

# Weekly Watch

Mexico

## Next week...

December 9, 2011

### Economic Analysis

J. Julián Cubero  
juan.cubero@bbva.bancomer.com

Iván Martínez Urquijo  
ivan.martinez2@bbva.com

### ... Banxico offers explanations

The interpretation of the December 2 Board meeting minutes on Friday next week, where the lending rate was held at 4.5%, will be particularly important. This is not because the announced decision was unexpected but rather for the criteria used to get there at a particularly uncertain time with increased exchange rate volatility and the possible effects of this on prices and inflation forecasts. This is even more true when the balance of inflationary risks went from favorable to neutral for the central bank. The minutes will include the different opinions of board members with regard to the repeated relaxation tone in the release while there is a slight increase in inflation in a volatile environment for financial markets. We should recall the weight of some members' opinions which alluded to the cost in terms of credibility in sending signals of a possible monetary relaxation and who have reiterated their position of achieving 3% inflation and reducing medium-term forecasts. We believe Banxico's release and the news this week (in Europe on the agreement for stricter fiscal governance and the development of financial stability tools, albeit with a lack of details and unanimous support, and in Mexico inflation at 3.5% in November) are in line with a cut in the lending rate in the first few months of 2012, coming in at 4%.

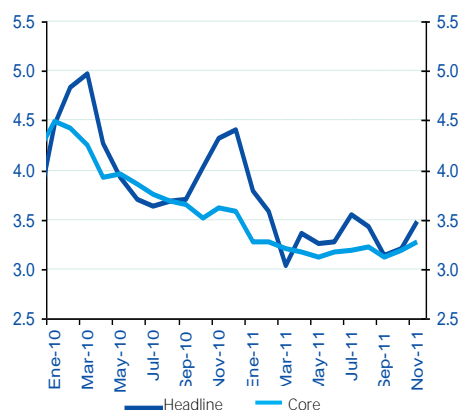
### European Summit: caution beforehand and continuing uncertainty afterward

Global investors remained to the sidelines for new positions for most of the week in expectation of the ECB meeting and the EU summit. Favorable ECB liquidity injections although Draghi's speech rules out the purchase of more sovereign bonds. MXN strengthening bias at the start of the week which was corrected after this statement. More favorable US output data favor a better relative performance on the Mexico stock market.

### Market Analysis

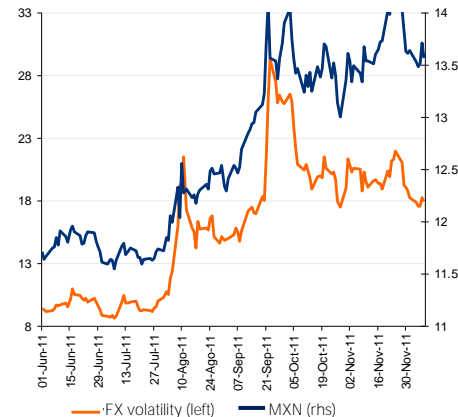
Octavio Gutiérrez Engelmann  
o.gutierrez3@bbva.bancomer.com

Chart 1  
Headline and core inflation  
(yearly %)



Source: BBVA Research and Bloomberg

Chart 2  
Mexico: MXN/USD and implied 1-month  
volatility (%)



Source: BBVA Research and Bloomberg

## Calendar: Indicators

### Gross Fixed Investment, September (Monday, December 12)

|                              |                 |                              |
|------------------------------|-----------------|------------------------------|
| Forecast: -1.5% m/m 5.5% y/y | Consensus: N.A. | Previous: -0.4% m/m 8.7% y/y |
|------------------------------|-----------------|------------------------------|

#### Economic Analysis

Cecilia Posadas  
 c.posadas@bbva.com

### Industrial Production, October (Monday, December 12)

|                             |                 |                             |
|-----------------------------|-----------------|-----------------------------|
| Forecast: 0.3% m/m 4.5% y/y | Consensus: N.A. | Previous: 1.7% m/m 3.9% y/y |
|-----------------------------|-----------------|-----------------------------|

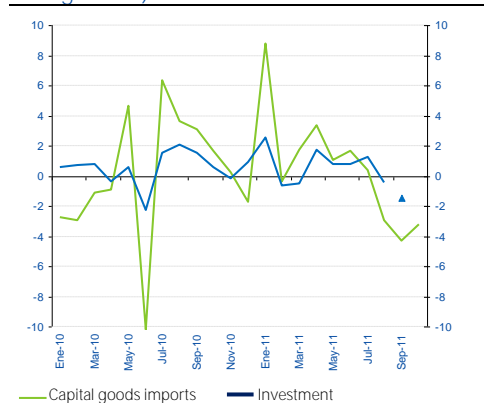
Important output indicators are released this week: Monday, December 12 sees investment performance in September and for supply, industrial production in October.

