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***MORE FLEXIBLE
EXCHANGE REGIME
BECOMING, BUT WE
RECOMMEND HEDGE
STRATEGIES***

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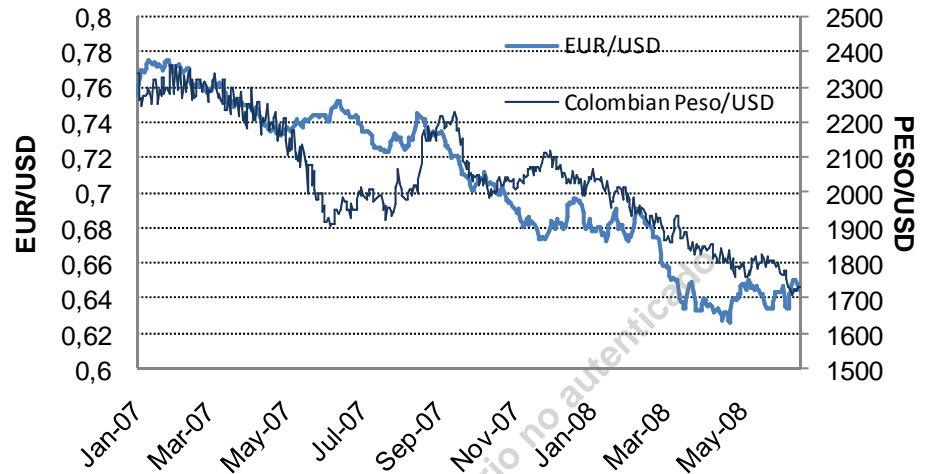
During the last six months, the non-official foreign exchange rate has significantly appreciated, remaining at a relatively stable level. Such behavior is due to international factors as well as more clearly defined, though not so transparent, strategies carried out by the Ministry of Finance. In this context, and given recent announcements made by President Chávez with respect to streamlining the authorization and release of foreign currency by CADIVI, and the recent publishing in the *Gaceta* of the Regulations governing the negotiation and liquidation of paper in the Caracas Stock Exchange, it seems that the non-official foreign currency market is becoming more flexible and more transparent.

The international scene has favored the appreciation of the bolivar

During the last nine months, the US-dollar has been falling with respect to other foreign currencies and especially against Latin American currencies. So far this year the US-dollar has fallen against the Euro by 5.19% and against the Colombian Peso by 17.44% all which significantly affects the price of oil and titles on the market.

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US Dollar vs. Other Currencies



Source: Ecoanalítica

The impact of monetary decoupling

A factor that has played a role in the depreciation of the US-dollar (or the appreciation of the rest of the currencies) is the contradictory reaction that the Central Banks of each country before the economic cycle that each one of their economies is confronting. This factor has been called “monetary decoupling.” Meanwhile, the economic slowdown and threatening recession in the United States, which has forced U.S. monetary authorities to lower interest rates (within the last nine months the U.S. Federal Reserve has lowered interest rates 5 times taking it from 5.25% in June 2007 to its current level of 2.2%).

At the same time, the Central Banks of Latin American countries have been increasing their interest rates, mainly in order to control inflation. This lowering of the interest rate by the U.S. Federal Reserve discourages keeping assets in US-dollars and helps to correct the depreciating tendency that the non-official exchange rate presented during the second semester of last year.

But... The Government has taken correct measures

Since the beginning of the year, the Government has introduced a series of measures which have certainly contributed to lowering and maintaining the non-official foreign exchange rate level. The most import of these measures being issuing foreign currency on the market in a regular fashion: 2023 and 2028 International Bonds for U\$ 4.0 billion were issued, *Electricidad de Caracas* bonds for US\$ 650 million were issued,

