



Ecoanalítica

acompañando las buenas decisiones

EXCHANGE RATE OUTLOOK REPORT

Year 18
February 2022

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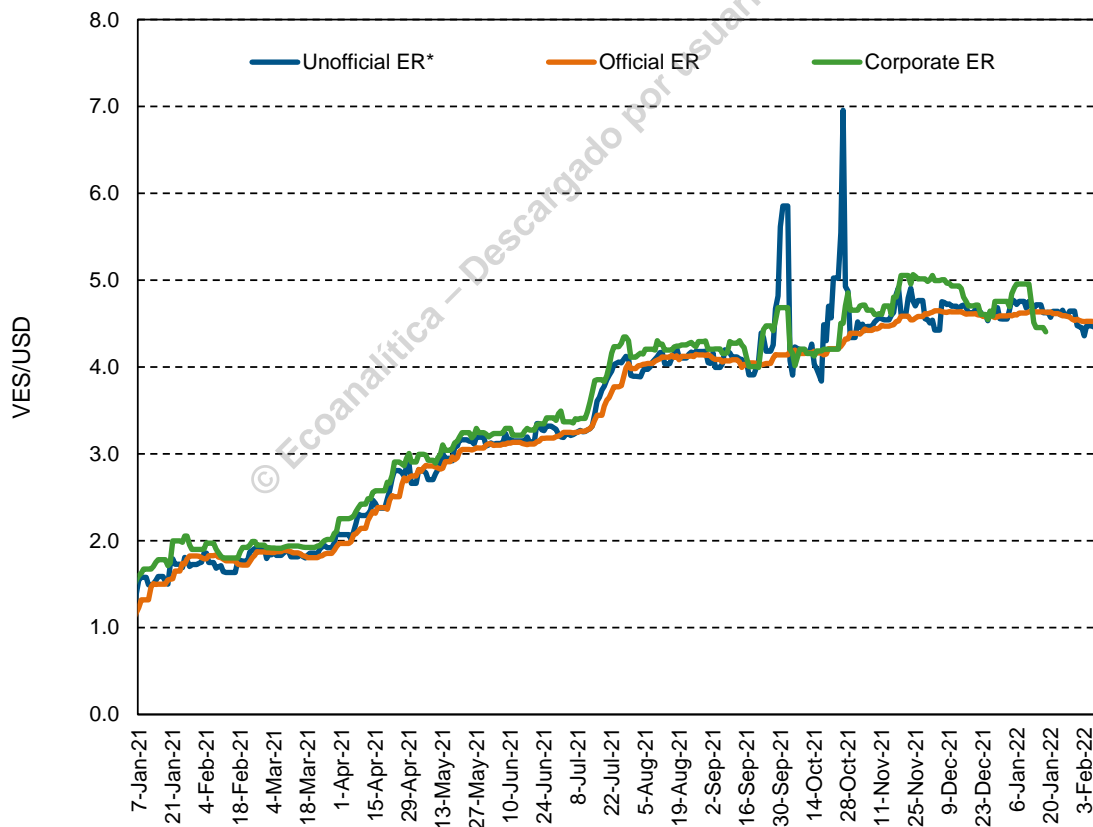
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(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

Analysis of the Venezuelan foreign exchange market

Evolution of the parallel market

At the close of January 2022, the parallel exchange rate closed at VES 4.48/USD, averaging VES 4.66/USD during the month, a decrease of 1,6% over the close of the previous month and of 159.7% compared to the same period of 2021. For its part, the corporate¹ exchange rate closed on the same date at VES 4.51/USD, with a monthly average of VES 4.6/USD, and an average discount of 0.61% over the FX retail rate.

Daily exchange rate



* Calculated with the implicit Bitcoin (BTC) exchange rate.
Sources: BCV and Ecoanalítica.

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

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As of January 13, a change began to be seen between the margin of the corporate and retail FX, where the former began to show a lower price than the latter. Since then, the corporate discount over retail has been 3.41% for the rest of the month. One of the reasons for this behavior is presumably the need for companies to hold bolivars for tax payments as the fiscal period draws to a close. Also, the low liquidity in local currency due to a lower volume traded in the corporate market may affect the price agreed in such market.

