

Mexico

Weekly Watch

18 February 2011

Next week...

Economic Analysis

Cecilia Posadas
c.posadas@bbva.bancomer.com

Iván Martínez
ivan.martinez.2@bbva.bancomer.com

GDP for the close of 2010 will have grown at the same rate as the previous quarter

We shall receive news this week of the evolution of GDP during the last quarter of 2010. Known data indicate that over the last months of the year activity interrupted the slowdown of the previous quarter as a result of an improvement of external demand and its recovery domestically. Therefore, the monthly variation in manufacturing went from 0% in the 3rd quarter of to 1.3% in the 4th, with recoveries both in sectors more linked to external demand and in those with greater dependence on the domestic market. Indeed, variables related to household spending such as employment or consumer confidence evolved favorably in the period. On the other hand, demand figures in the construction and mining sector continue to be slightly unfavorable, as well as, to a certain extent, those related to investment. In all, we estimate that GDP will have grown 0.6% in 4Q10 (3.6% year-on-year), which would imply an average annual growth of 5.2%.

On the other hand, inflation over the first two weeks of February will be again affected by a favorable base effect, reaching 3.6%, compared to 3.8% in January. The falling trend will continue in March, but we will need to be attentive to the possible impact of the Sinaloa corn harvests losses. All in all, supply side surprise, relative price changes without implications on monetary policy.

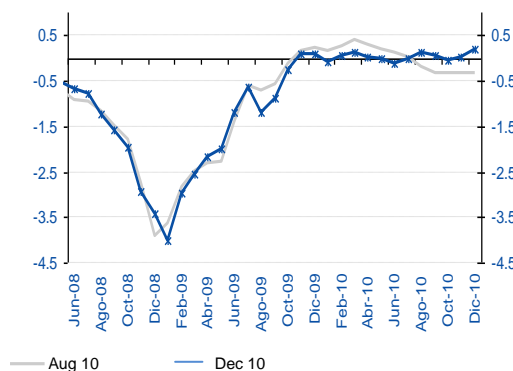
Macro Latam Strategy

Chief Strategist
Octavio Gutiérrez Engelmann
o.gutierrez3@bbva.bancomer.com
+5255 5621 9245

Economic data in the USA positive for assets markets

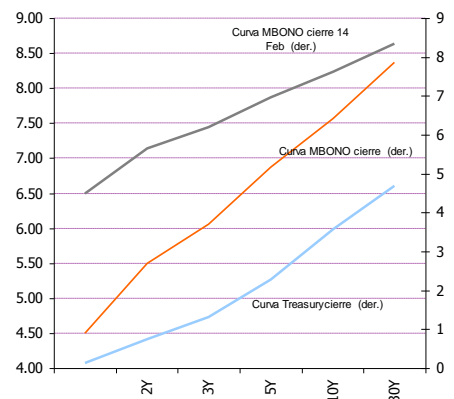
The rates rally seen last week was mainly caused by the easing of the Treasury Bonds curve as well as the slightly dovish monetary policy tone of certain members of the Federal Reserve. We consider that the local debt curve in Mexico is still very steep where the short sections are in the selling zone. For its part, the MXN closed on Friday without changes after having moved between 12.0 and 12.15 during the week. Parity will continue to be affected by US data, and bad news from that region could send it to 12.15.

Chart 3
BBVA Synthetic Activity Indicator of activity for the Mexican economy



Source: Banxico

Chart 2
Yield Curve (%)



Source: BBVA Research with Banxico data

Economic Analysis

Calendar: Indicators

Cecilia Posadas
c.posadas@bbva.bancomer.com

Pedro Uriz
pedro.uriz2@bbva.bancomer.com

GDP 4Q10, IGAE in December

Monday 21 February

GDP: 0.6% q/q, 3.6% y/y SA (previous: 0.7% q/q, 5.3% y/y SA) 2010 Estimate: 5.2%

IGAE: 0.8% m/m, 4.7% y/y, SA (previous 0.7% m/m, 4.7% y/y)

In addition to the upturn over recent months resulting from the foreign cycle, two additional factors will have been the stability in statistics linked to domestic demand and the upturn in manufacturing sectors linked to the domestic market. It should be remembered that formal private employment grew at an accelerating rate all year and particularly over the last half of the year.

