



# **Mexico's Economic Review**

**October 31st 2024**

# Mexico's Economic Review ended October 31st, 2024

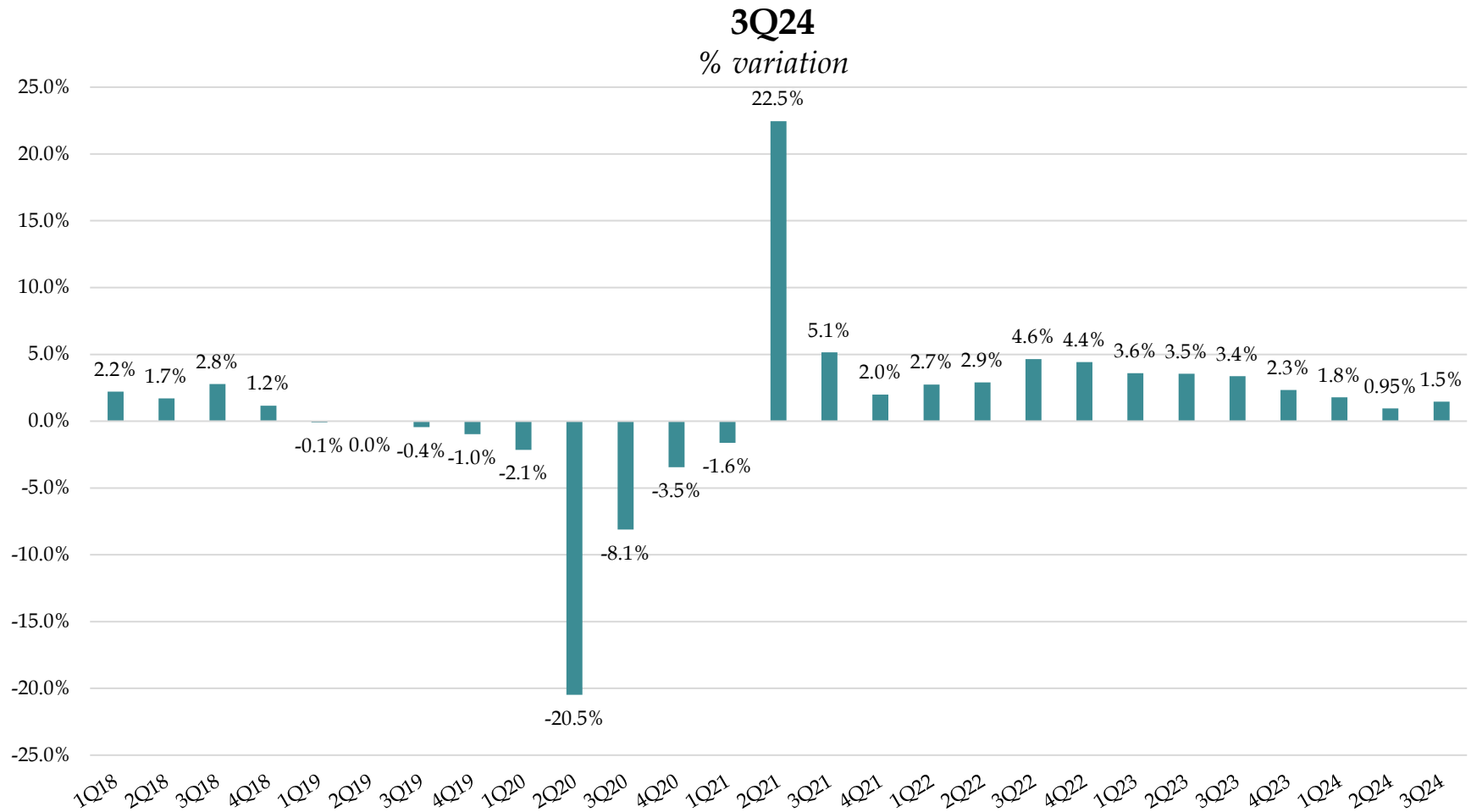


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## I. Gross Domestic Product (GDP)

GDP grew at a stronger rate in Q3-2024, however, remains weaker exhibited by domestic economic activity since Q1-2024 continued.

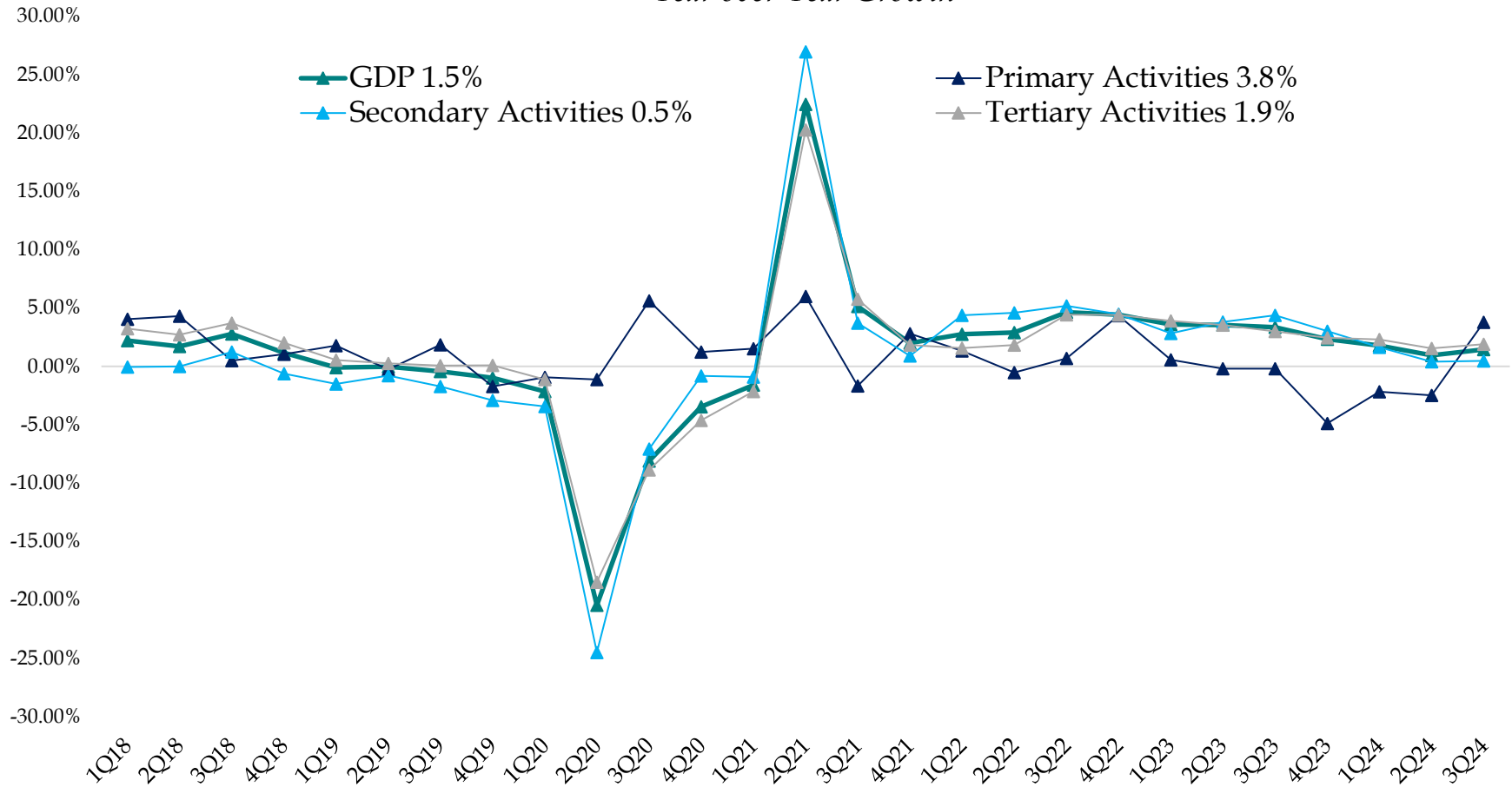


Source: INEGI

# I. Gross Domestic Product (GDP)

Mexico's economic performance in Q3-2024 mainly reflected an acceleration in primary activities. Meanwhile secondary and tertiary activities show signs of deceleration.

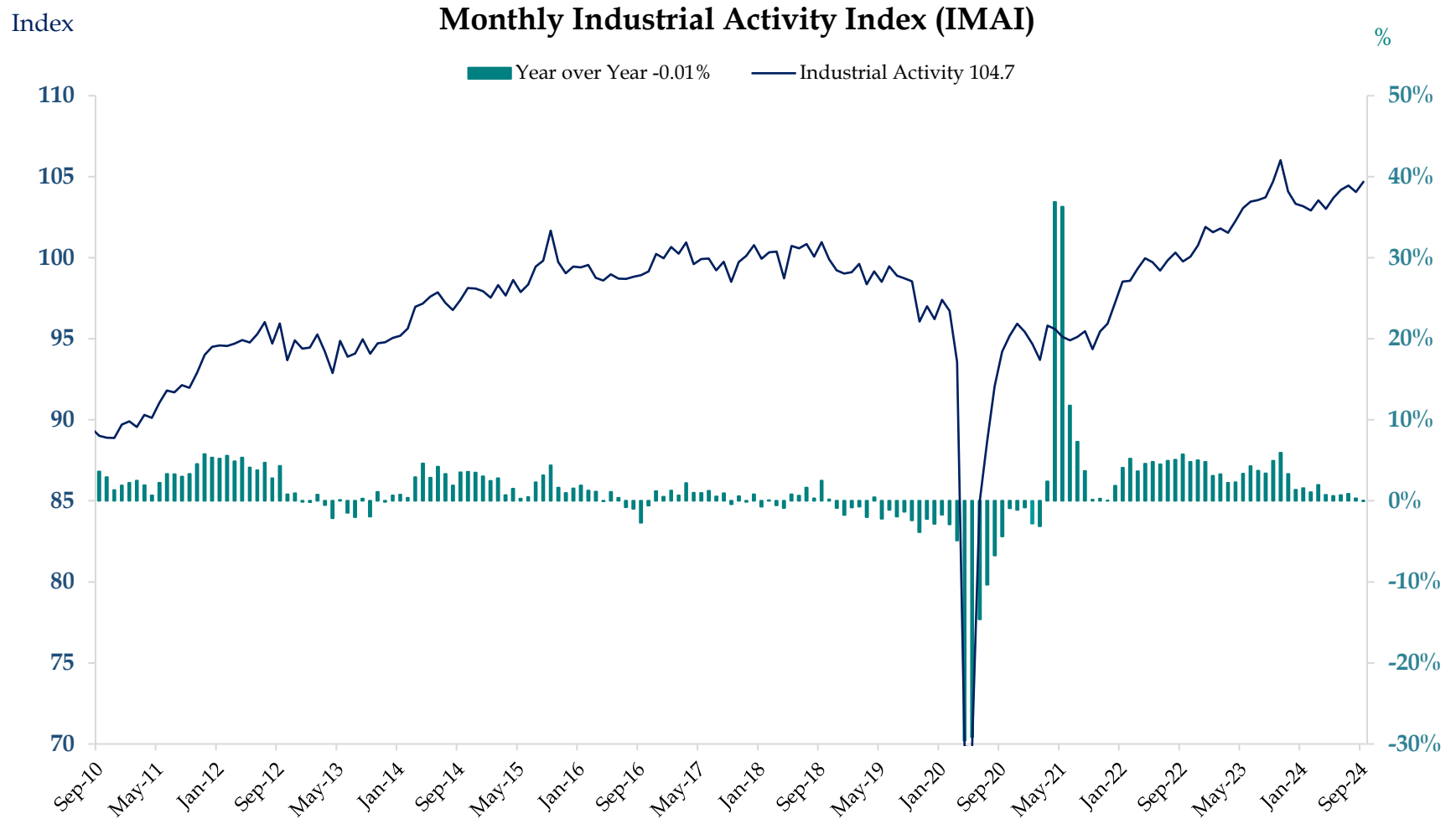
**Quarterly GDP by Component**  
*Year over Year Growth*



Source: INEGI

# I. Industrial Production

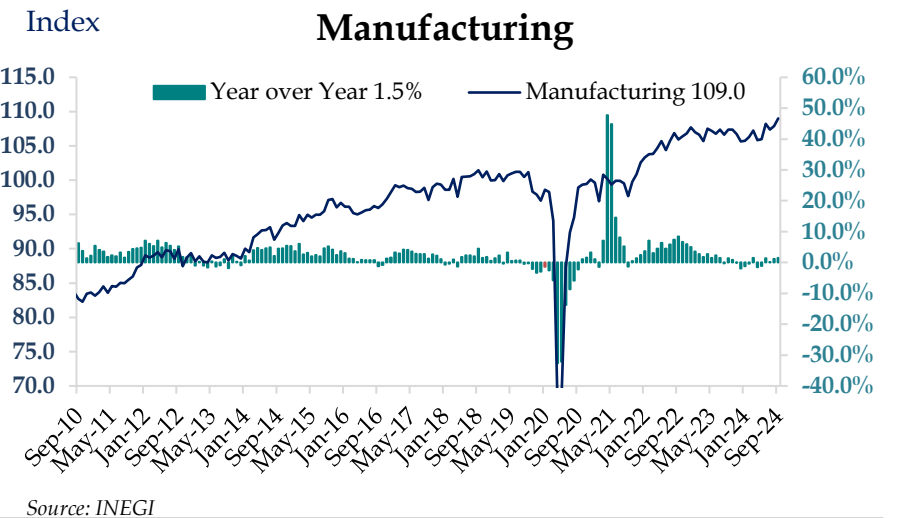
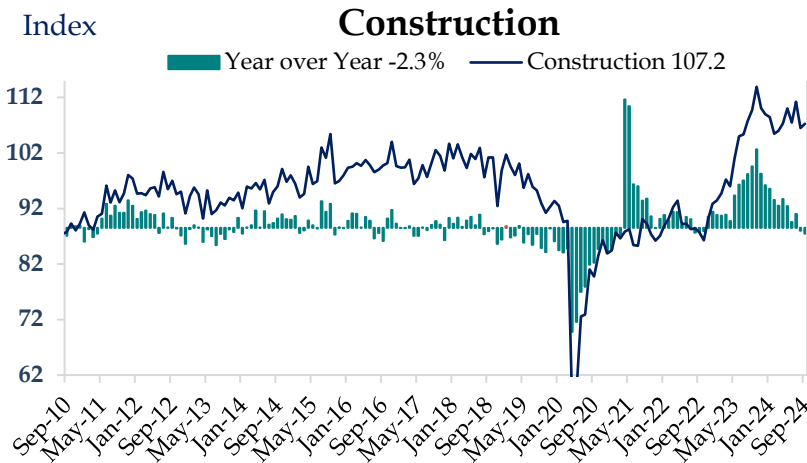
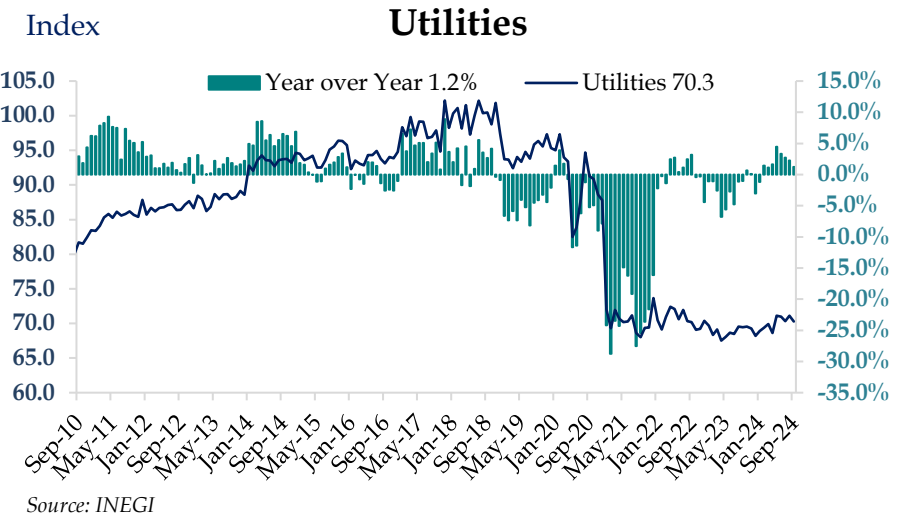
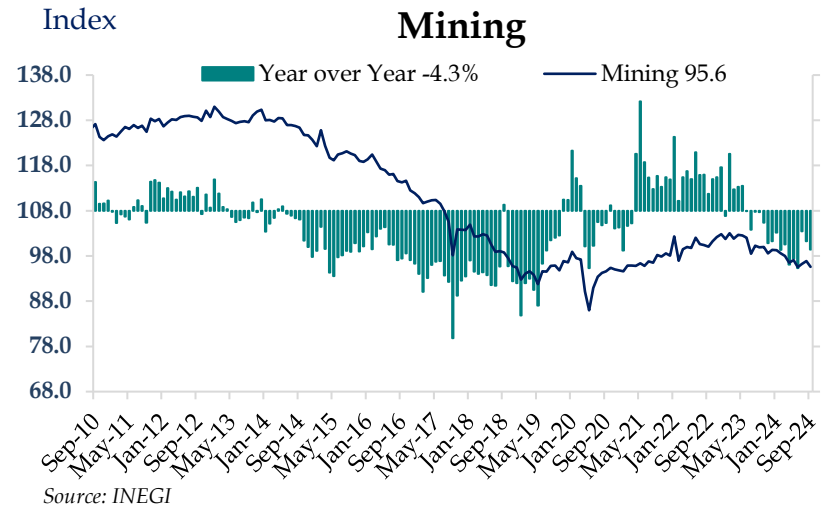
In Q3-2024, industrial activity remained weak, however offset by manufacturing and utilities



