

Dollar GDP: the last in line

Gross domestic product (GDP) is the indicator that is most used to measure a country's level of revenues. Even though analyzing revenues using GDP may contain a bias since there are factors in its measurement that are not taken into account, such as the unequal concentration of wealth, this indicator is a good approximation of how much a country is capable of producing.

Venezuela has had several years in which there has been a brutal contraction in its economy, a situation that has caused an almost unbelievable deterioration in society's structure that is only comparable to countries that have been through wars or been hit by devastating natural disasters. How much have we slid back and how have our Latin American neighbors done? This time at **Ecoanalítica** we have taken a look at how Venezuela's Dollar GDP evolved between 1980 and 2016 in order to compare it with other countries of Latin America.

How were we doing in the 1980s?

The 1980s were known as the lost decade for several Latin American countries due to the payment crisis they faced as a result of the drop in commodity prices. The combined GDP of ten countries in Latin America -Argentina, Chile, Colombia, Ecuador, Peru, Brazil, Paraguay, Uruguay, Bolivia, and Venezuela- was USD 1.28 trillion¹, on average, according to the International Monetary Fund (IMF).

The country having the most weight in the overall average for the decade was Brazil, which averaged USD 527.4 billion and accounted for 41.2% of the group's combined GDP, followed by Argentina with USD 301.8 billion (23.6%); Venezuela was in third place with an average GDP of USD 146.8 billion (11.5%) and behind it came Colombia with USD 117.2 billion (9.2%), Peru with USD 58.5 billion (4.6%), Chile with USD 55.1 billion (4.3%), and Ecuador with USD 34.9 billion (2.7%). The three smallest countries in terms of GDP were Uruguay USD 18.8 billion (1.5%), Paraguay, USD 11.1 billion (0.9%), and Bolivia, USD 8.9 billion (0.7%).

¹ Amounts in 2016 dollars.

Average GDP (1980-1989)		
Country	USD MM	Weight (%)
Brazil	527,408	41.2
Argentina	301,808	23.6
Venezuela	146,889	11.5
Colombia	117,254	9.2
Peru	58,559	4.6
Chile	55,099	4.3
Ecuador	34,927	2.7
Uruguay	18,860	1.5
Paraguay	11,084	0.9
Bolivia	8,940	0.7
Total	1,280,830	100

Sources: FMI and Ecoanalítica

1990: the recovery... for some countries

The next decade brought with it significant growth for this group of countries and changes in their respective weights. Brazil and Argentina stayed in the lead, with Brazil increasing its weight by 10.3 percentage points in the ten countries' cumulative GDP to 51.5% with an economy of USD 981.9 billion on average during the decade, and Argentina slipping 1.6 of a percentage point for a weight of 21.9% with an average GDP of USD 418.4 billion.

Third place was occupied by Colombia, which, even though it shrank by 1.5 percentage points, overtook Venezuela, which fell back by 5.7 percentage points during those ten years. Colombia's weight in the group was 7.7% of the total (USD 146.5 billion), whereas Venezuela, with a GDP of USD 110.1 billion, accounted for 5.8% of the combined GDP of the countries under study.

Besides that, Chile, with a GDP of USD 95.8 billion (5.0%), overtook Peru, achieving an average of USD 69.3 billion (3.6%). The other four countries kept their same places, with their weights practically unchanged, except for Ecuador, whose weight shrank by around 1.1 percentage point. Combined GDP came to USD 1.90 trillion.

Average GDP (1990-1999)		
Country	USD MM	Weight (%)
Brazil	981,944	51.5
Argentina	418,436	21.9
Colombia	146,589	7.7
Venezuela	110,064	5.8
Chile	95,814	5.0
Peru	69,368	3.6
Ecuador	31,426	1.6
Uruguay	29,636	1.6
Paraguay	12,637	0.7
Bolivia	10,406	0.5
Total	1,906,321	100

Sources: FMI and Ecoanalítica

The advent of a new century

The first decade of the new millennium was marked by the consolidation of Brazil as the first of Latin America's biggest economies and the decline of Argentina, which, although it did not lose second place, it did lose in terms of its weight in the combined GDP. Brazil accounted for 53.5% on average during that decade and its GDP was USD 1.16 trillion on average. Argentina, which faced a series of political difficulties, managed to achieve GDP of USD 296.9 billion, accounting for 13.7% of the ten countries' combined GDP, considerably below the figure for the previous decade.

The remaining countries were ranked as follows: Venezuela, which returned to third place, achieved an average GDP of USD 192.5 billion (8.9%), Colombia had an average GDP of USD 180.7 billion (8.3%), Chile achieved USD 144.01 billion (6.6%), and Peru (4.4%), Ecuador (2.2%) and Uruguay (1.2%) stayed in the same places. Bolivia's GDP was only slightly higher than Paraguay's, both accounting for close to 0.6% of combined GDP.

Average GDP (2000-2009)		
Country	USD MM	Weight (%)
Brazil	1,161,861	53.5
Argentina	296,914	13.7
Venezuela	192,581	8.9
Colombia	180,751	8.3
Chile	144,011	6.6
Peru	95,356	4.4
Ecuador	48,605	2.2
Uruguay	25,051	1.2
Bolivia	13,292	0.6
Paraguay	12,578	0.6
Total	2,171,001	100

Sources: FMI and Ecoanalítica

And how have things gone in the past seven years?

In recent years there has been a problem with regard to the method for calculating dollar GDP in Venezuela. Because the distortion in the exchange rate has been increasing for some time now, using the official rate would result in an overestimation of dollar GDP due to the fact that this exchange rate is hugely overvalued. However, we will use the IMF methodology, which consists of dividing GDP by bolivars at an average annual exchange rate, which, in 2016, was VEF 88.9/USD.

According to IMF data, in the seven-year period between 2010 and 2016, Brazil remained in first place accounting for 55.5% of the average combined GDP for that period, with a GDP of USD 2.31 trillion. Argentina continued in second place with a GDP of USD 568.6 billion (13.7%). Colombia appears once more in third place with USD 340.2 billion (8.2%), overtaking Venezuela, whose GDP came to USD 293.9 billion (7.1%).

