

Stock market rally resumes

At the close of business of June 19th, Mexbol Index had a weekly gain of 0.72% in U.S. Dollar terms to 38,404 points; consequently, the year-to-date (YTD) return decreased to (-)25.95%, and the strong correlation between Mexbol and the S&P 500 Index prevails. After the 28% drop (in pesos) that Mexbol displayed at the end of March, and similarly to the S&P 500, the Mexican index started an upward trend that has allowed an 11.38% recovery from April 20 to June 19, not exempt to volatility.

Noteworthy, the stock price of Vesta, whose operations are associated with the industrial sector, which the government has already authorized to resume activities, had a weekly increase of 13.59%. There were rumors that, due to the pandemic crisis, Aeromexico could apply to Chapter 11 on the New York Stock Exchange. Despite denying these rumors, its stock price fell almost (-)6% due to this news.

Exchange Rate

The spot exchange rate closed June 19th operations at MX\$22.63 per dollar, a 1.64%, and 19.51% weekly and YTD depreciation, respectively. This interruption in the significant appreciation of the peso from May 29th to June 2nd (11.8%) answers to various factors, namely:

1. According to Kearney consulting firm and for the first time since 2011, Mexico was not considered among the 25 countries identified as the best for carrying out Foreign Direct Investment (FDI) projects mainly due to the "change in the rules of the game," cancellation of private projects, and the negative trend of economic growth in the economy.
2. Mexico also ranked lower in the Global Competitiveness Ranking (RGC), which the IMD Business Institute has published for 32 years. The country lowered positions in economic performance, government efficiency, and business efficiency indicators.
3. In April, Mexico ranked third in terms of the total volume of trade with the United States, with a surplus of US \$ 3.34 billion. This figure represents a significant drop considering that the monthly average during the 1Q'20 was approximately US\$9 billion.
4. The agreement to reduce oil production materialized at the extraordinary meeting of the Organization of Petroleum Exporting Countries and independent producers (OPEC +) on April 12th, allowed for a recovery in oil prices that supported the peso appreciation. However, there are doubts regarding the reopening of the economies and the resumption of oil demand worldwide as well as the possibility that some of the members of the OPEC may not comply with the agreed reduction in their production.

Mexican Interest Rates

BANXICO's monetary policy decision will be held on June 25th. The recent annual inflation data (2.84% in May), the drop of 50 bps in the reference rate of the Brazilian Central Bank, and the recent reduction in Mexico's risk premium allow us to estimate that Banxico could reduce its rate by 50 bps. The above would leave the rate at 5.0%, a differential of 475 bps with the Federal Reserve's reference. The consensus of specialists surveyed by Banxico expects another 50 bps drop later, taking the reference rate to 4.50% at the end of 2020.

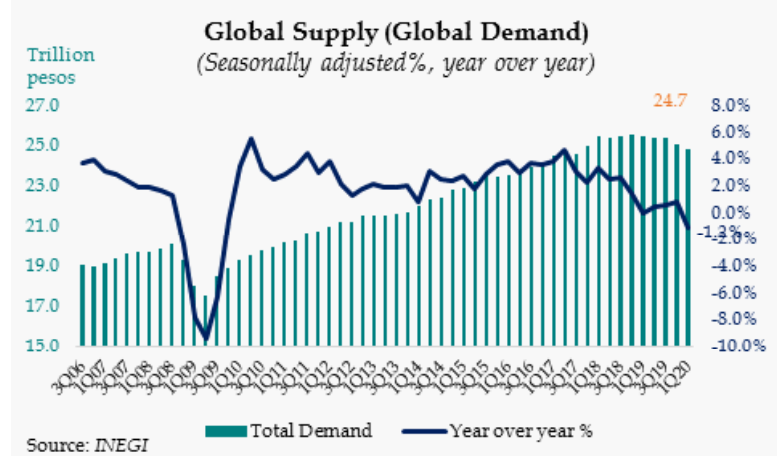
Economic Indicators

Global Supply and Demand

INEGI released the global supply and demand for the Mexican economy's goods and services for the first quarter of 2020 (IQ'20). The global supply showed an annual decrease of (-)2.7% given that its components, the Gross Domestic Product and the Import of Goods and Services contracted at annual rates of (-)2.2% and (-)5.1%, respectively. The components of global demand displayed the following behavior:

