



Weekly Report

Year 5, Number 15
Week IV, April 2009

By:
Asdrúbal Oliveros
Maikel Bello

ONE ISSUE OF BONDS WILL MAKE IT DROP?

Reproduction or distribution prohibited

The recent significant increase in the exchange rate in the swap market (unofficial) recently, which has been exacerbated by the ever increasing distortions in the Venezuelan exchange market, has sparked rumors that PDVSA and other entities are about to issue a placement of debt in US-dollars. But this is far from solving or getting at the root of the problem.

A fairly significant depreciation

During this last month, the exchange rate in the parallel market has depreciated by 8,5%, and it's even worse if compared to what the exchange rate was at the close of 2008 (9,8%). The main reason for this is due to a substantial increase in demand, given the severe restriction imposed by CADIVI with regard to the authorization and liquidation of foreign currency, and the repercussions of the Rosemort case which has led even PDVSA to substantially reduce the amount of foreign currency it was injecting into the swap market. It's clear that in Venezuela, if the public sector (government issues and/or PDVSA) does not supply the parallel market with foreign currency then it's not sustainable.



Up until now, the issue of debt has been key

Since its creation in 2003, one of the main consequences which resulted out of the implementation of the exchange control was the creation of the swap market, a mechanism by which significant amounts of private sector out-going capital was transferred and which has also served to finance a modest portion of imports at a rate higher than the official exchange rate. In the period between 2003-2008, the issue of bonds, foreign debt, structured notes and the Argentinean bonds were the most commonly used instruments used by the Government to control swap market pressures. In total, the Government injected more than US\$ 42.20 billion in 6 years.

	US\$ Emissions	Argentinean Bonds	Structured notes	Annual Injection
2003	4.1	0.0	0.0	4.1
2004	5.0	0.0	0.0	5.0
2005	5.9	0.0	0.0	5.9
2006	0.0	3.7	2.5	6.2
2007	8.8	2.3	0.0	11.1
2008	4.7	0.7	4.5	9.9
Total	28.5	6.7	7.0	42.2

Note: Figures in US\$ billions
Sources: MF and Ecoanalítica.

Another point that has influenced the performance swap market is the drop in oil prices as a consequence of the international financial crisis. During the first semester of 2008, the Venezuelan Government through the mechanisms it had available (bonds, structured notes, and PDVSA) was behind most of the foreign currency injections into the parallel market, and what was even better, the Government did this regularly and predictably. This is why the parallel market exchange rate dropped substantially and was almost stable. During the second semester of 2008, it was a different story. Oil revenues dropped and consequently fewer injections into the parallel market took place; and added to this the uncertainty created by the elections to be held in November, it is no surprise that the swap market exchange rate increased substantially.

Looking to be able to maintain the 2008 1st semester scheme

The situation currently facing international markets has made it very difficult to issue sovereign debt during the last few months. In fact, the only



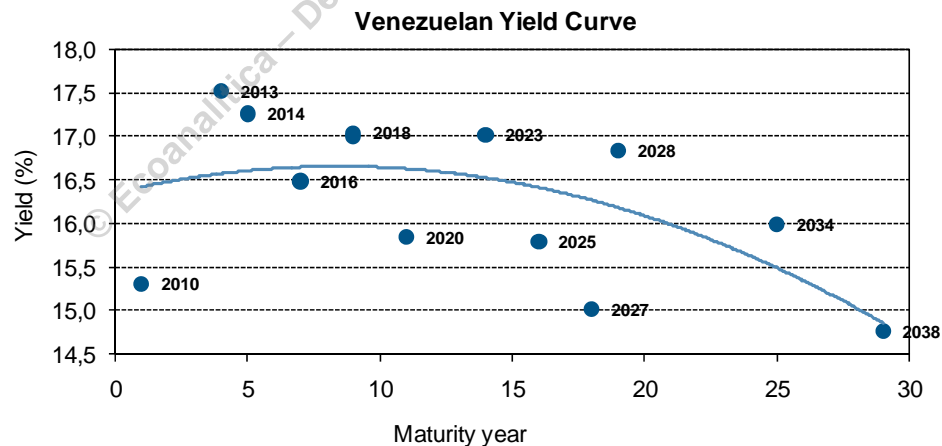


financing available at the present is from the Central Banks and multilateral organisms (mainly the IMF and the World Bank).

The success of the bond is in the acquiring of foreign currency

The rumors in Venezuela are point in another direction. There is talk of debt being issued in US-dollars which could be issued by PDVSA and/or the CVG. But, is this really possible? The answer is in the exchange control. Currently, the spread of the sovereign debt is fairly high. Venezuela's "advantage" is that it can sell foreign bonds (denominated in US-dollars) domestically and arbitrate it in the parallel market. Since the price value is so high in the parallel market, there is space to place a coupon if it's high enough, and if the coupon is placed on the market with a good discount curve, and as long as the issue doesn't flood the market. Simply put, you buy the bond because it allows you to get your hands on foreign currency.

The problem is that Venezuela will begin to issue debt that is very expensive, and furthermore, investors will mainly be selling off other Venezuelan bonds in order to buy a new issue with more yield, and this will end up pushing the spread of all the curves up.



Note: Figures at 2009, April 30th
Sources: Bloomberg and Ecoanalítica.

What's the Government thinking?

