



# Latin American situation report

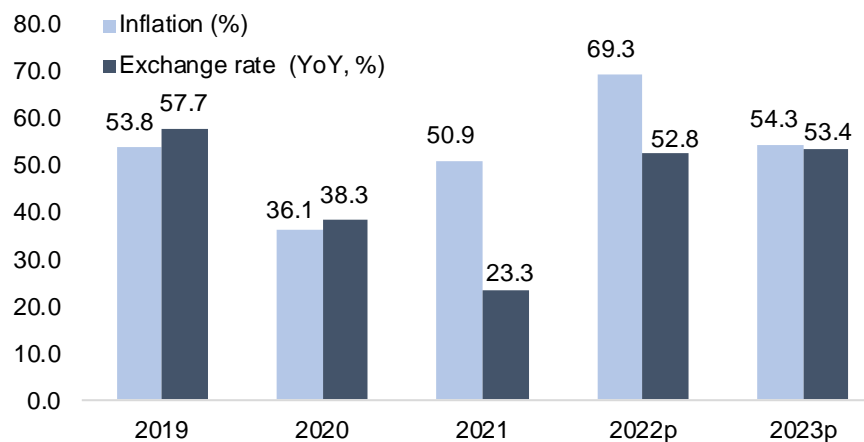
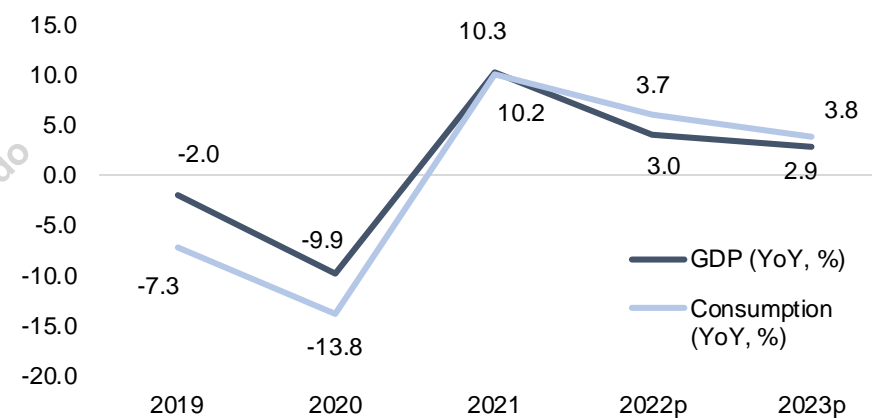
June 2022

## Partners



**Economy:** towards the end of last year we estimated that, despite the framework of an agreement with the IMF (which would help anchor down expectations, narrow the spread between exchange rates and reduce monetary issuance), the absence of a jump in commodity prices and a controlled salary schedule (t not being an electoral year), inflation would not slow down in 2022. However, the shock caused by the rise in prices in the first four months implied, through the de-anchoring of expectations and the acceleration of parity rates, a qualitative and quantitative change in the nominal scenario, making it higher and more unstable. This is likely because it was a push strong enough to unanchor expectations. The unanchoring of expectations has already had concrete effects: collective bargaining negotiations have ended with higher rises (of more than 60%) and are for shorter terms (many agreements last for just six months). This ensures that the inflation floor for 2022 will no longer be similar to 2021's, now hovering at around 70%.

**Politics:** the dramatically low level of popularity of the government coalition represents a risk for the political process, which materializes when that weakness impedes the decision-making and execution process. In recent weeks we have been able to observe that this interference has occurred. Minister Guzmán has had to attend to demands from multiple sectors of the ruling coalition and he had to give in to all of them. Peronism prepares the ground to embody the problem (in the president) and to go into the electoral battle not taking responsibility for what happened. What will define whether the current mandate is transitional (or not) is the economy and the program with the IMF. The decisive factor of whether this is a transition process or still has some margin of resurrection (today the least likely), is what is at stake in the political process between now and next year's presidential election, and it is a consequence of the process of weakening of the popular legitimacy of the leadership. The popularity crisis is not innocuous, posing the risk of losing control of the process and that instead of driving the process, the process becomes the one driving the leadership towards an unwanted destination.



**ARS/USD**

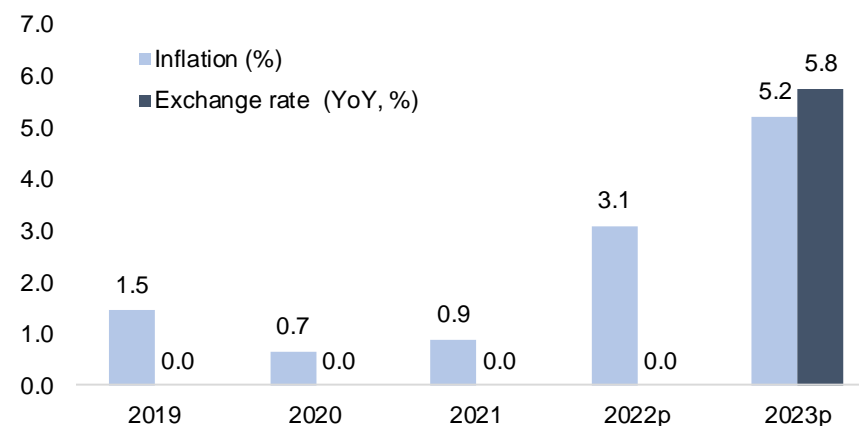
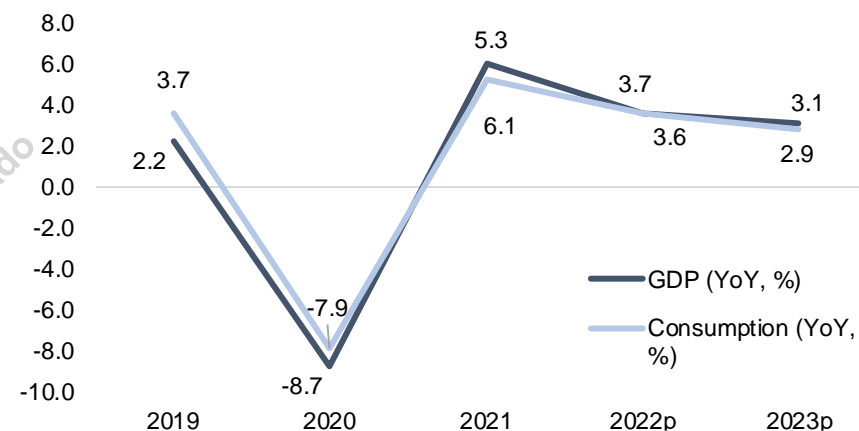
| Year    | 2019 | 2020 | 2021  | 2022p | 2023p |
|---------|------|------|-------|-------|-------|
| ARS/USD | 59.7 | 82.6 | 101.9 | 155.7 | 238.8 |

# Bolivia



**Economy:** unlike most countries in the world, inflation in Bolivia accumulated a rise of 1.4% in the 12 months ending in May. This low inflation is explained by several aspects: i) the immobility of the exchange rate since 2011, which led to a real appreciation of the Bolivian currency; ii) the existence of a negative gap in economic activity with respect to the potential new product, due to the absence of forceful reactivation plans since 2020; iii) subsidies to important goods in the family shopping basket, such as fuels, whose fiscal cost is 3.7% of GDP, and also to some food raw materials, although some of these are paid for by the private sector in a scheme of cross subsidies; and, iv) the massive entry of smuggled products from abroad, which only in 16 categories of products represents 3.5% of GDP. Inflation is expected to increase gradually in line with the transfer of higher international prices to the domestic market.

