

WEEKLY REPORT

Year 17. Number 13. Week V
April 2021



Ecoanalítica

acompañando las buenas decisiones

Forbidden reproduction and/or distribution

Between radical and flexible: the "7+7" distortions

One of the most cross-cutting effects of the pandemic at the global level has been the change in consumption patterns. With the implementation of social distancing policies, as measures to prevent COVID-19 contagion, we have not only witnessed changes on the supply side, but also on the demand side. We have seen how activities, which have not been able to avail themselves of teleworking or have seen their income diminished by business closures, have undertaken changes in their wage and labor policies thus altering the income of formal employment on a recurrent basis. On the informal side, the undermining of wages seems to be even clearer, as most have no legal or pre-established recourse to avoid a further collapse of their incomes in the midst of this paralysis.

From a medium- to long-term perspective, it is possible to think that the expenditure adjustment of those households that consider COVID-19 to be a "less transitory" income shock than expected is greater. Thus, many have preferred to save in the present in order to be able to guarantee consumption in the future, assuming that the pandemic and its adverse impacts may last longer.

Not only the Venezuelan economy is no stranger to this dynamic, but also the strong macroeconomic and social imbalances that have marked it over the last eight years have led to more drastic and recurrent adjustments in private spending. On the other hand, in addition to the little support to the private sector, the Government has implemented a disorderly scheme of official quarantine, marked by periods of partial or "flexible" opening for certain sectors, followed by more extended reopenings.

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Confinement schemes

Scheme	Date
Radical confinement	17Mar/12Jun
"7+7"	12Jun/16Oct
"7+7 plus"	16Oct/4Dec
Christmas flexibilization	4Dec/8Jan
"7+7 plus"	8Jan/12Feb
Carnival flexibilization	12Feb/26Feb
"7+7 plus"	26Feb/26Mar
Radical confinement	26Mar/12Apr
"7+7 plus"	12Apr/3May

Source: Ecoanalítica.

Regardless of whether this scheme has been successful or not (in terms of reducing part of the real costs of the pandemic), its implementation has been marked by arbitrary changes and applications by the regulator, and its validity and the sectors it benefits tend to change constantly and with little notice. This seems to have exacerbated failures in access to goods and services for the local population -since some of these are only marketed during specific periods- has exacerbated the volatility of private income especially for those operating in the informal market- and has forced private business to operate under constantly changing planning and, on many occasions, facing unforeseen costs.

In this context of greater uncertainty (intentional or not), it is worthwhile to briefly outline the new spending decisions of households and businesses in Venezuela, not only because of the changes imposed by the pandemic itself, but also because of the Executive's decisions regarding social containment.

A new way of spending

There are some initial studies that identify changes in the way in which Venezuelans have adjusted their spending in the midst of the pandemic. Research by consulting firms such as Nielsen¹ and Datanálisis² has identified important changes in consumption patterns during the quarantine, a period in which, in a generalized manner, it has been observed a transition to higher consumption of items such as "Food and non-alcoholic beverages", "Health" and "Communications". This seems to be confirmed by the relative price

¹ KPMG. (2021). *Perspectives and trends in Venezuela before COVID-19*.

² El Estímulo. (2021). *Datanálisis: technology is today a fundamental part of consumption in Venezuela*.

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changes seen in the basket compiled by **Ecoanalítica**, where the aforementioned items were among the six highest inflations, 3,889.0%, 2,536.3% and 2,502.2% respectively.