The remaining countries continued as they were in the ranking: Chile with USD 256.05 billion (6.2%); Peru, USD 188.9 billion (4.5%); Ecuador, USD 92.6 billion (2.2%); Uruguay, USD 53.01 billion (1.3%); Bolivia, USD 29.8 billion (0.7%); and Paraguay, USD 27.04 billion (0.6%).

The average for these ten countries for this last period was USD 4.16 trillion.

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report. Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
 (+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

Year 13. Number 13 Week I
 April 2017

Average GDP (2010-2016)		
Country	USD MM	Weight (%)
Brazil	2,311,228	55.5
Argentina	568,689	13.7
Colombia	340,208	8.2
Venezuela	293,987	7.1
Chile	256,053	6.2
Peru	188,976	4.5
Ecuador	92,625	2.2
Uruguay	53,012	1.3
Bolivia	29,867	0.7
Paraguay	27,047	0.6
Total	4,161,692	100

Sources: FMI and Ecoanalítica

Now then, at **Ecoanalítica** we have found Venezuela's dollar GDP using our real exchange rate (RER) estimate, which was VEF 272.2/USD for 2016. We have divided nominal VEF GDP by the average RER for each year. By doing this, we have corrected the overestimated dollar GDP resulting from the distortions in the official exchange rate, because the RER is a more accurate measure of the value market, in USD, of the goods and services produced in the economy.

The results we obtained were significantly different. Now Venezuela does not come in fourth place but appears below Chile and Peru, two places down. Average GDP for Venezuela for the period 2010-2016, estimated using the RER, was USD 155.6 billion. This gives a reduction in dollar GDP of 47.0% compared to the IMF's estimate. The drastic contraction of our economy compared to equivalent countries in the region is even more evident if we take 2016 on its own, when, according to our estimates, it came to USD 108.9 billion, putting us in 6th place in Latin America.

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report. Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
 (+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

Year 13. Number 13 Week I
 April 2017

Average GDP (2010-2016)*		
Country	USD MM	Weight (%)
Brazil	2,311,228	57.4
Argentina	568,689	14.1
Colombia	340,208	8.5
Chile	256,053	6.4
Peru	188,976	4.7
Venezuela	155,680	3.9
Ecuador	92,625	2.3
Uruguay	53,012	1.3
Bolivia	29,867	0.7
Paraguay	27,047	0.7
Total	4,023,385	100

Sources: FMI and Ecoanalítica

*Estimated using average RER

So, it is clear that there has been a remarkable reduction in the size of the Venezuelan economy, product of the mistaken policies of those in charge of managing the country's economy who have defied the most basic tenets of economic theory with the implementation of senseless controls, obviously obeying a logic that seeks political objectives.

Who can we compare ourselves to?

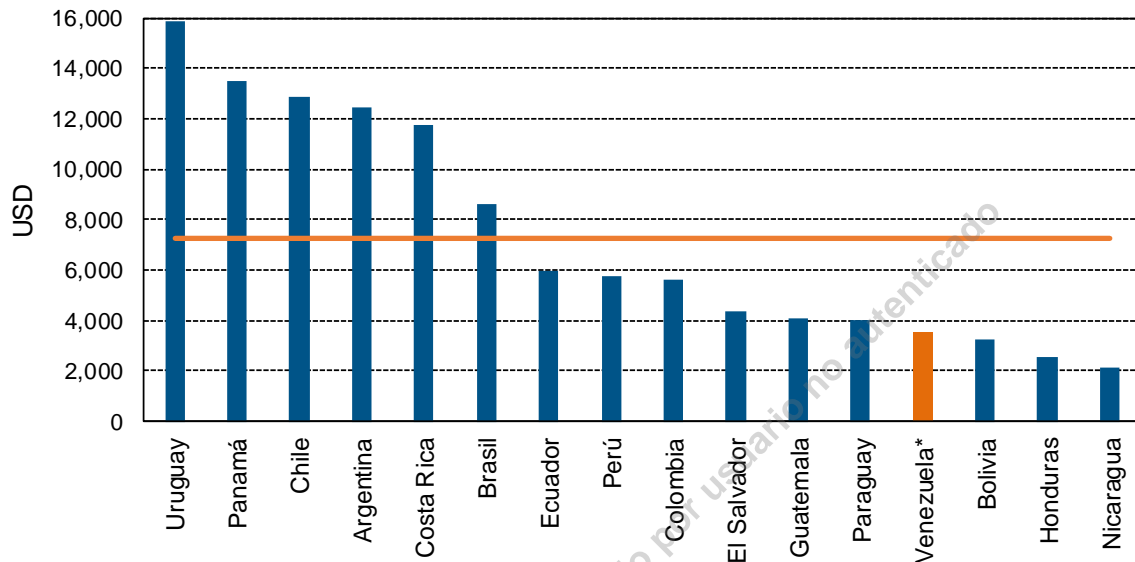
Looked at based on GDP per capita, Venezuela has also been overtaken by Ecuador and is almost on a par with Bolivia, Paraguay or even Central American countries such as Guatemala and El Salvador, whose energy resources are much smaller.

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report. Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
 (+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

Year 13. Number 13 Week I
 April 2017

PIB per capita (2016)



Sources: FMI and Ecoanalítica
 *Estimated Ecoanalítica

Venezuela, a country that in the 1970s competed with the powers of Latin America, has been declining to such an extent that today it is comparable to countries that have suffered from social-political instability and whose technological capacity is too low to be able to increase productivity and the income level of their inhabitants. However, institutions, which give form to the structure of incentives, are subject to change, and Venezuela is in urgent need of such a change.

