



Exchange Rate Outlook Report

Year 18 – May 2022

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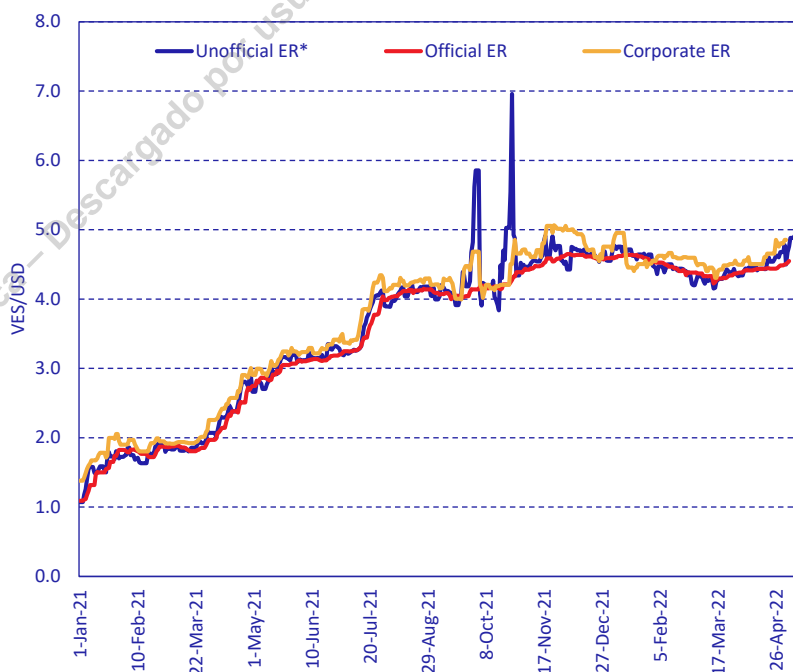
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Analysis of the Venezuelan foreign exchange market.

Evolution of the parallel market

At the close of April 2022, the parallel exchange rate closed at VES 4.68/USD, averaging VES 4.49/USD during the month, an increase of 8.1% over the close of the previous month and of 75.8% compared to the same period of 2021. For its part, the corporate¹ exchange rate closed on the same date at VES 4.81/USD, with a monthly average of VES 4.60/USD, and an average premium of 2.5% over the FX retail rate.

Daily exchange rate



*Calculated with the implicit Bitcoin (BTC) exchange rate.

Source: BCV and Ecoanalitica.

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



In April there was a depreciation of the exchange rate, contrary to the trend of the previous month. This 8.1% increase in the exchange rate in this month seems to be due to a correction of the cost of living in dollars (real appreciation) given that, in the current situation where there has been a significant deceleration of inflation in bolivars, the BCV could be allowing the exchange rate to fluctuate in order to slow down to some extent the increase in prices in foreign currency. This coincided with a 37.2% year-on-year increase in real liquidity in bolivars (M2) at the end of the month, which may have encouraged a higher demand for foreign currency, and therefore, an increase in its price.

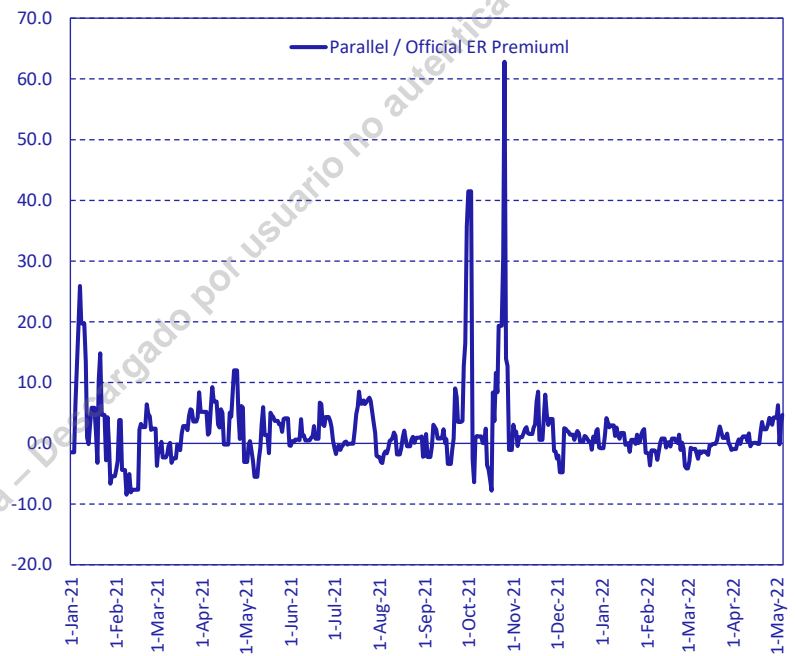
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The Official exchange rate and BCV interventions

The official exchange rate closed the previous month at VES 4.49/USD, with an average during April of VES 4.43/USD. Thus, the price agreed in the unofficial market remained, on average, 1.3% above the official marker in April 2022, 3.5 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.

