



Ecoanalítica

acompañando las buenas decisiones

EXCHANGE RATE OUTLOOK REPORT

Year 17
March 2022

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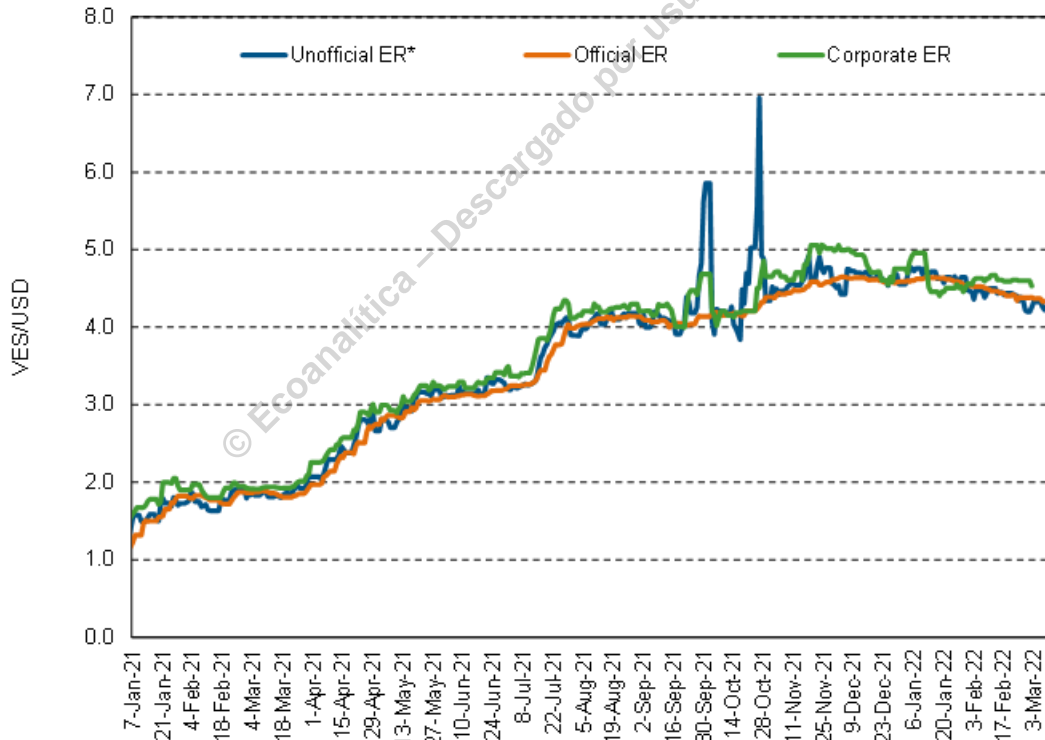
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Analysis of the Venezuelan foreign exchange market

Evolution of the parallel market

At the close of February 2022, the parallel exchange rate closed at VES 4.20/USD, averaging VES 4.42/USD during the month, a decrease of 6.25% over the close of the previous month and a raise of 119.1% compared to the same period of 2021. For its part, the corporate¹ exchange rate closed on the same date at VES 4.60/USD, with a monthly average of VES 4.61/USD, and an average premium of 4.36% over the foreign exchange 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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Since mid-February there has been a 5.05%² drop in the retail exchange rate. This adjustment seems to be due to the sale of foreign currency by the BCV to the financial system, and the tax collection that has been carried out between February and March. In the first place, the sale of foreign currency has lowered the official exchange, and, consequently, the non-official rate. Such trend has been exacerbated due to companies that have been demanding VES (in exchange of USD) to meet fiscal responsibilities.

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² Variation observed between February 13 and March 11, 2022.