Source: INEGI

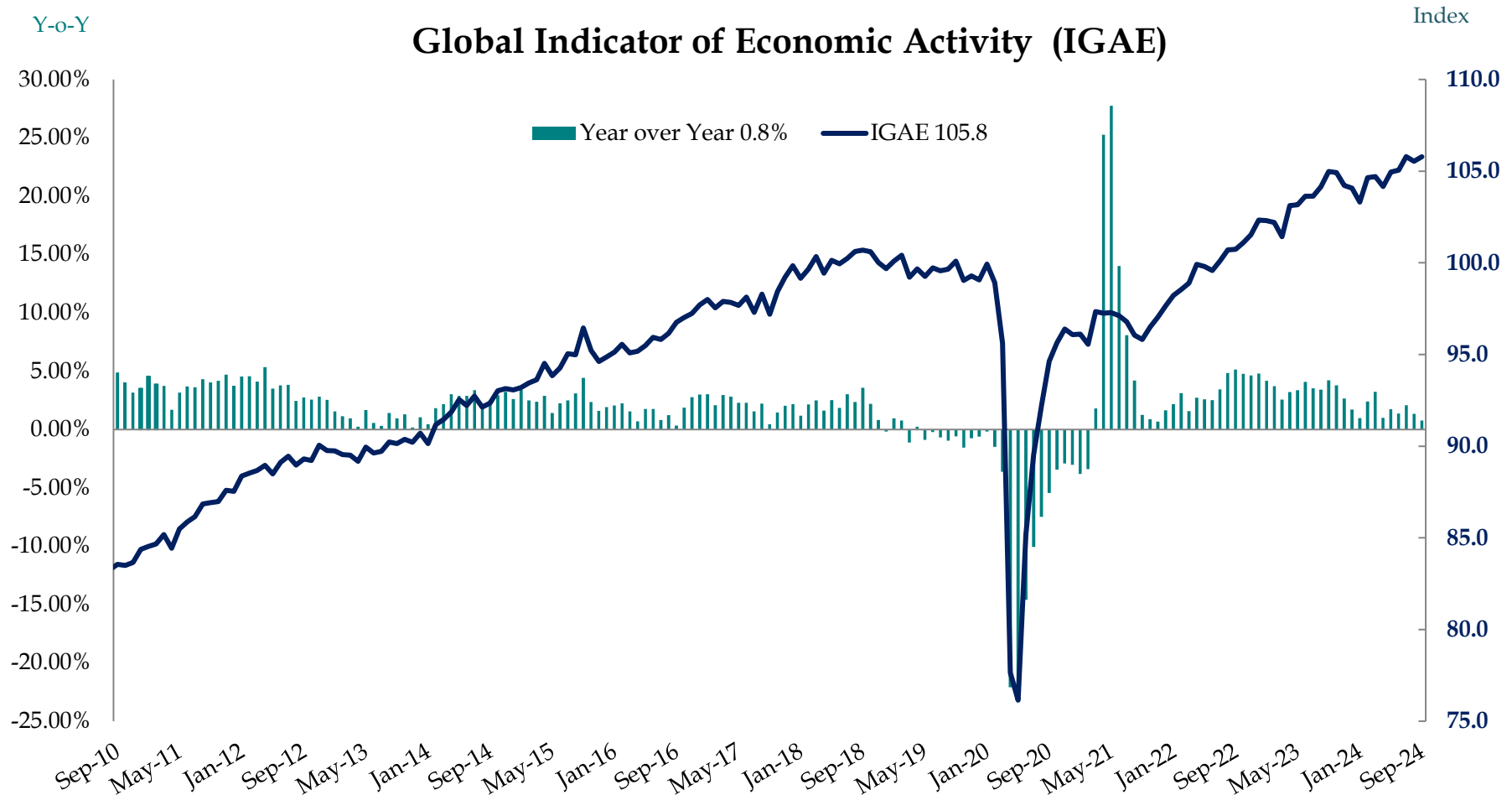
## I. Secondary Component

Manufacturing & utilities maintain an accelerating trend, meanwhile mining and construction show signs of deceleration



## I. Industrial Production

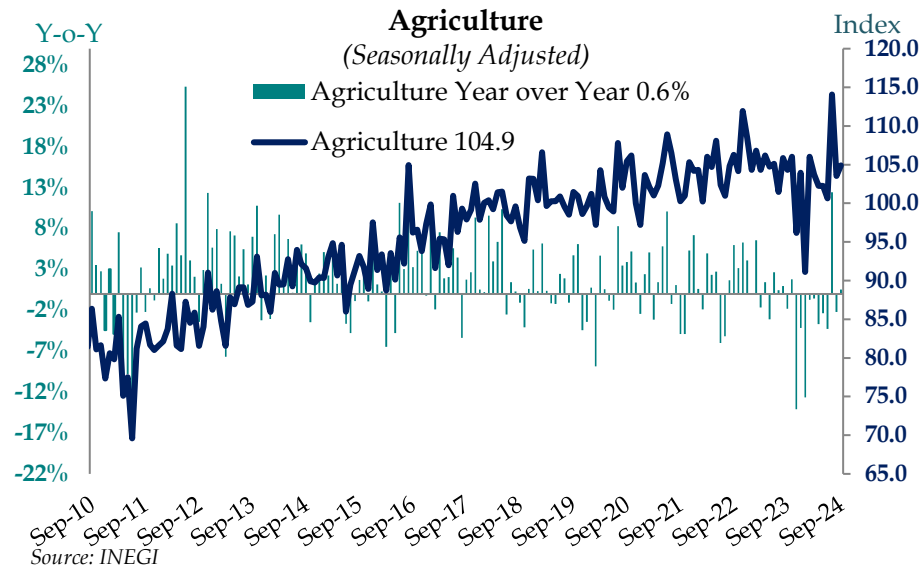
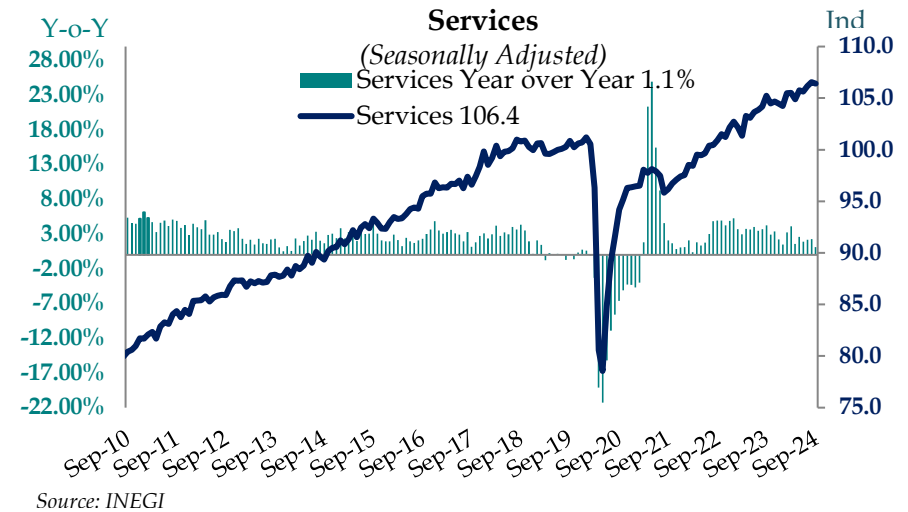
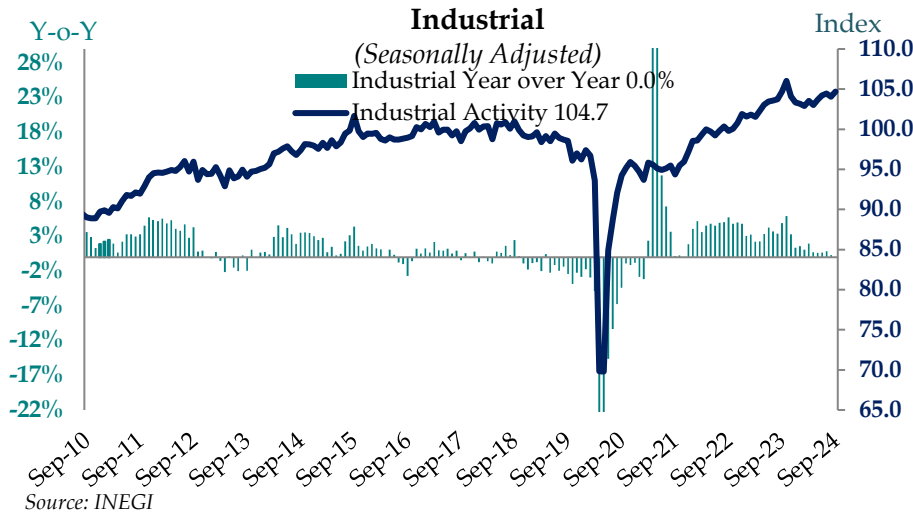
The Global Indicator of Economic Activity serves as a proxy for the Gross Domestic Product. The service sectors continued performing heterogeneously in Q3-2024.



Source: INEGI

# I. Industrial Production

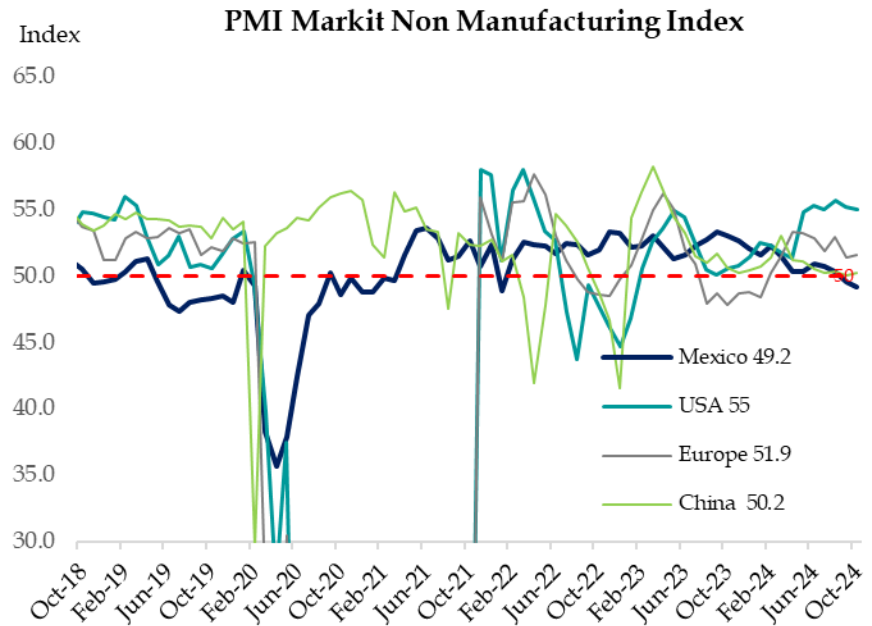
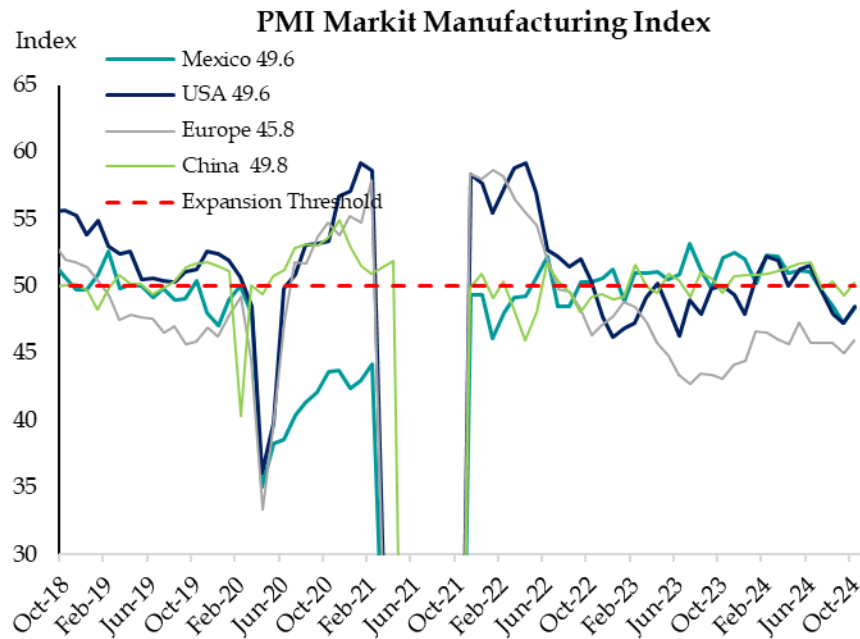
The service sectors continued performing heterogeneously in Q3-2024.





## I. PMI Markit

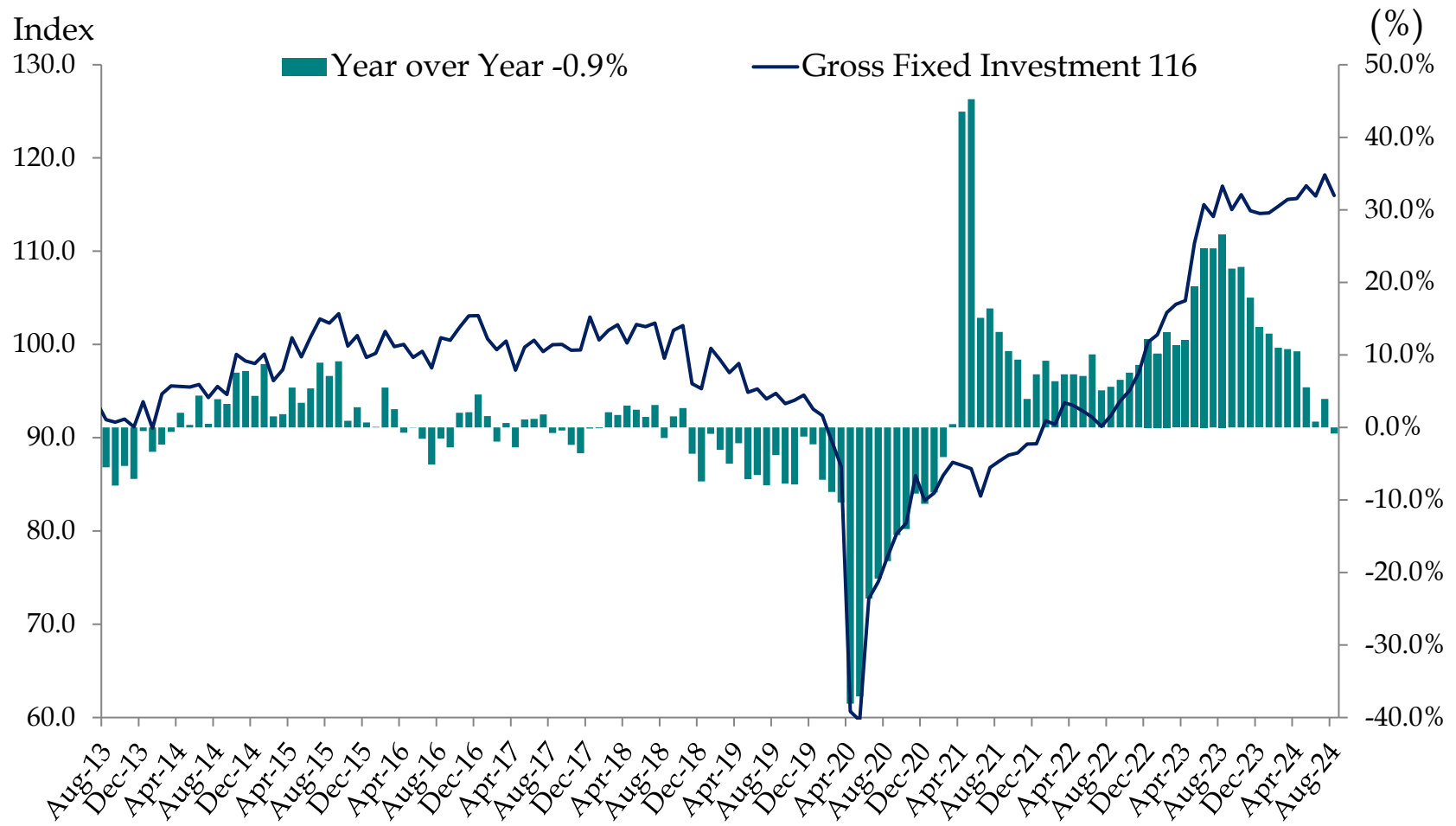
During 3Q'2024, global economic activity grew at a slower pace than in 1Q'2024, although this performance was heterogeneous between manufacturing and non-manufacturing industries



Source: IHS Markit, Bloomberg

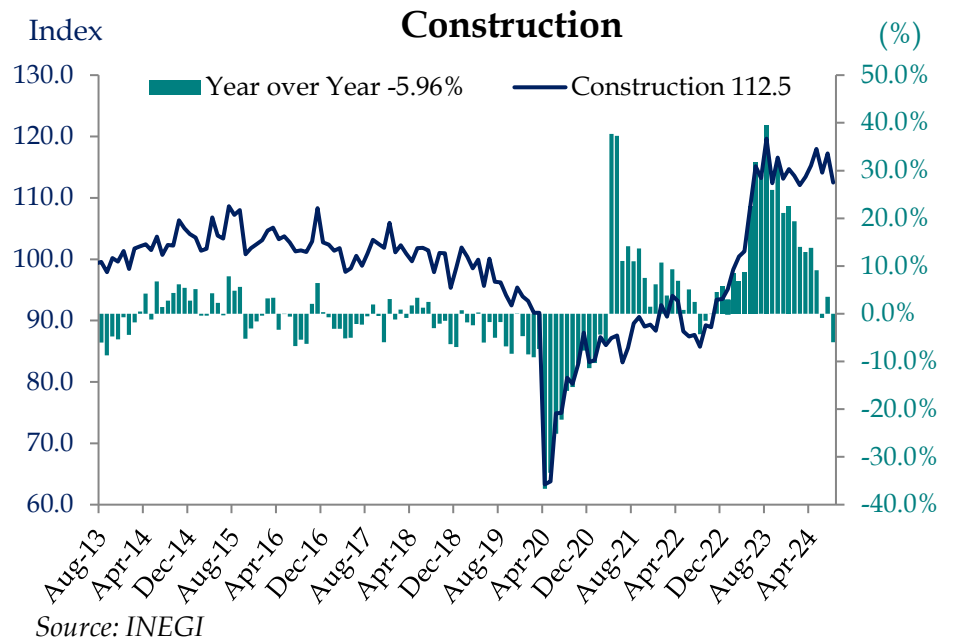
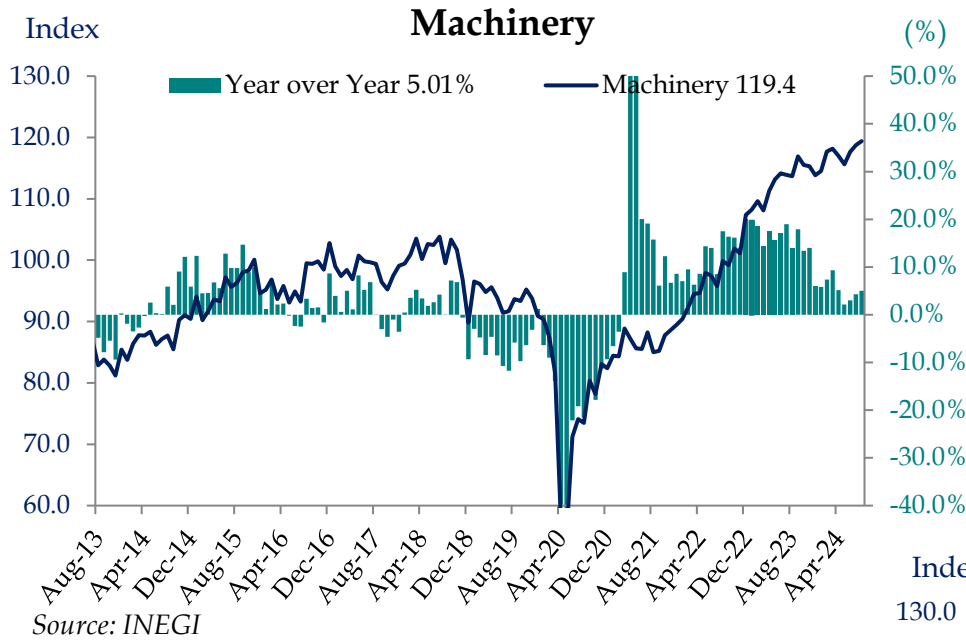
## I. Gross Fixed Investment

July and August data on gross fixed investment improved compared to the last twelve months. Signaling continued investment after the presidential elections, driven by machinery