Inflation

Thursday 24 February

0.21% over two weeks (3.64% y/y); (Previous: 0.49% m/m, 3.78 y/y) Consensus (0.17% over two weeks)

On Thursday, inflation figures for the first two weeks of February will be released: we forecast a figure of 0.21%, a rise mainly caused by processed foods. Core inflation will increase 0.1% over two weeks, less than in previous two-week periods, mainly as a result of rises in the prices of tortillas and tobacco. It is important to monitor the possibility of a greater impact than so far observed of international grain price rises on consumer prices. With regard to non-core inflation, the risk is in agricultural and fishing prices due to the possible impact of recent adverse climate in Sinaloa, one of the main agricultural regions of the country. We reiterate our expectation of a fall in annual inflation during 1Q11, however, the degree of this fall may be limited if grain price increases in international markets and/or agricultural losses suffered nationally continue.

Balance of payments 2010

Friday 25 February

Current Account Balance (-0.8% of GDP in 2010, previous: 0.6% of GDP in 2009)

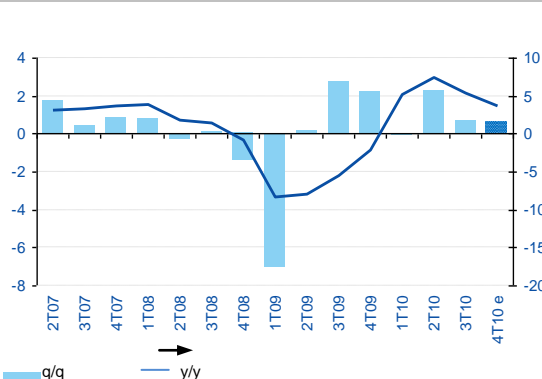
We will be informed next week of the Balance of Payments for 2010 as a whole. We estimate that the balance at the end of the year will be negative and amount to 0.8% of GDP, due to the small trade deficit of the country during the year, which amounted to US\$3.121 million. This result is linked to persisting asymmetries in the country's recovery. The foreign sector has experienced a much more dynamic recovery, as shown by the fact that the import of intermediate goods has grown considerably more than that of consumer goods or capital. The lower current account deficit generates neither financing difficulties nor very pronounced growth in domestic demand.

Table 1
Estimated inflation by component (% y/y and m/m change)

	Peso (%)	Monthly change (%)				Annual change (%)		
		Average 2003-2009	Dic-10	Ene-11	Feb-11	Dic-10	Ene-11	Feb-11
CPI-Mx	100.0	0.31	0.50	0.49	0.33	4.40	3.78	3.53
Core-Mx	74.8	0.42	0.43	0.46	0.35	3.58	3.27	3.21
Goods	37.0	0.43	0.48	0.73	0.45	3.82	3.60	3.63
Food products	14.7	0.50	1.08	1.41	0.61	4.35	4.51	4.71
Other Goods	22.4	0.39	-0.02	0.20	0.34	3.38	2.88	2.78
Services	37.7	0.41	0.39	0.23	0.26	3.36	3.00	2.86
Rent	17.9	0.48	0.17	0.23	0.25	2.64	2.34	2.16
Education	5.2	0.35	0.00	0.31	0.26	4.64	4.62	4.61
Other serv.	14.7	0.37	0.74	0.21	0.28	3.58	3.06	2.91
Non Core-Mx	25.2	-0.06	0.70	0.57	0.29	7.09	5.39	-4.54
Farm products	8.1	-0.63	1.41	-0.27	-0.24	6.96	4.03	2.85
Fruits/Vegetables	3.3	-2.93	2.64	-0.82	-0.81	14.00	7.50	4.80
Meat/Eggs	4.8	0.94	0.55	0.18	0.20	2.46	1.77	1.63
Public managed	17.2	0.29	0.25	0.98	0.59	7.16	6.15	5.46
Energy	7.8	0.00	0.25	0.92	0.46	6.44	6.12	5.77
Controlled prices	9.4	0.78	0.25	1.11	0.74	8.39	6.20	4.90

