

Dollarization and the “sovereign” pennies

In our third Foreign Exchange Bulletin of 2019 we described how, in theory, the emerging process of dollarization was occurring in Venezuela and we compared it to other historical cases¹. At that time we warned that, if high inflation persisted and the demand for money declined even more, dollarization would become more prevalent and would appear in new regions and sectors of the Venezuelan economy.

Even though average monthly inflation fell from 133.2% in 2018 to 58.9% in 2019, the volatility of weekly inflation went up 2.6 times, which meant that it became more difficult for companies to predict the behavior of prices and there were more incentives for dollarizing prices and transactions.

Over time, more companies have decided to *accept* currencies other than the bolivar as a means of payment, some even *preferring* to take payment in other currencies, and in the more dollarized regions and sectors people are starting to *reject* payment in bolivars and *demand* payment in other currencies.

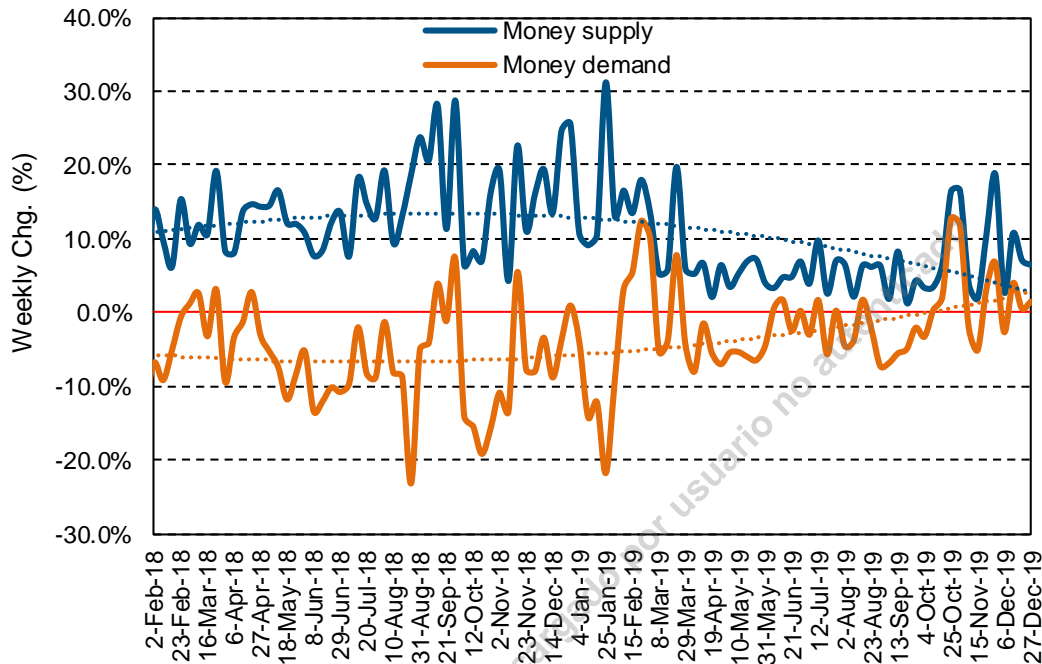
From household appliances to an *empanada*

As we have described at **Ecoanalítica** on previous occasions, this emerging dollarization is directly linked to the demand for bolivars. This variable represents the real monetary balances that Venezuelans decide to maintain at any given time or, in more simple terms, how much the bolivars the average Venezuelan maintains idle in his current account at any given time can buy.

The cost of maintaining idle bolivars is the negative real interest rate offered by current accounts in the Venezuelan banking system, plus the opportunity cost of investing that money in something else. On the other hand, the benefit of maintaining idle bolivars is the liquidity that they proved for consumer spending in the short term. The persistence of inflation raises the costs and the appearance of the dollar as a substitute for performing transactions reduces the benefits of maintaining bolivars.

¹ Report Environment and Exchange Policy Number 3, 2019: “*The Debate is Over: Dollarization emerged*”.

Money market in 2018-19



Sources: BCV and Ecoanalítica

*Nominal moneysupply (M2) cumulative change.

**We assume a cumulative impact over the cumulative change of the moneysupply (M2) in real terms

As the demand for bolivars plummeted by 96.2% in 2018 and by 35.3% in 2019, Venezuelans increased the speed at which they got rid of their bolivars and reduced the real amount of idle bolivars they maintained in their bank accounts.

Venezuelans went from maintaining an amount of bolivars equivalent to their consumption for several months to an amount equivalent to their consumption for a few weeks or even a few days.

This is significant because transactions that require an amount that is larger than the amount maintained idle in bolivars are more prone to be dollarized. For that reason, the real estate market and the automotive vehicle markets were the first to make payment in dollars customary. Once transactions in dollars become the norm in a market it is natural for the prices in that market to also become dollarized.

As Venezuelans' real monetary balances have fallen, they have been forced to use their savings in other currencies to perform increasingly smaller transactions.

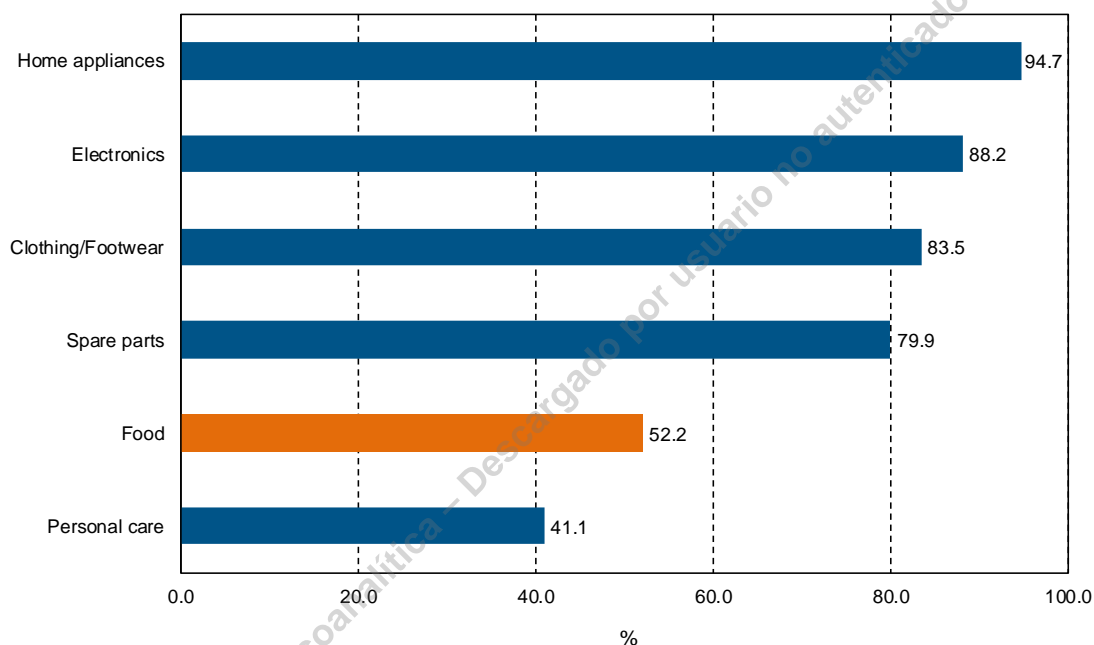
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The survey conducted by **Ecoanalítica** in October last year revealed that dollarization had taken over nearly the entire market of high-priced goods such as household appliances and personal electronic devices as well as clothing and spare parts, and that it accounted for half the transactions performed for purchasing food and personal care products.