Source: INEGI

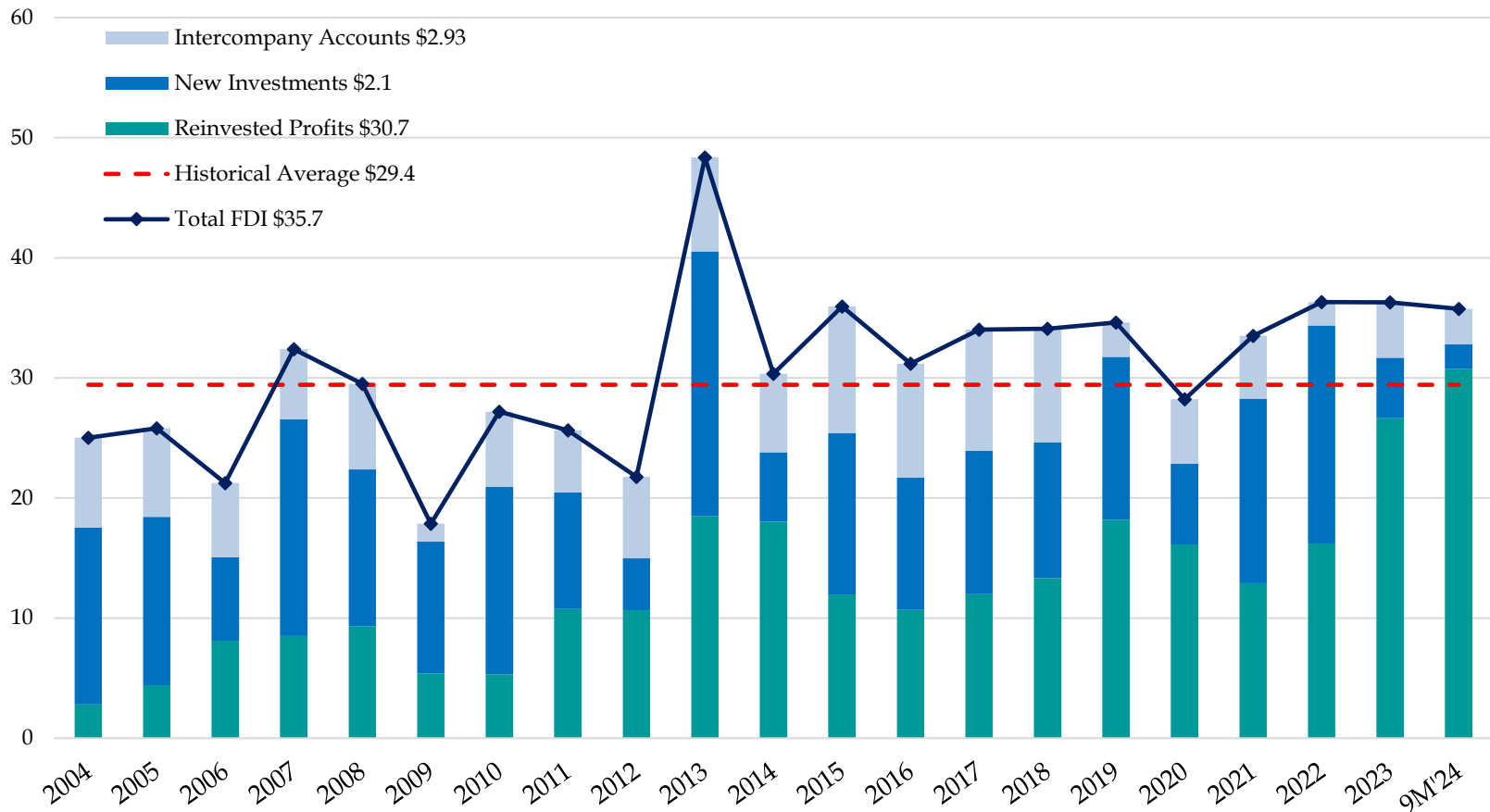
# I. Gross Fixed Investment



# I. Foreign Direct Investment

Nine months into the year, unprecedented amounts of reinvested profits have been recorded by the country's companies, due to economic stability, the good business environment and the competitive advantages they offer, making them companies that drive new investments..

Million USD

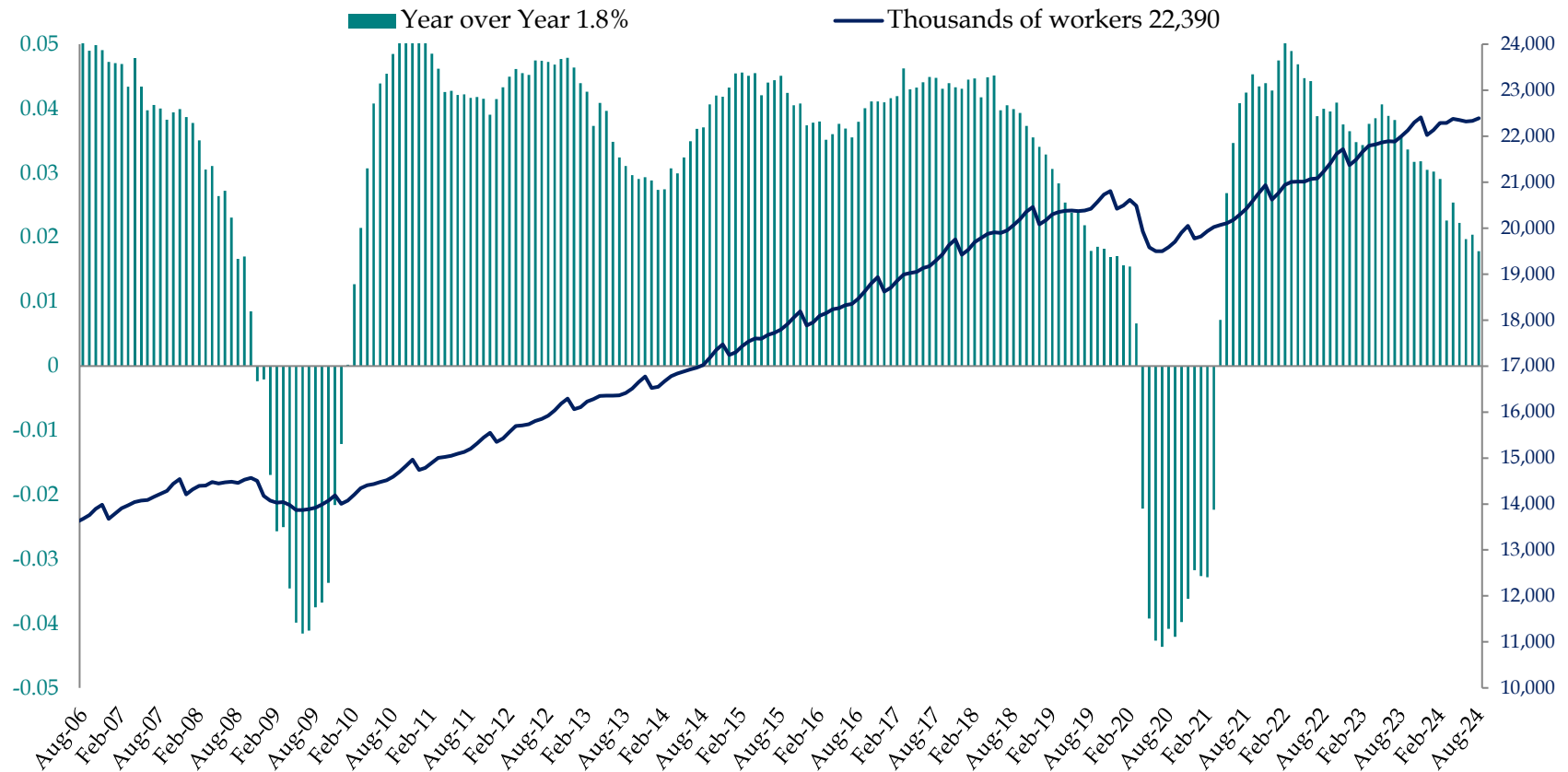


Source: Ministry of Economy.

# I. Employment

During Q3-2024, the labor market continued showing strength, albeit with some signs of stabilization.

## Formal Job Creation

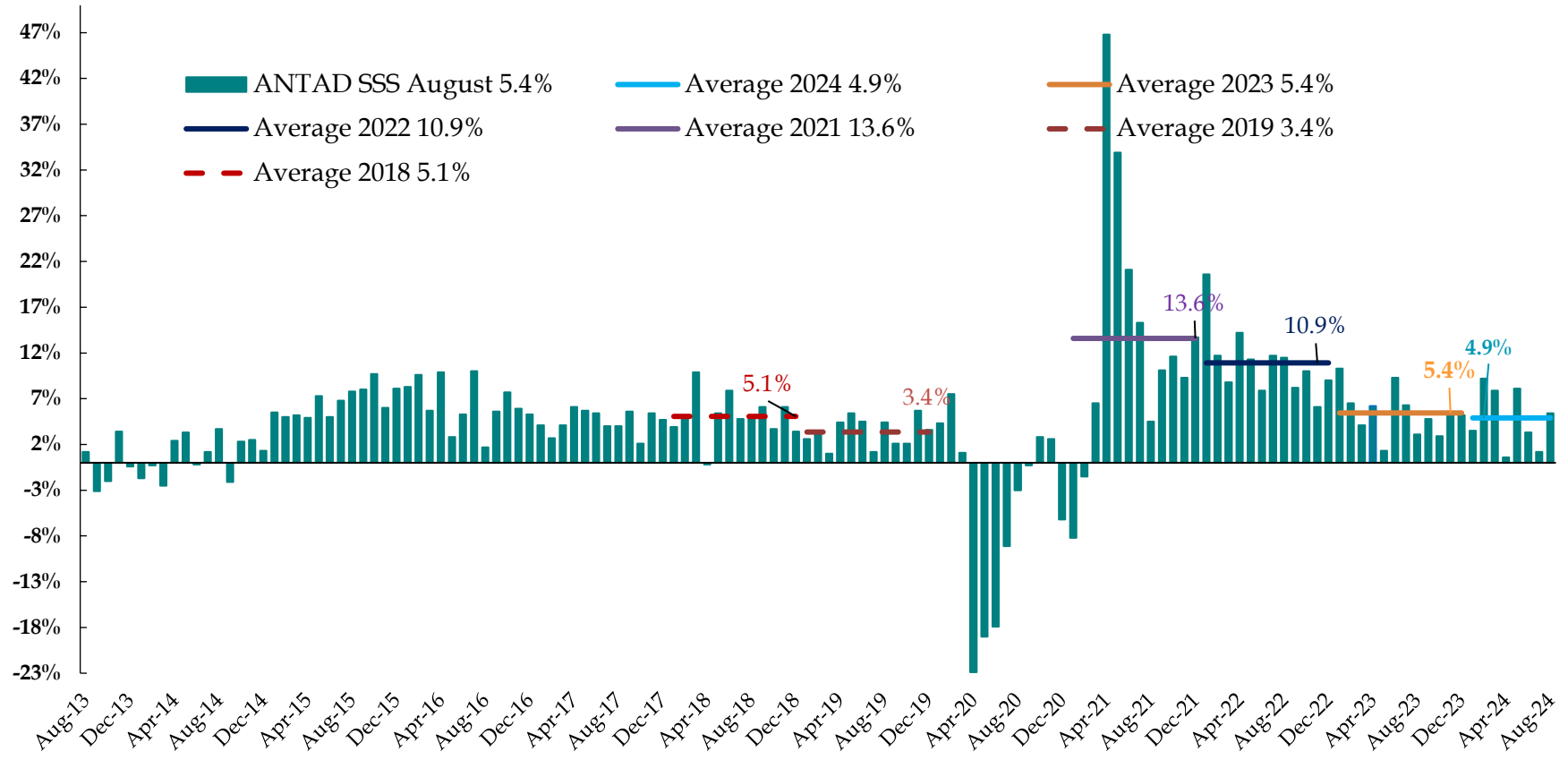


Source: Bloomberg

## I. National Retailers Association "ANTAD"

Private consumption for August, was above the last twelve month average, showing the resilience of the internal private consumption.

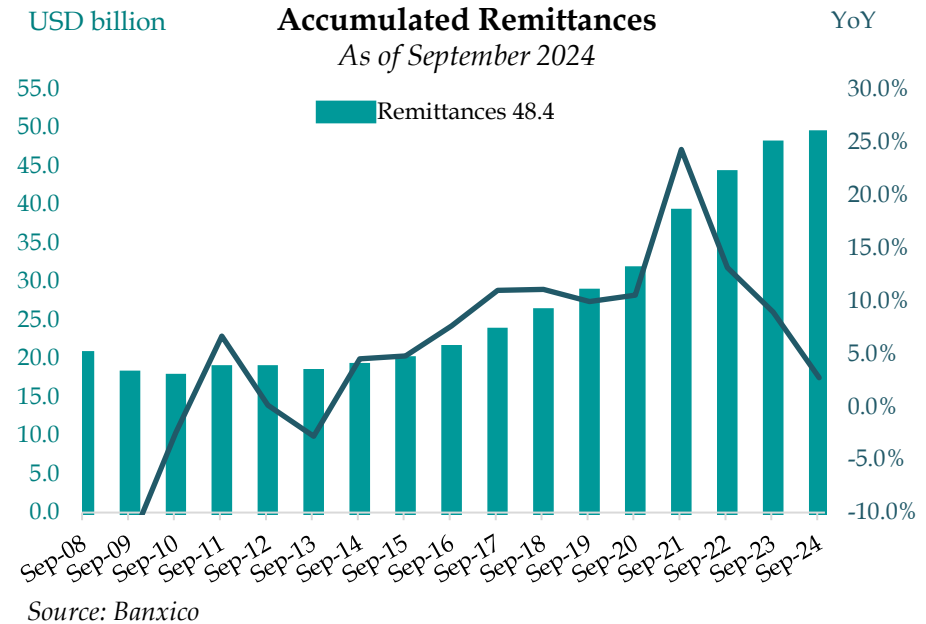
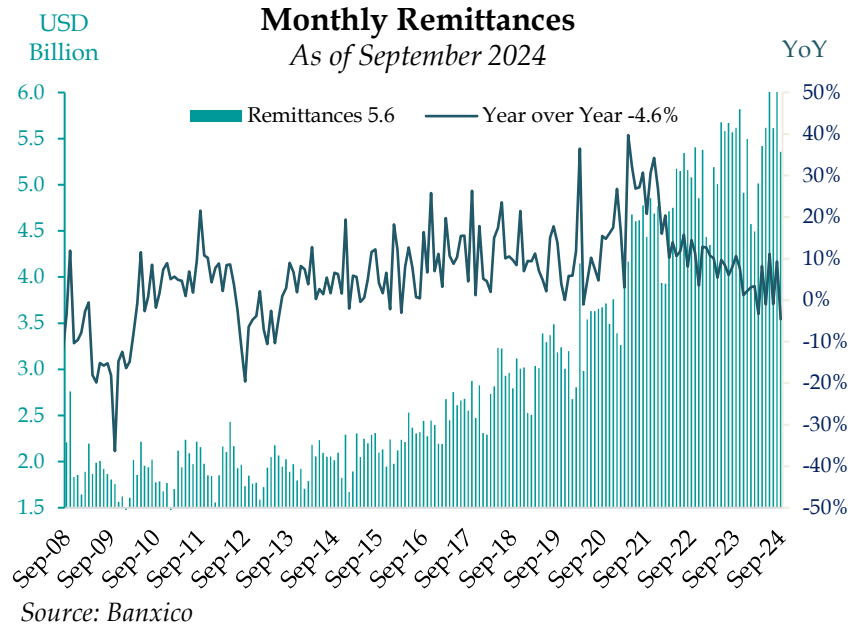
### ANTAD (Same Store Sales) Year over year, as of august 2024



Source: ANTAD & PAM

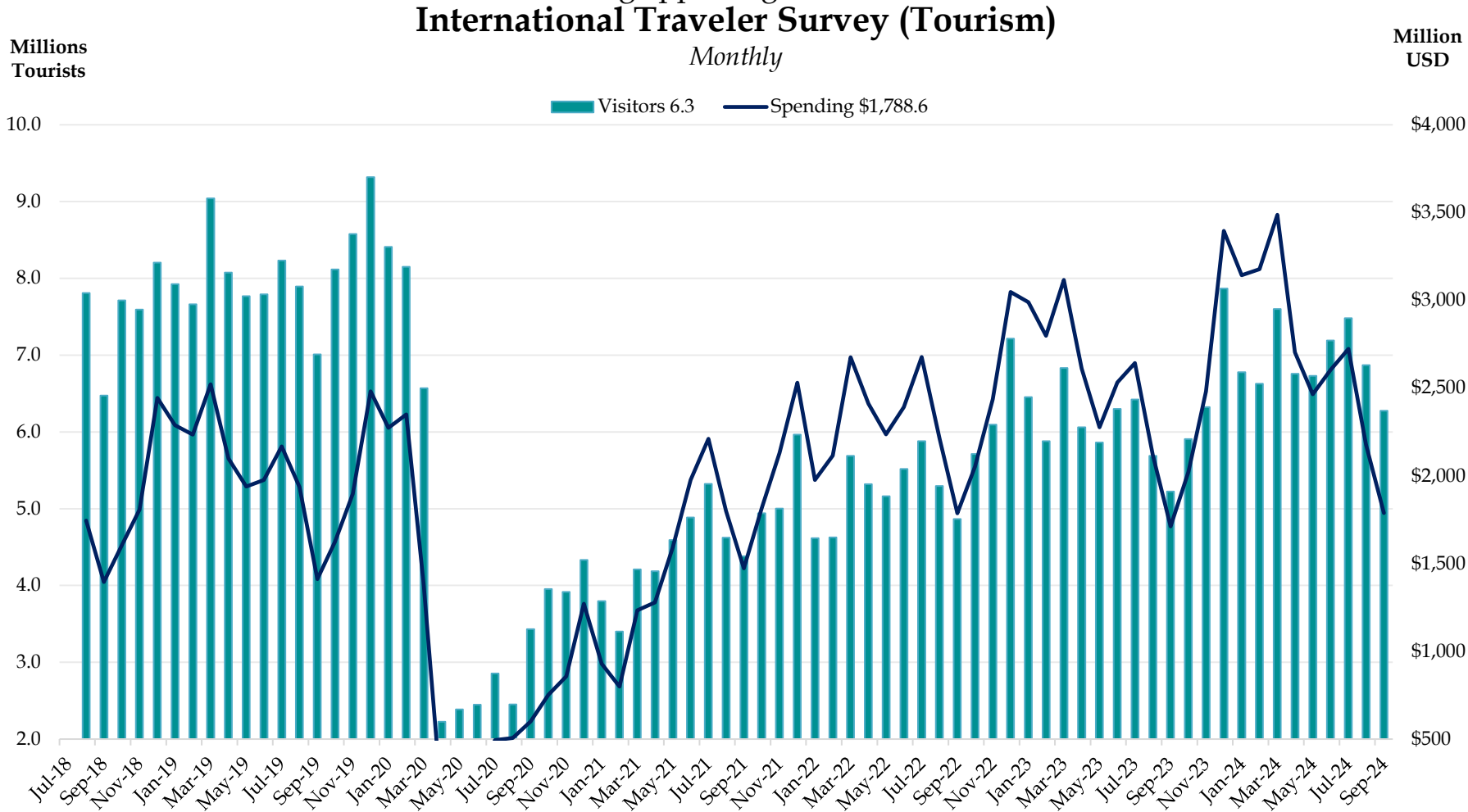
## II. Remittances

In the July-September period, remittances showed a significant expansion compared to the second quarter, reflecting the higher level of the peso exchange rate against the dollar.