Source: BBVA Research and Banxico

Chart 4
Mexico: GDP (% q/q and y/y change)



Source: BBVA Research and Banxico

Market Analysis

Macro Latam Strategy

Chief Strategist
Octavio Gutiérrez Engelmann
o.gutierrez3@bbva.bancomer.com
+5255 5621 9245

FX Latam

Chief Strategist
Moises Junca, CFA, CMT
moises.junca@bbva.bancomer.com
+5255 5621 9380

Claudia Ceja

claudia.ceja@bbva.bancomer.com
+5255 5621 9715

Fixed Income Analysis Mexico

Chief Strategist
Ociel Hernández
o.hernandez@bbva.bancomer.com
+5255 5621 9616

Liliana Solís

liliana.solis@bbva.bancomer.com
+5255 5621 9877

Technical Analysis

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

Markets

The curve rate diminishes during the week with a backdrop of reduced volatility in international markets: short terms in selling zone.

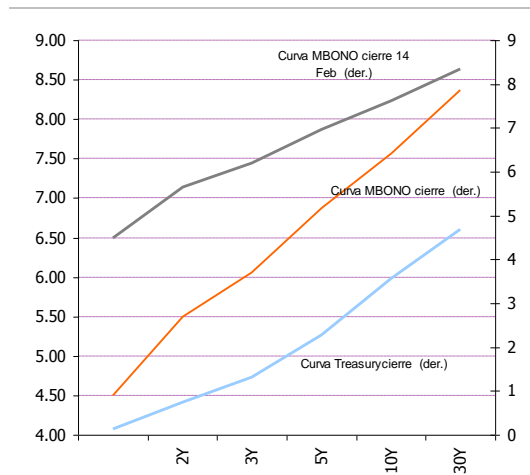
The rates rally seen last week was mainly due to the easing of the Treasury Bonds curve. Three factors dominated this scene: a) greater appetite for debt instruments due to Middle East developments; b) reports without significant surprises and with mixed results; c) the slightly dovish tone of members of both the Federal Reserve and the Bank of England. The local curve experimented strong falls in the short and medium terms.

In our opinion, the curve is still exaggeratedly steep given the monetary context and current inflation. In the future the latter will continue to show significant relevance in the evolution of the curve, in both downward and upward corrections. We estimate that the short sections of the curve are in the selling zone, given that the middle term monetary context has not changed. We continue to support the idea of implementing “*Butterfly*” strategies, which are conservative but more immune to volatile rates environment and even more so given the uncertainty of the remaining stretch. The steepness of the local debt market continues to point to these strategies.

The MXN closed on Friday without changes after having moved between 12.0 and 12.15 during the week. Parity will continue to be sensitive to US economic data

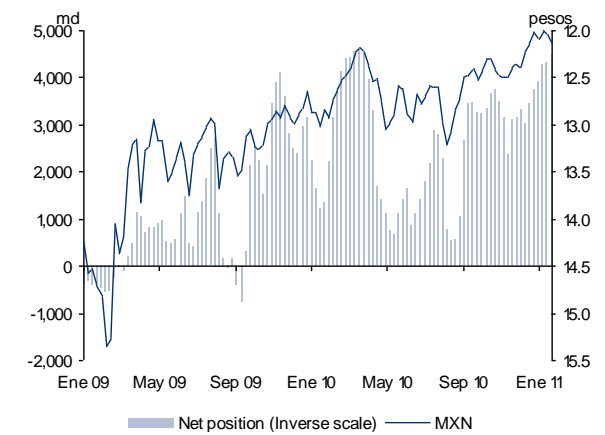
Although the short position of the USD in a seven-currency basket (GBP, CHF, EUR, AUD, CAD, JPY, MXN) in the CME dropped by USD2.9 billion, the long position of the MXN increased by USD178 million. The aforementioned was in spite of the 0.9% decrease in the value of the MXN during the reference period. However, the currency continues without breaking the support zone of 11.98 and the risks of positions closings are starting to increase. Therefore, any negative surprise from the US this week could lead to a new correction in the 12.15 zone, where we recommend long MXN positions to take advantage of range movements with 12.0 as the target.

