



# Weekly Report

Year 5, Number 24  
Week 1, July 2009

By:  
Asdrúbal Oliveros  
Maikel Bello

***PETROBONOS, CVG DEBT,  
DEVALUATION, AND CADIVI:  
THE EXPLOSIVE COCTAIL  
THAT MAKES UP TODAY'S  
VENEZUELA***

**Reproduction or distribution prohibited**

As was to be expected, so far this year, the exchange issue has been the single most important and volatile issue that everyone has been keeping their eye on. All types of rumors come and go regard this matter. Last week, the Administration finally authorized the emission of bonds by PDVSA and also announced that it would be followed by an issue of debt by CVG, and the Ministry of Finance did not rule out that the official exchange rate may be devalued, to which FEDECAMARAS (chamber of commerce) responded by pointing out that it was just and necessary. With all this going on, one wonders what to expect during the second semester of the year with regard to the exchange issue.

**First: the  
Petrobono  
(bonds)**

After months of speculation, PDVSA finally announced that it would place US\$3.0 billion in debt in a zero coupon bond maturing in 2011, payable in bolivars but in US-dollar denomination. However, this bond has a number of peculiarities. At the beginning this bond would be registered in the domestic market only, but later, PDVSA announce through an addendum that the bonds will be registered on international markets too –in Euroclear and/or



Clearstream-, but there's no additional information about, additionally in a third addendum they change the extension of the bidding period. This increases uncertainty about the mechanisms to obtain foreign currency with the bond till the moment, the only certain way to do this is waiting until its maturity in 2011.

This makes the bond less attractive. At **Ecoanalítica**, we believe that if you are thinking about purchasing the bond in order to immediately sell it in order to get US-dollars, the Petrobono is not for you because the implicit exchange rate is almost at the same level as the current swap-market rate, given the effect of PDVSA's risk.

But, if you decide that you are going to purchase the bond and keep it until it matures, independently of what you pay for the bond, you will receive 100% of the US-dollars it is worth at the moment the paper matures and it is redeemed. This is a very attractive deal for two groups: financial entities which have added incentives for purchasing these types of bonds, among them the yield; and multinational companies, because this bond can be used in coverage strategies in a scenario that is becoming increasingly uncertain with regard to CADIVI foreign currency approval policies.

#### It's not a bad bet

With respect to this placement, we'd like to highlight a few things. First, this is the perfect instrument for the Administration, a paper with limited impact in the swap-market which doesn't significantly affect the country's risk curve. Second, as a consequence of the first point, it's a bond that has potential buyers, especially in the financial system. In fact, as of the close of last week, financial system surplus resources topped US\$ 3.50 billion. Third, it's an instrument that looks to generate a change in how the swap-market is seen, from being speculative to becoming a coverage mechanism. This is something that is very important and worries the Administration. At **Ecoanalítica**, we estimate that future debt placements will follow this trend.

#### What will happen to the swap-market exchange rate?

It's difficult to say exactly how the swap-market will react, but this placement will not drop the parallel market exchange rate very much, especially since it was not designed to do so. As we have pointed out in previous Reports, in order to significantly drop the swap-market exchange rate there has to be a very complete restructuring of the instruments and the players which participate in this market. Unfortunately, we do not believe that this will



happen in the short term and this is why the Petrobono will be able to serve as a coverage instrument facing such an uncertain market.

### The CVG bond

Government spokespersons including the Minister of Basic Industries, Rodolfo Sanz, have mentioned that the CVG is looking into issuing debt backed by domestic gold reserves. This could also be a bond payable in bolivars but in US-dollar denomination registered in Luxemburg. But, according to the information gathered at **Ecoanalítica**, it seems that designing a bond with these characteristics is becoming to hard and that the CVG is considering using a similar mechanism as the one used by PDVSA. In fact, Ministry of Finance technicians are looking at the Petrobono bond placement operation as a kind of dry-run for future placements, including CVG's placement. The Ministry of Finance estimates that if the Petrobono placement is a success, another US\$ 7.50 billion in similar bonds could be placed in the future. The Ministry's idea is to give the swap-market more coverage instruments and thereby cut down on speculation and make it less volatile. But the Ministry of Finance should not forget that this market mainly feeds and drives on speculation.

So, we will have to wait and see what effect this placement will have on the swap-market, which is usually very sensitive to whether a placement is registered abroad or not. It's expected that the placement will be delayed a few months and could take place after the month of August.

### Devaluation takes center stage

Once again, Minister Rodríguez Araque put the matter of devaluation on center stage when he made a statement from New York saying that he did not rule out an adjustment being made to the official exchange rate. At **Ecoanalítica**, we don't know what all the fuss is about, since this isn't the first time Minister Araque has made more or less the same statement.