## II. Tourism Income

Since April 2024, tourist visits to Mexico have declined due to a combination of factors, including global economic challenges, exchange rate fluctuations, and increased competition from other destinations offering appealing travel deals.



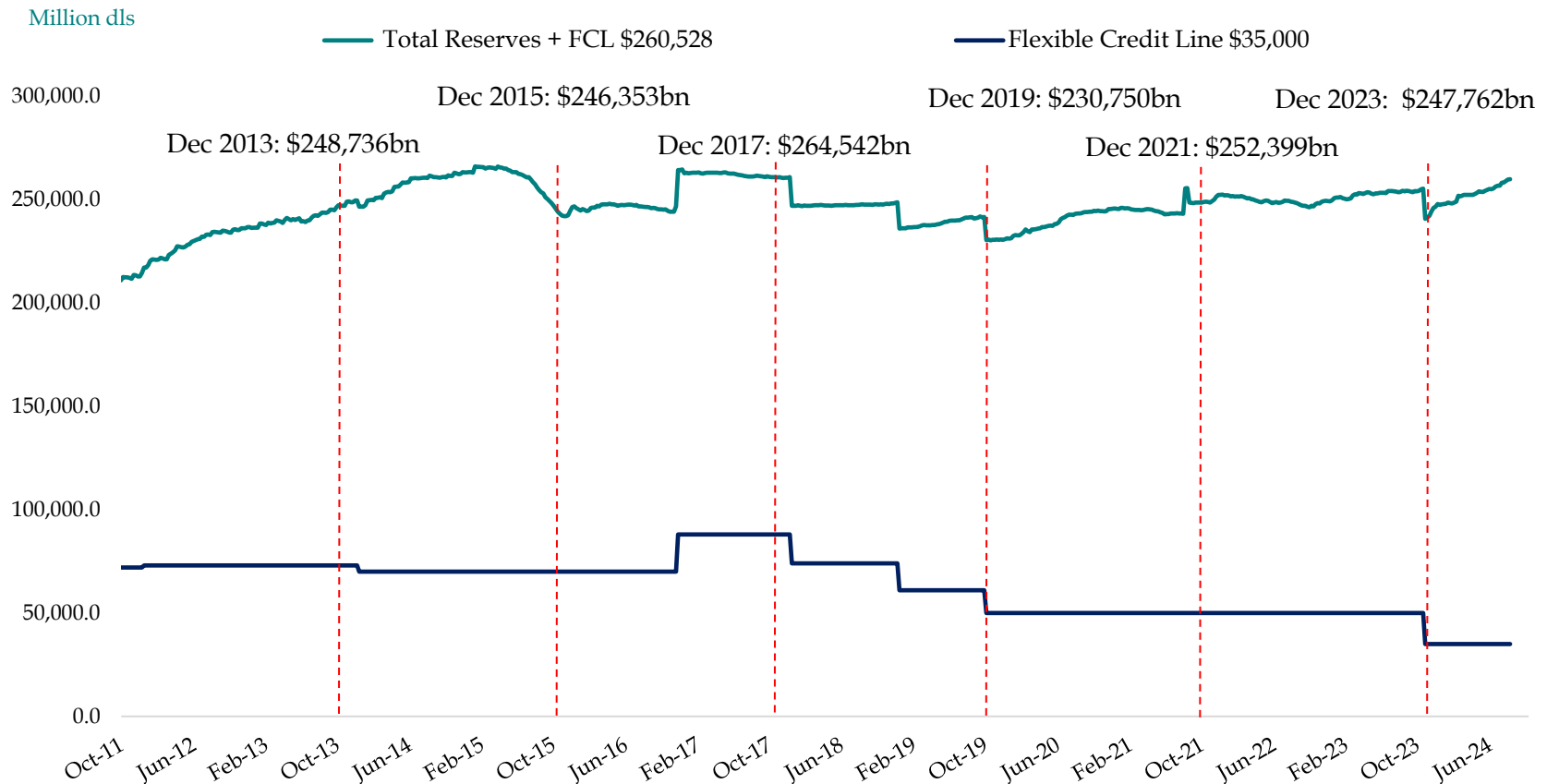
Source: INEGI.



## II. International Reserves

As of October 31, 2024, Mexico's international reserves remain at a robust level, reflecting the country's strong financial position and its capacity to withstand external shocks.

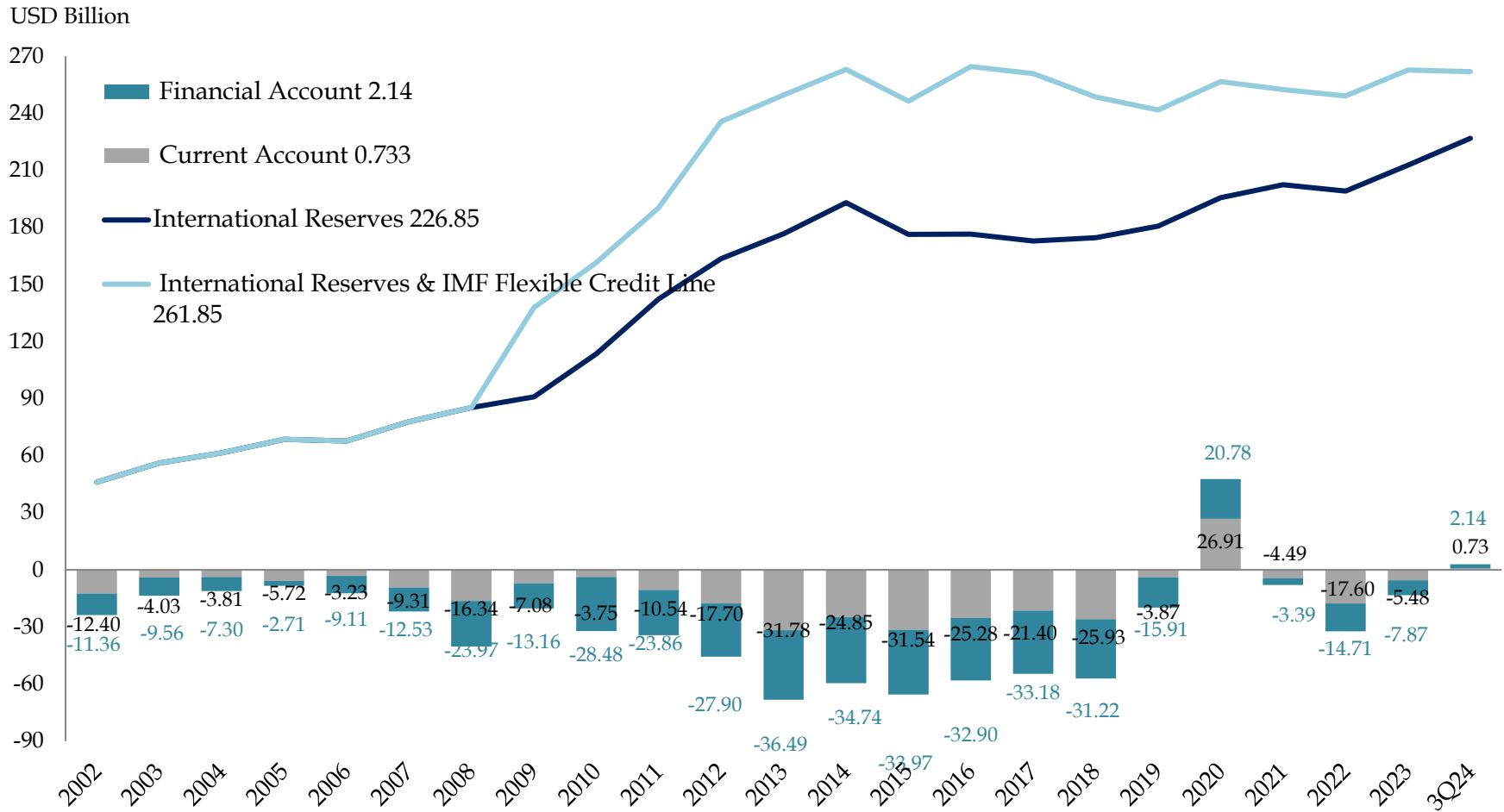
### International Reserves & Flexible Credit Line



Source: Bloomberg

## II. Balance Payments

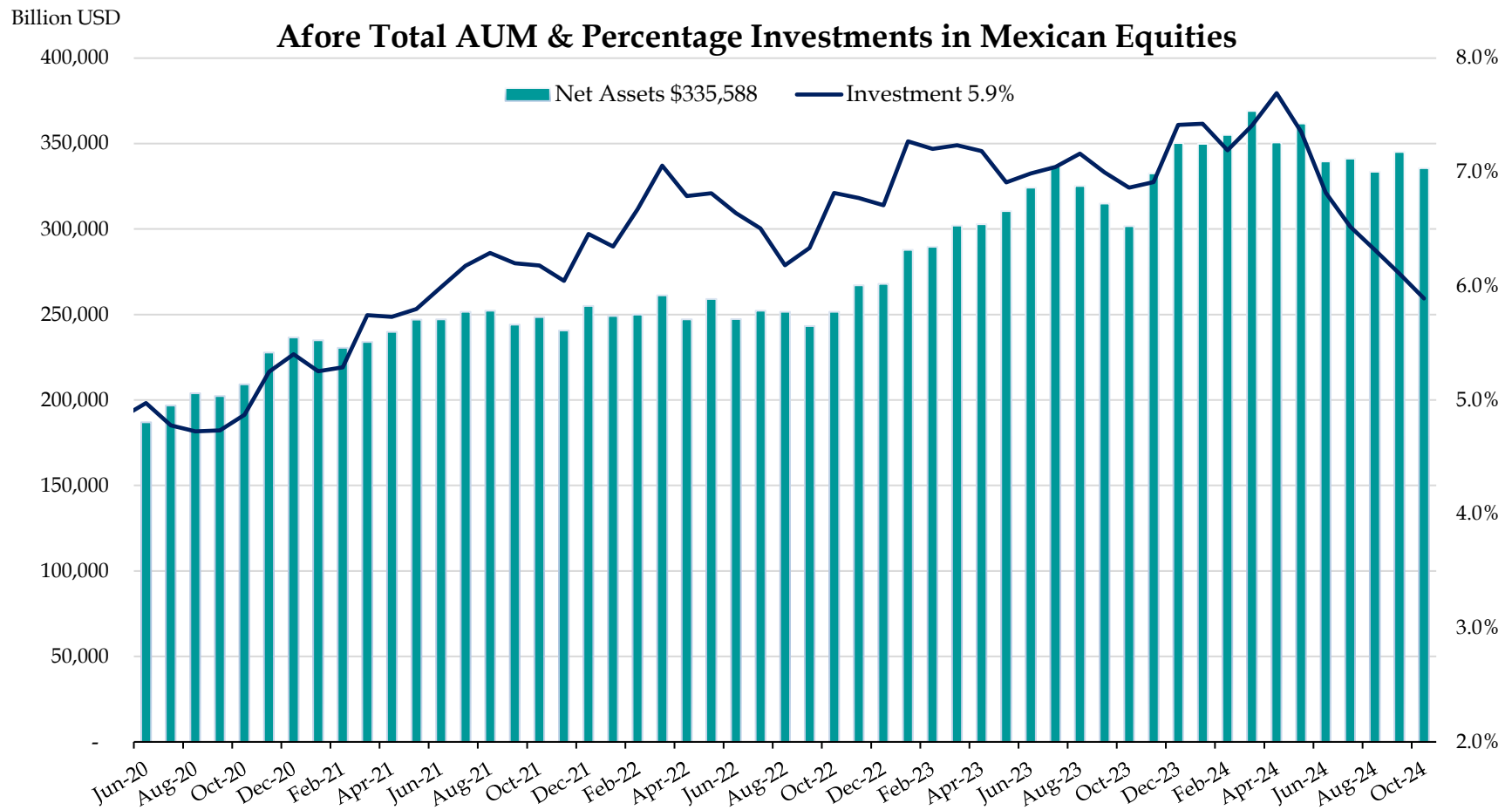
In Q3 2024, Mexico's current account posted a surplus of \$733 million, while the capital account showed a \$60 million deficit. The financial account recorded a net lending of \$2.137 billion to the rest of the world, driven by a \$1.488 billion increase in reserve assets.



Source: Banxico

## II. Investment in Equity Markets

The Afores reported losses in October 2024, due to the volatility in the markets prior to the presidential election in the United States, which ended up being won by the Republican Donald Trump.



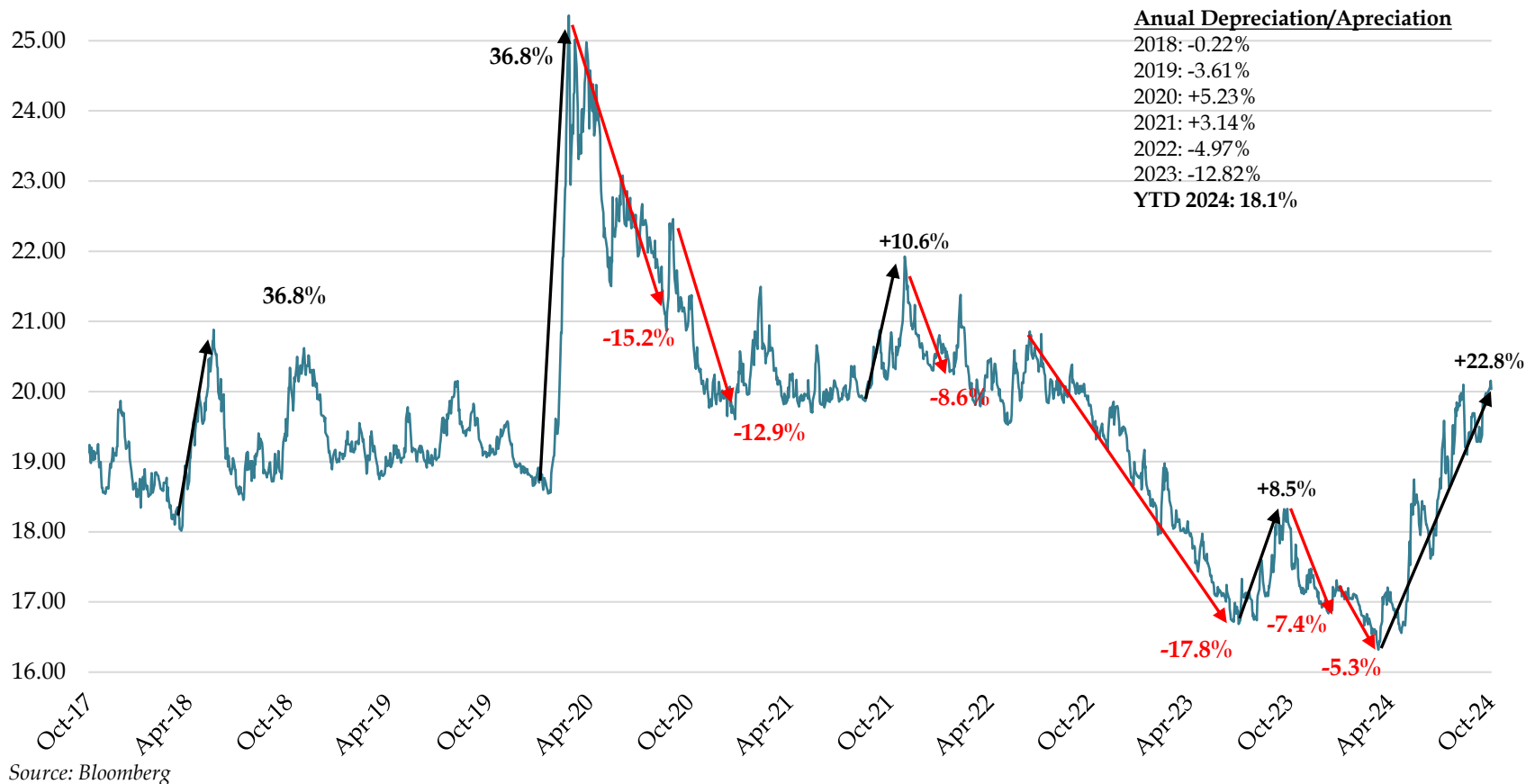
Source: CONSAR

## II. Exchange Rate and External Accounts

Between April and August domestic financial markets were affected by bouts of volatility due to external or idiosyncratic factors. In this context, the Mexican peso tended to depreciate

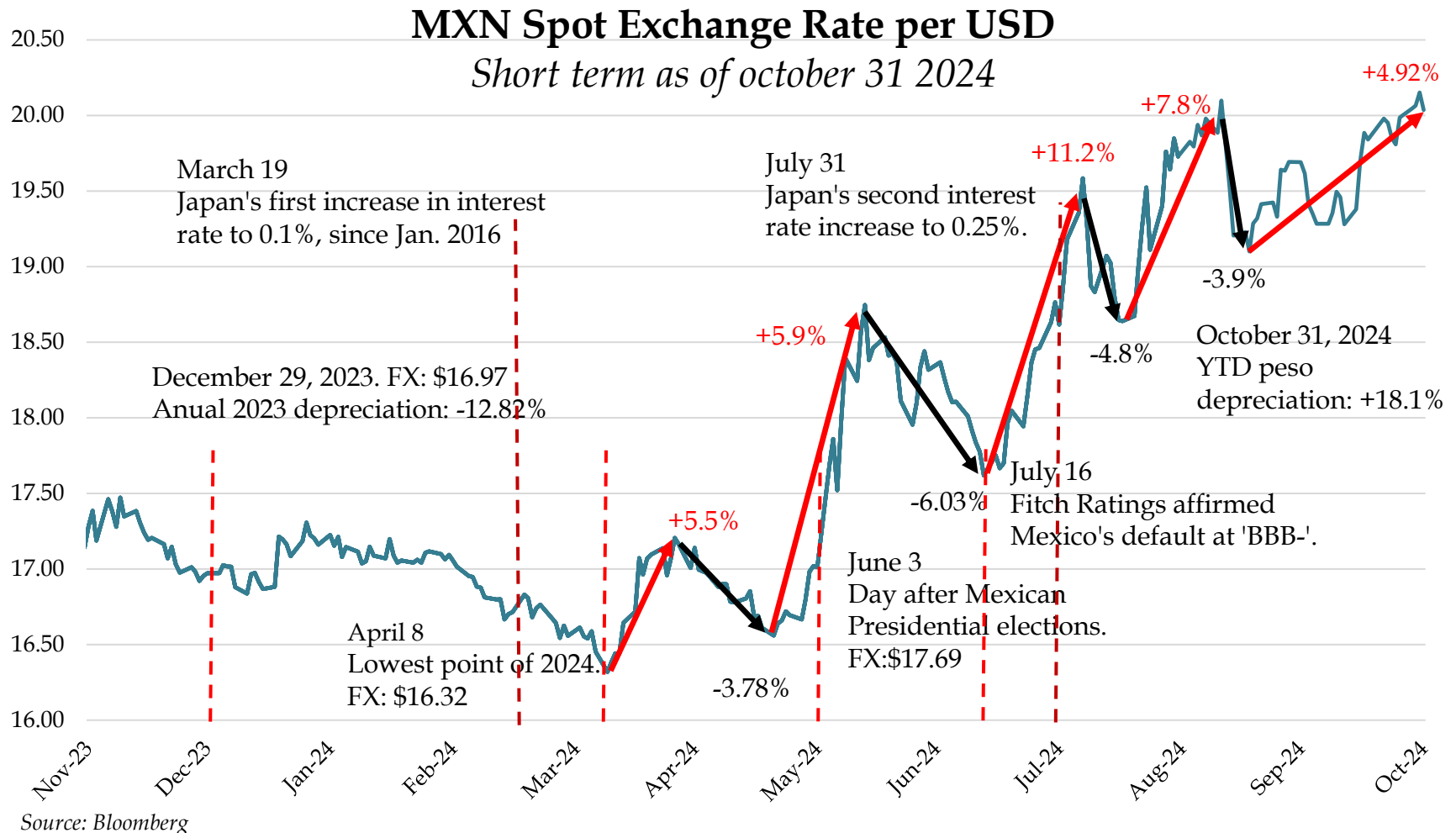
### MXN Spot Exchange Rate per USD

*Short term as of october 31, 2024*



## II. Exchange Rate and External Accounts

The Mexican peso ended October near 20 units per dollar, as market sentiment reflected nervousness due to investor caution ahead of the release of key economic indicators and the upcoming U.S. elections.