Pilar Navarro
Luigi Di Biase

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report.
 Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Year 13. Number 13 Week I
 April 2017

WEEKLY INDICATORS

Weekly Economic Indicators			
	5th Week March	Weekly var. (%)	Depre/Apre (pp) ¹
FX Dicom (VEF/USD)	709.2	0.3	0.3
	3rd Week March	Weekly var. (pp)	Annual var. (pp)
Lending Interest Rate (%)	22.2	0.1	0.4
	5th Week March	Weekly var. (pp)	Annual var. (pp)
Overnight Interest Rate (%)	0.0	0.0	-1.9
	5th Week March	Weekly var. (%)	Annual var. (%)
International Reserves (USD Bn)	10.5	-0.2	-20.9
	4th Week March	Weekly var. (%)	Annual var. (%)
Monetary Liquidity (VEF Bn)	13,336	3.7	198.3
Price of International Oil Baskets (USD/bl)			
	5th Week March	Weekly var. (%)	Annual var. (%)
WTI	48.8	1.2	25.9
Brent	51.7	1.1	30.0
Price of the Venezuelan oil basket (USD/bl)			
	5th Week March	Weekly var. (%)	Annual var. (%)
Weekly Average	41.5	0.7	39.4
Annual Average	44.7	-0.6	69.6

Sources: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

¹ Depreciation (+)/Appreciation (-)

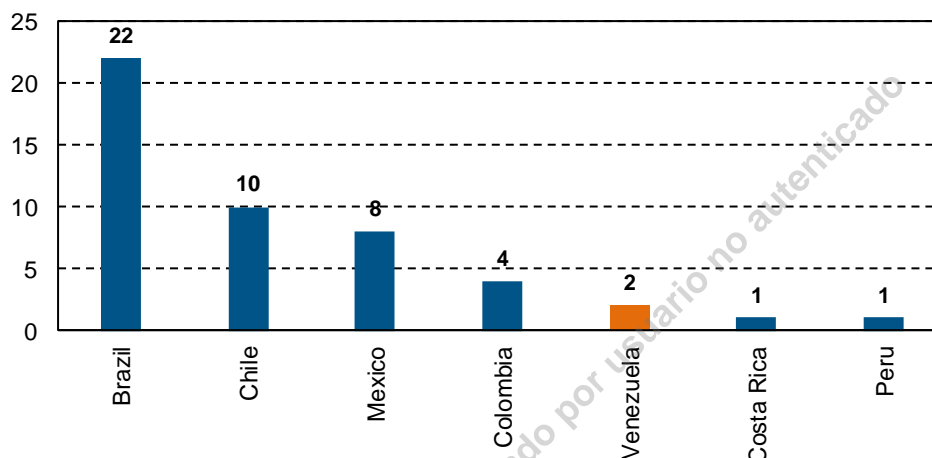
It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report. Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
 (+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

Year 13. Number 13 Week I
 April 2017

CHART OF THE WEEK: "THERE ARE STILL SOME LIGHTS SHINING"

Number of universities among the first 1,000 worldwide



Sources: *Times University Ranking* and Ecoanalítica

It is a secret to no one that the universities are among the institutions that have been most affected over the past 15 years, particularly the autonomous public universities. Continuous budget cuts and constant pressure from the government have affected their ability to operate and have meant that many of their professors (and the majority of their graduates) end up emigrating. This raises the question, to what point has the crisis affected their overall performance?

One of the most quoted rankings is the Times Higher Education World University Ranking published by the British newspaper The Times. This ranking, which classifies the world's first 980 universities, only includes 48 Latin American universities, none of which are among the first 100. The Latin American country that has most universities in the ranking is Brazil, with 22, followed by Chile with 10 and Mexico with eight. The only Venezuelan universities that appear in the ranking are Universidad de Los Andes and Universidad Simón Bolívar, both in the last group of 200 universities.

Even though this result is far from satisfactory, the fact that two Venezuelan universities are still among the first 50 in Latin America, despite having to work with next to nothing, says much of what they could achieve if the situation in the country were more favorable.

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report. Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
 (+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

Year 13. Number 13 Week I
April 2017

ECONOMIC TIPS

More than five. On Friday, March 24, 42.5 million VEF 5,000 banknotes arrived in Venezuela. This batch brings the total number of new banknotes to 447.5 million, with a value of VEF 1.64 billion. Another shipment was expected on March 30, but did not arrive, and further shipments with VEF 500 and VEF 1,000 bills are scheduled for April 27 and 29.

Selling papers. The Central Bank offered up to a ceiling of VEF 15.0 billion in open market operations at an interest of 7.0% and for a term of 56 days. The purpose of this monetary instrument is to reduce existing surplus liquidity.

An immediate response. Following the political uproar caused by the Supreme Tribunal of Justice and its ruling against the National Assembly, Venezuela's country risk rating increased after a period of stability. It went from 2,000 to 2,389 points, up 7.52%. In addition, Venezuela's debt bonds lost 4.0% of their value on average following the usurpation of powers.

OIL TIPS

All powerful Maduro. Based on Ruling No. 156 issued by the Supreme Tribunal of Justice, the Executive would have the authority to found any type of joint enterprise without the need to obtain the National Assembly's approval.

And that's not all! In addition, under the existing state of exception, the head of state may modify, by means of an amendment, the current Hydrocarbons Act.

Not negotiable. Even though, immediately following the issuing of Ruling 156, the Supreme Tribunal of Justice offered a series of clarifications regarding certain points, there were no changes to the two points mentioned above nor were any clarifications given.

Something is rotten in the state of Denmark. Strangely enough, following the handing down of the ruling, the news agency Reuters published an article in which it stated that, according to a number of industry sources, Venezuela was negotiating some kind of financial aid deal with the Russian state-owned oil company Rosneft in order to meet payments to bondholders that fall due in the next few days.

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report.
Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

Year 13. Number 13 Week I
April 2017

No Rosneft, no party. According to Reuters, PDVSA realized recently that it will not be able to cover the payments scheduled for April without the help of some kind of external financing, which means that the present negotiations with its Russian counterpart have taken on a key role in avoiding a potential default.

Shoulders to the wheel. PDVSA, together with the Trinidadian corporation National Gas Company (NGC) and its Dutch par, Royal Dutch Shell, has set up a Joint Coordination Committee to keep track of the different negotiations being conducted with regard to gas exports to Trinidad & Tobago.

Everyone backs the cut. President Nicolás Maduro expressed the Venezuelan Government's intention of supporting an extension to the cut in oil production proposed by the Organization of Petroleum Exporting Countries (OPEC) and some non-OPEC members. *"We consider the extension necessary for the stability of the market, the gradual and permanent recovery of price stability, and the replenishment of investments,"* he said.

We do as well! According to the secretary general of OPEC, Mohammed Barkindo, Iraq is also committed to fully complying with the cut proposed by the cartel at the end of 2016. However, despite being satisfied with the results obtained thanks to the original agreement, Jabar al-Luaibi, Iraq's oil minister, opted for not commenting on a possible renewal of the agreement in the coming months.