Proportions of transactions in dollars (%)



Source: Ecoanalítica.
 Note: Data collected in October.

In the cases of household appliances, personal electronic devices, clothing, and spare parts, transactional dollarization is so prevalent that it has made measuring prices in dollars customary. However, in markets where prices are lower and turnover is higher, such as food and personal care items, the use of the bolivar as a unit of account is still commonplace.

Using the “sovereign” to make change

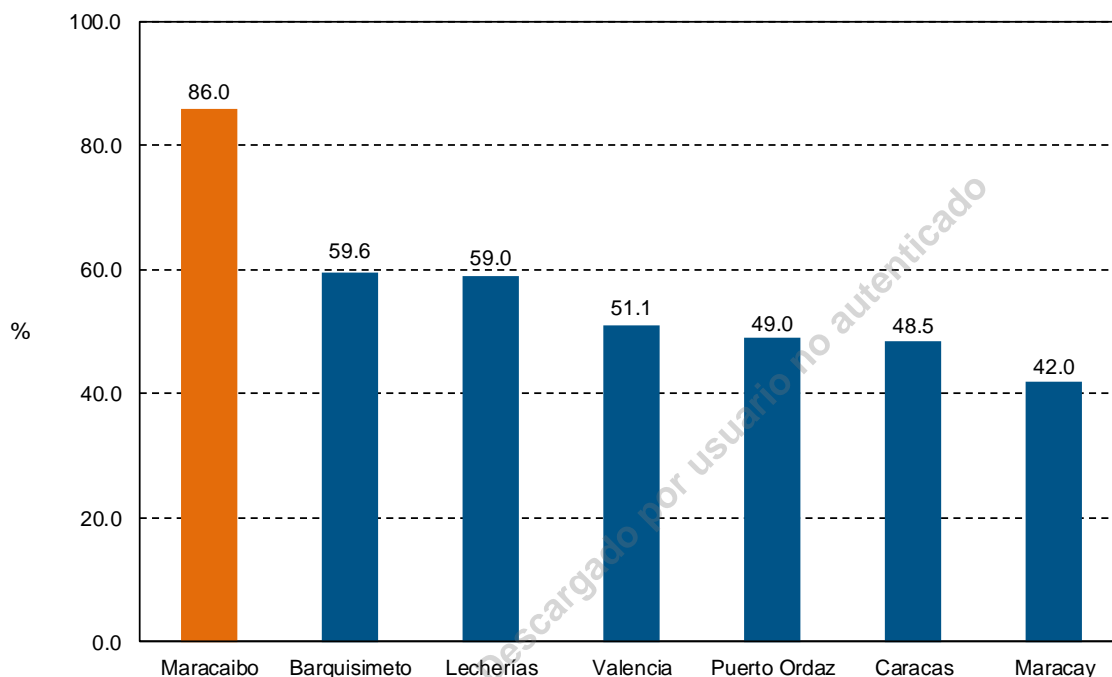
Articles that are in demand by a larger proportion of the population, usually lower-priced items that have a high turnover, have their own problems when it comes to dollarization. First of all, a larger proportion of their consumers do not have access to digital means of payment such as credit cards or transfers, which means that it is only possible to dollarize these articles when payment is made in cash.

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Proportion of transactions in dollars (%)



Source: Ecoanalítica.
 Note: Data collected in October.

As for that cash, it has to be in low-denomination bills. Therefore, the regions where the shortage of cash is greater will tend to become dollarized more slowly, whereas tourist areas, regions along the borders and places where there is greater access to foreign currency in cash will tend to dollarize the smallest transactions. Margarita, Táchira and Ciudad Bolívar are cases in point.

In most of the country, where there is no access to low-denomination banknotes or coins, small transactions will continue to have to be performed in bolivars or in a combination of bolivars and other currencies in cash.

In 2018 Nicolás Maduro rebaptized the bolivar the “sovereign” bolivar in an attempt to create a narrative that would give the local currency some backbone given the threat of dollarization that was already looming on the horizon. The bolivar was going to be sovereign because it was not going to be replaced. However, fiscal and monetary irresponsibility that had been weakening and depreciating the bolivar continued and now the “sovereign” bolivar is only good for making change.

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Given the low real monetary balances in bolivars and the shortage of coins and low-denomination banknotes in foreign currencies, the bolivar is now used to complete payments when the parties in a transaction are unwilling to round up or down the cents of a dollar on a purchase.

The benefits of belonging to the club

Until the dollarization life raft reaches all corners of the country, there will be Venezuelans who are forced to suffer from the problems associated with the bolivar. Dollarization will exacerbate inequality as long as it is only partial.

On the other hand, the more Venezuelans there are who have access to foreign currency, the more there will be who will be able to save and take decisions that will optimize consumption intertemporally. For a society accustomed to real negative interest rates, saving will be a major innovation.

Having stability for the value of one's savings is not the only benefit dollarization offers to those who have the privilege of belonging to this club. Once prices are denominated in dollars, Colombian pesos, Brazilian reais or gold, depending on the region in question, then the overall stability of prices will give rise to adjustments in the system of relative prices to levels of equilibrium that are relatively stable. Those stable relative prices, which have not existed for several years, will serve so that economic agents will be able to take better decisions.

At **Ecoanalítica** we believe that the regime has demonstrated that it has neither the capacity for nor a true commitment to recovering the demand for bolivars and we estimate that dollarization will expand in 2020. Businesses that adopt it will enjoy advantages that go beyond providing coverage and the banks that come up with innovative mechanisms for safe-keeping, handling deposits and intra-bank transfers in currencies other than the bolivar will enjoy an expansion in their customer portfolio, a substantial increase in their deposits, and a privileged position in the market.