According to the newspaper *El Nacional*, PDVSA is planning to issue a bond denominated in US-dollars which will be placed in the local market in order to collect funds to pay off its debts to its contractors and suppliers. PDVSA has been carrying this debt since 2008. This issue would also serve





to lower the exchange rate in the parallel market. The issue could be for between US\$ 2.0 and US\$ 2.5 billion and it will be in the form of a zero coupon maturing in two years, something which is not very attractive in international markets, according to a very quick survey carried out by **Ecoanalítica**.

But other sources say that the bond issue PDVSA is planning will not be in US-dollars but that it will be a zero coupon maturing in two years in bolivars covered at the official exchange rate. This option would not have much impact on the swap market and it would not be very attractive in the local market.

A third option would be for CVG to issue debt guaranteed in gold. This would also be issued in US-dollars and would be used to solve the very serious financing problems facing basic companies in the state of Guayana. This is the least viable option in our opinion.

The fourth option, which in our opinion is the most viable, is that the Government and PDVSA would carry out private issues (bilateral) and this would not have an adverse affect on the curve. The financial conditions would be more onerous and it would have virtually no impact on the swap market. This is the option that the Ministry of Planning is considering.

Transmitter	Currency VEF/US\$	Amount US\$	Coupon	Parallel Impact
PDVSA	\$	2.000 - 2.500	×	✓
PDVSA	VEF	2.000 - 2.500	×	×
CVG	\$	6.000	Guarantee	✓
PDVSA and CG*	\$(Private)	2.000	×	×

*Central Government

Source: Ecoanalítica.

What can we expect from the swap market?

None of the option that we have presented here does anything to solve the STRUCTURAL problems facing the exchange market. Not even the first option presented. As we have been saying all along, the only way to be able to stabilize the parallel market is to first, legally recognize that it exists; and





second, design permanent operations to inject foreign currency into the swap market, which by the nature of the Venezuelan economy, must be carried out by the public sector. Foreign currency injections must be done through public auction and periodically.

The Government has to formally recognize, once and for all, what it has been doing for some time now, and that is that, CADIVI will only be able to service priority needs, and the rest of the foreign currency required must be managed by a mechanism which is much more streamlined. An issue with no defined concept in a high demand situation will not solve or alleviate anything. Keep in mind that CADIVI's debt to Venezuelan society for the last 8 months is most likely over US\$10.0 billion, and this is not counting new demand. So an issue of bonds for US\$ 2.5 billion is not going to do much.

Nothing will change

Unfortunately, the Executive Office, and especially PDVSA, are very adverse to making any changes. PDVSA financing operators just want to get past the Rosemort case and go back to business as usual, however, under current conditions, the supply of foreign currency is very limited. From Planning's point of view, it is worried about international reserves dropping. Neither one of these cases mentions anything or shows any concern about how this situation will affect Venezuela's private sector.

As things stand now, nothing points to the swap market exchange rate dropping substantially in the medium term. One must keep a prudent eye on how these events will unfold and of course, maintaining coverage strategies are more than necessary.

Economic Tips

IMF: Venezuelan economy to drop by 2.2%. The belief that Latin American will somehow dodge the effects of the worldwide crisis is now a thing of the past, dropping consumption by developed countries is reflected by a drop in exports in the region add on to this, a drop in foreign investments and financing costs skyrocketing. IMF projections show that in 2009, the GDP of five economies in the region will drop: Mexico





by 3.7%, Venezuela by 2.2%, Ecuador by 2%, Argentina by 1.5%, and Brazil by 1.3%. This respect to inflation, Venezuela will be the most affected with an inflation rate of 36.4%.

Rodríguez Araque: “If we grow by between 1% and 2% it will be an impressive success.” The Minister of Economy and Finance, Alí Rodríguez, in an interview recognized that the GDP will drop and that the Government will do everything in its power to avoid a recession. Due to the drop in oil revenues, some of the works financed by FONDEN will be delayed, but this won't help avoid the shrinking of the economy.

...devaluation “it isn't an ethical or moral problem.” The Minister of Finance also said that there won't be a devaluation because of the simple reason that it would cause even more inflationary pressures. Rodríguez recognized that a devaluation would help alleviate some of the fiscal pressures facing the Administration but at the cost of having to devalue more than once, and therefore a devaluation is not being considered.

... they pay us to consume gasoline. Another point that the Minister touched on was the price of gasoline, saying that domestic fuel consumption was out of control and with prices where they are, gasoline isn't only being given away it's like we are being paid to use gasoline. He alluded that a price adjustment was in the works, but that it would take place at the right moment and he didn't hint at any expected date when this may occur.

New BCV president. Nelson Merentes was named the new president of the Central Bank of Venezuela this week, thereby replacing deceased Gastón Parra. Merentes has twice been Minister of Finance, during 2001-2002 and 2003-2007. In our opinion this appointment will not generate any significant changes in how the BCV has been operating and implementing its monetary policies, which lately have keeping step with the Administration's fiscal objectives.

The SENIAT becomes a part of the Ministry of Finance. According to the *Gaceta Oficial* No. 39.163, dated April 22, 2009, the National Integrated Service for the Administration of Customs and Taxes (SENIAT) is to be incorporated in the organic structure of the Ministry of the People's Power for Economy and Finance.

