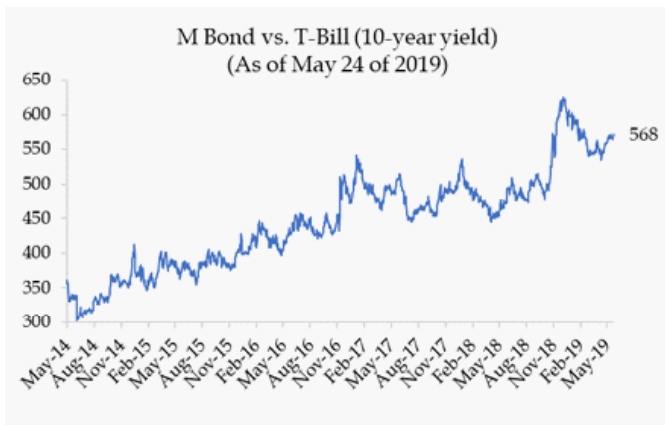


**International stock markets decline due to increased commercial tensions**

The most important international stock markets had weekly declines due to higher systemic risk. Trade tensions increased due to: (i) Google and Huawei's business relationship suspension, and (ii) the resignation of the United Kingdom's Prime Minister, Theresa May, following her inability to reach a Brexit deal. In Asia, the SHSZ300 (China) fell (-) 1.36%, followed by TPX (Japan) with a (-)0.84% decline. In Europe, CAC (France) had the biggest fall (-) 1.92%, followed by the DAX (Germany) (-)1.86%, the FTSEMIB (Italy) (-) 1.40% and the UKX (United Kingdom) with (-) 0.93%.

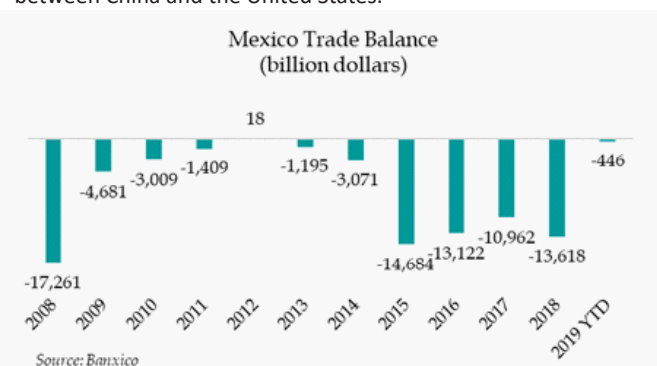
At the closing week of May 224th, Mexbol Index hit 42,618, a weekly fall of (-) 1.81%, which leaves year-to-date profits at 3.25%. Mexbol Index was also affected by the increase in systematic risk. The highest returns came from GENTERA (4.55%), ELEKTRA (2.61%) and WALMEX (2.33%) while the most significant declines came from GMEXICO (5.82%) BECLE (5.49%) y GENOMMALAB (5.23%).

The perception of higher risk in international capital markets has favored lower yield rates on US treasury bonds. The 10-year Treasury bond has fallen 20 basis points so far in May, which in turn increases the demand among international institutional investors for financial assets with high yields and relatively low risk, such as Mexican government bonds. Thus, on Friday, March 24, the yield rate on the 10-year M bond fell for the sixth consecutive session to reach 8.00%, its lowest level in 30 days; a 568-basis point spread against the 10-year US Treasury.



On March 24th the spot exchange rate closed at 19.06 pesos per dollar for a weekly marginal appreciation of 0.6% and a 3.13% year-to-date appreciation. Among the factors that best explain the exchange rate stability or the relative strength of the peso in the Forex market, are stable external accounts —confirmed by another month with a trade surplus in April— and certain developments regarding the commercial relationship between Mexico, the United States, and Canada.

**Trade Balance.** The trade balance in April had a surplus for the third consecutive month and amounted 1,370 million dollars. This reduces the year-to-date deficit as of the first quarter of the year to (-) 446 million dollars, 78% less compared to the same period of last year due to an increase in manufacturing exports (4.6% per year), which were favored by the "trade war" between China and the United States.

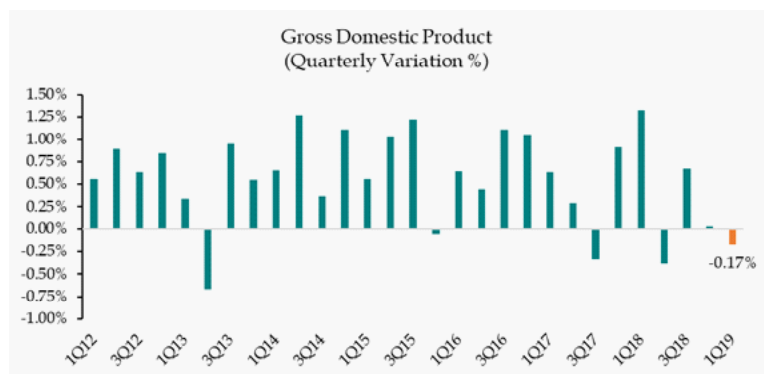


**Distension of commercial disputes.** On Monday 20th the Ministry of Economy released a decree that eliminates compensatory tariffs on some steel and agricultural products (i.e., pork, apples, cranberries, cheeses, potatoes, and whiskey). This measure came after the United States withdrew tariffs of 25% and 10% on steel and aluminum products. Both countries also agreed to terminate some of their ongoing disputes before the World Trade Organization (WTO).