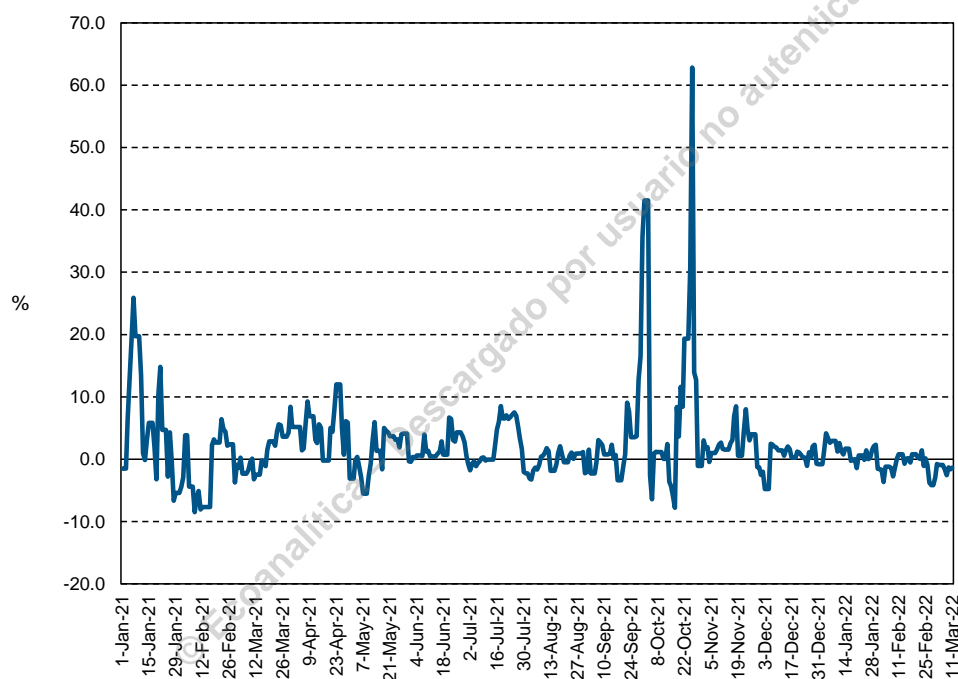
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The official exchange rate and BCV interventions

The official exchange rate closed the previous month at VES 4.38/USD, with an average during February of VES 4.45/USD. Thus, the non-official price maintained a discount of 0.71% with respect to the official rate in February 2022, 1.87 percentage points (pp.) lower than the gap observed in January 2022.

Parallel and official exchange rate premium



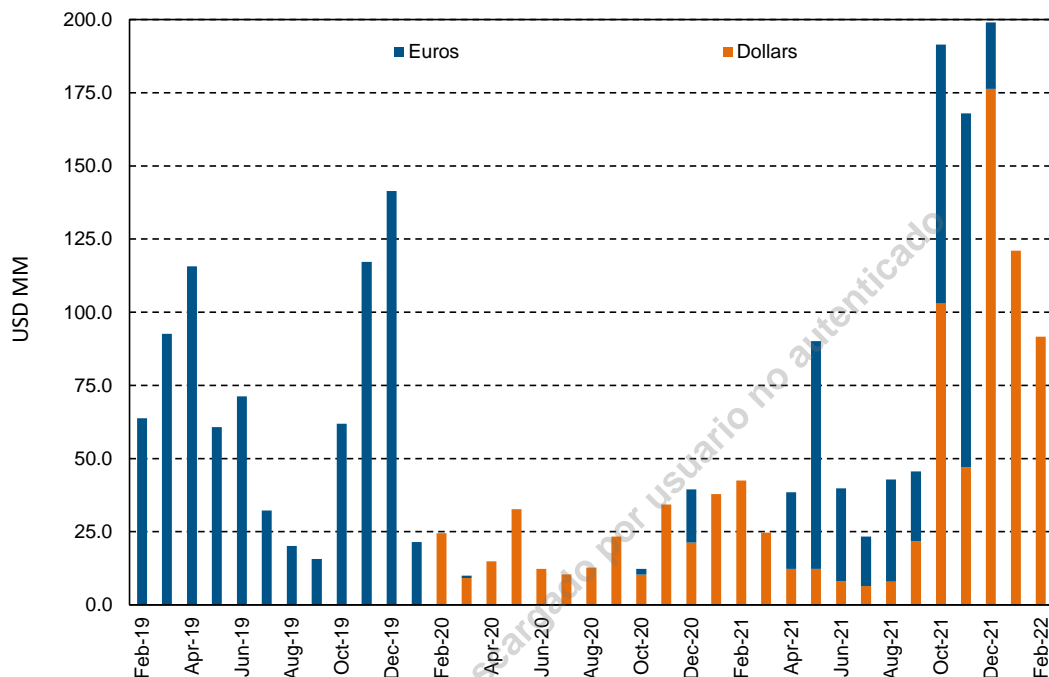
Sources: BCV and Ecoanalítica.