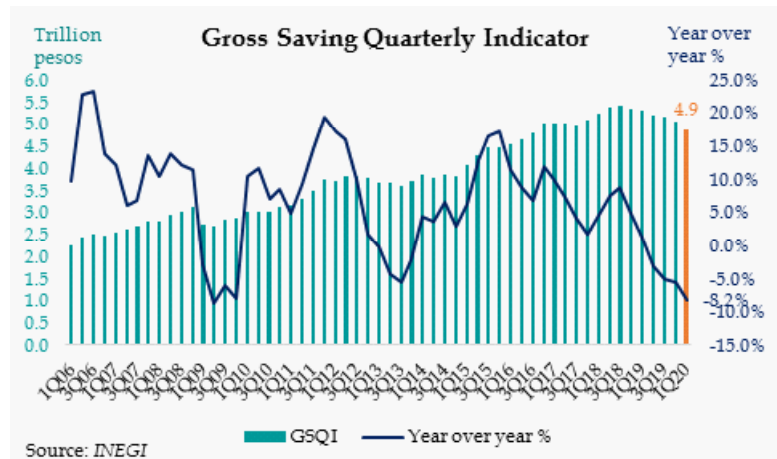
1. Private consumption fell (-)1.2% year over year (YoY), thereby reinforcing the thesis of a weakening in domestic consumption.
2. Government consumption increased 3.3% annually, mainly due to spending that the government announced as a measure to combat COVID-19.
3. Gross fixed capital formation contracted (-)9.5% as a result of public policies adopted by the federal government that are unfriendly to private investment.
4. The export of goods increased by 1.7%, this implies a lower growth rate of increase compared to that observed in 2019,

which was 4.7%.



Quarterly Gross Savings Indicator

INEGI released the figures for the Quarterly Gross Savings Indicator (ITAB) for the IQ'20. The indicator displays the amount of disposable income not spent on goods or services for final consumption. In its annual comparison, the ITAB decreased (-)8.2% and represented 20.2% of the GDP; The drop occurred because the contribution of the rest of the world, which means financing from abroad, was 0.4% of GDP, to contextualize throughout 2019 this figure represented 0.39% of GDP.



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Definitions

Aeromexico: Airline. As of March 31, 2020 the security represents 0.00% of Portfolio Net Assets. For a list of full securities please visit: http://www.mxefund.com/portfolio_holdings.html.

Banco de México (Banxico): Is the central bank of Mexico. Its main function is to provide domestic currency to the Mexican economy and its main priority is to ensure the stability of the domestic currency's purchasing power.

Basis points (bps): Refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001.

COVID-19: The disease caused by the coronavirus, a family of viruses that were discovered in the 60s but whose origin is still unknown. Its different types cause different diseases, from a cold to a severe respiratory syndrome.

Foreign Direct Investment (FDI): Is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company.

Gross Domestic Product (GDP): Is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Mexbol: The S&P/BMV IPyC seeks to measure the performance of the largest and most liquid stocks listed on the Bolsa Mexicana de Valores. It is not possible to invest in an index.

New York Stock Exchange (NYSE): It is the largest stock market in the world in monetary volume and the first in number of affiliated companies.

Quarterly Gross Savings Indicator (ITAB): Index that tracks gross savings, which represents the part of disposable income that is not spent on goods and services for final consumption, allowing with these resources the acquisition of assets by economic agents.

Standard & Poor's 500 (S&P 500): Is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies by market value. It is a market value or market-capitalization-weighted index and one of the most common benchmarks for the broader U.S. equity markets.

The Federal Reserve System (Fed): Is the central bank of the United States and arguably the most powerful financial institution in the world.

The National Institute of Statistics and Geography (INEGI): Is a public body with technical and managerial autonomy, its own legal personality and assets, responsible for regulating and coordinating the National System of Statistical and Geographic Information.

The Organization of the Petroleum Exporting Countries (OPEC): A group consisting of 14 of the world's major oil-exporting nations, founded in 1960 to coordinate the petroleum policies of its members and to provide member states with technical and economic aid.

Vesta: Real Estate Company. As of March 31, 2020 the security represents 1.68% of Portfolio Net Assets. For a list of full securities please visit: http://www.mxefund.com/portfolio_holdings.html.

Year over Year (YoY): Indicates the change from the comparable amount reported in the same period one year earlier.

Year to Date (YTD): Refers to the period of time beginning the first day of the current calendar year or fiscal year up to the current date.

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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