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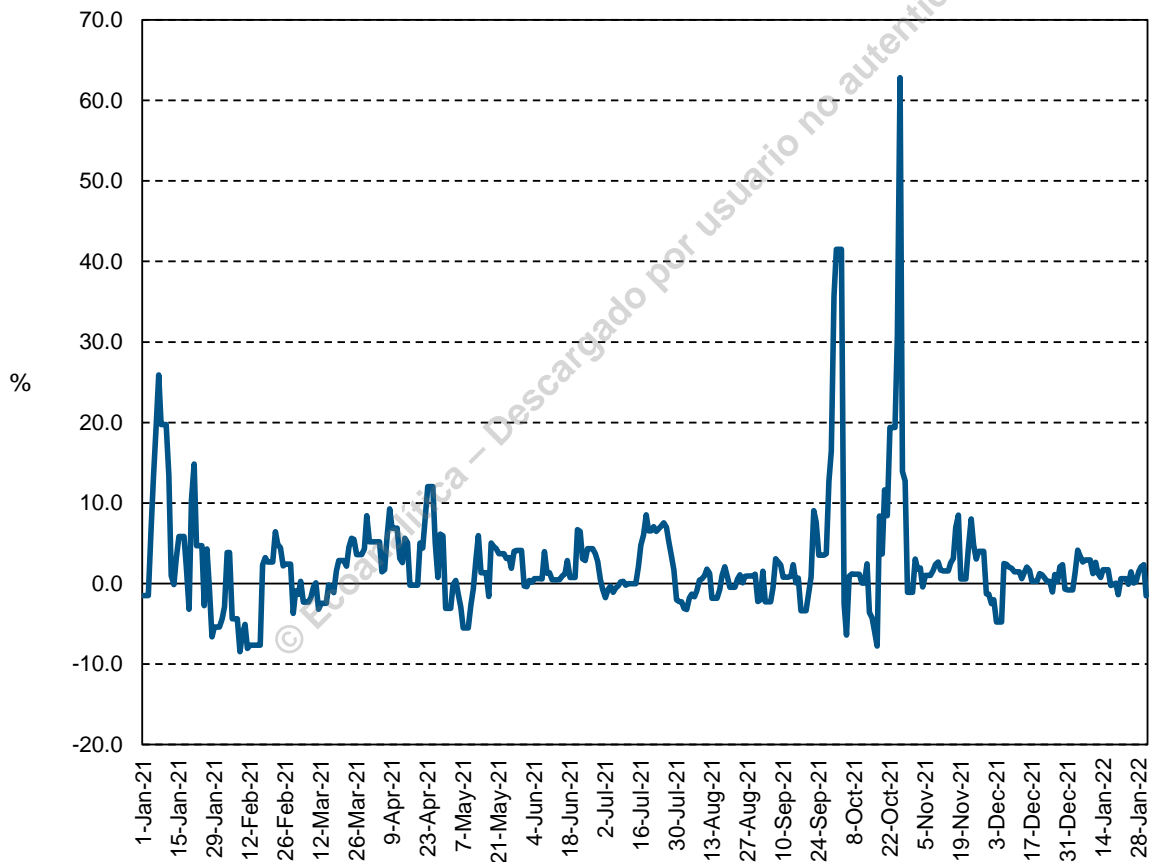
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The official exchange rate and BCV interventions

The official exchange rate closed the previous month at VES 4.55/USD, with an average during January of VES 4.61/USD. Thus, the non-official price maintained a premium of 1.2% with respect to the official rate in January 2022, 1.01 percentage points (pp.) higher than the gap observed in December 2021.