## II. Trade Balance

The increase in October is the fourth largest so far this year, in which the trajectory of exports has been fluctuating. During these 10 months, increases have been observed in five periods and decreases in the other five.

### Mexico's Trade Balance - As of October 2024

Exports									
	oct-23	% of Total	Annual Change	oct-24	% of Total	Annual Change	9M24	% of Total	Annual Change
Total Exports	51,857	100.0%	5.4%	57,671	100.0%	11.2%	455,717	100%	3.2%
Oil	3,144	6.1%	12.3%	2,383	4.1%	-24.2%	21,480	4.7%	-14.1%
Crude Oil	2,721	5.2%	13.7%	1,840	3.2%	-32.4%	16,263	3.6%	-35.0%
Others	423	0.8%	4.1%	543	0.9%	28.6%	5,217	1.1%	18.3%
Non-Oil	48,713	93.9%	5.0%	55,288	95.9%	13.5%	434,237	95.3%	4.2%
Agricultural	1,657	3.2%	8.8%	1,709	3.0%	3.1%	17,695	3.9%	7.2%
Mining	690	1.3%	-15.1%	1,084	1.9%	57.1%	7,703	1.7%	8.2%
Manufacturing	46,366	89.4%	5.2%	52,495	91.0%	13.2%	408,839	89.7%	4.0%
Automotive Industry	17,670	34.1%	20.9%	18,740	32.5%	6.1%	144,101	31.6%	3.7%
Others	28,697	55.3%	-2.5%	33,755	58.5%	17.6%	264,737	58.1%	4.2%
Imports									
	oct-23	% of Total	Annual Change	oct-24	% of Total	Annual Change	9M24	% of Total	Annual Change
Total Imports	52,226	100%	1.8%	57,300	100.0%	9.7%	466,734	100%	3.3%
Oil	3,971	7.6%	55.9%	3,242	5.7%	-21.0%	29,180	6.3%	-56.3%
Non-Oil	48,255	92.4%	27.9%	54,058	94.3%	9.2%	437,554	93.7%	3.2%
Consumption Goods	6,875	13.2%	29.5%	7,428	13.0%	8.0%	60,447	13.0%	-11.5%
Intermediate Goods	36,240	69.4%	-0.3%	41,193	71.9%	13.7%	331,310	71.0%	-8.4%
Capital Goods	5,140	9.8%	19.4%	5,437	9.5%	5.8%	45,797	9.8%	7.2%
Trade Balance									
	oct-23	Annual Change		oct-24	Annual Change		9M24	Annual Change	
Trade Balance	-369	-82.3%		371	-200.4%		-11,017	10.99%	

Source: Mexico's Ministry of Economics

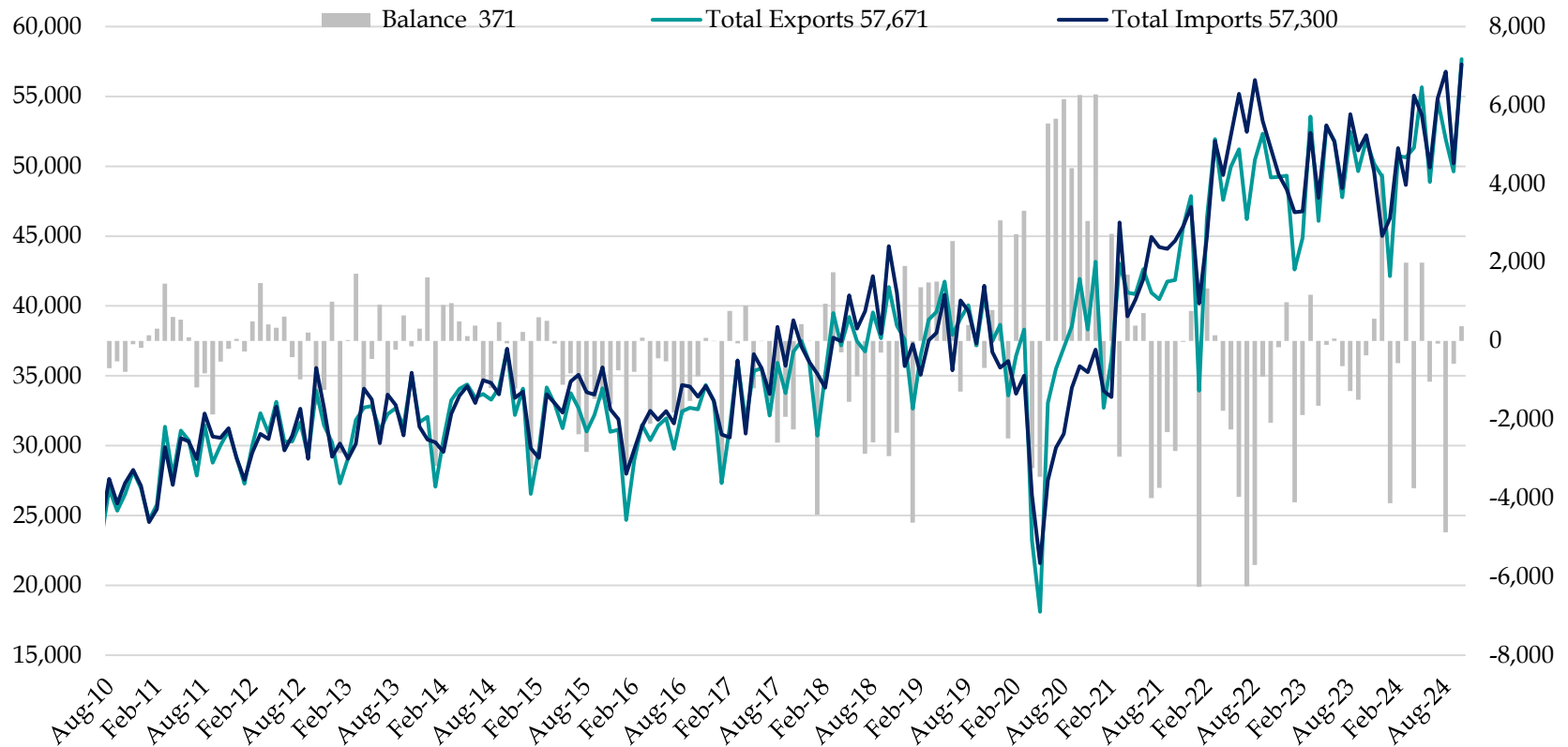
Amounts in Billions of Dollars

## II. Trade Balance

After two months of slight declines, in October the value of exports rose 11.2% to a record amount -for the same month- of 57.671 billion dls. Resulting in a trade surplus equivalent to 371 billion dls, a balance comparable to the deficit of 369 million dollars of the same month in 2023.

### Mexico's Trade Balance

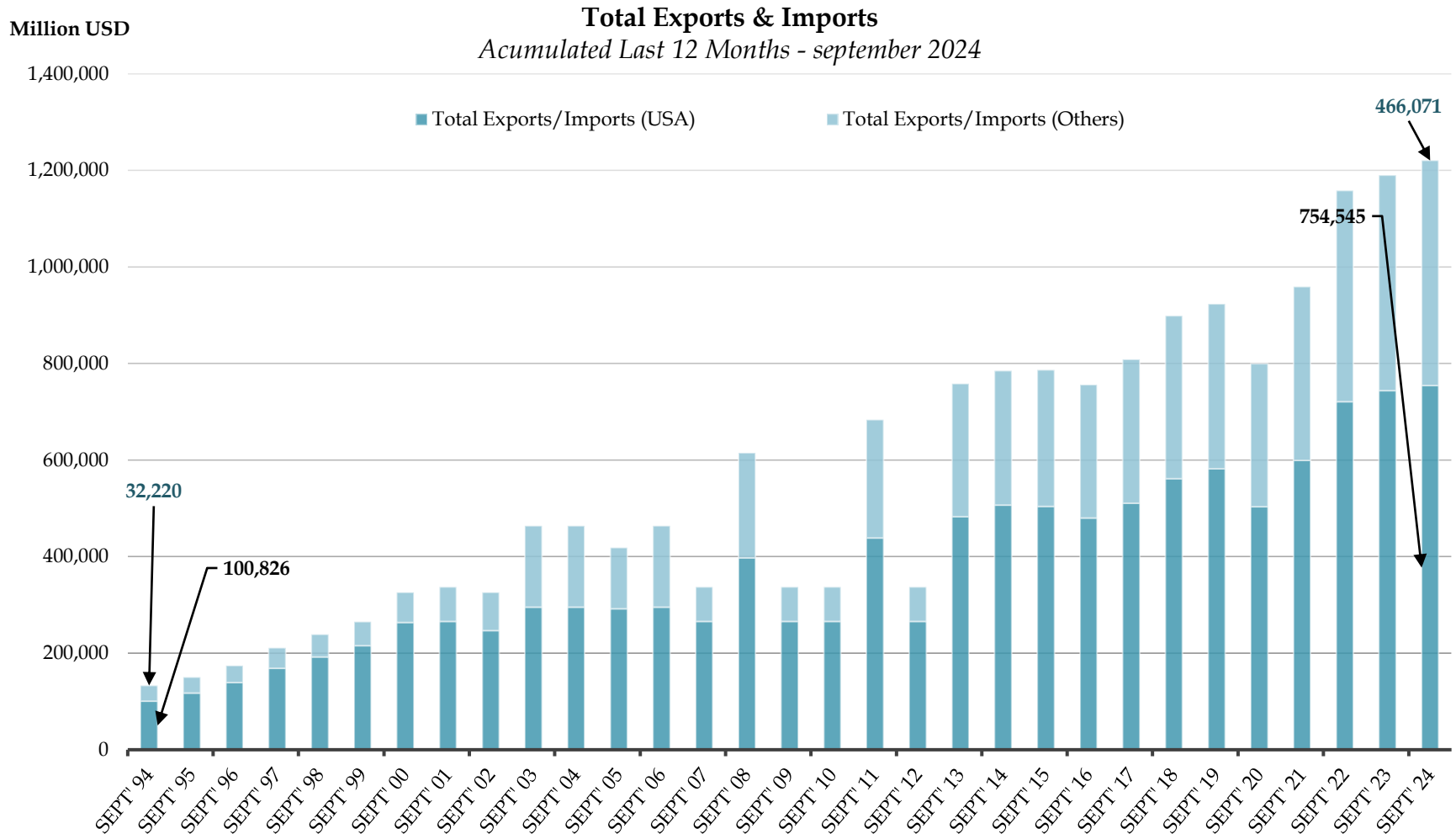
*As of october 2024*



Source: Mexico's Ministry of Economics

## II. Mexico's Trade Balance

Total trade with the U.S., including both exports and imports, accounts for 62% of Mexico's overall commerce, consistent with the annual average of the past two years.



Source: Banxico



## II. International Trade (U.S.)

As of september, Mexico's imports to the U.S. totaled \$378,885 billion, reflecting the strong demand in the U.S. economy, driven by robust consumer spending and industrial activity. This high volume of trade suggests continued internal demand, particularly in sectors like automotive, electronics, and machinery.

### United States International Trade - Year to Date as of September 2024

Country	Exports	Imports	Total Trade	Balance	Country	Exports	Imports	Total Trade	Balance
Mexico	253,405	378,885	632,290	-125,480	Taiwan	31,658	86,192	117,850	-54,534
% of Total	16.4%	15.7%	15.9%		% of Total	2.0%	3.6%	3.0%	
Canada	263,538	309,337	572,875	-45,799	France	31,960	44,379	76,339	-12,419
% of Total	17.0%	12.8%	14.4%		% of Total	2.1%	1.8%	1.9%	
China	104,708	322,172	426,880	-217,464	Italy	24,128	57,021	81,149	-32,893
% of Total	6.8%	13.3%	10.8%		% of Total	1.6%	2.4%	2.0%	
Germany	57,199	121,079	178,278	-63,880	Brazil	37,152	31,265	68,417	5,887
% of Total	3.7%	5.0%	4.5%		% of Total	2.4%	1.3%	1.7%	
Japan	59,839	109,668	169,507	-49,829	Singapore	35,460	32,989	68,449	2,471
% of Total	3.9%	4.5%	4.3%		% of Total	2.3%	1.4%	1.7%	
Korea, South	49,871	100,237	150,108	-50,366	Hong Kong	21,353	3,756	25,109	17,597
% of Total	3.2%	4.1%	3.8%		% of Total	1.4%	0.2%	0.6%	
United Kingdom	58,406	50,173	108,579	8,233	Saudi Arabia	9,498	10,592	20,090	-1,094
% of Total	3.8%	2.1%	2.7%		% of Total	0.6%	0.4%	0.5%	
India	31,782	65,116	96,898	-33,334	All other countries	477,452	696,644	1,174,096	-219,192
% of Total	2.1%	2.7%	2.4%		% of Total	30.9%	28.8%	29.6%	
					TOTAL 2024 YTD	1,547,409	2,419,505	3,966,914	-872,096
					TOTAL 2023	2,019,542	3,084,092	5,103,634	-1,064,550
					TOTAL 2022	2,064,787	3,246,681	5,311,468	-1,181,894

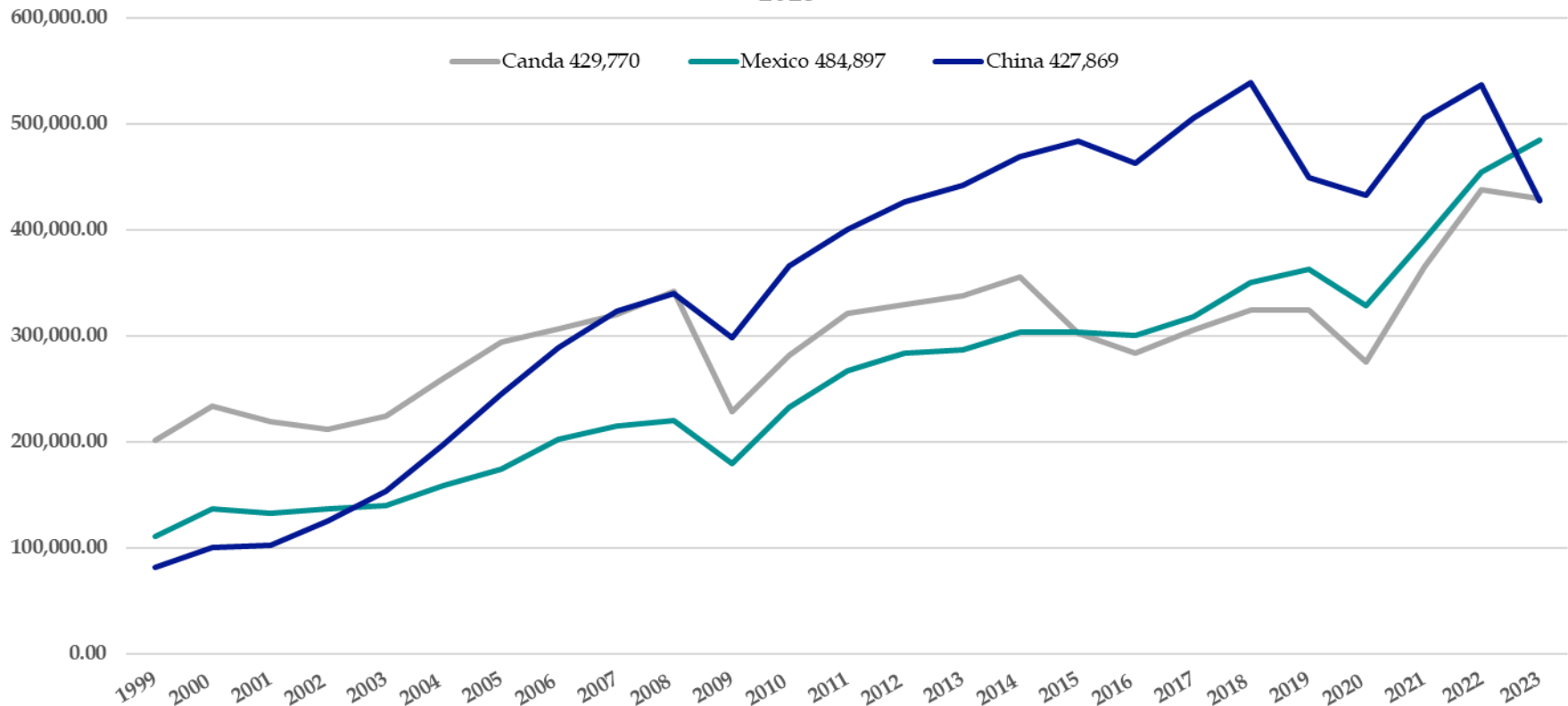
Source: U.S. Census Bureau

Millions USD

## II. International Trade (U.S.)

Thanks to the USMCA, Mexico has become the United States' top trading partner. This agreement has streamlined tariffs and regulations, allowing Mexico to be the leading supplier of goods such as vehicles, electronics, and agricultural products to the U.S., further enhancing the two countries' interdependent economic relationship.

