



*Underlying*  
***Inflation***

*March 2024*

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# Monthly inflation

## General, underlying, and items

*Inflation under the Venezuelan Central Bank (BCV) methodology<sup>1</sup>.*

During the month of March, inflation increased concerning the previous month, according to our estimates under the methodology of the BCV (INPC Ecoanalítica). During this period, monthly inflation was 1.7%, which led to a year-over-year inflation rate for the same month of 2023 of 94.3%.<sup>2</sup>

### **Ecoanalítica Inflation (BCV Methodology)**

	Index	m/m [%]	Accum. [%]	y/y [%]
Mar-23	55,211.4	4.8	52.1	410.2
Apr-23	58,430.2	5.8	61.0	396.8
May-23	63,157.2	8.1	74.0	399.5
Jun-23	68,449.8	8.4	88.6	391.5
Jul-23	73,836.8	7.9	103.4	395.2
Aug-23	85,148.6	15.3	134.6	393.1
Sep-23	89,414.6	5.0	146.3	350.1
Oct-23	93,098.4	4.1	156.5	337.3
Nov-23	95,090.7	2.1	162.0	267.2
Dec-23	100,491.9	5.7	176.8	176.8
Jan-24	104,391.0	3.9	3.9	130.0
Feb-24	105,424.4	1.0	4.9	100.2
Mar-24	107,258.8	1.7	6.7	94.3

*Source: BCV and Ecoanalítica.*

*Note: Index was simplified (base 100 = Dec 2017), and divided by 1,000,000 in 2022.*

*\*Estimated using official weights data published by BCV in 2007.*

<sup>1</sup> This report is based on Ecoanalítica's own estimation. As usual, we followed the "Central Bank of Venezuela [NCPI\*] methodology," keeping the original weights over basic basket components considered on its definition. We learned that, back in June 2014, the Central Bank of Venezuela made changes to such weightings.

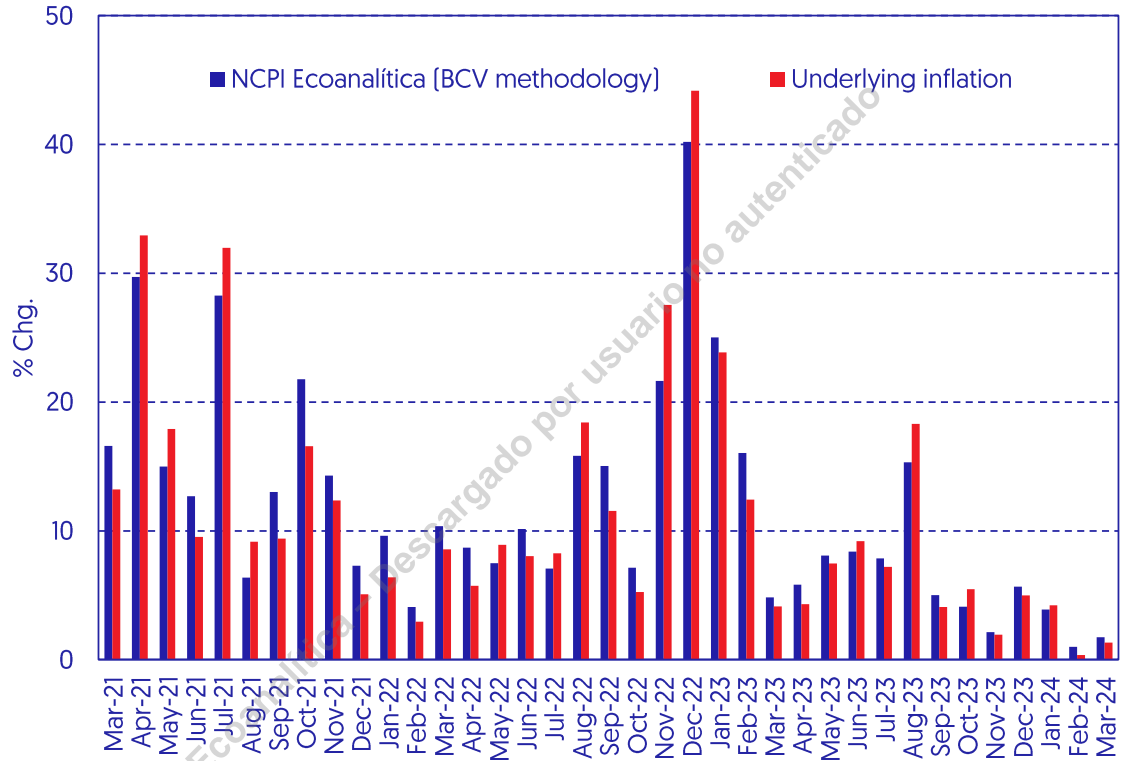
<sup>2</sup> Due to the quarantine and the consequent paralysis of part of the economic activity together with the shortage of some products, it is expected that inflation indicators may present imperfections. In view of this, it is suggested to make cautious approaches to them.



