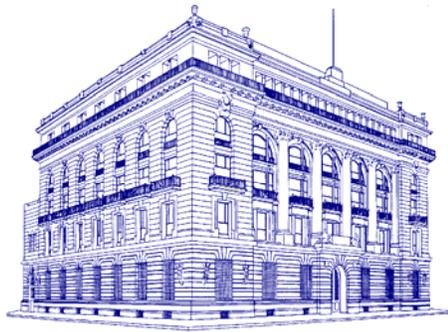


Annual Report

2007



BANCO DE MEXICO

APRIL 2008

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

FOREWARNING

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

Figures for 2007 are preliminary and subject to changes. Although data is consistent within each section, comparing figures from different sections may differ because they have been estimated according to different sources and methodologies.

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I. Introduction

The world economy exhibited robust growth during 2007, although economic activity in the U.S. was less vigorous than in 2006, particularly towards the last quarter of the year. World inflation rebounded, mainly as a result of increases in energy and food prices, while in some emerging economies inflation was also driven by the growth of domestic demand.

Liquidity conditions in international financial markets remained loose during the first half of 2007. Nonetheless, problems in the subprime sector of the U.S. mortgage market worsened during the second half of the year, generating a crisis in its financial markets, as well as in those of other advanced economies. Although the subprime mortgage market is relatively small, the crisis had a significant effect on institutions that were linked to it in some way, like commercial banks, bond insurers and credit rating agencies. The combination of several factors led to a perception of greater global credit risk among investors as well. The crisis, therefore, brought about a tightening of general credit conditions, which affected even instruments not directly related to the mortgage problem.

In response to these events, the central banks of advanced economies affected by this problem took different actions to reestablish order in financial markets. Such measures initially focused on supplying the markets with high amounts of liquidity and providing more flexible access to central bank financing. Once it became evident that these measures were not sufficient, additional actions were taken. Thus, in December, the U.S. Federal Reserve introduced a mechanism which supplied funds to the financial system through auctions in order to avoid some of the shortcomings of the discount window. The central banks of several industrialized economies also worked together to supply the markets with liquidity. Some of these banks, particularly the Federal Reserve, lowered their reference interest rates, while others stopped increasing them in an attempt to reduce the impact of tighter credit market conditions on the rest of the economy. Although this situation led to an increase in the spreads on sovereign debt instruments of emerging market economies during the second half of the year, such an adjustment was smaller than that recorded during previous periods of financial turmoil.

Economic activity in Mexico grew at a slower rate in 2007 than in 2006. The Mexican economy expanded at a real annual rate of 3.3 percent in 2007, compared to 4.8 percent in 2006. Such result stemmed mainly from weaker external demand, although domestic spending also decelerated. The reduced growth of the total wage bill and lower revenues from workers' remittances contributed to the decline in private consumption. Investment also slowed, particularly private sector investment, although it still grew at a faster annual rate than GDP for the fourth consecutive year.

The development of inflation in Mexico during 2007 was influenced by increases in the international prices of various commodities, especially those used as inputs in the production of foodstuffs. Headline inflation fluctuated at around 4 percent during the first eight months of 2007 and then declined slightly during the last four months, ending the year at 3.76 percent. Notwithstanding the



aforementioned, analysts' medium and long-term expectations for inflation remained relatively stable, although above the 3 percent target.

In light of the above, the Board of Governors of Banco de México decided to tighten monetary conditions on two occasions during 2007. In April, Banco de México's monetary policy stance was tightened as a preemptive measure in order to have a better balance in terms of inflationary risks and prevent price and wage determination processes from being contaminated by the growth in the international prices of different commodities. With this action, the overnight interbank rate rose from 7.00 to 7.25 percent. Later in October, in response to an upward revision in inflation expectations and deterioration in the corresponding balance of risks, monetary conditions were further restricted and the overnight interbank rate was raised to 7.50 percent. Such measure was designed to prevent contamination of price and wage formation processes on the one hand, and to moderate inflation expectations on the other.



II. External Conditions

In 2007, the world economy exhibited vigorous growth for the fourth consecutive year, despite the economic slowdown in the U.S. (Table 1) and the emergence of serious problems in the U.S. and other advanced economies' financial markets. Economic growth in the U.S. was slower than during 2006 mainly as a result of contraction in sectors related to housing construction. Economic activity also tended to slow in the Euro zone and Japan, although in a less pronounced way than in the U.S. Economic growth in emerging economies remained strong but also decelerated slightly towards the end of the year. Inflation rose in both emerging and industrialized economies during 2007. These developments mainly responded to rising energy and food prices as well as the vigorous growth of domestic demand in emerging countries. The deterioration of subprime mortgage-backed financial instruments in the U.S. led to higher risk aversion in credit markets during the second semester, which in turn caused a liquidity crisis and an increase in risk premia. The aforementioned events forced the central banks of those countries more affected to adopt diverse measures, which included supplying liquidity to the markets and, in some cases, changing their monetary policy stance. These problems resulted in higher sovereign risk spreads for emerging market economies, although such increases were smaller than during previous episodes of financial turbulence.

Prices of commodities, particularly oil and food, escalated during 2007 and became a significant source of world inflationary pressures. Oil prices were influenced by an increasing demand from emerging economies, political turmoil in the Middle East, the depreciation of the US dollar, and stagnation in oil supplies from OPEC member and non-member countries, among other factors. The price of oil surpassed previous historical maximums with the price of the West Texas Intermediate (WTI) briefly reaching 100 US dollars per barrel in November, before expectations of slower economic growth in the U.S. helped to reduce such price to 96 US dollars by the end of the year. Increases in food prices mainly responded to greater consumption in high growth emerging economies, the demand for agricultural products for use in bio-fuel production, and adverse weather conditions. According to information from the International Monetary Fund, average prices of non-oil commodities and foodstuffs grew 14.1 and 15.2 percent, respectively, in 2007.

Table 1
GDP and World Trade
Annual percentage change

	2004	2005	2006	2007 ^{e/}
World GDP	4.9	4.4	5.0	4.9
Advanced Economies				
Main Advanced Economies ^{1/}	3.2	2.6	3.0	2.7
U.S.	3.6	3.1	2.9	2.2
Euro Area	2.1	1.6	2.8	2.6
Japan	2.7	1.9	2.4	2.1
Asian NICs ^{2/}	5.9	4.8	5.6	5.6
Developing and Emerging Market Economies	7.5	7.1	7.8	7.9
Africa	6.5	5.7	5.9	6.2
Asia	8.6	9.0	9.6	9.7
Middle East	5.9	5.7	5.8	5.8
Latin America and the Caribbean	6.2	4.6	5.5	5.6
World Trade of Goods and Services	10.7	7.6	9.2	6.8

e/ Estimated.

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

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

Source: IMF, World Economic Outlook, April 2008. U.S. data drawn from the Bureau of Economic Analysis (BEA); European Union data drawn from Eurostat; and Japan data drawn from the Economic and Social Research Institute (ESRI).

Economic expansion in the U.S. decreased from 2.9 percent in 2006 to 2.2 percent in 2007 (its lowest growth since 2002), mainly in response to weaker fixed investment (Table 2). The latter was influenced downward by the decline in its residential component, which subtracted almost one percentage point to GDP growth. Furthermore, the contribution of investment in equipment and software to GDP growth was only 0.1 percent, the lowest since 2002. The slowdown of investment was to some extent offset by the first positive contribution of net exports to economic growth since 1995, which partly resulted from the accumulated depreciation of the US dollar. Private consumption's 2.02 percentage point contribution to GDP was only slightly below (0.13 percentage points) to that observed in 2006. Nonetheless, consumption growth declined significantly by the end of the year as a result of the gradual weakening of employment, higher gasoline prices, the tightening of credit market conditions and the impact of the housing market crisis on household spending, among other factors. During 2007, both industrial and manufacturing production grew 1.7 percent, figure below the growth rates observed during 2006 (2.2 and 2.4 percent, respectively).

The labor market weakened in 2007, when 850 thousand less jobs were created than during the previous year. Nevertheless, the number of new jobs was higher than during 2004 when the sustained expansion of employment began. Although the decline in the labor market was particularly evident in the goods sector, job creation in the services sector also fell significantly. The average unemployment rate remained unchanged compared to the previous year (4.6 percent).



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

	2005	2006	2007	2007			
				I	II	III	IV
GDP	3.1	2.9	2.2	0.6	3.8	4.9	0.6
Domestic absorption ^{1/}	3.4	2.8	1.8	1.7	2.1	2.5	1.1
Private consumption	3.2	3.1	2.9	3.7	1.4	2.8	2.3
Private fixed investment	6.9	2.4	-2.9	-4.4	3.2	-0.7	-4.0
Nonresidential	7.1	6.6	4.7	2.1	11.0	9.3	6.0
Residential	6.6	-4.6	-17.0	-16.3	-11.8	-20.5	-25.2
Government expenditure	0.7	1.8	2.0	-0.5	4.1	3.8	2.0
Exports of goods and services	6.9	8.4	8.1	1.1	7.5	19.1	6.5
Imports of goods and services	5.9	5.9	1.9	3.9	-2.7	4.4	-1.4

^{1/} Excluding inventories.

Source: Bureau of Economic Analysis (BEA).

Headline inflation rose mainly as a consequence of higher energy prices. Annual CPI inflation was 4.1 percent in December 2007, after having been around 2 percent in August and 2.5 percent at the end of the previous year. Core inflation ended the year at 2.4 percent, figure slightly lower than that registered in 2006 (2.6 percent). Such result suggests that the core index was not contaminated by increases in prices of products excluded from its calculation and that slower economic growth might have contributed to reduce inflationary pressures.

Despite the increase in the oil bill, the current account deficit contracted for the first time since the recession of 2001. Such result responded to the deceleration of economic activity in the U.S., the solid economic expansion in the rest of the world, and the depreciation of the US dollar, which drove exports and discouraged imports. Thus, the current account deficit expressed as a proportion of GDP declined from 6.2 percent in 2006 to 5.3 percent in 2007.

Financial markets in the U.S. were subject to persistent turmoil during 2007. From the start of the year concerns were voiced about rising delinquency rates on subprime mortgage loans, particularly the segment subject to adjustable interest rates. The deterioration of this portfolio is fundamentally explained by the end of the boom in the real estate sector. During the period when housing prices registered double figure annual growth rates, subprime mortgage borrowers were able to refinance their loans, extracting additional liquidity as the real estate they used as collateral increased in value, allowing them to make the corresponding interest payments.

However, the financial viability of many of these mortgages, often agreed at interest rates set to be raised after a certain period of time, declined as expectations of continued price increases in the real estate sector dissipated. When conditions in the housing market changed, borrowers with credit agreements with low initial payments found it increasingly harder to refinance their liabilities and cover the rapidly increasing payments stipulated in the contracts. Thus, the rebound in interest rates and the weakening of house prices led to



escalated debt delinquency rates and foreclosures for a growing number of high risk mortgage holders.

Subprime mortgage borrowers and the investors who bought such mortgages were most directly affected by the collapse of this market. However, despite the relatively small size of the subprime mortgage market, the influence of different factors caused that this crisis had a substantial impact on other financial markets. In particular, the deterioration of the subprime mortgage market seems to have led to perceptions of greater global credit risk among investors. Furthermore, the complexity of financial instruments used in this market meant investors became more conscious of the difficulties involved in determining the value of a wide range of financial assets. The latter increased the demand for evaluations by third parties, particularly credit rating agencies. When the crisis began such agencies exhibited a loss of confidence which affected even non-mortgage related assets. When losses in the subprime market affected tranches with higher seigniority over the collateral,¹ investors loss of confidence extended to some financial assets which had until then been considered liquid and safe, particularly asset-backed commercial paper.

The contagion of problems in the subprime mortgage market to other segments was also driven by its impact on commercial banks and monoline insurers. Although banks were not directly exposed to low-quality loan operations, many of them actively participate in the promotion of such financing via operations not included in their balance sheets such as loan underwriting, the creation of structured investment vehicles, consulting services, and contingency financing.

The further deterioration of the subprime mortgage market forced a considerable number of commercial banks to provide financial support to this market, either by granting financing or other type of support, or by keeping such mortgages in their balances in accordance with contract commitments or to prevent reputational risk. Furthermore, banks' balance sheets expanded as the number of mortgage and other loans --for which a secondary market disappeared—increased. In response to the deterioration in banks' balances, the appearance of unexpected losses, and uncertainty among banks over subprime mortgage holdings, financial institutions became reluctant to grant loans in the interbank market and this led to a liquidity crisis. Credit conditions for firms and households also tightened. The problem reached a global scale when it was revealed that several institutions from Europe and other regions were highly exposed to subprime mortgage risks, which contributed to a contraction in global liquidity.

The crisis also affected financial institutions specialized in insuring different types of securities known as "monoline insurers". These institutions' credit ratings decreased after they suffered large losses due to the backing they had given to assets involved in the mortgage crisis. Thus, the differentials on their credit default swap (CDS) contracts widened from November 2007. The aforementioned affected other types of assets backed by them, but not related to the subprime mortgage problem, such as municipal bonds.

¹ It is important to note that these products are created by grouping different financial instruments and backing them with collateral (bank debt, mortgages, student loans, etc.). These are then sold to investors under a tranche format with different degrees of priority over such collateral. Assets with the highest rights over collateral obtain higher credit ratings.



Central banks affected by the subprime mortgage crisis responded in different ways during 2007. Such measures included injecting liquidity to financial markets, making the conditions of access to central bank financing more flexible, concerting actions among several of them and changing their monetary policy stance.

In the first phase, the measures adopted by central banks, including the Federal Reserve and the European Central Bank (ECB), focused on supplying considerable amounts of liquidity to financial markets. These measures were then supported by efforts in other areas. Thus, in the middle of August the U.S. Federal Reserve cut its discount rate by 50 basis points (thereby reducing the margin between this rate and the federal funds rate to half a percentage point) and increased the term of financing through the discount window. This measure also allowed banks to request resources from the Federal Reserve using a wider range of collateral than that required in open market operations. Later, in September, the Federal Open Market Committee reduced its target for the federal funds rate by 50 basis points.

These initial measures had a positive impact on the markets. Nevertheless, the announcement of considerable losses in commercial banks and bond insurers (in a context of a further deterioration of the subprime mortgage market, greater uncertainty about the risks in other markets, and on the possible additional losses of financial institutions) led to a new episode of turbulence at the end of 2007.

Under such context, the Federal Reserve announced in December a new instrument to supply funds to the financial system known as Term Auction Facility (TAF), which had the objective of overcoming some limitations of the discount window. Additionally, the central banks of several advanced economies coordinated efforts to supply liquidity. As part of such measures, foreign exchange swap lines were established between the Federal Reserve, the European Central Bank, and the Swiss National Bank in order to ensure the availability of US dollar liquidity. Furthermore, some central Banks, including the Federal Reserve, the Bank of England and the Bank of Canada, cut their reference interest rates, while the ECB and the Bank of Japan left theirs unchanged.² The U.S. government also introduced a series of measures designed to prevent increases in moratorium interest rates and foreclosures on mortgage loans. The latter included actions to make asset refinancing easier through the widening of the federal government program for granting guarantees on mortgages as well as efforts to facilitate negotiations between debtors and creditors and avoid costly embargo processes.

Although these measures once again calmed the markets and lowered risk premia, they did not provide a definite solution to the problem. Thus, the differential between interbank rates and yields on government bonds remained high towards the end of 2007. As a result, the difficulties in international financial markets significantly increased the risks of economic slowdown, particularly in the U.S.

² The Federal Reserve reduced its target for the federal funds rate by 50 basis points in September and by 25 basis points in October and December. The Bank of England had raised its reference rate by a quarter percent on three occasions during the year, but in December it ended such process and lowered its policy rate by 25 basis points.

Although the world's stock markets underwent high volatility in 2007, losses mainly concentrated in advanced economies' financial institutions. During the year, the Standard & Poor's index and the FTSE rose by 3.5 and 3.8 percent, respectively, while the Nikkei fell 11 percent. The US dollar depreciated considerably, adding to the depreciation accumulated in previous years. The Federal Reserve's effective exchange rate for the US dollar depreciated 7.3 percent against the main currencies and 6.4 percent against the wider basket of currencies by the end of the year.³

In 2007, the Japanese and Euro economies grew at a vigorous pace, although at a slower rate than that registered during the previous year. In the Euro economies, GDP expanded 2.6 percent (0.2 percentage points less than during the previous year), driven mainly by domestic demand. Economic growth in the Euro area weakened towards the end of the year due to the difficulties in financial markets and the impact of high oil prices on real disposable income. The Japanese economy grew 2.1 percent during 2007, after having expanded 2.4 percent in 2006. GDP growth in Japan resulted from solid investment and strong exports, in a context of relatively weak consumption expenditure. Economic activity in the U.K. registered robust growth (3.0 percent) despite the problems in the financial sector, which included the first bank rescue in the U.K. since 1998. In Canada, GDP growth was slightly lower than during the previous year (2.7 percent compared to 2.8 percent), due to weaker demand from its main trading partner and lower availability of credit. As for prices, headline inflation rebounded significantly in the Euro zone during 2007, particularly in the last quarter in response to increasing oil and food prices. Thus, at the end of the year, headline inflation was 3.1 percent, more than half a percentage point above the European Central Bank's target. In Japan, inflation recorded positive figures at the end of the year, although core inflation remained in negative ground.⁴ At the end of 2007, inflation in the United Kingdom was 2.1 percent, despite robust economic growth and rising energy prices. Headline inflation in Canada (2.4 percent) remained above the target band midpoint of 2 percent, while inflation excluding food and energy was 1.7 percent, partly due to the effects of the significant appreciation of Canada's currency to a virtual one-to-one parity with the US dollar.

In 2007, emerging market economies expanded at higher or similar rates to those observed during the previous year. In China, GDP grew 11.4 percent (0.3 percent more than in 2006), due to strong investment and exports, although the growth of these components declined slightly at the end of the year. In 2007, GDP growth in Russia was 8.1 percent. The position of this country as the world's main exporter of crude oil also contributed to the fact that its current account surplus represented around 6 percent of GDP. In India, economic expansion was slightly lower than during the previous year (9.2 percent compared to 9.7 percent), and was mainly driven by domestic demand which resulted in a current account deficit equal to 1.8 percent of GDP. The vigorous pace of economic activity in China led to a strong increase in inflation in that country (6.5 percent at the end of 2007), despite measures taken by its central bank to tighten monetary policy. Inflation in India was 5.5 percent at the end of 2007, while in

³ The Federal Reserve's real effective exchange rate of the US dollar against major currencies is an average of the dollar's value vis-à-vis the euro, the yen, the Canadian dollar, the pound sterling, the Swiss franc, the Australian dollar, and the Swedish crown. The wider index calculated by the Federal Reserve includes currencies of 26 countries.

⁴ Inflation figures included in this section refer to the Consumer Price Index.



Russia, it ended the year at almost 12 percent, by far exceeding its central banks' target (6.5-8 percent).

In Latin America, GDP expanded 5.6 percent during 2007 (5.5 percent in 2006), mainly in response to domestic demand. The region's current account balance remained positive, although very close to equilibrium (0.5 percent of GDP). The economy of Argentina expanded for the sixth consecutive year and continued to register one of the highest growth rates in Latin America. In Brazil, GDP grew 5.4 percent, in a context of sustained reductions in real interest rates. Chile recorded robust economic growth in 2007 (5.1 percent), despite different monetary policy measures to control the rebound in inflation caused by oil and food prices. Chile's CPI grew at an annual rate of 7.8 percent in December, its highest level since 1995. Inflation also remained high in Argentina, while in Venezuela it rose to more than 20 percent at the end of 2007. In Brazil, inflation ended the year at 4.5 percent, basically in the center of the target band.

The difficulties in international financial markets during 2007 had a less significant impact on emerging economies than during previous episodes of turmoil. This is partly explained by improved economic fundamentals in such countries during recent years, as well as by the favorable trajectory of their terms of trade. Furthermore, in general, these economies' financial institutions are not significantly exposed to subprime mortgage-backed assets. Capital flows to emerging economies remained at high levels despite episodes of nervousness. Although these countries' stock markets suffered contagion from events in advanced economies, they still exhibited gains at the end of the year.⁵ For the first time in several years, sovereign risk spreads for emerging economies followed an upward trend during 2007 -after having reached historically lows in the middle of the year- as a result of increased global risk perceptions. Nonetheless, in historical terms sovereign risk spreads were still relatively low.

⁵ In 2007, the stock market indices of Brazil, China, India, and Russia rose by 43.6, 181.2, 63.0, and 19.2 percent, respectively.

III. Developments in the Mexican Economy: General Overview

III.1. Economic Activity

The slowing of economic activity in Mexico during 2007 included GDP as well as the different components of aggregate demand, especially exports of goods and services. The latter responded to the slower rate of growth of external demand from the U.S. Thus, in 2007, GDP grew 3.3 percent, figure below that registered in 2006 (4.8 percent). All three sectors of the economy contributed to economic growth in 2007, although more significantly the services sector than the agricultural and industrial sectors. The industrial sector grew slightly, particularly in its manufacturing production component. Economic activity slowed down significantly during the fourth quarter, as recorded by seasonally adjusted quarterly figures for GDP, which were also below those recorded during the second and third quarters of the year.

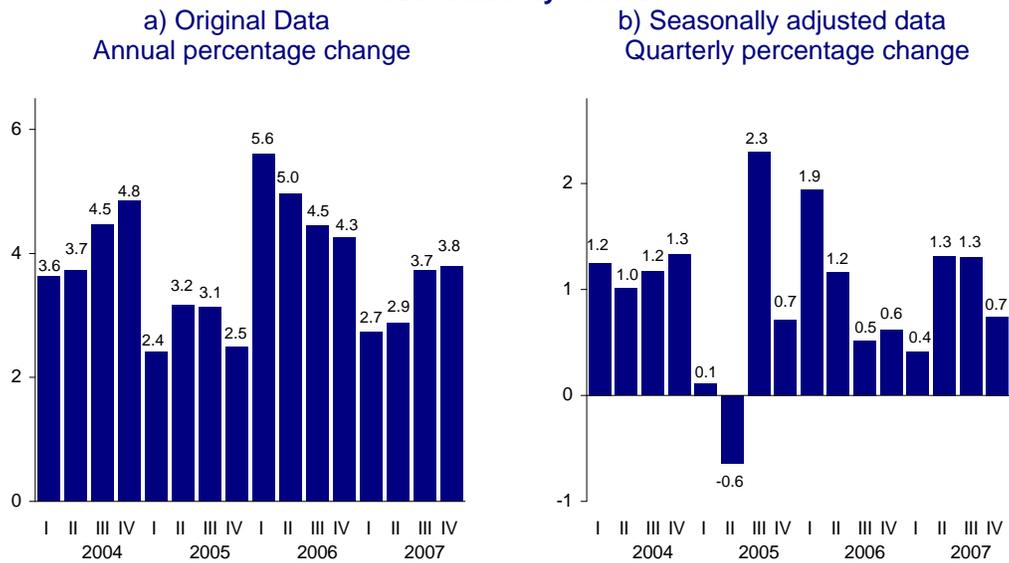
In 2007, the performance of the Mexican economy was mainly characterized by the following:

- a) Both domestic and external aggregate demand as well as GDP grew at a lower rate than in 2006.
- b) Although the private consumption component of aggregate demand decreased, it continued to make the largest contribution to real GDP growth, followed by gross capital formation. The slower expansion of consumption expenditure responded to several factors among the most important of which were: although financing for consumption continued to grow at high annual rates, these were below those recorded in the previous year; the reduction in the real annual growth of the total wage bill; the significant slowdown in inflows from workers' remittances; and Mexico's business confidence and climate indicators weakened along with forecasts for economic growth. The latter might have had a negative impact on private expenditure.
- c) Investment outpaced economic growth for the fourth consecutive year. These developments resulted from increases in both public and private investment expenditure. Imported capital goods registered the highest growth among the components of investment expenditure.
- d) Total public expenditure was higher in 2007 than in the previous year mainly due to a significant increase in investment expenditure. These developments were favored by increased public revenues, resulting from higher oil prices.

- e) Exports of goods and services made the largest contribution to the decline in the annual growth of aggregate demand. Such result mainly reflected the deceleration of demand from the U.S.
- f) Economic growth was higher in the non-tradable goods sector than in the tradable goods sector.

According to the National Statistics Bureau (*Instituto Nacional de Estadística, Geografía e Informática*, INEGI), GDP rose 3.3 percent at constant prices during 2007 (Graph 1). During the same year, aggregate supply and demand increased 4.8 percent. On the supply side, this result stemmed from GDP growth and an 8.2 percent increase in merchandise and services imports. On the demand side, these results originated from the positive growth exhibited by consumption (3.8 percent), investment expenditure (6.7 percent), and exports of goods and services (5.5 percent) (Table 3).

Graph 1
GDP Quarterly Growth



Source: National Accounts, INEGI.

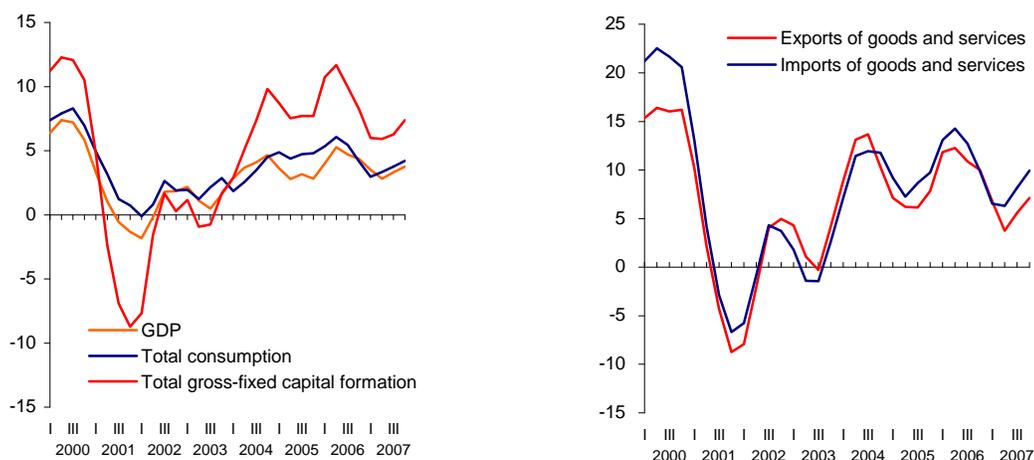
Table 3
Aggregate Supply and Demand
 Annual percentage change in relation to the same period of the previous year

	2004	2005	2006	2007				
				I	II	III	IV	Annual
Aggregate Supply	6.2	4.4	6.9	3.6	4.1	5.5	5.9	4.8
GDP	4.2	2.8	4.8	2.7	2.9	3.7	3.8	3.3
Imports	11.6	8.6	11.9	5.6	7.0	9.4	10.5	8.2
Aggregate Demand	6.2	4.4	6.9	3.6	4.1	5.5	5.9	4.8
Total consumption	3.6	4.6	5.1	2.8	3.9	3.6	4.8	3.8
Private	4.1	5.1	5.0	3.6	4.6	3.9	4.6	4.2
Public	-0.4	0.4	6.0	-3.8	-1.3	1.5	5.9	0.8
Total investment	7.5	7.6	9.9	5.1	6.7	5.9	8.9	6.7
Private	8.8	9.7	11.5	9.3	7.5	3.7	5.8	6.5
Public	2.5	-0.6	2.8	-15.3	2.1	18.6	20.3	7.3
Exports	11.6	7.1	11.1	4.3	3.2	7.9	6.4	5.5

Source: National Accounts, INEGI.

Both the private sector (4.2 percent) and the public sector (0.8 percent) contributed to the boost in consumption expenditure during 2007. Consumption measured as a proportion of GDP at constant prices reached 82.9 percent, a higher level than that recorded in 2006 (82.5 percent). Such result reflected the fact that private consumption grew as a percentage of GDP, rising from 73.6 percent of economic growth in 2006 to 74.2 percent in 2007 (Graph 3).

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

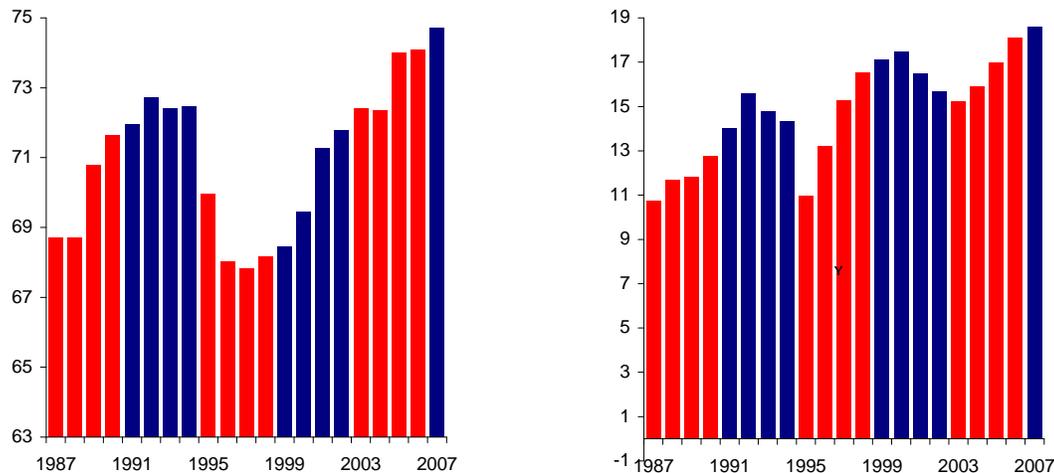


Source: Prepared by Banco de México with data from INEGI.

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

a) Private Consumption

b) Private Investment



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

Consumption growth in 2007 responded to increased purchases of different products. In particular, purchases of nondurable goods and services rose 4.2 percent (3.3 percent in goods and 4.9 percent in services), while those of durable goods rose 3.4 percent. However, these results were lower than those recorded in 2006. The slowdown of private consumption mainly responded to the following factors: a modest increase in revenues from workers' remittances, the contribution of which to consumption growth also declined; slower job creation - which combined with lower real average earnings in several sectors- implied a decrease in households' available income; and, the decline in consumer credit granted by banks and non-bank financial intermediaries.

In 2007, gross fixed capital formation at constant prices rose 6.7 percent, figure below those observed during the previous three years. Investment in machinery and equipment grew 10.3 percent. Such result responded to investment in imported and domestic machinery which rose 12.3 percent and 5.6 percent, respectively. Investment in construction increased by 2.1 percent. Although total investment slowed during 2007, it grew at a higher rate than GDP for the fourth consecutive year.

In 2007, the growth of total investment resulted from increases in both private sector investment (6.5 percent) and public sector investment (7.3 percent). According to figures from INEGI, public investment expenditure fluctuated throughout the year. Thus, in the first half of 2007 such expenditure fell 7.1 percent at an annual rate, while in the second half of the year it exhibited robust growth (19.7 percent). In 2007, private investment increased as a proportion of GDP, equaling 18.6 percentage points of real GDP. Investment expenditure benefited from the fact that various sectors of the economy obtained higher profits and enjoyed greater access to credit which enabled them to finance their investment expenditure.

During 2007, public expenditure in goods and services rose 2.7 percent at constant prices. This variation resulted from increases of 0.8 and 7.3 percent in consumption and investment, respectively.

In response to the slowing of external demand in 2007, exports of goods and services (at constant prices) grew at a lower rate than during 2006 (5.5 percent compared to 11.1 percent). The value of exports measured as a proportion of GDP at constant prices was 41.7 percent, figure higher than the previous year's (40.9 percent). In 2007, Mexico's total foreign trade at constant prices accounted for 88.7 percent of GDP.

Financing of gross capital formation measured as a proportion of GDP at current prices was 21.2 percent in 2007 (Table 4). Given that domestic saving equaled 20.4 percent of GDP in the same year, the difference necessary to finance gross capital formation was covered with external savings, equaling 0.8 percentage points of GDP (the same figure as that for the current account deficit).

Table 4
Saving and Investment
Percentage of GDP at current prices

Item	2002	2003	2004	2005 ^{p/}	2006 ^{p/}	2007 ^{p/}
Financing of Gross Capital Formation ^{1/}	20.6	20.5	22.0	21.8	21.9	21.2
External saving	2.2	1.4	1.0	0.7	0.3	0.8
Domestic saving	18.4	19.1	21.0	21.1	21.6	20.4

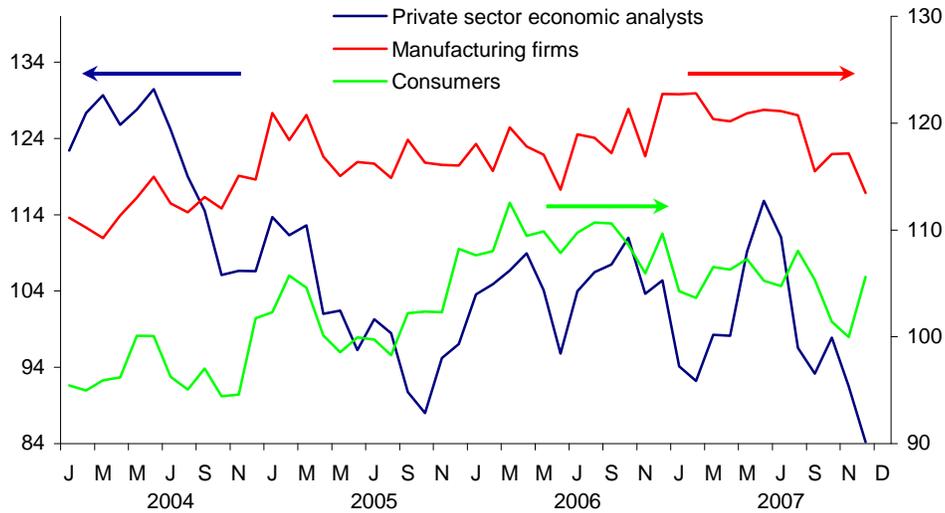
^{p/} Preliminary figures.

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

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

Mexico's Consumer Confidence, Business Confidence and Private Sector Analysts' Confidence indices all ended 2007 at lower levels than those recorded in December of the previous year (Graph 4). All three of Mexico's confidence indicators weakened throughout the year.

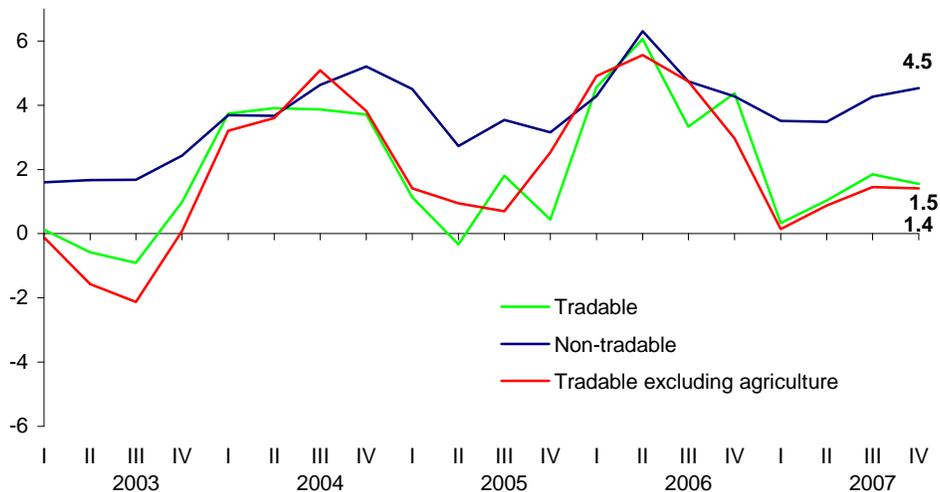
Graph 4
Consumer, Private Sector Economic Analysts and Manufacturing Firms Confidence Indicators
 January 2003=100



Source: Banco de México and INEGI.

Mexico's economic expansion (3.3 percent) in 2007 was attributed to growth in all three sectors of the economy: the services, industrial and agricultural sectors grew 4.4, 1.4 and 2 percent, respectively (Table 5). The relative improvement in the services sector implied that the gap between the annual growth of non-tradable and tradable goods widened in 2007 (Graph 5).

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



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

Agriculture, forestry and fishing GDP rose 2 percent in 2007 (5.2 percent in 2006). Agriculture benefited from favorable weather conditions which allowed

an annual increase of 9.4 percent in the volume of the main Autumn-Winter season crops, especially safflower, sorghum, corn, wheat, tomato and rice. Regarding perennial crops, there were also increases in the volumes harvested of copra, nut, papaya, sugar cane, green alfalfa, pineapple, mango, and orange. Finally, the livestock sector registered positive annual growth in the production of pork, poultry, and fresh milk.

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

	2004	2005	2006	2007				
				I	II	III	IV	Annual
Total	4.2	2.8	4.8	2.7	2.9	3.7	3.8	3.3
Agriculture, Forestry and Fishing	3.5	-2.1	5.2	0.4	2.0	3.9	1.9	2.0
Industrial Sector	4.2	1.7	5.0	0.9	1.1	1.6	1.8	1.4
Mining	3.4	2.1	2.4	-0.5	1.4	-0.3	0.3	0.2
Manufacturing	4.0	1.4	4.7	0.2	0.8	1.5	1.5	1.0
Construction	6.1	3.3	7.2	2.6	1.2	2.1	2.6	2.1
Electricity, gas, and water	2.8	1.7	5.5	5.2	3.1	2.9	4.7	3.9
Services Sector	4.4	4.0	4.9	3.9	3.8	4.8	4.9	4.4
Trade, hotels, and restaurants	5.5	2.7	3.7	1.7	2.5	3.2	3.4	2.7
Transport and communications	9.2	7.1	9.1	7.9	7.2	9.6	10.1	8.7
Financial, insurance, and real estate	3.9	5.8	5.4	4.9	4.7	5.2	5.3	5.0
Community, social and personal services	0.6	1.8	2.9	2.3	2.1	2.5	2.5	2.4

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

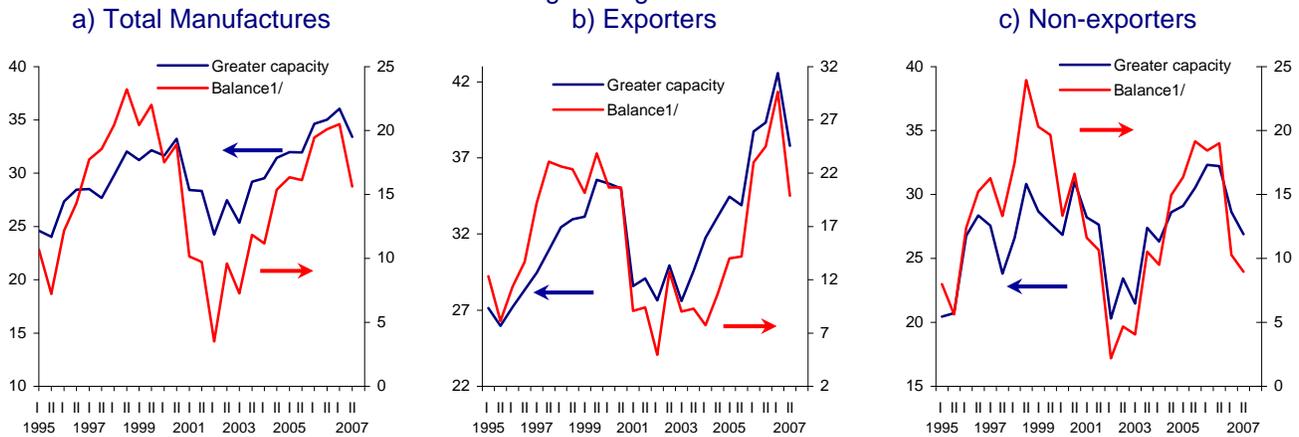
In 2007, the industrial sector grew just 1.4 percent, mainly in response to developments in the manufacturing sector, which expanded 1 percent. Construction, mining, and electricity grew 2.1, 0.2 and 3.9 percent, respectively. All the preceding figures were below those recorded for such sectors in 2006. The slight improvement in mining resulted from a combination of a 3.7 percent expansion in non-oil mining and a 2.8 percent contraction in oil mining.

During 2007, growth in the manufacturing industry was influenced by a significant slowdown in the automotive industry. Automotive production in Mexico increased only 2 percent in 2007, after having grown 21.1 percent during 2006. The latter resulted from a 4.5 percent rise in the number of export units (27.9 percent in 2006) and a 5.5 percent decline in those destined for the domestic market. Car retail sales contracted 3.5 percent due to robust used-vehicle imports. In 2007, vehicle exports accounted for 77.3 percent of domestic production, while 63 percent of domestic demand was fulfilled with imported units.

The automotive industry (vehicle bodies, engines, and spare parts) was one of the most dynamic branches of manufacturing during 2007 together with glass and glass products; fruit and vegetables; beverages; and, beer and malt. In total, 29 of the 49 branches grew in 2007, while the remaining 20 branches contracted.

In line with the deceleration of manufacturing production, only 32 percent of the manufacturing companies participating in Banco de México's Business Climate Survey in 2007 had increased their output capacity. It is important to mention that such figure rose from 26 percent in 2002 to 37 percent in 2006 (Graph 6).

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



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

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

In 2007, services GDP grew 4.4 percent, due to increases in its four components: transport, warehousing and communications (8.7 percent); financial, insurance and real estate and rental services (5 percent); community, social and personal services (2.4 percent); and, commerce, restaurants, and hotels (2.7 percent). Higher retail sales in the domestic market were one of the main contributors to the growth of commerce, restaurants, and hotels. According to the National Retailers Association (*Asociación Nacional de Tiendas de Autoservicio y Departamentales*, ANTAD), total retail sales rose 9.6 percent in real terms (14.8 percent in 2006). Hotel occupancy expanded during 2007, particularly in traditional beach resorts like Acapulco, Cozumel, and La Paz.

The expansion of transport and communications mainly reflected the evolution of cellular phone services as well as several types of transport, particularly air, road freight, and rail. Financial and rental services GDP grew as a result of significant advances in banking services. Finally, the expansion of community, social and personal services GDP was the result of increases in medical and education services as well as in its “other services” component.

The growth of economic activity during 2007 did not imply pressure on Mexico’s output capacity, which might have then been passed on to prices. In this regard it is important to mention the following:

- a) GDP and domestic demand decelerated significantly in 2007 compared to levels observed during 2006 (GDP growth declined from 4.8 to 3.3 percent and that of demand from 5.4 to 4.5 percent, respectively). As a result, the gap between both items did not widen.
- b) GDP growth was close to its potential, while output gap indicators remained, in general terms, close to zero.
- c) Indicators prepared by Banco de México reveal there was no shortage of labor in the manufacturing industry during 2007, which might have put upward pressure on wages in that sector.

- d) Robust investment expenditure during recent years has strengthened Mexico's output capacity and allowed for increased investment in more modern and productive projects.
- e) Finally, the modest deficit recorded by the balance of payments current account in 2007 (just as the slight increase in the non-oil trade balance) also implies that neither external accounts nor domestic prices were significantly affected by demand pressures.

III.2. Employment, Earnings, and Productivity

The slowdown of economic growth in 2007 compared to that registered during 2006 led to a deceleration in the demand for labor, particularly in the formal sector.

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

- a) Although there was a significant rise in the number of workers insured by the IMSS, such increase was lower than that recorded in 2006.
- b) Formal employment growth was more evident in temporary jobs than in permanent jobs in urban areas. The aforementioned might be due to the fact that in response to labor market rigidities companies have leveraged their production processes by employing temporary workers.
- c) The number of workers insured by the IMSS increased more in the services sector than in the industrial sector.
- d) The improvement of formal employment did not translate into a shortage of skilled labor.
- e) The national unemployment rate was slightly higher than in 2006.
- f) The proportion of the population in informal employment and the underemployment rate remained high throughout the year.

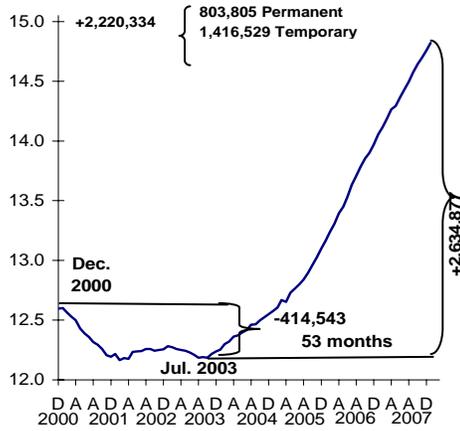
In 2007, 14,721,910 workers were insured by the Social Security Institute (*Instituto Mexicano del Seguro Social*, IMSS), 756,352 more than at the end of 2006 (from December 2006 to December 2007), thus representing an annual growth of 5.42 percent, below the 6.72 percent (879,533 employees) recorded at the end of 2006. The number of workers insured in urban areas rose by 374,515 (3.3 percent), while that of temporary workers increased by 381,837 (15.2 percent). According to seasonally adjusted figures, at the end of 2007 formal employment surpassed its maximum level reached at the end of 2000 by 2,220,334 jobs (Graph 7).

Formal jobs were created in most states in 2007, except for Tlaxcala and Chiapas, which recorded meager job creation. The states with the highest annual increases in number of workers employed were: Mexico City (the Federal District-D.F.) (143,182), Estado de México (79,412), Nuevo León (64,815), and Jalisco (63,907). The improvement in formal employment included most economic sectors, although the most significant growth was recorded in services, particularly in trade (181,629 workers and 6.6 percent), and personal, company and household services (287,377 workers and 9 percent). Formal employment in the industrial sector grew less (209,308 workers and 3.9 percent), particularly in the manufacturing industry (119,162 workers and 3 percent).

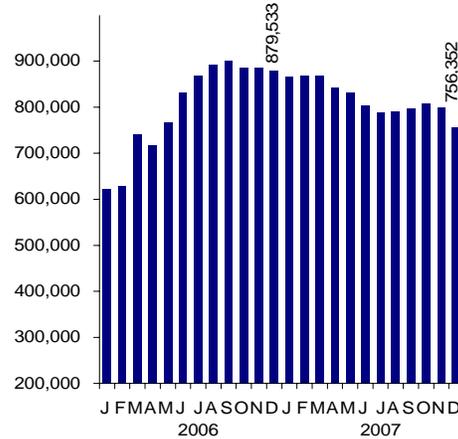
Graph 7

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

a) Million Workers Insured
Seasonally adjusted data



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



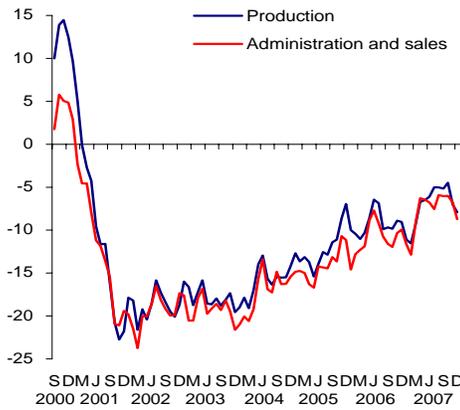
Source: IMSS. Seasonal adjustments by Banco de México.

Monthly indicators for the manufacturing sector prepared by Banco de México reveal that, in 2007, firms did not face any difficulties in hiring skilled labor for their production, sales, and administrative areas (Graph 8).

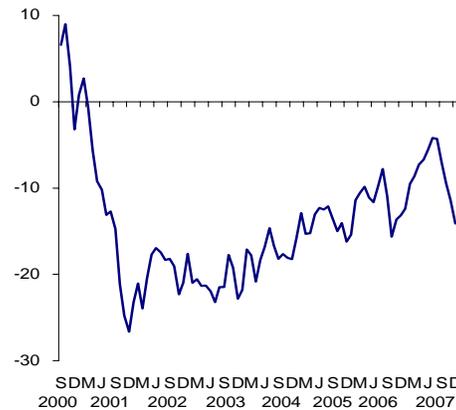
Graph 8

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

a) More competition among firms to hire skilled labor



b) Number of workers that resigned to be hired by other firms



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

Table 6
Employment Indicators

	2004	2005	2006	2007						
				I	II	III	IV	Nov.	Dec.	Annual
Workers Insured by the IMSS				Annual percentage change						
Total	1.71	3.34	6.24	6.56	6.11	5.74	5.61	5.66	5.42	6.00
Permanent	1.16	1.73	2.97	3.72	3.42	3.32	3.35	3.34	3.27	3.45
Temporary in urban areas	5.45	13.81	25.23	21.20	19.27	16.94	15.77	15.96	15.20	18.16
Manufacturing	-0.27	1.62	4.74	4.13	2.97	2.56	2.92	2.85	3.00	3.14
Agriculture	-9.67	0.38	9.24	3.14	8.68	12.24	14.63	15.80	13.17	9.41
Extractive industry	3.24	4.48	6.78	7.63	9.09	12.17	14.62	14.98	13.98	10.93
Construction	2.43	6.54	15.01	13.64	12.88	9.67	7.60	7.88	6.52	10.82
				Percent of Economically Active Population						
Open Unemployment Rate	3.92	3.60	3.61	4.00	3.36	3.91	3.60	3.46	3.40	3.72
D.F. (Mexico City)	5.93	5.58	5.53	5.70	5.92	6.46	5.83	N.D.	N.D.	5.98
Jalisco	3.95	3.60	3.56	3.49	2.94	3.48	3.25	N.D.	N.D.	3.29
Nuevo León	5.56	5.15	4.99	4.98	4.54	4.86	3.86	N.D.	N.D.	4.56

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

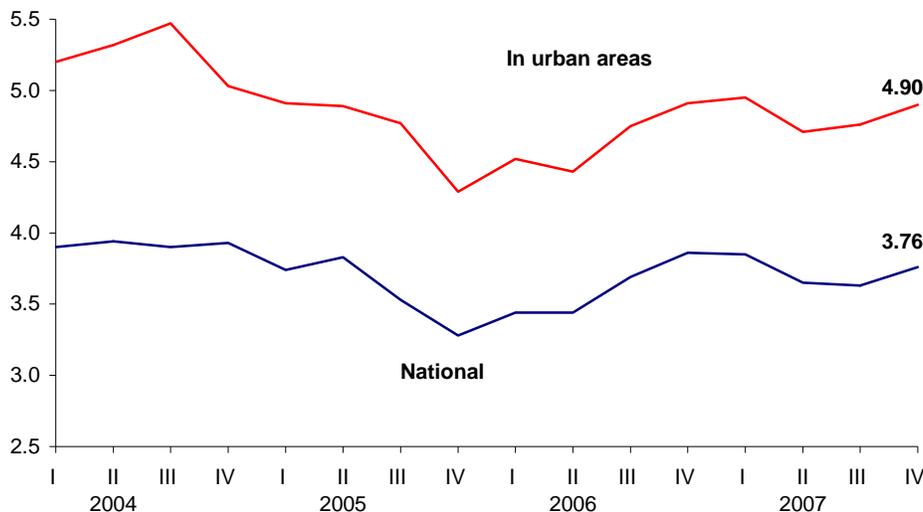
The improvement in formal employment during 2007 did not translate into a reduction of Mexico's unemployment rate. According to the National Employment Survey (*Encuesta Nacional de Ocupación y Empleo, ENOE*) conducted by INEGI, the average National Unemployment Rate was 3.72 percent in 2007, while that registered in 2006 was 3.61 percent (Table 6). The percentage of the working population employed in informal-related activities rose throughout the year to an average of 27.3 percent in the fourth quarter of 2007 (as compared with 26.6 percent during the same quarter of 2006), while those who considered themselves as underemployed remained high (Table 7).

Table 7
Employment Characteristics
Percentage of Working Population

	2006					2007				
	I	II	III	IV	Annual	I	II	III	IV	Annual
Underemployment rate	6.2	6.0	8.2	7.0	6.8	7.7	6.9	6.9	7.1	7.2
Employment rate (informal sector)	27.6	27.2	26.8	26.6	27.1	26.9	27.1	26.9	27.3	27.1

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

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



Source: National Employment Survey, INEGI.

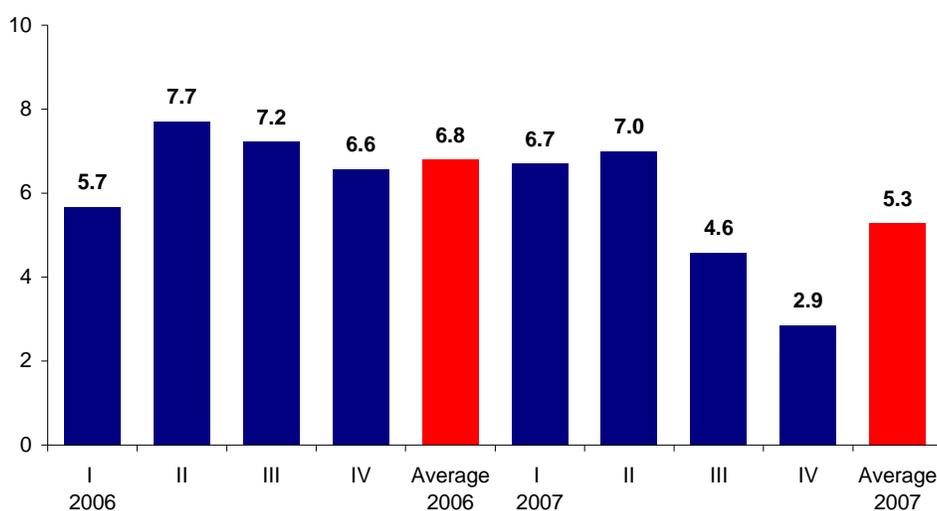
Some of the most important issues regarding earnings and output per worker during 2007 were:

- a) The main indicators for earnings exhibited mixed growth. According to the results of the National Employment Survey (*Encuesta Nacional de Ocupación y Empleo, ENOE*), nominal earnings recorded lower average growth than during 2006, while the IMSS reference wage and contractual wages rebounded (Graph 10 and Table 8).
- b) Average output per worker calculated using information from the ENOE and Mexico's National Accounts System grew at a lower rate than in 2006.

According to ENOE figures, average nominal earnings for the economy as a whole rose 5.3 percent during 2007,⁶ 1.5 percentage points less than in 2006. In particular, the growth of such indicator slowed during the second half of 2007 (Graph 10).

⁶ This indicator includes total payments to the worker in money and in kind.

