

Weekly Flash

Mexico

Next week...

March 16, 2012

Economic Analysis

Cecilia Posadas
c.posadas@bbva.com

... More situation data: will the positive tone remain for the first quarter of the year?

Inegi will be releasing three highlights this week to check domestic demand strength: the Retail Survey, the IGAE (both for January) and the relevant job figures for February. Current situation data lead to an increased BBVA Research forecast in 1Q12 GDP over the last two months. This improvement came about especially after the release of indicators closely linked to foreign demand performance and industrial output, as well as formal employment figures and indicators on consumer and manufacturer confidence recording increases. In this context, it will be important to see if the current positive bias remains in indicators more linked to domestic demand: the IGAE (where it will be especially important to assess service sector performance), retail sales (as a representative variable in household spending) and the employment situation across the economy as a whole.

In turn, the CPI for the first fortnight of March will be released. Here we expect to see growth of 0.33% which, in annual terms, points to inflation running at 4.1% (*more on page 2*).

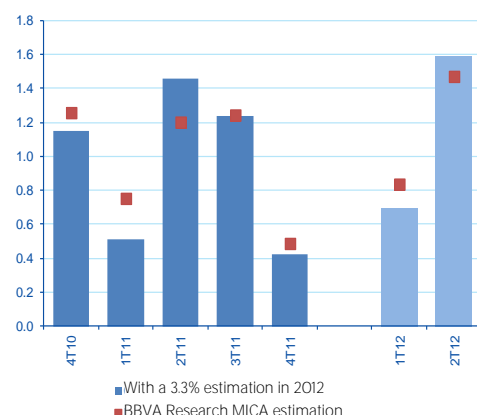
Market Analysis

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

Banxico's stance favors a strong MXN but fails to provide an excuse to exit the recent range

The local yield curve is attractive due to an expected prolonged pause in monetary policy, a positive growth scenario and strong fiscal policy. The MXN is set to remain within its ranges. Banxico's neutral stance favors *carry* and continues to stoke arbitrage opportunities between the *forward* and Cetes curves. In turn, the lack of interventionist language marks the MXN as more attractive than other LatAm currencies. In short, downward risks give a support level near 12.50

Chart 1
BBVA MICA estimate, 1 and 2Q 2012 (q/q%)



Source: BBVA Research.

Chart 2
Peso exchange rate, Pesos per Dollar



Source: BBVA Research with data from Bloomberg

Calendar: Indicators

IGAE in January (Tuesday, March 20)

Forecast: 0.3% m/m (3.7% y/y)

Consensus: N.A.

Previous: 0.4% m/m (4.1% y/y)

Economic Analysis

Labor market indicators in February (Friday, March 23)

Forecast: Unemployment 4.7% EAP

Consensus: N.A.

Previous: 4.8% EAP

Retail Sales in January (Friday, March 23)

Forecast: 0.3% m/m (4.1% y/y)

Consensus: N.A.

Previous: -2.6% m/m (3.0% y/y)

 Pedro Uriz
 pedro.uriz2@bbva.com

 Cecilia Posadas
 c.posadas@bbva.com

With the January industrial output figures (0.8% m/m), we forecast services could have continued expanding at a similar rate to the previous month (0.2%). This would point to global growth in the first month of the year at 0.3% m/m. In this way, formal sector employment in the first two months of the year maintained its growth rate with much of this, around 60%, in services. More job market figures will come in with the unemployment rate for the first two months of 2012 seeing some resistance to decline despite the good performance in activity and spending. In turn, we see retail sales experiencing a more normal performance in January after two non-typical months impacted by the "El Buen Fin" ("Success") program in November (3.5% m/m) and the later decline in December (-2.6%). January's figures will help discern the program's final impact.

Inflation for the first two weeks in March (Thursday, March 22)

Forecast: 0.33% bi-weekly (4.01% y/y)

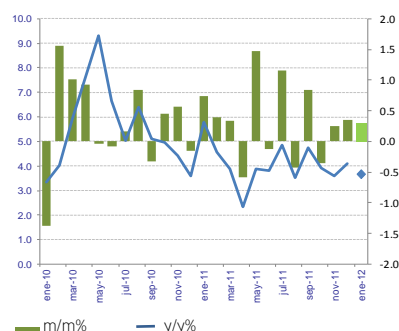
Consensus: 0.17% bi-weekly

Previous: 0.2% m/m (3.87% y/y)

