

Stock Market rallies just before the Quarterly Earnings Season

The spot exchange rate closed at 18.81 pesos per dollar on Wednesday April 17th, a slight depreciation of (-) 0.35% ahead of the Holy Week. Despite this setback, the exchange rate has remained below 19.00 pesos per dollar in the last two weeks and leaves year-to-date appreciation at 4.46%. The trade surplus with the United States and the high amount of remittances have allowed peso stability.

The 10-year M bond yield increased 13 basis points to close at 8.03%, after seven consecutive days of yields below 8.0% and represents a 545-basis point spread against the US Treasury bonds. The position of foreigners in debt instruments as of April 8th, 2019, amounts to 2,217 billion pesos; 4.10% more compared to the end of December; foreign holdings of M bonds (1,856 billion pesos), CETES (290.9 million pesos) and Udibonos (11,003 investment units) increased 2.9%, 7.5%, and 28% respectively.

In line with the good performance of the stock indices in the United States, Mexbol Index presented weekly gains of 1.88% to close at 45,525 which represents year-to-date profits of 9.70%. The best performers were Genera (+ 5.82%), Grupo Cementos de Chihuahua (+ 5.64%) and Genomma Lab (+ 4.42%) while the worst performers were Alpek (-2.84%), Megacable (-2.06. %) and Femsa (-1.31%). Noteworthy, more than 30 companies will submit their quarterly earnings reports between April 19th and 26th. Also, Banco Santander announced its intention to buy up to 25% of its Mexican subsidiary through a 2.56 billion euros share exchange. At the end of March, the position of foreigners in Mexican equity is 144.62 billion dollars; 6.8% more compared to December.

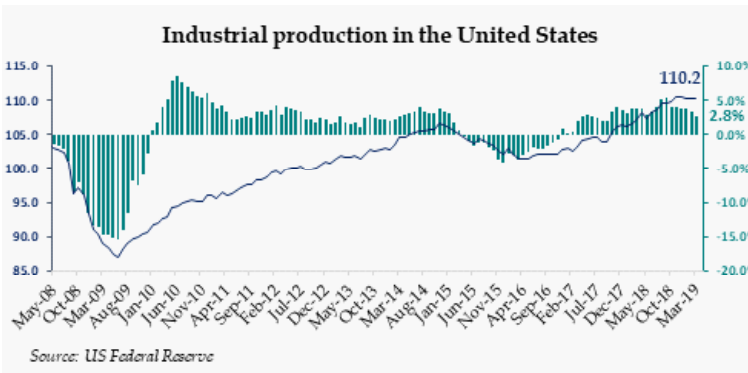
On Wednesday, April 17th, the Federal Reserve (FED) released the Beige book (Beige Book), a document that provides a detailed assessment of the US economy. According to the report, employment in the United States still grows at a moderate pace, and inflation has remained stable despite rates and salary increases. In general, weaker growth is expected. The next monetary policy meeting is to be held on Wednesday, May 1st. were market consensus expects that the main reference rate in the United States remains unchanged in the range between 2.25% and 2.50%.

United States trade balance

In February, the balance of Mexico's trade surplus with the United States (US) stands at 14,964 million dollars; 25% YoY. Exports amount to 58,752 and imports to 43,788 mdd. Thus, the total trade between both countries amounts to 102,540 million dollars; higher than the total trade between the US and Canada (97,483 million dollars) and between the US and China (96,707).

Industrial production in the United States

Industrial activity in the US increased by 2.8% YoY in March, its lower growth in 18 months. By sector, mining production and utilities advanced 10.5% and 3.8% respectively, and the lowest growth came from manufacturing production which grew 1% YoY. Besides, the productive capacity index — which reflects the country's production potential— fell to 78.8%, lower than market consensus expectations of 79.3% and the long-term index average (77.8% from 1972 to 2018).



Gross Domestic Product in China

In the first quarter of 2019, China's Gross Domestic Product grew 6.4% YoY; similar to the previous two quarters after three consecutive falls. Nevertheless, market consensus expects a 6.2% growth in the second quarter of the year due to a lower amount of trade with the US, which could be an essential factor for further growth.