Graph 10
Average Nominal Income per Person (ENOE)^{1/}
 Annual percentage change



Source: Calculations by Banco de México using data from INEGI.

1/ Corresponds to remunerated workers' income, which included 40.1 million people during 2007.

Earnings of formal sector workers, measured by the IMSS average reference wage, were 211.0 pesos per day on average in 2007,⁷ thus implying a nominal increase of 5.5 percent, 0.2 percentage points above 2006 figures. Regarding permanent workers, the IMSS reference wage grew on average 5.4 percent in annual terms in 2007, figure higher than that observed in 2006 (5.1 percent).

As for wages in the different sectors of the economy, the highest increases were obtained by workers employed in agriculture, livestock, forestry, hunting and fishing, as well as in mining (Table 8).

An analysis of companies according to their size reveals that formal sector workers insured by the IMSS employed in companies with over 300 employees obtained the highest wage increase (5.4 percent, in nominal terms), 1.7 percentage points above that of 2006 (3.7 percent).⁸ Nonetheless, IMSS reference wage increases in 2007 were not higher than those recorded during 2006 in all sectors. For instance, wages in companies with from one to 50 workers and those with 101 to 300 employees grew at a significantly slower rate (Table 8).

⁷ The IMSS reference wage is composed of a worker's daily wage plus different benefits such as bonuses, holiday pay, and commissions, among others.

⁸ Mexico's Minimum Wage Commission (*Comisión Nacional de los Salarios Mínimos*, CONASAMI) groups companies according to the number of employees.

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

Activity	Annual Percentage Change			Pesos per day		Percentage Structure of Permanent Workers Insured
	2006	2007	(B) - (A)	2006	2007	2007
	(A)	(B)				
Total workers (permanent and temporary)	5.3	5.5	0.2	200.0	211.0	
Permanent workers	5.1	5.4	0.3	198.5	209.2	100
Permanent workers by economic activity						
Agriculture, forestry, hunting and fishing	0.6	8.1	7.5	109.4	118.2	2.6
Mining industries	9.4	8.1	-1.3	245.9	265.8	0.6
Manufacturing	5.7	6.1	0.4	201.0	213.2	30.9
Construction	6.3	5.7	-0.6	158.2	167.1	5.2
Electricity, and potable water supply services	7.3	7.9	0.6	430.2	464.2	1.2
Commerce	6.0	5.4	-0.6	174.4	183.8	21.4
Transportation and communications	4.4	4.0	-0.4	260.5	270.8	5.8
Services provided to firms and individuals	4.6	4.7	0.1	202.7	212.2	25.0
Social services	4.9	5.0	0.1	210.9	221.5	7.2
Permanent workers by firm size						
Workers (1-10)	6.7	5.4	-1.3	106.2	111.9	14.6
Workers (11-50)	5.4	5.1	-0.3	157.0	165.0	18.2
Workers (51-100)	4.1	4.9	0.8	190.8	200.2	9.7
Workers (101-300)	4.5	4.3	-0.2	214.8	224.1	18.2
Workers (301-above)	3.7	5.4	1.7	247.5	261.0	39.4

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

As for workers in firms and entities under federal jurisdiction, contractual wages recorded an average nominal increase of 4.2 percent during 2007,⁹ 0.1 percentage points above its observed level of the previous year (Table 9).

During 2007, average wage revisions granted to workers in privately-owned firms recorded a weighted increase of 4.3 percent, 0.2 percentage points above that obtained by workers in publicly-owned firms (Table 9). It is important to mention that in the case of the latter, average contractual wage increases rose from 3.8 to 4.1 percent between 2006 and 2007 mainly as a result of higher increases negotiated in the energy and social security sectors.

Table 9
Contractual Wages in Firms under Federal Jurisdiction
 Percentage change, weighted average of period ^{1/}

	2003	2004	2005	2006	2007				Annual
					I	II	III	IV	
Total	4.7	4.1	4.4	4.1	4.2	4.4	4.3	4.1	4.2
Publicly-owned	4.1	3.5	4.0	3.8	3.9	4.2	4.3	4.0	4.1
Privately-owned	5.2	4.6	4.7	4.4	4.3	4.4	4.3	4.4	4.3
Manufacturing	5.2	4.6	4.7	4.4	4.4	4.5	4.5	4.5	4.4
Other sectors	4.6	3.9	4.2	4.0	4.0	4.3	4.2	4.1	4.1

^{1/} Weighted average is calculated based on the number of workers benefited in each wage revision.
 Source: Calculations by Banco de México using data from the Ministry of Labor.

⁹ Contractual wages only include direct increases to the scale of wages negotiated by the worker.

As for its size, 78.3 percent of workers in firms and entities under federal jurisdiction were granted wage increases between 4.0 and 4.9 percent, as compared with 53.2 percent in 2006 (Table 10).

Table 10
Contractual Wage Revisions by Interval Increase
 Percentage distribution

Interval Increase	2006	2007				
		I	II	III	IV	Average
According to number of workers benefited						
0.0-3.9%	35.9	21.1	13.4	8.1	4.5	11.8
4.0- 4.9%	53.2	65.2	73.5	81.6	91.1	78.3
5.0- 5.9%	7.0	10.0	9.2	6.0	3.0	6.8
6.0 and over	3.9	3.7	3.9	4.3	1.4	3.1

Source: Calculations by Banco de México using data from the Ministry of Labor.

In December 2007, Mexico's Minimum Wage Commission (*Consejo de Representantes de la Comisión Nacional de los Salarios Mínimos*, CONASAMI) determined an increase of 4.0 percent to the General Minimum Wage to take effect on January 1, 2008. Such increase was 0.1 percentage points above that negotiated the previous year. The official average minimum wage was 50.84 pesos per day. The increase applied equally to all three geographic areas (Table 11).

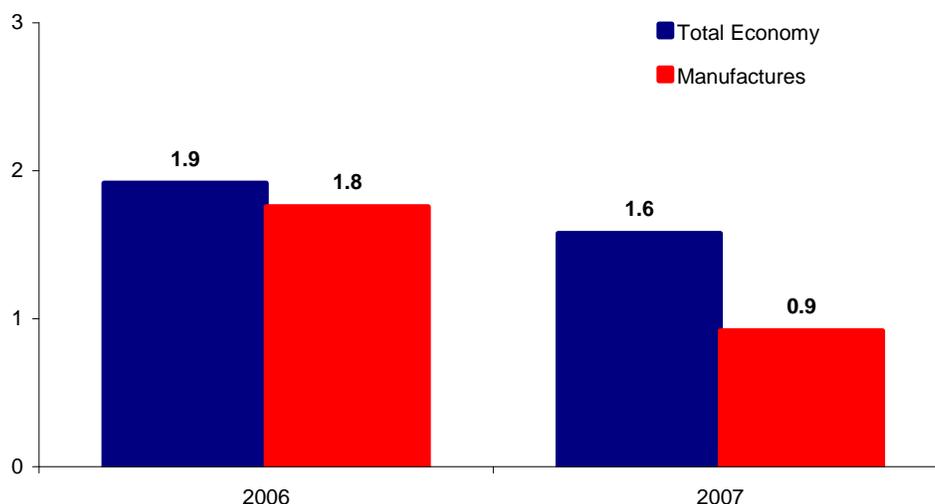
Table 11
Nominal Minimum Wage
 Pesos per day and annual percentage change

Period	Pesos per day				Annual percentage change			
	General	Geographic Area			General	Geographic Area		
		A	B	C		A	B	C
2002	39.74	42.15	40.10	38.30	5.78	4.50	5.70	6.90
2003	41.53	43.65	41.85	40.30	4.50	3.56	4.36	5.22
2004	43.29	45.24	43.73	42.11	4.24	3.64	4.50	4.50
2005	45.24	46.80	45.35	44.05	4.50	3.50	3.70	4.60
2006	47.05	48.67	47.16	45.81	4.00	4.00	4.00	4.00
2007	48.88	50.57	49.00	47.60	3.90	3.90	3.90	3.90
2008	50.84	52.59	50.96	49.50	4.00	4.00	4.00	4.00

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

During 2007, labor productivity, calculated with information from the ENOE and Mexico's National Accounts System, grew at an annual average rate of 1.6 percent, 0.3 percentage points below growth observed in the previous year. This indicator slowed more significantly in the manufacturing industry, which grew 0.9 percent on average in annual terms in 2007, compared to 1.8 percent during 2006 (Graph 11).

Graph 11
Output per Worker: Total Economy and Manufacturing Industry^{1/}
 Annual percentage change



1/ To calculate the average output per worker, data on production from the National Accounts and on workers employed from the ENOE was considered.

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

III.3. External Sector

The less vigorous growth of aggregate demand and GDP during 2007 translated into a modest deficit in the current account of the balance of payments, measured as a proportion of GDP. In 2007, the external sector was characterized by the following:

- a) Non-oil exports grew significantly, although at a slower rate than during 2006. Such result reflected the deceleration of external demand from the U.S., which also affected automotive exports. Exports to other markets remained strong, leading them to increase their participation in total non-oil exports. These developments were influenced by the depreciation of the peso vis-à-vis non-US dollar main currencies.
- b) The value of oil exports reached unprecedented levels in response to considerably higher crude oil prices which prevailed in international markets throughout most of the year. Nevertheless, the expansion of such exports was surpassed by the growth of oil imports, implying a reduction in the oil trade balance as compared with that observed in 2006.
- c) A significant annual growth of merchandise imports but smaller than the one shown in 2006. This result responded to the deceleration of GDP and aggregate demand during the year. All three components of imports (intermediate, capital and consumption goods) grew in 2007.
- d) Inflows of workers' remittances grew at a considerable slower rate, a slowdown experienced by several Mexican states. The latter is the result

of several factors, including: i) the slowdown of the U.S. economy, especially in its construction industry, which is an important source of employment for many Mexican workers; ii) the greater obstacles faced by Mexican workers to migrate to the U.S. as a result of U.S. increased border surveillance; iii) the additional difficulties for illegal immigrants to find work in the U.S. due to stricter official controls in workplaces; and, iv) the improved coverage of remittance operations influenced an upward trend in the statistics in previous years, but its effect has gradually decreased. Nevertheless, inflows of resources from remittances continued to be an important source of income for a very large number of Mexican families.

- e) Capital account surplus due to the net result of the following: significant inflows from foreign investment (both direct and portfolio), external financing channeled to the bank and non-bank private sector, and also to investment projects known as *Pidiregas*; outflows associated to public sector's payments of foreign debt; and increases in Mexican assets held abroad. The latter reflect the normal transactions of a country like Mexico which is highly integrated to the world economy's goods and services and financial markets. These transactions include significant flows of direct investment from Mexican firms located abroad, bank deposits required by Mexican firms (exporters and importers) for their commercial and financial transactions abroad; assets of investments funds held abroad; bank deposits of the private and public sectors; and, assets of public entities held abroad.
- f) The amount of foreign direct investment was the second highest in the Mexican economy's history, surpassed only by that recorded in 2001, which included a large acquisition in the banking sector.
- g) Significant increase in net international reserves.

Table 12
Trade Balance
Million US dollars

ITEM	2005 (1)	2006 (2)	2007 (3)	Absolute Change in 2007	Percentage Change	
					2006 (2)/(1)	2007 (3)/(2)
Exports	214,233	249,925	271,875	21,950	16.7	8.8
Oil	31,891	39,022	43,018	3,996	22.4	10.2
Crude oil	28,330	34,707	37,937	3,230	22.5	9.3
Other	3,561	4,315	5,081	766	21.2	17.8
Non-oil	182,342	210,903	228,857	17,954	15.7	8.5
Agricultural	6,008	6,853	7,435	583	14.1	8.5
Mining	1,168	1,317	1,737	420	12.8	31.9
Manufacturing	175,166	202,734	219,685	16,951	15.7	8.4
Imports	221,820	256,058	282,975	26,917	15.4	10.5
Consumer goods	31,513	36,901	43,055	6,154	17.1	16.7
Intermediate goods	164,091	188,633	205,296	16,663	15.0	8.8
Capital goods	26,216	30,525	34,625	4,100	16.4	13.4
Total trade balance	-7,587	-6,133	-11,100	-4,967	-19.2	81.0
Oil trade balance	14,973	19,005	17,341	-1,664	26.9	-8.8
Non-oil trade balance	-22,559	-25,138	-28,441	-3,303	11.4	13.1

Note: Figures may not add up due to rounding.



The trade deficit was 11.11 billion US dollars in 2007. Merchandise exports rose 8.8 percent in response to increases of 10.2 percent in oil exports and 8.5 percent in non-oil exports. Manufacturing exports also rose 8.4 percent as a result of growth of 5.7 percent in automotive industry exports and 9.3 percent in exports from the rest of the manufacturing sector (Table 12). It is also important to mention that the expansion of non-oil exports stemmed from a combination of a moderate rise in those channeled to the U.S. (4.8 percent) and a significant increase in those to the rest of the world (30.2 percent).

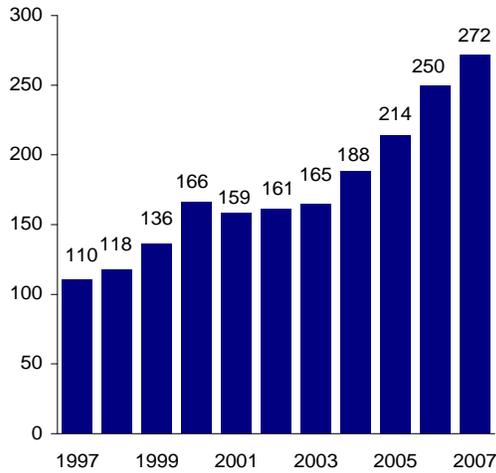
During 2007, the value of oil exports reached the historically high level of 43.018 billion US dollars (10.2 percent annual growth). This result is attributed to the average price of the Mexican crude oil export mix, which rose from 53.04 US dollars per barrel in 2006 to 61.64 US dollars in 2007. Nonetheless, the increase in the value of oil exports was surpassed by imports of such products. As a result of the aforementioned, Mexico's oil trade balance (including petrochemicals) declined from 19.005 billion US dollars in 2006 to 17.341 billion in 2007. It is important to mention that gasoline imports stood out in the foreign trade of oil products, reaching a total equal to 26 percent of the value of crude oil exports.

Merchandise imports rose 10.5 percent in 2007, figure below the 15.4 percent growth observed during the previous year (Graph 12). This result was due to increases in all three components of imports: consumption goods (16.7 percent), intermediate goods (8.8 percent) and capital goods (13.4 percent). The growth of imports was influenced upwards by the pattern followed by the oil product component which increased 28.3 percent, while other imports expanded by 9 percent.

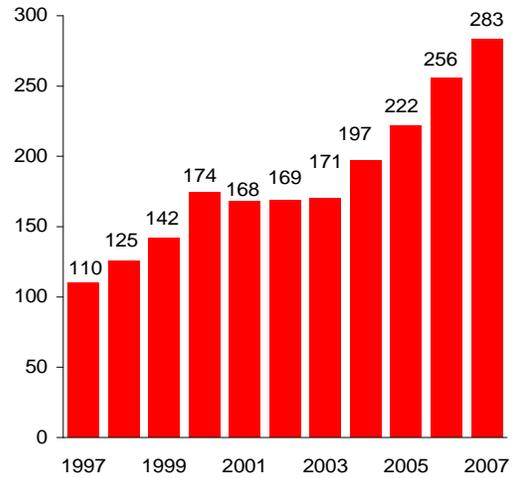
From a regional perspective, Mexico's trade deficit in 2007 resulted from a combination of: i) a larger surplus with NAFTA trading partners; ii) the move from deficit to surplus with the rest of the countries in America; and iii) an increased deficit with other regions (Table 13). The increased deficit with Asia mainly resulted from trade with China, which remains the second largest supplier of merchandise to Mexico. The expansion of non-oil exports in 2007 originated from a combination of a modest increase in those channeled to the U.S. and a significant rise in those to the rest of the world (Table 14). Thus, the increase in the value of non-oil exports during 2007 amounted to 17.954 billion US dollars, of which exports to the U.S. accounted for 8.697 billion and those to the non-U.S. market 9.257 billion.

Graph 12
Foreign Trade (Merchandise)

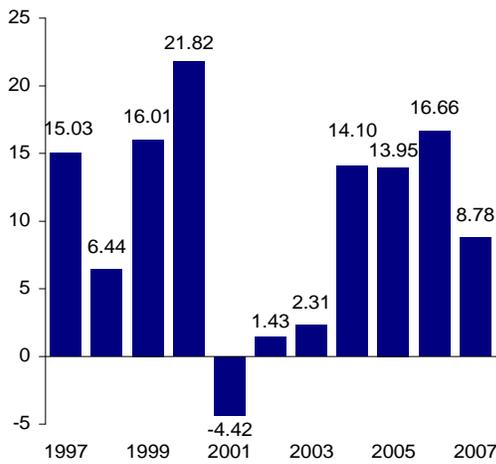
a) Exports
Billion US dollars



b) Imports
Billion US dollars



c) Exports
Annual percentage change



d) Imports
Annual percentage change

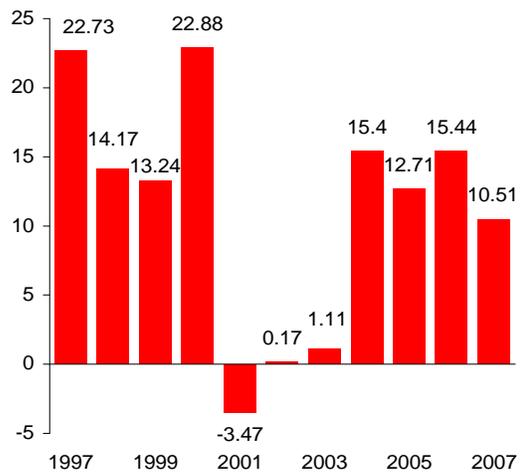


Table 13
Trade Balance by Region
 Million US dollars

	2005 (A)	2006 (B)	2007 (C)	Absolute Variation (C) - (B)	Percentage Change			
					Exports		Imports	
					2006	2007	2006	2007
TOTAL	-7,587	-6,133	-11,100	-4,967	16.7	8.8	15.4	10.5
NAFTA	63,081	79,288	81,225	1,937	15.5	5.8	10.4	7.8
U.S.	65,016	81,488	82,697	1,209	15.4	5.4	9.9	7.8
Canada	-1,935	-2,200	-1,472	728	22.2	25.4	19.6	8.0
REST OF THE WORLD	-70,667	-85,422	-92,325	-6,903	24.6	28.2	21.9	13.7
Rest of America	-1,827	-1,228	2,363	3,591	24.7	28.2	16.8	2.8
Europe	-18,952	-20,585	-21,442	-856	19.7	33.4	12.3	14.5
Asia	-48,875	-62,508	-71,873	-9,365	33.6	19.2	28.4	15.4
Other	-1,013	-1,100	-1,372	-272	28.7	27.5	17.3	26.1

Note: Figures may not add up due to rounding.

Graph 13
Contribution of Markets to Non-oil Exports' Growth
 Percent

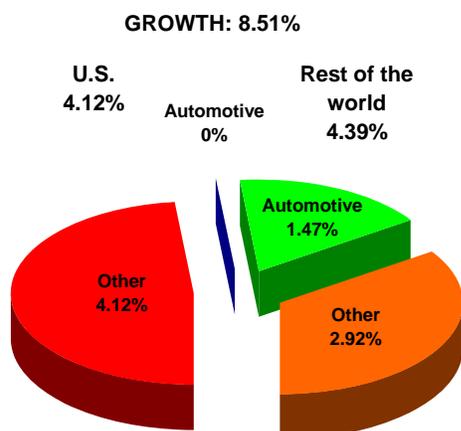


Table 14
Growth of Non-oil Exports to Different Markets in 2007
 Percent

	Share	Annual Growth
Total	100.00	8.51
U.S.	82.54	4.83
Automotive	20.41	-0.15
Other	62.13	6.57
Rest of the World	17.46	30.16
Automotive	4.11	48.89
Other	13.35	25.30

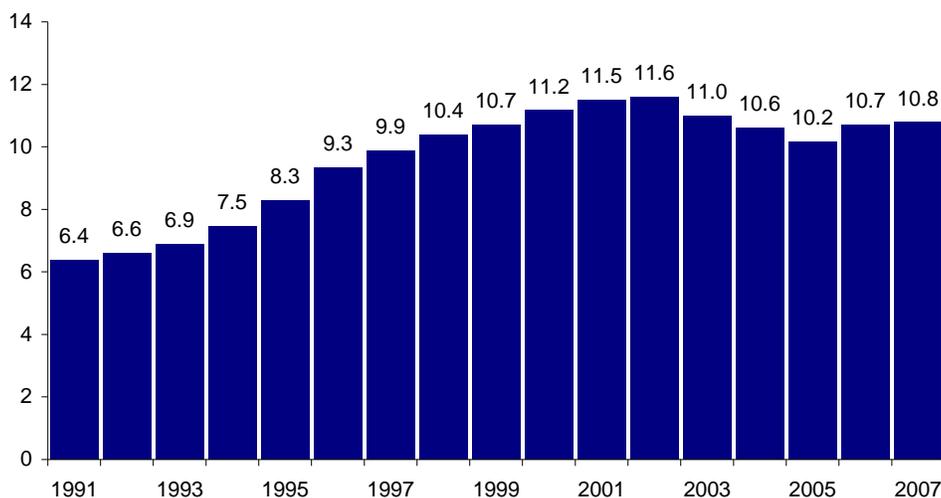
In 2007, Mexican exports to the U.S. performed slightly better than exports by other U.S. trading partners. Mexican exports to this market grew 6.3 percent, while total U.S. imports increased only 5.4 percent (Table 15). As a result Mexican products' share in such imports rose from 10.7 percent in 2006 to 10.8 percent in 2007 (Graph 14).

Table 15
U.S. Imports
Percent

	Share		Annual Percentage Change: 2007				
	2006	2007	Total	Oil	Total excluding Oil	Automotive	Total excluding Oil and Automotive
Total	100.00	100.00	5.38	9.32	4.86	-3.30	6.36
Total excluding Mexico	89.31	89.21	5.27	10.84	4.56	-4.55	6.04
Total excluding Mexico and China	73.78	72.75	3.92	11.04	2.79	-4.55	4.34
1. China	15.53	16.46	11.69	-70.18	11.83	--	11.83
2. Canada	16.30	16.03	3.59	15.53	2.13	-4.45	4.39
3. Mexico	10.69	10.79	6.32	-0.04	7.47	1.96	9.74
4. Japan	7.99	7.45	-1.82	--	-1.82	-8.31	2.63
5. Germany	4.81	4.83	5.93	--	5.93	-7.29	11.55
6. United Kingdom	2.89	2.91	6.32	-12.87	7.43	-19.74	11.64
7. South Korea	2.47	2.43	3.87	--	3.87	-8.67	8.51
8. France	2.00	2.13	12.21	--	12.21	--	12.21
9. Venezuela	2.00	2.04	7.41	11.10	-2.45	--	-2.45
10. Taiwan	2.06	1.96	0.22	--	0.22	4.06	0.00

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

Graph 14
Share of Mexican Exports in U.S. Imports
Percent



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

In 2007, the current account of the balance of payments recorded a deficit of 7.281 billion US dollars (0.8 percent of GDP) (Graph 15). Such result originated from a deficit in the trade balance (11.1 billion US dollars) combined with deficits in the non-factor (6.638 billion) and factor (13.895 billion) services balances, which more than offset the surplus in the transfers item (24.352 billion; Table 16).

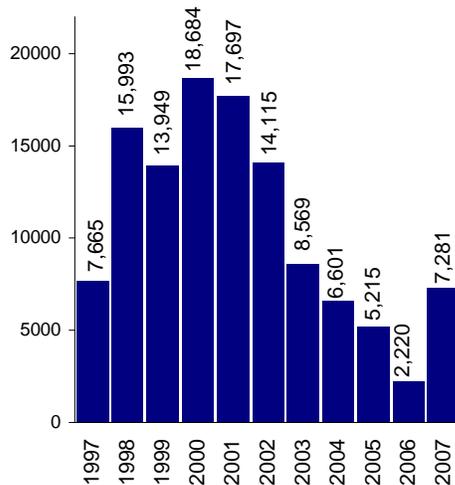
Table 16
Current Account of the Balance of Payments
 Million US dollars

Item	2006 (A)	2007 (B)	Absolute Change (B - A)
Current account	-2,220	-7,281	-5,061
Trade balance	-6,133	-11,100	-4,967
Exports	249,925	271,875	21,950
Imports	256,058	282,975	26,917
Nonfactor services	-5,736	-6,638	-902
Factor services	-14,475	-13,895	580
Transfers	24,124	24,352	228

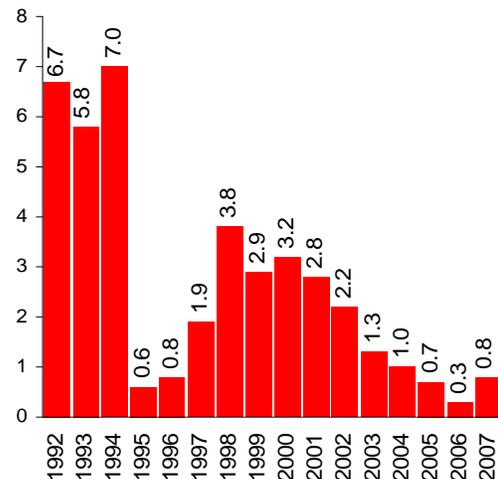
Note: Figures may not add up due to rounding.

Graph 15
Current Account Deficit of the Balance of Payments

a) Million US dollars



b) As a percentage of GDP

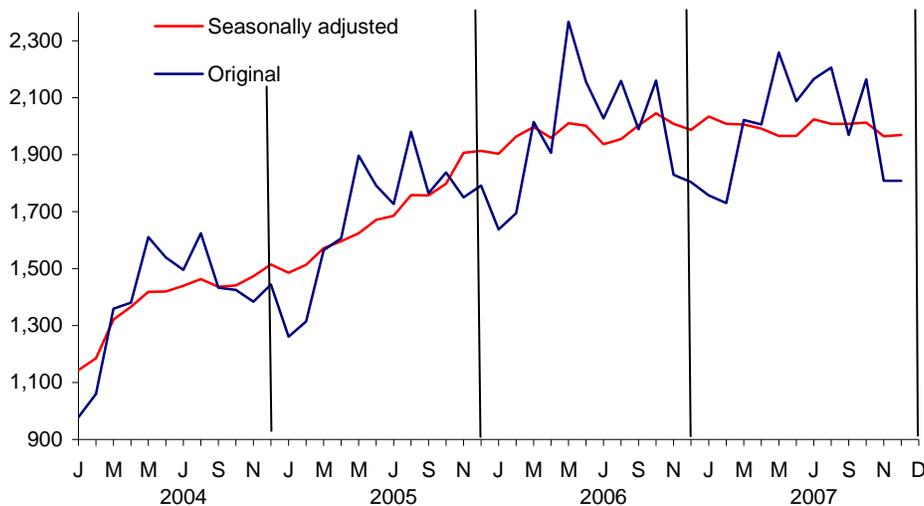


The non-factor services deficit was 6.638 billion US dollars in 2007. Within this balance, the international travelers item exhibited a surplus of 4.523 billion US dollars (4.068 billion in 2006) due to inflows totaling 12.901 billion US dollars (5.9 percent increase) and outflows of 8.378 billion (3.3 percent increase). The increases in both inflows and outflows from the international travelers items responded to border tourism which declined significantly in both the number of foreign residents who visited Mexico (-7.8%) and the number of Mexican residents who visited the U.S. (-11.8%). Such decline was due to concerns over insecurity in several northern border cities and greater obstacles and waiting times for entry to the U.S. Furthermore, inflows from international travelers were affected by the damage caused during August by hurricane "Dean" to the ports of Quintana Roo, a popular cruise ship destination. The other components of the non-factor services balance registered a deficit of 11.161 billion US dollars, mainly due to expenditures associated with foreign trade.

In 2007, the factor services deficit was 13.895 billion US dollars. Net interest payments (expenditures less revenues) amounted to 8.553 billion US

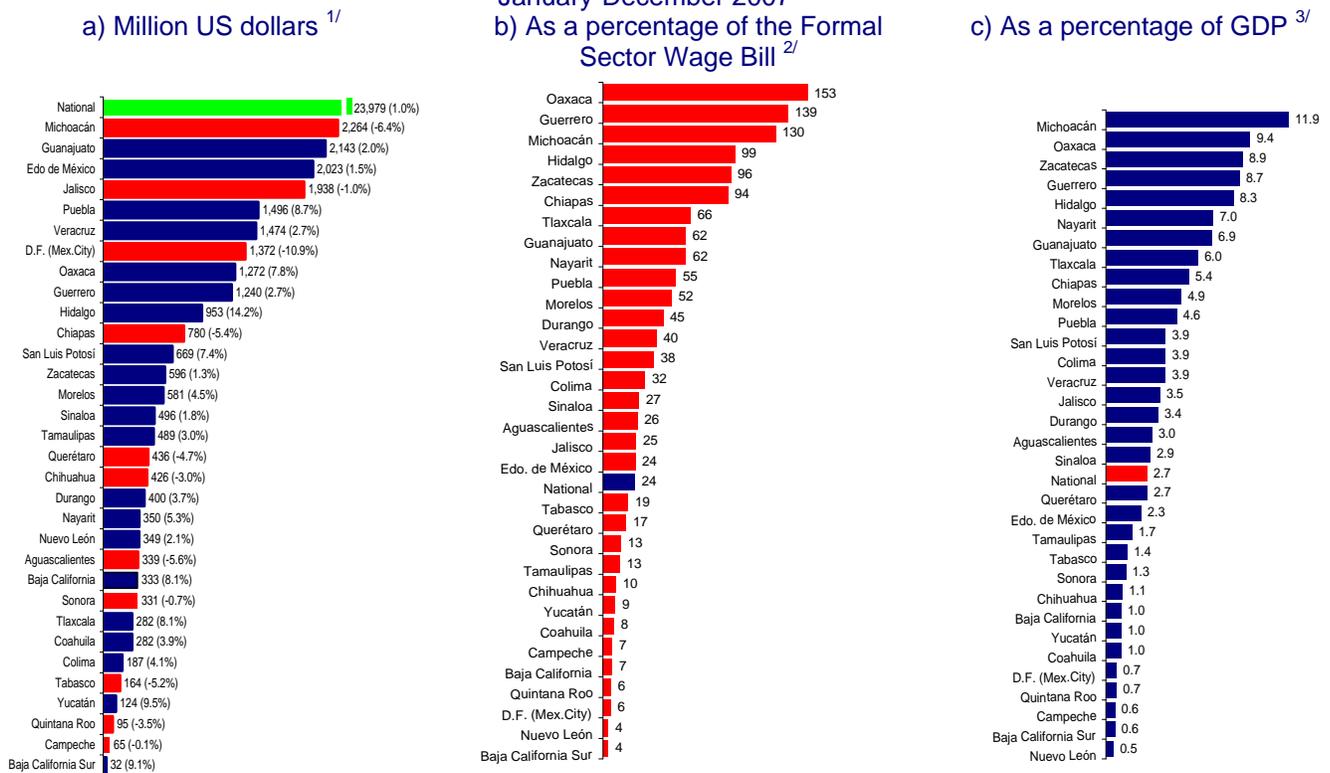
dollars. The other items from the factor services balance accumulated a net deficit of 5.342 billion US dollars, mainly from firms' profits (remitted and reinvested) amounting to 6.736 billion US dollars, of which 4.117 billion were reinvested in Mexico. Worth mentioning is that reinvested profits are included in the current account as factor service expenditures which are counterparty to revenues from FDI in the capital account.

Graph 16
Workers' Remittances
 Million US dollars per month;
 Original and seasonally-adjusted data



In 2007, the transfers account exhibited a surplus of 24.352 billion US dollars. Its main component, workers' remittances, accumulated 23.979 billion US dollars, an annual increase of 1 percent (compared to 17.1 percent in 2006). Such figure resulted from 68.8 million transactions carried out for an average of 349 US dollars each. Inflows from workers' remittances in 2007 were slightly above FDI figures and were equivalent to 138 percent of the oil product trade balance surplus. The slowdown in such inflows included all of Mexico's 32 states and even registered negative growth in 11 of them. Nonetheless, revenues from workers' remittances are still an important source of income for a large number of Mexican families (Graph 17).

Graph 17
Workers' Remittances by State
 January-December 2007



1/ Figures in parentheses correspond to each states' annual percentage change in remittances.

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

3/ States' GDP is obtained by applying the structure of states' GDP of 2006 at current prices (as reported by INEGI) to the data of 2007.

The capital account of the balance of payments recorded a surplus of 19.633 billion US dollars, mainly from foreign investment (direct and portfolio) inflows as well as foreign financing for the private sector (banking and non-banking) and Pidiregas projects. The outflow of resources stemmed from public sector's repayment of foreign debt as well as an increase in Mexican residents' assets abroad (Table 17).

In 2007, FDI in Mexico amounted to 23.23 billion US dollars (Graph 18). As for its distribution, FDI was mostly channeled to manufacturing (49.7 percent), financial services (24.3 percent), mining (5.8 percent), and retail (5.3 percent). Its breakdown by country of origin is as follows: U.S. (47.3 percent), Netherlands (15.1 percent), Spain (9.6 percent), and France (7.2 percent). Net foreign portfolio investment totaled 8.576 billion US dollars, as a result of inflows for 9.058 billion to the money market and outflows of 482 million in the stock market. Foreign investment flows (direct and portfolio) totaled 31.806 billion US dollars in 2007.

Table 17
Balance of Payments
Million US dollars

Item	2006	2007
Current account	-2,220	-7,281
Capital account	-2,046	19,633
Liabilities	15,869	46,888
Indebtedness	-9,834	15,081
Development banks	-7,959	-1,040
Commercial banks	446	3,026
Banco de México	0	0
Non-bank public sector	-14,068	-5,908
Non-bank private sector	4,722	5,778
Pidiregas	7,026	13,225
Foreign investment	25,703	31,806
Direct	19,225	23,230
Portfolio	6,478	8,576
Equity	2,805	-482
Money market	3,672	9,058
Assets	-17,915	-27,255
Errors and omissions	3,263	-2,066
Change in net international reserves	-989	10,311
Valuation adjustments	-14	-25

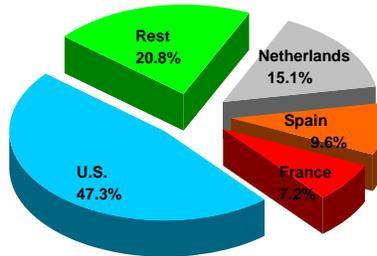
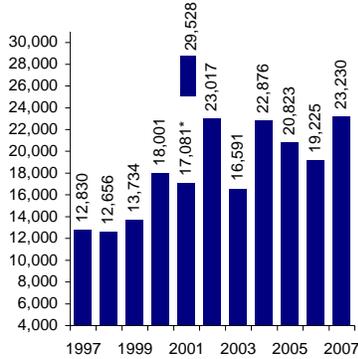
Note: Figures may not add up due to rounding.

In 2007, the public sector reduced its foreign indebtedness by 6.947 billion US dollars,¹⁰ as a result of net amortizations from the federal government for 1,424 billion, non-financial public entities for 4.484 billion, and development banks for 1.039 billion. Capital inflows channeled to financing Pidiregas projects amounted to 13.225 billion US dollars in 2007. Private sector's foreign net financing totaled 8.804 billion US dollars resulting from net disbursements by non-banks (5.778 billion US dollars) and commercial banks (3.026 billion). Mexican assets abroad increased by 27.255 billion US dollars in 2007. This result reflected the normal transactions of a country such as Mexico which is highly integrated to the world economy's goods and services and financial markets.

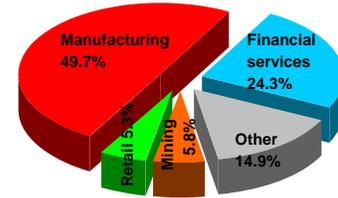
¹⁰ Data on public sector's foreign debt as reported in the balance of payments differs from that reported by the Ministry of Finance. The balance of payments excludes certain public sector external debt transactions that are not considered as effective flow of resources.

Graph 18
Foreign Direct Investment Flows
b) 2007: by Country Percentage

a) Million US dollars



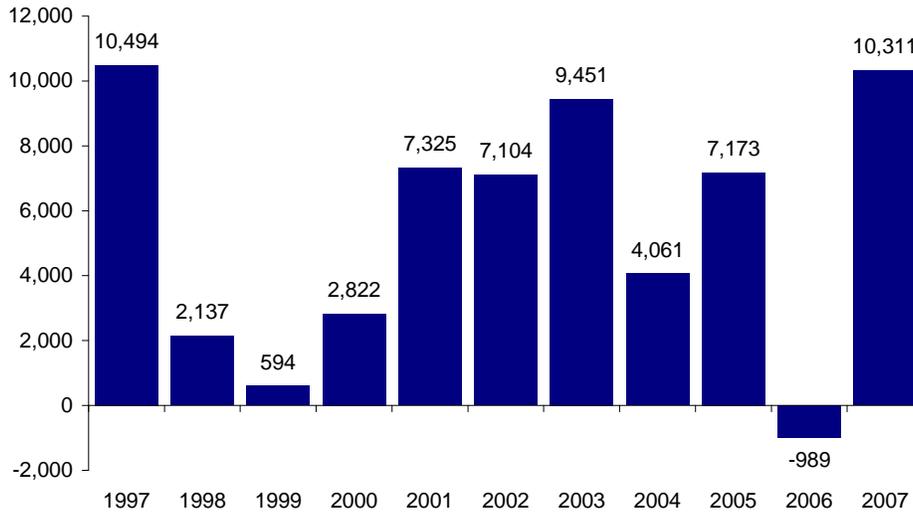
c) 2007: by Sector Percentage



1/ Excludes the sale of Banamex.

Summing up, Mexico's balance of payments results in 2007 were as follows: a 7.281 billion US dollar current account deficit, a 19.633 billion US dollar capital account surplus, a 2.066 billion US dollar net negative flow in errors and omissions, and a 10.311 billion dollar increase in international reserves¹¹ (Graph 19). As a result of such an increase, international reserves totaled 77.991 billion US dollars on December 31, 2007.

Graph 19
International Reserves Variation
Million US dollars



¹¹ According to the definition of international reserves set in the Law Governing Banco de México. In order for the adding up of current account and capital accounts plus the errors and omissions item to result in the variation of international reserves, a 25 million US dollar adjustment must be made.

III.4. Public Finances

III.4.1. Economic Balance

In line with its goal to maintain equilibrium in the fiscal balance, the public sector recorded an economic surplus equivalent to 0.01 percent of GDP in 2007 (Table 18).¹² The fiscal balance was achieved with higher budgetary revenues and expenditures than those originally programmed, as a result of excess revenues that led to a similar increase in public expenditure according to mechanisms defined in the Federal Budget and Fiscal Responsibility Law (*Ley Federal de Presupuesto y Responsabilidad Hacendaria*, LFPyRH) and the Federal Revenues Law (*Ley de Ingresos de la Federación*) for 2007 (LIF-2007). The primary surplus (defined as revenues less expenditures other than financial costs) represented 2.51 percent of GDP, 0.33 percentage points less than in 2006.

Table 18
Public Balance in 2005 - 2007^{1/}

	Thousand million pesos of 2007			Percent of GDP		
	2005	2006	2007	2005	2006	2007
Economic Balance	-10.9	10.3	1.0	-0.12	0.11	0.01
Budgetary balance	-11.0	8.7	2.7	-0.12	0.09	0.03
Federal government	-108.5	-187.8	-218.4	-1.20	-1.97	-2.24
Public entities and enterprises (1+2)	97.5	196.5	221.1	1.08	2.06	2.26
1 PEMEX	53.2	155.4	169.4	0.59	1.63	1.74
2 Other	44.3	41.2	51.7	0.49	0.43	0.53
Non-budgetary balance	0.1	1.6	-1.6	0.00	0.02	-0.02
Primary Balance	217.2	270.6	245.0	2.41	2.84	2.51

Source: Ministry of Finance (SHCP).

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

Note: Figures may not add up due to rounding.

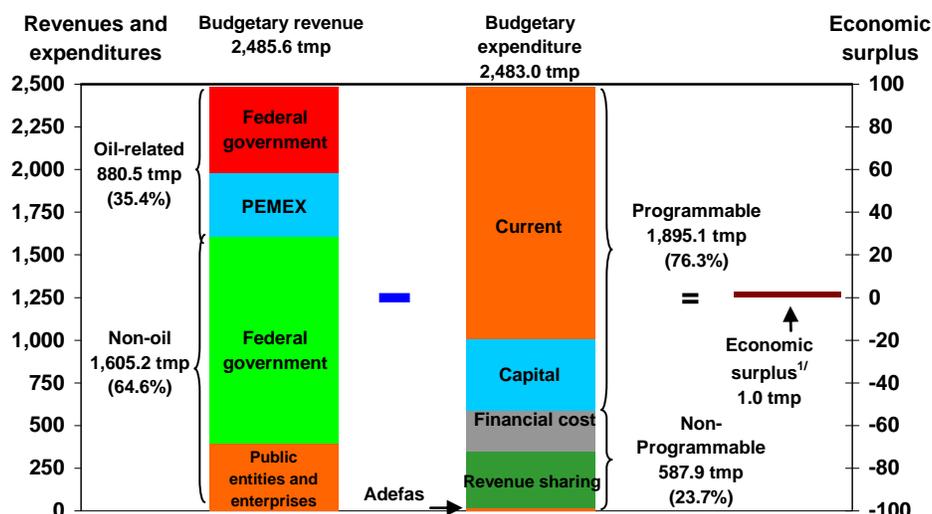
In 2007, budgetary revenues equaled 25.5 percent of GDP (2,485.6 thousand million pesos). During 2007, higher non-oil revenues were attained, representing a change in the trend followed by public revenues in recent years (Graph 21a). Thus, in 2007, oil revenues accounted for 35.4 percent of budgetary revenues, while the remaining 64.6 percent was made up of non-oil revenues (such percentages in 2006 were 38.1 and 61.9 percent, respectively).¹³

In real terms, budgetary revenues grew 5.6 percent. This result stemmed exclusively from the increase in non-oil revenues (10.1 percent), given that oil revenues declined 1.7 percent at constant prices. The latter reduction mainly responded to lower crude oil extraction (173 thousand barrels per day, over 5 percent less than that recorded in 2006) given that the price of the Mexican crude oil export mix was 4.2 US dollars per barrel (d.p.b.) higher than the average price observed in 2006.

¹² The economic balance reflects public sector's net financial position and is the indicator commonly used for evaluating non-financial public sector's budget obligations.

¹³ Oil revenues are defined as PEMEX revenues, oil duties and benefits, the tax on oil production plus the Excise Tax (*Impuesto Especial sobre Producción y Servicios*, IEPS) on gasoline and diesel.

Graph 20
Revenues, Expenditures and Economic Balance in 2007
 Thousand million pesos



Source: Ministry of Finance (SHCP).

1/ Includes non-budgetary surplus (1.6 thousand million pesos).

Note: Figures may not add up due to rounding.

Non-oil tax revenues rose 8.1 percent in real terms, due mainly to a 13.1 percent increase in income tax collection resulting from higher final payments for fiscal year 2006 and changes to the Asset Tax Law (*Ley del Impuesto al Activo*) implemented in 2007. Revenues from the VAT rose 3.4 percent in real terms.

Non-oil non-tax revenues totaled 160 thousand million pesos (1.6 percent of GDP), which represented real growth of 82.1 percent as compared to 2006. Such expansion mainly responded to higher non-recurrent revenues (72.6 thousand million pesos).¹⁴

¹⁴ Among the sources of non-recurrent revenues, worth mentioning are the disincorporation of the Center-North airport group; Maravatio-Zapotlanejo and Guadalajara-Aguascalientes-León highway concessions; and, the payment of Pemex's Minimum Guaranteed Yield (*Rendimiento Mínimo Garantizado de Pemex*).

Table 19
Public Balance 2006 and 2007 ^{1/}

	Thousand million pesos				Real growth %
	2006	2007		Difference	
	Observed	Approved	Observed		
(1)	(2)	(3)	(3-2)	(3/1)	
Economic Balance	9.9	0.0	1.0	1.0	-89.9
Non-budgetary balance	1.6	0.0	-1.6	-1.6	d.n.a.
Budgetary balance	8.4	0.0	2.7	2.7	-69.4
Budgetary Revenues	2,263.6	2,238.4	2,485.6	247.2	5.6
Oil	861.3	816.8	880.5	63.6	-1.7
Federal government	543.6	478.6	505.9	27.4	-10.5
PEMEX	317.7	338.3	374.5	36.2	13.4
Non-oil	1,402.3	1,421.6	1,605.2	183.6	10.1
Federal government	1,015.2	1,033.3	1,205.6	172.3	14.2
Tax revenues	930.7	984.6	1,045.6	61.0	8.1
Income Tax (<i>ISR</i>)	448.1	452.1	526.7	74.6	13.1
VAT (<i>IVA</i>)	380.6	428.7	409.1	-19.6	3.4
Excise Tax on Merchandise and Services (<i>IEPS</i>)	37.0	43.1	41.6	-1.5	8.1
Imports	31.7	27.6	32.3	4.7	-2.0
Other	33.3	33.1	35.9	2.9	3.7
Non-tax revenues	84.5	48.6	160.0	111.4	82.1
Duties	20.3	13.5	26.9	13.4	27.1
Proceeds	6.9	7.7	6.8	-1.0	-6.3
Benefits	57.2	27.4	126.4	99.0	112.4
Public entities and enterprises	387.1	388.3	399.6	11.3	-0.7
Net Paid Budgetary Expenditures	2,255.2	2,238.4	2,483.0	244.6	5.9
Programmable	1,656.9	1,639.0	1,895.1	256.1	10.0
Deferred payments	d.n.a.	-22.0	d.n.a.	d.n.a.	d.n.a.
Programmable accrued expenditures	1,656.9	1,661.0	1,895.1	234.1	10.0
Current expenditures	1,321.4	1,375.0	1,474.7	99.8	7.3
Personal services	610.7	652.1	653.9	1.9	3.0
Other	710.7	722.9	820.8	97.9	11.1
Capital expenditures	335.5	286.1	420.4	134.3	20.5
Fixed investment	273.3	249.8	343.8	94.0	21.0
Financial investment	62.2	36.3	76.5	40.3	18.4
Non-programmable	598.3	599.4	587.9	-11.5	-5.5
Financial cost	250.1	263.1	239.0	-24.2	-8.1
Federal government	153.8	185.2	160.7	-24.5	0.5
Public entities and enterprises	57.6	27.2	50.3	23.1	-16.1
Debtor and savings support program	38.6	50.8	28.0	-22.7	-30.2
Revenue sharing	329.3	324.3	332.6	8.3	-2.9
<i>Adetas</i> and other	18.9	12.0	16.3	4.3	-16.7

Source: Ministry of Finance (SHCP).

^{1/} Deficit (-), Surplus (+).

d.n.a. Does not apply.

Note: Figures may not add up due to rounding; real growth is estimated based on yearly average inflation.

In 2007, budgetary revenues were 247.2 thousand million pesos (2.5 percent of GDP) higher than those programmed in the 2007 Federal Revenues Law (Table 19). The sources of these excess revenues were:

- 25.7 percent from oil revenues, due to a higher oil price than that set in the budget.¹⁵
- 24.6 percent from greater non-oil tax revenues (mainly income tax).
- 45 percent from non-tax non-oil revenues mostly stemming from non-recurrent revenues.

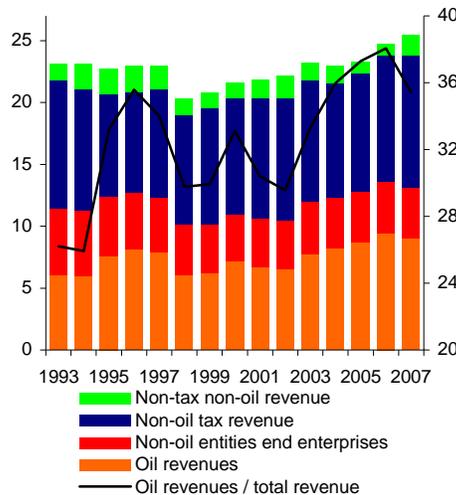
¹⁵ In 2007, the average price of Mexico's crude oil export mix was 15.5 US dollars per barrel above programmed level.

- d) 4.7 percent from entities and enterprises other than PEMEX, mainly as a result of higher energy sales by the Federal Electricity Commission (*Comisión Federal de Electricidad, CFE*).

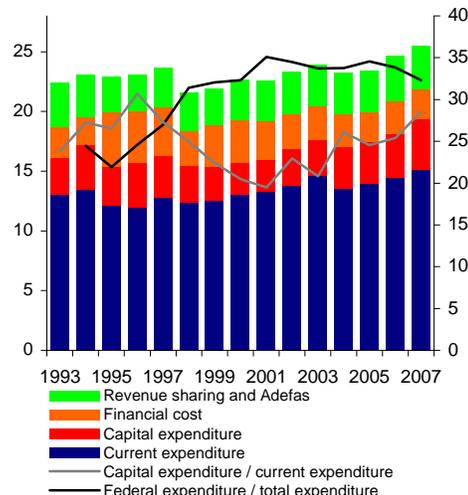
As a result of the abovementioned excess revenues, in 2007, public expenditure surpassed its programmed level by 244.6 thousand million pesos (10.9 percent). Excess revenues and the rules governing their use, defined in the Federal Budget and Fiscal Responsibility Law (LFPyRH) and in the 2007 Federal Revenues Law (LIF-2007), resulted in higher capital expenditure than that observed in previous years (Graph 21b).

Graph 21
Public Sector Fiscal Revenues and Expenditures (1993- 2007)

a) Revenues (Percent of GDP) and Percent of Total



b) Expenditures (Percent of GDP) and Percent of Total



Source: Ministry of Finance (SHCP).

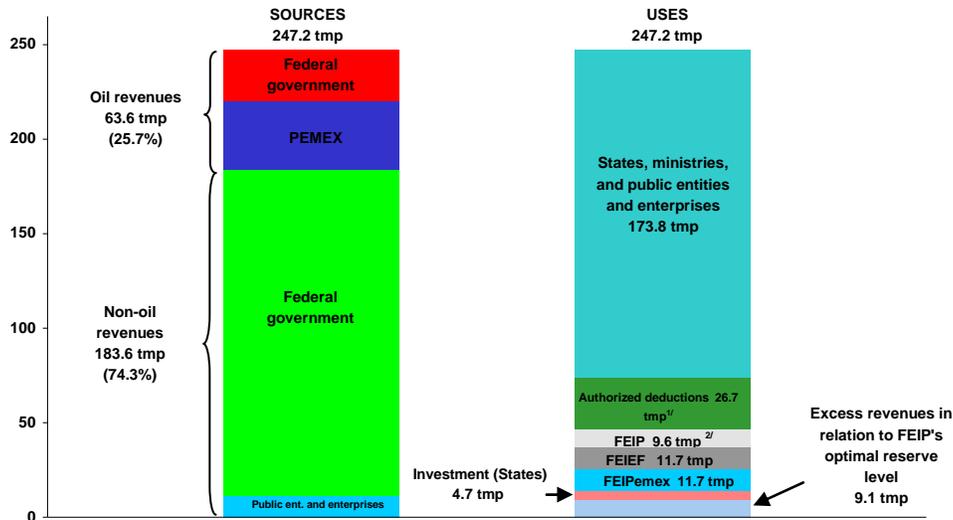
The excess gross revenues obtained in 2007 (247.2 thousand million pesos) were allocated to public expenditures according to the LFPyRH and the LIF-2007 as follows:

- a) 173.8 thousand million pesos obtained from non-tax revenue and self-generated income by entities under direct budgetary control were allocated to states, federal entities, and other agencies and enterprises under direct budgetary control.
- b) 26.7 thousand million pesos were used to meet authorized deductions (to relieve damage caused by natural disasters which could not be covered by the Natural Disaster Fund (*Fondo de Desastres Naturales, Fonden*) and to meet fiscal obligations from previous years, among others).
- c) After the abovementioned deductions in sections a) and b), the remaining excess revenues (46.7 thousand million pesos) were used in two stages. First, 37.5 thousand million pesos were distributed to revenue stabilization funds (FEIP and FEIEF) as well as PEMEX (FEIPemex) and state governments (FIES) investment funds.¹⁶ The

¹⁶ State Infrastructure Trust (*Fideicomiso para la Infraestructura en los Estados, FIES*).

second phase began when the optimal level of reserves of FEIP was reached for the first time. The excess revenues from these reserves (9.1 thousand million pesos) were distributed as follows: 6.8 thousand million pesos to higher physical investment (in equal proportion to federal, state and PEMEX investment), and 2.3 thousand million pesos to the Pension Restructuring Support Fund (*Fondo de Apoyo para la Reestructura de Pensiones, FARP*).

Graph 22
Sources and Uses of Excess Revenues in 2007
Thousand million pesos



Source: Ministry of Finance (SHCP).

1/Refers to fiscal obligations from previous years (5.3 tmp) and natural disasters not covered by the Fund for Natural Disasters- *Fondo para Desastres Naturales, Fonden* (21.4 tmp). Unlike previous years, for 2007, no higher non-programmable expenditure or higher expenditure on fuels in CFE were recorded, which are also part of the authorized deductions.

2/If optimal reserves from the Stabilization Fund for Oil Resources (*Fondo de Estabilización para los Recursos Petroleros, FEIP*) are not met, this fund is capitalized, first, with 40% of excess net revenues and, second, with revenues from the Oil Tax for the Stabilization Fund (*Derecho sobre Hidrocarburos para el Fondo de Estabilización, DHSFE*). Since optimal FEIP reserves were met in 2007, excess revenues destined to these reserves were distributed equally to investment in federal (25%), state (25%), and PEMEX (25%) projects, as well as to the Fund for the Restructuring of Pensions-*Fondo de Apoyo para la Reestructura de Pensiones, FARP* (25%), as set by the Budget and Fiscal Responsibility Law (*Ley Federal de Presupuesto y Responsabilidad Hacendaria, LFPyRH*). The FARP also received part of the DHSFE that was not channeled to the FEIP because it did not meet its optimal level of reserves.