Parallel and official exchange rate premium



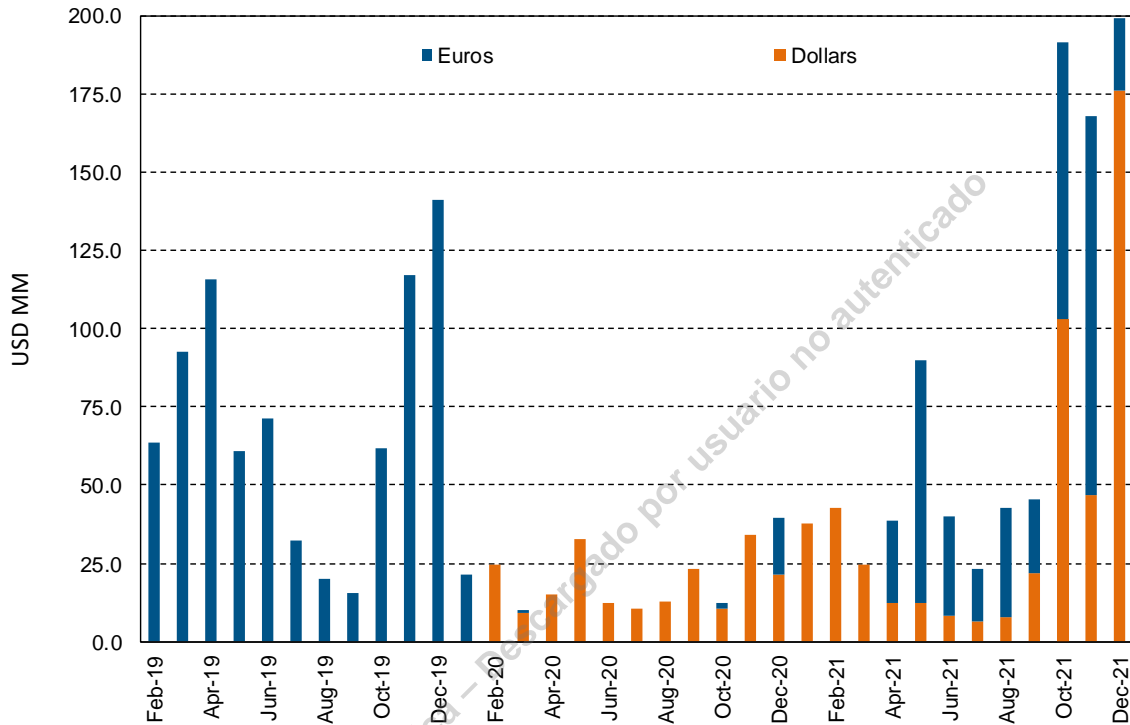
Sources: BCV and Ecoanalítica.

The close relationship between the unofficial and official market is mainly due to the BCV's foreign currency sales to the financial system. In December, the BCV intervened in the foreign exchange market with USD 199.02 million, 403.9% higher than the sales of the same month of 2020, and 18.49% higher than the amounts of November. This tendency towards the gap decrease remained during January 2022.

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Sale of foreign currency in cash to the financial system



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

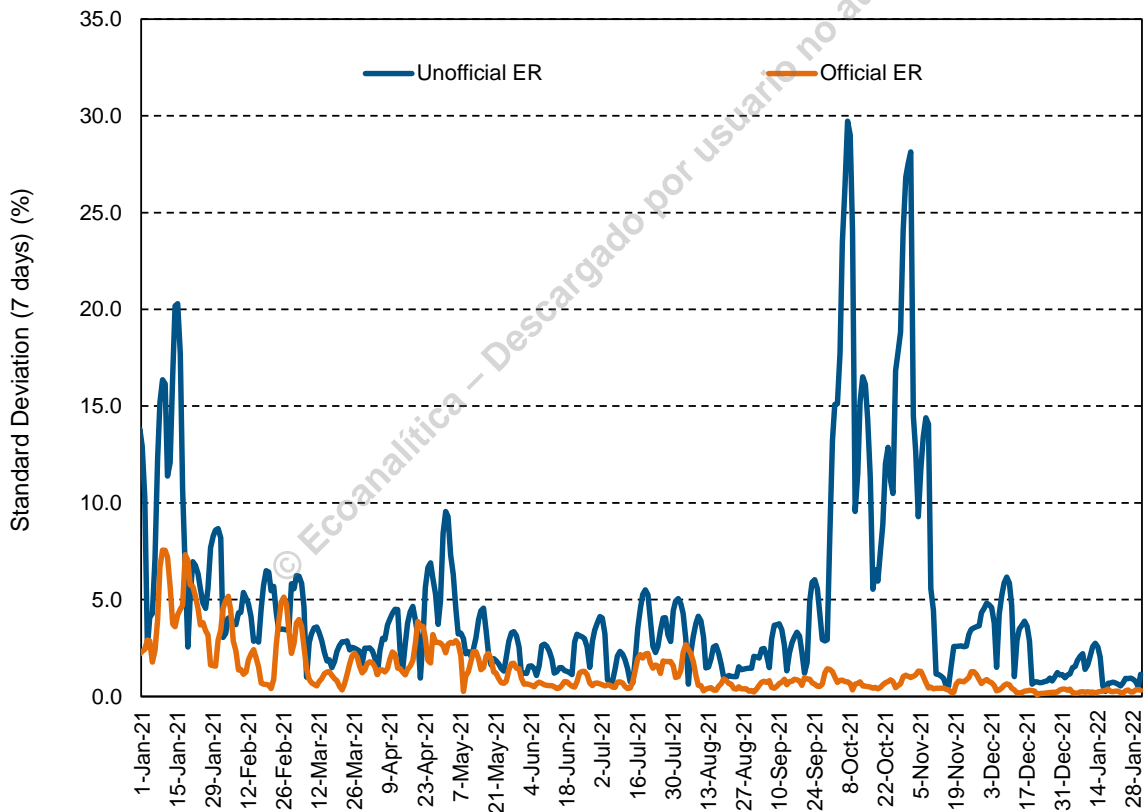
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Exchange market volatility

