

Weekly Flash

Mexico

Next week...

March 2, 2012

Economic Analysis

Julían Cubero
juan.cubero@bbva.com

Market Analysis

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

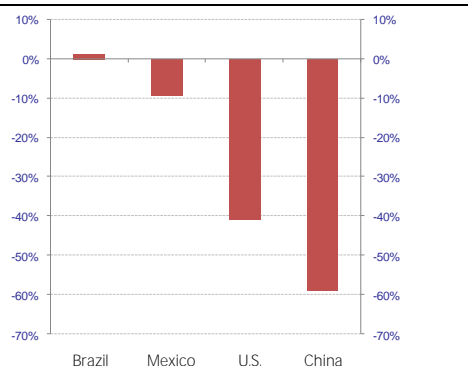
The impact of higher oil prices on the Mexican economy depends on the effective use of the additional resources

Oil prices in dollars are hitting maximums for recent years due to the uncertainty surrounding supply as a result of geopolitical tensions in the Middle East. The scenario also includes output in some areas coming in better-than-expected. More expensive oil means higher production costs for consumer nations and a transfer of income to producers. In any event, it seems reasonable to think that the direct negative impact of an oil shock on net importer country demand would be lower than in past decades simply due to the intense use of this product being below what it was before. As shown in the attached chart, the required amount of oil to deal with a real GDP increase has fallen 40% in the US and almost 60% in China. Nonetheless, absolute consumption is increasing, especially in China, due to its GDP having taken off in the last three decades. It is difficult to mark out the net impact of this situation in higher oil prices and lower demand for other products at least in our main customer, the US, for Mexico. On the one hand, the higher price of one of its main export products adds to the fact that consumers, unlike in other countries, remain insulated from the higher oil prices. On the other hand, there is the effect of lower available income at our foreign clients, even when this means the net effect in terms of income is positive for Mexico. We also need to take into account where this higher income at the federal public sector is going: an implicit fuel subsidy. In this way, there is a scant response from consumers to the price increase in a non-renewable resource (see chart) and a redistribution to other public administrations to deal with public spending and providing funds for stabilization and emergencies in the face of disasters (more the first than the second). (see next page...)

The MXN saw weekly gains with slight gains on the stock market.

The MXN saw one of the best relative performances among emerging currencies, even with the falls seen in main risk assets. This responded to liquidity factors with positive surprises in US economic data.

Chart 1
Intensity in oil use, barrels/GDP % Change from 1980-85 to 2006-10



Source: BBVA Research with IMF and BP data

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



Source: BBVA Research with data from Bloomberg

(From the first page) The multiplying effect of public spending on growth would be higher if spent on investment instead of current spending and the indiscriminate regressive subsidy in terms of income distribution.

Calendar: Indicators

Economic Analysis

Pedro Uriz
pedro.uriz2@bbva.com

Cecilia Posadas
c.posadas@bbva.com

February Inflation (Friday, March 2)

Forecast: 0.31% m/m 3.98% y/y

Consensus: 0.33% m/m

Previous: 0.71% m/m (4.05% y/y)

Inflation in February saw a slight break to its upward move seen in annual terms from October due to major reductions in the prices for different fruits and vegetables and lower pressures on livestock products (eggs, chicken, pork and beef). We estimate core inflation at a monthly rate of 0.48% meaning it should come in at 3.48% y/y. In this way, the core component continues to move up in annual terms. Food prices continue to see upward pressure in grain both domestically and globally. Further, there were additional pressures in February due to upward adjustments in cigarette prices. In turn, services continue to see very low annual inflation thanks to the good performance seen in housing prices and other services since last year. We expect inflation to again rise above 4% in coming months, mainly due to a base effect. Nonetheless, we estimate it will close the year well below this level. However, attention will need to be paid to upward pressure oil and grain prices may have in coming months.

Consumer Confidence, January (Monday, March 5)

Forecast: 1.2% m/m 2.5% y/y

Consensus: N.A.

Previous: 2.6% m/m (3.2% y/y)

Formal Employment in the private sector, January (during the week)

Forecast: 0.45% m/m 4.4% y/y

Consensus: N.A.