We'll continue working. Despite being committed to fully meeting the proposed cut, al-Luaibi announced that Iraq would increase its production capacity to 5 million barrels a day (mb/d) by the end of 2017, with a view to raising its stock of proven reserves by 15.0 billion barrels to nearly 178.0 billion barrels by the end of the year.

News from abroad. According to the news agency EFE, a number of service stations that usually provide premium gasoline in different parts of Cuba have been forced to close since the weekend. According to EFE, this was due basically to the reduction in crude shipments to Cuba from Venezuela, which went from 100 kb/d at the end of 2016 to approximately 55.0 kb/d at present.

BUSINESS SECTOR TIPS

Just fish. Minister of Fisheries and Aquiculture Gilberto Pinto Blanco announced that they expect to distribute between 1.5 million tons and 1.7 million tons of fish throughout

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report.
Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

Year 13. Number 13 Week I
April 2017

the country in Easter Week. He said that they distribute 200,000 kilos of fish via the Socialist Fish Fair and Sardine Truck programs every week.

A bit expensive. Fish has gone up in price by 655.7% on average in the past year, from VEF 2,000 in 2016 to a minimum of VEF 7,990 and a maximum of VEF 15,114.5 in 2017, with prices varying considerably from one establishment to the next.

New fares. Minister for Overland Transport Ricardo Molina plans to meet with the transport sector to reach an agreement on new urban and interurban fares. Molina stressed that *“the adjustment must be made thinking about the present situation, seeking not to affect either the bus drivers or the general public.”*

Surplus for export. According to the president of the National Association of Granite Processing Companies (Anagraven), nearly 3,480 tons of products such a cacao, wood, aluminum, charcoal, fish, and cow hides were exported in 2016. The main destinations for these exports were Holland, Italy, Japan, Puerto Rico, and the United States.

Banks to the rescue. The commercial and universal banks allocated at least 10.0% of their loans portfolios to financing manufacturing-related activities, as established by the People’s Power Ministry for the Economy, Finance and State-owned Banks. Sixty percent of those loans will be allocated to strategic domestic industry, in particular food, and the remaining 40.0% will go to small and medium state-owned industries and joint ventures.

Congratulations! At the close of the first quarter of the year, the National Bancarized Customers Ranking compiled by Ceca Consultores, C.A. classified Banplus as one of the leading banks offering wireless points of sale options with the best technology, which allowed it to raise its classification from a small to a medium size nationwide bank.

Waiting for inputs. Conindustria said that nine out of every 10 industrial companies consulted claimed that their production had declined; 85% said that sales were down; and 81% stated that they had fewer or much fewer orders on their books. Two out of every ten said that they had no orders on the books, in other words that they had stopped producing, and 45% said that they only had one month’s work guaranteed.

Critical data. The Industrial Juncture Poll showed that eighty-seven percent of industrial companies claimed that the volume of raw materials they had available in order to maintain production had gone down; 14% said that it had remained the same; and only 9% said that they had managed to increase it. It is estimated that the sectors that have been hardest hit in this case are wood and paper, electrical machinery and equipment, chemicals, pharmaceuticals, textiles, and footwear.

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report.
Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

Year 13. Number 13 Week I
April 2017

More food or less money? The Central Government has approved USD 130.0 million for the agri-food engine. Vice President Tarek El Aissami said, “*We’re going to guarantee the goal of 500,000 productive hectares nationwide.*”

More financing. According to Minister of Economy and Finance Ramón Lobo, funding of VEF 3.99 trillion has been approved via state-owned and private banks, VEF 1.6 trillion of which has been earmarked for the agriculture sector at the close of the year to boost food production.

And he continues to fork out money. President Nicolás Maduro approved VEF 55.68 billion for the construction of 37 works for controlling flooding in different parts of the country.

Yet more funds. Tarek El Aissami gave assurances that USD 60 million had been approved for the pharmaceutical sector for the purchase of raw materials and inputs.

Trade with Colombia down. Trade between Venezuela and Colombia closed 2016 at USD 802 million. In January trade between the two countries came to USD 36 million, a contraction of 64.0% compared to January 2016, according to a report from the Chamber for Colombian-Venezuelan Integration (CAVECOL).

WORLD ECONOMY TIPS

The bubble’s a thing of the past. Spending on construction in the United States went up by 0.8% in February to USD 1.19 trillion, the highest in 11 years, due to strong investment in home building. There was also an upward revision of this indicator for January, with it posting a contraction of 0.4% compared to the contraction of 10% reported originally.

Meanwhile the trade deficit shrinks. The United States’ trade deficit contracted 9.6% in February compared to the previous month to USD 43.6 billion, its lowest in four months. Exports, which reached their highest level since the end of 2014, had an impact on this result.

And orders have been maintained. The Institute of Supply Management’s (ISM) Purchasing Manager’s for the United States fell back in March from a two-and-a half-year high to 57.2 points compared to 57.7 points posted in February. This is still a high score, however, due mainly to orders from oil drilling.

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report.
Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

Year 13. Number 13 Week I
April 2017

The euro zone in ferment. The Purchasing Managers' Index (PMI) for the euro zone's manufacturing sector published by the consulting firm HIS Markit rose to 56.2 points in March, its highest since April 2011. The survey also indicated that companies in the euro zone are finding it difficult to meet the growing demand.

With unemployment at minimal levels. Unemployment in the euro zone fell in February to 9.5%, its lowest level in nearly eight years, in line with analysts' forecasts. Unemployment for the EU as a whole was 8.0%.

Confidence is stable... Economic confidence in the euro zone remained practically unchanged in March, slipping to 107.9 points from the 108 points posted in February, according to data from the European Commission. The most salient finding was that there are expectations of higher inflation on the part of consumers and manufacturers.

...and inflation somewhat unstable. Inflation in the euro zone slowed down more than expected in March posting growth of 1.5% year-on-year. This lower growth would be explained by more moderate energy prices. Analysts expect inflation of 1.8%.

Record Japanese production. In February, industrial production in Japan posted its highest rate of growth in eight months, whereas unemployment fell to its lowest in two decades, as a result of higher demand for goods from abroad. Demand from households remained weak during the month, however.

Contradictory results. The Purchasing Managers' Index (PMI) for China's manufacturing sector published by the consulting firm HIS Markit fell to 51.2 points in March compared to 51.7 points in February. However the same index, but one calculated by the Chinese Government, showed an increase to 51.8 points from 51.6 in February, which would mean its best result in five years.

