993		73.4	-14.4
1994		75.8	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		61.0	-2.7
2003		71.8	17.6
2004		77.3	7.6
2005		73.9	-4.4
2006		73.0	-1.2
2007		75.2	3.0
2008		78.6	4.5
2009		89.0	13.2
2010		82.0	-7.8
2009	I	91.6	17.5
	II	86.8	12.8
	III	88.8	19.9
	IV	88.7	3.8
2010	I	83.4	-9.0
	II	79.9	-8.0
	III	83.1	-6.4
	IV	81.7	-7.9

1/ An increase in the index reflects a MXN 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.
Source: Banco de México and International Monetary Fund.

Prices, Wages and Productivity

Table A 15
Main Price Indices

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Prices											
Consumer prices											
End-period	8.96	4.40	5.70	3.98	5.19	3.33	4.05	3.76	6.53	3.57	4.40
Annual average	9.49	6.37	5.03	4.55	4.69	3.99	3.63	3.97	5.12	5.30	4.16
Producer prices (merchandise excluding oil)											
End-period	7.38	2.61	6.29	6.24	7.97	2.46	7.12	3.69	10.48	1.99	4.39
Annual average	7.84	5.02	3.66	6.31	8.58	3.56	6.12	4.25	7.38	5.91	3.25
Producer prices (merchandise and services excluding oil)											
End-period	8.58	4.33	5.67	4.52	6.52	3.59	5.39	3.57	7.75	3.29	3.70
Annual average	9.42	6.14	4.87	4.90	6.43	4.22	5.12	3.83	5.79	5.36	3.57
Producer prices (merchandise and services including oil)											
End-period	8.06	3.67	7.05	4.83	6.57	4.01	5.50	4.40	6.50	4.34	3.89
Annual average	10.40	5.28	5.19	5.51	6.81	4.52	5.39	4.05	6.33	4.88	3.82
Construction cost index (residential) 1/											
End-period	7.59	3.47	3.50	6.92	12.15	-0.39	8.50	3.04	9.57	-0.33	4.54
Annual average	11.21	5.29	2.27	6.48	12.25	1.19	7.58	3.36	9.70	-0.06	3.84

1/ Starting from 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)
2Q. Jun 2002 Base

	Month	CPI 2Q. Jun 2002	Annual change in percent: Annual	Annual 12-month moving average	Monthly
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	Dec	116.301	3.33	3.99	
2006	Dec	121.015	4.05	3.63	
2007	Dec	125.564	3.76	3.97	
2008	Dec	133.761	6.53	5.12	
2009	Jan	134.071	6.28	5.34	0.23
	Feb	134.367	6.20	5.55	0.22
	Mar	135.140	6.04	5.70	0.58
	Apr	135.613	6.17	5.83	0.35
	May	135.218	5.98	5.91	-0.29
	Jun	135.467	5.74	5.95	0.18
	Jul	135.836	5.44	5.95	0.27
	Aug	136.161	5.08	5.91	0.24
	Sep	136.844	4.89	5.86	0.50
	Oct	137.258	4.50	5.75	0.30
	Nov	137.970	3.86	5.55	0.52
	Dec	138.541	3.57	5.30	0.41
2010	Jan	140.047	4.46	5.15	1.09
	Feb	140.857	4.83	5.03	0.58
	Mar	141.857	4.97	4.95	0.71
	Apr	141.405	4.27	4.79	-0.32
	May	140.514	3.92	4.62	-0.63
	Jun	140.470	3.69	4.45	-0.03
	Jul	140.775	3.64	4.30	0.22
	Aug	141.166	3.68	4.19	0.28
	Sep	141.906	3.70	4.09	0.52
	Oct	142.782	4.02	4.05	0.62
	Nov	143.926	4.32	4.09	0.80
	Dec	144.639	4.40	4.16	0.50

Table A 17
Consumer Price Index (CPI) by Type of Good
Annual change in percent
2Q. Jun 2002 Base

	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
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	Dec	3.33	2.24	1.26	3.60	1.87	3.87	3.50	5.09	4.46
2006	Dec	4.05	6.27	1.24	3.27	1.75	3.41	3.54	4.41	4.17
2007	Dec	3.76	6.00	1.31	2.32	1.85	4.04	3.16	4.19	4.49
2008	Dec	6.53	10.24	2.30	5.44	6.11	4.83	5.47	5.51	6.51
2009	Jan	6.28	10.05	2.36	4.26	6.57	5.31	6.19	5.16	6.48
	Feb	6.20	10.06	2.68	3.54	7.64	5.70	6.47	5.20	6.32
	Mar	6.04	9.84	2.81	3.26	7.91	5.83	6.24	4.98	6.17
	Apr	6.17	10.11	2.91	3.26	8.08	6.26	5.96	5.29	6.09
	May	5.98	10.18	2.90	2.60	8.39	6.25	5.60	5.17	6.08
	Jun	5.74	9.88	3.13	2.06	8.35	6.02	5.64	5.06	5.94
	Jul	5.44	9.21	3.16	1.65	8.26	6.15	5.51	4.92	5.86
	Aug	5.08	8.70	3.17	1.27	7.83	6.00	5.20	4.64	5.47
	Sep	4.89	9.05	3.55	0.97	7.24	5.61	4.62	4.04	5.28
	Oct	4.50	7.85	3.47	0.97	6.53	5.57	4.32	4.02	5.12
	Nov	3.86	5.81	3.50	0.94	5.93	5.25	4.37	3.81	4.44
	Dec	3.57	4.24	3.47	0.94	5.51	4.94	5.35	4.04	4.36
2010	Jan	4.46	5.56	3.50	2.30	5.59	5.11	6.02	4.45	4.82
	Feb	4.83	6.51	3.20	3.06	4.53	4.89	6.16	4.31	4.99
	Mar	4.97	6.82	3.24	3.18	3.80	4.69	6.51	4.63	4.84
	Apr	4.27	4.49	3.48	2.91	3.24	4.34	6.90	4.14	4.94
	May	3.92	3.00	3.51	2.79	2.64	4.21	7.48	4.23	4.99
	Jun	3.69	2.01	3.46	2.93	2.04	3.97	7.76	4.38	4.85
	Jul	3.64	1.82	3.23	3.04	1.72	3.73	7.83	4.42	4.73
	Aug	3.68	2.12	3.34	3.27	1.55	3.77	7.22	4.18	4.82
	Sep	3.70	1.83	3.21	3.49	1.78	4.04	7.31	4.31	4.71
	Oct	4.02	3.27	3.36	3.19	2.37	4.25	7.12	4.33	4.74
	Nov	4.32	4.44	3.38	3.18	2.71	4.29	7.04	4.26	4.71
	Dec	4.40	5.29	3.34	2.92	2.66	4.27	6.88	3.89	4.82

Table A 18
Inflation: CPI, Core and Complementary CPI Subindices
Annual change in percent

	Month	CPI	Core (new definition)1/	Merchandise	Services (new definition)	Non-core (new definition)	Agricultural	Administered and Regulated	Core (previous definition) 2/	Services (previous definition)	Non-core (previous definition)
2001	Dec	4.40	5.51	3.85	7.66	1.87	1.35	2.21	5.08	6.87	3.08
2002	Dec	5.70	4.24	1.95	6.84	9.85	8.65	10.96	3.77	6.23	10.05
2003	Dec	3.98	4.03	2.62	5.39	3.82	3.65	3.91	3.66	4.84	4.66
2004	Dec	5.19	4.08	3.87	4.28	8.35	10.11	7.51	3.80	3.72	8.20
2005	Dec	3.33	3.41	2.82	3.95	3.13	-0.18	4.76	3.12	3.46	3.76
2006	Dec	4.05	3.79	3.38	4.16	4.79	8.30	3.14	3.61	3.87	4.96
2007	Dec	3.76	4.14	4.52	3.80	2.71	3.42	2.37	4.00	3.43	3.27
2008	Dec	6.53	5.73	6.45	5.07	8.72	11.63	7.27	5.73	4.93	8.15
2009	Jan	6.28	5.76	6.80	4.80	7.71	10.67	6.25	5.77	4.64	7.32
	Feb	6.20	5.78	6.98	4.68	7.36	11.08	5.56	5.77	4.44	7.08
	Mar	6.04	5.83	7.10	4.67	6.62	10.62	4.66	5.83	4.44	6.47
	Apr	6.17	5.81	7.17	4.55	7.18	11.97	4.77	5.81	4.32	6.91
	May	5.98	5.56	7.02	4.20	7.17	13.39	4.01	5.54	3.89	6.90
	Jun	5.74	5.39	6.87	4.01	6.72	13.47	3.32	5.36	3.69	6.52
	Jul	5.44	5.32	6.79	3.96	5.75	12.14	2.51	5.30	3.65	5.72
	Aug	5.08	5.10	6.48	3.80	5.04	11.58	1.74	5.10	3.55	5.05
	Sep	4.89	4.92	6.38	3.56	4.82	12.76	0.80	5.00	3.45	4.69
	Oct	4.50	4.90	6.50	3.42	3.38	8.76	0.69	4.98	3.28	3.53
	Nov	3.86	4.59	6.06	3.22	1.90	4.41	0.64	4.63	3.04	2.32
	Dec	3.57	4.46	5.57	3.41	1.20	1.66	0.97	4.49	3.27	1.75
2010	Jan	4.46	4.70	5.73	3.73	3.80	4.96	3.21	4.74	3.63	3.88
	Feb	4.83	4.60	5.56	3.70	5.46	7.37	4.49	4.64	3.62	5.21
	Mar	4.97	4.40	5.11	3.73	6.53	9.11	5.19	4.43	3.66	6.07
	Apr	4.27	4.11	4.68	3.58	4.70	3.71	5.24	4.11	3.47	4.59
	May	3.92	4.10	4.37	3.84	3.41	0.16	5.20	4.10	3.79	3.54
	Jun	3.69	3.94	3.99	3.90	2.99	-1.77	5.62	3.93	3.86	3.21
	Jul	3.64	3.79	3.70	3.88	3.20	-1.93	6.05	3.76	3.84	3.38
	Aug	3.68	3.68	3.57	3.78	3.67	-0.86	6.18	3.61	3.65	3.82
	Sep	3.70	3.62	3.46	3.77	3.92	-1.02	6.73	3.52	3.60	4.07
	Oct	4.02	3.58	3.52	3.63	5.27	3.10	6.44	3.48	3.43	5.15
	Nov	4.32	3.63	3.69	3.58	6.20	5.59	6.52	3.54	3.37	5.91
	Dec	4.40	3.61	3.82	3.41	6.60	6.96	6.41	3.51	3.16	6.22

1/ This indicator includes the Merchandise and Services price subindices. The Merchandise price subindex is composed of the following items: processed foods, beverages, tobacco and other merchandise. The Services price subindex is composed of the following items: housing (homes), education (tuitions), and other services.
2/ This definition of Core inflation excludes the item education (tuitions).
For more details on the definition of these indicators, see Inflation Report July-September 2007, Annex 1, pp. 48-53.

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	Dec	107.969	7.97	-0.29	105.254	5.25	0.41	106.524	6.52	0.08
2005	Dec	110.625	2.46	0.45	110.098	4.60	0.34	110.344	3.59	0.39
2006	Dec	118.502	7.12	0.30	114.341	3.85	0.14	116.287	5.39	0.21
2007	Dec	122.870	3.69	0.00	118.296	3.46	0.31	120.436	3.57	0.16
2008	Jan	123.907	4.32	0.84	118.744	3.55	0.38	121.160	3.92	0.60
	Feb	125.284	5.05	1.11	119.133	3.48	0.33	122.011	4.23	0.70
	Mar	126.575	5.43	1.03	119.736	3.83	0.51	122.936	4.59	0.76
	Apr	127.512	6.08	0.74	120.086	4.02	0.29	123.560	5.01	0.51
	May	128.064	7.29	0.43	120.405	4.23	0.27	123.988	5.68	0.35
	Jun	128.829	7.72	0.60	121.479	4.21	0.89	124.918	5.87	0.75
	Jul	130.002	8.20	0.91	121.962	4.24	0.40	125.723	6.12	0.64
	Aug	130.085	7.20	0.06	122.216	4.32	0.21	125.897	5.69	0.14
	Sep	130.787	6.94	0.54	122.604	4.62	0.32	126.433	5.73	0.43
	Oct	134.145	9.56	2.57	123.358	5.04	0.61	128.405	7.20	1.56
	Nov	135.297	10.12	0.86	123.996	5.14	0.52	129.283	7.52	0.68
	Dec	135.749	10.48	0.33	124.521	5.26	0.42	129.774	7.75	0.38
2009	Jan	136.195	9.92	0.33	124.957	5.23	0.35	130.215	7.47	0.34
	Feb	137.475	9.73	0.94	125.297	5.17	0.27	130.994	7.36	0.60
	Mar	138.298	9.26	0.60	126.404	5.57	0.88	131.968	7.35	0.74
	Apr	136.900	7.36	-1.01	126.285	5.16	-0.09	131.251	6.22	-0.54
	May	136.225	6.37	-0.49	126.516	5.08	0.18	131.058	5.70	-0.15
	Jun	136.350	5.84	0.09	127.088	4.62	0.45	131.421	5.21	0.28
	Jul	136.495	4.99	0.11	128.079	5.02	0.78	132.016	5.01	0.45
	Aug	136.797	5.16	0.22	128.286	4.97	0.16	132.268	5.06	0.19
	Sep	138.392	5.81	1.17	128.252	4.61	-0.03	132.996	5.19	0.55
	Oct	138.040	2.90	-0.25	128.568	4.22	0.25	132.999	3.58	0.00
	Nov	138.514	2.38	0.34	129.137	4.15	0.44	133.524	3.28	0.39
	Dec	138.451	1.99	-0.05	130.172	4.54	0.80	134.045	3.29	0.39
2010	Jan	139.751	2.61	0.94	130.098	4.11	-0.06	134.614	3.38	0.42
	Feb	141.051	2.60	0.93	130.225	3.93	0.10	135.290	3.28	0.50
	Mar	141.878	2.59	0.59	131.250	3.83	0.79	136.222	3.22	0.69
	Apr	141.175	3.12	-0.50	131.200	3.89	-0.04	135.867	3.52	-0.26
	May	141.035	3.53	-0.10	132.312	4.58	0.85	136.393	4.07	0.39
	Jun	140.914	3.35	-0.09	132.848	4.53	0.41	136.621	3.96	0.17
	Jul	141.264	3.49	0.25	133.601	4.31	0.57	137.186	3.92	0.41
	Aug	141.698	3.58	0.31	133.168	3.81	-0.32	137.159	3.70	-0.02
	Sep	142.266	2.80	0.40	133.202	3.86	0.03	137.443	3.34	0.21
	Oct	142.637	3.33	0.26	132.904	3.37	-0.22	137.458	3.35	0.01
	Nov	143.500	3.60	0.61	133.296	3.22	0.29	138.070	3.40	0.45
	Dec	144.529	4.39	0.72	134.159	3.06	0.65	139.010	3.70	0.68

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

Item	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
PPI merchandise and services	**4.33**	**5.67**	**4.52**	**6.52**	**3.59**	**5.39**	**3.57**	**7.75**	**3.29**	**3.70**
Domestic demand	4.89	5.31	4.11	6.67	3.99	5.25	3.67	7.24	3.32	3.44
Private consumption	4.90	5.53	3.79	5.56	4.56	4.03	3.70	6.24	4.07	3.33
Goverment consumption	9.02	5.53	4.41	4.93	5.26	5.38	5.13	5.36	4.91	4.10
Investment	3.19	4.35	5.30	12.85	0.82	10.77	2.81	12.55	-0.53	3.58
Exports	-0.99	9.27	8.56	5.48	0.63	6.41	2.81	11.61	3.11	5.61
PPI merchandise	**2.61**	**6.29**	**6.24**	**7.97**	**2.46**	**7.12**	**3.69**	**10.48**	**1.99**	**4.39**
Domestic demand	3.42	5.81	5.79	8.61	3.21	7.16	3.90	10.07	1.92	4.05
Private consumption	3.61	6.26	5.25	6.00	4.84	4.94	4.60	8.42	3.64	4.40
Goverment consumption	2.59	4.19	5.71	9.82	4.22	6.64	4.81	8.96	2.28	4.60
Investment	3.06	4.93	6.92	13.03	0.56	10.91	2.75	12.77	-0.76	3.48
Exports	-4.73	11.07	10.38	5.44	-0.58	6.94	2.79	12.25	2.30	5.79
PPI services	**5.77**	**5.19**	**3.13**	**5.25**	**4.60**	**3.85**	**3.46**	**5.26**	**4.54**	**3.06**
Domestic demand	6.11	4.91	2.73	5.23	4.59	3.81	3.49	5.04	4.46	2.96
Private consumption	5.79	5.04	2.80	5.32	4.41	3.53	3.20	5.03	4.32	2.72
Goverment consumption	9.44	5.61	4.33	4.58	5.34	5.29	5.15	5.09	5.12	4.06
Investment	3.75	1.99	-1.44	7.13	9.34	6.70	4.59	5.89	6.84	6.67
Exports	2.30	8.12	7.28	5.65	4.93	4.63	2.88	9.40	5.99	4.97

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

Item	2002	2003	2004	2005	2006	2007	2008	2009	2010
PPI merchandise and services	**5.67**	**4.52**	**6.52**	**3.59**	**5.39**	**3.57**	**7.75**	**3.29**	**3.70**
Primary sector	11.04	3.20	8.58	8.00	10.77	5.17	11.88	2.95	13.81
Agriculture, livestock, w ood and fishing	10.40	1.75	8.08	8.32	8.42	4.45	14.16	-0.51	13.20
Mining	24.13	29.72	13.12	5.22	31.48	10.39	-3.82	31.26	17.60
Secondary sector	5.03	6.48	7.78	1.90	6.89	3.53	10.30	1.99	3.44
Manufacturing	5.00	6.21	5.10	2.46	4.81	3.82	9.03	3.38	3.23
Food, beverages and tobacco	4.06	6.30	7.27	3.85	5.33	6.08	8.44	5.80	3.87
Textils, apparel and leather	3.87	4.12	2.88	2.73	3.25	1.50	5.11	2.94	3.40
Timber	1.37	4.77	8.68	3.31	5.93	2.17	5.21	4.10	3.89
Paper, printing and publishing	3.65	3.85	2.96	3.97	3.90	3.18	12.08	5.02	3.06
Chemicals, oil and plastics	6.77	7.13	8.98	6.53	4.98	6.62	8.56	2.52	5.34
Non-metallic minerals	2.55	5.07	1.59	0.90	7.36	3.52	8.20	0.41	2.60
Basic metal industries	9.66	15.71	48.87	1.69	28.22	5.86	18.49	4.45	29.75
Metal products, machines and equipment	5.33	6.07	1.43	-0.70	3.35	0.67	10.10	0.96	-0.33
Other manufactures	7.37	4.38	2.68	-0.12	6.72	6.06	13.96	8.73	5.99
Construction	5.11	7.27	14.49	0.61	11.76	2.90	13.08	-0.95	3.89
Tertiary sector	5.76	3.23	5.44	4.60	3.88	3.48	5.47	4.37	3.12
Electricity and gas	33.64	7.87	11.32	4.41	4.60	4.07	11.70	-0.33	4.90
Commerce, restaurants and hotels	3.41	0.73	5.22	3.94	3.83	3.96	6.02	3.55	3.69
Transportation and communications	4.95	3.96	8.23	5.94	2.87	2.73	6.07	6.86	2.73
Leasing	6.58	4.44	3.63	2.85	3.30	2.72	3.62	2.16	2.24
Community, personal and social services	7.17	5.30	4.04	4.76	4.88	4.21	5.27	4.36	3.51

Table A 22
Construction Cost Index [1/]
Annual change in percent and contributions

Item	General				Residential			
	Annual change		Incidence		Annual change		Incidence	
	Dec-2009 / Dec-2008	Dec-2010 / Dec-2009	Dec-2009 / Dec-2008	Dec-2010 / Dec-2009	Dec-2009 / Dec-2008	Dec-2010 / Dec-2009	Dec-2009 / Dec-2008	Dec-2010 / Dec-2009
General index	-0.93	4.80	-0.93	4.80	-0.33	4.54	-0.33	4.54
Construction materials subindex	-1.84	5.16	-1.49	4.14	-1.30	4.92	-1.01	3.77
Non-metal minerals	2.58	3.16	0.17	0.22	2.49	3.14	0.21	0.27
Cement and concrete	0.14	5.37	0.02	0.78	-0.13	5.42	-0.03	1.08
Cementing materials	3.26	5.01	0.06	0.10	2.49	4.72	0.08	0.16
Clay materials	0.21	2.85	0.01	0.07	0.19	3.03	0.01	0.15
Concrete materials	0.98	1.82	0.03	0.05	0.73	1.59	0.04	0.09
Concrete structures	-0.25	3.24	0.00	0.04	-0.68	3.03	-0.02	0.09
Other concrete materials	0.70	2.51	0.00	0.02	0.70	2.51	0.01	0.03
Other non-metal mineral products	-3.32	3.05	-0.03	0.03	-3.28	3.05	-0.02	0.02
Timber products	1.80	3.03	0.03	0.05	2.99	3.14	0.08	0.09
Paint and other similar materials	-0.27	5.01	0.00	0.09	-0.82	6.12	-0.01	0.11
Plastic materials	-4.76	5.37	-0.05	0.05	-3.20	4.71	-0.02	0.03
Other chemical products	-10.00	7.40	-0.53	0.35	-10.00	7.40	-0.04	0.03
Metal products	-7.13	5.54	-0.93	0.68	-7.69	3.53	-0.37	0.16
Wire products	-8.83	5.22	-0.69	0.37	-9.39	5.28	-1.12	0.57
Electric equipment	2.24	1.71	0.20	0.16	2.09	3.77	0.02	0.03
Electric accessories	6.34	15.71	0.22	0.57	6.38	16.07	0.16	0.44
Furniture and accessories	3.14	2.39	0.02	0.02	2.83	2.30	0.05	0.04
Other materials and accessories	-0.36	7.70	-0.02	0.48	-0.59	11.94	-0.02	0.39
Rented machinery and equipment subindex	1.82	3.24	0.02	0.05	1.82	3.24	0.02	0.03
Worker earnings subindex	3.07	3.32	0.54	0.61	3.07	3.32	0.66	0.74

