



Mexico's Economic Review

January 31st 2025

Mexico's Economic Review ended January 31st, 2025

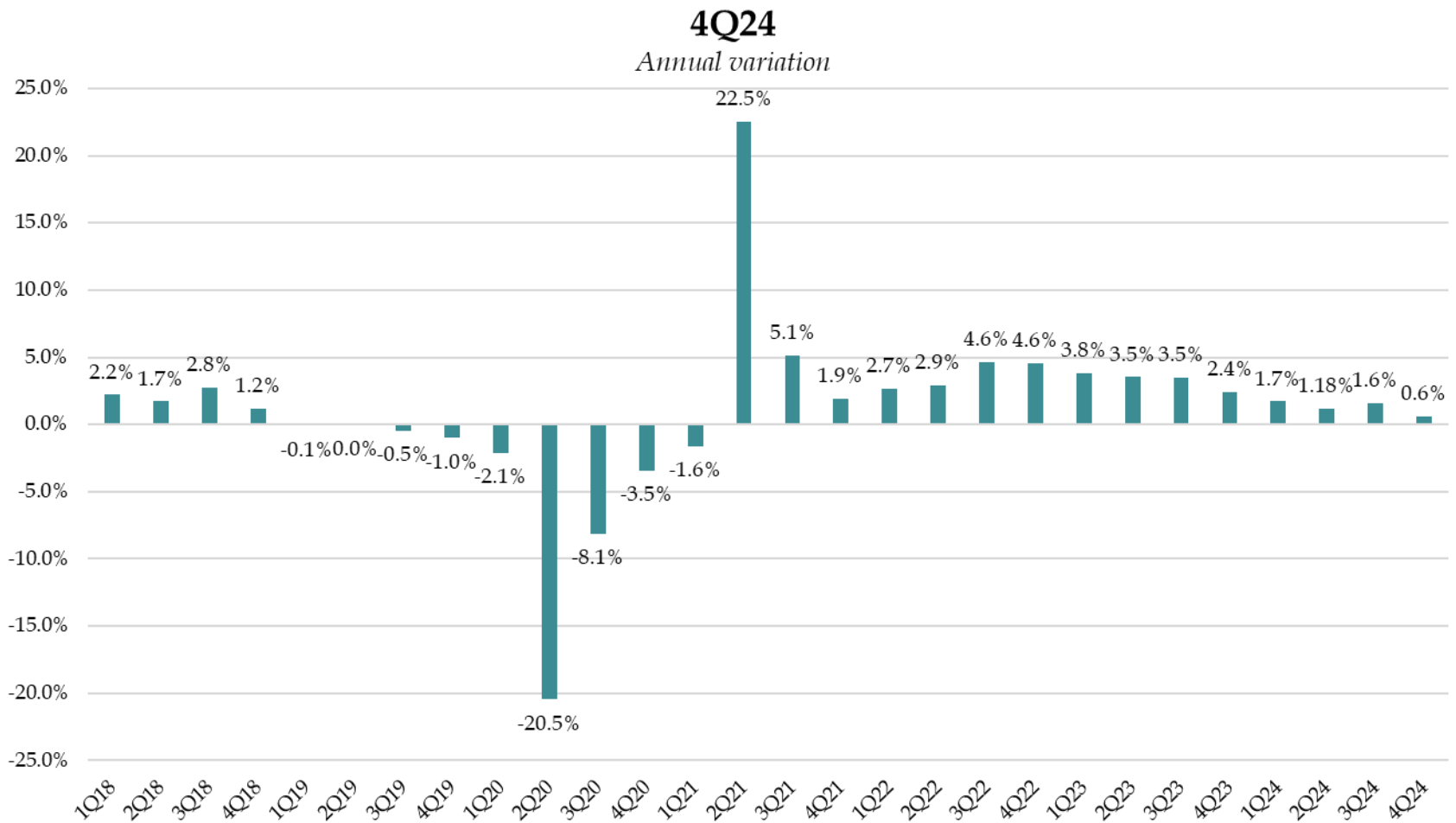


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I. Gross Domestic Product (GDP)

In the fourth quarter of 2024, the weakness of economic activity intensified by registering a quarterly decline. In 2024, the Mexican economy decelerated significantly compared to 2022 and 2023



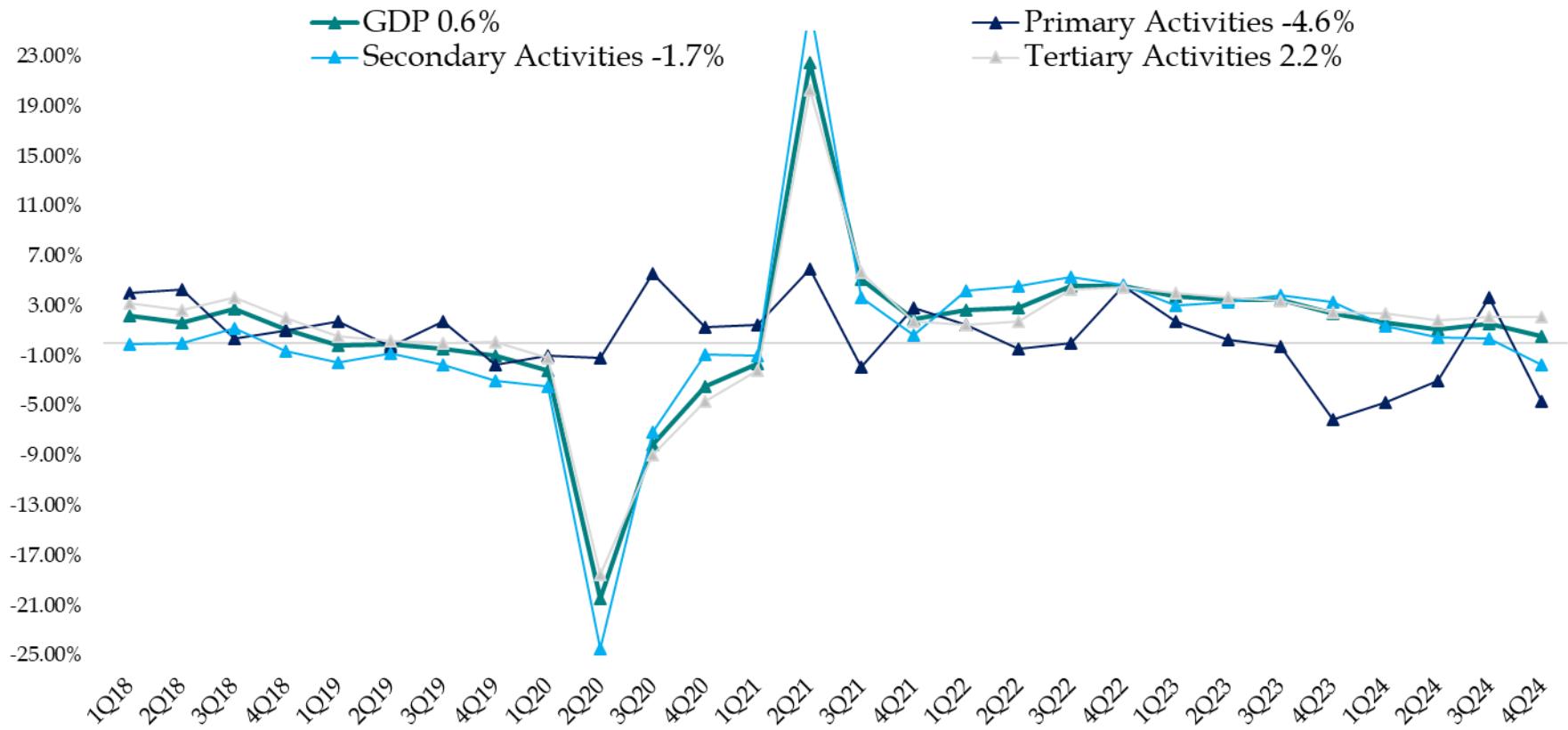
Source: INEGI

I. Gross Domestic Product (GDP)

The contraction of economic activity during 4Q24 reflected declines in primary and secondary activities, as well as a loss of dynamism in tertiary activities.

Quarterly GDP by Component

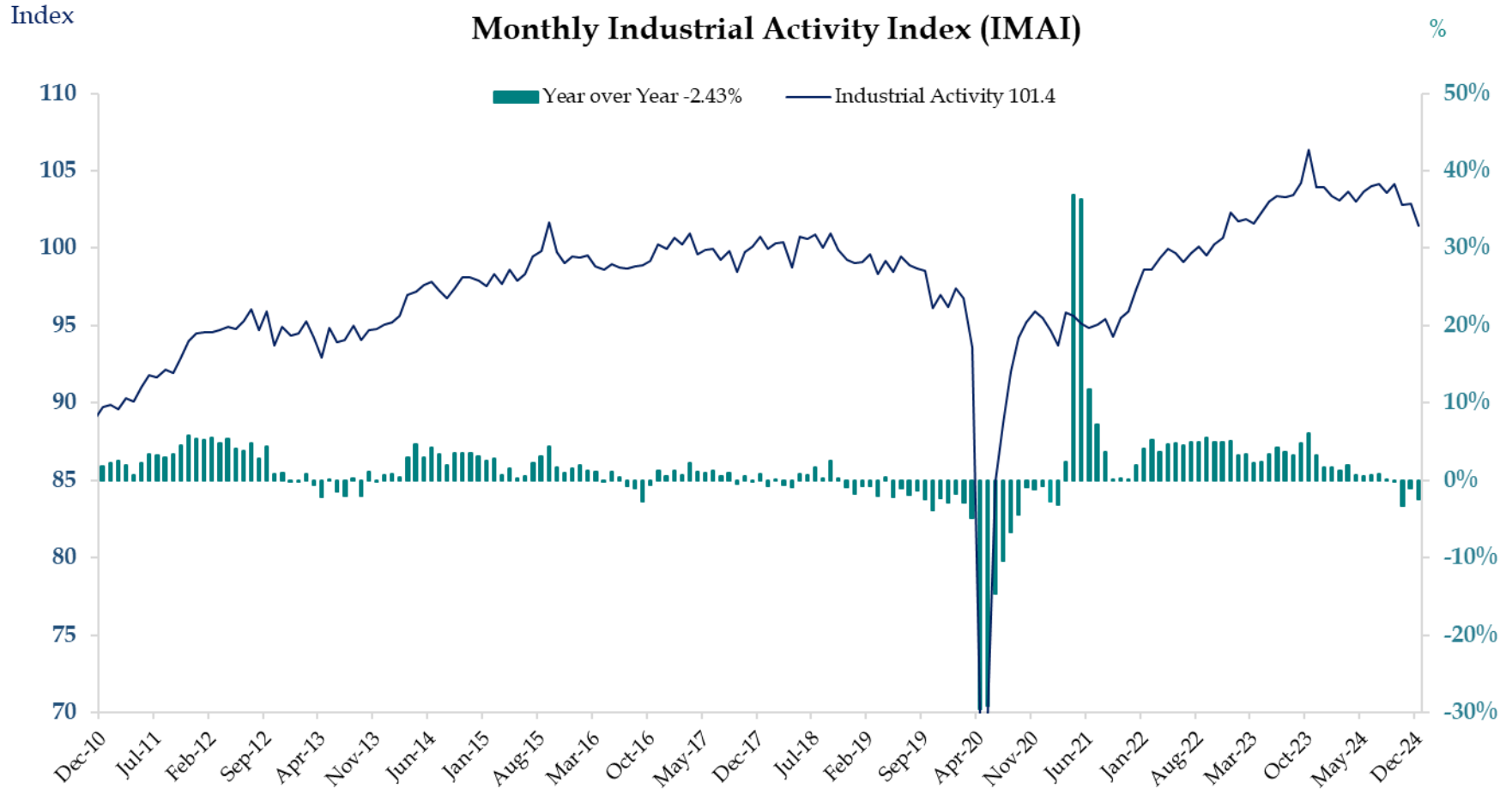
Year over Year Growth



Source: INEGI

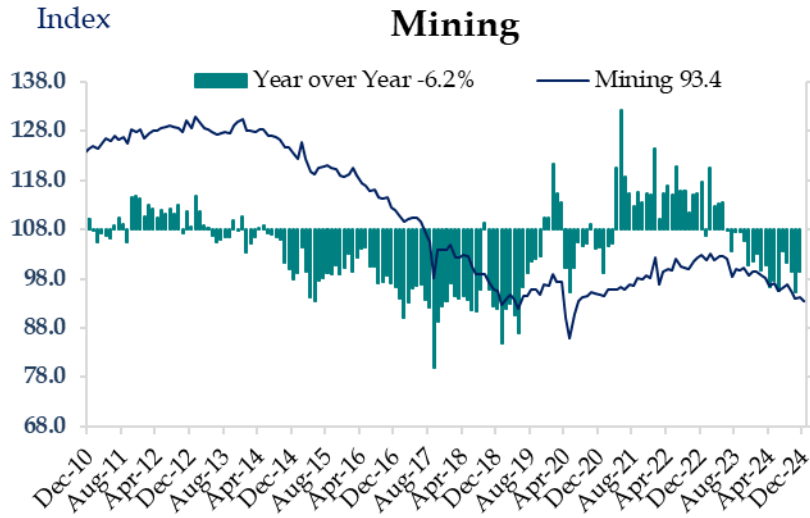
I. Industrial Production

In 4Q24 and throughout that year, industrial production was sluggish. Manufacturing production was sluggish, while the construction and mining sectors continued trending downwards.