Relative price change during confinement (%)														
Item	Foodstuff and non-alcoholic beverages	Alcoholic beverages and tobacco	Clothing and footwear	Housing rent	Home services except telephone	Home equipment	Health	Transport	Communications	Entertainment and culture	Education services	Restaurants and hotels	Other goods and services	Exchange rate
Foodstuff and non-alcoholic beverages	0.0	141.8	277.0	378.3	37.5	138.5	51.3	-29.9	53.3	229.8	243.6	-2.6	150.3	71.9
Alcoholic beverages and tobacco	-58.6	0.0	55.9	97.8	-43.1	-1.4	-37.4	-71.0	-36.6	36.4	42.1	-59.7	3.5	-28.9
Clothing and footwear	-73.5	-35.9	0.0	26.9	-63.5	-36.8	-59.9	-81.4	-59.3	-12.5	-8.9	-74.2	-33.6	-54.4
Housing rent	-79.1	-49.4	-21.2	0.0	-71.2	-50.1	-68.4	-85.4	-68.0	-31.0	-28.2	-79.6	-47.7	-64.1
Home services except telephone	-27.3	75.8	174.1	247.7	0.0	73.4	10.0	-49.1	11.4	139.8	149.8	-29.2	82.0	25.0
Home equipment	-58.1	1.4	58.1	100.6	-42.3	0.0	-36.5	-70.6	-35.7	38.3	44.1	-59.2	5.0	-27.9
Health	-33.9	59.8	149.2	216.1	-9.1	57.6	0.0	-53.7	1.3	118.0	127.1	-35.6	65.4	13.6
Transport	42.7	245.1	438.1	582.7	96.3	240.3	116.0	0.0	118.8	370.7	390.5	39.0	257.3	145.3
Communications	-34.8	57.7	146.0	212.0	-10.3	55.6	-1.3	-54.3	0.0	115.2	124.2	-36.5	63.3	12.1
Entertainment and culture	-69.7	-26.7	14.3	45.0	-58.3	-27.7	-54.1	-78.8	-53.5	0.0	4.2	-70.5	-24.1	-47.9
Education services	-70.9	-29.6	9.7	39.2	-60.0	-30.6	-56.0	-79.6	-55.4	-4.0	0.0	-71.7	-27.2	-50.0
Restaurants and hotels	2.7	148.3	287.2	391.2	41.2	144.9	55.4	-28.1	57.4	238.7	252.9	0.0	157.0	76.5
Other goods and services	-60.1	-3.4	50.6	91.1	-45.1	-4.7	-39.6	-72.0	-38.8	31.8	37.3	-61.1	0.0	-31.3
Exchange rate	-41.8	40.7	119.3	178.3	-20.0	38.7	-12.0	-59.2	-10.8	91.9	99.9	-43.3	45.6	0.0

Variations calculated based on the closing of April 2020. Numbers updated through March 2021.
 Source: Ecoanalítica.

By focusing on seasonal trends, dictated by the dynamics of "radical" and "flexible" weeks, we also observe regular changes in consumption. Some studies, such as the one conducted by the Atenas group, found in their surveys³ that approximately one in three households feel that the "7+7" scheme has affected their consumption patterns⁴. Additionally, the information on the mobility of people recorded by Google⁵ shows a significant increase in visits to "Supermarkets and Pharmacies", which confirms the increase in the relative prices of "Foodstuff and non-alcoholic beverages" and "Health",

³ Athens. (2021). *The new reality of Venezuelan households*.

⁴ According to the consulting firm, 63% of respondents indicated that they have not been impacted by the "7+7" plan in their purchasing habits.

⁵ Google. (2021). *Community mobility report to COVID-19 (Venezuela)*. Google reports information on how population mobility has changed in the midst of the pandemic. The dataset measures the number of visitors to specific categories of locations on a daily basis and compares the relative change from a baseline date.