**U.S. Imports by Country**  
2023

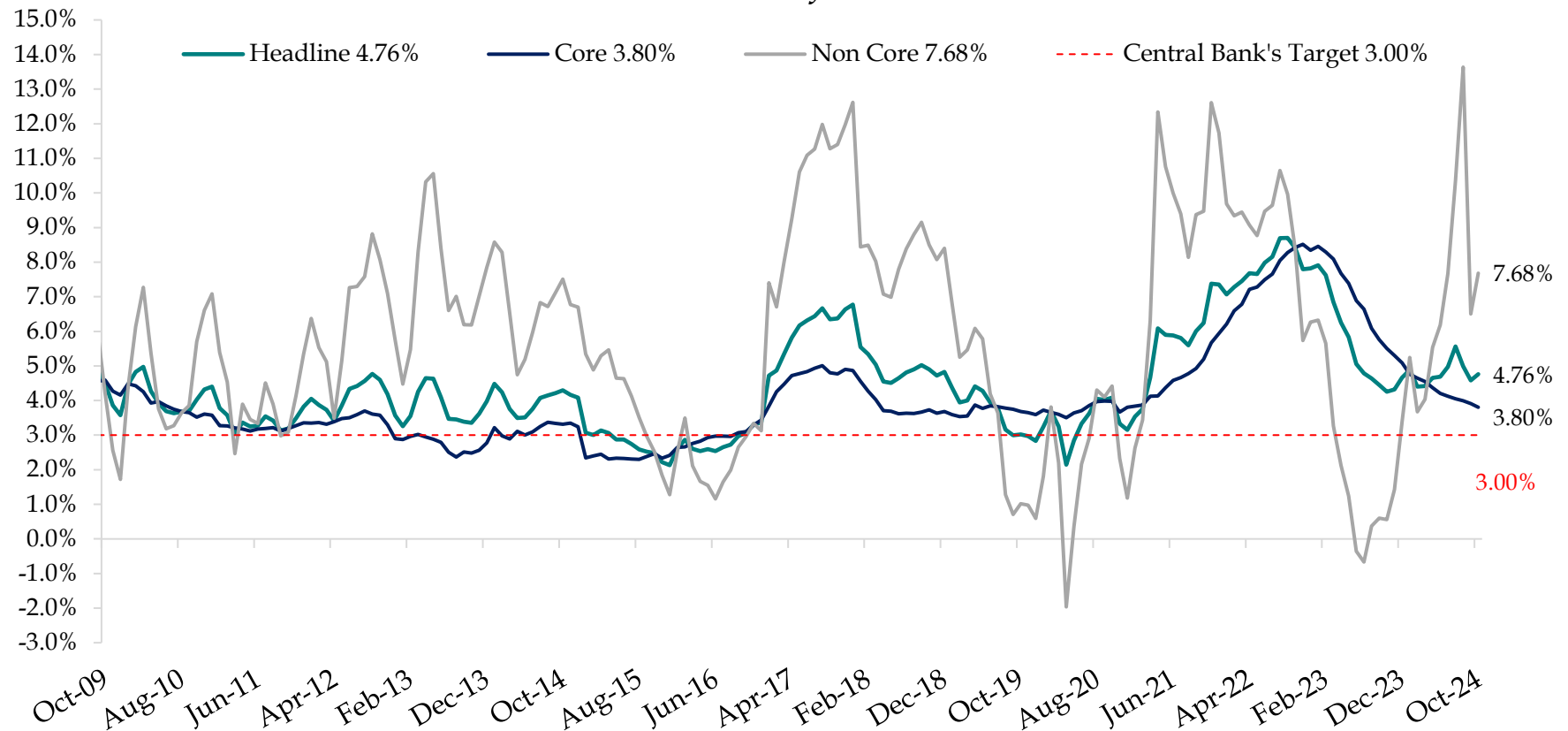


### III. Mexico Consumer Price Index (CPI)

Headline prices rose a bit more than expected in October while core did less. Headline prices were up 0.55% in the month and pushed the over-year-ago inflation rate back up to 4.8% from 4.6% in September. In turn, core prices rose half-a-tenth less than expected (0.28%) in the month and their corresponding annual rate of increase eased one tick to 3.8% year over year. There are reasons to think that the underlying risks to inflation are tilted to the upside.

#### Inflation

*Year over Year, as of october 2024*

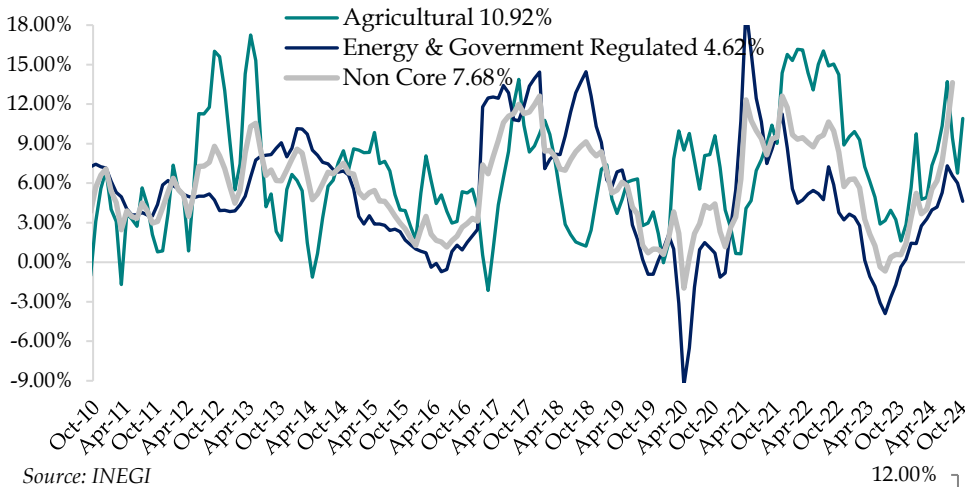


Source: INEGI

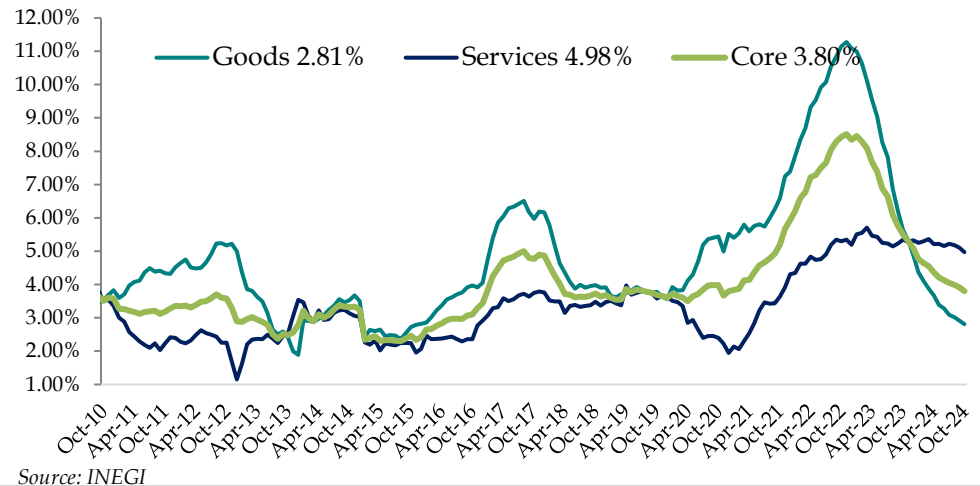
### III. Mexico Consumer Price Index (CPI)

Core prices rose half-a-tenth less than expected (0.28%) in the month and their corresponding annual rate of increase eased one tick to 3.8% year over year. the lion's share of the downside surprise in core inflation was attributable to a drop in nonfood goods prices in 2H October, which in turn seems just a function of un-seasonally early discounts ahead of the "Buen Fin" program.

**Non-Core Inflation**  
Year over year



**Core Inflation**  
Year over year

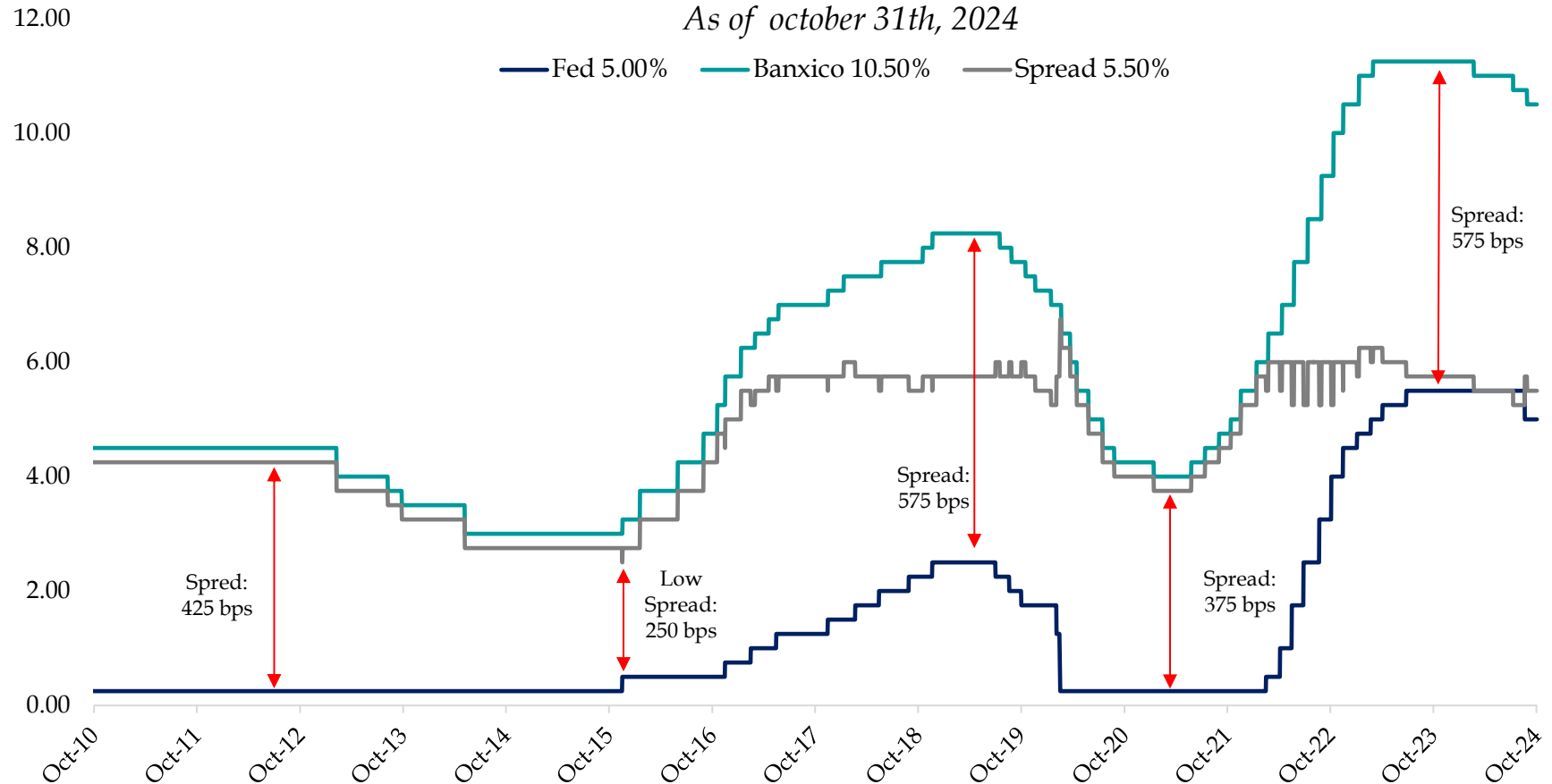


### III. Monetary Policy & Sovereign Risk

Banxico appears committed to easing further, as seen in the real-ex ante policy rate, which will support public finances, especially debt servicing. It's uncertain if Banxico will continue easing if inflation rises next year due to FX pressures, or if most will support cuts if inflation is revised lower in early 2025.

#### Banxico vs. Federal Reserve Reference Rate

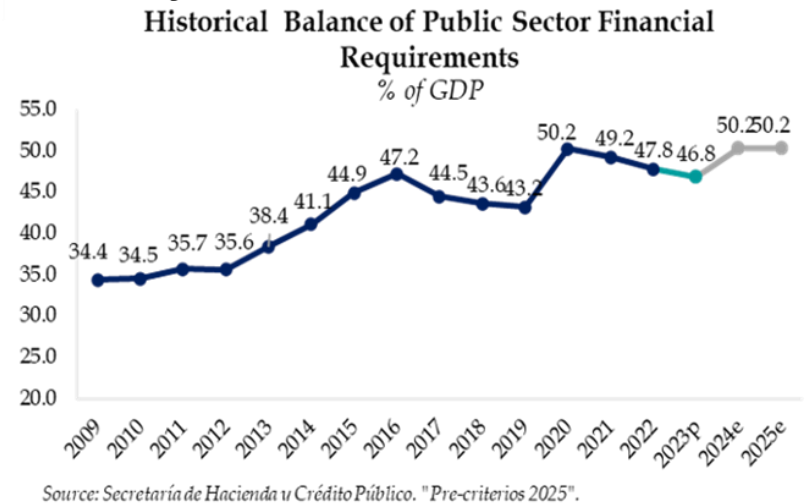
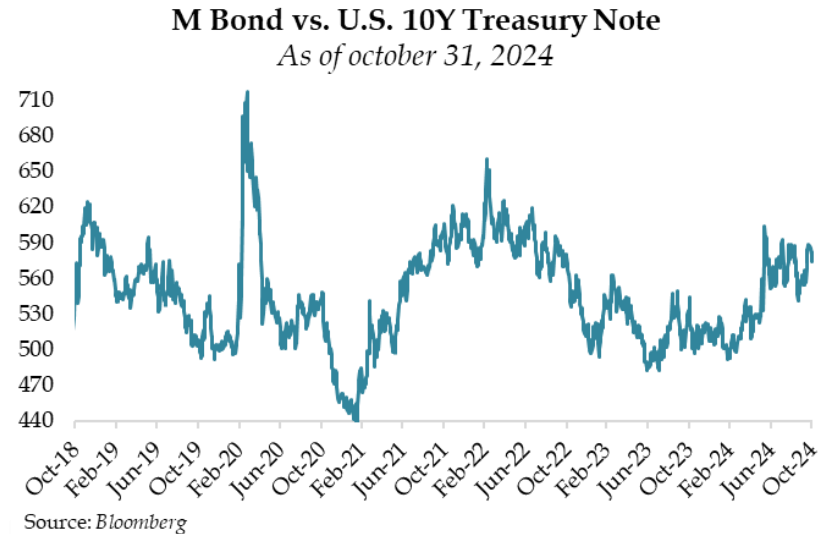
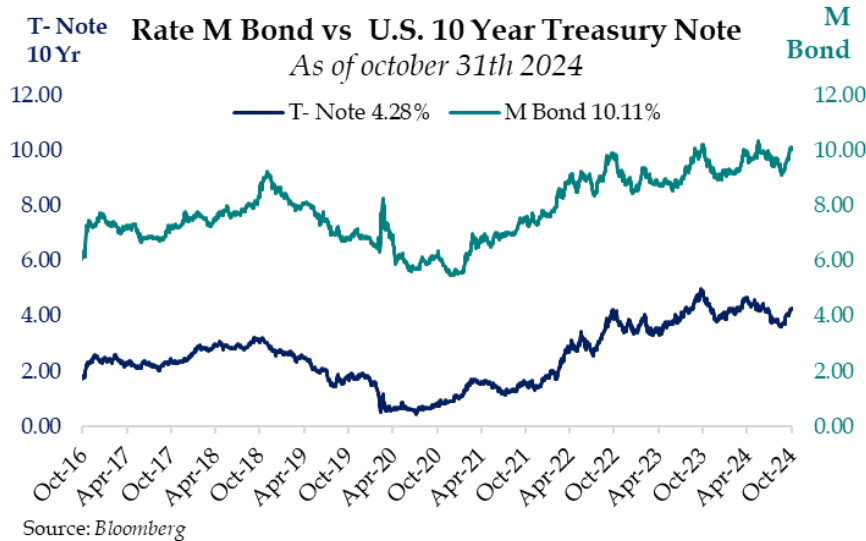
*As of october 31th, 2024*