Chart 5
Yield Curve (%)



Source: BBVA Research with Banxico data

Chart 6
Non-commercial positions in MXN (US\$ million)



Source: BBVA Research with data from Bloomberg

Mexico City, 18 February 2011

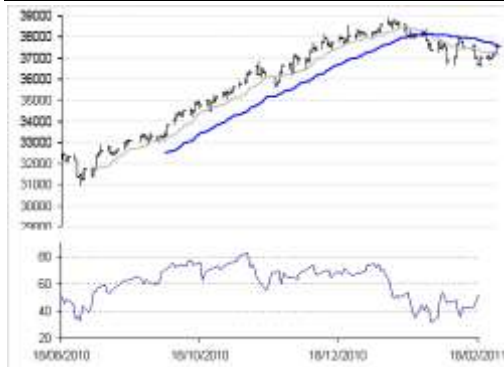
**Market Analysis
Equities**

Technical Analysis

Alejandro Fuentes Pérez (*)
a.fuentes @bbva.bancomer.com
5255 5621 9705

(*) Writer(s) of the report

**Technical Analysis
CPI Stock Market Index**



Source: BBVA, Bancomer, Bloomberg

Consumer Price Index: the weekly gain made it possible for the CPI to return once again to the 30-day rolling average and to the high limit of the negative short term range within which it has fluctuated throughout the year. The double dip from which the market is recovering (36,600pts) may cause the upward breakthrough of these levels, especially when the CPI continues to lag by -9.3% when compared to the US so far in the year. Some technical CPI oscillators such as the RSI or MACD suggest that the rebound could extend. A breakthrough of 38,000, together with the exit from the market of the short term negative range would send a clear upward message for the coming weeks with a new objective at 39,000pts.

Previous recommendation: We recommend taking positions and taking advantage of this pull-back, and increasing them if the trend changes.

MXN

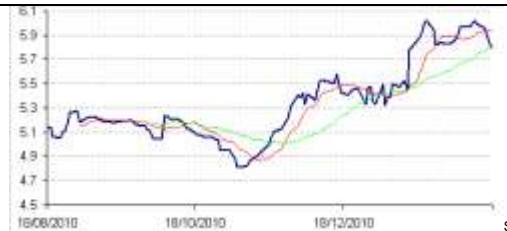


Source: BBVA, Bancomer, Bloomberg

MXN: returns to the support zone between P\$11.95 and P\$12.00, again situating itself below the 10 and 30 day rolling averages. Oscillators are not over-sold and maintain their downward tendency.

Previous recommendation: The downtrend remains, and we can expect a return to the floor level between P\$11.95 and P\$12.00.

3Y M BOND

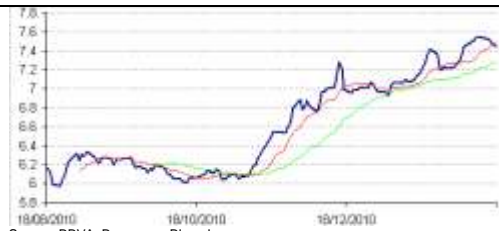


Source: BBVA, Bancomer, Bloomberg

3Y M BOND (yield): Correction toward 30-day rolling average (5.8%). The MACD indicates that this correction can be extended to the next support of 5.6%.

Previous recommendation: We believe that the upturn may end at the earlier maximum of 6%, with support at 5.7%.