Note: FEIEF = Fondo de Estabilización de los Ingresos de las Entidades Federativas; and, FEIPemex = Fondo de Estabilización en Infraestructura de PEMEX.

In 2007, budgetary expenditures accounted for 25.4 percent of GDP (2,483.0 thousand million pesos). Public expenditure grew 5.9 percent in real terms compared to 2006 due to an increase in programmable expenditures (10.0 percent at constant prices), particularly on capital expenditures.

As for programmable expenditure, current expenditure rose 7.3 percent at constant prices as a result of higher outlays in: personal services (3.0 percent real increase); operational costs (9.5 percent real increase); pensions and retirements (9.5 percent real increase); and, subsidies, transfers and aid (20.0 percent real increase). The latter include federal government transfers to states and municipalities as well as to social and economic-development programs.

In 2007, capital expenditure grew at a real annual rate of 20.5 percent and accounted for 4.3 percent of GDP. As a result, the share of such outlays in

programmable expenditures rose from 20.3 percent in 2006 to 22.2 percent in 2007. Noteworthy is the performance of the financial investment component of capital expenditures, which includes capitalization of FEIP, FEIEF, FEIPemex, and FARP.

In 2007, non-programmable expenditure declined 5.5 percent at constant prices. This result was due to decreases in all three of its components: a) the financial cost fell 8.1 percent in real terms, in response to lower interest payments from Pidiregas and resources channeled to the Bank Savings Protection Institute (*Instituto para la Protección al Ahorro Bancario*, IPAB); b) revenue sharing for states and municipalities declined 2.9 percent in real terms due to a reduction in the oil component of shareable federal tax revenue and a negative outcome of revisions to revenue sharing from 2006, the difference of which was discounted from those of 2007; and, c) a decrease of 16.7 percent in real terms in payments of accrued expenditures from previous years (*Adeudos de Ejercicios Fiscales Anteriores*, Adefas).

Public sector's fostered investment (*inversión impulsada*), which includes budgetary investment net of capital amortizations to Pidiregas and non-budgetary financed investment, grew at a real annual rate of 10.0 percent and amounted to 5.0 percent of GDP. Such results responded to the expansion of both budgetary investment (resulting from the sharing of excess revenues to public investment) and financed investment (Pidiregas), as well as that from Pemex's investment fund.

In 2007, federalized expenditures (total federal resources channeled to state and municipal governments) exhibited a slightly growth of 1.2 percent in real terms, mainly due to the abovementioned decrease in shared revenues. Nevertheless, the remaining components of federalized expenditure increased 4.2 percent in real terms.

In 2007, two important events took place in the area of fiscal legislation which will come into effect in 2008. First, the fiscal reform approved in September 2007 included changes in 4 pillars: the tax system, tax administration, public expenditure, and fiscal federalism. In the area of tax collection, the introduction of the Flat Rate Business Tax (*Impuesto Empresarial a Tasa Única*, IETU) was noteworthy.¹⁷ According to the Ministry of Finance (*Secretaría de Hacienda y Crédito Público*, SHCP), this tax, together with expected tax collection efficiency gains in income tax and VAT, will provide additional non-oil tax revenues equal to 1.1 percent of GDP in 2008. Such revenues will then gradually increase until they represent 2.1 percent of GDP in 2012. As for tax administration, legislation was issued to fight fiscal evasion and elusion, smuggling, and to facilitate tax payment. In the area of public expenditure, mechanisms were established to improve the quality of the outlays in all government levels, as well as measures to encourage transparency and accountability. Finally, in the area of fiscal federalism, worth mentioning is the implementation of an excise federal tax on gasoline and diesel. The revenues stemming from this source will be completely distributed among states and municipalities. Changes were also introduced in the distribution formulas of several contribution and federal revenue sharing funds.

¹⁷ The other 2 contributions were: the tax on cash deposits (*Impuesto a los Depósitos en Efectivo*, IDE), which is designed to tax the informal economy when it uses the banking system to carry out its financial operations; and the Gaming and Lottery Tax (*Impuesto Especial sobre Juegos y Loterías*).

The second change in fiscal legislation concerned Pemex's fiscal regime. The purpose of such modification was to increase the resources available to Pemex for investment by reducing the Ordinary Oil Duty (*Derecho Ordinario sobre Hidrocarburos*) paid by this enterprise to the federal government.¹⁸

III.5. Monetary and Credit Aggregates

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

At the end of 2007, the monetary base was 494.7 thousand million pesos. During the same year, the monetary base grew, on average, 12.7 percent at an annual rate, figure below the 16.2 average percent growth observed in 2006 (Graph 23a).¹⁹ The decline in the expansion of monetary base responded to the economic slowdown and the dissipation of temporary factors which took place in 2006, such as the increased use of money that usually occurs during federal elections.

The remonetization process continued in the Mexican economy during 2007.²⁰ Thus, the average daily stock of monetary base accounted for 4.24 percent of GDP, 0.23 percentage points higher than in 2006 (Graph 23b).

In 2007, net international assets rose by 10.931 billion US dollars; thus their stock at December 31, 2007 was 87.235 billion US dollars.²¹ The monetary base grew by 44,922 thousand million pesos during 2007. As a result, Banco de México's net domestic credit decreased by 73,562 million pesos during the year (Table 20).

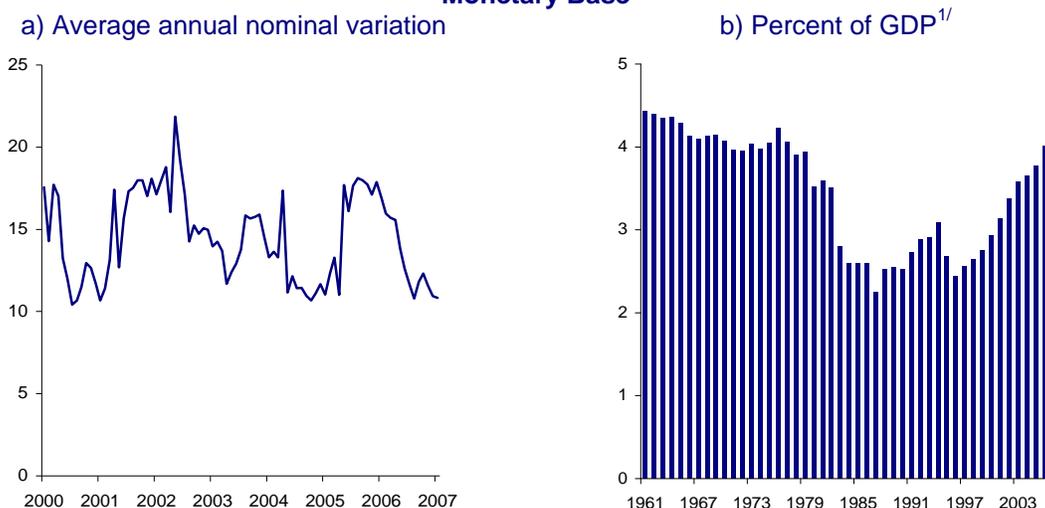
¹⁸ This new reform of Pemex's fiscal regime is additional to that approved in 2005 and which came into force in 2006.

¹⁹ Changes calculated based on the average of daily stocks.

²⁰ When an economy transits from an environment of high inflation that erodes the purchasing power of money and discourages its demand, to an environment of low and stable inflation, the demand for money usually increases as agents gradually replenish their bills and coins. This phenomenon is reflected in a gradual increase in the monetary base measured as a percentage of GDP and is known as remonetization process.

²¹ For a definition of international assets and international reserves, see the glossary of Banco de México's weekly balance sheet press release (*Comunicado de Prensa sobre el Estado de Cuenta del Banco de México*). Banco de México's broad credit position vs. the domestic market (net domestic credit) is obtained by subtracting international assets from the monetary base; i.e., financing granted or received domestically by the central bank. The international reserves definition excludes Banco de México's short-term (less-than-six months) foreign currency liabilities.

**Graph 23
Monetary Base**



1/ Up to 1988, calculated based on the average of stocks at the end of month. Since 1989, calculated according to the average of daily stocks. Figures expressed as a percentage of annual average GDP.

International reserves increased 10.311 billion US dollars as a result of a 10.881 billion US dollar rise in gross reserves, while Banco de México's liabilities with less-than-six months to maturity increased by 570 million US dollars. The main source of international reserves was the purchasing of US dollars from PEMEX (12.899 billion). As for its uses, the federal government demanded 3.648 billion US dollars, while Banco de México auctioned 4.24 billion US dollars through the mechanism to slow international reserve accumulation.

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

	Stocks at end of			Flows accumulated at		
	2005	2006	2007	2005	2006	2007
(A) Monetary base (Pesos)	380,034	449,821	494,743	39,856	69,788	44,922
(B) Net international assets (Pesos) ^{1/ 2/}	788,167	824,967	952,227	104,918	25,941	118,484
Net international assets (USD) ^{2/}	74,115	76,304	87,235	9,881	2,189	10,931
(C) Net domestic credit (Pesos) [(A)-(B)] ^{1/}	-408,133	-375,145	-457,484	-65,062	43,847	-73,562
(D) Gross reserves (USD)	74,110	76,330	87,211	9,913	2,220	10,881
PEMEX				20,378	26,698	12,899
Federal government				-7,290	-20,192	-3,648
Sale of US dollars to banks ^{3/}				-4,402	-8,014	-4,240
Other ^{4/}				1,227	3,728	5,870
(E) Liabilities with less-than-six months to maturity (USD)	5,441	8,650	9,220	2,740	3,209	570
(F) International reserves (USD) [(D)-(E)] ^{5/}	68,669	67,680	77,991	7,173	-989	10,311

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

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

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

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

5/As defined by the Law Governing Banco de México.

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

In 2007, in a context of economic slowdown, monetary aggregates expanded at lower rates than in 2006. The monetary aggregate M1 recorded a nominal annual average variation of 9.7 percent, figure 5.9 percentage points below previous year's figures (Table 21). The slower growth rate of the narrow monetary aggregate was mirrored by all of its components. In 2007, the average stock of currency in circulation grew 12.2 percent in annual terms, 3.7 percentage points below 2006 figures. Checking accounts in pesos and current account deposits recorded annual variations of 10.4 and 13.5 percent, respectively, 4.8 and 6.5 percentage points below figures observed in 2006.

Table 21
Monetary Aggregate M1
Annual percentage change of average stocks

	2005	2006	2007	2007			
				Quarters			
				I	II	III	IV
M1	11.2	15.6	9.7	11.6	7.7	9.5	9.9
Currency in circulation (bills and coins)	12.3	15.9	12.2	15.1	11.5	11.8	10.6
Checking accounts (Pesos)	9.6	15.2	10.4	11.2	7.7	11.5	11.2
Current account deposits	15.3	20.0	13.5	17.6	13.6	13.1	10.0
Deposits in Savings and Loan Associations (SAPs)	22.8	29.3	22.1	30.7	26.6	19.2	13.4
Checking accounts (US dollars)	8.8	9.7	-7.7	-7.5	-12.6	-11.0	1.3

In 2007, residents' financial savings also registered lower annual variations than those observed the previous year. The monetary aggregate M2, which includes M1 and residents' term financial savings, grew at a real annual average rate of 6.3 percent, 4.2 percentage points below 2006 figures. The average stock of bank time deposits declined 1.5 percent in real terms. In 2007, residents' holdings of government securities declined, particularly towards the end of the year, registering a real average annual growth of 10.1 percent (14.4 percent in 2006). The most dynamic component of residents' savings was holdings of private securities, which grew 13.9 percent in real terms, 8.9 percentage points higher than in 2006 (Table 22).

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

	2005	2006	2007	2007			
				Quarters			
				I	II	III	IV
M2 (= M1 +)	9.2	10.5	6.3	7.1	5.2	6.8	6.3
Bank deposits	6.3	3.5	-1.5	-2.6	-11.1	0.0	8.7
Deposits in Savings and Loans Companies	20.1	15.8	12.8	14.8	15.8	12.0	8.8
Public securities	12.2	14.4	10.1	11.1	13.7	10.5	5.4
Private securities	4.1	5.0	13.9	10.3	14.4	15.3	15.3
Housing funds and others	11.0	9.4	3.7	7.2	3.4	2.7	1.9
M3	10.5	11.1	6.9	7.3	5.2	7.7	7.5
M4	10.4	11.1	7.2	7.4	5.5	8.1	7.7
Memo:							
Savings from SAR included in M2 ^{1/}	14.2	8.8	7.2	6.8	9.2	7.4	5.5
Non-resident savings	72.2	27.2	25.3	8.9	5.9	41.5	47.0

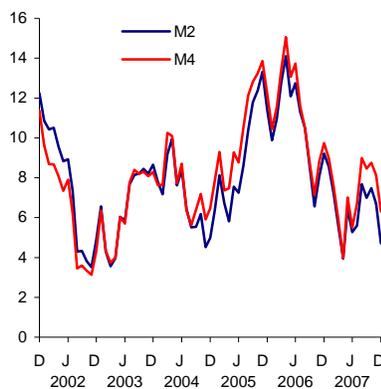
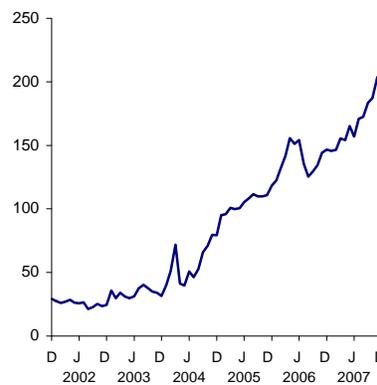
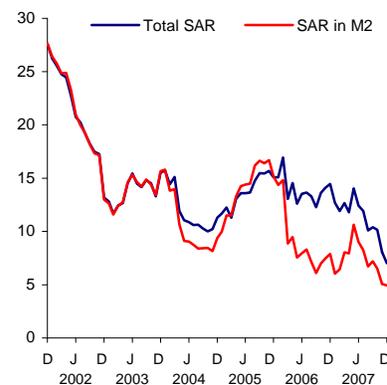
^{1/} Excludes investment in foreign debt instruments and variable-income securities from total SAR resources.

The resources in the Retirement Savings System (*Sistema de Ahorro para el Retiro*, SAR) grew at a slower rate during 2007, particularly during the second half of the year (Graph 24c). This result was influenced, among other factors, by slower employment and wage bill growth in the formal sector of the economy. Thus, the average stock of resources in the SAR recorded a real annual variation of 11 percent compared to 13.9 percent registered in 2006. SAR resources invested in financial assets included in M2, which accounted for 90.9 percent of such savings system's resources in December 2007, grew at a real average annual rate of 7.2 percent (8.8 percent in 2006).²²

Saving in domestic financial instruments (M4) continued to grow during 2007, although at a lower rate than that observed in 2006. Thus, the monetary aggregate M4 registered a real average annual variation of 7.2 percent in 2007, compared to real average growth of 11.1 percent in 2006 (Graph 24a). The latter resulted from the abovementioned slower rate of growth in residents' financial savings (M2), which was partly offset by the stronger performance of foreigners' financial saving.

As in previous years, foreigners' financial savings continued to register robust growth, particularly during the second half of the year. During 2007, non-residents financial savings registered an average real annual growth of 25.3 percent (Graph 24b). One factor that explains this result was the increase in the spread between Mexican and U.S. interest rates after the third quarter of 2007.²³

Graph 24
Broad Monetary Aggregates, Public Securities held by Non-residents and Retirement Savings System

 a) Broad Monetary Aggregates
Real annual change

 b) Public Securities held by
Non-residents
Thousand million pesos
(2nd week Jun 2002)

 c) SAR Funds
Real annual change


²² The reduction in the growth of SAR savings included in M2 mainly resulted from changes in the regulations governing Siefors investments, allowing them to invest part of their resources in variable interest rate instruments, government securities placed abroad (UMS Bonds) and external securities, none of which are included in the monetary aggregates (See Consar newsletter 15-12 which regulates Siefors' investment regime published in Mexico's Official Gazette (*Diario Oficial de la Federación*) May 26, 2004.

²³ The spread between interest rates on 10-year government bonds in Mexico and the U.S. rose from 2.46 percentage points in June 2007 to 3.99 percentage points in December 2007.

The expansion of financing to the private sector -especially that channeled to firms- observed during recent years continued in 2007. Thus, at the end of 2007 total financing to the non-financial private sector accounted for 32.6 percent of GDP, two percentage points higher than in December 2006 (Table 23). After having grown at a real annual rate of 15.5 percent in 2006, such aggregate recorded an average annual variation of 9.6 percent in 2007.

The real annual growth of external financing to the non-financial private sector slowed from 16.8 percent in 2006 to 2.8 percent in 2007 (7.5 percent of GDP), mainly as a result of the 2 percent real annual decline in direct financing (Table 23).

The performance of domestic financing to the non-financial private sector remained favorable during 2007 mainly supported by the growth in financing from commercial banks. The domestic component of financing to the private sector recorded real annual growth of 11.9 percent, figure slightly below the 15.1 percent observed in 2006. As a result, domestic financing accounted for 25.1 percent of GDP in 2007, 2.1 percentage points more than during the previous year (Table 23). Total commercial bank financing to the private sector continued to grow significantly, recording a real annual average variation of 24 percent in 2007.

Table 23
Total Financing to the Non-financial Private Sector

	Stocks in Thousand Million Pesos				Percent of GDP				Real Annual Percentage Change	
	Dec-95	Dec-00	Dec-06	Dec-07	Dec-95	Dec-00	Dec-06	Dec-07	Dec-06- Dec-05	Dec-07- Dec-06
	Total financing	1,155.3	1,679.2	2,800.4	3,185.1	62.8	30.5	30.6	32.6	15.5
Foreign	239.9	520.2	690.7	736.5	13.0	9.5	7.5	7.5	16.8	2.8
Foreign direct financing ^{1/}	141.3	322.3	480.5	488.7	7.7	5.9	5.2	5.0	27.3	-2.0
Foreign debt issuance ^{2/}	98.5	197.9	210.2	247.7	5.4	3.6	2.3	2.5	-1.8	13.6
Domestic	915.4	1,159.0	2,109.7	2,448.6	49.7	21.1	23.0	25.1	15.1	11.9
Commercial banks ^{3/}	700.6	700.4	1,134.4	1,459.3	38.1	12.7	12.4	14.9	26.7	24.0
Other intermediaries ^{4/}	137.2	157.6	316.5	268.4	7.5	2.9	3.5	2.7	-0.8	-18.3
Debt issuance	19.2	79.7	175.8	187.8	1.0	1.5	1.9	1.9	1.7	2.9
Infonavit ^{5/}	58.4	221.1	482.9	533.2	3.2	4.0	5.3	5.5	8.2	6.4
Memo:										
Households	271.7	514.1	1,267.9	1,432.3	14.8	9.4	13.8	14.7	16.3	8.9
Consumption	44.2	61.1	429.1	525.8	2.4	1.1	4.7	5.4	28.9	18.1
Housing	227.5	453.0	838.8	906.5	12.4	8.2	9.2	9.3	10.7	4.2
Firms ^{6/}	883.6	1,165.1	1,532.5	1,752.8	48.0	21.2	16.7	18.0	14.8	10.2
Foreign financing	239.9	520.2	690.7	736.5	13.0	9.5	7.5	7.5	16.8	2.8
Domestic financing ^{7/}	643.7	644.9	841.8	1,016.3	35.0	11.7	9.2	10.4	13.3	16.4
Foreign financing in USD ^{8/}	31.0	54.1	63.9	67.5	--	--	--	--	19.5	5.6

Source: Infonavit quarterly financial statements.

Note: Figures subject to revision. Stocks expressed as a percentage of annual average GDP. Stocks and figures as a percent of GDP may not add up due to rounding.

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

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

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

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

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

6/ Including individuals with business activity.

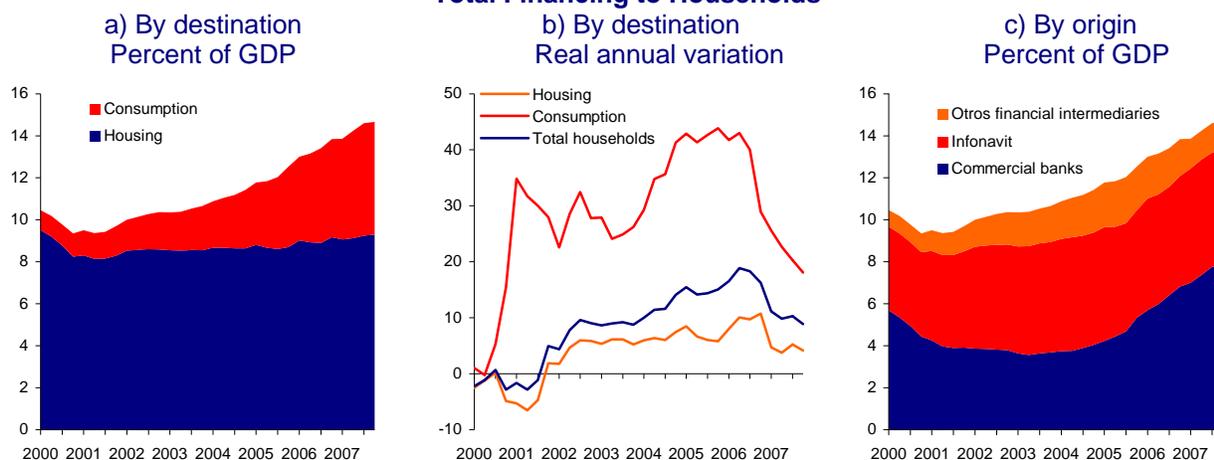
7/ Domestic financing to firms includes total financing granted by financial factoring companies, financial leasing companies, and credit unions. Financing granted by SAPS is not destined to firms because it is mainly destined to households.

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

In 2007, credit to households (both consumption and mortgage) was less vigorous than during previous years (Graph 25b). Total financing to households grew 8.9 percent at a real annual rate and accounted for 14.7 percent

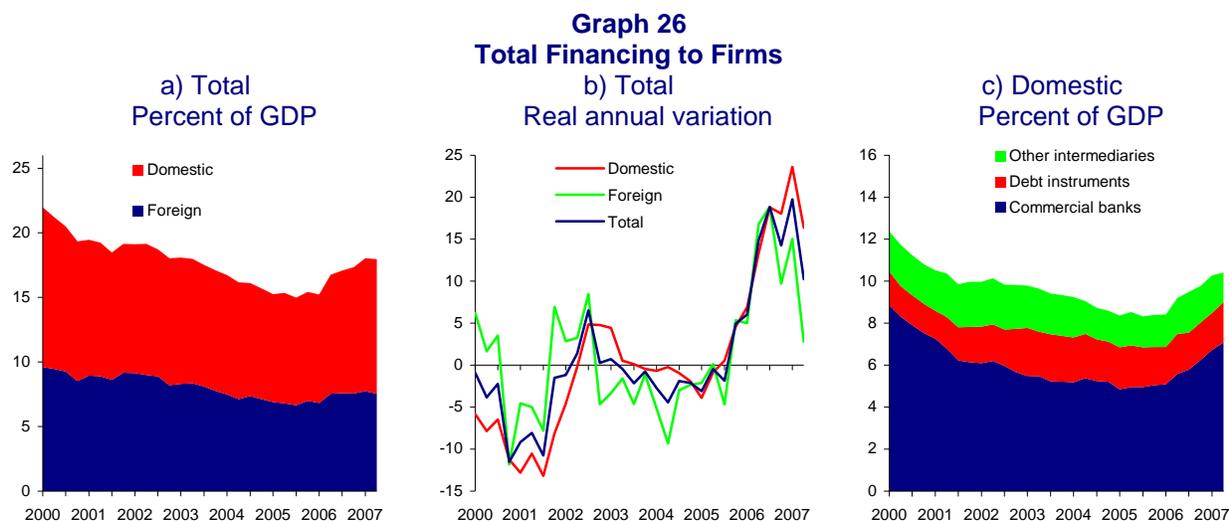
of GDP, while financing to consumption recorded a real annual variation of 18.1 percent (28.9 percent in 2006) and represented 5.4 percent of GDP (Graph 25a). The slowing of consumption credit responded to, among other factors, reduced economic growth and the gradual decline in opportunities for extending banking services to new sectors of the population. Mortgage financing grew 4.2 percent at a real annual rate and accounted for 9.3 percent of GDP. Regarding credit granted by type of intermediary, commercial banks continued to increase their share of financing to households (Graph 25c).

Graph 25
Total Financing to Households
 b) By destination
 Real annual variation



Total financing to firms registered a real annual variation of 10.2 percent during 2007 and accounted for 18 percent of GDP in December of that year (Graph 26a and b). Such growth can mainly be explained by the increase in domestic sources of funds, particularly credit granted by commercial banks (Graph 26c). Thus, in 2007, domestic financing to non-financial private firms recorded a real annual variation of 16.4 percent, its highest growth in recent years. Commercial bank credit to firms grew 30.5 percent in real terms, influenced by an increase in the number of firms with access to bank credit.²⁴

²⁴ In 2007, figures from the regulatory report R04c indicate that the number of credits granted by commercial banks to firms was 288.9 thousand, 76 thousand more than in 2006.



In 2007, placement of debt instruments in international markets grew at a real annual rate of 13.6 percent, while placement of such instruments in the domestic market grew only 2.9 percent in real terms (Table 23).

III.5.3. Flow of Funds

The flow of funds exercise presents, in a summarized format, the financial flows among the different sectors of the economy (public, private, bank and foreign) during the year, identifying them as net suppliers or net users of financial resources.²⁵ Flows equal net positions: a positive sign means a sector received financing, while a negative sign implies a creditor position, i.e., a sector granted financing.²⁶ In order to identify the total demand for public sector's financial resources, a broader definition of the Public Sector Borrowing Requirements (PSBR) is considered.²⁷

In 2007, external financing was a significant source of resources for the Mexican economy, equaling 0.8 percent of GDP (figure corresponding to the balance of payments current account deficit), as compared with 0.3 percent of GDP in 2006 (Table 24). The main component of external financing was foreign direct investment, which accounted for 2.6 percent of GDP, figure 0.3 percentage points higher than in 2006. Furthermore, the flow of external financing allowed for an increase in resources available for both the public and private sectors. In 2007, the flow of external resources to the public sector represented 0.8 percent of GDP (-1.6 percent of GDP in 2006), while the private sector received a positive flow amounting to 0.8 percent of GDP (0.5 percent of GDP in 2006). Such inflows were partly offset by an increase in Mexican residents' financial assets abroad equal to 3.1 percent of GDP (2.1 percent of GDP in 2006).

²⁵ For a detailed description of the methodology for preparing the flow of funds matrix, see Banco de México's Annual Report 1998, Appendix 6, p. 243.

²⁶ For a detailed matrix of financial sources and uses for 2008 refer to the Statistical Appendix of this Report.

²⁷ For a detailed description of PSBR, see Appendix 2 of this Report. The flow of funds matrix uses the version of PSBR that includes non-recurrent revenues. The figure shown in the flow of funds matrix is calculated according to Banco de México's methodology.

In 2007, PSBR accounted for 1 percent of GDP, figure similar to that recorded in 2006 (Table 24). PSBR were financed with domestic resources equal to 1.8 percent of GDP mainly associated with the placement of securities and with a reduction in net external financing equal to 0.8 percent of GDP.

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

	Private ^{3/}	Public ^{4/}	Bank ^{5/}	Foreign	Private ^{3/}	Public ^{4/}	Bank ^{5/}	Foreign
	2006				2007			
1. Change in domestic financial instruments (2 + 7 + 8 + 9)	-1.9	3.0	-0.3	-0.8	-1.9	1.8	1.2	-1.1
2. Financial instruments	-7.2	7.1	0.5	-0.4	-3.4	1.6	3.0	-1.1
3. Currency	-0.6		0.6		-0.4		0.4	
4. Checkable, time and savings deposits	-1.1	0.6	0.6	-0.1	-2.0	-0.2	2.4	-0.3
4.1 Non-financial enterprises and other institutions	-0.5	0.6	0.0	0.0	-1.3	-0.2	1.8	-0.3
4.2 Households	-0.6		0.6	-0.1	-0.7		0.7	0.0
5. Securities issued ^{6/}	-5.5	6.5	-0.7	-0.3	-1.0	1.7	0.1	-0.8
6. Retirement and housing funds ^{7/}	-0.1	0.1			0.0	0.0		
7. Loans	2.4	-2.7	0.3		3.2	-1.0	-2.2	
7.1 Enterprises and other entities ^{8/}	0.5	-2.7	2.2		1.5	-1.0	-0.5	
7.2 Households	1.9		-1.9		1.7		-1.7	
8. Shares and other equity	0.4		0.0	-0.3	-0.1		0.0	0.1
9. Other financial system items ^{9/}	2.6	-1.4	-1.1		-1.6	1.2	0.4	
10. Change in foreign financial instruments (11 + 12 + 13 + 14 + 15)	1.2	-2.0	0.3	0.5	1.7	-0.8	-1.2	0.3
11. Foreign direct investment	2.3			-2.3	2.6			-2.6
12. Foreign financing	0.5	-1.6	0.0	1.2	0.8	0.8	-0.1	-1.6
13. Financial assets held abroad	-2.0	-0.4	0.3	2.1	-1.5	-1.6	0.0	3.1
14. Banco de México's international reserves			0.1	-0.1			-1.2	1.2
15. Errors and omissions (balance of payments)	0.4			-0.4	-0.2			0.2
16. Statistical discrepancy ^{10/}	0.0			0.0	0.0			0.0
17. Total change in financial instruments (1+ 10 +16)	-0.7	1.0	0.0	-0.3 ^{11/}	-0.2	1.0	0.0	-0.8 ^{11/}

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

2/ Excludes the effect of Mexican peso's exchange rate fluctuations vis-à-vis other currencies. Figures are expressed as a percentage of annual average GDP.

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

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

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

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

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

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

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

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

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

In 2007, the private sector exhibited a total net creditor position of 0.2 percent of GDP, figure below that recorded in 2006 (0.7 percent of GDP) (Table

24). Private sector's balance included net savings in domestic financial instruments equal to 1.9 percent of GDP, figure similar to that observed in 2006.²⁸ The flow of private sector's net savings was characterized by a reduction in the holding of financial instruments (3.4 and 7.2 percent of GDP in 2007 and 2006, respectively) and an increase in the financing received (0.8 percentage points more of GDP than during 2006). Among the latter financing, the increase in the flow of credit to firms from 0.5 percent of GDP in 2006 to 1.5 percent in 2007 was noteworthy. Financing to households was slightly below previous year's figures (1.7 and 1.9 percent of GDP in 2007 and 2006, respectively). Net external financing to the private sector rose from 1.2 percent of GDP in 2006 to 1.7 percent in 2007. Such result was mainly due to the increase in foreign direct investment flows.

III.5.4. Securities and Derivatives Markets

The international environment had a significant influence on developments in the Mexican capital market in 2007. During the first half of the year, liquidity conditions in international financial markets remained loose and Mexico's Stock Exchange rose significantly, 17.8 percent compared to its level at the end of 2006. The second half of 2007 was characterized by a reduction in appetite for risk in international financial markets. The aforementioned mainly responded to the subprime mortgage crisis in the U.S. that caused periods of volatility and uncertainty in international capital markets, which in turn affected the Mexican market. The Mexican Stock Market index decreased 5.2 percent from July to December 2007 (Graph 27a).

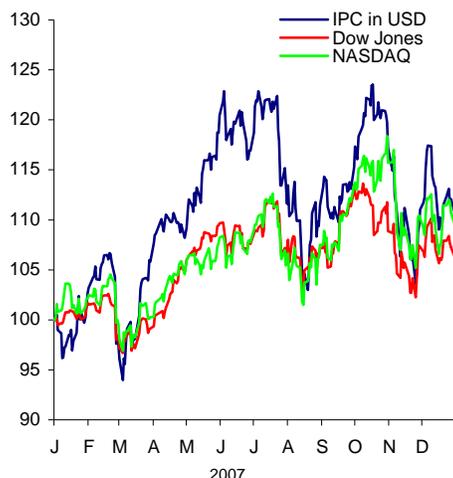
As a result of the above, the Mexican Stock Exchange Main Benchmark Stock Index (*Índice de Precios y Cotizaciones de la Bolsa Mexicana de Valores*, IPC) ended 2007 with an annual nominal yield of 11.7 percent. Measured in US dollars, the IPC accumulated an annual variation of 11.8 percent. Unlike previous years, the yield of the IPC measured in US dollars was lower than that observed in other developed and emerging market economies (Table 25). At the end of 2007, the capitalization value of the Mexican Stock Market accounted for 44.5 percent of GDP, figure which compares unfavorably to other economies (Graph 27b). In addition, six initial public offerings took place during the year, meaning a total of 133 firms were listed on the Mexican Stock Market at the end of 2007.

Finally, during 2007, 229 million futures and options contracts were negotiated through the MexDer, 16.8 percent less than the number observed in 2006. However, according to the volume it operates, the MexDer was ranked 15th among the derivatives markets belonging to the Futures Industry Association (FIA). Within these operations, Interbank Equilibrium Interest Rate (TIIE) futures contracts were outstanding. In fact, during 2007, 96.4 percent of all futures contracts negotiated in the MexDer corresponded to the TIIE.

²⁸ This section refers to financial saving and not total saving, which is reported in section III.1 of this Report. Thus, the financial saving referred to in this section is a component of total saving.

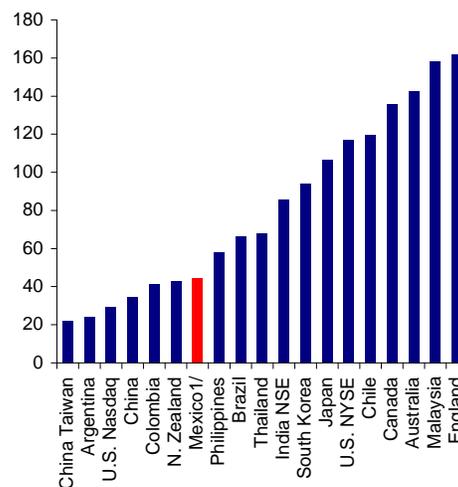
Graph 27
Mexican Stock Exchange Main Benchmark Stock Index
(Índice de Precios y Cotizaciones de la Bolsa, IPC)

a) Main Benchmark Stock Index in US dollars,
 U.S. Dow Jones and NASDAQ Indices
 January 2, 2007=100



Source: Prepared with data from the Mexican Stock Exchange (*Bolsa Mexicana de Valores*, BMV) and Bloomberg.

b) Stock Market Capitalization Value, 2006
 Percent of GDP



1/ Figures correspond to 2007.
 Source: World Federation of Exchanges.

Table 25
Main Stock Exchange Indices ^{1/}

Country	Index	Returns in USD				
		2004	2005	2006	2007	2004-07
Brazil	BOVESPA	28.3	45.2	45.5	72.5	367.5
Mexico	IPC	46.5	44.0	47.2	11.8	247.2
South Korea	KOSPI	27.3	57.8	12.9	31.4	198.0
Germany	DAX	15.5	11.1	35.9	35.1	135.6
Singapore	SS1	22.0	11.5	37.5	24.5	132.9
Chile	IGPA GENERAL	30.3	11.5	29.4	21.6	128.5
Canada	TSE-300	21.4	26.1	14.2	26.3	120.6
Hong Kong	HANG SENG	13.0	4.8	33.8	38.9	120.1
Argentina	MERVAL	26.5	10.1	34.1	0.1	86.8
Francia	CAC-40	15.6	7.9	30.9	11.9	82.7
United Kingdom	FTSE-100	15.5	4.8	25.9	5.1	60.3
Japan	NIKKEI-225	12.4	22.2	5.7	-5.4	37.4
U.S.	DJIA	3.1	-0.6	16.3	6.4	26.8
	NASDAQ	8.6	1.4	9.5	9.7	32.2
	S&P 500	9.0	3.0	13.6	3.4	31.9

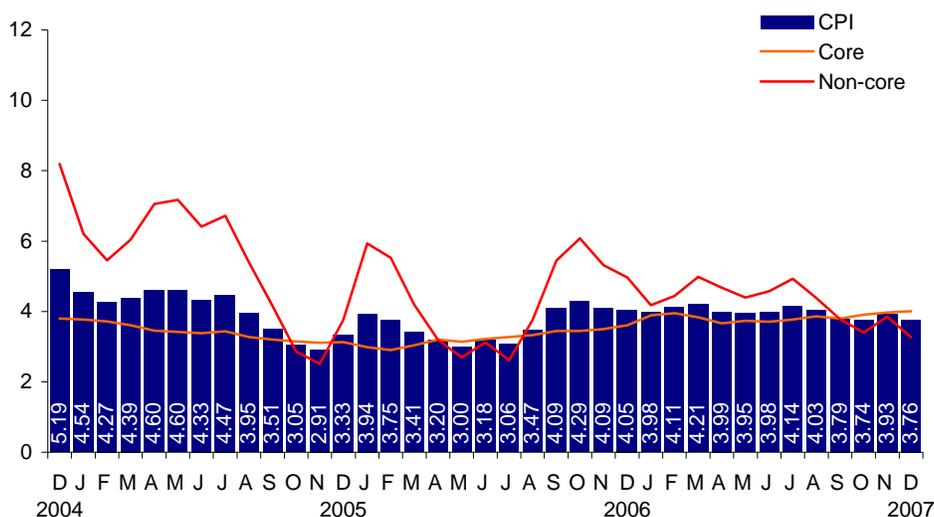
1/ End-of-year data (each year).

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

III.6. Inflation

At the end of 2007, annual headline inflation was 3.76 percent, 0.29 percentage points below the 4.05 percent observed in December 2006. In particular, average headline inflation was 4.05 percent during the first eight months of 2007, while in the last four months of the year it declined to 3.81 percent (Graph 28).

Graph 28
Consumer Price Index
 Annual percentage change



Throughout 2007, headline inflation was mainly influenced by three factors: first, growing processed food prices resulting from the global supply shocks which put upward pressure on prices of different commodities; second, non-core inflation remained high during the first eight months of the year and decreased in the last four months in response to the decline in agricultural prices as well as the freezing of several administered goods prices (low-octane gasoline, LP gas, and electricity); and, third, the gradual fading of supply shocks that had affected prices since the previous year, particularly the fall in the annual price variation of housing which responded to the slower rate of growth of prices of construction materials (Table 26).

Annual core inflation reached 4.00 percent at the end of 2007, 0.39 percentage points above the 3.61 percent observed in 2006 (Table 27). The food product price subindex had a main effect on the upward trajectory exhibited by core inflation throughout 2007. However, increases in the latter index were partly offset by the lower growth rate of the services price subindex, especially the core group of housing related services (Graph 29).



Table 26
Consumer Price Index
Annual variations in percent

	Annual Percentage Change			Incidences Percentage points				
	Dec-06	Jun-07	Dec-07	Dec-06	Jun-07	Dec-07	Difference	Difference
				(a)	(b)	(c)	(c-a)	(c-b)
CPI	4.05	3.98	3.76	4.05	3.98	3.76	-0.29	-0.22
Core	3.61	3.70	4.00	2.43	2.52	2.68	0.25	0.16
Merchandise	3.38	4.07	4.52	1.19	1.44	1.58	0.39	0.14
Food products	5.10	6.38	7.52	0.76	0.96	1.13	0.37	0.17
Corn-tortilla	13.82	13.61	5.60	0.19	0.19	0.08	-0.11	-0.11
Sugar	31.93	18.32	-12.06	0.07	0.04	-0.03	-0.11	-0.08
Dairy products ^{1/}	3.55	6.69	11.92	0.11	0.21	0.37	0.26	0.16
Wheat products ^{2/}	6.83	6.90	10.93	0.12	0.12	0.19	0.07	0.07
Rest of food products	4.25	6.13	7.93	0.27	0.40	0.52	0.25	0.13
Rest of merchandise	2.12	2.36	2.26	0.43	0.48	0.45	0.02	-0.03
Services	3.87	3.31	3.43	1.24	1.08	1.10	-0.14	0.02
Housing	3.73	2.95	3.01	0.65	0.52	0.52	-0.13	0.00
Rest of services	4.02	3.74	3.94	0.59	0.56	0.58	-0.01	0.02
Non-core	4.96	4.58	3.27	1.62	1.46	1.08	-0.55	-0.38
Agricultural	8.30	6.68	3.42	0.71	0.55	0.30	-0.40	-0.25
Fruits and vegetables	15.46	3.97	0.15	0.52	0.12	0.01	-0.51	-0.12
Tomato	10.18	-6.72	4.64	0.06	-0.03	0.03	-0.03	0.06
Onion	186.09	23.22	-51.14	0.22	0.02	-0.17	-0.39	-0.19
Green tomato	77.10	-19.26	-47.74	0.07	-0.01	-0.07	-0.13	-0.05
Rest of fruits and vegetables	6.60	5.70	8.20	0.17	0.14	0.22	0.05	0.07
Livestock	3.69	8.35	5.77	0.19	0.43	0.30	0.11	-0.13
Administered and regulated	3.14	3.23	2.37	0.57	0.57	0.43	-0.14	-0.14
Administered	4.42	3.71	3.41	0.41	0.32	0.32	-0.09	-0.01
Low-octane gasoline	5.59	3.66	4.79	0.17	0.12	0.15	-0.02	0.03
High-octane gasoline	8.46	8.08	5.65	0.04	0.04	0.03	-0.01	-0.01
Electricity	5.07	2.95	3.00	0.15	0.07	0.09	-0.06	0.02
Gas for residential use	1.53	3.65	1.76	0.04	0.09	0.05	0.00	-0.05
Regulated	1.83	2.76	1.26	0.16	0.25	0.11	-0.05	-0.14
Local phone service	-0.50	0.00	-4.36	-0.01	0.00	-0.07	-0.06	-0.07
Phone service	4.74	7.52	-10.32	0.01	0.01	-0.02	-0.03	-0.03
Rest	2.27	3.24	2.76	0.16	0.23	0.19	0.03	-0.04
Education	5.71	5.63	5.68	0.35	0.34	0.35	0.00	0.01

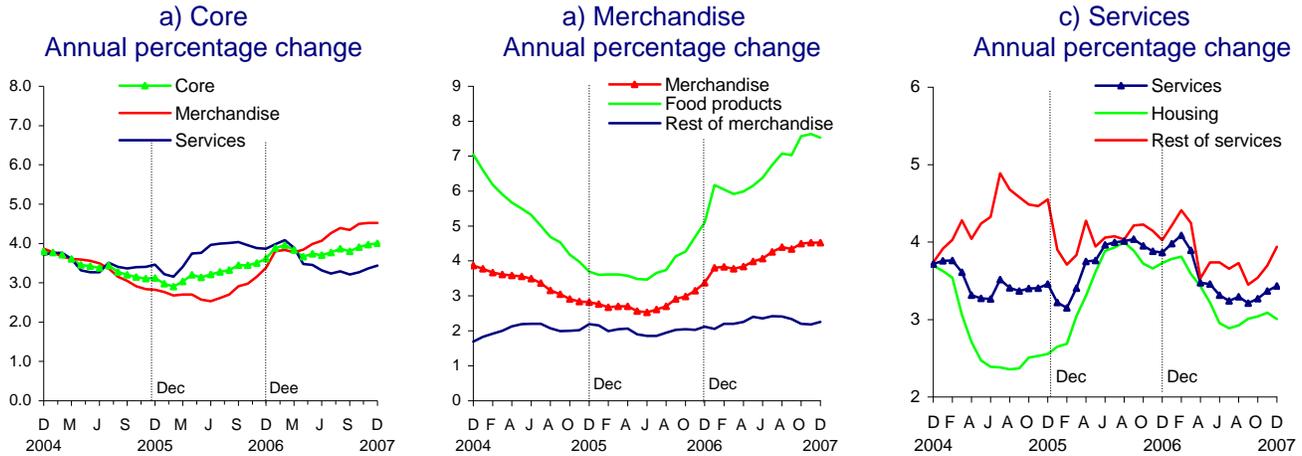
1/CPI dairy products are: Pasteurized and whole milk, Powdered milk, Evaporated milk, Sweetened and condensed milk and breastmilk substitute, Fresh unripened cheese, Yogurt, Stretched curd/string (*Oaxaca*) or broiler (*Asadero*) cheese, Cream, Unaged *Manchego* cheese and *Chihuahua* cheese, Other types of cheeses, Ice cream, American yellow cheese, and Butter.

2/ CPI wheat products are: Sweet rolls, White bread, Tin loaf, Pastries and cakes, Soup pasta, Popular cookies, Whole-wheat tortillas, Other cookies, Wheat flour, and Cereal flakes.

Table 27
Consumer Price Index: 2006 - 2007
Annual variations in percent

Month	2006			2007		
	CPI	Core	Non-core	CPI	Core	Non-core
January	3.94	2.98	5.93	3.98	3.89	4.17
February	3.75	2.90	5.52	4.11	3.95	4.44
March	3.41	3.04	4.20	4.21	3.83	4.98
April	3.20	3.20	3.19	3.99	3.66	4.67
May	3.00	3.14	2.70	3.95	3.73	4.40
June	3.18	3.22	3.12	3.98	3.70	4.58
July	3.06	3.27	2.62	4.14	3.77	4.93
August	3.47	3.33	3.76	4.03	3.86	4.39
September	4.09	3.45	5.44	3.79	3.80	3.78
October	4.29	3.44	6.08	3.74	3.91	3.40
November	4.09	3.50	5.31	3.93	3.97	3.85
December	4.05	3.61	4.96	3.76	4.00	3.27

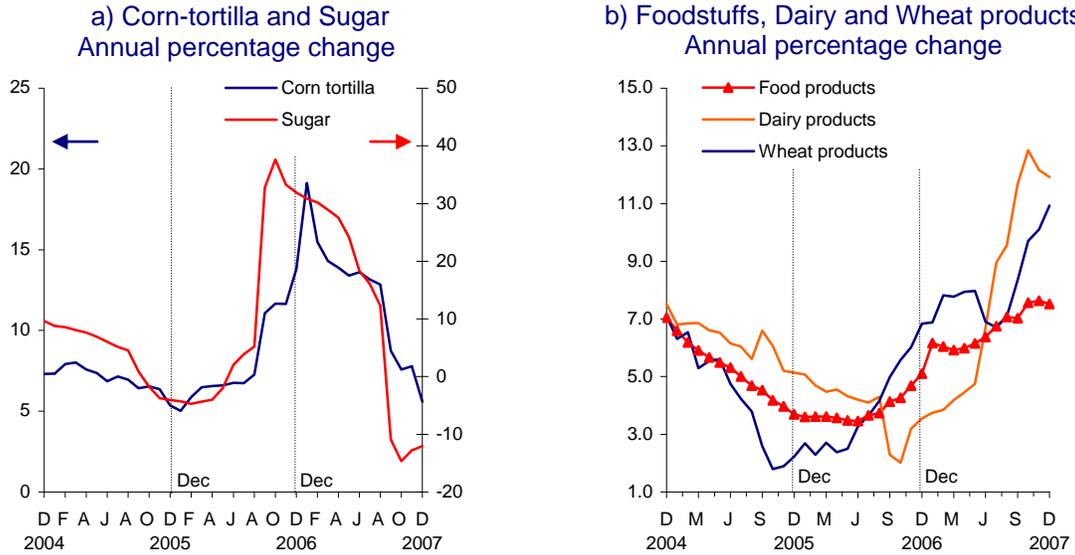
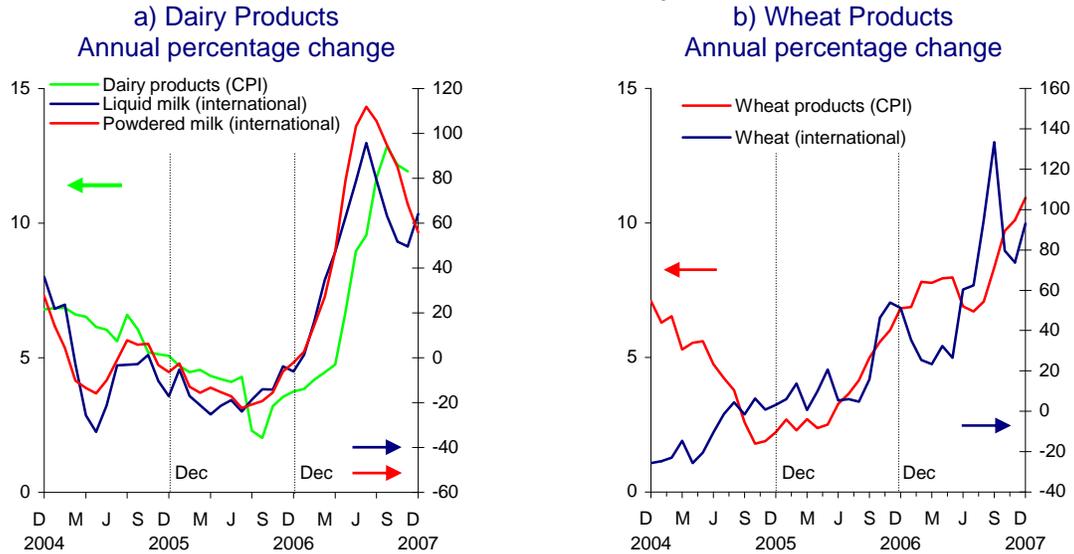
Graph 29
Core Subindices



At the end of 2007, the annual inflation of the core food price subindex reached 7.52 percent, figure higher than the 5.10 percent registered in December 2006. The higher growth of this subindex during the first half of 2007 was due to price increases in corn tortilla and sugar, which eased during the following months partly as a result of federal government policies (Graph 30a).²⁹ Prices of dairy and wheat products rose from the second half of 2007 until the end of the year. Worth mentioning is the greater incidence of cigarette prices originated by increases in the Excise Tax (*Impuesto Especial sobre Producción y Servicios, IEPS*) (Table 26 and Graph 30b).³⁰

²⁹ In 2007, the federal government implemented the Agreement to Stabilize Corn-Tortilla Prices (*Acuerdo para Estabilizar el Precio de la Tortilla*), which established maximum prices for tortilla and its raw materials (corn and corn-flour). The federal government also decreed a reduction in import duties for North American sugar as of May 9, 2007. The referred duty dropped from 288 to 35.31 US dollars per ton.

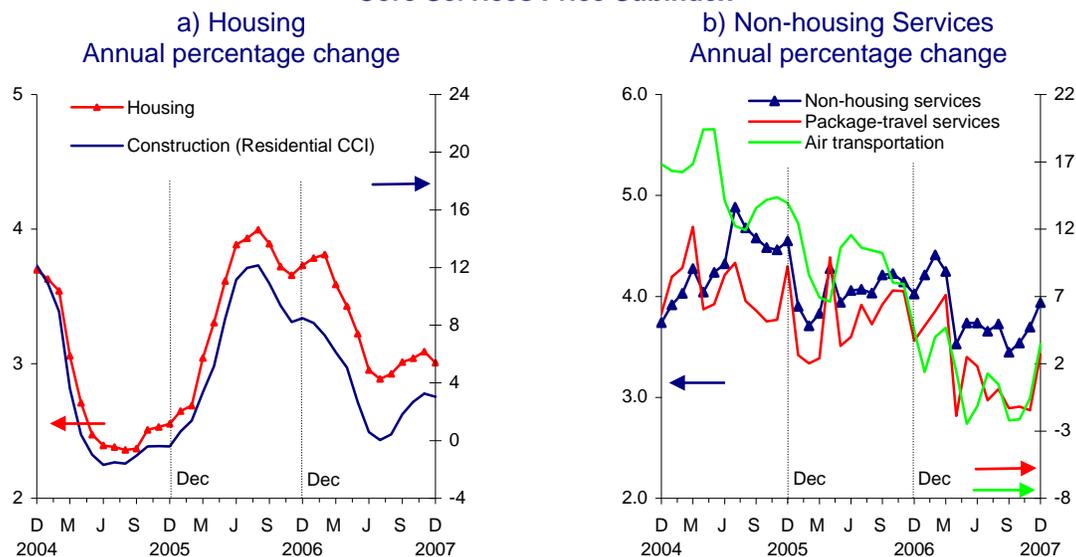
³⁰ The federal government raised the Excise Tax on cigarettes from 110 percent in 2006 to 140 percent in 2007.

**Graph 30
Core Food Subindex**

Graph 31
Domestic and International Prices of Dairy and Wheat Products


Source: Banco de México and United States Department of Agriculture (USDA).

The core services price subindex grew at a slower rate throughout 2007. The annual variation of the core group of housing services decreased from 3.73 percent in December 2006 to 3.01 percent at the end of 2007 (Table 26). The aforementioned were mainly affected by the price development of different materials used in housing construction, particularly copper and steel (Graph 32a).

Graph 32
Core Services Price Subindex

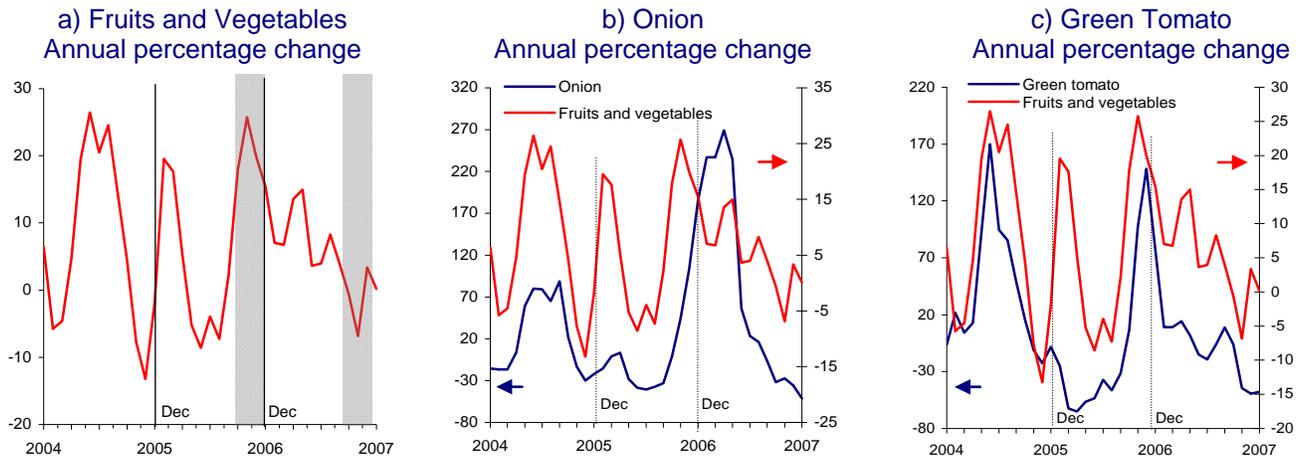


Prices of non-housing services followed an upward pattern from December 2006 to March 2007 due to the raise in travel-package prices and air transportation fees during the first quarter of the year. From April to November 2007 this pattern faded in response to two factors: first, the Easter holiday took place on different dates than the previous year; and, second, air transportation fees have been decreasing since 2004 as a result of greater competition in the aviation industry. However, the jump in jet-fuel prices during the last quarter of 2007 (their annual variation rose from -2.01 to 42.29 percent between August and December 2007) led to a rebound in the prices of travel-related services (Graph 32b).