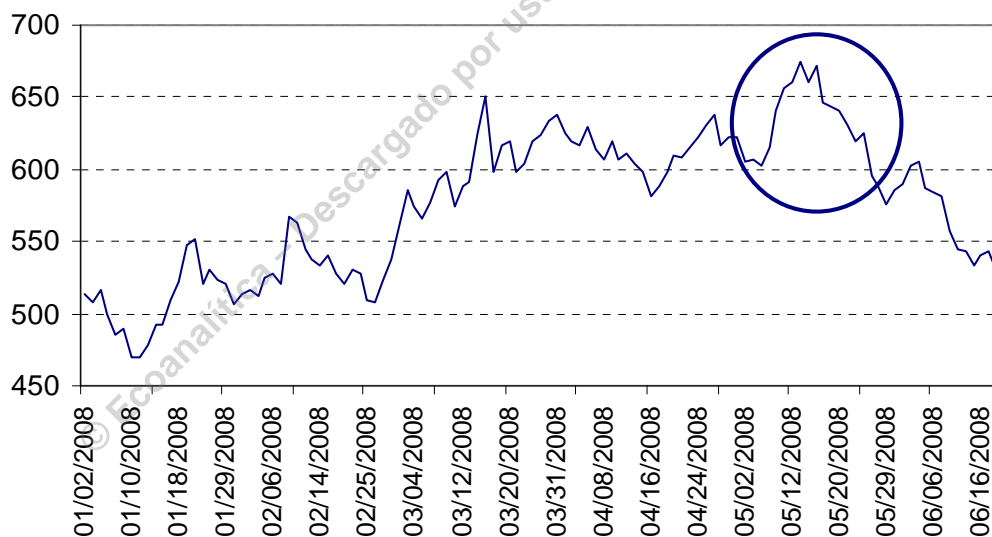
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Buying back debt would improve the perception of the country risk

and around US\$ 1.70 billion in structured notes were issued from the FONDEN investment portfolio.

It's important to point out that the amounts of foreign debt issued were considered "excessive" on the foreign market. And though it's true that the Government's announcement that it was planning to make new issues helped close the gap that existed between the official and non-official exchange rate, these same measures affected the Republic's credit by increasing its country risk. The Government's recent announcements that it was planning to buy back debt, and even more important the announcement of the drop in issues for the second semester of the year have helped Venezuelan papers become a bit more attractive, increasing their price during the last few weeks and thereby lowering the country risk.

EMBI + Venezuela



Sources: CBonds and Ecoanalítica

The Ministry of Finance has become more efficient with its payment mechanisms

Additionally, measures have been taken to contain liquidity in the system. This has also had an effect on the non-official exchange rate. Such is the case of the migration of State resources to the public banking system and converting certain payments to contractors into US-dollars, especially in the oil and construction sector. Also a factor is the establishment of a more efficient payment transaction mechanism used by the National Treasury.

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We have already pointed this out in previous reports that former Isea understood that a fundamental function of his office was to lower and control the non-official exchange rate, and to do so he was able to establish coordinated strategies between the BCV, the Ministry of Finance (National Treasury and the public financing system), and even PDVSA.

The strategy is long term

It seems that for what is left of the year, the Government plans to use all available resources to keep the non-official exchange rate between VEF 2.8 and 3.2 per US-dollar. We, at **Ecoanalítica** don't believe that this goal is very realistic and we estimate that the non-official exchange rate will fluctuate between VEF 3.2 and 3.8 per US-dollar. And, even our estimate, which is not as optimistic as the Ministry of Finance would like, can only be achieved if the Government doesn't stop systematically issuing foreign currency on the market and it continue to pay special attention to the corporate sector.

What do they have?

Up until now, the Administration has a number of tools to be able to carry out such a strategy. It has US\$ 1.96 billion in Argentinean bonds (US\$ 600 million in its portfolio, plus US\$ 1.36 billion that it just acquired towards the end of May) and approximately US\$ 500 million leftover in structured notes in FONDEN. Of the Argentinean bonds, it has already sold approximately US\$ 600 million. Plus, PDVSA's petrochemical subsidiary PEQUIVEN could be coming out with an issue of debt for around US\$ 1.50 billion and Ministry of Finance technicians are warming up to the idea of a new issue of international bonds for the last quarter of the year, but this will depend on how the buy-back will be concentrated and on what the new Minister of Finance, Ali Rodriguez, plans to do.

It doesn't make any sense to continue to acquire debt

Given that the current Government doesn't have a liquidity problem, at **Ecoanalítica** we believe that it would always be preferable to service the non-official market with papers issued by other countries so that Venezuela's country risk doesn't come into play. Another possibility is to issue short term paper (3 to 6 months) which would allow for a substantial increase in the flow of foreign currency in the non-official market without increasing Venezuelan debt in any threatening way.