1/This indicator, published since January 2004, and 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: Annual increase (percent)	Total: Number of workers (thousand)	Total: Number of firms	Manufactures: Annual change (percent)	Manufactures: Number of workers (thousand)	Manufactures: Number of firms
2000 Average	12.4	1,819	5,358	13.3	624.4	2,352
2001 Average	9.1	1,732	5,679	10.0	575.5	2,345
2002 Average	5.8	1,757	5,487	6.4	549.8	2,446
2003 Average	4.7	1,763	5,337	5.2	526.4	2,294
2004 Average	4.1	1,776	5,920	4.6	534.7	2,431
2005 Average	4.4	1,783	5,957	4.7	541.2	2,476
2006 Average	4.1	1,684	5,819	4.4	482.7	2,433
2007 Average	4.2	1,858	6,251	4.4	566.8	2,546
2008 Average	4.4	1,910	6,308	4.7	557.5	2,768
2009 Average	4.4	1,824	6,645	4.4	511.5	2,930
2010 Average	4.3	1,882	6,825	4.8	560.0	3,268
2007 Jan	4.0	228.2	576	4.4	89.7	239
Feb	4.3	147.1	675	4.4	87.0	339
Mar	4.3	155.2	813	4.5	62.6	364
Apr	4.3	221.0	677	4.4	40.4	191
May	4.3	102.9	566	4.7	35.4	241
Jun	4.7	56.8	567	4.4	30.3	237
Jul	4.4	189.6	296	5.6	18.6	108
Aug	4.1	77.8	527	4.3	35.7	206
Sep	4.2	81.3	405	4.2	61.8	181
Oct	4.1	506.1	446	4.5	57.6	202
Nov	4.4	68.4	403	4.3	34.5	146
Dec	4.5	23.8	300	4.6	13.3	92
2008 Jan	4.4	187.8	611	4.4	48.8	258
Feb	4.4	154.2	724	4.5	86.2	369
Mar	4.4	171.8	642	4.4	60.6	326
Apr	4.4	267.9	732	4.6	70.4	347
May	4.7	85.0	525	4.9	41.9	241
Jun	4.4	64.0	519	4.6	29.7	242
Jul	4.8	199.3	343	5.2	21.4	146
Aug	4.7	75.7	466	4.8	40.1	190
Sep	4.8	104.9	476	4.8	62.2	229
Oct	4.1	471.9	611	4.9	30.4	181
Nov	4.6	76.6	347	4.6	55.1	124
Dec	4.7	50.6	312	4.7	10.6	115
2009 Jan	4.6	187.4	599	4.7	43.0	288
Feb	4.1	129.9	685	4.2	75.6	351
Mar	4.5	154.8	711	4.5	49.2	297
Apr	4.3	83.3	519	4.4	44.7	242
May	4.6	206.6	612	4.3	41.5	294
Jun	4.1	88.9	732	4.0	32.4	294
Jul	4.9	221.0	406	3.8	27.0	176
Aug	4.3	76.6	596	4.1	39.8	244
Sep	4.6	93.6	562	4.7	53.1	211
Oct	4.1	513.3	545	4.6	75.8	256
Nov	4.2	43.3	430	4.8	16.7	164
Dec	5.2	25.5	248	5.7	12.7	113
2010 Jan	4.4	146.6	519	4.7	49.7	276
Feb	4.5	198.2	690	4.8	72.6	362
Mar	4.6	131.2	804	4.7	66.9	380
Apr	4.8	225.0	714	4.8	59.7	351
May	4.8	86.7	690	4.8	40.1	349
Jun	4.6	101.1	640	4.4	41.9	279
Jul	4.8	221.6	471	4.9	29.1	253
Aug	4.9	101.4	568	5.0	50.4	253
Sep	4.8	50.5	392	4.9	33.3	211
Oct	3.5	528.5	510	4.9	81.2	247
Nov	4.9	58.6	509	5.1	22.4	183
Dec	4.3	32.4	318	4.6	12.7	124

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

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

Table A 24
Nominal Earnings and Output per Worker (ENOE)
Annual change in percent

Period		Nominal Earnings	Output per Worker	
			Total	Manufactures
2006	Average	6.8	2.3	3.0
2007	Average	5.3	1.5	1.6
2008	Average	2.4	0.4	1.7
2009	Average	0.0	-6.5	-5.0
2010[1/]	Average	1.4	3.8	7.0
2007	I	6.7	1.3	0.2
	II	7.0	1.2	0.7
	III	4.6	2.7	4.9
	IV	2.9	1.0	0.7
2008	I	4.6	0.2	1.9
	II	2.2	0.6	0.3
	III	0.6	0.0	0.6
	IV	2.0	1.0	3.8
2009	I	-1.3	-6.3	-9.2
	II	2.2	-8.5	-6.8
	III	0.7	-6.2	-4.0
	IV	-1.4	-4.8	-0.1
2010	I	0.9	2.8	7.7
	II	-0.3	4.5	9.8
	III	2.9	3.9	3.6
	IV[2/]	2.2	n.a.	n.a.

1/ The information referring to output per worker corresponds to the average of the first three quarters of the year.
2/ The data corresponding to output per worker are not available because INEGI did not publish the figures on the employed population. This is due to the fact that the abovementioned data are aligned with the demographic projections based on the definite results of the Census 2010, which are still not available for the public. Once these data are available, the absolute quarterly figures of ENOE will be published.
n.a. Not available.
Source: Prepared by Banco de México with data from INEGI.

Table A 25
Minimum Wage
MXN per day

Term Starting Date	National Average [1/]	Geographic Region [2/]		
		A	B	C
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
2008 January 1	50.84	52.59	50.96	49.50
2009 January 1	53.19	54.80	53.26	51.95
2010 January 1	55.77	57.46	55.84	54.47
2011 January 1	58.06	59.82	58.13	56.70

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).
Source: Minimum Wage Commission.

Monetary and Financial Indicators

Table A 26
Main Monetary and Financial Indicators

	2007	2008	2009	2010
Monetary aggregates 1/	Real annual change in percent			
Monetary base	8.28	7.11	10.12	5.26
M1	5.48	2.80	7.23	5.44
M4	6.94	6.96	7.54	5.71
Domestic financial saving 2/	6.87	7.04	7.39	5.70
	Percent of GDP			
Monetary base	3.69	3.86	4.57	4.55
M1	10.40	10.43	12.04	12.01
M4	47.50	49.56	57.38	57.38
Domestic financial saving 2/	44.22	46.17	53.39	53.38
Nominal interest rates 3/	Annual rates in percent			
28-day TIIE	7.66	8.28	5.93	4.91
28-day Cetes	7.19	7.68	5.43	4.40
CPP	5.00	5.69	4.25	3.41
CCP	5.99	6.73	5.07	4.17
Exchange rate 4/	MXN/USD			
To settle liabilities denominated in foreign currency	10.8662	13.5383	13.0587	12.3571
Mexican stock exchange 4/	Index base October 1978=100			
Stock exchange benchmark index (IPC)	29,537	22,380	32,120	38,551

1/ Average of outstanding stocks at end of month.
2/ Defined as monetary aggregate M4 less banknotes and coins held by the public.
3/ Average of daily or weekly observations.
4/ At end of period.
Source: Banco de México and Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV).

Table A 27
Monetary Aggregates
Stocks in MXN billion

End of Period		Monetary Base	M1	M2	M3	M4	Domestic Financial Saving
		Nominal stocks					
1997		108.9	325.8	1312.9	1343.4	1423.2	1329.0
1998		131.5	388.2	1675.6	1702.1	1788.0	1672.1
1999		188.7	489.9	2048.7	2065.6	2139.3	1975.1
2000		208.9	565.0	2351.3	2379.7	2436.0	2254.0
2001		225.6	680.7	2768.9	2797.4	2846.2	2647.3
2002		263.9	766.5	3056.6	3081.8	3125.6	2893.4
2003		303.6	857.7	3458.4	3492.2	3524.9	3261.3
2004		340.2	946.6	3800.7	3889.8	3928.8	3627.6
2005		380.0	1068.5	4366.1	4503.8	4545.9	4209.7
2006		449.8	1218.5	4972.3	5149.7	5201.4	4811.9
2007		494.7	1350.1	5384.9	5647.7	5720.0	5289.9
2008		577.5	1482.9	6269.9	6596.6	6680.6	6186.2
2009		632.0	1614.6	6661.8	7042.5	7116.3	6579.2
2010	Jan	600.4	1548.9	6661.8	7056.6	7131.5	6611.7
	Feb	584.2	1519.0	6633.4	7049.5	7122.6	6609.3
	Mar	597.2	1525.8	6716.3	7165.9	7235.7	6718.9
	Apr	574.4	1505.1	6711.1	7207.1	7289.9	6781.1
	May	582.6	1528.7	6806.2	7303.5	7388.7	6871.1
	Jun	577.8	1558.6	6869.4	7373.9	7457.2	6942.2
	Jul	593.2	1564.2	6976.6	7521.5	7602.5	7076.2
	Aug	584.1	1563.2	7049.9	7617.9	7700.9	7181.9
	Sep	589.3	1577.5	7078.8	7685.7	7763.7	7249.4
	Oct	590.0	1583.6	7106.9	7785.9	7875.5	7352.3
	Nov	605.7	1629.2	7086.7	7779.9	7862.0	7330.0
	Dec	693.4	1833.3	7203.2	7947.4	8032.6	7433.3
		Average stocks as percentage of GDP 1/					
2004		3.31	9.74	41.58	42.31	42.74	39.77
2005		3.44	10.04	43.63	44.93	45.37	42.28
2006		3.57	10.35	44.59	46.18	46.60	43.41
2007		3.69	10.40	45.09	46.94	47.50	44.22
2008		3.86	10.43	46.24	48.96	49.56	46.17
2009		4.57	12.04	54.00	56.74	57.38	53.39
2010		4.55	12.01	52.58	56.77	57.38	53.38

The Monetary Base includes banknotes and coins in circulation plus the net creditor balance of commercial and development banks' current accounts at Banco de México.
M1 includes banknotes and coins held by the public plus domestic private sector deposits in checking accounts and in current accounts.
M2 includes M1 plus domestic private sector bank deposits and savings and loans entities' deposits (other than deposits in checking and current accounts) plus federal government and private sector securities held by the resident private sector, and housing 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 includes M3 plus deposits in Mexican banks' agencies abroad.
Domestic Financial Saving is equal to M4 less banknotes and coins held by the public.
1/ GDP (base 2003) annual average.

Table A 28
Monetary Base
Stocks in MXN billion

End of period	Monetary base	Liabilities: Banknotes and coins in circulation [1/]	Liabilities: Bank deposits	Assets: Net domestic credit	Assets: Net international assets [2/]
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	380.034	380.034	0.000	-408.133	788.167
2006	449.821	449.821	0.000	-375.146	824.967
2007	494.743	494.743	0.000	-457.484	952.227
2008	577.543	577.542	0.000	-739.750	1317.293
2009	632.032	631.938	0.095	-672.860	1304.892
Jan	552.789	548.576	4.212	-740.615	1293.404
Feb	539.232	539.232	0.000	-819.117	1358.349
Mar	533.819	533.819	0.000	-678.531	1212.350
Apr	537.332	537.331	0.001	-628.760	1166.093
May	536.607	536.606	0.001	-558.822	1095.429
Jun	531.630	531.630	0.001	-542.044	1073.675
Jul	541.062	541.062	0.000	-545.611	1086.673
Aug	529.496	529.495	0.000	-597.953	1127.449
Sep	524.786	524.786	0.000	-660.266	1185.052
Oct	534.521	534.521	0.000	-630.678	1165.199
Nov	547.653	547.653	0.000	-624.000	1171.653
Dec	632.032	631.938	0.095	-672.860	1304.892
2010					
Jan	600.422	600.422	0.001	-683.726	1284.149
Feb	584.172	584.171	0.001	-693.645	1277.816
Mar	597.194	597.194	0.001	-656.091	1253.285
Apr	574.363	574.363	0.000	-698.971	1273.334
May	582.624	582.623	0.001	-759.173	1341.797
Jun	577.816	577.815	0.000	-778.466	1356.282
Jul	593.183	593.182	0.000	-792.636	1385.819
Aug	584.119	584.119	0.000	-885.180	1469.299
Sep	589.263	588.092	1.171	-843.575	1432.838
Oct	590.030	590.030	0.000	-844.927	1434.957
Nov	605.690	605.690	0.000	-858.438	1464.128
Dec	693.423	693.423	0.000	-796.192	1489.615

1/ Banknotes 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 29
Monetary Aggregates M1, M2, M3 and M4
Stock in MXN billion

	December					
	2005	2006	2007	2008	2009	2010
1. Banknotes and coins held by the public	336.2	389.6	430.1	494.4	537.1	599.4
2. Checking accounts (MXN)	471.7	532.7	604.8	623.4	654.9	794.1
3. Checking accounts (USD)	95.3	97.7	97.7	117.8	139.5	128.1
4. Current account deposits	163.0	195.7	214.2	244.1	276.7	304.4
5. Savings and loan companies' demand deposits	2.4	2.9	3.3	3.2	6.5	7.3
6. M1 = (1+2+3+4+5)	**1,068.5**	**1,218.5**	**1,350.1**	**1,482.9**	**1,614.6**	**1,833.3**
7. Resident bank deposits	858.6	859.8	982.5	1,235.7	1,214.4	1,213.3
8. Savings and loan companies' bank deposits	11.8	14.2	16.1	18.0	40.9	46.5
9. Public securities held by residents 1/	1,776.4	2,131.5	2,213.2	2,422.8	2,654.7	2,873.8
Federal government securities	838.7	1,212.9	1,326.5	1,591.3	1,784.1	1,866.7
Banco de México securities (BREMS)	213.1	82.9	11.8	1.0	1.0	1.0
IPAB securities	445.3	490.9	548.0	484.3	485.5	537.8
Other public securities	279.4	344.9	326.9	346.2	384.1	468.3
10. Private securities 1/	213.6	248.4	297.5	307.8	296.6	328.2
11. Housing and other funds 2/	437.1	499.8	525.6	802.8	840.5	908.1
12. M2=(6+7+8+9+10+11)	**4,366.1**	**4,972.3**	**5,384.9**	**6,269.9**	**6,661.8**	**7,203.2**
13. Non-resident bank deposits	24.5	32.6	35.1	48.0	54.4	108.1
14. Public securities held by non-residents	113.2	144.8	227.7	278.7	326.3	636.1
15. M3=(12+13+14)	**4,503.8**	**5,149.7**	**5,647.7**	**6,596.6**	**7,042.5**	**7,947.4**
16. Resident deposits in Mexican bank agencies abroad	27.3	42.8	47.9	53.6	45.0	43.1
17. Non-resident deposits in Mexican bank agencies abroad	14.7	8.9	24.4	30.4	28.9	42.1
18. M4=(15+16+17)	**4,545.9**	**5,201.4**	**5,720.0**	**6,680.6**	**7,116.3**	**8,032.6**

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) and the Pensionissste (for its acronym in Spanish).

Table A 30
Credit Market Conditions Survey (Results up to Fourth Quarter of 2010)[1/]

Item	Total					4th quarter of 2010				
	2009	2010				By size of firm		By economic activity [2/]		
	4th	1st	2nd	3rd	4th	Up to 100 workers	More than 100 workers	Manufactures	Services and commerce	Rest
TOTAL FINANCING										
Percentage of firms										
Firms receiving financing: [3/]	**94.5**	**93.4**	**93.1**	**92.3**	**91.6**	**89.9**	**92.5**	**92.8**	**90.6**	**92.5**
Source: [4/]										
Suppliers	81.5	80.4	82.1	82.7	81.1	78.9	82.3	83.2	79.7	80.9
Commercial banks	28.9	27.8	31.8	29.3	33.9	29.2	36.6	32.2	33.5	42.7
Foreign banks	4.0	3.0	3.6	3.2	5.3	3.3	6.5	6.6	5.3	1.0
Firms from the corportate group/headquarters	18.7	19.2	20.7	19.2	23.1	17.0	26.6	24.7	23.0	17.9
Development banks	2.1	2.1	2.7	1.8	3.9	2.4	4.8	5.6	2.5	6.1
Through bond issuance	3.3	2.8	2.6	2.5	2.9	1.0	4.0	2.5	3.5	1.4
Firms granting financing: [3/]	**82.5**	**79.8**	**79.4**	**79.8**	**82.6**	**80.6**	**83.7**	**86.6**	**81.5**	**73.7**
Destined for: [4/]										
Clients	78.3	77.6	76.9	77.0	78.3	76.4	79.4	81.8	77.3	70.9
Suppliers	8.9	9.4	7.8	10.5	18.9	17.5	19.7	22.3	16.4	21.1
Other firms from the same corporate group	12.0	10.2	9.0	11.0	14.9	11.0	17.1	12.8	15.9	16.5
Other	0.7	0.6	0.0	0.2	0.0	0.1	0.0	0.0	0.0	0.5
Average maturity of financing granted (days) to:										
Clients	64	58	63	62	52	46	56	45	57	53
Suppliers	42	47	54	46	52	36	60	69	41	37
Other firms from the same corporate group	69	89	76	73	64	57	67	45	73	70
Firms expecting to request credit in the following three months: [3/]	**30.1**	**33.5**	**29.3**	**28.5**	**30.4**	**23.3**	**34.3**	**30.6**	**36.8**	**37.9**

1/ Nationwide sample of at least 450 firms. Responses are voluntary and confidential.
2/ Manufacturing sector and Services and commerce sector are the only representative at the national level.
3/ Since the press release of the first quarter of 2010 the results are presented as a percentage of the total of firms. In the previous press releases this information was presented as a percentage of responses.
4/ Total percentage may be above 100 because this question allows to choose more than one option as an answer.

Table A 31
Credit Market Conditions Survey (Results up to Fourth Quarter of 2010)[1/]
Percentage of responses

Item	Total					4th quarter of 2010				
	2009	2010				By size of firm		By economic activity [2/]		
	4th	1st	2nd	3rd	4th	Up to 100 workers	More than 100 workers	Manufactures	Services and commerce	Remaining
BANK CREDIT MARKET [3/]										
Percentage of firms										
Firms with bank liabilities at the beginning of the quarter:	**44.7**	**46.6**	**48.5**	**43.6**	**46.5**	**39.7**	**50.4**	**47.2**	**44.0**	**59.1**
Firms receving new bank credits: [4/]	**24.0**	**23.3**	**24.2**	**21.6**	**25.6**	**18.5**	**29.7**	**29.3**	**23.2**	**26.3**
Destined for: [5/]										
Working capital	87.0	84.2	86.8	79.4	75.7	91.4	70.1	82.9	68.0	85.7
Liability restructuring	12.0	14.8	10.4	9.0	15.6	10.5	17.3	12.0	19.0	12.4
Foreign trade transactions	11.9	4.4	7.0	5.6	3.0	3.7	2.8	5.1	1.9	0.0
Investment	26.3	18.9	20.6	23.9	20.5	9.9	24.3	25.7	16.8	17.9
Other purposes	4.9	2.0	4.3	6.4	6.7	3.7	7.8	3.4	10.6	0.0
General conditions of access to bank credit:										
Distribution Rates [6/]										
Amounts offered	58.7	58.9	56.3	57.2	56.9	53.5	58.1	59.4	54.5	58.2
Terms offered	56.8	60.3	53.8	53.8	59.2	58.3	59.5	58.6	60.3	56.3
Collateral requirements	44.1	48.6	44.8	44.6	45.9	41.4	47.4	45.3	47.6	41.1
Credit resolution time	42.8	47.7	44.2	48.0	44.6	42.6	45.3	46.3	44.1	40.3
Problems to refinance credits	47.1	53.9	51.1	47.4	48.8	48.6	48.9	48.9	49.9	43.8
Other requirements of the bank	43.9	48.8	48.6	43.0	42.7	38.7	44.3	44.5	42.2	38.4
General conditions of the bank credit cost:										
Distribution Rates [7/]										
Banking interest rates	50.9	56.2	53.1	55.7	55.2	50.6	56.9	61.7	51.2	47.4
Commissions and other spendings	41.0	46.6	42.0	49.1	45.0	42.3	46.0	45.3	46.4	37.1
Firms that did not receive new bank credits: [4/]	**76.0**	**76.6**	**75.8**	**78.4**	**74.5**	**81.5**	**70.3**	**70.8**	**76.8**	**73.7**
Applied for and are going through the authorization process	4.4	5.2	5.5	5.6	5.6	5.8	5.4	4.2	6.7	4.2
Applied for and were rejected	1.1	1.1	1.4	1.5	2.1	2.7	1.7	2.1	1.9	3.2
Applied for, but rejected it because it was too expensive	-	-	-	-	1.6	3.5	0.6	0.5	2.2	2.4
Did not apply for	70.4	70.3	68.9	71.2	65.2	69.5	62.6	64.0	66.0	63.9
Limiting factors to apply for or receive new credits: [8/]										
General economic situation	-	-	-	-	58.5	65.2	54.2	50.8	62.4	62.9
Access to public support	-	-	-	-	42.0	52.0	35.4	32.9	45.6	53.4
Sales and profitability of the firm	-	-	-	-	49.6	60.3	42.6	38.1	56.2	51.4
Firm's capitalization	-	-	-	-	41.5	49.0	36.5	30.5	47.0	47.0
Firm's credit history	-	-	-	-	32.4	38.8	28.2	23.1	37.1	37.5
Banks' disposition of granting credits	-	-	-	-	45.8	56.7	38.7	38.5	50.4	44.3
Difficulties to pay for the service of performing bank debt	-	-	-	-	34.4	45.2	27.3	22.7	40.1	41.9
Interest rates of the bank credit market	-	-	-	-	50.0	60.5	43.1	39.3	54.1	63.6
Conditions to access to bank credit	-	-	-	-	45.9	54.8	40.0	37.8	48.7	58.4
Amounts required as collateral to access the bank credit	-	-	-	-	44.3	53.7	38.1	32.6	48.6	59.8
Total firms:										
The conditions of access and the cost of the market of the bank credit are limiting for the firm's operation:										
Major constraint	29.6	30.9	26.8	29.7	21.3	21.7	21.1	19.9	21.9	23.0
Minor constraint	35.0	32.5	33.7	30.8	30.4	35.2	27.7	24.5	32.8	38.4
No constraint	35.4	36.5	39.6	39.5	48.2	43.1	51.2	55.6	45.2	38.6

1/ Sample with the nationwide coverage of at least 450 firms. Responses are voluntary and confidential.