The decline in annual non-core inflation between December 2006 and December 2007 (from 4.96 to 3.27 percent) responded to the pattern followed by agricultural products and administered and regulated goods, which decreased throughout the year (Table 27).

The price subindex of agricultural products recorded an annual variation of 3.42 percent in December 2007, figure 4.88 percentage points below that observed during the previous year (8.30 percent). Such result was due to a reduction in the annual inflation of prices of fruits and vegetables. In 2006, the prices of fruits and vegetables rose significantly, recording annual growth of 15.46 percent, as compared with 0.15 percent at the end of 2007. Worth mentioning is the pattern followed by onion and green tomato prices. The annual inflation of such prices fell from 186.09 and 77.10 percent, respectively, at the end of 2006, to -51.14 and -47.74 percent in December 2007 (Graph 33).

Graph 33
Price Subindex of Fruits and Vegetables

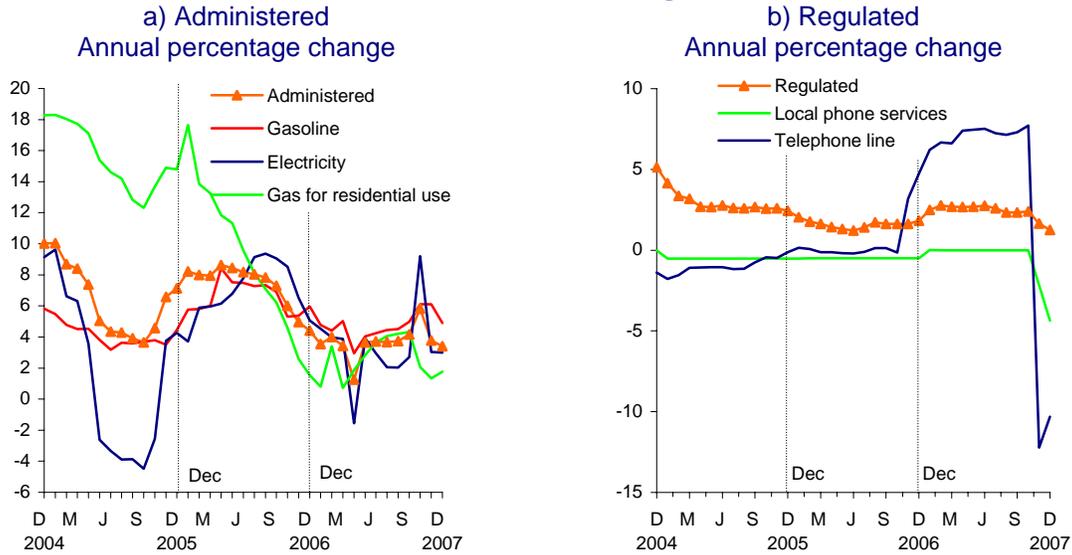


The administered and regulated prices subindex posted an annual variation of 2.37 percent in December 2007, figure below the 3.14 percent recorded at the end of 2006. Within this subindex, the annual variation of electricity tariffs and gasoline prices declined, as a result of the slower growth of charges on high consumption electricity (DAC) due to both the stability of metal prices during 2007 (which had risen significantly in the previous year) and the federal government's decree to temporarily suspend electricity and gasoline price controls during the last quarter of the year (Graph 34a).³¹

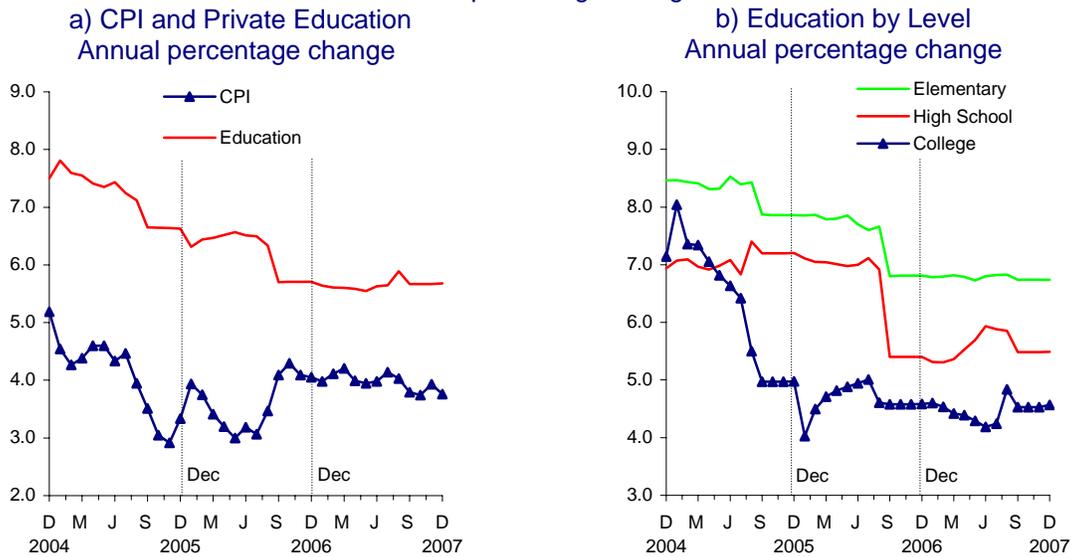
The annual inflation of the subindex of administered prices of goods and services decreased from 1.83 percent in December 2006 to 1.26 percent at the end of 2007. This result was mainly attributed to discounts in some local telephone services applied during the last two months of the year. The prices of local telephone and telephone line services recorded annual variations of -4.36 and -10.32 percent, respectively, at the end of 2007 (Graph 34b).

The private education price subindex recorded an annual inflation of 5.68 percent in December 2007, 0.03 percentage points below the 5.71 percent recorded at the end of 2006 (Graph 35a). This subindex has continued to converge slowly to headline inflation and the growth of school fees has remained high, particularly for elementary education (Graph 35b).

³¹Residential electricity tariffs are adjusted on a monthly basis according to the following formula: $F = 0.8TIP^* + 0.2TCC$. The first item in the equation (TIP) is made up of three arithmetically averaged PPI subindices: Metal Products, Machinery and Equipment, Basic Metal Industries and Other Manufacturing Industries. The second item (TCC) represents price costs of the following fuels used for electricity generation: imported and domestic fuel-oil, natural gas, industrial diesel, and imported and domestic coal.

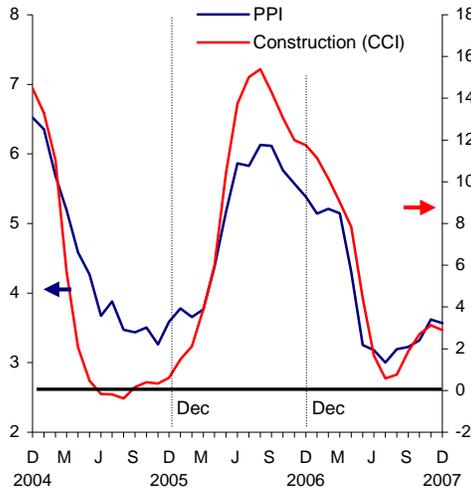
Graph 34
Subindex of Administered and Regulated Prices

Graph 35
Price Subindex of Private Education

Annual percentage change

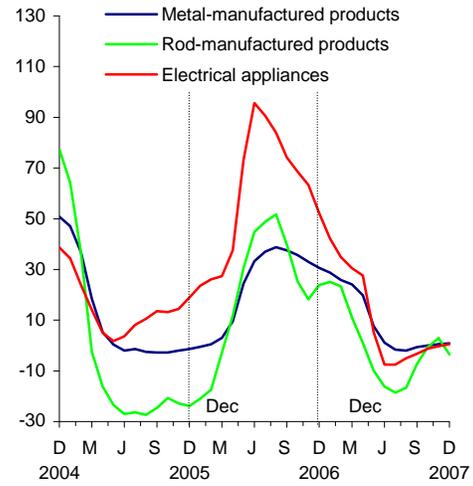

III.6.1. Producer Price Index (PPI)

In December 2007, the Producer Price Index (PPI) excluding oil recorded an annual growth of 3.57 percent, as compared with 5.39 percent during the same month of 2006. Such decrease was mainly attributed to the construction cost price index, which moved from 11.76 percent in December 2006 to 2.90 percent at the end of 2007. The downward price adjustment in wire, metal products and electric accessories' prices was particularly noteworthy (Graph 36).

Graph 36
Producer Price Index excluding Oil
 Merchandise and final services, annual percentage change
 a) PPI and Construction
 Annual percentage change



b) Metal-based, Wire-based and Electrical Products
 Annual percentage change



IV. Monetary and Exchange Rate Policy

IV.1. Monetary Policy

IV.1.1. General Aspects

Banco de México conducts monetary policy under an inflation targeting framework. Among the most important elements of this framework are: i) the announcement of a CPI inflation target of 3 percent, with a variability interval of plus/minus one percentage point; ii) a systematic approach for identifying the origin and characteristics of inflation pressures; iii) a description of the instruments used by the central bank to attain its inflation objective; and, iv) a communication policy that fosters monetary policy's transparency and facilitates the public's decision-making process.³²

IV.1.2. Monetary Policy Actions

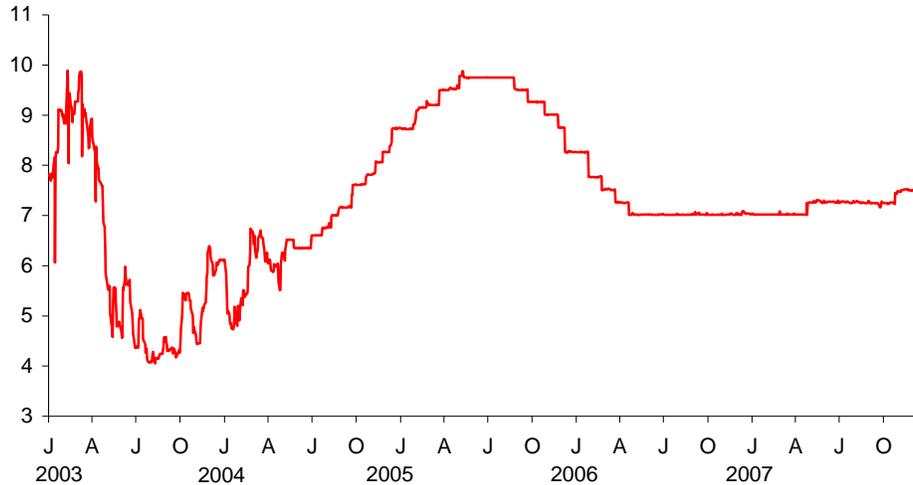
The Board of Governors of Banco de México tightened monetary conditions on two occasions during 2007. The first of such restrictions took place in April, after the Board had kept monetary conditions unchanged from May 2006 to March 2007. With this action the overnight interbank interest rate rose from 7.00 percent to 7.25 percent at the end of April 2007. It continued at this rate until October, when the Board tightened monetary conditions once again by 25 basis points. On this occasion the overnight interbank interest rate rose to 7.50 percent, remaining at such level for the rest of the year (Graph 37).

In 2007, inflation in Mexico was adversely affected by several supply shocks that mainly originated from significant increases in the international prices of different food products. These shocks were persistent and of considerable magnitude and prompted a raise in both headline and core inflation due to their significant influence on CPI prices. Annual headline inflation was on average 3.97 percent in 2007, 0.34 percentage points above the average level observed in 2006. Annual core inflation was on average 3.99 percent, 50 basis points higher than that recorded in the previous year.

Banco de México follows a wide set of indicators and statistics to evaluate the current conditions that affect inflation and its outlook. The first group of indicators is useful to analyze the recent history of inflation and to detect the items that are currently being most affected by these shocks; the second group can be used to obtain information on economic agents' outlook for inflation.

³² For further details see "Inflation Report October-December 2007 and Monetary Program for 2008".

Graph 37
Interest Rates
 Overnight Interbank Rate
 Annual percent

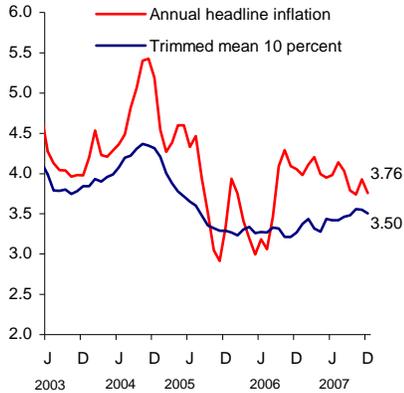
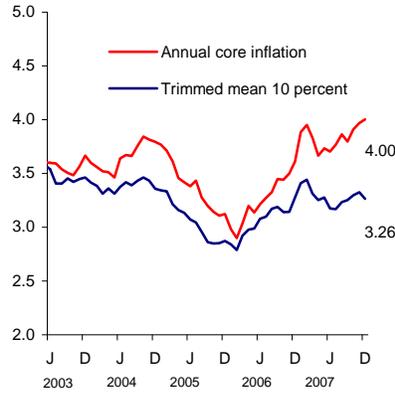
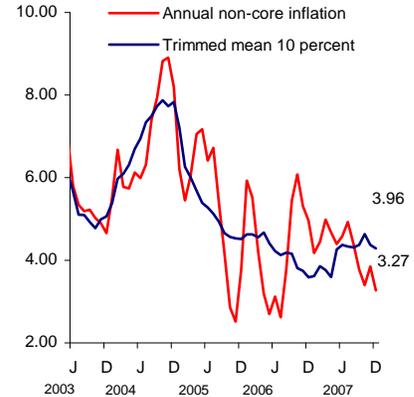


Among the first set of indicators are the trimmed means of inflation, which exclude the effect of item prices that have undergone extreme variations (both the highest and the lowest) and, therefore, by construction, follow stable trajectories and contain information on the recent trend of inflation.

In the case of annual headline inflation, Graph 38a shows that during 2007 its trimmed mean at 10 percent followed a modest upward trend, reaching 3.50 percent in December, 26 basis points below headline inflation (53 basis points on average during the year). It can also be said that the gap between both indicators narrowed in 2007, mainly in response to the pattern followed by non-core inflation (Graph 38c).

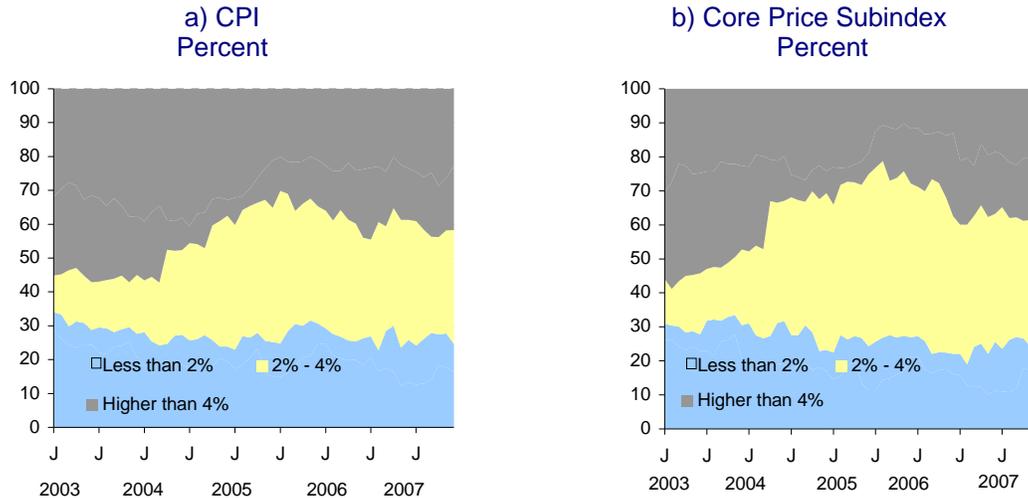
Regarding core inflation, Graph 38b shows its trimmed mean was 3.28 percent on average during 2007 and that it reached 3.26 percent in December of the same year, 74 basis points below core inflation figures (56 basis points lower on average during the year).³³ The widening of the gap between core inflation and its trimmed mean during the year was mainly due to the effects of increases in the international prices of food commodities on prices of items included in the processed foods' group of the core merchandise price subindex.

³³ Since this Report covers up to December 2007, the definition of core inflation that excludes the items of the private education price subindex is used.

Graph 38
Headline, Core and Non-core Inflation, and Indicators of Trimmed Means at 10 Percent ^{1/}
**a) Headline Inflation and Trimmed Mean
Annual percent**

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

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


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

A set of indicators that offers information on the economy's price formation process is computed using the share of the CPI and core baskets corresponding to those items exhibiting annual price variations in a specific range. Such indicators allow analysis of whether increases in inflation stem from a small number of items or if it is a more generalized phenomenon. In the latter case, the share of the basket exhibiting the highest annual price variations would increase considerably for a long period. Graph 39a and Graph 39b show this exercise for the CPI and core price subindex, respectively. Three intervals were selected: one central, consisting of growth between 2 and 4 percent; one upper, corresponding to growth equal or above 4 percent; and, one lower, associated to growth equal or below 2 percent. The first noteworthy feature of both graphs is that the share of the CPI and core baskets corresponding to annual price variations of between 2 and 4 percent, rose considerably from 2004 to the start of 2006.

Graph 39
Share of Products in the CPI and the Core Price Subindex with Annual Price Variations within a Range^{1/}


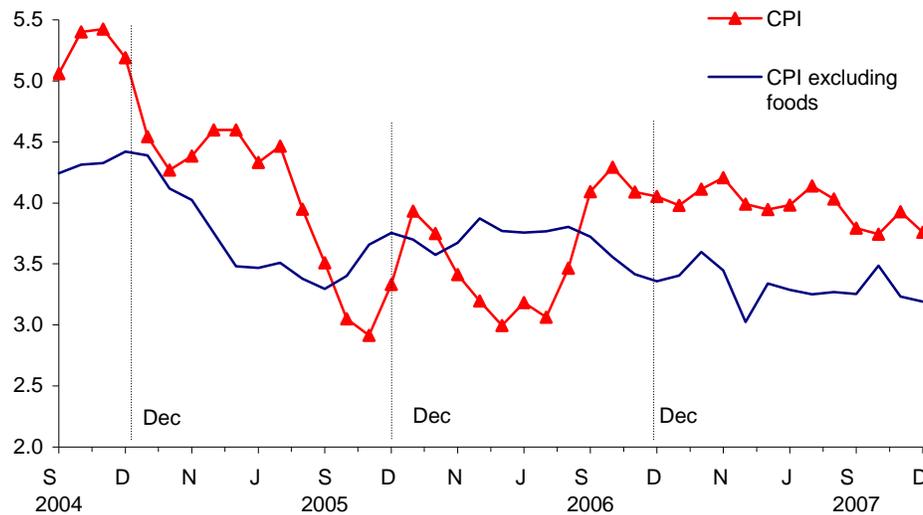
1/ The share of a price index's basket whose annual price variations fall within a range is calculated as follows: i) interest ranges are defined; ii) annual inflation of each of the items of the price index is calculated; iii) items are classified in the interest ranges according to their annual inflation; and, iv) the weights of the items in each range are added.

During 2007, the proportion of the CPI basket with prices that grew equal or above 4 percent (grey shaded area) remained relatively stable at around 41 percent, after having increased from 35 to 44 percent between January and December 2006 (Graph 39a). Graph 39b shows that during 2007, the average share of the core basket which recorded annual price variations equal or above 4 percent was 38 percent, after having increased from 25 to 37 percent in 2006. The increase this indicator exhibited during the second half of 2006 mainly responded to annual price variations of sugar, corn and wheat products and services which are used as raw materials in the processed foods included in the merchandise as well as in food services of the core services price subindices.³⁴

The above exercises show that the increases in international prices of food commodities during 2007 mainly affected the prices of products used as raw materials, i.e. the rebound in food inflation apparently has not had a significant affect on prices of other items. The aforementioned can be observed in Graph 40 which shows the annual variation of a price index that excludes from the CPI basket food products –both, those items that are included in the processed foods' group (included in the core price subindex) as well as those included in the agriculture group (included in the non-core price subindex). In December 2007, such indicator was 3.19 percent, 57 basis points below headline inflation (65 basis points on average during the year).

³⁴ Among the processed food items of the merchandise core subindex that during 2006 moved to the range with annual price variations equal or above 4 percent are: Sugar, Bottled soda, Sweet rolls, Pastries and cakes, Other canned fruit products, Corn, Corn flour and dough, Wheat flour, Wheat-flour tortillas, White bread and Tin loaf. Small cafeterias and restaurants, which are included in the food-services group of the core services price subindex, also moved to the range after recording price variations of above 4 percent in 2006.

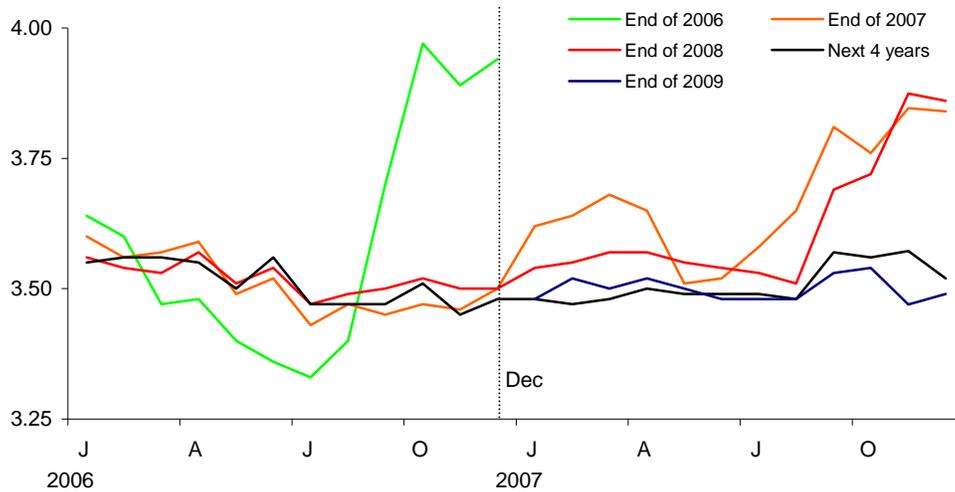
Graph 40
Non-food Inflation Indicator^{1/}
 Annual percentage change



^{1/} Non-food inflation excludes from the CPI basket the items from the group of agricultural products and the group of processed foods and beverages of the merchandise price subindex (except tobacco-related items). This indicator accounts for 77.86 percent of the CPI basket.

The second group of indicators provides information on economic agents' prospects for inflation. The first of these refers to information on inflation expectations obtained directly from the survey conducted every month by Banco de México among private sector economic analysts. Graph 41 shows that inflation expectations for the different horizons were at levels near 3.5 percent during the first quarter of 2007. However, as expected, the referred supply shocks led to an upward revision in shorter-term inflation expectations during the second half of the year. In particular, expectations for headline inflation at the end of 2007 and 2008 rose from 3.52 and 3.54 percent in June 2007, to 3.84 and 3.86 percent in December 2007, respectively. Longer-term inflation expectations, i.e. those for the end of 2009 and the average for the next 4 years, remained relatively stable during the second half of 2007, ending the year at 3.49 and 3.52 percent, respectively.

Graph 41
Headline Inflation Expectations: Banco de México Survey
 Annual percent

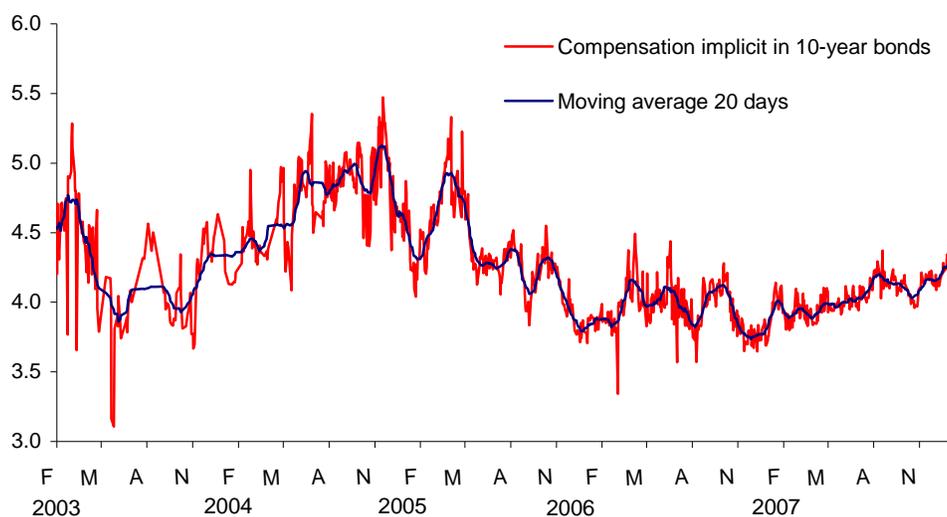


The above mentioned suggests that although the supply shocks affected headline and core inflation during 2007, they affected more significantly short-term inflation expectations. Thus, although long-term inflation expectations remained above the 3 percent target for inflation, they did not change considerably during the year.

Finally, information obtained from the yields on different assets in financial markets is also useful to evaluate the development of inflation expectations. In particular, an indicator that contains information about long-term inflation expectations is the compensation for inflation (inflation expectations plus an inflationary risk premium) that investors demand for holding peso-denominated long-term bonds. This indicator is obtained by subtracting from the nominal yield on the 10-year bond, the real yield associated with indexed-debt instruments (Udibonos) with the same maturity. Graph 42 shows this indicator followed an upward trend between January and August 2007, thus reverting the decline it had exhibited by the end of 2006. During the last four months of 2007 it followed a relatively stable pattern. As a result, the indicator's average level during 2007 was 4.03 percent, 8 basis points above its average level during the previous year.

Summing up, after reviewing indicators for the recent as well as those with a more forward-looking view of the development of inflation it is possible to deduce that supply shocks in 2007 affected more the prices of certain products and did not affect significantly the economy's price formation process or medium and long-term inflation expectations.

Graph 42
Compensation for Inflation and Inflationary Risk in Long-term Bonds
 Annual percent



The previous analysis reveals that monetary policy faced a complex situation during 2007. On the one hand, available information suggests that no generalized inflationary pressures from the demand-side existed. Long-term inflation expectations remained relatively stable and wage negotiations did not show signs of contamination. On the other hand, however, the persistence of the supply shocks affecting food inflation was a main cause of concern.

Under this context, in April, Banco de México's Board of Governors decided to tighten monetary conditions by 25 basis points as a preemptive measure. With this action, the overnight interbank rate rose to 7.25 percent at the end of April. This more restrictive monetary policy stance was adopted in order to accomplish a better balance of risks for inflation, in particular, to prevent the supply shocks that had taken place from affecting the price and wage determination process.

Later in the Inflation Report of July-September 2007, Banco de México revised upwards its forecasts for inflation for the following quarters. This revision was partly due to the prevision that inflation would reach high levels in some quarters in response to the effects of supply shocks on food prices. Additional upward pressures on inflation were expected as some firms might try to pass on to consumers the cost associated to the tax raises approved by Congress in 2007 and which would come into force in 2008. Nonetheless, such adjustments to overall price levels were expected to occur only once and their effect on inflation would, thus, be temporary. It is important to mention that previsions for inflation included in this report and in the future cover a two-year moving horizon (eight quarters).

In October 2007, after taking into consideration the upward revision in its forecasts for inflation and the corresponding risks, the Board of Governors of Banco de México decided to tighten monetary conditions by 25 basis points for the second time during the year. The aim of this restriction was to contribute, on

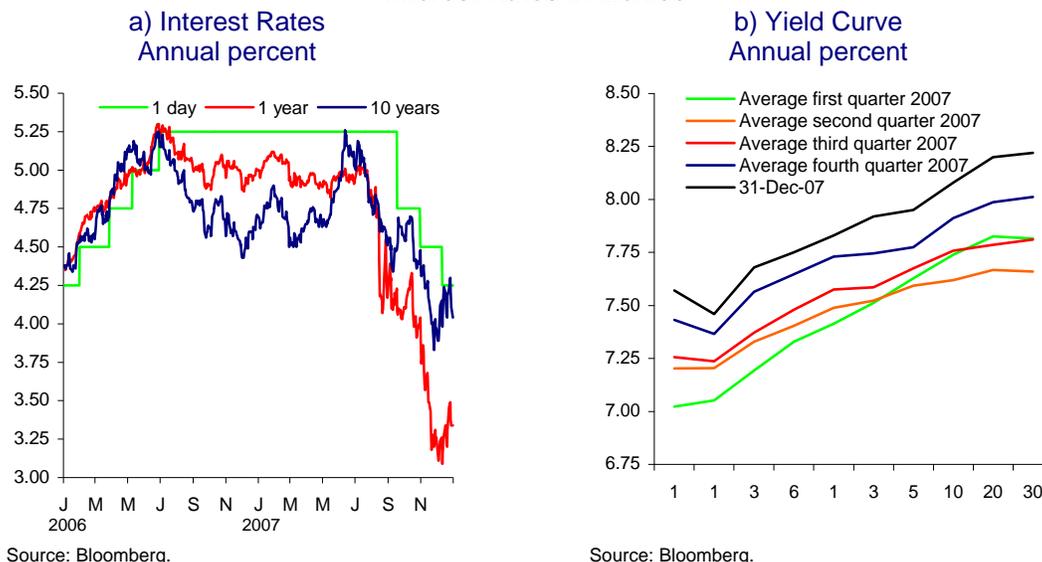
the one hand, to prevent the process of price and wage determination from being contaminated and, on the other, to moderate inflation expectations.

The performance of the yield curve in Mexico was determined by both the effects of monetary policy actions and the conditions prevailing in international financial markets. On the one hand, the Board of Governors' decision to tighten monetary conditions by 25 basis points at the end of April and October led to an increase in short-term yields (Graph 43). On the other hand, in a context in which global risk appetite declined in response to problems in the U.S. mortgage market, medium and long-term interest rates increased during the second half of 2007. In particular, after the tightening of monetary conditions in April, the yield curve "flattened" during the second quarter of the year. The curve exhibited a similar pattern after the short-term rate was raised by 25 basis points in October. Nonetheless, the yield curve reverted this pattern and "steepened" during November and December in response to the increase in longer term interest rates mainly as a result of the decline in risk appetite in international markets (Graph 43).

The referred increase in interest rates in Mexico together with the reduction in interest rates for all terms in the U.S. (Graph 44a), contributed to raise significantly the interest rate differentials between both countries (Graph 44b). Most of this increase took place during the second half of the year, when problems in the U.S. mortgage market worsened.

Given the reduction in appetite for risk in international financial markets during the last few months of 2007, domestic financial markets adjusted, in general, in an orderly fashion compared to other episodes of turmoil in international markets. This result is due to multiple factors, such as the improvement in the perception of sovereign risk, and the development and consequent deepening of the Mexican Exchange and Money markets.

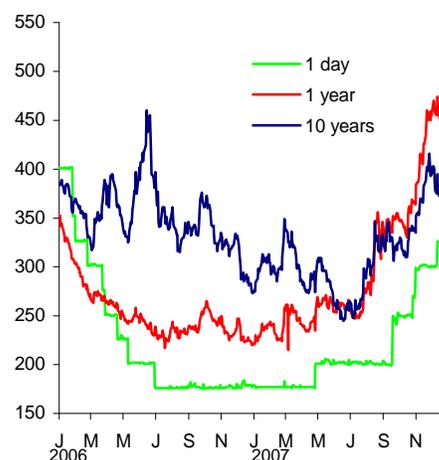
Graph 43
Interest Rates in Mexico



Graph 44
Interest Rates in the U.S. and Spread between Mexico and U.S. Interest Rates
 a) Interest Rates in the U.S. Percent
 b) Spread between Mexico and U.S. Interest Rates Basis points



Source: Bloomberg.



Source: Bloomberg.

IV.2. Exchange Rate Policy

As mentioned in previous Annual Reports, the Foreign Exchange Commission is solely responsible for conducting Mexico's exchange rate policy.³⁵ In late 1994, the Commission adopted a floating exchange rate regime, in which the exchange rate is determined freely by the market. A free floating regime simplifies monetary policy management because the exchange rate can adjust more rapidly to domestic and external shocks, such as changes in international interest rates and in the terms of trade. This, in turn, allows the economy to adjust more easily to these shocks.

In March 2003, the Foreign Exchange Commission announced the implementation of a mechanism to reduce Banco de México's rate of accumulation of international reserves. In 2004 the Commission decided to adequate the mechanism in order to procure a more stable amount of daily US dollar sales. The Commission achieved the aforementioned by modifying the schedule of US dollar sales, while keeping unchanged the total amount of US dollars to be auctioned. Thus, from the May-July of 2004 onwards, the amount of US dollars to be auctioned is 50 percent of the accumulated net reserves from the preceding quarter, after deducting total sales in that period. This amount is auctioned in equal parts during the following four quarters. Table 28 shows the daily amounts auctioned by Banco de México between 2003 and 2007.

³⁵ The Foreign Exchange Commission is composed of three officers from the Ministry of Finance (the Secretary and two Under Secretaries, one of which is directly named by the Secretary) and three from Banco de México (the Governor and two other Board members chosen by the Governor). For more information see Article 21 of the Law Governing Banco de México.

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

Quarter	Daily amount auctioned
2-May-03 to 31-Jul-03	32
1-Aug-03 to 31-Oct-03	14
3-Nov-03 to 30-Jan-04	6
2-Feb-04 to 30-Apr-04	45
3-May-04 to 30-Jul-04	22
3-Aug-04 to 29-Oct-04	22
1-Nov-04 to 31-Jan-05	22
1-Feb-05 to 29-Apr-05	23
2-May-05 to 29-Jul-05	15
1-Aug-05 to 31-Oct-05	12
1-Nov-05 to 31-Jan-06	18
1-Feb-06 to 31-Jul-06	25
1-Aug-06 to 31-Oct-06	45
1-Nov-06 to 31-Jan-07	42
1-Feb-07 to 30-Apr-07	26
2-May-07 to 31-Jul-07	21
1-Aug-07 to 31-Oct-07	0
1-Nov-07 to 31-Jan-07	9

IV.2.1. Exchange Rate

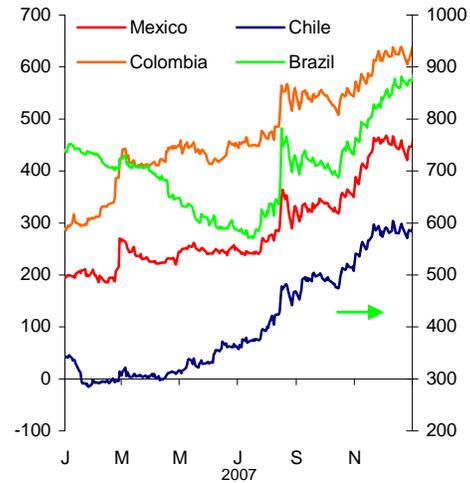
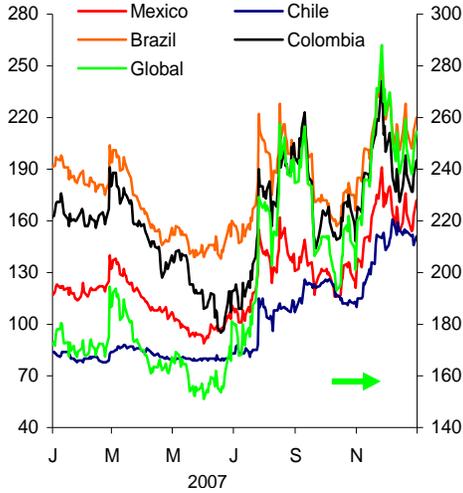
The favorable conditions prevailing in international financial markets during recent years continued in the first half of 2007. However, in the second half of the year there was a transition to an environment of greater volatility characterized by reduced appetite for risk among investors. This situation led to tighter credit market conditions which were reflected in an increase in emerging economies' sovereign debt spreads (Graph 45a) and in the differentials between these economies' interest rates and those of the U.S. (Graph 45b).

In an environment where international prices of different commodities rose and the differentials in interest rates increased as compared to the U.S., the exchange rates of several emerging economies with a significant share of commodities in their exports tended to appreciate during 2007. This was the case of Brazil, whose exchange rate appreciated 14.7 percent during the year (from December 29, 2006 to December 31, 2007), Colombia 7.2 percent, and Chile 1.0 percent (Graph 46). Unlike the aforementioned countries, Mexico's exchange rate depreciated 2.9 percent during 2007 because it mainly exports manufactured goods.

Graph 45
Interest Rates and Sovereign Risk Spreads
between Various Countries and the U.S.

a) EMBI^{1/}
 Basis points

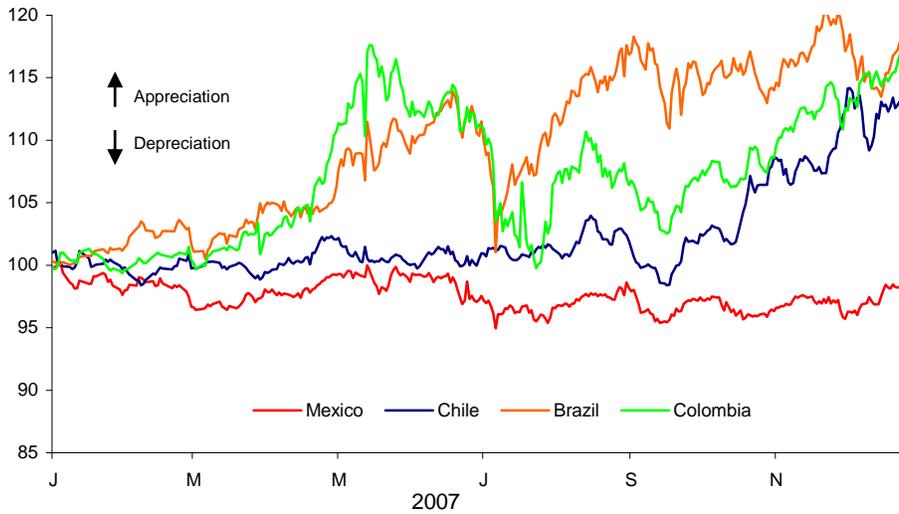
b) Spreads between Emerging Economies' and
 U.S. Interest Rates^{1/}
 Basis points



^{1/} EMBI global: sovereign spread.
 Source: JP Morgan.

^{1/} One-year interest rates.
 Source: Bloomberg.

Graph 46
Nominal Effective Exchange Rate in Emerging Markets^{1/}
 Index January 2007=100



^{1/} Multilateral nominal exchange rate indices weighted by trade basket. Increase=appreciation.
 Source: Bloomberg.



V. Final Remarks

The world economy grew at a fast rate in 2007, although economic activity in the U.S. slowed significantly towards the end of the year. Worldwide inflationary pressures increased as a result of rising energy and food commodity prices in international markets. This situation was exacerbated in emerging economies by the high weight of foodstuffs in their consumption baskets and, in some cases, by the vigorous growth of domestic demand. The crisis in some advanced economies' financial markets during the second half of the year had less of an impact on emerging markets than in previous episodes of financial turmoil. The aforementioned partly resulted from more solid economic fundamentals, improvements in these countries' terms of trade, and their reduced exposure to problems in the U.S. subprime mortgage market.

In 2007, the Mexican economy grew at a slower pace than in 2006. Such performance mainly originated from the deceleration of external demand, although the growth of domestic expenditure also weakened. GDP grew 3.3 percent (4.8 percent in 2006) as a result of improvements in all three of its components, but particularly in the services sector. The industrial sector exhibited modest growth (1.4 percent), due to reduced expansion in the manufacturing industry which, in turn, responded to slower external demand. The slowdown in economic activity during 2007 reduced the demand for labor. Thus, formal job creation, measured by the number of workers affiliated to the IMSS, totaled 756 thousand workers compared to 880 thousand workers at the end of 2006.

In 2007, inflation in Mexico was affected by the rise in world food inflation. The increase in international prices of grains and dairy products had a significant impact on the domestic prices of various food products that use them as raw materials. Inflationary pressure was partly offset by the fading of the supply shocks that occurred during 2006, particularly the disinflation of housing prices as prices of construction materials declined. Furthermore, the annual variation of the non-core index followed a lateral pattern in the first eight months of the year and decreased during following months. Thus, the relatively high level of inflation during 2007 did not significantly affect the economy's price and wage formation processes.

Under this context, Banco de México's Board of Governors decided to tighten monetary conditions on two occasions during 2007. In April, the Board tightened its monetary policy stance as a preemptive measure in order to accomplish a better balance of risks for inflation and prevent the supply shocks that had taken place from affecting price and wage determination processes. In October, the monetary policy stance was tightened for a second time in response to upward revisions in the prospects for inflation and a deterioration in the balance of risks associated to these prospects. This measure was designed to prevent any possible contamination of the price and wage formation processes and to help moderate inflation expectations.



Appendices

Appendix 1

Mexico's Relationship with International Financial Institutions

International Monetary Fund (IMF)

Mexico is a member of the International Monetary Fund since its foundation in 1944. Currently, Mexico's quota in the institution is 3,152.8 million Special Drawing Rights (SDRs), accounting for 1.45 percent of IMF's total quotas.³⁶ A member's quota reflects the relative position of its economy with respect to other member countries, determines its financial obligations with the IMF, its access to IMF resources, and its voting power in the institution's governing bodies.

Four issues in Mexico's relationship with the IMF were particularly relevant in 2007: the Article IV consultation under the Articles of Agreement, the *ad hoc* increase of Mexico's quota in the organization, Mexico's participation in the IMF Financial Transactions Plan (FTP), and the publication of the First Annual Observance Report of the Special Data Dissemination Standard (SDDS).

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

The last Article IV consultation for Mexico was discussed in the IMF Executive Board on December 3, 2007. The relevant documents and conclusions of this consultation are available to the public in accordance with the Mexican authorities' policy on information transparency.³⁷

During the discussion of Mexico's report, the IMF Executive Board recognized improvements in macroeconomic and financial policies, which have significantly reduced Mexico's external and domestic vulnerabilities over the years. The Board commended advances in the area of structural reforms, such as fiscal reform and reform of the public pension scheme, pointing out that such measures were essential to address longer-term challenges. Special mention was also made of how monetary policy has succeeded in anchoring inflation and inflation expectations at a low level. The recent steps to enhance monetary policy

³⁶ On December 31, 2007 one SDR was equivalent to 1.58025 US dollars.

³⁷ The documents concerning IMF's consultation for Mexico can be found at: <http://www.banxico.org.mx> <http://www.shcp.gob.mx> <http://www.imf.org/external/index.htm>

communication were also welcomed. The Board considered that the free floating exchange rate regime has facilitated continuous and smooth adjustment to external shocks, which has contributed to both internal and external stability. The Board also observed that Mexico's financial sector remains sound and well regulated. Finally, the Board emphasized the fact that Mexico still had a long way to go to achieve its full economic potential, and underlined the need to accelerate output and productivity growth and to further reduce poverty and inequality.

On May 8, 2007, the Mexican Congress approved the ad hoc increase of Mexico's IMF quota. Such increase was part of a package of measures approved by the IMF Executive Board on September 18, 2006, designed to improve quota and voice of member countries at the IMF (resolution 61-5). As a result, Mexico's quota rose from 2,585.8 to 3,152.8 million SDR and its share in the IMF's total quotas increased from 1.21 to 1.45 percent.

The main purpose of the above mentioned resolution is to significantly advance the process of realignment of IMF quota shares to better reflect the relative weight and role of its members in the global economy. The resolution is also an attempt to ensure that quotas and vote allocations respond to future changes in the world economy and to improve quota and voice of low-income countries.

The Financial Transactions Plan (FTP) is the quarterly program which establishes the amounts and the currency to be used for granting loans as well as the distribution of payments on previous loans. The countries that participate in the FTP are those with an economy solid enough for the IMF to require them to provide financial resources to support the needs of member countries facing balance of payment problems. Mexico's participation in the FTP began in June 2002, becoming a creditor of the IMF.³⁸ Since then, Mexico has contributed on thirteen occasions with its currency to the funding of the FTP. In September 2005, Mexico's creditor position with the IMF amounted to 631 million SDR, equal to 24.4 percent of its quota. During recent years, very few countries have borrowed from the IMF while several have prepaid their debts, and thus the Mexican peso was not used in the FTP during 2007. As a result of payments made to the IMF, mainly by Turkey, Mexico received reimbursements for 156.7 million SDR. Thus, Mexico's creditor position decreased from 225.8 million SDR in 2006 to 69 million SDR (2.2 percent of its quota) at the end of 2007. Besides Mexico, there are only two other Latin American and Caribbean countries participating in the FTP (Chile, and Trinidad and Tobago).

Mexico subscribed to the IMF Special Data Dissemination Standard (SDDS) in August 1996. The SDDS are a set of international guidelines on the scope, periodicity, timelines and quality of economic and financial statistics. The SDDS encourage immediate and fair access to information, help users of economic and financial statistics to assess data quality, and contribute to ensure the objectivity and integrity in compiling and publishing them. The coverage of the SDDS has widened in recent years to include indicators that help to identify the

³⁸ Mexico's last stand-by agreement with the International Monetary Fund ended on November 30, 2000 and since August that year, when advanced settlement of the total debt was made, Mexico does not hold any liabilities with the IMF.

sources of external vulnerability. Currently, 64 countries participating actively in international financial markets have subscribed to the SDDS.³⁹

The IMF began publishing its Annual Observance Report of the SDDS on its website in 2007. The report published in April recognized that Mexico exceeded requirements concerning the timely publication of its national accounts statistics, consumer and producer price indices, balance of payments, international reserves, trade balance and international investment position. Furthermore, figures for employment, unemployment, wages, federal government debt and the central bank's balance, surpass both periodicity and timeliness of SDDS requirements. The report also underlined the overall quality of Mexican statistics, which allow the IMF to carry out surveillance activities without delay during the consultations under Article IV.

Bank for International Settlements (BIS)

Banco de México is a member of the BIS since November 1996. The objectives of the BIS are to foster international monetary and financial cooperation, to function as a center for economic and monetary research, and to serve as agent or trustee in connection with international financial operations. There are currently 55 central banks or monetary authorities with voting rights and representation in the BIS General Meetings.

Banco de México holds 3,211 shares of the BIS third tranche of capital, which by December 31, 2007 represented 0.59 percent of the voting rights of BIS shareholders.

The main aspects characterizing Banco de México's relationship with the BIS in 2007 were: 1) discussions in the Central Bank Governance Forum presided over by Banco de México's Governor; 2) participation in the meetings of the BIS Board of Directors, including the Banking and Risk Management Committee; 3) organization in Mexico of the BIS Working Party Meeting on Monetary Policy in Latin America; 4) discussion of current economic and financial developments in the bimonthly meetings of central bank governors; and, 5) participation in the Irving Fisher Committee on Central Bank Statistics (IFC) which Banco de México has been a member of since 2006.

The purpose of the Central Bank Governance Forum is to satisfy central banks' growing interest in accurate and timely information on the design and operations of central banks, as well as to provide in depth analysis of such issues in order to foster the good governance of central banks as public policy institutions. The Forum consists of the Central Bank Governance Group, the Central Bank Governance Network, and the Secretariat provided by the BIS. The Central Bank Governance Group includes up to nine BIS member central bank governors. The group is currently chaired by Banco de México's Governor, while the other members are the governors of the central banks of China, India, Israel, Malaysia, South Africa, the United Kingdom, the United States, and the vice president of the European Central Bank. The Central Bank Governance Network is made up of 45 high level central bank representatives. Among the topics analyzed in the Central Bank Governance Group meetings during 2007 were:

³⁹ All documents regarding Mexico's role in the SDDS are available at the following website: <http://www.banxico.org.mx/eInfoFinanciera/infcarteleraelectronica/fmi.html>

central banks' public image; risk management in central banks; central banks' relationship with the government, and measures to carry out last resort loans according to good governance best practices. The activities of the Central Bank Governance Network included a conference held in Mexico City on September 20 and 21, 2007, in which key issues in the design and governance of a modern central bank were discussed.

The BIS Board of Directors is mainly responsible for determining the strategy and policy direction of the Bank, as well as supervising its management. The Board of Directors currently has 19 members, including six *ex officio* members, comprising the Governors of the central banks of Belgium, France, Germany, Italy and the United Kingdom and the Chairman of the Board of Governors of the US Federal Reserve System. Each *ex officio* member may appoint another member of the same nationality and the other members are elected. The governors of the central banks of Canada, China, Japan, Mexico, the Netherlands, Sweden, and Switzerland (Chairman of the Board) and the President of the European Central Bank are currently elected members of the Board. The Banking and Risk Management Committee was created in May 2007 with the aim of supporting the Board of Directors in the review and assessment of BIS banking operations, its banking business model, and its internal control and risk management frameworks. The members of this Committee are the governors of the central banks of Italy, Mexico, the Netherlands and Sweden (President), and the president and chief executive officer of the Federal Reserve Bank of New York.

On October 5 and 6, 2007, Banco de México hosted the meeting of the BIS Working Party on Monetary Policy in Latin America. The region's main central banks participated in the meeting along with the central banks of several European countries, the U.S., Japan, and South Africa (by special invitation). The working party discussions focused on Latin America's economic outlook and its capacity for recovery as well as on several monetary policy topics, particularly the factors behind the escalation in food and energy prices.

Since joining the BIS, Banco de México has actively participated in the meetings of governors and senior officials of member central banks. In the meetings held during 2007 the following issues were analyzed: the implications of performance in the financial assets prices; risk management at large financial institutions; the link between the financial systems development and the community; the challenges for central banks of the performance of commodity prices; institutional arrangements for financial sector supervision; the challenges for central banks of financial globalization and capital flows; purpose, design and the role of central banks on sovereign wealth funds; intervention in foreign exchange markets in response to the recent market developments; and the recent credit markets developments and the work of the Basel Committee on Banking Supervision.

In 2006, Banco de México accepted the invitation to be a part of the Irving Fisher Committee on Central Bank Statistics (IFC). The committee is a forum of users and compilers of central bank statistics, which is made up of 58 institutional members, 7 honorary members, and several associate individual members. Banco de México participated in the committee's Annual Meeting held in Lisbon, Portugal on August 22, 2007, as well as in the activities promoted by such meeting.

Appendix 2

Public Sector Borrowing Requirements (PSBR)⁴⁰

The Public Sector Borrowing Requirements (PSBR) are an indicator of the total public sector's financial needs, which include: a) the traditional public sector (federal government and public entities and enterprises); b) financial intermediation of development banks and public funds and trusts; and, c) additional liabilities representing liabilities guaranteed by the federal government. The additional liabilities included in the calculations of PSBR are: a) IPAB's net liabilities; b) financed investment projects (*proyectos de inversión financiada*, Pidiregas); c) guaranteed liabilities from the toll road rescue program (*Fideicomiso de Apoyo para el Rescate de Autopistas Concesionadas*, FARAC); d) the interest rate swapping cost of programs for restructuring bank credits denominated in UDIs; and, e) liabilities associated with debtor support programs.

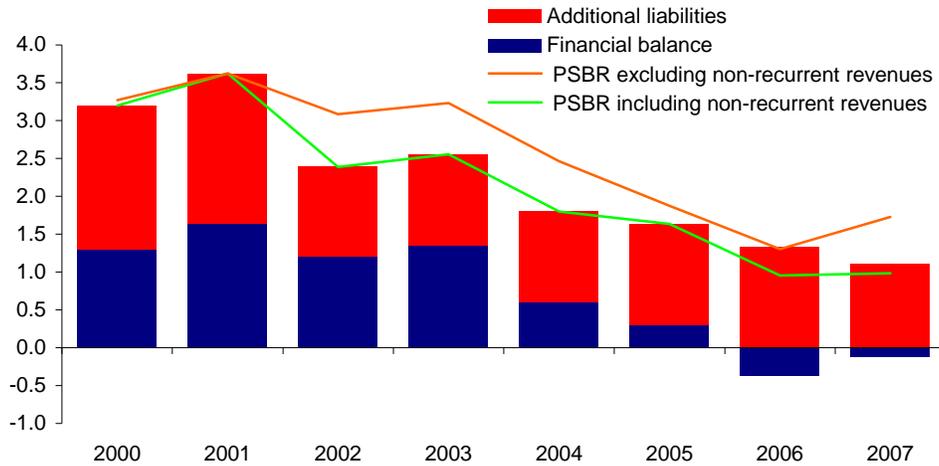
At the end of 2007, total PSBR (including public sector non-recurrent revenues) recorded a deficit of 95.8 thousand million pesos (0.98 percent of GDP),⁴¹ somewhat above the figure observed in 2006 (0.95 percent of GDP). In 2007, public sector's non-recurrent revenues totaled 72.6 thousand million pesos (40.8 thousand million pesos higher than those registered in 2006). PSBR excluding non-recurrent revenues recorded a deficit of 168.5 thousand million pesos and accounted for 1.73 percent of GDP (1.3 percent of GDP in 2006) (Graph 47).

In 2007, the public sector continued its strategy of making greater use of domestic financial resources and reducing its dependence on foreign financing. As a result, PSBR domestic financing (including non-recurrent revenues) totaled 175.6 thousand million pesos (1.8 percent of GDP), while net foreign financing decreased by 79.7 thousand million pesos (0.82 percent of GDP) (Graph 48).

⁴⁰ PSBR reflect public sector's use of net financial resources, both domestic and external. Since 1977, Banco de México has calculated PSBR and published it in its Annual Reports. This concept integrates the non-financial and financial public sector and, since 2000, a number of additional items implying liabilities guaranteed by the public sector.