Guillermo Arcay Finlay

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WEEKLY INDICATORS

Weekly Economic Indicators			
	2nd Week January	Weekly chg. (%)	Depre/Apre (pp) ¹
FX Boards (VES/USD)²	70,675.74	5.2	4.9
	1st Week January	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	21.7	0.7	0.7
	2nd Week January	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	435.5	202.5	420.6
	1st Week January	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	6.6	-20.9	0.0
	1st Week January	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (MM VES)	44,853,762	5.9	4,564.4
Price of International Oil Baskets (USD/bl)			
	1st Week January	Weekly chg. (%)	Annual chg. (%)
WTI	61.6	0.4	22.7
Brent	67.3	0.2	13.6
Price of the Venezuelan oil basket (USD/bl)			
	1st Week January	Weekly chg. (%)	Annual chg. (%)
Weekly Average	59.6	2.0	12.2
Annual Average	59.6	2.0	18.0

Sources: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

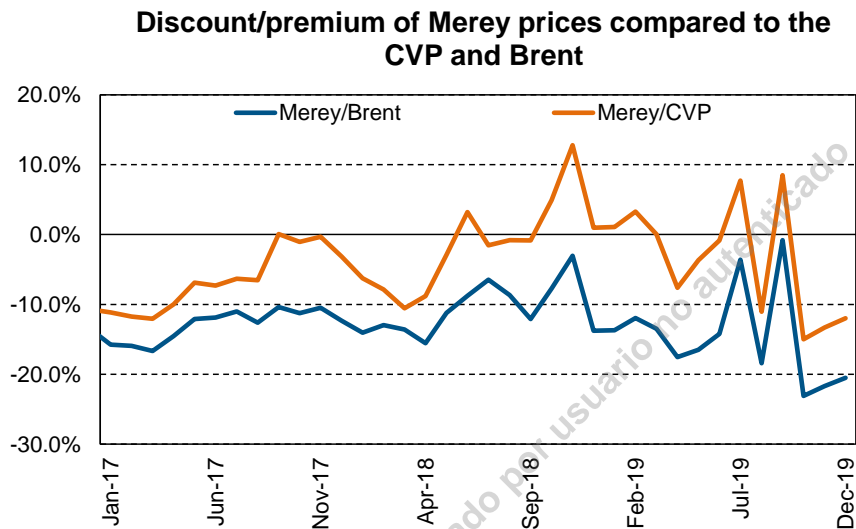
¹ Depreciation (+)/Appreciation (-)² FX Borads' average exchange rate

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CHART OF THE WEEK: "SWEET AND HEAVY MEREY"



Sources: Minpet, OPEC and Ecoanalítica

With the application of sanctions by the Treasury Department against Pdvsa, the state oil company and, by extension, the government of Nicolas Maduro, it was necessary to look for alternative measures that would allow them to generate foreign currency in order to stay in business. Among these, the migration to Asian markets and their preference for heavy crudes.

Given this market opportunity, Pdvsa began to focus a greater proportion of its production on Merrey-type crude: a mixture of crude from the Orinoco Oil Belt and lighter crude from the refineries in the east of the country (Mesa and Santa Barbara). However, as a heavier crude oil that requires more processing, its purchase should be encouraged through a discount.

Between 2009 and 2018, Merrey was sold at a discount of 7.0% from Venezuela's reference oil basket (relatively lighter due to the use of diluents in the mix) and 14.4% from Brent. As the industry shifted to Merrey production, this discount averaged 1.8% over the reference basket in 2019, a significant reduction that could be due to the market positioning of this new brand. However, the difference with an international reference (Brent) remains at similar levels of 13.3% this year.

The positioning of Merrey was good news for Chavismo, as they managed to place a type of crude oil that would have allowed them to receive an income in a context where

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resources from oil exploitation were scarce. However, there is an inherent volatility in the value of this crude, which seems to respond to the inherent conditions of the Venezuelan oil industry. In other words, given the accumulation of inventories due to the difficulty of marketing its crude, Pdvsa forced an -even greater- discount as a means of lowering this accumulation. Thus, as observations in July and October show, Merey was selling at a rate 18.4% and 23.1% lower than Brent oil, while between February and June the gap averaged -14.6%. At the same time, oil inventories -according to Kpler's figures- showed an increase between July and September of 5 million barrels.

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ECONOMIC TIPS

Doubtful statements. In Maduro's speech during the Memory and Account 2019, he said that he maintained "the record of 6% unemployment and we maintained policies against unemployment through the mission *chamba juvenil*. We kept the formal work at 60%".

I have heard this before. However, when making these statements he did not specify the period to which he was referring, a doubt that arises because the figures he gave are the same ones presented by Tareck El Aissami on March 22, 2018, when he made the Report and Account of the National Executive before the ANC.

Eliminated but in force. Through its Twitter account, the Sunde showed that they are visiting premises to ensure that the maximum profit margin established by the Organic Law on Fair Prices, which is 30%, is not being exceeded. However, this law was eliminated during 2017 by the ANC.

November inflation. The National Assembly's Finance Commission published its national price index indicating that inflation in December was 33.1%, down 2.7 percentage points (PP) from November (35.8%).

Poor consolation. The Commission also reported that last year's cumulative inflation was 7,374.4%. In this regard, Deputy Angel Alvarado stated that "we are still on a path of high inflation". However, this result for 2019 was considerably lower than that of the previous year, when cumulative inflation was 1.7 million%.

What stood out. Breaking down by items, those that recorded the greatest variation in December were: food and non-alcoholic beverages, with an increase of 45.5%; followed by alcoholic beverages and tobacco (59%), clothing and footwear (39%) and hotels and services (60.2%).

New year, new salary. According to Official Gazette No. 6,502, the minimum monthly wage rose from 150,000 bolivars to 250,000 bolivars, up 66.7%. The food allowance was also modified from 150,000 bolivars to 200,000 bolivars (a 33.3% increase). In conclusion, the total minimum income is equivalent to 450,000 bolivars and the increase is retroactive to January 1.

Off the charts. In the report "*Global Economic Prospects 2020. Slow growth, policy challenges*" by the World Bank, Venezuela was excluded for the first time from its projections. According to the organization's official message, this decision is due to the lack of data from the country.

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Negative expectations. However, the World Bank reported that deterioration is expected to continue as economic and social conditions in Venezuela continue to be dire. For this reason, the organization believes that the migration wave of Venezuelans will continue during this year, despite the complications concerning visas that have arisen for these migrants.

Liquids? Liquidity was VES 44,853,762 million for the week of January 3, a variation of 5.92% in nominal terms from the previous week and 4,564.4% from last year.

OIL TIPS

New figures. According to the latest monthly report published by the Organization of Petroleum Exporting Countries (OPEC), production in December came to 714,000 barrels a day (b/d), for an decrease of 0.42% compared to November (644,000 b/d) but up 3.9% compared to October (687,000 b/d), according to calculations by OPEC's secondary sources.

Differences between the sources. However, the figures obtained from primary sources (PDVSA) are higher than those quoted above, giving production of 907,000 b/d for December, a decrease of 0.55% compared to November (912,000 b/d) and up 19.2% from October (761,000 b/d).