Source: Bloomberg

### III. Public Finance & Sovereign Risk Premium

Healthy Public Finances lead to adequate spreads compared to U.S. debt



## IV. Stock Markets

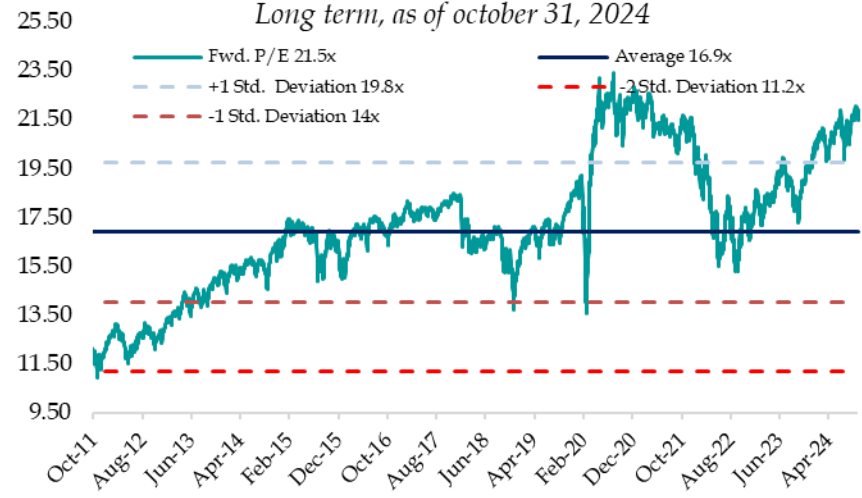
### Mexbol Index Fwd P/E Multiple

Long term, as of october 31, 2024



### S&P 500 Index Fwd P/E Multiple

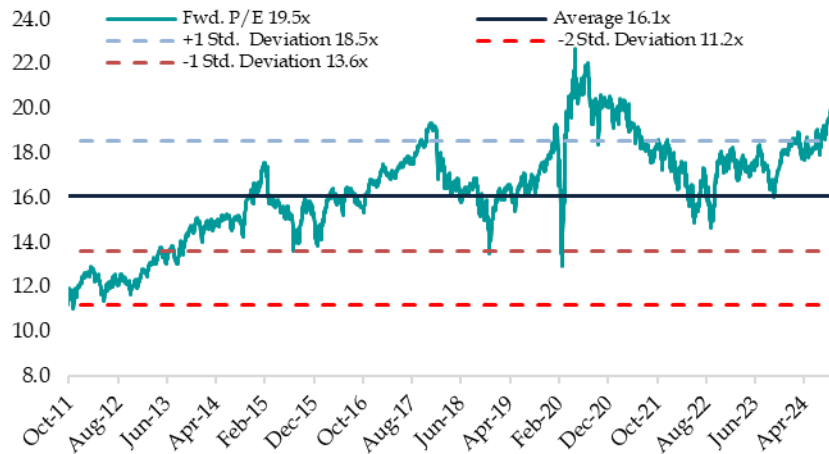
Long term, as of october 31, 2024



Source: Bloomberg

### Dow Jones Index Fwd P/E Multiple

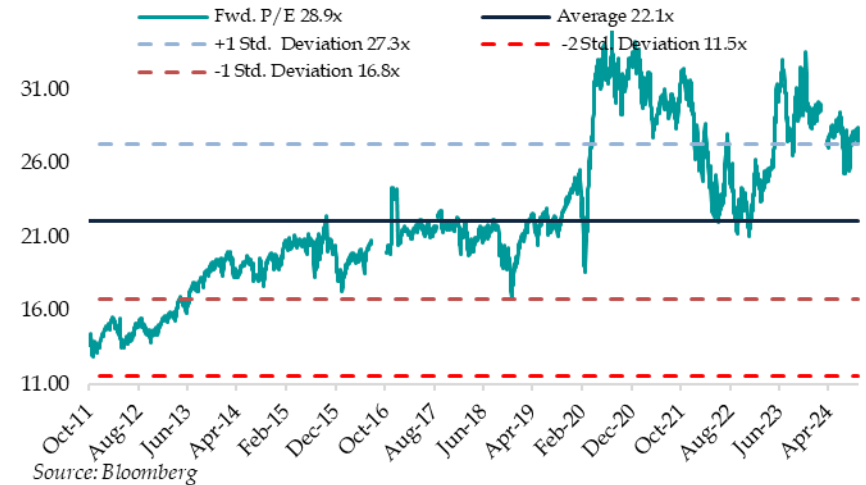
Long term, as of october 31, 2024



Source: Bloomberg

### Nasdaq Index Fwd P/E Multiple

Long term, as of october 31, 2024



Source: Bloomberg

## IV. Stock Markets

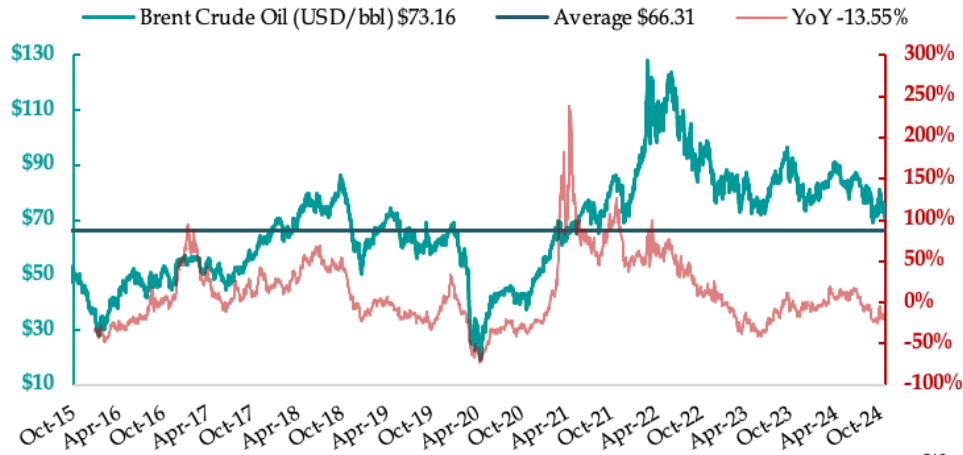
		Mexbol vs.US Stock Markets											
		Dividends reinvested											
		Local						USD					
	INDEX	2021	2022	2023	YTD 2024	1H24	Oct-24	2021	2022	2023	YTD 2024	1H24	Oct-24
US	Dow Jones	20.95%	-6.86%	16.18%	12.50%	4.79%	-1.26%	20.95%	-6.86%	16.18%	12.50%	4.79%	-1.26%
	S&P 500	28.68%	-18.13%	26.26%	20.96%	15.29%	-0.92%	28.68%	-18.13%	26.26%	20.96%	15.29%	-0.92%
	NASDAQ	22.21%	-32.51%	44.70%	21.24%	18.57%	-0.49%	22.21%	-32.51%	44.70%	21.24%	18.57%	-0.49%
Mexico	Mexbol	24.07%	-5.77%	22.36%	-9.76%	-7.19%	-3.33%	20.94%	-1.09%	40.87%	-23.58%	-13.88%	-5.11%
		Mexbol vs. LATAM Stock Markets											
		Dividends reinvested											
		Local						USD					
	INDEX	2021	2022	2023	YTD 2024	1H24	Oct-24	2021	2022	2023	YTD 2024	1H24	Oct-24
Argentina	Merval	63.00%	142.02%	360.06%	98.85%	73.31%	8.92%	33.51%	40.37%	0.80%	62.36%	53.72%	6.67%
Brazil	Bovespa	-11.93%	4.69%	22.28%	-3.33%	-7.66%	-1.60%	-18.10%	10.13%	33.09%	-18.80%	-19.48%	-7.37%
Chile	Ipsa	3.14%	22.13%	17.79%	5.69%	3.49%	0.92%	-13.96%	22.85%	13.42%	-3.14%	-3.33%	-5.71%
Peru	S&P/BVL	1.39%	1.04%	21.70%	17.37%	15.16%	1.76%	-8.29%	6.10%	25.19%	15.23%	11.24%	0.13%
Colombia	COLCAP	1.51%	-2.69%	4.99%	21.49%	20.80%	4.26%	-14.60%	-18.35%	32.23%	5.73%	11.99%	-1.43%
Mexico	Mexbol	24.07%	-5.77%	22.36%	-9.76%	-7.19%	-3.33%	20.94%	-1.09%	40.87%	-23.58%	-13.88%	-5.11%
Source: Bloomberg													
		Mexbol vs. Europe Stock Markets											
		Dividends reinvested											
		Local						USD					
	INDEX	2021	2022	2023	YTD 2024	1H24	Oct-24	2021	2022	2023	YTD 2024	1H24	Oct-24
Germany	DAX	15.79%	-12.35%	20.31%	13.88%	8.86%	-1.28%	6.61%	-17.03%	24.28%	11.81%	5.43%	-3.81%
Spain	IBEX	10.52%	-2.02%	28.06%	20.22%	11.02%	-1.11%	2.29%	-7.25%	32.28%	18.02%	7.53%	-3.65%
France	CAC	31.88%	-6.71%	20.10%	0.34%	1.88%	-3.71%	22.83%	-12.24%	24.05%	-1.49%	-1.33%	-6.18%
Italy	FTSE MIB	26.81%	-9.36%	34.35%	17.79%	13.41%	0.46%	16.76%	-14.19%	38.78%	15.64%	9.84%	-2.12%
UK	FTSE 100	18.40%	4.57%	7.68%	8.20%	7.85%	-1.45%	17.39%	-6.53%	13.60%	9.02%	6.83%	-5.43%
Switzerland	SMI	23.73%	-14.29%	7.06%	9.32%	11.04%	-3.09%	19.48%	-14.99%	17.61%	6.03%	3.71%	-5.42%
Russia	IMOEX	21.88%	-36.87%	53.15%	-	3.36%	-	21.75%	-35.67%	25.30%	-	6.02%	-
Mexico	Mexbol	24.07%	-5.77%	22.36%	-9.76%	-7.19%	-3.33%	20.94%	-1.09%	40.87%	-23.58%	-13.88%	-5.11%
		Mexbol vs. Asia Stock Markets											
		Dividends reinvested											
		Local						USD					
	INDEX	2021	2022	2023	YTD 2024	1H24	Oct-24	2021	2022	2023	YTD 2024	1H24	Oct-24
China (Hong Kong)	Hang Seng	-11.84%	-12.56%	-10.46%	24.25%	6.21%	-3.84%	-12.33%	-12.61%	-10.56%	24.81%	6.24%	-3.92%
China (Shanghai)	SSE Composite	7.05%	-12.81%	-1.04%	13.50%	0.92%	-1.59%	9.93%	-19.66%	-3.86%	13.22%	-1.38%	-2.97%
India	SENSEX	23.23%	5.77%	20.34%	11.26%	10.30%	-5.70%	20.84%	-4.73%	19.59%	10.12%	10.12%	-6.05%
Indonesia	IDX	12.53%	6.97%	10.61%	7.32%	-0.23%	0.72%	10.73%	-1.59%	11.43%	5.24%	-6.09%	-2.66%
Japan	Nikkei 225	6.66%	-7.35%	31.01%	18.68%	19.31%	3.06%	-4.39%	-18.54%	21.86%	9.84%	4.46%	-3.07%
South Korea	KRX100	1.48%	-25.54%	24.75%	-3.15%	8.17%	-1.83%	-7.23%	-29.76%	22.31%	-9.39%	1.03%	-6.23%
Mexico	Mexbol	24.07%	-5.77%	22.36%	-9.76%	-7.19%	-3.33%	20.94%	-1.09%	40.87%	-23.58%	-13.88%	-5.11%
Source: Bloomberg													



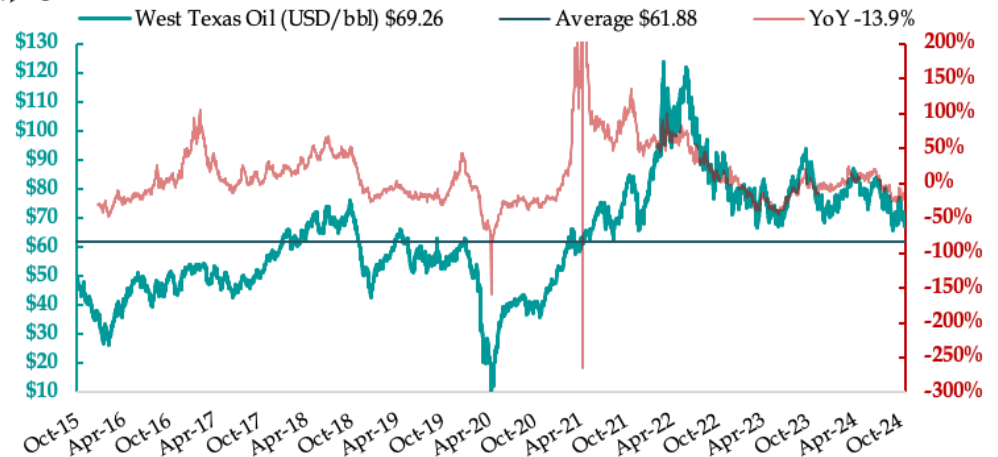
## V. Commodities

The WTI dropped from approx. \$81.80 per barrel in July to \$71.99 in October, reflecting fluctuations in demand and market expectations for future supply constraints. Brent crude exhibited a similar pattern, with prices easing as concerns about global economic growth and demand outweighed geopolitical risks, including reduced exports from major producers like Russia

**Brent Crude Oil (USD/bbl)**



**West Texas Oil (USD/bbl)**

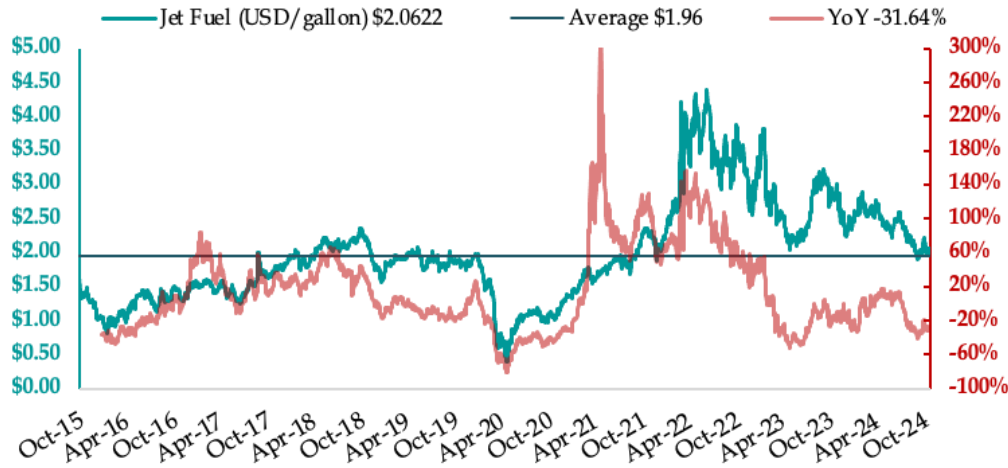


Source: Bloomberg

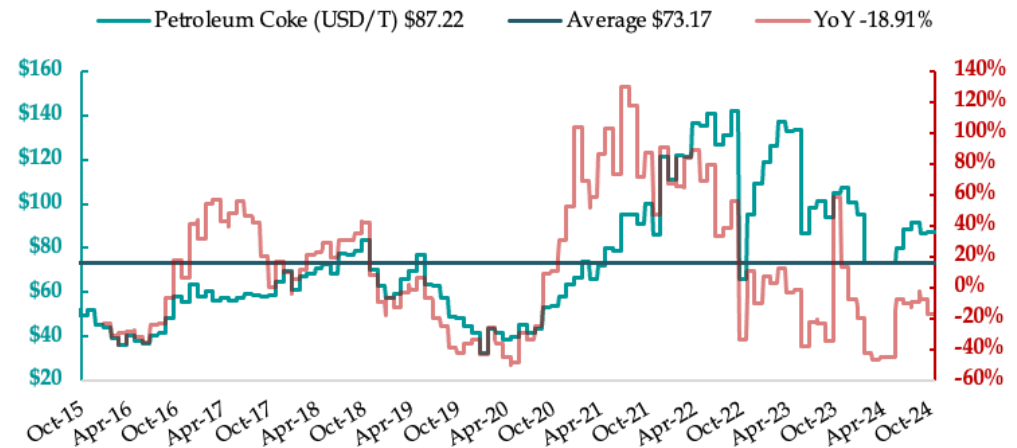
## V. Commodities

Jet fuel prices rose during the peak summer travel season but eased afterward as demand declined. Similarly, petroleum coke prices remained stable, driven by steady industrial demand and refining output fluctuations linked to crude oil supply

**Jet Fuel (USD/gallon)**



**Petroleum Coke (USD/T)**

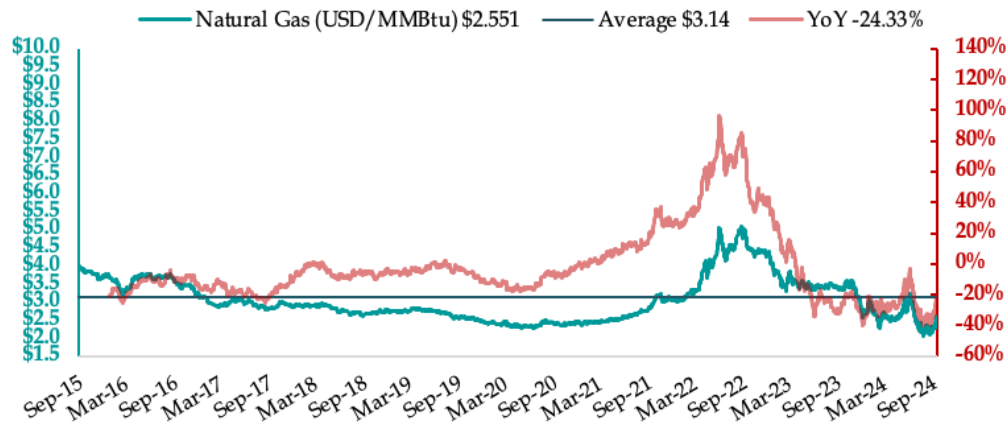


Source: Bloomberg

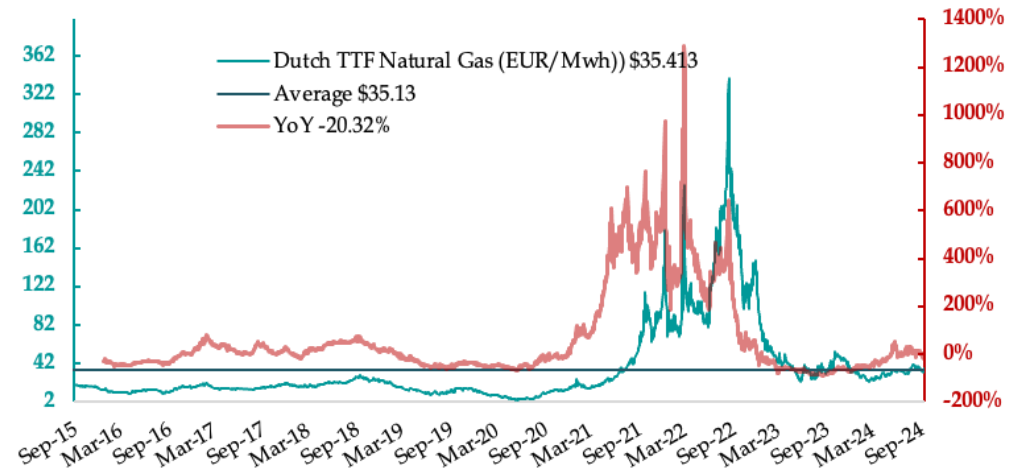
## V. Commodities

U.S. natural gas prices (Henry Hub) experienced moderate volatility, influenced by seasonal demand and fluctuations in LNG exports, but generally stayed under \$3/MMBtu due to robust supply. In Europe, Dutch TTF natural gas prices showed significant variability, with occasional spikes driven by supply disruptions and geopolitical risks. However, overall prices trended lower compared to the peaks of 2022, thanks to high storage levels and continued energy-saving measures

**Natural Gas (USD/MMBtu)**



**Dutch TTF Natural Gas (EUR/Mwh)**

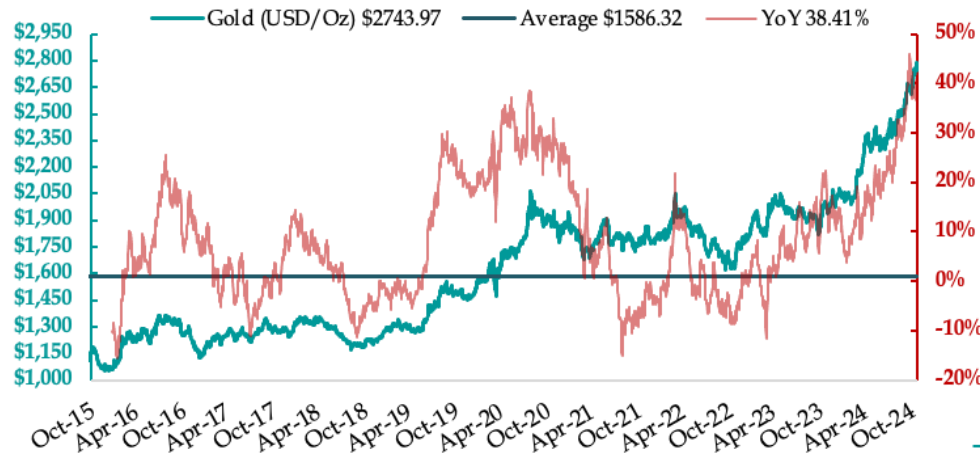


Source: Bloomberg

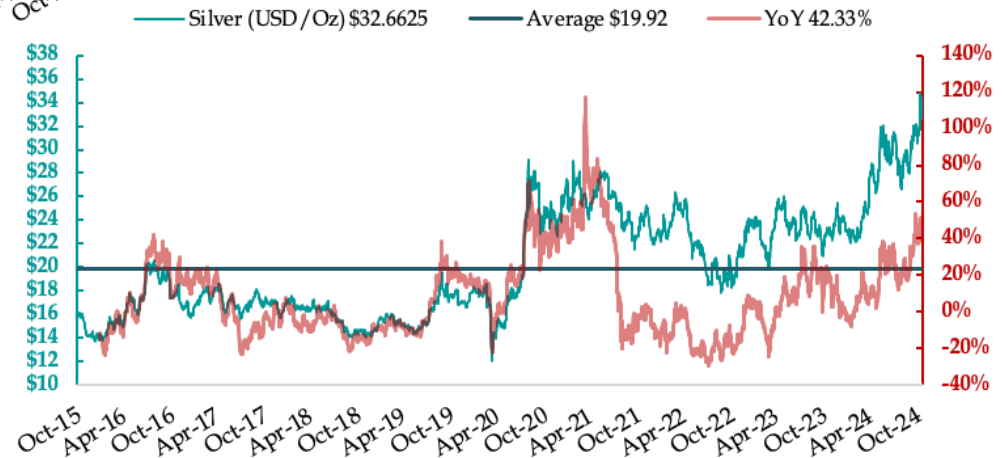
## V. Commodities

Gold and silver prices exhibited trends influenced by global economic conditions and market dynamics. Gold faced headwinds due to reduced safe-haven demand and increasing U.S. bond yields, fluctuating around \$2,650 per ounce as it tested key resistance levels. In contrast, silver experienced more stability, supported by a weakening U.S. dollar and demand from industrial sectors.

