

WEEKLY ECONOMIC REPORT
2Q'20 earnings season begins

JULY 17, 2020.

Mexican Stock Exchange

Mexbol closed July 17th operations at 36,327 points, practically flat vs the previous week (0.00% in dollars); therefore, the year-to-date (YTD) return totals (-)29.37% in USD. The index's flattish behavior was due to the mixed results of the first financial reports listed in Mexbol.

1. America Mobile, which had a favorable report, registered a 45% year-over-year (YoY) net profit increase in the first half of 2020 (1H20). Besides, sales and Earnings per share (EPS) were above market expectations.
2. Alfa's report was unfavorable as sales and EPS were below market expectations.
3. Liverpool's report was negative as sales and EPS were below expectation. Noteworthy, Liverpool was one of the companies most affected by the containment measures of COVID-19 since all its stores (including Suburbia, shopping centers and boutiques) were closed from April 1st and until the first week of July.

Exchange Rate

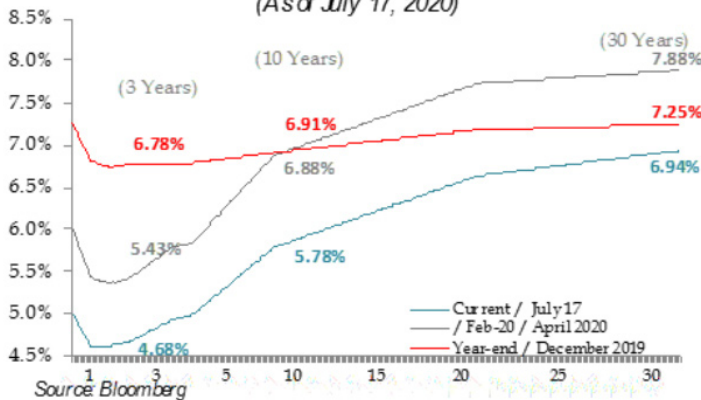
The spot exchange rate closed July 17th operations at MX\$22.53 per dollar, a 0.46% weekly depreciation, which left the YTD decline at 19.10%. The lack of relevant news on external accounts explained mostly the lateral behavior of the exchange rate. Noteworthy, in the last two weeks, the volatility of the exchange rate has considerably reduced to a band range between MX\$22.20 and MX\$22.90 per dollar.

Interest Rates

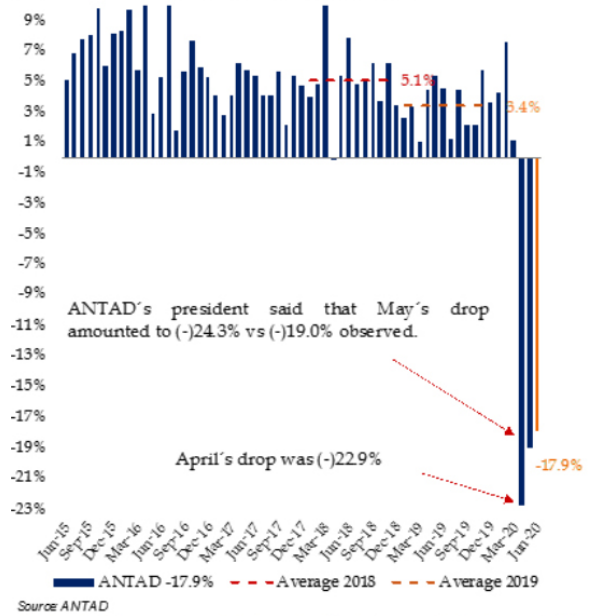
The 10-year M Bond yield closed July 17th at 5.78%, a weekly increase of 10.3 basis points mainly due to a cautious stance from investors, derived from various risk factors:

1. The apparent shutdown due to the COVID-19 pandemic and its detrimental effect on economic activities.
2. The expectation of an eventual downgrade in Mexico's investment grade. Bank of America published a survey made to fund managers where it reported that 77% expect Mexico to lose its investment-grade no later than at the end of 2022.