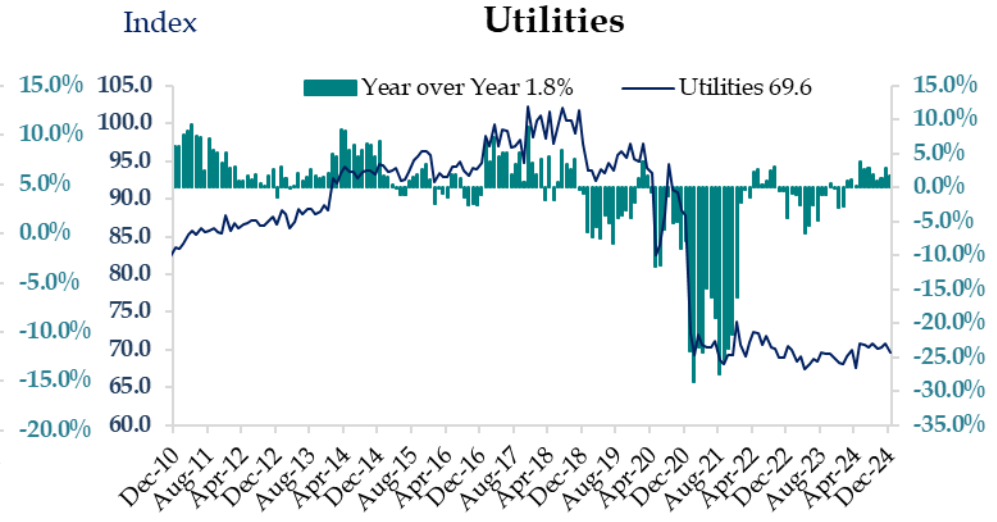


Source: INEGI

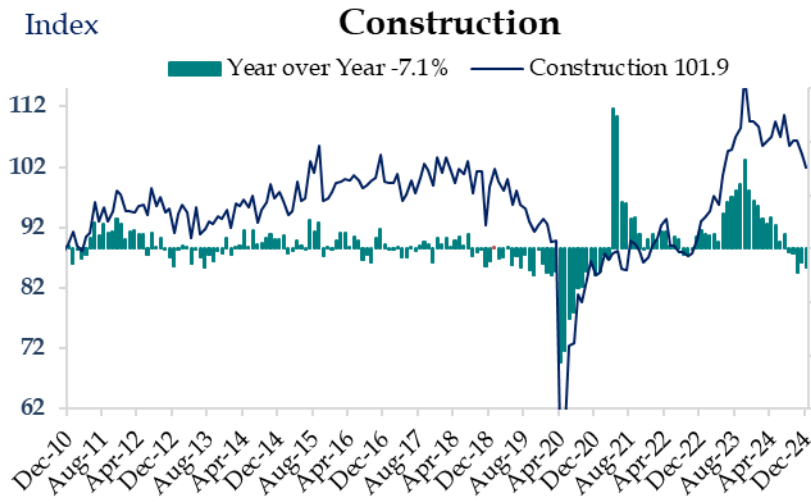
I. Secondary Component



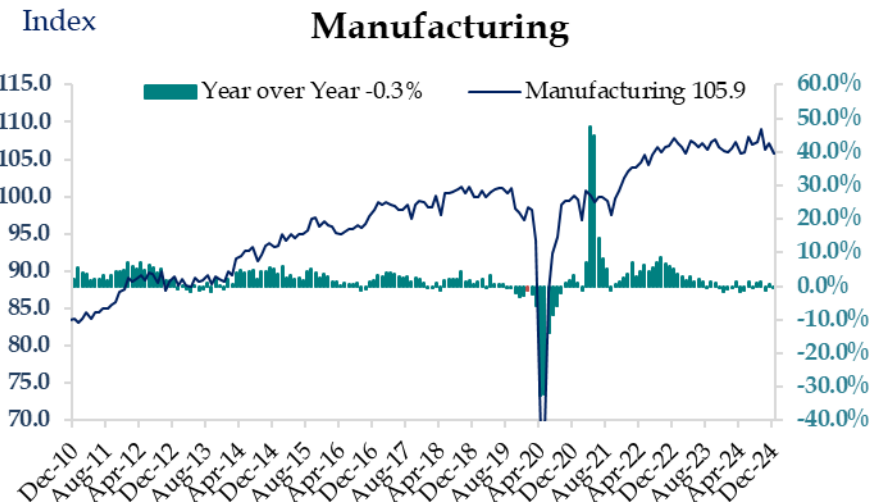
Source: INEGI



Source: INEGI



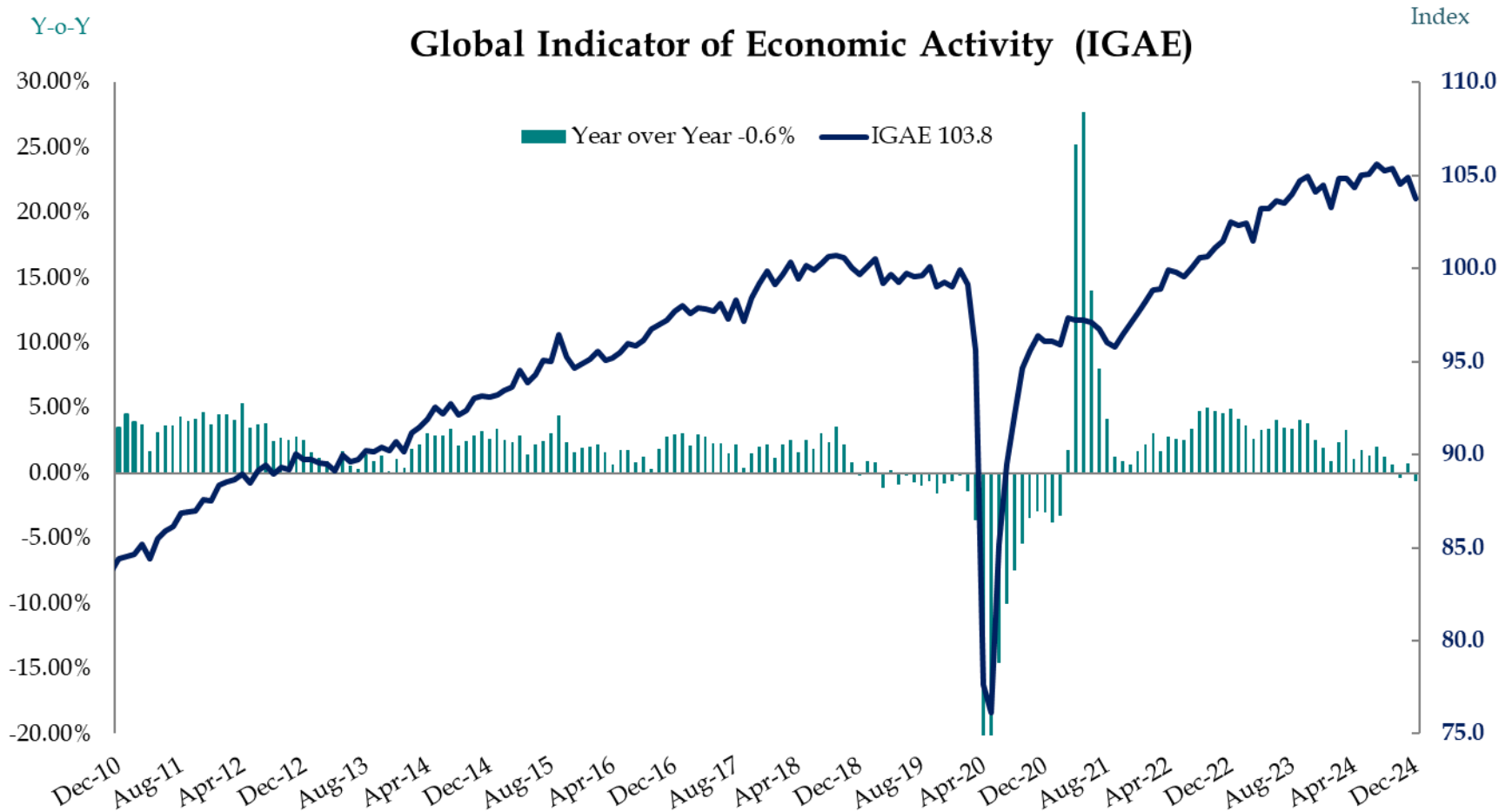
Source: INEGI



Source: INEGI

I. Industrial Production

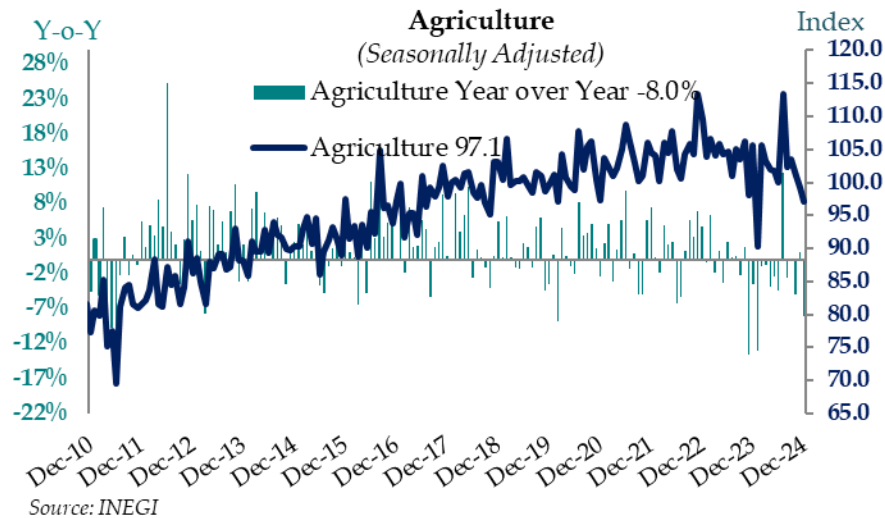
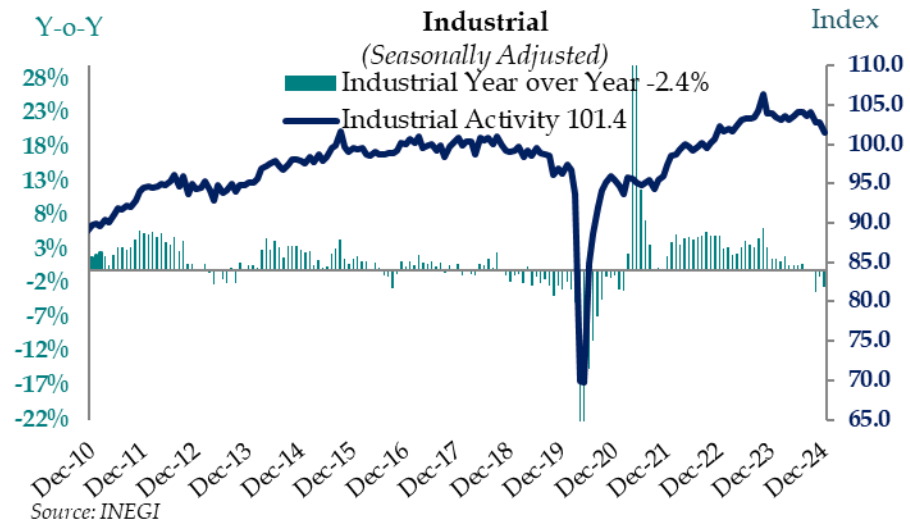
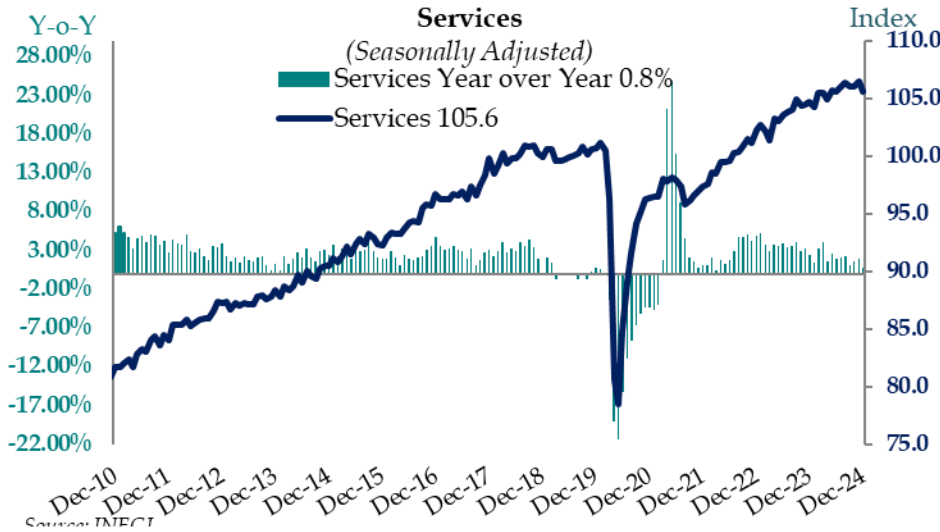
The IGAE, which monitors the evolution of the real sector of the economy in the short term, decreased 0.6% percent in December. The loss in economic momentum is due to a decline in primary activities



Source: INEGI

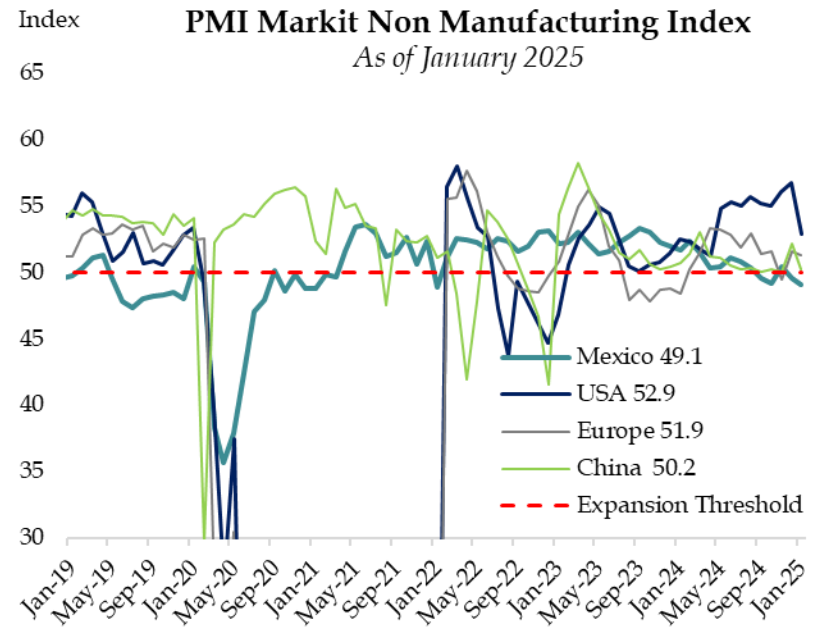
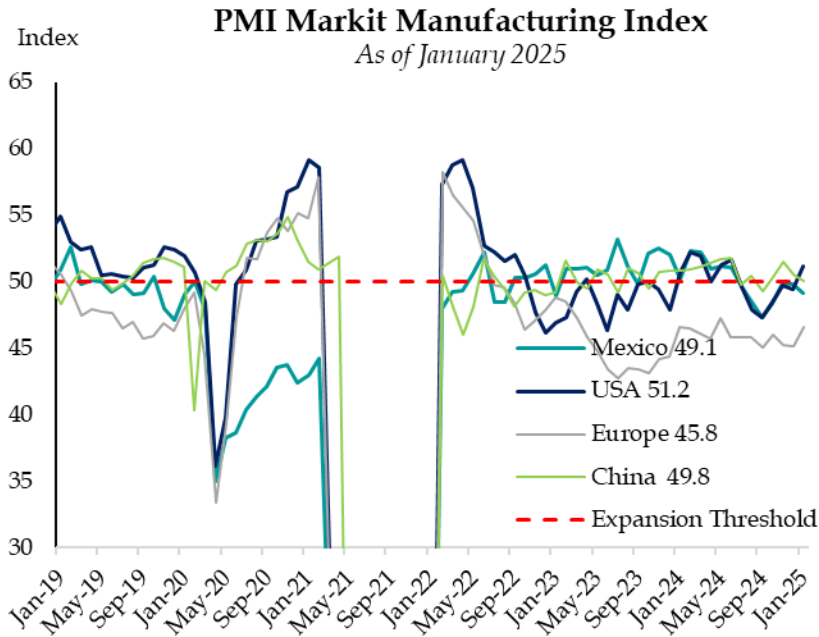
I. Industrial Production

From the IGAE's, the three major components, agriculture and industrial present the main lag, meanwhile services only increased 0.8% - in line with the GDP's 4Q24 results.



I. PMI Markit

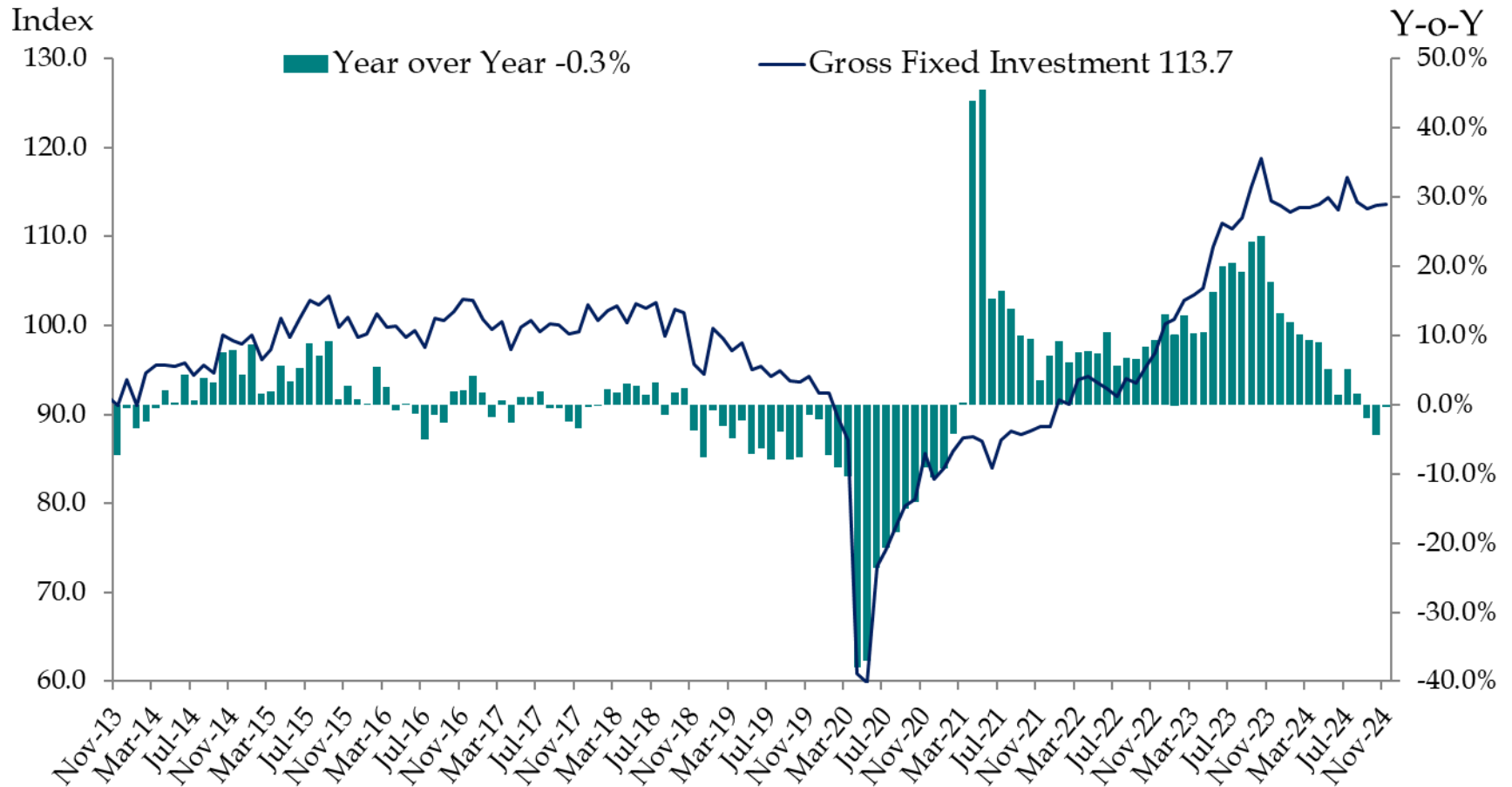
In January 2025, the U.S. Manufacturing PMI rose to 50.9 points from 49.2 in December, indicating expansion in the manufacturing sector, meanwhile Mexico's data fell below the expansion threshold to 49.1. The U.S. Non-Manufacturing PMI decreased to 52.8 points from 54.7 in December, suggesting a slowdown in the services sector, and Mexico's data of 49.1 also reflected a slowdown in the services and commerce sectors.



Source: IHS Markit, Bloomberg

I. Gross Fixed Investment

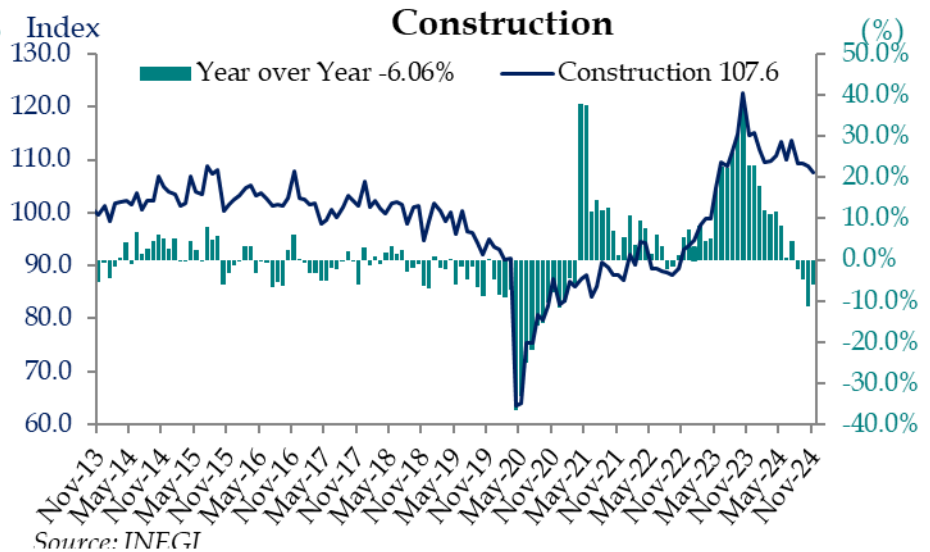
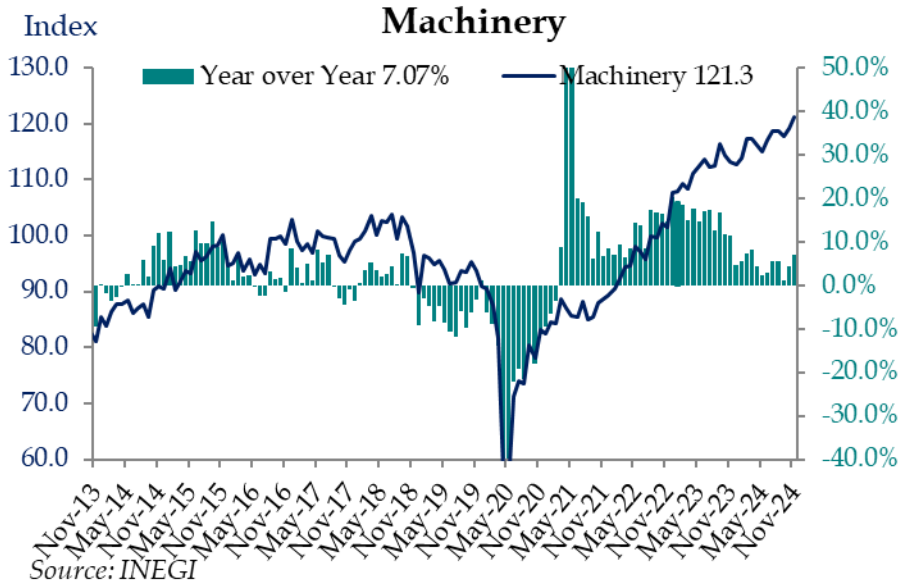
At the end of 2024, gross fixed investment continued showing sluggishness. Spending on machinery and equipment has offset lower levels of construction investment.