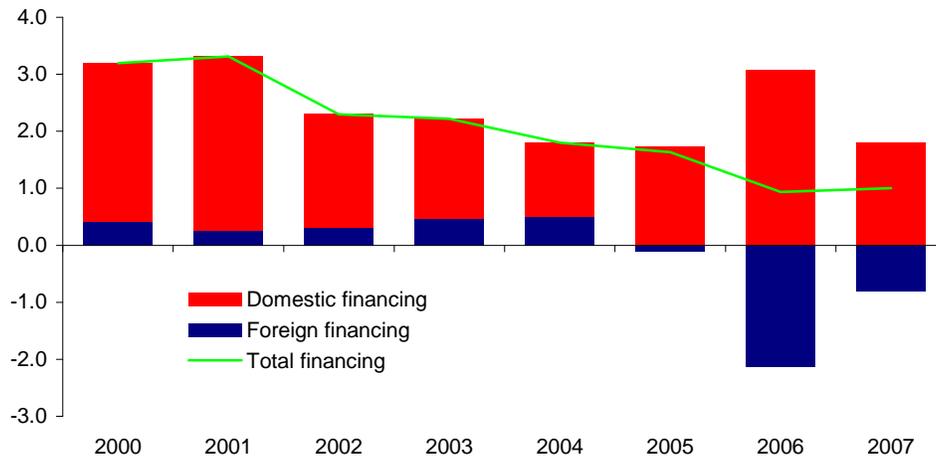
⁴¹ The methodology for calculating the PSBR presented in this section is based on sources of financing (accrued deficit) and differs from that of the Ministry of Finance which is based on public sector's revenues and expenditures (cash flow). Other differences between these methodologies are: a) the value of assets (market value versus placement value) and b) the measurement of IPAB's financial requirements. For the latter, Banco de México's methodology takes into account changes in IPAB's financial position, published in its Quarterly Reports on the Economic Situation, while the Ministry of Finance measures the flow of liabilities on an accrued basis.

Graph 47
Public Sector Borrowing Requirements
 Percent of GDP



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

Graph 48
Public Sector Borrowing Requirements
 By Type of Source of Financing
 Percent of GDP



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

At the end of 2007, the structure of net domestic financing was as follows: the public sector accumulated net financial assets at Banco de México (166.9 thousand million pesos) and increased its net liabilities with commercial banks (68.7 thousand million pesos) and with the private sector, mostly via government securities (210.3 thousand million pesos); it also increased other liabilities with the private sector, mainly related to additional liabilities guaranteed by the public sector (63.6 thousand million pesos).

The structure of the PSBR was as follows: the public sector's financial balance (composed of the economic balance and financial intermediation by development banks and public funds and trusts) reached a surplus of 12.2

thousand million pesos (0.12 percent of GDP). Public sector's additional liabilities totaled 108 thousand million pesos (1.11 percent of GDP). This figure comes from: a net indebtedness of 101.1 thousand million pesos from financed investment projects (Pidiregas); a raise in IPAB's net liabilities (25.8 thousand million pesos); an increase in net liabilities associated with UDI restructuring programs (1.6 thousand million pesos); a decrease in FARAC's net liabilities (18.8 thousand million pesos); and, a decline in liabilities associated with debtor support programs (1.6 thousand million pesos) (Table 29).

Table 29
Public Sector Borrowing Requirements in 2006 and 2007 ^{1/}
Thousand million pesos

Item	2006		2007 ^{p/}	
	Thousand million pesos	Percent of GDP	Thousand million pesos	Percent of GDP
Sources:				
PSBR ^{2/}	87.4	0.95	95.8	0.98
Net external financing ^{3/}	-195.9	-2.14	-79.7	-0.82
(Billion US dollars) ^{4/}	-18.0		-7.3	
Net domestic financing	283.3	3.09	175.6	1.80
Banco de México	-186.2	-2.03	-166.9	-1.71
Commercial banks	-122.4	-1.34	68.7	0.70
Government securities ^{5/}	503.7	5.50	210.3	2.15
Other private sector financing ^{6/}	88.3	0.96	63.6	0.65
Uses:				
PSBR	87.4	0.95	95.8	0.98
Financial balance ^{7/}	-34.5	-0.38	-12.2	-0.12
Additional liabilities	122.0	1.33	108.0	1.11
IPAB ^{8/}	9.5	0.10	25.8	0.26
FARAC ^{9/}	1.3	0.01	-18.8	-0.19
UDI restructuring programs	2.1	0.02	1.6	0.02
Pidiregas ^{10/}	109.2	1.19	101.1	1.04
Debtor support programs ^{11/}	-0.2	0.00	-1.6	-0.02
Memo:				
Non-recurrent revenues	-31.7	-0.35	-72.6	-0.74
PSBR excluding non-recurrent revenue	119.1	1.30	168.5	1.73

p/ Preliminary figures.

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

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

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

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

5/ Includes private sector securities only. Federal government securities held by banks are included in the item Net Financing by Commercial Banks. Government securities are registered at market value according to 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.

Source: Ministry of Finance and Banco de México.

Public Sector Net Debt ^{42/}

Throughout 2007, the federal government pursued its policy to improve the public debt's payment conditions and its risk profile in terms of maturity, interest rate and currency composition.

At the end of 2007, the public sector total net debt represented 31.28 percent of GDP, 2.19 percentage points below its level at the end of 2006. This reduction was a result of an increase of 3.23 percentage points in nominal terms in the public sector net debt, while nominal GDP grew 10.55 percent. As for its composition, the net broad economic debt accounted for 52.01 percent of total public sector debt, while additional liabilities represented 47.99 percent (Table 30).

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

	Stocks in Thousand Million Pesos		Percent of GDP			Real Annual Change	Percentage Structure	
	2006 ^{p/}	2007 ^{p/}	2006 ^{p/}	2007 ^{p/}	Difference	Dec 2006- Dec 2007	2006 ^{p/}	2007 ^{p/}
	a. Net Broad Economic Debt ^{1/}	1,697.2	1,684.5	18.11	16.26	-1.85	-4.34	54.09
1. External	525.4	377.0	5.61	3.64	-1.97	-30.84	16.74	11.64
2. Domestic	1,171.8	1,307.5	12.50	12.62	0.12	7.54	37.34	40.37
b. Additional Liabilities	1,440.6	1,554.6	15.36	15.02	-0.34	4.00	45.91	47.99
1. <i>IPAB</i> ^{2/}	687.9	713.8	7.34	6.89	-0.45	0.01	21.92	22.04
2. <i>FARAC</i> ^{3/}	160.7	141.9	1.71	1.37	-0.34	-14.90	5.12	4.38
3. UDI restructuring programs ^{4/}	33.2	34.8	0.35	0.34	-0.01	1.02	1.06	1.07
4. Direct <i>Pidiregas</i> ^{5/}	554.3	661.5	5.91	6.39	0.48	15.02	17.67	20.42
5. Debtor support programs ^{6/}	4.5	2.6	0.05	0.03	-0.02	-44.32	0.14	0.08
c. Public Sector Total Net Debt (a+b)	3,137.8	3,239.1	33.47	31.28	-2.19	-0.51	100.00	100.00

p/ Preliminary figures.

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

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

3/ FARAC liabilities guaranteed by the federal government.

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

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

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

Source: Ministry of Finance and Banco de México.

In 2007, the net broad economic debt accounted for 16.26 percent of GDP, 1.85 percentage points below the figure in 2006. The external net broad economic debt was 1.97 percentage points of GDP below the figure of the previous year. This result is explained by a reduction in federal government's indebtedness and the accumulation of external financial assets by public entities and enterprises. The domestic net broad economic debt rose 0.12 percentage

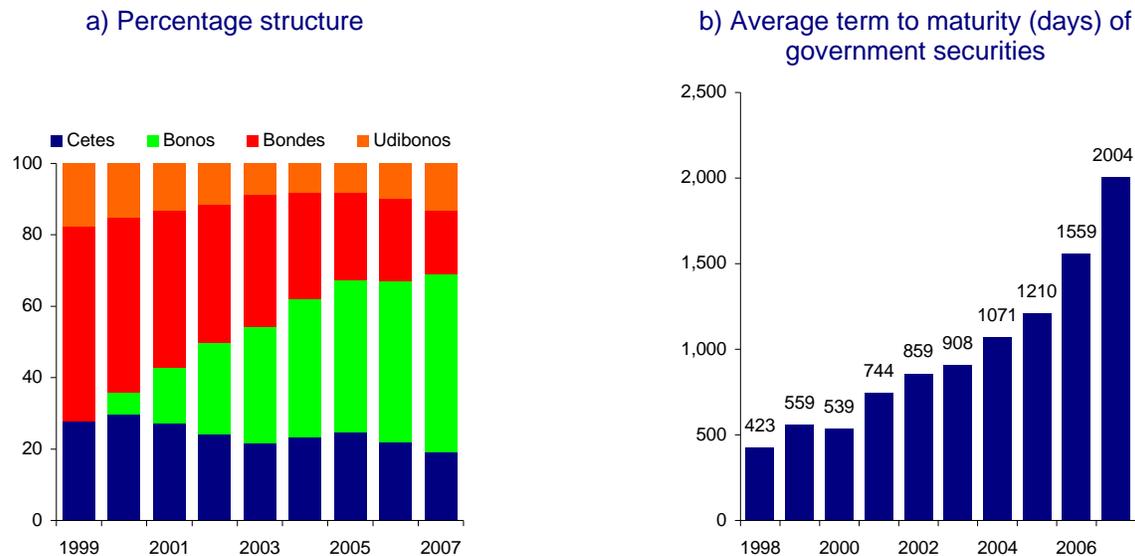
⁴² The broad economic debt includes net liabilities of the federal government and non-financial public enterprises, as well as indebtedness and financial assets of official financial intermediaries (development banks and public funds and trusts). The net debt consolidated with Banco de México includes central bank's financial assets and liabilities with the private sector, commercial banks and the external sector. The latter definition allows for offsetting the net financing granted by the central bank to the public sector. Total net debt includes the broad economic debt plus net liabilities from IPAB, FARAC, UDIs restructuring programs, *Pidiregas*, and debtor support programs. Since financing of development banks to the private sector is considered an asset of the public sector, and due to other methodological reasons used in the PSBR calculations mentioned above, the concepts of public debt are not comparable with those used by the Ministry of Finance in its Quarterly Reports on Public Finance and Public Debt to the Mexican Congress.

points of GDP compared to 2006, in response to higher domestic federal government indebtedness.

In 2007, the federal government continued its strategy of substituting foreign for domestic debt. Among the actions taken to pursue such a strategy were the three warrants substituting foreign for domestic debt. One of them allowed the federal government to decrease its external debt by 474.3 million euros, while the other two reduced such liabilities by 821.8 million US dollars.⁴³ These operations exchanged UMS bonds issued in international markets for peso-denominated *Bonos M*. Although none of these three operations represented a reduction in the total federal government's net debt, they did help to improve the structure of the public sector debt.

In the domestic market, the federal government continued to issue more fixed-rate bonds and long-term Udibonos with which it has been able to extend the maturity of government securities. Thus, the average weighted maturity of federal government securities increased by 445 days, from 1,559 days in 2006 to 2,004 days in 2007 (Graph 49).⁴⁴

**Graph 49
Government Securities**



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

Additional liabilities represented 15.02 percent of GDP, 0.34 percentage points less than those registered in 2006. This reduction was mainly due to a reduction in FARAC liabilities equal to 0.34 percent of GDP resulting from the repayment of debt associated to highway concessions in 2007, a 0.45 percentage point decrease in IPAB's net liabilities, and an increase in liabilities associated to Pidiregas (0.48 percent of GDP).

⁴³ The maturity dates of the warrants substituting foreign by domestic debt were September 25, October 17 and November 13.

⁴⁴ Weighted average maturity is defined as the weighted total (compared to the nominal value of the amount in circulation) of the remaining times to maturity of all securities in circulation.

At the end of 2007, the net debt consolidated with Banco de México equaled 16.59 percent of GDP, 1.90 percentage points below the figure observed at the end of 2006 (Table 31). In 2007, the external creditor position of the public sector was significant (5.57 percent of GDP), since it increased by 2.35 percentage points of GDP as compared with 2006. The latter resulted from the substitution of foreign debt for domestic debt as well as Banco de México's international reserve accumulation. In 2007, domestic debt consolidated with Banco de México rose 0.45 percentage points of GDP. Finally, the total public sector debt consolidated with Banco de México, including additional liabilities, equaled 31.61 percent of GDP, 2.24 percentage points below that registered in 2006.

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

	Stocks in Thousand Million Pesos		Percent of GDP			Real Annual Change	Percentage Structure	
	2006 ^{p/}	2007 ^{p/}	2006 ^{p/}	2007 ^{p/}	Difference	Dec 2006- Dec 2007	2006 ^{p/}	2007 ^{p/}
	a. Net Debt Consolidated with Banco de México^{1/}	1,732.8	1,719.0	18.49	16.59	-1.90	-4.39	54.60
1. Foreign	-302.2	-577.3	-3.22	-5.57	-2.35	84.11	-9.52	-17.64
2. Domestic	2,035.0	2,296.3	21.71	22.16	0.45	8.75	64.13	70.15
b. Additional Liabilities	1,440.6	1,554.6	15.36	15.02	-0.34	4.00	45.40	47.49
1. IPAB ^{2/}	687.9	713.8	7.34	6.89	-0.45	0.01	21.68	21.80
2. FARAC ^{3/}	160.7	141.9	1.71	1.37	-0.34	-14.90	5.06	4.33
3. UDI restructuring programs ^{4/}	33.2	34.8	0.35	0.34	-0.01	1.02	1.05	1.06
4. Direct <i>Pidiregas</i> ^{5/}	554.3	661.5	5.91	6.39	0.48	15.02	17.47	20.21
5. Debtor support programs ^{6/}	4.5	2.6	0.05	0.03	-0.02	-44.32	0.14	0.08
c. Total Public Sector Debt Consolidated with Banco de México (a+b)	3,173.4	3,273.6	33.85	31.61	-2.24	-0.58	100.00	100.00

p/ Preliminary figures.

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

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

3/ FARAC liabilities guaranteed by the federal government.

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

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

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

Source: Ministry of Finance and Banco de México.



Statistical Appendix



Statistical Appendix

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Basic Information

Table A 1
Summary of Selected Indicators

	2003	2004	2005	2006	2007 ^{p/}
Social and demographic indicators					
Population (millions) ^{1/}	102.0	103.0	103.9	104.9	105.8
Population annual growth rate ^{1/}	1.0	0.9	0.9	0.9	0.9
Life expectancy at birth ^{1/}	74.5	74.5	74.6	74.8	75.0
Production and prices					
Gross Domestic Product (thousand million pesos)	6,892	7,709	8,366	9,158	9,763
	Annual percentage change				
GDP at constant prices	1.4	4.2	2.8	4.8	3.3
Consumer Price Index (Dec-Dec)	3.98	5.19	3.33	4.05	3.76
Money and finances					
Monetary aggregates ^{2/}		Real annual percentage change			
Monetary base	10.7	8.8	7.9	12.4	8.3
M1	7.0	8.8	6.9	11.5	5.5
M4	6.6	7.5	10.4	11.1	7.2
Interest rates ^{3/}		Annual rates (percent)			
28-day Cetes	6.23	6.82	9.20	7.19	7.19
28-day TIIE (Interbank Equilibrium Interest Rate)	6.83	7.15	9.61	7.51	7.66
		Pesos per U.S. dollar			
Exchange rate (end of period) ^{4/}	11.2360	11.2648	10.7777	10.8810	10.8662
Public finances					
		GDP Percentage			
Economic balance (cash flow) ^{5/}	-0.6	-0.2	-0.1	0.1	0.0
Primary balance ^{5/}	2.1	2.5	2.4	2.8	2.5
Net public debt ^{6/}	21.8	19.5	17.5	18.1	16.3
External sector					
		GDP Percentage			
Trade balance	-0.9	-1.3	-1.0	-0.7	-1.2
Current account balance	-1.3	-1.0	-0.7	-0.3	-0.8
Capital account balance	3.7	1.8	1.8	-0.2	2.2
Total external debt	24.7	23.7	21.6	19.2	20.4
Interest paid	1.8	1.6	1.6	1.7	1.7
		Billion US dollars			
Net international reserves (end of period) ^{7/}	57.4	61.5	68.7	67.7	78.0

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

1/ Estimates for 2007.

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

3/ Average during the period.

4/ Used for settling liabilities in foreign currency.

5/ Based on the revenue-expenditure methodology.

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

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

p/ Preliminary figures.

Table A 2
Socio-demographic Indicators

	2000	2001	2002	2003	2004	2005	2006	2007 ^{p/}
Population (millions)	98.4	99.7	100.9	102.0	103.0	103.9	104.9	105.8
Urban population ^{1/}	68.2	68.5	68.8	69.1	69.4	69.7	70.0	70.9
Rural population ^{1/}	31.8	31.5	31.2	30.9	30.6	30.3	30.0	29.1
Population per sq.km ^{2/}	50.0	50.7	51.3	51.9	52.4	52.9	53.4	53.9
Population annual growth rate	1.3	1.3	1.1	1.0	0.9	0.9	0.9	0.9
National unemployment rate ^{2/}	2.6	2.8	3.0	3.4	3.9	3.6	3.6	3.7
Unemployment rate (urban areas) ^{3/}	3.4	3.6	3.9	4.6	5.3	4.7	4.6	4.8
Life expectancy at birth (years)	74.0	74.3	74.4	74.5	74.5	74.6	74.8	75.0
Fertility rate ^{4/}	2.8	2.6	2.5	2.3	2.3	2.2	2.2	2.1
Mortality rate (per thousand)	4.7	4.6	4.6	4.7	4.7	4.8	4.8	4.8
Infant mortality rate (per thousand live births)	16.5	15.7	16.8	15.9	16.1	16.8	16.2	15.7
Number of hospital beds (per 100,000 inhabitants) ^{5/}	76.5	76.5	75.5	74.2	75.4	73.1	71.3	72.1
Illiteracy rate (population 15 years or over)	9.2	8.9	8.7	8.4	8.1	8.3	8.1	7.8
Number of students per teacher (grade school)	27.0	26.9	26.6	26.4	26.2	25.9	25.9	25.9
Population with access to drinking water ^{1/}	87.8	89.0	89.2	89.4	89.5	89.5	89.6	89.8

Source: Annual Government Report 2007, Mexico's Presidency (*Presidencia de la República*), and INEGI Occupation and Employment Survey (unemployment rates).

1/Percent of total population.

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

3/ Unemployment rate in 32 cities

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

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

p/ Preliminary figures.

Table A 3
Infrastructure

	2000	2001	2002	2003	2004	2005	2006 ^{p/}	2007 ^{p/}
Roads (km)	323,065	330,005	337,168	349,037	352,078	355,796	355,945	357,082
Federal toll roads (km)	6,598	6,759	6,987	6,979	7,421	7,409	7,558	7,568
Federal non-toll roads (km)	41,866	41,645	41,537	41,454	41,158	40,953	40,761	40,888
Paved roads (km)	108,488	110,910	113,125	117,023	116,926	122,678	123,354	123,481
Railroad transportation								
Total railway network (km)	26,655	26,655	26,655	26,662	26,662	26,662	26,662	26,667
Passengers (million passengers/km)	82	67	69	78	74	73	76	76
Commercial cargo (million tons/km) ^{3/}	54,776	55,147	59,195	64,413	69,926	72,185	73,726	75,938
Air transportation								
International airports	57	57	57	56	56	56	59	59
Passengers (thousands)	33,974	33,673	33,190	35,287	39,422	42,176	45,406	47,329
Cargo (thousand tons)	379	351	389	410	467	529	544	565
Maritime transportation								
Number of ports (sea and river)	108	108	108	106	107	113	113	117
Sea freight (international and domestic cargo, thousand tons)	244,252	244,431	253,046	264,739	266,008	283,604	287,432	298,450
Communications								
Phones (thousand lines in service)	12,332	13,774	14,975	16,330	18,073	19,512	19,861	20,783
Cellular phones (thousand subscribers)	14,078	21,758	25,928	30,098	38,451	47,129	57,016	70,475
Telegraph services (number of offices)	1,819	1,609	1,568	1,555	1,550	1,543	1,563	1,566
Postal services (locations served)	32,127	29,216	16,029	14,942	17,609	17,994	18,704	18,823
Radio stations ^{1/}	1,371	1,410	1,413	1,417	1,413	1,419	1,421	1,423
T.V. stations ^{1/}	579	642	652	645	658	685	680	688
Lodging (number of rooms)	421,850	458,123	469,488	496,292	515,904	535,639	556,399	559,477
Energy								
Electric generation (gigawatts/hour) ^{2/}	204,206	209,074	214,383	223,893	233,984	246,267	254,911	264,652
Oil reserves (million barrels) ^{4/}	56,154	52,951	50,032	48,041	46,914	46,418	45,376	44,483

Source: Annual Government Report 2007 (*Presidencia de la República*) and PEMEX Activities Report (*Memorias de Labores e Indicadores Petroleros*).

1/ Includes broadcasting, concessions and licenses.

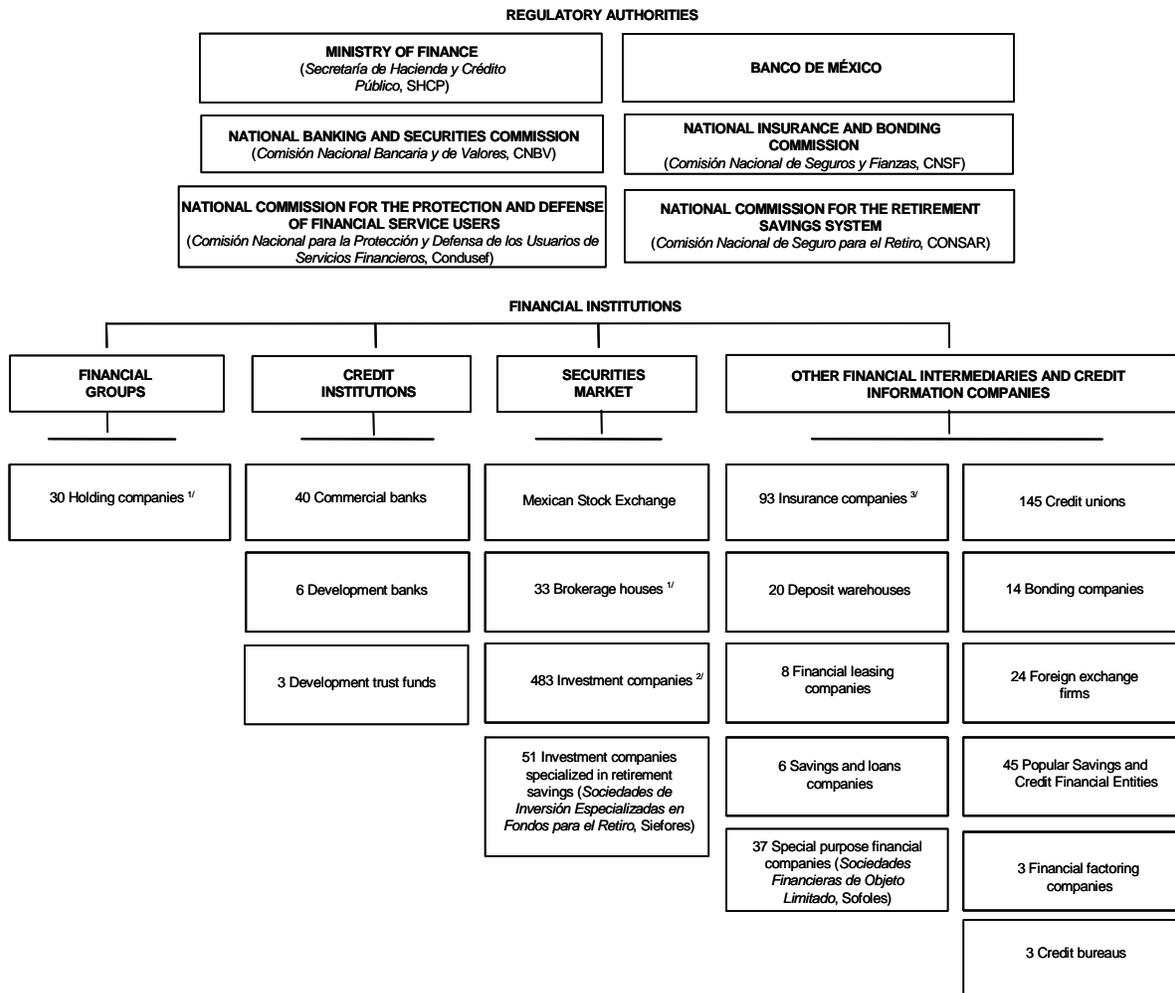
2/ Includes Federal Electricity Commission (*Comisión Federal de Electricidad, CFE*) and Central Light and Power (*Luz y Fuerza del Centro, LFC*).

3/ Includes local freight, intermodal remitted freight, received freight, and in-transit freight.

4/ At December 31st of each year.

p/ Preliminary figures.

Table A 4
Mexican Financial System



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 2007.



Production and Employment

Table A 5
Production Indicators
Annual percentage change

	2002	2003	2004	2005	2006	2007
Gross Domestic Product	0.8	1.4	4.2	2.8	4.8	3.3
Private consumption	1.6	2.2	4.1	5.1	5.0	4.2
Public consumption	-0.3	0.8	-0.4	0.4	6.0	0.8
Private investment	-4.1	-1.6	8.8	9.7	11.5	6.5
Public investment	17.0	8.5	2.5	-0.6	2.8	7.3
Exports (goods and services)	1.4	2.7	11.6	7.1	11.1	5.5
Imports (goods and services)	1.5	0.7	11.6	8.6	11.9	8.2

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

Table A 6
Gross Domestic Product

	Million Pesos at Current Prices	Exchange Rate	Million USD
1997	3,174,275.2	7.918	400,894
1998	3,846,349.9	9.135	421,056
1999	4,594,724.2	9.561	480,569
2000	5,491,708.4	9.456	580,764
2001	5,809,688.2	9.343	621,823
2002	6,263,136.6	9.656	648,626
2003	6,891,992.5	10.789	638,798
2004	7,709,095.8	11.286	683,067
2005	8,366,205.3	10.898	767,683
2006	9,157,564.9	10.901	840,066
2007	9,762,863.8	10.932	893,054

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

Table A 7
Aggregate Supply and Demand
1993 Prices

	Annual Percentage Change						Percent of GDP	
	2002	2003	2004	2005	2006	2007	1997	2007
Aggregate supply	1.0	1.2	6.2	4.4	6.9	4.8	127.1	147.0
GDP	0.8	1.4	4.2	2.8	4.8	3.3	100.0	100.0
Imports	1.5	0.7	11.6	8.6	11.9	8.2	27.1	47.0
Aggregate demand	1.0	1.2	6.2	4.4	6.9	4.8	127.1	147.0
Total consumption	1.4	2.1	3.6	4.6	5.1	3.8	77.7	82.9
Private	1.6	2.2	4.1	5.1	5.0	4.2	67.3	74.2
Public	-0.3	0.8	-0.4	0.4	6.0	0.8	10.4	8.7
Total investment	-0.6	0.4	7.5	7.6	9.9	6.7	18.3	22.5
Private	-4.1	-1.6	8.8	9.7	11.5	6.5	15.3	18.6
Public	17.0	8.5	2.5	-0.6	2.8	7.3	3.0	3.9
Exports	1.4	2.7	11.6	7.1	11.1	5.5	27.8	41.8

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

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

Item	2001	2002	2003	2004	2005 ^{p/}	2006 ^{p/}	2007 ^{p/}
Gross Capital Formation ^{1/}	20.8	20.6	20.5	22.0	21.8	21.9	21.2
Financed with External Saving	2.9	2.2	1.4	1.0	0.7	0.3	0.8
Financed with Domestic Saving	17.9	18.4	19.1	21.0	21.1	21.6	20.4

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

p/ Preliminary figures.

1/ Includes gross fixed investment plus change in inventories.

Table A 9
Gross Domestic Product by Sector
 1993 Prices

	Annual Percentage Change							Percent of GDP	
	2001	2002	2003	2004	2005	2006 ^{p/}	2007 ^{p/}	1997	2007 ^{p/}
Gross Domestic Product	-0.2	0.8	1.4	4.2	2.8	4.8	3.3	100.0	100.0
Agriculture, forestry and fishery	3.5	0.1	3.1	3.5	-2.1	5.2	2.0	5.6	4.9
Industrial sector	-3.5	-0.1	-0.2	4.2	1.7	5.0	1.4	26.1	24.3
Mining	1.5	0.4	3.7	3.4	2.1	2.4	0.2	1.3	1.2
Manufacturing industry	-3.8	-0.7	-1.3	4.0	1.4	4.7	1.0	19.2	17.6
Construction	-5.7	2.1	3.3	6.1	3.3	7.2	2.1	4.0	4.0
Electricity, gas, and water	2.3	1.0	1.5	2.8	1.7	5.5	3.9	1.6	1.7
Services	1.2	1.6	2.1	4.4	4.0	4.9	4.4	62.9	66.4
Commerce, restaurants and hotels	-1.2	0.0	1.5	5.5	2.7	3.7	2.7	19.1	19.6
Transport, warehousing and communications	3.8	1.8	5.0	9.2	7.1	9.1	8.7	9.5	13.4
Financial services, insurance and real estate	4.5	4.2	3.9	3.9	5.8	5.4	5.0	14.5	16.7
Social, community and personal services	-0.3	0.9	-0.6	0.6	1.8	2.9	2.4	19.7	16.8
Banking services	6.5	7.6	7.1	7.5	10.9	8.5	7.7	-2.5	-3.8
Net product taxes (excluding subsidies)	-0.2	0.8	1.4	4.2	2.8	4.8	3.3	8.0	8.1

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

p/ Preliminary figures.

Table A 10
Manufacturing Growth Rates
1993 Prices

	Annual Percentage Change									Percent of GDP	
	1999	2000	2001	2002	2003	2004	2005	2006 ^{p/}	2007 ^{p/}	1997	2007 ^{p/}
	Total	4.2	6.9	-3.8	-0.7	-1.3	4.0	1.4	4.7	1.0	19.2
Food, beverages, and tobacco	4.0	3.9	2.3	1.9	1.7	3.3	2.6	2.6	1.6	4.7	4.6
Textile, apparel and leather industry	3.1	5.4	-8.6	-5.9	-6.7	2.8	-3.0	-1.5	-4.5	1.7	1.0
Timber and wood by-products	0.5	3.9	-6.7	-4.9	-2.2	2.2	-0.7	-2.6	-0.2	0.6	0.4
Paper, printing, and publishing	5.0	2.7	-4.3	-1.8	-1.0	2.9	1.1	3.7	2.7	0.9	0.8
Chemical, plastic, and oil by-products	2.4	3.3	-3.8	-0.4	1.5	3.1	0.6	2.5	1.8	3.0	2.5
Non-metal minerals	1.8	4.1	-1.7	3.8	0.1	3.8	3.5	5.0	3.2	1.3	1.3
Basic metal industries	0.4	3.0	-7.1	1.3	4.1	6.9	2.0	3.1	1.4	1.0	0.9
Metal products, machinery, and equipment	6.9	13.6	-6.9	-2.0	-4.9	5.2	1.5	10.0	1.3	5.4	5.5
Other	5.8	8.2	-2.1	-3.6	-1.1	2.8	0.4	3.1	-6.5	0.6	0.5

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

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

Year	Crude Oil (Million barrels per day)		Natural Gas (Million cubic feet per day)	Total Oil Reserves ^{1/} (Thousand million barrels at end-period)
	Total	Daily average	Total	Total
	1989	917.2	2.513	3,572
1990	930.0	2.548	3,651	65.5
1991	976.7	2.676	3,634	65.0
1992	976.5	2.668	3,584	65.1
1993	975.6	2.673	3,576	64.5
1994	980.0	2.685	3,625	63.2
1995	955.2	2.617	3,759	62.1
1996	1,046.0	2.858	4,195	60.9
1997	1,103.0	3.022	4,467	60.2
1998	1,120.9	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	1,238.2	3.383	4,573	46.9
2005	1,216.5	3.333	4,818	46.4
2006	1,188.4	3.256	5,356	45.4
2007 ^{p/}	1,124.9	3.082	6,058	44.5

Source: PEMEX Activities Report 1988-2006 (*Memorias de Labores 1988-2006*), and crude oil indicators (*Indicadores Petroleros*).

1/ At December 31st of each year.

p/ Preliminary figures.

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

Year	Permanent	Temporary in Urban Areas	Total
1998	10,141	1,170	11,311
1999	10,629	1,388	12,017
2000	11,026	1,520	12,546
2001	10,713	1,450	12,164
2002	10,733	1,493	12,226
2003	10,636	1,555	12,191
2004	10,863	1,646	12,509
2005	11,048	2,038	13,086
2006 Jan	11,010	2,091	13,101
Feb	11,067	2,147	13,214
Mar	11,141	2,212	13,353
Apr	11,183	2,244	13,427
May	11,232	2,288	13,520
Jun	11,285	2,348	13,632
Jul	11,319	2,398	13,717
Aug	11,347	2,447	13,794
Sep	11,421	2,500	13,922
Oct	11,486	2,561	14,047
Nov	11,548	2,598	14,145
Dec	11,454	2,512	13,966
2007 Jan	11,419	2,548	13,967
Feb	11,480	2,603	14,083
Mar	11,555	2,667	14,222
Apr	11,578	2,693	14,271
May	11,618	2,734	14,351
Jun	11,656	2,780	14,436
Jul	11,689	2,817	14,505
Aug	11,726	2,858	14,584
Sep	11,804	2,915	14,719
Oct	11,882	2,974	14,856
Nov	11,934	3,012	14,946
Dec	11,828	2,894	14,722

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

Table A 13
Employment and Unemployment Indicators
Percent

In Relation to Economically Active Population				In Relation to Employed Population		
	National unemployment rate ^{1/}	Unemployment rate in urban areas ^{2/}	Temporary employment and unemployment ^{3/}	Underemployment ^{4/}	Informal employment ^{5/}	
2003	3.4	4.6	8.5	n.a.	28.8	
2004	3.9	5.3	9.5	n.a.	28.8	
2005	3.6	4.7	9.4	7.5	28.1	
2006	3.6	4.6	9.4	6.8	27.1	
2007	3.7	4.8	10.1	7.2	27.0	
2006	I	3.6	4.6	9.1	6.2	27.6
	II	3.2	4.2	9.1	6.0	27.2
	III	4.0	5.1	9.8	8.2	26.8
	IV	3.7	4.7	9.7	7.0	26.6
2007	I	4.0	5.1	10.3	7.7	26.9
	II	3.4	4.5	9.7	7.0	27.1
	III	3.9	5.1	9.7	6.9	26.9
	IV	3.6	4.7	10.6	7.1	27.3

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

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

2/ Unemployment rate in 32 cities.

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

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

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

n.a. not available.

Table A 14
Real Exchange Rate ^{1/}
1990 = 100

Year	Based on Consumer Prices ^{2/}	Annual Percentage Change	
1986	119.2	52.4	
1987	134.3	12.7	
1988	111.2	-17.2	
1989	100.5	-9.6	
1990	100.0	-0.5	
1991	91.4	-8.6	
1992	85.8	-6.1	
1993	73.4	-14.4	
1994	75.9	3.3	
1995	117.1	54.4	
1996	102.9	-12.1	
1997	85.8	-16.6	
1998	84.6	-1.5	
1999	77.7	-8.1	
2000	68.8	-11.4	
2001	62.8	-8.8	
2002	61.1	-2.7	
2003	71.8	17.6	
2004	77.3	7.6	
2005	74.0	-4.3	
2006	73.1	-1.2	
2007	75.3	3.0	
2006	I	69.5	-10.7
	II	75.7	0.6
	III	74.3	2.7
	IV	72.8	3.4
2007	I	73.5	5.8
	II	74.7	-1.3
	III	76.0	2.3
	IV	76.8	5.5

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

^{1/} Rate increases reflect peso depreciation.

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



Prices, Wages, and Productivity

Table A 15
Main Price Indices

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Prices	Annual percentage change										
Consumer prices											
End-period	15.72	18.61	12.32	8.96	4.40	5.70	3.98	5.19	3.33	4.05	3.76
Annual average	20.63	15.93	16.59	9.49	6.37	5.03	4.55	4.69	3.99	3.63	3.97
Producer prices (merchandise excluding oil)											
End-period	13.66	19.41	8.66	7.38	2.61	6.29	6.24	7.97	2.46	7.12	3.69
Annual average	17.55	15.98	14.24	7.84	5.02	3.66	6.31	8.58	3.56	6.12	4.25
Producer prices (merchandise and services excluding oil)											
End-period	15.18	18.59	11.94	8.58	4.33	5.67	4.52	6.52	3.59	5.39	3.57
Annual average	19.88	16.01	15.98	9.42	6.14	4.87	4.90	6.43	4.22	5.12	3.83
Producer prices (merchandise and services including oil)											
End-period	13.51	17.60	13.71	8.06	3.67	7.05	4.83	6.57	4.01	5.50	4.40
Annual average	18.97	14.89	16.62	10.40	5.28	5.19	5.51	6.81	4.52	5.39	4.05
Construction Cost Index (Residential) ^{1/}											
End-period	15.88	19.14	14.37	7.59	3.47	3.50	6.92	12.15	-0.39	8.50	3.04
Annual average	17.91	18.11	17.62	11.21	5.29	2.27	6.48	12.25	1.19	7.58	3.36

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

Table A 16
Consumer Price Index (CPI)

Year	Month	CPI 2ndweek Jun 2002	Annual Percentage Change		
			Annual	Annual 12-month Moving Average	Monthly
1992	Dec	24.740	11.94	15.51	
1993	Dec	26.721	8.01	9.75	
1994	Dec	28.605	7.05	6.97	
1995	Dec	43.471	51.97	35.00	
1996	Dec	55.514	27.70	34.38	
1997	Dec	64.240	15.72	20.63	
1998	Dec	76.195	18.61	15.93	
1999	Dec	85.581	12.32	16.59	
2000	Dec	93.248	8.96	9.49	
2001	Dec	97.354	4.40	6.37	
2002	Dec	102.904	5.70	5.03	
2003	Dec	106.996	3.98	4.55	
2004	Dec	112.550	5.19	4.69	
2005	Dec	116.301	3.33	3.99	
2006	Jan	116.983	3.94	3.94	0.59
	Feb	117.162	3.75	3.89	0.15
	Mar	117.309	3.41	3.81	0.13
	Apr	117.481	3.20	3.70	0.15
	May	116.958	3.00	3.56	-0.45
	Jun	117.059	3.18	3.47	0.09
	Jul	117.380	3.06	3.36	0.27
	Aug	117.979	3.47	3.32	0.51
	Sep	119.170	4.09	3.37	1.01
	Oct	119.691	4.29	3.47	0.44
	Nov	120.319	4.09	3.57	0.52
	Dec	121.015	4.05	3.63	0.58
2007	Jan	121.640	3.98	3.63	0.52
	Feb	121.980	4.11	3.67	0.28
	Mar	122.244	4.21	3.73	0.22
	Apr	122.171	3.99	3.80	-0.06
	May	121.575	3.95	3.88	-0.49
	Jun	121.721	3.98	3.94	0.12
	Jul	122.238	4.14	4.03	0.42
	Aug	122.736	4.03	4.08	0.41
	Sep	123.689	3.79	4.05	0.78
	Oct	124.171	3.74	4.01	0.39
	Nov	125.047	3.93	3.99	0.71
	Dec	125.564	3.76	3.97	0.41



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

Month	CPI	Food, Beverages and Tobacco	Apparel, Footwear and Accessories	Housing	Furniture and Household Goods	Medical and Personal Care	Transport	Education and Entertainment	Other Goods and Services	
1994	Dec	7.05	6.94	4.76	8.04	5.69	9.78	6.94	8.64	5.12
1995	Dec	51.97	61.73	44.85	41.77	62.54	58.01	55.84	40.51	39.58
1996	Dec	27.70	29.12	28.65	26.00	26.77	24.68	33.48	20.19	24.46
1997	Dec	15.72	13.30	18.38	17.69	15.61	17.56	15.87	15.18	16.73
1998	Dec	18.61	22.02	16.56	14.10	16.37	20.18	19.86	17.13	18.27
1999	Dec	12.32	7.85	13.88	13.11	14.67	19.14	12.27	15.95	16.75
2000	Dec	8.96	8.06	8.46	10.50	4.69	9.03	8.08	12.78	10.65
2001	Dec	4.40	3.75	4.04	2.68	0.49	5.97	3.83	10.47	9.79
2002	Dec	5.70	5.45	2.19	9.54	-2.08	3.72	3.95	7.25	6.47
2003	Dec	3.98	4.31	0.32	4.20	0.16	4.35	2.47	6.35	5.88
2004	Dec	5.19	8.17	1.14	5.04	1.28	2.89	5.38	4.77	4.72
2005	Dec	3.33	2.24	1.26	3.60	1.87	3.87	3.50	5.09	4.46
2006	Jan	3.94	4.98	1.41	3.85	1.66	3.75	3.54	4.48	4.04
	Feb	3.75	4.59	1.43	3.78	1.57	3.43	3.25	4.53	3.82
	Mar	3.41	2.83	1.39	3.96	1.50	3.67	3.23	4.56	3.98
	Apr	3.20	1.26	1.34	4.01	1.29	3.87	3.72	5.18	4.00
	May	3.00	0.79	1.26	4.16	0.96	3.74	3.50	4.68	3.99
	Jun	3.18	1.45	1.22	4.25	0.94	3.84	3.48	4.65	3.99
	Jul	3.06	0.89	1.27	4.25	0.79	3.86	3.56	4.88	3.67
	Aug	3.47	2.46	1.22	4.24	1.14	3.78	3.87	4.71	3.78
	Sep	4.09	5.35	1.14	4.07	1.59	3.39	3.90	4.55	3.99
	Oct	4.29	6.76	1.11	3.79	1.88	3.33	3.39	4.60	3.99
	Nov	4.09	6.38	1.11	3.47	1.64	3.33	3.38	4.59	3.88
	Dec	4.05	6.27	1.24	3.27	1.75	3.41	3.54	4.41	4.17
2007	Jan	3.98	5.94	0.94	3.22	1.49	3.56	3.42	4.47	4.70
	Feb	4.11	5.97	1.26	3.43	1.40	3.80	3.59	4.53	4.78
	Mar	4.21	6.91	1.32	3.02	1.34	3.64	3.73	4.59	4.49
	Apr	3.99	7.41	1.36	2.45	1.66	3.54	3.00	3.97	4.28
	May	3.95	6.15	1.36	2.98	1.98	3.59	3.19	4.42	4.31
	Jun	3.98	6.48	1.37	2.80	1.88	3.50	3.29	4.42	4.40
	Jul	4.14	7.28	1.46	2.74	2.03	3.58	3.28	4.13	4.49
	Aug	4.03	6.73	1.39	2.77	2.01	3.69	3.13	4.29	4.51
	Sep	3.79	5.71	1.37	2.90	1.55	3.86	3.14	4.05	4.28
	Oct	3.74	4.90	1.49	3.32	1.25	3.86	3.40	4.00	4.48
	Nov	3.93	6.61	1.51	2.44	1.37	3.93	3.40	3.94	4.70
	Dec	3.76	6.00	1.31	2.32	1.85	4.04	3.16	4.19	4.49

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

Month	CPI	Core	Merchandise	Services	Non-core	Agriculture	Administered and Regulated	Education	
1999	Dec	12.32	14.24	14.13	14.40	8.58	0.25	13.36	18.10
2000	Dec	8.96	7.52	6.68	8.77	11.91	10.07	12.58	15.16
2001	Dec	4.40	5.08	3.85	6.87	3.08	1.35	2.21	14.02
2002	Dec	5.70	3.77	1.95	6.23	10.05	8.65	10.96	10.04
2003	Dec	3.98	3.66	2.62	4.84	4.66	3.65	3.91	8.59
2004	Dec	5.19	3.80	3.87	3.72	8.20	10.11	7.51	7.50
2005	Dec	3.33	3.12	2.82	3.46	3.76	-0.18	4.76	6.63
2006	Jan	3.94	2.98	2.76	3.22	5.93	7.42	5.11	6.31
	Feb	3.75	2.90	2.67	3.15	5.52	6.32	4.85	6.44
	Mar	3.41	3.04	2.70	3.40	4.20	1.47	4.76	6.47
	Apr	3.20	3.20	2.70	3.75	3.19	-2.63	4.97	6.52
	May	3.00	3.14	2.57	3.76	2.70	-3.69	4.70	6.57
	Jun	3.18	3.22	2.53	3.96	3.12	-2.04	4.54	6.51
	Jul	3.06	3.27	2.61	4.00	2.62	-3.83	4.57	6.50
	Aug	3.47	3.33	2.70	4.01	3.76	0.27	4.65	6.33
	Sep	4.09	3.45	2.91	4.04	5.44	7.47	4.35	5.70
	Oct	4.29	3.44	2.98	3.95	6.08	11.17	3.75	5.70
	Nov	4.09	3.50	3.15	3.88	5.31	9.41	3.31	5.70
	Dec	4.05	3.61	3.38	3.87	4.96	8.30	3.14	5.71
2007	Jan	3.98	3.89	3.80	3.98	4.17	5.55	3.03	5.64
	Feb	4.11	3.95	3.83	4.09	4.44	5.83	3.39	5.61
	Mar	4.21	3.83	3.78	3.89	4.98	8.67	3.07	5.60
	Apr	3.99	3.66	3.84	3.48	4.67	9.96	1.94	5.59
	May	3.95	3.73	3.99	3.46	4.40	6.15	3.16	5.55
	Jun	3.98	3.70	4.07	3.31	4.58	6.68	3.23	5.63
	Jul	4.14	3.77	4.26	3.24	4.93	8.25	3.13	5.65
	Aug	4.03	3.86	4.39	3.29	4.39	6.12	3.03	5.89
	Sep	3.79	3.80	4.34	3.21	3.78	3.52	3.23	5.67
	Oct	3.74	3.91	4.50	3.27	3.40	0.48	4.10	5.67
	Nov	3.93	3.97	4.52	3.37	3.85	4.85	2.73	5.67
	Dec	3.76	4.00	4.52	3.43	3.27	3.42	2.37	5.68



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 Jan	108.057	7.62	0.08	105.792	5.24	0.51	106.852	6.35	0.31
Feb	108.716	6.59	0.61	106.125	4.88	0.31	107.337	5.68	0.45
Mar	109.075	5.42	0.33	106.549	4.98	0.40	107.731	5.19	0.37
Apr	109.524	4.39	0.41	106.818	4.76	0.25	108.084	4.58	0.33
May	108.907	3.40	-0.56	107.287	5.05	0.44	108.044	4.27	-0.04
Jun	108.246	2.55	-0.61	107.821	4.69	0.50	108.020	3.67	-0.02
Jul	108.833	2.83	0.54	108.553	4.83	0.68	108.684	3.88	0.61
Aug	108.787	2.10	-0.04	108.743	4.70	0.18	108.764	3.47	0.07
Sep	109.267	2.04	0.44	109.091	4.70	0.32	109.173	3.44	0.38
Oct	109.753	2.10	0.44	109.485	4.78	0.36	109.610	3.51	0.40
Nov	110.127	1.70	0.34	109.728	4.67	0.22	109.915	3.26	0.28
Dec	110.625	2.46	0.45	110.098	4.60	0.34	110.344	3.59	0.39
2006 Jan	111.465	3.15	0.76	110.387	4.34	0.26	110.891	3.78	0.50
Feb	111.915	2.94	0.40	110.688	4.30	0.27	111.262	3.66	0.33
Mar	112.665	3.29	0.67	111.013	4.19	0.29	111.786	3.76	0.47
Apr	114.047	4.13	1.23	111.734	4.60	0.65	112.816	4.38	0.92
May	115.518	6.07	1.29	111.961	4.36	0.20	113.625	5.17	0.72
Jun	116.779	7.88	1.09	112.222	4.08	0.23	114.354	5.86	0.64
Jul	116.950	7.46	0.15	113.323	4.39	0.98	115.019	5.83	0.58
Aug	117.690	8.18	0.63	113.443	4.32	0.11	115.430	6.13	0.36
Sep	118.234	8.21	0.46	113.752	4.27	0.27	115.848	6.11	0.36
Oct	118.218	7.71	-0.01	113.920	4.05	0.15	115.930	5.77	0.07
Nov	118.145	7.28	-0.06	114.185	4.06	0.23	116.038	5.57	0.09
Dec	118.502	7.12	0.30	114.341	3.85	0.14	116.287	5.39	0.21
2007 Jan	118.776	6.56	0.23	114.669	3.88	0.29	116.591	5.14	0.26
Feb	119.259	6.56	0.41	115.123	4.01	0.40	117.058	5.21	0.40
Mar	120.057	6.56	0.67	115.321	3.88	0.17	117.537	5.14	0.41
Apr	120.198	5.39	0.12	115.442	3.32	0.10	117.667	4.30	0.11
May	119.368	3.33	-0.69	115.522	3.18	0.07	117.321	3.25	-0.29
Jun	119.596	2.41	0.19	116.576	3.88	0.91	117.989	3.18	0.57
Jul	120.145	2.73	0.46	116.998	3.24	0.36	118.470	3.00	0.41
Aug	121.345	3.11	1.00	117.160	3.28	0.14	119.118	3.20	0.55
Sep	122.299	3.44	0.79	117.195	3.03	0.03	119.583	3.22	0.39
Oct	122.443	3.57	0.12	117.439	3.09	0.21	119.780	3.32	0.16
Nov	122.868	4.00	0.35	117.929	3.28	0.42	120.239	3.62	0.38
Dec	122.870	3.69	0.00	118.296	3.46	0.31	120.436	3.57	0.16

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

ITEM	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
PPI with goods and services	18.59	11.94	8.58	4.33	5.67	4.52	6.52	3.59	5.39	3.57
Internal demand	18.84	12.88	8.96	4.89	5.31	4.11	6.67	3.99	5.25	3.67
Private consumption	18.87	12.78	9.01	4.90	5.53	3.79	5.56	4.56	4.03	3.70
Government consumption	18.80	14.61	11.70	9.02	5.53	4.41	4.93	5.26	5.38	5.13
Investment	18.77	12.59	7.68	3.19	4.35	5.30	12.85	0.82	10.77	2.81
Exports	16.50	3.94	5.07	-0.99	9.27	8.56	5.48	0.63	6.41	2.81
PPI goods	19.41	8.66	7.38	2.61	6.29	6.24	7.97	2.46	7.12	3.69
Internal demand	19.76	9.71	7.85	3.42	5.81	5.79	8.61	3.21	7.16	3.90
Private consumption	20.25	9.05	8.15	3.61	6.26	5.25	6.00	4.84	4.94	4.60
Government consumption	16.53	9.79	8.35	2.59	4.19	5.71	9.82	4.22	6.64	4.81
Investment	18.89	11.07	7.22	3.06	4.93	6.92	13.03	0.56	10.91	2.75
Exports	16.68	0.36	3.31	-4.73	11.07	10.38	5.44	-0.58	6.94	2.79
PPI services	17.75	14.87	9.60	5.77	5.19	3.13	5.25	4.60	3.85	3.46
Internal demand	18.03	15.72	9.90	6.11	4.91	2.73	5.23	4.59	3.81	3.49
Private consumption	17.87	15.54	9.61	5.79	5.04	2.80	5.32	4.41	3.53	3.20
Government consumption	18.96	14.95	11.92	9.44	5.61	4.33	4.58	5.34	5.29	5.15
Investment	18.24	19.42	9.60	3.75	1.99	-1.44	7.13	9.34	6.70	4.59
Exports	15.20	7.08	6.64	2.30	8.12	7.28	5.65	4.93	4.63	2.88

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

ITEM	1999	2000	2001	2002	2003	2004	2005	2006	2007
PPI goods and services	11.94	8.58	4.33	5.67	4.52	6.52	3.59	5.39	3.57
Primary sector	-7.06	7.71	4.89	11.04	3.20	8.58	8.00	10.77	5.17
Agriculture, livestock, wood and fishing	-7.61	8.35	5.78	10.40	1.75	8.08	8.32	8.42	4.45
Mining	2.56	-2.24	-10.60	24.13	29.72	13.12	5.22	31.48	10.39
Secondary sector	10.26	7.19	2.33	5.03	6.48	7.78	1.90	6.89	3.53
Manufacturing	9.55	6.57	1.80	5.00	6.21	5.10	2.46	4.81	3.82
Food, beverages and tobacco	11.01	6.51	4.76	4.06	6.30	7.27	3.85	5.33	6.08
Textiles, apparel and health	8.05	6.37	1.47	3.87	4.12	2.88	2.73	3.25	1.50
Wood	9.56	6.67	6.45	1.37	4.77	8.68	3.31	5.93	2.17
Paper, printing and publishing	12.92	11.11	1.91	3.65	3.85	2.96	3.97	3.90	3.18
Chemicals, oil and plastics	15.57	11.80	-0.83	6.77	7.13	8.98	6.53	4.98	6.62
Non metallic minerals	7.80	6.70	1.36	2.55	5.07	1.59	0.90	7.36	3.52
Basic metal industries	-2.23	8.66	0.69	9.66	15.71	48.87	1.69	28.22	5.86
Metal products, machines and equipment	3.97	1.81	-0.46	5.33	6.07	1.43	-0.70	3.35	0.67
Other manufactur	4.66	4.25	2.47	7.37	4.38	2.68	-0.12	6.72	6.06
Construction	12.53	9.14	3.97	5.11	7.27	14.49	0.61	11.76	2.90
Tertiary sector	14.88	9.69	5.77	5.76	3.23	5.44	4.60	3.88	3.48
Utilities	12.37	13.09	4.90	33.64	7.87	11.32	4.41	4.60	4.07
Trade, restaurants and hotels	16.54	9.80	3.44	3.41	0.73	5.22	3.94	3.83	3.96
Transportation and cominications	11.75	8.04	3.90	4.95	3.96	8.23	5.94	2.87	2.73
Leasing	12.11	6.62	5.81	6.58	4.44	3.63	2.85	3.30	2.72
Personal and social services	16.14	11.90	10.70	7.17	5.30	4.04	4.76	4.88	4.21