In the first instance, we expect a fall in monthly terms of (-)1.5% in line with relevant indicators which point to there being a continuous fall in capital goods imports and manufacturer confidence in sub-indices as a good time to invest falling in recent months: from 49.5% of manufacturers in July to 42.7% in the last survey (November). In turn, capital goods imports also fell in September from an average falls of (-)0.1% in the June-August quarter to a fall of (-)4.3% m/m in September.

Further, industrial production in October should have moved up around 0.3% m/m which would mean a major slowdown over the previous month (1.7%). Both intermediate goods imports and automotive production slowed in October, the former worsening its fall from (-)0.2% m/m in the previous quarter to 2.2% in October while automotive production fell in October by (-)4.3%, after decreasing by (-)0.1% on average in the three previous months.

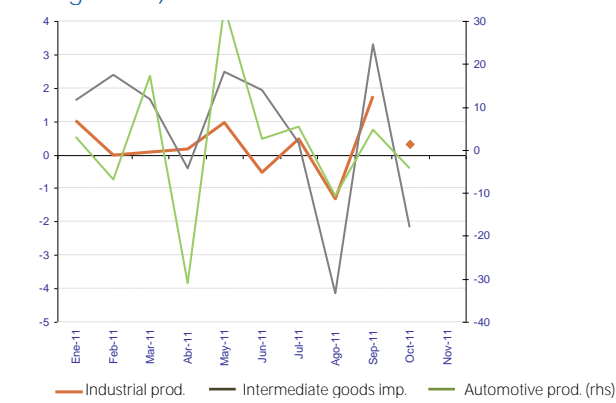
With this information we can corroborate the slowdown in economic output measured by GDP in the last quarter of the year, with a quarterly change we estimate at around 0.3% q/q.

Chart 3  
 Investment and Capital Goods Imports (% change m/m)



Source: BBVA Research with INEGI data

Chart 4  
 Industrial production and indicators (% change m/m)



Source: BBVA Research with INEGI data

## Markets

### Market Analysis

*Macro LatAm Strategy*  
 Octavio Gutiérrez Engemann  
 o.gutierrez3@bbva.bancomer.com  
 +5255 5621 9245

*Equity Latam*  
 Chief Analyst  
 Rodrigo Ortega  
 rortega@bbva.bancomer.com  
 +52 55 5621 9701

*Fixed-Income Analysis*  
 Mexico/Brazil  
 Chief Strategist  
 Ociel Hernández  
 ohernandez@bbva.bancomer.com  
 +5255 5621 9616

*FX Mexico // Brazil*  
 Claudia Ceja  
 claudia.ceja@bbva.bancomer.com  
 +5255 5621 9715

*Technical Analysis*  
 Alejandro Fuentes  
 afuentes@bbva.bancomer.com  
 +52 55 5621 9975

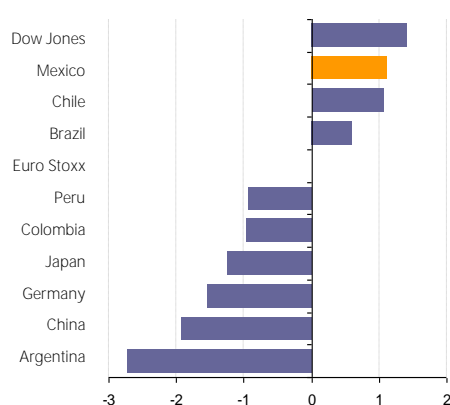
### Caution on the currency markets at the start of the week with adjustments after news from Europe

Similar to emerging LatAm currency markets, the MXN saw some caution over the week prior to two key events: the ECB meeting (December 8) and the EMU leaders summit (8-9) on fiscal agreements. In this sense, trading was marginal and mixed within the 13.55 and 13.50 range mostly in the first three days of the week (vs. 13.61 close previous week) and no clear preference for safe-haven, emerging or other G10 currencies was seen. Although the MXN saw an upward bias in the first few days of the week, this was reversed with losses after Draghi's speech where he quashed the rumor of major purchases of sovereign bonds at the ECB and gave warning of credit restriction risks. Despite this, the MXN ended the week slightly up by 0.32% (13.58). The main driver for the market over the week will continue to be news on Europe. However, the FOMC decision (Tuesday 13) will draw attention, especially in assessing the likelihood of additional stimuli (QE3), as well as signals on some change in its communication. In this scenario, we cannot rule out the MXN fluctuating in a range between 13.3 and 13.75 based on global event biases.