Source: INEGI

I. Gross Fixed Investment

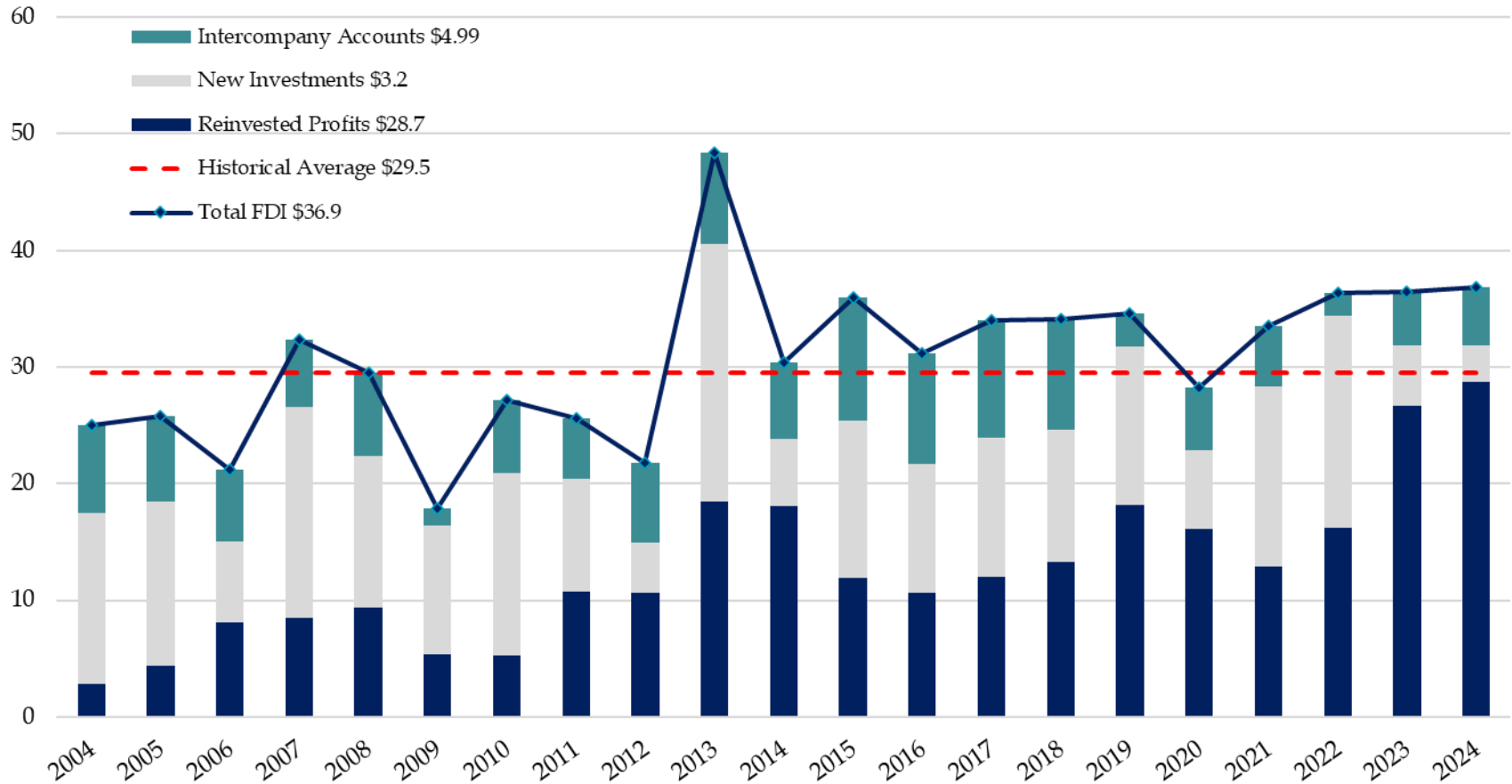
The decline in construction investment can be attributed to the finishing of public infrastructure projects and a slowdown in private construction activities. The increase in national machinery and equipment investment indicates a preference for domestic production, possibly due to more favorable economic conditions or incentives for local manufacturing.



I. Foreign Direct Investment

By the end of 2024, Mexico reached a historic record in Foreign Direct Investment (FDI) with 36.872 billion dollars, an increase of 1.1%. However, new investments fell by 39% compared to 2023, marking the lowest level in three decades. The United States remains the main investor with 16.513 billion dollars, followed by Japan, Germany, and Canada.

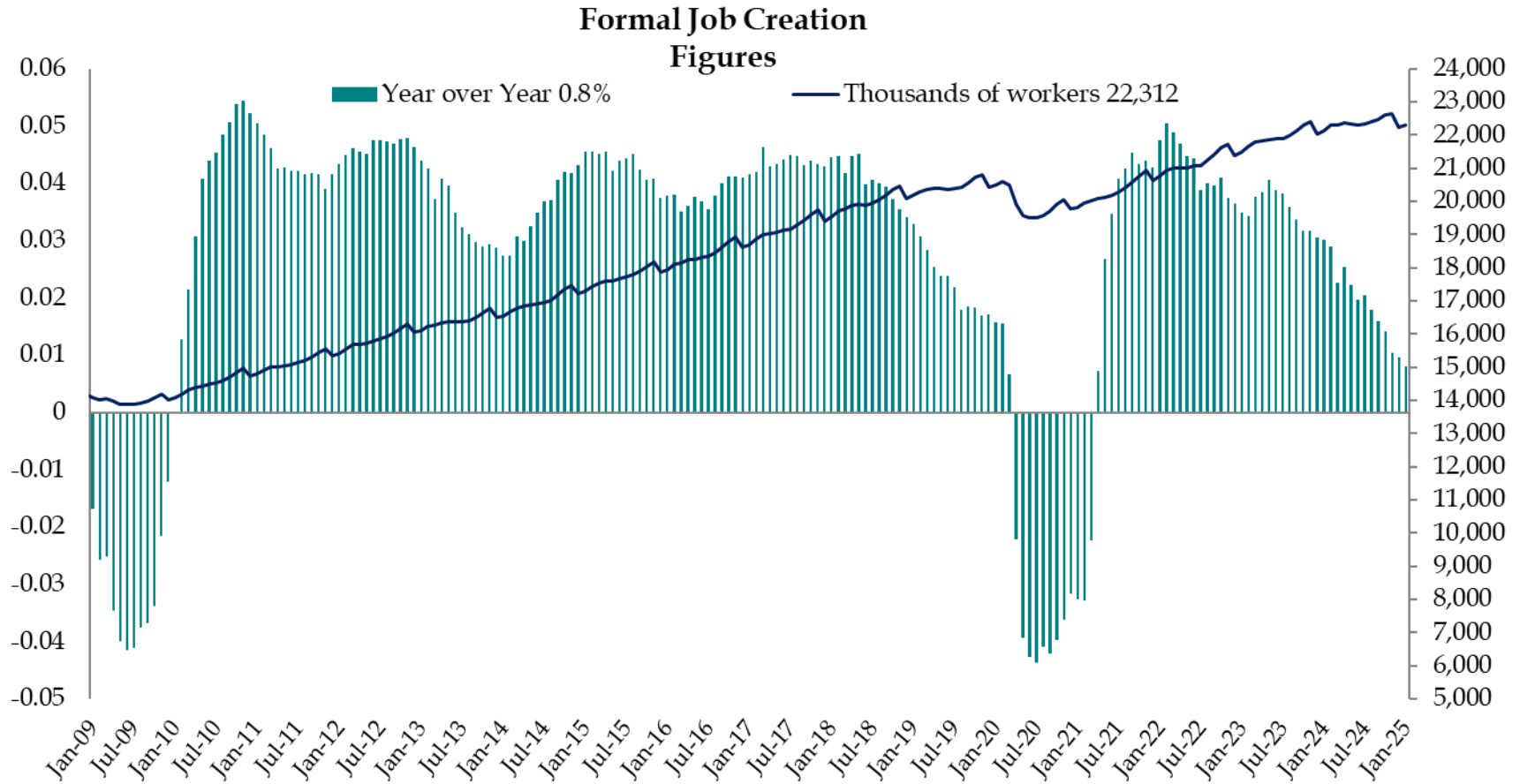
Million USD



Source: Ministry of Economy.

I. Employment

In the last quarter of 2024, employment continued decelerating, while the unemployment rate remained at historically low levels.

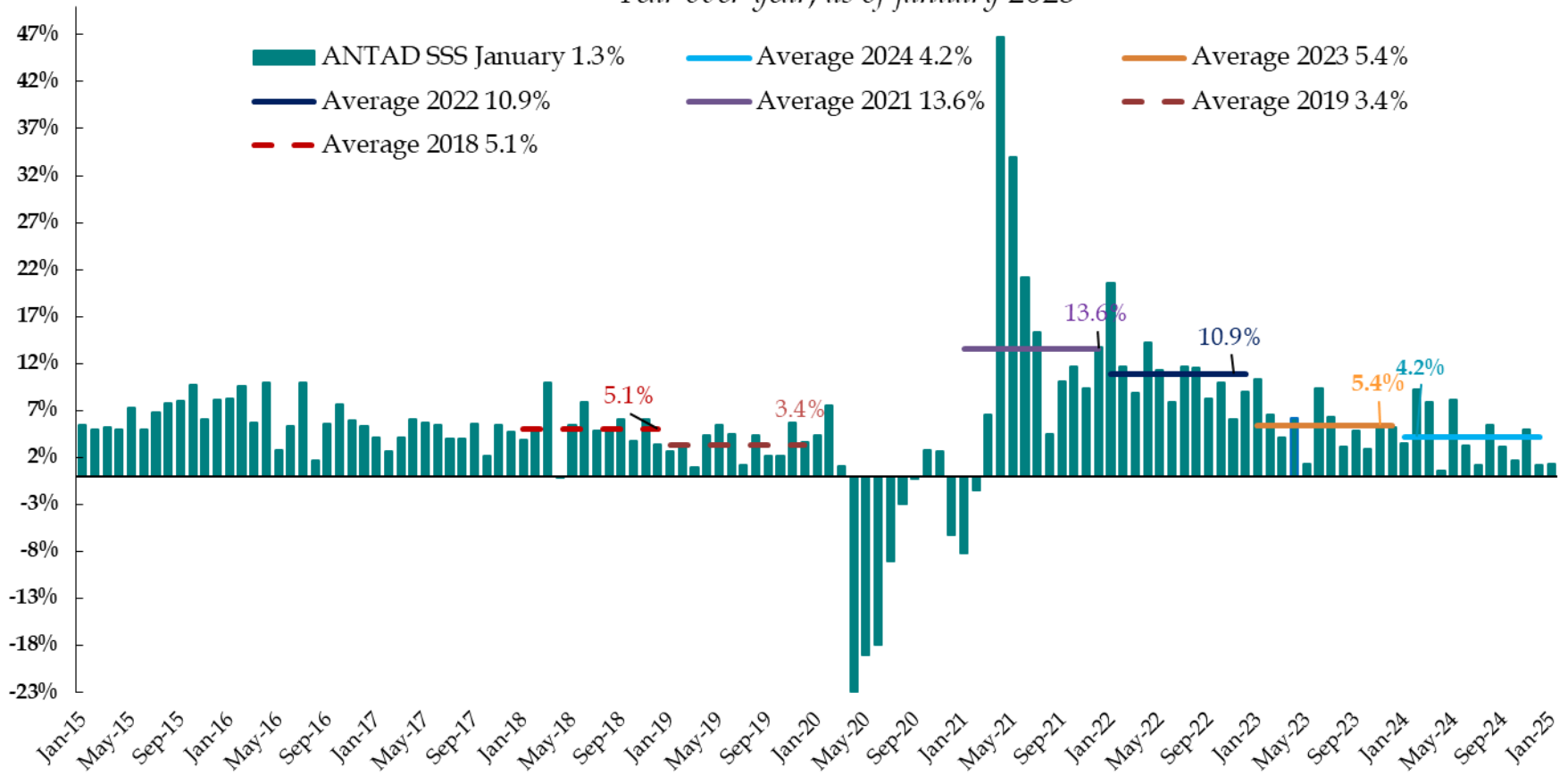


Source: Bloomberg

I. National Retailers Association "ANTAD"

Despite the economic slowdown, 2024 ended with a solid same-store sales growth of 4.2%, compared to 5.4% the previous year. The Association (ANTAD) estimates slower same-store sales growth of 3.9% for 2025

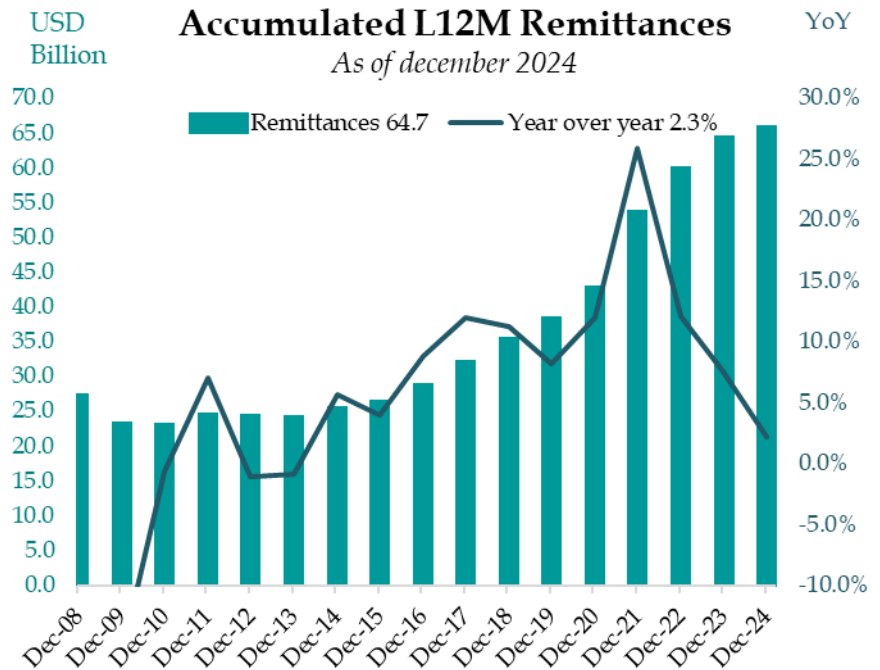
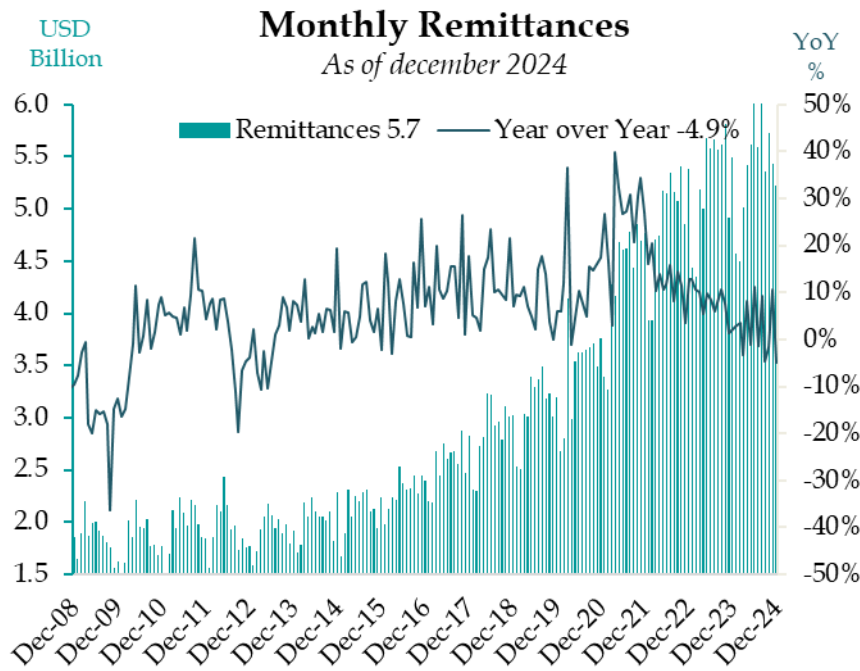
ANTAD Same Store Sales
Year over year, as of January 2025



Source: ANTAD & PAM

II. Remittances

Mexico received 64.745 billion dollars in remittances by the end of 2024, marking 11 years of growth; however, a slowdown in these flows was observed in December, according to data from BANXICO (Central Bank)



Source: Banxico

II. Tourism Income

For the entire year 2024, the increase in spending represented a 7.37% rise compared to 2023. In December 2024 alone, Mexico welcomed 9 million international tourists, marking a 15.5% increase compared to 2023. Mexico's strategic role as an international hub for reaching other destinations continues to stand out.