### Underlying inflation

Core inflation accelerated concerning the previous month, reaching 1.3% during March. Core inflation was 0.4 percentage points [pp.] below the BCV's inflation by methodology. Given March's core inflation, the year-over-year growth of this index reached 93.4%.

### Monthly inflation (%)



Source: Ecoanalítica.



### *A detailed overview*

Inflation tends not to be the same for all items. During the month of March, the items that registered the highest inflation were "Entertainment and culture" [4%], "Restaurants and hotels" [3.2%], and "Health" [2.7%]. On the other hand, the prices of "Household equipment" [0%], "Clothing and footwear" [0.8%], and "Alcoholic beverages and tobacco" [1%] experienced the lowest variations.

### ***Inflation by item (%)***

	<i>Jan-24</i>	<i>Feb-24</i>	<i>Mar-24</i>	<i>Cumulative <sup>1</sup></i>	<i>Interannual <sup>2</sup></i>
Foodstuff and non-alcoholic beverages	4.1	0.5	1.5	6.2	108.0
Alcoholic beverages and tobacco	4.0	0.6	1.0	5.7	74.5
Clothing and footwear	1.6	0.5	0.8	3.0	68.4
Housing rent	2.0	0.6	1.9	4.6	88.2
Home services except telephone	4.5	1.8	2.5	9.0	125.4
Home equipment	2.4	0.5	0.0	2.9	62.6
Health	4.3	1.3	2.7	8.4	95.7
Transport	4.9	0.8	1.0	6.9	66.5
Communications	4.4	3.6	2.4	10.7	133.4
Entertainment and culture	6.0	4.8	4.0	15.5	118.8
Education services	3.9	1.7	1.4	7.1	120.2
Restaurants and hotels	5.0	1.0	3.2	9.4	103.4
Other goods and services	4.4	1.2	2.3	8.0	89.5
Exchange rate <sup>3</sup>	-1.3	-0.3	1.3	-0.3	53.5
Underlying Inflation	4.2	0.4	1.3	6.0	93.4
NCPI Ecoanalítica [BCV methodology]	3.9	1.0	1.7	6.7	94.3

*Source: Ecoanalítica.*

<sup>1</sup>*Cumulative inflation since the start of the year.*

<sup>2</sup>*Last twelve months' inflation.*

<sup>3</sup>*Non official exchange rate.*



### Relative prices' deformation

Different price variations among items affect the relation between them. The following matrix shows the price changes of all the items (seen in the rows on the left) in relation to the price changes of their counterparts (seen in the columns above). An item with a positive value means it has been made more expensive, while one with a negative value means it has cheapened.

The last column corresponds to the exchange appreciation (depreciation) by items, or how much they became more expensive (cheaper) with respect to the exchange rate in the unofficial market.

