BBVA Research

Latam

Daily Latam

Market Analysis
Markets

Mexico City, September 2, 2010

Strategic Outlook

Brazil

Chile

Colombia

Peru

Equity LatAm

Chief Analyst
RODRIGO ORTEGA
r.ortega@bbva.bancomer.com
+52 55 5621 9701

FX LatAm
Chief Strategist
MOISES JUNCA, CFA, CMT
moises.junca@bbva.bancomer.com
+5255 5621 9380

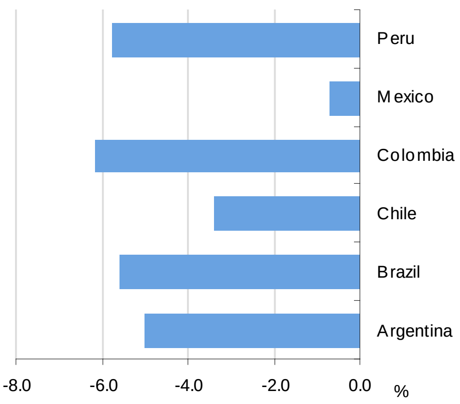
Chinese and US manufacturing data positively surprise, driving appetite for risk

US Treasury yields rise, putting pressure on emerging fixed-income instruments

Following unfavorable economic data releases in recent weeks, financial markets faced a more upbeat environment following better-than-expected US manufacturing activity indicators: the August ISM revealed greater expansion (56.3 points vs. 52.8e and 55.5 in July). Nevertheless, the US economy remains weak. Similarly, China's August manufacturing PMI (51.9 vs. 49.4 previously) signaled a slight expansion in this sector, easing fears of a greater stalling of the Chinese economy. However, the outlook is still a modest slowdown in response to public polices aimed at preventing an overheating of the Chinese economy. This kindled risk appetite, with the market beginning to price in better-than-expected economic data. Thus US equities rose by almost 3% while US Treasury bond yields rose by 10bp.

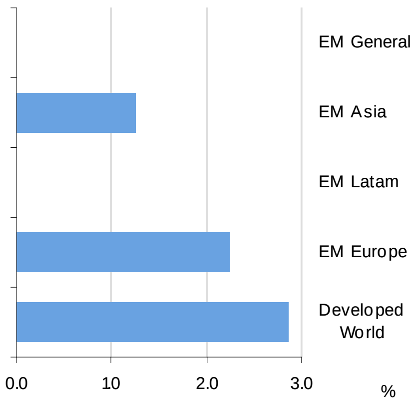
Within this context, emerging market currencies and the euro also gained against the dollar and the yen, which had benefitted from a rising risk premium. Today the market will be seeking confirmation of optimism over US employment and housing data, and as analysts have already priced in overly pessimistic scenarios we do not rule out favorable surprises again.

Daily change on LatAm CDS 5 years



Source: Bloomberg and BBVA Research

Daily change on MSCI Index



Source: Bloomberg and BBVA Research

APPENDIX

Macro Calendar

Brazil

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

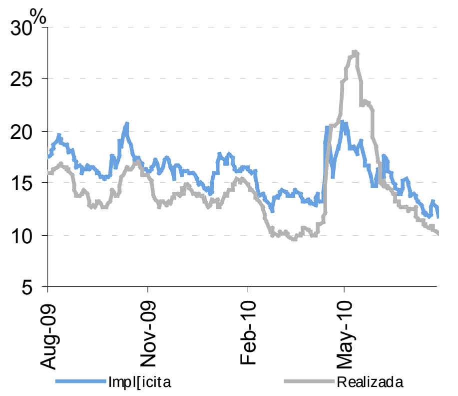
Exchange Rates

Brazilian real

The Selic rate is kept unchanged, with no expected impact on the real.