The real question is: How soon will the official exchange rate adjustment take place? At **Ecoanalítica**, we don't believe it will happen anytime soon. First, because the Administration has preferred to implement a de facto devaluation, arbitrarily deciding which companies will be able to benefit from CADIVI foreign currency authorizations and which companies will have to look to the swap-market to meet their needs. Second, oil prices are going up, which alleviates the pressure being put on the Administration to meet its fiscal expenses, which in turn makes a devaluation less necessary, in terms of fiscal and political survival for the Administration. In other words, with the price of oil at US\$ 30 per barrel, the Administration would seriously have to



consider a devaluation and suffer the political consequences, but now with oil price over US\$ 60 per barrel, the Administration still has room to maneuver and devaluation is put on the back burner.

### But what about next year

What the Minister wanted to make clear is that even though devaluation may not be imminent now, the Administration will have to review its exchange policies. At *Ecoanalítica*, we believe that the Administration will adjust the official exchange rate during the first part of next year, and that the Minister of Economy and Finance is just paving the way for this adjustment. This is also backed up by the Minister's statements about how inflationary pressures will continue to be high during the coming year.

### Changes in CADIVI

The last point to cover with respect to this cocktail is whether there will be any substantial changes made to how CADIVI will continue to operate. Here are some aspects one should know:

- It would depend on the Central Bank of Venezuela –BCV- now and not on the Ministry of Finance. This could improve its efficiency but it won't increase the amount of foreign currency it will authorize, which as we all sadly know, depends on oil revenues. Currently, CADIVI's main problem is not who will run it, but the future flow of foreign currency.
- It would establish a differentiated exchange rate regimen, a kind of RECADI system for the 5<sup>th</sup> Republic, with two exchange rates (a Bs.F 2.15/US\$ rate and a Bs.F 4.0/US\$ rate) administered by CADIVI. As we have mentioned before in other reports, this will only generate fiscal benefits for the Government but it will not necessarily increase the amount of foreign currency being authorized. Unofficial sources report that President Chávez does not like this system.
- The foreign currency budget. Minister Jesse Chacón appointment to the Ministry of Science, Technology, and Intermediate Industries signaled a more active role for this entity in the design of exchange policies. The most popular idea being suggested is that a monthly foreign currency budget by sectors be defined and that the BCV liquidate the corresponding amounts. This leads us to ask two questions: First, will CADIVI inform each sector how much foreign currency they were allotted? Second, how will intra-sector agreements be managed? In other words, within a sector which has been granted a limited amount of US-dollars for the month, what will the criteria be for deciding which company gets more foreign currency than another? Unfortunately, this very unclear idea, full of obstacles and bottlenecks which will slow the



foreign currency liquidation process down seems to be the one that will most likely be put into practice.

### No structural changes

The only constant with respect to all the details we have introduced here is that none of these measures or ideas solves the structural problems facing the Venezuelan exchange market, and the distortions created by the exchange control because of the way it has been designed and it is being implemented remain. Therefore, the uncertainties will continue with the impact this has on company operational costs and ultimately on prices. The non-oil sector finds itself losing value and uncompetitive which only makes our dependency on oil much worse, a bad habit this country has been carrying with it for decades.

## Economic Tips

**PETROBONOS bonds will not be included in the bank's foreign currency holding.** According to the Central Bank of Venezuela (BCV), the 2011 PETROBONOS issued by PDVSA will be excluded from the calculation of foreign currency held by financial institutions.

**...could be traded in the international market.** Recently, PDVSA announced that through an addendum, the restriction limiting the papers to be traded domestically would be lifted, this in order to increase the PETROBONO's liquidity in the secondary market. On the other hand, Fitch Ratings assigned the B+ qualification to the emission of Petrobono 2011, because the proven hydrocarbon reserves, the strategic participation of PDVSA in refineries of other countries, and to the low weight of the debt of the company with respect to its gains.

**Domestic debt issues for the third quarter.** The Minister of Economy and Finance announced the schedule for public debt title placements for the third quarter 2009 would be around VEF 11.05 billion. This operation would be carried out through Vebonos, Fixed Interest Titles, Covered Capital and Interest Titles, Agriculture bonds, and Treasury Bills (at 182, 364 and 91 day-maturity). The Minister went on to say that during the second quarter 2009, VEF 11.757 billion was placed at an average price of 98.95%. The maximum amount of domestic debt to be issued this year, which was approved by the National Assembly, is VEF37.0 billion.



**Another bond issue on the horizon and it is not from PDVSA.** Unofficial sources say that the Ministry of Basic Industries and Mining and the Corporación Venezolana de Guayana (CVG) are preparing an issue of bonds which they will carry out jointly. The amount of bonds to be issued, according to statements made by the Ministry of Finance, Alí Rodríguez, would be around US\$4.0 billion, while the information coming out of CVG suggests that it is considering an amount closer to US\$6.0 billion.

