

Reforming the fiscal contract?

In both democracies and autocracies, reliance of the fiscal authorities on tax revenues encourages the implementation of pro-market policies that increase the taxable base and tax receipts. However, the existence of sources that generate secondary revenues for the public sector such as hydrocarbons, metals and precious stones reduce reliance on taxes and limit incentives for implementing policies that are favorable for the private sector.

In Venezuela's case, oil revenues in 2013 (USD 75.8 billion) were 3.2 times the amount collected by the National Integrated Customs and Taxation Administration Service (Seniat) in nonoil tax receipts throughout the period 2013-2019 (USD 23.7 billion or an average of USD 3.4 billion a year).

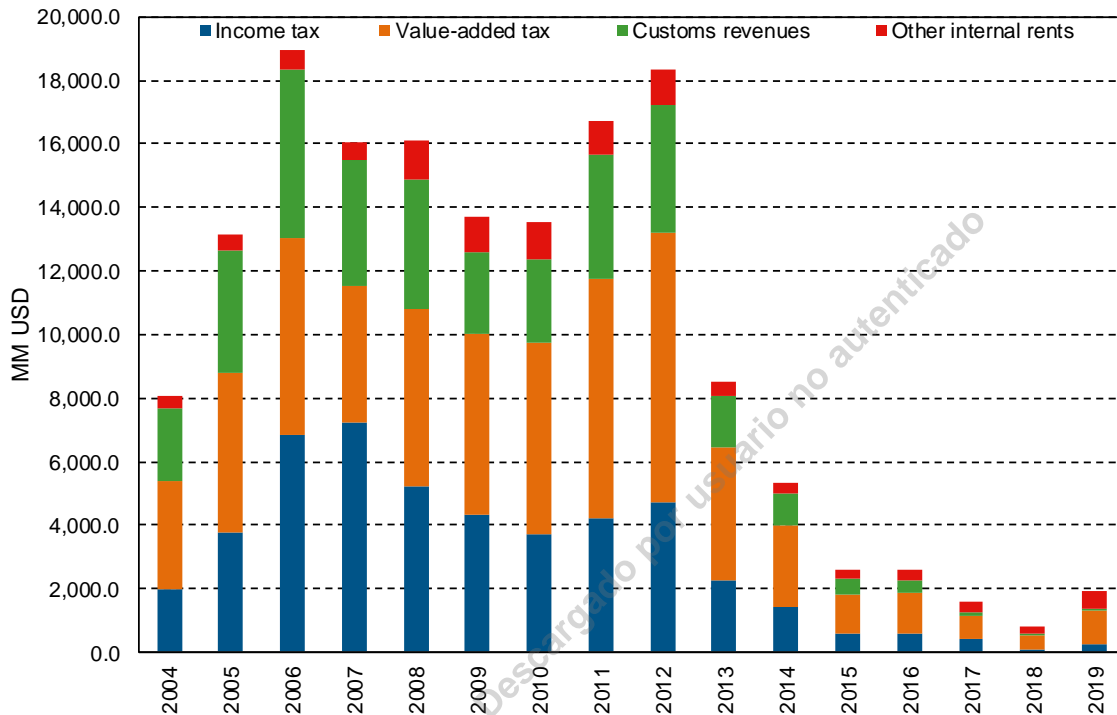
In a context of high oil prices (USD 81.7/b between 2006 and 2014 on average) and high oil production (an average of 2.360 mb/d at the same time), the government permitted itself the luxury of implementing a series of measures that distorted micro- and macroeconomic variables and eroded the guarantees of private property and the rule of law.

Ignoring the private sector

After April 13, 2002, former President Chávez passed the Expropriation Affected with a Public or Social Purpose Act. In 2003 he decided to implement price controls, starting with the agricultural sector, exchange controls and controls on the flow of capital. In 2007 Chávez embarked on a wave of state takeovers in "strategic industries" such as electricity, telecommunications, air transport, tourism, cement, gold, steel and other metals, plastics, chemicals, oil and gas services, rice, milk, sugar, paper, textiles, agricultural processing, food distribution, and supermarkets and other retail chains.

There was no change in economic policy in response to the appearance of black markets, widespread shortages, the drop in exports by the private sector from USD 10.9 billion in 2004 to USD 2.9 billion in 2013 (-72.9%) or the drop in nonoil tax receipts from the equivalent of USD 19.1 billion in 2006 to USD 5.4 billion in 2014 (-71.8%).

Non-oil internal revenue in USD

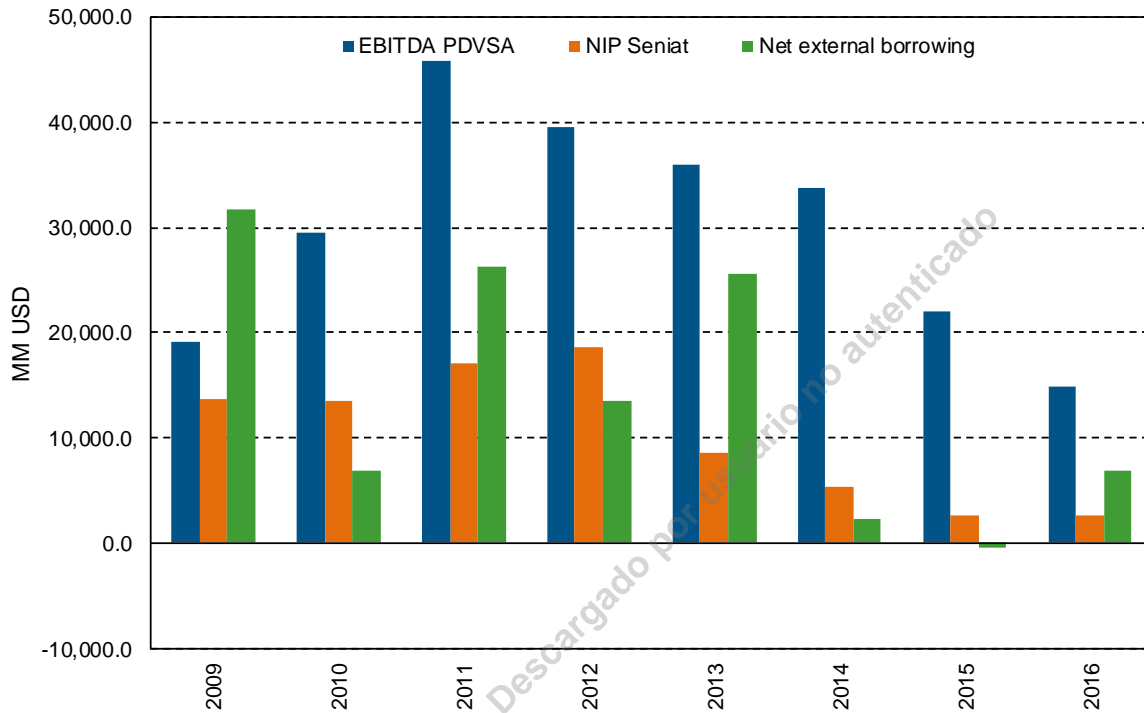


Sources: Seniat and Ecoanalítica.