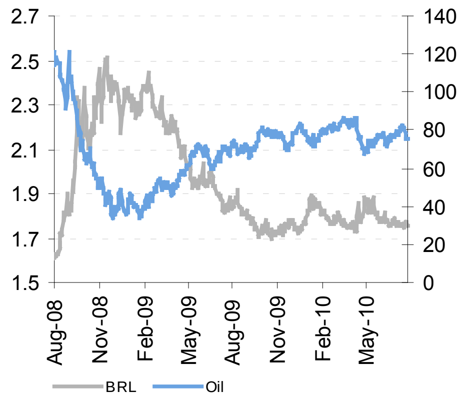
Several local events were significant yesterday: 1) Firstly, Banco Central do Brasil released the weekly forex transactions report which revealed a negative balance of -US$1.3bn in trade and financial operations in the last week of August, that is, a total balance of US$602mn as at August 27 (in contrast to the US$2.02bn balance for the first two weeks of the same month). As a result, BACEN reduced again the amount of its daily interventions to an average of US$18mn as compared with US$216mn over the first half of the month. 2) Secondly, the trade balance and manufacturing PMI came in below market expectations, which added to factors justifying the monetary policy decision to be taken later in the afternoon. 3) Finally, in line with the market expectations, the COPOM kept the Selic rate unchanged at 10.75%. We do not think the decision will have any meaningful effects on the real. However, the performance of the real was determined by the risk premium in global markets, which declined on the back of US manufacturing numbers. As such, the currency appreciated by 0.65% and closed below 1.75. We believe that the aforementioned factors should limit an extension of the appreciation.

Implied vs. Historic Volatility



Source: Bloomberg and BBVA Research

BRL vs. WTI



Source: Bloomberg and BBVA Research

Chile

Strategic Outlook →
Brazil →
Colombia →
Peru →

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

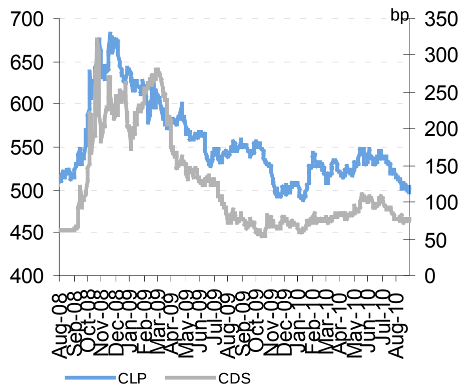
Exchange Rates

Chilean peso

Peso recoups in tandem with copper prices.

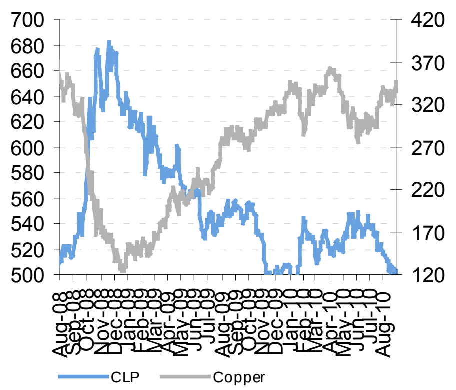
After the correction on Tuesday, the peso advanced 1.17% yesterday to 496.8, its strongest level in seven months. This performance was underpinned by upbeat manufacturing numbers from the US and China, which drove appetite for risky assets in global markets. Meanwhile, the price of copper —with which the currency holds a high correlation— hiked 3.20%, accumulating gains of 8.02% last week. This comes in addition to positive factors in the domestic cycle, which we have mentioned before, including the favorable outlook for economic activity, expectations of a hike in the benchmark rate and the low likelihood of interventions in the forex market by monetary authorities, as according to the Banco Central de Chile, the exchange rate is currently in line with long term fundamentals. This view should be confirmed with the publication of the IPoM next week. Thus, even as technical indicators favor a correction in the short term, with oscillators showing high oversold levels, our outlook for coming sessions remains upbeat.

CLP vs. 5y CDS



Source: Bloomberg and BBVA Research

CLP vs. Copper



Source: Bloomberg and BBVA Research

Colombia

Strategic Outlook
Brazil
Chile
Peru

Exchange Rates

Colombian peso

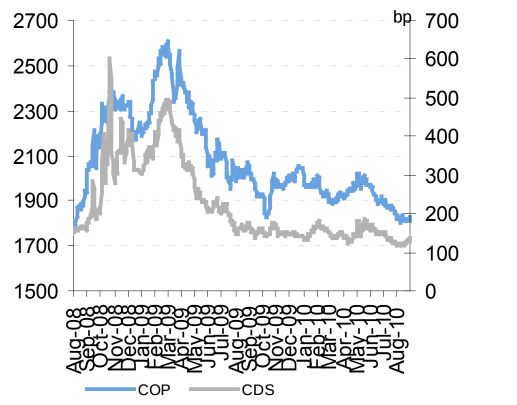
The peso appreciates on low volume. We expect the currency to be range-bound if Banco de la República hints no intervention.