The close relationship between the unofficial and official marker is mainly due to the BCV's foreign currency sales to the financial system. In February, the BCV intervened in the foreign exchange market with USD 91.6 million, 115.5% higher than the sales of the same month of 2021, and only 24.3% lower than the amounts of January. Nevertheless, the gap between the official rate and the parallel rate has slightly expanded during March 2022, averaging a difference of -1.74%.

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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.

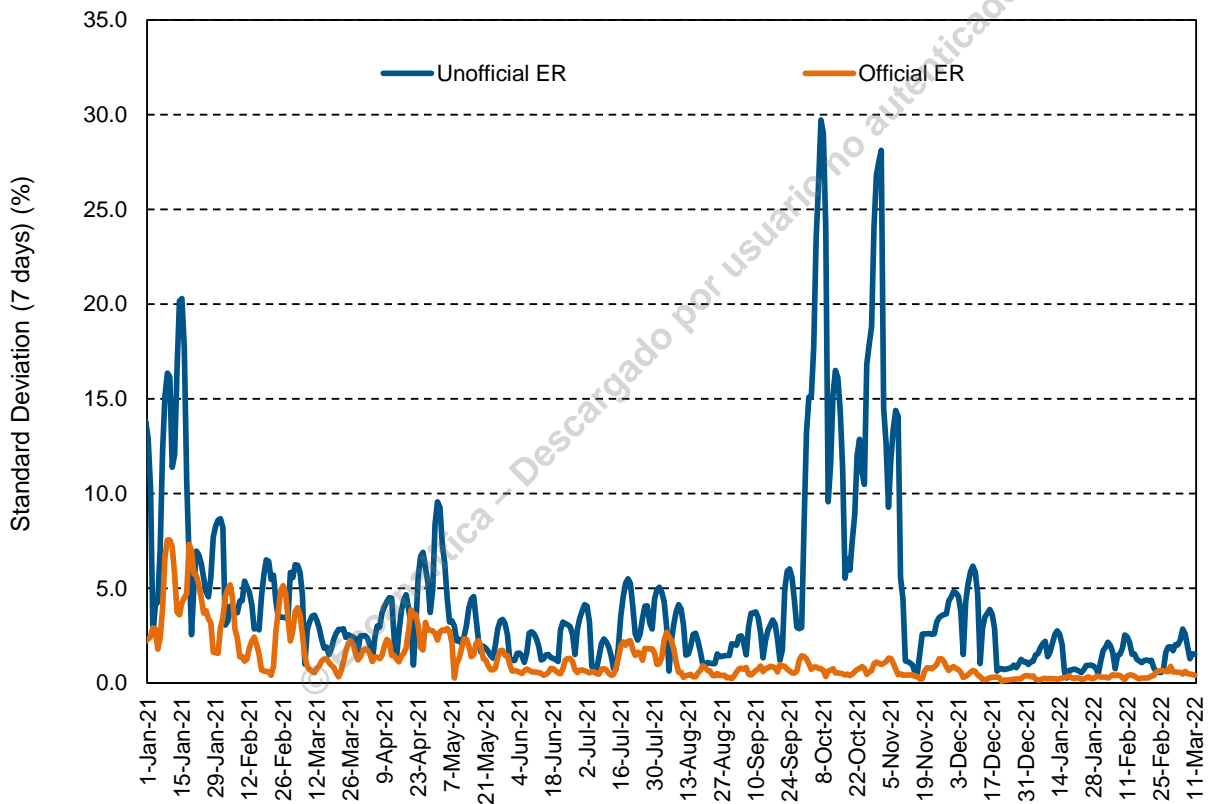
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Exchange market volatility

The volatility³ of the parallel exchange rate increased slightly in February, rising 0.17 pp. with respect to the month before. On the other hand, the volatility of the official rate in February remained lower than that of the parallel rate, being 1.00 pp. below the latter.

Daily volatility of exchange rate variation



Sources: LocalBitcoins and Ecoanalítica.