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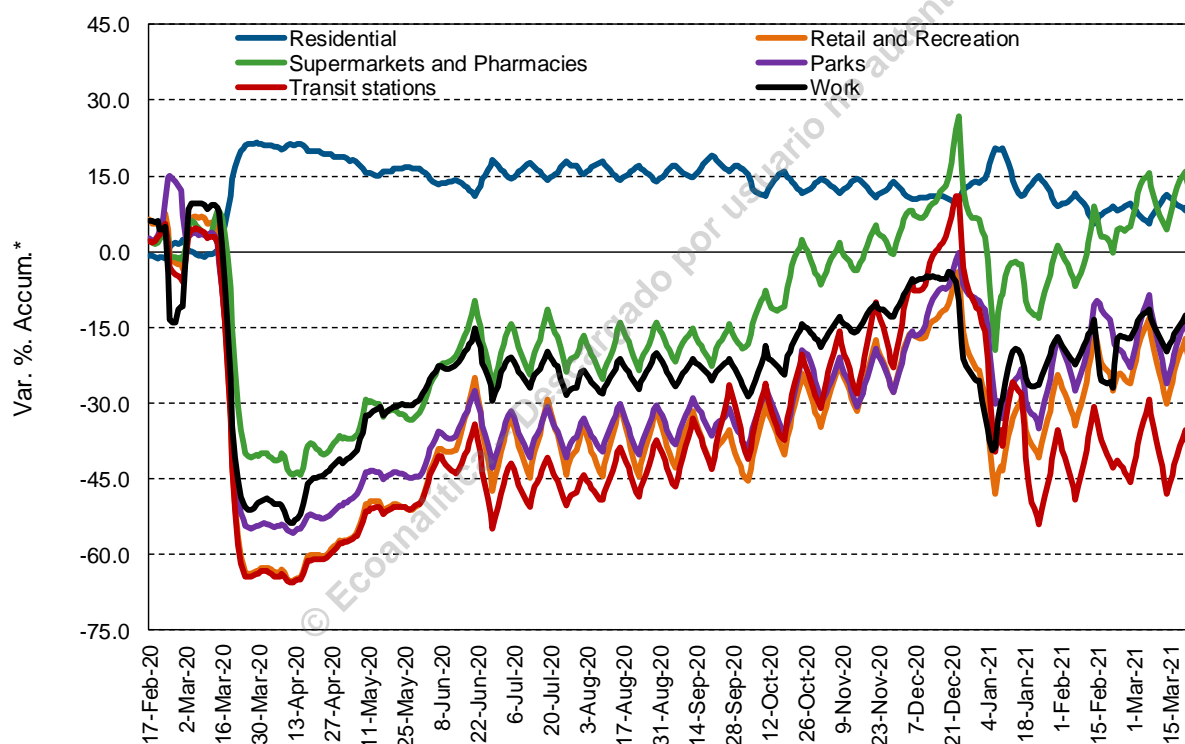
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while "Work", "Retail and Recreation" and "Transit stations" continue to show reductions in mobility with respect to the base date⁶.

In all destinations, a marked seasonal behavior can be observed, explained by a relatively strict follow-up of the current quarantine scheme. Thus, it seems to be corroborated that these also alter consumption patterns from one week to another and, consequently, price and exchange rate dynamics.

Change in mobility in relation to the beginning of the pandemic



Note: Data updated through March 23, 2021.

* The baseline is the median value, for the corresponding day of the week, during the period Jan 3–Feb 6, 2020

Sources: Google COVID-19 Community Mobility Trends and Ecoanalítica.

What do prices (and other things) hide?

In addition to the previous evidence, an alternative metric of changes in Venezuelan spending during the pandemic materializes from the dynamics of prices observed in each week. Thus, under the assumption that prices (absolute and relative) reveal changes in

⁶ A median value is used for the 5-week period from January 3 to February 6, 2020. The most current version of the report for Venezuela is as of April 25, 2021.

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preferences for consuming one good or service over others, it is possible to identify some variations in inflation, exchange rate or money market trends that can be linked to the new context and to the actions of the Executive to mitigate the COVID-19 contagion.

1) *Changes in inflation and exchange rate according to quarantine "rate".*

A larger gap in inflation and exchange rate depreciation was observed in the "flexible" weeks compared to the "radical" weeks. In the latter, prices grew 3.6 percentage points (pp.) more than in the "flexible" weeks, while the difference was 8.6 pp. in the case of the exchange rate⁷. As we pointed out in our first Outlook Report 2021⁸, such difference seems to respond to the fact that, in the "radical" weeks, agents prefer to direct their bolivars to hedging in dollars (amid a potential fall in the consumption of the rest of the goods), which leads to a rise in the exchange rate in these lapses. Under this assumption, the higher inflation rates in the "radical" weeks could be due to a high transfer effect⁹.

Similarly, with the commercial limitations imposed by the "7+7" scheme, and with an internal teleworking and home delivery scheme unable to fully counteract the effect of such limitations, it is possible that the higher prices and tensions in the exchange market observed in the "radical" weeks came from the supply restrictions during such lapses, overcoming the cutback in private consumption and leading to higher price increases in those weeks.