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

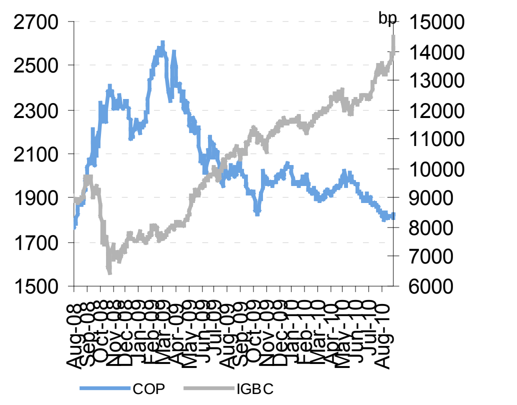
In line with the performance of most Latam currencies, the peso closed 0.80% higher yesterday on light volume of US$892mn. This amount is a US$110 decline vs. the previous session and below the YTD average of US$1.09bn. The currency evidences more sensitivity to the global risk premium, with the 3M correlation against the DXY index and the VIX at 0.90 and 0.71, respectively, but investor caution in the face of Banco de la República intervening in the forex market in coming sessions is still limiting direction of position taking. As such, we think the peso will maintain its lateral dynamics within a 1,800-1,830 range as long as BanRep keeps interventions on hold.

COP vs. 5y CDS



Source: Bloomberg and BBVA Research

COP vs. IGBC



Source: Bloomberg and BBVA Research

Peru

Exhange Rates

FX Latam
Chief Strategist
MOISES JUNCA, CFA, CMT
moises.junca@bbva.bancomer.com
+5255 5621 9380

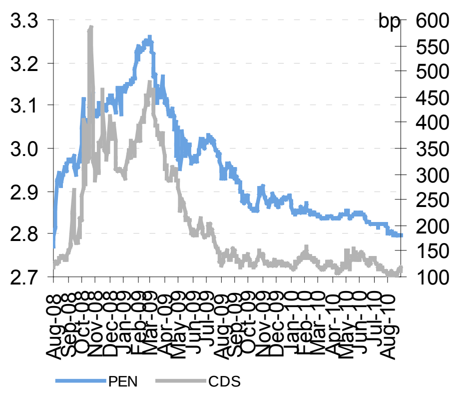
Claudia Ceja
claudia.ceja@bbva.bancomer.com
+5255 5621 9715

Peruvian nuevo sol

The nuevo sol remained unchanged, with implied yields in the NDF curve in negative terrain.

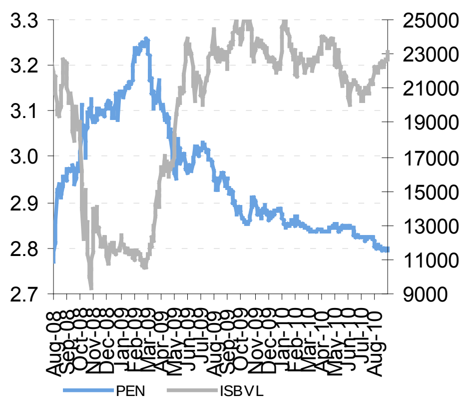
In line with its performance in recent weeks and despite positive expectations for local assets – especially the ISBVL and rising copper prices–, the nuevo sol closed flat around 2.80 in response to ongoing daily USD purchases by the Banco Central de Reserva del Perú, which were on the order of US$171.2mn yesterday. Meanwhile, the August price index came in as per market expectations at 2.31%. Although this figure points to growth without inflation pressures, a tighter benchmark rate is still expected. This is still not reflected in implied yields on the NDF curve, where 1M-6M maturities are still in negative terrain, and thus we continue to expect an upward adjustment in forward points all along the curve. Regarding the spot, we stand by our outlook of relative stability.

