

Trade with the World: A tale of collapse, sanctions and war

The last few months have been characterized by a slightly more optimistic outlook for the Venezuelan economy, with different sources expecting (or assuring) a halt to the economic collapse, coupled with the end of the hyperinflationary episode in January 2021¹. Similarly, foreign trade seems to have been restructured in recent years, with a greater importance of the private sector and a greater diversity of goods.

After been dominated by a strong participation of oil and the public sector in the first 19 years of the 21st century, trade in goods presented several changes as of 2019, in which sanctions imposed by the United States and lower oil revenues resulted in a reduced role of the Government in both Venezuelan exports and imports. Similarly, the pandemic and consequent maritime transportation problems further reduced the public sector participation in external activities, to the extent that the private activity has mutated to compete with exports (under a great competitive disadvantage) and to finance the imports required to make up for the production and productivity losses of the local industry. However, recent events, mainly the *container* crisis and the conflict between Russia and Ukraine could imply a new change of course for Venezuelan trade trends.

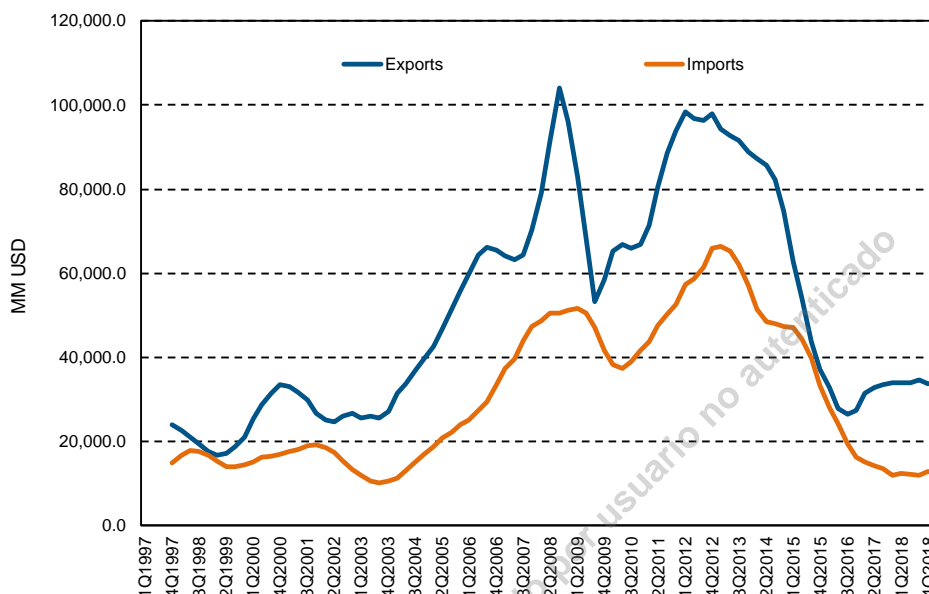
From public to private

Between 2014 and 2018, the public sector accounted for an average of 97.6% and 58.1% of total exports and imports of goods in Venezuela, respectively. From the exports side, these were mainly oil, comprising 93.8% of total exports in the same period. Imports presented a more diverse composition, highlighting "Mineral fuels" (16.6%), "Nuclear reactors, boilers, machinery and mechanical devices" (13.3%) and "Cereals" (5.8%)² at this time, where foreign purchases were heavily financed by an official exchange rate that appreciated against the parallel exchange rate.

¹Economic Outlook Report N°1 2022: From Hyperinflation to Chronic Inflation: What Official Price Figures Hide in Venezuela.

² Item names refer to general classifications of the United Nations Harmonized System of Classification.

Exports and imports (annualized)



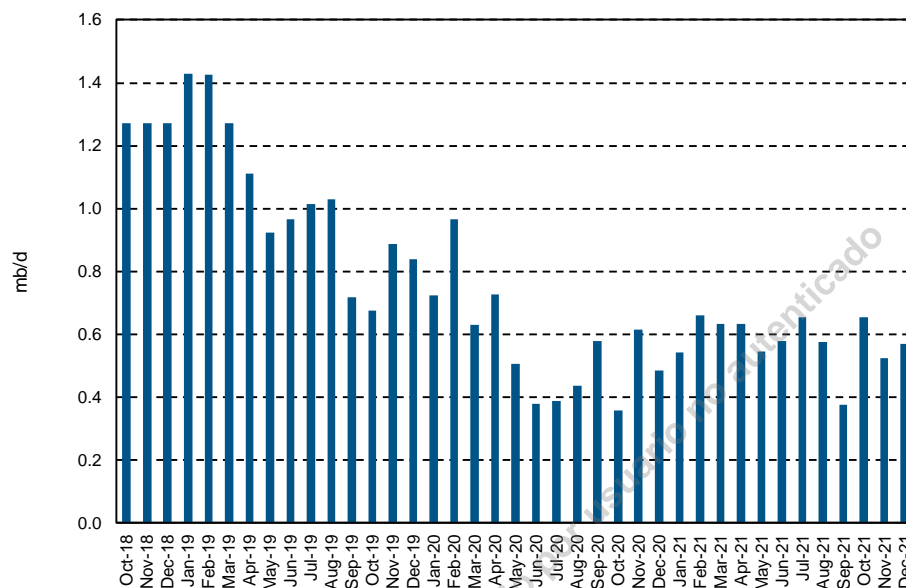
Sources: BCV and Ecoanalítica.

However, the Venezuelan trade balance began to collapse along with the economic recession that began in 2014, led by a reduction in the oil activity. Up to the first quarter of 2019³, total exports and imports presented a drop of 61.1% and 76.0% compared to 2014 levels. This period was characterized by low oil prices and a reduction in barrel production, which strongly limited the State's range of maneuver, with collateral effects on the economy in general. The collapse of the oil area intensified after the implementation of sanctions on the sector in 2019, when its share in the trade balance decreased to 79.8% of total exports in 2020; a drop of 14.0 percentage points (pp.) compared to the average of previous years⁴.

³ Last official figure available.

⁴ Regarding the percentage of oil exports over total between 2014 and 2018.

Venezuela's oil exports



Sources: Tanker Trackers, Refinitiv Eikon, Reuters and Ecoanalítica.