Inflation will again hit 4% in March. This increase is due to the start of moderate price increases for fruit and vegetables which had seen major falls in February. In addition, public rates will make an upward addition in the monthly rate of consumer prices once the effect of the ownership tax cancelation hits. Further, the increase in the non-core component will hit inflation. Core inflation will continue to place upward pressure on processed food prices. However, other goods prices will benefit from the stronger peso. In turn, services will see a slight upswing in the annual rate due to an unfavorable base effect, a checked upturn given the prevailing economic slack. In short, inflation will remain above 4% in coming months and be near the 3.5% level at the end of the year. Attention will need to be paid to possible upward shocks in commodity prices such as grains. These may cause additional upswings in consumer prices over the short term. The impact of possible oil price increases should be reined in thanks to the current oil subsidy program.

Chart 3

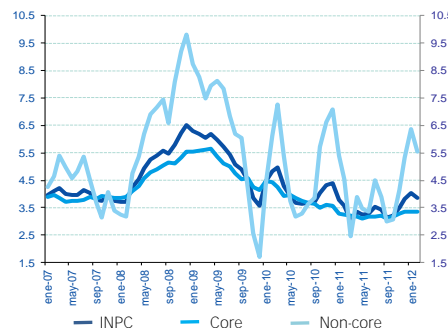
IGAE (% change, y/y and m/m)



Source: BBVA Research with INEGI data

Chart 4

Inflation breakdown (% y/y change y/y)



Source: BBVA Research with INEGI data

Markets

Market Analysis

Octavio Gutiérrez Engelman
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

Flows and fundamentals suggest going long, Mbond 10Y-30Y, but we prefer to wait for better entry levels

The local yield curve continues to face expensive curves and the lack of sparks for upward yields. Discount values over the Mbond curve obtained through our estimates suggest the curve level is very near its *fair value*, with some maturities even below it. In fact, capital inflows from overseas explain most of the low yield levels. In this sense, due to current monetary policy and average liquidity risk premiums, the 10Y should be trading nearer 6.5% than 6.0%. It is clear that this gap does not represent the trading targets. Capital flows and positioning become even more important when economic and financial detonators seem to remain behind the barrier. In other words, slight and gradual changes in the economic scenario will not mean a more active role for monetary policy.

The local yield curve is attractive due to an expected prolonged pause in monetary policy, a positive growth scenario and strong fiscal stance. A slightly more positive growth outlook from Banxico, albeit with an output gap far from being closed alongside lower inflation risks, not only point to a prolonged monetary policy pause but also to a margin to go long in the long section of the curves. We continue to think that the mid-curve should hit higher yield levels given the current ones continuing to reflect a more accommodating policy stance. We therefore prefer to wait for instruments to become more attractive to add long positions to our strategy (especially if we take into account rate volatility).

Banxico's stance favors a strong MXN but fails to provide an excuse to exit the recent range

The moves in the MXN in recent months have been more of a directional factor for the Banxico bias than the contrary. In the year to date, the MXN has outperformed most of the main currencies by strengthening nearly 10%. This dispels some of the concern that the strengthening may affect inflation, as seen last year when the currency weakened. Liquidity and expectations for an economic rebound in Mexico and the US have driven the MXN upswing. Nonetheless, these factors are not expected to continue to contribute as much to a stronger MXN as was the case in the first two months of 2012. In fact, we forecast a consolidation in the current range. Central banks around the world have moderated their soft bias thanks to the increased prices for commodities and favorable surprises in economic indicators. In addition, the BBVA economic analysis team does not expect positive surprises to persist. This is in line with local growth forecasts indicated by Banxico. With this, the MXN is set to remain within its ranges. Banxico's neutral stance favors *carry* for the MXN and continues to stoke arbitrage opportunities between the forward and Cetes curves. In turn, the lack of interventionist language marks the MXN as more attractive than other LatAm currencies. Nonetheless, prevailing downward risks give a support level around 12.50.

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 tested the major 37,500pts support level over the week, staying within it and initiating a bounce. It will again test the 38,400pts resistance level which it was unable to surpass on several occasions in February. An Amx reaction could help this break which would set 38,700pts as the next target (the IPC historical maximum) and, after this, 39,300pts, a result of projecting the 900pts from the lateral range above 38,400pts.