On the contrary, the government increased its reliance on oil revenues and foreign borrowing. Between 2009 and 2014 the EBITDA of Petróleos de Venezuela, S.A. (PDVSA) was 2.4 times Seniat's nonoil tax revenues on average. As for net external borrowing for the same time (USD 20.8 billion), it was 1.5 times those same Seniat nonoil tax receipts. The eroded system was hanging by an oil thread when the price of the Venezuelan Oil Basket did a 12.2% nosedive in 2014 and plummeted again by 49.6% in 2015 (yearly average).

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Funding Sources



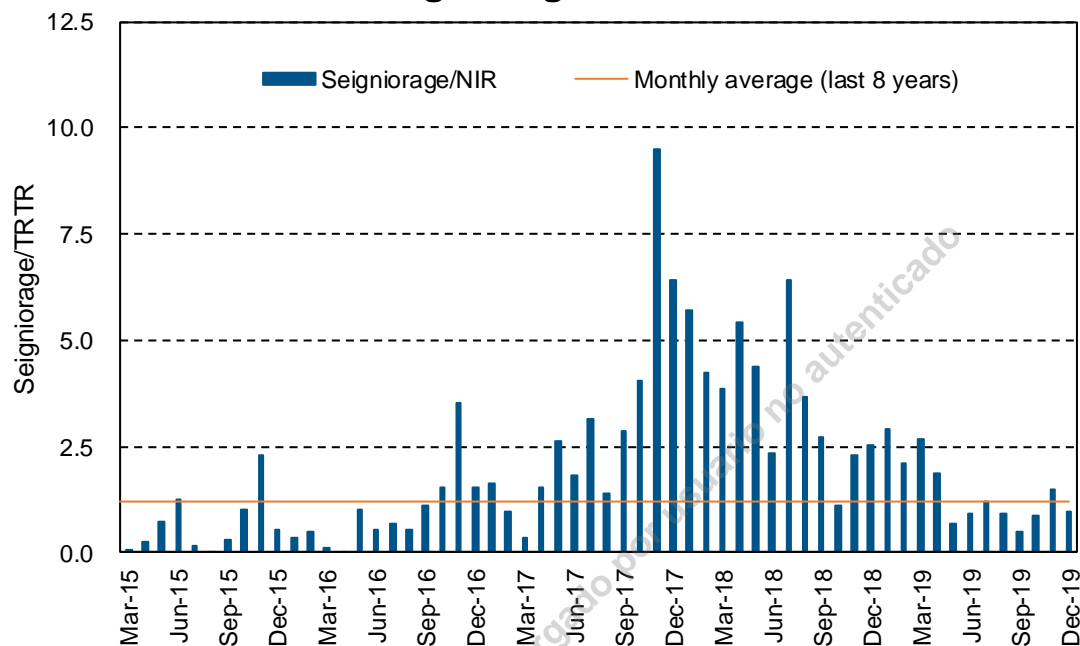
Sources: PDVSA, Seniat and Ecoanalítica.
NIP: Non-oil Internal Revenue.

With shrunken oil revenues and international markets closed to it to all intents and purposes, the Venezuelan Government resorted to monetizing domestic debt. The volume of *revenues* from seigniorage compared to the volume of nonoil revenues collected by Seniat went from 51.7% in 2013 to 3.7 times that in 2018. Inexorably, these bad practices resulted in the severest case of hyperinflation in Latin America’s history and the fourth longest hyperinflation in world history.

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Seigniorage vs. NIR



Sources: BCV and Ecoanalítica.

NIR: Non-oil Internal Revenue.

Note: Data corresponding to september 2018 was never published by Seniat.

The instability of the bolivar generated a threat that it would be substituted as the local currency and upped political pressure that threatened to bring about a change in government. With no other options for obtaining funding, the Nicolás Maduro regime was forced to implement a fiscal reform to reduce monetization of the fiscal deficit and, with it, the rate of growth of monetary aggregates.

Squeezing out the last drop

The nature of the first attempt at fiscal reform has been discussed in several reports since August 2018. For more information, we suggest reading the fiscal policy section of the Economic Outlook Report 1Q2019: *“A race to rock bottom”*.

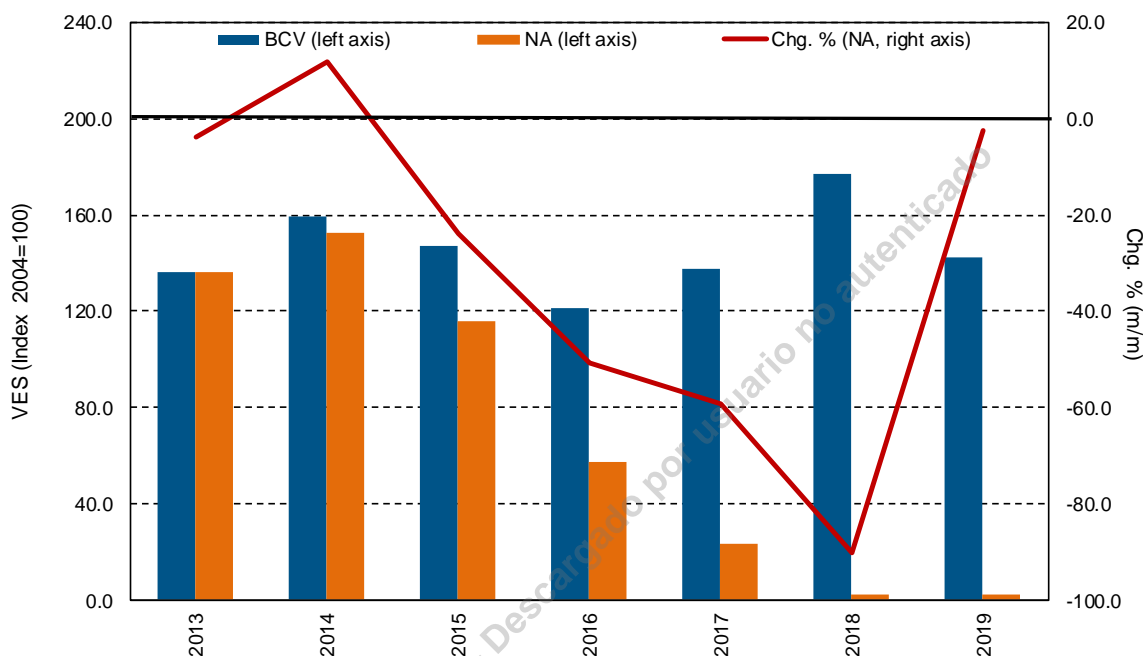
In short, by raising the rate of existing taxes and increasing the frequency with which they were collected and also creating new taxes, the government managed to slow down the pace at which real tax receipts were collapsing in real terms. While in 2018 the income tax, value-added tax and tariffs fell respectively 89.1%, 89.8%, 93.6% in real terms, by the end of 2019, there was a real increase on the revenue through the income tax (11.75) and tariffs (74.7%); with the value-added tax as the only source of income that decreased (7.2%).

