ecoanalítica

Exchange Rate
Outlook Report

Year 18 – November 2022

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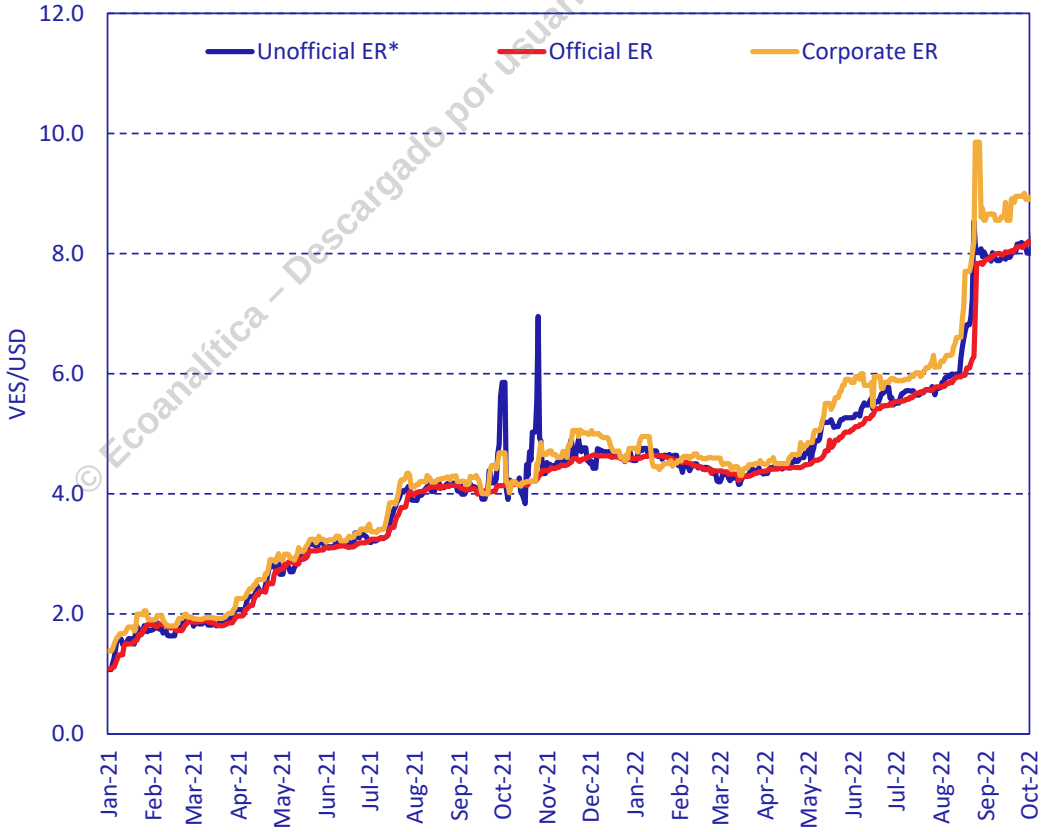
Analysis of the Venezuelan foreign ***exchange market.***

Evolution of the parallel market

At the close of October 2022, the parallel exchange rate closed at VES 8.83/USD, averaging VES 8.52/USD during the month, an increase of 10.2% over the close of the previous month and of 103.5% compared to the same period of 2021. For its part, the corporate[1] exchange rate closed on the same date at VES 9.41/USD, with a monthly average of VES 9.30/USD, and an average premium of 9.5% over the FX retail rate.

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Daily exchange rate



**** Calculated by the implicit Bitcoin (BTC) exchange rate.***
Sources: BCV and Ecoanalitica.

1 Exchange rate at which Venezuelan firms trade, normally at a higher price than that observed at retail.

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In October, the foreign exchange indicators continued to show increases, although less than in the previous month. The sale of foreign currency by the BCV in the order of USD 392.9 million, which represents the largest injection of foreign currency so far this year, has helped to reduce the acceleration of exchange prices to levels similar to those observed in the second quarter of 2022, prior to the August escalation. However, what has been observed in recent months reaffirms the fragility in which the Venezuelan economy operates, whose price indicators remain highly sensitive to monetary indicators and generates a warning regarding the sustainability of the price containment strategy by anchoring the rate of change, for the moment in which the capacity to generate foreign exchange is reduced.