**International Reserves.** International reserves were up by **1.04%**, going from US\$29.78 billion at the close of the third week in June to US\$30.09 billion at the close of the fourth week of the same months.

**Monetary liquidity.** Monetary liquidity for the third week in the months of June was up by **0.89%** compared to the first week of the month settling at VEF 205.38 billion. So far this year, liquidity has increased by 5.72% and compared to the same period last year it has increased by 32.39%.

**Interest rate.** The lending rate for the third week in June was at **19.26%**, up by 112 basis points compared to the previous week. Term deposits and savings were at **14.54%** y 12.5%, down by 4 basis points and steady, compared to the second week in June.

## Oil Tips

**With this latest bond issue, PDVSA's debt increases to US\$18.0 billion.** In the 2008 management report, the balance sheets showed that the company's debt closed the year at US\$15.0 billion. This year the company has issued investment certificates for US\$1.0 billion, and now it is in the process of placing PETROBONOS for US\$3.0 billion. This brings the company's total debt to US\$18.0 billion.

**Nationalizations and payments owed could drive Japan out of the Venezuelan market.** Thanks to the recent plan to nationalize oil industry contracting companies, petro-chemical and briquette companies, during which a number of Japanese steel and chemical assets were expropriated, the Japan Bank for International Cooperation will review the loan it has issued for US\$1.50 billion for the El Palito and Puerto La Cruz refineries. Nippon Export and Investment (NEXI) is also considering canceling the insurance policy of most of the Japanese projects currently underway in



Venezuela. There is also the risk of losing Japanese investments in Venezuela for up to US\$ 33.50 billion.

**Epecially Natural Gas projects.** If Japan cancels its loans and follows through with the measures mentioned in the previous news tip, it would severely impact the development of natural gas projects. If the loan is canceled and current investments not continued, two of the three natural gas liquefying projects of the Delta Caribe Oriental project would be at risk. One depends on US\$6.40 billion in investment of which Japanese interest cover 5% and the other depends on US\$5.20 billion in investment with Japanese investments covering 15% of the total amount.

**Refining in Cuba doubles.** According to the figures released by the National Statistics Office of Cuba, the production of oil by-products by the island's refinery was at 5.26 million tons at the close of 2008. This represents an increase of more than 100% compared to the 2.3 million tons produced at the close of 2007. Among the production which was increase is: gasoline, jet fuel, and diesel fuel. Export amounts were not included in the report which according to the Ministry of Foreign Trade was at US\$ 880 million. Of the 160,000 b/d that Cuba consumes, 115,000 b/d are delivered by PDVSA.

**PDVSA is also in Argentina...** Following PDVSA's new policy to increase its presence in other countries, a policy it has been implementing since the end of 2008, according to the *Gaceta Oficial*, a new Liquefied Natural Gas re-gasification plant will be built in Argentina. ENARSA PDV will be in charge of taking care of the paper work and meet all the requirements necessary for the operation and thereby guarantee LNG supplies in said country.

**PDVSA begins to drill in Ecuador.** Puná Island located in the Gulf of Guayaquil. The drilling operation expects to find natural gas and oil. Investments have been made in association with PETROECUADOR.

**Petro-chemical Law: goods will pass on to the State.** Despite the fact that the Law of Development of Petrochemical Activities allows private investors to participate and control up to 50% of the mixed companies, there is a clause in the same Law that says that at the end of the validity of the contract or the existence of the company for any reason, the goods, including works, installations, accessories, and any equipment which belongs to the company must be kept in good working order in order to be handed over to the State, free of any debt and without any indemnity, in order to guarantee the continuity of the operation and to strengthen its development.





**The IEA lowers its forecast of future crude oil demands.** A year ago, the International Energy Agency (IEA) released a forecast saying that future world oil demand would reach 94.14 Mbd by 2013, now it only expects demand to reach 89 Mbd by 2014 in the best case scenario.

**Demand for natural gas to drop for first time in 50 years.** The IEA also forecasts that there will be a worldwide drop in the demand for natural gas. Low gas prices this year are creating cash flow problems for producers which is making them cutback on future investments which could create a supply problem in 2012 or 2013.

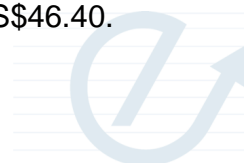
**OPEC only fulfilling 75% of quota due to high prices.** According to Mazhar Al-Shreidah, there is a surplus supply of oil on the market of between 1.8 million and 2.0 million b/d because the OPEC is only meeting 75% of the cutbacks in production introduced last year. This should stop the recent increase in oil prices, but speculation, and the tendency for the New York market to continue to increase, plus the conflicts in Nigeria keep prices going up.

**OPEC: Crude oil reaches US\$75 per barrel.** Despite international market prices going down during this past week, the cartel expects the price of a barrel of oil to close 2009 at between US\$70-75 per barrel, said president of PDVSA, Rafael Ramírez. Said prices are based on market speculation and a weak US-dollar.