Change in taxes. The Ministry of Finance and the SENIAT are planning to present before the National Assembly a reform of the Income Tax Law and a modification to the Tax Law for Alcohol and Alcoholic Beverages. With respect to the tax on alcoholic beverages, a review of the issue of liquor licenses by the Mayor's Office. This





instrument was reformed in 2007, which included an adjustment on taxes and establishing that the Mayor's Office must first get the approval of the Communal Council before it can issue liquor licenses.

Resource adjustments and bonds to finance wage increase. In order to cover the 20% minimum wage increase decreed for this fiscal year which in total will equal Bs.F 3.0 billion, the Administration has two strategies: 1. Adjust the amount of resources earmarked for Ministry items; and, 2. Use a part of the revenues collected by the issuing of bonds this year.

Government worried about the way the swap market is evolving. The Minister of Finance pointed out that how the swap market behaves "is always a source of concern," after the parallel market has been showing increased volatility due to the fixing of limits in the amount of foreign currency that will be authorized by CADIVI for imports. He added that steps are being taken to address the situation "but they will be announced at the appropriate moment."

International reserves. International reserves increased by 0.4%, going from US\$ 28,78 billion at the close of the third week of April to US\$ 28.89 billion at the close of the fourth week. The international reserves at the end of March reach US\$ 28,99, representing a drop of 9.2% if we compared it with the amount rerecorded in the March of the previous year (US\$ 31,95 billion).

Monetary liquidity. The money supply closed the third week of April registering a drop of 0.5% compared to the previous week and settled at VEF 190,498 billion. If we compared this with the figure recorded at the same period of the previous month (VEF 148.17 billion), the monetary liquidity increased 28,6%. At the close of 2008, it reaches VEF 194,27 billions, that means that the monetary liquidity dropped 1.9%.

Oil Tips

PDVSA revenues and the payment of royalties increased. The president of PDVSA, Rafael Ramírez, in an interview with a local newspaper stated that PDVSA total revenues in 2008 were at US\$123.0 billion (27.8% more than in 2007). He also said that the amount paid in royalties was at US\$ 30.0 billion, up by 36.5% compared to what



was collected in 2007. In the coming weeks, PDVSA's balance statements for 2008 should be published.

PDVSA cuts sending and expenses budget by 64.7%. According to statements made by Minister Ramírez, PDVSA will cut its expenses and spending budget by 64.7%, going from US\$ 17.0 billion to US\$ 6.0 billion, due to the drastic cut in its oil revenues. However, it is not cutting its investment budget of US\$ 14.0 billion so that the company can be in an advantageous position when the crisis ends.

No pay raises for oil workers. The Minister of Energy and Mines, Rafael Ramírez, announced that this year there will be no pay raises or bonuses for PDVSA oil workers. He also announced that the executive payroll list will be abolished and that upper management will all get a 20% cut in pay, which include the president of the company, vice-president, directors, presidents of subsidiaries, directors of subsidiaries, executive directors, managing directors, corporate directors, functioning managers, general managers, and all positions of maximum responsibility. He also added that no one will be paid a salary over VEF 12,000 a month.

Estimating average price of a barrel of oil in 2009 at US\$ 51. A survey taken of 30 analysts showed that they had adjusted the average price of a barrel of U.S. crude oil in 2009 to US\$ 51. This is due to the production cuts agreed to by OPEC members. However, fears of an influenza pandemic on Monday sent shock waves through global markets.

Swine flu affects crude oil prices in New York and London. The world epidemic of swine flu has affected oil prices in New York and London, both locations registering drops of US\$ 1.41 and US\$ 1.35, to close at US\$50.14 and US\$50.32, respectively.

Crude oil process slide to US\$ 49. Crude oil prices slide to US\$ 49 per barrel after swine flu fears affected demand by reducing the number of passengers flying.

OPEC basket price falls. OPEC basket price fell to US\$ 49.21 from US\$ 49.97 where it was at during the last trading session.

PDVSA only paid 5% of its debt owed to contractors. Up until April, PDVSA has still only paid 5% of the debt it owes to a number of its contractors. Some contractors haven't been paid since last year. It still hasn't paid off all the companies which are





owed less than VEF 3 million, and the situation is much worse for those companies which are owed more than this amount.

Will not accept arbitration. Ángel Rodríguez, president of the Commission for Energy and Mines of the National Assembly announced that Venezuela will not give up jurisdiction concerning any conflicts which may arise in the Orinoco Oil Belt given that the Government will not turn over any strategic control of the oil reserves to foreign interests.

Refinery talks reinitiated. The Brazilian state run oil company, Petrobras and PDVSA have reinitiated talks about a joint project to build a refinery in Brazil, according to information released by Brazilian company officials. PDVSA has until May 25 to decide whether it wants to participate in the Abreu Lima refinery project, in the state of Pernambuco, in the northeastern part of the country.

Business Sector Tips

Network set up by health authorities to protect against swine flu. Health organizations are setting up a nationwide network to help inform people about the swine flu. Ramón Carrizales, vice-president of the Republic, announced that there were currently no swine flu cases in Venezuela. He also announced that special measures were being taken at all the ports of entrance and the border area to protect the population from the epidemic which started in Mexico.