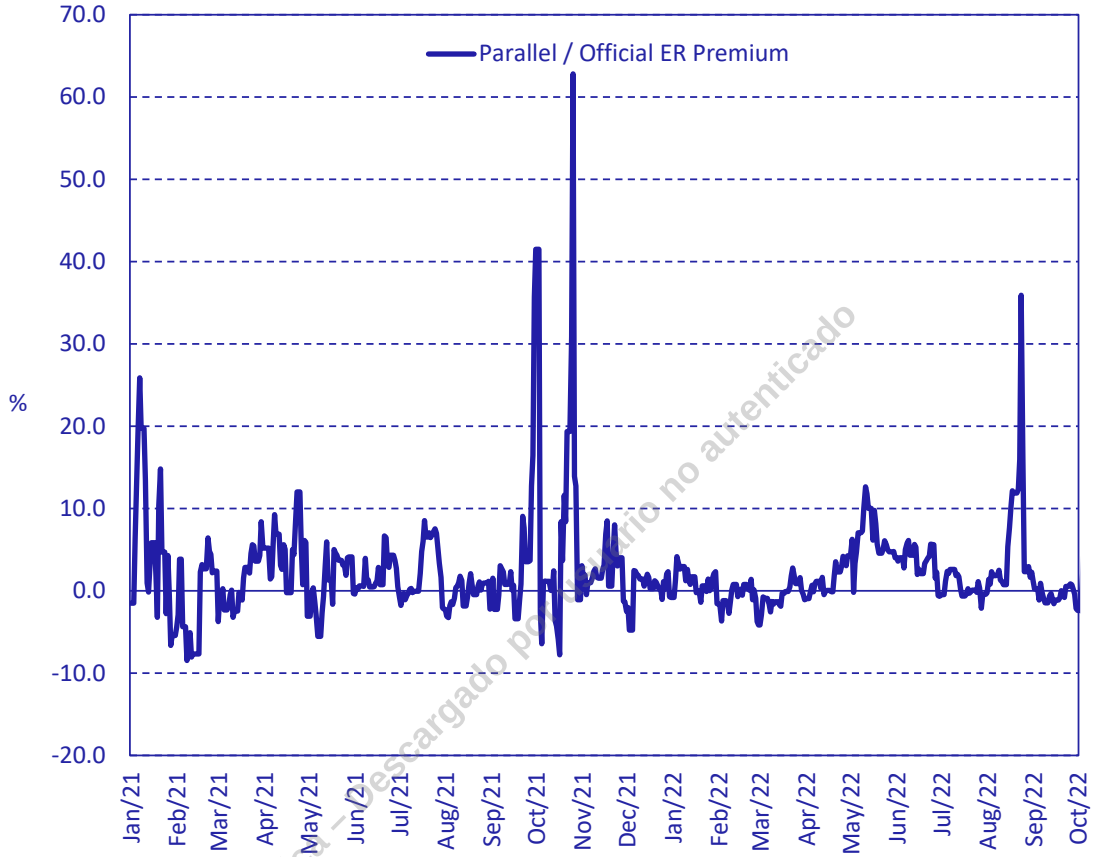
The Official exchange rate and BCV interventions

The official exchange rate closed the previous month at VES 8.53/USD, with an average during October of VES 8.32/USD. Thus, the price agreed in the unofficial market remained, on average, 2.4% above the official marker in October 2022, 7.6 percentage points (pp.) lower than the margin observed in 2021 - marking in that year a premium of 2.6% of the parallel exchange rate over the official one.

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Parallel and official exchange rate premium