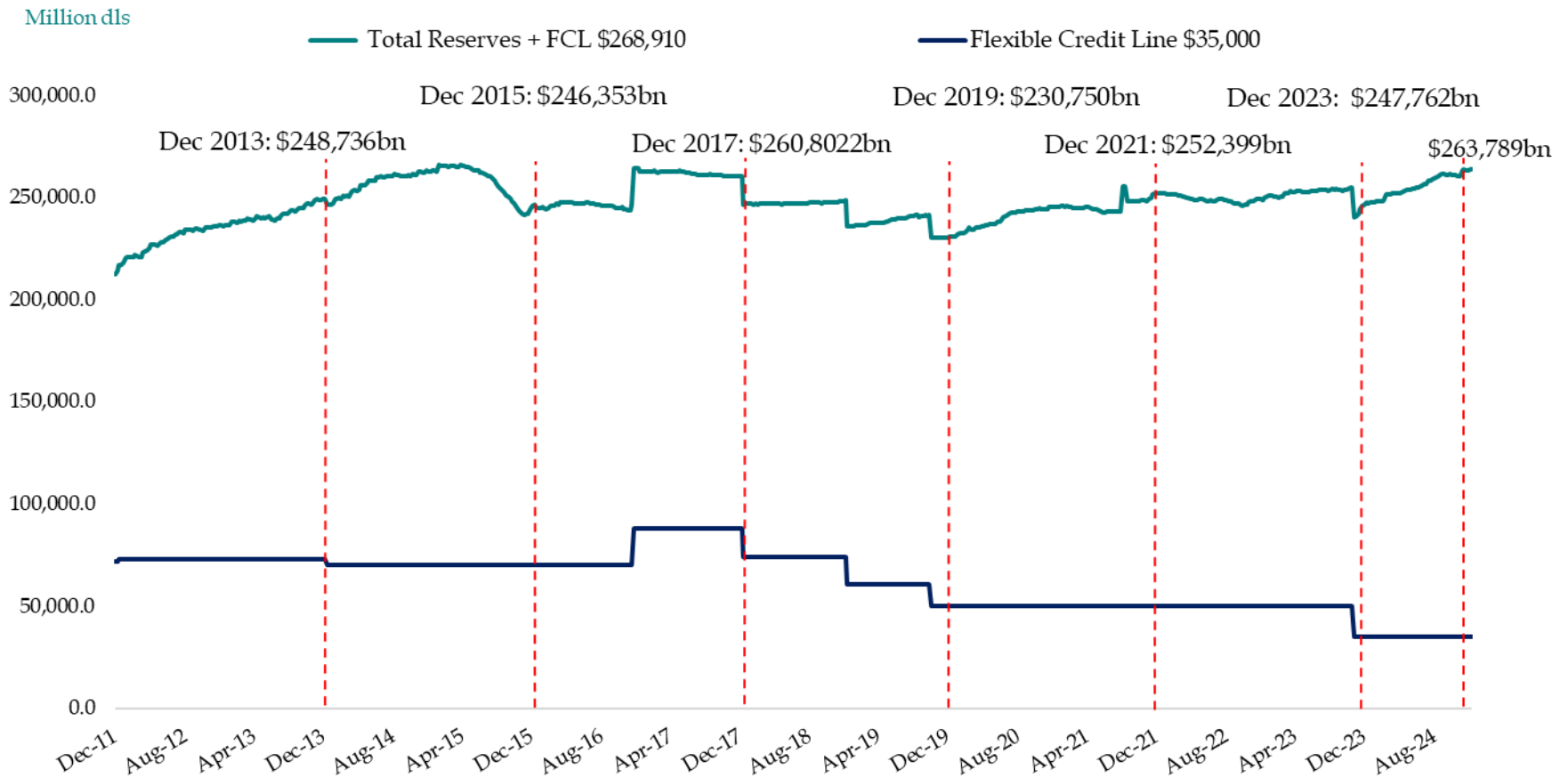
Source: INEGI.

II. International Reserves

At the end of 2024, Mexico's international reserves closed at \$263,789 billion dollars, a stable level, reflecting prudent monetary policy and favorable external conditions.

International Reserves & Flexible Credit Line

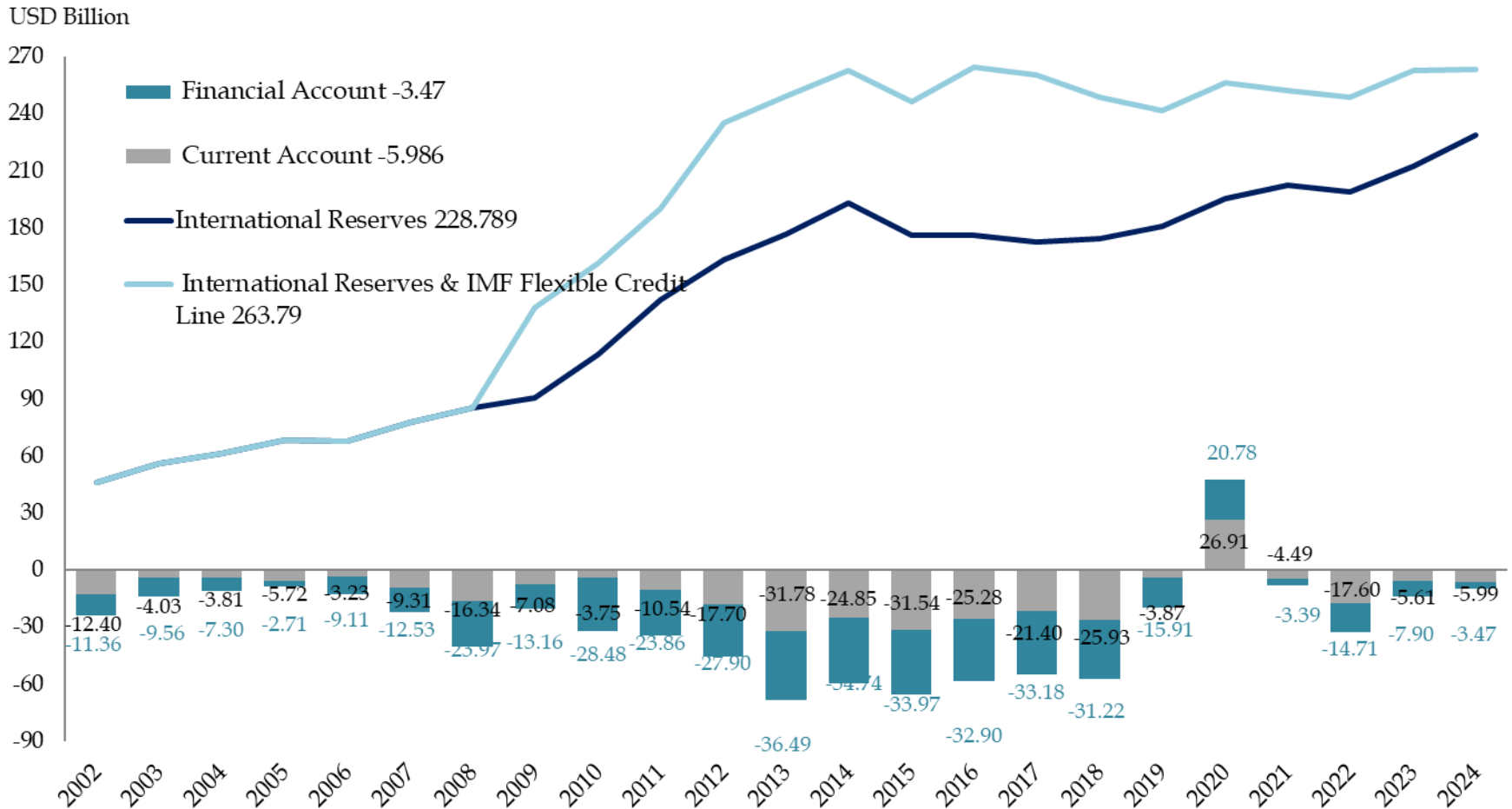
As of february 21, 2024



Source: Bloomberg

II. Balance Payments

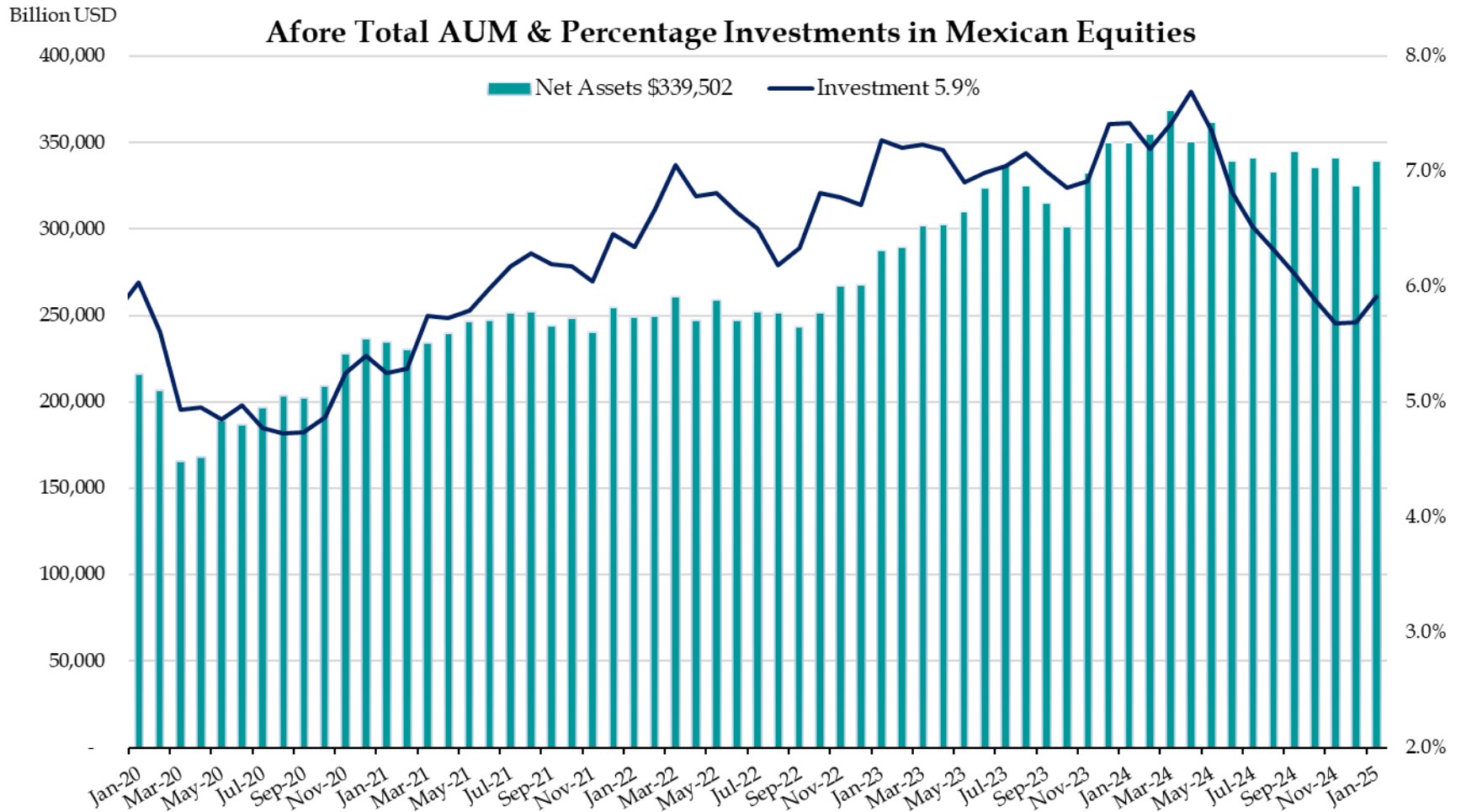
As a proportion of GDP, the current account deficit in 2024 stood at 0.3%, the same level observed in 2023. The negative balance of the current account in 2024 resulted from a combination of a deficit in the goods and services balance of 16,269 million dollars, a deficit in the primary income balance of 54,001 million dollars, and a surplus in the secondary income balance of 64,284 million dollars



Source: Banxico

II. Investment in Equity Markets

AFORES in Mexico closed January 2025, with a 5.9% increase in assets under management, reflecting market fluctuations and economic pressures.

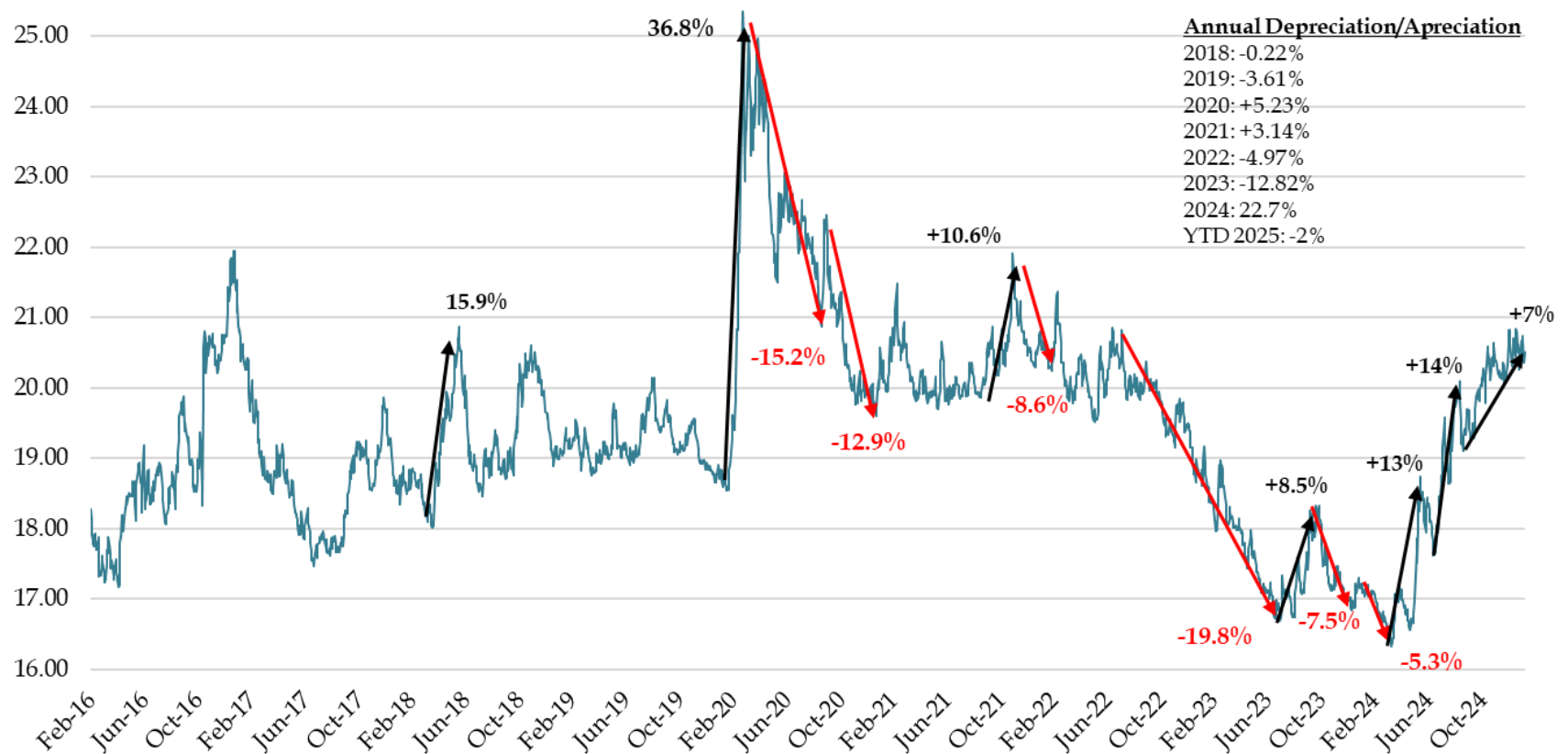


Source: CONSAR

II. Exchange Rate and External Accounts

The Mexican peso experienced volatility towards the end of the year, driven by political uncertainty and concerns over potential tariff measures affecting key trade sectors

MXN Spot Exchange Rate per USD
Short term as of february 26, 2025



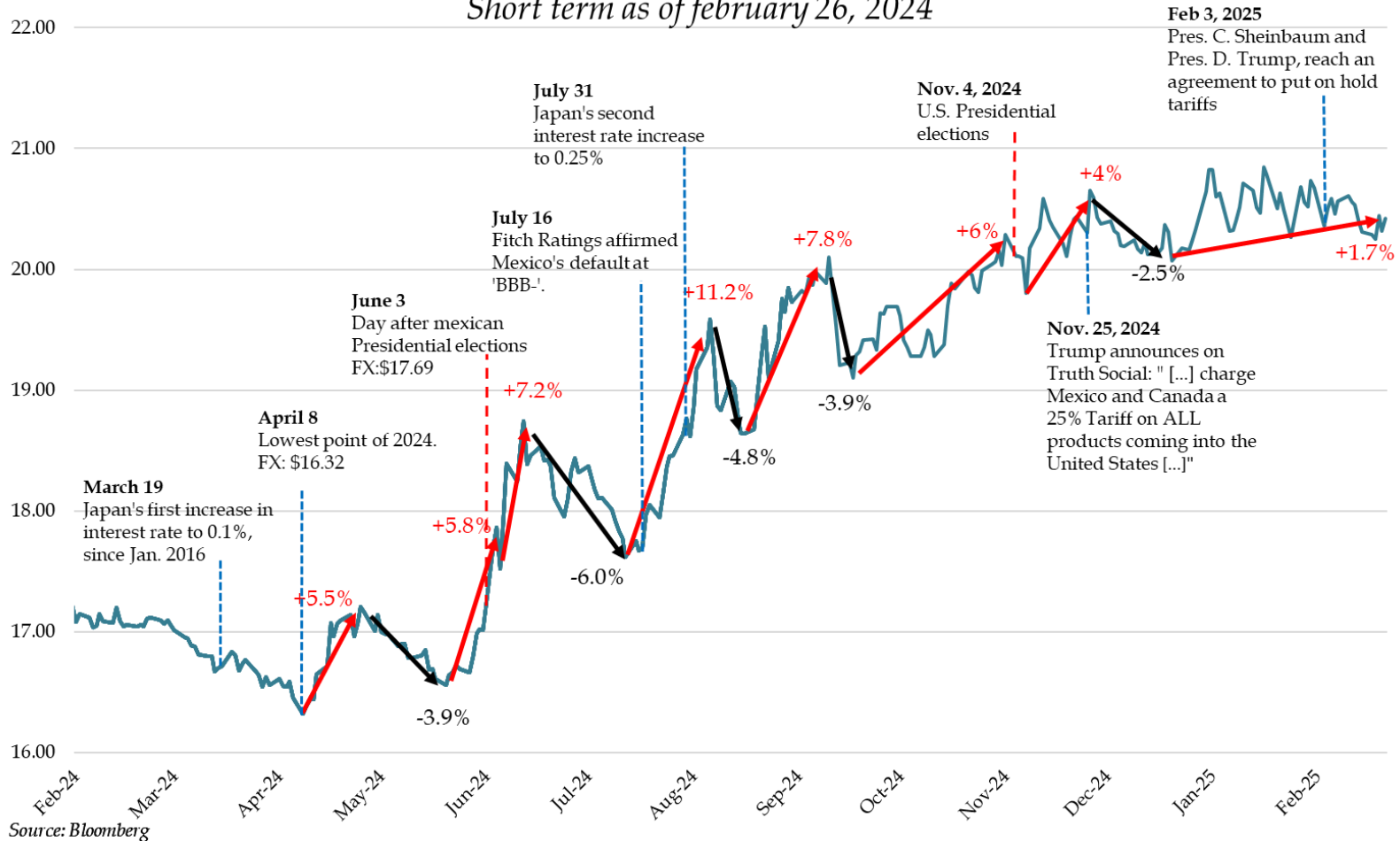
Source: Bloomberg

II. Exchange Rate and External Accounts

Since President Trump's announcement of new tariffs for Mexico and Canada on November 25, 2024, the peso has appreciated by 0.6%, reflecting that the FX market has already priced in the tariff risk, with market nervousness easing and greater stability and confidence moving forward.

