

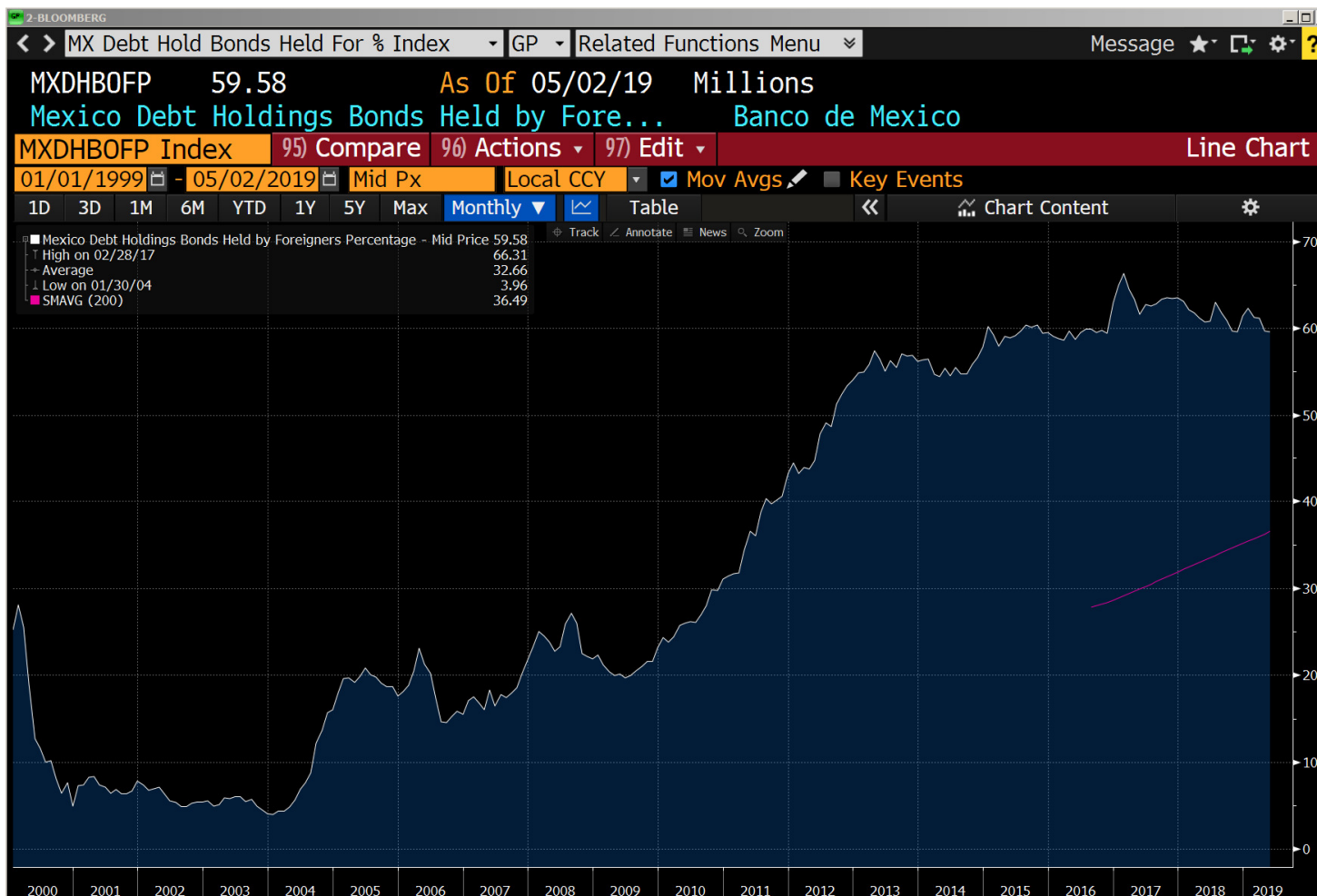
EMERSON LETTER™

May 13, 2019

A Perfect Storm

As evidenced by the two charts below, Pemex/Mexico is facing a perfect storm that could result in a massive unwind of both foreign investment in Mexican local currency debt, and foreign holdings of USD\$ denominated Pemex debt. AMLO seems to have the backing of the general population, but has lost most support from the Mexican business community, so internal financial allies are few and far between. A decline in exports to China as a result of the current US/China trade war will only add fuel to the fire, and exacerbate an already imbalanced structural situation.

Foreigners own almost 60% of Mexican local currency debt:



Pemex USD\$ debt is approaching \$100 billion, which is an increase of \$80 billion from total USD\$ debt outstanding of \$20 billion in 2009. Foreigners own 30% of this debt.

PEMEX 4 1/2 01/23/26 Corp AGGD Related Functions Menu

PEMEX 4 1/2 01/23/26 - PETROLEOS MEXICA

Issuer Name: PETROLEOS MEXICANOS Debt Inclusion: Parent Company and all subsidiaries

Asset Classes: Corps(139) Govts(0) Pfds(0) Loans(29) Munis(0)

Coupon: All Maturity: All Maturity Type: All

Assets Held: 168 Total Debt: 97.48BLN % Out: 30.11 Holders: 931 Currency: USD Investment Mgr View

Holder Name	Count	Source	Held Amount	Position	% Out	Filing Date
1. FMR LLC	41	ULT-AGG	3,823,910,554	4,795,970	3.92	05/10/19
2. Vanguard Group Inc/The	45	ULT-AGG	2,180,270,056	2,169,493	2.24	03/31/19
3. BlackRock Inc	63	ULT-AGG	1,782,668,184	3,815,383	1.83	05/10/19
4. Dodge & Cox	19	Sch-D [Deriv	1,229,568,931	1,229,210	1.26	03/31/19
5. Capital Group Cos Inc/The	28	ULT-AGG	895,579,359	32,505,039	0.92	03/31/19
6. Allianz SE	55	ULT-AGG	855,299,814	14,742,014	0.88	05/10/19
7. T Rowe Price Group Inc	37	ULT-AGG	850,068,357	1,763,687	0.87	03/31/19
8. Prudential Financial Inc	55	ULT-AGG	838,359,807	907,140	0.86	05/10/19
9. Credit Agricole Group	43	ULT-AGG	658,397,969	5,457,156	0.68	03/31/19
10. Schroders PLC	34	ULT-AGG	465,470,129	23,957,088	0.48	03/31/19
11. JPMorgan Chase & Co	47	ULT-AGG	421,648,265	421,472	0.43	05/10/19
12. TCW Group Inc/The	15	MF-AGG	398,170,546	692,811	0.41	03/31/19
13. Ameriprise Financial Inc	40	ULT-AGG	384,202,882	2,013,242	0.39	05/10/19
14. Lord Abbett & Co LLC	22	MF-AGG	350,656,018	682,615	0.36	01/31/19
15. Sun Life Financial Inc	26	ULT-AGG	322,902,381	708,860	0.33	03/31/19
16. Wellington Management Group LLP	55	Multi	321,703,541	319,245	0.33	03/31/19
17. Deutsche Bank AG	44	ULT-AGG	317,806,245	303,386	0.33	03/31/19

Respectfully yours,

Emerson Letter Editor

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