### Global markets continued to see higher risk appetite: Mexico outpaces Asia and LatAm performance

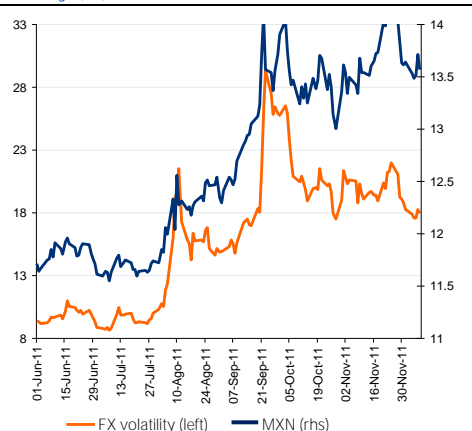
Over the week, global markets continued to see higher risk appetite in general, although less so than what had been seen in recent weeks. All this while markets were trying to decipher the European conflict at the EZ leaders meeting, the ECB's role at its monetary policy meeting and the EBA results on bank capitalization requirements. In general terms, US markets outpaced emerging markets but Mexico did stand out thanks to differentiated cyclical data linked with the US in comparison to other regions. From here on in, economic readings and the performance of sovereign risk will continue to be drivers in the absence of corporate information.

Chart 5  
 Stock Markets (% change weekly)



Source: BBVA Research and Bloomberg

Chart 6  
 Mexico: MXN/USD and implied 1-month volatility (%)



Source: BBVA Research and Bloomberg

Market Analysis  
 Equities

## Technical Analysis

 Alejandro Fuentes Pérez (\*)  
 afuentes@bbva.bancomer.com  
 + 5255 5621 9705

(\*) Writer(s) of the report

## Technical Analysis

### IPC Stock Market Index



The IPC maintains resistance at 37,600pts and support at 36,500pts where the 10- and 30-day rolling averages merge. The setting is favorable (flush) for an upward break so that trading maintains toward levels of at least 38,000pts. Only a change in sentiment placing the IPC below the 30-day rolling average would be of concern, a support tested over the week. The most important issuer on the index (AMX) continues to trade at the 200-day rolling average after a fall of -11%. We believe it should be the strongest driver on the market over coming sessions.

Previous Rec.: The 36,000pts level (around which the 10- and 30-day rolling averages stand) becomes our important support level in the short-term

Source: BBVA, Bancomer, Bloomberg

### MXN

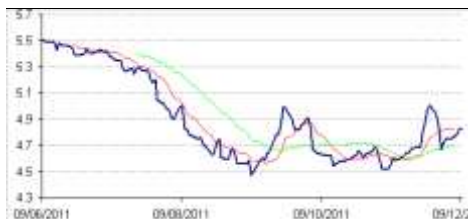


The dollar found a floor at MXN13.50 and started a slight bounce. The bounce does not place it in a short-term upward trend yet since it was not strong enough to take the dollar above the 10- and 30-day rolling averages. Only a close above MXN13.75 would mean a return to MXN14.00. We maintain a floor at MXN13.50 and then at MXN13.30.

Previous Rec.: The oscillating indicators are still seeing high over-selling and so we can see this movement possibly maintaining toward levels around MXN13.30.

Source: BBVA, Bancomer, Bloomberg

### 3Y M BOND

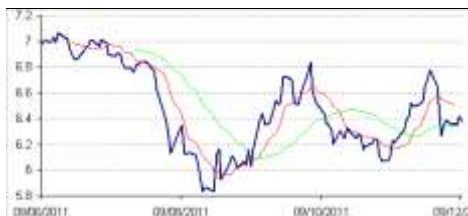


3Y M BOND (yield): Start of a bounce from 30-day moving average. We believe this movement may find resistance around 5%. Floor at 4.7%.

Previous Rec.: May bounce again toward 5%. Stop loss at 4.6%

Source: BBVA, Bancomer, Bloomberg

### 10Y M BOND



10 YEAR M BOND: (yield): Slight upturn which may maintain toward an initial resistance at 6.5% and then at 6.8%. Important to watch the 6.3% floor.