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Non-oil real internal revenue



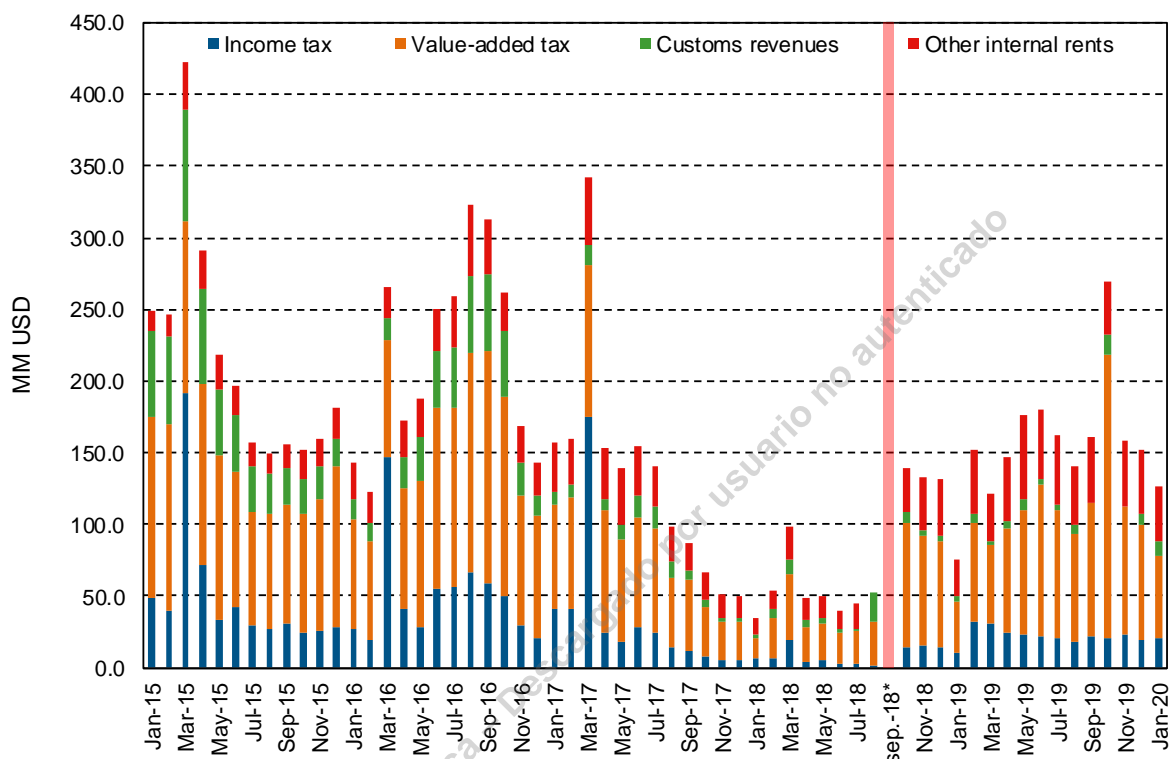
Sources: Seniat, BCV, National Assembly and Ecoanalítica..

On the other hand, in the context of an appreciation of the exchange rate that made dollars *cheaper* in the local market, Seniat's nonoil tax receipts went up in dollar terms in 2019 compared to 2018. Measured in dollars, the three more important revenue sources increased, the income tax rose 31.9%, value-added tax 9.5% and tariffs 106.2%.

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Non-oil internal revenue in USD



Sources: Seniat and Ecoanalítica.

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Meanwhile, the ratio of reliance on the monetization of the fiscal deficit to Seniat tax receipts improved partially. During 2018, the monetization of the fiscal deficit was USD 3,055 million, while the non-oil internal revenue was only USD 955 million. However, in 2019 the monetization of the fiscal deficit decreased to USD 2,442 million and the tax revenue rose to USD 1,904 million.

In the past 5 months, monetary financing of fiscal spending has averaged USD 160.6 million a month. This figure is in stark contrast to an average emission of USD 215.4 million a month between January and August 2019(-25.5%).

Nevertheless, even though the dynamic of tax revenues has contributed to reducing the fiscal gap, the fact of the matter is that the contraction in fiscal spending played a bigger role.

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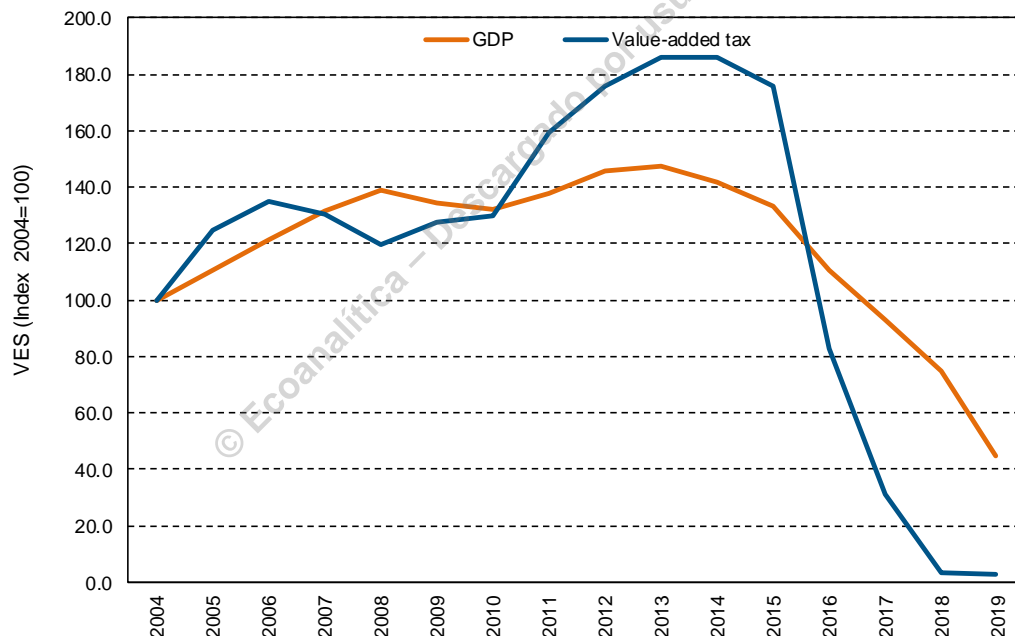
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Asking the impossible

Regardless of how high taxes are, the frequency with which they are collected or the number of taxes it is attempted to levy, the fiscal authorities' capacity for generating tax receipts in 2020 will be limited by the minute size of the private economy.

After seven years running of recession and the disappearance of 70.7% of GDP, the nonoil taxable base is too reduced in size to finance a level of spending similar to that of the years prior to 2013. By way of comparison, measured in dollars at the market exchange rate, the amount collected in VAT in 2019 was 12.3% of the amount collected in 2012 and the amount collected in income tax was only 5.6% of what it was in the same year.

GDP and Value-added tax evolution in real terms



Sources: Seniat, BCV and Ecoanalítica.

When there are fiscal difficulties of a certain magnitude, measures to partially lift restrictions on the foreign exchange market, means of payment, and the process of determining prices may seek to encourage an increase in production. However, lack of access to credit, high taxes, problems with the provision of public services, deterioration of physical assets, and emigration of private capital, among other things, could prevent the revival the tax authorities are hoping for.

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In fact, as dollarization advances, informality and facilities for evading taxes increase. The new additional tax on transactions in foreign currency, far from realigning those incentives produces new reasons for new private entrepreneurs to evade taxes.

The impact of imposing new taxes and of partially lifting controls and eliminating economic distortions has yet to be felt. Considering that there are still a large number of distortions, controls and risks, it seems unlikely that the tax authorities will manage to close the budget gap in 2020 by doing away with monetization of the deficit and hyperinflation.

However, in the unlikely event that this does happen, the public sector will be reduced to a shadow of what it once was and the Venezuelan economy will have been reduced a precarious but stable equilibrium of poverty. If the regime gets some measure of confidence back in this new hypothetical level of poverty-stricken stability, nothing will prevent it from falling back into its habits of exercising control, generating distortions and disrespecting private property.