Executive Office: No US-dollars for importing cars. Eduardo Samán, Minister of Trade announced that the Government would not authorize foreign currency to import vehicles, “the foreign currency that we have will not be used to buy cars, we have to save them to buy food.” He also recognized that local production was not enough to cover the demand, he clarified that the authorization of foreign currency “is being carefully considered.”

INDEBAPIS to monitor car and spare parts sales. The INDEBAPIS informed that it will begin to inspect car dealerships around the country to checkup on their commercialization of vehicles process due to a number of irregularities that have been reported, such as over pricing vehicles and vehicles being sold with mechanical





problems. The institution has been trying to develop conciliation tables in order to try to solve the claims directly with the car dealership.

No limits to how much you can withdraw. The Superintendent's Office of Banks, SUDEBAN, ordered banks to stop all operations which limit or restrict the amount of cash a client may wish to want to withdraw at a teller. If they continue with any restrictions, they will be in violation of regulations established in the General bank Law and the appropriate sanctions will be applied.

Effects expected by the banking system. According to the SUDEBAN, during the first quarter, total loans granted dropped by 0.54%, meanwhile investment in public bonds increased by 30.04%. Though bonds only represent 26.5% of banking system assets and loans 43.86%, it's expected that investments in titles begin to have more importance in assets, given the States upcoming issues or paper.

Forced "divorce" between banks and insurance firms. The National Assembly approved the new Insurance Law in its first discussion. This new Law creates a new regulatory entity and obliges insurance firms that belong to banks to separate. Deputy Rafic Souki pointed out that "insurance firms must be dissociated from any financial entity," and justified changes claiming that they leave users free to choose" the insurance company they prefer and not to take the one that is imposed upon them.

Public sector made La Guaira and Puerto Cabello ports collapse. Crowding of the mail ports in the country over recent months is related to the import volumes of the national government. Of the 17,931 containers that were at Puerto Cabello on March 10th, 7.221 belonged to companies like PDVSA, Corporación CASA, PDVAL and BARIVEN. The same situation occurs at La Guaira port. Furthermore, representatives of the sector assured that nationalizing the products takes more than 21 days.

Food basket at VEF 918.08. According to the National Statistics Institute (INE), the reference food basket was at VEF 918.08, for a variation of VEF 0.06 between February and March. Products which prices increased the most were melon and canned tuna. Furthermore, prices of 27 of the 50 products included in the food basket decreased during the same period.

Demand to adjust food prices. All shops, without exception, must adjust downward the prices of white sandwich bread, price-controlled pasta and powdered milk as of May 1st (when current stocks should have been depleted).





Producers request adjustment of rice prices. The Asociación Venezolana de Molinos de Arroz (ASOVEMA) requested the government to adjust white rice final price in accordance with production costs and minimum profitability so that profits can be reinvested. Rice producers point out that the decision to increase the price of paddy rice types A and B by 28% represents an adjustment at the level of the primary producer, which increases the differential between the raw material cost and the final price and thus prevents them from obtaining profits.

More power for INDEPABIS. The National Assembly approved the reform of the Law for the Defense of People in their Access to Goods and Services, which considers the food chain as essential public services and increases INDEPABIS' power to control, take over and close businesses and stores. With this reform, businesses operating in the food sector cannot be shut down and the Executive has powers to freely expropriate them, because it is not necessary to declare them as companies of public interest.

New rules to issue import certificates. The Ministry of Science and Technology and Intermediate Industries sets forth in the resolution published in the Official Gazette No. 39,164 the conditions for the issuing of the certificates of No Production or Insufficiency. The resolution provides for that those interested may request from the Ministry the issuing of the certificates in accordance with the corresponding evaluation and analysis procedures and based on the priorities and conditions established by the National Executive. Certificates issued by the Ministry of Light Industries and Commerce before June 30th are no longer valid.

ANSA detects a decreased range of products. According to a study prepared by the Asociación Nacional de Supermercados y Autoservicios (ANSA), food product range in the private distribution networks has contracted 45-50% so far, perhaps due to raw material import problems or because some companies have centered only on a few products.

World Crisis Tips

The World Bank lends another US\$100.0 billion. The President of the World Bank, Robert Zoellick, stated that the organization can lend another US\$100.0 billion without





taking any risk. Furthermore, the Bank will treble the amount earmarked for project financing over the next two years in order to strengthen social protection, up to US\$12.0 billion.

The IMF's words. Reports on Global Economic Outlook and Global Financial Stability published by the IMF are gruesome. Global growth forecasts have been revised downward regarding January's figures by 1.8% for this year and 1.1% for next year, with substantial drops in countries like Japan, Germany and Italy. Furthermore, the IMF now expects a particularly intense contraction of world trade: 11% drop this year (vs. 8.2% in January) and an almost flat growth curve for next year (vs. 2.6% up to + 0.6%). The IMF has revised upward (23%) its estimates for amortization needs of assets originated in the US (up to US\$2.7 trillion) and offered an assets amortization estimate of US\$4.0 trillion on mature markets, half of which would be responsibility of banks. The IMF has also determined the multiple channels of financial interconnection in this financial crisis and its systemic implications.

South American countries are the first to recover. The Managing Director of the International Monetary Fund, Dominique Strauss-Kahn, stated that South American countries that have not felt a significant impact on their banking systems will be the first to recover in Latin America, pointing out that economies that will recover first are Brazil, Argentina, Chile and Peru.