Incas on the rise. Peruvian exports to the United Kingdom have grown by 82% in the past five years, according to information from the Association of Peruvian Exporters, placing it as the South American country with the fifth highest level of exports to the UK after Brazil, Chile, Argentina and Colombia.

Brazilian production posts positive. Brazil's industrial production went up by 0.1% in February compared to the previous month, although it was down by 0.8% from a year ago. It is worth noting that production grew by 1.4% in January, the first time it has posted growth in 34 months. February's result, although positive, has put a brake on January's upward trend.

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report.
Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

Year 13. Number 13 Week I
April 2017

POLITICAL TIPS

What triggered everything. On Tuesday, March 28, the Constitutional Chamber of the Supreme Tribunal of Justice published Ruling No. 155, in which it suppressed the parliamentary immunity of the National Assembly deputies who voted in favor of implementing the Inter-American Democratic Charter, on the grounds that they had allegedly committed crimes of treason.

The super powerful one. The ruling also ordered President Maduro to take “*the international measures he deems pertinent and necessary*” to maintain the constitutional order, as well as the “*civil, economic, military, penal, administrative, political, juridical, and social*” measures to avoid an upheaval in the country.

And those without any power. Continuing in the same vein, on Wednesday, March 29, the Constitutional Chamber handed down Ruling No. 156, in which it announced that it or “*the body it (the Constitutional Chamber) decides*” shall exercise the legislative powers of the National Assembly for as long as the National Assembly is in contempt or in a status of invalidity, with the purpose of ensuring the rule of law.

The international community speaks out. Several countries of Latin America expressed their rejection of the Supreme Tribunal of Justice’s ruling. The EU questioned it and called on the Venezuelan Government to issue a clear calendar for elections and to respect the National Assembly. The United States also condemned the ruling since it was an attack on democracy.

The diplomatic solution. As for the Peruvian Government, it took the decision to recall its ambassador to Venezuela as it considers the rulings to be an “*arbitrary measure that violates the rule of law and constitutes a break with the constitutional and democratic order.*”

The coupsters are others. The secretary general of the Organization of American States (OAS), Luis Almagro, described the Supreme Tribunal’s rules as a “*self-inflicted coup d’état perpetrated by the Venezuelan regime against the National Assembly, the last branch of government to be legitimated by popular vote.*”

The south beats others to it. On Saturday, April 1, four countries belonging to the regional bloc, the Common Market of the South (MERCOSUR), Argentina, Paraguay, Uruguay, and Brazil, prepared a statement requesting that the process of applying MERCOSUR’s Democratic Clause to Venezuela be started following the rulings handed down by the Supreme Tribunal of Justice.

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report.
Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

Year 13. Number 13 Week I
April 2017

One blow after another. The Democratic Unity Alliance condemned the Supreme Tribunal's ruling, describing it as invalid and unacceptable, as it was a "*harsh blow to democracy*." It also pointed out the branches of government's lack of independence, since independence is essential for guaranteeing pluralism and a system of checks and balances.

Jumping ship or backtracking? Prosecutor General Luis Ortega Díaz denounced that the Supreme Tribunal's Rulings 155 and 156 "*constitute a break with the constitutional order*" and also show ignorance of the type of State established in the Constitution. She called on the authorities to take the paths of democracy and to respect people's differences.

Seeking support. Opposition spokespersons thanked the prosecutor general for "*siding with democracy*," in reference to her statement rejecting the rulings of the Supreme Tribunal of Justice. They also invited the Armed Force and other institutions of the State to act in a similar manner and to take a stand, as they had not made any statement regarding these developments.

First reactions. The decision published by the Supreme Tribunal of Justice triggered protests throughout the country. In Caracas, the Democratic Unity Alliance called a mass meeting last Saturday in Caracas, during which part of civilian society expressed its discontent at the rulings and its solidarity with the National Assembly.

Backtracking. Following all the commotion caused by the Supreme Tribunal of Justice with Rulings 155 and 156, on Saturday, April 1, the Constitutional Chamber rectified them. Rulings 157 and 158, published on its webpage, suppress the contents referring to parliamentary immunity and the President's "extra quota of power," as well as the content transferring the National Assembly's legislative powers to the Constitutional Chamber.

From coup to impasse. President Nicolás Maduro met with Prosecutor General Luisa Ortega Díaz, after what he described as the "*impasse*" generated by her statements regarding the Supreme Tribunal's Rulings 155 and 156.

"The checks and balances are good." The chairman of the Republican Moral Council and ombudsman, Tarek William Saab, claimed that "*the checks and balances between the institutional powers have guaranteed the nation's stability*."

Yet another one. They ordered the arrest of the president of the Christian Social Party (Copei), Roberto Enríquez, for conspiracy and treason. Enríquez was arrested last Sunday and is presently being held at the headquarters of the General Division of Military Counterintelligence while waiting to appear before the Military Court.

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report.
Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

Year 13. Number 13 Week I
April 2017

Support. In response to Enríquez' arrest, Copei's leadership expressed its rejection of the escalation of arrests being carried out by the Venezuelan Government.

They made it. Last weekend it was the turn of *Un Nuevo Tiempo* (UNT) to validate its membership with the National Electoral Council. National Assembly Deputy and UNT militant Elías Mata claimed that his party had managed to validate the required number of members in more than 20 states "*with the wind against us*," referring to the political instability in Venezuela.

Waving the white flag. Ombudsman Tarek William Saab called on the police and military authorities to release those prisoners whose release papers have been issued, such as the political leader Yon Goicochea and Councilor José Vicente García, to name but two.

Setting the agenda. Venezuelan politics was the topic of discussion last week. Given the events generated by the rulings handed down by the Supreme Tribunal of Justice, on Monday, April 3, the Organization of American States held an extraordinary session of the Permanent Council, called by 20 member countries, to discuss what measures the organization should take with regard to this situation.