The volatility² of the parallel exchange rate decreased in December, with a drop of 1.46 pp. with respect to the previous month, a month that showed a reduction compared to the previous one when regional elections took place. On the other hand, the volatility of the official rate in January remained lower than that of the parallel rate, being 1.0 pp. below the latter. In general, in 2021, FX market volatility was lower than in 2020, with a decrease of pp 0.29, a tendency that remained in January 2022.

Daily volatility of exchange rate variation 2021



Sources: LocalBitcoins and Ecoanalítica.

² Standard deviation of the weekly variation of exchange markers.

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Parallel exchange rate projections

Fundamentals of upgrades:

Given the technical difficulties in making nominal exchange rate projections in a hyperinflationary environment, 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.

Projections

Non-official exchange rate forecasts								
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		3.02	4.38	5.09	4.77	5.02	5.26	
2022M03		2.23	3.23	4.83	5.39	5.56	5.73	
2022M04		1.91	2.77	4.84	5.87	6.43	7.00	
2022M05		1.65	2.39	4.82	6.22	7.21	8.20	
2022M06		1.42	2.06	4.65	6.21	7.58	8.94	
2022M07		1.26	1.82	4.77	6.67	8.12	9.57	
2022M08		1.15	1.67	5.10	7.49	8.97	10.44	
2022M09		1.07	1.55	5.35	8.11	9.66	11.22	
2022M10		0.98	1.43	5.63	8.78	10.20	11.62	
2022M11		0.98	1.41	7.13	11.80	12.45	13.10	
2022M12		0.91	1.31	7.05	11.74	12.71	13.68	

Sources: BCV, Ecoanalítica and own calculations.

*Reconverted figures. End-of-month; otherwise, if indicated.

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Foreign Exchange Market Indicators