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WEEKLY INDICATORS

Weekly Economic Indicators			
	2nd Week February	Weekly chg. (%)	Depre/Apre (pp) ¹
FX Boards (VES/USD)²	73,430.55	-0.2	-0.2
	4th Week January	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	22.7	-1.5	-0.7
	2nd Week February	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	161.1	2.2	146.4
	1st Week February	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	6.8	-0.2	-18.9
	4th Week January	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (MM VES)	50,347,977	4.5	2,829.9
Price of International Oil Baskets (USD/bl)			
	1st Week February	Weekly chg. (%)	Annual chg. (%)
WTI	50.6	-5.0	-5.3
Brent	55.4	-7.0	-12.0
Price of the Venezuelan oil basket (USD/bl)			
	1st Week February	Weekly chg. (%)	Annual chg. (%)
Weekly Average	46.1	-10.0	-18.3
Annual Average	54.5	-3.0	1.1

Sources: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

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

CHART OF THE WEEK: “CLOSE TO CLIMBING ON THE HYPERINFLATION PODIUM”

Periods and Magnitude of Past Hyperinflations									
Position	Name	Starting Year	Months of Duration	Highest Monthly Rate (%)	Position	Name	Starting Year	Months of Duration	Highest Monthly Rate (%)
1	Nicaragua	1986	58	261	16	Germany	1922	17	$3.0 \cdot 10^4$
2	Greece	1941	44	$1.4 \cdot 10^4$	17	Danzig	1922	15	$2.4 \cdot 10^3$
3	Ukraine	1992	35	285	18	Armenia	1993	15	438
4	Venezuela	2017	27	261	19	Bosnia & Herz.	1992	15	322
5	China	1943	26	302	20	Polonia	1923	13	275
6	Rusia/USSR	1922	26	212	21	Georgia	1993	13	211
7	Angola	1994	26	84	22	Hungary	1945	12	$4.2 \cdot 10^{16}$
8	Azerbaijan	1992	24	118	23	Moldova	1992	12	240
9	Turkmenistan	1992	23	429	24	Austria	1921	12	129
10	Yugoslavia	1992	22	$3.1 \cdot 10^8$	25	Congo (Zaire)	1991	12	114
11	Tajikistan	1992	22	201	26	Hungary	1923	12	98
12	Zimbabwe	2007	20	$7.9 \cdot 10^{10}$	27	Phillipines	1944	12	60
13	China	1947	20	$5.0 \cdot 10^3$	28	Congo (Zaire)	1993	11	250
14	France	1795	19	304	29	Argentina	1989	11	197
15	Bolivia	1984	18	183	30	Taiwan	1948	8	108

Sources: Hanke, S. & Krus, N; and Ecoanalítica

Only considering the cases that lasted 6 or more months.

Nicaragua in the middle of a civil war, Greece during the invasion by Nazi Germany, and Ukraine suffering from a deterioration of its institutions following the collapse of the Soviet Union are the countries that are running neck-to-neck with Venezuela among the five longest hyperinflations in history.

Based on the criterion developed by Cagan, hyperinflation exists when a country posts an increase in its national consumer price index of 50% or more a month and it continues to exist until monthly inflation has fallen below 50% 12 months in a row.

Based on this, Venezuela has had hyperinflation for 27 months since its onset in November 2017 and up until January this year. Bearing this in mind, at **Ecoanalítica** we have prepared a ranking of hyperinflations based on how long they lasted, including only the most relevant cases in terms of duration, i.e. those that have maintained inflation of 50% or more for at least six months. Based on these considerations, Venezuela ranks as the fourth longest hyperinflation ever recorded, coming out ahead of China in 1943 (26 months) and the Soviet Union in 1922 (26) and only behind Nicaragua in 1986 (58), Greece in 1941 (44), and Ukraine in 1992 (35).

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Most cases of hyperinflation occurred in the last century, with Venezuela and Zimbabwe being the only cases this century. Because of this the policies that are needed to leave these processes behind are well known and more than 30 countries have implemented them successfully. As long as the Venezuelan State does not carry out these changes, which are widely known and documented, Venezuela will continue to climb undesirable rankings.

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ECONOMIC TIPS

After a three month wait. On February 5, the Central Bank of Venezuela updated its inflation figures, something it had not done since October 2019.

Inflation according to the Central Bank. Inflation over the last three months was: October 22.6%, November 25.7%, and December 31.5%, for annual inflation in 2019 of 9583.8%, according to the Central Bank of Venezuela.

The wave of dollarized financing, Part I. Nicolás Maduro approved a set of regulations that will allow Venezuelan companies to issue “*bonds in foreign currency*” for them the use the funds so raised as a source of “*financing and self-financing.*”

The wave of dollarized financing, Part II. Maduro added that the purpose of authorizing companies to issue debt papers in a foreign currency was so that businessmen “*would not have their hands tied*” and would also be able to build “*different sources of financing.*”

Direct loans. Moreover, Maduro announced the induction of a committee to direct the national single production loans portfolio that would group together all the country’s bank portfolios to “*provide direct access [to loans] for micro, small and medium industrial companies.*”

Turkey, our new trading ally, Part I. Turkey’s National Assembly approved a high-level economic development-trade agreement signed with Venezuela in May 2018 with a view to establishing a legal framework of cooperation and mutual benefit on preferential terms.

Turkey, our new trading ally, Part II. According to the president of the Turkish Businessmen’s Association in Venezuela, Hayri Kucukyavuz, this agreement entered into by Venezuela and Turkey establishes the elimination of tariffs on more than 20,000 products.

Turkey, our new trading ally, Part III. Kucukyavuz added that Turkish businessmen in Venezuela hope that Venezuelan exports to Turkey will be more than USD 2 billion.

Tax receipts in January. According to the figures published by the National Integrated Customs and Taxation Administration Service (Seniat), it obtained VES 9.34 trillion in tax receipts in January, which in nominal terms gives an increase of 4683.3% compared to January last year.

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Income Tax and VAT. VES 1.55 trillion of the aforesaid amount came from income tax and VES 4.2 trillion from value added tax (VAT).

In real terms. Total real tax receipts in January 2020 fell by 21.8% compared to January 2019. As for VAT, it was down 27.5% in real terms. Income tax, on the other hand, was up 0.9%, adjusted for inflation, compared to January last year.

Steadily dwindling reserves. The international reserves closed at USD 6.8 billion in the week ending February 7, down 0.2% compared to the close of the previous week (January 31). That gives a drop of 18.9% compared to a year ago.

Money desks. On February 10, the average money desk exchange rate was VES 73,430.6/USD for a depreciation of 0.8% compared to the previous week.

Money supply. Money supply came to VES 50.3 trillion in the week of January 31, for an increase of 4.47% in nominal terms compared to the previous week and of 2,829.9% compared to a year ago.

OIL TIPS

Friendly talks. US Special Envoy for Venezuela Elliot Abrams said that the US Government was in constant talks with the Spanish Government and the oil company Repsol, which still has business dealings with PDVSA.

The importance of the threat, Part I. According to figures published by the Corporation of Strategic Reserves of Oil Products (CORES), an agency that reports to Spain's Ministry for Ecological Transition, Venezuela exported 2.3 billion tons of oil to Spain in 2019, for an increase of 265% compared to 2018 and the highest level since 2015.

