

**Good start in April in Mexican Stock Markets**

On the first week of April, the Mexbol Index closed at 44,989 which represents a significant weekly gain of 3.95% and year to date profits of 8.35%. Noteworthy, the index closed above 44,000, a week before the quarterly earnings season and for the first time in more than four months. Financials had significant weekly gains, especially Genera (+ 11.49%) and Banorte (+ 10.05%) driven by attractive prices and the perception of lower risks regarding the elimination of banking commissions. Grupo Aeroportuario Del Pacifico (+ 8.56%) and Walmart (+ 6.22%) also performed well during the week. In contrast, Peñoles (-3.24%) and Televisa (-2.51%) were the companies with the highest losses.

The stability that the Mexican currency showed in the first quarter of the year seems stable in April. Year to date, the spot exchange rate has remained between 18.89 and 19.50 pesos per dollar; a fluctuation range of 61 cents. On Friday, April 5th, the spot exchange rate closed at 19.07 pesos per dollar for a weekly appreciation of 1.87% and a year-to-date progress of 3.03%. Three factors supported the weekly peso stability: (i) The successful placement of two new reference bonds in the euro market, that amount to the Federal Government debt maturities due in 2019. (ii) The publication of realistic economic assumptions in the General Economic Policy Pre-Criteria for 2020 —aligned with the expected growth of the country due to the market consensus—; and (iii) A substantial flow of remittances to Mexico in February.

As of March 26, 2019, the position of foreigners in debt instruments amounted to 2.23 trillion pesos (114.6 billion dollars); a 4.30% increment compared to December 2018, in the context of high-interest rates offered by Mexican instruments. The above, after the Federal Reserve (FED), announced that no further rate hikes are expected for 2019. At the close of April 5th, the yield rate of the 182-day Mexican short-term treasuries (Cetes), the 5-year M bond and the 10-year M bond stood at 8.10%, 7.82%, and 7.97% respectively. These yields exceed those of ten-year government bonds of other emerging countries (i.e., Russia 4.50%, China 3.26%, India 7.35, Chile 3.08% Peru 5.16% and Colombia 6.65%).

**Economic and market information**

**Successful placement of bonds in the European market**

On Monday, April 1st, the Finance Ministry (SHCP) placed two new bonds in the euro market with a total value of 2.5 billion euros with maturity dates of 7 and 20 years. The bond with a maturity date in 2026 —which pays a coupon rate of 1.625% and a yield on maturity of 1.669%— had a demand 3.4 times higher than the amount placed (1,500 million euros). Likewise, the demand of the bond with maturity date on 2039, was 3.9 times higher than the amount placed (1,000 million euros), and it pays a coupon rate of 2.875% and a yield to maturity of 2.969%. The high demand and the partaking of more than 545 international investors in the bidding process reflects the attractive risk premium offered by the Mexican market in global financial markets. This transaction will allow the Federal Government to pay its foreign currency debt commitments due in 2019.

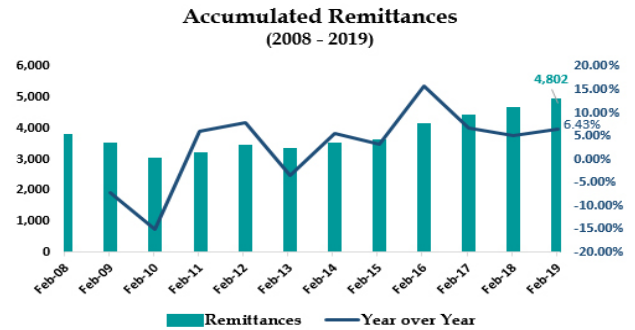
**Pre-Criteria for Economic Policy 2020**

The Finance Ministry (SHCP) presented the Pre-Criteria for Economic Policy for 2020. These criteria is the initial point for the debate on the 2020 Government Budget. Also, the document is used to present the changes in the economic expectations of both, the year in turn, and those of next year.

The most significant adjustments are: (i) The decrease in the outlook for the annual growth of the Gross Domestic Product (GDP) which went from a range of 1.5% - 2.5% to 1.1% - 2.1% for 2019, and 1.4% - 2.4% for 2020. The punctual estimation of the GDP annual growth rate was adjusted to 1.6% (0.4% less than the previous estimate), and by 2020 the figure rises to 1.9%. (ii) An increase in the expected price of the Mexican crude oil barrel from \$ 55 dollars per barrel (dpb) to \$ 57 dpb in 2019. (iii) A lower average nominal exchange rate of MXN 20.00 pesos per dollar (ppd) compared to the previous forecast of MXN 19.50 (ppd) and (iv) a decrease in budget revenues from 2.11% of the GDP to 20.60%. Despite this, the primary surplus of 1.0% of GDP remained unchanged, and the estimate for 2020 is 1.3% of GDP.