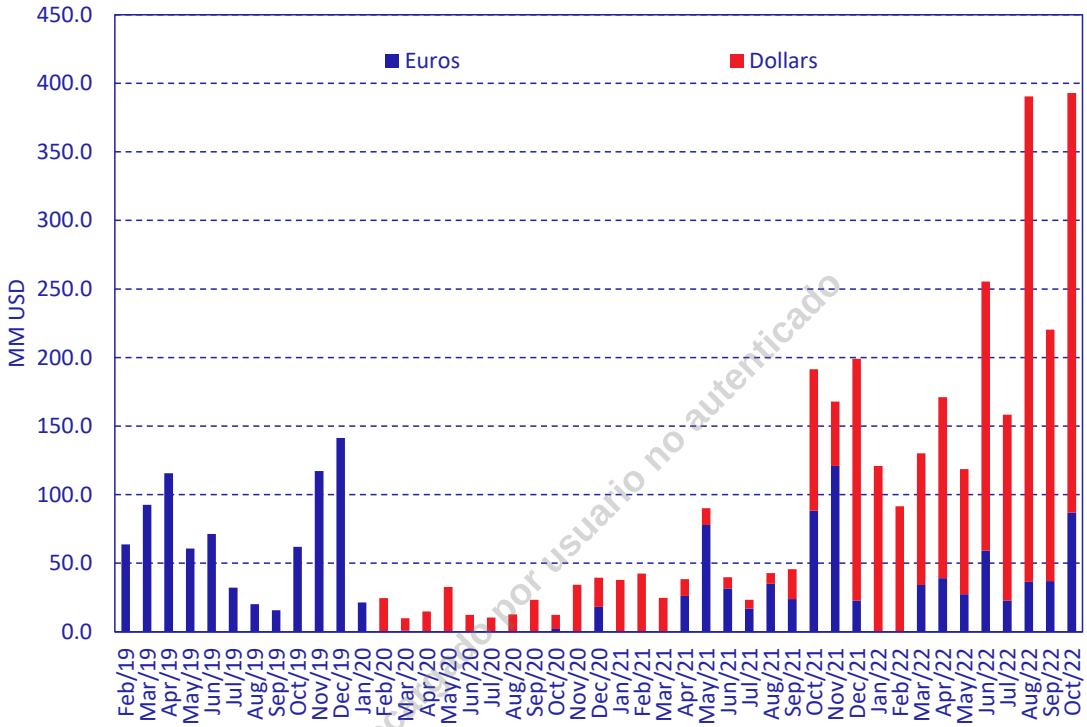
Sources: BCV and Ecoanalitica.

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The close relationship between the unofficial and official marker is mainly due to the BCV's foreign currency sales to the financial system. In October, the BCV intervened in the foreign exchange market with USD 392.9 million, 105.2% higher than the sales of the same month of 2021 and 78.3% higher than the amounts of September.

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Sale of foreign currency in cash to the financial system



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**** Euros converted to dollars using the average USD/EUR exchange rate for the month.***
Source: Ecoanalitica.

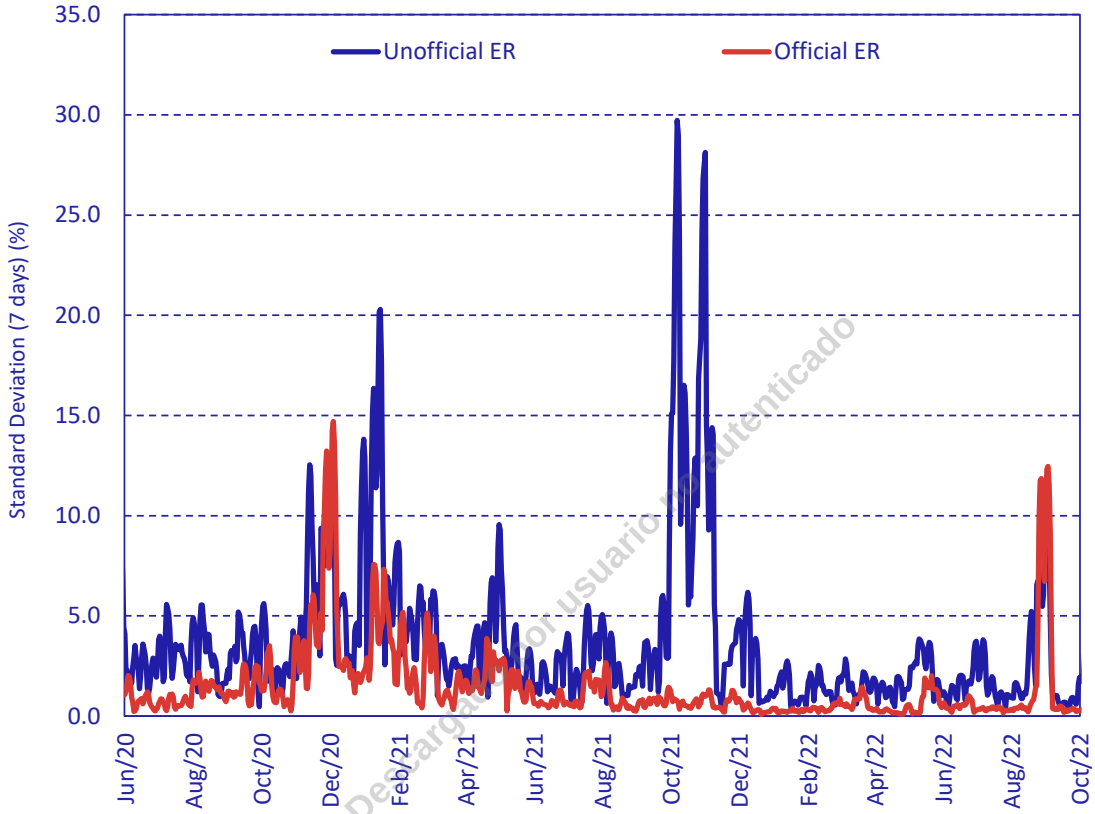
Exchange market volatility.