**Crude oil prices close week on a down trend.** According to figures released by Bloomberg, oil prices were dropping at the close of the last week in June. WTI closed at US\$66.93 per barrel, down by US\$2.62, while Brent was down US\$0.27 settling at US\$68.92 per barrel. During the beginning of the week the oil basket was rising with prices around US\$71.49 per barrel for WTI and US\$70.99 per barrel for Brent, both spikes spurred on by Wall Street's tendency to climb during the last week and problems in Nigeria (largest African oil exporter) with a sabotaged oil line.

**Recent spikes in oil prices could slowdown economic recovery.** The IEA expressed its concern regarding the recent spike in oil prices and oil by-products, saying that oil prices are increasing at a faster rate than the economy is recovering and that this may slow oil importing countries economic recovery.

**Venezuelan oil basket drops.** According to reports by the Ministry of Energy and Petroleum, the Venezuelan oil basket dropped US\$2.05 closing out the fourth week in June at US\$62.53 per barrel compared to the price of a week ago which was at US\$64.58 per barrel. This puts the yearly average price per barrel of oil at US\$46.40.





## Business Sector Tips

**The Government will pay on Friday second the 60% of Banco de Venezuela.** Friday 02, the Venezuelan Government will pay US\$630 million to the Grupo Santander for the Banco de Venezuela, the rest will be paid on two equal parts of US\$210 million, on October and December.

**CADIVI will be stricter with telephone companies.** Jesse Chacón said that telephone operators (especially DIGITEL and MOVISTAR), will have to show how they are using the US-dollars which CADIVI is authorizing them. He said, "they will be granted US-dollars, but we have to coordinate with them the structure of costs. If we have to inspect them to do so, then we will inspect them."

**CADIVI still has US\$170 million in delayed payments to the auto parts sector.** According to the National Chamber for Auto parts Trade (CANIDRA), in the next few months there could begin a very serious shortage of auto parts which could lead to an increase in stolen cars to be used for spare parts.

**Poultry production down by 5% during the first semester.** According to the president of the National Poultry Federation, Francisco Tagliapietra, the production of Venezuelan Poultry dropped by 5% during the first semester of the year due to delays in CADIVI liquidation in order to import raw materials to produce chicken feed.

**The price of rice and corn went up.** The Gaceta Oficial No. 39.208 announces the increase in price of corn and paddy rice and their by-products. Corn flour regulated prices increased by 31% going from VEF 2.07 to 2.72; regulated rice prices increased by 45% on average even though it's the poor quality rice which increased most in price. Yellow corn prices did not increase, only white corn prices. This is to create incentives for producers to produce more white rice. Some producers have commented that the price increase fell a bit short. The increase in these prices will have an effect on the inflation rate of the months of July and August.

**Venezuela with more problems with its MERCOSUR membership.** The Argentinean Chamber of Representatives introduced a law-project to nullify the legislation which approved Venezuela's membership into MERCOSUR. This action is a result of the nationalization of three branches of the Argentinean company TECHINT (TAVSA, MATESI and COMSIGUA), which had already been affected by the nationalization of SIDOR in 2008.



**45,000 pre-sales housing contracts to be renegotiated.** Due to the uncertainties produced by having eliminated the CPI from the equation used to calculate housing payment quotas for pre-sale housing construction projects, around 45,000 contracts will have to be renegotiated. It not possible to just devalue the money collected due to the CPI and continue with the original contract because this would cause a serious cash flow problem for the construction company, forcing them to leave projects unfinished.

**Venezuela loses preferential tariff status from the UE.** In December 2008, the Government had to ratify the anticorruption agreement and the anti-drug trafficking agreement existing with the European Union, but since it did not do so within the allotted time frame, starting in August, the few products which are exported from Venezuela to Europe will lose their preferential tariff status. This added to the distortions created by the exchange rate make these goods even less competitive. It's important to point out that up until May, non-oil exports to Europe have dropped by 46% compared to last year.

**Poverty measured by basic needs and extreme exclusion has increased.** According to the most recent figures released by the National Statistics Institute (INE) poverty due to a lack of basic needs increased by 23.3% in 2007 to 23.7% and poverty due to extreme exclusion went from 8.1% in 2007 to 8.4% at the close of 2008. May's unemployment rate increased to 7.7%, higher than it was 12 months ago when it was at 7.0%.

**The Ministry of Trade is evaluating medicine patents.** The Ministry of Trade informed that it was reviewing the current laws in order to avoid transnational companies having exclusive right over the production of medicines. The current patent law allows companies to acquire exclusive right for 20 years.

**SUDEBAN intervened in the Banco de Inversión Industrial de Venezuela,** which is the property of the Banco Industrial de Venezuela which is also currently being intervened (on July 13 it will be 60 days). The intervening board appointed by the SUDEBAN must decided if the bank should receive financial help or whether it should be liquidated.