**Remittances**

Annual accumulated remittances in February 2019 amounted to 4,802 million dollars; a 6.5% year-over-year increase. Although remittances dropped compared to January (-1.14%) and December (-18.5%), this was due to a seasonal effect. Remittances in February (2,398 million dollars) reached an all-time high for the second month of the year as a result of full employment in the labor market in the United States. In March 196,000 new jobs were created —above market consensus expectations—, and the unemployment rate has remained close to 3.8% since last year; below the range of full employment expected by the members of the Federal Reserve of the United States (between 4.0% and 4.6%). Remittances have increased consistently since April 2016. In 2018 the total amount of remittances was 33,470 million dollars; a significant figure when compared to foreign direct investment (\$ 31,604 million) or with foreign debt interests (\$ 33,855 million) in the same year.



**PMI Markit Manufacturing Index**

PMI Markit Manufacturing Index in March was 49.8; below the growth threshold - which is 50 - and the index registered in January (5.6). This 49.8 index level is consistent with the deceleration of the economy in 2018 and the fall in domestic and international demand.

**Consumer confidence**

In March, the Mexican consumer confidence index increased 36.6% year-over-year, which represents a double-digit growth for nine months in a row (since the presidential election), and a record high for the third month of the year. Walmart Same Store Sales (SSS) indicator in March as 4.7%; 0.7% below the previous month.

**Oil exploration and production**

PEMEX announced that it would start drilling 506 exploratory wells in addition to the 162 that had been explored last year. Besides, by the end of the year, 20 fields will be incorporated into the national production, which will involve the start-up of 16 new platforms and 263 kilometers of pipelines. This is the most ambitious project, in terms of exploration, since 2000, and seeks to counteract the production drop observed since 2014, which is the main trigger for investor mistrust.

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Definitions

**Mexbol The S&P/BMV IPC** 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.

**General Economic Policy Pre-Criteria** for 2020 the document has the objective to start a dialogue with the congress about the economic perspective and public finance for the 2020 fiscal exercise

**Federal Reserve** is the central bank system of the United States that includes the Board of Governors in Washington, D.C., and 12 independent regional Reserve banks.

**Cetes** The Treasury Certificates of the Federation are the debt instrument oldest stock exchange issued by the Federal Government.

**5-year M bond:** fixed-rate development bonds that are issued and placed at terms of five years, pay interest every six months and their interest rate is determined at issue date and remains fixed all along the life of the bond.

**10-year M bond** fixed-rate development bonds that are issued and placed at terms of ten years, pay interest every six months and their interest rate is determined at issue date and remains fixed all along the life of the bond.

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

**Pemex Petróleos Mexicanos**, which translates to Mexican Petroleum, is the Mexican state-owned petroleum company, created in 1938 by nationalization or expropriation of all private, foreign, and domestic oil companies at that time. As of March 31, 2019 the security is not included in the Fund Portfolio Holdings.

**Non-Agricultural Payroll** rate measures the change in the number of people employed during the previous month, excluding the farming industry.

**Consumer Confidence Index** is the average of five components that measure consumer confidence. It is not possible to invest in an index.

**Walmart Same Store Sales** is a metric commonly referred to as "same-store" sales by others within the retail industry.

**PMI Markit Manufacturing Index** is based on monthly surveys of carefully selected companies representing major and developing economies worldwide.

**Yield to maturity (YTM)** is the total return anticipated on a bond if the bond is held until the date on which the life of a transaction or financial instrument ends. Yield to maturity is considered a long-term bond yield but it is expressed as an annual rate.

**Coupon:** is the annual interest rate paid on a bond, expressed as a percentage of the face value.

**Genera** Financial services company. As of March 31, 2019 the security is not included in the Fund Top 10 Portfolio Holdings.

**Banorte** Financial services company. As of March 31, 2019 the security represents 9.95% of Portfolio Net Assets.

**Grupo Aeroportuario del Pacífico.** As of March 31, 2019 the security represents 0.00% of Portfolio Net Assets.

**Walmart** Retail company. As of December 31, 2018 the security represents 9.40% of Portfolio Net Assets.

**Peñoles** Mining company. As of March 31, 2019 the security is not included in the Fund Top 10 Portfolio Holdings.

**Televisa** Media company. As of March 31, 2019 the security is not included in the Fund Top 10 Portfolio Holdings.

For a list of full securities please visit: [http://www.mxefund.com/portfolio\\_holdings.html](http://www.mxefund.com/portfolio_holdings.html).

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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