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## **WHY DO ARE ANTI- INFLATIONARY POLICIES NOT WORKING?**

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During the last year and a half, inflation has become the headline that most often has appeared on national newspapers and the main subject talked about by Venezuelans. Its importance is due to the alarming rate with which it is rising and the negative effect it is having on people's and company's purchasing power.

Recently, the Central Bank of Venezuela (BCV) released the inflation rate figures for the month of May which was at 3.2%. So far this year, the national inflation rate has surpassed 12%. This increase has occurred despite the fact that the Government has been reasonably active introducing measures in an attempt to lower the inflation rate. The problem is that the Administration has done all this without going to the root of the problem: confidence.

### **May's inflation rate reveals how much Government policies are failing**

According to the BCV, the National Consumer Price Index (NCPI) registered for the month of May a variation of 3.2%. This variation for the month May reflected price increases in controlled items (3.5%) as well as non-controlled items (3.0). The BCV points out that *"the increase reflected by controlled items is due mainly to the price adjustments that*

# Weekly Report

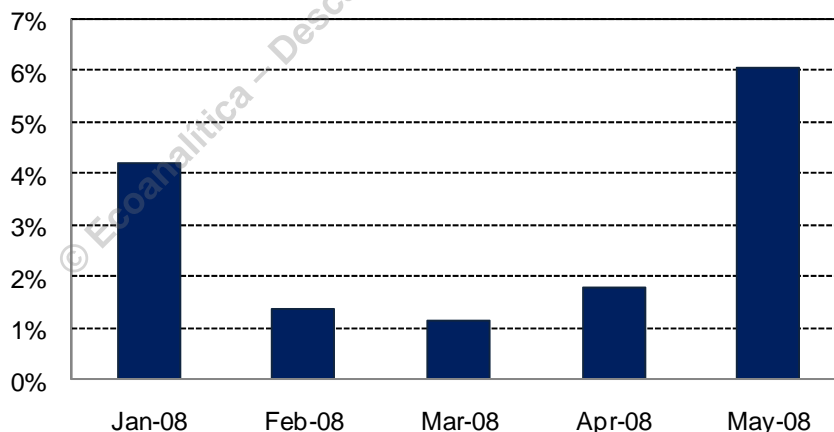
*the Administration announced towards the end of April regarding precooked corn flour and chicken. It's important to point out that the price of these items hadn't been adjusted in 26 and 14 months respectively."*

Price control policies have been counter productive with the Government only attacking aspects that it can't continue to ignore. It does so by the following means:

- Increasing subsidies through the MERCAL and PDVAL networks
- Adjusting the de price of certain items, like those previously mentioned.

These policies have fallen far short of their goals, and like the BCV points out, in May, the month-to-month variation for foods and non-alcoholic beverages was at 6.1%. Though, it has helped somewhat as the BCV points out that "despite price problems and the international food shortage, the supply of foods and other finished goods has substantially improved throughout the country."

**Food Inflation**



Sources: BCV and Ecoanalítica.

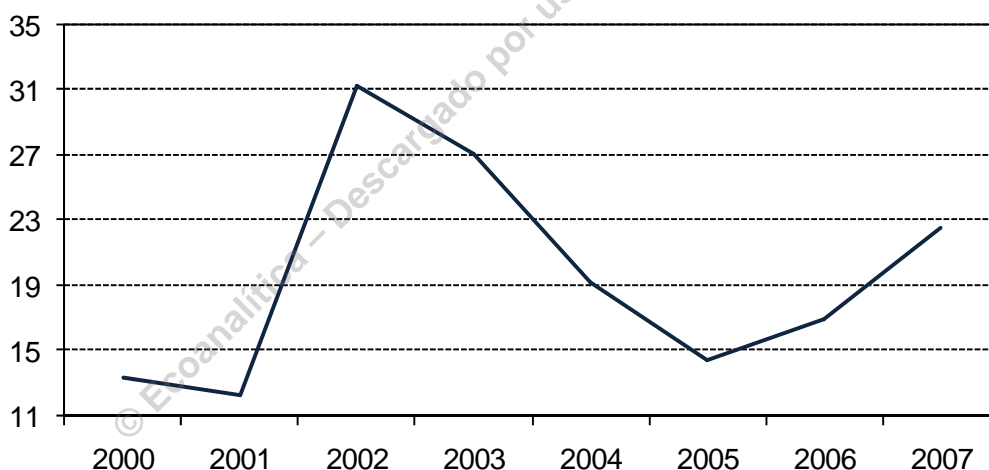
**The road to Hell is paved with the best of intentions**

It's important to remember that in January 2007, President Chávez publicly recognized that inflation was his Government's main economic problem and from that moment the Administration began to actively take steps to bring it under control and lower it. Last year, despite lowering VAT, introducing the monetary reform (or conversion), and implementing a Special Law against hoarding, price gouging, and boycotting and any

other behavior that adversely affects the consumption of food and products subject to price controls. Inflation in Caracas closed at 22.5% in 2007.