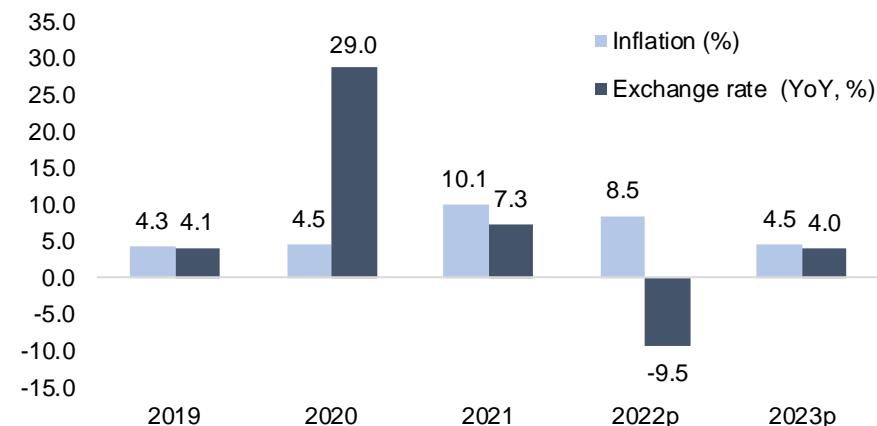
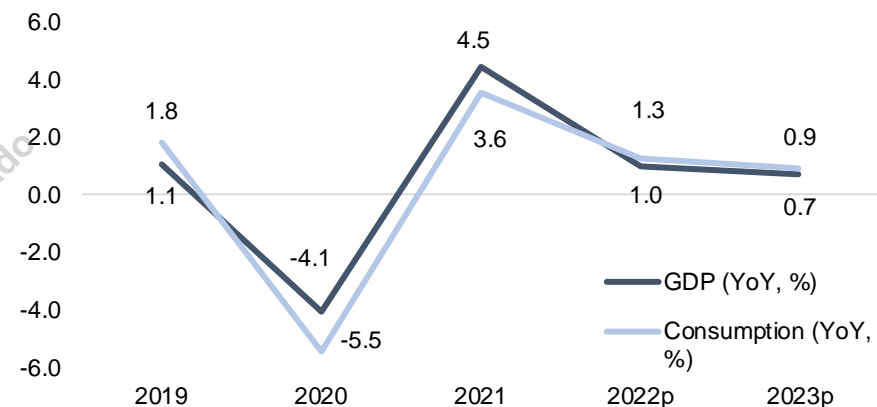
**Politics:** the political scenario continues to be characterized by power tensions. On the one hand, there would be a dispute within the ruling party (MAS) between the factions belonging to former president Evo Morales and the current presidents Luis Arce and David Choquehuanca. This has even materialized in interpellations by the ruling party to government ministers and in crossed declarations between government politicians. On the other hand, the polarization has begun to accentuate with the end of the first ordinary trial of former president Jeanine Añez, where she was sentenced to 10 years, for usurpation of power when she assumed the presidency in 2019, which has again generated some signs of annoyance on the part of the opposition due to the eventual lack of independence of the judiciary. In this environment, internal conflict has increased in the country, reflected in roadblocks and strikes in some sectors that have affected economic activity in some cities.



| BOB/USD |      |      |       |       |
|---------|------|------|-------|-------|
| 2019    | 2020 | 2021 | 2022p | 2023p |
| 6.96    | 6.96 | 6.96 | 6.96  | 7.36  |

**Economy:** first-quarter GDP confirmed the signs of high-frequency activity data. The explanation for the good performance at the beginning of the year lies fundamentally in the response to the normalization of the economy after the improvement in the health situation and its effects on the service sector. In addition, the government designed policies to stimulate household demand. Despite this, the Trends reading is conservative for activity throughout the year. The main argument goes through the combination of the effects of the higher interest rate and the end of the gains from the recovery of the services sector. At the international level, the war in Eastern Europe and the strong monetary tightening in advanced economies ceteris paribus play against the growth of emerging countries, especially due to the instability of production chains. At the domestic level, the scenario points to an increase in fiscal risk and voluntarism in driving the economic agenda. This increase in risk should contribute to lower activity dynamism in 2023 in the face of macroeconomic instability.

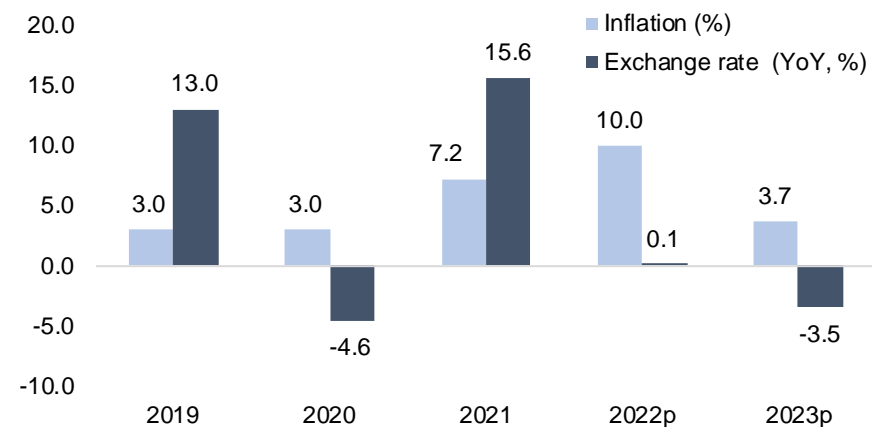
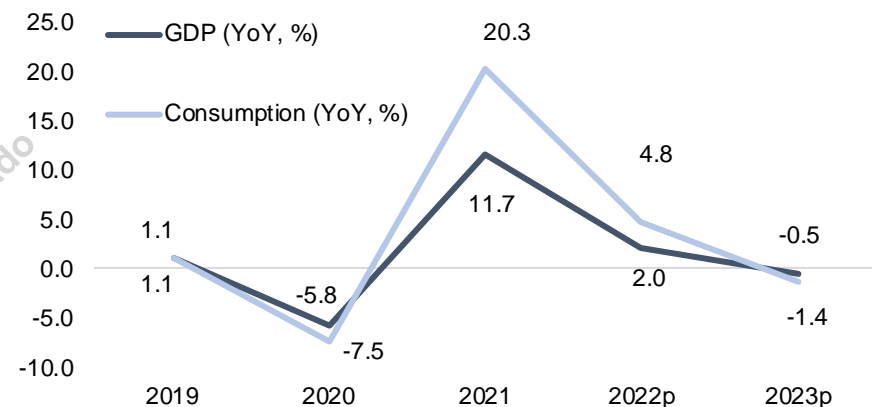
**Politics:** the most recent election polls have a strong impact on political risk analysis. The numbers show the most likely scenario for the presidential race, but especially impact the economic agenda in 2022. Thus, the perception of risk has a new upward trend, after a period of relative calm on the part of the markets. The federal government presented tax relief projects to alleviate fuel inflation. The project's approval required an increase in public debt and another round of dribbling in the spending ceiling amendment. Our assessment is that voluntarism in the conduct of economic policy should be reinforced throughout the year, fueling the scenario of loss of value of Brazilian assets due to electoral uncertainty. The tendency is to reinforce political radicalization. The president maintains a critical stance against the Supreme Court, as well as reinforcing distrust in the electoral system.