MXN Spot Exchange Rate per USD

Short term as of february 26, 2024



II. Trade Balance

At the end of 2024, the value of manufacturing exports decelerated. This reflected a loss of dynamism in non-automotive exports, as well as the sluggishness of automotive exports. For 2024 as a whole, the merchandise trade balance registered a moderate deficit, similar to that observed in 2023.

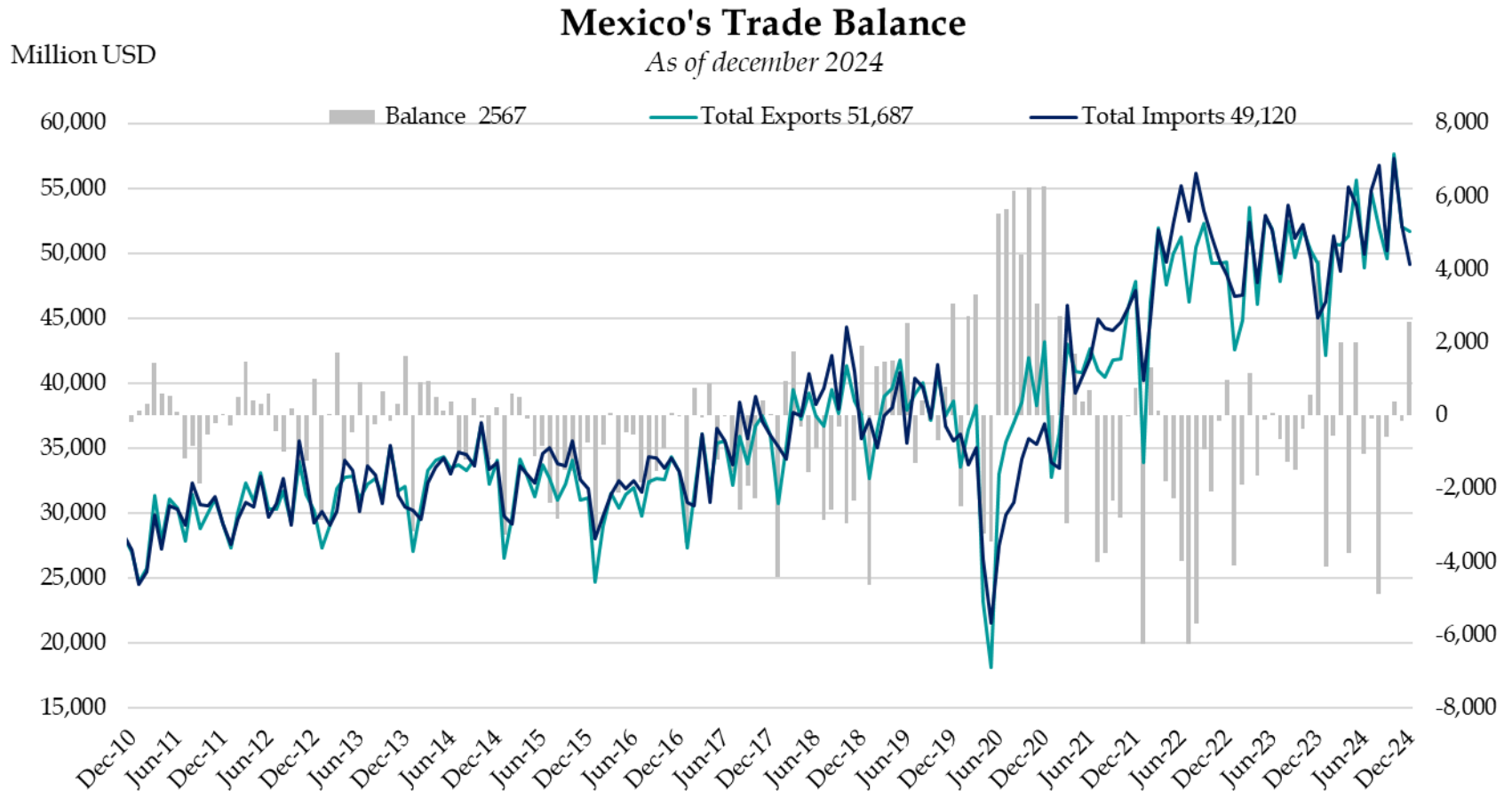
Mexico's Trade Balance - As of December 2024

Exports									
	dic-23	% of Total	Annual Change	dic-24	% of Total	Annual Change	2024	% of Total	Annual Change
Total Exports	49,271	100.0%	-0.1%	51,687	100.0%	4.9%	617,100	100%	4.1%
Oil	2,597	5.3%	-8.6%	2,181	4.2%	-16.0%	28,426	4.6%	-14.4%
Crude Oil	2,243	4.6%	13.3%	1,749	3.4%	-22.0%	21,784	3.5%	-34.4%
Others	355	0.7%	-58.8%	432	0.8%	21.7%	6,642	1.1%	18.3%
Non-Oil	46,674	94.7%	0.4%	49,506	95.8%	6.1%	588,673	95.4%	5.2%
Agricultural	1,916	3.9%	-7.2%	2,152	4.2%	12.3%	23,355	3.8%	7.1%
Mining	764	1.6%	-14.4%	1,200	2.3%	57.1%	10,874	1.8%	18.6%
Manufacturing	43,993	89.3%	1.1%	46,154	89.3%	4.9%	554,444	89.8%	4.8%
Automotive Industry	16,220	32.9%	13.2%	14,965	29.0%	-7.7%	193,907	31.4%	2.6%
Others	27,773	56.4%	-4.9%	31,189	60.3%	12.3%	360,536	58.4%	6.1%
Imports									
	dic-23	% of Total	Annual Change	dic-24	% of Total	Annual Change	2024	% of Total	Annual Change
Total Imports	45,007	100%	-6.9%	49,120	100.0%	9.1%	625,312	100%	4.5%
Oil	2,758	6.1%	55.9%	3,171	6.5%	34.2%	38,470	6.2%	-56.3%
Non-Oil	42,249	93.9%	27.9%	45,949	93.5%	4.3%	586,842	93.8%	3.2%
Consumption Goods	6,369	14.2%	36.6%	6,174	12.6%	-3.1%	80,936	12.9%	-11.5%
Intermediate Goods	30,972	68.8%	-9.0%	34,671	70.6%	11.9%	444,330	71.1%	-8.4%
Capital Goods	4,907	10.9%	7.9%	5,104	10.4%	4.0%	61,575	9.8%	6.4%
Trade Balance									
	dic-23		Annual Change	dic-24		Annual Change	2024		Annual Change
Trade Balance	4,264		334.9%	2,567		-39.8%	-8,212		50.13%

Source: Mexico's Ministry of Economics
Amounts in Millions of Dollars

II. Trade Balance

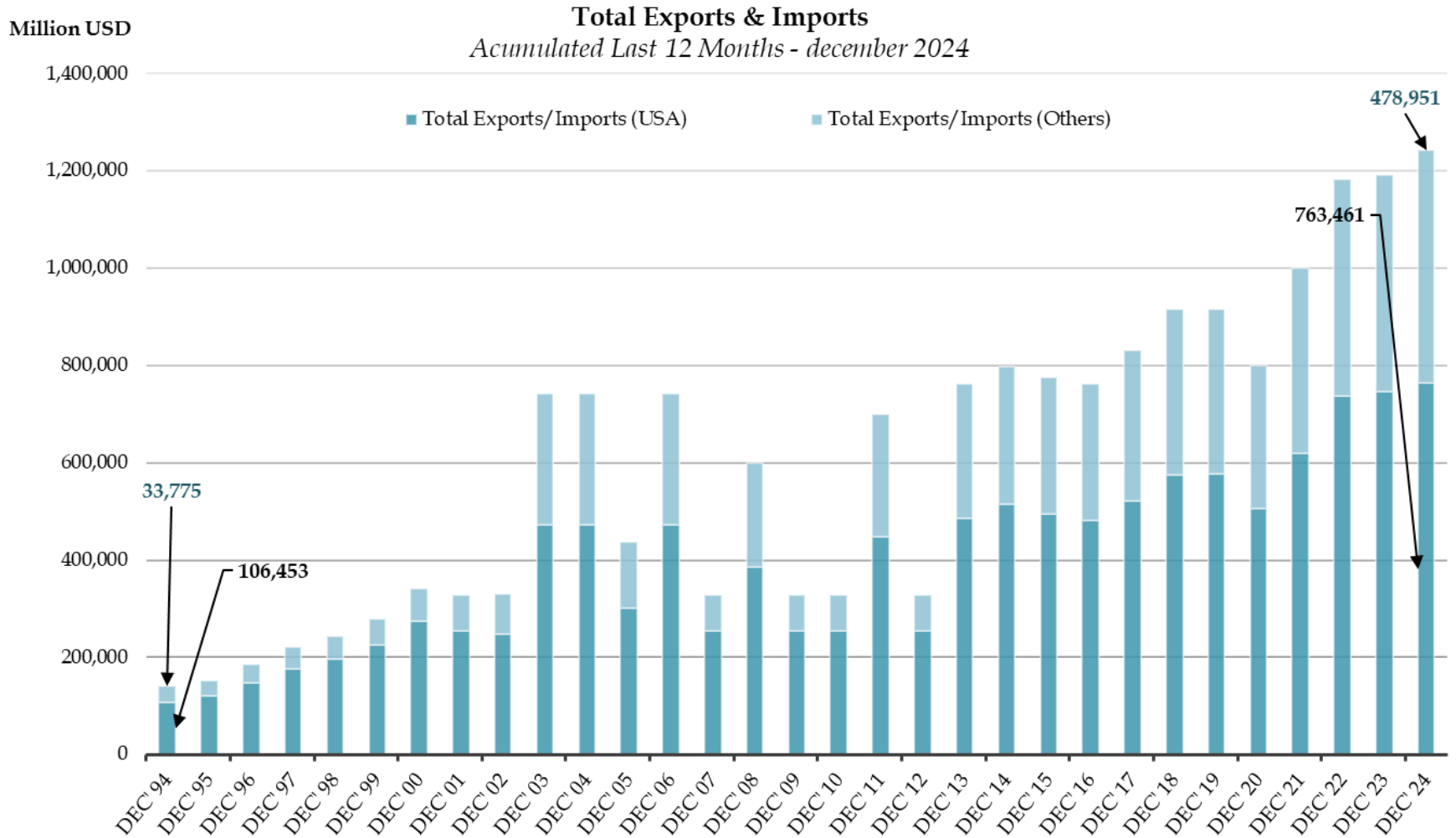
During December, the value of exports rose 4.9% to 51 M USD – meanwhile total imports increased 9.1%. Resulting in a trade deficit equivalent to 2.5 M USD.



Source: Mexico's Ministry of Economics

II. Mexico's Trade Balance

As of December 2024, Mexico's total trade with the U.S., including both exports and imports, accounts for 62% of Mexico's overall commerce & our most important commercial partner



II. International Trade (U.S.)

For the entire of 2024, total U.S imports from Mexico totaled \$505 billion, reflecting the strong demand in the U.S. economy, driven by robust consumer spending and industrial activity. The year 2024, closed with a commercial deficit of 1.2 billion usd.

United States International Trade - Year to Date as of December 2024									
Country	Exports	Imports	Total Trade	Balance	Country	Exports	Imports	Total Trade	Balance
Mexico	334,041	505,851	839,892	-171,810	Taiwan	42,337	116,264	158,601	-73,927
% of Total	16.2%	15.5%	15.7%		% of Total	2.0%	3.6%	3.0%	
Canada	349,360	412,696	762,056	-63,336	France	43,520	59,903	103,423	-16,383
% of Total	16.9%	12.6%	14.3%		% of Total	2.1%	1.8%	1.9%	
China	143,546	438,947	582,493	-295,401	Italy	32,402	76,366	108,768	-43,964
% of Total	7.0%	13.4%	10.9%		% of Total	1.6%	2.3%	2.0%	
Germany	75,613	160,437	236,050	-84,824	Brazil	49,667	42,316	91,983	7,351
% of Total	3.7%	4.9%	4.4%		% of Total	2.4%	1.3%	1.7%	
Japan	79,741	148,209	227,950	-68,468	Singapore	46,033	43,204	89,237	2,829
% of Total	3.9%	4.5%	4.3%		% of Total	2.2%	1.3%	1.7%	
Korea, South	65,542	131,549	197,091	-66,007	Hong Kong	27,886	5,973	33,859	21,913
% of Total	3.2%	4.0%	3.7%		% of Total	1.4%	0.2%	0.6%	
United Kingdom	79,941	68,084	148,025	11,857	Saudi Arabia	13,177	12,734	25,911	443
% of Total	3.9%	2.1%	2.8%		% of Total	0.6%	0.4%	0.5%	
India	41,753	87,416	129,169	-45,663	All other countries	640,814	957,440	1,598,254	-316,626
% of Total	2.0%	2.7%	2.4%		% of Total	31.0%	29.3%	30.0%	
TOTAL 2024 YTD						2,065,373	3,267,389	5,332,762	-1,202,016
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

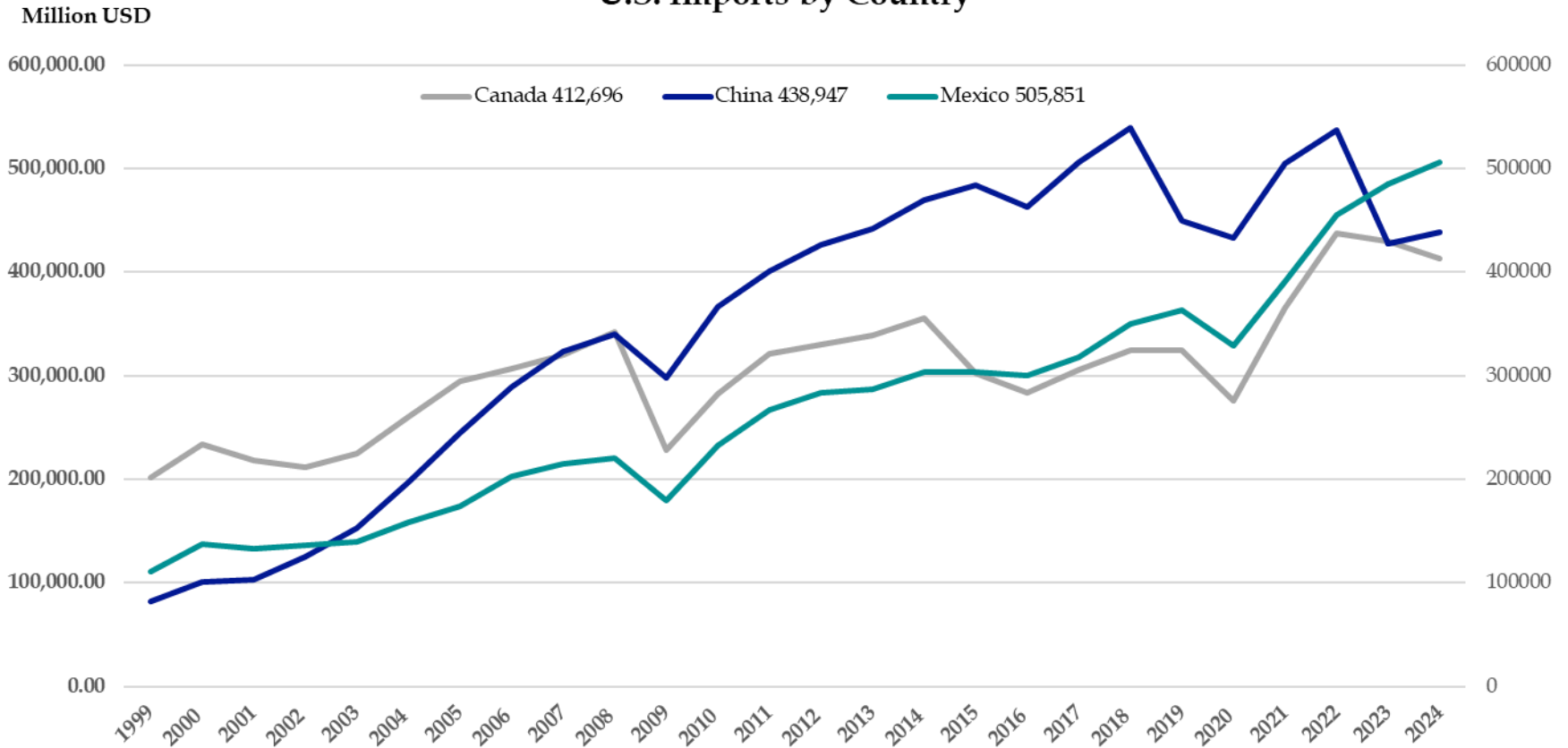
Source: U.S. Census Bureau

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.