Bank structured notes

Another tool that is very important is the US\$ 5.30 billion in structured notes that are in the hands of the nation's financial institutions and, which due to a mandate issued by the Ministry of Finance, must be sold in the

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short term. It's important to explain here that these notes won't necessarily be a direct offer in US-dollars to the non-official market. In many cases, these notes carry foreign currency as collateral which are property of clients of the financing system and that have been transferred here as a guarantee for loans in bolivars.

However, the Ministry of Finance issued a resolution published in the *Gaceta Oficial* last May 19th which ordered that these notes must be sold within 90 days, though the financing system has been lobbying fiercely for this deadline to be extended. So far, the Ministry of Finance has shown no indication of changing their initial deadline. This new disposition significantly changes the banking systems business model in terms of the possibility of offering mechanisms for covering exchange rate risk, instruments which are necessary and in high demand among Venezuelan companies before the exchange rate volatility of the last five years.

A new mechanism on the way

In the *Gaceta Oficial* N° 38.947 dated 06/06/08, the National Securities Commission (CNV) published a resolution which established the conditions under which National Public Debt tiles may be negotiated and liquidated through the Caracas Stock Exchange electronic platform. This resolution is very important because it will allow the Administration to establish a new mechanism in the medium term for the private sector to acquire foreign currency.

A new instrument in US-dollars will be established in the BCV

According to unofficial information coming out of the Ministry of Finance, the Administration has already begun the process of designing an instrument in US-dollars that will be transferred through the BCV. The mechanism is designed so that CADIVI will authorize foreign currency at the official exchange rate to the priority sectors (food, medicine, and capital goods). All other companies must present their foreign currency requests to this new mechanism which will grant funds at a higher exchange rate than the official one.

A streamlined mechanism

This new mechanism is designed to streamline the flow of foreign currency, in fact, the resolution points out that "the resources issued according to what is established by the Organic Law of Public Loans, the Venezuelan Central Bank Law, and any other resources issued of a public nature will be registered in the Stock Market without the need for any requirements to be presented by the issuing entity once the Stock market has received all pertinent information concerning the Law which

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authorizes the issue and all corresponding Decrees which establish the characteristics of said issue and the publication in the *Gaceta Oficial* of the Bolivarian Republic of Venezuela.”

The new model looks to correct CADIVI inefficiencies

The Ministry of Finance is also looking to correct the significant delays that CADIVI and the BCV have been presenting with regard to the liquidation of foreign currency which currently have US\$ 12.0 billion stuck in delays. With the measures announced by President Chávez last week, it's hoped the logjam will drop down to US\$ 9.0 billion.

No word yet on what the new Minister thinks

It's important to point out that the Ministry of Finance still has to define some important details besides waiting to hear what opinions the new Minister may have concerning this new mechanism.

This mechanism is what many economists have called a dual system. However, in our opinion, the correct term would be to call it a “legal recognition of the non-official foreign currency market.”

In principle, establishing this mechanism will be positive in terms of a transparency of operations. In fact, the aforementioned resolution established that the BCV management will be obligated to keep an eye on the behavior of prices and transactions, monitoring that all established policies and procedures are being fulfilled, and it must make daily publications of all the details of all operations realized with regard to volume, price, and the players involved in daily operations. However, in order to be able to offer a complete evaluation, the Ministry of Finance would have to release important details concerning the profile of the papers, for example.

Economic Tips

Bolivars allowed to circulate until the end of the year. According to information released by the BCV, the old bolivar denomination coins and bills will be allowed to continue to circulate alongside the new “strong bolivar” currency until at least January 31st, 2008. This extends the original date which had been set for June 30th.

Supplementary Appropriations. The National Assembly has approved a total of VEF 23.90 billion in supplementary appropriations during the last six months increasing the 2008 National Budget by 17%. Most of the resources are coming from

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the Miranda Fund (surplus resources from last year) and the Ministry of Finance's and the Treasury's trust fund. The resources have been granted to the areas of infrastructure, housing, and energy. These appropriations have increased the 2008 Budget, which was initially set at VEF 135.00 billion, to VEF 161.40 billion.