This failure to lower inflation was one of the main reasons that the former Minister of Finance, Rodrigo Cabezas, was replaced. The new team which took over in January, Isea and El Troudi, have been given the task of lowering inflation, and along those lines, the Administration has set a year-end goal of closing 2008 with inflation kept to 19.5%. The measures they applied were almost orthodox and even implied sacrificing significant levels of growth. But in five months, the accumulate inflation rate registered by the National Consumer Price Index is 12.4% which makes it very improbable that the 19.5% goal will be met.

**Annual Inflation**



Sources: BCV and Ecoanalítica.

### Why doesn't it go down?

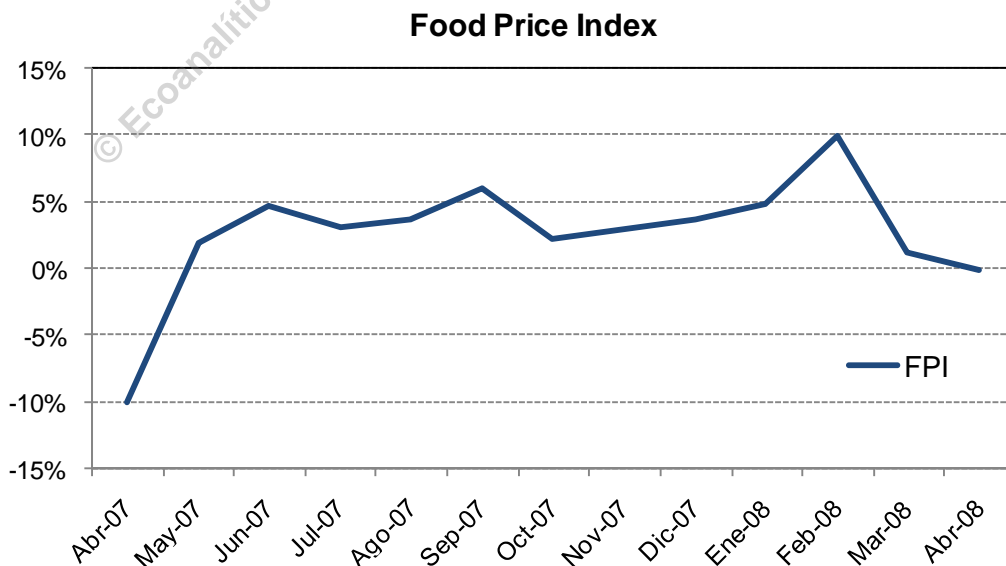
Inflation is affected by a number of factors that are constantly interrelating. The following is an explanation of which factors may be determining what Venezuelan inflation will do:

- **The fiscal issue:** Without a significant cut-back in monthly public spending it is very difficult to achieve a structural reduction of inflation. However, it's important to point out that last year, the Administration cut-back on public spending looking to control price increases. However, this measure is not enough if you don't attack the problem on the other two

fronts. Controlling inflation has to begin with controlling fiscal policies which includes controlling public spending, taking into account seasonal factors. The adjustment of said spending must be focused on the inflationary goals set by the Government. It's also important that the Government evaluate out-of-budget spending.

- **Control policies:** After having been implemented for over 5 years, exchange rate controls as well as price controls are beginning to show their vulnerability, especially the second one. Price controls have only generated shortages and price increases, exactly what it was supposed to correct. A well thought-out anti-inflationary policy starts by redesigning the control mechanisms, which even if they won't be dismantled (this Government is not planning to do), a permanent revision of price controls must be established and with regard to the exchange controls, they must be made more flexible. It must be said that with respect to the exchange issue, this is the only area where this team has had some success, having significantly reduced the gap between the official exchange rate and the unofficial one.

- **The increase in food prices:** this situation makes it more difficult for the Administration to buy food abroad besides the increase in costs it represents.



Sources: FAO and Ecoanalítica.