Previous Rec.: We see a new upward movement with a stop loss at the 6.2% level.

Source: BBVA Bancomer, Bloomberg

### Markets

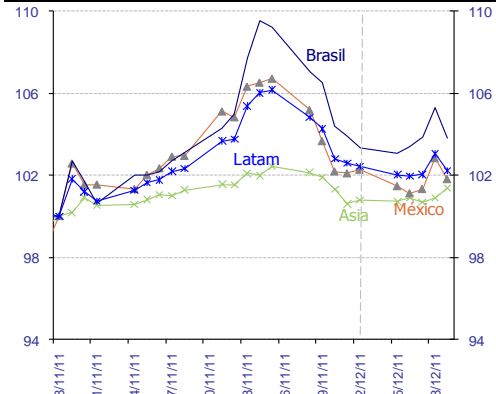
The agreement from the European summit on greater fiscal discipline and an increase in resources for the IMF were welcomed by stock markets. In general, gains were seen and appreciations against the dollar on currency markets.

Chart 7  
Stock Markets: MSCI Indices  
(Nov 8, 2011 index=100)



Source: Bloomberg & BBVA Research

Chart 8  
Foreign exchange: dollar exchange rates  
(Nov 8, 2011 index=100)

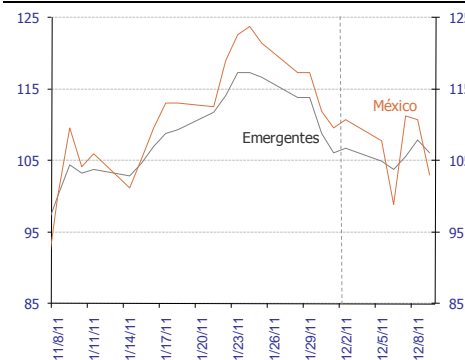


Source: Bloomberg and BBVA Research. Note: LATAM includes Argentina, Brazil, Chile, Colombia and Peru. Asia includes the Philippines, South Korea, Taiwan, Singapore, Indonesia and Thailand.  
Non-weighted averages

Fall in risk aversion over the week after agreement reached in Europe.

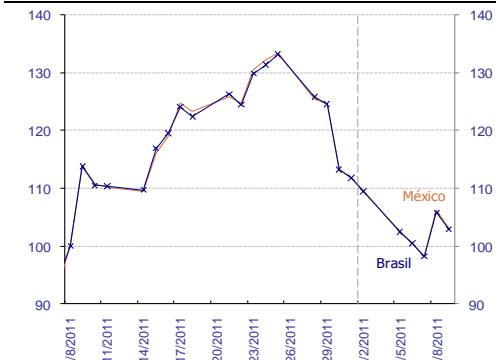
Increase in Mexico's and US interest rates due to greater investor appetite for risk assets.

Chart 9  
Risk: EMBI+ (Nov 8, 2011 index=100)



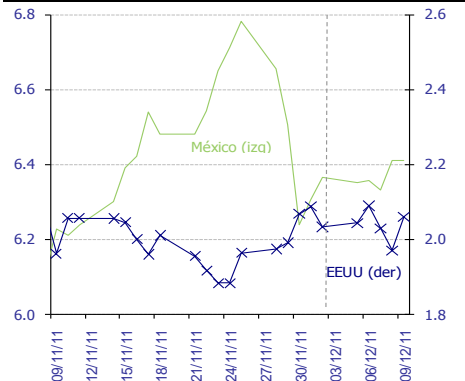
Source: Bloomberg & BBVA Research

Chart 10  
Risk: 5-year CDS (November 8, 2011 index=100)



Source: Bloomberg & BBVA Research

Chart 11  
10-year interest rates\*, last month



Source: Bloomberg & BBVA Research

Chart 12  
Carry-trade Mexico index (%)

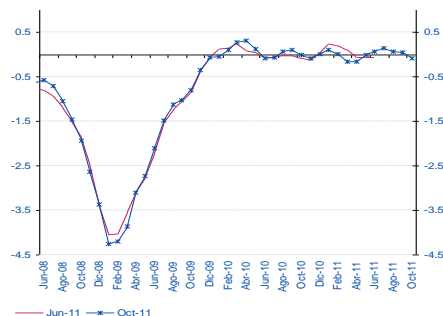


Source: BBVA Research with data from Bloomberg

### Activity, inflation, monetary conditions

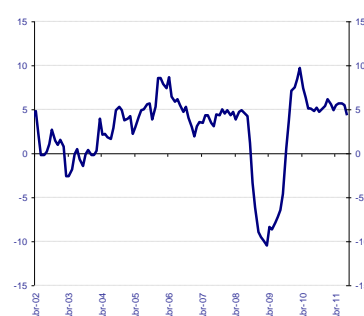
Open household consumption has been positive, while performance indicators point to activity growth being around 1%.