Previous Rec.: In order to consider a short-term buy signal, it would need to come in above these technical levels (37,900pts) and, more importantly, above 38,400pts, the resistance level in February

Source: BBVA, Bancomer, Bloomberg

MXN

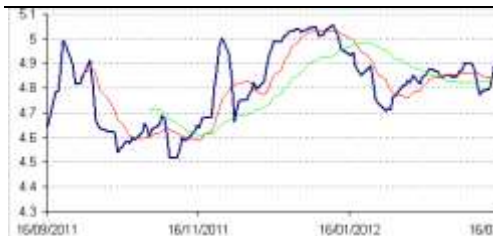


The dollar remained in the low section of the lateral range where it has traded since the end of January. We believe that the MXN12.50 to MXN12.60 range could be taken as a buy range, expecting an upswing toward MXN12.90/13.00.

Previous Rec.: It returned to test the floor of MXN12.60, where we see it trying a new upswing. The trend change signal would only be given with a upward break through MXN13.00.

Source: BBVA, Bancomer, Bloomberg

3Y M BOND

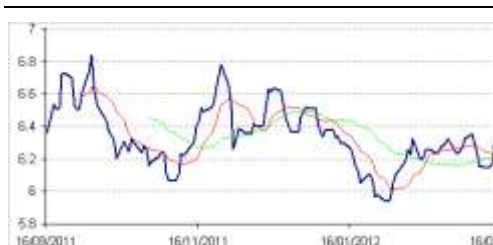


3Y M BOND (yield): Quick recovery of the break in short-term averages and hitting through the previous maximum. This sets the next upward target at 5% by hitting through the 200-day rolling average.

Previous Rec.: We maintain a target 5% and a floor at 4.8%.

Source: BBVA, Bancomer, Bloomberg

10 YEAR M BOND



10 YEAR M BOND: (yield): Although returning above the 10- and 30-day rolling averages, it fails to produce an entry signal by still trading below the 200-day rolling average (6.41%). If it breaks this level, we can expect a movement toward 6.6%.

Previous Rec.: This move could continue to the 6% range.

Source: BBVA Bancomer, Bloomberg

Markets

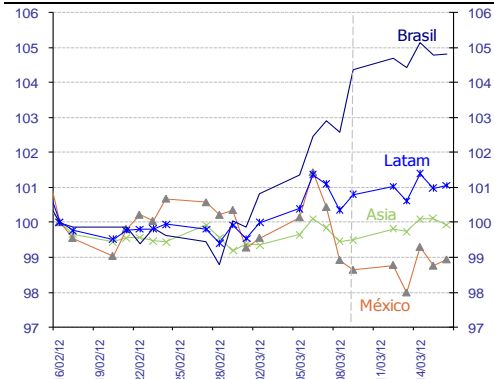
Stock markets up over the week supported by better-than-expected US retail sales and employment data. Exchange rate sees marginal changes over the previous week.

Chart 7
Stock Markets: MSCI Indices
(Feb 16, 2012 index=100)



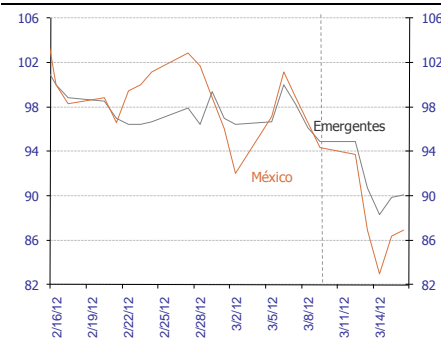
Source: Bloomberg & BBVA Research

Chart 8
Foreign exchange: dollar exchange rates
(Feb 16, 2012 index=100)



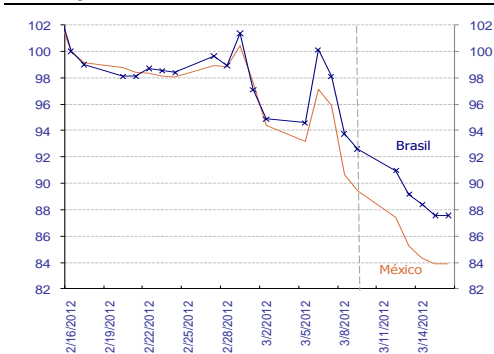
Source: Bloomberg and BBVA Research Note: LATAM includes Argentina, Brazil, Chile, Colombia and Peru. Asia includes the Philippines, South Korea, Taiwan, Singapore, Indonesia and Thailand. Non-weighted averages

Chart 9
Risk: EMBI+ (Feb 16, 2012 index=100)