• **The role “expectations” play:** This is the most difficult point because it has implications that go beyond economic policies. We’ve pointed out that we are in the middle of an economic expansion which significantly stimulates demand which in turn has not been compensated by a significant increase in supply since the private sector has not significantly increased its investment levels. The situation isn’t worse than it is thanks to imports which can only be maintained by the flow of petrodollars, which thanks to the current boom in prices, seems to be never-ending.

## **The Government’s answer: The anti-inflationary pact**

After receiving the May inflation figures, the Minister of Planning, Haiman El Troudi, announced that the Government will promote an agenda of joint actions with representatives of the productive sectors and consumers aimed at controlling and lowering inflationary pressures. The main objectives are: to increase production capacities and control price speculation and/or gouging. Minister El Troudi announced that this alliance against inflation will be headed by the Administration and made-up by private sector producers, representatives from the informal economy, and consumers in general.

This is not the first time the Government has made an announcement of this kind. But the inflation figures of the past five months of this year makes one think that it is about time the that the Administration begin to attack the structural causes of inflation if it really wants a gradual and permanent lowering of inflation.

## **Expect only safe band-aid measures for the rest of the year**

President Chávez has astutely begun to tone it down a bit lately looking ahead to the November regional elections. This leads us to think that the Administration won’t implement any drastic economic measures until after the regional elections. For the rest of the year, the Administration will look to increase its subsidy policies, authorize some timid price increases for certain food items (especially those that reflect a high level of shortage), increase the pressure on the private sector to comply with controls and at the same time grant fiscal incentives and loans, as it was seen this week in the announcements of the president. Furthermore, we expect CADIVI to increase its rhythm of foreign currency authorizations, especially for the priority sectors (food, medicine, spare parts, and capital goods).

The big decisions that may have political costs, especially concerning a more in depth review of the foreign exchange and price control mechanisms, will be left for 2009. Of course, the even bigger question is

if Chávez' Government will be willing to make them. The answer has a lot to do with whether these measures will allow the Government to receive political benefits in the long term or not.

**2008 will be another year of high inflation**

During the last few years, the problem with inflation has become much worse. For 2008, **Ecoanalítica** estimates that the national inflation rate (NCPI) will close at 24.6%; while inflation (CPI) for Caracas will be at 27.3%. If controls aren't changed and the Government doesn't create incentives for private investment, lowering inflation will be impossible to achieve. In the past, it was enough to fix the exchange rate in order to obtain a significant drop in inflation like what happened in 1996-2001 period. But today, fixing the exchange rate and announcing new economic measures aren't enough.

## Economic Tips

**New measures.** In a meeting with business representatives, President Chavez announced several measures of economic policy. Among the most important include the elimination of the ITF (Tax for financial transactions) and the liquidation of foreign exchange without having to present any paperwork, only for those companies with applications for importing U.S. \$ 50,000 or less. Likewise, public spending will not be reduced.

**More factories.** The President announced the makeover of the "Fábrica Adentro II" program, ensuring that it is planned to install about 200 socialist's factories. And pre-announced "Fabrica Adentro III". Also, it will be reactivated the Special Purchasing Plan of State, to ensure that entrepreneurs meet the needs of the Government.

**New Fund.** Chavez also announced the creation of an investment fund of U.S. \$ 1,000 million for the promotion of productive activity. Of this amount, half will be financed by the Fund and the remainder by the fund's investment projects in China. In addition, agricultural subsidies will be granted more and condone debts in the sector.

**Announcements incomplete.** However, he did not make any reference to the most eagerly awaited news of recent days: who will replace Rafael Isea in the MF, nor details about a repurchase of debt.

**El Troudi explains.** According to the information released by the BCV, Minister Haiman El Troudi announced that among the main causes for the recent jump in

inflation, “besides the political component, are: the increase in minimum wage, the adjustment in the price of certain regulated food items belonging to the food basket, and the worldwide food crisis which is increasing prices.”

**Inflation city by city.** The BCV points out that the month to month variation in inflation reported at 3.2% for the month of May 2008 is reflected differently across the nation: Mérida, 2.4%; Ciudad Guayana, 2.5%; Barquisimeto, 2.7%; Maturín, 2.8%; Maracay, 3.0%; Barcelona- Puerto La Cruz, 3.3%; Valencia, 3.3%; Maracaibo, 3.3%; San Cristóbal, 3.3%, and Caracas, 3.5%. For medium and small population areas and the rural sector (the rest of the country), the inflation variation was at 3.3%. Only Caracas (13.7%) reflects an accumulated variation that is higher than the national average (12.4%).

