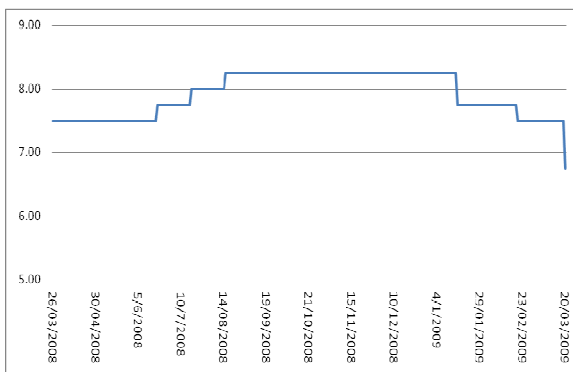


HARBOR Alert: Mexico's Central Bank cuts benchmark interest rate to 6.75%

Mexico's central bank lowered its target for the overnight interbank funding rate by 75 basis points (more than the 25 bps expected by most economists) to 6.75%. This represents a 150 bps reduction from its maximum fixed in ago-08. The target rate depicts the objective established for the central bank's interest rate by which the national banks lend acquire funds in the interbank market within 1 day period.

Target for Overnight Interbank Funding Rate



Target Rate	
Date	Level
nov-08	8.25
dec-08	8.25
jan-09	7.75
feb-09	7.5
Mar-09	6.75

Data Source: HARBOR Intelligence with Bank of Mexico date

HARBOR's Perspective: Recent economic data show that private consumption dropped 1.3% (4th-08 vs. 4th-07), industrial production fell 11.1% (jan-09 jan-08), and total goods exports plunged 31.49% (jan-09 jan-08). Thereby, aimed at boosting the flagging Mexican economic activity, the central bank lowered its benchmark lending rate. We forecast that Bank of Mexico will continue decreasing its benchmark lending rate up to 50 bps as the inflation keeps decreasing.