Private sector emerges from the ashes

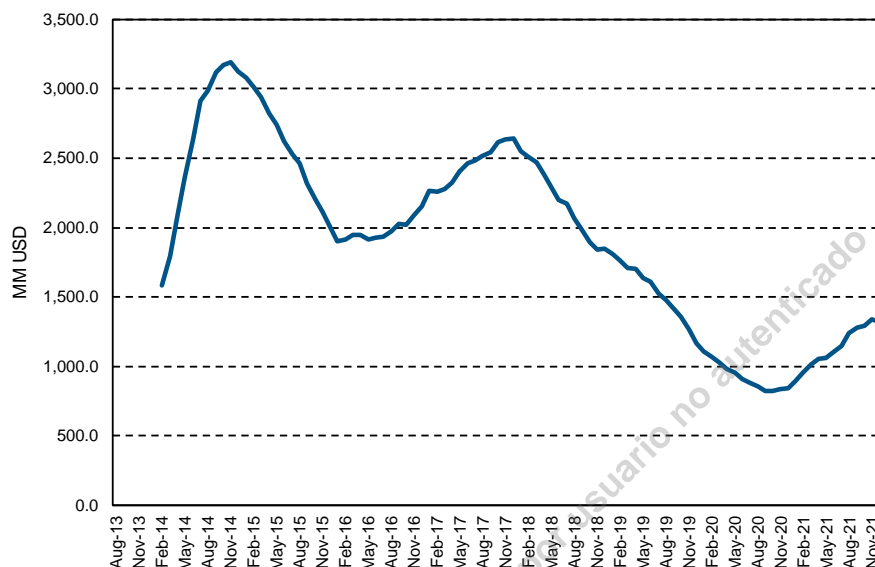
Although total exports and imports have declined sharply from the highly subsidized levels of 2012, the private sector has increased its role on foreign trade as the government has had to restrain its spending.

Since mid-2020, the private sector has seen an increase in its exports⁵, surpassing even pre-pandemic levels. According to **Ecoanalítica** estimates, the private sector realized approximately 19.6% of exports between 2020 and 2021. Over the past year, private monthly exports averaged USD 113 million, with an approximate cumulative total of USD 1,338 million⁶, an increase of 59.1% and 14.4% based on the total exported in 2020 and 2019, respectively.

⁵ Private exports are calculated by excluding "Mineral fuels" and "Precious metals" from total exports.

⁶ The cumulative amount may be underestimated because not all 2021 values have been reported.

Private exports of goods (annualized)



Note: Private exports are calculated by excluding "Mineral fuels" and "Precious metals" from total exports.
Sources: UNComtrade and Ecoanalítica.

On the other hand, non-oil imports have remained relatively stable since mid-2019. The reduction in import levels in 2021 stands out, 7.8% and 3.2% lower than the amounts imported in 2020 and 2019, respectively; which seems to respond to greater downward adjustments in public imports and the increase in maritime transport prices, as a result of complications in the supply chains due to the pandemic. In this sense, it is also expected that, despite the general contraction, the private sector will play a much more important role in the purchase of goods from the rest of the world.

What does the private sector trade?

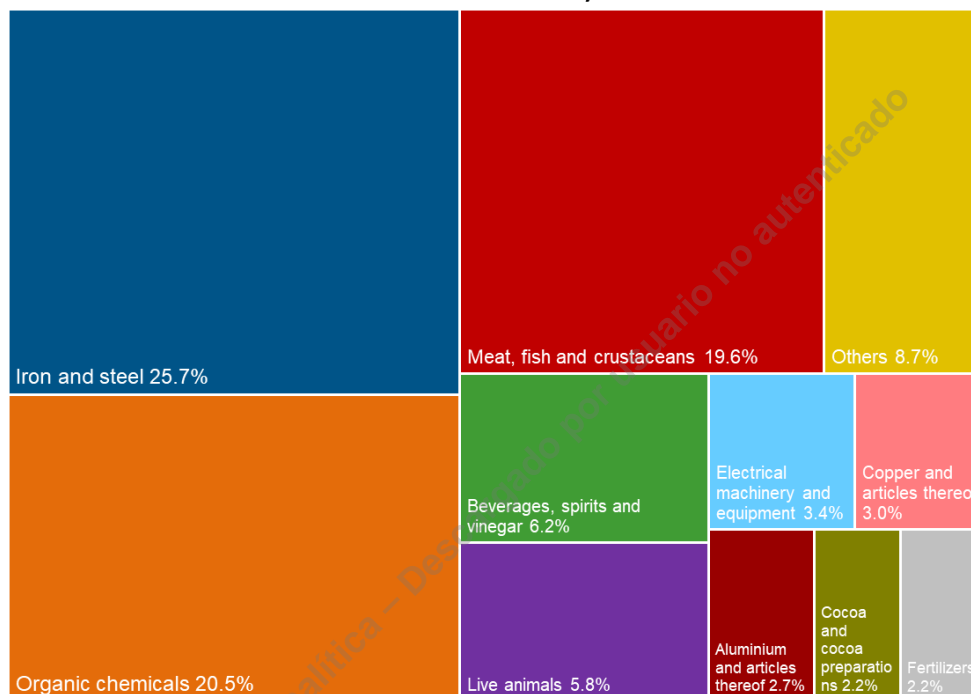
To the extent that the private sector has increased its relevance in the trade balance, the composition by items has also seen a significant diversification. In 2021, the items with the highest share in private exports were "Iron and steel" (25.7%), "Organic chemicals" (20.5%)⁷, "Meat, fish and crustaceans, including their preparations" (19.5%), "Beverages, spirits and vinegar" (6.2%) and "Live animals" (5.8%). Together, these items represent 77.9% of private exports. Beyond having greater importance over the total, most of these items showed significant growth in the last eight years, among them stand out: "Beverages, liquors and vinegar" (with an increase of 164.2% over exports in 2014),

⁷ Both "Iron and steel" and "Organic chemicals" may be exports with a significant degree of public sector participation. However, in the absence of official data, it is assumed that most of these are privately executed (with support from public industries).

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"Meat, fish and crustaceans, including their preparations" (104.4%) and "Iron and steel" (9.5%).

**Composition of private exports of goods in 2021 (USD
1,338 million)**



Note: Private exports are calculated by excluding "Mineral fuels" and "Precious metals" from total exports.
Sources: UNComtrade and Ecoanalítica.