Previous: 0.47% m/m (4.3% y/y)

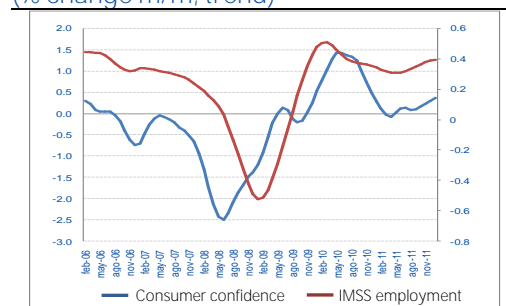
Consumer confidence could have remained at very similar levels to those last month. It should be stated that consumer confidence saw a slight upward trend again due to the marginal improvement in formal employment in the private sector. In recent months, it has risen from a monthly average change of 0.3 in October and November to 0.5% in December and January, taking into account seasonal effects. The chance to purchase a durable good has significantly improved from an average contraction of (-)5.2% in October and November 2011 to 12.7% in December and January on average. This could be seen in growth in private consumption in the first quarter of the year.

Chart 3
Inflation forecast breakdown (% change y/y and m/m)

	Weight (%)	Monthly change (%)			Annual change (%)		
		dic-11	ene-12	feb-12	dic-11	ene-12	feb-12
CPI-Mix	100.0	0.82	0.71	0.31	3.82	4.05	3.98
Core-Mix	74.8	0.51	0.45	0.48	3.35	3.34	3.42
Goods	37.0	0.67	0.85	0.68	4.52	4.64	4.79
Food products	14.7	0.99	1.28	0.91	7.32	7.18	7.32
Other Goods	22.4	0.42	0.51	0.58	2.39	2.72	2.87
Services	37.7	0.37	0.11	0.32	2.40	2.28	2.31
Rent	17.9	0.14	0.18	0.25	2.04	1.99	2.04
Education	5.2	0.00	0.43	0.25	4.19	4.32	4.43
Other serv.	14.7	0.72	-0.04	0.41	2.27	2.01	1.99
Non-Core-Mix	25.2	1.56	1.55	-2.22	9.34	6.38	9.02
Farm products	8.1	4.29	3.23	-1.29	3.73	7.37	6.00
Fruits/Vegetables	3.3	6.85	3.79	-3.96	-4.37	0.07	-3.06
Meat/Eggs	4.8	2.70	2.87	0.73	9.76	12.71	12.86
Public managed	17.2	0.57	0.63	0.33	6.19	5.82	5.69
Energy	7.8	0.81	0.61	0.58	8.30	7.98	7.99
Controlled prices	9.4	0.13	0.65	-0.13	2.39	1.93	1.56
				Bi-weekly Revision			Bi-weekly Revision

Source: BBVA Research with INEGI data

Chart 4
Consumer Confidence and Employment (% change m/m, trend)



Source: BBVA Research with INEGI data

Markets

Market Analysis

Octavio Gutiérrez Engemann
o.gutierrez3@bbva.bancomer.com
+5255 5621 9245

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

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

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

Technical Analysis
Alejandro Fuentes
a.fuentes@bbva.bancomer.com
+52 55 5621 9975

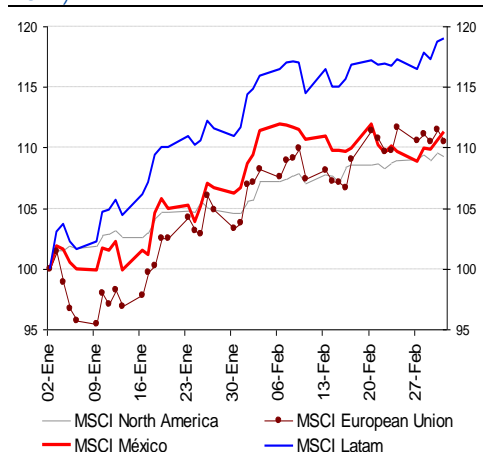
The MXN closed down around 0.2% on Friday. Nonetheless, it saw aggregate gains of around 1.2% over the week.