Chart 13  
BBVA Research Synthetic Activity Indicator for the Mexican economy



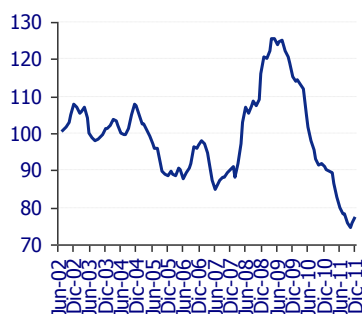
Source: BBVA Research with data from INEGI, AMIA & BEA  
Weighted sum of 21 different indicators of activity, expenditure and expectation, based on trend series.

Chart 14  
Advance Indicator of Activity (% change y/y)



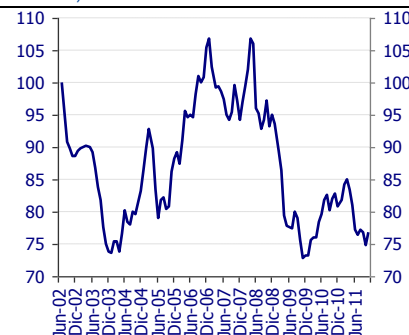
Source: INEGI

Chart 15  
Inflation Surprise Index (July 2002=100)



Source: BBVA Research with data from Banxico from the monthly surveys on the expectations of economic specialists in the private sector.

Chart 16  
Activity Surprise Index (2002=100)



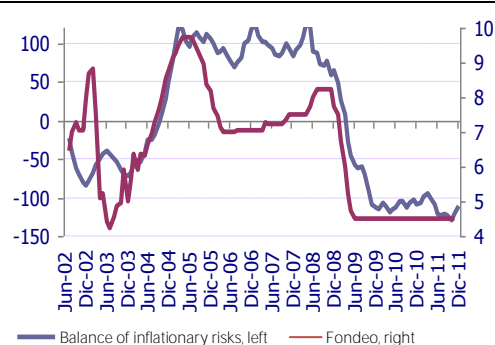
Source: BBVA Research with Bloomberg data. Difference between recorded data and the Bloomberg consensus for seven activity variables in Mexico. Standardized index. Rises (falls): positive (negative) surprises.

Chart 17  
Monetary Conditions Index



Source: BBVA Research

Chart 18  
Balance of Inflationary Risks\* and Lending Rate (standardized and %; monthly averages)



Source: BBVA Research. \*Standardized, weighted index (between inflation and economic growth); uses economic indicators for activity and inflation. A rise in the index points to a greater weight of inflationary risks over growth risks and thus a greater likelihood of monetary restriction

Monetary Conditions relax due to recent exchange rate depreciation

## IMPORTANT DISCLOSURES

## Analyst Certification

I, Octavio Gutiérrez, Rodrigo Ortega, Edgar Cruz, Claudia Ceja, Ociel Hernández, Liliana Solis and Alejandro Fuentes Pérez: hereby certify that the views expressed in this research report accurately reflect my personal views about the mentioned corporation(s) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for any specific recommendation in this report.

Rating, target price and price history information for the companies that are the subject of this report are available at [www.bancomer.com](http://www.bancomer.com)

## Receipt of Compensation / Provision of Services current as of 11/22/11

Management or Co- Management of Public Offering. Within the past twelve months, BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer ("BBVA Bancomer"), and/or its affiliates, have participated as manager or co-manager in public offerings, and received compensation for these services, of the company(ies), which is(are) the subject of this report: Actinver, Arca Continental, Banco Compartamos, Banco Interacciones, Banco Inbursa, BNP, Bimbo, Caterpillar Credito, Cemex, Comisión Federal de Electricidad, Corporación Interamericana de Inversiones, Chedraui, Daimler, El Puerto de Liverpool, Embotelladoras Arca, Facileasing, Ferrocarril Mexicano, Fonacot, GE Capital Bank, General Electric, GMAC, Hipotecaria su Casita, HSBC, INFONAVIT, Maxcom, Megacable, Nemak, NRF(Nissan), OHL, Paccar, Pemex, Posadas, Prudential Fiancial, Ruba, Tefovis, Telmex Internacional, Telefónica Móviles México, Toyota, Urbi, VWLease.