The importance of the threat, Part II. According to the newspaper ABC, practically all the shipments were in repayment of a debt that PDVSA has with Repsol due to the investments it lost in Venezuela, which have been written off. According to Repsol, payment of debt in kind complies fully with international rules governing sanctions.

Testing the waters, Part I. A US Government representative held talks with several media on the condition that he remain anonymous during which he commented on the current situation of Venezuela's oil industry.

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Testing the waters, Part II. In his statements, the representative mentioned that all companies that had ties with the Nicolás Maduro administration, among them the Spanish oil company Repsol, India's Reliance Industries, the US company Chevron, and the Russian company Rosneft, should act "cautiously."

Testing the waters, Part III. These comments were made in response to a question having to do with the possibility of sanctions being applied to Rosneft. The representative added that any option for bringing pressure to bear, be it on Russian entities or entities of other countries that support Nicolás Maduro, were on the table.

Always with an eye on the consequences, Part I. Sources consulted by Bloomberg confirmed that the US Government is considering possible sanctions against Rosneft. The representative mentioned earlier added that measures could be taken against the Nicolás Maduro administration in the next 30 days.

Always with an eye on the consequences, Part II. However, there is concern regarding the negative effect such a decision could have on the market, particularly on an increase in the price of crude. Besides that, since sanctions were imposed on PDVSA, Rosneft has become the second biggest exporter of crude to the United States, reaching 20.9 million barrels in October, a figure not seen since November 2011.

A decision to cut production. Russia's Minister of Energy Alexander Novak said that Russia is considering a possible cut in production so as to be in line with the additional cuts the Organization of Petroleum Exporting Countries (OPEC) is thinking of implementing. Russia is of the opinion that the growth in the United States' crude production is going to slow down and that global demand will remain "solid."

A technical cut. Three sources consulted by Reuters said that a technical panel that advises OPEC+ (OPEC member countries plus allies, among them Russia) has proposed a provisional cut of 600 kb/d. The next meeting is scheduled to be held on March 5 and 6, but with the possibility that the dates will be moved forward if the coronavirus outbreak affects prices.

BUSINESS SECTOR TIPS

New sanctions. The US Treasury Department's Office of Foreign Assets Control (OFAC) has sanctioned 40 aircraft belonging to the airline Conviasa and three presidential aircraft operated by the Bolivarian Military Air Force.

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Disguising aircraft. Commenting on the three military aircraft, Rocío San Miguel, an expert in military matters, said that civilian identification marks were put on them and they were painted in Conviasa's colors with the purpose of making it easy for them to fly abroad.

Restricting its visits. US diplomacy chief Mike Pompeo explained that the sanctions against Conviasa were due to the fact that the "corrupt regime" depended on the airline for transporting its officials around the world.

No desire to punish the population. He also pointed out that this measure did not affect the Venezuelan people's ability to travel as they could continue to do so using other non-sanctioned airlines.

In denial, Part I. In response to this situation, Conviasa issued a press release in which it claims that the 6313 passengers who purchased tickets to foreign destinations will be able to travel without any problems. It also stressed that it was going to continue with all its operations "and even open up new international destinations."

In denial, Part II. Conviasa's president, Ramón Velásquez Araguayán, said that the intention of these sanctions is to shut down the airline and "put 2104 workers out on the street." He went on to say, however, that neither of those two things was going to happen.

Fewer employees. According to statistics published by the Superintendency of Banking Sector Institutions (Sudeban), the number of bank employees in Venezuela closed at 49,166 in 2019 for a reduction of 7.9% (4206 fewer employees).

A big reduction. The figures show that between May 2016 and June 2019 more than 22,000 bank employees left, the majority of whom worked in branches and agencies.

Fewer staff and fewer branches. As for the number of branches, the figures show a reduction of 82 branches in the last three months of 2019 to close the year with 3194 branches. The banks that posted the biggest downsizing were Banco Mercantil, which suffered the biggest loss in terms of human capital, and Banco Caroní, which shut down the largest number of branches.

A change of heart. As a result of the new set of regulations approved by Nicolás Maduro, companies will now be able to issue bonds in foreign currency so that they can serve as a source of "financing and self-financing."

Everyone benefits. Maduro explained that the idea behind this decision was so that businessmen would not have "their hands tied" and stressed that "the stronger we make

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the State with revenues in foreign currency, the stronger we will be to support them in the future.”

Just one oversight agency. Moreover, with the purpose of “providing direct access [to loans] for micro, small and medium industrial companies,” Maduro has also provided for the induction of a “single national production loans portfolio,” which will group together all the country’s bank loans portfolios.

Improvements needed. The president of the National Commerce and Services Council (Consecomercio), Felipe Capozzolo, explained that the Petro “should become a unit of exchange and be accompanied by economic measures that tend to stabilize the economy and take us along the path of a stable local currency that cannot be manipulated.”

Imitating Brazil. Capozzolo added that, if this were done, it would be similar to the new real in Brazil. He also pointed out that the Petro is not used that much due to the fact that people still do not have confidence in it as a unit of exchange.

WORLD ECONOMY TIPS

Trump is acquitted, Part I. The US Senate acquitted President Trump of the charges against him in the impeachment hearing against him thanks to the vote of the Republican Party, which sought to protect him with only nine months to go before the presidential elections.

Trump is acquitted, Part II. The Senate voted 52-48 in favor of acquitting Trump from charges of abuse of power in connection with his request to Ukraine to investigate his political rival Joe Biden. It then voted 53-47 against the accusation of obstructing Congress for refusing to allow witnesses and documents requested by the House of Representatives to be included in the hearing.

A cheaper wall. President Trump requested USD 2 billion in new funds for the construction of the wall on the border with Mexico in the 2021 budget, USD 3 billion less than he requested last year. The lower amount shows that the government needs less funding to build the wall after it transferred funds to the construction project from the US army

Separating from the separatists, Part I. Scotland’s First Minister Nicola Sturgeon said she was taking the necessary steps to hold a referendum to make Scotland independent

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of the United Kingdom, clarifying that it was “a matter of when rather than if the country separates from the rest of Britain.”

Separating from the separatists, Part II. Sturgeon mentioned the British elections in December in which the Scottish National Party obtained 80% of the seats in Scotland with an anti-Brexit and pro-independence platform, a clear sign that the Scottish people do not see a future shared with the rest of Britain.

The Chinese economy versus the coronavirus, Part I. The Chinese Government has implemented a series of measures to support an economy shaken by a coronavirus outbreak that is expected to have a devastating impact on the country’s economic growth in the first quarter.

The Chinese economy versus the coronavirus, Part II. The People’s Bank of China (PBOC) injected CNY 1.7 trillion (USD 242.74 billion) into the economy via open market operations in a bid to restore the confidence of investors and world markets. In addition, it announced cuts in the banking sector’s legal reserve requirements, the renewal of loans, and credit discounts to support key sectors.

The Chinese economy versus the coronavirus, Part III. In addition, China’s Ministry of Finance said that all branches of government had allocated a total of CNY 71.85 billion (USD 10.26 billion) to fight the coronavirus and that the products used directly for controlling epidemics would be free of import duties between January 1 and March 31.

No flights until April. British Airways has announced that all its flights to continental China have been cancelled until the end of March. The Chinese Government continues to recommend that people only travel when this is essential for the country, due to the coronavirus outbreak.