PEN vs. 5y CDS



Source: Bloomberg and BBVA Research

PEN vs. ISBVL



Source: Bloomberg and BBVA Research

Appendix 1

Summary of the LatAm Market

		Change %		
	Close	**1D**	**1W**	**YTD**
Currencies				
Argentinian peso	3.95	0.05	-0.16	-3.96
Brazilian real	1.75	0.56	0.99	-0.09
Chilean peso	496.85	1.17	1.90	2.09
Colombian peso	1,811.91	0.80	0.33	11.35
Mexican peso	13.07	1.03	-0.66	0.18
Peruvian nuevo sol	2.80	0.05	0.07	3.20
5 year CDS				
Argentina	898.21	-5.02	0.60	-1.76
Brazil	124.10	-5.60	-0.75	1.29
Chile	75.26	-3.38	-1.97	10.15
Colombia	129.32	-6.17	0.84	-9.53
Mexico	142.82	-0.70	13.23	6.76
Peru	109.56	-5.77	3.74	-11.30
Equity indexes				
Argentina MERVAL	2,394.76	2.48	2.73	3.19
Brazil IBOV	67,072.53	2.96	3.50	-2.21
Chile IPSA	4,582.79	1.28	2.91	27.96
Colombia IGBC	14,474.52	2.62	6.52	24.76
Mexico IPyC	32,339.23	2.08	2.82	0.68
Peru ISBVL	23,104.90	1.30	3.04	2.99
VIX Index	23.89	26.05	26.70	21.68
Commodities				
CRB Industrial	503.74	0.00	0.83	4.19
COMEX Copper	346.85	3.20	8.02	4.24
WTI	73.91	2.77	1.92	-6.87
Gold	1,244.30	-0.25	0.34	13.43
Sugar	20.49	3.75	2.30	-6.22
Soy	1,005.50	-0.45	0.65	-0.86
Volatilities %	**1M**	**3M**	**6M**	**1A**
Argentinian peso	4.04	7.38	10.91	16.06
Brazilian real	11.31	12.78	14.09	15.91
Chilean peso	10.44	11.52	12.14	12.90
Colombian peso	11.51	12.38	13.02	14.11
Mexican peso	13.34	13.73	14.00	14.07
NDF currency/US$				
Argentinian peso	3.97	4.03	4.14	4.38
Brazilian real	1.76	1.78	1.82	1.90
Chilean peso	497.05	497.98	500.46	506.94
Colombian peso	1,812.19	1,815.41	1,821.36	1,853.41
Peruvian nuevo sol	2.79	2.79	2.79	2.80
Foward points				
Argentinian peso	0.02	0.08	0.19	0.44
Brazilian real	0.01	0.03	0.07	0.15
Chilean peso	0.20	1.13	3.61	10.09
Colombian peso	0.28	3.50	9.45	41.50
Peruvian nuevo sol	-0.01	-0.01	-0.01	0.01

		Change bp		
	Close %	**1D**	**1W**	**YTD**
Brazil				
Selic O/N	10.66	0	0	201
DI Jan-11 Future	10.69	0	1	27
LTN Jan-11	10.97	11	24	37
NTN-F Jan-13	11.66	-9	34	-54
NTN-F Jan-17	11.51	-8	34	-126
NTN-B Aug-14	6.26	-5	11	-124
Chile				
TPM	1.91	-9	-7	143
TAB 90d UF	1.16	12	94	-617
Swap CLPxCAM 2Y	4.10	1	1	107
Swap CLPxCAM 5Y	4.92	5	12	-35
Swap CLPxCAM 10Y	5.40	3	4	-70
Swap UFxCAM 2Y	0.72	0	18	-58
Swap UFxCAM 5Y	1.44	-1	1	-72
Swap UFxCAM 10Y	1.98	-5	-10	-55
Swap basis 2Y	77.00	0	1	10
Swap basis 5Y	64.00	0	1	9
Swap basis 10Y	99.00	0	0	13
BCP Jan-2012	4.56	-25	-32	78
BCP Aug-2014	5.49	0	-20	54
BCU 5Y	2.36	1	3	-45
BCU 10Y	2.63	4	-1	-52
Colombia				
Reference rate	3.00	0	0	-50
DTF 90d	3.48	3	3	-66
TES Aug-2012	4.45	-1	-22	-471
TES May-2014	6.01	0	-7	606
TES Jul-2020	7.11	0	-2	-135
UVR Mar-2013	2.30	0	-26	-243
Peru				
Reference rate	2.50	0	0	-400
Sovereign bond Aug-2011	2.67	-5	-15	-413
Sovereign bond Aug-2017	5.10	-10	-5	-171
Sovereign bond Aug-2037	6.23	-2	-3	69
Global bonds				
BRL 2040	2.90	-1	17	-144
CLP 2013	1.25	-29	-5	-57
COP 2033	5.76	0	52	-121
PE 2033	5.13	-5	14	-125