| BRL/USD |      |      |       |       |
|---------|------|------|-------|-------|
| 2019    | 2020 | 2021 | 2022p | 2023p |
| 4.03    | 5.20 | 5.58 | 5.05  | 5.25  |

**Economy:** the slowdown in the economy, particularly in terms of consumption, is materializing more slowly than thought. This allows us to understand the slight upward revision in the growth estimate for this year recently published by the Central Bank in its latest Monetary Policy Report in early June. Along with improving the projection for this year, the performance for the next year was revised downwards, now estimating a significant contraction in consumption for 2023. Added to this is the fact that investment, which will fall sharply this year, will continue to fall next year. Based on the foregoing, the expected recession forecast for 2023 is understood, the year for which the monetary authority's report estimates a growth range of between -1.0 and 0.0 percent. The inflationary runaway, which has forced the Central Bank to make a strong monetary adjustment, along with a budgeted significant drop in public spending this year, are central elements to understand the poor forecasts for activity. Added to this is the political uncertainty, which punishes investment, and the international economic deterioration, which affects our exports, among other effects.

**Politics:** after the presidential message at the beginning of this month, the government recovered part of the lost support, although in net terms it continues to receive disapproval from the citizenry. We are on the verge of knowing the constitutional project in its final version, including the proposal for transitory articles, which will be plebiscited next September. The polls point to a narrow result, while the different political parties begin to fix their positions in favor of approving or rejecting, depending on the case. There is a growing polarization in the positions, with a government that, apparently, will opt for a certain neutrality. The problems of violence in the southern macro zone and unleashed delinquency in the big cities are two phenomena that have become very important for public opinion, which expects more efficient proposals from the authorities to confront them.

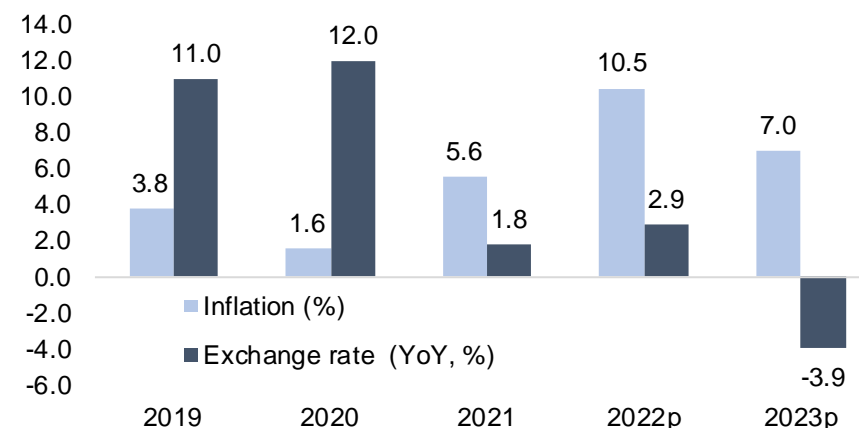
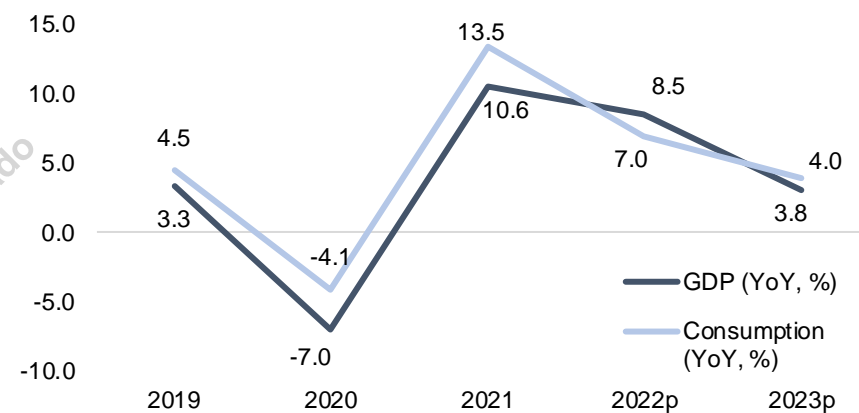


**CPL/USD**

| Year    | 2019 | 2020 | 2021 | 2022p | 2023p |
|---------|------|------|------|-------|-------|
| CPL/USD | 770  | 735  | 849  | 850   | 820   |

**Economy:** several entities such as the OECD, the World Bank and the Ministry of Finance have significantly increased their growth forecasts for Colombia: 6.1%, 5.5% and 6.5%, respectively. This is justified by higher oil prices and an exceptional performance in the first quarter. The above forecasts are close to the one presented by Econometría Consultores 4 months ago (6.3%). This month, we updated our forecast from 6.3% to 8.5%. April data suggest that, if the economy stagnates at April levels, the economy would grow 8% in 2022. However, a drop in economic activity is expected in May and June due to election uncertainty, followed by a slight recovery in the following months that would justify growth slightly above 8% in 2022. It is important to note that the looming global crisis would first and foremost affect growth forecasts for 2023, which we lower from 4% to 3%. Regarding inflation, inflation forecasts are increased from 9% to 10.5% by the end of the year. This should lead to interest rate increases of 100 basis points at the next meetings of the Central Bank's Board of Directors, up to 9%.

**Politics:** on June 19, Colombia elected Gustavo Petro as president of the republic. The votes were 50.45% for Gustavo Petro and 47.30% for Rodolfo Hernandez. This is an interesting scenario. In the first place, this is the first leftist government in Colombia, which generates uncertainty. However, a moderation of its policies is expected. In the first place, the president-elect does not have majorities in Congress, which will imply a moderation of the reforms proposed by the candidate, since, if they are extreme, they will be disapproved by Congress. Secondly, the different alliances he has made with candidates of the center also allow us to think of a moderation of the reforms proposed by the candidate.