“Official” business (I). Five opposition legislators told Reuters that the move to place pro-government party pieces in the National Assembly is intended to provide the executive branch's future plans with some legality.

“Official” business (II). For instance, to seek approval for changes in the shareholding interest of private companies in oil contracts with Pdvsa.

“Official” business (III). Nicolas Maduro would be seeking to give a veil of legality to the new oil investments from his strategic allies, such as Russia. According to the contracts linked to joint ventures, changes in shareholding interest require the approval of the National Assembly. This would make the Executive's room for man oeuvre more difficult, since the vast majority of seats are held by opposition parties.

“Official” business (IV). Angel Alvarado, deputy and member of the Finance Commission of the AN, stated that part of these adjustments to the contracts are part of a scheme in which investors would exchange unpaid Venezuelan bonds for shares in

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fields to collect the debt with oil production. However, there is no guarantee that they will not risk sanctions from the US.

“Official” business (V). The designation of a parallel Board of the AN by the government supporters in the Assembly has not been recognized by the USA, the European Union and most countries in Latin America. Only Russia has given recognition, which is key to Maduro's intentions, since Rosneft (the Russian state oil company) has been fundamental to the survival of Pdvsa in the context of sanctions.

“Official” business (VI). Alvarado said the recognition is “suspicious” since “Russia's interest is to gain participation percentages in the oil fields. Luis Stefanelli, a member of the energy committee, said the priority in these new contracts would be for those fields that would be producing far below capacity.

2019 in figures (I). Data from Refinitiv Eikon and internal Pdvsa reports reviewed by Reuters revealed that Venezuela's crude oil exports fell 32.0% to 1,001 mb/d during 2019.

2019 in figures (II). Furthermore, average imports amounted to 155.7 kb/d of fuel and naphtha, taking into account that this is not a value that ensures supply, since in December (with a slight deviation from the average of 125 kb/d) a shortage of gasoline was observed throughout the country.

Composition of exports (I). Rosneft accounted for 33.5% of export destinations, CNPC and its subsidiaries 11.0%, and Cubametales 7.0%.

Composition of exports (II). China received an average of 319.5 kb/d during the year, India 217.7 kb/d, shipments from Venezuela to all of Asia averaged 647 kb/d, Europe received an average of 119 kb/d and Cuba 70.4 kb/d.

Nothing to get out. According to three sources consulted by Reuters, Horizontal Well Drillers, an Oklahoma-based well drilling company, has ceased operations in Venezuela.

Quick failure. The company had won a contract worth \$1.29 billion in 2016 to drill 191 wells in the Orinoco Belt. This was part of a plan by Venezuela to increase oil production and stop the economic collapse, which consisted of allowing this company and two other companies to operate in the country with the requirement that they finance the work themselves and then be compensated for with future production.

Nothing went as planned. After three years, the company did not dig the wells established in the contract and, due to sanctions, did not even have the opportunity to establish offices in Venezuela. The contract was expected to add 250 kb/d to domestic

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production.

Hidden ways. Three joint venture sources told Reuters that Pdvsa would be applying a new marketing method to avoid being sanctioned by the Treasury Department: awarding crude oil shipments to some of its joint venture partners.

Hidden ways (II). In principle, the strategy would not conflict with sanctions as long as the sales proceeds are used to pay off outstanding debt. A strategy used with Rosneft during 2019, which became the largest recipient of oil from Pdvsa in exchange for the repayment of the debt granted to the state oil company.

Hidden ways (III). Ray Fohr, Chevron's spokesman, pointed out that revenues obtained under this scheme will be paid to the accounts of the joint ventures to cover the cost of maintenance. Suelopetrol, a minority shareholder in a joint venture with Pdvsa, was assigned a shipment of crude oil in accordance with a contract signed in 2015 - prior to the sanctions - between Petrocabimas and Pdvsa that will be dedicated to investment and development plans for the fields.

Hidden ways (IV). According to the contract, Suelopetrol may be designated as the buyer of the crude oil produced as a form of compensating for accounts receivable for capital contributions, technical assistance, provision of services and cumulative dividends.

Hidden ways (V). According to Venezuelan law, only Pdvsa is authorized to export crude oil, except for upgraded crude oil, the only active project of which is Petropiar.

Hidden ways (VI). The rest of the unauthorized joint ventures are selling the oil to Pdvsa so that the state-owned company can then allocate shipments to partners registered as buyers. Data and documents from Refinitiv Eikon revealed that the private partners take the shipments in the Venezuelan ports and transport them in tankers chartered by them to the final customer's facility.

Hidden ways (VII). Revenues from sales to end customers are transferred to trusts previously set up by the joint ventures to finance operating expenses, pay debts and distribute dividends to the partners.

BUSINESS SECTOR TIPS

Petro out of service. Venezuelans with petros deposited in the Patria System cannot yet spend them. The wait that began with the seven days of technological maintenance,

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announced by the BCV on January 4, is not yet over. This is because the system is not ready for merchants to receive payments in Petro and also settle in Petro (without making the change to bolivars).

Transactions without bolivars. The BCV assured that “*the second phase of the construction of the Petro ecosystem has begun, to continue the process of integration of the BiopagoBDV, Patria Instituciones and PetroApp platforms*”. Within this new phase, businesses within the Biopago system will have to have their own wallet in Petro, and will not receive bolivars in their accounts after making the transaction in Petros.

Petrified services. In the presidential decree number 4,096, Nicolás Maduro informed the payment of services and rates in petros on State entities that managed foreign currencies. He affirmed that the “Patria” platform would facilitate the purchase of the “cryptocurrency”, in order to pay the State institutions.

No passport, no way out. The Administrative Service of Identification, Migration and Foreigners (Saime) increased the cost of issuing a Venezuelan passport to VES 10,798,913.62 and the extension of the document to VES 5,638,915.08. The new cost of the passport is thus equivalent to 24.0 integral minimum wages, while the amount of the extension represents 12.5.

It's not gold, frankincense or myrrh. The platform of the Sistema Patria allocated the Bono de Reyes Magos 2020, this bond was paid between January 6 and 15 through the “carnet de la patria”. The amount paid was VES 200,000, which is double the amounts allocated in the last bonds delivered for Christmas.

5 faults, one problem. An investigation carried out by Efecto Cocuyo indicates that the “deficit of trains in the Metro reaches 81.57%”. The report points out five recurrent failures that take these trains out of service: propulsion failures, coupling failures (the structure that connects one car to another), power transmission failures, HT fuse deficits and brake pad deficits.

There's CLAP but there's hunger. Nicolás Maduro announced that more than 120 million boxes were distributed by the Local Supply and Production Committees (CLAP), serving 6.2 million Venezuelan families. According to Maduro, more than 60% of the content of the boxes were domestic products and that the goal for 2020 is to make this 100%.