**The ILO will send a commission to evaluate labor situation.** Due to the high number of violations of union and business freedoms filed in Venezuela, FEDECAMARAS (chamber of commerce) has asked the International Labor Organization (ILO) to send a commission to evaluate the labor situation in Venezuela.



## World Crisis Tips

### **The Bank for International Settlements proposes interesting financial regulation.**

The Bank for International Settlements (BIS) proposes that financial products be registered in a way similar to how pharmaceutical products are registered. Those products which are the safest may be purchased without restrictions (like a medicine without a prescription), medium risk products will require an authorization in order to be purchased (in other words not everyone will be able to purchase only certain institutions), and the most risky products may only be purchased by certain institutions which have previously been analyzed.

**The BIS also criticized the monetary stimulus packages of the main Central Banks.** The BIS warned that by lowering interest rates, this helps the world economy to temporarily bounce back but it does not solve the root problem. New regulations must force the banking system to assume losses, get rid of unpaid assets, eliminate surplus capacities, and to reinforce its base capital. Furthermore, a significant increase of the monetary base could generate inflationary pressures in the future if excess liquidity is not eliminated quickly when the financial system is capable of expanding loans again.

**U.S. economic activity index drops in May.** The index reported by the Chicago Federal Reserve dropped from -2.27 in April to -2.3 in May. This low level of activity is influenced by the high unemployment level (going from 8.9% in April to 9.4% in May).

**April house price index continues to fall but at a slower rate.** House prices in the 20 main metropolitan areas measured by the House Price Index of Case and Shiller dropped by 0.6% compared to the previous month after having dropped 2.2% in March and is now at 18.1% below where it was 12 months ago.

**Chinese Government announces that it will achieve growth goal (8%).** The Prime Minister and the head of the Chinese Central Bank announced that the country would meet its projected economic growth rate, which is higher than what the World bank had projected (7.2%).

**Japanese industrial production recovering quickly.** Japanese industrial production posted an increase of 5.9% in May compared to April and inventories dropped by 0.6%



after they had already dropped by 2.7% in April. Even though current levels are still low, it shows a high recovery rate. Products showing the most increase are: transportation equipment (25%) and electronics (10.5%). Local consumption remains weak, down 2.8% compared to 12 months ago.

**Unemployment rate in Japan increases.** Unemployment in May reach a 5 year high at 5.2%, worse than what the market expected. Like in the U.S., the unemployment rate is expected to continue to increase to 5.5% by the end of this year and begin its recovery until 2010.

**Eurozone confidence level improves.** A monthly survey by the European Commission shows that Eurozone confidence levels improved from 70.2 in May to 73.3 in June, a much improved show since the low of 64.6 in March.

**Eurozone posts negative inflation in June:** For the first time since the Eurozone was created it has registered a negative inflation of 0.1%. It is not expected that this tendency continue and by the end of the year it's expected that inflation will be at +1%.

**Liquidity expands less than recommended in Eurozone.** In May, liquidity (M3) only increased by 3.7%, not reaching the 4.5% recommended by the CBE in order to sustain price levels.

**European Commission requests stress test for European banks.** The commissioner for economic affairs of the European Commission, Joaquín Almunia, requests that the European financial system be subject to stress tests, that results be compared between the banks, that banks should be helped but that help should be selective. Banks that were healthy before the crisis shouldn't have to pay for the poor management of other banks, and some opportunistic banks must be avoided.

**British GDP drops by 2.4% in the first quarter.** This is the largest drop in GPD in Britain since 1958. The most impacted sector was construction with -6.9% growths, but prices have slowly started to bounce back.

**CPI in Spain drops 1% in July.** According to a preliminary report by the National Statistics Report of Spain, prices dropped by 1% in June, less than the 1.2% drop that was expected. By the end of the year, it's expected that Spain will close with between 1% and 2% inflation.





**Unemployment at 10.2% from 9.8% in Chile.** Unemployment in Chile increase to 10.2% for the March-May mobile quarter period after having been at 9.8% during the February-April mobile quarter period, and a year ago it was at 8%.

## Political Tips

**Back to full diplomatic relations.** The United States and Venezuela have reestablished full diplomatic relations and have agreed to send their respective ambassadors to their posts. Both countries exchanged diplomatic notifications nullifying the orders which expelled both ambassadors. Both previously appointed ambassador will return to their post, Bernardo Álvarez for Venezuela and Patrick Duddy for the U.S.

**Venezuela, among the worst countries in “Good Government” indicator.** According to the indicators designed by the World Bank, among the best countries in the world are Chile, Botswana and the Balkan states, significantly higher ranked than the industrialized countries. The country with the poorest ranking with respect to political stability and the absence of violence-terrorism is Colombia followed by Venezuela; with respect to regulatory affairs, the worst two countries are Cuba and Venezuela; and with respect to corruption control, the worst two are Haiti and Venezuela.