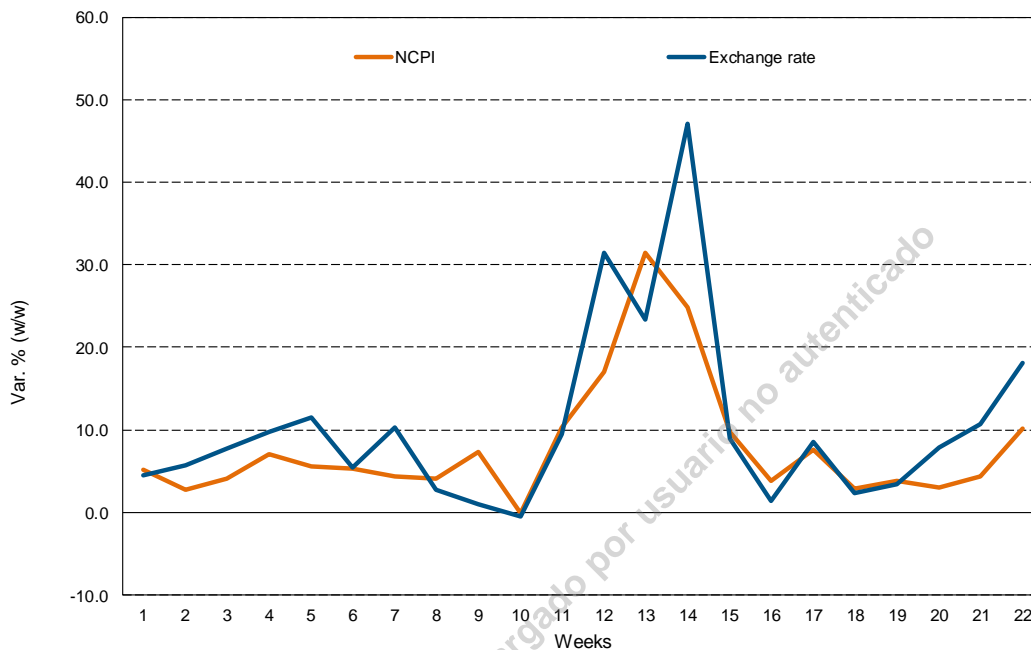
⁷ It could be argued that such seasonal behavior can also be attributed to another factor with similar periodicity, in particular, wages paid every two weeks (approximately every two weeks). However, when looking at the difference between weeks before the pandemic, these are significantly lower for both inflation and the exchange rate, 1.3 pp. and 4.8 pp. respectively.

⁸ Please refer to the section *Prices and Exchange Rate Environment: The Eternal Return of the Bolivar* of our 2021 Outlook Report No. 1: *The New Chinese "New Year"*.

⁹ For more information, please refer to our February 2021 Exchange Rate Report.

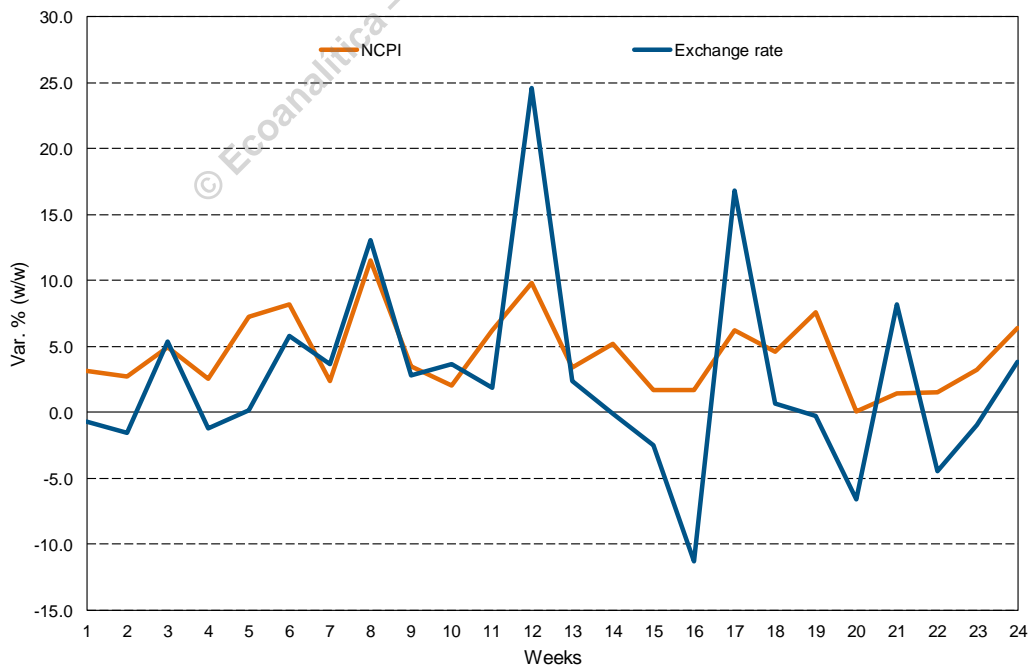
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Price variation in "radical" weeks



Note: The variation of the inflation level and the exchange rate corresponding to the "radical" weeks are shown in chronological order.
Source: Ecoanalítica.