Is tourism enough? Starting February 6, Conviasa will reactivate its international route to Argentina. This may be part of the plan “Motor Turismo en 2020” between Conviasa

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and the Ministry for Tourism and Trade, which also includes a new commercial flight to Canaima National Park.

Protein for some, adversity for all. According to Delcy Rodriguez, a total of 1,800 tons of protein was distributed through the Ferias del Campo Soberano directly taking care of 1.5 million citizens. Among the items delivered are fish, chicken, meat, eggs and other packaged proteins, as well as tuna and nationally produced milks.

Nurses at the forefront. On January 13, nurses in Caracas made a call for unity from the headquarters of the Association of Nursing Professionals of the Capital District, urging all unions to work jointly to demand better wages, working conditions and the rescue of democracy from the beginning of this 2020.

Their weapons: strikes and mass resignations. Ana Rosario Contreras, president of the Association of Nursing Professionals of the Capital District, indicated that all 35 Associations of Nursing Professionals at the national level are in consultation and approaching other workers to take joint action, while reiterating the options of the national strike and the massive resignations.

WORLD ECONOMY TIPS

Will peace come? (I). The U.S. has taken a major step toward reaching an agreement with China that will end the trade war between the two countries, removing China from the list of “*currency manipulating countries*.”

Will peace come? (II). Furthermore, Americans explained that this change was achieved after China agreed to refrain from devaluing its currency in order to make its products cheaper for foreign buyers. Additionally, Washington and Beijing are expected to soon sign “*phase one*” of an agreement to end the tariff war between the two countries.

Steps to take. According to a report in the *Wall Street Journal*, the United States and China agreed to hold biannual talks to promote reforms in both countries and resolve disputes. The report notes that the negotiations will be announced on January 15 as part of the signing of the trade agreement but will be separate from any second-stage trade talks. The newspaper added that the effort will be led by U.S. Treasury Secretary Steven Mnuchin and Chinese Vice Premier Liu He.

A consistent deficit. The Treasury Department reported that the United States Government recorded a budget deficit of USD 13.3 billion in December. The figure is

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similar to the \$13.5 billion budget deficit recorded in the same period last year.

The sanctions are back. The U.S. announced new economic sanctions against eight top Iranian officials, including Supreme National Security Council Secretary Ali Shamkhani, as well as the country's "*biggest producers*" of steel, iron and copper, in response to the ballistic missile attack on two U.S. troop bases in Iraq. This is part of the growing tensions between the two countries since the assassination of Qasem Soleimani.

Discussions with the IMF 2.0. Alberto Fernández, Argentina's president, said that March 31 was set as the deadline for renegotiating the country's high public debt and that "a more innovative International Monetary Fund (IMF)" approved his government's course. Argentina is currently in talks with various creditors to renegotiate a debt of nearly USD 100 billion that matures this year.

Problems of Buenos Aires, problems of Argentina. Argentina's government also asked holders of the Buenos Aires province's 2021 bond to postpone payment of US\$250 million until May, in response, the market price of the bonds fell, dragging down Argentina's sovereign debt.

Rates in Argentina and Peru. The Central Bank of Argentina (BCRA) reduced its benchmark rate to 52% from the previous 55%, in what is its third cut in the rate of the LELIQ (Liquidity Letras) in less than a month. On the other hand, the Central Bank of Peru reported that it maintained its reference interest rate at 2.25%, taking into account that the mining country's economy and public investment slowed down in 2019.

Minimum since 2016. Mexico's national consumer price index grew 2.83% year-on-year, down from 2.97% in November, possibly due to lower price pressures on some agricultural and energy products. This is the lowest level of inflation since August 2016, relaxing expectations of further cuts to the key rate by the central bank.

Chile: inflation better than expected. According to Chile's National Statistics Institute (INE), the Consumer Price Index (CPI) registered a 0.1% variation in December 2019, with inflation closing at 3.0% per year in 2019, right in the middle of the Central Bank's target and below market expectations.

POLITICAL TIPS

Making it traditional. On January 14, Nicolás Maduro presented the Report and Account at the Federal Legislative Palace; however, as on previous occasions, it was not

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submitted to the National Assembly (AN) but the National Constituent Assembly (ANC); this has been explained on previous occasions, alleging that the AN was in contempt.

Not everyone is invited. During his speech, Maduro urged international institutions to witness the elections of deputies to be held this year. However, he emphasized that Luis Almagro, whom he called a garbage and bandit, and the Organization of American States (OAS) “do not enter this country anymore.”

Pointing fingers. Referring to the country, Maduro described it as complex and difficult for Chavism but stressed that there were victories over the government of Donald Trump, whom he accused of being responsible for “leaving us for months without electricity, water, food, or hospitals” when referring to the blackouts that occurred in March and April 2019.

Without giving it a second thought. Another topic discussed in the speech was the military uprising of April 30, in which the former director of the Bolivarian National Intelligence Service released political prisoner Leopoldo López. Maduro noted that it had no echo among the military or citizens and described it as a failure, stressing that the loyalty of the National Armed Forces was demonstrated.

Threats continue. Referring to April 30 and the various “destabilizing plans” for which he held Colombian President Iván Duque and Brazilian President Jair Bolsonaro responsible, Maduro said that “whoever attempts to attack the Republic will be punished and will face the guns of the Bolivarian National Armed Forces.

Also included. The U.S. Treasury Department announced that seven dissident opposition congressmen accused of receiving money from the regime not to vote for Guaidó in the reelections of the AN directive board are now part of the list of the Office of Foreign Assets Control (OFAC).

New members. Three of them are Luis Parra, Franklin Duarte and José Gregorio Noriega, who were named president, first vice president and second vice president, respectively, on the fraudulent AN board, along with secretary Negal Morales. The other Members of Parliament sanctioned are José Brito, Conrado Pérez and Adolfo Superlano.

Force is not out of the question. In an interview, Guaidó stated that “The option of the use of force will be evaluated by the countries that are members of TIAR (Inter-American Treaty of Reciprocal Assistance). For us Venezuelans, an exit and an urgent solution are necessary”. However, he indicated that the country cannot depend on just one option, so it is a task for everyone to continue to put pressure on the dictatorship.

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Time is running out (I). The Supreme Court of Justice (TSJ) ordered the “alternative” board of the National Assembly to submit a report confirming the quorum of the session in which Parra was proclaimed president of the AN.

Time is running out (II). And, the ruling states that the minutes must be supported by a certified copy. The TSJ also established a period of five days for the delivery of what was requested, otherwise, the sanction indicated in article 122 ejusdem would be incurred.

Of course not... However, Luis Parra stated that the number of deputies present in the Legislative Palace on the day of his proclamation was 150, which exceeds the minimum quorum of 84 deputies. However, this cannot be corroborated as the deputy claims that the attendance list of deputies who participated in the vote was stolen.