The volatility[2] of the parallel exchange rate slightly increased in October, growing 0.01 pp. with respect to the previous month. On the other hand, the volatility of the official rate in October was lower than that of the parallel rate, being 1.8 pp. below the latter.

[2] Standard deviation of the weekly variation of exchange markers.

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Daily volatility of exchange rate variation



Sources: BCV, LocalBitcoins and Ecoanalitica.

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Parallel exchange rate ***projections.***

Fundamentals of projections:

Given the technical difficulties in making nominal exchange rate projections in an environment of high inflation, as mentioned in previous reports, Ecoanalítica is currently making adjustments to our predictive model. The results shown in this edition are the result of this adjustment process. Therefore, they present relatively significant changes with respect to the previous edition.

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Non official exchange rate forecast

Date	Actual value *	Forecast range					
		Low		Medium		High	
2021M01	1.72	0.36	0.80	1.16	1.52	2.00	2.59
2021M02	1.92	0.94	1.36	1.78	2.43	3.01	3.74
2021M03	2.07	1.00	1.45	1.83	2.22	3.33	4.44
2021M04	2.66	1.67	2.42	2.63	2.83	3.68	4.52
2021M05	3.09	1.78	2.58	3.05	3.53	4.17	4.82
2021M06	3.22	1.93	2.19	3.32	3.85	3.91	3.96
2021M07	3.90	2.12	3.07	3.57	4.08	4.74	5.40
2021M08	4.05	2.27	3.28	3.79	4.29	4.92	5.04
2021M09	5.62	2.58	3.23	3.88	4.54	5.12	5.70
2021M10	4.34	4.36	5.46	5.83	6.21	7.87	9.52
2021M11	4.55	3.23	4.68	5.10	5.52	6.08	7.28
2021M12	4.55	1.80	2.61	4.70	5.75	5.92	6.10
2022M01	4.48	2.67	3.87	4.99	5.07	5.56	6.05
2022M02	4.20	3.02	4.38	5.09	4.77	5.02	5.26
2022M03	4.33	2.76	4.00	4.29	4.58	5.36	6.13
2022M04	4.68	2.48	3.60	4.54	5.08	6.08	7.08
2022M05	5.27	2.75	3.98	4.67	4.97	5.18	5.39
2022M06	5.50	2.57	3.73	4.73	5.34	5.68	6.02
2022M07	5.76	3.20	4.29	5.47	5.91	5.99	6.08
2022M08	8.03	2.90	4.21	5.70	6.20	6.47	6.74
2022M09	8.01	5.88	8.39	9.21	9.43	9.92	10.42
2022M10	8.83	5.78	8.26	8.47	8.69	9.38	10.07
2022M11		**8.56**	**9.51**	**10.36**	**11.16**	**11.94**	**12.71**
2022M12		**10.10**	**11.88**	**12.11**	**12.33**	**13.21**	**14.09**

**** Reconverted figures. End-of-month; otherwise, if indicated.***
Sources: BCV, Ecoanalitica and own calculations.

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Foreign exchange market ***indicators.***