Venezuela with the highest inflation in Latin America. Between May 2007 and May 2008, Venezuelan inflation has jumped by 31.4%, leaving Venezuela with the highest inflation level in Latin America. During the same period, Mexico accumulated 4.95% inflation, Peru 5.39%, Brazil 5.58%, Colombia 6.39%, and Uruguay 7.2%. Nicaragua, with inflation at 21.74% and Bolivia with 16.84%, are the two countries which most closely follow Venezuela.

Economic policies questioned. Central Bank of Venezuela statistics indicate that price controls, far from eliminating inflation, have served to repress it. During the first five months of this year, non-regulated product prices around the country have accumulated an average increase of 12.3% and products under price control have increased by 12.5%, in other words, inflation is higher in precisely those goods which in theory prices shouldn't be increasing.

Insufficient measures. Though the Government catalogues the *Plan de Reimpulso Productivo* (Production kick-start plan) as an economic inflection point which will mark the beginning of a growth period in the production sector, the private sector is not so optimistic. Pablo Baraybar, president of the Venezuelan Chamber of Food Industry (CAVIDEA), announced that the Chamber welcomes the measures recently announced by President Chávez regard matters of: exchange, fiscal, agriculture, and Industry; but he believes that they are not enough to re-ignite national production.

Tax collection. During the month of May, taxes collected by the SENIAT were reported at VEF 5.35 billion, increased in 29% compared to what was collected in May 2007 in real terms. With regard to April 2008, a drop of 34% was observed, mainly due to the culmination of the Income Tax collection period. Taxes collected during the first five months of the year are at VEF 3,15. In the following months it is quite probable that non-oil sector tax collection will be affected by the elimination of the Financial Transaction Tax. Fiscal coffers will loose about VEF 8.0 billion for having eliminated this tax.

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NATIONAL TAX COLLECTION VEF Millions

	may-08	may-07	Var %
Total	5.347,1	4.142,3	29%
Income tax	874,6	924,2	-5%
IVA	2.295,8	2.172,4	6%
Customs rent	636,8	879,2	-28%
Other intern Rents	411,9	166,5	147%
ITF	1.128,0	-	-

Source: SENIAT and Ecoanalítica

Unemployment keeps on dropping. The National Statistics Institute (INE) announced that the unemployment rate dropped to 7% at the close of May. This represents the lowest level unemployment has been since May of 1999, according to the Institute. Unemployment, compared to the previous month when it was at 7.9%, slid backwards almost one percentage point, while compared on a year-to-year basis, it represents a drop of one point since the unemployment rate was at 8% in May 2007.

Formal sector stagnant. The INE points out in its report that at the close of last month, the formal sector rate was at 56.3%, which represent a slight increase compared to May of last year when the formal sector represented 55.9% of the working people in the country. The informal sector represented 43.7% of the working people in the country compared to the 44.1% that it reflected at the close of May.

International Reserves. For the second week of the current month, international reserves summed up US\$ 32,712 millions, showing in this way a positive variation of 1.51% compared to the previous week.

Interest Rates. The active interest rate of the six principal banks of the country averaged 24.16% for the first week of June. On the other hand, certificate of deposits kept rising and reached an average of 18.07%

Monetary Liquidity. For the first week of June, monetary liquidity registered a value of VEF 153,123 millions. In this way, monetary liquidity decreased nearly one basic point compared to the previous week.

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Oil Tips

Don't drop. The Venezuelan crude oil and oil by-products basket gained US\$ 7.6 last week which sent it flying past the US\$ 120 per barrel barrier and averaging US\$ 120.80 a figure which places the accumulated mean for the month of June at US\$ 117.10, significantly over the US\$ 112.30 which was posted at the close of May.

International markers. The basket of thirteen different kinds of OPEC crude oil gained US\$ 8.3 last week, while WTI and Brent followed suit increasing by US\$ 9.6 and US\$ 8.8 and settling at US\$ 135.50 and US\$ 134.80, respectively.

Tendency to rise continues. This Monday, Brent closed the futures market on the increase during a very unstable day of trading during which prices varied between US\$ 139.30 and US\$ 132.80 per barrel. August delivery trading closed at US\$134.70.