**Gold (USD/oz)**



**Silver (USD/oz)**

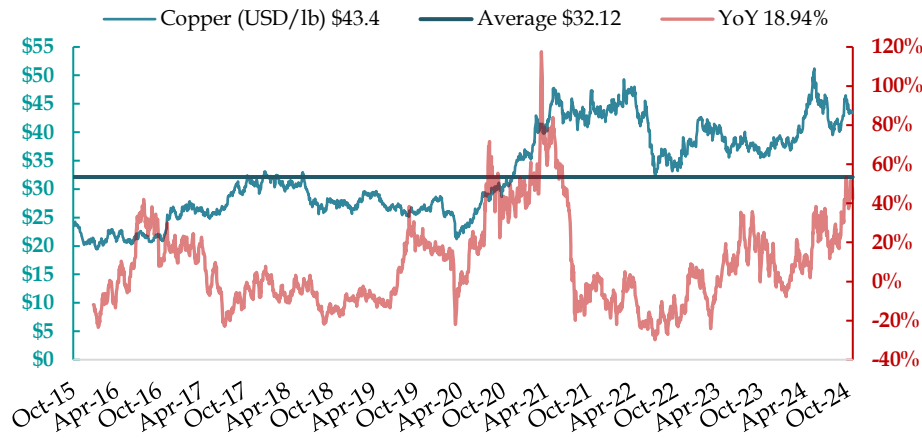


Source: Bloomberg

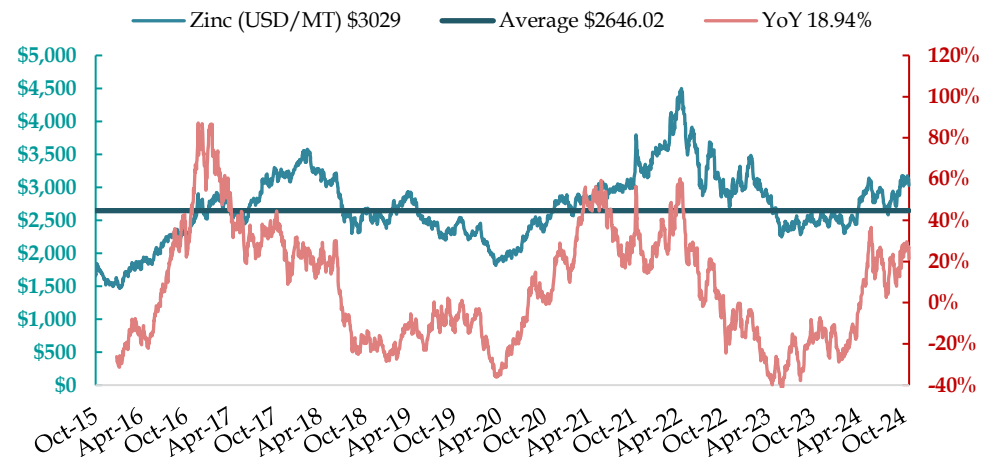
## V. Commodities

Copper prices were supported by increased demand, especially from China, and supply constraints from South American production issues. Zinc prices, however, faced downward pressure early in the period due to weak demand but stabilized towards October as major producers adjusted their output. Both metals were affected by global economic conditions and shifting industrial demand

**Copper USD/oz)**



**Zinc (USD/MT)**

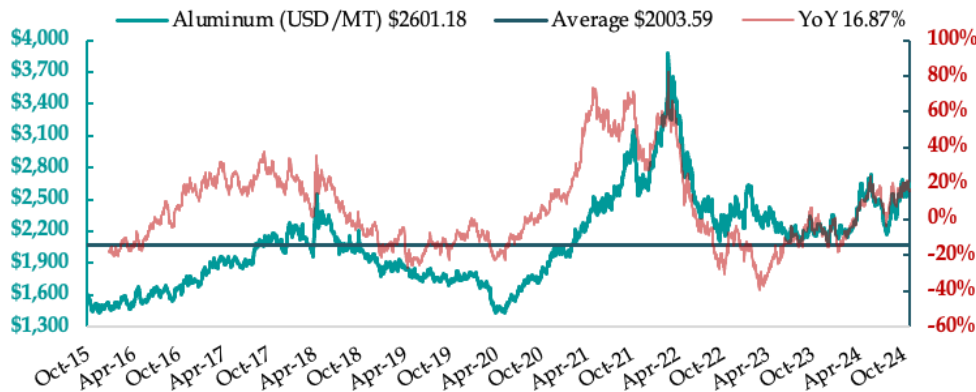


Source: Bloomberg

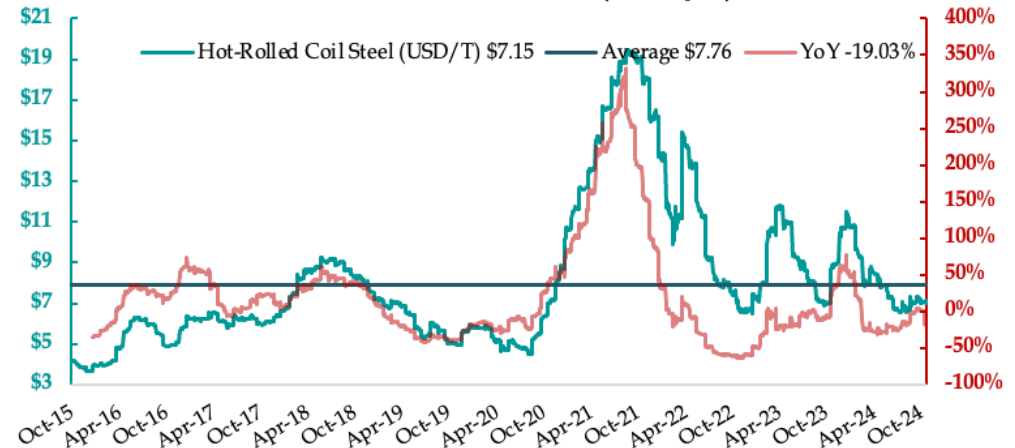
## V. Commodities

Aluminum prices experienced volatility, driven by fluctuations in supply and demand, along with concerns over the global economic outlook, leading to price declines in mid-year before stabilizing. Meanwhile, hot-rolled coil steel prices followed a similar pattern, showing declines due to weaker manufacturing in Europe, especially in the automotive sector, but rebounded slightly in September. Both commodities are sensitive to global industrial activity, with price adjustments reflecting changes in production capacity and trade dynamics

### Aluminum (USD/MT)



### Hot-Rolled Coil Steel (USD/T)

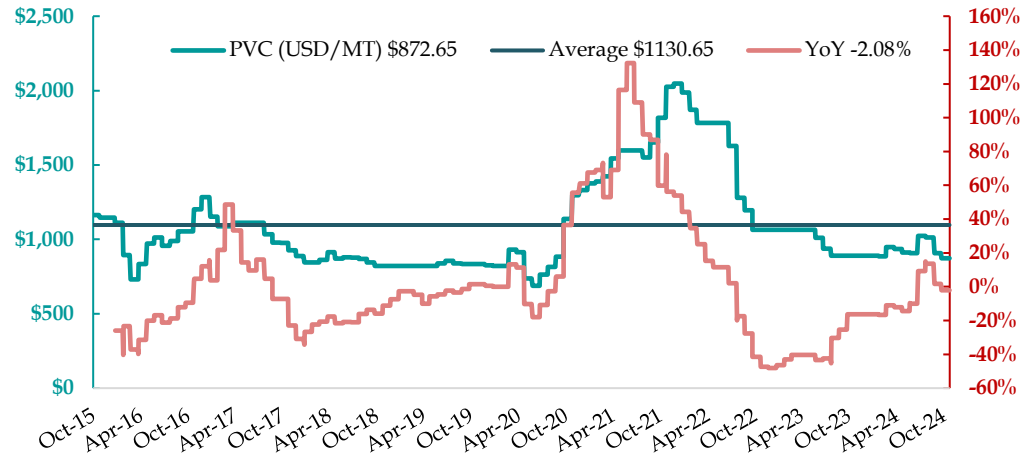


Source: Bloomberg

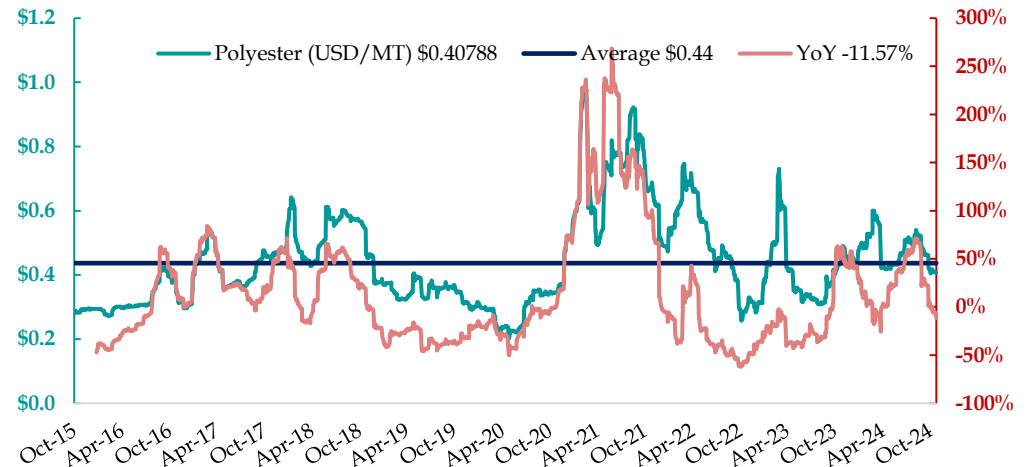
## V. Commodities

PVC prices experienced some fluctuations due to regional supply challenges and demand conditions. In North America, prices increased due to strong demand in the construction sector, although supply constraints and weather-related issues also impacted the market. On the other hand, polyester prices saw limited growth with the market remaining relatively stable due to steady demand, especially in China and other key regions

### PVC (USD/MT)



### Polyester (USD/MT)

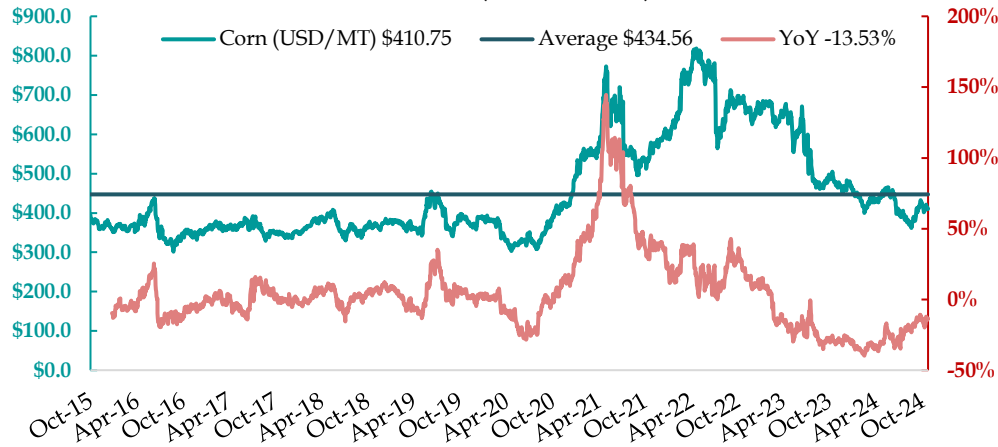


Source: Bloomberg

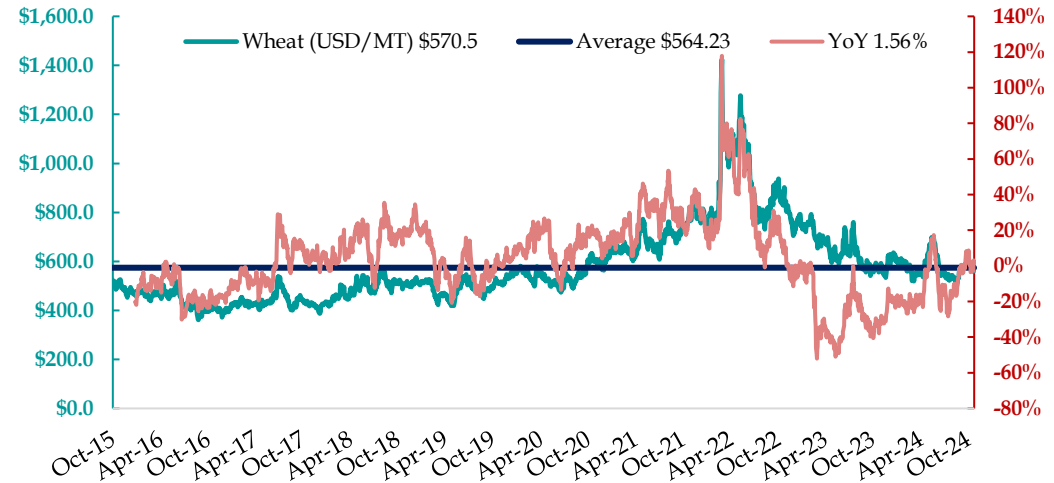
## V. Commodities

Corn prices faced downward pressure due to large harvests in key regions like the U.S. and Argentina, although weather-related challenges in South America provided some support. Wheat prices remained more resilient, driven by low global stocks and high demand from countries like China, despite export disruptions and geopolitical tensions. Both commodities showed volatility, with wheat prices slightly increasing as supply concerns continued

### Corn (USD/MT)



### Wheat USD/MT)



Source: Bloomberg

Experience

Consistency

Vision



## Definitions

**Primary Activities:** These are deeply connected to the earth's natural resources and occurs where people stay close or are in touch with any of the earth's natural resources such as land or water. E.g., Agriculture, fishing, mining, etc.

**Secondary Activities:** All activities involved in the conversion of raw materials extracted from the primary activities into finished products to be used by consumers are secondary economic activities. E.g., Production and manufacturing.

**Tertiary Activities:** All activities involved in the transfer and distribution of tangible and intangible goods are tertiary economic activities. E.g., Services.

**Monthly Indicator of Industrial Activity (IMAI):** the IMAI gauges the actual progression of economic activity. It is designed to furnish statistical information for a comprehensive and timely understanding of the industrial sector's behavior.

**Monthly Indicator of Gross Fixed Capital Formation (IMFBCF):** offers insights into the monthly patterns of gross fixed investment. This category encompasses durable goods utilized in the production process for over a year and is subject to proprietary duties. The IMFBCF reveals the allocation of a portion of the gross value added in the economy towards investment, distinguishing it from consumption.

**PMI Markit Mexico Manufacturing Index:** Each national PMI dataset is compiled from questionnaire responses from a survey panel of senior purchasing executives (or similar) at around 400 companies. The survey panels are carefully recruited to accurately represent the true structure of the monitored sector: manufacturing, services, construction or the entire private sector economy. The survey questionnaire covers the following economic variables for manufacturing: Output, New orders, New export orders, Backlogs of work, Output prices, Input prices, Suppliers' delivery times, Stocks of finished goods, Quantity of purchases, among others.

**PMI Mexico Non-Manufacturing Index:** Each national PMI dataset is compiled from questionnaire responses from a survey panel of senior purchasing executives (or similar) at around 400 companies. The survey panels are carefully recruited to accurately represent the true structure of the monitored sector: manufacturing, services, construction or the entire private sector economy. The survey questionnaire covers the following economic variables for services: Business activity, New business, New export business, Outstanding business, Prices charged, Input prices, Employment, Future activity.

**ANTAD:** National Association of Self-Service and Departmental Stores (ANTAD): Entity responsible for promoting the development of retail and its suppliers within the Mexican market.

**MEXBOL Index:** or the IPC (Indice de Precios y Cotizaciones), is a capitalization-weighted index of the Mexican stock exchange's leading stocks.

**Price-to-earnings ratio (P/E ratio):** The ratio for valuing a company, measuring its current share price relative to its earnings per share (EPS). The price-to-earnings ratio is also sometimes known as the price multiple or the earnings multiple.

**Standard Deviation:** A statistic that measures the dispersion of a dataset relative to its mean and is calculated as the square root of the variance. The standard deviation is calculated as the square root of variance by determining each data point's deviation relative to the mean.

**United Mexican States Sovereign Bonds (UMS):** are fixed income instruments issued by the federal government in international capital markets. Each issuance has specific characteristics (term, currency coupons, etc). UMS bonds are preferred by foreign investors over other LatAm issuers due to their investment grade status and liquidity.

**Credit Default Swap (CDS):** Is a financial derivative or contract that allows an investor to offset his or her credit risk with that of another investor.

## Disclaimer

*The Mexico Equity and Income Fund, Inc. ("the Fund") maintains a long-term capital appreciation investment objective through investments in securities, primarily equity, listed on the Mexican Stock Exchange. The Fund provides a vehicle to investors who wish to invest in Mexican companies through a managed non-diversified portfolio as part of their overall investment program.*

*Fund holdings and sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Please see the Schedule of Investments in this report for a complete list of fund holdings. The information and views provided herein represent the opinion of Pichardo Asset Management, not the Fund's Board of Directors, and it does not intend to be a forecast of future events, a guarantee of future results, or investment advice. This report contains certain forward-looking statements about factors that may affect the performance of the Fund in the future.*

*Management believes these forward-looking statements to be reasonable, although they are inherently uncertain and difficult to predict.*

*Investors must carefully consider the Fund's investment objectives, risks, charges, expenses and restrictions. The prospectus contains this and other important information about the investment company, which may be obtained by calling U.S. Bancorp Fund Services, LLC, (414) 765-4255. Read it carefully before investing.*

*All investments involve risk. Principal loss is possible. Investing in equities in Emerging markets involves additional risks such as currency fluctuations, currency devaluations, price volatility, social and economic instability, differing securities regulations and accounting standards, limited publicly available information, changes in taxation, periods of illiquidity, and other factors. These risks are more significant in emerging markets. Stocks of small-and-mid-capitalization companies involve greater volatility and less liquidity than larger-capitalization companies.*

### *Investing in Foreign Securities*

*Investment in Mexican securities involves special considerations and risks that are not generally associated with investments in U.S. securities, including (1) relatively higher price volatility, lower liquidity, and the small market capitalization of Mexican securities markets; (2) currency fluctuations and the cost of converting Mexican pesos into U.S. dollars; (3) restrictions on foreign investment; (4) political, economic and social risks and uncertainties (5) higher rates of inflation and interest rates than in the United States. In addition, Mexican equity investments are in Mexican pesos. As a result, the Portfolio Securities must increase in market value at a rate over the rate of any decline in the peso's value against the U.S. dollar to avoid a reduction in their equivalent U.S. dollar value.*

*The Fund may have a higher turnover rate, resulting in higher transaction costs and higher tax liability, which may affect returns.*

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