Price variation in "flexible" weeks



Note: The variation of the inflation level and the exchange rate corresponding to the "flexible" weeks are shown in chronological order.
Source: Ecoanalítica.

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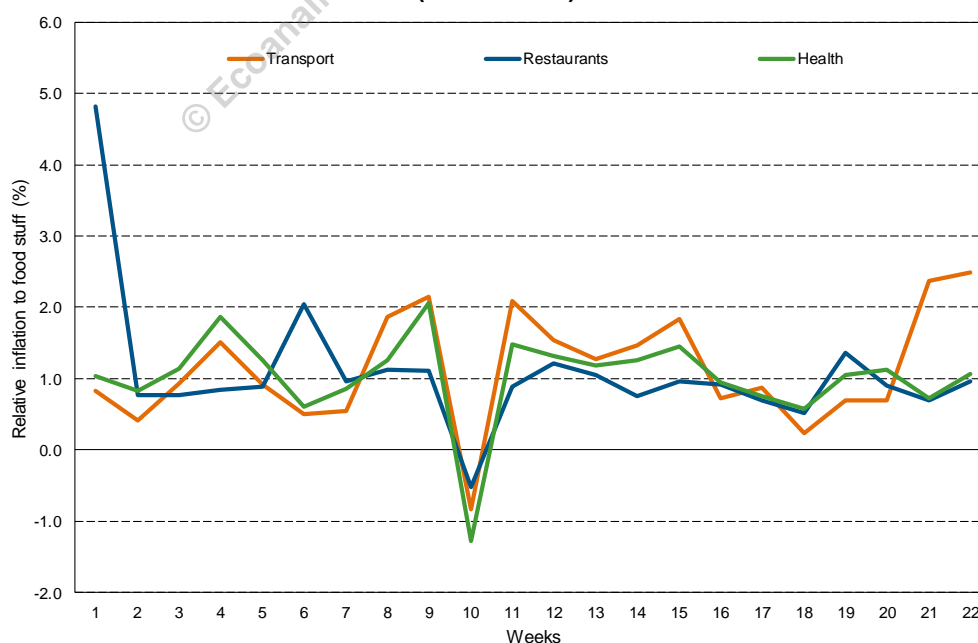
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On the other hand, it has been observed how the price of "Foodstuff and non-alcoholic beverages" and related services (such as "Transportation") has accelerated markedly, not only at the beginning of the pandemic, but also in the periods when local commercial activities have been less open ("radical" weeks). In this sense, the rise in relative prices ended up revealing people's greater preference for such goods, as a protection mechanism in the face of the greater uncertainty imposed by the pandemic. The fact that relative prices between "Foodstuff and non-alcoholic beverages", "Health" and "Transportation" showed "smaller" distortions in the weeks of greater restriction seems to support the fact that such preferences (greater uncertainty) seemed to be exacerbated in those periods.

On the other hand, the items that presented the greatest differences between "flexible" and "radical" weeks were "Alcoholic Beverages and Tobacco" (5.8 pp.), "Household Equipment" (5.7 pp.) and "Restaurants and Hotels" (5.1 pp.), that is, goods that are not basic necessities whose supply and demand fluctuated significantly depending on the type of week. In contrast, weekly seasonality was not observed in "Communications", a sector that has exhibited a sustained price increase during the pandemic due to a higher demand for increased teleworking and distance learning services, regardless of the quarantine scheme in place.