Despite production increase announcements, prices continue to rise. Despite Saudi Arabia's promise to increase production, prices reached record levels on Monday peaking at US\$ 140 per barrel. This is due to investors concentrating more on the fall of the US-dollar which closed at US\$ 1.55 per Euro.

High prices are unsustainable. According to the secretary general of the OPEC, the record high oil prices are unsustainable and do not reflect any supply shortages in the market, instead, these prices are reflecting speculation and the weakness of the US-dollar before these increases. However, the OPEC has stated that it is willing to increase production if it were necessary, though there is still no extraordinary demand for barrels of oil.

Domestic consumption. According to the Minister of Energy and Petroleum and president of PDVSA, Rafael Ramírez, current domestic consumption is at 550,000 b/d. Private sources place this figure higher, around 720,000 b/d.

OPEC meeting. Saudi Arabia has begun to contact OPEC members in order to organize a meeting between oil producers and oil consumers in order to analyze the factors that are unjustifiably forcing oil prices to increase and to study how to solve them.

Call to meet. According to the Saudi Minister of Petroleum, Alí al Naimi, the invitation was addressed to the Ministers of Energy of the oil producing and oil consuming countries and most of them expressed their willingness to meet. Besides the member

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of OPEC, it's expected that Russia, Norway, Mexico, Brazil, the United States, Great Britain, Germany, France, Japan, China, India, and South Africa will attend. Venezuela won't be going.

Saudi Arabia willing to act. According to the secretary general of the UN, Saudi Arabia, the main producer and exporter of oil in the world, is willing to act so that oil prices return to their normal levels.

No turning back. Although the private partners of the mixed companies have not yet begun to pay the windfall tax on oil prices, PDVSA, has for two months now, been making weekly transfers of US\$ 300 million to the FONDEN account for this tax and in total they have already paid US\$ 2.69 billion.

Other transfers. Since January, PDVSA has turned over to FONDEN as part of its normally scheduled transfers which are fixed by the Ministry of Finance a total of US\$ 6.69 billion, which puts the amount at US\$ 9.38 billion that FONDEN has received from the oil industry in less than six months.

Contributions by the oil industry. President Chávez announced last Wednesday that the oil industry will contribute a total of US\$ 75.0 billion to the State this year between royalties and a number of taxes. He also mentioned that there were plans to invest around US\$ 258.0 billion contributed by the public sector and the private sector in 55 projects planned on the Orinoco Oil Belt and more than 35 projects in other areas. In general, just the public sector, plans to contribute US\$ 25.12 billion during the rest of the year in investment projects. Of that amount, PDVSA is responsible to execute part of an investment budget which this year is equal to US\$ 15.60 billion.

Buying back bonds. According to the president of the *Corporación Venezolana de Petróleo*, Eulogio Del Pino, PDVSA is studying the buy-back of bonds from the now extinct Petrozuata association that are still in circulation in the market as well as paying US\$ 200 million in private debts contracted with a group of banks which include Credit Suisse, BNP Paribas, and Societé Generale. It's estimated that the titles that are still out added up to around US\$ 900 million.

Oil workers protest. A group of workers in Anzoátegui state protested supposed aggressions committed against workers in the company, and charged that the company was not complying with the collective bargaining agreement, specifically regarding the area of health and housing.

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Investment plan to be increased. PDVSA will modify the amount of its investment plan due to the fact that the cost of goods and services has doubled on average compared to what costs were three years ago. The current official figure which exists is US\$ 78.0 billion, however, the demand for goods and services associated with oil and natural gas activities forced company technicians to propose a program of spending associated to the expansion plans which will force this current figure to be increased by 66%.

Another problem. PDVSA faces another problem in its cost structure by not having the flexibility to compete with other companies with regard to contracting management and technical personnel for positions that are outside of the collective agreement. The labor benefits lag behind by 35% and 50% compared to the package offered by other companies and the gap more than doubles PDVSA's offer in exploration.

Revising Oil Seeding Program. After the revision of the Plan, it will require at least US\$ 130.0 billion in order to fulfill the goal of 5.8 million b/d that is now being set to be reached by 2013 and not 2012 as it was originally thought.