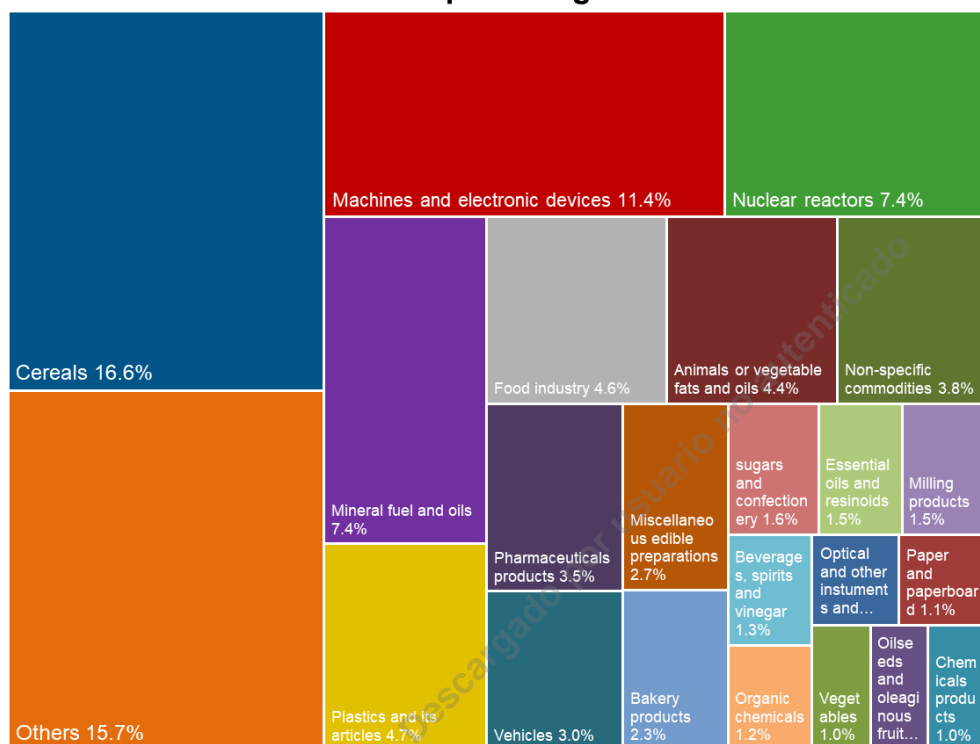
Imports have also seen a significant change in their composition, with "Grains" and "Electrical machinery" increasing in importance, from 4.7% and 7.5% of the non-oil total in 2014 to 17.9% and 12.3% in 2021, respectively. However, unlike the aforementioned exports, even the items that showed proportional increases with respect to the total presented significant decreases in the period under study, with decreases equivalent to 19.5% and 65.4% in the total of imported "Grains" and "Electrical machinery", respectively.

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Total imports of goods



Sources: UNComtrade and Ecoanalítica.

With whom?

Venezuela's trade partners have also changed significantly in recent years. From the oil side, the 2019 sanctions implied an important change, going from having the United States as the main hydrocarbons demander to having to sell and exchange barrels (through more opaque mechanisms) to China, India and Spain⁸. On the private side, the United States and Holland have remained among the main recipients of Venezuelan private exports. However, the rest of the top five export recipients are trading partners that have increased their importance over the years: Guatemala (receiving 9.1% of private exports in 2021), Italy (9.0%) and India (7.0%). It should be noted that, despite maintaining its position as the main demander of Venezuelan export products, the share of the United States in the total has dropped significantly, from 36.1% of the total in 2014 to 23.3% in 2021, with an absolute drop of 72.8% in the value of exported goods.

⁸ For more detail, review the oil section of the following outlook reports: [Economic Outlook Report N°1 2021: The New Chinese "New Year"](#); [Economic Outlook Report N°2 2021: The Last in Line](#); [Economic Outlook Report N°3 2021: Stability Necessary, But Not Enough](#); [Economic Outlook Report N°4 2021: 2022: A \(Not Entirely\) Different Year](#).

In contrast, imports of goods from the United States have increased significantly between 2014 and 2021, from 29.8% to 53.1% respectively. Elsewhere, imports of goods from Venezuela's trading partners have remained relatively stable⁹.

War cascade effect

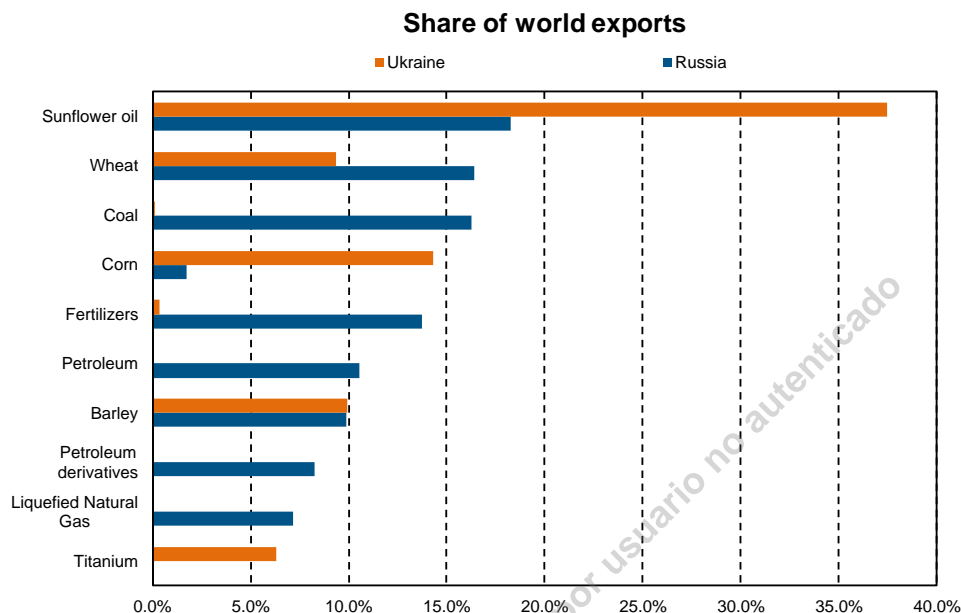
The slight expansion trends of the private sector could be strongly disrupted by the conflict between Russia and Ukraine. Although in the first place there does not seem to be a major direct effect on Venezuelan trade, since Ukraine and Russia represent a trivial percentage of global exports and imports, the effect of this conflict on the prices of raw materials, mainly oil and cereals, could generate significant changes on the trade balance.

The expectation of sanctions on the Russian energy sector has raised concerns in international markets, resulting in energy prices not seen since 2008. This occurred thanks to the fact that Russia exports 10.5% of the world's oil, 16.3% of coal and 7.2% of natural gas. In fact, the United States has already banned imports from Russia of these three raw materials and there is speculation that other countries will take similar measures¹⁰. In this case, Venezuela may benefit from higher hydrocarbon prices, where the Brent price has increased 46.4% since the beginning of 2022. Additionally, given the excess demand for oil in the international market, Venezuelan authorities have started negotiations with the U.S. Government to start trading its crude oil again despite the sanctions¹¹. Although there is still much uncertainty about a new arrangement between the United States and PDVSA, it is possible that the Government will be able to significantly increase its exports in this way, beyond the price increase.