10Y M BOND



Source: BBVA, Bancomer, Bloomberg

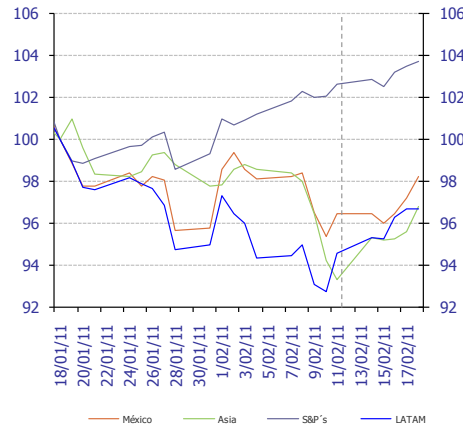
10-YEAR M BOND: (yield): Closes this week below the 10-day rolling average and could move toward the 30-day rolling average (7.3%) should short-term rolling averages expand.

Previous recommendation: We see a possible return to 7.1% before the resistance is broken.

Markets

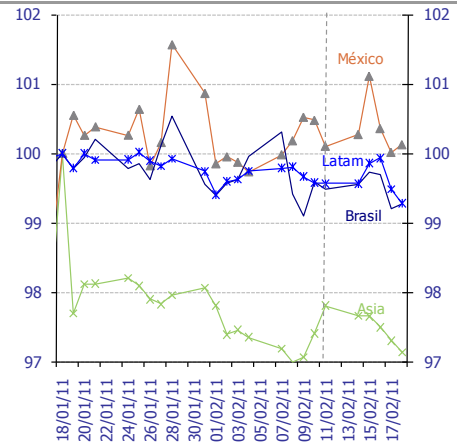
Rise in stock markets and appreciation of peso from mid-week due to better-than-expected data in the manufacturing, real estate, and corporate sectors in the US, in addition to the Federal Reserve's growth expectations

Chart 5
Stock markets: MSCI indices (Jan 18 2011 index = 100)



Source: Bloomberg & BBVA Research

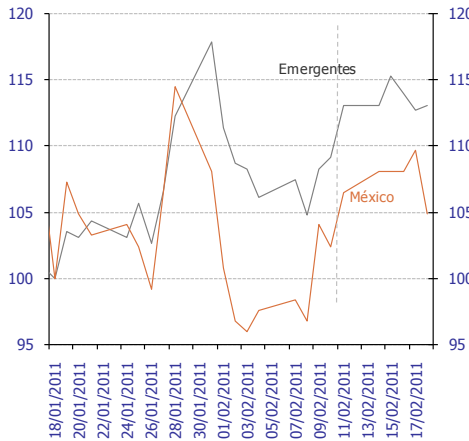
Chart 6
Foreign exchange: Dollar Exchange Rates (Jan 18 2011 index = 100)



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.

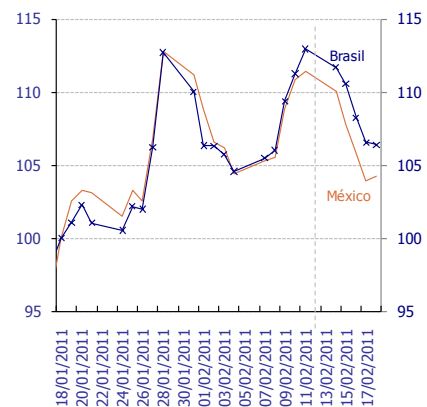
Drop in risk aversion at the end of the week due mainly to data supporting expectations of greater growth

Chart 7
Risk: EMBI+ (January 18 2011 index = 100)



Source: Bloomberg and BBVA Research.

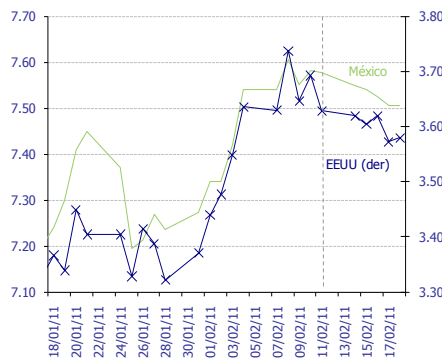
Chart 8
Risk: 5-year CDS (January 18 2011 index = 100)



Source: Bloomberg and BBVA Research.