Table A 22
Construction Cost Index ^{1/}
Annual percentage change and contributions

Item	General				Residential			
	Annual change		Contributions		Annual change		Contributions	
	Dec-06	Dec-07	Dec-05	Dec-07	Dec-06	Dec-07	Dec-05	Dec-07
	Dec-05	Dec-06	Dec-04	Dec-06	Dec-05	Dec-06	Dec-04	Dec-06
General Index	11.82	2.90	11.82	2.90	8.50	3.04	8.50	3.04
Construction materials subindex	14.11	2.55	11.00	2.03	10.00	2.65	7.53	2.02
Non-metal minerals	2.82	4.88	0.21	0.34	2.14	5.16	0.19	0.43
Cement and concrete	4.76	4.71	0.75	0.69	4.71	4.88	0.95	0.96
Cementing materials	5.19	3.39	0.11	0.07	5.40	3.59	0.18	0.11
Clay materials	6.59	3.67	0.19	0.10	7.10	3.78	0.37	0.20
Concrete materials	8.20	3.18	0.24	0.09	8.78	3.10	0.50	0.18
Concrete structures	7.93	4.35	0.09	0.05	6.30	4.51	0.20	0.14
Other concrete materials	7.96	1.47	0.06	0.01	8.83	1.47	0.09	0.02
Other non-metal mineral products	7.83	0.53	0.08	0.01	7.27	0.57	0.05	0.00
Timber products	4.12	3.38	0.07	0.06	4.45	3.80	0.12	0.10
Paint and other similar materials	3.05	0.85	0.06	0.01	2.64	0.05	0.05	0.00
Plastic materials	5.10	-1.68	0.06	-0.02	8.39	-0.62	0.07	0.00
Other chemical products	29.07	0.98	1.03	0.04	28.67	0.98	0.07	0.00
Metal products	30.58	0.90	3.13	0.11	17.39	1.39	0.68	0.06
Wire materials	23.86	-3.55	1.63	-0.27	23.33	-3.76	2.31	-0.42
Electric equipment	12.82	6.04	1.10	0.52	14.02	6.59	0.09	0.05
Electric accessories	52.24	0.54	1.58	0.02	54.16	0.52	1.14	0.02
Furniture and accessories	10.02	4.56	0.07	0.03	10.12	4.60	0.16	0.08
Other materials and accessories	8.74	2.84	0.54	0.17	9.12	3.61	0.30	0.12
Rented machinery and equipment subindex	2.79	2.89	0.04	0.04	2.60	2.89	0.03	0.03
Worker earnings subindex	3.79	4.35	0.78	0.83	3.96	4.35	0.94	0.99

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

Table A 23
Contractual Wages

Period	Contractual Wages					
	Total			Manufacturing		
	Annual Percentage Increase	Number of Workers (Thousands)	Number of Enterprises	Annual Percentage Increase	Number of Workers (Thousands)	Number of Enterprises
1998 Average	17.7	1,568	4,525	18.2	501	2,168
1999 Average	16.5	1,572	4,671	17.9	499	2,107
2000 Average	12.4	1,819	5,358	13.3	624	2,352
2001 Average	9.1	1,732	5,679	10.0	575	2,345
2002 Average	5.8	1,757	5,487	6.4	550	2,446
2003 Average	4.7	1,763	5,337	5.2	526	2,294
2004 Average	4.1	1,776	5,920	4.6	535	2,431
2005 Average	4.4	1,783	5,957	4.7	541	2,476
2006 Average	4.1	1,684	5,819	4.4	483	2,433
2007 Average	4.2	1,858	6,251	4.4	567	2,546
2005 Jan	4.3	179	452	4.7	58	226
Feb	4.6	144	676	4.6	87	334
Mar	4.6	173	657	4.9	58	279
Apr	4.4	249	638	4.7	56	312
May	4.5	77	634	4.7	36	215
Jun	4.5	61	551	4.7	33	205
Jul	5.0	57	413	5.0	22	167
Aug	4.2	213	531	4.5	33	229
Sep	4.6	84	371	4.7	58	159
Oct	4.1	440	394	4.5	27	149
Nov	4.8	81	362	4.9	59	122
Dec	4.5	26	278	4.3	13	79
2006 Jan	4.4	185	519	4.8	54	244
Feb	4.2	141	693	4.3	93	330
Mar	4.2	180	791	4.4	71	371
Apr	4.4	116	560	4.6	27	196
May	4.2	164	502	4.4	44	222
Jun	4.6	63	601	4.3	32	209
Jul	4.9	38	272	4.9	22	122
Aug	4.1	205	514	4.4	35	236
Sep	4.3	72	367	4.3	49	188
Oct	3.6	434	432	4.3	31	143
Nov	4.0	68	313	4.6	16	109
Dec	4.7	19	255	4.9	8	63
2007 Jan	4.0	228	576	4.4	90	239
Feb	4.3	147	675	4.4	87	339
Mar	4.3	155	813	4.5	63	364
Apr	4.3	221	677	4.4	40	191
May	4.3	103	566	4.7	35	241
Jun	4.7	57	567	4.4	30	237
Jul	4.4	190	296	5.6	19	108
Aug	4.1	78	527	4.3	36	206
Sep	4.2	81	405	4.2	62	181
Oct	4.1	506	446	4.5	58	202
Nov	4.4	68	403	4.3	34	146
Dec	4.5	24	300	4.6	13	92

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

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

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

Period	Nominal Earnings	Output per Worker	
		Total	Manufactures
2006 Average	6.8	1.9	1.8
2007 Average	5.3	1.6	0.9
2006 I	5.7	2.7	6.4
II	7.7	1.5	1.5
III	7.2	1.6	-0.2
IV	6.6	1.9	-0.6
2007 I	6.7	1.1	-1.8
II	7.0	1.2	0.3
III	4.6	3.0	4.2
IV	2.9	1.1	1.0

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

Table A 25
Ex-ante and Ex-post Real Contractual Wages
Annual percentage change

Period	Ex-Post ^{1/}	Ex-Ante ^{2/}	Expected Inflation ^{3/}
1999 Average	0.76	2.59	13.32
2000 Average	6.26	3.13	8.88
2001 Average	5.47	2.42	6.40
2002 Average	3.91	1.51	4.21
2003 Average	1.20	0.59	4.14
2004 Average	0.02	0.11	4.03
2005 Average	0.15	0.32	4.04
2006 Average	0.63	0.54	3.57
2007 Average	0.16	0.51	3.72
2005 Jan	0.04	0.09	4.25
Feb	0.22	0.22	4.33
Mar	0.00	0.30	4.25
Apr	-0.25	0.21	4.19
May	-0.23	0.40	4.11
Jun	0.75	0.25	4.27
Jul	-0.33	0.80	4.14
Aug	0.52	0.20	3.99
Sep	1.23	0.67	3.89
Oct	0.17	0.28	3.79
Nov	1.17	1.08	3.64
Dec	0.90	0.90	3.60
2006 Jan	0.39	0.83	3.55
Feb	0.78	0.70	3.50
Mar	1.11	0.61	3.55
Apr	1.17	0.80	3.61
May	1.49	0.48	3.67
Jun	1.31	0.91	3.70
Jul	1.85	1.24	3.61
Aug	0.70	0.47	3.64
Sep	0.47	0.74	3.54
Oct	-0.20	0.15	3.48
Nov	0.64	0.52	3.50
Dec	0.46	1.16	3.50
2007 Jan	0.42	0.45	3.58
Feb	0.11	0.77	3.55
Mar	-0.02	0.62	3.64
Apr	0.43	0.70	3.62
May	0.22	0.61	3.63
Jun	0.64	0.86	3.78
Jul	0.73	0.62	3.77
Aug	0.09	0.35	3.73
Sep	0.49	0.42	3.79
Oct	-0.11	0.28	3.79
Nov	0.10	0.44	3.92
Dec	0.91	0.62	3.86

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

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

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

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

Table A 26
Minimum Wage
Pesos per day

Period	National	Geographic Regions ^{2/}		
	Average ^{1/}	A	B	C
1990 November 16	10.79	11.90	11.00	9.92
1991 November 11	12.08	13.33	12.32	11.12
1993 January 1	13.06	14.27	13.26	12.05
1994 January 1	13.97	15.27	14.19	12.89
1995 January 1	14.95	16.34	15.18	13.79
1995 April 1	16.74	18.30	17.00	15.44
1995 December 4	18.43	20.15	18.70	17.00
1996 April 1	20.66	22.60	20.95	19.05
1996 December 3	24.30	26.45	24.50	22.50
1998 January 1	27.99	30.20	28.00	26.05
1998 December 3	31.91	34.45	31.90	29.70
2000 January 1	35.12	37.90	35.10	32.70
2001 January 1	37.57	40.35	37.95	35.85
2002 January 1	39.74	42.15	40.10	38.30
2003 January 1	41.53	43.65	41.85	40.30
2004 January 1	43.30	45.24	43.73	42.11
2005 January 1	45.24	46.80	45.35	44.05
2006 January 1	47.05	48.67	47.16	45.81
2007 January 1	48.88	50.57	49.00	47.60
2008 January 1	50.84	52.59	50.96	49.50

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

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



Monetary and Financial Indicators

Table A 27
Monetary and Financial Indicators

	2004	2005	2006	2007
Monetary aggregates ^{1/}	Annual real percentage change			
Monetary base	8.85	7.86	12.38	8.28
M1	8.75	6.93	11.53	5.47
M4	7.47	10.42	11.09	7.18
	GDP percentage			
Monetary base	3.68	3.81	4.05	4.28
M1	10.83	11.11	11.73	12.06
M4	47.12	49.89	52.46	54.84
Nominal interest rates ^{2/}	Annual percentage change			
28-day TIIE	7.15	9.61	7.51	7.66
28-day Cetes	6.82	9.20	7.19	7.19
CPP	4.62	6.47	5.14	5.00
CCP	5.41	7.64	6.06	5.99
Exchange rate ^{3/}	Pesos per US dollar			
To settle liabilities denominated in foreign currency	11.2648	10.7777	10.8810	10.8662
Mexican Stock Exchange ^{3/}	Index base 1978=100			
Stock Exchange Index (<i>IPC</i>)	12,918	17,803	26,448	29,537

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

^{1/} Average of stocks at end of month.

^{2/} Average of daily or weekly observations.

^{3/} At end of period.

Table A 28
Monetary Aggregates
Stocks in thousand million pesos

End of period	Monetary Base	M1	M2	M3	M4
Nominal stocks					
1994	56.9	163.8	554.8	657.0	724.1
1995	66.8	171.6	754.4	784.5	869.2
1996	84.0	245.3	995.2	1,025.8	1,116.1
1997	108.9	325.8	1,290.1	1,320.5	1,400.4
1998	131.5	388.2	1,663.2	1,689.8	1,775.6
1999	188.7	489.9	2,030.7	2,047.6	2,121.3
2000	208.9	565.0	2,331.1	2,359.4	2,415.8
2001	225.6	680.7	2,731.8	2,760.2	2,809.0
2002	263.9	766.5	3,027.9	3,053.1	3,096.9
2003	303.6	857.7	3,420.5	3,454.4	3,487.0
2004	340.2	946.6	3,777.2	3,866.4	3,905.4
2005	380.0	1,068.5	4,347.9	4,485.7	4,527.8
2006	449.8	1,218.5	4,941.3	5,118.6	5,170.4
2007					
Jan	409.9	1,145.7	4,880.4	5,057.6	5,109.9
Feb	399.6	1,131.1	4,899.7	5,078.4	5,130.9
Mar	409.8	1,145.0	4,949.7	5,139.6	5,191.7
Apr	400.6	1,126.7	4,917.3	5,105.6	5,157.3
May	407.2	1,132.6	4,999.8	5,200.5	5,266.5
Jun	408.7	1,173.9	5,036.4	5,227.3	5,294.3
Jul	408.2	1,163.0	5,062.5	5,271.3	5,339.9
Aug	410.8	1,173.0	5,175.2	5,386.7	5,456.2
Sep	412.4	1,199.1	5,168.0	5,395.0	5,463.2
Oct	417.0	1,178.9	5,200.6	5,433.1	5,501.7
Nov	431.9	1,213.2	5,305.7	5,559.8	5,629.3
Dec	494.7	1,349.8	5,368.3	5,631.1	5,703.4
Average stocks as a percentage of GDP ^{1/}					
1994	3.17	10.44	35.01	40.70	43.93
1995	2.73	7.51	34.01	37.49	41.33
1996	2.49	7.51	34.43	35.36	38.78
1997	2.63	8.41	35.74	36.71	39.25
1998	2.69	8.55	37.73	38.52	40.75
1999	2.85	8.59	40.10	40.51	42.20
2000	2.99	8.74	40.03	40.37	41.57
2001	3.17	9.52	43.32	43.75	44.75
2002	3.44	10.47	45.20	45.61	46.25
2003	3.61	10.64	45.82	46.33	46.86
2004	3.68	10.83	45.83	46.65	47.12
2005	3.81	11.11	47.97	49.41	49.89
2006	4.05	11.73	50.18	51.98	52.46
2007	4.28	12.06	52.04	54.19	54.84

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

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

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

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

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

^{1/} Based on average of observations at end of month.

Table A 29
Monetary Base
Stocks in thousand million pesos

End of Period	Monetary Base	Liabilities		Assets	
		Bills and Coins in Circulation ^{1/}	Bank Deposits	Net Domestic Credit	Net International Assets ^{2/}
1994	56.935	56.920	0.015	41.896	15.040
1995	66.809	66.809	0.000	55.649	11.160
1996	83.991	83.991	0.000	34.307	49.684
1997	108.891	108.736	0.156	-51.049	159.940
1998	131.528	131.109	0.419	-100.836	232.364
1999	188.718	188.718	0.000	-71.350	260.068
2000	208.943	208.880	0.063	-133.443	342.386
2001	225.580	225.223	0.358	-185.735	411.315
2002	263.937	263.937	0.000	-265.566	529.503
2003	303.614	303.614	0.000	-360.043	663.657
2004	340.178	340.178	0.000	-375.992	716.170
2005	380.034	380.034	0.000	-408.133	788.167
2006					
Jan	354.741	354.741	0.000	-447.573	802.314
Feb	346.431	346.431	0.000	-444.674	791.105
Mar	353.044	353.044	0.000	-475.366	828.410
Apr	357.800	357.800	0.000	-512.533	870.333
May	358.024	358.024	0.000	-562.600	920.624
Jun	369.072	369.072	0.000	-588.846	957.918
Jul	368.681	368.681	0.000	-538.567	907.248
Aug	363.432	363.432	0.000	-549.340	912.772
Sep	367.140	367.140	0.000	-550.268	917.408
Oct	368.271	368.271	0.000	-467.127	835.397
Nov	395.670	395.513	0.158	-452.274	847.944
Dec	449.821	449.821	0.000	-375.146	824.967
2006					
Jan	409.948	409.948	0.000	-437.619	847.567
Feb	399.604	399.604	0.000	-457.021	856.624
Mar	409.814	409.814	0.000	-427.336	837.150
Apr	400.646	400.646	0.000	-447.405	848.051
May	407.228	407.228	0.000	-431.346	838.574
Jun	408.727	408.727	0.000	-432.532	841.259
Jul	408.167	408.167	0.000	-447.146	855.312
Aug	410.822	410.822	0.000	-466.856	877.678
Sep	412.441	412.441	0.000	-486.044	898.485
Oct	417.008	417.008	0.000	-479.383	896.390
Nov	431.863	431.863	0.000	-500.488	932.351
Dec	494.743	494.743	0.000	-457.484	952.227

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

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

Table A 30
Monetary Aggregates M1, M2, M3 and M4
 Stocks in thousand million pesos

	December					
	2002	2003	2004	2005	2006	2007
1. Bills and coins held by the public	232.2	263.6	301.2	336.2	389.6	430.1
2. Checking accounts (pesos)	352.3	396.0	408.7	471.7	532.7	604.8
3. Checking accounts (US dollars)	84.3	74.0	96.8	95.3	97.7	97.7
4. Current account deposits	96.4	122.6	138.1	163.0	195.7	214.2
5. Savings and loan companies' demand deposits	1.3	1.5	1.8	2.4	2.9	3.1
6. M1 = (1+2+3+4+5)	766.5	857.7	946.6	1,068.5	1,218.5	1,349.8
7. Resident bank deposits	640.1	725.5	798.6	858.6	859.8	982.5
8. Savings and loan companies' bank deposits	6.0	7.7	9.7	11.8	14.2	15.9
9. Public securities held by residents ^{1/}	1,194.2	1,319.0	1,433.9	1,753.9	2,092.6	2,187.8
Federal government securities	761.0	829.7	728.5	838.7	1,212.9	1,326.5
Banco de México securities (BREMs)	160.0	138.0	195.3	213.1	82.9	11.7
IPAB securities	199.0	235.4	333.1	445.3	490.9	548.0
Other public securities	74.2	115.9	177.2	256.9	306.0	301.6
10. Private securities	133.1	176.5	206.0	218.0	256.3	306.8
11. Housing and other funds ^{2/}	288.1	334.1	382.4	437.1	499.8	525.6
12. M2=(6+7+8+9+10+11)	3,027.9	3,420.5	3,777.2	4,347.9	4,941.3	5,368.3
13. Non-resident bank deposits	7.7	9.1	10.8	24.5	32.6	35.1
14. Public securities held by non-residents	17.6	24.8	78.4	113.2	144.8	227.7
15. M3=(12+13+14)	3,053.1	3,454.4	3,866.4	4,485.7	5,118.6	5,631.1
16. Resident deposits in Mexican bank agencies abroad	30.3	19.1	29.4	27.3	42.8	47.9
17. Non-resident deposits in Mexican bank agencies abroad	13.5	13.5	9.6	14.7	8.9	24.4
18. M4=(15+16+17)	3,096.9	3,487.0	3,905.4	4,527.7	5,170.4	5,703.4

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

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

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

Table A 31
Credit Market Conditions Survey (Results up to Fourth Quarter of 2007)^{1/}
Percentage of responses

Item	Total					4th Quarter 2007					
	2006	2007				By size of firm ^{2/}				By type of firm ^{3/}	
		4th	1st	2nd	3rd	4th	S	M	L	AAA	Exporter
Sources of financing	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Suppliers	60.6	62.4	61.5	62.8	60.5	71.0	57.9	54.7	35.5	59.3	62.0
Commercial banks	18.7	18.2	16.9	16.7	17.5	12.1	19.0	19.4	32.3	17.2	17.8
Foreign banks	2.6	1.7	3.1	2.2	2.5	0.9	2.0	4.3	9.7	2.9	2.1
Other firms from the same corporate group	12.2	13.0	13.0	12.1	12.3	10.7	15.5	10.1	6.5	11.0	13.7
Development banks	1.5	1.6	1.5	2.1	1.7	1.9	0.8	2.2	6.5	2.6	0.7
Headquarters	4.0	2.2	3.6	3.2	3.3	2.3	2.0	7.2	3.2	4.1	2.4
Other liabilities	0.4	0.9	0.4	0.9	2.2	0.9	2.8	2.2	6.5	2.9	1.4
Firms using bank credit	22.9	22.6	23.7	22.8	25.7	18.6	28.5	29.9	40.0	26.6	24.9
Destined for:											
Working capital	64.5	68.3	71.2	64.4	63.3	60.0	65.2	64.4	60.0	63.7	62.7
Liability restructuring	8.7	10.3	7.5	9.4	10.2	6.7	12.1	8.9	20.0	8.8	12.0
Foreign trade transactions	5.1	5.5	4.8	5.4	5.4	6.7	1.5	8.9	10.0	5.5	5.3
Investment	15.2	12.4	12.3	16.1	16.9	15.6	19.7	15.6	10.0	19.8	13.3
Other purposes	6.5	3.5	4.2	4.7	4.2	11.1	1.5	2.2	0.0	2.2	6.7
Firms that did not use bank credit	77.1	77.4	76.3	77.2	74.3	81.4	71.5	70.1	60.0	73.4	75.1
Reason:											
High interest rates	29.1	31.0	30.6	31.9	32.7	32.4	34.0	27.7	50.0	29.9	35.8
Low demand for their products	4.2	3.6	7.1	2.8	4.7	4.8	4.9	4.3	0.0	6.0	3.3
Banks refusal to lend	12.3	9.5	8.5	11.8	11.3	10.5	10.7	14.9	10.0	10.4	12.2
Uncertainty regarding the country's economic conditions	11.2	11.8	10.7	11.8	12.1	11.4	13.6	10.6	10.0	10.4	13.8
Financial restructuring problems	6.7	7.2	7.8	8.0	8.6	6.7	9.7	10.6	0.0	11.2	5.7
Non-approval of credit applications	11.6	10.5	12.5	11.1	11.3	16.2	6.8	10.6	10.0	11.2	11.4
Overdue loan portfolio	3.2	2.9	3.6	2.8	3.1	1.9	3.9	4.3	0.0	3.7	2.4
Market competition problems	6.0	4.2	6.8	5.6	5.4	6.7	4.9	4.3	10.0	6.0	4.9
Other	15.7	19.3	12.4	14.2	10.9	9.5	11.7	12.8	10.0	11.2	10.6
Firms granting financing	83.5	80.6	82.9	81.8	84.2	83.1	87.6	83.2	72.0	88.9	79.5
Destined for:											
Clients	70.2	73.7	71.3	72.3	72.0	77.1	72.8	66.1	57.7	70.5	74.0
Suppliers	16.3	12.5	15.9	15.1	14.8	13.8	16.4	13.4	15.4	15.4	14.0
Other firms from the same corporate group	12.8	13.4	12.6	12.1	12.6	8.5	9.9	20.5	26.9	13.1	12.0
Other	0.7	0.4	0.2	0.5	0.5	0.5	0.9	0.0	0.0	1.0	0.0
Average maturity of financing granted (days)											
Clients	61	55	57	57	62	53	55	81	100	52	74
Suppliers	51	56	46	52	48	41	53	40	74	46	51
Other firms from the same corporate group	70	72	79	81	87	69	72	60	276	80	98
Firms requesting credit in the following 3 months	67.1	68.4	67.7	67.9	66.7	68.9	67.2	62.6	64.0	68.3	65.1

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

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

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

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

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

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

	Total financing	External Financing		Domestic Financing				Infonavit ^{4/}
		External direct ^{1/}	Debt instruments placed abroad ^{2/}	From commercial banks ^{3/}	From development banks ^{3/}	Non-bank intermediaries	Debt instruments issued	
2004								
Mar	2,004,373	363,065	208,688	632,843	79,125	184,659	158,098	377,895
Jun	2,035,847	369,740	191,189	648,950	78,179	199,425	157,517	390,847
Sep	2,080,180	375,755	181,632	676,089	76,461	211,724	159,864	398,653
Dec	2,128,834	376,510	172,971	727,598	48,003	229,114	162,822	411,816
2005								
Mar	2,191,896	373,400	205,456	744,521	47,689	237,908	156,051	426,871
Jun	2,214,705	366,647	204,847	776,260	47,336	245,858	153,310	420,448
Sep	2,237,463	365,212	199,460	781,227	47,726	256,756	164,271	422,811
Dec	2,330,405	362,760	205,634	860,228	48,940	257,671	166,152	429,020
2006								
Mar	2,399,680	372,911	197,714	913,509	47,478	250,388	161,393	456,288
Jun	2,533,123	416,033	205,121	977,228	51,359	258,229	161,508	463,644
Sep	2,594,219	418,835	198,320	1,042,630	49,660	257,156	160,072	467,545
Dec	2,800,438	480,523	210,221	1,134,434	51,888	264,640	175,836	482,894
2007								
Mar	2,881,915	482,358	224,306	1,191,188	49,291	263,633	163,488	507,651
Jun	2,955,521	476,166	232,406	1,274,042	46,652	245,456	167,005	513,793
Sep	3,104,871	504,253	232,296	1,377,412	48,068	257,125	167,209	518,508
Dec	3,185,085	488,742	247,732	1,459,259	50,412	217,982	187,779	533,178

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

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

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

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

Table A 33
Financial System Flow of Funds Matrix (January–December 2007) ^{1/}
Flows revalued as a percentage of GDP ^{2/}

	Resident Private Sector ^{3/}			Public Sector ^{4/}			Banking Sector ^{5/}			External Sector		
	Use of funds (Assets)	Source of funds (Liabilities)	Net financing received	Use of funds (Assets)	Source of funds (Liabilities)	Net financing received	Use of funds (Assets)	Source of funds (Liabilities)	Net financing received	Use of funds (Assets)	Source of funds (Liabilities)	Net financing received
	a	b	c = b - a	d	e	f = e - d	g	h	i = h - g	j	k	l = k - j
1. Change in domestic financial instruments (2 + 7 + 8 + 9)	4.2	2.3	-1.9	-0.6	1.1	1.8	1.2	2.4	1.2	1.1		-1.1
2. Financial instruments	4.2	0.8	-3.4	0.2	1.7	1.6	-0.9	2.1	3.0	1.1		-1.1
3. Currency (bills and coins)	0.4		-0.4					0.4	0.4			
4. Checkable, time and savings deposits	2.0		-2.0	0.2		-0.2		2.4	2.4	0.3		-0.3
4.1 Non-financial enterprises and other institutions	1.3		-1.3	0.2		-0.2		1.8	1.8	0.3		-0.3
4.2 Households	0.7		-0.7					0.7	0.7	0.0		0.0
5. Securities issued ^{6/}	1.6	0.6	-1.0		1.7	1.7	-0.9	-0.8	0.1	0.8		-0.8
6. Retirement and housing funds ^{7/}	0.3	0.2	0.0		0.0	0.0						
7. Financing		3.2	3.2	0.4	-0.7	-1.0	2.6	0.4	-2.2			
7.1 Non-financial enterprises and other institutions ^{8/}		1.5	1.5	0.4	-0.7	-1.0	0.9	0.4	-0.5			
7.2 Households		1.7	1.7				1.7	0.0	-1.7			
8. Shares and other equity		-0.1	-0.1				0.0		0.0	-0.1		0.1
9. Other financial system items ^{9/}		-1.6	-1.6	-1.1	0.1	1.2	-0.4		0.4			
10. Change in external financial instruments (11 + 12 + 13 + 14 + 15)	1.5	3.2	1.7	1.6	0.8	-0.8	1.1	-0.1	-1.2	3.9	4.2	0.3
11. Foreign direct investment		2.6	2.6							2.6		-2.6
12. External financing		0.8	0.8		0.8	0.8		-0.1	-0.1	1.6		-1.6
13. Financial assets held abroad	1.5		-1.5	1.6		-1.6	0.0		0.0		3.1	3.1
14. Banco de México international reserves							1.2		-1.2		1.2	1.2
15. Errors and omissions (balance of payments)		-0.2	-0.2							-0.2		0.2
16. Statistical discrepancy ^{10/}		0.0	0.0							0.0		0.0
17. Total change in financial instruments (1+ 10 +16)	5.7	5.5	-0.2	1.0	2.0	1.0	2.4	2.4	0.0	5.0	4.2	-0.8 ^{11/}

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

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

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

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

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

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

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

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

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

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

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



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

Maturity (days)	Amount in Million Pesos			Price				
	Offered	Alloted	Tendered	Weighted placement	Maximum	Minimum allotted	Minimum	
04/01/2007	350	1,000	1,000	61,000	99.86818	99.86818	99.86818	75.00000
11/01/2007	343	1,000	1,000	19,050	99.88927	99.88927	99.88927	99.00000
18/01/2007	336	1,000	1,000	5,499	99.90042	99.90042	99.90042	99.83710
25/01/2007	364	1,000	1,000	7,499	99.88802	99.89242	99.88753	99.00000
01/02/2007	357	1,000	1,000	18,305	99.89489	99.89537	99.89028	99.50000
08/02/2007	350	1,000	1,000	18,150	99.89278	99.89669	99.88747	70.00000
15/02/2007	343	1,000	1,000	9,399	99.90309	99.90310	99.89389	98.00000
22/02/2007	364	1,000	1,000	10,512	99.88827	99.89423	99.88750	99.86799
01/03/2007	357	1,000	1,000	9,894	99.90403	99.90403	99.90400	99.00000
08/03/2007	350	1,000	1,000	4,713	99.90951	99.91053	99.90818	99.50000
15/03/2007	343	1,000	1,000	575,014	99.90899	99.90964	99.90810	97.00000
22/03/2007	336	1,000	1,000	12,474	99.91367	99.91400	99.91330	97.00000
29/03/2007	364	1,000	1,000	75,499	99.91060	99.91060	99.91060	97.00000
04/04/2007	358	1,000	1,000	7,269	99.90375	99.90375	99.90090	99.50000
12/04/2007	350	1,000	1,000	25,178	99.91100	99.91100	99.91100	70.00000
19/04/2007	343	1,000	1,000	12,131	99.90881	99.90964	99.90770	97.00000
26/04/2007	364	1,000	1,000	11,856	99.90730	99.90730	99.90730	99.30000
03/05/2007	357	1,000	1,000	6,531	99.90911	99.90999	99.90705	70.00000
10/05/2007	350	1,000	1,000	4,997	99.90827	99.90827	99.90600	70.00000
17/05/2007	343	1,000	1,000	19,944	99.90698	99.90785	99.90610	70.00000
24/05/2007	336	1,000	1,000	16,638	99.91272	99.91406	99.91138	99.20000
31/05/2007	364	1,000	1,000	13,539	99.89211	99.89225	99.89200	70.00000
07/06/2007	357	1,000	1,000	12,159	99.90886	99.90886	99.90886	80.00000
14/06/2007	350	1,000	1,000	14,256	99.91815	99.92003	99.91627	85.00000
21/06/2007	343	1,000	1,000	47,434	99.92573	99.92618	99.92527	70.00000
28/06/2007	336	1,000	1,000	85,122	99.94572	99.94572	99.94572	70.00000



Table A 35
Banco de México's Three-year Bonds (Bondes D)
Weekly auction results

Maturity (days)	Amount in Million Pesos				Price		
	Offered	Alloted	Tendered	Weighted placement	Maximum	Minimum alloted	Minimum
04/01/2007	1,000	1,000	47,200	99.27347	99.41000	99.10100	98.50000
11/01/2007	1,000	1,000	16,855	99.46000	99.46000	99.46000	99.20000
18/01/2007	1,000	1,000	7,850	99.51595	99.51738	99.51579	99.25813
25/01/2007	1,000	1,000	10,500	99.54716	99.54770	99.54498	99.30000
01/02/2007	1,000	1,000	10,450	99.55555	99.55555	99.55555	99.20000
08/02/2007	1,000	1,000	4,950	99.55383	99.55955	99.55175	70.00000
15/02/2007	1,000	1,000	12,800	99.55500	99.55500	99.55500	99.30000
22/02/2007	1,000	1,000	14,600	99.56400	99.56400	99.56400	99.20000
01/03/2007	1,000	1,000	11,390	99.58161	99.58162	99.58160	70.00000
08/03/2007	1,000	1,000	7,715	99.60690	99.60690	99.60690	99.57030
15/03/2007	1,000	1,000	6,000	99.61890	99.61890	99.61890	99.50000
22/03/2007	1,000	1,000	25,650	99.62560	99.62594	99.62550	98.00000
29/03/2007	1,000	1,000	5,000	99.90111	99.90111	99.90111	99.00000
04/04/2007	1,000	1,000	13,227	99.65340	99.65340	99.65340	99.50000
12/04/2007	1,000	1,000	11,139	99.63550	99.64000	99.63100	99.00000
19/04/2007	1,000	1,000	10,250	99.64103	99.64121	99.64000	98.00000
26/04/2007	1,000	1,000	11,939	99.64868	99.64868	99.64868	70.00000
03/05/2007	1,000	1,000	11,598	99.68130	99.68130	99.67888	99.50000
10/05/2007	1,000	1,000	7,899	99.67747	99.68053	99.67652	99.50000
17/05/2007	1,000	1,000	12,171	99.68129	99.68129	99.68129	90.00000
24/05/2007	1,000	1,000	39,799	99.68521	99.68623	99.68477	70.00000
31/05/2007	1,000	1,000	4,600	99.68616	99.68616	99.68616	99.62874
07/06/2007	1,000	1,000	10,770	99.68996	99.69020	99.68990	80.00000
14/06/2007	1,000	1,000	12,259	99.67952	99.67952	99.67952	85.00000
21/06/2007	1,000	1,000	12,900	99.68211	99.68211	99.68211	99.50000
28/06/2007	1,000	1,000	4,800	99.71705	99.71705	99.71705	99.00000
05/07/2007	1,000	1,000	15,641	99.73212	99.73212	99.72805	99.60000
12/07/2007	1,000	1,000	13,300	99.77417	99.77417	99.77417	99.00000
19/07/2007	1,000	1,000	2,950	99.79577	99.79610	99.78949	99.78817
26/07/2007	1,000	1,000	2,500	99.80253	99.80253	99.80252	99.50000
02/08/2007	1,000	1,000	4,026	99.81810	99.81810	99.81810	99.00000
09/08/2007	1,000	1,000	10,649	99.81189	99.81189	99.81189	80.00000
16/08/2007	1,000	1,000	13,819	99.83323	99.83331	99.83321	80.00000
23/08/2007	1,000	1,000	2,100	99.83419	99.83419	99.83419	80.00000
30/08/2007	1,000	1,000	12,200	99.83513	99.83513	99.83513	99.50000
06/09/2007	1,000	1,000	30,251	99.82711	99.82944	99.82010	99.00000
13/09/2007	1,000	1,000	9,500	99.82780	99.82780	99.82780	99.50000
20/09/2007	1,000	1,000	8,300	99.79310	99.82619	99.76000	99.20000
27/09/2007	1,000	1,000	10,100	99.84280	99.84280	99.84280	99.20000
04/10/2007	1,000	1,000	16,300	99.83738	99.83738	99.83738	99.00000
11/10/2007	1,000	1,000	11,599	99.78215	99.81591	99.77800	99.00000
18/10/2007	1,000	1,000	24,612	99.73000	99.73000	99.72898	99.50000
25/10/2007	1,000	1,000	23,591	99.79810	99.79810	99.79810	99.25000
01/11/2007	1,000	1,000	45,359	99.76503	99.78660	99.75964	99.00000
08/11/2007	1,000	1,000	24,609	99.76725	99.76910	99.76281	99.25000
15/11/2007	1,000	1,000	14,214	99.79284	99.79284	99.79284	99.50000
22/11/2007	1,000	1,000	12,091	99.81501	99.81501	99.81501	99.50000
29/11/2007	1,000	1,000	12,964	99.79482	99.79635	99.79394	98.00000
06/12/2007	1,000	1,000	100,715	99.75653	99.75742	99.75548	90.00000
13/12/2007	1,000	1,000	35,500	99.75904	99.76366	99.74055	99.00000
20/12/2007	1,000	1,000	8,230	99.75890	99.75890	99.75890	99.00000
27/12/2007	1,000	1,000	70,243	99.71247	99.72645	99.71000	99.00000



Table A 36
Banco de México's Five-year Bonds (Bondes D)
 Weekly auction results

	Maturity (days)	Amount in Million Pesos			Price			
		Offered	Alloted	Tendered	Weighted placement	Maximum	Minimum alloted	Minimum
04/01/2007	1799	1,000	1,000	24,250	99.07163	99.07600	99.06254	97.00000
11/01/2007	1792	1,000	1,000	7,700	99.14112	99.14112	99.14112	98.82840
18/01/2007	1785	1,000	1,000	4,000	99.21680	99.21880	99.21630	98.87363
25/01/2007	1778	1,000	1,000	15,600	99.25442	99.25512	99.25412	98.95998
01/02/2007	1771	1,000	1,000	8,800	99.25988	99.25988	99.25988	75.00000
08/02/2007	1764	1,000	1,000	5,250	99.25696	99.25696	99.25696	70.00000
15/02/2007	1820	1,000	1,000	12,200	99.25052	99.25263	99.24840	70.00000
22/02/2007	1813	1,000	1,000	7,250	99.27400	99.27400	99.27400	99.10000
01/03/2007	1806	1,000	1,000	8,800	99.31891	99.31891	99.31891	99.02739
08/03/2007	1799	1,000	1,000	12,900	99.37280	99.37280	99.37280	99.25000
15/03/2007	1792	1,000	1,000	3,500	99.36654	99.36654	99.36654	99.34000
22/03/2007	1785	1,000	1,000	4,800	99.44869	99.50884	99.36458	70.00000
29/03/2007	1778	1,000	1,000	17,699	99.36549	99.37038	99.35800	97.00000
04/04/2007	1772	1,000	1,000	4,400	99.36388	99.36388	99.36387	99.29347
12/04/2007	1819	1,000	1,000	6,484	99.35530	99.35740	99.35320	97.00000
19/04/2007	1812	1,000	1,000	10,881	99.36269	99.36278	99.36090	98.00000
26/04/2007	1805	1,000	1,000	9,125	99.37801	99.37801	99.37801	70.00000
03/05/2007	1798	1,000	1,000	6,700	99.40100	99.40100	99.40100	99.10000
10/05/2007	1791	1,000	1,000	8,168	99.41296	99.41470	99.41000	70.00000
17/05/2007	1784	1,000	1,000	18,961	99.41902	99.42230	99.41900	70.00000
24/05/2007	1777	1,000	1,000	14,500	99.40990	99.40990	99.40990	70.00000
31/05/2007	1770	1,000	1,000	22,190	99.42035	99.42200	99.41765	70.00000
07/06/2007	1763	1,000	1,000	14,300	99.44446	99.44500	99.43960	70.00000
14/06/2007	1820	1,000	1,000	5,200	99.42824	99.42917	99.42731	70.00000
21/06/2007	1813	1,000	1,000	17,600	99.43509	99.43530	99.43500	99.00000
28/06/2007	1806	1,000	1,000	5,614	99.48328	99.48328	99.48328	70.00000
05/07/2007	1799	1,000	1,000	5,030	99.51066	99.51380	99.50845	85.00000
12/07/2007	1792	1,000	1,000	8,500	99.58691	99.58691	99.58691	95.00000
19/07/2007	1785	1,000	1,000	16,800	99.60100	99.60100	99.60100	85.00000
26/07/2007	1778	1,000	1,000	3,362	99.58677	99.59299	99.58515	99.40000
02/08/2007	1771	1,000	1,000	17,369	99.61591	99.61591	99.61591	99.00000
09/08/2007	1820	1,000	1,000	20,979	99.63002	99.63010	99.63000	80.00000
16/08/2007	1813	1,000	1,000	11,200	99.64788	99.64788	99.64788	80.00000
23/08/2007	1806	1,000	1,000	2,100	99.65709	99.65710	99.65700	99.65328
30/08/2007	1799	1,000	1,000	14,600	99.65670	99.65700	99.65640	99.50000
06/09/2007	1792	1,000	1,000	1,800	99.60586	99.62373	99.60000	99.30000
13/09/2007	1785	1,000	1,000	17,150	99.59914	99.60410	99.59417	99.20000
20/09/2007	1778	1,000	1,000	28,400	99.55000	99.55000	99.55000	99.10000
27/09/2007	1771	1,000	1,000	15,040	99.59261	99.59300	99.59170	99.20000
04/10/2007	1764	1,000	1,000	14,948	99.58828	99.59362	99.58745	99.20000
11/10/2007	1820	1,000	1,000	16,249	99.56971	99.57800	99.56700	98.00000
18/10/2007	1813	1,000	1,000	5,600	99.51745	99.52000	99.51490	99.00000
25/10/2007	1806	1,000	1,000	19,600	99.54996	99.55000	99.54994	99.10000
01/11/2007	1799	1,000	1,000	10,424	99.52587	99.54139	99.52060	70.00000
08/11/2007	1792	1,000	1,000	12,599	99.54659	99.54918	99.54400	99.30000
15/11/2007	1785	1,000	1,000	10,140	99.57355	99.57355	99.57355	80.00000
22/11/2007	1778	1,000	1,000	15,840	99.57955	99.58000	99.57935	99.50000
29/11/2007	1771	1,000	1,000	8,890	99.59379	99.59457	99.59300	98.00000
06/12/2007	1820	1,000	1,000	8,100	99.56200	99.56200	99.56200	90.00000
13/12/2007	1813	1,000	1,000	8,000	99.53002	99.54000	99.52000	99.00000
20/12/2007	1806	1,000	1,000	16,250	99.54858	99.54858	99.54858	90.00000
27/12/2007	1799	1,000	1,000	16,950	99.53482	99.53500	99.53144	98.96205



Table A 37
Representative Interest Rates
Yields on Public Securities
Annual percentage rates ^{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)
1996	31.39	32.91	33.67	34.38						
1997	19.80	21.26	21.88	22.45						
1998	24.76	26.18	21.55	22.38						
1999	21.41	22.38	23.31	24.13						
2000	15.24	16.15	16.56	16.94	15.81	15.37				
2001	11.31	12.24	13.10	13.79	13.14	12.98		10.76		
2002	7.09	7.46	8.08	8.54	9.51	9.84	10.19	10.13		
2003	6.23	6.51	6.92	7.37	8.83	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
2005										
Jan	8.60	8.74	8.62	8.61	8.80	9.17	9.22	10.02	10.10	
Feb	9.15	9.31	9.28	9.24	9.40	9.35	9.86	9.62	10.02	
Mar	9.41	9.74	9.78	9.88	9.73	9.60	9.98	10.26	10.52	
Apr	9.63	10.00	10.14	10.30	10.09	10.50	10.51	10.41	11.18	
May	9.75	9.92	10.03	10.18	9.83	10.31	10.03	9.84	10.87	
Jun	9.63	9.76	9.74	9.71	9.29	9.33	9.46	9.56	9.88	
Jul	9.61	9.74	9.68	9.59	9.10	9.28	9.10	9.37	9.82	
Aug	9.60	9.69	9.61	9.63	9.36	9.19	9.45	9.40	9.70	
Sep	9.21	9.14	8.91	8.94	8.78	8.32	8.70	8.50	9.02	
Oct	8.91	8.95	8.87	8.81	8.54	8.40	8.65	8.85	9.08	
Nov	8.71	8.76	8.74	8.55	8.41	8.36	8.85	8.73	8.94	
Dec	8.22	8.20	8.17	7.92	8.01	7.88	8.28	8.45	8.55	
2006										
Jan	7.88	7.80	7.70	7.70	7.45	7.86	7.85	8.25	8.44	
Feb	7.61	7.57	7.56	7.52	7.62	7.81	7.90	8.21	8.37	
Mar	7.37	7.38	7.49	7.57	7.64	7.87	8.20	8.25	8.43	
Apr	7.17	7.28	7.46	7.71	8.23	8.00	8.65	8.57	9.19	
May	7.02	7.12	7.29	7.44	7.84	8.07	8.45	8.81	8.68	
Jun	7.02	7.33	7.56	7.56	8.50	8.47	9.35	9.73	9.49	
Jul	7.03	7.18	7.35	7.51	7.94	7.91	8.35	8.69	8.84	
Aug	7.03	7.17	7.31	7.48	7.64	7.87	7.93	8.08	8.65	
Sep	7.06	7.18	7.35	7.53	7.48	7.79	8.01	8.23	8.47	
Oct	7.05	7.21	7.42	7.50	7.62	7.88	8.24	8.40		8.08
Nov	7.04	7.16	7.26	7.28	7.39	7.50	7.88	7.88	7.95	
Dec	7.04	7.16	7.20	7.27	7.18	7.28	7.41	7.56	7.57	
2007										
Jan	7.04	7.19	7.31	7.46	7.70	7.52		7.43	7.93	
Feb	7.04	7.19	7.34	7.38	7.47	7.70		7.96		7.71
Mar	7.04	7.21	7.38	7.52	7.52	7.69		7.82	7.99	
Apr	7.01	7.15	7.27	7.38	7.44	7.45		7.62	7.57	
May	7.24	7.41	7.53	7.60	7.56	7.64		7.70		7.73
Jun	7.20	7.38	7.45	7.58	7.59	7.73		7.56	7.56	
Jul	7.19	7.34	7.45	7.51	7.54	7.65		7.62	7.68	
Aug	7.20	7.38	7.51	7.63	7.59	7.81		7.90	7.89	7.71
Sep	7.21	7.36	7.53	7.70	7.55	7.77		7.88		7.85
Oct	7.20	7.43	7.56	7.65	7.64	7.76			7.86	7.90
Nov	7.44	7.60	7.70	7.88	7.75	7.86		7.93	8.13	
Dec	7.44	7.60	7.71	7.85	7.81	7.84		8.09		8.09

1/ Simple average.

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

Continues



Continues

Representative Interest Rates
Yields on Public Securities
Annual percentage rates ^{1/}

	Bondes ^{2/}		Udibonos ^{3/}			BPAs ^{4/ 5/}	BPATs ^{4/ 6/}	BPA 182 ^{4/ 2/}
	5 years (1820 days)	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)
1996		7.77						
1997		6.34						
1998		6.96						
1999			6.93					
2000	0.94		6.74			1.11		
2001	0.67		6.63			0.82		
2002	0.40		5.52			0.73	0.84	
2003	0.42		4.59			0.60	0.69	
2004	0.25		4.79			0.38	0.40	0.38
2005	0.16		4.92			0.23	0.21	0.20
2006			4.17	4.34	4.41	0.20	0.20	0.20
2007		3.40	3.63	3.58	3.61	0.14	0.11	0.13
2005								
Jan	0.16		5.16			0.27	0.26	0.26
Feb	0.16		5.07			0.22	0.23	0.24
Mar	0.16		5.08			0.23	0.22	0.24
Apr	0.16		5.99			0.22	0.22	0.23
May	0.15		5.67			0.24	0.22	0.23
Jun	0.14		5.03			0.22	0.20	0.20
Jul	0.15		4.90			0.21	0.17	0.17
Aug	0.14		4.75			0.23	0.18	0.18
Sep	0.15		4.18			0.23	0.17	0.09
Oct	0.16		4.40			0.24	0.20	0.22
Nov	0.16		4.51			0.22	0.21	0.20
Dec	0.17		4.30			0.20	0.21	0.18
2006								
Jan			4.09	4.25	4.40	0.22	0.22	0.22
Feb			4.09	4.19	4.24	0.19	0.22	0.22
Mar			4.06	4.20	4.28	0.18	0.22	0.24
Apr			4.25	4.65	4.68	0.19	0.21	0.23
May			4.40	4.72	4.74	0.20	0.20	0.22
Jun			5.00	5.13	5.19	0.25	0.20	0.23
Jul			4.47	4.69	4.85	0.22	0.19	0.22
Aug			4.04	4.33	4.39	0.20	0.19	0.19
Sep			4.00	4.08	4.10	0.19	0.19	0.18
Oct			4.04	4.15	4.23	0.18	0.18	0.18
Nov			3.95	3.99	4.04	0.17	0.17	0.16
Dec			3.66	3.75	3.80	0.18	0.16	0.16
2007								
Jan			3.54	3.58	3.67	0.18	0.16	0.16
Feb			3.80	3.81	3.90	0.17	0.14	0.16
Mar			3.71	3.70	3.69	0.16	0.11	0.14
Apr			3.52	3.42	3.42	0.13	0.10	0.13
May			3.57	3.48	3.45	0.13	0.10	0.14
Jun			3.58	3.43	3.42	0.14	0.10	0.13
Jul			3.43	3.48	3.47	0.17	0.10	0.12
Aug			3.65	3.50	3.50	0.17	0.11	0.12
Sep			3.63	3.57	3.63	0.13	0.11	0.12
Oct			3.73	3.60	3.72	0.11	0.11	0.12
Nov		3.40	3.71	3.70	3.72	0.11	0.10	0.12
Dec		3.40	3.70	3.65	3.68	0.13	0.10	0.12

1/ Simple average.

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

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

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

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

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



Table A 38
Representative Interest Rates
 Cost of Bank Deposits, Interbank Interest Rates, Overnight Interest Rate, and Commercial Paper
 Annual percentage rates ^{1/}

	Cost of Bank Deposits					Interbank Interest Rates			Overnight Interest Rate Weighted Average		Short-term Private Securities ^{2/}
	CCP	CCP-USD	CCP-Udis	CPP	CCP Development banks	28-day TIIE	91-day TIIE	91-day Mexibor ^{3/}	Bank	Government	
1996	30.92	7.19	7.92	30.71		33.61			32.15	30.53	36.39
1997	20.04	6.63	6.59	19.12		21.91	22.29		20.98	19.88	22.14
1998	22.39	6.41	5.77	21.09		26.89	27.14		24.93	23.70	26.36
1999	20.89	6.32	4.07	19.73		24.10	24.63		22.45	20.80	23.74
2000	14.59	6.77	4.06	13.69	17.69	16.96	17.23		16.16	15.34	16.93
2001	10.95	5.33	5.26	10.12	12.75	12.89	13.43	10.42	11.95	11.13	12.80
2002	6.17	3.30	5.82	5.36	7.72	8.17	8.45	8.09	7.15	7.00	8.21
2003	5.15	2.95	5.75	4.45	6.61	6.83	7.15	6.81	6.15	5.96	7.02
2004	5.41	2.91	4.88	4.62	6.95	7.15	7.44	7.26	6.75	6.57	7.44
2005	7.64	3.61	5.50	6.47	9.46	9.61	9.63	9.50	9.30	9.00	9.70
2006	6.06	4.05	5.45	5.14	7.55	7.51	7.69	7.38	7.23	7.07	7.51
2007	5.99	4.44	4.93	5.00	7.47	7.66	7.78	7.24	7.23	7.12	7.56
2005											
Jan	6.99	3.11	5.46	5.85	8.91	8.97	9.03	8.95	8.73	8.55	9.01
Feb	7.19	3.26	5.61	6.08	9.17	9.47	9.59	9.40	9.12	8.88	9.77
Mar	7.52	3.27	5.63	6.39	9.41	9.78	9.98	9.84	9.28	9.05	10.12
Apr	7.78	3.40	5.67	6.61	9.67	10.01	10.22	10.11	9.52	9.30	10.18
May	8.02	3.49	5.69	6.78	9.81	10.12	10.21	10.11	9.75	9.40	10.43
Jun	7.99	3.58	5.78	6.71	9.83	10.01	10.01	9.94	9.75	9.34	10.08
Jul	7.96	3.61	5.56	6.72	9.86	10.01	10.03	9.87	9.75	9.33	10.01
Aug	8.03	3.77	5.33	6.84	9.85	9.98	10.03	9.84	9.71	9.29	10.05
Sep	7.88	3.87	5.32	6.71	9.63	9.65	9.45	9.40	9.43	9.09	9.59
Oct	7.73	3.92	5.32	6.62	9.40	9.41	9.25	9.14	9.23	8.97	9.32
Nov	7.45	4.03	5.32	6.38	9.16	9.17	9.14	8.88	8.96	8.67	9.19
Dec	7.15	4.04	5.36	5.89	8.78	8.72	8.64	8.54	8.40	8.15	8.59
2006											
Jan	6.89	4.03	5.40	5.73	8.57	8.41	8.16	8.26	8.20	8.06	8.23
Feb	6.56	3.95	5.43	5.57	8.07	7.97	7.93	7.87	7.73	7.56	7.94
Mar	6.41	3.65	5.43	5.50	7.78	7.68	7.78	7.55	7.45	7.15	7.68
Apr	6.21	3.73	5.46	5.22	7.67	7.51	7.72	7.33	7.18	6.91	7.60
May	6.05	3.81	5.48	5.09	7.31	7.32	7.59	7.17	7.02	6.73	7.32
Jun	5.93	4.01	5.73	5.08	7.30	7.33	7.68	7.17	7.02	6.78	7.34
Jul	5.81	4.11	6.59	4.95	7.31	7.31	7.57	7.15	7.01	6.85	7.28
Aug	5.81	4.16	5.21	4.97	7.32	7.30	7.48	7.15	7.01	6.88	7.35
Sep	5.71	4.19	5.15	4.89	7.32	7.31	7.50	7.17	7.03	6.96	7.31
Oct	5.77	4.29	5.15	4.92	7.30	7.31	7.65	7.27	7.01	6.95	7.36
Nov	5.76	4.38	5.12	4.94	7.30	7.30	7.62	7.20	7.02	6.98	7.34
Dec	5.78	4.28	5.25	4.82	7.32	7.34	7.60	7.21	7.05	7.04	7.40
2007											
Jan	5.81	4.26	5.34	4.83	7.32	7.41	7.67	7.23	7.02	6.98	7.44
Feb	5.82	4.43	5.24	4.82	7.33	7.46	7.67	7.24	7.02	6.96	7.44
Mar	5.85	4.42	5.25	4.92	7.31	7.46	7.68	7.27	7.02	6.92	7.41
Apr	5.84	4.41	5.10	4.86	7.32	7.47	7.61	7.22	7.04	6.92	7.32
May	5.97	4.45	5.11	4.92	7.48	7.70	7.83		7.28	7.16	7.59
Jun	5.98	4.51	4.80	5.01	7.51	7.70	7.82		7.27	7.14	7.52
Jul	5.97	4.46	4.77	5.03	7.52	7.70	7.78		7.27	7.15	7.57
Aug	6.02	4.54	4.75	5.05	7.52	7.71	7.79		7.26	7.15	7.49
Sep	6.04	4.57	4.75	5.08	7.50	7.70	7.77		7.24	7.08	7.60
Oct	6.09	4.44	4.71	5.14	7.53	7.73	7.78		7.29	7.14	7.67
Nov	6.22	4.40	4.66	5.26	7.65	7.93	8.01		7.50	7.40	7.82
Dec	6.24	4.34	4.64	5.13	7.67	7.93	8.00		7.52	7.45	7.86

1/ Simple average.

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

3/ The Mexibor rate stopped being calculated since March 13, 2007 according to Nacional Financiera, S.N.C. release in Mexico's Official Gazette (*Diario Oficial de la Federación*) of that date.



