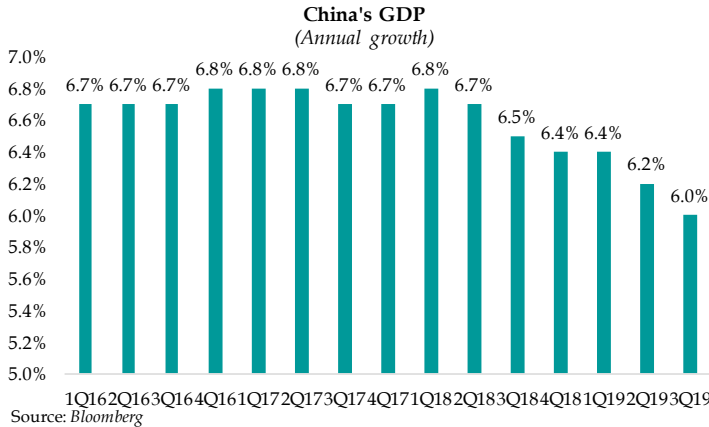


Possible Brexit agreement and 3Q19 earning season in Mexico

Equity markets continued to make modest gains this week. The Brexit deal reached by the European Council and the United Kingdom (which still requires the approval of the UK parliament on October 19th) sums up to the partial agreement reached between China and the United States the previous week.

Noteworthy, towards the end of the week, the market's optimism was negatively impacted by China's weak third quarter (3Q19) Gross Domestic Product (GDP) which grew 6.0%, the lowest growth rate in decades, and slightly lower than expected by the market.



Mexican Stock Exchange

Mexbol had a weekly advance of 0.91%, leading to a year-to-date (YTD) gain of 8.95%. America Mobil (a highly weighted issuer in the Index) was one of the week's leaders following a solid quarterly report, which showed better than expected profitability. Companies' quarterly earnings reports will continue during the next two weeks.

Spot Exchange Rate

The reduction of systemic risk led by the agreement reached by the United Kingdom and the European Union allowed the Dollar Index to fall -1.02%. The above, coupled with the strength of Mexican external accounts, has allowed the Mexican peso to have a two weeks positive run. On October 1st, the spot exchange rate was MX\$ 19.82 per dollar, since then the currency has had a 3.49% appreciation, which increases the YTD appreciation to 2.64%.

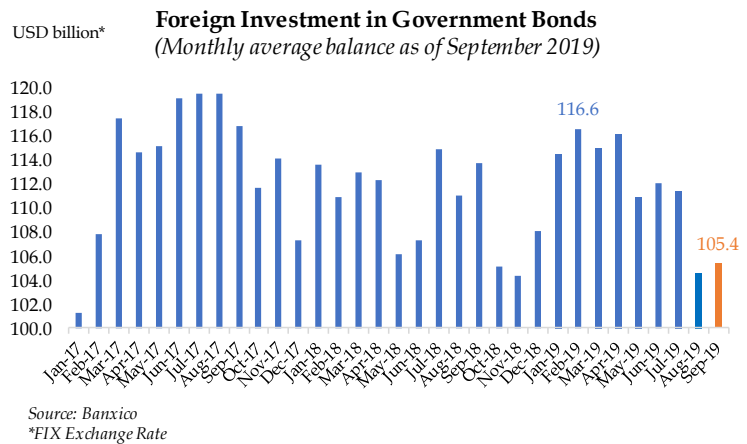
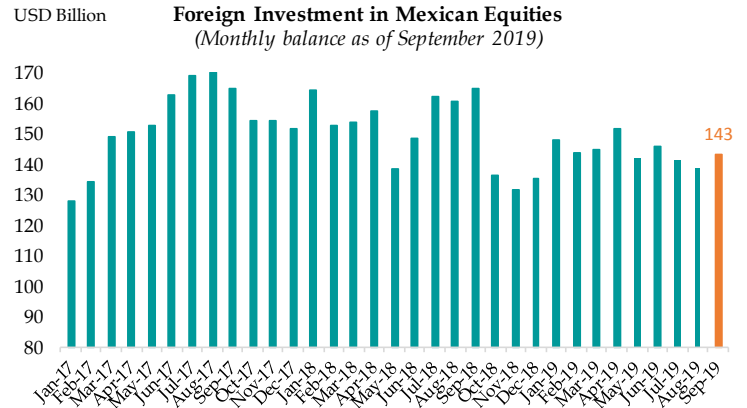
M Bond and Treasury Bond

The 10-year Treasury Bond rate closed the week at 1.74%, practically unchanged versus the previous week. In Mexico, the 10-year M Bond rate closed at 6.83%, a +6-bps weekly increase.