The IMF states that the region will recover fast. The International Monetary Fund Director for the Western Hemisphere, Nicolás Eyzaguirre, sustains that Latin America will start growing in coming quarters, because the Latin American financial system is "healthy". Eyzaguirre pointed out that although a contraction of 1.5% is expected in Latin America, recovery is also close.

The US asked IMF shares to be reviewed. The US Treasury Secretary, Timothy Geithner, demanded a deeper reform of the International Monetary Fund, so that emerging markets that have the most dynamic economies have greater influence on its power entities.

SCAP methodology. The Fed published last Friday the general guidelines of the methodology followed in the stress testing exercise (SCAP or Supervisory Capital Assessment Program). The exercise is applied to the 19 banks with assets over US\$100.0 billion and tries to estimate potential loses, income and supply need of banks in 2009 and 2010, in two different economic scenarios: basic and more negative. The





basic scenario is built based on the average supply for the GDP growth, unemployment rate and housing prices released by Consensus Forecast, Blue Chip Survey and the el Survey of Professional Forecasters available in February 2009. The other scenario is more negative, but Fed does reminds us that it is not the worst possible scenario (for instance, it assumes for the end of 2010 a level that is 10% below the basic case). The economic assumptions of the exercise are, therefore, not excessively demanding. Furthermore, little specific details (on the specific methodology applied) have been provided.

US banking system regulatory agencies close another bank. Banking system regulatory agencies in the US close the Michigan Heritage Bank, the 27th bank that falls victim of the recession and due to low housing prices. The Federal Deposit Insurance Corporation informed that this entity had US\$184.6 billion in assets and US\$151.7 billion in deposits as of December 31, 2008.

US Treasury lends GM US\$2.0 billion. The US Treasury lent General Motors (GM) another US\$2.0 billion that will be injected to the working capital. Barack Obama's administration has informed that up to US\$5.0 billion and up to US\$500 billion for working capital is expected to be lent to GM and Chrysler, respectively, before the term these two companies were given for their restructuring if they want to receive more funds from the Administration.

High fiscal deficit in the UK. Within this context and with governments trying to stop the crisis and approving a wide range of rescue measures for the financial sector and palliative actions to fight recession, a mass deterioration of public accounts is taking place everywhere. Last week's presentation of the budget proposal of the British Finance Ministry included a projected extension of financing needs for the public sector for 2009-2019 of up to 12.4% of GDP, a figure that has no immediate precedent.

Positive news in the US. Housing price index compiled by the Federal Housing Financing Agency for the month of February were released last week, reporting the second monthly increase in a row (+0.7%). This increase comes after ten months in a row of falls and after a price fall during 18 of the previous 20 months. This does not signify a trend change, but at least is an encouraging sign of stabilization.





Political Tips

Fair trade and modest dividends... President Chávez proposed that people should pay things in accordance with their income. In this context President stress that at MERCAL Hogar, families can buy domestic appliances at a lower price. He also pointed out that trade should be fair in Socialism and that companies should produce modest dividends that should be reinvested.

President Chávez urges to renounce to labor benefits. President Chávez stated that the new citizen must emerge from socialist factories, meaning that citizens now have to forget about “mega salaries”. Therefore, managers that work at socialist factories must renounce to these privileges.

Peru grants political asylum to Manuel Rosales. The Peruvian government granted political Asylum to Manuel Rosales for an indefinite period. The Peruvian Minister of Foreign Affairs, José Antonio Belaúnde, pointed out that his government expects that this decision does not adversely affect bilateral relations. The Venezuelan government protested the decision by withdrawing the Venezuelan ambassador to Peru and by integrally evaluating relations with the government of Peru.

The Attorney General claims that Rosales' asylum is inadmissible. The Attorney General, Luisa Ortega Díaz, claimed that the political asylum requested by Manuel Rosales from the Peruvian government is not valid, because Rosales is being charged with a crime against the safeguard of public goods provided for in the Law against Corruption and not for a political crime. Therefore, the Attorney General's Office expects the government of Peru to extradite Rosales to Venezuela.

Ambassador to Peru withdrawn. In a sign of protest against the decision made by the Peruvian government to grant political asylum to Manuel Rosales, the Venezuelan government decided to immediately withdraw its ambassador to Peru. In opinion of the Ministry of Foreign Affairs (MRE), this situation makes a mockery of International Law.

New Venezuelan ambassador to Peru. Arístides Medina Rubio is the new ambassador of Venezuela to Peru. This official is a Historian and Literature professor and has occupied different managerial posts in universities and libraries.





Daniel Ponne appointed Maracaibo interim mayor. Daniel Ponne, from the Un Nuevo Tiempo political party, was appointed Maracaibo interim mayor. During Gian Carlo Di Martino's tenure, Ponne chaired the Public Service Committee of Maracaibo and during the transition period between both regional administrations, he promoted the health emergency decree in the capital of Zulia state, given the poor hygienic conditions.

Richard Vivas summoned on alleged corruption charges. The INTI (National Lands Institute) former president, Richard Antonio Vivas, was summoned to appear on alleged crimes typified in the Law against Corruption against the aforementioned institute.