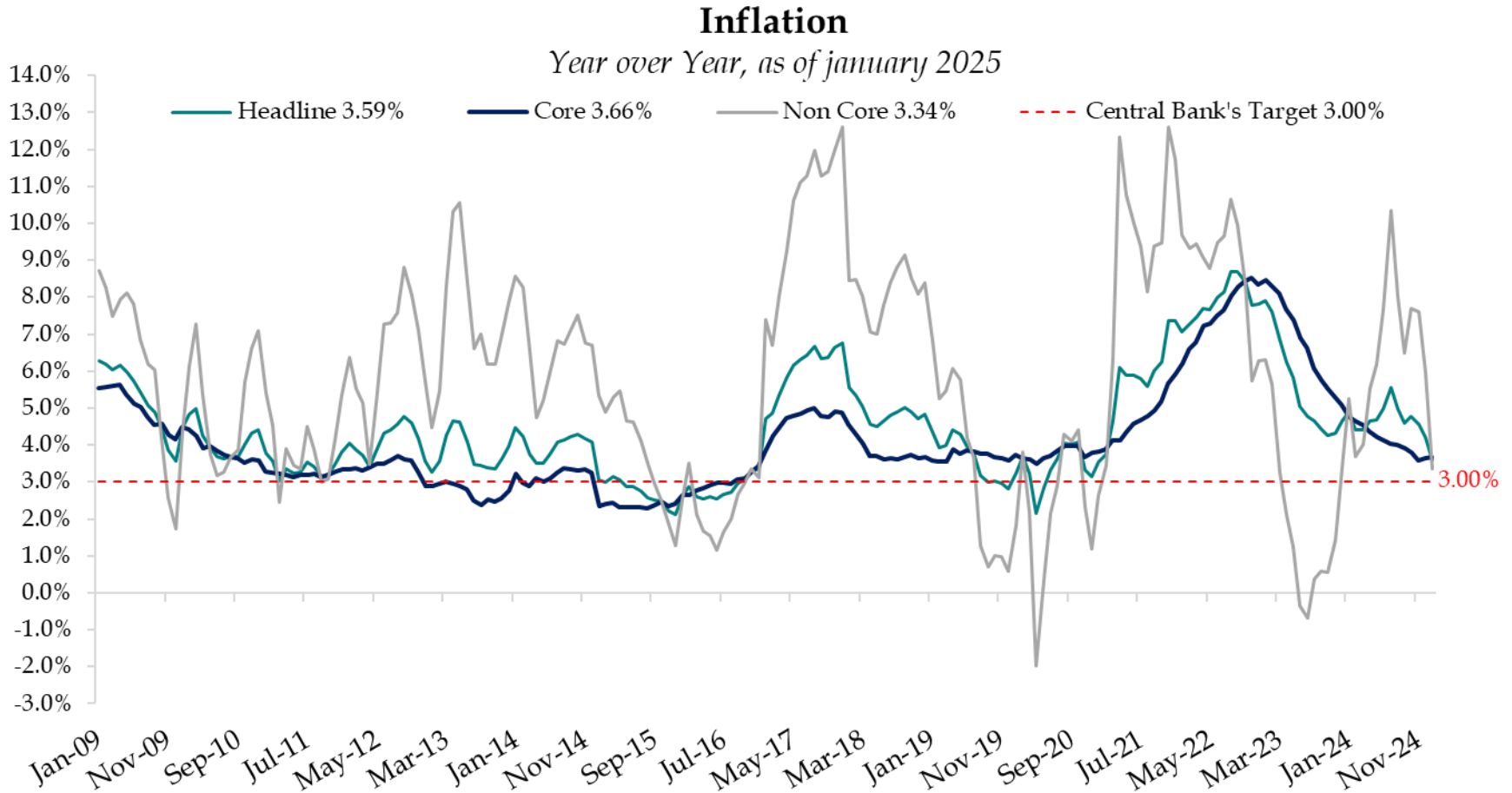
U.S. Imports by Country



Source: U.S. Bureau of Economic Analysis, "International Trade in Goods and Services, December and Annual 2024"

III. Mexico Consumer Price Index (CPI)

Between 3Q and 4Q24, annual headline inflation in Mexico declined, reaching 3.59% in January 2025. This behavior has been the result of the reduction in core inflation, as well as the decline in non-core inflation following the fading of supply shocks that affected it.



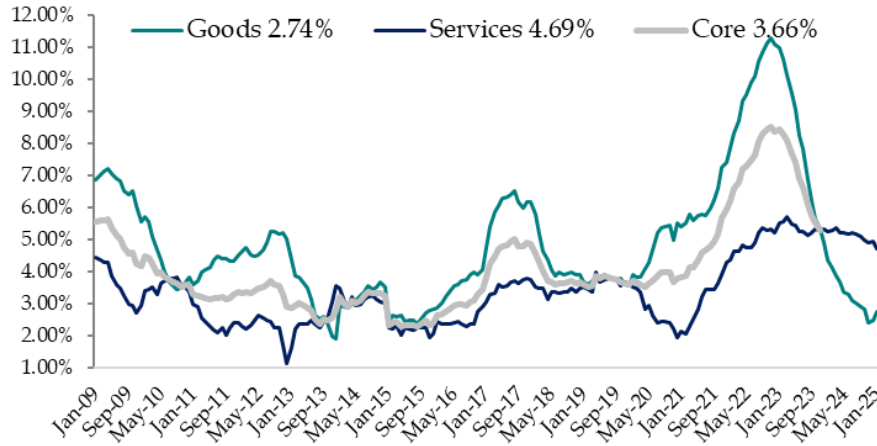
Source: INEGI

III. Mexico Consumer Price Index (CPI)

Annual variations in merchandise prices are at lower levels than those observed at the beginning of the pandemic & the annual variation in services prices has declined more notably in recent months, although it remains at high levels. As the supply shocks in certain agricultural and livestock products in 2024 dissipated, non-core inflation decreased towards the end of 2024 and more notably in January 2025.

Core Inflation

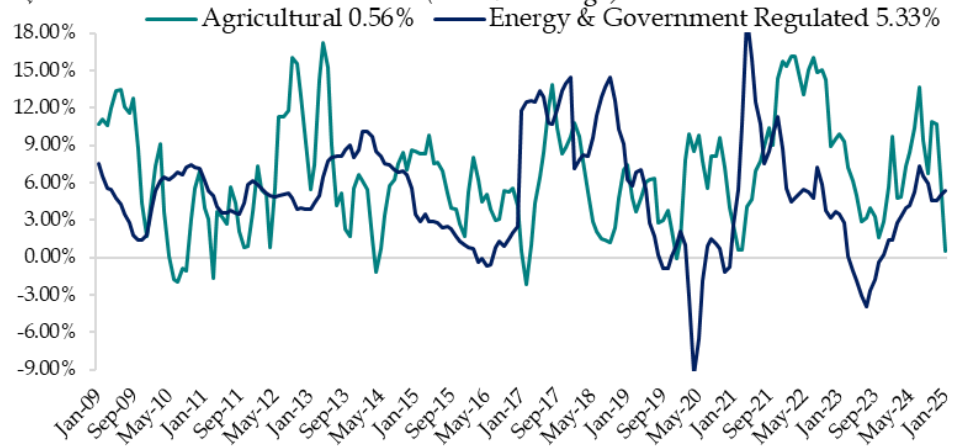
Year over year



Source: INEGI

Non-Core Inflation

(YoY % Change)



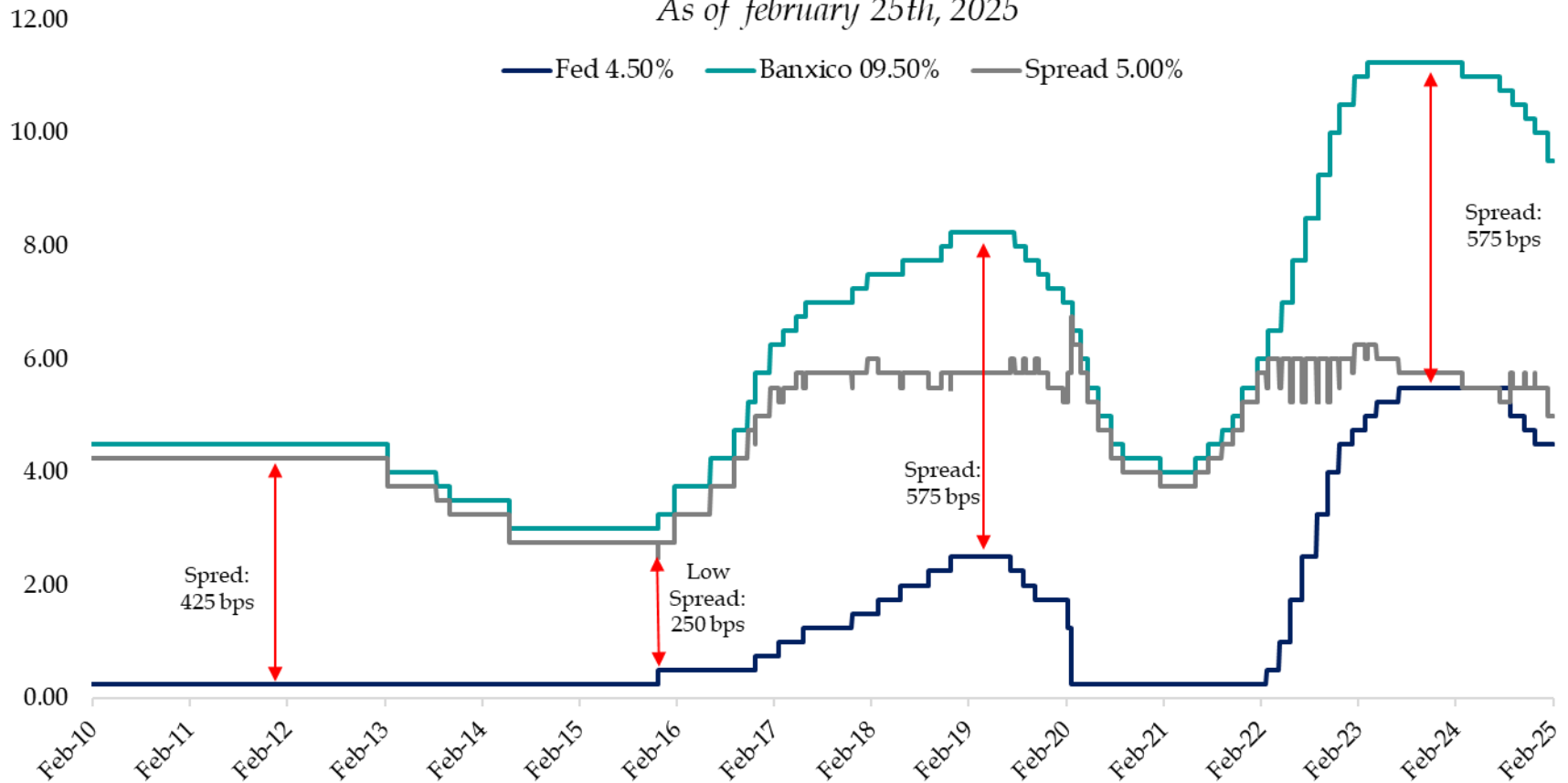
Source: INEGI

III. Monetary Policy & Sovereign Risk

At its first meeting of 2025, BANXICO (Mexico's Central Bank) reduced the interest rate by 50 basis points and stated that it expects to continue the cycle of rate cuts. They'll consider calibrating the monetary stance, which could lead to rate reductions larger in magnitude than those implemented in 2024 – in the first meetings of the year. However, this does not necessarily mean that such larger cuts would be sustained in future reductions later in the year. Even with the cuts, in the Central Bank's baseline scenario, the monetary stance would remain restrictive throughout the year.

Banxico vs. Federal Reserve Reference Rate

As of february 25th, 2025



Source: Bloomberg

III. Public Finance & Sovereign Risk Premium

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

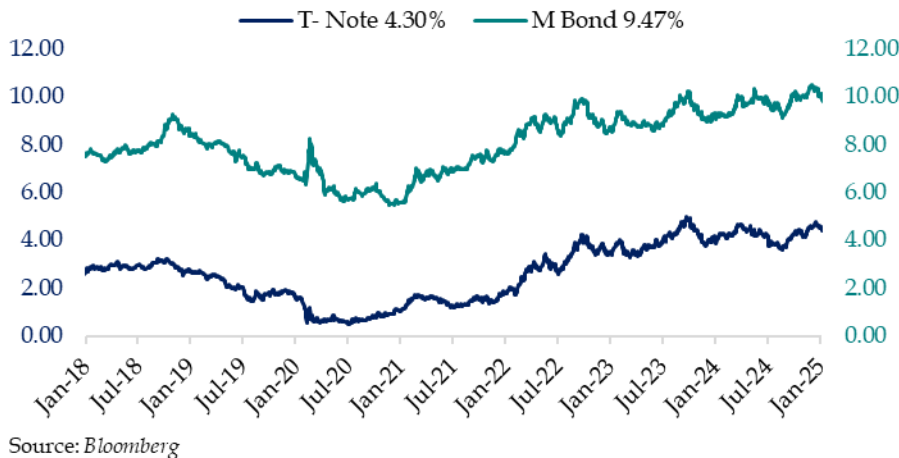
UMS vs. U.S 10Y Treasury Note
As of January 31, 2025



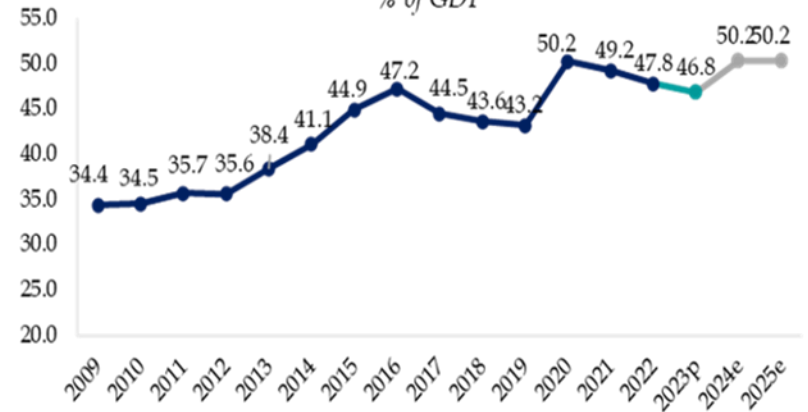
M Bond vs. U.S. 10Y Treasury Note
As of January 31, 2024



T- Note Rate M Bond vs. U.S. 10 Year Treasury Note
As of January 31st 2024



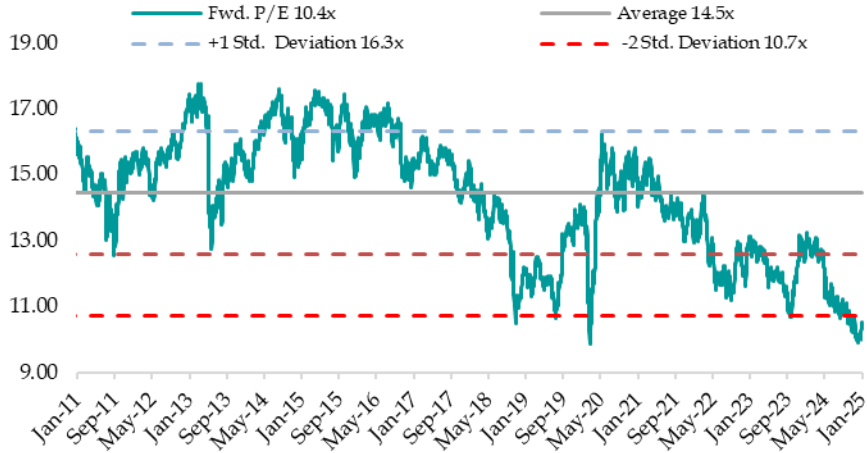
Historical Balance of Public Sector Financial Requirements
% of GDP