Parallel and official exchange rate premium

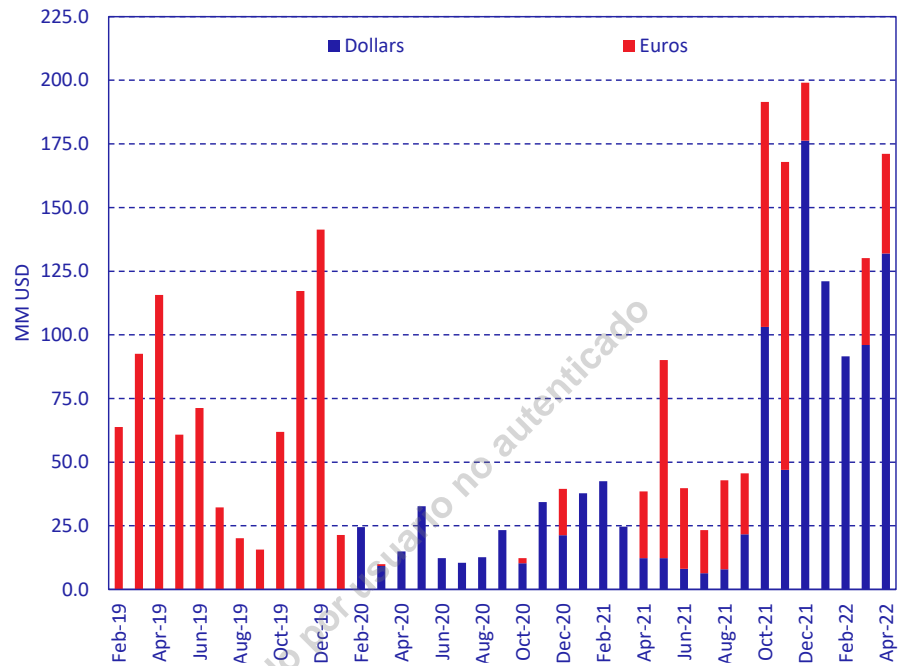


Source: BCV and Ecoanalítica.

The close relationship between the unofficial and official marker is mainly due to the BCV's foreign currency sales to the financial system. In April, the BCV intervened in the foreign exchange market with USD 171.1 million, 344.7% higher than the sales of the same month of 2021, and 31.5% higher than the amounts of March.



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

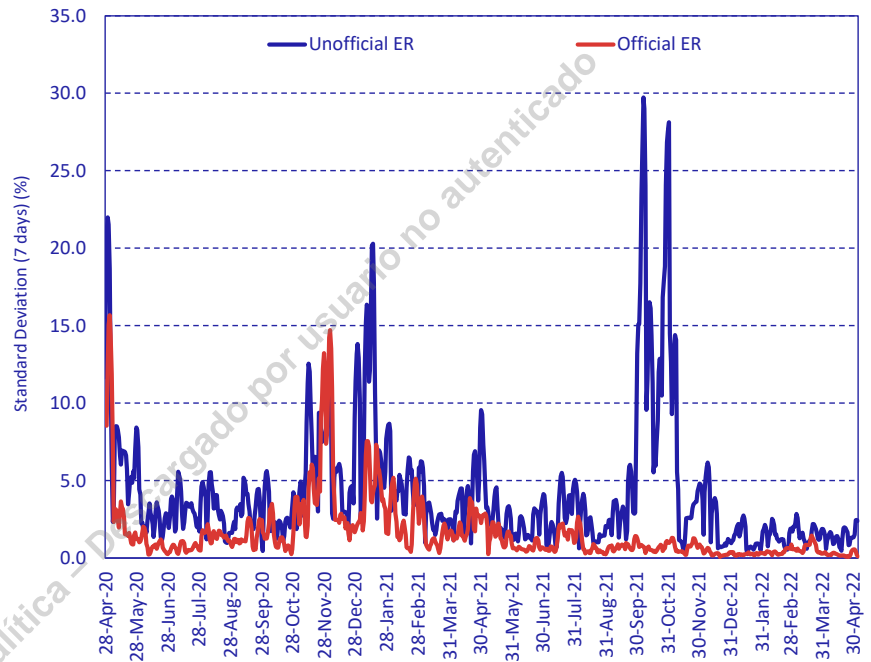
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Exchange market volatility.

The volatility² of the parallel exchange rate decreased in April, decreasing 0.2 pp. with respect to the previous month. On the other hand, the volatility of the official rate in April remained lower than that of the parallel rate, being 1.10 pp. below the latter.