...of course I do. In this regard, the government party’s deputy Francisco Torralba denied that the list was stolen and clarified that there is still a record that corroborates the quorum of January 5. Torrealba added that Parra was elected as required by the regulations and, on the contrary, Guaidó’s re-election was not valid.

The commitment is kept. Colombian Foreign Minister Claudia Blum said that the government of Colombia seeks to “contribute to the recovery of democracy for the Venezuelan people” and will continue with the actions that put pressure on Nicolás Maduro’s regime. In addition, she said that the policy of receiving and caring for Venezuelan migrants will be maintained.

He’s still recognized. Similarly, the Japanese Foreign Ministry reiterated Japan’s support for Juan Guaidó as the re-elected president of the AN and interim president of Venezuela. He also expressed concern about “acts against democracy” and the progressive deterioration of the political, economic and social situation” in Venezuela.

With the evidence in hand (I). Venezuelan Ambassador to Bulgaria, Estefanía Meléndez, published a letter in which deputy Luis Parra requested the country not to continue with the investigation of the company Salva Food 2015, which was pointed out by the case of corruption of the Local Committee of Supply and Production (Clap).

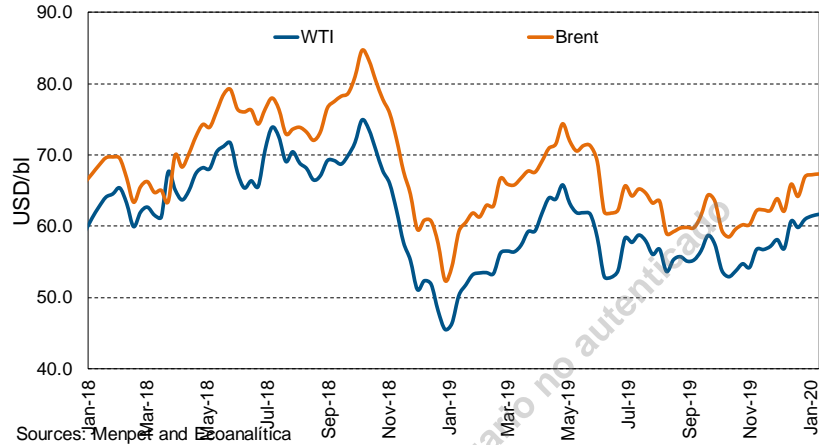
With the evidence in hand (II). In the letter, Parra states that the investigation into this company is “inappropriate” and therefore, it cannot continue due to lack of any “suitable evidence.” This fact corroborates the accusations of corruption made against the deputy.

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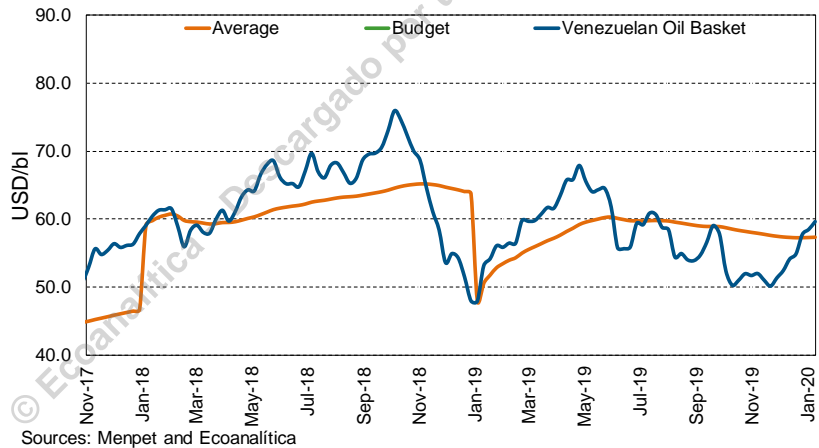
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ECONOMIC INDICATORS