**Basic basket increases by 2%.** Data from the Documentation and Analysis Center for Workers (CENDA) reflect that the basket of basic food, goods, and services increased by 2% compared to the previous month settling at VEF 2,641. Based on this figure, two minimum wage salaries (VEF 1,598,5) would be able to cover 60% of the cost of the basket. The accumulated inflation of the cost of the basic basket in 2008 is 10.6%.

**Venezuelan debt recovers.** The announcement recently made by the Government about its intentions to buy-back debt has increased investor interest in Venezuelan paper. One clear example of this is Global 2027's recent performance, its price has gone up 5 percentage points since the last week in May. Risk country has also recovered dropping by approximately 9% since the announcement.

**Authorizations increase.** Manuel Barroso, president of CADIVI, announced that foreign currency authorization for the first quarter of 2008 were at US\$ 15.10 billion, up by 37% compared to the same period last year.

**No more liquidation.** Liquidation figures don't show high increases besides the fact that in many sectors delays persist. So far this year, CADIVI has significantly closed the flow of foreign currency for imports reflecting a slowdown in its growth of 15% between May and January of this year compared to the 43% growth registered during the same period between 2006 - 2007.

**One-time-only labor certificate in the works.** CADIVI announced to the aviation sector that in the medium term it could take advantage of a new mechanism being introduced of presenting a one-time-only labor certificate for its foreign currency request applications. “ The president of CADIVI, Manuel Barroso, continued to say that business in the food sector are already receiving one-time-only labor certificates and

that the aviation sector, among others, will be receiving it too very soon,” explained the president of the Venezuelan Chamber of Airway Transportation Businesses (CEVETA), William Bracho. Companies receiving one-time-only certificates won't have to present individual certificates to the Venezuelan Institute for Social Security, the National Institute of Education Cooperation (INCE), and the National Housing Council (CONAVI).

**The poor are still poor despite 21<sup>st</sup> Century Socialism.** The most recent figures released by the National Statistics Institute in its socio-economic semester report reflect that middle range poverty measured by Unsatisfied Basic Needs remained practically the same between 2006 and 2007 closing at 23.3% during the first semester of 2007, while the same figure for the same period of previous year registered 23.4%.

**Bonds in the stock market.** According to the newspaper *El Nacional*, the National Securities Commission published a regulation in the *Gaceta Oficial*, in which the rules for the process of registering and negotiating public debt titles in the Caracas Stock Exchange appear. “The papers issued according to what is established in the Organic Law for Public Loans, the Venezuelan Central Bank Law, and any other papers issued of a public character, will be registered in the Stock Exchange without any prior requirements requested of the issuing entity, once the Stock Exchange receives the pertinent information with regard to the Law which authorizes the issue,” states the regulation. This regulation formally begins the Governments process of placing public debt titles on the Caracas Stock Exchange.

**International reserves.** For the second week in the month of June, international reserves registered a balance of US\$ 32.41 billion, up for the fourth week in a row by more than half a percentage point.

**Interest rate.** For the last week of the month of May, the lending interest rate for the six largest banks in the country was at 22.98%. Long term deposits were at 17.17%.

**Monetary liquidity.** Monetary liquidity for the last week of the month of May was at VEF 154.32 billion, up by 0.20% compared to the previous week and continuing with its tendency to increase reflected during the last three weeks.

## OIL TIPS

**Venezuelan oil basket dips.** After having increased in price for the last four months in-a-row, the price for a barrel of Venezuelan oil dropped US\$ 4.3 last week to settle at US\$ 113.3 per barrel. According to the regional office for Statistics, International Prices, and Economy of the Ministry of Energy and Petroleum, this drop is due to three fundamental causes: first, to an increase in inventory of U.S. refined products; second, to speculative sales in the future's market; and lastly, because of the statements made by the president of the U.S. Federal Reserve.

**However, the figures are still at record levels.** The Venezuelan oil basket average price for the month of May was at US\$ 112.3, significantly higher than the US\$ 100.1 registered during the previous month. These latest figures put the average price of oil by-products at US \$ 96.6 per barrel, up US\$ 30 over the US\$ 64.7 price that was registered last year and 176% greater than the US\$ 35 used to base the National Budget for this year on.

**Record prices.** WTI as well as Brent prices closed at record levels last week after jumping more than US\$ 10 per barrel. WTI prices reached a maximum of US\$ 139.1 and for July deliveries closed at US\$ 138.5 per barrel, thereby surpassing latest maximum prices reached in May (US\$ 135). Brent prices behaved similarly with July deliveries reaching a new record price of US\$ 138.1 and closing at US\$ 137.7.