### Relative price change during March 2024 (%)

Item	Foodstuff and non-alcoholic beverages	Alcoholic beverages and tobacco	Clothing and footwear	Housing rent	Home services except telephone	Home equipment	Health	Transport	Communications	Entertainment and culture	Education services	Restaurants and hotels	Other goods and services	Exchange rate
Foodstuff and non-alcoholic beverages	0.0	0.5	0.7	-0.4	-0.9	1.5	-1.1	0.5	-0.8	-2.4	0.1	-1.6	-0.7	0.2
Alcoholic beverages and tobacco	-0.5	0.0	0.2	-0.9	-1.4	1.0	-1.6	0.0	-1.4	-2.9	-0.4	-2.1	-1.2	-0.3
Clothing and footwear	-0.7	-0.2	0.0	-1.1	-1.6	0.8	-1.8	-0.2	-1.6	-3.1	-0.6	-2.3	-1.4	-0.5
Housing rent	0.4	0.9	1.1	0.0	-0.6	1.9	-0.7	0.9	-0.5	-2.0	0.5	-1.3	-0.4	0.5
Home services except telephone	0.9	1.5	1.6	0.6	0.0	2.5	-0.2	1.4	0.1	-1.5	1.0	-0.7	0.2	1.1
Home equipment	-1.5	-1.0	-0.8	-1.9	-2.4	0.0	-2.6	-1.0	-2.3	-3.8	-1.4	-3.1	-2.2	-1.3
Health	1.1	1.6	1.8	0.7	0.2	2.6	0.0	1.6	0.2	-1.3	1.2	-0.5	0.4	1.3
Transport	-0.5	0.0	0.2	-0.9	-1.4	1.0	-1.6	0.0	-1.3	-2.9	-0.4	-2.1	-1.2	-0.3
Communications	0.9	1.4	1.6	0.5	-0.1	2.4	-0.2	1.4	0.0	-1.5	1.0	-0.8	0.1	1.1
Entertainment and culture	2.4	3.0	3.2	2.1	1.5	4.0	1.3	2.9	1.6	0.0	2.6	0.8	1.7	2.6
Education services	-0.1	0.4	0.6	-0.5	-1.0	1.4	-1.2	0.4	-1.0	-2.5	0.0	-1.7	-0.8	0.1
Restaurants and hotels	1.6	2.2	2.4	1.3	0.7	3.2	0.5	2.2	0.8	-0.8	1.8	0.0	0.9	1.8
Other goods and services	0.7	1.3	1.4	0.4	-0.2	2.3	-0.4	1.2	-0.1	-1.7	0.8	-0.9	0.0	0.9
Exchange rate	-0.2	0.3	0.5	-0.5	-1.1	1.3	-1.3	0.3	-1.0	-2.6	-0.1	-1.8	-0.9	0.0

Source: Ecoanalítica.



### *Foreign currency inflation in Venezuela.*

Considering that the increase in the cost of living in foreign currency in Venezuela does not respond exclusively to the real appreciation of the currency<sup>3</sup>, but also to phenomena of another nature<sup>4</sup>, in October 2021 **Ecoanalítica** began a collection of prices directly fixed in foreign currency within the companies and items included in the preparation of our CPI price index.

Based on this collection, it was observed that, during March, inflation in foreign currency in Venezuela was 0.8%. This meant that inflation in dollars grew 1.2 pp. concerning the previous month. The items with the highest variation in their prices in dollars were: "Entertainment and culture" (1.8%), "Miscellaneous goods and services" (1.6%), and "Restaurants and hotels" (1.5%). In year-on-year terms, inflation in US dollars was 8%.

On the other hand, the cost of living in USD measured by exchange rate appreciation, i.e., resulting from the differences between price changes and the exchange rate, stood at 5.7%, which is 5.2 pp. higher than the previous month.

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<sup>3</sup> Calculated from the gap between the variation of prices measured in VES (from the INPC) and the variations of the unofficial exchange rate collected by Ecoanalítica.

<sup>4</sup> The increase in foreign currency prices in Venezuela, in addition to being influenced by monetary and exchange rate issues within a context of partial dollarization, also responds to productivity processes, supply chain frictions, real income, demand pressures, external price shocks, among others.