⁹ It is worth noting that UNComtrade has not reported trade between Venezuela and China and Russia since 2020, which could explain the relative stability of imports from other countries.

¹⁰ El País. (2022). *The United States and the United Kingdom redouble sanctions on Putin with a ban on oil imports from Russia*.

¹¹ Reuters. (2022). *U.S., Venezuela discuss easing sanctions, make little progress: sources*.



Note: share of total exports in 2019
Source: Atlas of Economic Complexity and Ecoanalítica

The cereal market may be another of the most affected by the possible restrictions faced by Russia and Ukraine, since between them they account for 16.3% of cereal exports worldwide. Since cereals is Venezuela's main import item, the increase in the price of cereals will undoubtedly have an impact on the prices of finished products, in addition to a possible reduction in imports of this and other items, to the extent that the private sector cannot finance the higher costs at international level.

Thus, the increase in oil and grain prices will have opposite effects on the Venezuelan trade balance; however, it is to be expected that, given the predominance of the oil sector in Venezuelan exports, the positive impact of an increase in hydrocarbon prices and exports will be greater than the adverse shocks due to increases in grain prices. However, it should be noted that this could imply a displacement of the private sector by the public sector, to the extent that oil exports become more profitable and resources are diverted to this industry, and, given a generalized increase in international costs, the private sector loses its capacity to compete (due to a higher cost of inputs) and, simultaneously, it becomes more difficult to acquire imported goods.

Smaller, diversified?

In total, the Venezuelan external sector has shrunk by approximately 88.9% in 7 years. However, despite real activity in 2021 being one-fifth of the 2013 economy, the private sector has managed to find breathing room in specific areas of growth, with opportunities

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to increase its exports. For the time being, sectors developed with a view to trade are limited, but, under an environment of restructuring of global production chains in response to the pandemic and geopolitical conflicts, in the medium term the Venezuelan private sector could find new niches in international chains to participate in. However, the conflict between Russia and Ukraine and the remaining problems of the COVID-19 pandemic could also present obstacles to the development of export industries, especially for the private sector.

**Diego Santana Fombona
José Antonio Medina**

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WEEKLY INDICATORS

Weekly Economic Indicators			
	2nd Week March	Weekly chg. (%)	Depre/Apre (pp)¹
FX Boards (VES/USD)²	4.3	-1.0	-1.1
	4th Week February	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	56.9	-1.3	12.4
	2nd Week March	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	48.4	1.7	-157.0
	1st Week March	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	10.8	-0.42	73.3
	4th Week February	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (MM VES)**	5,112.2	4.8	581.1
Price of International Oil Baskets (USD/bl)			
	1st Week March	Weekly chg. (%)	Annual chg. (%)
WTI	106.8	15.9	70.6
Brent	114.4	82.0	74.2
Price of the Venezuelan oil basket (USD/bl)			
	5th Week July (2020)	Weekly chg. (%)	Annual chg. (%)
Weekly Average	22.4	0.0	-61.9
Annual Average	28.8	-0.7	-51.7

Sources: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

** Reconverted amounts.

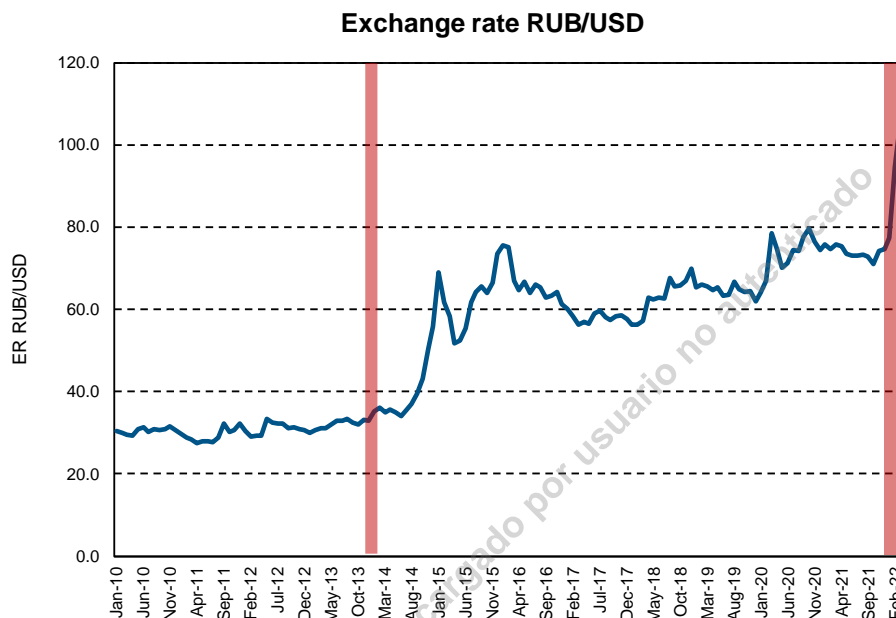
¹ Depreciation (+)/Appreciation (-)

² FX Borads' average exchange rate

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GRAPHIC OF THE WEEK: "DASVIDANIA TO EXCHANGE RATE STABILITY".



Note: The months marked in red represent the months in which Russia entered the conflict.
Sources: Investing and Ecoanalítica.

Exchange rates tend to be sensitive to events of a geopolitical nature. In the case of Russia, during the last decade, the main triggers of exchange rate volatility have been linked to diplomatic and military tensions with Ukraine. Exemplified by the incursion and annexation of Crimea in March 2014, and, more recently, with a larger scale invasion of Ukrainian territory in late February 2022.

In 2014, the exchange rate went from RUB 36.1/USD to RUB 68.9/USD, an increase of 91.0%, in less than twelve months. In comparison, between the close of January and March 2, 2022 the exchange rate went from RUB 77.4/USD to RUB 106.0/USD; an increase of 37.0%.

The exchange rate reflects the confidence of economic agents in a currency and, by extension, in the economy that supports it. The recent loss of confidence in the ruble is not only due to the economic instability inherent in a war (trade shock, readjustment of government spending, interruption of production chains, among others), but also to the economic reprisals imposed by the West, mainly the United States, which isolate the Russian economy from the international system.

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It is still too early to say when, and at what level, the ruble rise would be located, but historical evidence since 2014 implies that it is unlikely to recover to its pre-conflict state; with non-trivial consequences on the real Russian economy.

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ECONOMIC TIPS

COVID-19 in Venezuela. According to government figures as of March 10 of this year, the country has 516,966 registered cases of coronavirus and 5,650 deaths due to the virus. In turn, according to OurWorldInData, it is estimated that 77.2% of the population has received at least one dose of a vaccine as of February 25, 2022.