2/ Manufacturing sector and Services and commerce sector are the only representative at national level.

3/ The bank credit market includes commercial banks, development banks and foreign banks.

4/ Since the press release of the first quarter of 2010 the results are presented as a percentage of the total of firms. In the previous press releases, this information was presented as a percentage of responses. The sum of the parts may not add up due to rounding.

5/ The total percentage may be above 100 since firms may choose more than one option.

6/ Distribution rate is defined as the sum of the percentage of firms that mentioned that there were more accessible conditions, plus the half of the percentage of firms that indicated that there were no changes in the access conditions. Under this metrics, when the value of the distribution rate is superior (inferior) to 50 it means that more firms pointed out that they perceived conditions as more accessible (less accessible) in the relevant variable, as compared to the situation observed in the previous quarter.

7/ Distribution rate is defined as the sum of the percentage of firms that mentioned that there were less expensive conditions, plus the half of the percentage of firms that indicated that there was no change. Under this metrics, when the value of the distribution rate is superior (inferior) to 50, it means that more firms pointed out that they perceived less expensive (more expensive) conditions in the relevant variable, as compared to the situation observed in the previous quarter.

8/ See the explanatory note at the end of the press release on the Evolution of Financing to the Firms of the fourth quarter of 2010. Total percentage can be superior to 100 since firms can choose more than one option.

Table A 32
Total Financing to Non-financial Private Sector
Quarterly data
Stocks in MXN million

	Total financing	External Financing		Domestic Financing					
		Foreign direct 1/	Debt instruments placed abroad 2/	From commercial banks 3/	From development banks 3/	From non-bank intermediaries	Debt instruments issued	Infonavit 4/	Fovissste 5/
2007									
Mar	2,872,928	482,358	224,306	1,191,188	49,291	266,347	151,788	507,651	
Jun	2,951,979	476,166	232,406	1,274,042	46,652	253,413	155,505	513,793	
Sep	3,105,532	504,254	232,296	1,377,412	48,068	269,286	155,709	518,508	
Dec	3,319,861	488,742	247,732	1,459,259	50,412	240,818	176,279	533,178	123,441
2008									
Mar	3,398,473	479,227	237,862	1,423,986	50,018	324,478	184,794	568,612	129,495
Jun	3,468,085	489,088	227,056	1,464,424	50,605	334,729	202,461	570,186	129,537
Sep	3,637,948	565,808	237,527	1,460,998	51,645	392,571	216,299	581,239	131,862
Dec	3,836,616	690,675	276,344	1,522,957	69,371	344,775	209,644	585,770	137,082
2009									
Mar	3,874,556	687,817	268,786	1,526,917	74,529	334,423	208,563	625,683	147,838
Jun	3,768,393	617,019	252,375	1,499,613	79,594	328,191	211,526	631,014	149,061
Sep	3,788,102	616,119	257,311	1,503,077	81,212	311,635	229,689	639,831	149,228
Dec	3,785,472	589,245	282,252	1,504,365	84,694	290,592	245,449	639,505	149,371
2010									
Mar	3,826,786	539,401	320,139	1,503,741	87,784	288,277	253,030	685,917	148,497
Jun	3,936,533	544,292	386,876	1,536,268	90,851	285,647	252,178	688,817	151,604
Sep	4,020,288	567,326	382,051	1,579,522	99,365	290,074	254,807	705,377	141,766
Dec	4,111,009	573,773	370,498	1,646,242	106,317	293,244	268,667	709,412	142,856

Note: Figures subject to revision. Stocks may not coincide with components' totals due to rounding.
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 (performing and non-performing), and portfolio associated with debt-restructuring programs (UDIs, EPF IPAB-FOBAPROA and ADES).
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: Infonavit Financial Statements
5/ Non-performing and performing mortgage portfolio from the Public Employees' Housing Fund (*Fondo de Vivienda del Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado,* Fovissste). Source: National Banking and Securities Commission (CNBV, for its acronym in Spanish).

Table A 33
Financial System Flow of Funds Matrix, January - December 2010 [1/]
Flows revalued as a percentage of GDP[2/]

	Resident private sector [3/]			States and municipalities [4/]			Public sector [5/]			Banking sector [6/]			External sector		
	Use of funds (assets)	Source of funds (liabilit.)	*Net financing received*	Use of funds (assets)	Source of funds (liabilit.)	*Net financing received*	Use of funds (assets)	Source of funds (liabilit.)	*Net financing received*	Use of funds (assets)	Source of funds (liabilit.)	*Net financing received*	Use of funds (assets)	Source of funds (liabilit.)	*Net financing received*
	a	b	c = b - a	d	e	f = e - d	g	h	i = h - g	j	k	l = k - j	m	n	o = n - m
1. Change in domestic financial instruments (2 + 7 + 8 + 9)	2.6	1.7	**-1.0**	0.0	0.4	**0.4**	1.2	2.7	**1.5**	-0.6	1.3	**1.9**	2.8		**-2.8**
2. Financial instruments	2.6	0.6	**-2.0**	0.0	0.0	**0.0**	0.1	2.4	**2.3**	0.0	2.5	**2.4**	2.8		**-2.8**
3. Currency (banknotes and coins)	0.5		**-0.5**								0.5	**0.5**			
4. Checkable, time and savings deposits	1.5		**-1.5**	0.0		**0.0**	0.1		**-0.1**		2.0	**2.0**	0.4		**-0.4**
4.1 Non-financial enterprises and other institutions [7/]	1.2		**-1.2**	0.0		**0.0**	0.1		**-0.1**		1.7	**1.7**	0.4		**-0.4**
4.2 Individuals	0.3		**-0.3**								0.3	**0.3**	0.0		**0.0**
5. Securities issued [8/]	0.1	0.2	**0.1**	0.0	0.0	**0.0**		2.2	**2.2**	0.0	0.0	**0.0**	2.4		**-2.4**
6. Retirement and housing funds [9/]	0.5	0.4	**-0.1**					0.1	**0.1**						
7. Financing		0.9	**0.9**		0.4	**0.4**	-1.1	0.7	**1.8**	2.0	-1.1	**-3.1**			
7.1 Non-financial enterprises and other institutions [10/]		0.5	**0.5**		0.4	**0.4**	-1.1	0.7	**1.8**	1.5	-1.1	**-2.7**			
7.2 Households		0.4	**0.4**							0.4	0.0	**-0.4**			
8. Shares and other equity		0.3	**0.3**							0.2		**-0.2**	0.1		**-0.1**
9. Other financial system items [11/]		-0.2	**-0.2**				2.3	-0.4	**-2.6**	-2.8		**2.8**			
10. Change in external financial instruments (11 + 12 + 13 + 14 + 15)	3.1	1.5	**-1.5**	0.0	0.0	**0.0**	0.0	1.2	**1.2**	2.1	0.2	**-1.9**	2.9	5.2	**2.3**
11. Foreign direct investment		1.7	**1.7**										1.7		**-1.7**
12. External financing		0.5	**0.5**					1.2	**1.2**		0.2	**0.2**	1.9		**-1.9**
13. Financial assets held abroad	3.1		**-3.1**				0.0		**0.0**	-0.1		**0.1**		3.0	**3.0**
14. Banco de México international reserves										2.2		**-2.2**		2.2	**2.2**
15. Errors and omissions (balance of payments)		-0.7	**-0.7**										-0.7		**0.7**
16. Statistical discrepancy [12/]		0.0	**0.0**	0.0	0.0	**0.0**							0.0		**0.0**
17. Total change in financial instruments (1+ 10 +16)	5.7	3.2	**-2.5**	0.0	0.4	**0.4**	1.2	3.9	**2.7**	1.5	1.5	**0.0**	5.7	5.2	**-0.5** [13/]

1/ Preliminary figures. Figures may not add up due to rounding.
2/ Excludes the effect of exchange rate fluctuations (MXN/USD).
3/ Private sector includes firms, individuals and non-bank financial intermediaries.
4/ States and municipalities show their position in relation to the banking sector and the debt market.
5/ Public sector measured as Public Sector Borrowing Requirements (*Requerimientos Financieros del Sector Público*, RFSP) including non-recurrent revenues.
6/ 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.
7/ In addition to firms, private sector includes non-bank financial intermediaries.
8/ Includes government securities, IPAB securities, BREMs, private securities and state and municipal securities, and securities held by Siefores.
9/ 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.
10/ In addition to firms, private sector includes individuals with business activities, and non-bank financial intermediaries and securities associated to restructuring programs.
11/ Includes non-classified assets, real estate assets and others, as well as banking sector's capital accounts and balance sheets.
12/ Difference between financial data and data drawn from the balance of payments.
13/ Corresponds to the balance of payments' current account. A negative figure implies external financing to the domestic economy (external sector surplus), which is equivalent to Mexico's current account deficit.

Table A 34
Banco de México's Three-year Bonds (BONDES D)
Weekly auction results

	Maturity (days)	Amount in MXN million			Price			
		Offered	Allotted	Tendered	Weighted placement	Maximum	Minimum allotted	Minimum
21/10/2010	1,071	2,000	2,000	87,059	99.64108	99.64373	99.64094	99.00000
28/10/2010	1,064	2,000	2,000	61,791	99.63265	99.63860	99.62949	99.00000
04/11/2010	1,057	2,000	2,000	96,969	99.63038	99.63729	99.62394	99.00000
11/11/2010	1,050	2,000	2,000	168,209	99.62799	99.63844	99.62591	98.50000
18/11/2010	1,043	2,000	2,000	29,555	99.62366	99.62500	99.62184	99.00000
25/11/2010	1,092	2,000	2,000	26,251	99.60604	99.61700	99.60446	99.00000
02/12/2010	1,085	2,000	2,000	46,322	99.59985	99.60973	99.54090	98.00000
09/12/2010	1,078	2,000	2,000	56,425	99.59394	99.59400	99.59350	98.50000
16/12/2010	1,071	2,000	2,000	3,800	99.53903	99.54960	99.52800	99.00000
23/12/2010	1,064	2,000	2,000	33,800	99.50456	99.50530	99.50381	99.42881
30/12/2010	1,120	2,000	2,000	32,082	99.41787	99.41790	99.36500	98.00000

Table A 35
Representative Interest Rates
Yields on Public Securities
Annual rates in percent 1/

		CETES 2/				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)
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
2007		7.19	7.35	7.48	7.60	7.60	7.70		7.77	7.83	7.83
2008		7.68	7.89	8.02	8.09	8.00	8.24		8.36	8.55	8.44
2009		5.43	5.52	5.60	5.83	6.51	7.41		7.96	8.48	8.79
2010		4.40	4.57	4.68	4.86	5.59	6.35		6.95	7.60	7.85
2008											
	Jan	7.42	7.58	7.68	7.82	7.52	7.99		7.65	8.28	8.16
	Feb	7.43	7.51	7.52	7.43	7.33	7.44			7.65	7.75
	Mar	7.43	7.47	7.48	7.50	7.29	7.34		7.53	7.61	
	Aprbr	7.44	7.54	7.61	7.60	7.46	7.62		7.72		7.67
	May	7.44	7.59	7.75	7.85	7.86	7.98			7.95	8.19
	Jun	7.56	7.79	8.01	7.89	8.14	8.74		8.25	8.90	
	Jul	7.93	8.21	8.45	8.65	8.70	8.97		9.26	8.89	9.41
	Aug	8.18	8.35	8.56	8.72	8.62	8.60		8.55		8.88
	Sep	8.17	8.32	8.46	8.66	8.34	8.48			8.51	8.67
	Oct	7.74	8.13	8.26	8.37	8.59	8.36		8.50	10.20	
	Nov	7.43	7.96	8.28	8.51	8.65	9.07		9.82		8.80
	Dec	8.02	8.20	8.18	8.07	7.55	8.28		7.99	8.96	8.40
2009											
	Jan	7.59	7.66	7.40	7.24	6.91	7.70			7.73	7.84
	Feb	7.12	7.32	7.17	7.16	7.17	7.60		8.24	9.23	
	Mar	7.03	7.22	7.24	7.48	7.08	8.48		7.75		9.78
	Aprbr	6.05	5.99	5.97	6.13	6.04	7.15			8.18	8.36
	May	5.29	5.24	5.25	5.41	6.18	6.78		7.55	8.13	
	Jun	4.98	5.03	5.08	5.20	6.20	7.45		8.22		9.04
	Jul	4.59	4.69	4.80	5.12	6.16	6.81		8.09	8.80	9.08
	Aug	4.49	4.59	4.78	5.13	6.46	7.33			8.66	9.02
	Sep	4.48	4.60	4.86	5.36	6.60	7.50		8.00	8.64	
	Oct	4.51	4.64	4.92	5.39	6.57	7.39		8.05		8.56
	Nov	4.51	4.61	4.82	5.23	6.30	7.25			8.55	8.67
	Dec	4.50	4.60	4.85	5.07	6.40	7.45		7.81	8.44	8.73
2010											
	Jan	4.49	4.62	4.83	4.99	6.27	7.37			8.41	
	Feb	4.49	4.64	4.74	5.00	6.10	7.05		7.66		8.49
	Mar	4.45	4.64	4.77	5.08	6.12	6.75			8.14	8.46
	Apr	4.44	4.63	4.72	5.09	5.85	6.63		7.54	7.99	
	May	4.52	4.64	4.72	4.96	5.73	6.20		7.49		8.20
	Jun	4.59	4.66	4.72	4.86	5.37	6.23			7.79	7.69
	Jul	4.60	4.64	4.70	4.80	5.43			6.88		
	Aug	4.52	4.64	4.71	4.78	5.38			6.49	6.69	
	Sep	4.43	4.61	4.65	4.74	5.23			6.25		7.23
	Oct	4.03	4.39	4.55	4.66	5.04	5.53			6.71	7.03
	Nov	3.97	4.25	4.37	4.52	5.15	5.28		6.13	7.29	
	Dec	4.30	4.53	4.68	4.86	5.44	6.11		7.16	7.74	7.84

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

Continues

Continuation

Representative Interest Rates
Yields on Public Securities
Annual rates in percent [1/]

	UDIBONOS [2/]				Surtax BPAs [3/ 4/]	Surtax BPATs [3/ 5/]	Surtax BPA 182 [3/ 6/]
	3 years (1092 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)
1999		6.93					
2000		6.74			1.11		
2001		6.63			0.82		
2002		5.52			0.73	0.84	
2003		4.59			0.60	0.69	
2004		4.79			0.38	0.40	0.38
2005		4.92			0.23	0.21	0.20
2006		4.17	4.34	4.41	0.20	0.20	0.20
2007	3.40	3.63	3.58	3.61	0.14	0.11	0.13
2008	3.48	4.04	3.75	4.21	0.22	0.18	0.19
2009	2.53	3.84		4.40	0.11	0.37	0.35
2010	1.47	2.79		3.66	0.26	0.16	
2008							
Jan	3.44	3.80	3.75	3.88	0.14	0.09	0.11
Feb	3.39	3.65		3.63	0.13	0.10	0.10
Mar	3.55	3.52		3.69	0.11	0.10	0.10
Apr	3.44	3.60		3.62	0.10	0.10	0.10
May	3.47	3.81		3.81	0.12	0.12	0.13
Jun	3.55	4.19		4.05	0.16	0.13	0.15
Jul	3.39	4.22		4.48	0.19	0.17	0.15
Aug	3.11	3.94		4.13	0.18	0.19	0.20
Sep	3.03	4.03		4.21	0.15	0.18	0.17
Oct	3.83	4.35		5.27	0.30	0.30	0.33
Nov	4.10	4.89		5.39	0.62	0.32	0.34
Dec	3.40	4.44		4.33	0.49	0.40	0.44
2009							
Jan	3.39	3.80		3.85	0.35	0.33	0.31
Feb	3.47	4.35		4.72	0.41	0.35	0.32
Mar	3.29	4.74		4.94	0.55	0.43	0.42
Apr	3.01	3.76		4.44	0.00		
May	2.60	3.94		4.32	0.00		
Jun	2.61	4.16		4.75	0.00		
Jul	2.32	3.92		4.75	0.00	0.00	
Aug	2.38	3.68		4.45	0.00	0.00	
Sep	2.34	3.66		4.36	0.00	0.00	
Oct	1.96	3.29		4.04	0.00	0.00	
Nov	1.68	3.44		4.12	0.00	0.00	
Dec	1.34	3.35		4.06	0.00	0.00	
2010							
Jan	1.40	3.36			0.24	0.00	
Feb	1.76	3.29			0.24	0.00	
Mar	2.07	3.31		4.27	0.28	0.00	
Apr	1.96	3.40		4.13	0.29	0.28	
May	2.24	3.40		4.05	0.30	0.25	
Jun	1.50	2.87		3.97	0.21		
Jul	1.38			3.65	0.18	0.18	
Aug	1.21	2.17		2.99	0.18	0.16	
Sep	1.05	2.20		3.26	0.22	0.16	
Oct	0.77	1.97		2.93	0.37	0.22	
Nov	0.97	2.02		3.49	0.36	0.26	
Dec	1.27	2.71		3.90	0.30	0.23	

1/ Simple average.
2/ Federal government development bonds denominated in UDIs paying a fixed real interest rate.
3/ Savings protection bonds issued by the Institute for the Protection of Bank Savings (*Instituto de Protección al Ahorro Bancario*, IPAB).
4/ Spread in percentage points over the coupon paying the 28-day Cetes primary auction interest rate.
5/ Spread in percentage points over the coupon paying the 91-day Cetes primary auction interest rate.
6/ Spread in percentage points over the coupon paying the 182-day Cetes primary auction interest rate.

Table A 36
Representative Interest Rates
Costs of Bank Deposits, Interbank Interest Rates, Overnight Interest Rate and Short-term Private Securities
Annual rates in percent 1/

	Target Rate 2/	Weighted Funding Rate		Interbank Rates			Bank Deposits					Short-term Private Securities 3/
		Bank	Government	28-day TIIE	91-day TIIE	91-day Mexibor 4/	CCP	CCP-USD	CCP-UDIs	CPP	CCP development banks	
1999		22.45	20.80	24.10	24.63		20.89	6.32	4.07	19.73		23.74
2000		16.16	15.34	16.96	17.23		14.59	6.77	4.06	13.69	17.69	16.93
2001		11.95	11.13	12.89	13.43	10.42	10.95	5.33	5.26	10.12	12.75	12.80
2002		7.15	7.00	8.17	8.45	8.09	6.17	3.30	5.82	5.36	7.72	8.21
2003		6.15	5.96	6.83	7.15	6.81	5.15	2.95	5.75	4.45	6.61	7.02
2004		6.75	6.57	7.15	7.44	7.26	5.41	2.91	4.88	4.62	6.95	7.44
2005		9.30	9.00	9.61	9.63	9.50	7.64	3.61	5.50	6.47	9.46	9.70
2006		7.23	7.07	7.51	7.69	7.38	6.06	4.05	5.45	5.14	7.55	7.51
2007		7.23	7.12	7.66	7.78	7.24	5.99	4.44	4.93	5.00	7.47	7.56
2008	7.84	7.82	7.67	8.28	8.35		6.73	3.27	4.74	5.69	7.94	8.71
2009	5.59	5.62	5.55	5.93	5.93		5.07	2.62	4.67	4.25	6.06	7.07
2010	4.50	4.59	4.55	4.91	5.00		4.17	2.18	4.20	3.41	4.87	5.29
2008												
Jan	7.50	7.51	7.43	7.93	7.99		6.29	4.21	4.63	5.20	7.67	7.90
Feb	7.50	7.50	7.41	7.93	7.93		6.41	3.84	4.63	5.39	7.71	7.94
Mar	7.50	7.50	7.40	7.93	7.94		6.43	3.53	4.66	5.41	7.69	7.90
Apr	7.50	7.51	7.34	7.94	7.96		6.44	3.33	4.68	5.45	7.69	7.97
May	7.50	7.51	7.32	7.93	7.96		6.48	3.20	4.70	5.48	7.71	7.91
Jun	7.58	7.60	7.45	8.00	8.10		6.54	3.10	4.71	5.53	7.75	7.92
Jul	7.86	7.87	7.79	8.28	8.49		6.70	3.00	4.78	5.69	7.95	8.30
Aug	8.13	8.13	8.04	8.56	8.71		6.91	2.96	4.80	5.85	8.19	8.57
Sep	8.25	8.26	8.19	8.66	8.74		7.05	3.07	4.81	5.99	8.32	8.71
Oct	8.25	7.99	7.71	8.68	8.76		7.14	3.02	4.81	6.09	8.12	9.68
Nov	8.25	8.13	7.85	8.73	8.83		7.17	3.02	4.83	6.17	8.19	10.98
Dec	8.25	8.27	8.15	8.74	8.82		7.20	2.94	4.83	6.02	8.34	10.69
2009												
Jan	7.99	8.02	7.90	8.41	8.41		7.01	2.96	4.85	5.82	8.25	10.46
Feb	7.67	7.68	7.60	7.94	7.86		6.69	3.07	4.85	5.58	7.88	9.74
Mar	7.21	7.22	7.17	7.64	7.54		6.40	2.72	4.85	5.37	7.58	9.35
Abr	6.40	6.39	6.34	6.68	6.50		5.85	2.52	4.86	4.95	6.89	8.71
May	5.59	5.60	5.53	5.78	5.65		5.18	2.61	4.86	4.38	6.11	6.89
Jun	5.05	5.08	5.03	5.26	5.18		4.69	2.60	4.85	3.95	5.60	6.22
Jul	4.63	4.66	4.62	4.92	4.91		4.32	2.57	4.80	3.63	5.26	5.67
Aug	4.50	4.52	4.45	4.89	4.95		4.13	2.47	4.73	3.47	5.09	5.74
Sep	4.50	4.53	4.45	4.91	5.00		4.11	2.56	4.59	3.46	5.06	5.72
Oct	4.50	4.53	4.45	4.91	5.00		4.12	2.50	4.37	3.47	5.07	5.53
Nov	4.50	4.59	4.50	4.93	5.08		4.13	2.58	4.22	3.45	4.98	5.53
Dec	4.50	4.63	4.53	4.93	5.07		4.16	2.31	4.25	3.42	4.95	5.33
2010												
Jan	4.50	4.61	4.54	4.91	5.06		4.18	2.08	4.28	3.44	4.95	5.32
Feb	4.50	4.64	4.60	4.92	5.03		4.17	2.24	4.34	3.41	4.95	5.44
Mar	4.50	4.57	4.52	4.92	5.03		4.15	1.93	4.43	3.40	4.91	5.31
Apr	4.50	4.60	4.55	4.94	5.03		4.13	2.08	4.63	3.40	4.92	5.50
May	4.50	4.60	4.55	4.94	5.04		4.14	2.56	4.78	3.40	4.92	5.34
Jun	4.50	4.59	4.55	4.94	5.01		4.17	2.60	4.53	3.43	4.92	5.40
Jul	4.50	4.61	4.58	4.92	5.01		4.19	2.51	4.16	3.43	4.90	5.35
Aug	4.50	4.61	4.57	4.90	4.99		4.21	2.22	4.00	3.45	4.88	5.25
Sep	4.50	4.57	4.54	4.90	4.98		4.21	2.12	3.88	3.47	4.85	5.18
Oct	4.50	4.54	4.51	4.87	4.95		4.20	2.03	3.81	3.44	4.77	5.04
Nov	4.50	4.56	4.53	4.87	4.92		4.12	1.91	3.77	3.35	4.75	5.16
Dec	4.50	4.62	4.58	4.89	4.95		4.14	1.87	3.79	3.28	4.75	5.15

1/ Simple average.
2/ Banco de México's target for the interest rate on overnight operations in the interbank funding market (operational target).
3/ 28-day interest rate calculated based on data from the Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV).
4/ The Mexibor rate stopped being calculated since March 13, 2007 as stated in Nacional Financiera, S.N.C. press release in Mexico's Official Gazette (*Diario Oficial de la Federación*) of that day.