³ 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	
2022M01	4.48	2.67	3.87	4.99	5.07	5.56	6.05
2022M02	4.39	3.02	4.38	5.09	4.77	5.02	5.26
2022M03		2.76	4.00	4.29	4.58	5.36	6.13
2022M04		2.51	3.64	4.59	5.14	6.16	7.18
2022M05		2.25	3.25	4.61	5.57	7.25	8.93
2022M06		2.00	2.90	4.54	5.79	7.74	9.69
2022M07		1.77	2.57	4.60	6.22	8.21	10.20
2022M08		1.86	2.69	4.76	6.44	8.58	10.73
2022M09		1.73	2.50	4.85	6.81	9.05	11.29
2022M10		1.59	2.30	5.08	7.86	9.74	11.62
2022M11		1.81	2.62	5.67	8.62	10.43	12.23
2022M12		1.90	2.76	5.72	9.98	11.37	12.76

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

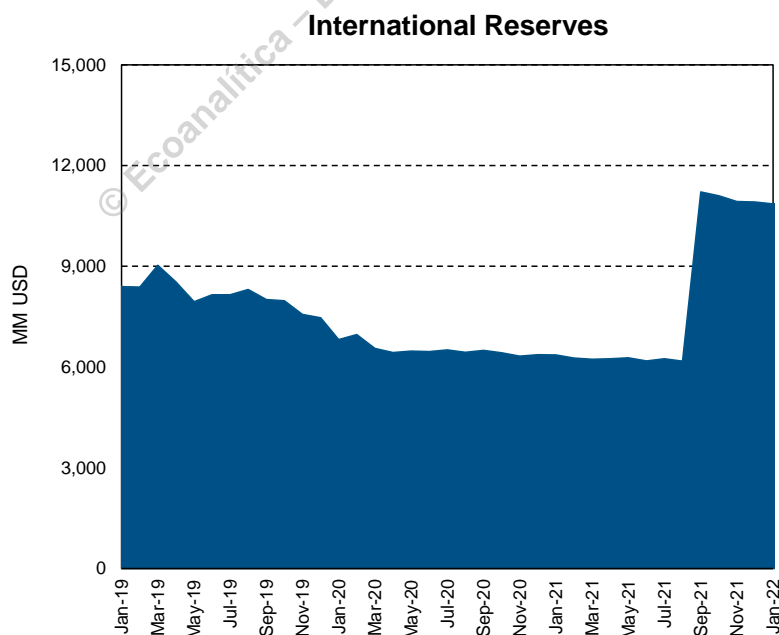
Exchange Rate Indicators (VES/USD)			
	Feb-22	m/m (%)	y/y (%)
M2/IR*	0.5	17.4	261
RER**	16.4	2.2	383
Money desks ***	4.4	-3.6	134
WER (Consumers)	4.5	-3.1	147