## ***Inflation in USD in Venezuela (%)***

	<i>Jan-24</i>	<i>Feb-24</i>	<i>Mar-24</i>	<b>Cumulative Inflation<sup>1</sup></b>	<b>Interannual Inflation<sup>2</sup></b>
Foodstuff and non-alcoholic beverage:	1.5	-0.2	0.6	1.9	12.7
Alcoholic beverages and tobacco	0.8	0.0	0.3	1.0	5.6
Clothing and footwear	0.3	-1.4	0.2	-0.9	1.0
Housing rent	0.5	0.1	0.5	1.1	7.1
Home services except telephone	1.6	0.4	0.5	2.5	9.8
Home equipment	0.4	-1.0	0.2	-0.4	-6.5
Health	1.0	0.0	0.5	1.6	8.3
Transport	1.7	0.0	1.3	3.1	8.7
Communications	0.4	0.1	1.2	1.7	10.9
Entertainment and culture	3.2	0.7	1.8	5.8	15.3
Education services	0.5	0.2	0.6	1.4	9.3
Restaurants and hotels	1.9	-2.5	1.5	0.9	4.3
Other goods and services	0.6	0.2	1.6	2.4	6.6
General inflation in foreign currency <sup>3</sup>	1.2	-0.4	0.8	1.7	8.0
Exchange rate appreciation <sup>4</sup>	5.2	0.5	5.7	11.8	32.2

*Source: Ecoanalítica.*

<sup>1</sup>*Cumulative variation since the start of the year.*

<sup>2</sup>*Last twelve months' variation.*

<sup>3</sup>*Using weights from Ecoanalítica's NCPI (BCV methodology).*

<sup>4</sup>*Additional cost-of-living metric in USD based on CPI/ER differences.*



### *Official inflation published by BCV.*

According to official figures from the BCV, inflation for March 2024 stood at 1.17%, 0.03 pp. below the previous month. On the other hand, the information indicates an interannual inflation for this date of 67.8%.

### **BCV inflation**

	<i>Index</i>	<i>m/m [%]</i>	<i>Accum. [%]</i>	<i>y/y [%]</i>
Mar-23	15,490,514,782.9	6.1	79.9	439.6
Apr-23	16,079,339,845.6	3.8	86.7	436.3
May-23	16,903,293,865.4	5.1	96.3	429.2
Jun-23	17,944,103,146.0	6.2	108.4	404.4
Jul-23	19,056,534,940.1	6.2	121.3	398.2
Aug-23	20,470,345,755.2	7.4	137.7	394.8
Sep-23	22,244,633,245.8	8.7	158.3	317.6
Oct-23	23,547,066,398.0	5.9	173.5	316.5
Nov-23	24,361,617,825.7	3.5	182.9	282.8
Dec-23	24,952,896,762.7	2.4	189.8	189.8
Jan-24	25,379,624,724.7	1.7	1.7	107.4
Feb-24	25,684,975,429.0	1.2	2.9	75.9
Mar-24	25,986,417,377.8	1.2	4.1	67.8

*Sources: BCV and Ecoanalítica.*

*Note: Index was simplified (base 100 = Dec 2017) and divided by 1,000,000 in 2022.*

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### *Forecasts of different inflation indicators.*

With the aim of offering our clients clear and precise information, at **Ecoanalítica** we include forecasts for three inflation indicators each month. For our “Official Central Bank Inflation” indicator, we reproduce the adjustments that the Central Bank (BCV) unofficially made to their methodology, using an econometric model that allows us to have a better estimate of the updated figures that the BCV might publish in the future.

It is important to note that in an environment of high or chronic inflation, slight increases in the weekly inflation rate generate large shocks in monthly inflation. For this reason, it cannot be ruled out that in the coming months inflation will be higher than in previous months. On the other hand, even in the absence of hyperinflation, chronic inflations are volatile processes, and apparent stabilizations may be followed by unanticipated price accelerations [or lower growth].