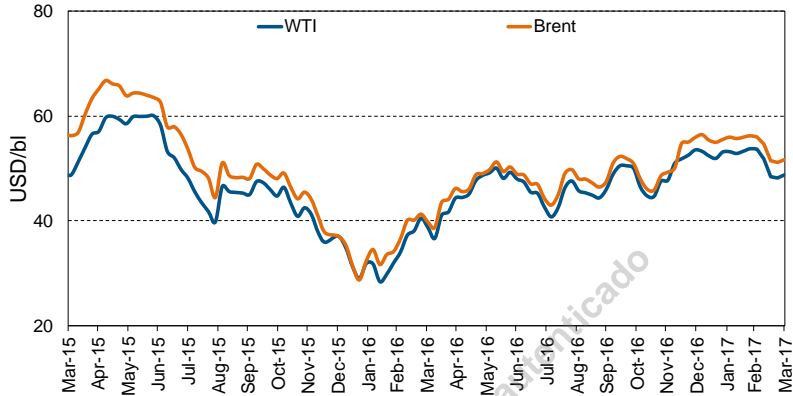
Eagle or worm? The meeting was held amidst insults, a type of behavior indulged in by Venezuela's diplomats of late. Seventeen countries approved a resolution that declares the violation of the constitutional order in Venezuela in light of the rulings handed down by the Constitutional Chamber of the Supreme Tribunal of Justice. Venezuela's representative before the OAS, Samuel Moncada, withdrew from the meeting in protest following the heated debate.

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report.
Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

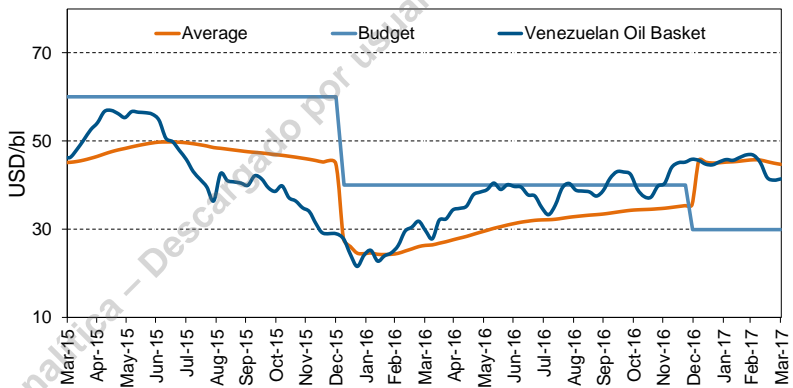
ECONOMIC INDICATORS

Oil Prices (WTI and Brent)



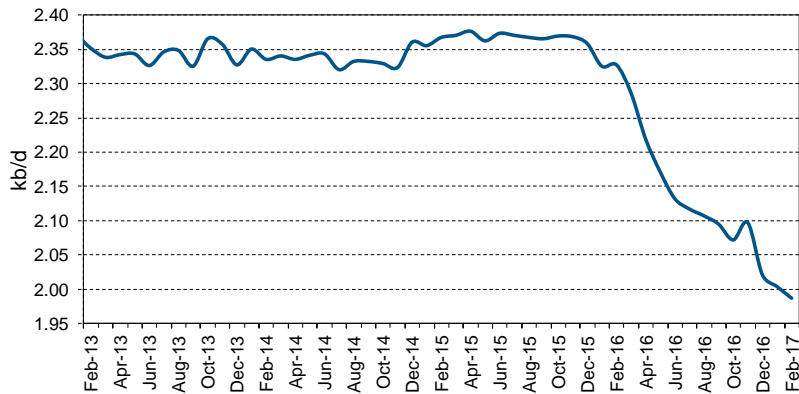
Sources: Menpet and Ecoanalítica

Oil Price (Venezuelan Basket)



Sources: Menpet and Ecoanalítica

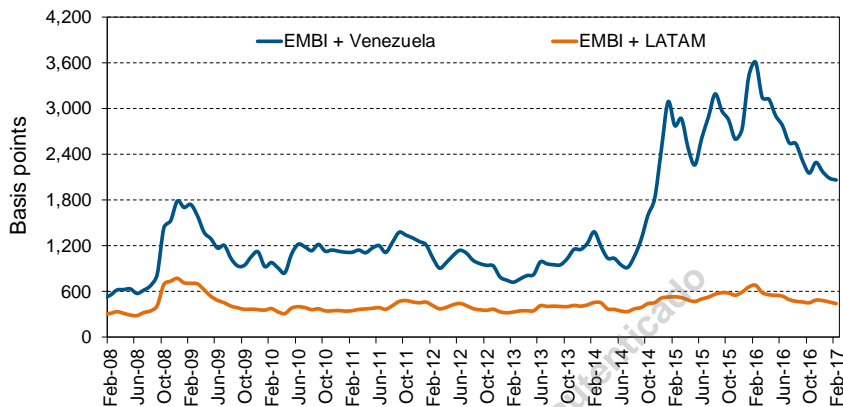
Oil Production (Secondary sources)