Source: Bloomberg and BBVA Research

Strategies

Appendix 2

Calendar of Economic Indicators

			Survey	Prior	Actual
Wednesday, September 1					
Brazil	FGV CPI IPC-S	31-Aug	-0.12%	-0.17%	-0.08%
	PMI Manufacturing	AUG		51.8	49.5
	Trade Balance (FOB) - Monthly	AUG	$3000M	$1358M	$2440M
	EXPORTS - US$ million	AUG	$19100M	$17674M	$19236M
	IMPORTS - US$ million	AUG	$16100M	$16316M	$16796M
Peru	SELIC Target - Central Bank	01-Sep	10.75%	10.75%	
	Consumer Price Index (MoM)	AUG	0.28%	0.36%	0.27%
	Consumer Price Index (YoY)	AUG	2.30%	1.82%	2.31%
	Wholesale Prices (MoM)	AUG	- -	0.01%	0.37%
Thursday, September 2					
Brazil	FIPE CPI - Monthly	AUG	0.23%	0.17%	
Friday, September 3					
Brazil	GDP (IBGE) YoY	2Q	8.00%	9.00%	
	GDP (IBGE) QoQ	2Q	0.70%	2.70%	
	GDP (IBGE) 4Qtrs Accumulated	2Q	5.20%	2.40%	
Colombia	Producer Price Index (MoM)	AUG		-0.61%	
	Producer Price Index (YoY)	AUG		1.81%	
	Colombia Monetary Policy Minutes	02-Sep			
Saturday, September 4					
Colombia	Consumer Price Index (MoM)	AUG	0.03%	-0.04%	
	Consumer Price Index (YoY)	AUG	2.23%	2.24%	

Markets & Clients Strategy

Director
ANTONIO PULIDO
ant.pulido@grupobbva.com
+34 91 374 31 81

Global Equity and Credit

Director
ANA MUNERA
ana.munera@grupobbva.com
+34 91 374 36 72

Equity LatAm

Chief Analyst
RODRIGO ORTEGA
r.ortega@bbva.bancomer.com
+52 55 5621 9701

Mexico
Construction/ Housing
Francisco Chavez
f.chavez@bbva.bancomer.com
+52 55 5621 9703

Industrials/Mining
Pablo Abraham
pablo.abraham@bbva.bancomer.com
+52 55 5621 9975

TMTs
Andrés Coello
a.coello@bbva.bancomer.com
+52 55 5621 9870

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

Data Mining
Juan Carlos García
juan.garci.4@bbva.bancomer.com
+52 55 5621 9704

Financials
Ernesto Gabilondo
ernesto.gabilondo@bbva.bancomer.com
+52 55 5621 9702

Beverages, Consuption, Food and Retail
Fernando Olvera
fernando.olvera@bbva.bancomer.com
+52 55 5621 9804

Credit LatAm

Chief Analyst
Mexico
EDGAR CRUZ
edgar.cruz@bbva.bancomer.com
+52 55 5621 9774

Chile
Forests, Mining and Banks
Chief Analyst
HERNAN GUERRERO
hguerreroh@bbva.cl
+56 2 679 1127

Food & Retail
Cristián Araya B.
carayab@bbva.cl
+56 2 679 1126

Senior Financial Analyst
Raúl Barros P.
rbarros@bbva.cl
+56 2 679 17 26

Peru
Chief Analyst
Mining/Steel
MIGUEL LEIVA
mleiva@grupobbva.com.pe

Construction/ Industry
Diana Paredes
dparedes@grupobbva.com.pe

Global Fixed Income

Director
LUIS ENRIQUE RODRIGUEZ, CFA
luisen.rodriguez@grupobbva.com
+34 91 537 35 87

Global FX

Chief Strategist
PABLO ZARAGOZA
pzaragoza@grupobbva.com
+34 91 374 38 64

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

Global Interest Rates

Interest Rates LatAm
Liliana Solís
liliana.solis@bbva.bancomer.com
+5255 5621 9877

Global Markets Sales

Responsible
Oscar Alvarez de la Reguera
o.alvarez@bbva.bancomer.com
+52 55 5621 9994

Equity Sales

Responsible
Juan Carlos Rodríguez
juancarlos.rodriguez@bbva.bancomer.com
+52 55 5621 9940

