



SHCP

Update on the Mexican Economy

MINISTRY OF FINANCE AND PUBLIC CREDIT
UNDERSECRETARY FOR EXPENDITURE
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www.shcp.gob.mx

Update on the Mexican economy (1 of 2)

- In 2009 the Federal Government has injected USD 20.8 billion to the economy through several stimulus programs. Among these countercyclical measures are:
 - Infrastructure funds
 - Programs to promote and preserve employment
 - Development of SMEs
 - Increased funding by development banks
 - Reduction in gas and power tariffs
 - Health system support
 - Unemployment programs
- However, larger than expected international economic slowdown and the effect of A - H1N1 Influenza virus, deteriorated Mexican economic scenario for 2009 (expected growth of -5.5%)



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Update on the Mexican economy (2 of 2)

- **A balanced budget fiscal rule has been in place since 2006. Last year Pemex' investments were removed from the balance budget requirement**
- **Shortfall in 2009 public revenues will be compensated with oil hedging instruments, income stabilization funds and other non-recurrent incomes**
- **To contribute closing the fiscal gap, and start aligning 2010 budget, last week the Ministry of Finance (SHCP) undertook a USD 2.7 billion spending cut**
- **The austerity plan concentrates in federal government administrative and operational expenditure. Infrastructure and social programs budget will not be affected**
- **Adoption of a structural balance fiscal rule could be considered for 2010**
- **Efficient implementation of accounting and performance budgeting reforms will play crucial role in fiscal stability**



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