M Bond Yield Curve
(As of July 17, 2020)



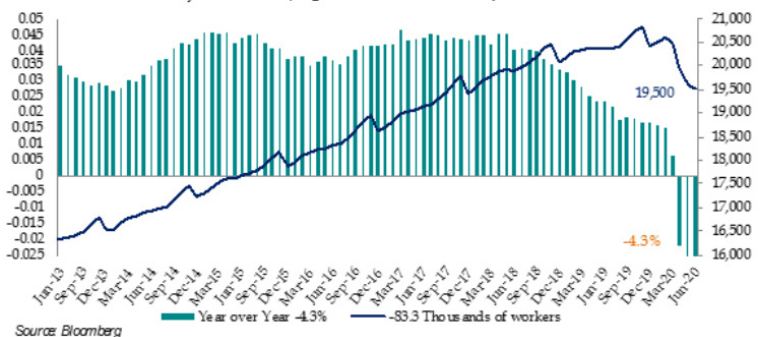
ANTAD (Same Store Sales)
(Year over year %, as of June 2020)



Formal Employment

Despite the restart of some economic activities in June, the Mexican Institute of Social Security (IMSS) announced that 83.31 thousand jobs were lost. Thus, the number of jobs lost in the year amounts to 1.11 million. The most significant declines in employment occurred in the states with high tourist attraction such as Quintana Roo, where the number of positions fell (-)22.9% YoY, Baja California Sur, which had a contraction of (-)11.7% and Guerrero where employment shrank (-)7.2%.

Formal Job Creation
(Figures as of June 2020)



Eugenia Pichardo & Arnulfo Rodriguez,
Equity Portfolio Manager & Macro and Debt Strategist
Investor Relations : igarcia@paminversion.com
52 (55) 5261 4600

Economic Indicators

ANTAD Same Stores Sales

Same-Store Sales (SSS) of the National Association of Self-Service and Department Stores (ANTAD) registered a (-)17.9% annual drop in June. The decline reflects the third consecutive month of store closings and mobility restrictions. Despite the negative calendar effect, SSS improved compared to those observed in May (-24%). Supermarkets began to show a normalization in sales, and the department and convenience stores showed a better trend in sales.



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Pichardo Asset Management, SA de CV
An Independent Investment Advisory Firm

www.paminversion.com.mx

Andrés Bello 45, 22nd Floor,
Polanco, 11560 CDMX, México

Phone: + 52 (55) 52 61 46 00 /04/21/16

epichardo@paminversion.com

CEO & Senior Equity Portfolio Manager

arodriguez@paminversion.com

Associate

Macro Strategist

destevez@paminversion.com

Managing Director

Co-Portfolio Manager

jelizalde@paminversion.com

Associate

Co-Portfolio Manager

igarcia@paminversion.com

Associate

Consumption Analyst & IR

Definitions

America Mobile (AMXL): Communication Services. As of June 30, 2020 the security represents 10.56% of Portfolio Net Assets. For a list of full securities please visit: http://www.mxefund.com/portfolio_holdings.html.

Bank of America: Financial Services. As of June 30, 2020 the security represents 0.00% of Portfolio Net Assets. For a list of full securities please visit: http://www.mxefund.com/portfolio_holdings.html.

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

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

Earnings per Share (EPS): The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

Liverpool: Consumer Discretionary. As of June 30, 2020 the security represents 0.00% of Portfolio Net Assets. For a list of full securities please visit: http://www.mxefund.com/portfolio_holdings.html.

M-Bond: Mexico Federal Government fixed-rate development bonds that are issued and placed at terms of over one year, pay interest every six months and their interest rate is determined at issue date and remains fixed all along the life of the bond.

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.

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

Same Store Sales (SSS): Are also referred to as comparable-store sales or identical-store sales, measures the sales of a company's existing stores that have operated for more than one year, excluding sales of new stores.

Spot Exchange Rate: Is the current price level in the market to directly exchange one currency for another, for delivery on the earliest possible value date.

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The Mexican Institute of Social Security (IMSS): Is a governmental organization that assists public health, pensions and social security in Mexico operating under the Secretariat of Health.

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

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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