Daily volatility of exchange rate variation



Source: LocalBitcoins and Ecoanalítica

2 Standard deviation of the weekly variation of exchange markers.



Parallel exchange rate projections

Fundamentals of upgrades:

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.

Projections:

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		2.75	3.98	4.67	4.97	5.18	5.39
2022M06		1.98	2.86	4.49	5.72	7.64	9.56
2022M07		1.75	2.54	4.55	6.15	8.11	10.07
2022M08		1.84	2.66	4.71	6.36	8.48	10.59
2022M09		1.71	2.47	4.80	6.73	8.94	11.14
2022M10		1.57	2.28	5.03	7.78	9.63	11.47
2022M11		1.79	2.59	5.62	8.54	10.31	12.07
2022M12		1.89	2.74	5.71	9.98	11.29	12.59

Sources: BCV, Ecoanalítica and own calculations.

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



Foreign exchange market indicators

Exchange rate indicators (VES/USD)

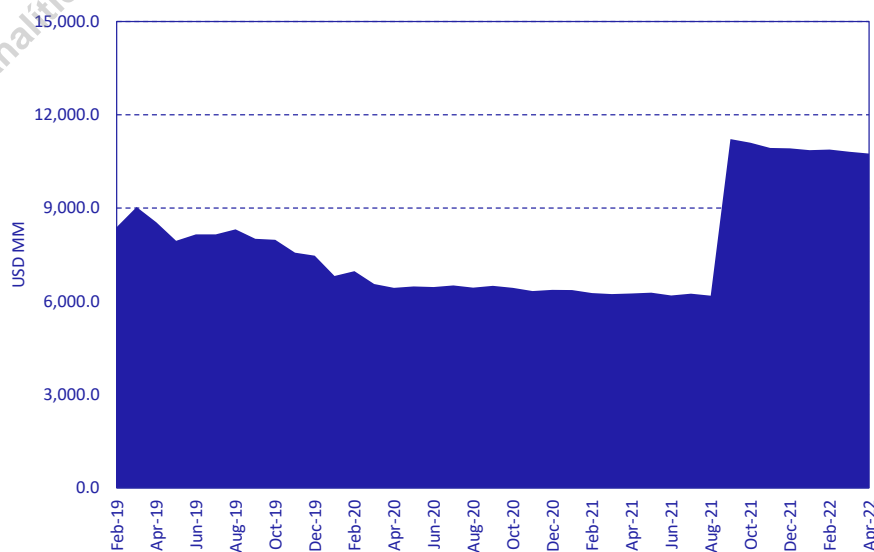
	apr.-22	m/m (%)	y/y (%)
M2/IR*	0.7	13.5	225.8
RER**	18.9	6.4	270.1
Money desks ***	4.49	2.5	88.1
WER (Consumers)	4.26	-2.6	70.1

Sources: BCV, other Central Banks and Ecoanalítica.