It should be noted that the BCV is the only organization authorized to publish official inflation figures. Therefore, their official data must be taken at face value for purposes of submitting reports to government agencies. However, at **Ecoanalítica** we consider that for internal estimates, or as a planning tool, the best indicator for measuring the evolution of prices in Venezuela is our “BCV methodology” indicator.

### ***Inflation rate forecast***

<i>Inflation [%]</i>	<i>2023E (y/y)</i>	<i>2023E (m/m average)</i>	<i>2024F (y/y)</i>	<i>2024F (m/m average)</i>
Official BCV Inflation Rate	190.0	9.3	65.3	4.3
BCV Methodology Inflation Rate <sup>1/</sup>	176.9	8.9	79.9	5.0
Underlying Inflation Rate	164.6	8.4	74.2	4.7

*Sources: BCV and Ecoanalítica.*

*<sup>1/</sup> Ecoanalítica's own estimation, since 2015.*

*Monthly averages are geometric, not arithmetic, to reflect price variations with greater precision.*

*For more information on our scenarios read our Perspectives Report.*

At **Ecoanalítica**, we try to ensure that our forecasts accurately guide our clients' decisions, and we adjust them when the facts provide new information that changes our perspective. For this reason, we make monthly changes, which in a context of high inflation may seem substantial but differ relatively little in terms of orders of magnitude.



## **Weighted Exchange Rate of the Venezuelan Consumer (VES/USD)**

	Jan-24	Feb-24	Mar-24	y/y (%)	Depreciation. % (m/m)	m/m (%)
Foodstuff and non-alcoholic beverages	39.2	38.1	38.4	52.1	-0.7	0.8
Alcoholic beverages and tobacco	39.3	38.2	38.5	52.2	-0.8	0.8
Clothing and footwear	39.3	38.2	38.5	52.2	-0.8	0.8
Housing rent	38.6	37.8	38.0	51.6	-0.6	0.6
Home services except telephone	38.4	37.7	37.9	51.5	-0.6	0.6
Home equipment	39.3	38.2	38.5	52.2	-0.8	0.8
Health	37.6	37.2	37.4	50.8	-0.4	0.4
Transport	38.4	37.7	37.9	51.5	-0.6	0.6
Communications	37.0	36.8	36.9	50.3	-0.2	0.2
Entertainment and culture	37.4	37.1	37.2	50.6	-0.3	0.3
Education services	36.5	36.5	36.5	49.8	-0.1	0.1
Restaurants and hotels	39.2	38.2	38.5	52.1	-0.8	0.8
Other goods and services	38.3	37.6	37.9	51.4	-0.6	0.6
Total	38.7	37.8	38.1	51.7	-0.6	0.6
Unofficial Exchange Rate	38.3	37.6	37.9	51.4	-0.6	0.6

*Sources: BCV and Ecoanalítica.*

*Unofficial exchange rate is a weighted average between the corporate and conventional rate.  
The published exchange rates represent a monthly average, not their values at the end of the month.*

## **Detailed Underlying Inflation**

	Index	Var. m/m (%)	Var. Accum.	Var. v/v (%)
Mar-23	407,703	4.1	45.0	399.1
Apr-23	425,315	4.3	51.3	392.4
May-23	457,044	7.5	62.6	385.9
Jun-23	499,138	9.2	77.5	391.2
Jul-23	535,125	7.2	90.3	386.5
Aug-23	633,107	18.3	125.2	386.0
Sep-23	658,938	4.1	134.4	353.5
Oct-23	695,047	5.5	147.2	354.5
Nov-23	708,531	1.9	152.0	263.3
Dec-23	743,816	5.0	164.6	164.6
Jan-24	775,280	4.2	175.7	122.6
Feb-24	778,071	0.4	176.7	98.7
Mar-24	788,341	1.3	180.4	93.4

*Sources: BCV and Ecoanalítica.*

*Note: Index was simplified (base 100 = Dec 2017) and divided by 1,000,000 in 2022.*





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