Table A 39
Representative Exchange Rates
Pesos per US dollar

	Exchange Rate for Settling Liabilities Payable in Foreign Currency in Mexico ^{1/}		48-Hour Interbank Exchange Rate Closing References ^{2/}			
	End of period	Period average	Buy		Sell	
			End of period	Period average	End of period	Period average
2002	10.3125	9.6560	10.3800	9.6658	10.3950	9.6704
2003	11.2360	10.7890	11.2285	10.7972	11.2320	10.8023
2004	11.2648	11.2860	11.1500	11.2859	11.1510	11.2893
2005	10.7777	10.8979	10.6255	10.8923	10.6271	10.8945
2006	10.8810	10.8992	10.7975	10.9025	10.8090	10.9049
2007	10.8662	10.9282	10.9180	10.9280	10.9195	10.9297
2004						
Jan	10.9145	10.9308	11.0380	10.9235	11.0440	10.9275
Feb	11.0932	11.0128	11.0615	11.0253	11.0650	11.0294
Mar	11.1540	10.9984	11.1220	11.0110	11.1240	11.0153
Apr	11.3387	11.2535	11.4120	11.2770	11.4140	11.2801
May	11.4515	11.5119	11.4390	11.5142	11.4440	11.5186
Jun	11.4116	11.3790	11.5085	11.3926	11.5130	11.3958
Jul	11.4801	11.4735	11.4150	11.4596	11.4160	11.4634
Aug	11.3739	11.3957	11.3750	11.3895	11.3800	11.3923
Sep	11.4106	11.4858	11.3735	11.4834	11.3775	11.4865
Oct	11.5118	11.3864	11.5310	11.3913	11.5340	11.3948
Nov	11.2470	11.3938	11.2375	11.3652	11.2395	11.3677
Dec	11.2648	11.2100	11.1500	11.1977	11.1510	11.2007
2005						
Jan	11.2991	11.2556	11.1770	11.2588	11.1800	11.2617
Feb	11.0955	11.1502	11.1000	11.1339	11.1025	11.1360
Mar	11.2942	11.1326	11.1650	11.1437	11.1670	11.1464
Apr	11.1033	11.1262	11.0485	11.1121	11.0505	11.1143
May	10.9030	10.9920	10.8660	10.9660	10.8700	10.9683
Jun	10.8428	10.8340	10.7760	10.8179	10.7775	10.8200
Jul	10.6430	10.6931	10.6020	10.6755	10.6040	10.6776
Aug	10.8936	10.6703	10.7510	10.6895	10.7520	10.6916
Sep	10.8495	10.7791	10.7610	10.7791	10.7635	10.7813
Oct	10.9092	10.8312	10.7900	10.8391	10.7910	10.8410
Nov	10.5670	10.6903	10.5565	10.6642	10.5585	10.6660
Dec	10.7777	10.6201	10.6255	10.6277	10.6271	10.6303
2006						
Jan	10.4598	10.5679	10.4525	10.5502	10.4540	10.5524
Feb	10.4761	10.4813	10.4620	10.4906	10.4635	10.4924
Mar	10.9510	10.7061	10.8985	10.7545	10.9010	10.7562
Apr	11.1578	11.0206	11.0605	11.0489	11.0615	11.0513
May	11.1303	11.0758	11.3340	11.0978	11.3370	11.1005
Jun	11.3973	11.3864	11.3010	11.3961	11.3070	11.3993
Jul	10.8968	11.0268	10.9470	10.9774	10.9485	10.9800
Aug	10.9047	10.8739	10.9175	10.8752	10.9190	10.8774
Sep	11.0152	10.9722	10.9900	10.9791	10.9925	10.9818
Oct	10.7093	10.9201	10.7730	10.8955	10.7735	10.8974
Nov	11.0454	10.8948	10.9800	10.9191	10.9825	10.9215
Dec	10.8810	10.8650	10.7975	10.8453	10.8090	10.8481
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

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 determination date. It is used to settle liabilities denominated in foreign currency payable in Mexico on the next day.

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

Table A 40
Dollar Auction ^{1/}
Millions

	Daily amount to be auctioned (US dollars)	Amount Auctioned During Month ^{2/}		Alloted weighted exchange rate ^{3/}
		US dollars	Pesos	
2005				
May	15	330	3,621	10.9716
Jun	15	330	3,571	10.8204
Jul	15	315	3,364	10.6805
Aug	12	276	2,949	10.6850
Sep	12	252	2,715	10.7757
Oct	12	252	2,729	10.8309
Nov	18	396	4,224	10.6674
Dec	18	378	4,017	10.6279
2006				
Jan	18	396	4,176	10.5461
Feb	25	475	4,979	10.4827
Mar	25	550	5,907	10.7408
Apr	25	450	4,967	11.0386
May	25	550	6,097	11.0846
Jun	25	550	6,262	11.3863
Jul	25	525	5,764	10.9796
Aug	45	1,035	11,250	10.8694
Sep	45	945	10,379	10.9834
Oct	45	990	10,789	10.8980
Nov	42	840	9,169	10.9154
Dec	42	756	8,202	10.8493
2007				
Jan	42	924	10,119	10.9509
Feb	26	494	5,435	11.0020
Mar	26	546	6,067	11.1116
Apr	26	494	5,425	10.9813
May	21	462	4,996	10.8145
Jun	21	441	4,778	10.8341
Jul	21	462	4,993	10.8074
Aug				
Sep				
Oct				
Nov	9	180	1,960	10.8864
Dec	9	171	1,855	10.8477

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

2/ Figures according to the day of auction.

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



Table A 41
Mexican Stock Exchange Market Capitalization
 Million pesos, according to last listed prices

	Overall Total	Mining	Manufacturing	Construction	Retail and Commerce	Transport and Communications	Services	Other ^{1/}
2001	1,157,600	9,565	211,339	103,222	181,424	427,960	154,211	69,879
2002	1,079,221	15,145	214,150	106,035	170,182	370,522	128,310	74,877
2003	1,376,927	45,134	197,027	161,935	226,695	500,344	144,949	100,843
2004	1,916,618	72,479	282,035	241,646	294,503	740,438	143,762	141,755
2005	2,543,771	89,036	362,336	368,992	399,823	953,698	168,316	201,570
2006	3,771,498	142,574	572,818	497,754	650,601	1,395,233	271,454	241,064
2007	4,340,886	273,841	586,815	453,355	644,805	1,772,050	390,211	219,810
2004								
Jan	1,464,863	47,530	210,152	182,541	238,106	526,563	147,305	112,666
Feb	1,546,356	55,807	221,551	187,051	250,669	558,454	156,058	116,767
Mar	1,624,696	59,379	230,415	193,313	257,784	597,199	166,695	119,910
Apr	1,570,017	49,057	224,848	193,997	253,293	568,726	168,644	111,453
May	1,555,003	46,528	219,623	177,515	255,742	572,367	169,079	114,150
Jun	1,610,722	47,427	226,228	196,719	257,223	590,788	174,698	117,639
Jul	1,591,127	49,662	225,212	192,919	257,142	571,803	178,125	116,266
Aug	1,577,087	53,715	228,181	191,911	266,144	571,103	145,263	120,771
Sep	1,687,781	60,813	239,563	198,652	282,469	611,759	170,643	123,883
Oct	1,753,973	62,177	246,235	204,458	284,146	662,856	167,864	126,238
Nov	1,810,375	70,235	259,239	218,869	293,976	685,923	149,708	132,425
Dec	1,916,618	72,479	282,035	241,646	294,503	740,438	143,762	141,755
2005								
Jan	1,950,473	72,109	282,547	257,633	293,385	740,644	163,061	141,093
Feb	2,034,984	79,710	297,828	267,463	307,262	781,681	158,053	142,988
Mar	1,894,099	75,407	276,451	246,149	294,549	703,802	161,897	141,093
Apr	1,822,148	66,775	250,788	237,724	297,651	673,517	164,104	131,590
May	1,929,210	67,245	279,185	249,663	306,653	723,250	167,213	136,002
Jun	2,039,580	66,974	337,960	276,254	320,866	744,236	161,033	132,256
Jul	2,114,616	68,165	360,324	299,810	338,058	734,389	175,162	138,708
Aug	2,099,809	67,298	352,940	306,710	332,916	727,229	174,527	138,188
Sep	2,338,213	75,634	372,228	336,341	376,227	841,831	168,939	167,012
Oct	2,299,162	74,126	362,348	333,376	364,492	821,372	159,612	183,835
Nov	2,703,939	83,575	367,583	626,910	387,711	885,208	164,852	188,100
Dec	2,543,771	89,036	362,336	368,992	399,823	953,698	168,316	201,570
2006								
Jan	2,686,271	105,049	378,986	400,536	414,581	999,180	171,210	216,728
Feb	2,678,546	97,312	377,888	386,886	417,260	1,006,041	182,005	211,154
Mar	2,740,873	115,288	403,424	415,690	403,120	1,032,169	185,131	186,051
Apr	2,917,444	141,276	424,655	442,763	435,312	1,095,507	198,899	179,032
May	2,700,275	114,808	406,808	392,830	426,855	999,467	194,585	164,924
Jun	2,762,689	113,308	407,952	398,063	430,272	1,038,195	200,501	174,398
Jul	2,884,495	127,211	438,957	396,519	464,693	1,071,702	205,934	179,479
Aug	2,995,651	127,557	448,633	404,938	492,869	1,117,892	213,049	190,713
Sep	3,128,026	123,381	471,729	425,211	504,196	1,181,740	224,431	197,337
Oct	3,300,393	133,397	496,222	437,352	524,733	1,256,832	242,338	209,517
Nov	3,566,711	142,695	541,933	468,820	567,588	1,355,421	269,721	220,534
Dec	3,771,498	142,574	572,818	497,754	650,601	1,395,233	271,454	241,064
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

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

^{1/} Mainly holding companies.

Table A 42
Mexican Stock Exchange Main Benchmark Stock Index Index (*Indice de Precios y Cotizaciones de la Bolsa Mexicana de Valores, IPC*)

End of period
 October 1978=100

	Overall Total	Mining	Manufacturing	Construction	Retail and Commerce	Transport and Communications	Services	Other ^{1/}
2001	6,372	2,455	2,303	9,919	12,322	27,237	872	2,081
2002	6,127	3,919	2,489	10,265	11,286	24,652	836	2,186
2003	8,795	10,390	2,948	14,635	15,325	36,721	1,103	3,198
2004	12,918	16,686	4,159	21,353	20,040	56,329	1,858	4,399
2005	17,803	20,214	4,611	30,743	27,731	80,359	2,144	5,406
2006	26,448	32,778	7,167	40,316	44,267	121,352	3,331	6,833
2007	29,537	62,127	7,604	34,786	44,610	155,119	4,128	7,094
2004								
Jan	9,429	10,942	3,136	16,329	16,093	38,869	1,183	3,512
Feb	9,992	12,847	3,320	16,723	16,739	41,618	1,251	3,648
Mar	10,518	13,670	3,467	17,361	17,238	44,612	1,367	3,653
Apr	9,948	11,294	3,353	17,211	16,850	42,187	1,389	3,416
May	10,036	10,711	3,275	17,306	17,091	42,820	1,400	3,506
Jun	10,282	10,918	3,389	17,596	17,218	43,814	1,464	3,621
Jul	10,116	11,433	3,352	17,124	17,303	42,589	1,496	3,584
Aug	10,264	12,366	3,350	17,172	17,950	42,539	1,509	3,729
Sep	10,957	14,000	3,491	17,445	19,128	45,772	1,684	3,828
Oct	11,564	14,314	3,608	18,094	19,239	50,458	1,681	3,910
Nov	12,103	16,169	3,803	19,412	19,972	51,645	1,821	4,114
Dec	12,918	16,686	4,159	21,353	20,040	56,329	1,858	4,399
2005								
Jan	13,097	16,601	4,206	22,421	20,016	56,397	1,948	4,376
Feb	13,789	18,350	4,386	23,280	21,172	59,628	2,019	4,435
Mar	12,677	16,993	4,029	21,432	20,280	53,737	1,895	4,201
Apr	12,323	15,046	3,869	20,672	20,524	51,691	1,927	4,074
May	12,964	15,143	3,941	21,720	20,640	56,187	1,956	4,201
Jun	13,486	15,091	4,108	23,492	21,698	58,201	1,918	4,266
Jul	14,410	15,356	4,364	25,483	23,031	61,867	2,118	4,488
Aug	14,243	15,173	4,241	25,847	22,677	61,355	2,107	4,504
Sep	16,120	17,092	4,456	28,293	25,868	71,243	2,262	4,797
Oct	15,760	16,749	4,306	27,929	25,006	70,014	2,131	4,770
Nov	16,831	18,947	4,417	29,491	26,872	75,270	2,109	4,910
Dec	17,803	20,214	4,611	30,743	27,731	80,359	2,144	5,406
2006								
Jan	18,907	23,891	4,825	33,287	28,652	85,158	2,194	5,643
Feb	18,706	22,144	4,793	32,097	28,746	85,779	2,142	5,455
Mar	19,273	26,324	5,004	34,509	27,873	88,247	2,155	5,316
Apr	20,646	32,368	5,237	36,707	30,480	93,761	2,396	5,136
May	18,678	26,333	4,940	32,522	29,033	85,342	2,299	4,689
Jun	19,147	26,041	4,927	32,418	29,623	88,868	2,389	5,018
Jul	20,096	29,274	5,285	32,230	31,991	92,889	2,575	5,158
Aug	21,049	29,349	5,470	32,847	34,421	97,366	2,677	5,494
Sep	21,937	28,386	5,802	34,455	34,947	103,268	2,843	5,695
Oct	23,047	30,663	6,112	35,429	35,794	109,750	3,105	6,018
Nov	24,962	32,812	6,679	38,002	38,915	118,087	3,327	6,299
Dec	26,448	32,778	7,167	40,316	44,267	121,352	3,331	6,833
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

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

^{1/} Mainly holding companies



Public Finances

Table A 43
Public Finance Indicators (1997-2007)
 Percentage of GDP

I T E M	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Budgetary revenues	23.0	20.3	20.8	21.6	21.9	22.1	23.2	23.0	23.3	24.7	25.5
Budgetary expenditures	23.6	21.6	21.9	22.7	22.6	23.3	23.9	23.2	23.4	24.6	25.4
Budgetary balance	-0.6	-1.2	-1.1	-1.1	-0.7	-1.2	-0.7	-0.3	-0.1	0.1	0.0
Non-budgetary balance ^{1/}	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Economic balance on a cash basis	-0.7	-1.2	-1.1	-1.1	-0.7	-1.2	-0.6	-0.2	-0.1	0.1	0.0
Primary balance on a cash basis ^{2/}	3.5	1.7	2.5	2.6	2.6	1.7	2.1	2.5	2.4	2.8	2.5
Accrued operational balance ^{3/}	0.2	-0.5	-1.2	-1.1	-1.6	-1.0	-0.9	0.2	0.1	0.1	0.4
Public sector total net debt ^{4/}	20.8	21.4	20.7	18.9	19.4	20.7	20.8	20.8	18.8	18.1	18.1
Budgetary sector financial cost ^{5/}	4.1	2.9	3.6	3.7	3.2	2.8	2.8	2.7	2.5	2.7	2.4

Source: Ministry of Finance (SHCP).

1/ Includes statistical difference with sources of financing.

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

3/ Defined as public sector accrued economic balance less the inflationary component of the finance cost. Measurements by Banco de México.

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

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

Note: Figures may not add up due to rounding.

Table A 44
Public Sector Revenues, Expenditures and Balances (2006-2007)

I T E M	2006		2007		2007		Real % Growth 2007-2006
	Observed		Programmed		Observed		
	Thousand million pesos	GDP Percentage	Thousand million pesos	GDP Percentage	Thousand million pesos	GDP Percentage	
Budgetary Revenues	2,263.6	24.7	2,238.4	22.9	2,485.6	25.5	5.6
Federal government	1,558.8	17.0	1,511.8	15.5	1,711.5	17.5	5.6
Tax revenues	890.1	9.7	1,005.3	10.3	1,001.0	10.3	8.2
Income tax (ISR)	448.1	4.9	452.1	4.6	526.7	5.4	13.1
Value added tax (IVA)	380.6	4.2	428.7	4.4	409.1	4.2	3.4
Excise tax on products and services (IEPS)	-5.2	-0.1	60.0	0.6	-6.7	-0.1	23.5
Tax on crude-oil returns	31.7	0.3	27.6	0.3	32.3	0.3	-2.0
Import taxes	1.6	0.0	2.4	0.0	3.7	0.0	123.4
Other	33.3	0.4	34.5	0.4	35.9	0.4	3.7
Non-tax revenues	668.7	7.3	506.5	5.2	710.5	7.3	2.2
Public entities and enterprises ^{1/}	704.8	7.7	726.6	7.4	774.1	7.9	5.6
PEMEX	317.7	3.5	338.3	3.5	374.5	3.8	13.4
Other	387.1	4.2	388.3	4.0	399.6	4.1	-0.7
Net Paid Budgetary Expenditures	2,255.2	24.6	2,238.4	22.9	2,483.0	25.4	5.9
Programmable	1,656.9	18.1	1,639.0	16.8	1,895.1	19.4	10.0
Deferred payments	d.n.a.	d.n.a.	-22.0	-0.2	d.n.a.	d.n.a.	d.n.a.
Programmable accrued expenditures	1,656.9	18.1	1,661.0	17.0	1,895.1	19.4	10.0
Current expenditures	1,321.4	14.4	1,375.0	14.1	1,474.7	15.1	7.3
Wages and salaries	610.7	6.7	652.1	6.7	653.9	6.7	3.0
Other current expenditures	710.7	7.8	722.9	7.4	820.8	8.4	11.1
Capital expenditures	335.5	3.7	286.1	2.9	420.4	4.3	20.5
Fixed investment	273.3	3.0	249.8	2.6	343.8	3.5	21.0
Financial investment	62.2	0.7	36.3	0.4	76.5	0.8	18.4
Non-programmable	598.3	6.5	599.4	6.1	587.9	6.0	-5.5
Financial cost	250.1	2.7	263.1	2.7	239.0	2.4	-8.1
Federal government	153.8	1.7	185.2	1.9	160.7	1.6	0.5
Public entities and enterprises	57.6	0.6	50.8	0.5	50.3	0.5	-16.1
Debtor and saving support program	38.6	0.4	27.2	0.3	28.0	0.3	-30.2
Revenue sharing	329.3	3.6	324.3	3.3	332.6	3.4	-2.9
Adefas and other	18.9	0.2	12.0	0.1	16.3	0.2	-16.7
Budgetary Balance	8.4	0.1	0.0	0.0	2.7	0.0	-69.4
Non-budgetary Balance	1.6	0.0	0.0	0.0	-1.6	0.0	d.n.a.
Direct balance	1.8	0.0	0.0	0.0	3.3	0.0	75.8
Difference with sources of financing methodology ^{2/}	-0.3	0.0	0.0	0.0	-4.9	-0.1	d.n.a.
Economic Balance on a Cash Basis	9.9	0.1	0.0	0.0	1.0	0.0	-89.9
Primary Balance on a Cash Basis ^{3/}	260.3	2.8	263.9	2.7	245.0	2.5	-9.5

Source: Ministry of Finance (SHCP).

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

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

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

d.n.a. Does not apply.

Note: Figures may not add up due to rounding.

Table A 45
Public Sector Revenues, Expenditures and Balances (1997-2007)
 Percentage of GDP

I T E M	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Budgetary Revenues	23.0	20.3	20.8	21.6	21.9	22.1	23.2	23.0	23.3	24.7	25.5
Federal government	15.8	14.2	14.7	15.8	16.2	15.8	16.4	16.5	16.9	17.0	17.5
Tax revenues	9.8	10.5	11.3	10.6	11.3	11.6	11.1	10.0	9.7	9.7	10.3
Non-tax revenues	6.0	3.7	3.3	5.2	4.9	4.2	5.3	6.5	7.2	7.3	7.3
Public enterprises and institutions ^{1/}	7.2	6.2	6.1	5.8	5.7	6.3	6.8	6.5	6.4	7.7	7.9
PEMEX	2.7	2.1	2.2	2.0	1.8	2.4	2.5	2.5	2.2	3.5	3.8
Other	4.5	4.0	3.9	3.8	3.9	4.0	4.2	4.0	4.2	4.2	4.1
Net Paid Budgetary Expenditure	23.6	21.6	21.9	22.7	22.6	23.3	23.9	23.2	23.4	24.6	25.4
Programmable expenditures	16.2	15.5	15.3	15.7	15.9	16.9	17.6	17.1	17.4	18.1	19.4
Current expenditures	12.8	12.4	12.5	13.0	13.3	13.8	14.6	13.5	14.0	14.4	15.1
Capital expenditures	3.5	3.1	2.8	2.7	2.6	3.2	3.0	3.5	3.4	3.7	4.3
Non-programmable expenditures	7.4	6.1	6.6	7.0	6.6	6.4	6.3	6.2	6.0	6.5	6.0
Financial cost	4.1	2.9	3.6	3.7	3.2	2.8	2.8	2.7	2.5	2.7	2.4
Revenue sharing	3.0	3.0	3.1	3.2	3.4	3.4	3.3	3.1	3.3	3.6	3.4
Adefas and other ^{2/}	0.3	0.3	0.0	0.1	0.0	0.1	0.2	0.4	0.1	0.2	0.2
Budgetary Balance	-0.6	-1.2	-1.1	-1.1	-0.7	-1.2	-0.7	-0.3	-0.1	0.1	0.0
Non-budgetary Balance	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Economic Balance on a Cash Basis	-0.7	-1.2	-1.1	-1.1	-0.7	-1.2	-0.6	-0.2	-0.1	0.1	0.0
Primary Balance on a Cash Basis ^{3/}	3.5	1.7	2.5	2.6	2.6	1.7	2.1	2.5	2.4	2.8	2.5

Source: Ministry of Finance (SHCP).

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

2/ Includes other net flows from the federal government.

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

Note: Figures may not add up due to rounding.

Table A 46
Public Sector Budgetary Revenues (1997-2007)
 Percentage of GDP

ITEM	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
BUDGETARY REVENUES	23.0	20.3	20.8	21.6	21.9	22.1	23.2	23.0	23.3	24.7	25.5
CLASSIFICATION I											
FEDERAL GOVERNMENT	15.8	14.2	14.7	15.8	16.2	15.8	16.4	16.5	16.9	17.0	17.5
Tax revenues	9.8	10.5	11.3	10.6	11.3	11.6	11.1	10.0	9.7	9.7	10.3
Income tax (<i>ISR</i>)	4.2	4.4	4.7	4.7	4.9	5.1	4.9	4.5	4.6	4.9	5.4
Value added tax (<i>IVA</i>)	3.1	3.1	3.3	3.4	3.6	3.5	3.7	3.7	3.8	4.2	4.2
Excise tax on products and services (<i>IEPS</i>)	1.4	2.0	2.3	1.5	1.9	2.2	1.7	1.1	0.6	-0.1	-0.1
Tax on crude-oil returns	d.n.a.	0.0	0.0	0.0							
Other	1.1	1.0	1.0	0.9	0.9	0.9	0.8	0.7	0.7	0.7	0.7
Non-tax revenues	6.0	3.7	3.3	5.2	4.9	4.2	5.3	6.5	7.2	7.3	7.3
Duties	4.2	2.7	2.3	3.8	3.5	2.5	3.9	4.8	5.8	6.5	5.9
Proceeds	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Benefits	1.6	0.6	0.8	1.2	1.3	1.5	1.3	1.6	1.3	0.7	1.3
PUBLIC ENTERPRISES AND INSTITUTIONS	7.2	6.2	6.1	5.8	5.7	6.3	6.8	6.5	6.4	7.7	7.9
PEMEX	2.7	2.1	2.2	2.0	1.8	2.4	2.5	2.5	2.2	3.5	3.8
Other ^{1/}	4.5	4.0	3.9	3.8	3.9	4.0	4.2	4.0	4.2	4.2	4.1
CLASSIFICATION II											
OIL REVENUES	7.8	6.1	6.2	7.2	6.7	6.5	7.7	8.3	8.7	9.4	9.0
PEMEX	2.7	2.1	2.2	2.0	1.8	2.4	2.5	2.5	2.2	3.5	3.8
Exports	2.2	1.2	1.4	1.9	1.4	1.6	2.1	2.6	2.7	3.2	2.8
Domestic sales ^{2/}	4.6	3.3	3.0	4.1	3.8	3.2	4.4	5.0	5.8	6.7	6.7
(-) Taxes ^{3/}	4.1	2.4	2.2	4.0	3.4	2.4	4.0	5.2	6.3	6.4	5.7
Federal government ^{4/}	5.2	3.9	4.0	5.2	4.9	4.1	5.2	5.8	6.5	5.9	5.2
NON-OIL REVENUES	15.2	14.3	14.6	14.5	15.2	15.6	15.5	14.7	14.6	15.3	16.4
Federal Government	10.7	10.2	10.6	10.6	11.3	11.6	11.2	10.7	10.4	11.1	12.3
Tax revenues	8.7	8.9	9.4	9.4	9.8	9.8	9.8	9.3	9.5	10.2	10.7
Income tax (<i>ISR</i>)	4.2	4.4	4.7	4.7	4.9	5.1	4.9	4.5	4.6	4.9	5.4
Value added tax (<i>IVA</i>)	3.1	3.1	3.3	3.4	3.6	3.5	3.7	3.7	3.8	4.2	4.2
Excise tax on products and services (<i>IEPS</i>)	0.3	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other	1.1	1.0	1.0	0.9	0.9	0.9	0.8	0.7	0.7	0.7	0.7
Non-tax revenues	1.9	1.3	1.2	1.2	1.5	1.8	1.4	1.4	0.9	0.9	1.6
Duties	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.3
Proceeds	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Benefits	1.4	0.6	0.7	0.8	1.1	1.4	1.0	1.1	0.6	0.6	1.3
Public entities and enterprises ^{1/}	4.5	4.0	3.9	3.8	3.9	4.0	4.2	4.0	4.2	4.2	4.1

Source: Ministry of Finance (SHCP).

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

2/ Includes other revenues.

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

4/ Includes duties and benefits from oil extraction and the excise tax (*IEPS*) on gasoline and diesel.

d.n.a. does not apply.

Note: Figures may not add up due to rounding.

Table A 47
Public Sector Budgetary Expenditures (1997-2007)
 Percentage of GDP

ITEM	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
BUDGETARY EXPENDITURES	23.6	21.6	21.9	22.7	22.6	23.3	23.9	23.2	23.4	24.6	25.4
PROGRAMMABLE	16.2	15.5	15.3	15.7	15.9	16.9	17.6	17.1	17.4	18.1	19.4
Current expenditures	12.8	12.4	12.5	13.0	13.3	13.8	14.6	13.5	14.0	14.4	15.1
Wages and salaries	6.8	6.9	7.3	7.1	7.3	7.6	7.3	6.7	6.7	6.7	6.7
Direct	3.7	3.4	3.7	3.5	3.7	3.9	3.8	3.3	3.2	3.2	3.2
Indirect ^{1/}	3.2	3.5	3.7	3.7	3.6	3.7	3.6	3.4	3.5	3.5	3.5
Acquisitions	1.6	1.6	1.2	1.5	1.5	1.3	1.7	1.6	1.7	1.7	1.7
Other ^{2/}	2.7	2.3	2.2	2.7	2.4	2.6	3.2	2.9	3.3	3.6	3.9
Subsidies and transfers ^{3/}	1.6	1.6	1.7	1.8	2.1	2.2	2.3	2.3	2.4	2.4	2.8
Capital expenditures	3.5	3.1	2.8	2.7	2.6	3.2	3.0	3.5	3.4	3.7	4.3
Fixed Investment	3.2	2.9	2.6	2.5	2.4	2.3	2.7	3.0	2.8	3.0	3.5
Direct	2.4	1.8	1.5	1.4	1.2	1.2	1.2	1.2	1.0	1.1	1.5
Indirect ^{4/}	0.8	1.2	1.0	1.1	1.3	1.2	1.5	1.7	1.8	1.9	2.0
Financial investment and other ^{5/}	0.3	0.2	0.3	0.1	0.2	0.8	0.3	0.6	0.6	0.7	0.8
NON-PROGRAMMABLE	7.4	6.1	6.6	7.0	6.6	6.4	6.3	6.2	6.0	6.5	6.0
Financial cost	4.1	2.9	3.6	3.7	3.2	2.8	2.8	2.7	2.5	2.7	2.4
Federal government	2.3	2.2	2.6	2.1	2.2	1.8	1.9	1.7	1.7	1.7	1.6
Public entities and enterprises	0.5	0.4	0.4	0.4	0.4	0.3	0.5	0.4	0.5	0.6	0.5
Debtor and saving support program	1.3	0.3	0.5	1.1	0.7	0.7	0.4	0.6	0.3	0.4	0.3
Revenue sharing	3.0	3.0	3.1	3.2	3.4	3.4	3.3	3.1	3.3	3.6	3.4
Adefas and other ^{6/}	0.3	0.3	0.0	0.1	0.0	0.1	0.2	0.4	0.1	0.2	0.2

Source: Ministry of Finance (SHCP).

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

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

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

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

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

6/ Includes other net flows from the federal government.

Note: Figures may not add up due to rounding.

Table A 48
Public Sector Total Net Debt ^{1/}
Average stocks

Years	Broad Net Economic Debt ^{2/}				Debt Consolidated with Banco de México ^{3/}			
	Domestic		External		Domestic		External	
	Thousand million pesos	Million USD	Thousand million pesos	Total percentage of GDP	Thousand million pesos	Million USD	Thousand million pesos	Total percentage of GDP
1982	1.6	60,849.0	3.5	51.5	1.6	59,623.0	3.4	50.6
1983	3.0	64,166.0	7.8	59.5	3.0	62,358.0	7.6	58.0
1984	5.0	70,833.0	12.0	56.3	5.6	65,135.0	11.1	55.0
1985	7.6	74,711.0	19.8	56.2	8.0	70,443.0	18.7	54.7
1986	14.8	76,463.0	48.3	76.5	14.4	75,447.0	47.7	75.2
1987	29.0	81,922.0	116.8	71.8	37.1	74,880.0	106.2	70.6
1988	65.4	84,097.0	191.3	61.7	73.0	76,410.0	173.9	59.3
1989	97.7	81,967.0	202.8	54.8	87.6	80,089.0	198.2	52.1
1990	125.9	74,598.0	210.5	45.5	113.3	73,235.0	206.6	43.3
1991	127.9	68,915.0	208.3	35.4	133.1	59,888.0	180.9	33.1
1992	85.4	68,072.0	211.0	26.3	100.4	55,198.0	171.1	24.1
1993	54.8	68,522.0	213.1	21.3	78.3	50,914.0	158.3	18.8
1994	43.2	73,080.0	256.5	21.1	63.8	58,469.0	207.6	19.1
1995	24.7	81,864.0	533.1	30.3	-24.2	84,101.0	547.1	28.4
1996	30.4	85,376.0	648.3	26.8	5.9	82,289.0	624.6	24.9
1997	47.2	77,569.0	614.6	20.8	112.9	62,596.0	495.7	19.1
1998	103.7	77,805.0	718.7	21.4	239.9	56,173.0	518.8	19.7
1999	199.1	78,621.0	752.2	20.7	391.6	53,461.0	511.7	19.6
2000	384.9	76,466.0	724.1	18.9	653.7	44,256.0	419.1	18.3
2001	419.6	77,138.4	707.3	19.4	795.3	34,148.4	313.1	19.1
2002	582.8	68,597.0	716.1	20.7	1,022.7	24,531.7	256.1	20.4
2003	623.1	72,041.3	809.5	20.8	1,172.7	18,729.0	210.5	20.1
2004	739.8	77,660.4	865.9	20.8	1,409.2	14,750.5	164.5	20.4
2005	785.3	73,949.5	786.4	18.8	1,550.0	5,089.3	54.1	19.2
2006	Jan-06	871.1	71,292.1	744.5	1,741.2	-5,730.1	-59.8	
	Feb-06	889.4	69,226.0	723.8	1,759.5	-7,158.0	-74.8	
	Mar-06	920.5	66,180.5	720.9	1,794.8	-8,110.5	-88.4	19.9
	Apr-06	928.8	64,751.1	718.1	1,812.1	-9,644.5	-107.0	
	May-06	930.0	63,683.7	719.4	1,825.6	-11,078.6	-125.2	
	Jun-06	930.6	63,906.9	720.4	1,841.5	-12,724.5	-143.4	19.1
	Jul-06	935.1	65,728.7	717.6	1,852.3	-13,984.7	-152.7	
	Aug-06	936.7	65,734.4	716.7	1,860.5	-14,600.0	-159.2	
	Sep-06	937.2	65,052.6	715.2	1,864.0	-15,071.5	-165.7	18.7
	Oct-06	945.8	65,302.5	702.9	1,869.9	-16,128.3	-173.6	
	Nov-06	959.2	62,814.6	690.8	1,879.2	-16,667.5	-183.3	
	Dec-06	977.0	62,619.5	677.0	1,892.2	-17,870.5	-193.2	18.6
2007 ^{p/}	Jan-07	1,160.4	52,344.0	577.8	2,047.8	-24,717.7	-272.8	
	Feb-07	1,166.4	51,413.9	574.2	2,049.8	-25,110.7	-280.4	
	Mar-07	1,182.3	50,661.3	558.9	2,060.6	-26,335.6	-290.5	19.0
	Apr-07	1,181.5	50,396.5	550.7	2,064.2	-27,346.8	-298.8	
	May-07	1,188.6	50,167.4	539.0	2,075.8	-28,731.4	-308.7	
	Jun-07	1,197.1	48,867.2	527.5	2,086.7	-29,602.1	-319.5	18.9
	Jul-07	1,204.1	47,429.2	518.3	2,094.6	-30,222.0	-330.2	
	Aug-07	1,212.5	46,195.5	509.9	2,106.8	-31,033.1	-342.5	
	Sep-07	1,218.8	45,883.4	501.6	2,118.8	-32,585.7	-356.2	18.5
	Oct-07	1,226.7	45,956.0	491.8	2,132.3	-34,574.1	-370.0	
	Nov-07	1,233.9	44,269.4	482.4	2,145.5	-35,429.0	-386.1	
	Dec-07	1,240.1	43,388.1	473.6	2,158.0	-36,827.5	-402.0	18.0

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

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

2/ The broad net economic debt includes net liabilities from the federal government and non-financial public 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.

p/ Preliminary figures.

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

Years	Broad Net Economic Debt ^{2/}				Debt Consolidated with Banco de México ^{3/}			
	Domestic		External		Domestic		External	
	Thousand million pesos	Million USD	Thousand million pesos	Total percentage of GDP	Thousand million pesos	Million USD	Thousand million pesos	Total percentage of GDP
1982	2.6	63,171.0	6.1	69.9	2.4	62,558.0	6.0	67.7
1983	4.1	67,166.0	9.6	62.0	4.3	62,733.0	9.0	60.4
1984	5.7	74,214.0	14.2	56.9	6.6	66,871.0	12.8	55.3
1985	9.7	76,283.0	28.1	65.1	10.0	72,695.0	26.8	63.5
1986	21.2	80,093.0	73.3	89.9	22.2	76,751.0	70.2	87.9
1987	41.2	85,391.0	188.7	80.0	52.3	76,254.0	168.5	76.8
1988	83.0	84,814.0	193.5	60.4	76.6	82,643.0	188.5	57.9
1989	108.8	80,562.0	212.8	53.8	97.3	79,421.0	209.7	51.4
1990	138.1	72,629.0	213.9	41.4	131.7	68,512.0	201.8	39.2
1991	117.5	69,181.0	212.5	31.6	130.7	57,494.0	176.6	29.4
1992	64.0	66,407.0	206.9	22.2	79.8	53,169.0	165.6	20.1
1993	50.9	68,515.0	212.8	19.8	87.4	47,937.0	148.9	17.7
1994	59.8	75,131.0	400.1	30.1	59.8	72,086.0	383.9	29.0
1995	11.2	87,639.0	669.8	32.0	-12.5	87,685.0	670.1	30.9
1996	70.0	79,849.0	626.9	24.1	73.6	73,628.0	578.0	22.5
1997	83.0	76,555.0	618.8	19.8	199.6	56,739.0	458.6	18.6
1998	149.9	80,465.0	793.8	22.5	307.3	56,970.0	562.0	20.7
1999	262.3	78,146.0	743.5	20.0	482.8	50,777.0	483.1	19.3
2000	474.3	73,820.5	709.4	19.7	775.0	38,700.1	371.9	19.0
2001	501.7	74,742.9	685.4	19.9	922.2	29,308.6	268.7	19.9
2002	670.0	73,422.7	766.5	21.5	1,157.0	22,128.3	231.0	20.8
2003	745.6	74,722.7	839.7	21.8	1,345.5	15,424.3	173.3	20.9
2004	774.2	76,303.5	850.7	19.5	1,486.3	11,919.3	132.9	19.5
2005	836.5	69,500.8	739.1	17.5	1,691.9	-4,832.7	-51.4	18.3
2006	January	871.1	71,292.1	744.5	1,741.2	-5,730.1	-59.8	
	February	907.7	67,246.5	703.1	1,777.7	-8,592.9	-89.8	
	March	982.6	65,649.8	715.2	1,865.5	-10,590.6	-115.4	19.8
	April	953.7	63,986.3	709.6	1,864.0	-14,678.1	-162.8	
	May	935.1	64,144.1	724.6	1,879.7	-17,519.4	-197.9	
	June	933.3	64,336.3	725.2	1,920.6	-20,835.1	-234.9	17.8
	July	962.2	64,220.1	701.2	1,917.6	-19,068.7	-208.2	
	August	948.2	65,166.8	710.6	1,918.1	-18,778.1	-204.8	
	September	940.7	63,893.3	702.4	1,891.4	-19,797.5	-217.6	18.7
	October	1,023.1	55,069.2	592.8	1,923.0	-22,747.0	-244.8	
	November	1,094.0	51,800.6	569.7	1,972.4	-25,483.9	-280.3	
	December	1,171.8	48,592.3	525.4	2,035.0	-27,951.9	-302.2	18.5
2007 ^{p/}	January	1,160.4	52,344.0	577.8	2,047.8	-24,717.7	-272.8	
	February	1,172.4	51,093.1	570.6	2,051.8	-25,791.3	-288.0	
	March	1,214.2	47,888.4	528.3	2,082.0	-28,166.5	-310.7	18.7
	April	1,179.1	48,150.3	526.2	2,075.1	-29,625.7	-323.7	
	May	1,217.0	45,811.6	492.2	2,122.2	-32,403.3	-348.2	
	June	1,239.5	43,530.7	469.9	2,141.1	-34,622.7	-373.7	18.3
	July	1,246.0	42,361.4	462.9	2,141.9	-36,097.8	-394.5	
	August	1,271.1	40,883.3	451.3	2,192.3	-38,828.8	-428.6	
	September	1,269.5	39,793.1	435.0	2,214.7	-42,592.1	-465.6	18.3
	October	1,298.2	37,765.4	404.2	2,254.3	-46,189.8	-494.3	
	November	1,305.9	35,607.1	388.0	2,276.9	-50,148.4	-546.5	
	December	1,307.5	34,536.6	377.0	2,296.3	-52,886.6	-577.3	16.6

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

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

2/ The broad net economic debt includes net liabilities from the federal government and non-financial public 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.

p/ Preliminary figures.

Table A 50
Non-financial Public Sector Net Debt ^{1/}
 Traditional methodology
 End of period

Non-financial Public Sector Net Debt				
	Domestic	External		Total Net Debt
	Thousand million pesos	Million USD	Thousand million pesos	Percentage of GDP
1982	4.9	37,825.5	3.6	81.8
1983	7.7	44,516.8	6.4	75.0
1984	10.9	46,053.7	8.8	63.7
1985	20.0	48,155.4	17.7	75.2
1986	48.5	49,801.9	45.6	114.3
1987	111.1	52,747.2	116.6	112.0
1988	156.1	54,341.4	124.0	67.8
1989	195.3	53,183.8	140.5	61.6
1990	207.7	48,905.0	144.0	47.9
1991	205.9	48,367.8	148.5	37.5
1992	170.0	45,804.5	142.7	27.8
1993	172.3	41,440.8	128.7	24.0
1994	257.9	41,033.1	218.5	33.5
1995	278.2	51,637.1	394.6	36.6
1996	319.7	53,920.5	466.7	31.1
1997	336.2	52,855.0	427.2	24.0
1998	443.8	52,424.1	517.2	25.0
1999	544.4	57,244.2	543.7	23.7
2000	686.3	51,505.6	495.0	21.5
2001	770.3	53,252.8	488.3	21.7
2002	923.1	51,487.3	537.5	23.3
2003	1,027.1	55,066.5	618.8	23.9
2004	1,001.3	58,879.5	656.5	21.5
2005	993.7	55,428.8	589.5	18.9
2006 ^{p/}				
January	1,111.0	58,930.7	615.4	
February	1,133.3	56,479.8	590.6	
March	1,100.1	56,661.9	617.2	19.5
April	1,044.2	56,365.8	625.1	
May	1,003.3	56,316.9	636.2	
June	1,049.5	57,785.8	651.4	17.9
July	1,058.2	54,758.6	597.9	
August	1,099.2	54,136.9	590.3	
September	1,031.1	53,603.7	589.3	18.1
October	1,051.1	49,098.8	528.5	
November	1,097.6	46,146.5	507.5	
December	1,216.1	42,777.4	462.5	18.3
2007 ^{p/}				
January	1,207.0	46,742.0	515.9	
February	1,207.3	45,053.9	503.2	
March	1,258.6	42,459.4	468.4	18.3
April	1,210.2	42,570.4	465.2	
May	1,197.6	40,689.3	437.2	
June	1,222.6	38,522.9	415.8	16.9
July	1,233.2	37,498.7	409.8	
August	1,267.5	35,878.9	396.0	
September	1,261.2	35,465.3	387.7	17.2
October	1,264.2	32,445.5	347.2	
November	1,240.9	30,465.3	332.0	
December	1,443.4	29,977.3	327.2	18.1

Source: Banco de México.

^{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.

^{p/} Preliminary figures.

Table A 51
Federal Government Domestic Debt Securities
 Total circulation per instrument ^{1/}
 Current stocks in million pesos at market value

Stocks at end of	Total Securities in Circulation	Cetes	Bondev	Udibonos	Fixed rate Bonds	Bondev D	Other Securities ^{2/}
1986	10,528	8,185					2,343
1987	32,679	28,006	358				4,315
1988	74,945	42,878	20,186				11,882
1989	122,127	54,353	55,677				12,097
1990	161,433	72,001	64,513				24,919
1991	171,654	72,658	57,979				41,017
1992	134,755	59,338	36,847				38,570
1993	138,318	81,431	17,036				39,852
1994	228,885	40,689	8,316				179,881
1995	136,000	48,590	44,970				42,440
1996	161,572	62,114	67,849	5,357			26,252
1997	272,210	137,813	81,768	36,678			15,951
1998	353,240	127,600	151,836	62,833			10,970
1999	546,324	129,045	337,271	80,008			1
2000	716,839	175,069	420,256	86,645	34,870		0
2001	762,838	196,674	348,988	94,847	122,330		0
2002	875,640	197,439	343,345	99,768	235,089		0
2003	1,024,457	212,913	355,994	94,651	360,899		0
2004	1,084,463	251,498	316,299	89,800	426,867		0
2005	1,259,775	300,028	294,786	101,607	563,353		0
2006 ^{p/}							
January	1,285,275	304,624	280,394	106,990	593,266		0
February	1,324,471	312,848	280,093	112,243	619,287		0
March	1,294,315	303,891	265,357	116,366	608,701		0
April	1,324,839	311,720	265,342	119,855	627,923		0
May	1,342,972	309,469	265,502	121,916	646,084		0
June	1,355,484	324,953	249,339	127,020	654,171		0
July	1,383,940	318,552	248,823	134,156	682,410		0
August	1,535,789	320,898	233,189	142,815	694,724	144,163	0
September	1,592,826	332,081	233,334	149,637	721,559	156,215	0
October	1,659,448	336,667	233,305	156,695	761,436	171,344	0
November	1,749,641	359,416	218,933	162,767	819,086	189,439	0
December	1,767,910	358,824	219,215	170,705	814,660	204,506	0
2007 ^{p/}							
January	1,791,809	368,184	203,874	173,572	824,744	221,436	0
February	1,835,452	369,334	203,563	181,731	842,110	238,714	0
March	1,864,419	370,054	187,219	195,564	851,236	260,346	0
April	1,915,510	365,947	186,792	202,958	880,480	279,333	0
May	1,998,145	367,610	187,306	211,370	929,096	302,762	0
June	1,976,000	353,997	171,556	212,668	915,966	321,813	0
July	2,025,439	353,847	171,135	220,660	942,726	337,071	0
August	1,995,415	350,301	155,510	226,567	947,690	315,347	0
September	2,063,448	357,654	155,827	233,109	990,582	326,276	0
October	2,106,536	356,408	139,954	241,607	1,037,286	331,281	0
November	2,139,520	350,700	140,163	252,010	1,051,566	345,081	0
December	2,082,398	352,644	140,668	258,124	975,812	355,150	0

Source: Banco de México.

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

2/ Includes instruments that have gradually ceased to be placed such as Public debt bonds, Petrobonos, Bank indemnity bonds, Treasury promissory notes (*Pagarés de la Tesorería de la Federación, Pagafes*), Urban reconstruction bonds, Tesobonos, and Ajustabonos.

p/ Preliminary figures.

Table A 52
Federal Government Domestic Debt Securities
 Total circulation per holding sector ^{1/}
 Current stocks in million pesos at market value

Stocks at End of	Total Securities in Circulation	Private Firms and Individuals ^{2/3/}	Non-bank Public Sector ^{3/}	Banco de México	Development Banks ^{4/}	Commercial Banks	Other Intermediaries	Repos
1986	10,528	3,724	132	6,209	132	331	0	0
1987	32,679	14,482	396	14,131	815	2,856	0	0
1988	74,945	34,837	584	24,096	851	14,562	0	15
1989	122,127	56,511	793	33,746	1,274	27,737	0	2,066
1990	161,433	82,373	1,302	37,990	609	36,517	653	1,989
1991	171,654	75,855	2,602	31,814	808	55,450	931	4,193
1992	134,755	75,593	4,680	26,251	174	21,604	1,229	5,225
1993	138,318	117,005	4,999	4,286	51	2,461	1,231	8,286
1994	228,885	141,603	6,501	2,525	2,232	6,115	0	69,910
1995	136,000	93,455	8,955	13,991	2,886	16,712	0	0
1996	161,572	130,211	14,158	11,301	1,890	4,012	0	0
1997	272,210	212,538	39,560	0	2,505	17,607	0	0
1998	353,240	320,167	24,630	0	231	8,212	0	0
1999	546,324	511,580	27,080	0	2,701	4,963	0	0
2000	716,839	658,712	34,602	0	8,942	14,584	0	0
2001	762,838	683,445	27,932	0	10,068	41,393	0	0
2002	875,640	796,272	37,736	0	5,729	35,904	0	0
2003	1,024,457	862,037	72,765	0	13,488	76,168	0	0
2004	1,084,463	820,711	79,483	0	20,345	163,923	0	0
2005	1,259,775	948,369	108,636	0	20,494	141,174	0	41,102
2006 ^{p/}								
Jan	1,285,275	983,518	132,975	0	7,357	154,926	0	6,499
Feb	1,324,471	1,017,257	117,060	0	35,512	113,213	0	41,431
Mar	1,294,315	1,033,391	102,295	0	9,743	106,459	0	42,427
Apr	1,324,839	1,065,849	90,301	0	-213	111,451	0	57,450
May	1,342,972	1,028,427	104,804	0	10,733	126,183	0	72,824
Jun	1,355,484	1,054,692	91,612	0	10,772	142,386	0	56,022
Jul	1,383,940	1,093,796	91,439	0	4,006	99,747	0	94,952
Aug	1,535,789	1,257,406	100,315	0	22,650	96,199	0	59,218
Sep	1,592,826	1,283,592	120,333	0	8,697	82,104	0	98,100
Oct	1,659,448	1,287,224	144,707	0	8,814	100,324	0	118,379
Nov	1,749,641	1,349,965	130,562	0	12,456	108,820	0	147,838
Dec	1,767,910	1,376,954	126,560	0	38,669	98,851	0	126,877
2007 ^{p/}								
Jan	1,791,809	1,376,370	176,563	0	21,453	114,093	0	103,330
Feb	1,835,452	1,431,417	184,088	0	7,885	101,274	0	110,789
Mar	1,864,419	1,479,943	182,032	0	22,937	84,603	0	94,904
Apr	1,915,510	1,469,735	183,054	0	22,129	139,043	0	101,549
May	1,998,145	1,561,707	179,894	0	16,601	105,181	0	134,763
Jun	1,976,000	1,500,859	191,135	0	26,851	114,163	0	142,992
Jul	2,025,439	1,553,254	203,785	0	19,751	112,329	0	136,320
Aug	1,995,415	1,624,037	173,499	0	12,652	51,662	0	133,566
Sep	2,063,448	1,608,189	211,395	0	14,708	110,521	0	118,634
Oct	2,106,536	1,638,369	186,288	0	11,918	118,535	0	151,426
Nov	2,139,520	1,667,567	199,835	0	22,462	75,690	0	173,967
Dec	2,082,398	1,574,074	211,260	0	36,959	119,892	0	140,214

Source: Banco de México.

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

2/ Includes securities held by Siefores since 1997.

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

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

p/ Preliminary figures.



External Sector

Table A 53
External Sector Indicators

	2001	2002	2003	2004	2005	2006	2007p/
Balance of payments							
	Billion USD						
Current account	-17.7	-14.1	-8.6	-6.6	-5.2	-2.2	-7.3
Trade balance	-9.6	-7.6	-5.8	-8.8	-7.6	-6.1	-11.1
Capital account	28.0	30.7	23.5	12.4	13.9	-2.0	19.6
Foreign direct investment	29.5	23.0	16.6	22.9	20.8	19.2	23.2
Change in international reserves	7.3	7.1	9.5	4.1	7.2	-1.0	10.3
Stock of net international reserves	40.9	48.0	57.4	61.5	68.7	67.7	78.0
	Percent of GDP						
Current account	-2.8	-2.2	-1.3	-1.0	-0.7	-0.3	-0.8
Capital account	4.5	4.7	3.7	1.8	1.8	-0.2	2.2
Foreign trade							
	Annual percentage change						
Exports	-4.4	1.4	2.3	14.1	14.0	16.7	8.8
Oil	-18.2	12.4	25.4	27.2	34.8	22.4	10.2
Non-oil	-2.9	0.4	0.0	12.4	11.0	15.7	8.5
Manufactures	-2.7	0.6	-0.7	12.2	11.0	15.7	8.4
Other	-8.2	-5.2	20.7	19.0	9.0	13.8	12.3
Imports	-3.5	0.2	1.1	15.4	12.7	15.4	10.5
Consumer goods	18.3	7.2	1.6	18.1	24.0	17.1	16.7
Intermediate goods	-5.6	0.3	1.8	15.5	10.3	15.0	8.8
Capital goods	-6.8	-6.7	-3.7	11.8	16.0	16.4	13.4
Gross external debt and interest paid							
	Percent of current account revenues						
Total external debt	84.5	82.6	80.8	71.9	64.6	54.2	56.6
Public sector ^{1/}	43.1	41.9	40.4	35.2	28.0	18.5	17.2
Private sector	41.3	40.7	40.3	36.7	36.6	35.7	39.4
Interest ^{2/}	6.8	6.4	6.0	5.0	4.8	4.7	4.6
	Percent of GDP						
Total external debt	25.3	23.9	24.7	23.7	21.6	19.2	20.4
Public sector ^{1/}	12.9	12.1	12.4	11.6	9.3	6.5	6.2
Private sector	12.4	11.8	12.3	12.1	12.2	12.6	14.2
Interest ^{2/}	2.0	1.8	1.8	1.6	1.6	1.7	1.7

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

1/ Includes Banco de México.

3/ Includes public and private sectors.

p/ Preliminary figures.

Note: Figures may not add up due to rounding.