Table A 37
Representative Exchange Rates
MXN/USD

		Exchange Rate for Settling Liabilities Payable in Foreign Currency in Mexico [1/]		48-hour Interbank Exchange Rate Closing References [2/]			
				Buy		Sell	
		End of period	Period average	End of period	Period average	End of period	Period average
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
2007		10.8662	10.9282	10.9180	10.9280	10.9195	10.9297
2008		13.5383	11.1297	13.8050	11.1504	13.8150	11.1545
2009		13.0587	13.5135	13.0730	13.5063	13.0820	13.5124
2010		12.3571	12.6360	12.3550	12.6316	12.3650	12.6347
2007							
	Jan	11.0855	10.9344	11.0234	10.9566	11.0249	10.9590
	Feb	11.0790	10.9880	11.1605	11.0002	11.1635	11.0024
	Mar	11.0813	11.1250	11.0425	11.1101	11.0440	11.1119
	Apr	10.9312	10.9924	10.9220	10.9770	10.9230	10.9784
	May	10.7873	10.8301	10.7465	10.8157	10.7480	10.8173
	Jun	10.8661	10.8338	10.8100	10.8310	10.8110	10.8326
	Jul	10.9973	10.7963	10.9410	10.8110	10.9445	10.8128
	Aug	11.1062	11.0363	11.0320	11.0480	11.0340	11.0500
	Sep	10.9243	11.0450	10.9240	11.0314	10.9260	11.0330
	Oct	10.7112	10.8418	10.6840	10.8187	10.6850	10.8199
	Nov	10.9345	10.8658	10.9055	10.8872	10.9070	10.8883
	Dec	10.8662	10.8494	10.9180	10.8496	10.9195	10.8507
2008							
	Jan	10.8444	10.9171	10.8300	10.9085	10.8320	10.9100
	Feb	10.7344	10.7794	10.7145	10.7624	10.7160	10.7640
	Mar	10.6962	10.7346	10.6400	10.7315	10.6420	10.7332
	Apr	10.4464	10.5295	10.5125	10.5151	10.5145	10.5166
	May	10.3447	10.4542	10.3300	10.4346	10.3310	10.4358
	Jun	10.2841	10.3305	10.3065	10.3292	10.3070	10.3305
	Jul	10.0610	10.2390	10.0425	10.2081	10.0440	10.2095
	Aug	10.1421	10.0906	10.2845	10.1094	10.2875	10.1107
	Sep	10.7919	10.5744	10.9450	10.6510	10.9490	10.6540
	Oct	12.9142	12.4738	12.8400	12.6233	12.8600	12.6352
	Nov	13.2117	13.0609	13.3800	13.1063	13.4200	13.1201
	Dec	13.5383	13.3726	13.8050	13.4257	13.8150	13.4348
2009							
	Jan	14.1513	13.8492	14.2725	13.8815	14.2790	13.8899
	Feb	14.9275	14.5180	15.0900	14.6063	15.0990	14.6154
	Mar	14.3317	14.7393	14.2050	14.6599	14.2100	14.6683
	Apr	13.8667	13.4890	13.8350	13.4342	13.8435	13.4408
	May	13.1590	13.2167	13.1710	13.1625	13.1750	13.1690
	Jun	13.2023	13.3439	13.1625	13.3370	13.1695	13.3419
	Jul	13.2643	13.3619	13.1980	13.3743	13.2025	13.3800
	Aug	13.2462	13.0015	13.3390	13.0144	13.3440	13.0186
	Sep	13.5042	13.3987	13.5000	13.4233	13.5035	13.4284
	Oct	13.2823	13.2626	13.2215	13.2289	13.2270	13.2338
	Nov	12.9475	13.1305	12.9650	13.1008	12.9695	13.1056
	Dec	13.0587	12.8504	13.0730	12.8524	13.0820	12.8570
2010							
	Jan	12.9295	12.8070	13.0265	12.8106	13.0300	12.8146
	Feb	12.8539	12.9624	12.7735	12.9356	12.7790	12.9395
	Mar	12.4640	12.6138	12.3560	12.5668	12.3570	12.5694
	Apr	12.3698	12.2420	12.2840	12.2236	12.2870	12.2259
	May	12.8846	12.6826	12.9210	12.7494	12.9300	12.7542
	Jun	12.6567	12.7234	12.8840	12.7265	12.8900	12.7302
	Jul	12.6798	12.8341	12.6565	12.8192	12.6600	12.8226
	Aug	13.0148	12.7261	13.2325	12.7744	13.2340	12.7769
	Sep	12.5011	12.8610	12.6240	12.8034	12.6250	12.8063
	Oct	12.4776	12.4535	12.3630	12.4413	12.3660	12.4439
	Nov	12.4890	12.3251	12.4580	12.3347	12.4610	12.3373
	Dec	12.3571	12.4011	12.3550	12.3931	12.3650	12.3960

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

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

Table A 38
USD Purchase of Credit Institutions at Auctions [1]
USD million

Date	Month	Amount Offered	Weighted Premium	Amount [2/]
26-Feb-10	**Mar-10**	**600**	**44.49**	
01-Mar-10				150
03-Mar-10				88
05-Mar-10				106
10-Mar-10				30
12-Mar-10				131
17-Mar-10				95
Subtotal				**600**
31-Mar-10	**Apr-10**	**600**	**44.62**	
05-Apr-10				501
20-Apr-10				94
21-Apr-10				5
Subtotal				**600**
30-Apr-10	**May-10**	**600**	**30.68**	
Subtotal				**0**
31-May-10	**Jun-10**	**600**	**41.55**	
10-Jun-10				280
14-Jun-10				85
21-Jun-10				156
Subtotal				**521**
30-Jun-10	**Jul-10**	**600**	**37.32**	
22-Jul-10				29
26-Jul-10				571
Subtotal				**600**
30-Jul-10	**Aug-10**	**600**	**46.96**	
02-Aug-10				387
04-Aug-10				30
17-Aug-10				30
Subtotal				**447**
31-Aug-10	**Sep-10**	**600**	**41.61**	
15-Sep-10				61
22-Sep-10				283
23-Sep-10				113
24-Sep-10				138
27-Sep-10				2
Subtotal				**597**
30-Sep-10	**Oct-10**	**600**	**64.37**	
05-Oct-10				400
08-Oct-10				100
13-Oct-10				100
Subtotal				**600**
29-Oct-10	**Nov-10**	**600**	**66.08**	
Subtotal				**0**
30-Nov-10	**Dec-10**	**600**	**44.36**	
14-Dec-10				6
21-Dec-10				340
22-Dec-10				155
31-Dec-10				99
Subtotal				**600**
Total		**6,000**		**4,565**

1/ As defined by the Foreign Exchange Commission's press release of February 22, 2010 and Banco de México's circular.
2/ Payment in 48 hours.

Table A 39
Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV) Market Capitalization
MXN million, according to last listed prices

Previous Methodology: Indices by Sector according to the Previous Classification of Mexican Stock Exchange

		Overall total	Mining	Manufacturing	Construction	Retail and commerce	Transport and communications	Services	Other [1/]
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
2007		4,340,886	273,841	586,815	453,355	644,805	1,772,050	390,211	219,810
2008		3,220,900	141,652	516,354	217,308	632,165	1,239,884	313,449	160,088
2007									
	Jan	3,913,893	159,576	584,392	523,214	686,725	1,445,725	272,927	241,333
	Feb	3,832,303	170,370	573,036	518,959	645,178	1,418,774	278,568	227,417
	Mar	4,114,981	184,568	584,043	518,859	702,902	1,570,875	304,561	249,173
	Apr	4,211,416	206,279	590,771	512,628	677,685	1,639,947	336,276	247,831
	May	4,553,781	216,700	621,506	579,198	675,223	1,842,954	360,116	258,083
	Jun	4,557,468	223,457	616,893	580,709	674,899	1,831,792	375,705	254,013
	Jul	4,500,724	259,809	609,272	550,394	682,319	1,753,651	400,414	244,866
	Aug	4,447,516	239,114	584,517	531,416	676,377	1,797,302	381,663	237,127
	Sep	4,442,831	278,613	584,392	506,299	679,080	1,802,060	363,185	229,201
	Oct	4,566,888	356,109	571,289	501,224	705,923	1,790,600	397,432	244,312
	Nov	4,370,523	305,970	539,076	468,501	668,734	1,778,275	390,350	219,617
	Dec	4,340,886	273,841	586,815	453,355	644,805	1,772,050	390,211	219,810
2008									
	Jan	4,215,720	268,704	555,655	461,093	638,710	1,701,257	375,152	215,150
	Feb	4,258,349	301,698	597,974	460,261	636,353	1,658,264	376,175	227,623
	Mar	4,483,960	315,522	605,295	441,826	705,025	1,778,918	402,917	234,456
	Apr	4,382,527	332,787	632,963	455,806	699,076	1,614,075	391,486	256,334
	May	4,619,520	344,048	670,331	490,154	760,944	1,696,804	412,462	244,777
	Jun	4,271,885	311,578	648,423	427,249	703,959	1,528,599	401,141	250,935
	Jul	4,009,636	260,837	629,652	375,043	703,719	1,425,274	386,785	228,326
	Aug	3,861,576	217,972	622,733	349,383	656,516	1,445,782	362,045	207,144
	Sep	3,653,418	154,185	580,825	311,390	640,870	1,411,917	356,567	197,664
	Oct	3,005,325	139,177	489,392	192,992	548,903	1,152,003	323,224	159,635
	Nov	2,981,598	116,986	478,424	181,339	605,936	1,142,233	313,258	143,423
	Dec	3,220,900	141,652	516,354	217,308	632,165	1,239,884	313,449	160,088
2009									
	Jan	2,879,821	118,556	496,867	191,876	495,116	1,168,246	276,741	132,419
	Feb	2,652,792	125,187	463,339	159,527	459,557	1,058,985	262,011	124,186

New Methodology: Mexican Stock Exchange Classification by Sector[2/]

			Materials	Industrial	Services and non-basic consumer goods	Frequently consumed goods	Health care	Financial services	Tele-communication services
2009		4,596,094	673,709	374,927	299,754	1,255,922	41,975	366,018	1,583,789
2010		5,603,894	890,805	553,538	308,804	1,537,221	59,004	501,174	1,753,348
2009									
	Mar	2,828,193	306,603	219,069	199,513	750,512	25,416	245,582	1,081,497
	Apr	3,150,359	332,772	247,719	231,555	822,992	22,197	271,389	1,221,735
	May	3,484,547	414,440	278,944	265,864	879,738	24,274	302,175	1,319,112
	Jun	3,490,999	431,175	279,984	255,722	889,038	28,100	279,272	1,327,708
	Jul	3,824,961	473,406	325,449	277,469	996,127	28,255	286,643	1,437,611
	Aug	3,995,041	532,868	341,311	243,724	1,017,270	33,760	309,928	1,516,179
	Sep	4,165,322	621,034	365,609	259,330	1,022,864	33,561	347,686	1,515,239
	Oct	4,140,083	595,246	350,285	265,085	1,077,245	32,973	342,985	1,476,263
	Nov	4,435,646	672,826	361,111	273,628	1,169,204	37,980	344,391	1,576,507
	Dec	4,596,094	673,709	374,927	299,754	1,255,922	41,975	366,018	1,583,789
2010									
	Jan	4,368,581	582,065	374,665	307,271	1,206,517	39,844	360,994	1,497,226
	Feb	4,554,316	619,918	387,373	306,280	1,333,440	43,447	390,645	1,473,211
	Mar	4,760,669	654,781	407,360	306,526	1,359,408	46,124	401,486	1,584,984
	Apr	4,718,883	663,208	399,348	298,904	1,322,620	44,585	393,696	1,596,522
	May	4,630,094	634,887	379,164	274,396	1,303,811	46,838	399,659	1,591,340
	Jun	4,514,517	620,625	367,030	274,745	1,290,221	46,422	400,222	1,515,252
	Jul	4,637,650	646,762	394,110	261,033	1,341,713	46,697	401,194	1,546,140
	Aug	4,615,267	631,731	409,195	249,985	1,352,874	45,281	406,565	1,519,635
	Sep	4,869,258	667,742	435,608	258,791	1,394,999	48,917	436,853	1,626,348
	Oct	5,176,844	732,738	467,988	270,296	1,456,813	53,655	468,270	1,727,083
	Nov	5,375,584	776,100	537,892	287,712	1,513,367	56,691	472,069	1,731,754
	Dec	5,603,894	890,805	553,538	308,804	1,537,221	59,004	501,174	1,753,348

1/ Mainly holding companies.
2/ The new BMV methodology of classifying by sector began in March 2009.
Source: Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV).

Table A 40
Mexican Stock Exchange Main Benchmark Index (*Índice de Precios y Cotizaciones de la Bolsa Mexicana de Valores, BMV*)
End of period
October 1978 = 100

Previous Methodology: Indices by Sector according to the Previous Classification of Mexican Stock Exchange

	Overall total	Mining	Manufacturing	Construction	Retail and commerce	Transport and communications	Services	Other 1/
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
2007	29,537	62,127	7,604	34,786	44,610	155,119	4,128	7,094
2008	22,380	30,885	5,894	16,985	36,242	117,947	3,340	4,395
2007								
Jan	27,561	36,646	7,275	42,167	46,976	126,368	3,407	6,841
Feb	26,639	39,118	6,960	41,843	43,775	123,644	3,347	6,540
Mar	28,748	42,375	7,194	41,722	47,212	138,488	3,695	7,170
Apr	28,997	47,396	7,302	41,184	45,180	143,208	3,732	7,477
May	31,399	49,803	7,727	46,071	44,084	162,220	3,937	7,786
Jun	31,151	51,287	7,701	45,607	44,223	159,443	3,995	7,646
Jul	30,660	59,451	7,577	43,154	44,751	151,036	4,316	7,836
Aug	30,348	54,821	7,371	41,735	44,402	155,461	4,012	7,607
Sep	30,296	63,878	7,393	39,097	44,870	153,871	3,719	7,410
Oct	31,459	81,346	7,266	38,665	47,676	154,812	4,223	7,731
Nov	29,771	69,714	6,941	35,851	45,041	155,216	4,099	6,887
Dec	29,537	62,127	7,604	34,786	44,610	155,119	4,128	7,094
2008								
Jan	28,794	60,949	7,288	35,368	43,952	149,535	3,949	6,921
Feb	28,919	68,471	7,487	35,197	43,925	145,208	4,001	7,355
Mar	30,913	71,844	7,660	33,942	49,260	157,831	4,302	7,569
Apr	30,281	74,254	8,030	34,764	48,565	145,373	4,364	7,811
May	31,975	74,207	8,558	36,334	52,977	153,781	4,717	7,479
Jun	29,395	67,260	8,261	32,673	48,121	141,239	4,332	7,431
Jul	27,501	56,368	7,907	29,732	46,827	131,709	4,202	6,838
Aug	26,291	47,173	7,734	26,886	42,691	131,480	3,935	6,195
Sep	24,889	33,432	6,982	23,440	40,847	130,871	3,763	5,823
Oct	20,445	30,269	5,443	17,032	29,465	111,675	3,014	4,647
Nov	20,535	25,498	5,348	15,211	33,231	106,754	3,005	3,917
Dec	22,380	30,885	5,894	16,985	36,242	117,947	3,340	4,395
2009								
Jan	19,565	25,850	5,624	14,830	28,482	109,444	2,943	3,651
Feb	17,752	27,295	5,210	13,330	26,265	95,479	2,767	3,475

New Methodology: Mexican Stock Exchange Classification by Sector 2/

		Materials	Industrial	Services and non-basic consumer goods	Frequently consumed goods	Health care	Financial services	Telecommunication services
2009	32,120	461	106	310	360	338	59	709
2010	38,551	635	135	329	423	477	70	720
2009								
Mar	19,627	233	59	203	225	203	41	441
Apr	21,899	262	68	224	247	201	46	509
May	24,332	326	78	240	267	218	51	539
Jun	24,368	326	79	238	269	225	51	545
Jul	27,044	354	87	258	297	226	56	560
Aug	28,130	379	95	268	299	263	64	610
Sep	29,232	418	99	273	304	269	66	630
Oct	28,646	413	96	281	312	288	62	626
Nov	30,957	464	101	300	334	306	62	688
Dec	32,120	461	106	310	360	338	59	709
2010								
Jan	30,392	437	108	321	345	343	56	682
Feb	31,635	452	108	313	365	350	57	669
Mar	33,266	489	115	322	384	372	62	671
Apr	32,687	485	115	319	371	360	63	655
May	32,039	466	109	307	364	377	60	643
Jun	31,157	456	105	300	358	373	59	635
Jul	32,309	478	109	289	374	376	63	649
Aug	31,680	478	108	272	377	403	60	655
Sep	33,330	501	115	279	384	394	62	671
Oct	35,568	540	121	292	397	433	65	711
Nov	36,817	577	128	301	411	458	65	717
Dec	38,551	635	135	329	423	477	70	720

1/ Mainly holding companies.
2/ The new BMV methodology for sector classification came into force in March 2009.
Source: Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV).

Public Finances

Table A 41
Public Finance Indicators: 2005-2010
Percent of GDP

Item	2005	2006	2007	2008	2009	2010
Budgetary revenues	21.1	21.8	22.0	23.4	23.6	22.5
Budgetary expenditures	21.2	21.7	21.9	23.5	25.9	25.4
Budgetary balance	-0.1	0.1	0.0	-0.1	-2.3	-2.8
Non-budgetary balance 1/	0.0	0.0	0.0	0.0	0.0	0.0
Economic balance on a cash basis	-0.1	0.1	0.0	-0.1	-2.3	-2.8
Primary balance on a cash basis 2/	2.2	2.5	2.2	1.8	-0.1	-0.9
Accrued operational balance 3/	0.1	0.1	0.4	0.7	-2.3	-1.6
Net broad economic debt 4/	17.0	15.9	15.1	14.4	27.3	28.1
Budgetary sector financial cost 5/	2.3	2.4	2.1	1.9	2.2	1.9
Memo:						
Economic balance (excl. investment by Pemex)	0.2	0.3	0.4	0.5	-0.2	-0.8
Primary balance (excl. investment by Pemex) 2/	2.5	2.7	2.5	2.3	2.0	1.2

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 economic balance less the inflationary component of the financial cost. Measured by Banco de México.
4/ Includes net liabilities of the federal government, public entities and official financial intermediaries (development banks and public funds and trusts). Average stocks. Measured by Banco de México.
5/ Excludes financial cost of public entities under indirect budgetary control.
Note: Figures may not add up due to rounding.
Source: Ministry of Finance (SHCP).