The MXN saw one of the best relative performances among emerging and G10 currencies, which ran to the end of the week, even with the falls seen in main risk assets. This was in response to a combination of liquidity factors with favorable surprises in US economic data. As we expected, the currency decoupled from the EUR. Although we see room for the MXN to continue with a positive bias over coming months, we see support levels around the corner and cannot rule out technical corrections due to the events and indicators to be released this week. In this way, our estimate range remains at 12.60-12.90.

Liquidity vs. profits: Global stock markets again benefit from the lower risk premium but trades are ever more fenced in.

Mexico saw a discreet performance in the face of doubts set out by Bernanke on the strength of the US recovery and fewer positive surprises in corporate earnings. The corporate earnings season in Mexico concluded with 18.8% growth in sales, 13.6% in EBITDA and 16% in Net Profits. These figures are above our expectations by 3.2%, 2.3% and 7.1% (the surprise is due to the Elektra equity swap). There were positive surprises in EBITDA, food and construction while housing and some industries saw negative moves. In short, a positive season meaning we maintain our IPC value of 42,100pts. Stock markets may see lateral trading alongside a gradual relaxation in global risks after the ECB pumped liquidity in, thus increasing confidence in the interbank lending market (40% cost reduction over the year) and reducing the cost of corporate financing to 6-month lows.

Chart 5
MSCI: Selected regions (100=Jan 01, 2012)



Source: BBVA Research and Bloomberg

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



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 is now at 20 sessions trading around 38,000pts. Although it has not broken up through 38,400pts, it has always respected the important 37,500pts floor. We recommend watching this floor since a downward break would set off an adjustment signal which we believe could find a floor of 36,500pts, -4% below current levels. We would only consider a short-term entry in the case of an upward break through 37,400pts.

Previous Rec.: Resistance continues set around 38,700pts on the upside. We believe it will be difficult to break this since it is an historic maximum for the market.

Source: BBVA, Bancomer, Bloomberg

MXN

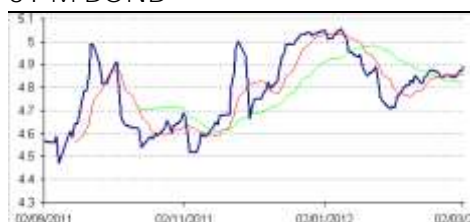


New failed attempt over the week to break the resistance level. It again found a short-term ceiling at MXN13.00. With a major floor at MXN12.60, we do not recommend taking long positions unless it manages to hit above the resistance.

Previous Rec.: Only an upswing through MXN12.95 and, therefore, through the 30-day rolling average would set a short-term upward trend toward MXN13.30.

Source: BBVA, Bancomer, Bloomberg

3Y M BOND

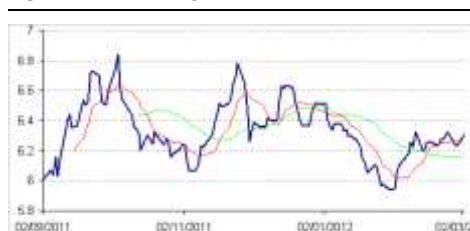


3-YEAR M BOND (yield): Although it attempted short-term floor levels over the week, it respected 10- and 30-day rolling averages. We maintain a target 5% and a floor at 4.8%.

Previous Rec.: We maintain resistance at 5% while it remains above the 30-day rolling average

Source: BBVA, Bancomer, Bloomberg

10 YEAR M BOND



10Y M BOND (yield): Maintains trading above the 10- and 30-day rolling averages. Resistance at 6.46% for the 200-day rolling average. Oscillating indicators support a move toward this level.

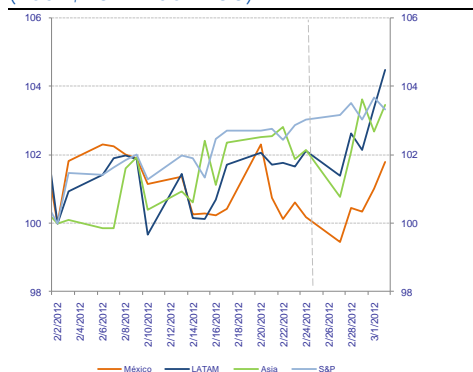
Previous Rec.: Resistance at 6.46% in the 200-day rolling average. Oscillating indicators support a move toward this level.