Exchange rate indicators

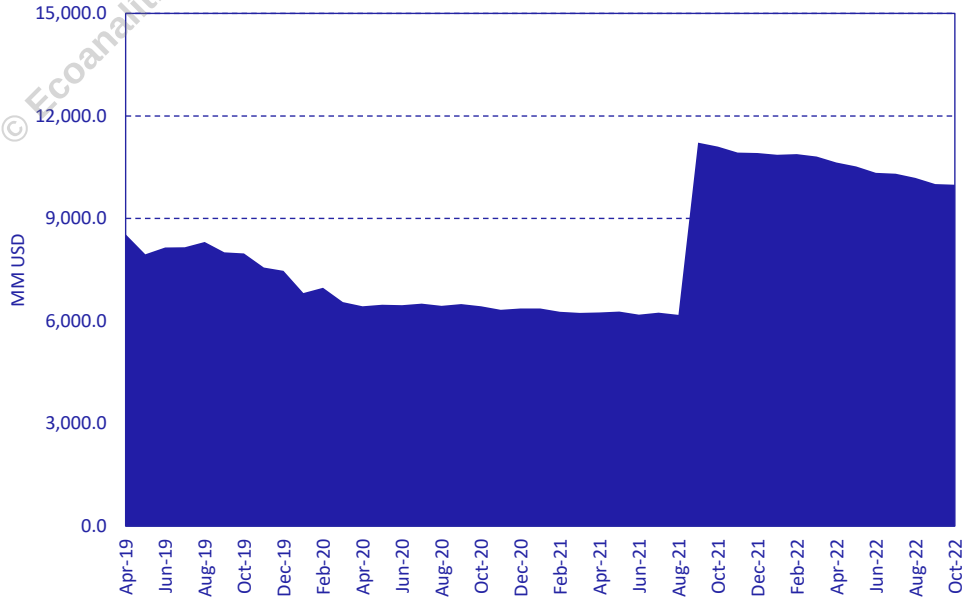
	Oct/22	m/m (%)	y/y (%)
M2/IR*	1.3	22.4	365.5
RER**	24.2	8.5	195.0
Money desks ***	8.5	4.2	94.3
WER (Consumers)	8.7	5.5	100.2

** End of month. ** Monthly average (Ecoanalítica). *** Last auction.*
Fuentes: BCV, other Central Banks and Ecoanalítica.

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Foreign currency availability ***indicators.***

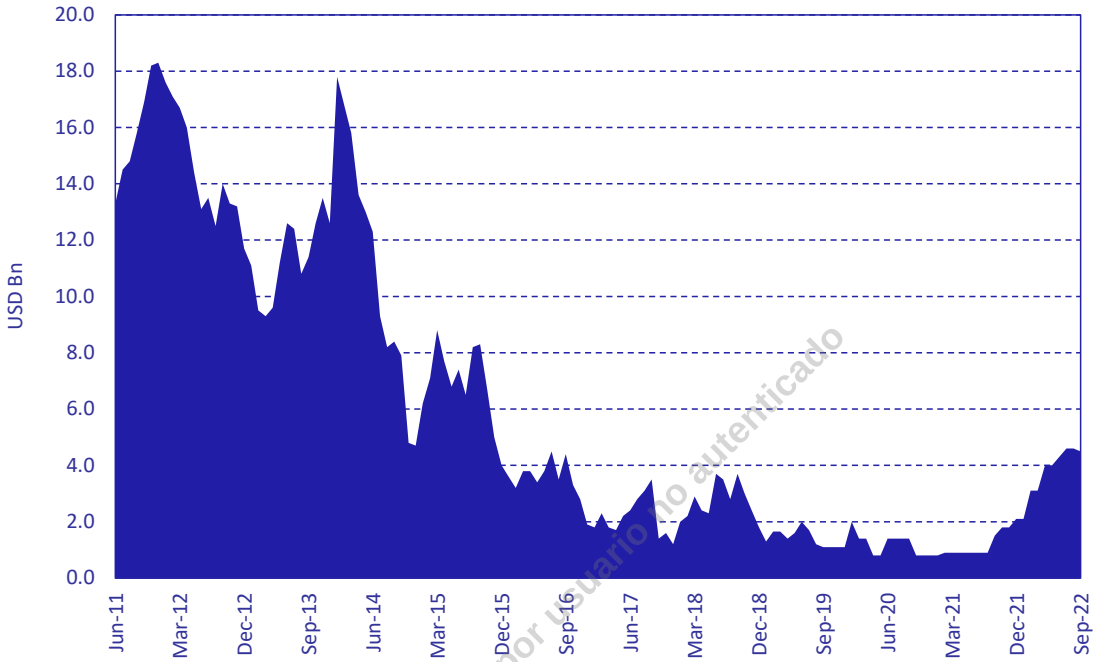
International reserves



Sources: BCV and Ecoanalítica.