Relative inflation (to food stuff) in "radical" weeks



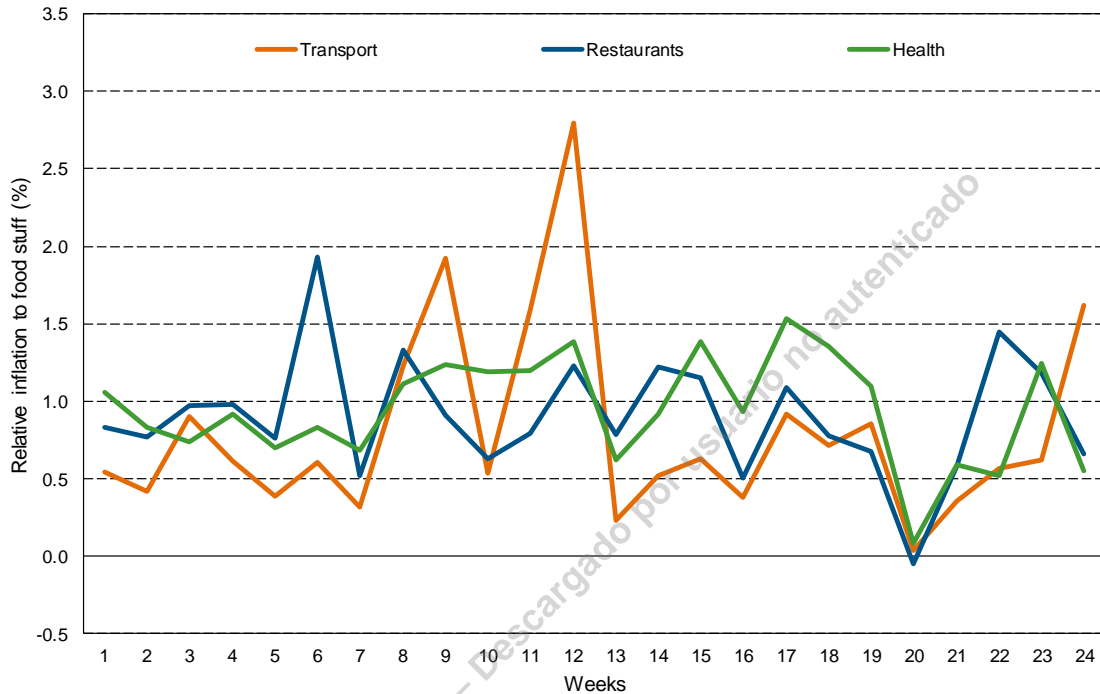
Note: The level of inflation corresponding to the "radical" weeks is shown in chronological order.
 Source: Ecoanalítica.

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Relative inflation (to food stuff) in "flexible" weeks



Note: The level of inflation corresponding to the "flexible" weeks is shown in chronological order.
 Source: Ecoanalítica.

2) Increased price (and exchange rate) volatility

Perhaps the highest cost of the "7+7" scheme, in addition to the de facto paralysis of commercial activity, is the greater uncertainty it has brought about in the setting of prices. In other words, both suppliers and demanders have been less able to value the goods and services they trade, as the demand for certain items has decreased as the pandemic worsened or as the Executive ordered the closing of businesses, imposed limits on circulation and thus prevented the generation of "stable" income.

The data does not seem to lie: only in the radical weeks, the average deviation of price increases (with respect to average inflation) was greater than the deviations during flexible weeks (7.7% versus 2.9% in these last weeks), with a variation coefficient of 94.3 (above the 65.5% seen in the flexible period).

Such changes have led, on the other hand, to a much greater dependence of locals on foreign currency for their transactions, recurrently affecting the dynamics of the exchange rate. In restricted weeks, with the changes in the inflow of dollars with respect to the cut