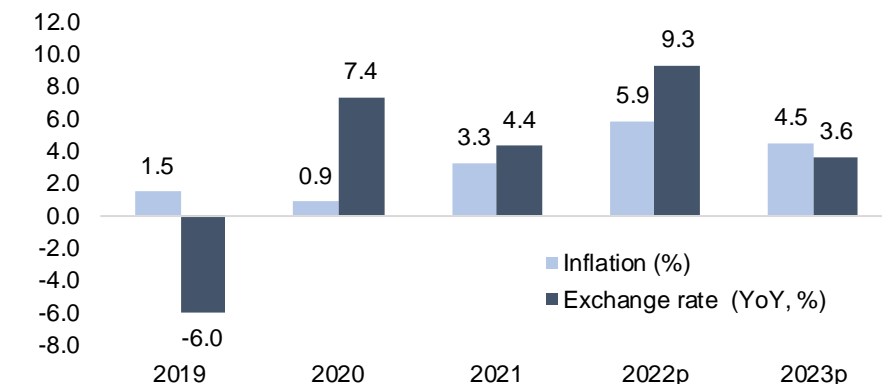
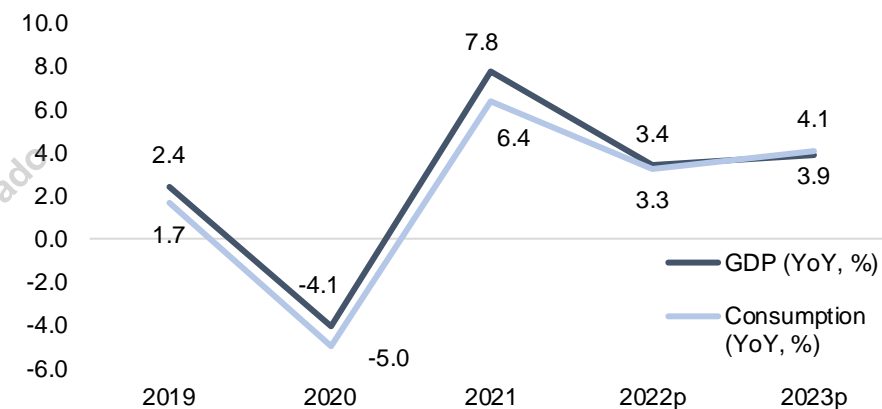
| COP/USD |       |       |       |       |
|---------|-------|-------|-------|-------|
| 2019    | 2020  | 2021  | 2022p | 2023p |
| 3,280   | 3,674 | 3,740 | 3,850 | 3,700 |

**Economics:** the national production, measured by the cycle trend series of the Monthly Index of Economic Activity, registered a year-on-year variation of 7.5% in April, 2.3 percentage points (p.p.) lower than the same period of the previous year. Although economic growth is slowing down, a report published on June 11 by the Central Bank of Costa Rica (BCCR) suggests that the economy has shown strength since April. The reported percentage variation, in the last 12 months, was explained by the dynamism of hotel and restaurant services, which reported growth of 54.9%, exceeding pre-pandemic levels, and by manufacturing activity, with 5.9%. Growth in professional and administrative services also contributed, with 7.6%, and in transport and storage activities, with 17%. These four activities explain more than 70% of the variation in the general index.

Since the beginning of January 2020, there has been an upward trend in the exchange rate that has intensified in recent weeks. At the beginning of June, the president of BCCR, Roger Madrigal said that the entity has enough capacity to intervene in the market and avoid abrupt variations, among the measures taken is included a loan of US\$ 1 billion for reserves, which makes that until June 2 the interventions of BCCR reach US\$ 78 million in the exchange market to avoid more abrupt changes.

**Politics:** during the first month of the government headed by Rodrigo Chaves, the administration has received different sectors to listen to their concerns, especially about the reform of the Labor Code that would allow employers and workers to agree to work days of up to 12 hours a day, in exchange for three days off a week. Although it has the political support of the Presidential Palace and also that of opposition parties, there are doubts that have not been resolved, especially regarding the possible entry barriers that certain populations could face, such as people with responsibility for I care.

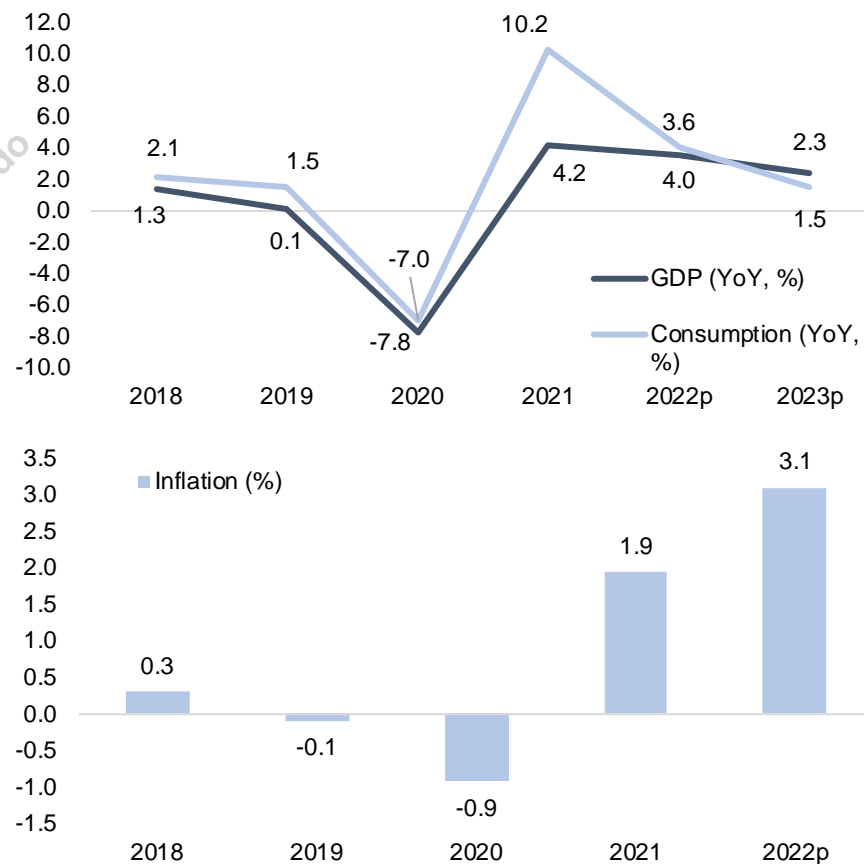
Although the image of the President of the Republic, improved in his first month, there are many doubts regarding his cabinet and their designation, since, although the selection of the new leaders and ministers reflects the diversity of the country with new faces, the ability of some to take on a position for which they do not have the necessary experience has been questioned.



| 2019  | 2020  | 2021  | 2022p | 2023p |
|-------|-------|-------|-------|-------|
| 573.2 | 615.4 | 642.3 | 702.2 | 727.7 |

**Economy:** in May 2022, consumer prices in Ecuador registered a year-over-year increase of 3.4%. Although it is a much lower rate than the one presented by most of the countries in the region, and the United States and the Euro Zone, at the same time, it is the highest rate observed in Ecuador since the end of 2015. The group of products with the greatest impact on general inflation continues to be Transportation (due to the increase in the cost of fuel), but in May the consumer prices of the Food and non-alcoholic beverages category rose 4% compared to the same month of 2021, a rate that, leaving aside a brief speculative increase at the beginning of the pandemic, had not been seen in several years either. Even though this increase is mainly explained by external factors which are also felt in other countries (increase in the prices of oil and wheat derivatives, for example), the rise in food prices is socially and politically sensitive because it affects to a greater extent to lower-income households. At CORDES we have revised our inflation projections for December this year upwards: from 2.3% to 3.1%, with a lower incidence of transport (fuel prices were frozen at the end of 2021) and a greater incidence of food.