Table A 42
Public Sector Revenues, Expenditures and Balances in 2009-2010

Item	2009 Observed MXN billion	2009 Observed Percentage of GDP	2010 Programmed MXN billion	2010 Programmed Percentage of GDP 1/	2010 Observed MXN billion	2010 Observed Percentage of GDP	Real growth % 2010-2009
Budgetary revenues	**2,817.2**	**23.6**	**2,797.0**	**21.9**	**2,960.2**	**22.5**	**0.9**
Federal government	**2,000.4**	**16.8**	**1,994.5**	**15.6**	**2,080.1**	**15.8**	**-0.2**
Tax revenues	1,129.6	9.5	1,310.7	10.2	1,260.5	9.6	7.1
ISR/IETU/IDE	594.8	5.0	707.1	5.5	679.7	5.2	9.7
Income tax (ISR) 2/	534.2	4.5	640.9	5.0	626.5	4.8	12.6
IETU	44.7	0.4	53.2	0.4	45.1	0.3	-3.2
IDE	15.9	0.1	13.1	0.1	8.1	0.1	-50.9
VAT	407.8	3.4	485.6	3.8	504.4	3.8	18.8
Excise tax (IEPS)	50.6	0.4	50.1	0.4	4.5	0.0	-91.5
Import duties	30.2	0.3	27.9	0.2	24.5	0.2	-22.1
Tax on crude oil returns	0.9	0.0	2.4	0.0	2.3	0.0	139.5
Other	45.3	0.4	37.6	0.3	45.0	0.3	-4.5
Non-tax revenues	870.9	7.3	683.8	5.3	819.6	6.2	-9.6
Public entities and enterprises 3/	**816.7**	**6.8**	**802.5**	**6.3**	**880.2**	**6.7**	**3.5**
Pemex	382.0	3.2	359.9	2.8	385.4	2.9	-3.1
Other	434.8	3.6	442.6	3.5	494.8	3.8	9.3
Net paid budgetary expenditures	**3,088.9**	**25.9**	**3,150.3**	**24.6**	**3,333.6**	**25.4**	3.6
Programmable	**2,436.5**	**20.4**	**2,399.6**	**18.8**	**2,618.5**	**19.9**	3.2
Deferred payments	d.n.a.	d.n.a.	-26.0	-0.2	d.n.a.	d.n.a.	d.n.a.
Programmable accrued expenditures	2,436.5	20.4	2,425.6	19.0	2,618.5	19.9	3.2
Current expenditures	1,829.9	15.3	1,841.0	14.4	1,972.4	15.0	3.5
Wages and salaries	765.4	6.4	807.5	6.3	799.9	6.1	0.3
Other current expenditures	1,064.5	8.9	1,033.5	8.1	1,172.4	8.9	5.7
Capital expenditures	606.6	5.1	584.6	4.6	646.1	4.9	2.3
Fixed investment	549.3	4.6	538.0	4.2	608.6	4.6	6.4
Financial investment	57.3	0.5	46.6	0.4	37.5	0.3	-37.2
Non-programmable	**652.3**	**5.5**	**750.8**	**5.9**	**715.1**	**5.4**	5.2
Financial cost	262.8	2.2	295.9	2.3	255.8	1.9	-6.6
Federal government	200.2	1.7	232.9	1.8	202.5	1.5	-2.9
Public entities and enterprises	31.5	0.3	49.2	0.4	39.5	0.3	20.2
Debtor and saving support program	31.1	0.3	13.8	0.1	13.7	0.1	-57.6
Revenue sharing	375.7	3.1	441.6	3.5	437.3	3.3	11.8
Adefas and other	13.8	0.1	13.3	0.1	22.0	0.2	52.8
Budgetary balance	**-271.7**	**-2.3**	**-353.4**	**-2.8**	**-373.3**	**-2.8**	**d.n.a.**
Non-budgetary balance	**-1.8**	**0.0**	**0.0**	**0.0**	**2.7**	**0.0**	**d.n.a.**
Direct balance	1.2	0.0	0.0	0.0	5.2	0.0	d.n.a.
Difference with sources of financial methodology 4/	-3.0	0.0	0.0	0.0	-2.5	0.0	d.n.a.
Economic balance	**-273.5**	**-2.3**	**-353.4**	**-2.8**	**-370.6**	**-2.8**	**d.n.a.**
Primary balance 5/	**-7.7**	**-0.1**	**-57.0**	**-0.4**	**-112.3**	**-0.9**	**d.n.a.**
Memo:							
Economic balance (excluding investment by Pemex)	-22.1	-0.2	-90.0	-0.7	-101.8	-0.8	d.n.a.
Primary balance (excuding investment by Pemex) 5/	243.7	2.0	206.4	1.6	156.4	1.2	-38.4

1/ Programmed GDP of 2010 was used.
2/ Includes the asset tax (*Impuesto al Activo,* IMPAC).
3/ Excludes contributions to the Government Employees' Social Security Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado*, ISSSTE).
4/ Difference between the public balance calculated with the revenue-expenditure methodology and that calculated according to the sources of financing methodology.
5/ Defined as public sector balance less interest paid by the budgetary and non-budgetary sectors, plus investment by Pemex.
d.n.a. Does not apply.
Note: Figures may not add up due to rounding.
Source: Ministry of Finance (SHCP).

Table A 43
Public Sector Revenues, Expenditures and Balances: 2005-2010
Percent of GDP

Item	2005	2006	2007	2008	2009	2010
Budgetary revenues	21.1	21.8	22.0	23.4	23.6	22.5
Federal government	15.3	15.0	15.1	16.8	16.8	15.8
Tax revenues	8.8	8.6	8.9	8.2	9.5	9.6
Non-tax revenues	6.5	6.4	6.3	8.7	7.3	6.2
Public entities and enterprises 1/	5.8	6.8	6.8	6.6	6.8	6.7
Pemex	2.0	3.1	3.3	3.0	3.2	2.9
Other	3.8	3.7	3.5	3.7	3.6	3.8
Net paid budgetary expenditure	21.2	21.7	21.9	23.5	25.9	25.4
Programmable expenditures	15.8	16.0	16.7	18.1	20.4	19.9
Current expenditures	12.7	12.7	13.2	13.8	15.3	15.0
Capital expenditures	3.1	3.2	3.6	4.4	5.1	4.9
Non-programmable expenditures	5.4	5.8	5.2	5.4	5.5	5.4
Financial cost	2.3	2.4	2.1	1.9	2.2	1.9
Revenue sharing	3.0	3.2	2.9	3.5	3.1	3.3
Adefas and other 2/	0.1	0.2	0.1	0.1	0.1	0.2
Budgetary balance	-0.1	0.1	0.0	-0.1	-2.3	-2.8
Non-budgetary balance	0.0	0.0	0.0	0.0	0.0	0.0
Economic balance	-0.1	0.1	0.0	-0.1	-2.3	-2.8
Primary balance 3/	2.2	2.5	2.2	1.8	-0.1	-0.9
Memo:						
Economic balance (excluding investment by Pemex)	0.2	0.3	0.4	0.5	-0.2	-0.8
Primary balance (excluding investment by Pemex) 3/	2.5	2.7	2.5	2.3	2.0	1.2

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.
Source: Ministry of Finance (SHCP).

Table A 44
Public Sector Budgetary Revenues: 2005-2010
Percent of GDP

Item	2005	2006	2007	2008	2009	2010
Budgetary revenues	**21.1**	**21.8**	**22.0**	**23.4**	**23.6**	**22.5**
Classification I						
Federal government	15.3	15.0	15.1	16.8	16.8	15.8
Tax revenues	8.8	8.6	8.9	8.2	9.5	9.6
ISR/IETU/IDE	4.2	4.3	4.7	5.1	5.0	5.2
Income tax (ISR) 1/	4.2	4.3	4.7	4.6	4.5	4.8
Flat rate business tax (IETU)	d.n.a.	d.n.a.	d.n.a.	0.4	0.4	0.3
Tax on cash deposits (IDE)	d.n.a.	d.n.a.	d.n.a.	0.1	0.1	0.1
VAT	3.4	3.7	3.6	3.7	3.4	3.8
IEPS	0.5	-0.1	-0.1	-1.4	0.4	0.0
Tax on crude-oil returns	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.6	0.6	0.6	0.6	0.6	0.5
Non-tax revenues	6.5	6.4	6.3	8.7	7.3	6.2
Duties	5.3	5.8	5.1	7.7	4.3	5.1
Proceeds	0.1	0.1	0.1	0.1	0.1	0.0
Benefits	1.1	0.6	1.1	0.9	2.9	1.1
Public entities and enterprises 2/	5.8	6.8	6.8	6.6	6.8	6.7
Pemex	2.0	3.1	3.3	3.0	3.2	2.9
Other	3.8	3.7	3.5	3.7	3.6	3.8
Classification II						
Oil revenues	7.9	8.3	7.8	8.6	7.3	7.4
Pemex	2.0	3.1	3.3	3.0	3.2	2.9
Exports	2.5	2.9	2.4	2.4	1.7	1.9
Domestic sales 3/	5.3	5.9	5.8	8.0	5.6	6.0
(-) Taxes 4/	5.7	5.7	4.9	7.5	4.1	4.9
Federal government 5/	5.8	5.2	4.5	5.7	4.1	4.5
Non-oil revenues	13.2	13.5	14.2	14.8	16.3	15.1
Federal government	9.4	9.8	10.6	11.1	12.6	11.4
Tax revenues	8.6	9.0	9.3	9.9	9.4	10.0
ISR 1/	4.2	4.3	4.7	4.6	4.5	4.8
IETU	n.a.	n.a.	n.a.	0.4	0.4	0.3
IDE	n.a.	n.a.	n.a.	0.1	0.1	0.1
VAT	3.4	3.7	3.6	3.7	3.4	3.8
IEPS	0.4	0.4	0.4	0.4	0.4	0.5
Other	0.6	0.6	0.6	0.6	0.6	0.5
Non-tax revenues	0.8	0.8	1.4	1.2	3.2	1.4
Duties	0.2	0.2	0.2	0.2	0.2	0.2
Proceeds	0.1	0.1	0.1	0.1	0.1	0.0
Benefits	0.6	0.6	1.1	0.9	2.9	1.1
Public entities and enterprises 2/	3.8	3.7	3.5	3.7	3.6	3.8

1/ Includes the asset tax (*Impuesto al Activo*, IMPAC).
2/ Excludes contributions to the Government Employees' Social Security Institute (*Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado*, ISSSTE).
3/ Includes various revenues.
4/ Excludes taxes paid on behalf of third parties (IVA and IEPS).
5/ Includes duties and benefits from oil extraction and the excise tax (IEPS) on gasoline and diesel.
d.n.a. Does not apply.
Note: Figures may not add up due to rounding.
Source: Ministry of Finance (SHCP).

Table A 45
Public Sector Budgetary Expenditures: 2005-2010
Percent of GDP

Item	2005	2006	2007	2008	2009	2010
Net budgetary expenditures	**21.2**	**21.7**	**21.9**	**23.5**	**25.9**	**25.4**
Programmable	15.8	16.0	16.7	18.1	20.4	19.9
Current expenditures	12.7	12.7	13.2	13.8	15.3	15.0
Wages and salaries	6.0	5.9	5.8	5.8	6.4	6.1
Direct	2.8	2.8	3.1	3.1	3.5	3.3
Indirect 1/	3.2	3.1	2.7	2.7	2.9	2.8
Acquisitions	1.5	1.5	1.5	1.8	1.6	1.7
Other 2/	2.9	3.2	3.6	3.4	4.2	4.1
Subsidies and transfers 3/	2.2	2.2	2.3	2.7	3.1	3.2
Capital expenditures	3.1	3.2	3.6	4.4	5.1	4.9
Fixed investment	2.5	2.6	3.0	3.1	4.6	4.6
Direct	0.9	0.9	1.4	1.4	3.0	3.2
Indirect 4/	1.6	1.7	1.6	1.7	1.6	1.4
Financial investment and other 5/	0.6	0.6	0.6	1.3	0.5	0.3
Non-programmable	5.4	5.8	5.2	5.4	5.5	5.4
Financial cost	2.3	2.4	2.1	1.9	2.2	1.9
Federal government	1.6	1.5	1.4	1.4	1.7	1.5
Public entities and enterprises	0.4	0.6	0.4	0.2	0.3	0.3
Debtor and saving support program	0.3	0.4	0.2	0.2	0.3	0.1
Revenue sharing	3.0	3.2	2.9	3.5	3.1	3.3
Adefas and other 6/	0.1	0.2	0.1	0.1	0.1	0.2

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.
Source: Ministry of Finance (SHCP).

Table A 46
Public Sector Net Debt 1/
Average stocks

Years		Net Broad Economic Debt 2/ Domestic MXN billion	Net Broad Economic Debt 2/ External USD million	Net Broad Economic Debt 2/ External MXN billion	Net Broad Economic Debt 2/ Total Percentage of GDP	Debt Consolidated with Banco de México 3/ Domestic MXN billion	Debt Consolidated with Banco de México 3/ External USD million	Debt Consolidated with Banco de México 3/ External MXN billion	Debt Consolidated with Banco de México 3/ Total Percentage of GDP
2005		785.3	73,949.5	786.4	17.0	1,550.0	5,089.3	54.1	17.3
2006		977.0	62,619.5	677.0	15.9	1,892.2	-17,870.5	-193.2	16.4
2007		1,240.1	43,388.8	473.6	15.1	2,158.0	-36,826.8	-402.0	15.5
2008		1,393.9	25,922.6	358.6	14.4	2,467.0	-49,322.2	-682.2	14.6
2009	January	1,998.8	82,872.6	1,185.9		3,146.9	-7,774.5	-111.3	
	February	1,977.9	81,121.4	1,222.5		3,129.1	-7,128.5	-107.4	
	March	2,009.9	85,305.2	1,207.2	26.6	3,141.7	-5,974.5	-84.5	25.2
	April	2,008.9	86,072.9	1,191.6		3,144.1	-5,020.3	-69.5	
	May	2,009.8	89,103.4	1,173.2		3,142.7	-4,205.7	-55.4	
	June	2,010.1	88,188.5	1,161.6	26.6	3,139.7	-3,157.5	-41.6	26.0
	July	2,020.6	87,327.8	1,153.8		3,146.7	-2,512.7	-33.2	
	August	2,033.5	86,388.0	1,150.2		3,156.3	-1,780.2	-23.7	
	September	2,043.0	85,616.6	1,155.2	27.1	3,166.8	-1,050.9	-14.2	26.7
	October	2,060.1	87,975.9	1,156.7		3,185.7	-555.4	-7.3	
	November	2,076.8	89,536.1	1,156.4		3,205.5	-287.7	-3.7	
	December	2,090.7	88,878.3	1,161.3	27.3	3,232.4	-525.4	-6.9	27.0
2010 p/	January	2,242.5	95,544.2	1,243.0		3,607.2	591.0	7.7	
	February	2,241.6	96,315.0	1,230.6		3,617.3	-185.1	-2.4	
	March	2,264.4	98,411.3	1,213.5	28.5	3,649.5	-910.2	-11.2	29.8
	April	2,273.9	98,209.7	1,204.3		3,669.8	-1,744.6	-21.4	
	May	2,290.1	93,680.3	1,209.8		3,693.9	-2,317.4	-29.9	
	June	2,311.7	94,397.4	1,212.4	28.1	3,722.8	-3,049.6	-39.2	29.4
	July	2,336.2	96,235.6	1,216.9		3,757.4	-3,736.6	-47.3	
	August	2,353.6	93,273.2	1,228.2		3,786.3	-4,231.9	-55.7	
	September	2,377.1	97,852.2	1,232.9	28.1	3,819.9	-4,946.0	-62.3	29.3
	October	2,402.4	100,128.9	1,235.5		3,855.8	-5,600.1	-69.1	
	November	2,417.9	99,338.6	1,238.4		3,882.2	-6,140.7	-76.6	
	December	2,437.6	101,059.8	1,248.0	28.1	3,914.2	-6,289.6	-77.7	29.2

p/ Preliminary figures.
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. GDP ratio is calculated using the GDP of the last four quarters
2/ The net broad economic debt includes net liabilities from the federal government and non-financial public entities and enterprises, as well as 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.
Source: Banco de México and Ministry of Finance (SHCP).

Table A 47
Public Sector Net Debt [1/]
Stocks at end of period

Years		Net Broad Economic Debt [2/]				Debt Consolidated with Banco de México [3/]			
		Domestic	External		Total	Domestic	External		Total
		MXN billion	USD million	MXN billion	Percentage of GDP	MXN billion	USD million	MXN billion	Percentage of GDP
2005		836.5	69,500.8	739.1	16.2	1,691.9	-4,832.7	-51.4	16.9
2006		1,171.8	48,592.3	525.4	15.8	2,035.0	-27,951.9	-302.2	16.1
2007		1,307.4	34,545.4	377.1	14.1	2,296.1	-52,877.8	-577.2	14.4
2008		1,817.1	28,948.6	400.4	18.1	3,018.1	-66,591.1	-921.1	17.1
2009	January	1,998.8	82,872.6	1,185.9		3,146.9	-7,774.5	-111.3	
	February	1,957.0	83,550.2	1,259.1		3,111.3	-6,874.6	-103.6	
	March	2,073.9	83,147.4	1,176.7	28.7	3,166.9	-2,741.7	-38.8	27.6
	April	2,006.0	82,693.6	1,144.8		3,151.2	-1,759.4	-24.4	
	May	2,013.0	83,507.0	1,099.5		3,137.2	85.9	1.1	
	June	2,011.6	83,800.0	1,103.8	26.9	3,124.5	2,074.7	27.3	27.2
	July	2,083.8	83,777.7	1,106.9		3,188.8	1,298.1	17.2	
	August	2,124.0	84,469.1	1,124.6		3,223.7	3,213.8	42.8	
	September	2,118.7	88,604.2	1,195.5	27.4	3,250.9	4,594.1	62.0	27.4
	October	2,214.4	88,996.2	1,170.1		3,355.6	4,152.6	54.6	
	November	2,243.0	89,321.4	1,153.6		3,403.1	2,489.3	32.2	
	December	2,244.4	92,964.3	1,214.7	27.3	3,528.2	-3,176.6	-41.5	27.5
2010 [p/]	January	2,242.5	95,544.2	1,243.0		3,607.2	591.0	7.7	
	February	2,240.7	95,344.3	1,218.2		3,627.5	-971.9	-12.4	
	March	2,309.8	95,631.6	1,179.2	28.0	3,713.8	-2,347.1	-28.9	29.6
	April	2,302.6	95,967.7	1,176.8		3,730.6	-4,232.6	-51.9	
	May	2,354.9	95,395.2	1,232.0		3,790.6	-4,960.8	-64.1	
	June	2,419.6	95,412.0	1,225.5	28.2	3,866.9	-6,647.1	-85.4	29.2
	July	2,483.1	98,369.5	1,243.9		3,965.5	-7,571.0	-95.7	
	August	2,475.1	99,247.1	1,306.8		3,988.7	-8,736.0	-115.0	
	September	2,565.3	100,858.1	1,270.8	28.9	4,088.6	-9,133.4	-115.1	29.9
	October	2,629.8	101,983.5	1,258.3		4,178.6	-10,545.5	-130.1	
	November	2,572.9	101,691.5	1,267.7		4,146.7	-12,119.5	-151.1	
	December	2,654.4	109,658.6	1,354.2	28.9	4,265.7	-7,288.9	-90.0	30.1

p/ Preliminary figures.
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. GDP ratio is calculated using the average GDP of the corresponding quarter. In the case of annual ratios, the GDP of the last quarter of the corresponding year is used.
2/ The net broad economic debt includes net liabilities from the federal government and non-financial public entities and enterprises, as well as 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.
Source: Banco de México and Ministry of Finance (SHCP).

Table A 48
Non-financial Public Sector Net Debt [1/]
Traditional methodology
Stocks at end of period

		Public Sector Non-financial Net Economic Debt			
		Domestic	External		Total Net Debt
		MXN billion	USD million	MXN billion	Percentage of GDP
2005		993.7	55,428.8	589.5	16.3
2006		1,216.1	42,777.4	462.5	15.6
2007		1,443.4	29,977.3	327.2	14.8
2008	January	1,469.0	35,077.6	379.8	
	February	1,513.8	32,697.8	350.7	
	March	1,523.7	30,175.2	321.3	15.8
	April	1,482.2	31,631.3	332.4	
	May	1,502.5	30,174.2	311.7	
	June	1,441.0	27,955.8	288.1	13.9
	July	1,502.7	26,553.5	266.5	
	August	1,500.7	26,075.7	268.2	
	September	1,459.1	25,111.0	275.8	13.9
	October	1,453.8	21,185.7	269.3	
	November	1,452.0	20,523.3	273.4	
	December	1,983.4	23,933.8	331.1	18.9
2009	January	2,079.5	78,150.6	1,118.3	
	February	2,031.8	78,761.4	1,186.9	
	March	2,145.3	77,764.0	1,100.5	28.6
	April	2,064.4	78,029.0	1,080.3	
	May	2,067.1	78,591.9	1,034.8	
	June	2,068.2	78,792.4	1,037.9	26.8
	July	2,132.7	78,971.1	1,043.4	
	August	2,167.1	79,653.6	1,060.5	
	September	2,167.8	83,713.7	1,129.5	27.3
	October	2,271.2	83,964.5	1,104.0	
	November	2,289.2	84,515.8	1,091.6	
	December	2,298.9	88,107.6	1,151.2	27.2
2010 [p/]	January	2,316.5	89,413.5	1,163.3	
	February	2,332.6	88,929.1	1,136.2	
	March	2,380.4	89,144.3	1,099.2	28.0
	April	2,396.3	89,471.5	1,097.2	
	May	2,425.2	88,852.4	1,147.5	
	June	2,524.3	88,695.4	1,139.2	28.3
	July	2,579.7	92,009.6	1,163.5	
	August	2,570.3	92,734.9	1,221.1	
	September	2,653.6	93,830.3	1,182.2	28.9
	October	2,732.0	94,950.2	1,171.6	
	November	2,672.0	94,442.6	1,177.4	
	December	2,743.0	101,656.1	1,255.4	28.8

1/ Non-financial public sector (federal government and public entities) net debt 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 and not by end user.
p/ Preliminary figures.
Source: Banco de México.