Production drops. National crude oil production dropped again in May, this time by 11,900 barrels a day, despite the fact that the Petrocedeño mixed company upgrader (used to be Sincor) was completely operational for the whole month, just having coming off a programmed mayor operation's shutdown. According to OPEC reports in its monthly bulletin regarding the market, average Venezuelan production for last month was at 2.34 million b/d, while in January it was at 2.4 million b/d. These figures indicate that so far this year Venezuelan production has slowly but steadily been dropping and has lost around 63,000 b/d.

Business Sector Tips

New resolution concerning credit cards. The Superintendence Office of Banks issued a resolution which has already been published in the *Gaceta Oficial*, which states that the illegal use of a credit card favors the client. The regulation states that the bank may not charge the cardholder for any charges made by other persons "unless the bank can prove their guilt with regard to the purchase." The resolution also established a specific method for calculating interest charged. The Superintendent's Office also announced that each credit card must have, besides all the usual information, an up-to-date picture of the cardholder, holograph signature, and 24 hour service center numbers. Banks are required to send a balance

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statement to each client with the details of each operation “within five business days after the cutoff date.” Banks have 90 days to comply with this resolution.

Commerce sector to announce economic measures. CONSECOMERCIO, based on the recommendations, observations, and suggestions that sector and regional organizations which were consulted for this purpose have made, will announce its economic proposal for the country during its 38th Yearly Assembly which will be held on June 27 and 28 in Valencia.

Sidor production drops 30.6% during the first quarter. Sidor (national steel company) may not be able to meet its production goals for 2008 and return to levels of production seen in 2004 when the volume of liquid steel was at 3.9 million tons. According to the figures handled by Pedro Acuña, main director of the board of directors for Sidor, liquid steel production dropped by 350,000 tons if you compare the first quarters of 2008 to 2007.

Less drop. Acuña also analyzed the April-May period, since this is a transition period after the Government announced the re-nationalization of Sidor. This period shows liquid steel production dropping 69,000 tons -9.5% for the period. In 2007 it registered 727,000 tons and now 658,000 tons.

Control border with Colombia. The Minister of Food, Félix Osorio, pointed out that the authorities are maintaining a tight control of the border region between Venezuela and Colombia in order to stop any illegal food trafficking to the neighbor country.

Movistar to get into pay-television. The president de Movistar, Juan Antonio Abellán, announced that the company is getting ready to launch its new satellite television service. Movistar is planning to be able to offer its clients a package of four services: telephone (fixed), cell phone, broadband internet connection, and television.

Polar harassed. The director of the company’s legal and regulatory matters introduced charges for what he called “excessive and discriminatory actions” against the company by Government authorities who during the last three days have inspected 20 different company installations in different parts of the country.

More expensive liquor. Cheaper liquor alternatives are accumulating a price increase which is greater than the more expensive liquors, like whisky, have accumulated when compared to last year. The price increase accumulated by Rum is higher than 80% and wines present a wide variation with some cheap wines increasing by 83%.

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Banco Industrial in the red. Statistics from the Superintendent's Office of Banks indicates that the State's main financing institution continues to be in the red. During the first four months of the year, the *Banco Industrial* has accumulated losses for VEF 7.6 million, while the rest of the banking system profits have increased by 47% compared to the same period last year. However, in March of this year, the bank's board of directors announced an investment plan to update its technology platform and become more competitive with the private financing system.

CADIVI will fulfill Chávez's economic measures. The resolution which will allow for the streamlining of the authorization of foreign currency to companies which requests are equal to or less than US\$ 50,000 to be used to import capital goods and materials will be published this week.

Coca-Cola retaken. Former Coca-Cola employees retook 3 of the 4 plants which had been freed by order of the courts in response to the stay introduced and won by Coca-Cola. The three bottling companies most affected are located in Maracaibo, Barcelona and Valencia.

Tourism Law Reform centralizes profits. The Tourism Law Reform which was recently approved and which was made into an Organic Law, will affect the profits earned by states by tourist activities. According to the president of the Chamber of Commerce of the state of Nueva Esparta, the Law is Centralist since now 50% of the mixed tourism funds, which used to be reinvested in the region to train personnel and promote tourism, now have to be sent to Caracas.

Loan increases slowing down. Government spending increased the amount of bolivars circulating in the economy and interest rates were at historic lows, but during the first five months of this year the scene is beginning to change and the increase in loans has begun to low down from 23.8% posted during the first five months of 2007 to 9.2% posted during the same period in 2008.