Exchange rates indicators

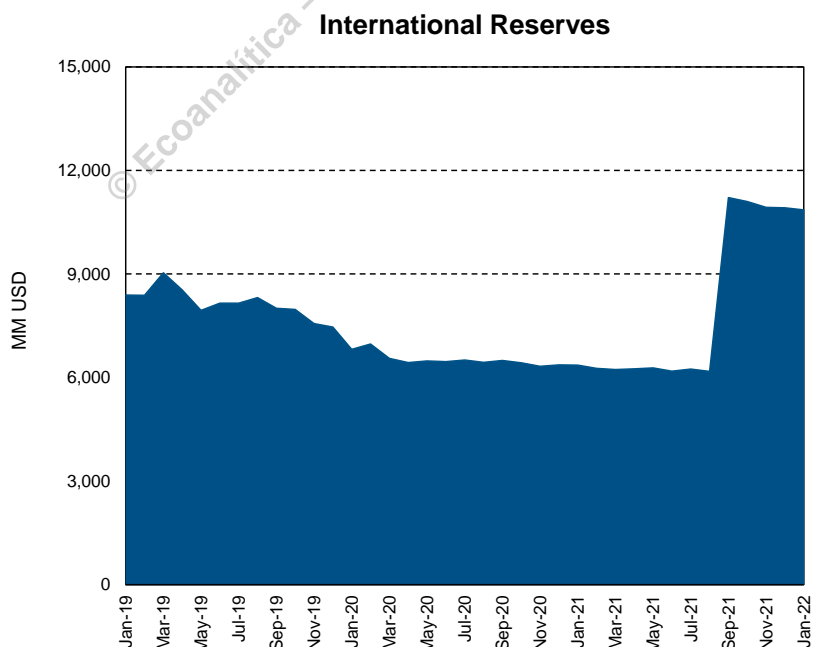
Exchange Rate Indicators (VES/USD)			
	Jan-22	m/m (%)	y/y (%)
M2/IR*	0.40	3.7	286
RER**	16.05	8.4	458
Money desks ***	4.55	-0.9	149
WER (Consumers)	4.64	-2.1	184

Source: BCV, other Central Banks and Ecoanalítica

* End of month. ** Monthly average (Ecoanalítica). ***Last auction.

Foreign Currency Availability Indicators

International Reserves

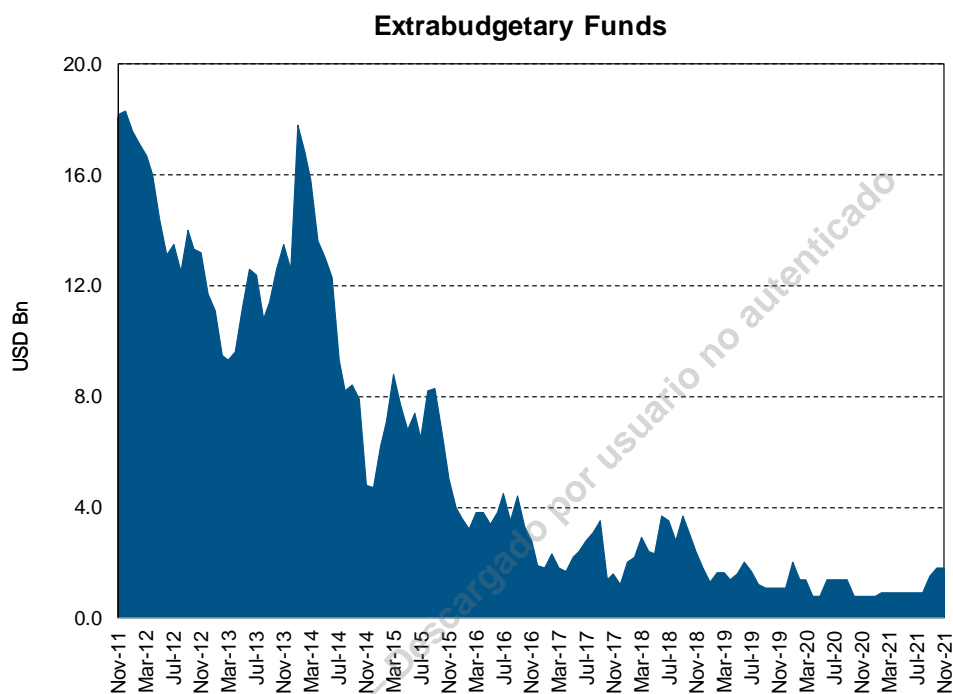


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Extrabudgetary Funds



Non-Financial Debt with the Private Sector

Non-Financial Debt with the Private Sector (USD MM)								
	2019	3Q2020	2020	1Q2021	2Q2021	3Q2021	y/y (%)	q/q (%)
CADIVI -Non-settled imports	5.3	5.1	5.1	5.1	5.0	5.0	-2.9%	-0.1%
CADIVI -Dividends approved and unpaid	0.2	0.2	0.2	0.2	0.2	0.2	-4.5%	0.0%
CADIVI -Rent and Services*	1.1	1.1	1.0	1.0	1.0	1.0	-4.9%	-0.3%
Mixed Companies - PDVSA partners	9.3	9.0	9.0	9.7	9.8	9.9	10.3%	1.0%
Total	15.9	15.4	15.3	16.0	16.0	16.1	4.7%	0.5%