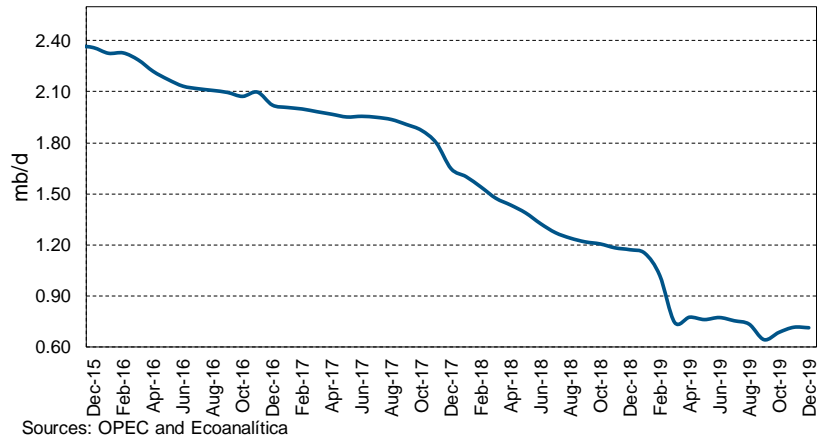
**Oil Prices
(WTI and Brent)**



**Oil Price
(Venezuelan Basket)**



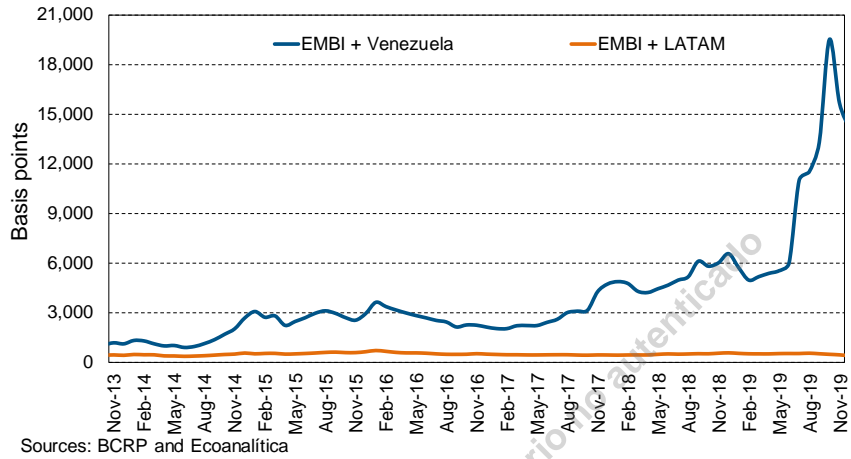
**Oil Production
(Secondary sources)**



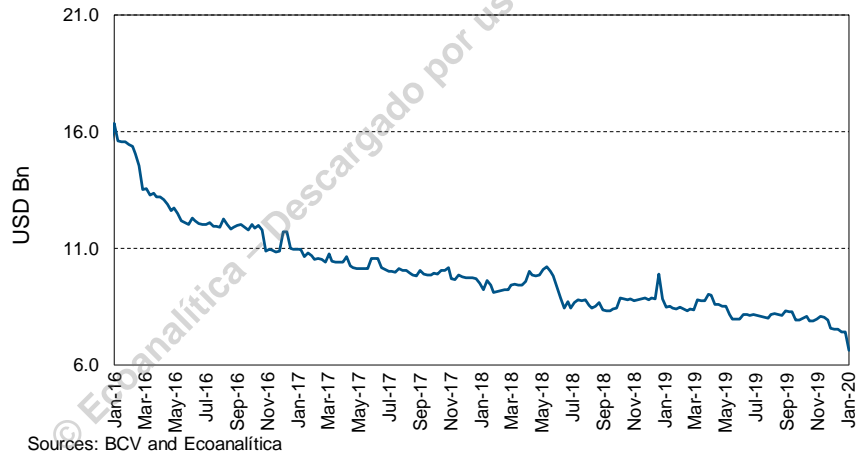
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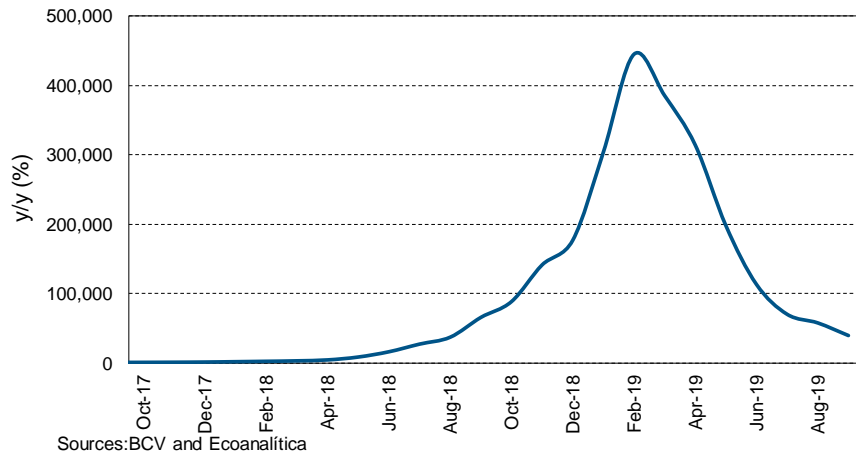
EMBI



FX Reserves (BCV)



Inflation (BCV)



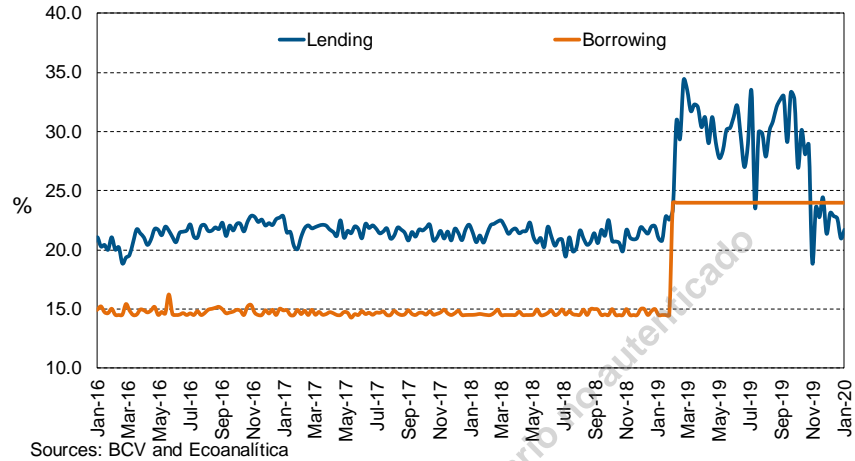
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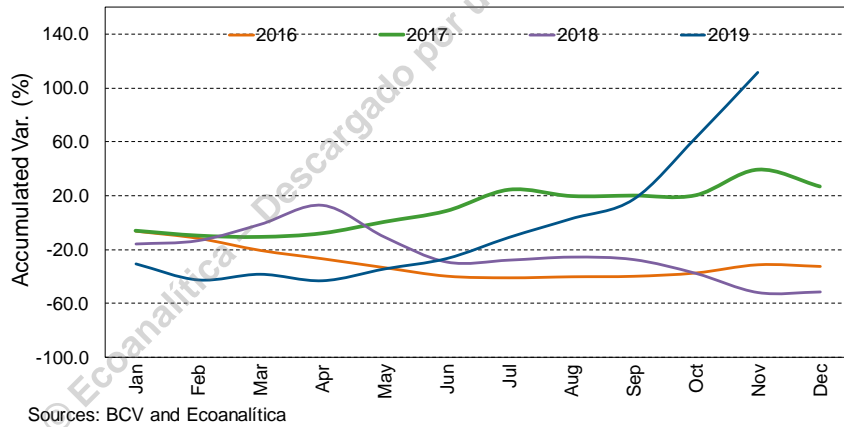
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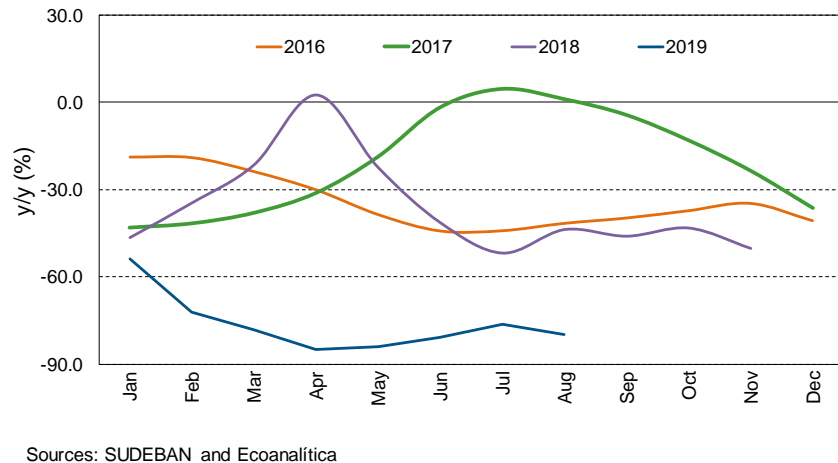
**Interest Rate
(Six major banks)**