Investment Banking Compensation. Within the past twelve months, BBVA Bancomer, and/or its affiliates, have received compensation for investment banking, common representation and credit related services from the Company/ies, which is(are) the subject of this report: Acciona, Aeromexico, Agropecuaria Santa Genoveva, Alsea, América Móvil, Asur, Avicola Pilgrim's Pride de Mexico, Axtel, Bancomext, Banco de Credito e Inversiones, Banco Santander, Banorte, Banregio, BMV, Cemex, Cencosud, CIE, Cintra, Colbun, Comercial Mexicana, Comisión Federal de Electricidad, Concesionaria Mexiquense, Consorcio Comex, CAF, Controladora de Farmacias, Copamex, Coppel, Corporacion Andina de Fomento, Corporación Geo, Corporativo Arca, Corporación Moctezuma, Credito Inmobiliario, Daimler Chrysler de México, Dine, El palacio de Hierro, Elementia, Empresas Cablevisión, Endesa (Chile), Facileasing, Factoring Corporativo, Farmacias Benavides, FCC, Femsa, Ferrosur, Fomento de Infraestructura Turistica Cancun, Gas Natural Mexico, GEO, Gruma, Grupo Alfa, Grupo Ara, Grupo Brescia, Grupo Bimbo, Grupo Carso, Grupo Casa Saba, Grupo Cementos de Chihuahua (GCC), GAP, Grupo Comercial Chedraui, Grupo Collado, Grupo Comercial Gomo, Grupo Dermat, Grupo Elektra, Grupo Famsa, Grupo Femsa, Ford Credit Mexico, Grupo Financiero Inbursa, Grupo R, Grupo Scotiabank, Grupo Herdez, Grupo ICA, Grupo La Moderna, GMAC, Grupo Maseca, Grupo México, Grupo Posadas, Grupo R, Grupo Sanborns, Grupo TMM, Grupo Videomax, Grupo Xignux, Hilasal Mexicana, Homex, HSBC, Holcim (Apasco), Hylsamex, Imsa/Tarida/Ternium, Industrias Bachoco, Hipotecaria Casa Mexicana, Hipotecaria su Casita, ICA, Industrias Aluprint, Industrias CH, Industrias Peñoles, Inmobiliaria Ruba, Interceramic, Kansas City Southern de México, Kaupthing Bank, Kimberly Clark México, Lamosa, Liverpool, Mabe, Manufacturas Kaltex, Medica Sur, Megacable, Mexichem, Minera los Pelambres, Molytmet, Municipio de Aguascalientes, Nadro, Nafin, NRF México, Nemak, OHL, Paccar, Pasa, Pemex, Petrotex, Pimsa, Plavicom, Prolec GE, Ruba, Sare, Sears, Sigma, Simec, Scotia Bank Inverlat, Techint, Telefónica CTC, Telefónica Móviles, Telint, Telmex, Tenaris, Toyota, Urbi, Value, Volcan Cia Minera, VWLease.

Expected Investment Banking and services Compensation. In the next three months, BBVA Bancomer, and/or any of its affiliates, expects to receive or intends to seek compensation for investment banking, common representation and credit related services from the company (ies) discussed in this report.

BBVA Bancomer acts as market maker/specialist in: MexDer Contrato de Futuros (Dólar de Estados Unidos de América (DEUA), TIIE de 28 días (TE28), Swap de TIIE, CETES de 91 días (CE91)), Bonos M, Bonos M3, Bonos M10, Índice de Precios y Cotizaciones de la BMV (IPC), Contrato de Opciones (IPC, Acciones América Móvil, Cemex, CPO, Femsa UBD, Gcarso A1, Telmex L), UdiBonos.

BBVA acts as market maker/specialist in Latibex: Alfa, AMX, Corporación Geo, Grupo Modelo, ICA, Sare, Telmex.

BBVA Bancomer, is recognized by Mexico's Finance Ministry as a market improver and acts as a market maker/specialists in MEXDER, Mercado Mexicano de Derivados.