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Extrabudgetary funds (only the portion in dollars)



Source: Ecoanalítica.

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Non-financial Debt with the Private Sector (USD MM).

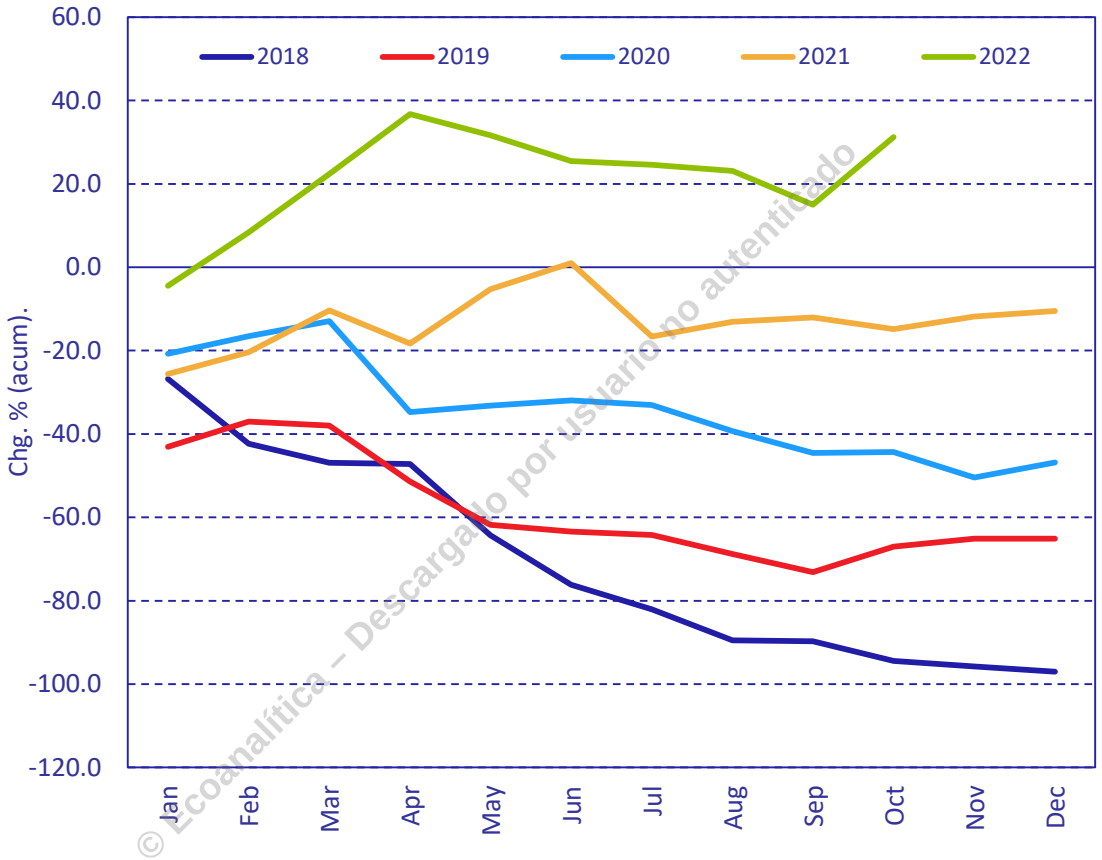
	2020	2021	1Q2021	2Q2022	y/y (%)	q/q (%)
CADIVI -Non-settled imports	5.1	5.0	5.0	5.0	-0.2%	-0.1%
CADIVI -Dividends approved and unpaid	0.2	0.2	0.2	0.2	-4.2%	-3.2%
CADIVI -Rent and Services*	1.0	1.0	1.0	1.0	-1.2%	0.0%
Mixed Companies - PDVSA partners	9.0	11.0	13.2	16.1	63.7%	22.1%
Total	**15.3**	**17.2**	**19.4**	**22.3**	**38.9%**	**15.0%**

Source: Ecoanalítica.

****Includes debt with airlines.***

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Real liquidity (M2) expansion



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