Petkoff under investigation. Iris Varela requested the Attorney General's Office to investigate Teodoro Petkoff because he supposedly made commercial transactions with documents that were not valid. In the deputy's opinion, the chief editor of *Tal Cual* newspaper "*has allegedly committed crimes of false testimony, fiscal fraud, and document forgery.*"

And someone else...For supposedly participating in a plan against the "security of the nation and the Venezuelan State," the National Assembly decided to open another investigation against Teodoro Petkoff.

Reform of the Labor Law delayed again. The reform of the Labor Law was delayed again, this time until the end of the year or the beginning of next year. Representative, Francisco Torrealba, stated that the discussion will be "very frank because we aspire to approve (...) a regulation that doesn't allow some bosses to abuse the law and fire personnel while there is a ban on firing (...) and to defend bosses against some irresponsible workers which protected by certain laws, don't fulfill their responsibility on the job and do nothing."

Pursuing unionists and delaying collective bargaining agreement. Up until now, 80 workers have been charged because of protesting and the collective bargaining negotiations have been delayed, a situation that specially affects the public sector. Some of the companies which haven't been able to move forward with their collective bargaining agreement are CANTV, Caracas Electric Company, PDVSA, and the workers that belong to the centralized public administration.





The Social Property Law is on the way... Union leaders have expressed their concern about the Social Property Law, since it established that salaries must be equal in socialist companies that the Administration decides to promote. Some unionists believe that this will make labor unions obsolete and that they will begin to disappear, plus that this Law does not offer any protection for worker's jobs.

NGO's criticize International Cooperation project. Amnesty International believes that the International Cooperation Law project will get in the way of human rights organizations, since through it the Government will be able to regulate what they are allowed to do within the country. Therefore, these organizations are asking the Government to guarantee the freedoms of association and speech.

Venezuela – Palestine relations. Relations between Venezuela and Palestine were seal through an agreement signed by the Foreign Affairs Ministers of both countries, Riad Riad Al-Malki and Nicolás Maduro. With the signing of the agreement, the Palestinian Embassy in Venezuela was inaugurated, which Minister Al-Malki expects to be the axis for foreign relations in America.

Cuban supervision proposal. In 2004, the Administration drew up an education supervision project within the framework of Integral Agreement for Cuban-Venezuelan Cooperation. Four years have gone by, and the Ministry of Education, in blatant disregard for the way the proposal was rejected the first time it was proposed, has decided to dust off the "Tabor Document," which is a mechanism by which people may be introduce into the teaching field and company director positions that are "dedicated and committed" to the revolutionary process.

Otros Tips

Nicaragua expects Venezuela to donate electric plants. Representatives of the Sandinista Renewal Movement have propose to Hugo Chávez that he donate to Nicaragua the electric plants that helped the country face its power outage problems in 2008. The Representatives say that they are not clear if the electric plants are a donation, or if they are being sold or rented to them. They also asked Chávez to clarify what has happened to his promise to contribute US\$ 50 million to the Millennium





Challenge Account, a contribution which was suspended by the United States since November 2008.

Sucre: regional alternative. The President in his “líneas de Chávez” (Words from Chávez) stated that Single Regional Compensation Program (SUCRE) is already underway, for now, in its virtual format and later in its physical format, in this way, our reserves are protected, currently protected from the illusion of paper represented by the US-dollar. With this new currency, ALBA member countries will establish trade relationships with a just, sovereign, and co-responsible exchange policy, far from the deprived completion which occurs in capitalism, points out Chávez.

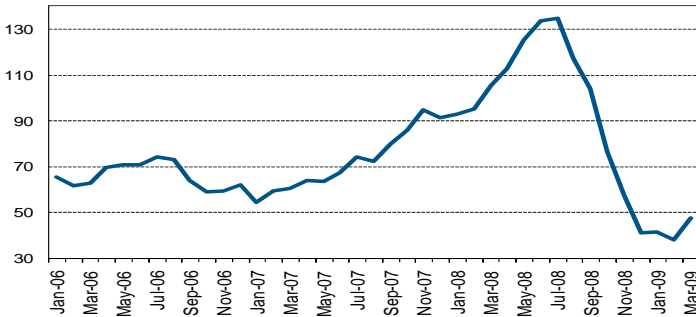
© Ecoanalítica – Descargado por usuario no autorizado



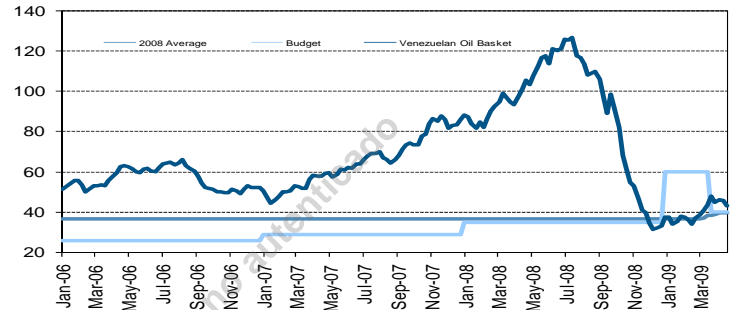


ECONOMIC OVERVIEW

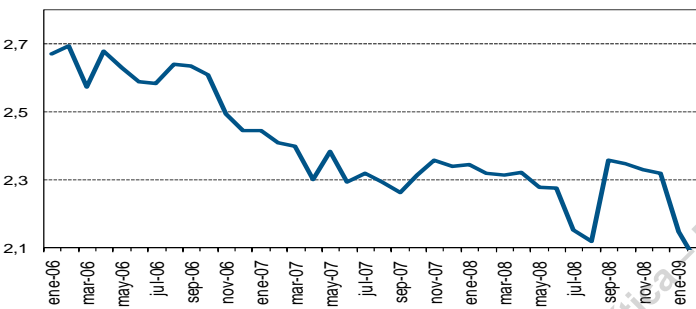
Oil Prices (WTI US\$pb)