Source: BCV, other Central Banks and Ecoanalítica

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

Foreign Currency Availability Indicators

International Reserves

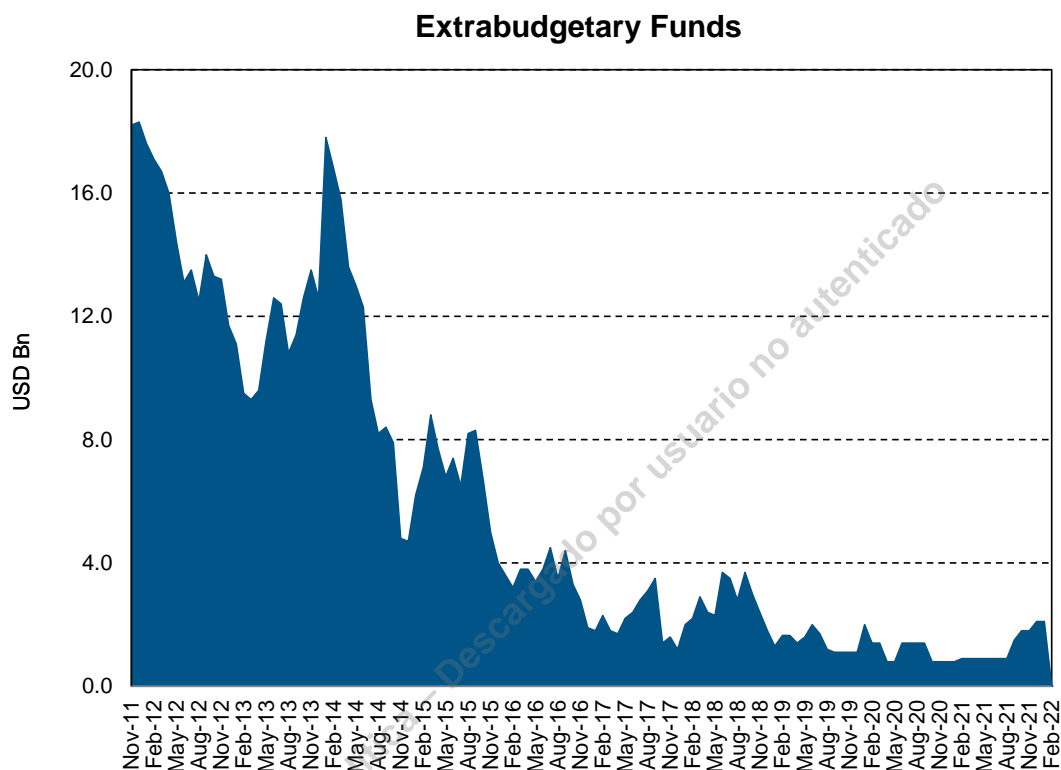


Sources: BCV and Ecoanalítica.

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Extrabudgetary Funds



Source: Ecoanalítica.

Non-Financial Debt with the Private Sector

Non-Financial Debt with the Private Sector (USD MM)							
	2020	1Q2021	2Q2021	3Q2021	2021	y/y (%)	q/q (%)
CADIVI -Non-settled imports	5,081	5,080	4,976	4,970	4,970	-2.2	0.0
CADIVI -Dividends approved and unpaid	197	197	189	189	189	-4.1	0.0
CADIVI -Rent and Services*	1,036	1,035	1,030	1,027	1,027	-0.9	0.0
Mixed Companies - PDVSA partners	9,006	9,714	9,841	9,936	11,024	22.4	11.0
Total	15,320	16,026	16,036	16,122	17,210	12.3	6.7

Source: Ecoanalítica

* Includes debt with airlines.

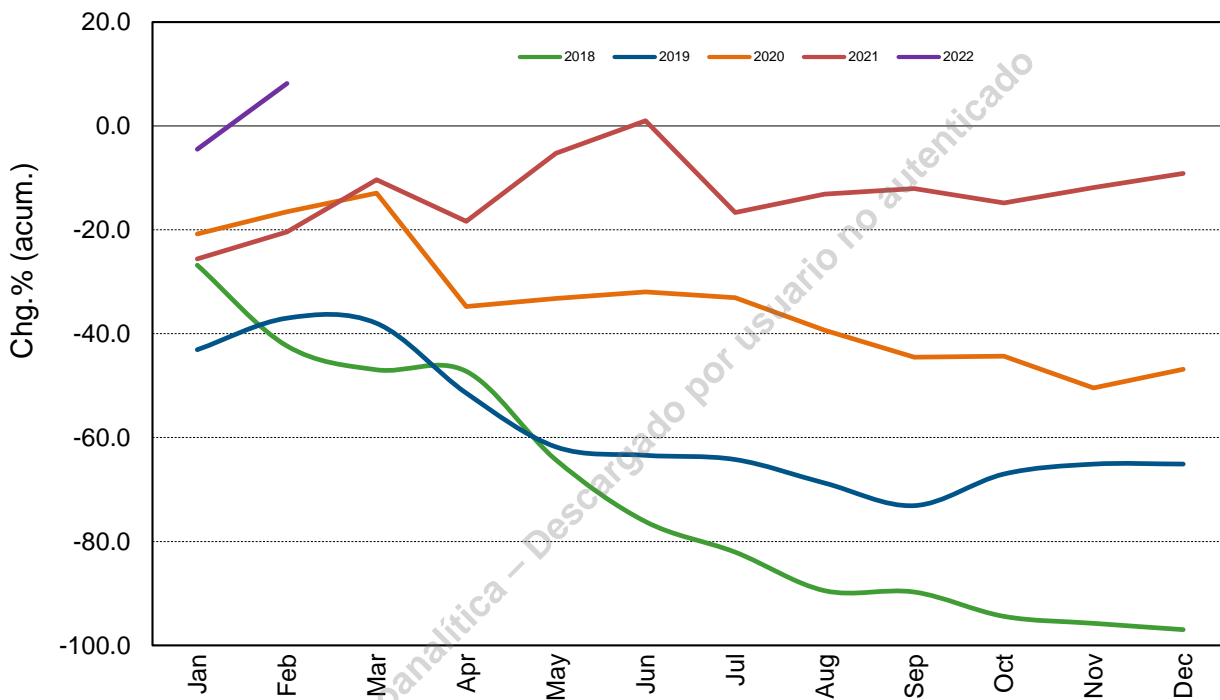
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Monetary Indicators

Liquidity (M2)

Real liquidity expansion



Sources: BCV and Ecoanalítica

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