Cuba is becoming increasingly dollarized. The Cuban Government has announced that it will start to sell motor vehicles in foreign currency instead of in convertible pesos as dollarization expands in the retail sector. In recent months the government has opened around 80 “dollar” stores that sell products such as household appliances and spare parts for cars, which the government has to purchase abroad in foreign currency.

Argentina does not plan to pay. Argentina’s Vice President Cristina Fernández de Kirchner said that the government will not pay “even half a cent” of its debt with the International Monetary Fund (IMF) before Argentina has climbed out of the recession. Argentina needs to reschedule some USD 100 billion in sovereign debt with its creditors, including part of a USD 57 billion line of credit that the IMF granted it in 2018.

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Inflation in Brazil. According to the Brazilian Geography and Statistics Institute (IBGE), consumer prices in Brazil as measured by the National Broad Consumer Price Index (NBCP) went up by 0.21 in January compared to December and by 4.19% compared to January last year.

POLITICAL TIPS

An important visit. As part of his tour, Russia's Foreign Minister Serguei Luvrov made a stopover in Venezuela. During his visit he had two meetings: one at the offices of the Ministry of Foreign Affairs in Caracas with Jorge Arreaza, Nicolás Maduro's foreign affairs minister, and another with Nicolás Maduro himself at Miraflores Palace.

More united than ever. As a result of this meeting, Minister Luvrov concluded that it was important to increase the "capacity of technical-military cooperation" with Venezuela so as to raise the country's "defense capacity" against external threats.

Investments on the horizon. He also said that it had been agreed to consolidate "economic-commercial cooperation in the area of investments and other areas despite the illegitimate sanctions." The sectors mentioned by Lavrov as the "most promising" for these investments were energy, natural resources, industry and agriculture.

In favor of dialog. The Russian representative also expressed his support of dialog, saying that "any crisis, even in Venezuela, can be solved through political and diplomatic measures with inclusive dialog among Venezuelans."

Collateral damage. As a result of this visit by Minister Luvror, US Special Envoy for Venezuela Elliot Abrams warned that "the Russians will soon discover that their continuous support of Maduro will no longer be free" and that those who benefit from or support Maduro should take precautions.

Taking measures, Part I. Abrams said that measures would be taken in the coming weeks that will show how serious the United States' intentions are with regard to Venezuela.

Taking measures, Part II. Carlos Vecchio, Venezuela's ambassador to the United States, also announced, "We are going to see more actions from Europe, the United States, and Canada." He said that those actions would bring more pressure to bear on "the criminal conglomerate that today represents Nicolás Maduro."

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A visit from a friend. Another meeting was the one Nicolás Maduro had with the former president of the Spanish Government, José Luis Rodríguez Zapatero, who clarified that his trip was personal, not official. The meeting was held at Miraflores and Zapatero said that its purpose was to talk about the peaceful settlement of disputes.

An agreement soon? After the meeting, referring to the Venezuelan situation, Zapatero said, “We are not so far off seeing a process in which a dialog with agreements and an electoral solution will be channeled,” claiming that “all the radical theses that have been prevailing on one side or the other will be forgotten.”

The bearer of good news. Guaidó said that, as a result of his international tour, he was able to corroborate the world’s backing and respect and that now we have to “tackle the most powerful task: joining forces so that freedom reaches all corners of Venezuela.”

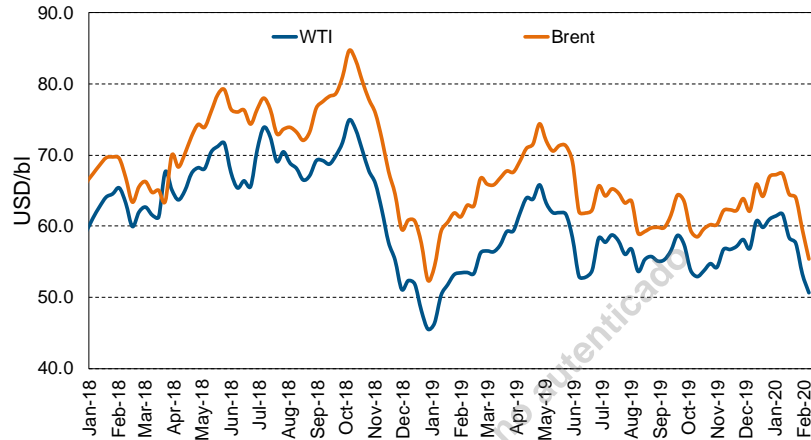
A lot to choose from. The National Assembly reported that 42 organizations have already registered members of civil society to nominate them as candidates to sit on the Elections Postulations Committee.

Bad decisions. Argentina’s President Alberto Fernández expressed his concern over the humanitarian situation in Venezuela and lamented that the Maduro regime was taking arbitrary decisions that “have put the rule of law in jeopardy” and caused a “crisis of democratic coexistence.”

We’re having no truck with you. Despite this, President Fernández emphasized that he did not recognize Guaidó either as interim president or as a valid interlocutor for negotiations.