Table A 49
Federal Government Domestic Debt Securities
Total circulation per instrument [1/]
Current stocks in MXN million at market value

Outstanding stocks at end of:		Total securities in circulation	Cetes	Bondes	Udibonos	Fixed rate bonds	Bondes D
2005		1,259.8	300.0	294.8	101.6	563.4	
2006		1,767.9	358.8	219.2	170.7	814.7	204.5
2007		2,082.4	352.6	140.7	258.1	975.8	355.2
2008	January	2,129.4	342.1	122.9	267.7	1,032.0	364.7
	February	2,182.3	345.8	123.3	276.9	1,066.5	369.8
	March	2,200.1	333.5	106.8	285.1	1,098.4	376.2
	April	2,196.3	340.5	106.5	292.5	1,073.9	382.9
	May	2,203.1	334.6	89.9	296.7	1,093.9	388.0
	June	2,150.0	340.2	90.0	290.3	1,031.2	398.2
	July	2,201.0	336.1	73.8	304.3	1,075.8	411.0
	August	2,233.6	331.6	73.9	318.2	1,122.8	387.0
	September	2,268.3	336.4	74.4	325.4	1,135.0	397.1
	October	2,277.9	344.3	59.2	332.5	1,142.3	399.6
	November	2,332.2	363.0	59.5	329.6	1,162.0	418.1
	December	2,361.8	368.9	59.5	350.6	1,148.9	433.8
2009	January	2,462.3	397.5	44.5	365.7	1,206.2	448.4
	February	2,443.4	398.0	44.3	362.2	1,179.5	459.4
	March	2,566.2	417.9	44.6	384.6	1,248.4	470.6
	April	2,648.3	445.2	32.4	402.3	1,294.7	473.7
	May	2,707.1	472.7	32.6	415.4	1,305.7	480.6
	June	2,677.7	469.1	32.3	414.6	1,277.5	484.2
	July	2,742.4	483.2	32.1	430.0	1,305.4	491.7
	August	2,773.7	502.6	20.8	444.2	1,322.8	483.4
	September	2,838.1	511.2	20.9	458.1	1,359.5	488.5
	October	2,858.7	525.6	21.0	448.7	1,391.8	471.7
	November	2,904.9	524.1	21.1	458.6	1,424.8	476.3
	December	2,767.9	512.6	20.9	466.4	1,299.7	468.4
2010 p/	January	2,800.1	505.8	11.1	479.0	1,330.4	473.8
	February	2,874.3	508.5	11.1	488.8	1,400.6	465.2
	March	2,963.2	517.3	11.2	515.3	1,449.8	469.7
	April	3,024.4	532.6	11.2	526.7	1,496.8	457.0
	May	3,060.5	523.4	11.3	536.2	1,529.3	460.3
	June	3,071.1	540.1	0.0	554.2	1,528.1	448.7
	July	3,146.8	506.3	0.0	582.3	1,606.0	452.1
	August	3,129.7	496.0	0.0	596.2	1,640.7	396.8
	September	3,223.5	502.4	0.0	623.2	1,699.2	398.7
	October	3,228.2	466.6	0.0	641.3	1,730.4	389.9
	November	3,194.0	457.7	0.0	621.3	1,715.1	400.0
	December	3,152.9	557.1	0.0	583.1	1,612.5	400.2

p/ Preliminary figures.
1/ Total circulation includes federal government securities and placements of monetary regulation bonds.
Source: Banco de México.

Table A 50
Federal Government Domestic Debt Securities
Total circulation per holding sector [1/]
Current stocks in MXN million at market value

Outstanding stocks at end of:		Total securities in circulation	Private firms and individuals [2/ 3/]	Non-bank public sector [3/]	Development banks	Commercial banks	Repos
2005		1,259.8	948.4	108.6	20.5	141.2	41.1
2006		1,767.9	1,377.0	126.6	38.7	98.9	126.9
2007		2,082.4	1,573.9	211.3	37.2	119.9	140.2
2008	January	2,129.4	1,686.9	191.2	21.5	114.9	114.9
	February	2,182.3	1,725.8	185.1	24.3	110.0	137.2
	March	2,200.1	1,758.0	177.9	20.8	107.4	136.0
	April	2,196.3	1,776.0	172.1	21.7	102.0	124.6
	Mayo	2,203.1	1,796.7	152.2	22.9	116.0	115.4
	June	2,150.0	1,705.7	171.2	25.9	135.4	111.8
	July	2,201.0	1,778.2	147.5	42.3	131.6	101.4
	August	2,233.6	1,838.5	166.3	21.4	108.7	98.8
	September	2,268.3	1,838.0	194.7	40.3	82.6	112.7
	October	2,277.9	1,764.4	212.0	32.9	76.4	192.1
	November	2,332.2	1,833.8	236.6	40.0	65.4	156.4
	December	2,361.8	1,900.2	173.4	41.1	147.1	100.0
2009	January	2,462.3	2,056.2	182.7	60.4	93.6	69.5
	February	2,443.4	2,074.9	136.7	33.4	89.9	108.5
	March	2,566.2	2,106.1	133.0	33.1	138.1	155.8
	April	2,648.3	2,125.3	157.8	39.0	147.3	178.9
	May	2,707.1	2,159.4	166.6	39.2	156.8	185.0
	June	2,677.7	2,113.6	166.4	48.8	158.3	190.6
	July	2,742.4	2,175.2	162.8	36.0	139.7	228.7
	August	2,773.7	2,204.5	158.1	37.0	136.8	237.3
	September	2,838.1	2,176.0	184.9	24.5	188.7	264.0
	October	2,858.7	2,258.7	171.9	23.2	184.9	219.9
	November	2,904.9	2,293.6	146.6	16.7	219.1	228.8
	December	2,767.9	2,162.7	122.7	21.0	338.0	123.5
2010 [p/]	January	2,800.1	2,244.1	121.2	17.7	260.1	157.1
	February	2,874.3	2,264.2	148.0	18.0	293.1	151.0
	March	2,963.2	2,301.9	133.0	25.7	316.0	186.6
	April	3,024.4	2,363.8	120.5	20.1	311.5	208.5
	May	3,060.5	2,418.0	125.3	27.0	289.5	200.7
	June	3,071.1	2,374.4	139.1	42.6	402.3	112.8
	July	3,146.8	2,473.2	142.5	33.5	389.2	108.3
	August	3,129.7	2,524.4	135.4	28.3	371.3	70.2
	September	3,223.5	2,609.8	147.6	23.9	377.2	65.0
	October	3,228.2	2,662.0	146.2	34.0	374.6	11.4
	November	3,194.0	2,583.6	153.3	29.8	419.4	7.9
	December	3,152.9	2,530.9	120.2	27.8	449.4	24.6

p/ Preliminary figures.
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.
Source: Banco de México.

External Sector

Table A 51
External Sector Indicators

	2003	2004	2005	2006	2007	2008	2009	2010 p/
Balance of payments				USD billion				
Current account	-7.2	-5.2	-5.1	-4.8	-9.0	-16.3	-6.3	-5.7
Trade balance	-5.8	-8.8	-7.6	-6.1	-10.1	-17.3	-4.6	-3.1
Capital account	18.5	14.2	16.5	-2.0	22.1	27.2	18.9	36.0
Foreign direct investment	15.7	24.8	24.0	20.4	29.7	25.9	15.2	17.7
Change in net international reserves	9.5	4.1	7.2	-1.0	10.3	7.5	5.4	22.8
Stock of net international reserves	57.4	61.5	68.7	67.7	78.0	85.4	90.8	113.6
				Percent of GDP				
Current account	-1.0	-0.7	-0.6	-0.5	-0.9	-1.5	-0.7	-0.5
Capital account	2.6	1.9	1.9	-0.2	2.2	2.5	2.1	3.5
Foreign trade				Annual change in percent				
Exports	2.3	14.1	14.0	16.7	8.8	7.2	-21.1	29.8
Oil	25.5	27.2	34.8	22.4	10.2	17.7	-39.0	34.8
Non-oil	0.0	12.4	11.0	15.7	8.5	5.2	-17.4	29.1
Manufactures	-0.7	12.2	11.0	15.7	8.4	5.1	-17.8	29.5
Other	20.9	19.0	8.9	14.1	12.2	7.4	-6.6	19.2
Imports	1.1	15.4	12.7	15.4	10.1	9.5	-24.0	28.6
Consumer goods	1.6	18.1	24.0	17.1	16.7	11.3	-31.5	26.2
Intermediate goods	1.8	15.5	10.3	15.0	8.8	7.9	-22.9	34.5
Capital goods	-3.7	11.8	16.0	16.4	10.1	16.4	-21.6	-1.3
Gross external debt and interest paid 1/				Percent of income in current account				
Total external debt	81.2	72.8	66.2	55.6	57.7	58.3	60.3	56.6
Public sector 2/	40.1	35.0	27.8	18.4	17.1	16.6	35.5	32.4
Private sector	41.0	37.8	38.4	37.2	40.7	41.7	24.8	24.2
Interest 3/	5.9	5.0	4.8	4.7	4.6	4.2	4.3	3.7
				Percent of GDP				
Total external debt	22.8	21.7	20.1	17.4	18.1	18.0	19.3	18.9
Public sector 2/	11.3	10.4	8.4	5.8	5.4	5.1	11.7	11.0
Private sector	11.5	11.3	11.6	11.7	12.7	12.9	7.6	7.9
Interest 3/	1.7	1.5	1.4	1.5	1.4	1.3	1.3	1.2

1/ As of 2009, debt associated with Pidiregas is reclassified from the private sector to the public sector.
2/ Includes Banco de México.
3/ Includes public and private sector.
p/ Preliminary figures.
Note: Figures may not add up due to rounding.
Source: Banco de México, Ministry of Finance (SHCP) and Foreign Trade Statistics Working Group (*Grupo de Trabajo de Estadísticas de Comercio Exterior*), composed of Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística y Geografía*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT) and the Ministry of Economics.

Table A 52
Balance of Payments
USD million

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 p/
Current account	**-17,714.1**	**-14,155.3**	**-7,161.3**	**-5,237.4**	**-5,079.7**	**-4,801.5**	**-8,977.2**	**-16,349.2**	**-6,289.4**	**-5,690.0**
Revenues	**186,166.4**	**188,139.8**	**196,878.9**	**226,504.6**	**257,603.1**	**298,426.5**	**323,617.1**	**342,539.1**	**271,410.4**	**340,784.2**
Merchandise exports	**158,779.7**	**161,046.0**	**164,766.4**	**187,998.6**	**214,233.0**	**249,925.1**	**271,875.3**	**291,342.6**	**229,783.0**	**298,361.2**
Non-factor services	**12,660.3**	**12,691.6**	**12,532.9**	**13,955.1**	**16,066.3**	**16,221.1**	**17,489.3**	**18,039.9**	**14,767.2**	**15,442.6**
Travel	8,400.6	8,858.0	9,361.7	10,795.6	11,803.4	12,176.6	12,851.9	13,289.0	11,275.2	11,871.9
Other	4,259.6	3,833.6	3,171.2	3,159.5	4,262.9	4,044.6	4,637.4	4,750.9	3,492.1	3,570.8
Factor services	**5,366.5**	**4,098.6**	**3,941.8**	**5,708.4**	**5,109.8**	**6,243.6**	**7,749.0**	**7,566.1**	**5,268.6**	**5,390.3**
Interest	4,074.7	2,835.3	2,342.8	2,211.3	3,010.6	5,096.7	6,311.8	5,845.0	3,812.5	3,838.4
Other	1,291.8	1,263.3	1,599.0	3,497.1	2,099.2	1,147.0	1,437.1	1,721.0	1,456.1	1,551.9
Transfers	**9,360.0**	**10,303.7**	**15,637.7**	**18,842.6**	**22,194.1**	**26,036.5**	**26,503.5**	**25,590.5**	**21,591.5**	**21,590.1**
Expenditures	**203,880.5**	**202,295.1**	**204,040.3**	**231,742.0**	**262,682.8**	**303,228.0**	**332,594.3**	**358,888.3**	**277,699.8**	**346,474.2**
Merchandise imports	**168,396.4**	**168,678.9**	**170,545.8**	**196,809.7**	**221,819.5**	**256,058.4**	**281,949.0**	**308,603.3**	**234,385.0**	**301,481.8**
Non-factor services	**16,217.9**	**16,739.7**	**17,133.7**	**18,561.9**	**20,779.4**	**21,956.9**	**23,794.2**	**25,419.2**	**23,172.1**	**25,053.6**
Insurance and freight	4,643.1	4,407.8	4,492.9	5,450.2	6,494.0	7,417.7	8,297.0	10,000.3	7,509.8	8,723.2
International travel	5,701.9	6,059.7	6,253.3	6,959.0	7,600.4	8,108.3	8,374.8	8,525.8	7,131.7	7,283.5
Other	5,872.9	6,272.3	6,387.5	6,152.7	6,685.0	6,430.9	7,122.5	6,893.0	8,530.7	9,046.9
Factor services	**19,244.3**	**16,841.3**	**16,323.6**	**16,290.4**	**20,027.2**	**25,125.1**	**26,743.4**	**24,737.6**	**20,082.3**	**19,852.9**
Interest	12,693.2	11,966.1	11,670.1	11,222.4	12,259.7	14,076.3	14,864.5	14,531.2	11,772.2	12,683.2
Other	6,551.1	4,875.2	4,653.5	5,067.9	7,767.5	11,048.8	11,878.9	10,206.4	8,310.1	7,169.7
Transfers	**21.9**	**35.2**	**37.1**	**80.0**	**56.6**	**87.7**	**107.7**	**128.2**	**60.4**	**85.9**
Capital account	**28,278.5**	**23,334.4**	**18,488.2**	**14,165.8**	**16,514.2**	**-2,011.4**	**22,090.9**	**27,242.3**	**18,852.6**	**36,016.8**
Liabilities	**32,113.1**	**19,490.8**	**15,024.0**	**25,931.1**	**30,706.8**	**15,903.1**	**52,123.0**	**36,322.0**	**36,835.9**	**67,129.0**
Indebtedness	**1,255.9**	**-4,213.3**	**-1,334.4**	**-1,372.0**	**543.0**	**-9,833.6**	**15,081.3**	**8,007.6**	**13,982.7**	**25,634.6**
Development banks	-1,210.2	-1,244.2	-1,640.7	-2,680.2	-3,468.5	-7,959.2	-1,039.8	-496.4	794.3	648.0
Commercial banks	-3,133.4	-2,960.6	-529.2	-906.1	-2,279.8	446.4	3,025.6	-1,159.6	-27.7	9,583.1
Banco de México	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7,229.0	-3,221.0
Non-bank public sector	-83.9	-3,220.2	-2,691.3	-1,759.3	-6,624.1	-14,068.2	-5,907.5	-3,431.5	9,638.1	13,020.8
Non-bank private sector	2,263.2	-2,060.6	-2,675.9	-1,975.0	4,166.4	4,721.8	5,778.0	242.0	-3,651.0	5,603.7
Pidiregas	3,420.2	5,272.3	6,202.7	5,948.6	8,749.0	7,025.6	13,225.0	12,853.1	0.0	0.0
Foreign investment	**30,857.2**	**23,704.1**	**16,358.4**	**27,303.0**	**30,163.8**	**25,736.7**	**37,041.7**	**28,314.4**	**22,853.2**	**41,494.4**
Direct investment	29,848.5	23,783.0	15,737.4	24,817.9	24,037.0	20,419.5	29,714.2	25,864.5	15,205.7	17,725.9
Portfolio investment	1,008.8	-78.9	621.0	2,485.2	6,126.8	5,317.2	7,327.5	2,449.9	7,647.5	23,768.6
Equity	151.0	-103.6	-123.3	-2,522.2	3,352.9	2,805.2	-482.1	-3,503.3	4,168.9	641.3
Money market	857.8	24.7	744.3	5,007.4	2,773.9	2,512.0	7,809.6	5,953.2	3,478.6	23,127.3
Assets	**-3,834.6**	**3,843.6**	**3,464.2**	**-11,765.2**	**-14,192.6**	**-17,914.5**	**-30,032.1**	**-9,079.7**	**-17,983.3**	**-31,112.3**
Held by foreign banks	-1,511.7	2,773.3	3,457.1	-5,579.3	-4,402.5	-6,148.3	-17,045.6	-5,791.1	-14,849.0	-20,758.4
Mexican direct investment	-4,404.0	-890.8	-1,253.5	-4,431.9	-6,474.0	-5,758.5	-8,256.3	-1,157.1	-7,018.9	-12,694.0
Credits granted abroad	0.0	190.0	46.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External debt guarantees	3,856.6	1,133.8	90.8	1,717.9	0.0	0.0	0.0	0.0	0.0	0.0
Other	-1,775.6	637.3	1,123.8	-3,471.9	-3,316.1	-6,007.7	-4,730.2	-2,131.4	3,884.6	2,340.2
Errors and omissions	**-3,239.4**	**-2,089.4**	**-1,889.2**	**-4,870.3**	**-4,270.1**	**5,809.9**	**-2,827.7**	**-3,455.0**	**-7,229.3**	**-7,647.2**
Change in net international reserves	**7,325.0**	**7,104.1**	**9,450.9**	**4,061.4**	**7,172.6**	**-989.2**	**10,311.1**	**7,450.2**	**5,396.8**	**22,758.7**
Valuation adjustments	**0.0**	**-14.4**	**-13.2**	**-3.2**	**-8.2**	**-13.7**	**-25.2**	**-12.1**	**-63.0**	**-79.2**

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

Table A 53
Foreign Trade
USD million

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 p/
Exports	**158,779.7**	**161,046.0**	**164,766.4**	**187,998.6**	**214,233.0**	**249,925.1**	**271,875.3**	**291,342.6**	**229,783.0**	**298,361.2**
Oil	**13,191.0**	**14,823.5**	**18,597.2**	**23,663.1**	**31,888.6**	**39,016.8**	**43,013.8**	**50,635.4**	**30,910.8**	**41,682.3**
Crude oil [1/]	11,927.7	13,392.2	16,676.3	21,257.8	28,329.5	34,707.1	37,937.2	43,341.5	25,693.5	35,907.4
Other	1,263.3	1,431.3	1,920.9	2,405.3	3,559.1	4,309.7	5,076.7	7,293.8	5,217.3	5,774.9
Non-oil	**145,588.8**	**146,222.5**	**146,169.2**	**164,335.5**	**182,344.4**	**210,908.3**	**228,861.5**	**240,707.2**	**198,872.2**	**256,678.8**
Agriculture	4,435.3	4,196.0	5,022.5	5,666.5	5,981.1	6,835.9	7,415.0	7,894.6	7,725.9	8,510.1
Extractive	386.2	367.2	496.4	900.8	1,167.7	1,320.6	1,737.1	1,931.0	1,447.9	2,424.0
Manufacturing	140,767.2	141,659.4	140,650.3	157,768.2	175,195.6	202,751.8	219,709.4	230,881.6	189,698.4	245,744.8
Imports	**168,396.4**	**168,678.9**	**170,545.8**	**196,809.7**	**221,819.5**	**256,058.4**	**281,949.0**	**308,603.3**	**234,385.0**	**301,481.8**
Oil	7,647.2	6,796.3	8,519.3	11,228.8	16,393.7	19,637.0	25,469.2	35,656.9	20,462.5	30,211.2
Non-oil	160,749.2	161,882.6	162,026.6	185,580.9	205,425.8	236,421.3	256,479.9	272,946.3	213,922.5	271,270.7
Consumer goods	**19,752.0**	**21,178.4**	**21,509.0**	**25,409.0**	**31,512.9**	**36,901.0**	**43,054.5**	**47,940.7**	**32,828.1**	**41,422.7**
Oil	2,322.4	1,677.2	1,588.4	2,639.8	5,570.7	7,303.1	10,931.9	15,805.1	8,929.7	12,820.3
Non-oil	17,429.6	19,501.1	19,920.6	22,769.2	25,942.1	29,597.9	32,122.6	32,135.6	23,898.4	28,602.4
Intermediate goods	**126,148.8**	**126,508.1**	**128,831.5**	**148,803.7**	**164,091.1**	**188,632.5**	**205,295.5**	**221,565.4**	**170,911.7**	**229,812.4**
Oil	5,324.7	5,119.0	6,930.8	8,589.0	10,823.0	12,333.9	14,537.3	19,851.8	11,532.8	17,390.8
Non-oil	120,824.0	121,389.1	121,900.6	140,214.7	153,268.1	176,298.5	190,758.2	201,713.6	159,378.9	212,421.6
Capital goods	**22,495.7**	**20,992.5**	**20,205.3**	**22,597.0**	**26,215.5**	**30,524.9**	**33,599.0**	**39,097.1**	**30,645.2**	**30,246.7**
Trade balance	**-9,616.7**	**-7,632.9**	**-5,779.4**	**-8,811.1**	**-7,586.6**	**-6,133.2**	**-10,073.7**	**-17,260.7**	**-4,601.9**	**-3,120.7**
Oil trade balance	**5,543.8**	**8,027.2**	**10,078.0**	**12,434.3**	**15,494.9**	**19,379.8**	**17,544.6**	**14,978.4**	**10,448.4**	**11,471.2**
Non-oil trade balance	**-15,160.5**	**-15,660.1**	**-15,857.4**	**-21,245.4**	**-23,081.4**	**-25,513.0**	**-27,618.4**	**-32,239.1**	**-15,050.3**	**-14,591.8**

p/ Preliminary figures.
Note: Figures may not add up due to rounding.
1/ Data provided by PMI Internacional, S.A. de C.V. (operation figures).
Source: Foreign Trade Statistics Working Group composed of Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística y Geografía*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT), and the Ministry of the Economy.