**Politics:** the increases in the prices of some products of the basket of goods, mainly oil, are being used by the opposition to argue against the government, which is also one of the arguments that the Indigenous Movement has used to call the indefinite national strike that began on Monday June 13. The call for this strike has generated concern in a part of society, especially in Quito, which recalls the violent protests of October 2019 (with attacks on citizens, private property, and public buildings) that were led, precisely, by the Indigenous Movement. On early hours of Tuesday, the 14th, the president of that movement, Leonidas Iza, who was one of the visible faces of the October 2019 days, was arrested on the grounds of being the intellectual author of acts of vandalism in the context of the current strike. At the time of writing this section (June 14), Iza remains detained in the flagrancy unit of the city of Latacunga and other indigenous leaders have warned about his detention, which they consider illegal and arbitrary, will lead to a radicalization of the protest, which has been joined by students and some social movements.



# Mexico



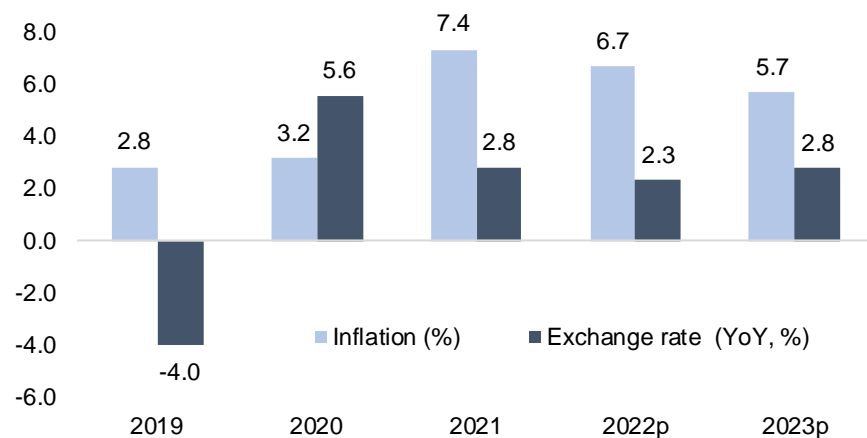
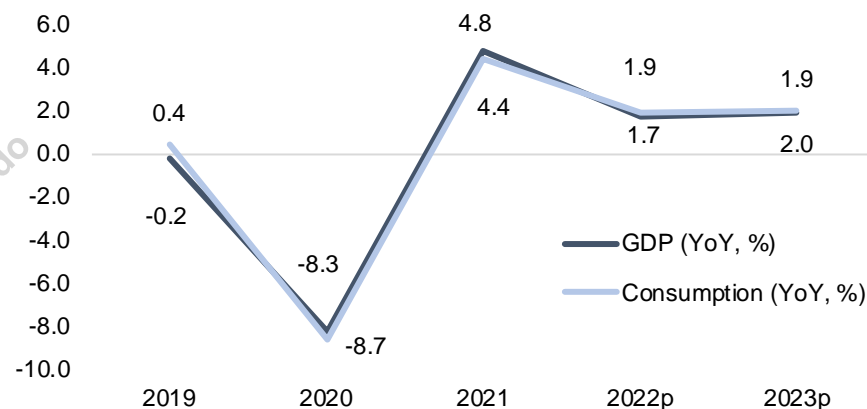
**Economy:** Mexico's economic growth will be below 2.0% by 2022: the World Bank cut its growth forecast from 2.1% to 1.7% -lower than the average for Latin America and the Caribbean, which rose from 2.3% to 2.5%- and the Organization for Economic Cooperation and Development placed its projection at 1.9%. The factors that motivated the adjustment were the fifth wave of COVID-19, geopolitical tensions in Europe, the deceleration of the U.S. economy and the normalization of its monetary policy in the face of very high inflation and the negative impact on Mexican exports. These forecasts are consistent with those that Consultores Internacionales, S.C.® has anticipated, placing growth in a range between 1.5% and 1.9% in 2022.

According to data from the National Institute of Statistics and Geography (INEGI), during the second half of the year, inflation was 7.65%, affected by the notable increase in the basic food basket. This figure was slightly lower than the 7.68% observed last April. Despite this moderate setback, on June 23rd the Bank of Mexico is expected to raise its reference rate by 75 basis points for the first time in its history, from 7.00% to 7.75%.

Lack of growth and the creation of better jobs in a disruptive environment are affecting the labor market. In April, the creation of 5,490 formal jobs with access to social security and the loss of 2,855 are signs of weakness. Although April and May are not the best months, like October and November, they are not as low or even negative. On average, between 2010 and 2018, formal jobs generated in April and May are 53,500 and 23,000, respectively. Taking the monthly averages between 2010 and 2018, 674,000 jobs should be generated by the end of the year, but at Consultores Internacionales, S.C.® we anticipate between 480 and 545,000 with a downward trend. Strategies are needed to strengthen employment, the first and most urgent is to resume growth and recover macroeconomic stability.

**Politics:** elections in six of Mexico's 32 states resulted in the victory of four states for Movimiento de Regeneración Nacional, Morena (the party founded by Andrés Manuel López Obrador) and two for the alliance of opposition parties. With this, Morena governs in 22 states representing 58.6% of the total population and 59.4% of the Gross Domestic Product (GDP). In 2023, elections will be held for the government of Coahuila and the State of Mexico (last political strongholds of the Institutional Revolutionary Party -PRI-), which represent 16.0% of the population and 12.4% of the GDP.

In Morena, with the positive electoral results, they detonated -in advance and unofficially- political campaign acts for three aspirants to the presidency of Mexico: Claudia Sheinbaum (Governor of Mexico City), Marcelo Ebrard (Minister of Foreign Affairs) and Adán Augusto López (Minister of the Interior). Morena's leadership stated that the candidate will be defined through a public poll divided into two processes. The latest polls point to Morena as the leader in the preferences for the election of the next president of Mexico.



| MXN/USD |      |      |       |       |
|---------|------|------|-------|-------|
| 2019    | 2020 | 2021 | 2022p | 2023p |
| 18.9    | 19.9 | 20.5 | 20.9  | 21.5  |