**However, prices have fallen.** On Monday, international indicators had fallen a bit. WTI July delivery prices slid US\$ 4.19 to close at US\$ 134.12, and Brent futures lost US\$ 3.78 settling at US\$ 133.91 per barrel.

**But they expect it to keep on going up.** Morgan Stanley (investment banking) estimated that crude oil could reach US\$ 150 per barrel by July 4<sup>th</sup>. *"We expect to see a short term spike in oil prices. Current oil supplies will take the price of oil up to US\$150 by July 4<sup>th</sup>,"* reported Ole Sorer, an analyst from the bank.

**U.S. inventories.** According to the Energy Information Administration, crude oil inventories dropped by 4.8 million barrels, however, gasoline inventories increased by 2.9 million to settle at 209.1 million barrels. Distilled inventories also recovered last week by 2.3 million and propane by 2.3 million barrels.

**PDVSA production.** Minister of Energy and Petroleum, Rafael Ramírez, informed last week that PDVSA was producing at maximum capacity; in other words, at around 3.3

million barrels daily. These production figures significantly differ from independent sources like OPEC, IEA, and international specialist in the field.

**Blocks being offered.** The Government is about to announce its schedule for offering blocks on the Orinoco Oil Belt to local and international private companies. President Chávez's Government announced towards the end of last year that it would be looking for new partners to triplicate its production and heavy crude oil upgrading on the Orinoco oil Belt and that the first areas to be exploit would be the Carabobo 1 block. Currently, four upgraders are working of the Oil Belt. These were nationalized last year by the Government and currently they are producing around 600,000 b/d.

**Agreement with Holland will be maintained.** Everything points to that there will be no modifications made to the Agreement for the Stimulation and Protection of Investments between Venezuela and Holland. This was the first of such agreements that Venezuela ever signed. The agreement was signed during the transition Government of Ramón J. Velásquez on August 9, 1993 and it was to be in effect for 15 years, and it is to expire this coming August. The period for Venezuela to request that the agreement be cancelled, or introduce any changes, or renegotiate any clauses has expired.

**Request an increase in production.** In a joint communiqué issued by the United States and the main powers in Asia (Japan, Korea, India, and China) they point out that the record high oil prices, without precedent, go against the interests of consumer countries as well as producing countries. Before this situation they request that crude oil producers increase production to counter-act price increases and they also promised to develop clean energy technology and increase their efficiency.

**Don't plan to increase production.** The OPEC pointed out that they do not see the need to increase production as a response to current high oil prices and it once again stated that it does not plan to hold a meeting to discuss increasing production despite worries from the world's major energy consumers and the threat prices are bringing to the world economy.

**OPEC calls for a meeting.** Saudi Arabia, OPEC member country, announced that it is calling a meeting of oil producing and consuming countries to examine the causes which are elevating oil prices to such levels. It reiterated that it though the market was adequately supplied. This reveals that in the heart of the OPEC, opinions are not unanimous regarding a short term increase in production.

**OPEC to invest to expand crude oil extraction.** Adballa Salem El Badri, general secretary of the OPEC, announced plans for member countries to increase investment

in programs to increase extraction capacities for US\$ 160.00 billion which would add around US\$ 5 million daily to world extraction investment by the end of 2012.

**Payment delays.** Contracting companies working for PDSA announced that the company has been getting behind in settling its accounts since last August, but recently it has gotten much worse with some companies having accumulated unpaid bills for four months, when the normal payment period is 30 days.

**No specific figures.** Though there are not specific figures available regarding exactly how much is the total amount of debt that PDVSA owes its contractors, in the company's financial statements for last year, under accounts to be paid to domestic providers, the amounts increased by 117%, going from US\$ 4.39 billion to US\$ 9.52 billion in 2006 and 2007 respectively.

**New tax still not being collected.** The special tax tied to international hydrocarbon prices published in the *Gaceta Oficial* dated April 15<sup>th</sup> is still not being collected despite the fact that the resolution that governs the collection of the tax was issued by the Ministry of Energy and Petroleum in May 2008.

**PDVSA decided to increase food card.** The Human Resource and Labor Relations office announced that it has approved a 15.8% increase in the food card adjusting it from VEF 950 to 1,100 a month. It's expected to be retroactive to the month of April 2008. However, the current collective bargaining agreement points out that the amount to be paid should be adjusted ever month of April in relation to the amount the food basket has registered, which increased by 28% between October 2007 and April 2008, therefore the adjustment announced doesn't cover said food price increase.