Source: BBVA Bancomer, Bloomberg

Markets

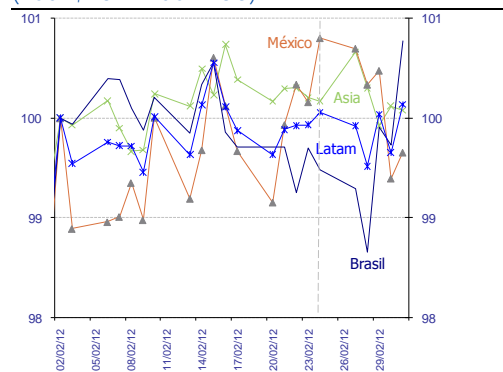
Better-than-expected data in US employment and consumer confidence lead to upswings on stock markets and strengthening currencies. All this despite the lack of announcements concerning a new monetary stimulus package at the FED

Chart 7
Stock Markets: MSCI Indices
(Feb 2, 2012 index=100)



Source: Bloomberg & BBVA Research

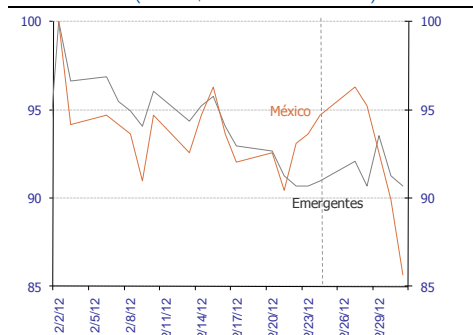
Chart 8
Foreign exchange: dollar exchange rates
(Feb 2, 2012 index=100)



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

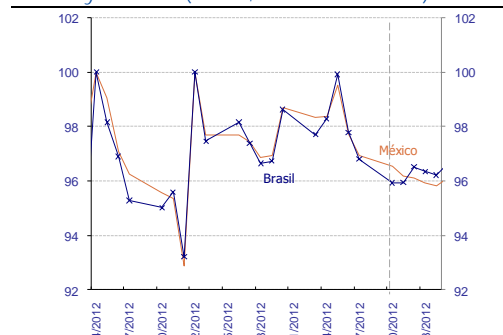
Downward move in risk aversion in light of data supporting an upswing in US output

Chart 9
Risk: EMBI+ (Feb 2, 2012 index=100)



Source: Bloomberg & BBVA Research

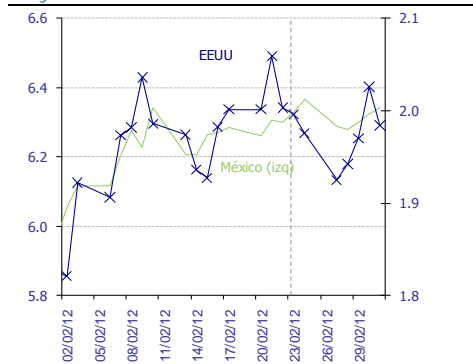
Chart 10
Risk: 5-year CDS (Feb 2, 2012 index=100)



Source: Bloomberg & BBVA Research

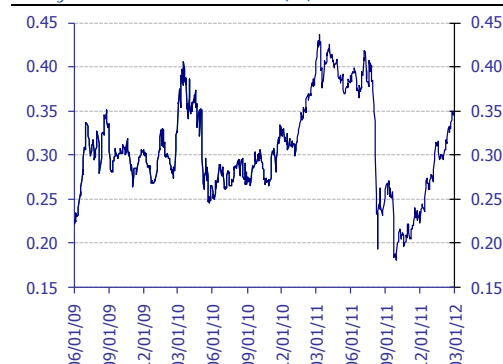
Rise in Mexican and US interest rates over the week due to greater appetite for risk.