**The Penal Process Organic Code reform first discussion approved.** The Penal Process Organic Code was recently reformed despite the fact that it is in violation of Article 48 of the Constitution, which guarantees the right to private communication in all its forms, but article 219 of the new reformed law established the right to intercept and tape private communications.

**Education Law introduced.** The Ministry of Higher Education, Luis Acuña, was at the national Assembly to present the Executive Office’s contribution to the new Education Organic Law. “Student enrollment into the university must be administered by the State,” maintained Acuña, accompanied by Minister Héctor Navarro. Both met with the Coordinating Commission of Parliament. They exhorted the Legislative branch to carry out the necessary inquiries and to evaluate the proposal, which he insisted, aimed at democratizing student registration into the university. Education Minister, Héctor Navarro, in turn expressed the Executive Office’s desire to create a truly organic law “which will organize the system” creating two levels, Basic Education and University



Education (not higher education anymore). He also stated that after this law was introduced, that they should approve four more laws: for Basic Education System; for university education; for the Exercise of the Teaching Profession; and for Teacher Education.

**Limits.** The National Assembly mixed commission established that 12 minimum wages is the maximum upper level public executives could earn. The Law project divides upper level public executive into 5 pay scales, each one would have its limit set, with the highest limit being 12 minimum wages, and the lowest 3 minimum wages. Bonuses are still being studied. Vacation bonuses will be for between 40 and 60 days, and yearend bonuses will be between 40 and 90 days.

**2009-2013 anti-drug plan approved.** President Chávez recently approved the creation of the 2009-2013 Anti-Drug Plan and the National Anti-Drug Fund, during a Minister Council meeting. The director of the National Anti-Drug Office, Néstor Reverol, said that the plan has a profound sense of social inclusion and humanism, motivating organized communities as co-managers of social integral prevention.

**VEF 2.0 billion transferred to communal councils.** The Minister of the People's Power for the Presidential Secretariat of the Republic, Luis Reyes Reyes, announced that during the second quarter 2009 the Government transferred VEF2.0 billion to communal councils.

**Globovisión workers must present themselves before the Public Ministry.** Globovisión workers and journalists must present themselves before the Public Ministry to give testimony regarding statements made by Rafael Poleo, during the program "Aló Ciudadano" which aired in December 2008, where he said that the same thing that happened to Benito Mussolini will happen to President Hugo Chávez. Among the workers summoned are the chief of operations, Eleazar Valera; press coordinators, Janeth De Abreu and Cecilia Colmenares; news general producer, Lisette Villafranca, and the editors Mario Albarrán and Víctor Fernández.

**International community doesn't back Honduran coup.** The President of Honduras, Manuel Zelaya, states that the support of the OAS and the international community have stopped him from being run out of office. The Organization of American States (OAS) has approved a resolution which supports Honduras in order to strengthen democratic institutions and it has agreed to send special commission to help promote dialogue.

**3 more.** Ecuador, Saint Vicente and the Grenadines, and Antigua and Barbuda have formalized their membership into the ALBA during the VI Extraordinary Summit which



was held in Maracay (Aragua state). During the summit, President Chávez asked that the ALBA now be called the Bolivarian Alliance for the Americas. The next summit will be held in Bolivia at the end of September when Paraguay will become a member, according to the Foreign Affairs Minister of that country, Héctor Lacognata.

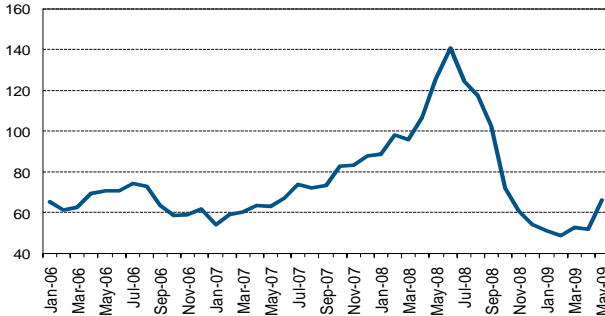
© Ecoanalítica – Descargado por usuario no autenticado



