

**Discrepancies between the government and the private sector**

The stock market in Mexico operated only three days due to Easter holidays. Despite that, relevant activities that could affect the market outlook materialized. Specifically, an evident distancing between the Business Coordinating Council (CCE) and its affiliated chambers with the President of the Republic occurred. The above after the publication of the Emerging Program for Well-Being and Employment (PEBE), where medium and large companies did not receive any material support.

US stock markets registered an impressive rally due to:

1. A decline in the number of COVID-19 daily confirmed cases, an early indication that the contagion curve may be starting to flatten.
2. Announcement of a meeting of the OPEC + members to negotiate the reduction of world oil production, to raise oil prices. Noteworthy, the United States also agreed to reduce its output.
3. Bernie Sanders ended his candidacy for the Democratic presidential race. The above eased some of Wall Street's investor fears, given the Vermont senator's democratic socialist philosophy.
4. The completion of the quarantine in the Chinese city of Wuhan where the coronavirus pandemic began.

**Mexbol**

Mexbol closed April 8<sup>th</sup> operations at 34,567 points, a week over week (WoW) advance of 7.48% in dollars; therefore, the year to date (YTD) losses declined to (-)37.62% in dollars. Despite the positive performance of Mexbol, mainly due to the external factors described above, there is uncertainty due to the above-mentioned distancing between the Government and the organized private sector in Mexico.

**Exchange Rate**

The spot exchange rate closed April 8<sup>th</sup> operations at MX\$24.06 per dollar, a week over week appreciation of 3.8%; therefore, year to date depreciation decreased to 27.09%. The advance of the Mexican currency was due to the slight improvement on the international scene since, in a considerable number of countries in Europe, and the United States, the confirmed cases of COVID-19 are beginning to slow down. Additionally, the agreement within the OPEC + members, in which they announced a cut in production, relaxed fears of depressed oil prices.

**OPEC + Meeting**

On April 9<sup>th</sup>, the Organization of the Petroleum Exporting Countries (OPEC) and several other countries, included Russia and the United States, agreed to reduce world oil production to counter the decline in prices caused by the COVID-19 pandemic. The cuts will be scheduled as follows:

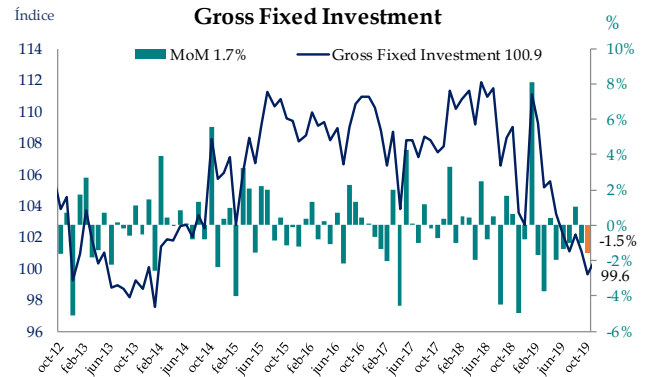
1. From May to June 2020, the cut will be 10 million barrels per day (mbd).
2. From July to December 2020, the reduction in production will be 8 mbd.
3. From January 2021 to April 2022 the drop will be 6 mbd.

Despite the OPEC + statement, the price of crude markers showed a weak performance due to fears that the cut will be insufficient to offset the global oil oversupply. On the day of the announcement, prices per barrel of the West Texas Intermediate mix and the Brent mix fell (-)9.28% and (-)2.46% and are now trading at \$22.76 and \$32.03 per barrel.

**Economic Indicators**

**Gross Fixed Investment**

January's Gross Fixed Investment presented a (-)9.2% annual decrease. By components, both construction and purchase of machinery and equipment displayed contractions of (-)7.6% and (-) 10.7%, respectively. The indicator is a result of the low confidence of the Mexican businesspeople regarding the current Federal Government economic policy.



Source: INEGI

**Automobiles Production and Exports**

The Mexican Association of the Automotive Industry (AMIA) reported the following results of the sector in March:

1. Sales within the country showed a contraction of 25.53%.
2. National production contracted 24.54%.
3. Vehicle exports fell 11.91%.

The falls were so pronounced since at least twelve of the country's automakers have had to take measures due to COVID-19 and five of them have already stopped their production.

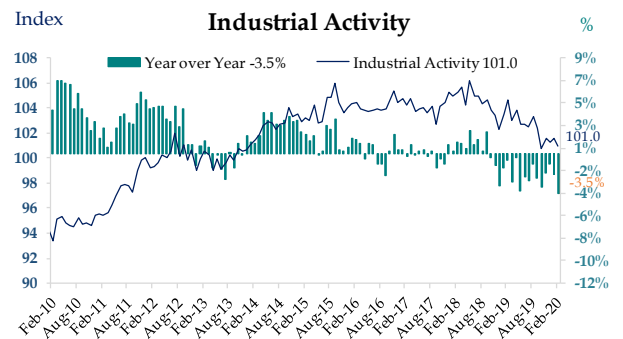
**Inflation**

In March, the Mexican Consumer Price Index (INPC) registered a 3.25% annual inflation. Core inflation was 3.60%, and non-core inflation grew 2.19% at an annual rate. Among the products that contributed to the considerable drop in general inflation stand out low and high-octane gasoline, tomato and onion, whose prices decreased (-)7.24%, (-)6.30%, and (-) 3.69% respectively.

Noteworthy, INEGI reported that as of April and while this health emergency lasts, the INPC measurement will use only electronic means to obtain their quotes.

**Industrial Activity**

February's Monthly Industrial Activity Indicator (IMAI) displayed a (-)3.5% year over year (YoY) decrease. By sectors, construction declined (-)9.5% and manufacturing industries (-)2.2%; while mining increased 2.1% and the generation, transmission and distribution of utilities through pipelines to the final consumer advanced 1.5%. Noteworthy, these is data before the contraction of economic activity due to the isolation by COVID-19.



Source: INEGI

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**Definitions**

**Business Coordinating Council (CCE):** It is an autonomous body that represents the business sector and regulates actions of organizations from various business sectors in Mexico, in order to boost the country's economic growth and the level of competitiveness of Mexican companies.

**Consumer Price Index (INPC):** Is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

**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.

**Gross Fixed Investment (IFB):** Describes the net capital accumulation during an accounting period for a country. The term refers to additions of capital stock, such as equipment, tools, transportation assets and electricity.

**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.

**Mexican Association of the Automotive Industry (AMIA):** Is a civil association formed by the will of the vehicle manufacturing companies established in Mexico, with the purpose of having an exclusive representation for this industrial sector. As a group it strives to reconcile the interests of these companies in a collegial way in practically all fields, with respect to other similar institutions.

**Monthly Industrial Activity Indicator (IMAI):** Indicator to follow up on the evolution of the industrial sector, on the short term, providing valuable information for decision making.

**Program for Well-Being and Employment (PEBE):** Program created by Andrés Manuel López Obrador, Mexico's president, in order to support 22 million people, grant credits and create jobs derived from the coronavirus situation.

**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.

**Week over Week (WoW):** Refers to the mathematical process of comparing one week of data to prior week'.

**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.

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

**Disclosures**

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