Chart 11
10-year interest rates*, last month



Source: Bloomberg & BBVA Research

Chart 12
Carry-trade Mexico index (%)

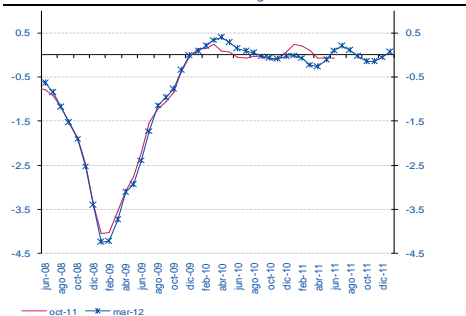


Source: BBVA Research with data from Bloomberg

Activity, inflation, monetary conditions

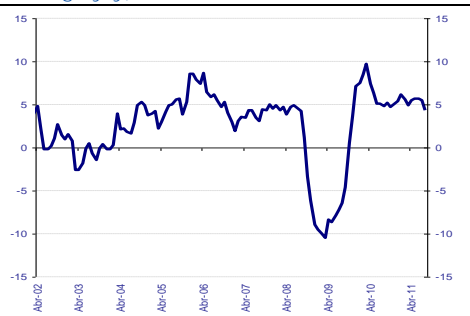
Output holds positive performance, situation indicators point to 1T12 with quarterly rates around 0.6%

Chart 13
BBVA Research Synthetic Activity Indicator for the Mexican economy



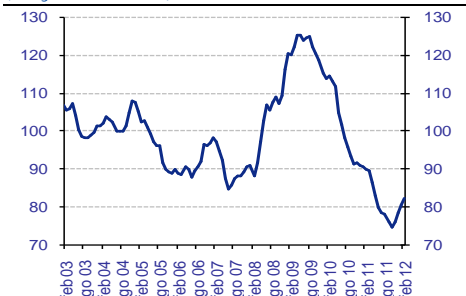
Source: BBVA Research with data from INEGI, AMIA and BEA
Weighted sum of 21 different indicators of activity, expenditure and expectation, based on trend series.

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



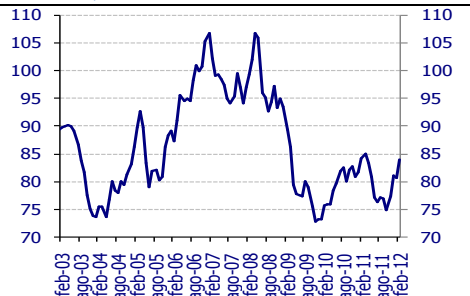
Source: INEGI

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.

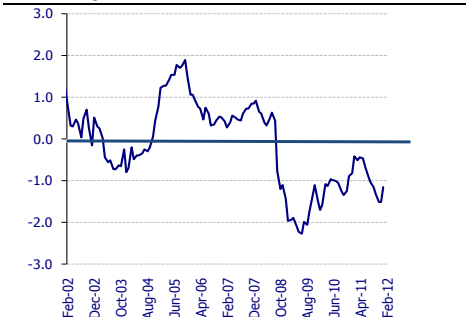
Chart 16
Activity Surprise Index (2002=100)



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.

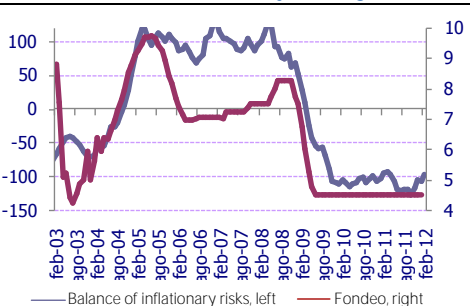
Both the recent inflation and output surprises continue to rise

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 slightly strained due to recent exchange rate appreciation

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

Receipt of Compensation / Provision of Services current as of 2/28/12

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 Dermet, 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 Televisa, Grupo TMM, Grupo Videomax, Grupo Xignux, Hilasal Mexicana, Homex, HSBC, Holcim (Apasco), Hylsamex, Ideal, 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, Petrottemex, 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, Indice 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, GRUPO VIDEOVISA, MAXCOM TELECOMUNICACIONES, MEGACABLE, 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 December 30, 2011, for the whole universe of companies which BBVA Bancomer, has under coverage there are 51% Buy ratings (including "Buy" and "Outperform"), 4% Neutral ratings and 45% 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.

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.

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 / 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.