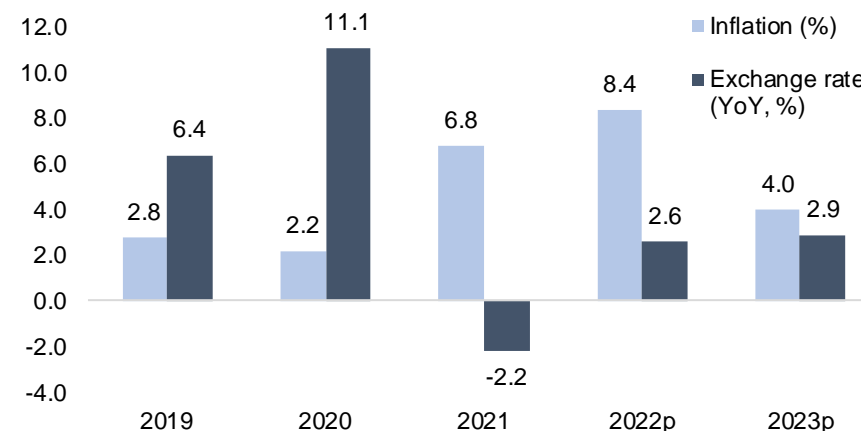
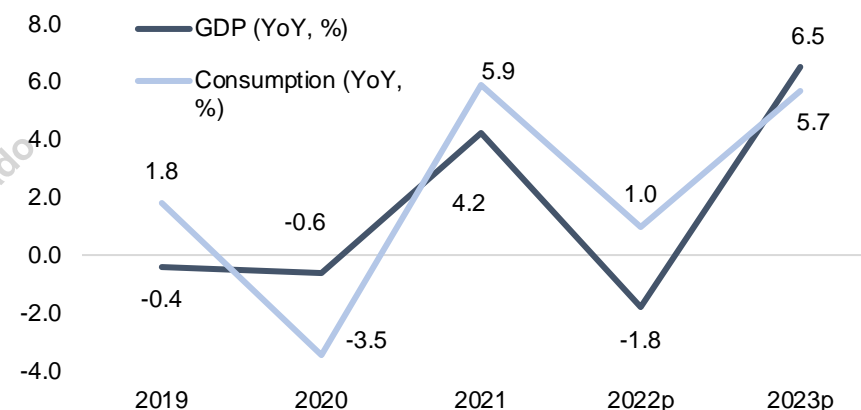
**Economy:** for the month of May 2022 the average exchange rate was Gs./USD 6,876, representing a 0.6% appreciation when compared with the previous month. This trend represents the strengthening of the Guarani for two consecutive months, mainly due to the strong intervention of the Central Bank of Paraguay in the foreign exchange market. Indeed, during the months of April and May, the monetary authority release into the market USD 450 million, from this amount USD 149 million went to the financial sector and USD 301 million to the public sector.

Thus, for the first five months of this year, the sale of foreign currency reached USD 1,100 million, a level that not only doubles the total sold the two previous years, but also stands out as the highest historical record for that period, followed by the USD 776 million for the same period in 2019. The Central Bank has intervened with two objectives, on the one hand, to reduce external inflation, by making imports cheaper and, on the other hand, to reduce the amount of money in the economy, in line with a more restrictive monetary policy.

**Politics:** on December 18th, 2022, the primary elections will be held to choose the candidates who will run for the presidency of the country in April 2023. In this context, the different opposition political parties are grouping together in an agreement that must be recognized by the Court of Electoral Justice, to enable their participation in the elections.

Furthermore, the political environment continues to be influenced by reports of alleged illegal activities by the leader of the Honor Colorado movement, former President Horacio Cartes. A report from the Secretariat for the Prevention of Money or Property Laundering (Seprelad, in Spanish) revealed an alleged money laundering scheme by the Cartes Group. Although the former president called for the unity of the Colorado Party, his candidates have been strongly attacked for having his support.

Additionally, some deputies have tried to make part of the legislative agenda to put under the supervision of the Seprelad businesses like of the Tobacco companies and sport clubs, all companies part of the Cartes Group. However, they have not reached the required support.



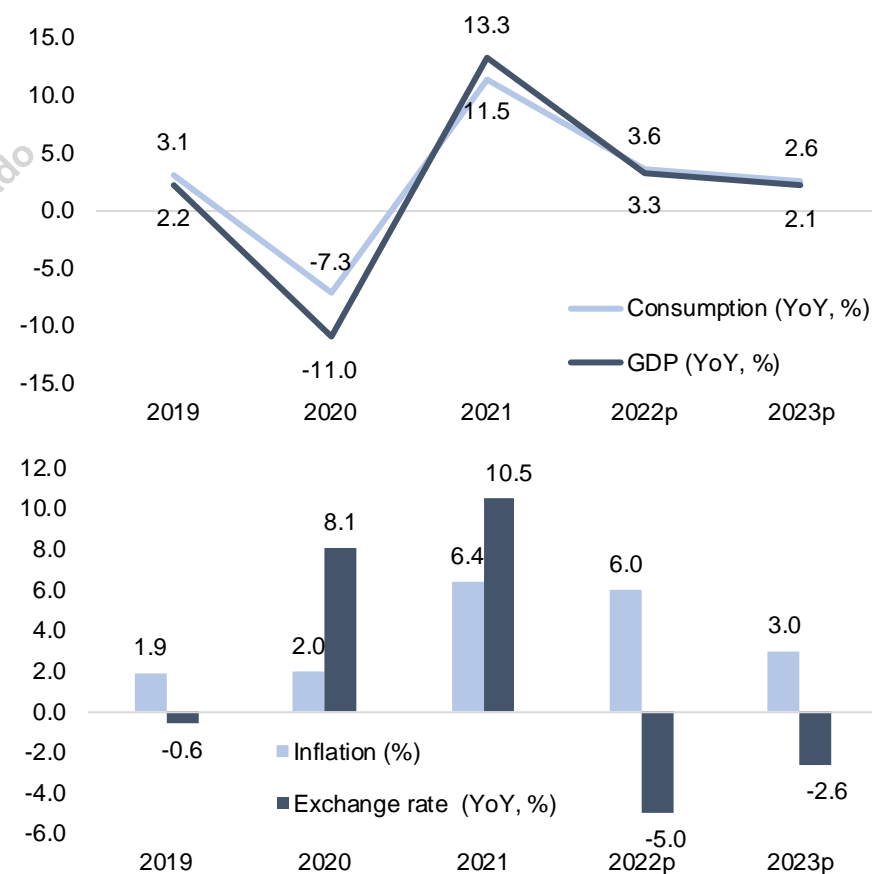
| PRY/USD |       |       |       |       |
|---------|-------|-------|-------|-------|
| 2019    | 2020  | 2021  | 2022p | 2023p |
| 6,279   | 6,974 | 6,824 | 7,000 | 7,200 |

**Economy:** the Peruvian economy grew 3.7% year-on-year in April, slightly below the 3.8% in March and the first quarter of the year. On the other hand, the annualized fiscal deficit stood at 0.9% of GDP in May due to the strong increase in tax revenues due to the regularization of the income tax in a context of high copper prices.

As for consumer prices, total inflation stood at 8.1% in May, a maximum not seen in 24 years, for the twelfth consecutive month above the target range of the Central Reserve Bank of Peru (BCRP, between 1% and 3%). In this context, the BCRP once again raised its benchmark interest rate by 50 basis points to 5.50% in June in an attempt to anchor 12-month inflation expectations, which stood at 4.9% in May.

We have adjusted our GDP and inflation projections for 2022 upwards. Now we expect economic growth to be 3.3% due to the strong dynamism that private consumption is showing and that would be favored by the recent approval of the early withdrawal of private pension funds. and the Compensation for Time of Services (CTS) that we estimate would boost family spending by an amount close to 2% of GDP. In the case of inflation, this would close the year at 6.0% due to the greater increase in agricultural and energy inputs due to Russia's invasion of Ukraine.