Inflation in free fall (I). The BCV reported that the National Consumer Price Index presented an increase of 2.9% in February, which represents the lowest monthly figure in eight years. With this result, the accumulated inflation for 2022 rises to 9.9%, while the interannual one stands at 340.5%, being the lowest twelve-month inflation recorded since August 2017.

Inflation in free fall (II). In detail, the items that presented the highest price increases in February were communications (23.1%) and education services (17.5%). Likewise, the categories that registered the lowest inflation in the month were Clothing and Footwear (0.4%) and Health (0.8%).

Inflation in free fall (III). On the other hand, according to the Venezuelan Finance Observatory (OVF), February monthly inflation was 1.7%, i.e., 1.2 percentage points (pp.) lower than that published by the BCV. According to the OVF figures, the accumulated inflation for the first two months of the year is 6.6%, the inter-annual inflation is 246.0% and it would be the twelfth month with inflation below the 50% threshold.

Projections 2022 (I). The Economic and Social Research Institute (IIES) of the Universidad Católica Andrés Bello projects that the Venezuelan economy will grow 8.6% in 2022. According to the report, this growth will be driven by the recovery in oil production and exports and the dynamization of the "transportation and communications", "manufacturing and agriculture" and "mining" sectors.

Projections 2022 (II). Similarly, the IIES projects that annual inflation at the end of the year will be 225% and that the real exchange rate will probably end up appreciating by the end of 2022. In this sense, the higher level of economic activity together with the increase in oil revenues would allow reducing the fiscal deficit and, with it, the need to use the inflationary tax as a financing mechanism.

Projections 2022 (III). In its report, the IIES warns that taxes on foreign currency transactions will have a negative impact on dollarization and will stimulate informality in the economy. In addition, the Institute states that it would be "unnecessarily risking" the

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progress that has been achieved in terms of stabilization and recovery of economic activity.

Interventions continue. Last March 2, the BCV injected USD 55.7 million more to the banks, which represents a reduction of 30.8% compared to the amount of its previous intervention. According to some sources, the money was distributed between USD 22 million and EUR 30 million to keep the official exchange rate stable.

Basic food basket (I). The Observatory of Public Expenditure of the Center for the Dissemination of Economic Knowledge (Cedice Libertad) estimated that on February 15 a family of three needed VES 2,119.85 or USD 474 to cover an average consumption of 61 goods and services per month. Thus, the basket shows no variation in its cost in dollars with respect to the end of January.

Basic food basket (II). In this line, the OVF reported that the food basket cost in February VES 1,633.11 or USD 353, which implies a reduction in dollars of 3.3% compared to the previous month. However, compared to February 2021, the food basket registered an increase in dollars of 24.7%.

Money Tables. For the second week of March, the average money desk rate was VES 4.3/USD, representing a 1.1% appreciation from the previous week.

OIL TIPS

Will they be fruitful? The administration of President Joe Biden admitted that it generated a contact with the government of Nicolás Maduro with the purpose of alleviating the sanctions imposed on Venezuelan crude oil and increasing the flow of it in the international market, since the country's oil has U.S. sanctions since 2019.

It will not be possible... Francisco Monaldi, head of the Latin American Energy Program at Rice University, warns that Venezuela could not replace Russian oil due to the large differences between Venezuelan and Russian production. Venezuela produces about 800 kb/d and Russia about 11 mb/d. However, he emphasized that, if the United States stops importing Russian oil, Venezuela could cover that part of the market.

... or is it? President Joe Biden announced an embargo on U.S. imports of Russian oil and gas in order to increase the sanctions imposed on Russia and President Vladimir Putin's administration. However, Europe refuses to decree an embargo, for the time being, on Russian imports, as they cover 40% of its natural gas and 30% of its oil needs.

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And it continues to rise. The price of OPEC crude oil reached historic levels after selling on Monday at USD 126.51 per barrel, i.e. USD 13.36 dollars more than in last Friday's session. This barrel, used as a reference by OPEC, had not traded so high since 2008, when it was down from an all-time high of USD 140.73.

Shock in the markets. World oil prices increased significantly after the US embargo on Russian oil imports. Although it remained below the high reached on Monday (USD 139.13 per barrel), Brent rose by 6.8%, equivalent to about USD 131.63. In addition, WTI rose by 6.7%, reaching USD 127.44 per barrel.

Better to withdraw than to regret it. Oil giant Shell announced that it intends to withdraw from Russian oil and gas gradually in response to the Russian invasion in Ukraine. The company stipulated that the first action to be considered will be to discontinue all spot purchases in the Russian oil market, close its service stations and aviation fuel and lubricants activities in Russia.

The ace up its sleeve. The strategic petroleum reserve (SPR), which is a subway complex of caverns in the United States, allowed Joe Biden's government to authorize the injection of 30 million barrels into the market in an attempt to contain the price increase. This deposit has been so abundant that it has allowed the United States to sustain its consumption in difficult times and to contribute to the market in situations such as the current one.

Beneficial play? (I). After many years without having its own gasoline production capacity, Mexico was able to acquire 100% of a refinery that is not in its national territory. The famous "Deer Park" is one of the 20 facilities with the largest capacity in the United States and one of the oldest. For this reason, the government is paying USD 600 million to Shell, plus another USD 600 million to settle debts.

Beneficial play? (II). The Mexican administration's strategy is aimed at reversing the energy reform approved in 2013 that opened investments to private companies, since the president of said country defends that this reform ensures dependence on foreign countries and eliminates the country's sovereignty over its own production of the resource.

SECTORIAL TIPS

Insufficient improvements (I). The president of the National Federation of Public Employees (Fedeunep), Antonio Suárez, stated that the measures on the minimum salary

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announced by President Nicolás Maduro represent a "slight improvement" for the worker due to the fact that the bonuses will be reflected in the savings fund and social benefits.

Insufficient improvements (II). However, the leader declared that the increase is insufficient and that it is still lower than that of countries such as Cuba and Haiti. Suarez added that the Government must take measures to guarantee the health and food of public employees and pensioners, otherwise the salary increase will disappear in two months.

Possible shortage. Vicente Pérez, executive director of the Venezuelan Confederation of Agricultural Producers Associations (Fedeagro), warned that the supply of fertilizers to the country is directly affected by the war in Ukraine due to the fact that Russia is one of Venezuela's main suppliers. Perez added that difficulties are foreseen to carry out the second and third fertilization in the country.