Table A 54
Balance of Payments
Million US dollars

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 p/
Current account	-15,992.7	-13,949.3	-18,683.9	-17,696.5	-14,115.1	-8,569.4	-6,600.8	-5,214.9	-2,220.2	-7,281.1
Revenues	140,148.5	158,910.5	192,875.8	186,166.4	188,139.8	195,390.4	224,902.9	256,518.6	296,935.5	321,542.0
Merchandise exports	117,539.3	136,361.8	166,120.7	158,779.7	161,046.0	164,766.4	187,998.5	214,233.0	249,925.1	271,875.3
Non-factor services	11,522.6	11,692.0	13,712.3	12,660.3	12,691.6	12,532.9	13,955.1	16,066.3	16,221.1	17,256.5
Travel	7,493.1	7,222.9	8,294.2	8,400.6	8,858.0	9,361.7	10,795.6	11,803.4	12,176.6	12,901.0
Other	4,029.5	4,469.1	5,418.1	4,259.6	3,833.6	3,171.2	3,159.5	4,262.9	4,044.6	4,355.5
Factor services	5,047.1	4,516.8	6,019.6	5,366.5	4,098.6	3,941.8	5,708.4	5,430.0	6,577.4	7,976.9
Interest	4,034.3	3,735.7	5,024.5	4,074.7	2,835.3	2,342.8	2,211.3	3,010.6	5,096.7	6,311.8
Other	1,012.8	781.1	995.1	1,291.8	1,263.3	1,599.0	3,497.1	2,419.4	1,480.7	1,665.1
Transfers	6,039.5	6,340.0	7,023.1	9,360.0	10,303.7	14,149.2	17,240.9	20,789.4	24,211.9	24,433.3
Expenditures	156,141.1	172,859.9	211,559.6	203,862.9	202,254.9	203,959.7	231,503.7	261,733.5	299,155.7	328,823.1
Merchandise imports	125,373.1	141,974.8	174,457.8	168,396.5	168,678.9	170,545.8	196,809.6	221,819.5	256,058.4	282,975.1
Non-factor services	12,427.5	13,490.6	16,035.7	16,217.9	16,739.7	17,133.7	18,561.9	20,779.4	21,956.9	23,895.8
Insurance and freight	3,699.1	4,109.2	5,006.4	4,643.1	4,407.8	4,492.9	5,450.2	6,494.0	7,417.7	8,297.0
Travel	4,209.1	4,541.3	5,499.1	5,701.9	6,059.7	6,253.3	6,959.0	7,600.4	8,108.3	8,378.1
Other	4,519.3	4,840.2	5,530.2	5,872.9	6,272.3	6,387.5	6,152.7	6,685.0	6,430.9	7,220.7
Factor services	18,313.4	17,367.6	21,036.7	19,226.7	16,801.1	16,243.1	16,052.1	19,077.9	21,052.8	21,870.8
Interest	12,482.3	12,808.8	13,694.9	12,693.2	11,966.1	11,670.1	11,222.4	12,259.7	14,076.3	14,864.5
Other	5,831.1	4,558.8	7,341.8	6,533.4	4,835.0	4,573.0	4,829.7	6,818.3	6,976.5	7,006.3
Transfers	27.1	26.9	29.4	21.9	35.2	37.1	80.0	56.6	87.7	81.4
Capital account	19,047.2	14,470.1	19,786.5	28,040.7	30,693.0	23,499.8	12,409.7	13,871.7	-2,045.6	19,632.8
Liabilities	18,615.7	18,474.8	12,687.5	31,875.3	18,849.4	16,035.6	24,174.9	28,064.4	15,868.9	46,887.5
Indebtedness	6,570.9	1,888.5	-5,714.3	1,255.9	-4,213.3	-1,334.4	-1,372.0	543.0	-9,833.6	15,081.3
Development banks	-724.9	-1,774.5	-185.7	-1,210.2	-1,244.2	-1,640.7	-2,680.2	-3,468.5	-7,959.2	-1,039.8
Commercial banks	-927.8	-1,723.2	-2,445.6	-3,133.4	-2,960.6	-529.2	-906.1	-2,279.8	446.4	3,025.6
Banco de México	-1,071.6	-3,684.7	-4,285.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-bank public sector	2,433.0	1,707.1	-6,573.3	-83.9	-3,220.2	-2,691.3	-1,759.3	-6,624.1	-14,068.2	-5,907.5
Non-bank private sector	5,169.0	4,708.4	3,992.0	2,263.2	-2,060.6	-2,675.9	-1,975.0	4,166.4	4,721.8	5,778.0
Pidiregas	1,693.2	2,655.4	3,783.9	3,420.2	5,272.3	6,202.7	5,948.6	8,749.0	7,025.6	13,225.0
Foreign investment	12,044.8	16,586.3	18,401.8	30,619.4	23,062.7	17,370.0	25,546.9	27,521.4	25,702.5	31,806.2
Direct investment	12,656.3	13,734.1	18,000.8	29,527.6	23,016.6	16,591.1	22,875.7	20,822.7	19,225.0	23,230.2
Portfolio investment	-611.5	2,852.2	401.0	1,091.8	46.0	778.9	2,671.2	6,698.7	6,477.4	8,576.0
Equity	-665.6	3,769.2	446.8	151.0	-103.6	-123.3	-2,522.2	3,352.9	2,805.2	-482.1
Money market	54.1	-917.0	-45.8	940.8	149.6	902.2	5,193.4	3,345.7	3,672.3	9,058.1
Assets	431.5	-4,004.7	7,099.0	-3,834.6	11,843.6	7,464.2	-11,765.2	-14,192.6	-17,914.5	-27,254.7
Held by foreign banks	155.4	-3,037.0	3,549.7	-1,511.7	10,773.3	7,457.1	-5,579.3	-4,402.5	-6,148.3	-17,045.6
Mexican direct investment	0.0	0.0	0.0	-4,404.0	-890.8	-1,253.5	-4,431.9	-6,474.0	-5,758.5	-5,478.9
Credits granted abroad	329.8	425.0	412.5	0.0	190.0	46.0	0.0	0.0	0.0	0.0
External debt guarantees	-768.7	-835.8	1,289.8	3,856.6	1,133.8	90.8	1,717.9	0.0	0.0	0.0
Other	715.0	-556.9	1,847.0	-1,775.6	637.3	1,123.8	-3,471.9	-3,316.1	-6,007.7	-4,730.2
Errors and omissions	-916.1	71.4	1,721.5	-3,019.1	-9,488.2	-5,492.7	-1,750.7	-1,492.4	3,262.9	-2,065.8
Change in international reserves	2,136.9	593.6	2,821.5	7,325.0	7,104.1	9,450.9	4,061.4	7,172.6	-989.2	10,311.1
Valuation adjustments	1.5	-1.4	2.7	0.0	-14.4	-13.2	-3.2	-8.2	-13.7	-25.2

p/ Preliminary figures.

Note: Figures may not add up due to rounding.

Table A 55
Foreign Trade
Million US dollars

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007p/
Exports	117,539.3	136,361.8	166,120.7	158,779.7	161,046.0	164,766.4	187,998.6	214,233.0	249,925.1	271,875.3
Oil	7,306.9	9,970.2	16,134.8	13,199.4	14,829.8	18,602.4	23,666.6	31,890.7	39,021.9	43,018.3
Crude oil ^{1/}	6,447.7	8,829.5	14,552.9	11,927.7	13,392.2	16,676.3	21,257.8	28,329.5	34,707.1	37,937.2
Other	859.3	1,140.6	1,581.9	1,271.7	1,437.6	1,926.1	2,408.8	3,561.2	4,314.8	5,081.1
Non-oil	110,232.4	126,391.7	149,986.0	145,580.3	146,216.2	146,164.1	164,332.0	182,342.2	210,903.2	228,857.0
Agriculture	4,335.7	4,456.0	4,765.5	4,446.3	4,214.5	5,035.6	5,683.9	6,008.3	6,852.8	7,435.3
Mining	447.5	421.1	495.8	385.5	367.1	496.3	900.8	1,167.7	1,316.8	1,737.1
Manufacturing	105,449.2	121,514.5	144,724.7	140,748.5	141,634.5	140,632.1	157,747.3	175,166.2	202,733.6	219,684.7
Imports	125,373.1	141,974.8	174,457.8	168,396.4	168,678.9	170,545.8	196,809.7	221,819.5	256,058.4	282,975.1
Consumer goods	11,108.5	12,175.0	16,690.5	19,752.0	21,178.4	21,509.0	25,409.0	31,512.9	36,901.0	43,054.5
Intermediate goods	96,935.2	109,269.6	133,637.3	126,148.8	126,508.1	128,831.5	148,803.7	164,091.1	188,632.5	205,295.5
Capital goods	17,329.4	20,530.1	24,129.9	22,495.7	20,992.5	20,205.3	22,597.0	26,215.5	30,524.9	34,625.1
Trade balance	-7,833.8	-5,612.9	-8,337.1	-9,616.7	-7,632.9	-5,779.4	-8,811.1	-7,586.6	-6,133.2	-11,099.8
Oil trade balance	2,994.5	5,101.1	8,138.9	5,513.0	7,913.1	9,864.9	12,138.7	14,972.4	19,004.8	17,341.0
Non-oil trade balance	-10,828.3	-10,714.0	-16,476.0	-15,129.7	-15,546.0	-15,644.3	-20,949.8	-22,559.0	-25,138.1	-28,440.8

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

Note: Figures may not add up due to rounding.

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

p/ Preliminary figures.

Table A 56
Exports by Sector of Origin
Million US dollars

I t e m	2000	2001	2002	2003	2004	2005	2006	2007p/
T o t a l	166,120.7	158,779.7	161,045.8	164,766.4	187,998.6	214,232.8	249,925.1	271,875.3
I. Agriculture and forestry	3,717.5	3,454.7	3,309.9	3,950.7	4,522.1	4,900.9	5,561.6	6,212.9
II. Livestock and fishing	1,048.0	991.6	904.6	1,084.9	1,161.8	1,107.4	1,291.2	1,222.4
III. Extractive industries	16,630.6	13,584.9	15,196.9	19,098.7	24,567.4	33,058.4	40,338.7	44,755.4
Crude oil ^{1/}	14,552.9	11,927.7	13,392.2	16,676.3	21,257.8	28,329.5	34,707.1	37,937.2
Other	2,077.7	1,657.2	1,804.7	2,422.4	3,309.6	4,728.9	5,631.6	6,818.2
IV. Manufacturing	144,724.6	140,748.5	141,634.4	140,632.1	157,747.3	175,166.1	202,733.6	219,684.7
A. Food, beverages and tobacco	3,503.6	3,679.0	4,044.9	4,189.9	4,704.0	5,733.4	6,864.2	7,370.4
B. Textiles, apparel and leather products	12,395.8	11,058.3	10,896.0	10,307.2	10,461.3	10,391.4	9,326.8	8,213.4
C. Timber products	965.1	736.1	688.3	638.8	662.2	709.6	751.6	647.2
D. Paper, printing and publishing	1,342.6	1,279.5	1,273.8	1,279.7	1,409.4	1,714.8	1,862.8	1,920.8
E. Chemical industry	4,399.4	4,559.9	4,695.1	4,648.5	5,318.4	5,915.5	6,544.3	7,488.1
F. Plastic and rubber products	3,727.7	3,454.3	3,432.8	3,799.7	4,692.8	5,466.0	5,873.9	6,354.6
G. Non-metal mineral products	2,058.6	2,019.6	1,976.2	1,991.3	2,314.2	2,687.3	2,977.9	2,965.0
H. Iron and steel	3,121.5	2,620.8	2,923.5	3,115.2	4,528.1	5,487.1	6,263.7	7,016.4
I. Mining and metallurgy	2,058.1	1,937.8	2,068.1	2,048.3	2,605.5	3,467.1	6,009.7	7,666.3
J. Metallic products, machinery and equipment	107,884.6	106,067.0	105,536.6	104,942.7	116,918.1	128,192.4	150,633.1	163,704.4
1. For agriculture and stockbreeding	149.8	96.3	107.0	207.2	306.8	371.8	415.7	391.6
2. For other transport and communications	39,131.6	39,313.9	39,724.3	39,191.9	42,010.0	47,022.9	54,727.2	58,398.2
Automotive Industry	38,047.7	38,256.2	38,712.7	38,479.3	41,122.6	45,787.0	53,094.0	56,117.8
3. Special machinery and equipment for different industries	19,386.3	21,286.4	21,173.2	22,445.8	25,133.1	24,917.8	27,800.1	28,684.3
4. Metallic products (domestic use)	1,084.6	1,399.0	1,587.8	1,394.5	1,667.0	1,538.5	2,499.8	2,788.0
5. Professional and scientific equipment	3,692.4	4,238.9	4,607.7	5,033.6	5,670.0	7,293.3	8,163.3	8,269.3
6. Electric and electronic equipment	43,594.4	38,818.4	37,585.1	35,963.4	41,420.9	46,511.3	56,346.6	64,560.0
7. Photographic & optical equipment, and watchmaking	845.4	914.1	751.6	706.3	710.4	537.0	680.3	612.9
K. Other industries	3,267.6	3,336.2	4,099.1	3,670.8	4,133.3	5,401.5	5,625.6	6,338.1

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

Note: Figures may not add up due to rounding.

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

p/ Preliminary figures.

Table A 57
Imports by Sector of Origin
Million US dollars

I t e m	2000	2001	2002	2003	2004	2005	2006	2007p/
TOTAL	174,457.8	168,396.1	168,678.7	170,545.7	196,809.7	221,819.6	256,058.5	282,975.1
I. Agriculture and forestry	4,651.0	5,081.4	5,147.9	5,626.9	6,183.1	5,976.3	6,900.8	8,604.5
II. Livestock and fishing	237.2	247.5	252.3	202.8	236.3	310.4	367.9	462.3
III. Extractive industries	8,633.2	8,292.8	7,611.2	9,469.7	12,493.9	18,131.5	21,746.8	27,245.2
IV. Manufacturing	160,936.4	154,774.4	155,667.4	155,246.4	177,896.3	197,401.4	227,042.9	246,663.1
A. Food, beverages and tobacco	4,617.7	5,495.6	5,836.6	6,419.0	7,147.6	8,117.8	8,838.6	10,372.9
B. Textiles, apparel and leather products	10,958.9	10,435.2	10,624.4	10,311.4	10,384.2	10,715.9	10,609.4	10,144.5
C. Timber products	938.8	928.1	1,049.2	1,098.5	1,291.2	1,479.2	1,590.3	1,677.7
D. Paper, printing and publishing	4,896.8	4,595.8	4,647.3	4,712.7	5,127.8	5,522.2	6,134.9	6,485.7
E. Chemical industry	8,983.9	9,562.7	10,296.5	11,143.8	12,715.6	14,352.7	16,039.6	17,763.3
F. Plastic and rubber products	11,605.6	11,048.8	11,712.0	12,533.1	13,358.0	14,966.3	16,476.0	16,890.0
G. Non-metal mineral products	1,600.8	1,536.0	1,762.4	1,800.1	1,926.8	2,086.2	2,293.1	2,498.8
H. Iron and steel	8,239.6	7,117.0	6,977.8	7,103.9	9,246.0	10,696.1	12,718.1	13,000.8
I. Mining and metallurgy	4,963.4	4,472.1	4,061.0	4,135.7	5,148.5	5,707.2	7,851.5	8,558.6
J. Metallic products, machinery and equipment	97,504.9	96,474.2	94,995.4	92,457.8	106,920.3	118,103.0	136,937.9	149,672.0
1. For agriculture and stockbreeding	394.6	449.6	519.1	509.0	550.3	599.5	641.9	738.3
2. For other transport and communications	23,614.3	23,126.5	24,383.5	22,943.4	25,080.2	29,207.2	32,940.8	35,839.6
Automotive Industry	22,592.1	22,271.0	23,583.4	21,985.9	23,866.1	27,778.8	31,303.2	33,333.0
3. Special machinery and equipment for different industries	22,556.2	24,883.1	25,096.3	26,190.9	30,830.7	32,650.1	36,257.4	39,491.8
4. Metallic products (domestic use)	500.6	534.3	572.0	585.9	641.8	758.8	964.1	1,064.6
5. Professional and scientific equipment	3,919.6	3,828.8	4,221.3	4,570.9	5,376.6	6,456.6	9,386.0	12,209.7
6. Electric and electronic equipment	45,741.2	42,673.7	39,292.1	36,796.1	43,647.3	47,665.9	55,947.0	59,547.0
7. Photographic & optical equipment, and watchmaking	778.4	978.2	911.1	861.7	793.3	765.0	800.8	781.0
K. Other industries	6,626.0	3,108.9	3,704.8	3,530.4	4,630.3	5,654.8	7,553.5	9,598.8

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

Note: Figures may not add up due to rounding.

p/ Preliminary figures.

Table A 58
Regional Trade Balance
Million US dollars

	Exports				Imports			
	2004	2005	2006	2007 p/	2004	2005	2006	2007 p/
Total	187,999	214,233	249,925	271,875	196,810	221,820	256,058	282,975
America	176,472	199,234	231,238	247,915	127,369	137,981	153,178	164,327
North America	167,814	187,797	216,976	229,624	116,154	124,717	137,687	148,399
United States	164,522	183,563	211,799	223,133	110,827	118,547	130,311	140,436
Canada	3,292	4,234	5,176	6,491	5,327	6,169	7,376	7,963
Central America	2,086	2,864	3,416	4,304	1,300	1,514	1,472	1,655
Costa Rica	387	421	522	687	852	883	789	741
El Salvador	317	472	497	518	50	59	59	62
Guatemala	672	864	935	1,152	230	222	356	457
Panama	316	463	568	731	44	78	57	114
Other Central American countries	393	645	894	1,216	123	272	212	283
South America	4,047	5,847	7,978	10,909	9,008	10,588	12,403	12,463
Argentina	569	672	952	1,130	1,108	1,303	1,799	1,610
Brazil	863	890	1,147	2,010	4,341	5,214	5,558	5,575
Colombia	789	1,548	2,132	2,943	635	675	744	764
Chile	443	668	905	1,170	1,464	1,754	2,470	2,594
Peru	250	345	533	677	282	445	470	383
Venezuela	828	1,289	1,783	2,333	916	783	980	1,009
Other South American countries	306	435	525	647	261	413	383	528
Antilles	2,525	2,726	2,869	3,077	907	1,162	1,615	1,810
Europe	7,039	9,440	11,298	15,068	23,823	28,391	31,883	36,510
European Union	6,825	9,144	11,009	14,554	21,793	25,982	29,012	33,844
Germany	1,689	2,289	2,973	4,104	7,144	8,670	9,437	10,688
Belgium	442	534	687	840	715	839	805	761
Denmark	48	71	100	126	202	220	271	321
Spain	2,027	2,954	3,270	3,690	2,853	3,325	3,638	3,831
France	335	373	556	695	2,395	2,565	2,662	3,098
Netherlands	606	801	1,326	1,905	701	925	1,547	2,466
Italy	235	195	267	481	2,817	3,498	4,109	5,555
Portugal	154	270	282	276	250	305	345	325
United Kingdom	840	1,188	925	1,563	1,458	1,866	2,140	2,294
Other EU countries	448	468	623	874	3,259	3,769	4,059	4,507
Other European countries	214	296	289	514	2,030	2,410	2,871	2,665
Asia	3,942	4,779	6,386	7,613	44,400	53,654	68,893	79,486
China	986	1,136	1,688	1,895	14,374	17,696	24,438	29,778
South Korea	227	250	464	684	5,276	6,566	10,676	12,658
Philippines	18	41	58	75	867	1,323	1,232	1,198
Hong Kong	173	192	282	328	408	552	614	561
India	446	561	680	1,046	868	959	1,126	1,207
Indonesia	27	66	46	43	614	654	812	886
Israel	62	87	91	130	402	371	429	441
Japan	1,191	1,470	1,594	1,913	10,583	13,078	15,295	16,344
Malaysia	57	54	100	123	3,374	3,658	4,474	4,771
Singapore	312	327	254	336	2,212	2,226	1,955	2,087
Thailand	51	98	118	167	1,260	1,558	1,784	2,106
Taiwan	206	200	441	272	3,479	4,066	4,974	5,897
Other Asian countries	186	299	569	603	685	948	1,083	1,552
Africa	170	342	460	464	505	571	835	1,305
Oceania	291	364	469	608	691	1,195	1,246	1,330
Australia	275	341	439	561	404	802	897	785
New Zealand	15	21	28	33	280	385	340	511
Other Oceanian countries	1	2	2	15	7	8	10	34
Unidentified	86	74	75	208	21	27	23	18

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

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

**Table A 59
Main Traded Goods**

	Exports				Imports		
	2005	2006	2007 p/		2005	2006	2007 p/
Total (million USD)	214,233	249,925	271,875	Total (million USD)	221,820	256,058	282,975
	Percent of total				Percent of total		
Crude oil ^{1/}	13.2	13.9	14.0	Automobile spare parts	4.8	4.6	4.5
T.V. sets	4.8	6.7	8.0	Gasoline	2.2	2.5	3.5
Automobiles of the tourism kind	6.3	7.0	6.9	Automobiles of the tourism kind	3.5	3.6	3.3
Automobile spare parts	4.6	4.6	4.5	Microelectronic circuits	4.0	3.7	3.2
Telephone and telegraph electric devices	1.4	1.3	3.3	Recorders and T.V. parts	2.7	3.5	3.0
Trucks and cargo vehicles	3.3	3.4	3.3	Telephone and telegraph electric devices	0.6	0.8	2.3
Personal computers	4.3	3.8	3.3	Liquid crystal displays	0.5	1.4	2.1
Cable sets for spark plugs	2.4	1.9	1.9	Personal computers	2.8	2.5	2.1
				Devices for cutting or connecting electric circuits			
Oils other than crude oil	1.4	1.4	1.5	LP gas	1.9	1.7	1.6
Medical or veterinarian devices	1.4	1.3	1.3	Insulating cables for electric installations	1.4	1.4	1.5
Devices for cutting or connecting electric circuits	1.5	1.3	1.2	Office machine parts	2.2	1.9	1.4
Seats and their parts	1.4	1.2	1.2	Furniture, automobile and plastic clothing parts	1.4	1.3	1.1
Motor parts	1.0	1.0	1.0	Trucks and cargo vehicles	1.1	1.0	1.1
Electric transformers	0.9	0.9	0.9	Radio and T.V.	1.2	1.7	1.1
Refrigerators	0.6	0.9	0.9	Electric transformers	0.9	0.9	0.9
Office machine parts	1.1	1.1	0.9	Plastic containers	1.0	1.0	0.9
Electric motors and generators	1.0	1.0	0.9	Diesel oil	0.4	0.6	0.9
Automatic-regulating instruments	0.8	0.9	0.7	Steel and iron bars and hooks	1.0	0.9	0.9
Malt beer	0.7	0.7	0.7	Retail medicine	0.8	0.9	0.8
Set of faucets or taps	0.7	0.7	0.6	Printed circuit board assembly	0.8	0.8	0.7
Outfits for men and boys	0.9	0.8	0.6	Parts of radio/recording devices	0.7	0.7	0.7
Fixed-electrical condensers	0.6	0.6	0.6	Other mechanical devices w/independent functions	0.8	0.7	0.7
Gold (crude, worked, and ground)	0.1	0.4	0.6	Motor parts	0.8	0.7	0.7
Gasoline motors	0.9	0.7	0.6	Air and vacuum pumps	0.8	0.7	0.7
Radios	0.7	0.7	0.6	Set of faucets or taps	0.7	0.7	0.7
Unalloyed intermediate iron or steel products	0.5	0.5	0.6	Front and angling-type bulldozers	0.3	0.4	0.6
Silver (crude, worked, and ground)	0.3	0.5	0.5	Society games articles	0.1	0.3	0.6
Microphones and supporting devices	0.5	0.5	0.5	Polyethylenes	0.6	0.7	0.6
Air conditioning machines and devices	0.5	0.6	0.5	Cyclical hydrocarbons	0.5	0.5	0.6
Winch, jack and tackle parts	0.5	0.5	0.5	Semiconductor devices	0.7	0.7	0.6
Centrifugates, filters, and purifiers	0.3	0.3	0.5	New rubber tires	0.5	0.6	0.6
Plastic containers	0.5	0.5	0.5	Screws, iron and steel bolts	0.6	0.6	0.6
Electric lighting devices	0.5	0.4	0.5	Diesel motors	0.9	0.6	0.6
Fresh and refrigerated legumes	0.5	0.5	0.4	Corn	0.3	0.4	0.5
Fresh and refrigerated tomato	0.4	0.4	0.4	Medical or veterinarian devices	0.6	0.6	0.5
Tractors	0.5	0.5	0.4	Propeller shafts, bearings, and gear assemblies	0.6	0.6	0.5
Recorders and T.V. parts	1.0	0.7	0.4	Printing machines and devices	0.1	0.1	0.5
Society games articles	0.0	0.1	0.4	Gasoline motors	0.4	0.6	0.5
Lamps and neon signs	0.5	0.4	0.4	Automatic-regulating instruments	0.5	0.5	0.4
Retail medicine	0.5	0.4	0.4	Other	47.6	49.0	49.6
Other	36.7	35.2	33.5				

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

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

Note: Figures may not add up due to rounding.

p/ Preliminary figures.

Table A 60
International Travelers

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 p/
Balance (million USD)	3,284.0	2,681.6	2,795.1	2,698.7	2,798.3	3,108.4	3,836.5	4,203.0	4,068.3	4,522.9
INBOUND										
Revenues (million USD)	7,493.1	7,222.9	8,294.2	8,400.6	8,858.0	9,361.7	10,795.6	11,803.4	12,176.6	12,901.0
Tourists	5,134.5	5,061.7	5,816.2	5,941.4	6,083.7	6,680.1	7,783.5	8,502.4	8,954.6	9,765.6
In border areas	2,236.7	1,995.7	2,277.0	2,243.9	2,491.8	2,393.1	2,591.3	2,848.4	2,763.6	2,647.6
Overnight visitors	498.8	444.0	619.2	597.0	640.9	571.6	598.8	643.9	604.8	623.7
One-day visitors	1,737.8	1,551.7	1,657.7	1,646.9	1,850.9	1,821.5	1,992.5	2,204.5	2,158.8	2,023.9
Cruises	121.9	165.4	201.1	215.3	282.5	288.5	420.8	452.6	458.3	487.8
Number of travelers (thousands)	95,214	99,869	105,673	100,719	100,153	92,330	99,250	103,146	97,701	92,233
Tourists	9,775	10,214	10,591	10,151	9,883	10,353	11,553	12,534	12,608	13,010
In border areas	83,193	86,607	91,615	86,762	85,135	77,002	81,204	83,905	78,577	72,409
Overnight visitors	9,617	8,829	10,050	9,659	9,784	8,312	9,065	9,381	8,745	8,414
One-day visitors	73,576	77,778	81,565	77,103	75,352	68,690	72,139	74,524	69,832	63,995
Cruises	2,246	3,048	3,467	3,805	5,136	4,974	6,493	6,707	6,516	6,814
Average spending (USD)	78.7	72.3	78.5	83.4	88.4	101.4	108.8	114.4	124.6	139.9
Tourists	525.3	495.6	549.1	585.3	615.6	645.2	673.7	678.4	710.3	750.6
In border areas	26.9	23.0	24.9	25.9	29.3	31.1	31.9	33.9	35.2	36.6
Overnight visitors	51.9	50.3	61.6	61.8	65.5	68.8	66.1	68.6	69.2	74.1
One-day visitors	23.6	20.0	20.3	21.4	24.6	26.5	27.6	29.6	30.9	31.6
Cruises	54.3	54.3	58.0	56.6	55.0	58.0	64.8	67.5	70.3	71.6
OUTBOUND										
Expenditures (million USD)	4,209.1	4,541.3	5,499.1	5,701.9	6,059.7	6,253.3	6,959.0	7,600.4	8,108.3	8,378.1
Tourists	1,720.6	1,690.8	2,163.9	2,399.5	2,429.1	2,565.3	2,910.9	3,313.7	3,805.4	4,289.1
In border areas	2,488.6	2,850.5	3,335.3	3,302.4	3,630.6	3,688.0	4,048.1	4,286.7	4,302.8	4,089.0
Overnight visitors	281.4	259.6	281.1	368.0	348.5	269.7	316.4	339.7	387.9	421.5
One-day visitors	2,207.2	2,590.9	3,054.2	2,934.4	3,282.0	3,418.3	3,731.7	3,946.9	3,914.9	3,667.6
Number of travelers (thousands)	107,927	117,383	127,268	123,737	124,633	123,015	128,903	128,392	122,022	109,372
Tourists	5,177	5,543	6,200	6,423	6,492	6,603	7,398	8,000	8,486	9,219
In border areas	102,750	111,840	121,068	117,309	118,141	116,412	121,505	120,392	113,536	100,153
Overnight visitors	4,460	4,809	4,879	5,652	5,456	4,441	5,096	5,305	5,516	5,870
One-day visitors	98,290	107,031	116,189	111,657	112,685	111,971	116,409	115,087	108,020	94,283
Average spending (USD)	39.0	38.7	43.2	46.1	48.6	50.8	54.0	59.2	66.4	76.6
Tourists	332.3	305.0	349.0	373.6	374.1	388.5	393.5	414.2	448.4	465.2
In border areas	24.2	25.5	27.5	28.2	30.7	31.7	33.3	35.6	37.9	40.8
Overnight visitors	63.1	54.0	57.6	65.1	63.9	60.7	62.1	64.0	70.3	71.8
One-day visitors	22.5	24.2	26.3	26.3	29.1	30.5	32.1	34.3	36.2	38.9

p/ Preliminary figures.

Note: Figures may not add up due to rounding.



Table A 61
Revenues from Workers' Remittances

	2003	2004	2005	2006	2007 p/
Total remittances (million USD)	13,650.2	16,730.1	20,283.6	23,742.2	23,979.0
Money orders	1,665.3	1,869.7	1,747.9	1,359.7	859.7
Electronic transfers	11,723.9	14,626.8	18,262.5	22,029.3	22,715.4
Cash and kind	254.6	233.6	273.2	353.2	403.9
Checks	6.4	0.0	0.0	0.0	0.0
Number of remittances (thousands)	42,504.1	51,128.8	59,783.8	67,891.3	68,788.9
Money orders	4,498.1	4,602.8	4,066.9	2,844.7	1,585.9
Electronic transfers	37,650.8	46,203.3	55,371.5	64,404.3	66,409.3
Cash and kind	348.3	322.7	345.4	642.3	793.7
Checks	6.9	0.0	0.0	0.0	0.0
Average remittance (USD)	321	327	339	350	349
Money orders	370	406	430	478	542
Electronic transfers	311	317	330	342	342
Cash and kind	731	724	791	550	509
Checks	936	0.0	0.0	0.0	0.0

p/ Preliminary figures.

Note: Figures may not add up due to rounding.

Table A 62
Revenues from Workers' Remittances
By state and country

Por entidad federativa y comparación internacional

State	Distribution by state										International comparison: Selected countries in 2006 ^{1/}		
	Ranking					Percentage share					Country	Million USD	As a percentage of GDP
	1995	2001	2005	2006	2007	1995	2001	2005	2006	2007			
Michoacán	1	1	1	1	1	16.25	11.69	11.83	10.19	9.44	India	25,109	2.9
Guanajuato	3	2	2	2	2	10.25	8.31	8.53	8.85	8.94	China ^{e/}	22,492	0.8
Jalisco	7	4	3	3	3	4.39	7.16	8.40	8.40	8.44	Mexico		
Estado de México	2	3	4	4	4	12.70	7.89	8.29	8.24	8.08	2004	16,730	2.4
Mexico City (D.F.)	6	9	7	7	5	4.84	3.97	5.41	5.79	6.24	2005	20,284	2.6
Veracruz	15	6	6	6	6	2.07	5.99	5.79	6.05	6.15	2006	23,742	2.8
Puebla	5	7	5	5	7	5.34	5.67	6.67	6.48	5.72	2007	23,979	2.7
Oaxaca	8	8	9	9	8	4.34	4.03	4.65	4.97	5.31	Philippines	12,481	10.6
Guerrero	4	5	8	8	9	6.11	6.27	4.82	5.08	5.17	Spain	6,057	0.5
Hidalgo	16	10	10	10	10	1.95	3.89	3.42	3.51	3.97	Indonesia	5,560	1.5
Chiapas	27	15	11	11	11	0.54	2.51	3.36	3.47	3.25	Morocco	5,454	8.3
Zacatecas	10	12	12	12	12	3.26	2.82	2.44	2.62	2.79	Bangladesh	5,418	8.4
San Luis Potosí	11	17	14	13	13	3.12	2.10	2.36	2.48	2.48	Egypt	5,330	5.0
Morelos	9	11	13	14	14	3.56	2.82	2.36	2.34	2.42	Pakistan	5,113	4.0
Querétaro	13	14	15	15	15	2.99	2.62	2.16	2.05	2.07	Colombia	3,890	2.9
Sinaloa	21	13	16	16	16	1.27	2.69	2.02	2.00	2.04	Poland	3,786	1.1
Aguascalientes	17	20	17	17	17	1.93	1.79	1.91	1.93	1.82	Guatemala	3,610	11.9
Durango	19	18	18	18	18	1.75	2.05	1.77	1.85	1.78	El Salvador	3,316	17.8
Chihuahua	14	16	19	19	19	2.08	2.11	1.74	1.62	1.67	Portugal	3,045	1.6
Tamaulipas	20	19	22	23	20	1.57	1.91	1.42	1.40	1.46	Ecuador	2,916	7.0
Nayarit	22	24	23	21	21	1.05	1.56	1.40	1.44	1.46	Brazil	2,890	0.3
Nuevo León	12	25	20	20	22	3.11	1.24	1.51	1.51	1.41	Dominican Republic	2,748	8.7
Tlaxcala	23	23	24	24	23	0.85	1.64	1.28	1.30	1.39	Honduras	2,359	26.0
Baja California	24	22	21	22	24	0.76	1.67	1.49	1.40	1.38	Peru	1,837	2.0
Sonora	26	27	26	26	25	0.60	0.75	1.05	1.10	1.18	Tunisia	1,510	4.9
Coahuila	18	21	25	25	26	1.84	1.69	1.18	1.14	1.17	Greece	1,143	0.4
Colima	25	26	27	27	27	0.75	1.15	0.80	0.76	0.78	Turkey	1,111	0.3
Tabasco	32	28	28	28	28	0.09	0.70	0.73	0.73	0.69	Russia	766	0.1
Yucatán	28	29	30	29	29	0.31	0.42	0.42	0.48	0.52	Croatia	689	1.6
Quintana Roo	29	30	29	30	30	0.13	0.37	0.42	0.42	0.40	Nicaragua	656	12.4
Campeche	31	31	31	31	31	0.10	0.28	0.25	0.27	0.27	Costa Rica	490	2.3
Baja California Sur	30	32	32	32	32	0.12	0.21	0.12	0.12	0.13			
TOTAL						100.00	100.00	100.00	100.00	100.00			

Source: Banco de México and IMF Balance of Payments Division.

1/ Prepared with data from Banco de México (for Mexico) and IMF Balance of Payments Division.

e/ Estimated figures (World Bank).

Table A 63
Foreign Investment Flows
Million US dollars

	2001	2002	2003	2004	2005	2006	2007 p/
Total	30,619.4	23,062.7	17,370.0	25,546.9	27,521.4	25,702.5	31,806.2
Direct investment	29,527.6	23,016.6	16,591.1	22,875.7	20,822.7	19,225.0	23,230.2
New investment	22,620.3	15,048.3	7,246.6	13,877.2	10,806.6	7,024.1	10,163.6
Reinvested earnings	3,856.4	2,446.5	2,073.3	2,343.8	3,482.3	4,170.2	4,117.4
Intercompany operations	3,050.9	5,521.8	7,271.2	6,654.8	6,533.7	8,030.7	8,949.1
Portfolio investment	1,091.8	46.0	778.9	2,671.2	6,698.7	6,477.4	8,576.0
Equity	151.0	-103.6	-123.3	-2,522.2	3,352.9	2,805.2	-482.1
Money market	940.8	149.6	902.2	5,193.4	3,345.7	3,672.3	9,058.1

p/ Preliminary figures.

Note: Figures may not add up due to rounding.

Table A 64
Foreign Investment in Government Securities
 End of period outstanding stocks at face value
 Billion US dollars

		Cetes		Bondes		Udibonos		IPAB bonds ^{1/}		Development bonds ^{2/}			Total ^{3/}	
		Stock	%	Stock	%	Stock	%	Stock	%	Stock	%	%	Stock	%
1996	Dec	3.0	89.2	0.3	9.6	0.0	0.0	d.n.e	0.0	d.n.e.	d.n.e.	3.4	100.0	
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	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	0.0	0.2	d.n.e	0.0	0.2	18.1	0.9	100.0	
2001	Dec	0.7	37.0	*	0.9	0.0	2.5	0.1	7.2	0.9	52.4	1.8	100.0	
2002	Dec	0.3	17.4	0.1	3.3	0.0	0.2	0.1	8.2	1.1	70.9	1.6	100.0	
2003	Dec	0.4	18.0	0.5	21.9	0.0	0.4	0.0	2.1	1.2	57.5	2.1	100.0	
2004	Dec	0.6	9.1	*	0.3	0.0	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	
2005	Jan	0.5	6.1	*	0.5	0.3	3.0	0.7	7.8	7.1	82.5	8.6	100.0	
	Feb	0.4	4.5	*	0.1	0.4	4.5	0.0	0.3	8.0	90.6	8.9	100.0	
	Mar	0.4	4.5	*	0.1	0.3	3.6	0.4	4.6	8.1	87.1	9.3	100.0	
	Apr	0.6	6.4	*	0.1	0.4	3.8	0.1	1.5	8.3	88.3	9.4	100.0	
	May	0.5	5.0	*	0.1	0.3	3.2	0.2	2.5	8.4	89.1	9.4	100.0	
	Jun	0.6	5.5	*	0.1	0.3	3.4	0.1	0.5	9.2	90.5	10.2	100.0	
	Jul	0.5	5.1	*	0.1	0.3	3.0	0.4	4.1	9.2	87.7	10.5	100.0	
	Aug	0.5	4.4	*	0.1	0.3	3.3	0.4	4.0	9.2	88.2	10.4	100.0	
	Sep	0.4	3.9	0.1	0.8	0.3	3.3	0.4	3.9	9.1	88.1	10.3	100.0	
	Oct	0.4	4.0	*	0.2	0.3	2.9	0.4	3.8	9.2	89.2	10.3	100.0	
	Nov	0.3	3.1	*	0.2	0.3	2.8	0.3	3.2	9.7	90.7	10.7	100.0	
	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	Jan	0.5	4.3	*	0.4	0.3	2.9	0.4	4.0	9.7	88.5	11.0	100.0	
	Feb	0.3	2.3	0.1	1.2	0.3	2.7	0.4	3.7	10.4	90.1	11.6	100.0	
	Mar	0.3	2.7	*	0.3	0.4	3.5	0.4	3.1	10.9	90.4	12.0	100.0	
	Apr	0.3	2.5	*	0.2	0.5	3.4	0.4	3.2	12.3	90.6	13.6	100.0	
	May	0.3	2.6	*	0.2	0.5	3.9	0.4	3.1	11.8	90.1	13.1	100.0	
	Jun	0.6	4.6	0.1	0.4	0.4	2.9	0.4	3.4	11.4	88.6	12.9	100.0	
	Jul	0.8	6.6	*	0.2	0.4	3.4	0.3	2.2	10.4	87.6	11.9	100.0	
	Aug	0.5	4.8	0.2	1.7	0.5	5.0	0.3	2.5	8.8	86.0	10.2	100.0	
	Sep	0.7	6.5	*	0.2	0.5	5.0	0.1	1.0	9.0	87.2	10.3	100.0	
	Oct	0.6	5.3	*	0.0	0.5	4.2	0.4	3.8	10.0	86.7	11.6	100.0	
	Nov	0.6	4.7	*	0.0	0.5	3.8	0.3	2.5	10.7	88.9	12.0	100.0	
	Dec	0.6	4.7	*	0.0	0.4	3.3	0.7	5.4	10.8	86.6	12.4	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	0.0	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	

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

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

3/ Includes Ajustabonos from 1996 to 1999 (when they were liquidated).

*/ Less than 50 million US dollars.

d.n.e. Does not exist.

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

Table A 65
Foreign Investment in the Stock Market
 End of period outstanding stocks at market value
 Billion US dollars

	Free		Neutral		Mexico		Total ^{2/}			
	ADRs ^{1/}		Subscription		Fund		Fund		Stock	
	Stock	%	Stock	%	Stock	%	Stock	%	Stock	%
1995 Dec	15.2	62.1	5.9	24.0	2.6	10.7	0.8	3.1	24.5	100.0
1996 Dec	15.1	48.8	11.4	36.9	3.5	11.3	0.9	3.0	31.0	100.0
1997 Dec	23.1	47.2	19.5	39.8	4.9	10.0	1.3	2.7	49.0	100.0
1998 Dec	18.6	57.1	10.3	31.3	2.9	8.9	0.8	2.4	32.6	100.0
1999 Dec	41.5	62.3	19.7	29.5	4.5	6.7	0.9	1.4	66.7	100.0
2000 Dec	32.1	61.8	16.8	32.3	2.2	4.2	0.9	1.7	51.9	100.0
2001 Dec	33.4	60.8	18.6	33.9	2.2	4.0	0.8	1.5	54.9	100.0
2002 Dec	28.0	62.8	14.7	33.0	1.6	3.6	0.3	0.7	44.6	100.0
2003 Dec	34.6	61.2	19.9	35.2	1.7	3.0	0.3	0.5	56.5	100.0
2004 Dec	48.3	65.3	22.4	30.2	2.9	3.9	0.4	0.6	74.0	100.0
2005 Dec	71.5	67.1	31.2	29.3	3.2	3.0	0.7	0.6	106.6	100.0
2006 Dec	99.5	64.5	49.3	32.0	4.6	3.0	0.7	0.5	154.2	100.0
2007 Dec	93.8	60.8	54.7	35.4	5.1	3.3	0.9	0.6	154.4	100.0
2005 Jan	48.0	65.0	22.5	30.5	2.9	3.9	0.4	0.6	73.7	100.0
Feb	51.7	65.5	23.7	30.1	3.0	3.8	0.5	0.6	78.9	100.0
Mar	46.2	64.8	21.9	30.7	2.8	3.9	0.4	0.6	71.3	100.0
Apr	44.8	64.4	21.7	31.2	2.7	3.9	0.4	0.6	69.6	100.0
May	48.9	65.4	22.6	30.3	2.8	3.7	0.4	0.6	74.8	100.0
Jun	51.9	65.8	23.7	30.0	2.9	3.7	0.4	0.5	78.9	100.0
Jul	56.1	65.0	26.8	31.0	3.0	3.5	0.4	0.5	86.3	100.0
Aug	55.8	65.1	26.3	30.8	3.0	3.5	0.5	0.6	85.7	100.0
Sep	64.5	67.0	28.1	29.2	3.2	3.3	0.6	0.6	96.3	100.0
Oct	63.3	67.2	27.5	29.1	3.0	3.1	0.5	0.6	94.3	100.0
Nov	68.6	67.2	29.9	29.2	3.1	3.1	0.6	0.5	102.1	100.0
Dec	71.5	67.1	31.2	29.3	3.2	3.0	0.7	0.6	106.6	100.0
2006 Jan	78.2	67.1	34.1	29.3	3.6	3.1	0.6	0.5	116.4	100.0
Feb	78.0	67.4	33.8	29.2	3.3	2.9	0.6	0.5	115.7	100.0
Mar	78.3	67.5	33.7	29.1	3.4	3.0	0.5	0.5	116.0	100.0
Apr	82.1	67.1	36.2	29.6	3.4	2.8	0.6	0.5	122.3	100.0
May	72.8	66.5	32.8	30.0	3.4	3.1	0.5	0.5	109.4	100.0
Jun	76.1	67.6	32.8	29.1	3.2	2.9	0.5	0.4	112.6	100.0
Jul	78.7	66.1	36.2	30.4	3.7	3.1	0.5	0.4	119.2	100.0
Aug	81.2	66.1	37.4	30.5	3.7	3.0	0.5	0.4	122.9	100.0
Sep	85.9	66.7	38.4	29.8	4.0	3.1	0.6	0.5	128.8	100.0
Oct	91.5	65.8	42.7	30.7	4.1	3.0	0.6	0.5	138.9	100.0
Nov	95.8	65.7	45.1	30.9	4.3	2.9	0.7	0.5	145.8	100.0
Dec	99.5	64.5	49.3	32.0	4.6	3.0	0.7	0.5	154.2	100.0
2007 Jan	96.0	62.6	51.9	33.9	4.7	3.1	0.7	0.4	153.3	100.0
Feb	87.7	62.3	48.1	34.2	4.3	3.1	0.7	0.5	140.7	100.0
Mar	92.7	62.3	50.7	34.1	4.8	3.2	0.7	0.4	148.9	100.0
Apr	98.3	62.9	52.4	33.6	4.7	3.0	0.7	0.5	156.1	100.0
May	108.9	63.6	56.5	33.0	5.0	2.9	0.7	0.4	171.1	100.0
Jun	108.5	63.5	56.5	33.1	5.0	2.9	0.8	0.4	170.8	100.0
Jul	101.9	61.9	57.0	34.6	5.0	3.0	0.7	0.5	164.6	100.0
Aug	98.3	62.7	53.2	33.9	4.7	3.0	0.7	0.4	156.9	100.0
Sep	101.4	62.6	54.4	33.6	5.1	3.1	0.9	0.6	161.8	100.0
Oct	101.5	60.7	59.4	35.5	5.3	3.2	1.0	0.6	167.2	100.0
Nov	93.2	60.7	54.7	35.6	4.9	3.2	0.9	0.6	153.6	100.0
Dec	93.8	60.8	54.7	35.4	5.1	3.3	0.9	0.6	154.4	100.0

Source: Mexican Stock Exchange.

1/ Includes Global Depository Receipts (GDRs).

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

Table A 66
Gross External Debt Position
 By residence criteria ^{1/}
 End of period outstanding stocks

	Million USD			Percent of GDP		
	2006 ^{2/}	2007 ^{2/}	Change	2006 ^{2/}	2007 ^{2/}	Change
TOTAL (I + II + III + IV)	116,669.0	124,580.6	-7,911.6	13.46	13.13	0.33
TOTAL ADJUSTED (I + II + III + IV + V)	169,006.2	193,291.3	-24,285.1	19.50	20.36	-0.87
PUBLIC SECTOR (I + 3.3 + 4.2.1)	54,766.3	55,354.9	-588.6	6.32	5.83	0.49
I. Federal government ^{2/}	41,936.3	42,251.4	-315.1	4.84	4.45	0.39
II. Monetary authorities	0.0	0.0	0.0	0.00	0.00	0.00
III. Banking sector	11,154.3	10,022.9	1,131.4	1.29	1.06	0.23
3.1 Commercial banks ^{3/}	3,355.4	4,387.8	-1,032.4	0.39	0.46	-0.08
3.2 Other depository corporations ^{4/}	2,180.9	389.0	1,791.9	0.25	0.04	0.21
3.3 Development banks ^{2/}	5,618.0	5,246.2	371.8	0.65	0.55	0.10
IV. Other sectors	63,578.3	72,306.3	-8,728.0	7.33	7.62	-0.28
4.1 Non-bank financial corporations ^{5/}	0.0	0.0	0.0	0.00	0.00	0.00
4.2 Non-financial enterprises	63,578.3	72,306.3	-8,728.0	7.33	7.62	-0.28
4.2.1 Public enterprises and entities ^{2/}	7,212.0	7,857.3	-645.3	0.83	0.83	0.00
4.2.2 Private sector ^{6/}	56,366.3	64,448.9	-8,082.6	6.50	6.79	-0.29
4.2.3 Deposit insurance entity ^{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)	52,337.2	68,710.7	-16,373.5	6.04	7.24	-1.20
5.1 Non-residents' holdings of peso-denominated debt ^{8/}	12,522.6	20,147.5	-7,624.9	1.44	2.12	-0.68
5.2 Residents' holdings of foreign currency-denominated debt ^{9/}	1,598.2	1,809.1	-210.9	0.18	0.19	-0.01
5.3 Agencies' claims on Mexican residents ^{10/}	2,898.0	3,045.6	-147.6	0.33	0.32	0.01
5.4 Pidiregas-PEMEX ^{11/}	38,371.5	47,197.9	-8,826.4	4.43	4.97	-0.55
5.5 Other debt liabilities with non-residents ^{12/}	143.2	128.8	14.4	0.02	0.01	0.00

Source: Ministry of Finance and Banco de México.

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

Note: This table has differences in relation to Table 16 of the Annual Report. While 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.

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

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

3/ Unlike official statistics, the present figures do not include debt with other nonresident entities of Mexican commercial bank agencies' located abroad. The reason for such exclusion is that IMF's "External Debt Statistics: Guide for Compilers and Users (2003)" considers agencies as nonresidents. Figures include accrued interests.

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

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

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

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

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

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

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

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

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

Table A 67
Gross External Debt and Debt Service
 Billion US dollars at end of period

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 p/
Total external debt	164.0	154.4	163.7	166.1	158.8	157.4	155.4	157.8	161.8	165.6	160.9	182.0
Public debt ^{1/}	98.3	88.3	92.3	92.3	84.6	80.3	78.8	79.0	79.2	71.7	54.8	55.3
Federal government	55.6	49.0	52.3	53.0	46.1	44.1	43.6	44.9	48.6	48.7	39.3	40.1
Public entities and enterprises	11.3	10.9	11.7	12.7	12.5	11.9	11.6	11.5	10.6	6.8	7.1	7.7
Development banks	31.4	28.4	28.3	26.6	26.0	24.3	23.6	22.6	20.0	16.2	8.4	7.5
Commercial banks ^{2/}	18.5	16.7	15.8	14.8	12.4	9.3	6.3	5.8	6.7	4.4	5.6	8.7
Banco de México	13.3	9.1	8.4	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-bank private sector ^{3/}	33.9	40.3	47.2	54.5	61.8	67.6	70.3	73.0	75.9	89.5	100.5	118.0
External debt service ^{4/}	33.8	34.3	24.2	24.0	34.7	30.2	25.2	27.3	26.6	24.6	43.4	24.9
Amortizations	20.4	21.9	11.7	11.1	21.0	17.5	13.2	15.6	15.4	12.3	29.3	10.0
Current amortizations ^{5/}	10.6	12.4	11.7	11.1	10.6	11.7	11.0	10.0	15.4	12.3	17.0	10.0
Other ^{6/}	9.8	9.5	0.0	0.0	10.4	5.8	2.2	5.6	0.0	0.0	12.3	0.0
Interest paid	13.4	12.4	12.5	12.9	13.7	12.7	12.0	11.7	11.2	12.3	14.1	14.9
Public sector	8.0	7.0	6.7	6.8	7.4	7.1	6.6	6.8	6.7	7.4	8.5	8.4
Commercial banks	1.7	1.5	1.5	1.3	1.2	0.8	0.4	0.3	0.3	0.4	0.6	0.8
Banco de México	0.7	0.5	0.4	0.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-bank private sector	3.0	3.4	3.9	4.5	5.0	4.8	5.0	4.6	4.2	4.5	5.0	5.7

Source: Banco de México and Ministry of Finance.

Note: This table has differences in relation to Table A66 of this Appendix. While this table is based on the criteria for integrating the balance of payments for several years, which allows for temporal comparisons, Table A66 is based on IMF criteria, which present data in a more international comparable format. For further details on such differences, see footnotes of both tables.

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

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

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

4/ Current amortizations including interest paid.

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

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

p/ Preliminary figures.



Balance Sheet



BANCO DE MEXICO

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

BALANCE SHEET AT DECEMBER 31, 2007

MILLION PESOS

<u>ASSETS</u>		<u>LIABILITIES AND EQUITY</u>	
INTERNATIONAL RESERVES	\$ 851,324	INTERNATIONAL MONETARY FUND	\$ 0
INTERNATIONAL ASSETS	951,969	MONETARY BASE	494,743
LIABILITIES TO BE DEDUCTED	-100,645	BILLS AND COINS AND CIRCULATION	494,743
CREDIT GRANTED TO THE FEDERAL GOVERNMENT	0	BANK CURRENT ACCOUNT DEPOSITS	0
GOVERNMENT SECURITIES	0	MONETARY REGULATION BONDS	13,779
CREDIT GRANTED TO FINANCIAL INTERMEDIARIES AND DEBTORS FROM REPO OPERATIONS	203,233	FEDERAL GOVERNMENT CURRENT ACCOUNT DEPOSITS	216,769
CREDIT GRANTED TO PUBLIC ENTITIES	59,751	OTHER FEDERAL GOVERNMENT DEPOSITS	25,644
CREDIT GRANTED TO TRUST FUNDS	15,032	MONETARY REGULATION DEPOSITS	446,592
SHARES IN INTERNATIONAL FINANCIAL ORGANIZATIONS	8,024	BANKS	278,981
FIXED ASSETS, FURNISHING AND EQUIPMENT	3,696	GOVERNMENT SECURITIES	167,611
OTHER ASSETS	40,854	OTHER BANK DEPOSITS AND DEBTORS FROM REPO OPERATIONS	2,082
TOTAL ASSETS	\$ 1,181,914	TRUST FUNDS' DEPOSITS	0
		SPECIAL DRAWING RIGHTS	4,997
		OTHER LIABILITIES	48,224
		TOTAL LIABILITIES	1,252,830
		CAPITAL	6,281
		PREVIOUS YEAR OPERATIONAL SURPLUS	-77,197
		FISCAL YEARS' OPERATIONAL SURPLUS	0
		INCOME STATEMENT	25,936
		AMORTIZATION IPAB LOANS	-6,290
		AMORTIZATION PAST FISCAL YEAR LOSSES	-19,646
		TOTAL EQUITY	-70,916
		TOTAL LIABILITIES AND EQUITY	\$ 1,181,914

MEMORANDUM ACCOUNTS \$13,224,530

The present Balance Sheet was prepared according to the rules and regulations set by the Law Governing Banco de México and Banco de México's Internal Bylaw, the specific guidelines set by its Board of Governors, Banco de México's financial information standards which comply with adequate international central bank practices, and to the accounting principles commonly accepted in Mexico, applicable to Banco de México's case. In accordance with article 38 of the referred Bylaw, International Reserves are defined as stated in article 19 of the Law Governing Banco de México; Government Securities are presented as net holdings from these securities and after monetary regulation deposits, and do not include any securities purchased or transmitted via repo operations. In the case of creditor position, it is listed under line item Monetary Regulation Deposits; Credit granted to Financial Intermediaries and Debtors via Repo Operations includes Commercial Banks, Development Banks and Official Trust Funds, as well as the net debtor balance from accounts included in line item Bank Current Account Deposits; Credit to Public Entities and Enterprises includes credit granted to the Bank Savings Protection Institute (*Instituto para la Protección al Ahorro Bancario*, IPAB); and line item Other Assets is presented as Net from both Capital Reserves for Exchange Rate Fluctuations and Net Revalued Assets, which, overall, total \$29,759. Balances denominated in foreign currency were valued at the daily exchange rate, and Equity reflects a surplus of \$4,913 due to the revaluation of fixed assets and inventories.

DR. GUILLERMO ORTIZ MARTINEZ
GOVERNORLIC. ALEJANDRO GARAY ESPINOSA
ADMINISTRATION GENERAL DIRECTORC.P. GERARDO RUBEN ZUÑIGA VILLARCE
ACCOUNTING DIRECTORExternal Auditor's Report

We have reviewed the Balance Sheet of Banco de México at December 31, 2007, its Profit and Loss Statement, as well as the corresponding Statements of Equity Variations and Changes in the Financial Position for the year ending on the aforementioned date. Banco de México's Administration is solely responsible for these Financial Statements. Our responsibility is to express an opinion of the above mentioned based on our audit. Our audit was carried out following the commonly accepted auditing standards applicable to Mexico, which require a planned and prepared audit to reasonably ensure financial statements do not have significant errors and are prepared according to the Law Governing Banco de México and Banco de México's Internal Bylaw. The audit is an assessment, based on selected tests, of evidence supporting all figures and financial statements; it includes an evaluation of the accounting practices used, the foremost estimations made by Banco de México's Administration, and Banco de México's financial statements. We believe this assessment provides sufficient evidence to support our opinion. Financial statements have been prepared following the requirements for providing financial information set out by the Law Governing Banco de México and Banco de México's Internal Bylaw, as well as by the specific guidelines agreed by its Board of Governors, and the applicable accounting principles commonly accepted in Mexico. In our opinion, these financial statements provide a reasonable depiction of Banco de México's financial position at December 31, 2007, its income statement, the variations in equity, and the changes in Banco de México's financial position for the year ending on said date, according to the aforementioned accounting requirements.

March 18, 2008

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