**Extend period for vehicles with dual engines.** The Government expects to extend the deadline for the production of dual engine systems (that work with traditional gasoline and also natural gas) which was originally set for July 1<sup>st</sup>. It seems that some of the incompatibility problems between both systems haven't been resolved yet.

## BUSINESS SECTOR TIPS

**New agreements between Venezuela and Argentina.** According to the Minister of Light Industry and Commerce, Venezuela and Argentina have signed three letters of intention and an agreement to create a mixed company in Venezuela as part of the Food Sovereignty Plan, part of the actions initiated in February 2008 between both Governments.

**Another one nationalized.** In the *Gaceta Oficial* dated June 9<sup>th</sup>, the Government decreed the forced acquisition of the *Ruedas de Aluminio* (Rualca) company in order to establish the Production Center for Aluminum Rims (Rialca). The company will be dedicated to the production of aluminum rims for the automotive sector.

**Request that loan requirements be made more flexible.** César Giral, president of the *Banco del Tesoro*, pointed out that there is a serious need for public bank loan to be made more flexible. According to information released, this issue has been discussed a number of times when public bank representatives have met with the SUDEBAN, to study national banking system weaknesses and strengths.

**BANDES approves productive loans.** More than VEF 23 million in productive loans have been recently approved by the Economic and Social Development Bank of Venezuela (BANDES), reported bank representatives to the press. The amount is distributed among production projects in the states of Carabobo and Aragua. The most important loan is going to "*Comercializadora de Metales Cuyuní*", which receives more than VEF 13.5 million in order to process basic metals.

**Border activity drops.** Isabel Castillo, president of the Chamber of Commerce of San Antonio, Táchira state, announced that customs activity on the Venezuelan-Colombian border has dropped by 80%, and the transport of merchandise has also dropped by 80%." According to Castillo, this is due to strained bureaucratic relations between both countries that is affecting commerce, and it also has to do with the problems surrounding the issue of certificates of origin and insufficient production.

**Tourism sector complains.** Representatives from the Superior Council of Tourism (Conseturismo) argue that the reform of the Organic Law for Tourism, which will probably centralize the sector's operations and impose ticket rate restrictions and general operational restrictions, will produce a crisis in small tourist agencies. This will create problems throughout the sector which has also seen interest rates increase, poor human resource training, and a lack of judicial and personal security.

**Meat imports increase.** The Venezuelan Chamber of Meat (Convecar) announced that around 67% of the meat consumed around the country during the first months of 2008 was imported, while during the same period in 2007 only 42% was imported. Meat import costs are increasing since the price of Argentinean and Colombian beef has increased by 15% recently while Brazilian beef has gone up by 73%.

**Bread price regulation is excessive.** According to Tomás Ramos, president of the *Federación Venezolana de Industriales de la Panificación* (Fevipan) (Bakers' Association), the price of bread, fixed since October 2007 at VEF 2.99, isn't adjusted

to the production costs of VEF 5.50. Ramos informed that due to this problem, 5% of bakeries in Venezuela have been closed or changed of business.

**And the same with coffee.** The last adjustment that was made to the 100 kg sack of coffee took place in December 2005, when it was fixed at VEF 288. Two and a half years later, coffee producers express that the sector situation is very critical due to the serious distortion between costs and the officially fixed price, with a 52% difference between product price and production costs.

**Strikes negatively impact Coca-Cola.** Representatives of Coca-Cola have declared that four of its production plants aren't producing since they have been occupied, with the resulting product shortages. The company hasn't delivered 700,000 boxes daily and is registering losses up to US\$15 million since February, when the conflict started.

**CEMEX explains.** CEMEX, affiliate in Venezuela of Mexico's Cemex, defended itself concerning the issue of the sale of its foreign affiliates, a few days after the National Securities Commission demanded an explanation concerning the transaction, which was questioned by minority stockholders. Cemex Venezuela announced in a press statement that it had sold for US\$ 355 million its shares in the non-Venezuelan companies it operates in Panama, the Dominican Republic, Trinidad & Tobago, and Guadeloupe. The financial statements of some of these units are presented consolidated with those of Venezuela. The company claimed that it had been informed that nationalization "only affected assets and operations in Venezuela."

**End of Venezuela Móvil Plan.** The Venezuela Móvil Plan, which called for the sale of vehicles without VAT payment, expired last week. Between 2005 and 2008, 188,520 units were sold within the framework of the Plan, with a tax sacrifice of VEF595.8 billion. The Government has not announced yet if the Plan is going to continue.

**Dramatic drop in car sales.** Restrictions and backlogs in the foreign exchange authorization processing for the import of raw materials and units significantly impacted car sales in Venezuela, with a drop of 41.4% during last May.