Cement companies officially belong to the State. The Constitutional Chamber of the Supreme Justice Tribunal, through its president, magistrate Luisa Estella Morales, declared the constitutionality of the Organic character of the Decree with Rank and Value and Full Force of the Organic Law of *Ordenación de las Empresas Productoras de Cemento*, with which these companies become part of the Venezuelan State.

Transporters along the border protest again. The representative for the transporters along the border with Colombia, rejected part of the content of the Land Transit Law, because it limited the sector's activities. Transporters also don't rule out

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that they may support their colleagues across the border, who are protesting the high cost of fuel. Both groups are planning protest marches for the weekend.

Political Tips

Alí Rodríguez Araque New Minister of Finance. The name of the new Minister of Finance was released by President Hugo Chávez during his television program *Aló Presidente*. The new Minister will be former Foreign Affairs Minister, former Minister of Energy and Petroleum, Alí Rodríguez Araque. In our opinion, Rodríguez Araque will continue with the policies that the Ministry of Finance has been carrying out. He is a pragmatic man, conciliatory, and very respectful of technical criteria. It's probable that there will be some personnel changes in the Ministry in the next coming weeks.

Laws still pending. This coming 1st of August, the term for the Special Powers Law expires. This Law has given President Chávez special powers to legislate, but the approval of a number of financial and tax laws (among them the General Bank Law, the Insurance and Reinsurance Law, the Income Tax Law, the Organic Law of Public Sector Financial Administration, and the derogatory of the *Hacienda Pública Estatal* Law) are still pending.

The National Assembly will approve what's left. According to Ricardo Sanguino, president of the Finance Commission, the National Assembly is preparing to approve the laws that have been left out of the Special Powers Law since the Administration will transfer the work that has already been done to the Assembly.

New Minister of Housing. Francisco Sesto, ex Minister of Culture, was appointed as Minister of Housing, where the Vicepresident Ramón Carrizales was responsible for a few days. Héctor Henríquez was appointed as Minister of Culture.

Another ineligible. The Comptroller's Office has already published in the *Gaceta Oficial* the ineligibility of the mayor of the Libertador municipality of the state of Monagas, César Lugo. The resolution argues that Lugo will be ineligible for three years for supposed corruption charges related to public works tenders.

The CNE to take measures. The National Electoral Council (CNE) has installed a mechanism to not allow ineligible candidates to register on the Council's web-page. This mechanism will prohibit those ineligible to run for office, but they will be allowed to vote.

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Transfer of power in Yaracuy. According to the Minister of Interior and Justice, Ramón Rodríguez Chacín, the Governor of Yaracuy, who was declared ineligible last week due to charges of alleged corruption has already been replaced by Alex Sánchez.

PSUV members change parties. Militants from the United Socialist Party of Venezuela (PSUV) of Guárico state have left the party and asked to be allowed into the *Patria Para Todos* (PPT) party. They left because of a number of irregularities that they observed in the party.

Neighborhood boys and girls Mission. Chávez announced the creation of a Neighborhood boys and girls Mission to assist children in vulnerable and at risk social situations. The Minister for the People's Power for Social Participation and Protection, Érika Farías, announced that in 1999 there were 5000 children living in the streets, currently there are 700. Chávez approved VEF 11 million for a rehabilitation center for the homeless located in El Tocuyo and VEF 47 million for a children's refuge located in Caucagua.

Diosdado Cabello insists. The Governor of Miranda state, Diosdado Cabello, insists that it is still possible to revive the contents of the constitutional reform which were defeated by popular vote on December 2nd last year through three steps: a constitutional amendment, a popular initiative or a parliamentary initiative.

Anzoátegui collapses due to protests. Different groups protesting took to the streets and blocked the main roads of the main cities in the state of Anzoátegui because of generalized discontent due to the deteriorating standard of living for Venezuelans.

Other Tips

Venezuela helps solve Nicaragua's energy crisis. As part of the Bolivarian Alternative for the Americas agreements, Nicaragua inaugurated, with the cooperation of Cuba and Venezuela, a electric power generator plant; while in Venezuela we are still waiting for the Government to invest millions to solve our own electric power problems.