Table A 54
Exports by Economic Sector
USD million

Item	2004	2005	2006	2007	2008	2009	2010 p/
T o t a l	**187,998.6**	**214,233.0**	**249,925.1**	**271,875.3**	**291,342.6**	**229,783.0**	**298,361.2**
I. Agriculture and forestry	4,504.7	4,873.7	5,544.8	6,192.6	6,851.2	6,575.5	7,242.3
II. Livestock and fishing	1,161.8	1,107.4	1,291.1	1,222.4	1,043.4	1,150.4	1,267.8
III. Extractive industries	24,563.9	33,056.3	40,337.4	44,750.9	52,566.4	32,358.7	44,106.3
Crude oil [1/]	21,257.8	28,329.5	34,707.1	37,937.2	43,341.5	25,693.5	35,907.4
Other	3,306.1	4,726.8	5,630.3	6,813.7	9,224.9	6,665.2	8,198.9
IV. Manufacturing	157,768.2	175,195.6	202,751.8	219,709.4	230,881.6	189,698.4	245,744.8
A. Food, beverages and tobacco	4,713.3	5,750.7	6,871.1	7,376.2	8,467.3	8,346.4	9,551.6
B. Textiles, apparel and leather products	10,461.3	10,391.4	9,326.8	8,213.4	7,684.5	6,400.3	7,151.0
C. Timber products	662.2	709.6	751.6	647.2	582.2	479.0	492.9
D. Paper, printing and publishing	1,409.4	1,714.8	1,862.8	1,920.8	1,944.8	1,665.7	1,959.7
E. Chemical industry	5,316.6	5,912.0	6,540.4	7,487.3	8,382.1	7,582.3	8,521.5
F. Plastic and rubber products	4,692.8	5,466.0	5,873.9	6,354.6	6,409.7	5,390.9	6,870.4
G. Non-metal mineral products	2,314.2	2,687.3	2,977.9	2,965.0	3,051.1	2,430.5	2,951.6
H. Iron and steel	4,528.1	5,487.1	6,263.7	7,016.4	8,728.4	4,943.3	6,542.5
I. Mining and metallurgy	2,605.5	3,467.1	6,009.7	7,666.3	8,686.8	8,561.1	12,333.8
J. Metallic products, machinery and equipment	116,918.1	128,192.4	150,633.1	163,704.4	169,410.3	137,566.1	182,696.7
1. For agriculture and stockbreeding	306.8	371.8	415.7	391.6	463.1	409.6	558.5
2. For other transport and communications	42,010.0	47,022.9	54,727.2	58,398.2	58,168.2	43,690.7	66,489.4
Automotive industry	41,122.6	45,787.0	53,094.0	56,117.8	55,681.0	42,373.1	64,947.9
3. Special machinery and equipment for different industries	25,133.1	24,917.8	27,800.1	28,684.3	27,894.3	24,073.5	33,560.7
4. Metallic products (domestic use)	1,667.0	1,538.5	2,499.8	2,788.0	3,344.6	3,820.3	4,715.6
5. Professional and scientific equipment	5,670.0	7,293.3	8,163.3	8,269.3	9,007.4	8,227.3	9,808.2
6. Electric and electronic equipment	41,420.9	46,511.3	56,346.6	64,560.0	70,090.9	56,932.6	67,089.2
7. Photographic and optical equipment and watchmaking	710.4	537.0	680.3	612.9	441.9	412.1	475.2
K. Other industries	4,146.8	5,417.1	5,640.8	6,357.9	7,534.3	6,332.6	6,673.0

p/ Preliminary figures.
Note: Figures may not add up due to rounding.
1/ Data provided by PMI Internacional, S.A. de C.V. (operation figures).
Source: Foreign Trade Statistics Working Group composed of Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística y Geografía*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT), and the Ministry of the Economy.

Table A 55
Imports by Economic Sector
USD million

Item	2004	2005	2006	2007	2008	2009	2010 p/
T O T A L	**196,809.7**	**221,819.5**	**256,058.4**	**281,949.0**	**308,603.3**	**234,385.0**	**301,481.8**
I. Agriculture and forestry	6,142.1	5,930.6	6,855.1	8,531.5	11,291.1	8,303.6	9,416.7
II. Livestock and fishing	236.3	310.3	368.0	462.3	546.4	306.4	428.4
III. Extractive industries	12,200.9	17,611.6	21,371.9	27,047.6	37,530.5	21,274.6	31,415.0
IV. Manufacturing	178,230.4	197,967.0	227,463.4	245,907.6	259,235.3	204,500.3	260,221.8
A. Food, beverages and tobacco	7,253.7	8,233.0	8,959.8	10,535.4	11,524.9	9,884.6	11,231.0
B. Textiles, apparel and leather products	10,384.2	10,715.9	10,609.4	10,144.5	9,947.6	7,745.9	9,336.7
C. Timber products	1,291.2	1,479.2	1,590.3	1,677.7	1,671.4	1,120.0	1,308.2
D. Paper, printing and publishing	5,127.8	5,522.2	6,134.9	6,485.7	6,700.8	5,474.4	6,612.3
E. Chemical industry	12,457.6	14,013.9	15,644.7	17,353.7	19,804.1	16,685.0	19,507.8
F. Plastic and rubber products	13,358.0	14,966.3	16,476.0	16,890.0	16,606.8	13,270.0	18,375.3
G. Non-metal mineral products	1,926.8	2,086.2	2,293.1	2,498.8	2,233.1	1,658.7	2,174.0
H. Iron and steel	9,246.0	10,696.1	12,718.1	13,000.8	15,118.4	10,113.3	13,356.4
I. Mining and metallurgy	5,148.5	5,707.2	7,851.5	8,558.6	8,520.1	5,550.9	8,198.3
J. Metallic products, machinery and equipment	106,920.3	118,103.0	136,938.1	148,645.9	155,547.4	123,195.1	158,232.0
1. For agriculture and stockbreeding	550.3	599.5	641.9	738.3	877.3	682.8	785.9
2. For other transport and communications	25,080.2	29,207.2	32,940.8	35,839.6	36,119.3	24,752.5	34,599.9
Automotive industry	23,866.1	27,778.8	31,303.2	33,332.9	33,993.1	23,703.5	33,283.6
3. Special machinery and equipment for different industries	30,830.7	32,650.1	36,257.4	38,619.7	40,850.7	33,492.7	41,281.1
4. Metallic products (domestic use)	641.8	758.8	964.1	1,064.6	1,008.4	737.5	1,007.8
5. Professional and scientific equipment	5,376.6	6,456.6	9,386.0	12,209.7	11,958.9	8,192.4	9,794.7
6. Electric and electronic equipment	43,647.3	47,665.9	55,947.0	59,393.1	63,983.9	54,765.4	70,070.5
7. Photographic and optical equipment, and watchmaking	793.3	765.0	800.8	781.0	749.0	571.9	692.1
K. Other industries	5,116.3	6,443.9	8,247.5	10,116.5	11,560.8	9,802.4	11,889.7

p/ Preliminary figures.
Note: Figures may not add up due to rounding.
Source: Foreign Trade Statistics Working Group composed of officers from Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística y Geografía*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT), and the Ministry of the Economy.

Table A 56
Foreign Trade by Country
USD million

	Exports				Imports			
	2007	2008	2009	2010 p/	2007	2008	2009	2010 p/
Total	**271,875**	**291,343**	**229,783**	**298,361**	**281,949**	**308,603**	**234,385**	**301,482**
America	247,915	262,795	208,573	270,468	163,358	176,656	130,528	167,153
North America	229,624	240,625	193,425	249,243	147,430	160,777	119,738	153,615
U.S.	223,133	233,523	185,181	238,559	139,473	151,335	112,434	145,007
Canada	6,491	7,102	8,244	10,684	7,957	9,443	7,304	8,608
Central America	4,304	4,923	3,770	4,635	1,655	1,847	1,880	2,933
Costa Rica	687	920	651	806	741	776	923	1,902
El Salvador	518	801	463	657	62	71	71	105
Guatemala	1,152	1,385	1,192	1,467	457	501	500	488
Panama	731	864	770	882	114	116	95	32
Other countries of Central America	1,216	953	694	824	283	384	292	405
South America	10,909	13,840	9,856	14,820	12,463	12,065	8,122	9,611
Argentina	1,130	1,317	1,084	1,769	1,610	1,436	1,145	1,093
Brazil	2,010	3,367	2,438	3,781	5,575	5,183	3,495	4,328
Colombia	2,943	3,032	2,491	3,757	764	1,072	619	795
Chile	1,170	1,587	1,049	1,864	2,594	2,592	1,651	1,952
Peru	677	1,180	586	974	383	426	355	337
Venezuela	2,333	2,310	1,418	1,564	1,009	769	435	640
Other countries of South America	647	1,047	790	1,112	528	588	422	466
Antilles	3,077	3,407	1,523	1,770	1,810	1,967	789	995
Europe	15,068	18,173	12,286	15,799	36,488	42,428	29,602	35,891
European Union	14,554	17,288	11,626	14,425	33,822	39,183	27,226	32,497
Germany	4,104	5,008	3,210	3,572	10,688	12,606	9,727	11,077
Belgium	840	789	698	873	761	884	613	780
Denmark	126	97	65	119	321	369	372	528
Spain	3,690	4,233	2,508	3,831	3,831	4,056	3,004	3,232
France	695	525	496	587	3,098	3,511	2,503	3,024
Netherlands	1,905	2,488	1,695	1,842	2,466	4,184	2,171	2,811
Italy	481	587	516	651	5,542	5,219	3,147	3,997
Portugal	276	126	34	183	325	439	297	461
United Kingdom	1,563	1,749	1,243	1,734	2,294	2,596	1,838	2,005
Other countries of European Union	874	1,686	1,160	1,033	4,498	5,320	3,556	4,581
Other European countries	514	885	661	1,374	2,665	3,245	2,376	3,394
Asia	7,613	8,626	7,561	10,729	79,451	86,211	72,158	95,918
China	1,895	2,045	2,208	4,196	29,744	34,690	32,529	45,608
Korea	684	541	500	944	12,658	13,548	10,959	12,777
Philippines	75	66	51	82	1,198	1,238	1,070	1,546
Hong Kong	328	396	380	463	561	533	296	344
India	1,046	1,559	1,112	1,031	1,207	1,361	1,140	1,797
Indonesia	43	63	77	67	886	957	854	1,232
Israel	130	222	86	89	441	524	416	510
Japan	1,913	2,046	1,601	1,923	16,343	16,283	11,397	15,015
Malaysia	123	114	137	110	4,771	4,659	4,036	5,276
Singapore	336	427	386	658	2,087	1,698	1,378	1,457
Thailand	167	129	100	149	2,106	2,208	1,983	2,698
Taiwan	272	307	176	321	5,897	6,659	4,592	5,621
Other Asian countries	603	712	748	698	1,552	1,855	1,509	2,040
Africa	464	807	635	466	1,305	2,047	928	1,332
Oceania	608	743	575	718	1,330	1,230	1,119	1,157
Australia	561	671	515	657	785	807	788	770
New Zealand	33	57	44	58	511	417	327	374
Other countries of Oceania	15	15	16	3	34	7	4	13
Not identified	208	199	152	180	18	31	51	31

p/ Preliminary figures.
Note: Figures may not add up due to rounding.
Source: Foreign Trade Statistics Working Group composed of Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística y Geografía*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT), and the Ministry of the Economy.

Table A 57
Main Traded Goods

	Exports 2008	Exports 2009	Exports 2010 p/		Imports 2008	Imports 2009	Imports 2010 p/
Total (USD million)	**291,343**	**229,783**	**298,361**	**Total (USD million)**	**308,603**	**234,385**	**301,482**
	Percent of total				Percent of total		
Crude oil 1/	14.9	11.2	12.0	Automobile spare parts	4.3	4.6	4.9
Automobiles	7.4	6.6	7.7	Telephone and telegraph electric devices	3.7	4.2	4.2
T.V. sets	7.8	7.9	6.9	Gasoline	4.7	3.6	4.0
Telephone and telegraph electric devices	5.9	7.0	6.1	Spare parts for recorders and T.V. sets	3.0	4.2	3.8
Automobile spare parts	4.0	4.0	4.6	Microelectric circuits	2.8	3.3	3.5
Computers	2.5	3.5	4.5	Automobiles	2.7	2.0	2.1
Trucks and cargo vehicles	2.5	2.8	3.5	Computers	1.7	2.2	2.1
Insulating cables for electric installations	2.6	2.2	2.3	Office machine and devices' parts	0.9	1.4	1.8
Gold (crude, worked and ground)	0.9	1.7	1.9	Devices for cutting or connecting electric circuits	1.5	1.4	1.5
Oils other than crude oil	2.1	1.9	1.6	Furniture, automobile and plastic cover parts	1.0	1.0	1.4
Medical or veterinarian devices	1.3	1.7	1.5	Insulating cables for electric installations	1.3	1.3	1.3
Refrigerators	1.0	1.4	1.3	LP gas	2.1	1.2	1.3
Tractors	0.5	1.1	1.2	Liquid crystal devices	1.7	1.0	1.0
Seats and their parts	1.1	1.0	1.1	Motor parts	0.8	0.7	0.9
Devices for cutting and connecting electric circuits	1.1	1.0	1.0	Electric transformers	0.8	0.9	0.9
Motor parts	0.9	0.8	1.0	Medicines (retail)	0.8	1.1	0.9
Silver (crude, worked and ground)	0.6	0.6	0.9	Printing machines and devices	1.0	0.9	0.8
Electric motors and generators	0.8	0.8	0.8	T.V. sets	0.6	0.8	0.8
Electric transformers	0.9	0.9	0.7	Diesel motors	0.7	0.6	0.8
Malta beer	0.6	0.8	0.6	Parts of radio/recording devices	0.6	0.6	0.7
Faucet and tap-related products	0.6	0.6	0.6	Iron and steel bars and hooks	0.8	0.8	0.7
Fresh and refrigerated tomato	0.4	0.5	0.5	Air and vacuum pumps	0.7	0.7	0.7
Automatic-regulating instruments	0.6	0.5	0.5	Faucet or tap-related products	0.7	0.7	0.7
Suits and pants (men and boys)	0.6	0.6	0.5	Trucks and cargo vehicles	1.0	0.8	0.7
Gasoline motors	0.6	0.5	0.5	Semiconductor devices	0.6	0.7	0.7
Diesel motors	0.2	0.2	0.5	Plastic containers	0.7	0.7	0.6
Fresh and refrigerated legumes	0.4	0.5	0.5	New rubber tiers	0.6	0.6	0.6
Centrifugates, filters and purifiers	0.5	0.4	0.5	Cyclical hydrocarbons	0.6	0.6	0.6
Liquid pumps	0.4	0.4	0.4	Medical and veterinarian devices	0.5	0.7	0.6
Air-conditioning machines and devices	0.4	0.4	0.4	Gasoline motors	0.5	0.5	0.6
Lathe, jack and block and tackle parts	0.5	0.3	0.4	Printed circuit board assembly	0.6	0.6	0.6
Medicines (retail)	0.4	0.4	0.4	Screws, iron and steel bolts	0.5	0.5	0.6
Electric machines and devices	0.4	0.4	0.4	Propeller shafts, bearings and gear assemblies	0.5	0.5	0.6
Microphones and their support bases	0.5	0.4	0.4	Polyethylenes	0.6	0.6	0.6
Semiconductor devices	0.3	0.4	0.4	Soy beans	0.6	0.6	0.5
Plastic containers	0.4	0.4	0.4	Corn	0.8	0.6	0.5
Electric lighting devices	0.4	0.3	0.3	Flat-rolled products	0.4	0.5	0.5
Furniture, automobile and plastic cover parts	0.3	0.3	0.3	Centrifugates, filters and purifiers	0.4	0.5	0.5
Radios	0.4	0.3	0.3	Liquid pumps	0.4	0.5	0.5
Lamps and neon signs	0.4	0.4	0.3	Plates, sheets and plastic strips	0.4	0.4	0.5
Other	32.0	32.8	30.0	Other	51.3	50.9	49.3

p/ Preliminary figures.
1/ Data provided by PMI Internacional, S.A. de C.V. (operation figures). Subject to revisions.
Note: Figures may not add up due to rounding.
Source: Foreign Trade Statistics Working Group composed of Banco de México, the National Bureau of Statistics (*Instituto Nacional de Estadística y Geografía*, INEGI), the Ministry of Finance's Tax Collection System (*Servicio de Administración Tributaria*, SAT), and the Ministry of the Economy.

Table A 58
International Travelers

Item	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010 p/
Balance (USD million)	**2,681.6**	**2,795.1**	**2,698.7**	**2,798.3**	**3,108.4**	**3,836.5**	**4,203.0**	**4,068.3**	**4,477.2**	**4,763.2**	**4,143.5**	**4,588.4**
				Incoming								
Revenues (USD million)	**7,222.9**	**8,294.2**	**8,400.6**	**8,858.0**	**9,361.7**	**10,795.6**	**11,803.4**	**12,176.6**	**12,851.9**	**13,289.0**	**11,275.2**	**11,871.9**
Tourist	5,061.7	5,816.2	5,941.4	6,083.7	6,680.1	7,783.5	8,502.4	8,954.6	9,716.5	10,115.8	8,623.9	9,357.0
In border areas	1,995.7	2,277.0	2,243.9	2,491.8	2,393.1	2,591.3	2,848.4	2,763.6	2,647.6	2,695.1	2,198.5	1,970.2
Overnight visitors	444.0	619.2	597.0	640.9	571.6	598.8	643.9	604.8	623.7	701.3	597.3	536.9
One-day visitors	1,551.7	1,657.7	1,646.9	1,850.9	1,821.5	1,992.5	2,204.5	2,158.8	2,023.9	1,993.8	1,601.3	1,433.3
Cruises	165.4	201.1	215.3	282.5	288.5	420.8	452.6	458.3	487.8	478.2	452.7	544.6
Number of travelers (thousands)	**99,869**	**105,673**	**100,719**	**100,153**	**92,330**	**99,250**	**103,146**	**97,701**	**92,179**	**91,462**	**86,189**	**79,901**
Tourist	10,214	10,591	10,152	9,883	10,353	11,553	12,534	12,608	12,956	13,300	11,781	12,775
In border areas	86,607	91,615	86,762	85,135	77,002	81,204	83,905	78,577	72,409	71,732	68,718	60,839
Overnight visitors	8,829	10,050	9,659	9,784	8,312	9,065	9,381	8,745	8,414	9,338	9,673	9,620
One-day visitors	77,778	81,565	77,103	75,352	68,690	72,139	74,524	69,832	63,995	62,394	59,045	51,219
Cruises	3,048	3,467	3,805	5,136	4,975	6,493	6,707	6,516	6,814	6,431	5,690	6,287
Average spending (USD)	**72.3**	**78.5**	**83.4**	**88.4**	**101.4**	**108.8**	**114.4**	**124.6**	**139.4**	**145.3**	**130.8**	**148.6**
Tourist	495.6	549.1	585.3	615.6	645.2	673.7	678.4	710.3	750.0	760.6	732.0	732.5
In border areas	23.0	24.9	25.9	29.3	31.1	31.9	33.9	35.2	36.6	37.6	32.0	32.4
Overnight visitors	50.3	61.6	61.8	65.5	68.8	66.1	68.6	69.2	74.1	75.1	61.7	55.8
One-day visitors	20.0	20.3	21.4	24.6	26.5	27.6	29.6	30.9	31.6	32.0	27.1	28.0
Cruises	54.3	58.0	56.6	55.0	58.0	64.8	67.5	70.3	71.6	74.4	79.6	86.6
				Outgoing								
Expenditures (USD million)	**4,541.3**	**5,499.1**	**5,701.9**	**6,059.7**	**6,253.3**	**6,959.0**	**7,600.4**	**8,108.3**	**8,374.8**	**8,525.8**	**7,131.7**	**7,283.5**
Tourist	1,690.8	2,163.9	2,399.5	2,429.1	2,565.3	2,910.9	3,313.7	3,805.4	4,285.7	4,524.6	3,982.3	4,216.0
In border areas	2,850.5	3,335.3	3,302.4	3,630.6	3,688.0	4,048.1	4,286.7	4,302.8	4,089.0	4,001.3	3,149.3	3,067.5
Overnight visitors	259.6	281.1	368.0	348.5	269.7	316.4	339.7	387.9	421.5	379.5	338.8	352.7
One-day visotors	2,590.9	3,054.2	2,934.4	3,282.0	3,418.3	3,731.7	3,946.9	3,914.9	3,667.6	3,621.8	2,810.6	2,714.8
Number of travelers (thousands)	**117,383**	**127,268**	**123,737**	**124,633**	**123,015**	**128,904**	**128,392**	**122,022**	**109,366**	**107,442**	**98,066**	**91,560**
Tourists	5,543	6,200	6,423	6,492	6,603	7,399	8,000	8,486	9,213	9,321	8,875	9,233
In border areas	111,840	121,068	117,309	118,141	116,412	121,505	120,392	113,536	100,153	98,122	89,191	82,326
Overnight visitors	4,809	4,879	5,652	5,456	4,441	5,096	5,305	5,516	5,870	5,129	5,067	5,003
One-day visotors	107,031	116,189	111,657	112,685	111,971	116,409	115,087	108,020	94,283	92,992	84,124	77,323
Average spending (USD)	**38.7**	**43.2**	**46.1**	**48.6**	**50.8**	**54.0**	**59.2**	**66.4**	**76.6**	**79.4**	**72.7**	**79.5**
Tourists	305.0	349.0	373.6	374.1	388.5	393.5	414.2	448.4	465.2	485.4	448.7	456.6
In border areas	25.5	27.5	28.2	30.7	31.7	33.3	35.6	37.9	40.8	40.8	35.3	37.3
Overnight visitors	54.0	57.6	65.1	63.9	60.7	62.1	64.0	70.3	71.8	74.0	66.9	70.5
One-day visitors	24.2	26.3	26.3	29.1	30.5	32.1	34.3	36.2	38.9	38.9	33.4	35.1

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

Table A 59
Revenues from Workers' Remittances

	2006	2007	2008	2009	2010 p/
Total remittances (USD million)	**25,566.8**	**26,049.6**	**25,138.6**	**21,244.7**	**21,271.2**
Money orders	1,359.7	859.7	598.6	386.2	389.7
Electronic transfers	23,854.0	24,802.7	24,113.7	20,547.5	20,583.3
Cash and kind	353.2	387.3	426.2	311.0	298.2
Number of remittances (thousands)	**74,184.6**	**75,635.8**	**72,618.6**	**66,936.9**	**67,434.7**
Money orders	2,844.6	1,585.9	1,353.3	866.4	816.1
Electronic transfers	70,697.7	73,278.7	70,478.0	65,381.4	65,930.0
Cash and kind	642.3	771.2	787.2	689.1	688.6
Average remittance (USD)	**345**	**344**	**346**	**317**	**315**
Money orders	478	542	442	446	478
Electronic transfers	337	338	342	314	312
Cash and kind	550	502	541	451	433