**M2 Expansion
(Real)**



**Loan Portfolio
(Real)**



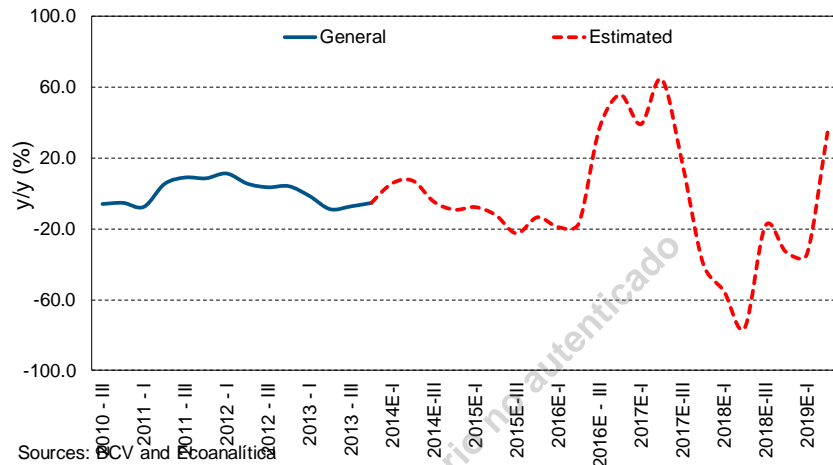
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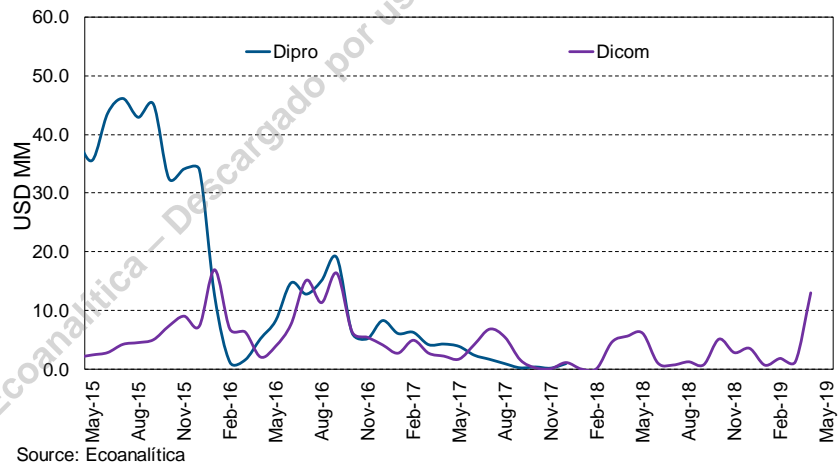
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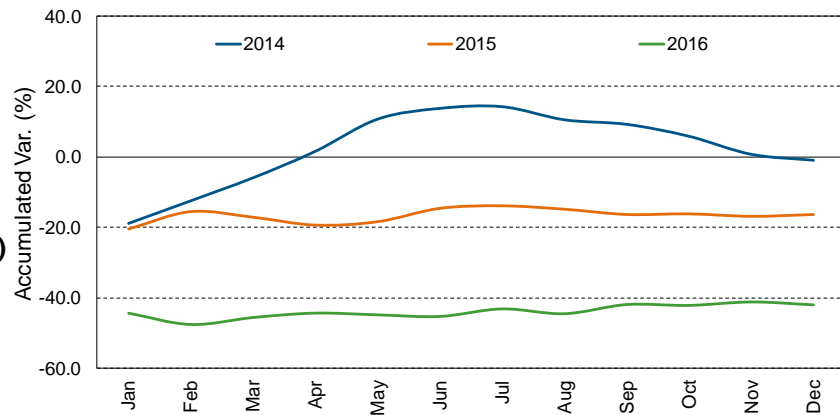
Real Wage Index



Disbursements to the Private Sector (Daily Average)



Primary Spending NTO (Real - Central Government)



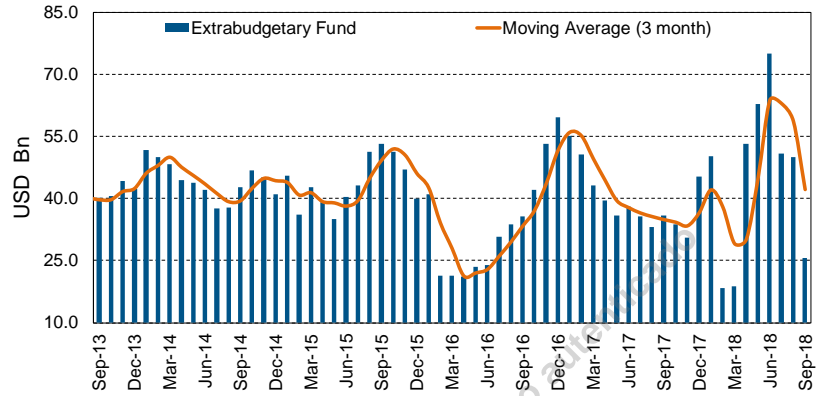
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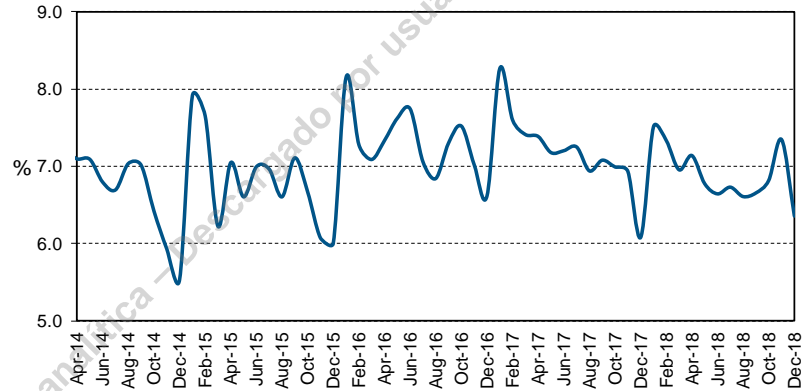
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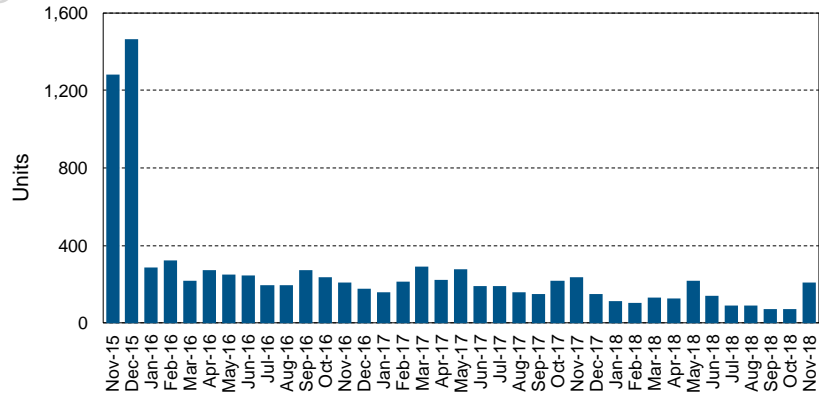
State Extrabudgetary Resources



Unemployment Rate



Vehicle Sales



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