**Politics:** the National Prosecutor's Office included the president, Pedro Castillo, in a preliminary investigation for alleged crimes related to acts of corruption during his administration. Thus, he becomes the first acting president to be investigated by said institution. On the other hand, the Subcommittee on Constitutional Accusations of the Congress declared admissible the constitutional complaint against the vice president and minister of development and social inclusion Dina Boluarte, for incompatible management of interests during the exercise of her functions. If this complaint succeeds, which must go through a whole process that ends in a vote in the plenary session of Congress, Boluarte could be disqualified from holding public office, leaving only the President of the Congress in the presidential line of succession, according to the Constitution. Congress. Regarding social conflicts, the Las Bambas mine resumed operations after almost two months of stoppage. However, this truce could be brief.



| PEN/USD |      |      |       |       |
|---------|------|------|-------|-------|
| 2019    | 2020 | 2021 | 2022p | 2023p |
| 3.35    | 3.62 | 4.00 | 3.80  | 3.70  |

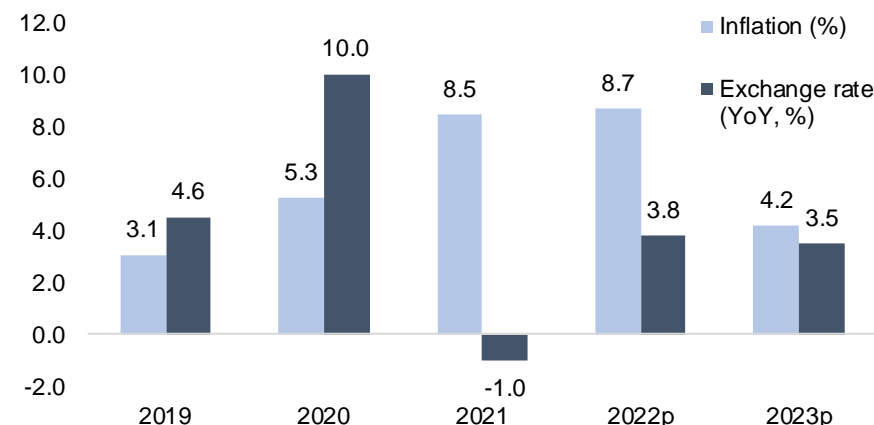
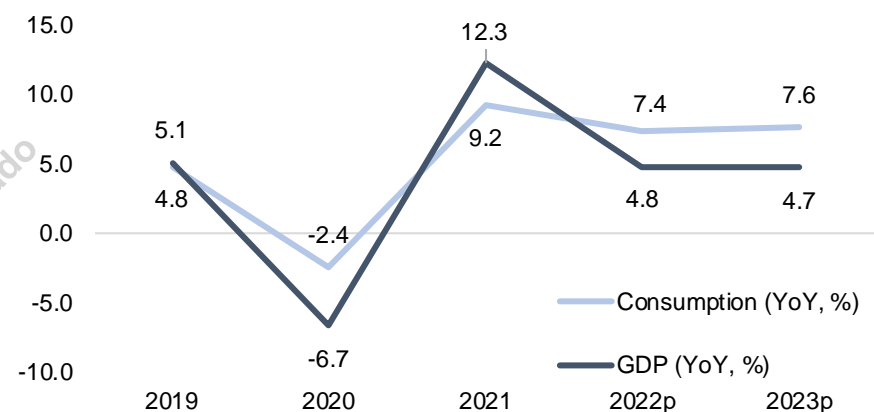
**Economy:** economic activity in the Dominican Republic grew in April by 4.7% year-on-year, accumulating for the first four months of the year a growth of 5.8%. This was driven mainly by sectors such as tourism and construction, offsetting, to some extent, external shocks and stagnation in mining activity. Thus, the country is adapting to a new post-covid dynamic, with a much less pronounced rebound effect than in the first two quarters of 2021.

In the face of supply chain disruptions and high commodity prices, local inflation reached 9.5% y-o-y in May. To contain these pressures: the BCRD made its 5th monetary policy rate hike in May by 100bp to 6.50% y/y; and, the government has implemented a fuel subsidy spending system that so far in 2022 is in the order of USD 340m and is expected to reach USD 700m.

On the other hand, the Dominican peso averaged PDO 55.06/USD in May, varying 0.2% with respect to April. Despite high international reserves and relative strength, from Ecoanalítica we believe that the exchange rate is cheap in relative terms and will have a greater tendency to depreciate in the remainder of 2022.

**Politics:** regarding the politics of the Dominican Republic last May, the former president of the Republic and president of the Fuerza del Pueblo party, Leonés Fernández, assured that the difference in voting intentions between him and the current president, Luis Abinader, has been narrowing with a view to the presidential elections of 2024.

In addition to this, he questioned the institutional modification proposed by the current cabinet which seeks a greater autonomy of the Public Ministry, arguing that said the ministry already enjoys independence and that a reform to the Magna Carta is not advisable since it puts at risk the political and institutional stability. Regarding the above, the current president affirms that the Public Prosecutor's Office must have greater autonomy to avoid an execution of justice sometimes inclined to the interests of the government in passing; reiterating that he does not want any president to control justice, so that by ensuring "that lock", no president will be able to use the ministries for personal benefit, putting democracy at risk.



### DOP/USD

| 2018 | 2019 | 2020 | 2021 | 2022p |
|------|------|------|------|-------|
| 52.8 | 52.8 | 58.1 | 57.5 | 59.7  |

# Uruguay



**Economy:** in the first quarter of 2022, the Gross Domestic Product registered an increase of 8.3% in year-on-year terms, reflecting a recovery in economic activity underpinned by the partial normalization of tourism, external demand and some large investment projects. In seasonally adjusted terms, economic activity increased 0.6% over the previous quarter.

From the production perspective, growth has been observed in most sectors; Health and Education being the highlights among the others, due to their major impact.

From the point of view of demand, an increase has been registered in both external and internal demand, and the highlight has been the recovery in household consumption.

With a longer-term view, the increase in Gross Fixed Capital Formation should be highlighted, both due to investment in machinery and equipment as well as in construction.