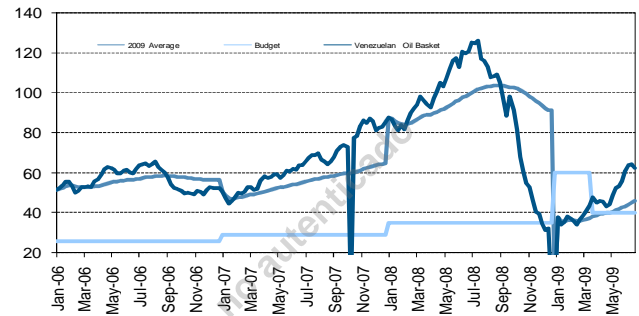


## ECONOMIC OVERVIEW

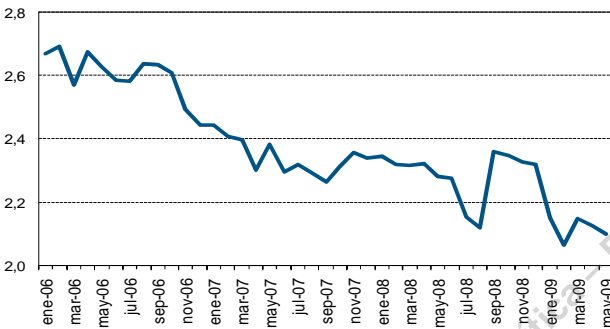
**Oil Prices (WTI US\$pb)**



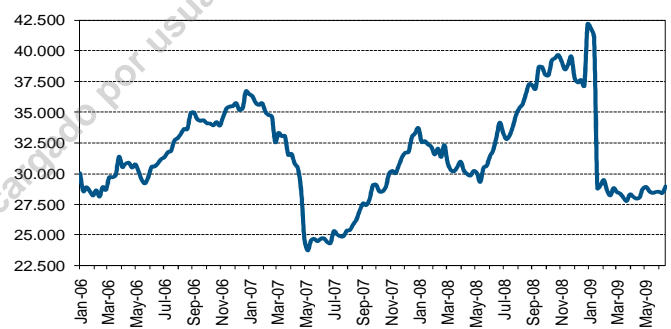
**Oil Price (Venezuelan Basket US\$pb)**