## Ownership Positions

---

BBVA Bancomer, and/or its affiliates holds, directly or indirectly, at least 1 % of the equity capital of the following company/ies whose shares are open to negotiation in organized markets and which is(are) the subject of this report: BOLSA, CEMEX VENEZUELA, GAP, GRUPO TELEVISA, GRUPO VIDEOVISA, MAXCOM TELECOMUNICACIONES, PASA.

BBVA Bancomer, and/or its affiliates hold(s), directly or indirectly; as of the end of the last quarter, at least a 10 % of it's investment portfolio, or 10% of the amount issued, of the securities or underlying investments issued by the companies which is(are) the subject of this report: AXTEL.

## Other Disclosures

---

To the best of BBVA Bancomer's knowledge, a Member of it's Board, it's CEO or Senior Manager holding a direct reporting position to BBVA Bancomer's CEO holds a similar position in any of the following company/ies which is(are) the subject of this report: Alfa, Alsea, Amx, Asur, Bimbo, CMR, Dine, Femsa, GAP, Gmodelo, Grupo financiero Inbursa, Grupo Carso, Grupo Posadas, Hogar, Invex, Kof, Kuo, Liverpool, Maseca, Oma, Peñoles, Sanborns Hermanos, Sears Roebuck, Telecom, Telefónica Móviles México, Telmex, Tenaris, Tlevisa, Urbi, Vitro.

## Additional Information and Disclaimer

---

### Ratings and Price Targets

As of September 30, 2011, for the whole universe of companies which BBVA Bancomer, has under coverage there are 53% Buy ratings (including "Buy" and "Outperform"), 6% Neutral ratings and 41% Sell ratings (including "Sell" and "Underperform"). BBVA Bancomer or any of its affiliates has rendered Investment Banking services or participated as manager and/or co-manager in public offerings in 50% of the Buy ratings, 10% of the Neutral ratings and in 40% of the Sell ratings.

Ratings are set on a six-month or year-end basis against the relevant benchmark. BBVA Bancomer issues three equity recommendations: Outperform: Upside potential of more than 5% vs. the market. Neutral: Stock is expected to perform in line with the market (+/-5%). Underperform: Expected downside of at least 5% vs. the market:

Recommendations reflect the stock's expected performance vs the market, within a specified period. This performance may be explained by the fundamental stock valuation method and other factors. The fundamental stock valuation method used by BBVA Bancomer S.A., is based on a combination of one or more generally accepted financial analysis methodologies, which may include, multiples, discounted cash flows, sum of parts or any other methodology that applies to the particular case. Notwithstanding other factors include newsflows, benefit timing, M & A's and market's appetite in a given sector. These factors can lead to a recommendation contrary to that indicated by the simple fundamental valuation results and its comparison with direct quotations.

This document and the information, opinions, estimates and recommendations expressed herein, have been prepared by BBVA Global Markets Research an affiliate of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) and/or BBVA Bancomer, to provide their or its customers with general information as of the date of the report and are subject to changes without prior notice. BBVA Bancomer is not liable for giving notice of such changes or for updating the contents hereof. This document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind. For more information please contact the persons included in the directory of this document.

The determination of a price target does not imply any warranty that it will be attained. For a discussion of the risks associated with the attainment of price targets, which depend on intrinsic and extrinsic factors that affect both the performance and trends prevailing in the market on which the recommended securities is traded and/or offered, please refer to our recently published documents, which are available via e-mail, contact our analysts or visit our internet site [www.bancomer.com](http://www.bancomer.com).

Investors who have access to this document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goal, financial position or risk profile, for these have not been taken into account in the preparation of this report. Therefore, investors should make their own investment decisions considering the said circumstances and obtaining such specialized advice as may be necessary. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance. The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment.



The contents of this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA Bancomer, and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. BBVA Bancomer, accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents.

Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance. The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment.

Transactions in futures, options or high-yield securities can involve high risk and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of the initial investment; in such circumstance, investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their characteristics, as well as the rights, liabilities and risks associated with these securities and their underlying investments. Investors should also be aware that secondary markets for the said instruments may be limited or may not exist.

BBVA Bancomer, or any of its affiliates, as well as their respective executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in this document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of this report, to the extent permitted by the applicable law.