Necessary financing. Perez stressed that to satisfy the entire agri-food system a minimum investment of USD 1.5 billion is needed and a large percentage must be made with financing. He added that if we want to produce food, we must make a great effort to have internal and, above all, external financing to be able to boost production.

Wheat is skyrocketing. The president of the National Federation of Flour Industry Workers (Fetraharina), Juan Crespo, stated that Venezuela has not been importing Russian wheat for some time because it is of poor quality. In spite of this, the leader explained that the increase in the price of wheat worldwide will have an impact on the price of the finished product in Venezuela.

End of subsidy. For days it was being reported that the Patria system had not renewed the subsidized gasoline quotas and it was known that several subsidized gasoline pumps will change to the dollarized regime. Daniel Betancourt, a specialist in financial law at UCAB, points out that it is evident that the end of the gasoline subsidy is coming quietly and slowly.

Miserable increase (I). The announcement of the increase of the minimum wage and pensions to VES 126 or USD 28, does not change the decision of Venezuelan pensioners and retirees to protest next March 9 in front of all regional social security offices.

Miserable increase (II). Edgar Silva, representative of the Coordination of Venezuelan Pensioners and Retirees, explained that for such adjustment to be constitutional, it must comply with Article 91 of the Constitution, which orders the government to homologate the minimum and pensions according to the cost of the basic family basket, which in January is USD 896 or VES 4,121.

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Petare Basket. According to the Venezuelan Observatory of Finance (OVF), the Petare Basket stood at VES 156.80 or USD 34.69 for eight products of the Food Basket. In their Twitter account, they indicate that there was a variation in prices in bolivars of 0.19% while in foreign currency it was 1.96%.

In spite of the war. Russian tourists will be able to travel to Margarita Island as from April, according to Jesús Irausquín, president of Fedecámaras Nueva Esparta. The businessman detailed that Conviasa will have seven monthly flights to reactivate the air route, in spite of the international sanctions against the Kremlin for the invasion of Ukraine.

Dollar inflation (I). Luigi Pisela, president of the Venezuelan Confederation of Industrialists (Conindustria), indicated that the business sector will have to pay more than once the tax on foreign currency transactions because it will be charged at several levels of the national production chain. The businessman estimates that Venezuelans' pockets were already feeling inflation in dollars which will be more stimulated now.

Dollar inflation (II). Regarding this, prices in dollars increased between October 2021 and February 2022. During those five months, the exchange rate devaluated by 3% according to Conindustria estimates. Pisella commented that this phenomenon affects even the tourism industry.

POLITICAL TIPS

A new increase (I). Nicolás Maduro approved, on March 3, an increase in the minimum salary to half a petro, which will have an impact on all salary tables and will include pensioners and retirees.

A new increase (II). By March 3, the value of the petro published on the official page of that cryptocurrency stood at VES 252.64, so the minimum wage would be VES 126.32, if the government decides to take as a reference the value of such date, which, according to the BCV exchange rate of that same day, is equivalent to USD 28.9.

Better conditions are expected. The head of the mission of the Delegation of the European Union (EU) in Venezuela, Rafael Dochao Moreno, expressed his hope that the recommendations made by the Electoral Observation Mission (EOM) of the community bloc, after the elections of November 21, will serve to improve the electoral conditions of the country.

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Considered a threat. The White House addressed a message to Congress indicating that President Joe Biden continues to consider the situation in Venezuela as a threat to the national security of the United States. The original Executive Order in which the National Emergency with respect to Venezuela was considered dates from March 8, 2015 and would be in effect, in principle, until March 8, 2022. However, with the new decision, such decree will remain in force.

Great rejection. 22 diplomatic delegations in Venezuela issued a communiqué in which they expressed their rejection to the Russian invasion of Ukraine. They indicated that Russia's actions violate all the principles of the Charter of the United Nations and assured that, in view of this, the world must strongly condemn the government of said country. They also stated that these warlike actions undermine world security, peace and stability.

No guarantee (I). The Spanish newspaper, ABC, assured that within the leadership of the government of Nicolás Maduro there is panic and fear because the President of Russia, Vladimir Putin, does not give them guarantees on the gold and the fortune that the Chavistas have in the Russian banks.

No guarantee (II). That move saved it from financial collapse during the last three years, but the Venezuelan government is now threatened by sanctions against its Russian ally.

Change of opinion... The vice-president of Nicolás Maduro's government, Delcy Rodríguez, called for dialogue between Russia and Ukraine after more than a week of Russian occupation.

...with benefits in between. These statements come after the meeting between Nicolás Maduro and a delegation of senior U.S. officials, in order to assess Venezuela's willingness to distance itself from Russia, which would allow Washington to examine the possibility of Venezuela becoming an oil supplier, in view of the sanctions against Russia and their impact on the hydrocarbons market.

Reactivation of the dialogue process (I). Nicolás Maduro distanced himself from several positions that, in the last months and days, he had assumed in the domestic and international order. Maduro spoke of dialogue and peace both in Venezuela and in Ukraine and also announced new meetings with the United States. In this sense, he announced that the dialogue between his government and the Venezuelan opposition will be reactivated.

Reactivation of the dialogue process (II). Following his speech on the fears that the war between Ukraine and Russia will turn into a world war, Maduro commented that he

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hopes that a negotiation between these two countries in conflict will lead to a peaceful pact.

Two sides (I). U.S. Democratic Senator Bob Menendez expressed his "resounding" opposition to the possibility of the White House relaxing its sanctions on Venezuela in order to contain the price of crude oil in global markets.

Two sides (II). Menendez expressed his concerns that these U.S. negotiations to buy Venezuelan oil could perpetuate a humanitarian crisis that has destabilized Latin America and the Caribbean for a generation.