**Launched the 3<sup>rd</sup> Phase of *Misión Energética*.** The Ministry of Energy and Petroleum announced that the 3<sup>rd</sup> phase of *Misión Energética* has been already launched. This phase includes the replacement of 15 million bulbs throughout the national territory, which represents power savings of 500 Mw for the National Electrical System. The prior phases of the Mission accounted for savings of 1,800 Mw.

**Offices with rent issues too.** Restrictions in the real estate offer have affected not only the housing sector, but it has also impacted the business sector. Since business

office space is very limited, rents increased substantially. From January to April this year, rents increased by 14%.

**Retirees claim their rights.** Ángel Lozada, president of the *Asociación Nacional de Jubilados, Afines y Pensionados de IPOSTEL* (Official Postal Service Association of Retirees), assured this sector is treated in an unfair and discriminatory manner. Venezuela has 3.8 million of retirees and almost all of them, if not all, face delays in the payments of their pensions and benefits.

## Political Tips

**The Socialist International opposes the measure.** The Socialist International (SI), which brings together the most important socialist parties of the world, ruled against the disqualifications to potential candidates for the elections next November. The SI asked to respect the legitimate rights of candidates.

**Passed Law on Financing of Electoral Campaigns.** The National Assembly passed this Law in its first discussion. The Law is aimed at regulating the flow of resources that political parties will use for electoral campaigns.

**Repealed Intelligence Law.** A few days after its enactment, President Chávez announced the signing of the decree that seals the repeal of the Intelligence and Counterintelligence Law. In this regard, President Chávez claimed that he was wrong and that the Law was a “disaster.”

**The Revolution goes backward.** Despite the motto “the Revolution moves forward,” everybody can see that it also goes backward: the Bolivarian curriculum and the reform to the university admission system; the decision by Venezolana de Televisión to charge for the use of their programming; the “cutback” on public transportation rates, which didn’t hold up to drivers’ protests; the “withdrawal” of the Law of the National Intelligence and Counterintelligence System.

**New Petroleum Vice Minister.** The resolution appointing Iván Antonio Orellana as Vice Minister for Hydrocarbon of the Ministry for Energy and Petroleum was published in the Official Gazette. It’s worth mentioning that Orellana Alcalá was Director General of the Strategic Planning Office of the aforementioned ministry.

**Carlos Giménez disqualified.** The TSJ informed that admitted the preliminary trial of merit against Carlos Giménez, Governor of Yaracuy State, due to crimes like evasion

of bidding processes and illegal transactions with contractors. Therefore, Giménez is disqualified to occupy public posts.

## Other Tips

**Charitable Venezuela.** According to information provided by the President of Nicaragua, Daniel Ortega, this country, along with Venezuela and Honduras, will request the richest countries, on behalf of the 40 poorest world's nations, economic support to produce more and face the world crisis due to the increase in foodstuff prices.

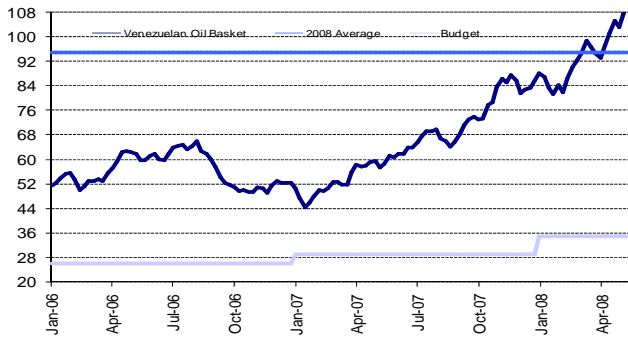
**Caraqueños' Standard of Living worsens.** According to a global study carried out by Mercer, a company with thousands of clients all around the world, Caracas, in terms of standard of living, is placed at the 152<sup>nd</sup> place, out of 215 world's cities that were included in the study, down 11 places from 141<sup>st</sup> in 2007.