BBVA Bancomer BBVA Securities Inc., BBVA Brazil, BBVA Continental, BBVA Banco Frances, BBVA Chile or any affiliate of the BBVA Group, of its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, BBVA Bancomer or any of its affiliates' BBVA Securities Inc., BBVA Brazil, BBVA Continental, BBVA Banco Frances, BBVA Chile or any affiliate of the BBVA Group's proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

No part of this document may be (i) copied, photocopied or duplicated by any other form or means (ii); redistributed or forwarded; or (iii) quoted, without the prior written consent of BBVA Bancomer. No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

This document is provided in the United Kingdom solely to those persons to whom it may be addressed according to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 and it is not to be directly or indirectly delivered to or distributed among any other type of persons or entities. In particular, this document is only aimed at and can be delivered to the following persons or entities (i) those outside the United Kingdom (ii) those with expertise regarding investments as mentioned under Section 19(5) of Order 2001, (iii) high net-worth entities; and (iv) any other person or entity under Section 49(1) of Order 2001 to whom the contents hereof can be legally revealed.

This document is being distributed for BBVA Bancomer in Singapore by Banco Bilbao Vizcaya Argentaria (BBVA), Singapore Branch purely as a resource and for general informational purposes only, and is intended for general circulation. Accordingly, this research document does not take into account the specific investment objectives, financial situation, or needs of any particular person and is exempted from the same by Regulation 34 of the Financial Advisers Regulations ("FAR") (as required under Section 27 of the Financial Advisers Act (Cap. 110) of Singapore ("FAA")).

Please note Banco Bilbao Vizcaya Argentaria (BBVA) is not an Authorised Deposit taking Institution within the meaning of the Banking Act 1959 nor is it regulated by the Australian Prudential Regulatory Authority (APRA).

The remuneration system concerning the analyst/s author/s of this report is based on multiple criteria, including the results obtained by BBVA Bancomer BBVA Securities Inc., BBVA Brazil, BBVA Continental, BBVA Banco Frances, BBVA Chile and by BBVA Group in the fiscal year, which, in turn, include the results generated by the investment banking business, common representation or credit related services; nevertheless, they do not receive any remuneration based on revenues from the mentioned areas or a specific transaction in investment banking, common representation or credit related services.

The information contained in this document should be taken only a general guide on matters that may be of interest. The application and impact of the laws may vary substantially depending on specific circumstances. Changes in regulations and the risks inherent in electronic communication may cause delays, omissions, or inaccuracy in the information contained in this site. Accordingly, the information contained in the site is supplied on the understanding that the authors and editors do not hereby intend to supply any form of consulting, legal, accounting or other advice. As such, it should not be considered a substitute for the direct advice provided by accounting and fiscal advisors or other competent consultants.

All images and texts are the property of BBVA Bancomer and may not be downloaded from the Internet, distributed, stored, re-used, re-transmitted, modified or used in any way, except as specified in this document, without the express written consent of BBVA Bancomer. BBVA Bancomer reserves all intellectual property rights to the fullest extent of the law. None of the information contained herein may be interpreted as a concession by implication, exclusion or any other means, of any patent or brand of BBVA Bancomer or of any third party. Nothing established herein should be interpreted as a concession of any license or right under any BBVA Bancomer copyright.

BBVA Bancomer, as well as its executives and employees have adopted the Código de Conducta de Grupo Financiero BBVA Bancomer, which is available in our internet site [www.bancomer.com](http://www.bancomer.com).

BBVA Bancomer, BBVA and the entities of the BBVA Group, including BBVA Global Markets Research, are subject to BBVA Group Policy on Conduct in the Securities Markets. In each entity where the Group Conducts Businesses in the Security Markets, the Policy is supplemented with the Internal Standards of Conduct which, among other regulations, include rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. The BBVA Group Code of Conduct for Security Market Operations is available for reference at the following web site: [www.bbva.com](http://www.bbva.com) / Corporate Governance / Conduct in the Securities Markets.

BBVA Bancomer is regulated by the Comisión Nacional Bancaria y de Valores.

**“Banco Bilbao Vizcaya Argentaria S.A. (CE number AFR194) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong”**

BBVA Bancomer BBVA Brazil, BBVA Continental, BBVA Banco Frances, BBVA Chile as well as other entities in the BBVA Group that are not members of the *FINRA* (Financial Industry Regulatory Authority), are not subject to the rules of disclosure affecting such members.

This material is being distributed into the United States in reliance on an exemption from broker-dealer registration under Rule 15a-6 of the Rules under the Securities Exchange Act of 1934. Any trades in the securities discussed in this report must be effected through a U.S. registered broker/dealer as we are not authorized to accept any order to effect trades in any security discussed in this report within the U.S.