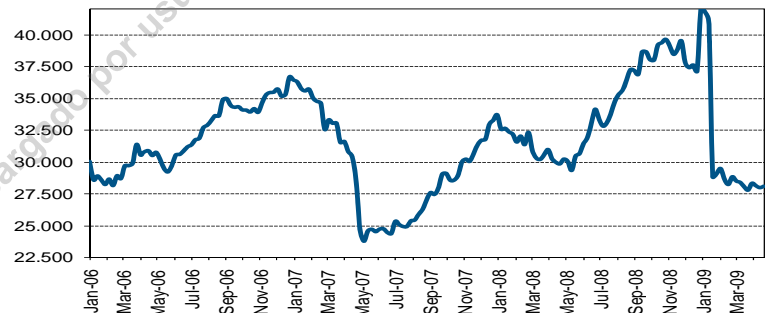
Oil Price (Venezuelan Basket US\$pb)



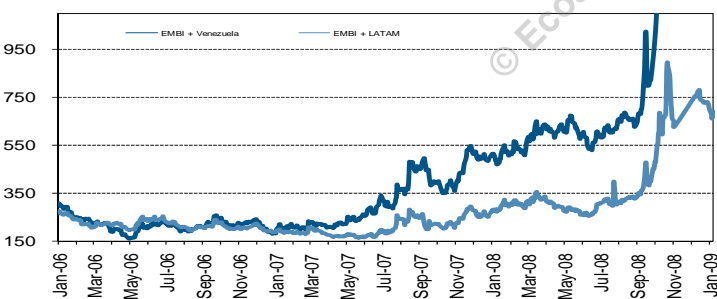
Oil Production MMBD



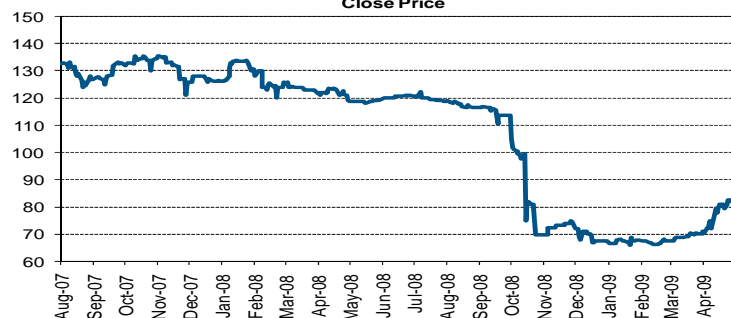
Fx Reserves - BCV (US\$ Million)



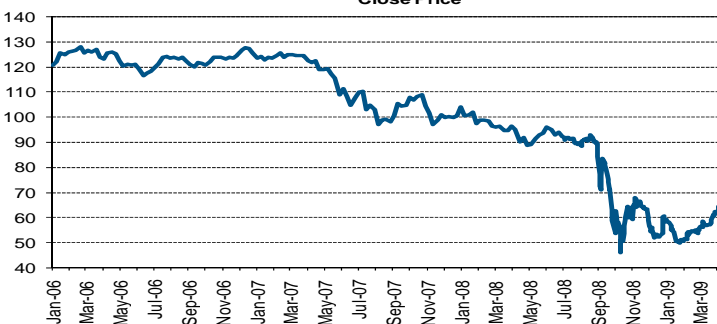
EMBI +



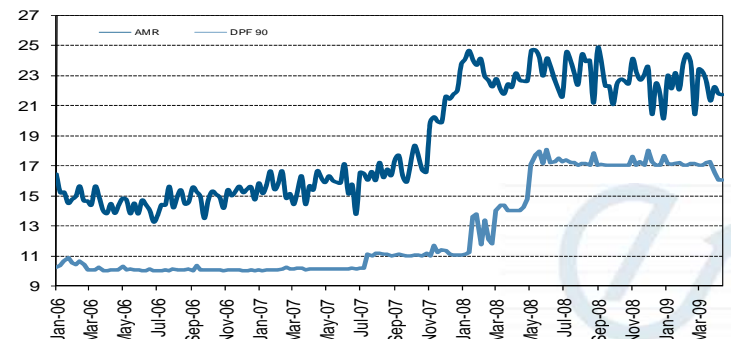
Venezuelan Global 18 Close Price



Venezuelan Global 27 Close Price

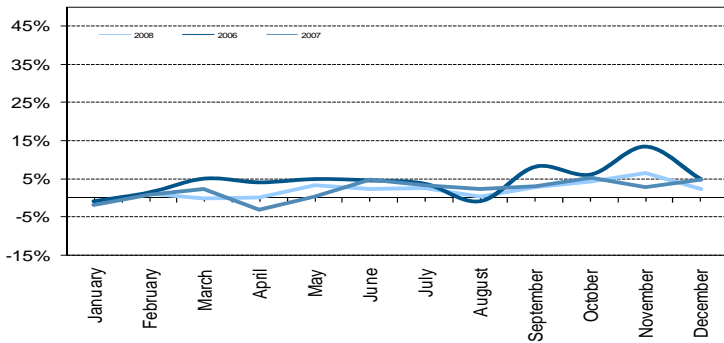


Interest Rate (Six Principal Banks)