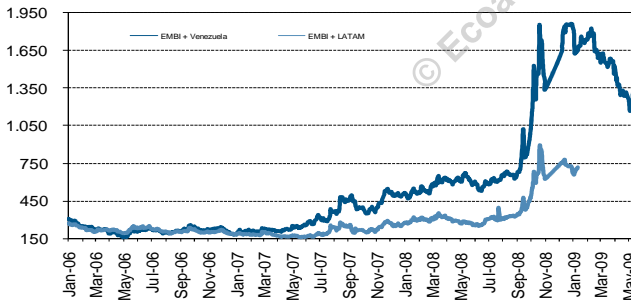
**Oil Exports MMBD**



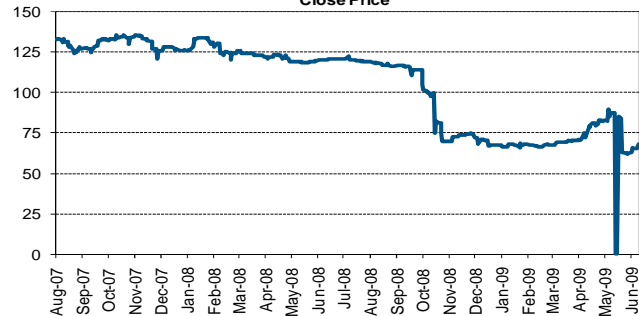
**Fx Reserves - BCV (US\$ Million)**



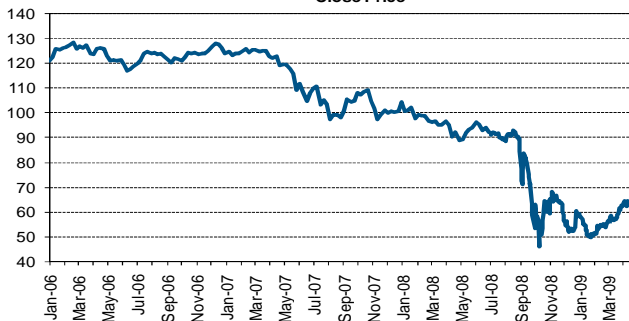
**EMBI+**



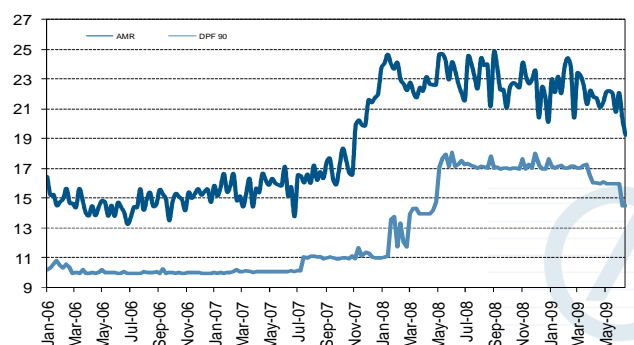
**Venezuelan Global 18 Close Price**



**Venezuelan Global 27 Close Price**

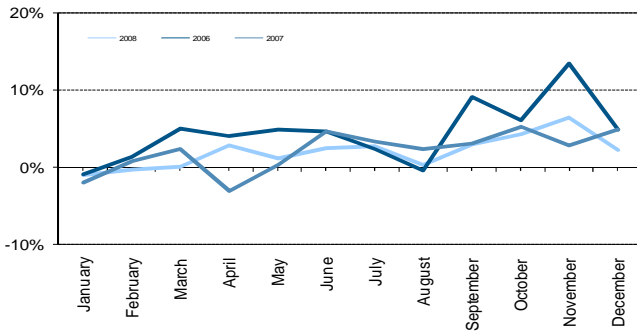


**Interest Rate (Six Principal Banks)**

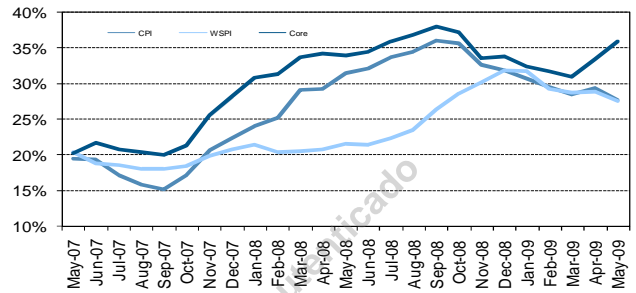




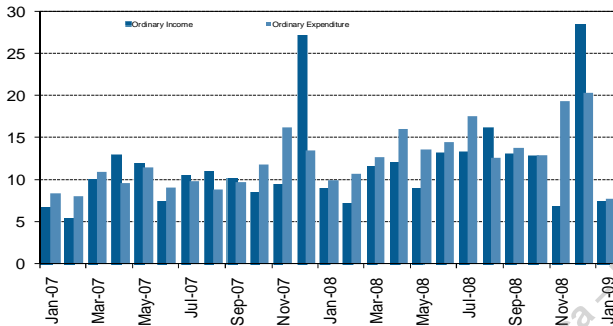
**Real Expansion (M2)**



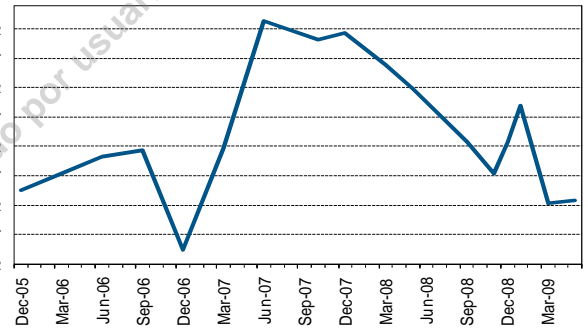
**Inflation (Last 12 Months)**



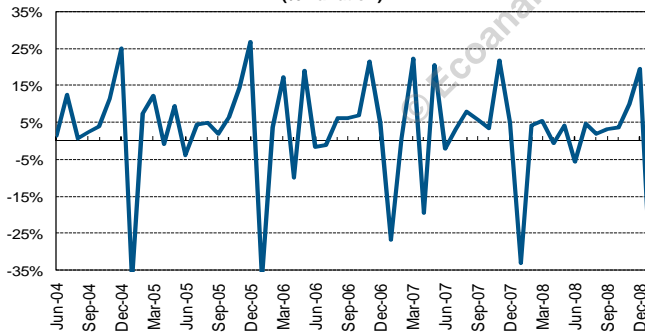
**Central Government (VEB Billion)**



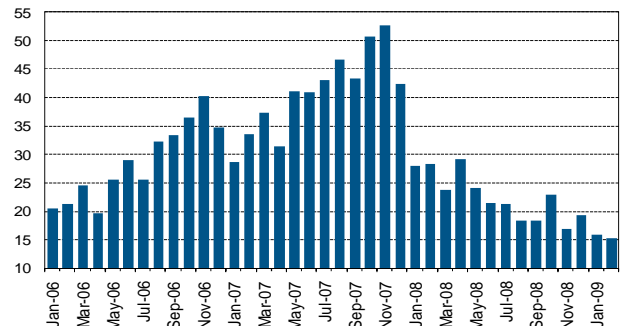
**Resources of the State (US \$ MM)**



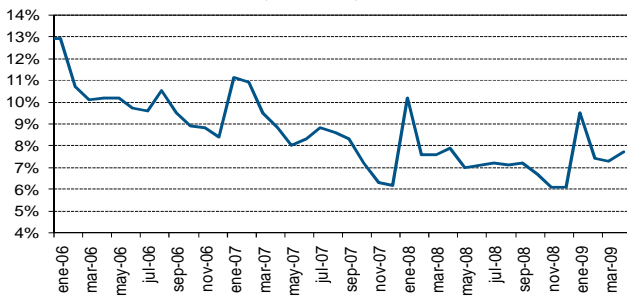
**Volume of Sales (% Variation)**



**Sale of Vehicles (Thousands of Sold Units)**



**Rate of unemployment (%Variation)**



**Disbursement (US\$ Million)**