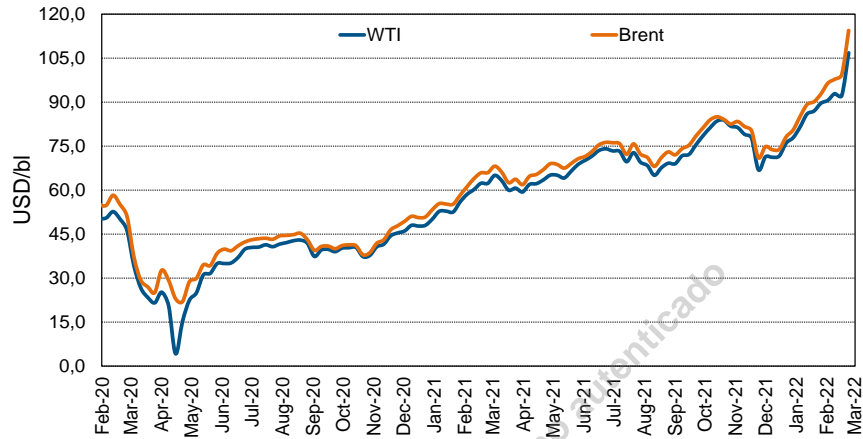
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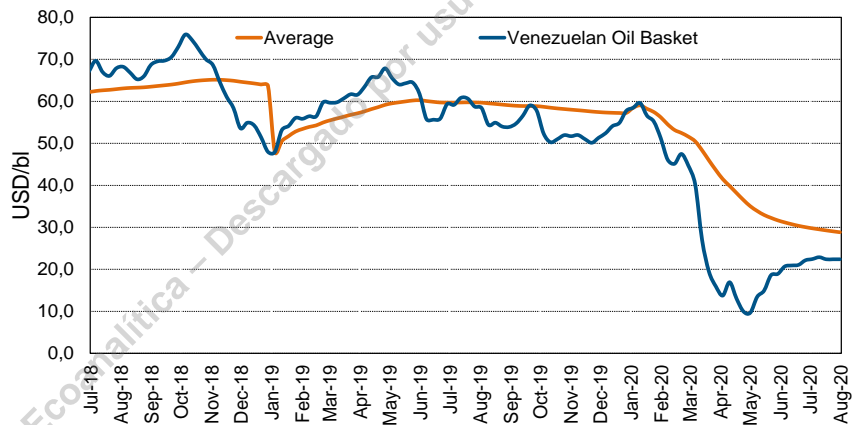
ECONOMIC INDICATORS

**Oil Prices
(WTI and Brent)**



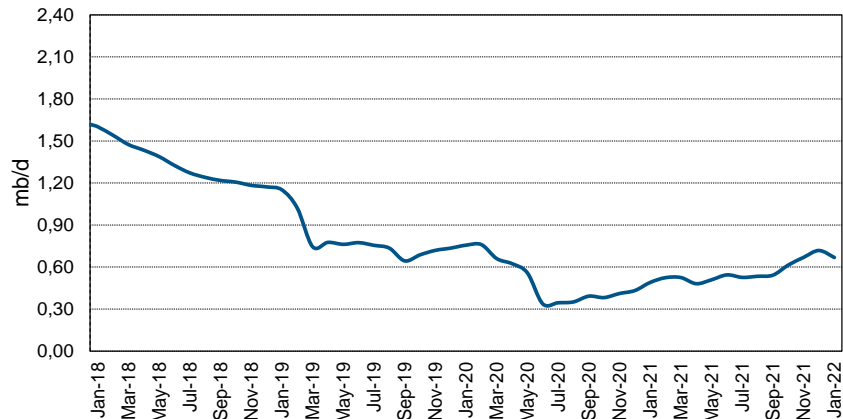
Sources: Menpet and Ecoanalítica

**Oil Price
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

**Oil Production
(Secondary sources)**

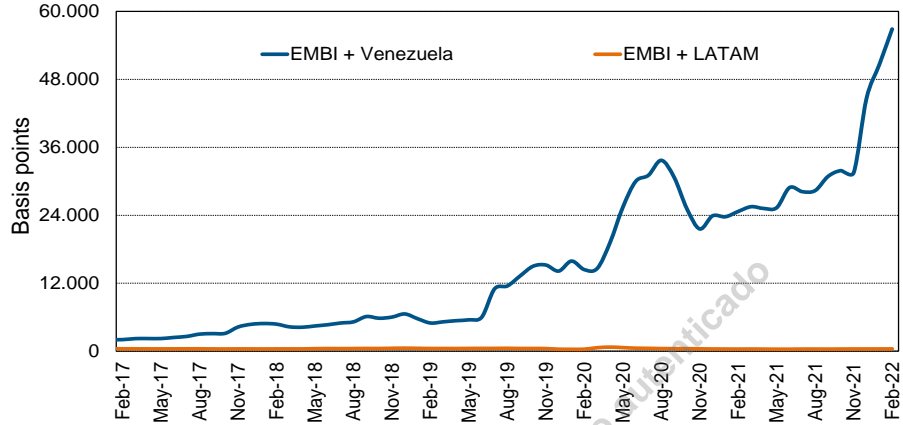


Sources: OPEC and Ecoanalítica

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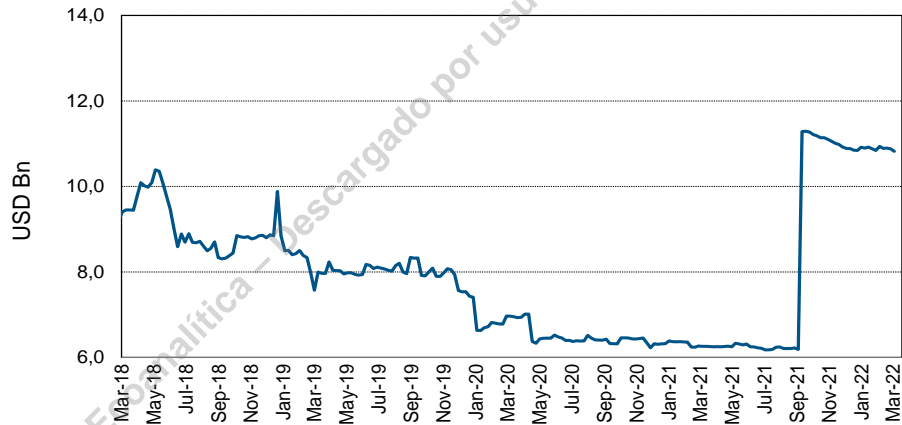
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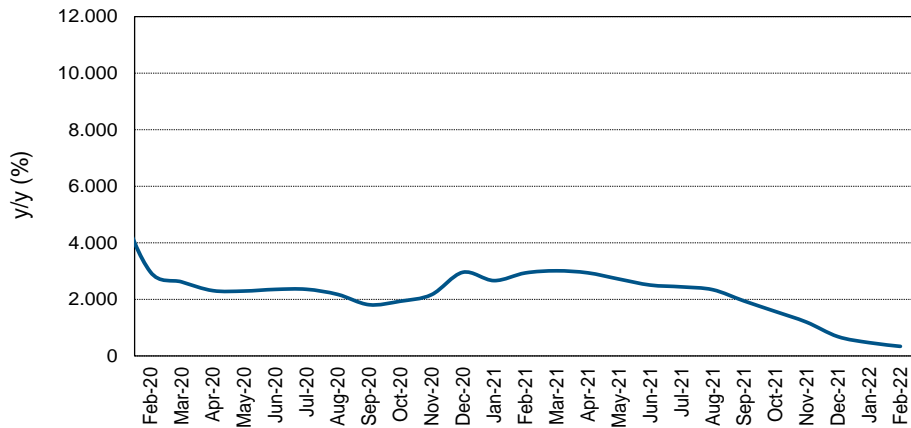
Sources: BCRP and