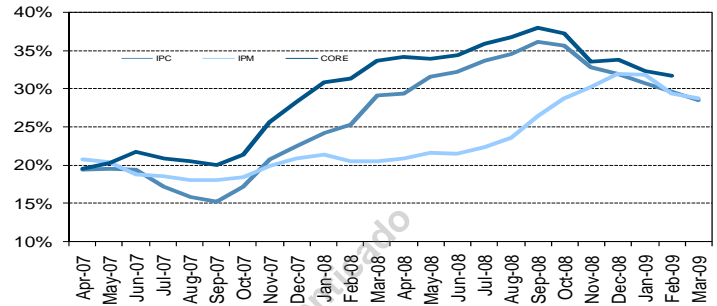




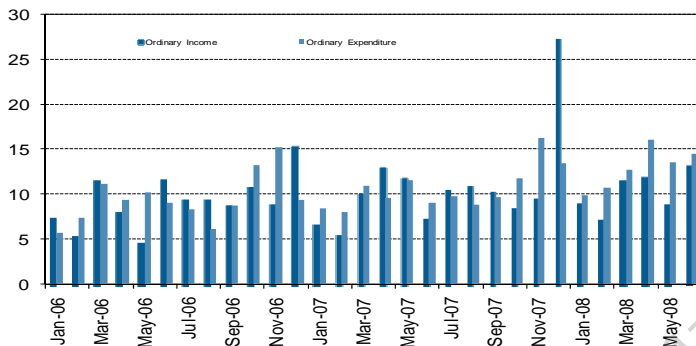
Real Expansion (M2)



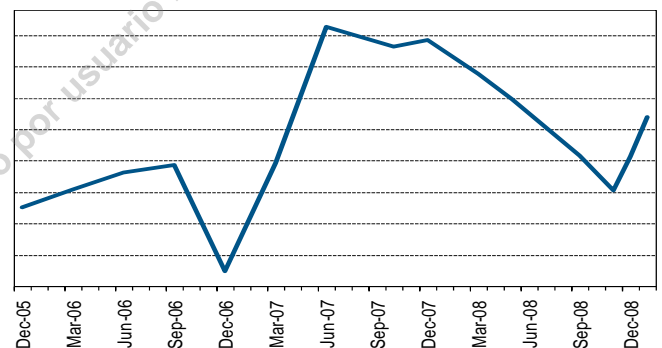
Inflation (Last 12 Months)



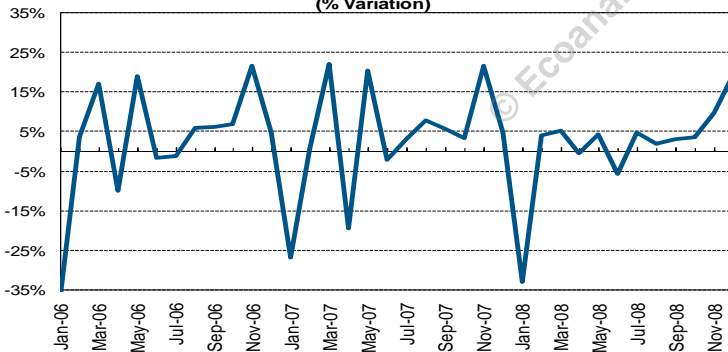
Central Government (VEB Billion)



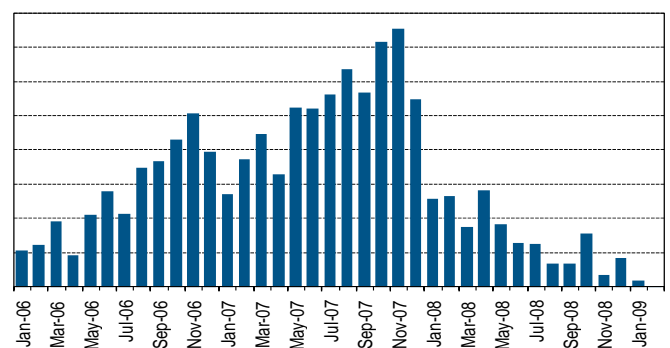
Resources of the State (US \$ MM)



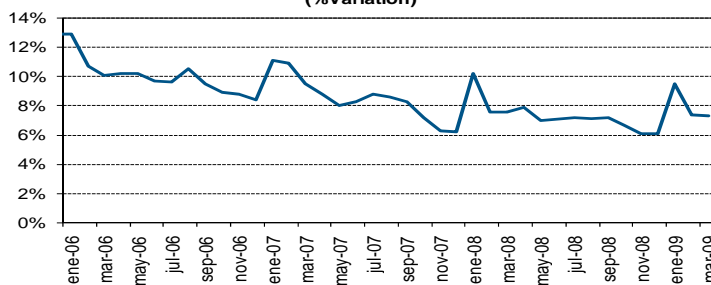
Volume of Sales (% Variation)



Sale of Vehicles (Thousands of Sold Units)



Rate of unemployment (% Variation)



Disbursement (US\$ Million)