Source: Bloomberg

Eugenia Pichardo & Arnulfo Rodriguez
Equity Portfolio Manager & Macro and Debt Strategist

Investor Relations: igarcia@paminversion.com
(55) 5261 4600



WEEKLY ECONOMIC REPORT

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Pichardo Asset Management, SA de CV
An Independent Investment Advisory Firm

www.paminversion.com
Andres Bello 45, 22nd Floor,
Polanco, 11550 CDMX, México
Phone: + 52 (55) 52 61 46 00 /04/21/16

epichardo@paminversion.com
Equity Portfolio Manager

arodriguez@paminversion.com
Macro & Debt Strategist

destevez@paminversion.com
Co-Portfolio Manager
Financials Analyst

jelizalde@paminversion.com
Co-Portfolio Manager
Industrials Analyst

lcalzada@paminversion.com
Compliance

igarcia@paminversion.com
Investor Relations

Definitions

M-bonds Mexican Federal Government fixed-rate development bonds that are issued and placed at terms of over one year, pay interest every six months and their interest rate is determined at issue date and remains fixed all along the life of the bond.

Remittances A transfer of money by a foreign worker to an individual in their home country.

Trade surplus A trade surplus is an economic measure of a positive balance of trade, where a country's exports exceed its imports.

US Treasury bonds Fixed-interest U.S. government debt security. Treasury bonds make interest payments semiannually, and the income received is only taxed at the federal level.

CETES Mexican Federal Treasury Certificates are zero-coupon bonds and a 10.00 MXN face value issued by the Mexican Government. The first series was issued in 1978.

Udibonos Federal Government Development Bonds denominated in Investment Units created in 1996 as inflation-hedged instruments.

Mexbol The Mexican stock market index seeks to measure the performance of the largest and most liquid stocks listed on the Bolsa Mexicana de Valores stock exchange. It is not possible to invest in an index.

Dow Jones A price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the Nasdaq. It is not possible to invest in an index.

S&P 500 A basket of 500 of the largest U.S. stocks, weighted by market capitalization. The index is widely considered to be the best indicator of how large U.S. stocks are performing on a day-to-day basis. It is not possible to invest in an index.

Gross Domestic Product a monetary measure of the market value of all the final goods and services produced.

Genera As of March 31, 2019 the fund holds 0.0% investment in this security. For a list of full securities please visit: www.mxefund.com.

Grupo Cementos de Chihuahua As of March 31, 2019 the fund holds 8.75% of Net Assets investment in this security. For a list of full securities please visit: www.mxefund.com.

Genomma Lab As of March 31, 2019 the fund holds 0.0% investment in this security. For a list of full securities please visit: www.mxefund.com.

Alpek As of March 31, 2019 the fund holds 4.05% of Net Assets investment in this security. For a list of full securities please visit: www.mxefund.com.

Megacable As of March 31, 2019 the fund holds 0.0% investment in this security. For a list of full securities please visit: www.mxefund.com.

Femsa As of March 31, 2019 the fund holds 1.18% of Net Assets investment in this security. For a list of full securities please visit: www.mxefund.com

Banco Santander As of March 31, 2019 the fund holds 4.05% of Net Assets investment in this security. For a list of full securities please visit: www.mxefund.com

Nasdaq A stock market index of the common stocks and similar securities (e.g. ADRs, tracking stocks, limited partnership interests) listed on the NASDAQ stock market. It is not possible to invest in an index.

Apple As of March 31, 2019 the fund holds 4.05% of Net Assets investment in this security. For a list of full securities please visit: www.mxefund.com

Disclosures

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund's investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the fund's portfolio and there is no assurance that the fund will achieve its investment objective.

To read about The Mexico Equity and Income Fund, Inc, please access the Annual Report by calling (414) 765-4255 to receive a copy, or access the Annual Report on the Fund's website, "www.mxefund.com", under the section captioned investor reports. Investors should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. An investment in the Fund should not constitute a complete investment program.

Past performance is not a guarantee of future results. Index performance is not illustrative of fund performance. One cannot invest directly in an index. Please call (414) 765-4255 for fund performance.

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