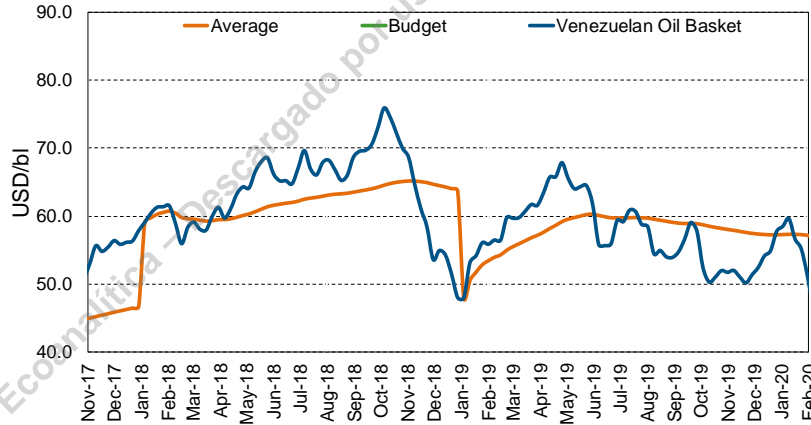
ECONOMIC INDICATORS

**Oil Prices
(WTI and Brent)**



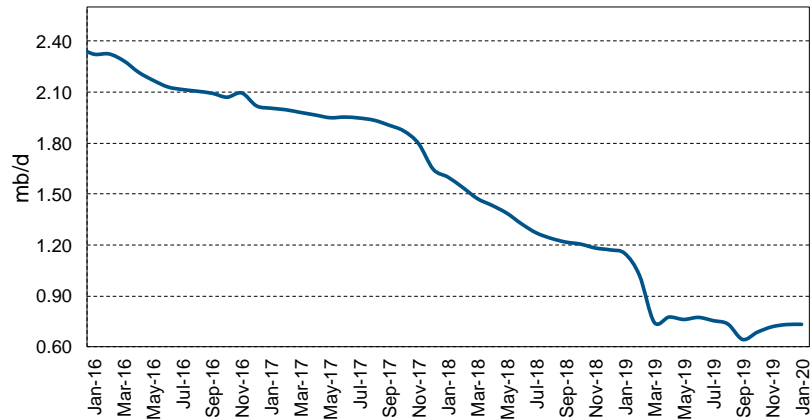
Sources: Menpet and Ecoanalítica

**Oil Price
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

**Oil Production
(Secondary sources)**



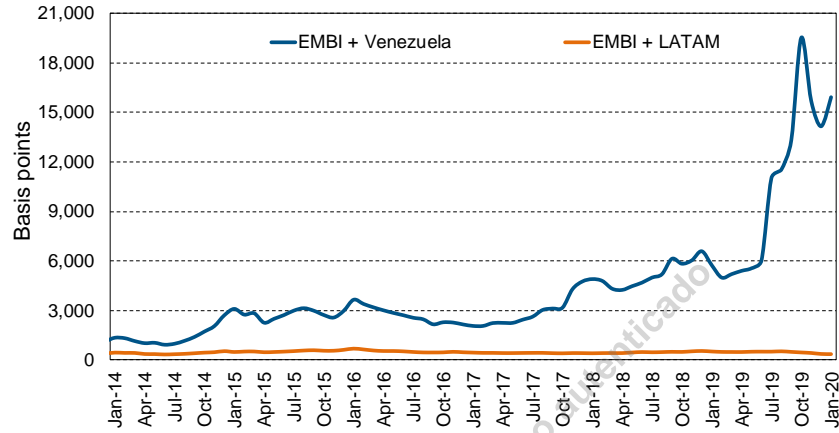
Sources: OPEC and Ecoanalítica

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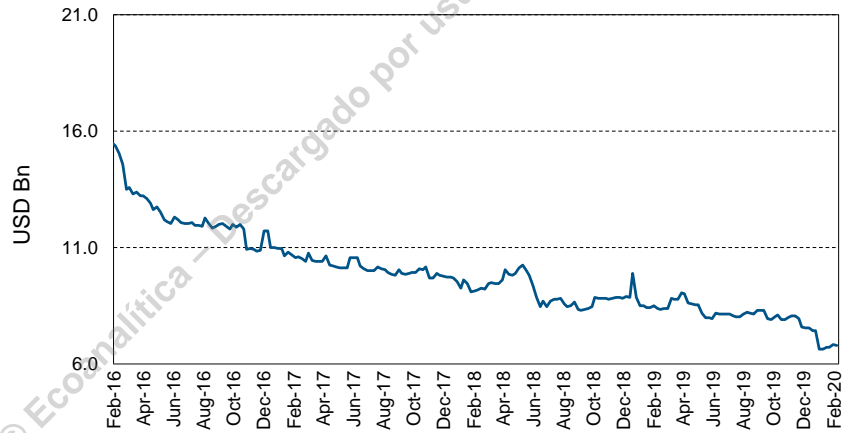
ECONOMIC INDICATORS

EMBI



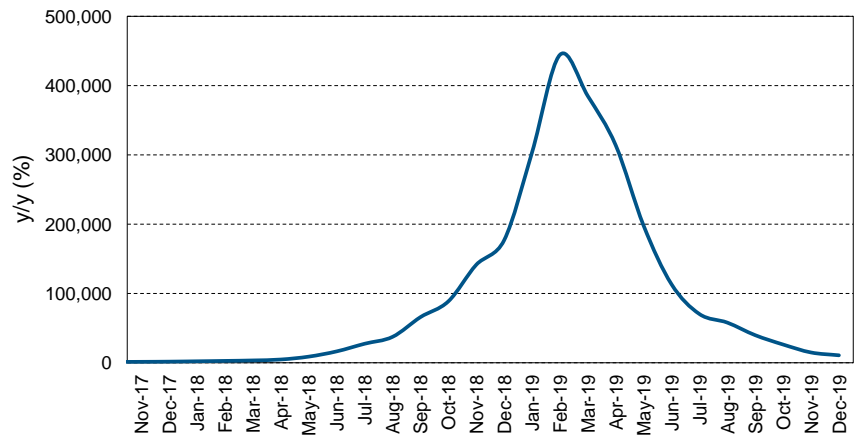
Sources: BCRP and

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

Inflation (BCV)



Sources: BCV and Ecoanalítica

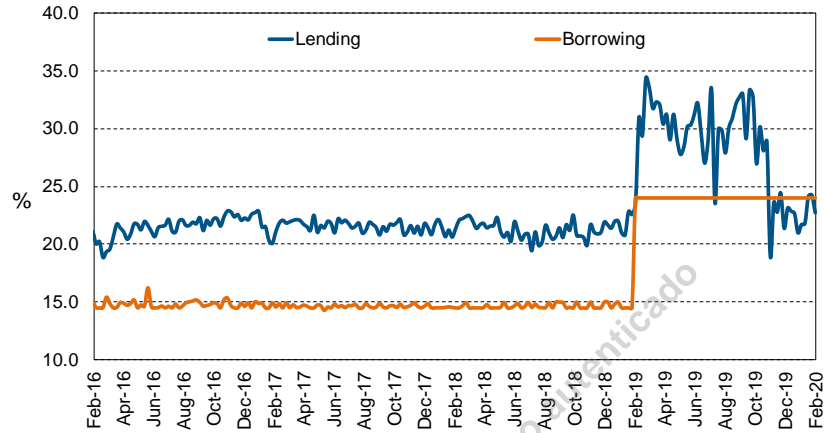
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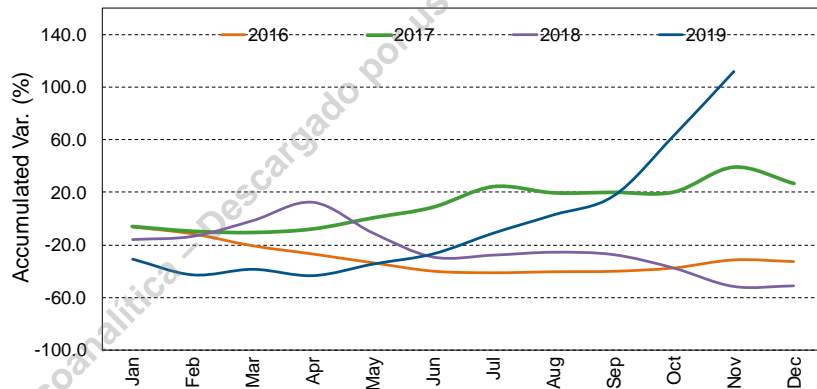
ECONOMIC INDICATORS