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

Foreign currency availability indicators

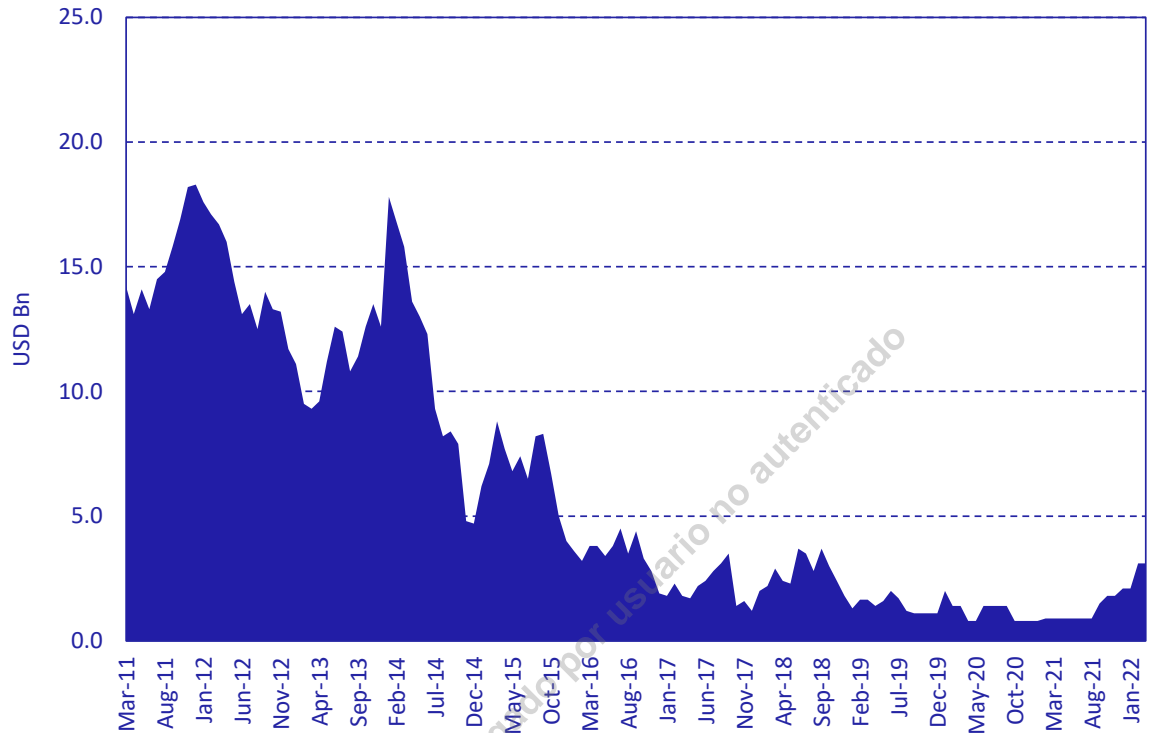
International reserves



Source: BCV and Ecoanalítica.



Extrabudgetary funds



Source: Ecoanalitica.

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

	2020	1Q2021	2Q2021	3Q2021	2021	1Q2022	y/y (%)	q/q (%)
CADIVI -Non-settled imports	5.1	5.1	5.0	5.0	5.0	5.0	-20.8%	-5.7%
CADIVI -Dividends approved and unpa	0.2	0.2	0.2	0.2	0.2	0.2	-63.0%	-0.5%
CADIVI -Rent and Services*	1.0	1.0	1.0	1.0	1.0	1.0	-42.9%	-0.1%
Mixed Companies - PDVSA partners	9.0	9.7	9.8	9.9	11.0	13.2	2.5%	2.7%
Total	15.3	16.0	16.0	16.1	17.2	19.4	-10.6%	0.0%

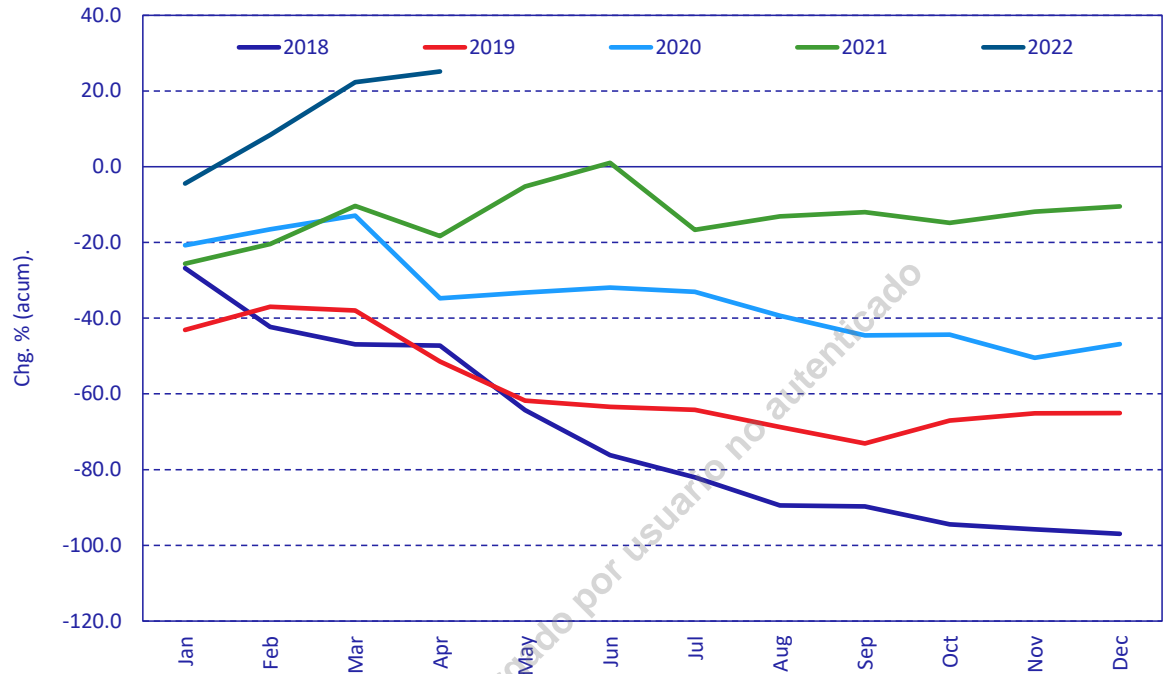
Source: BCV and Ecoanalitica.

*Includes debt with airlines.



Monetary indicators

Real liquidity (M2) expansion



Sources: BCV and Ecoanalítica.





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