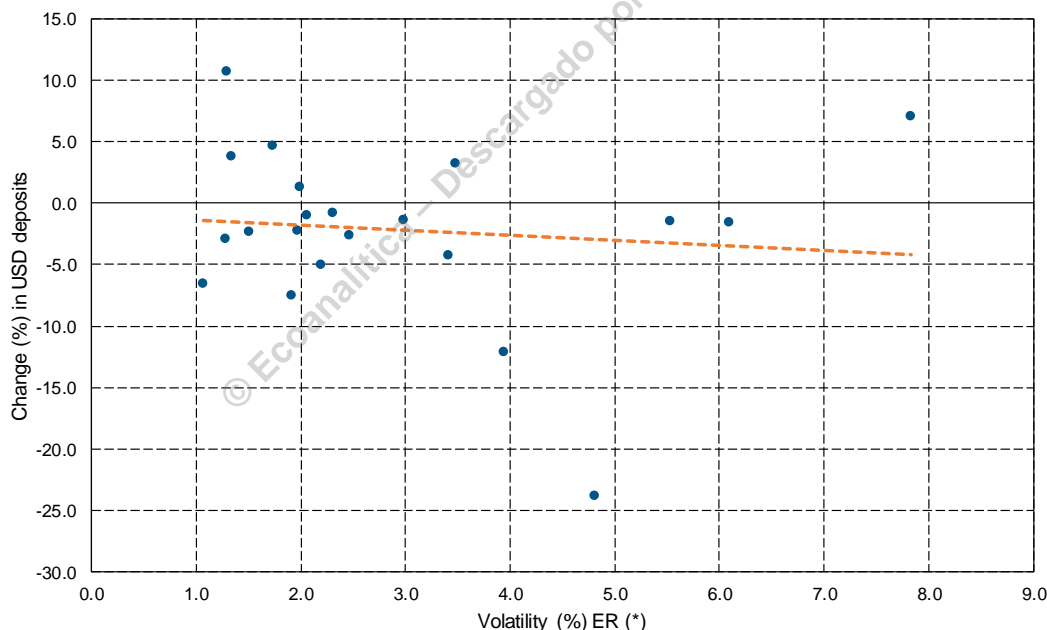
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in government payments in local currency (as we will see below), the price of the dollar seemed to show episodes of greater volatility (in relation to the ranges seen in flexible weeks), especially during those weeks with slowdowns or drops in foreign currency deposits (as a proxy to the domestic circulation of foreign currency). Thus, in addition to revealing the sensitivity of the exchange rate (at the second moment) to changes in foreign currency inflows, the above also shows the distortions created by the "7+7" quarantine scheme itself in terms of uncertainty, making local agents' spending/saving decisions even more difficult.

On the other hand, the gaps in exchange rate increases between flexible and radical weeks seem to be another factor that has promoted the high volatility of the indicator, in addition to other factors already mentioned, such as the reserve requirement measures¹⁰.

Weekly volatility of the ER vs. variation in foreign currency deposits ("radical" weeks)



Note: (*) corresponds to the (7 days) standars deviation of the daily logarithmic changes.
Sources: BCV, LocalBitcoins and Ecoanalítica.

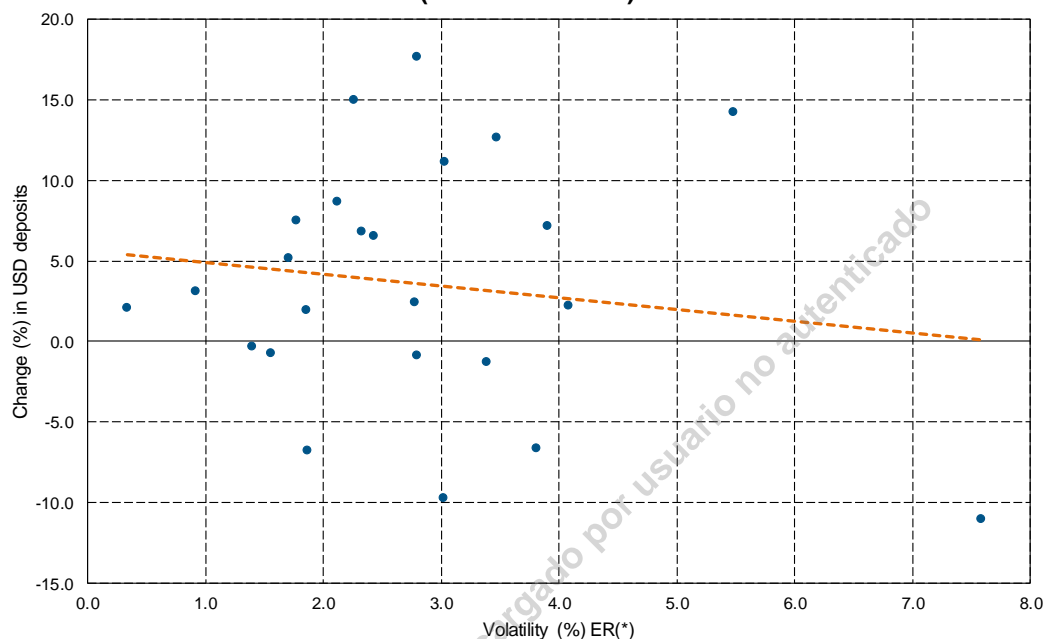
¹⁰ For more information, please refer to our Weekly Report No. 3 of 2021: *Bank credit in the spotlight... again.*

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Weekly volatility of the ER vs. variation in foreign currency deposits
 ("flexible" weeks)



Note: (*) corresponds to the (7 days) standars deviation of the daily logarithmic changes.
 Sources: BCV, LocalBitcoins and Ecoanalítica.