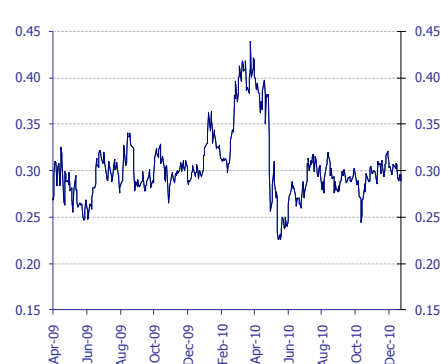
Drop in US rates due to greater demand resulting from new geopolitical risks in the Middle East. Rates in Mexico move in line

Chart 9
10-year interest rates*, last month



Source: Bloomberg and BBVA Research

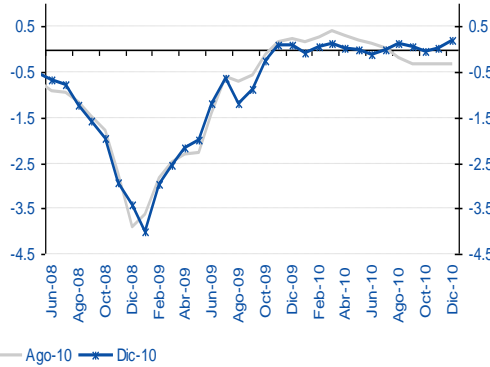
Chart 10
Carry-trade Mexico index (%)



Source: Bloomberg and BBVA Research

Activity, inflation, monetary conditions

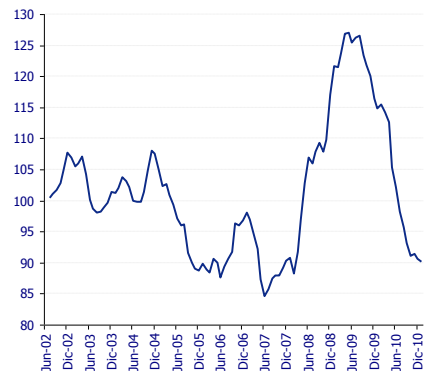
Chart 11
BBVA Synthetic Activity Indicator of activity for the Mexican economy



Economic activity in Mexico has improved, but the speed of recovery appears to have moderated

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

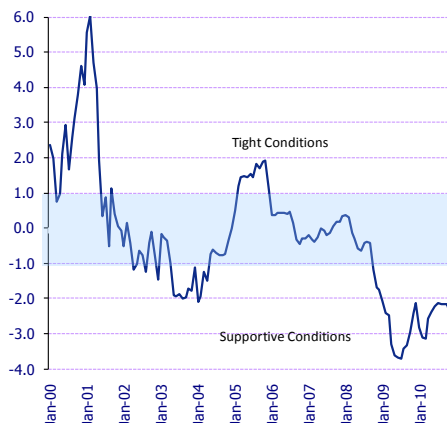
Chart 13
Inflation Surprises Index (July 2002=100)



Inflation surprises fell throughout most of 2010, while activity surprises were moderate.

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

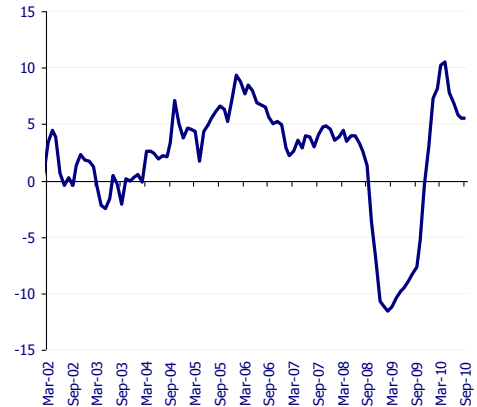
Chart 15
Monetary Conditions Index



The monetary conditions in which the economy is moving are accommodative. No upward movements are therefore expected to the reference rate in the short term

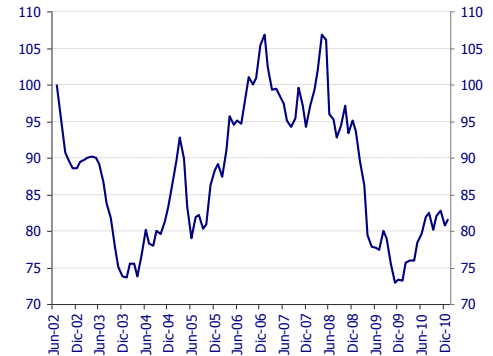
Source: BBVA Research

Chart 12
Advance Indicator of Activity (% variation y/y change)