Sources: OPEC and Ecoanalítica

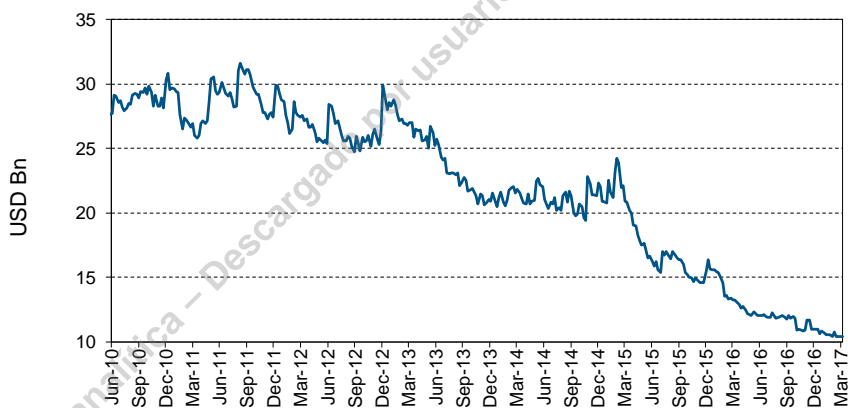
ECONOMIC INDICATORS

EMBI



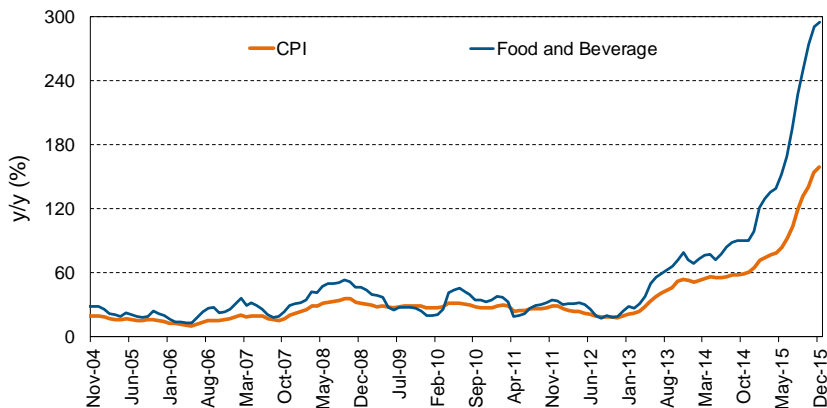
Sources: BCRP and Ecoanalítica

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

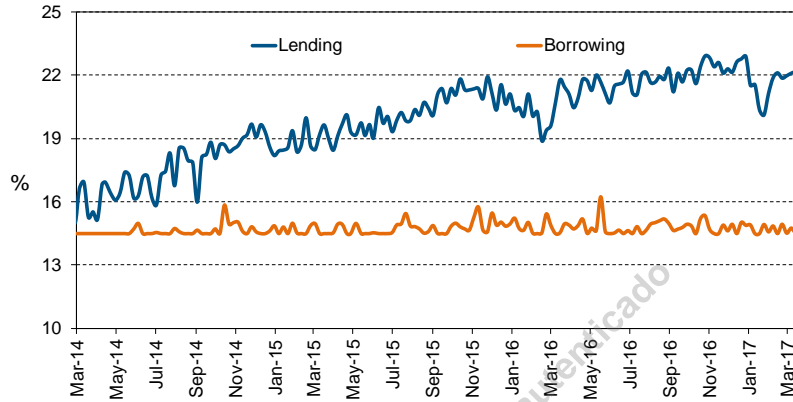
Inflation (BCV)



Sources: BCV and Ecoanalítica

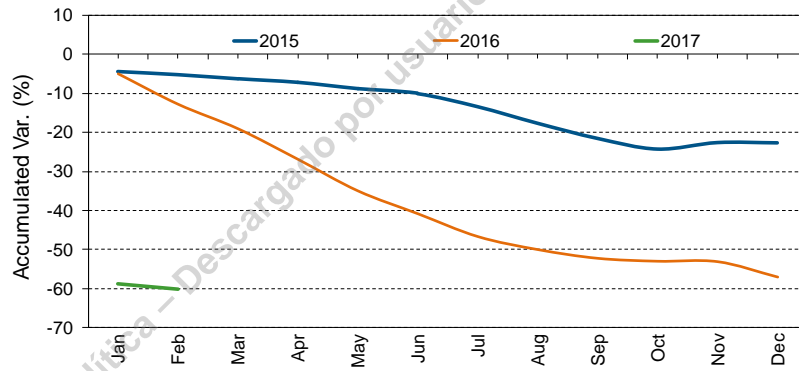
ECONOMIC INDICATORS

**Interest Rate
(Six major banks)**



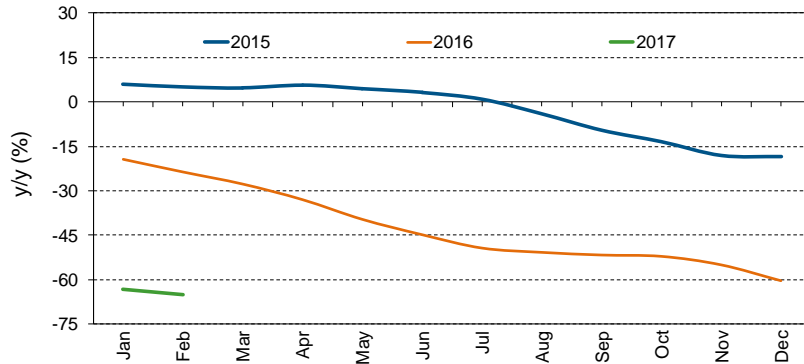
Sources: BCV and Ecoanalítica

**M2 Expansion
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio
(Real)**



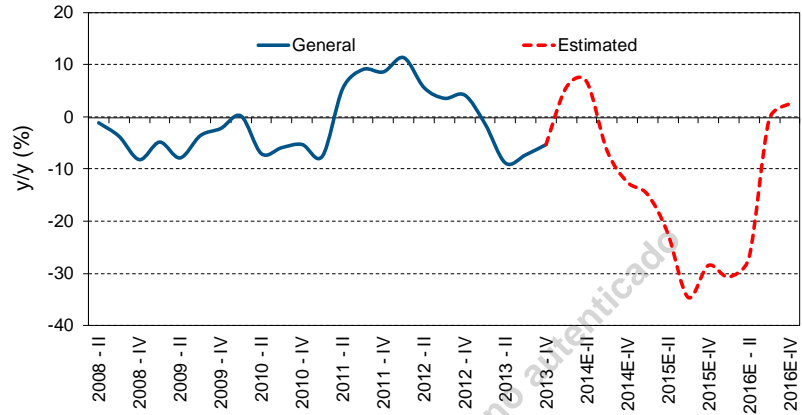
Sources: SUDEBAN and Ecoanalítica

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report. Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