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

Inflation (BCV)



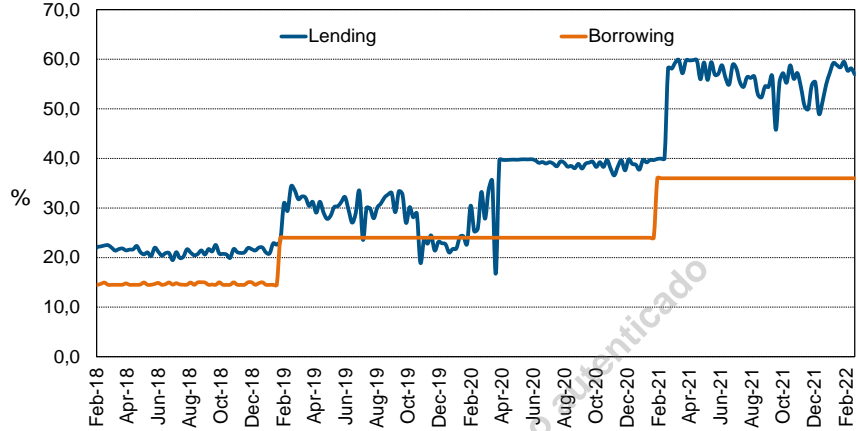
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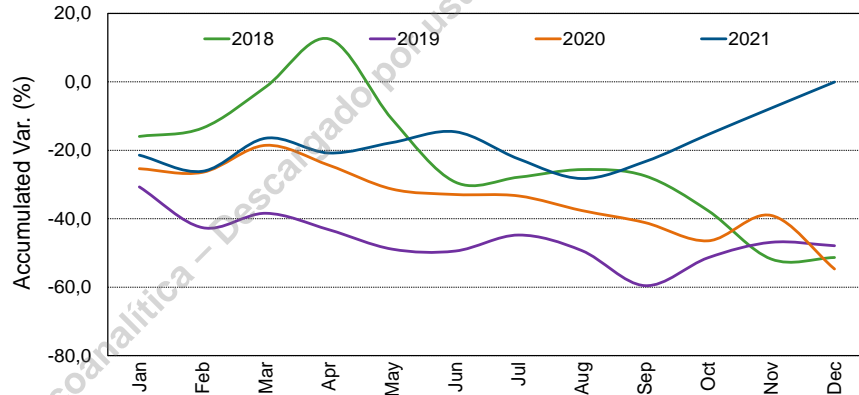
ECONOMIC INDICATORS

**Interest Rate
(Six major banks)**



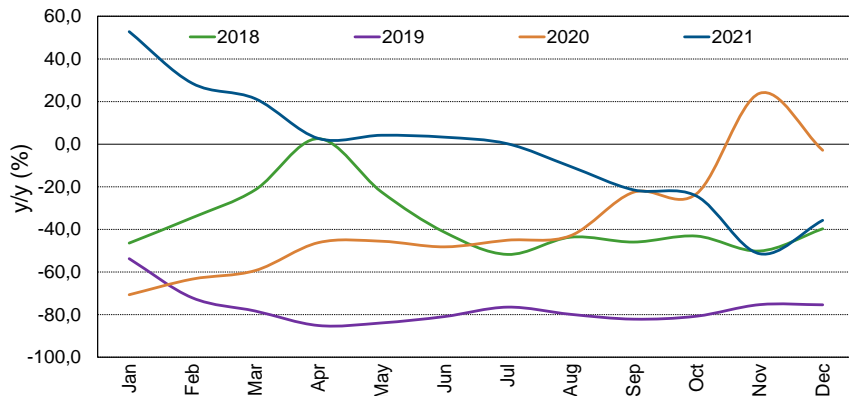
Sources: BCV and Ecoanalítica

**M2 Expansion
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio
(Real)**



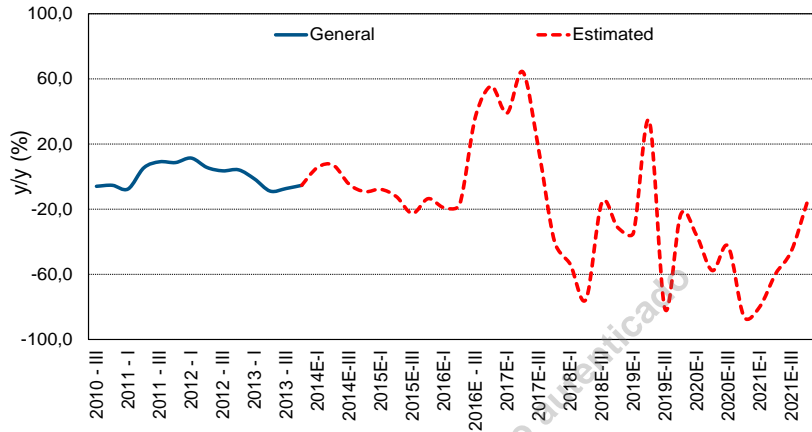
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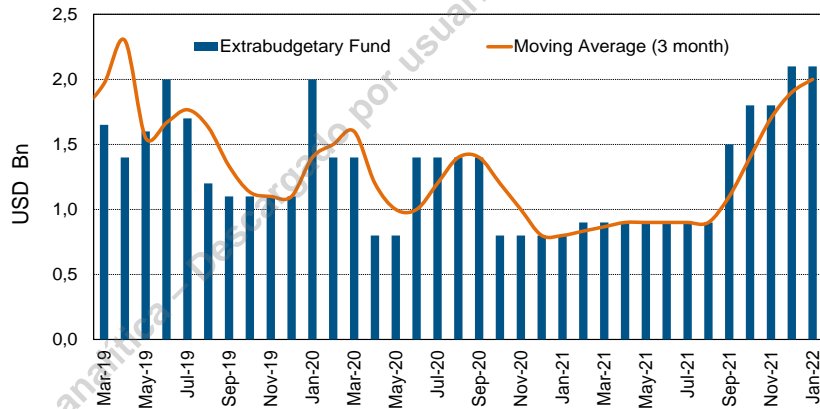
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Real Wage Index



Sources: BCV and Ecoanalítica

State Extrabudgetary Resources



Source: Ecoanalítica

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