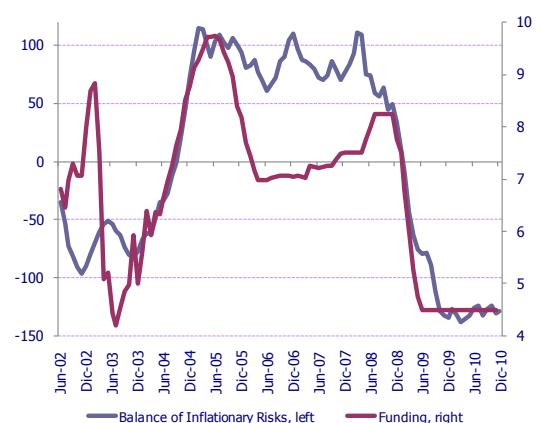
Source: INEGI

Chart 14
Activity Surprise Index (2002=100)



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

Chart 16
Balance of Inflationary Risks* and Funding (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 IBR signals greater weight of inflationary risk over those of growth and, therefore, more likelihood of monetary restriction

IMPORTANT DISCLOSURES**Analyst Certification**

I, Moisés Junca, Claudia Ceja, Ociel Hernández, Liliana Solís, Alejandro Fuentes, Edgar Cruz y Octavio Gutiérrez Engelmann, 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 2/16/11

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, Banco Interacciones, Banco Inbursa, BNP, Bimbo, Cemex, Comisión Federal de Electricidad, Corporación Interamericana de Inversiones, Chedraui, Daimler, Embotelladoras Arca, El Puerto de Liverpool, Ferrocarril Mexicano, Fonacot, GE Capital Bank, General Electric, GMAC, Hipotecaria su Casita, Maxcom, Megacable, Nemark, NRF(Nissan), OHL, Paccar, Pemex, Posadas, Prudential Fiancial, Ruba, 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, Banorte, BMV, Cemex, Cencosud, CIE, Cintra, Colbun, Comercial Mexicana, Comisión Federal de Electricidad, Concesionaria Mexiquense, Consorcio Comex, CAF, Controladora de Farmacias, Copamex, Coppel, Corporación Geo, Corporativo Arca, Corporación Moctezuma, Credito Inmobiliario, Daimler Chrysler de México, Dine, El puerto de Liverpool, El palacio de Hierro, Elementia, Empresas Cablevisión, Endesa (Chile), Facileasing, Factoring Corporativo, Farmacias Benavides, FCC, Femsa, Ferrosur, Filtrona, Fomento de Infraestructura Turistica Cancun, 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 Dermot, Grupo Elektra, Grupo Famsa, Grupo Femsa, 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, Industrias Aluprint, Industrias CH, Industrias Peñoles, Inmobiliaria Ruba, Inter ceramic, Kansas City Southern de México, Kaupthing Bank, Kimberly Clark México, Lamosa, Liverpool, Mabe, Manufacturas Kaltex, Medica Sur, Megacable, Mexichem, Minera los Pelambres, Molymet, Municipio de Aguascalientes, Nadro, Nafin, NRF México, Nemark, OHL, Paccar, Pasa, Pemex, Petrotemex, Pimsa, Plavicom, Prolec GE, Ruba, Sare, Sears, Sigma, Simec, Scotia Bank Inverlat, Techint, Telefónica CTC, Telefónica Móviles, Telint, 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).**

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 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 its 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 its Board, its 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, Asea, 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 31, 2010, for the whole universe of companies which BBVA Bancomer, has under coverage there are **48%** Buy ratings (including "Buy" and "Outperform"), **0%** Neutral ratings and **52%** 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 **57%** of the Buy ratings, **0%** of the Neutral ratings and in **43%** 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 as 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, 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.