Network Sales

José Miguel Fonseca
jm.fonseca@bbva.bancomer.com
+52 55 5621 9490

Héctor García
hector.garcía@bbva.bancomer.com
+52 55 5621 9173

Jesús García Luna
j.luna2@bbva.bancomer.com
+52 55 5621 9175

Gisela Flores
gisela.flores@bbva.bancomer.com
+52 55 5621 9742

Itzel Pichardo
i.pichardo@bbva.bancomer.com
+52 55 5621 9674

Ana María Rivera
a.rivera@bbva.bancomer.com
+52 55 5621 9176

Elsa Cadena
e.cadena@bbva.bancomer.com
+52 55 5621 9443

Institutional Sales

José María de la Torre
jm.delatorre@bbva.bancomer.com
+52 55 5621 1937

Isaac Martínez
isaac.martinez.1@bbva.bancomer.com
+52 55 5621 9289

Alejandro Lavín
alejandro.lavin@bbva.bancomer.com
+52 55 5621 9116

Sales Trading

Federico Alvarez
f.alvarezmorphy@bbva.bancomer.com
+52 55 5621 9170

Julio García
julio.garciar1@bbva.bancomer.com
+52 55 5621 9171

Stock Market Information Systems

Director
Elba Padilla
em.padilla@bbva.bancomer.com
+52 55 5621 9408

Josefina Godinez
j.godinez@bbva.bancomer.com
+52 55 5621 9581

Roberto González
r.gonzalez17@bbva.bancomer.com
+52 55 5621 9641

IMPORTANT DISCLOSURES

Analyst Certification

We, **Moises Junca Acebedo, Rodrigo Ortega Salazar, Claudia Ceja Gonzalez:**

Hereby certify that the views expressed in this research report accurately reflect our personal views about the mentioned corporation(s) and its (their) securities. We also certify that we have not been, are 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 8/13/10

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, BNP, Bimbo, Cemex, Comision Federal de Electricidad, Corporación Interamericana de Inversiones, Chedraui, Daimler, Embotelladoras Arca, El Puerto de Liverpool, Ferrocarril Mexicano, Fonacot, GE Capital Bank, GMAC, Hipotecaria su Casita, Maxcom, Megacable, Nemak, NRF(Nissan), Paccar, Pemex, Posadas, Ruba, Telmex Internacional, 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, Avicola Pilgrim´s Pride de Mexico, Axtel, Bancomext, Banco de Credito e Inversiones, Banorte, Cemex, Cencosud, CIE, Cintra, Colbun, Comercial Mexicana, Comisión Federal de Electricidad, Concesionaria Mexiquense, Consorcio Comex, Controladora de Farmacias, Copamex, Coppel, Corporacion Geo, Corporativo Arca, Corporación Moctezuma, Credito Inmobiliario, Daimler Chrysler de México, Dine, El puerto de Liverpool, El palacio de Hierro, Empresas Cablevisión, Endesa (Chile), Facileasing, Factoring Corporativo, Farmacias Benavides, FCC, Femsa, Ferrosur, 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 Dermet, 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, Interceramic, Kansas City Southern de México, Kaupthing Bank, Kimberly Clark Mexico, Lamosa, Liverpool, Mabe, Manufacturas Kaltex, Medica Sur, Megacable, Mexichem, Molymet, Municipio de Aguascalientes, Nadro, Nafin, NRF Mexico, Nemak, 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, Indice 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.**

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 DE VALORES DE CARACAS, BOLSA, CEMEX VENEZUELA, GAP, GRUPO VIDEOVISA, PASA.**

BBVA Bancomer, and/or its affiliates, may hold from time to time, directly or indirectly, as of the end of the last quarter, at least 10% of its investment portfolio, or 10% of the amount issued, of the securities or underlying investments issued by the companies which are the subject of this report. **AXTEL, NAFTRACS.**

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, Telmex, Telefónica Móviles México, Tenaris, Tlevisa, Urbi, Vitro.**

Additional Information and Disclaimer

Ratings and Price Targets

As of June 30, 2010, for the whole universe of companies which BBVA Bancomer, has under coverage there are **50%** Buy ratings (including "Buy" and "Outperform"), **4%** Neutral ratings and **46%** 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 **45%** of the Buy ratings, **11%** of the Neutral ratings and in **44%** 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, 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. Other factors include newsflows, benefit timing, M & A´s and market´s appetite in a given sector. Notwithstanding these factors can lead to a recommendation contrary to that indicated by the simple fundamental valuation results and its comparison with direct quotations.

BBVA Bancomer, as web 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 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.