**Economic Indicators**

**Quarterly Gross Domestic Product**

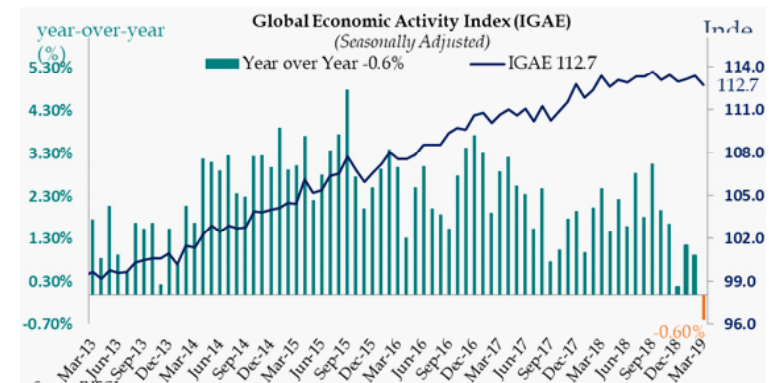
The Gross Domestic Product (GDP) fell (-) 0.2% in the first quarter of the year, compared to the last quarter of 2018. This contraction represents the lowest GDP growth at the beginning of a new administration since Ernesto Zedillo took office in 1995. Within its components, agriculture advanced (+ 2.6%) while services and industrial sectors fell (-) 0.6% and (-) 0.2% respectively.



**Global Indicator of Economic Activity**

The Global Indicator of Economic Activity (IGAE) fell (-) 0.60% year-over-year in March; this is the first time that the IGAE presents a negative growth since 2009. Although the primary sector —agriculture— had year-over-year growth of 4.77%, the tertiary sector —services— had a marginal advance of 0.27%. In contrast, the industrial sector dropped (-) 2.65%, which represents its fifth consecutive fall since October of last year.

Compared to last month, the IGAE fell (-) 0.6% and the primary, secondary and tertiary sectors contracted (-) 2.0%, (-) 1.3% and (-) 0.1% respectively.



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WEEKLY ECONOMIC REPORT

May 24, 2019.

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**Definitions**

**Systemic risk:** Is the possibility that an event could trigger severe instability or collapse an entire industry or economy.

**Google:** IT company. As of March 31, 2019 the Fund investment in the security is 0.00%. For a list of full securities please visit: [http://www.mxefund.com/portfolio\\_holdings.html](http://www.mxefund.com/portfolio_holdings.html).

**Huawei:** Telecom company. As of March 31, 2019 the Fund investment in the security is 0.00%. For a list of full securities please visit: [http://www.mxefund.com/portfolio\\_holdings.html](http://www.mxefund.com/portfolio_holdings.html).

**Brexit:** The withdrawal of the United Kingdom from the European Union.

**SHSZ300:** The CSI 300 Index is a free-float weighted index that consists of 300 A-share stocks listed on the Shanghai or Shenzhen Stock Exchanges.

**TPX:** Tokyo Stock Price Index, commonly known as TOPIX, along with the Nikkei 225, is an important stock market index for the Tokyo Stock Exchange (TSE) in Japan.

**CAC:** Stands for Cotation Assistée en Continu, which translates to continuous assisted trading, and is used as a benchmark index for funds investing in the French stock market. It is not possible to invest in an index.

**DAX:** Is a stock index that represents 30 of the largest and most liquid German companies that trade on the Frankfurt Exchange. It is not possible to invest in an index.

**FTSEMIB:** Is the benchmark stock market index for the Borsa Italiana, the Italian national stock exchange, which superseded the MIB-30 in September 2004. The index consists of the 40 most-traded stock classes on the exchange. It is not possible to invest in an index.

**Dow Jones:** Is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the Nasdaq. It is not possible to invest in an index.

**S&P 500:** Is a basket of 500 of the largest U.S. stocks, weighted by market capitalization. It is not possible to invest in an index.

**Nasdaq:** Is a stock market index of the common stocks and similar securities (e.g. ADRs, tracking stocks, limited partnership interests) listed on the NASDAQ stock market. It is not possible to invest in an index.

**Mexbol:** The S&P/BMV IPC seeks to measure the performance of the largest and most liquid stocks listed on the Bolsa Mexicana de Valores. It is not possible to invest in an index.

**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.

**Basis point (BPS):** One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001.

**The forex market** is the market in which participants can buy, sell and exchange currencies. The forex market is made up of banks, commercial companies, central banks, investment management firms, hedge funds, and retail forex brokers and investors.

**UKX Index:** The FTSE 100 Index is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange.

**GENTERA:** Financial services company. As of March 31, 2019 the Fund investment in the security is 0.00%.

**ELEKTRA:** Retail and financial services company. As of March 31, 2019 the Fund investment in the security is 0.00%.

**WALMEX:** Retail company. As of March 31, 2019 the Fund investment in the security is 2.29%.

**GMEXICO:** Materials company. As of March 31, 2019 the Fund investment in the security is 0.00%.

**BECLC:** Retail company. As of March 31, 2019 the Fund investment in the security is 0.00%.

**GENOMMALAB:** Pharmaceutical company. As of March 31, 2019 the Fund investment in the security is 0.00%.

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

**Disclosures**

*Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund's investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the fund's portfolio and there is no assurance that the fund will achieve its investment objective.*

*To read about The Mexico Equity and Income Fund, Inc, please access the Annual Report by calling (414) 765-4255 to receive a copy, or access the Annual Report on the Fund's website, "www.mxefund.com", under the section captioned investor reports. Investors should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. An investment in the Fund should not constitute a complete investment program.*

*Past performance is not a guarantee of future results. Index performance is not illustrative of fund performance. One cannot invest directly in an index. Please call (414) 765-4255 for fund performance.*

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