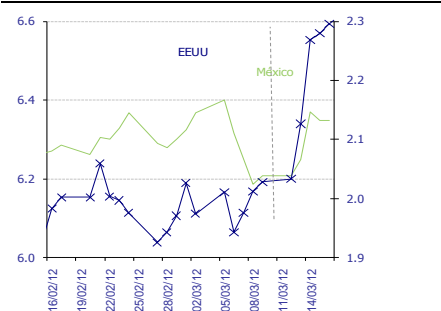
Source: Bloomberg & BBVA Research

Chart 10
Risk: 5-year CDS (Feb 16, 2012 index=100)



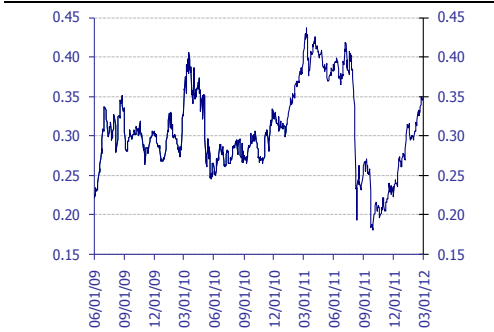
Source: Bloomberg & BBVA Research

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

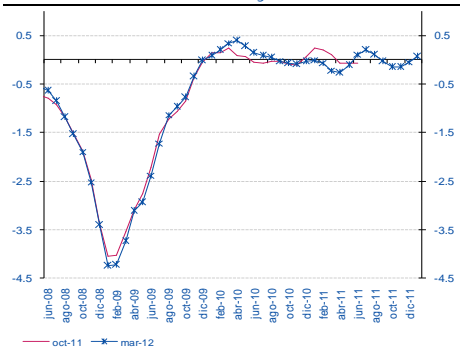
Major fall in risk aversion due to the improvement in the Federal Reserve's prognosis mid-week.

Major rise in US interest rates due to greater appetite for risk. Rates in Mexico move in line.

Activity, inflation, monetary conditions

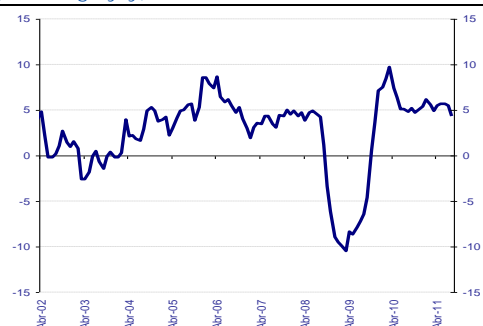
Output holds positive performance, situation indicators point to 1Q12 with quarterly rates around 0.6%

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)



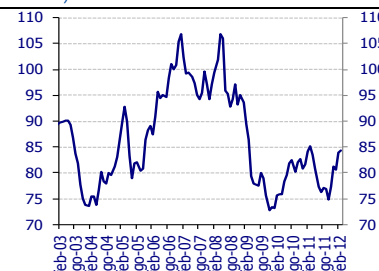
Source: INEGI

Chart 15
Inflation Surprise Index (July 2002=100)



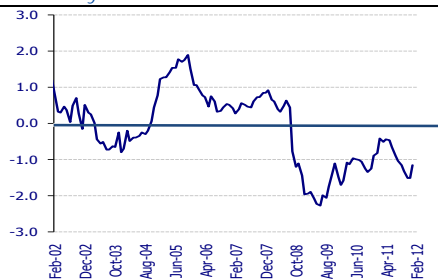
Source: BBVA Research with data from Banxico from the monthly surveys on the expectations of economic specialists in the private sector.

Chart 16
Activity Surprise Index (2002=100)



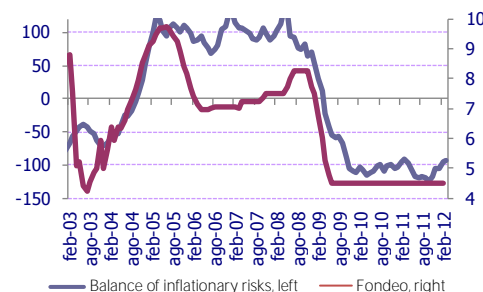
Source: BBVA Research with Bloomberg data. Difference between recorded data and the Bloomberg consensus for seven activity variables in Mexico. Standardized index. Rises (falls): positive (negative) surprises.

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

The last inflation surprise was downward while, in general, activity continues to offer positive surprises

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 3/12/12

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, Molybmet, 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, 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 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 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, 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 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.