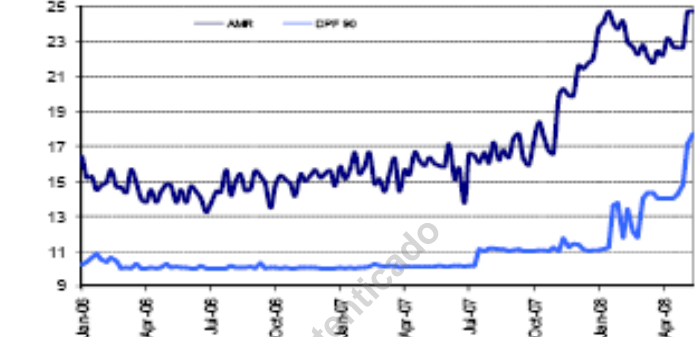
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ECONOMIC OVERVIEW

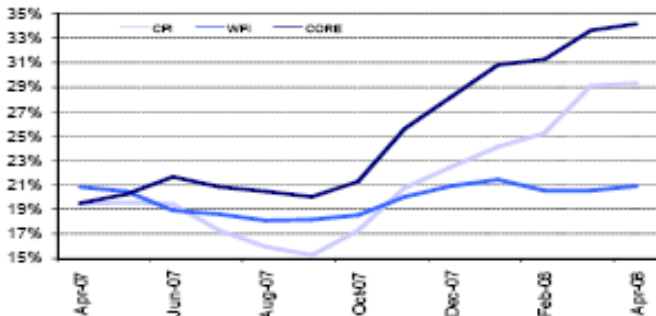
Oil Price
(Venezuelan Basket US\$/pb)



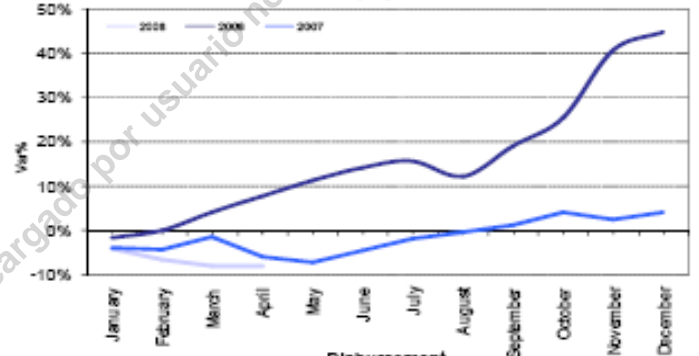
Interest Rate
(8x Principal Banks)



Inflation
(Last 12 Months)



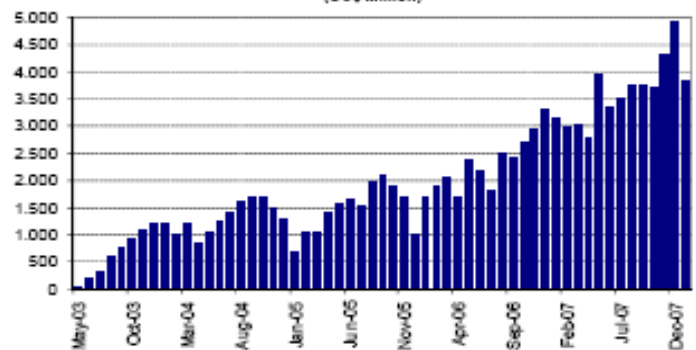
Real Expansion
(M2)



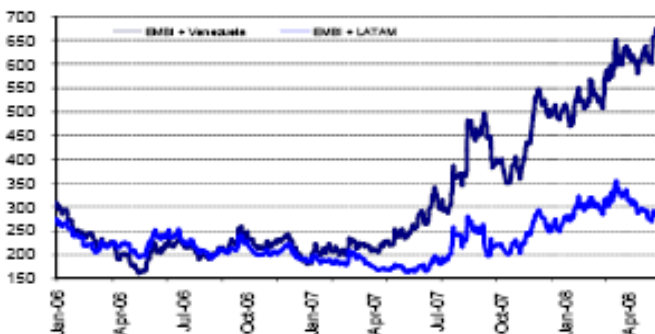
Fx Reserves - BCV
(US\$ Million)



Disbursement
(US\$ Million)



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Central Government
(VEB Billion)