Economic Indicators

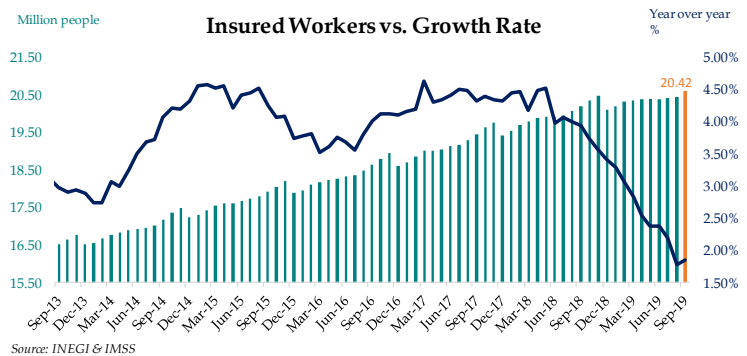
Foreign Investment in Mexico

Foreign investment in equity instruments was US\$142 billion in September, a monthly increase of 3.0% while investments in fixed income were US\$ 105 billion, 0.7% more than in August. Although there were monthly decreases in BondesD, Cetes, and Udibonos, the higher demand for M Bonds (1.2%) led to an increase in total fixed income month over month (MoM).



Formal Jobs IMSS

According to the Mexican Social Security Institute (IMSS), the private sector registered 36,631 new jobs in September (the best monthly data since 2016); however, the figures for formal employment in the year continue in deceleration. Until September, the private sector created 342 thousand new jobs, -46.8% lower than that accumulated as of September 2018.



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WEEKLY ECONOMIC REPORT

OCTOBER 18, 2019.

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Definitions

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.

Basis points: Refers to a common unit of measure for interest rates and other percentages in finance.

Mexican Stock Exchange: The Mexican Stock Exchange headquartered in Mexico City, is the full service securities exchange of the country, dealing in cash equities, derivatives and fixed income products.

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.

Treasury bond (T-Bond): Are government debt instruments issued by the United States Department of the Treasury to finance government spending as an alternative to taxation.

Year to date (YTD): Refers to the period beginning the first day of the current calendar year or fiscal year up to the current date.

Month over Month (MoM): Compare the results at one period with those of a comparable period on a monthly basis.

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. Cash delivery for spot currency transactions is usually the standard settlement date of two business days after the transaction date (T+2).

Brexit: Brexit is an abbreviation for "British exit," referring to the U.K.'s decision in a June 23, 2016 referendum to leave the European Union (EU).

Gross Domestic Product (GDP): Is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

National Institute of Statistics and Geography (INEGI): Is a public body with technical and managerial autonomy, its own legal personality and assets, responsible for regulating and coordinating the National System of Statistical and Geographic Information.

Banco de México (Banxico): Is the central bank of Mexico. Its main function is to provide domestic currency to the Mexican economy and its main priority is to ensure the stability of the domestic currency's purchasing power.

European Council: Entity that defines the EU's overall political direction and priorities. It is not one of the EU's legislating institutions, so does not negotiate or adopt EU laws.

European Union (EU): Is a political and economic union of 28 member states that are located primarily in Europe.

Dollar Index: Measures the value of the US currency regarding a basket of hard currencies.

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.

CETES: Public debt securities issued by the Bank of Mexico as a representative of the Mexican Federal Government.

Bondes D: Nominative and negotiable credit instruments issued by the Federal Government, which are placed by the Bank of Mexico in national currency and can be issued within a period of more than 6 months.

Udibonos: Long-term Federal Government bonds denominated in investment units. The conversion into national currency is made at the price of the UDI, effective on the day the corresponding settlement is made.

América Móvil: Communication Services. As of September 30, 2019 the security represents 15.21% of Portfolio Net Assets. For a list of full securities please visit: 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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