Source: Ecoanalítica

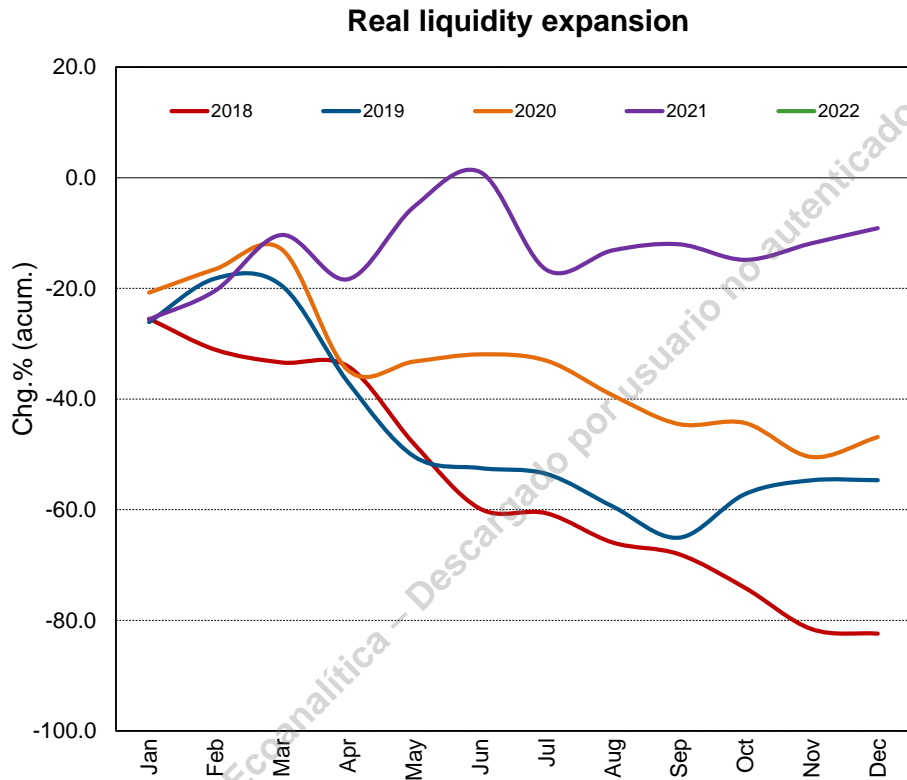
* Includes debt with airlines.

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Monetary Indicators

Liquidity (M2)



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(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

ECOANALÍTICA'S TEAM

Alejandro Grisanti / Director

agrisanti@ecoanalitica.net / @agrisanti

Asdrúbal Oliveros / Director

asdrubalo@ecoanalitica.net / @aroliveros

Pedro Palma / Director

pedrop@ecoanalitica.net / @palmapedroa

Cristina Rodríguez / Director

crstinar@ecoanalitica.net

Luis Arturo Bárcenas / Chief Economist

luisb@ecoanalitica.net / @barcenasluis

Giorgio Cunto Morales / Senior Economist

giorgioc@ecoanalitica.net / @giorgiocunto

Jesús Palacios Chacín / Senior Economist

jesusp@ecoanalitica.net / @jpalaciosch

Corina Fung / Economist

corinaf@ecoanalitica.net / @corinafung7

Jhoan F. Castellano / Economist

jhoanc@ecoanalitica.net / @castellanojhoan

Diego Santana Fombona / Economist

diegos@ecoanalitica.net / @diegosantanaf

Carlos Penfold / Economista

carlosp@ecoanalitica.net

RESEARCH ASSISTANT

Diego Almau

Mariana Fernández

José Antonio Medina

Pablo De Sousa

María Carolina Cortez

CONTACT US

Venezuela: (+58-212) 266 9080/ Fax: (+58-212) 266 5119

United States: (+1 212)-994 1850

ventas@ecoanalitica.net

www.ecoanalitica.com

@ecoanalitica