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

Table A 60
Revenues from Workers' Remittances
By state and international comparison

State	Distribution by State: Ranking 1995	2001	2008	2009	2010 p/	Percentage structure 1995	2001	2008	2009	2010 p/	International comparison: selected countries in 2009: Country	USD million	As a percentage of GDP
											India	48,596	3.9
Michoacán	1	1	1	1	1	16.25	11.69	9.74	10.01	10.07	Mexico		
Guanajuato	3	2	2	2	2	10.25	8.31	9.22	9.13	9.30	2007	26,050	2.5
Jalisco	2	3	4	4	3	12.70	7.89	7.61	7.96	8.24	2008	25,139	2.3
Estado de México	7	4	3	3	4	4.39	7.16	8.22	7.98	7.69	2009	21,245	2.4
Puebla	6	9	6	5	5	4.84	3.97	6.43	6.45	6.44	2010	21,271	2.0
Oaxaca	8	8	7	6	6	4.34	4.03	6.05	6.09	6.09	Nigeria	18,230	10.8
Veracruz	15	6	5	7	7	2.07	5.99	6.44	6.08	5.81	Philippines	15,141	9.4
Guerrero	4	5	8	8	8	6.11	6.27	5.71	5.63	5.64	China	13,693	0.3
Distrito Federal	5	7	9	9	9	5.34	5.67	4.31	4.53	4.69	Bangladesh	10,510	11.1
Hidalgo	16	10	10	10	10	1.95	3.89	3.82	3.53	3.36	Pakistan	8,701	5.4
San Luis Potosí	10	12	12	11	11	3.26	2.82	3.03	2.94	2.95	Egypt	7,150	3.8
Zacatecas	11	17	13	13	12	3.12	2.10	2.71	2.69	2.73	Spain	6,733	0.5
Chiapas	27	15	11	12	13	0.54	2.51	3.23	2.86	2.70	Indonesia	6,618	1.2
Morelos	9	11	14	14	14	3.56	2.82	2.48	2.57	2.60	Lebanon	6,385	18.5
Sinaloa	13	14	16	15	15	2.99	2.62	1.94	2.14	2.21	Morocco	6,269	6.9
Tamaulipas	21	13	15	16	16	1.27	2.69	1.99	1.95	1.89	Romania	4,198	2.6
Chihuahua	19	18	17	17	17	1.75	2.05	1.89	1.91	1.87	Colombia	4,145	1.8
Durango	14	16	18	18	18	2.08	2.11	1.76	1.76	1.78	Guatemala	3,966	10.5
Querétaro	17	20	19	19	19	1.93	1.79	1.74	1.69	1.66	Serbia	3,755	8.7
Baja California	23	23	21	21	20	0.85	1.64	1.33	1.51	1.63	Poland	3,652	0.8
Nayarit	20	19	20	20	21	1.57	1.91	1.50	1.60	1.58	El Salvador	3,465	16.4
Aguascalientes	12	25	22	23	22	3.11	1.24	1.32	1.32	1.38	Sri Lanka	3,330	7.9
Sonora	24	22	24	24	23	0.76	1.67	1.24	1.31	1.37	Portugal	3,190	1.4
Nuevo León	22	24	23	22	24	1.05	1.56	1.29	1.38	1.33	Jordan	3,119	12.4
Tlaxcala	26	27	25	25	25	0.60	0.75	1.21	1.21	1.21	Dominican Republic	3,042	6.5
Coahuila	18	21	26	26	26	1.84	1.69	1.11	1.10	1.10	Nepal	2,858	22.2
Colima	25	26	27	27	27	0.75	1.15	0.73	0.77	0.81	Ecuador	2,495	4.5
Yucatán	28	29	29	29	28	0.31	0.42	0.54	0.52	0.53	Honduras	2,476	17.4
Tabasco	32	28	28	28	29	0.09	0.70	0.62	0.54	0.52	Peru	2,378	1.9
Quintana Roo	29	30	30	30	30	0.13	0.37	0.39	0.40	0.41	Brazil	2,224	0.1
Campeche	31	31	31	31	31	0.10	0.28	0.29	0.26	0.26	Jamaica	1,794	14.2
Baja California Sur	30	32	32	32	32	0.12	0.21	0.14	0.15	0.16	Tadjikistan	1,742	35.0
											Tunisia	1,727	4.0
TOTAL						100.00	100.00	100.00	100.00	100.00			

p/ Preliminary figures.
Source: Prepared with data from Banco de México (for Mexico) and IMF Balance of Payments Division.

Table A 61
Foreign Investment Flows
USD million

	2003	2004	2005	2006	2007	2008	2009	2010 p/
Total	**16,358.4**	**27,303.1**	**30,163.8**	**25,736.7**	**37,041.7**	**28,314.4**	**22,853.2**	**41,494.5**
Direct investment	15,737.4	24,817.9	24,037.0	20,419.5	29,714.2	25,864.5	15,205.7	17,725.9
New investment	6,501.5	14,856.8	12,684.3	6,510.9	15,869.5	10,205.2	6,633.6	11,355.0
Reinvested earnings	2,104.9	2,524.9	4,031.8	7,749.6	8,079.8	7,795.8	4,377.1	2,783.2
Intercompany accounts	7,131.0	7,436.2	7,320.9	6,159.0	5,764.8	7,863.5	4,195.0	3,587.7
Portfolio investment	**621.0**	**2,485.2**	**6,126.8**	**5,317.2**	**7,327.5**	**2,449.9**	**7,647.5**	**23,768.6**
Equity	-123.3	-2,522.2	3,352.9	2,805.2	-482.1	-3,503.3	4,168.9	641.3
Money market	744.3	5,007.4	2,773.9	2,512.0	7,809.6	5,953.2	3,478.6	23,127.3

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

Table A 62
Foreign Investment in Government Securities
End of period outstanding stocks at face value
USD billion

		CETES		BONDES		UDIBONOS		IPAB Bonds [1/]		Bonds [2/]		Total [3/]	
		Stock	%	Stock	%	Stock	%	Stock	%	Stock	%	Stock	%
1997	Dec	3.0	90.3	0.3	7.7	0.1	0.0	d.n.e.	0.0	d.n.e.	d.n.e.	3.3	100.0
1998	Dec	2.1	91.5	0.2	7.2	0.0	0.1	d.n.e.	0.0	d.n.e.	d.n.e.	2.3	100.0
1999	Dec	1.0	88.7	0.1	9.5	*	0.0	d.n.e.	0.0	d.n.e.	d.n.e.	1.1	100.0
2000	Dec	0.7	72.0	0.1	9.7	*	0.2	d.n.e.	0.0	0.2	18.1	0.9	100.0
2001	Dec	0.7	37.0	*	0.9	*	2.5	0.1	7.2	0.9	52.4	1.8	100.0
2002	Dec	0.3	17.4	0.1	3.3	*	0.2	0.1	8.2	1.1	70.9	1.6	100.0
2003	Dec	0.4	18.0	0.5	21.9	*	0.4	*	2.1	1.2	57.5	2.1	100.0
2004	Dec	0.6	9.1	*	0.3	*	0.7	0.2	2.7	6.1	87.2	7.0	100.0
2005	Dec	0.3	3.2	0.2	2.3	0.3	2.6	0.5	4.7	8.8	87.2	10.1	100.0
2006	Dec	0.6	4.7	*	0.0	0.4	3.3	0.7	5.4	10.8	86.6	12.4	100.0
2007	Dec	0.9	4.3	*	0.0	0.5	2.4	0.1	0.5	18.8	92.8	20.2	100.0
2008	Dec	1.3	6.4	0.0	0.0	0.7	3.3	0.1	0.5	17.9	89.8	20.0	100.0
2009	Dec	0.9	3.7	0.0	0.0	0.9	3.9	*	0.2	22.1	92.2	24.0	100.0
2010	Dec	8.1	16.8	0.0	0.0	2.0	4.1	0.8	1.7	37.5	77.4	48.4	100.0
2007	Jan	0.6	4.7	0.1	0.6	0.4	2.8	0.3	2.0	12.0	89.8	13.4	100.0
	Feb	0.2	1.4	*	0.0	0.3	2.5	0.3	2.1	12.5	94.0	13.3	100.0
	Mar	0.7	5.4	*	0.1	0.3	1.9	0.5	3.5	11.8	89.1	13.3	100.0
	Apr	0.2	1.6	*	0.2	0.3	2.1	0.8	5.8	11.8	90.2	13.1	100.0
	May	0.5	3.0	*	0.1	0.3	1.8	0.1	0.8	14.3	94.3	15.1	100.0
	Jun	0.5	3.7	0.5	3.1	0.3	2.1	0.3	1.8	13.1	89.3	14.6	100.0
	Jul	0.3	2.1	*	0.0	0.3	1.9	0.1	0.6	14.3	95.4	15.0	100.0
	Aug	0.4	2.3	*	0.0	0.4	2.4	0.9	5.5	14.0	89.8	15.6	100.0
	Sep	0.3	2.0	*	0.0	0.4	2.4	1.0	5.8	15.2	89.8	16.9	100.0
	Oct	0.4	2.2	*	0.0	0.4	2.3	*	0.2	16.6	95.2	17.5	100.0
	Nov	0.7	3.6	*	0.0	0.5	2.4	0.2	1.1	18.1	92.8	19.5	100.0
	Dec	0.9	4.3	*	0.0	0.5	2.4	0.1	0.5	18.8	92.8	20.2	100.0
2008	Jan	2.0	8.7	*	0.0	0.6	2.6	0.1	0.2	20.7	88.5	23.4	100.0
	Feb	1.5	6.0	*	0.0	0.5	2.0	0.1	0.3	23.1	91.6	25.3	100.0
	Mar	1.2	4.6	*	0.0	0.8	3.3	0.3	1.0	23.3	91.1	25.5	100.0
	Apr	1.8	6.9	*	0.0	0.8	3.2	0.3	1.2	23.0	88.6	25.9	100.0
	May	1.9	7.2	*	0.0	1.0	3.7	0.6	2.1	22.6	87.0	26.0	100.0
	Jun	1.7	6.3	*	0.0	1.3	4.9	0.4	1.5	23.7	87.3	27.1	100.0
	Jul	2.4	7.7	*	0.0	1.3	4.2	0.3	0.9	27.7	87.2	31.7	100.0
	Aug	2.7	8.1	*	0.0	1.1	3.3	0.2	0.5	29.2	88.0	33.2	100.0
	Sep	2.6	8.6	*	0.0	1.1	3.7	0.1	0.4	26.4	87.3	30.3	100.0
	Oct	1.4	6.0	*	0.0	0.6	2.8	1.1	4.9	19.6	86.3	22.7	100.0
	Nov	1.1	5.4	*	0.0	0.7	3.3	0.1	0.3	19.1	91.0	21.0	100.0
	Dec	1.3	6.4	0.0	0.0	0.7	3.3	0.1	0.5	17.9	89.8	20.0	100.0
2009	Jan	1.3	6.3	0.0	0.0	0.6	3.1	0.1	0.3	17.9	90.3	19.9	100.0
	Feb	1.1	5.9	0.0	0.0	0.6	3.4	0.1	0.4	16.3	90.2	18.0	100.0
	Mar	0.9	4.7	*	0.0	0.7	3.8	0.1	0.4	16.6	91.1	18.2	100.0
	Apr	0.7	3.5	0.0	0.0	0.7	3.8	0.1	0.4	17.1	92.2	18.6	100.0
	May	0.7	3.3	0.0	0.0	0.8	3.8	*	0.2	18.5	92.7	20.0	100.0
	Jun	0.6	3.0	0.0	0.0	0.8	3.9	*	0.1	18.3	93.0	19.7	100.0
	Jul	0.5	2.3	0.0	0.0	0.8	4.0	*	0.2	18.8	93.6	20.0	100.0
	Aug	0.4	1.8	0.0	0.0	0.8	3.9	*	0.2	19.5	94.2	20.7	100.0
	Sep	0.7	3.3	0.0	0.0	0.8	3.8	0.1	0.4	19.9	92.6	21.5	100.0
	Oct	0.7	2.9	*	0.0	0.8	3.7	0.1	0.3	21.2	93.0	22.8	100.0
	Nov	0.7	2.9	0.0	0.0	0.9	3.9	*	0.2	22.0	93.0	23.6	100.0
	Dec	0.9	3.7	0.0	0.0	0.9	3.9	*	0.2	22.1	92.2	24.0	100.0
2010	Jan	1.3	5.1	0.0	0.0	1.0	3.9	0.1	0.4	23.7	90.6	26.2	100.0
	Feb	1.6	5.8	0.0	0.0	1.0	3.6	0.2	0.6	24.3	89.9	27.0	100.0
	Mar	2.9	9.4	0.0	0.0	1.1	3.6	0.2	0.8	26.4	86.1	30.6	100.0
	Apr	3.9	11.6	0.0	0.0	1.3	3.8	0.3	0.8	28.3	83.8	33.8	100.0
	May	2.1	6.8	0.0	0.0	1.2	4.0	0.3	0.9	27.8	88.3	31.4	100.0
	Jun	1.6	5.0	0.0	0.0	1.2	3.8	0.4	1.4	28.9	89.9	32.2	100.0
	Jul	1.9	5.8	0.0	0.0	1.3	3.9	0.3	0.8	29.8	89.5	33.3	100.0
	Aug	2.5	7.2	0.0	0.0	1.1	3.3	0.3	0.9	30.2	88.6	34.1	100.0
	Sep	2.2	5.8	0.0	0.0	1.2	3.2	0.4	1.2	33.4	89.8	37.2	100.0
	Oct	5.6	12.9	0.0	0.0	1.3	3.1	0.3	0.8	36.0	83.2	43.2	100.0
	Nov	6.8	14.9	0.0	0.0	1.7	3.8	0.3	0.6	36.6	80.7	45.3	100.0
	Dec	8.1	16.8	0.0	0.0	2.0	4.1	0.8	1.7	37.5	77.4	48.4	100.0

1/ Includes BREMs and since August 2006, Bondes D.
2/ Placement of this type of bonds began in January 2000.
3/ Includes *Ajustabonos* from 1996 to 1999 (in the latter year they were liquidated).
*/ Less than USD 50 million.
d.n.e. Does not exist.

Table A 63
Gross External Debt Position
By residence criteria [1/]
End of period outstanding stocks

	USD million			Percent of GDP		
	2009	2010 p/	Difference	2009	2010 p/	Difference
TOTAL (I + II + III + IV)	163,344.9	189,174.5	25,829.6	16.84	16.83	-0.01
TOTAL ADJUSTED (I + II +III + IV + V)	192,388.0	239,043.3	46,655.3	19.83	21.27	1.44
PUBLIC SECTOR (I + 3.3 + 4.2.1)	96,353.7	110,428.0	14,074.3	9.93	9.83	-0.11
I. Federal government [2/]	48,707.8	57,187.0	8,479.2	5.02	5.09	0.07
II. Monetary authority	0.0	0.0	0.0	0.00	0.00	0.00
III. Banking sector	11,080.5	20,235.6	9,155.1	1.14	1.80	0.66
3.1 Commercial banks [3/]	4,160.8	11,761.8	7,601.0	0.43	1.05	0.62
3.2 Other depositary corporations [4/]	375.0	810.2	435.2	0.04	0.07	0.03
3.3 Development banks [2/]	6,544.7	7,663.7	1,119.0	0.67	0.68	0.01
IV. Other sectors	103,556.5	111,751.8	8,195.3	10.67	9.94	-0.73
4.1 Non-bank financial corporations [5/]	0.0	0.0	0.0	0.00	0.00	0.00
4.2 Non-financial enterprises	103,556.5	111,751.8	8,195.3	10.67	9.94	-0.73
4.2.1 Public enterprises and entities [2/]	41,101.2	45,577.3	4,476.1	4.24	4.06	-0.18
4.2.2 Private sector [6/]	62,455.3	66,174.5	3,719.2	6.44	5.89	-0.55
4.2.3 IPAB [7/]	0.0	0.0	0.0	0.00	0.00	0.00
V. Adjustments (5.1-5.2+5.3+5.4+5.5)	29,043.1	49,868.8	20,825.7	2.99	4.44	1.44
5.1 Non-residents' holdings of MXN-denominated debt [8/]	24,007.7	48,464.2	24,456.5	2.47	4.31	1.84
5.2 Residents' holdings of foreign currency-denominated debt [9/]	2,790.4	3,862.6	1,072.2	0.29	0.34	0.06
5.3 Agencies' claims on Mexican residents [10/]	4,502.7	5,189.8	687.1	0.46	0.46	0.00
5.4 Pidiregas-Pemex [11/]	0.0	0.0	0.0	0.00	0.00	0.00
5.5 Other debt liabilities with non-residents [12/]	3,323.1	77.5	-3,245.6	0.34	0.01	-0.34

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

1/ Gross external debt statistics are compiled by Banco de México and the Ministry of Finance (SHCP). In order to comply with IMF's "External Debt Statistics: Guide for Compilers and Users" (2003) and, at the same time, facilitate its comparison with official figures published by the Ministry of Finance (available at www.shcp.gob.mx), both official statistics on Mexico's public external debt and its corresponding adjustments are presented following IMF's Special Data Dissemination Standard (SDDS) 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 non-resident 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 (2003)" considers agencies as non-residents. 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 Banks' 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 non-residents' holdings of Treasury bills (Cetes), federal government development bonds (Bondes); fixed-rate federal government development bonds (Bonos), federal government bonds denominated in investment units (Udibonos), monetary regulation bonds (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.

Note: This table differs from Table 16 of the Annual Report. While this table 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.

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

Balance Sheet

BANCO DE MEXICO

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

BALANCE SHEET AT DECEMBER 31, 2010

MXN MILLION

ASSETS		**LIABILITIES AND EQUITY**	
INTERNATIONAL RESERVES	**$ 1,402,872**	**MONETARY BASE**	**$ 693,423**
INTERNATIONAL ASSETS	1,489,207	BANKNOTES AND COINS IN CIRCULATION	693,423
LIABILITIES TO BE DEDUCTED	(86,335)	BANK DEPOSITS IN CURRENT ACCOUNT	0
		MONETARY REGULATION BONDS	**1,023**
CREDIT GRANTED TO THE FEDERAL GOVERNMENT	**0**		
		FEDERAL GOVERNMENT CURRENT ACCOUNT DEPOSITS	**66,736**
SECURITIES	**82,429**		
GOVERNMENT SECURITIES	0	**OTHER FEDERAL GOVERNMENT DEPOSITS**	**135,649**
IPAB SECURITIES	82,429		
		MONETARY REGULATION DEPOSITS	**642,683**
		BANKS	279,215
		GOVERNMENT SECURITIES	363,468
CREDIT GRANTED TO FINANCIAL INTERMEDIARIES AND DEBTORS FROM REPO OPERATIONS	**25,668**	**OTHER BANK DEPOSITS AND DEBTORS FROM REPO OPERATIONS**	**10,000**
		TRUST FUNDS' DEPOSITS	**0**
CREDIT GRANTED TO TRUST FUNDS	**7,516**	**INTERNATIONAL MONETARY FUND**	**0**
		SPECIAL DRAWING RIGHTS	**54,226**
SHARES IN INTERNATIONAL FINANCIAL INSTITUTIONS	**9,077**	**OTHER LIABILITIES**	**55,656**
		TOTAL LIABILITIES	**1,659,396**
		CAPITAL	**7,791**
FIXED ASSETS, FURNISHING AND EQUIPMENT	**3,915**	**CAPITAL RESERVES**	**0**
		PREVIOUS FISCAL YEARS' OPERATIONAL SURPLUS	**(20,707)**
OTHER ASSETS	**35,677**	**FISCAL YEAR'S OPERATIONAL SURPLUS**	**(79,326)**
		TOTAL EQUITY	**(92,242)**
TOTAL ASSETS	**$ 1,567,154**	**TOTAL LIABILITIES AND EQUITY**	**$ 1,567,154**

MEMORANDUM ACCOUNTS $16,215,809

The present Balance Sheet was prepared according to the rules and regulations set in the Law Governing Banco de México and Banco de México's Internal Bylaw, and to financial information standards, following adequate international central bank practices. According to 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 and after deducting monetary regulation deposits and do not include any securities purchased or transmitted via repo operations, and, if there is a creditor position, it is listed under line item Monetary Regulation Deposits; IPAB securities are instruments from the Bank Savings' Protection Institute (*Instituto para la Protección al Ahorro Bancario, IPAB*) acquired by Banco de México Credit granted to Financial Intermediaries and Debtors via Repo Operations includes Commercial Banks, Development Banks, and repo operations. Outstanding stocks denominated in foreign currency were valued at the daily exchange rate, and Equity reflects a surplus of $6,423 due to the revaluation of fixed assets and inventories.

DR. AGUSTÍN GUILLERMO CARSTENS CARSTENS **GOVERNOR**	**LIC. ALEJANDRO ALEGRE RABIELA** **BUDGET AND PLANNING GENERAL DIRECTOR**	**C.P.C. JUAN MANUEL SÁNCHEZ RAMÍREZ** **ACCOUNTING AND BUDGET DIRECTOR**

External Auditor's Report

We have reviewed the Balance Sheet of Banco de México at December 31, 2010, as well as its Profit and Loss Statement, for the year ending on the aforementioned date. Banco de México's Administrative Department is 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 auditing standards commonly-accepted in 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, according to best central bank practices.

In our opinion, these financial statements provide a reasonable depiction of Banco de México's financial position at December 31, 2010, its income statement, the variations in equity, and the changes in Banco de México's financial position for the year ending on such date, according to the aforementioned accounting requirements.

March 29, 2011

PricewaterhouseCoopers, S.C.
C.P.C. José Antonio Quesada Palacios
Audit Partner