**Interest Rate
(Six major banks)**



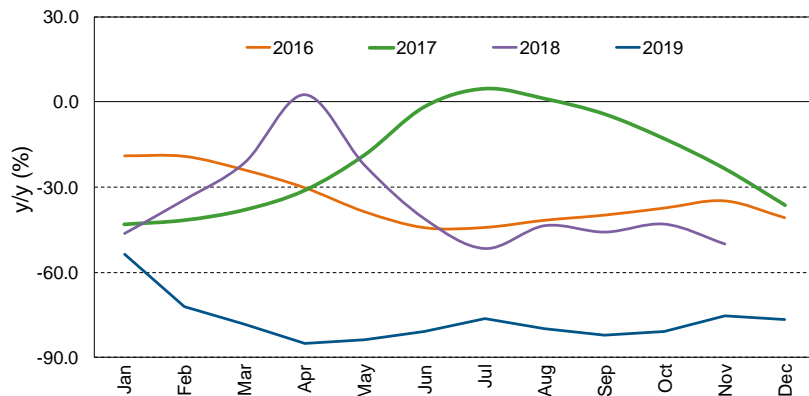
Sources: BCV and Ecoanalítica

**M2 Expansion
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio
(Real)**



Sources: SUDEBAN and Ecoanalítica

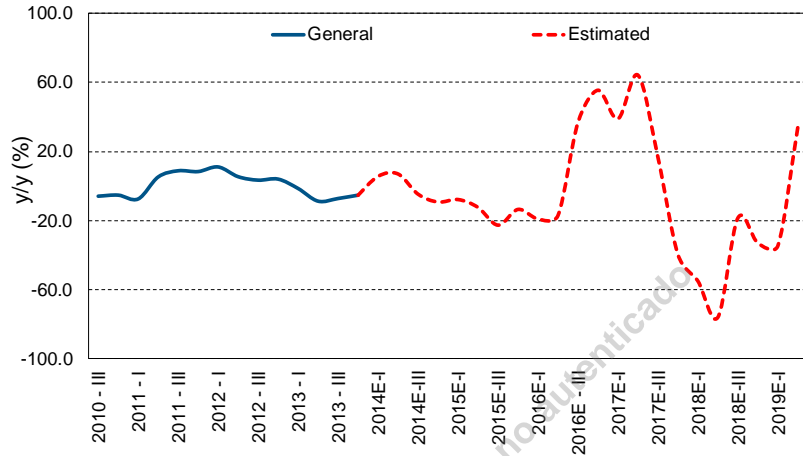
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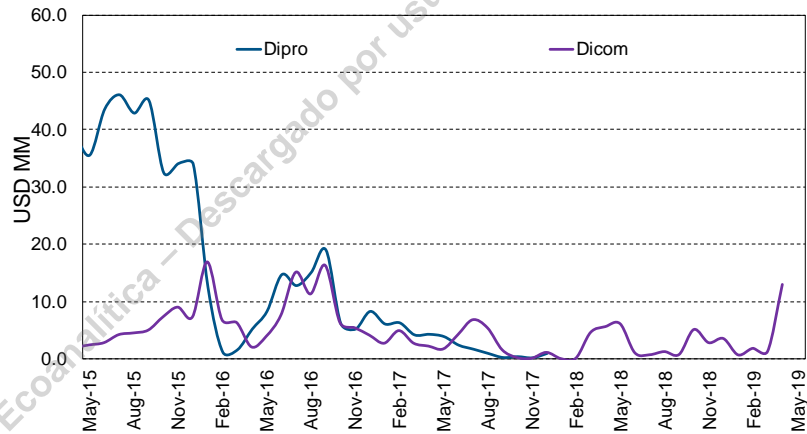
ECONOMIC INDICATORS

Real Wage Index



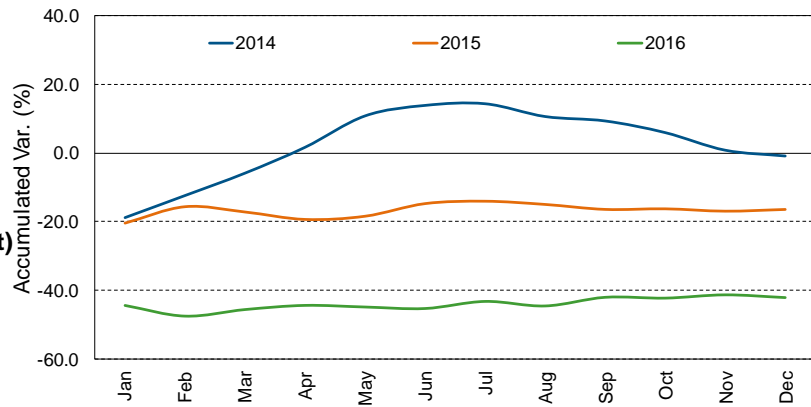
Sources: BCV and Ecoanalítica

Disbursements to the Private Sector (Daily Average)



Source: Ecoanalítica

Primary Spending NTO (Real - Central Government)



Sources: ONT and Ecoanalítica

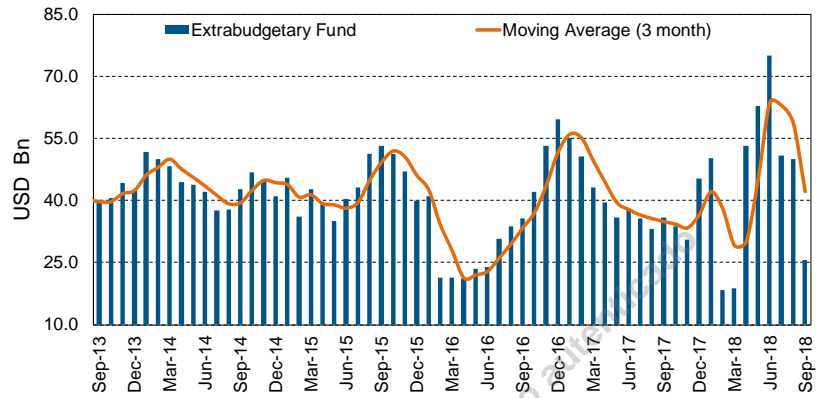
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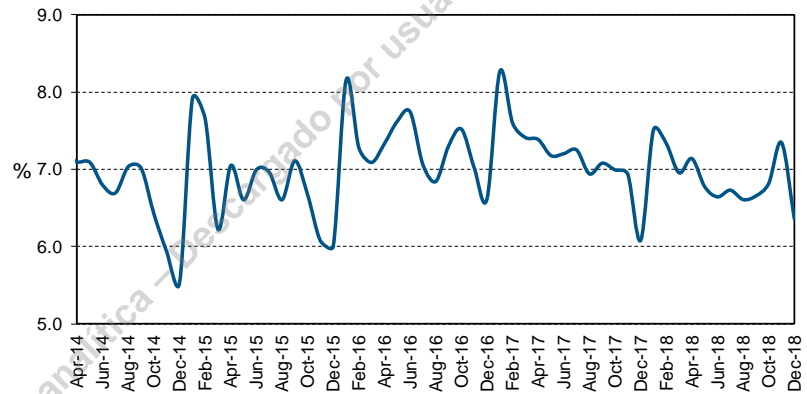
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ECONOMIC INDICATORS

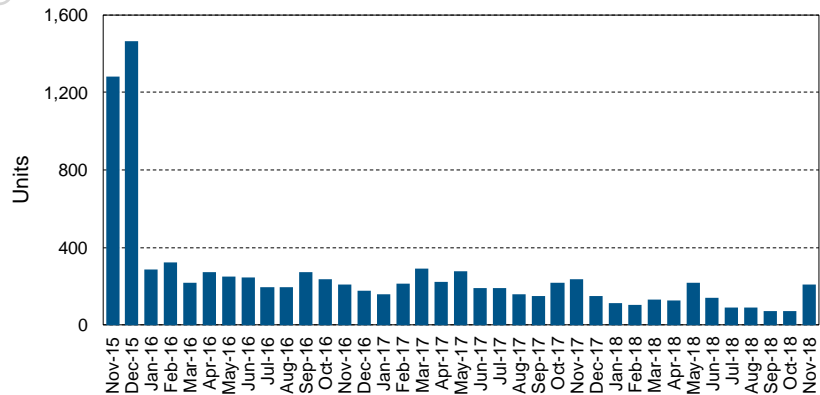
State Extrabudgetary Resources



Unemployment Rate



Vehicle Sales



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