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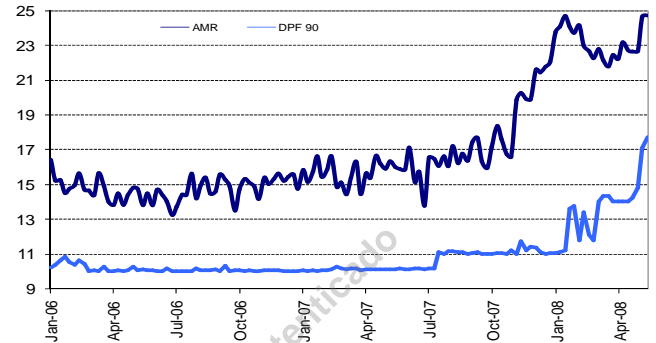
# Weekly Report

## ECONOMIC OVERVIEW

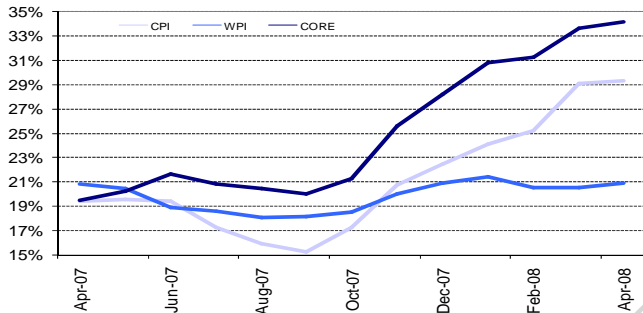
**Oil Price**  
(Venezuelan Basket US\$/pb)



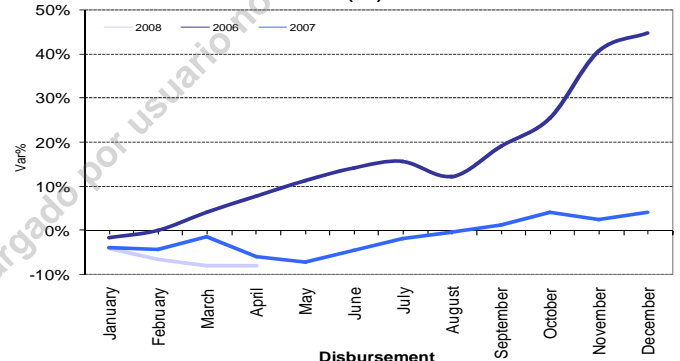
**Interest Rate**  
(Six Principal Banks)



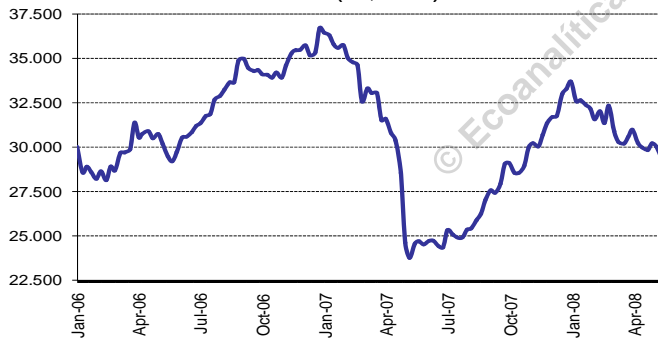
**Inflation**  
(Last 12 Months)



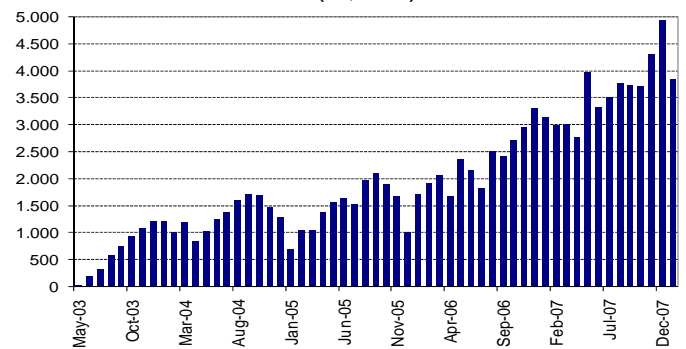
**Real Expansion**  
(M2)



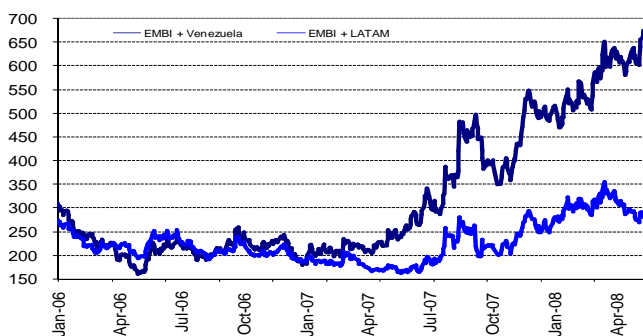
**Fx Reserves - BCV**  
(US\$ Million)



**Disbursement**  
(US\$ Million)



**EMBI**



**Central Government**  
(VEB Billion)