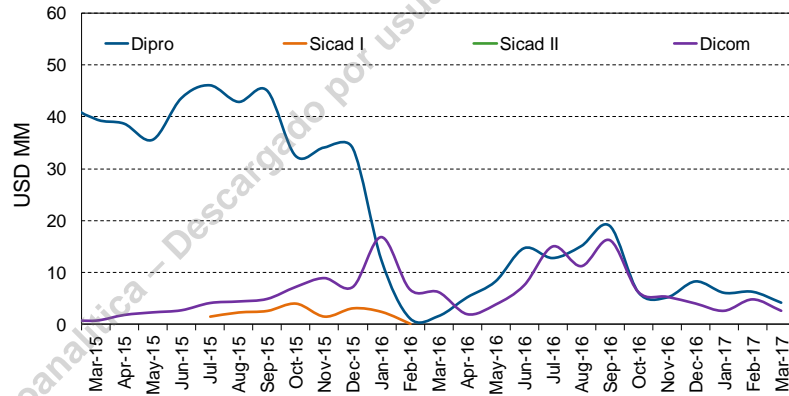
ECONOMIC INDICATORS

Real Wage Index



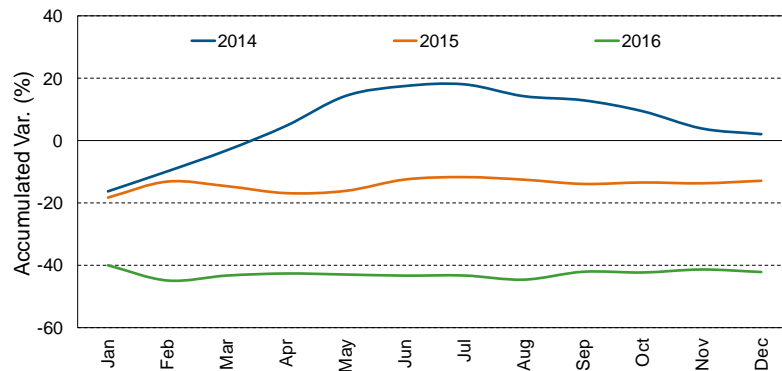
Sources: BCV and Ecoanalítica

Disbursements to the Private Sector (Daily Average)



Source: Ecoanalítica

Primary Spending NTO (Real - Central Government)



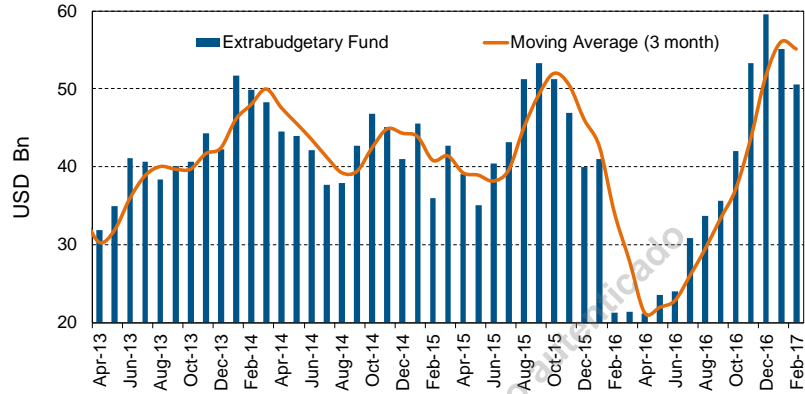
Sources: ONT and Ecoanalítica

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report. Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

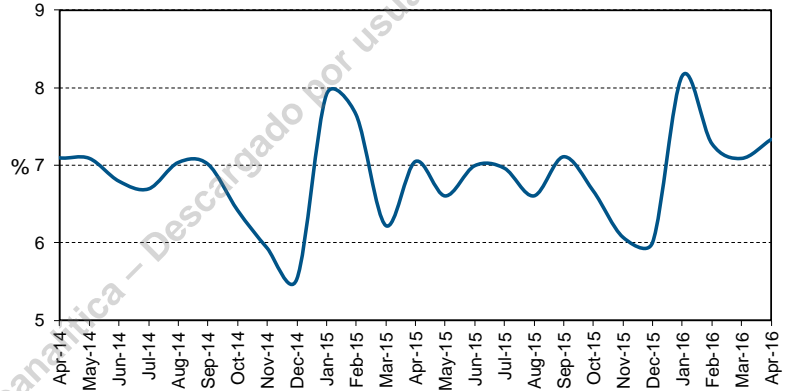
ECONOMIC INDICATORS

State Extrabudgetary Resources



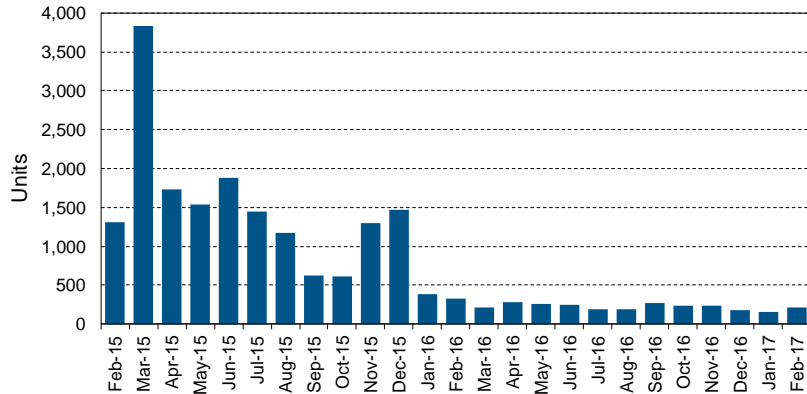
Source: Ecoanalítica

Unemployment Rate



Sources: INE and Ecoanalítica

Vehicle Sales



Sources: CAVENEZ and Ecoanalítica

It is forbidden the total or partial reproduction, publication and/or distribution of the content in this report. Detecting an information leak will cause the cancellation of the contract without any refund of the subscription.

Av. Blandín, C.C. Mata de Coco, piso 5, oficina 5-E, La Castellana, Caracas, 1060, Venezuela.
(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

ECOANALÍTICA'S TEAM

Alejandro Grisanti / Director

alejandrog@ecoanalitica.net / @agrisanti

Asdrúbal Oliveros / Director

asdrubalo@ecoanalitica.net / @aroliveros

Pedro Palma / Director

pedrop@ecoanalitica.net / @palmapedroa

Cristina Rodríguez / Director

crstinar@ecoanalitica.net

Pilar Navarro / Senior Economist

pilarn@ecoanalitica.net / @isabelpnavarro

Jean Paul Leidenz / Senior Economist

jpauill@ecoanalitica.net / @isabelpnavarro

Armando Gagliardi / Senior Economist

armandogo@ecoanalitica.net / @agagliardio

Gorka Lalaguna / Economist

gorkal@ecoanalitica.net / @GorkaLG

Mariana Petitjean / Economist

marianap@ecoanalitica.net / @maripetitjean

Ana Heredia / Economist

anah@ecoanalitica.net / @anaih_2112

RESEARCH ASSISTANTS

Luigi Di Biase

Brenda Torres

CONTACT US

Venezuela: (+58-212) 266 9080/ Fax: (+58-212) 266 5119

Estados Unidos: +1 (212) 994.1850

Ventas@ecoanalitica.net

www.ecoanalitica.com

@ecoanalitica