IV. Stock Markets

Mexbol Index Fwd P/E Multiple

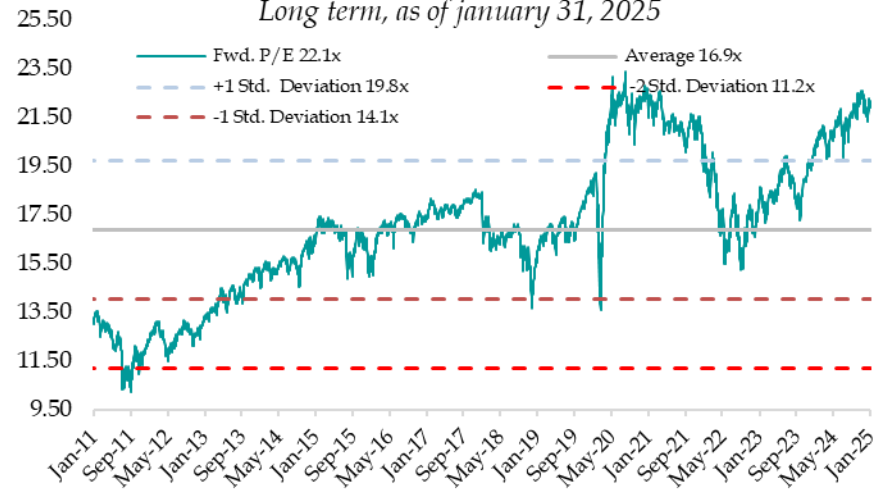
Long term, as of January 31, 2025



Source: Bloomberg

Index S&P 500 Fwd P/E Multiple

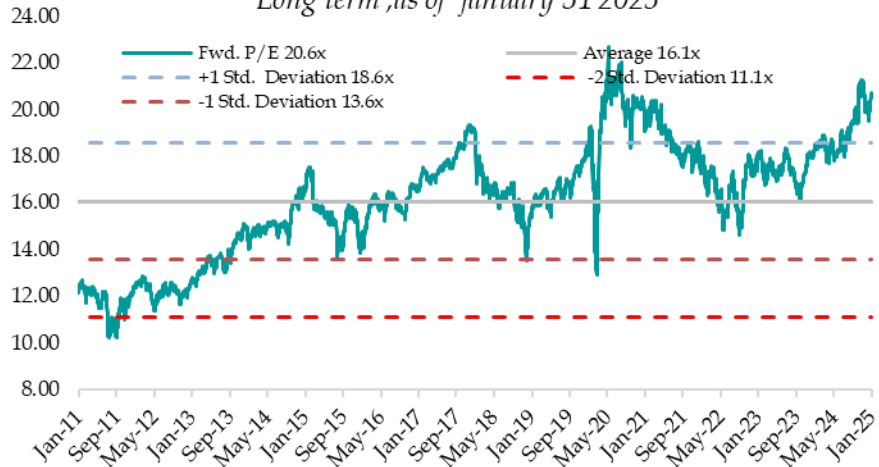
Long term, as of January 31, 2025



Source: Bloomberg

Dow Jones Index Fwd P/E Multiple

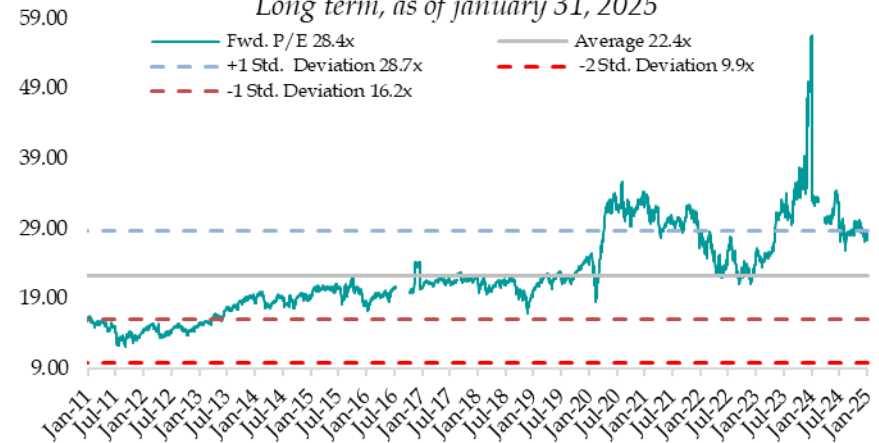
Long term, as of January 31, 2025



Source: Bloomberg

Nasdaq Index Fwd P/E Multiple

Long term, as of January 31, 2025



Source: Bloomberg

IV. Stock Markets

		Mexbol vs.US Stock Markets											
		Dividends reinvested											
		Local					USD						
	INDEX	2023	2024	2025 YTD	6M	Dic' 24	Jan '25	2023	2024	2025 YTD	6M	Dic' 24	Jan '25
US	Dow Jones	16.18%	14.99%	2.24%	5.23%	-5.13%	4.78%	16.18%	14.99%	2.24%	5.21%	-5.13%	4.78%
	S&P 500	26.26%	25.00%	0.63%	5.23%	0.56%	3.53%	26.26%	25.00%	0.62%	5.24%	-2.39%	2.78%
	NASDAQ	44.70%	29.60%	-2.73%	6.29%	0.56%	3.53%	44.70%	29.60%	-2.73%	6.29%	0.56%	1.66%
Mexico	Mexbol	22.36%	-11.03%	6.70%	2.76%	-0.18%	3.53%	40.87%	-27.77%	8.67%	-1.43%	-2.88%	5.34%

		Mexbol vs. LATAM Stock Markets											
		Dividends reinvested											
		Local					USD						
	INDEX	2023	2024	2025 YTD	6M	Dic' 24	Jan '25	2023	2024	2025 YTD	6M	Dic' 24	Jan '25
Argentina	Merval	360.06%	172.52%	-13.65%	27.37%	12.19%	1.22%	0.80%	113.77%	-16.19%	14.00%	9.98%	-0.71%
Brazil	Bovespa	22.28%	-10.36%	4.12%	-7.91%	-4.28%	4.86%	33.09%	-29.55%	10.42%	-10.64%	-6.46%	11.00%
Chile	Ipsa	17.79%	8.27%	10.18%	14.44%	2.03%	7.30%	13.42%	-3.92%	14.71%	2.48%	1.39%	5.34%
Peru	S&P/BVL	21.70%	11.56%	-1.36%	0.44%	-1.78%	0.08%	25.19%	10.00%	0.95%	2.48%	1.39%	5.34%
Colombia	COLCAP	4.99%	25.49%	17.75%	22.68%	0.73%	10.50%	32.23%	9.77%	25.49%	23.86%	1.39%	5.34%
Mexico	Mexbol	22.36%	-11.03%	6.70%	2.76%	-0.18%	3.53%	40.87%	-27.77%	8.67%	-1.43%	-2.88%	5.34%

		Mexbol vs. Europe Stock Markets											
		Dividends reinvested											
		Local					USD						
	INDEX	2023	2024	2025 YTD	6M	Dic' 24	Jan '25	2023	2024	2025 YTD	6M	Dic' 24	Jan '25
Germany	DAX	20.31%	18.85%	13.27%	19.27%	1.44%	9.16%	24.28%	11.65%	13.41%	12.33%	-0.23%	9.43%
Spain	IBEX	28.06%	20.02%	15.02%	18.41%	-0.21%	7.18%	32.28%	12.26%	15.66%	11.52%	-2.28%	7.91%
France	CAC	20.10%	0.92%	9.91%	6.63%	2.14%	7.84%	24.05%	-5.61%	10.53%	0.43%	0.03%	8.58%
Italy	FTSE MIB	34.35%	18.93%	13.39%	14.32%	2.32%	7.07%	38.78%	11.73%	13.53%	7.67%	0.64%	7.34%
UK	FTSE 100	7.68%	9.59%	7.66%	5.81%	-1.29%	6.20%	13.60%	7.49%	8.47%	1.73%	-2.88%	5.65%
Switzerland	SMI	7.06%	7.54%	11.70%	4.33%	-1.39%	8.59%	17.61%	-0.29%	12.42%	-1.29%	-4.00%	8.24%
Russia	IMOEX	53.15%	-11.03%	-	-	-	-	25.30%	-	-	-	-	-
Mexico	Mexbol	22.36%	-11.03%	6.70%	2.76%	-0.18%	3.53%	40.87%	-27.77%	8.67%	-1.43%	-2.88%	5.34%

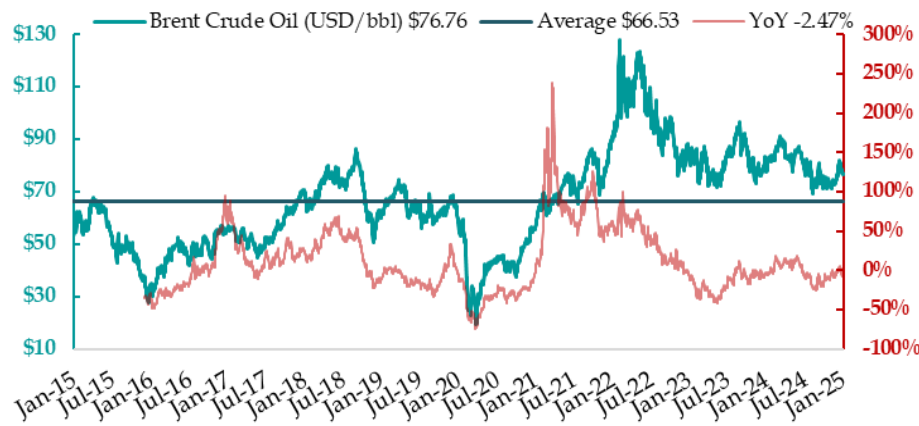
		Mexbol vs. Asia Stock Markets											
		Dividends reinvested											
		Local					USD						
	INDEX	2023	2024	2025 YTD	6M	Dic' 24	Jan '25	2018	2019	2025 YTD	6M	Dic' 24	Jan '25
China (Hong Kong)	Hang Seng	-10.46%	22.90%	18.68%	33.57%	3.29%	1.20%	-10.56%	23.58%	18.53%	33.91%	3.45%	0.92%
China (Shanghai)	SSE Composite	-1.04%	16.17%	1.40%	20.14%	0.87%	-2.71%	-3.86%	13.02%	1.58%	16.94%	0.14%	-1.98%
India	SENSEX	20.34%	9.57%	-4.30%	-9.04%	-2.08%	-0.70%	19.59%	6.55%	-6.21%	-12.61%	-3.26%	-1.79%
Indonesia	IDX	10.61%	1.33%	-8.39%	-14.47%	-0.13%	0.42%	11.43%	-3.66%	-10.46%	-19.82%	-2.29%	-0.16%
Japan	Nikkei 225	31.01%	21.30%	-4.04%	-0.15%	4.54%	-0.80%	21.86%	8.71%	0.56%	-2.64%	-0.48%	0.73%
South Korea	KRX100	24.75%	-9.29%	10.16%	-2.43%	-2.36%	5.76%	22.31%	-20.69%	12.03%	-9.87%	-7.54%	7.36%
Mexico	Mexbol	22.36%	-11.03%	6.70%	2.76%	-0.18%	3.53%	40.87%	-27.77%	8.67%	-1.43%	-2.88%	5.34%

Source: Bloomberg

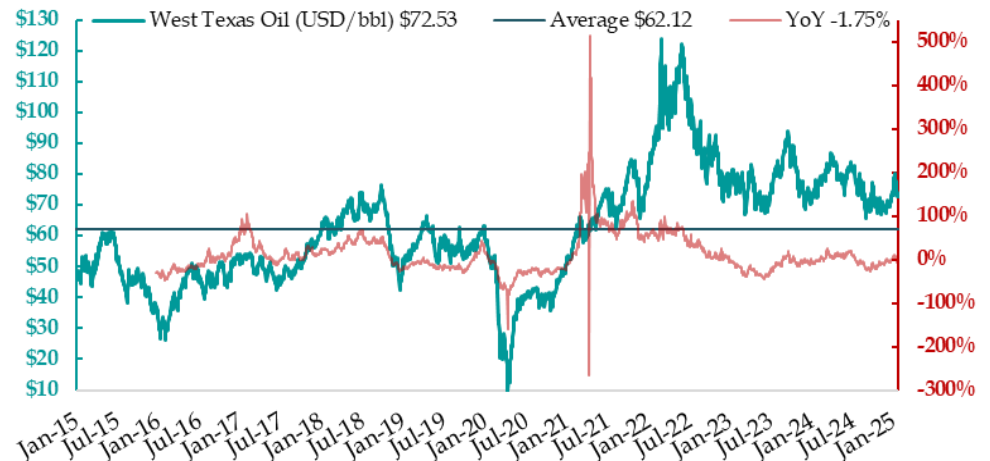
V. Commodities

In 2024, Brent & WTI prices reached a peak of \$93 per barrel on April 12, driven by concerns over potential conflicts in the Middle East. The U.S. Energy Information Administration (EIA) forecasts that Brent crude oil prices will average \$74 per barrel in 2025, with a decline to \$66 per barrel in 2026.

Brent Crude Oil (USD/bbl)



West Texas Oil (USD/bbl)

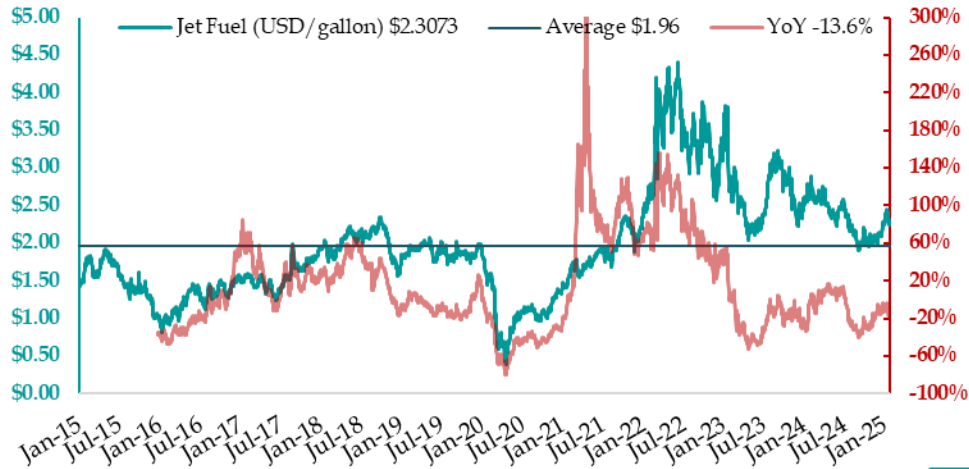


Source: Bloomberg

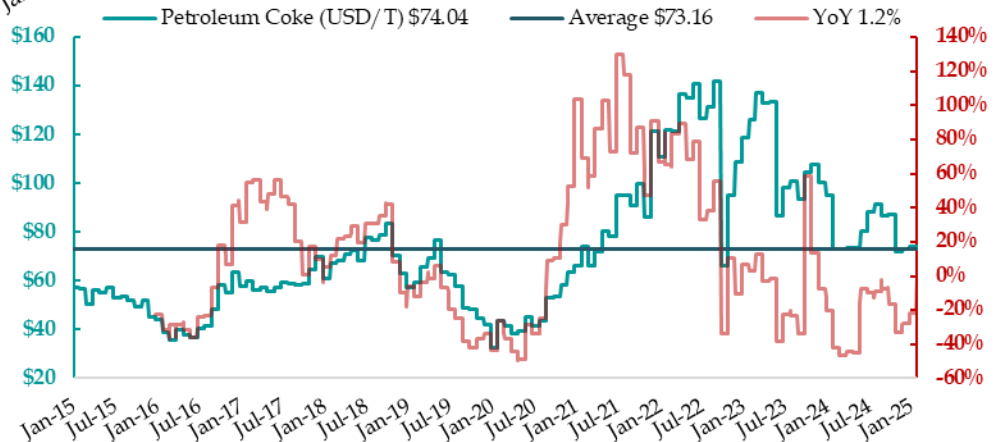
V. Commodities

Jet fuel prices in 2024 were higher than expected due to rising global travel, especially as tourism rebounded post-pandemic. November 2024 saw a price spike (over \$2.00 per gal.), largely driven by a strong airline demand (due to the holiday season). For 2025, the forecast is a slight increase to \$2.10 per gallon. Petroleum coke prices closed the year down 22% YoY. Expectations for 2025 suggest that prices will continue stabilize, with no major changes in demand patterns.

Jet Fuel (USD/gallon)



Petroleum Coke (USD/T)

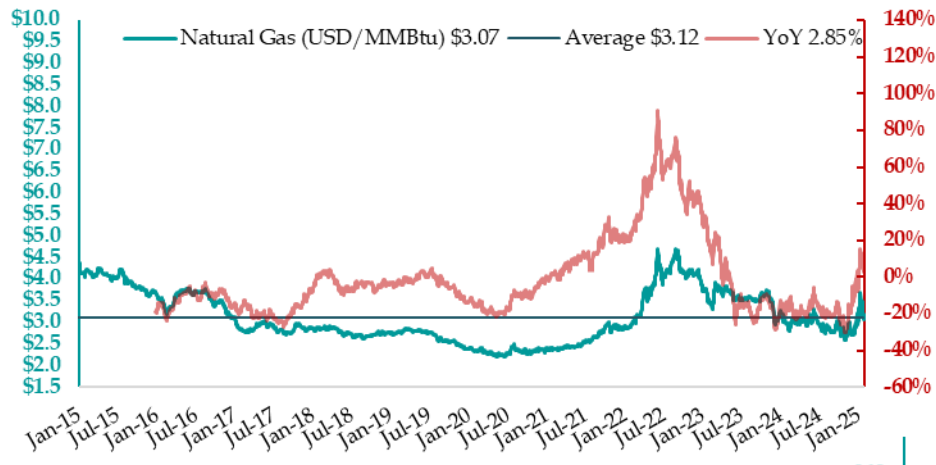


Source: Bloomberg

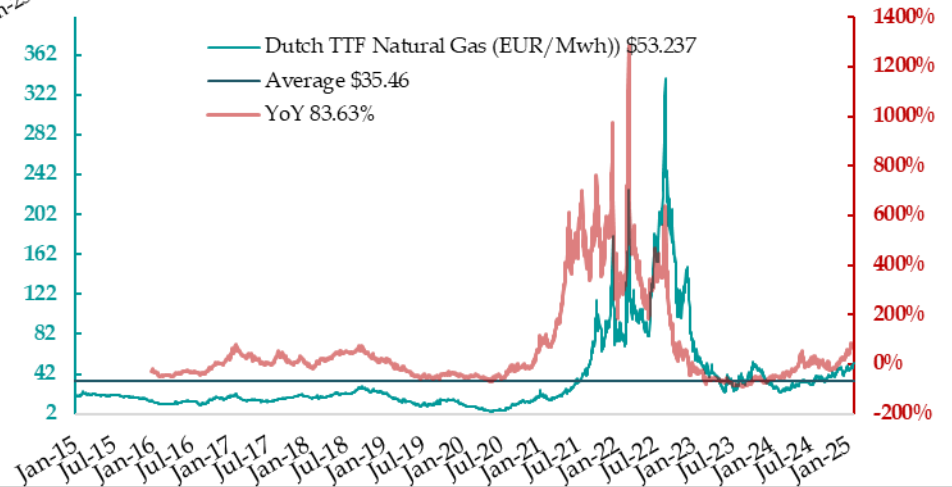
V. Commodities

Dutch natural gas prices remained volatile in 2024, fluctuating due to changing weather patterns in Europe and geopolitical tensions surrounding Russian exports. For 2025, analysts project a stable price of around \$4 per MmBtu as the market seeks more diversified energy sources. U.S. natural gas prices in 2024 averaged \$2.22 per MmBtu, due to a mild winter and ample supply. However, forecasts indicate a sharp rise in 2025, with prices expected to average \$3.20 per mmBtu, driven by colder winter weather and an increase in industrial consumption.