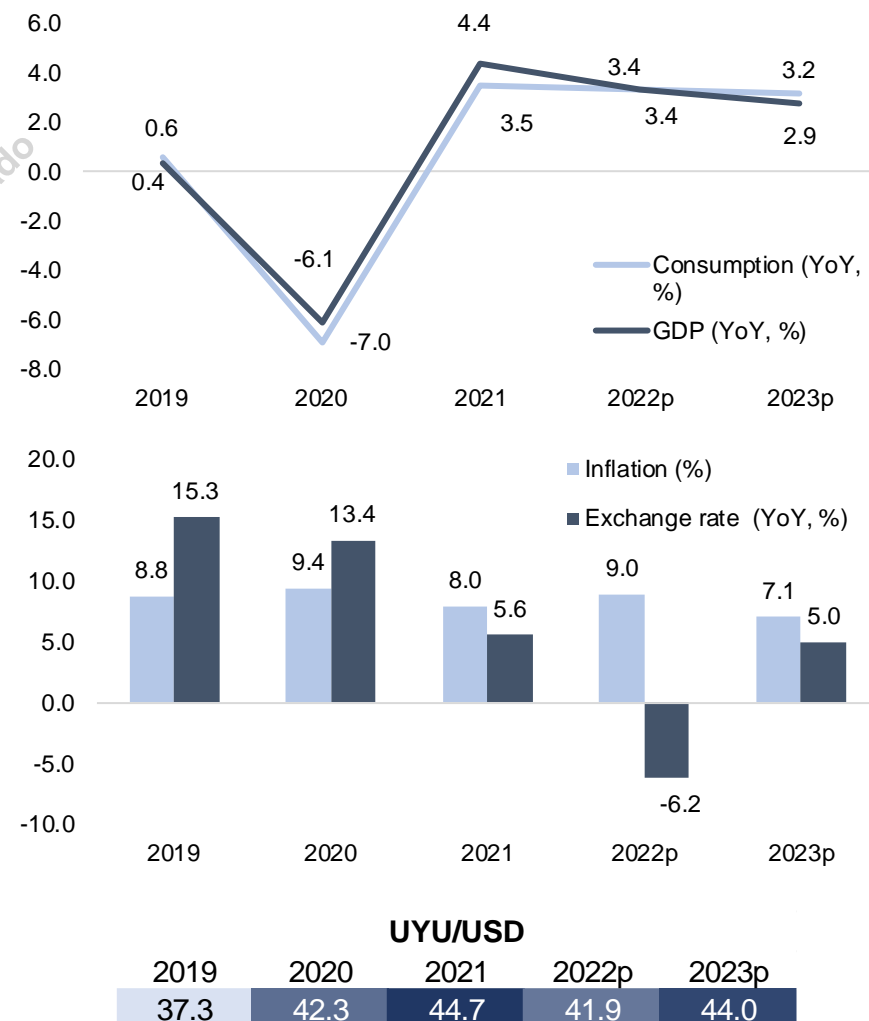
**Politics:** the continuous rise in prices -above what was expected by the government, businessmen and unions- and nominal wage adjustments, which have not kept pace with the rate of growth of inflation, have determined a systematic loss of real wages since December 2019. This scenario contrasts with the salary strategy that the government outlined in 2020, when due to the pandemic, a bridging period with no additional adjustments was agreed.

In addition to the demands of the opposition Broad Front to increase measures to deal with the hike in prices and serve the most vulnerable sector of the population, new claims were added in the same direction from the members of the Colorado Party coalition and Cabildo Abierto, which in some cases presented similar proposals.

Claims to the government evidence an interventionist and welfare vision of the State, as opposed to greater liberalism or "a market approach", with a clear objective of reducing public spending.

Coalition members are clearly searching to highlight differences with the current economic team with a view to the 2024 elections.

However, pressure from "inside" and outside the government had their impact. The government has announced a series of measures to confront and contain the rise in prices, with temporary and permanent effects.



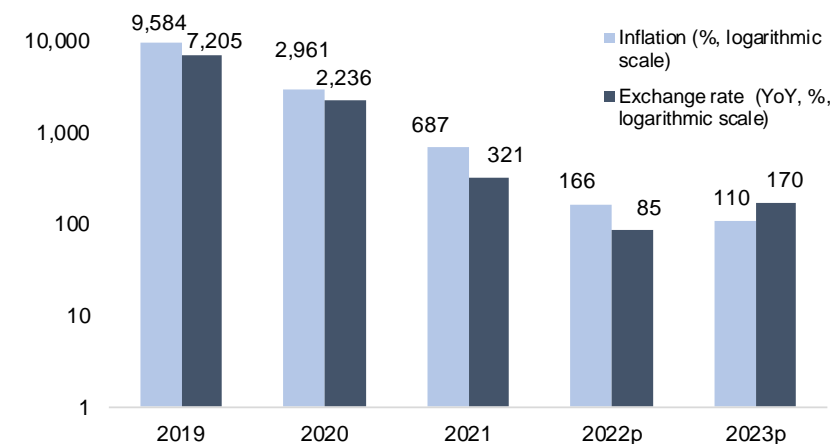
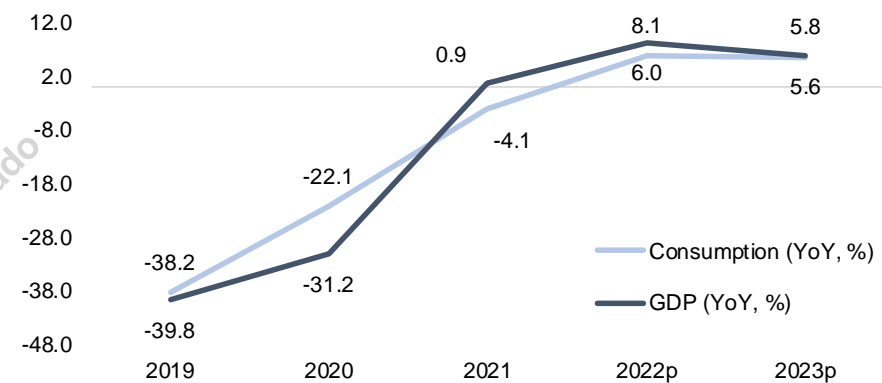
**Economy:** in May, Venezuela reached, according to our estimates, a year-on-year inflation of 281.8% and 7.5%, month-on-month, decelerating by 1.2 pp. with respect to April. The items that varied the most in prices were "Transportation", "Housing services except telephone" and "Miscellaneous goods and services".

Regarding the cost of living in dollars, this decreased in May, for the first time so far this year, by 4.6% with respect to April, so that fewer dollars were needed in May than in April to acquire the same basket of goods. This can be explained to a lesser extent by the slight deceleration in the pace of inflation, and to a greater extent by the Central Bank of Venezuela's initiative to let the exchange rate run, which depreciated by 7.6% between April and May.

On the other hand, the implementation of the reform to the Large Transaction Tax Law in March has had its effect in recovering the use of the bolivar and "de-dollarizing" the economy to some extent. The latest Ecoanalítica survey on dollarization, which samples only the city of Caracas, shows that out of 10,346 transactions carried out at the beginning of June, 39.9% of these were made in foreign currency, which represents a decrease of 8.9 pp. with respect to the March survey when the tax had been implemented.

**Politics:** on political matters, Washington did not invite Venezuela, Nicaragua and Cuba to the Summit of the Americas, allegedly because they do not present democratic models and claiming that the conference is being held to strengthen democracies. On June 6, the first day of the conference, the crowd was surprised by the absence of four more presidents, among them, Lopez Obrador of Mexico, who excused his absence arguing that he did not agree with the exclusion of certain countries and claiming that the sovereignty and independence of all countries in the region were not respected.

On the other hand, on May 5, the American state gave permission to the Italian oil company Eni SpA and the Spanish company Repsol SA to process Venezuelan crude oil to supply the shortage of Russian crude in Europe. However, this would not represent new income for PDVSA, but rather the payment of the debt owed to the same two years before when Washington applied sanctions against Venezuela. This would cut Europe's dependence on Russian crude and redirect some of Venezuela's charges from China.



| VES/USD |      |      |       |       |
|---------|------|------|-------|-------|
| 2019    | 2020 | 2021 | 2022p | 2023p |
| 0.1     | 1.1  | 4.6  | 8.5   | 23.0  |