Natural Gas (USD/Mmbtu)



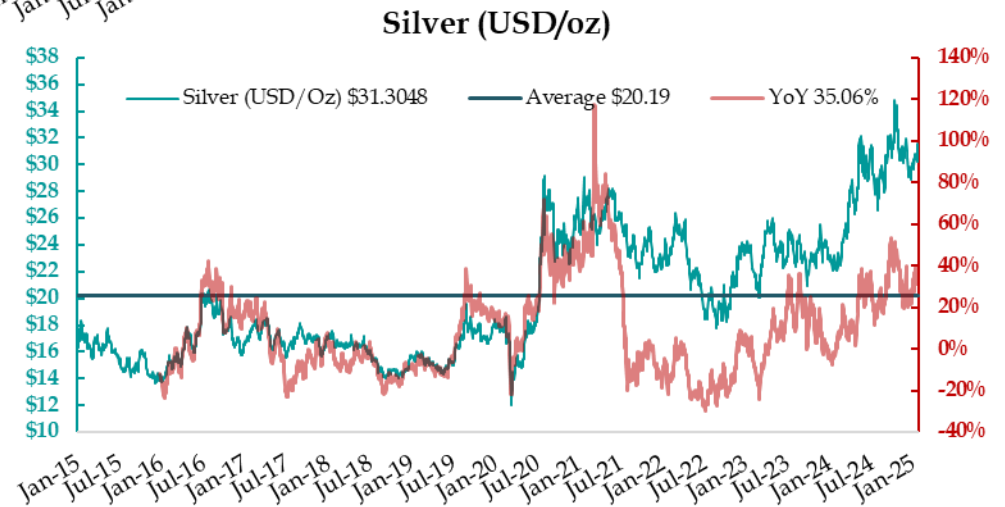
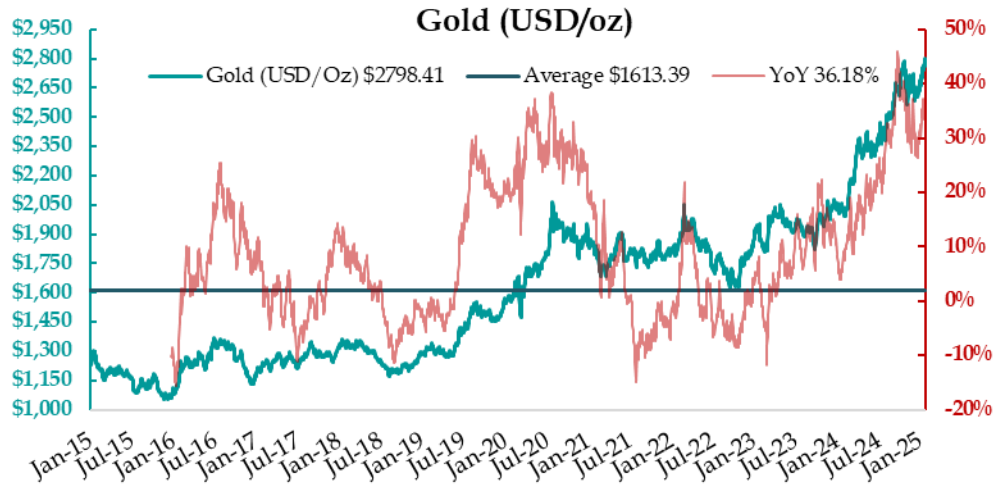
Dutch TTF Natural Gas (EUR/Mwh)



Source: Bloomberg

V. Commodities

Gold prices saw a steady rise, closing 2024 at around \$2,600 per ounce. This was fueled by global uncertainty, including economic slowdowns and concerns over inflation, which drove demand for safe-haven assets. In 2025, the outlook suggests a slight dip to around \$2,400 per ounce, as inflation pressures ease globally. Silver prices in 2024 followed a similar pattern to gold, ending the year at around \$29 per ounce. Increased industrial demand, especially in solar panels and electronics, supported silver prices. Projections for 2025 suggest a slight increase to \$26 per ounce as industrial demand continues to grow.



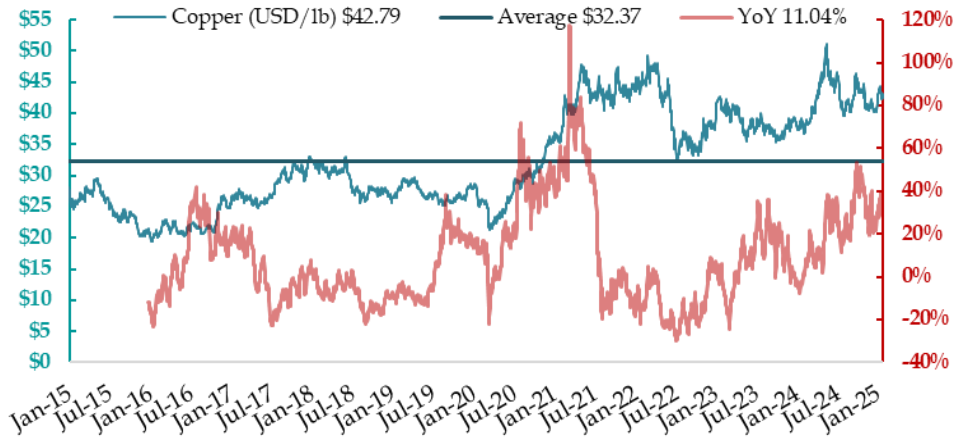
Source: Bloomberg

V. Commodities

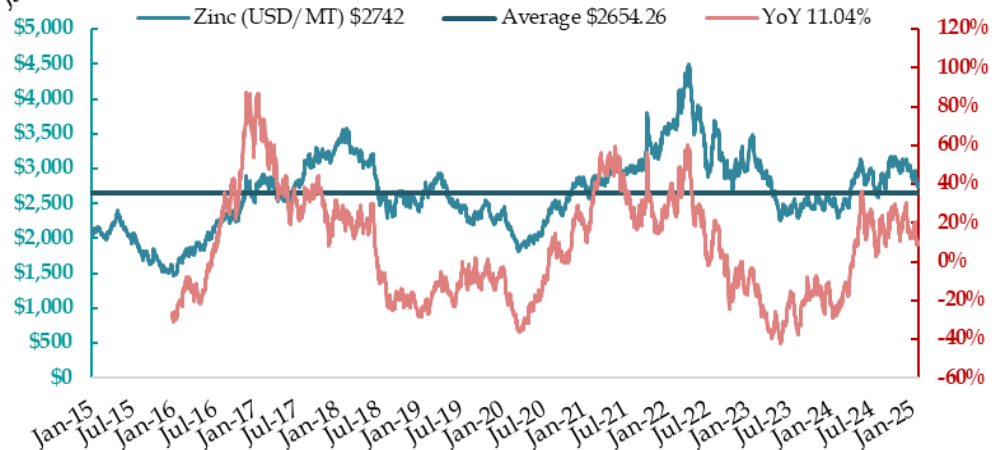
Copper prices averaged \$42.22 per oz in 2024, driven by robust demand from the electric vehicle (EV) industry and global infrastructure projects. As global production constraints remain and demand from green technologies continues, copper is expected to see an average price of \$43 per oz in 2025. Zinc prices closed at approximately \$2,980 per MT at the end of 2024.

Strong demand from construction and galvanizing industries supported the price, with little change expected in the near future. Projections for 2025 show zinc averaging \$2900 MT.

Copper USD/oz)



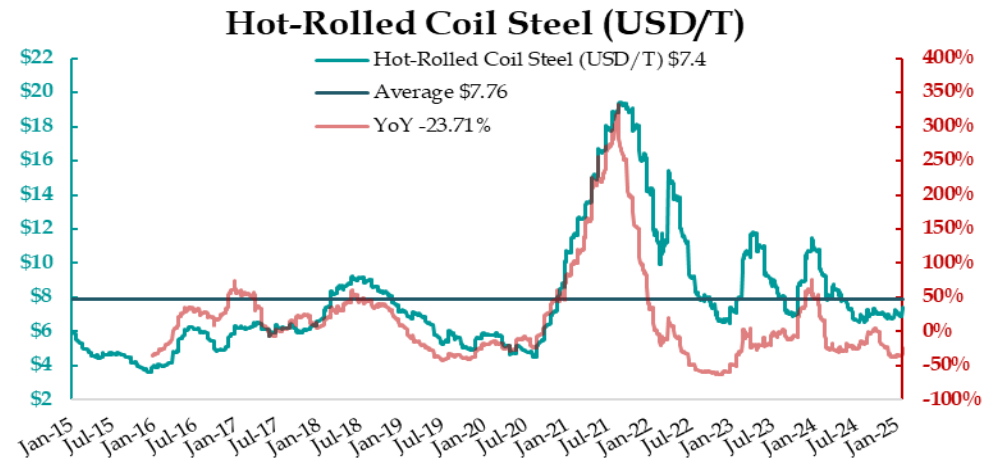
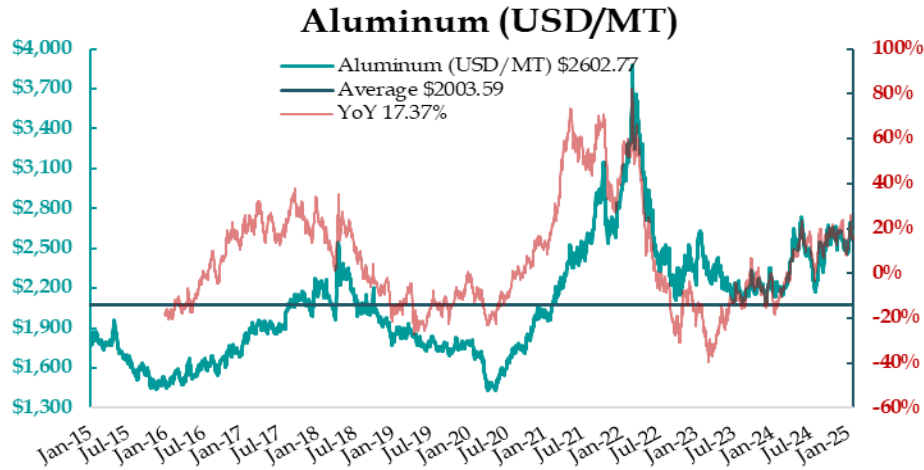
Zinc (USD/MT)



Source: Bloomberg

V. Commodities

Aluminum prices remained volatile in 2024, ending the year at about \$2,400 per MT. The ongoing global demand for aluminum in sectors such as automotive and aerospace, combined with supply chain disruptions, kept prices high. In 2025, prices are expected to stabilize around \$2,300 per MT. Hot-rolled coil steel prices closed 2024 at around \$7.02 per ton. Prices remained elevated due to strong industrial demand, especially from construction and automotive sectors, coupled with supply chain constraints. For 2025, prices are expected to average \$7.29 per t.

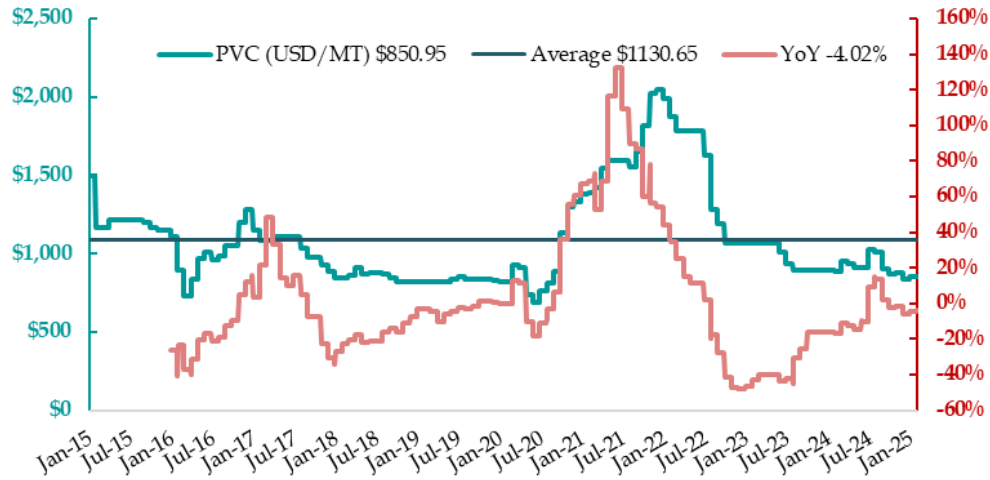


Source: Bloomberg

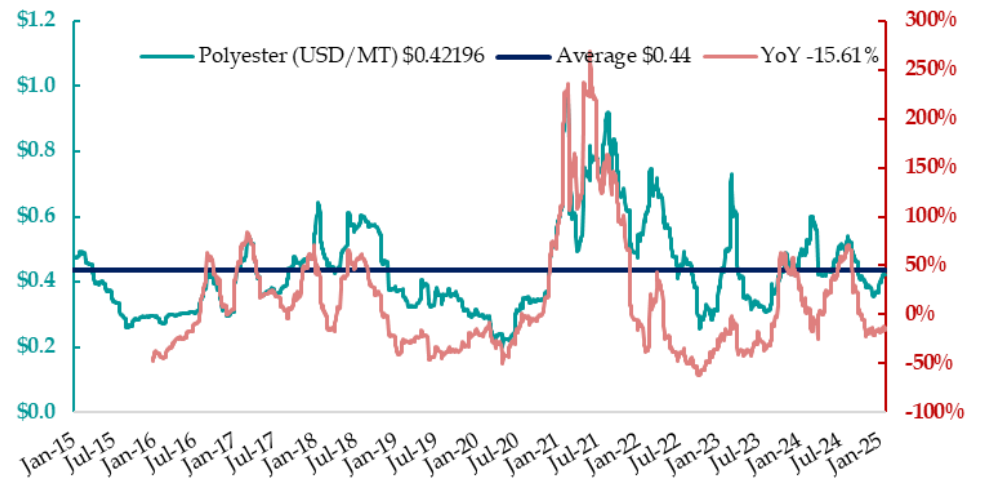
V. Commodities

PVC prices averaged \$918 per MT in 2024, driven by strong construction activity, particularly in the housing sector. Given ongoing demand for pipes and building materials, PVC prices are expected to remain around \$1,000 per MT in 2025. Polyester prices in 2024 were impacted by fluctuating oil prices and strong demand from the textile industry.

PVC (USD/MT)



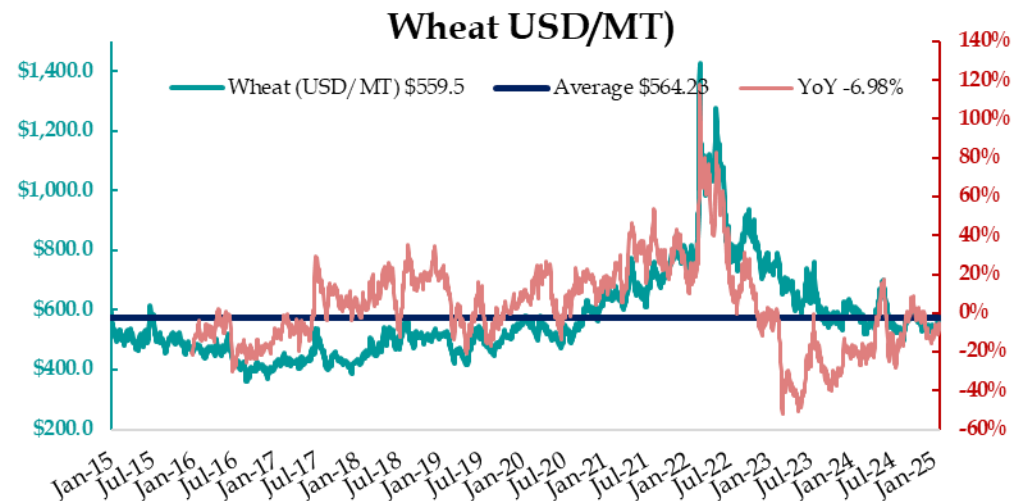
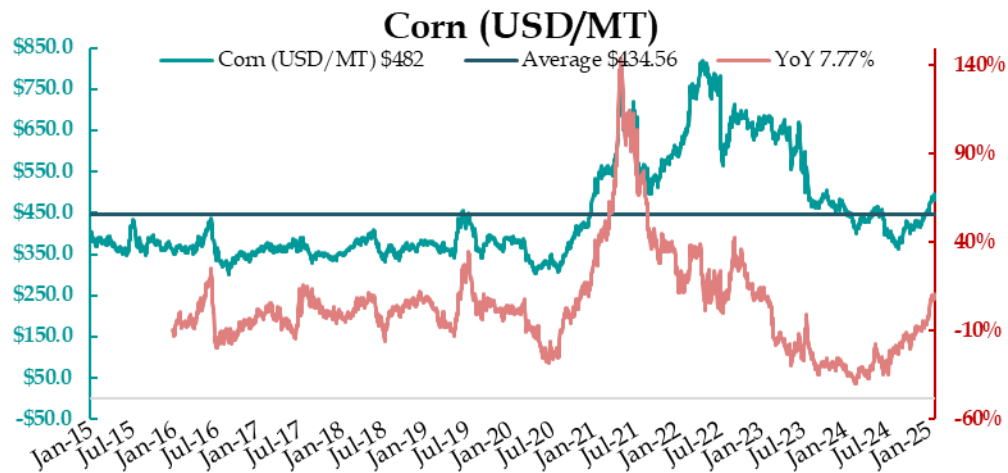
Polyester (USD/MT)



Source: Bloomberg

V. Commodities

Corn prices averaged \$424 per MT in 2024, largely due to favorable weather conditions in major producing regions, which helped yield strong crops. Weather disruptions are expected in 2025, potentially driving Corn prices. Wheat prices ended 2024 at approximately \$550 per MT, influenced by adverse weather conditions in key production areas like Russia and the U.S., as well as supply chain disruptions. In 2025, wheat prices are expected to stabilize around \$525-500 per MT.



Source: Bloomberg

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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