3) Less pressure on the interbank market

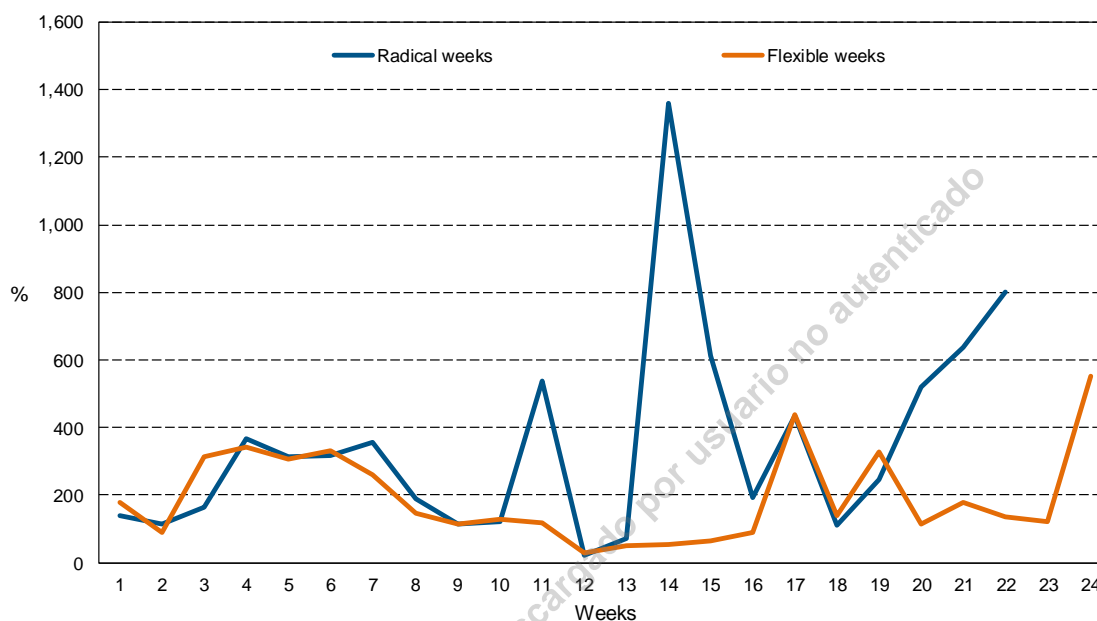
Another area partially distorted by the implementation of the rotational quarantine scheme is trading between banks. In particular, when detailing the dynamics of the *overnight* market between "radical" and "flexible" weeks, it is possible to identify how local banks traded, on average, a greater volume of funds at lower rates in the more open weeks (at least in the initial stages of the "7+7" scheme) than in the weeks with strict quarantine. In this sense, in recent weeks, the lack of funds seemed to cause a contraction in the supply of funds, driving up the agreed yields. In fact, in the "radical" weeks, the average amount of excess bank reserves was lower than in the most active weeks, and it was in a "radical" week (end of October) when the highest *overnight* rate reported in 2020 was agreed.

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Interest rates in the foreign exchange market during quarantine (average)



Note: Interests rates of the foreign exchange market corresponding to the "flexible" and "radical" weeks is shown in chronological order.
 Source: Ecoanalítica.

Such tensions responded, on the one hand, to the lack of income materializing in the midst of the "radical" weeks, with fewer businesses open, fewer transactions, fewer payments and, with that, fewer deposit movements. In this context, even in an environment with less commercial activity, banks required more liquidity to operate on a daily basis during the "radical" quarantine, which led to a more tense interbank environment. If we consider these dynamics and what we have seen at the price level, we can affirm that part of the rate setting at the real level may have responded to higher rates as a mechanism to "overlap" the lack of liquidity.

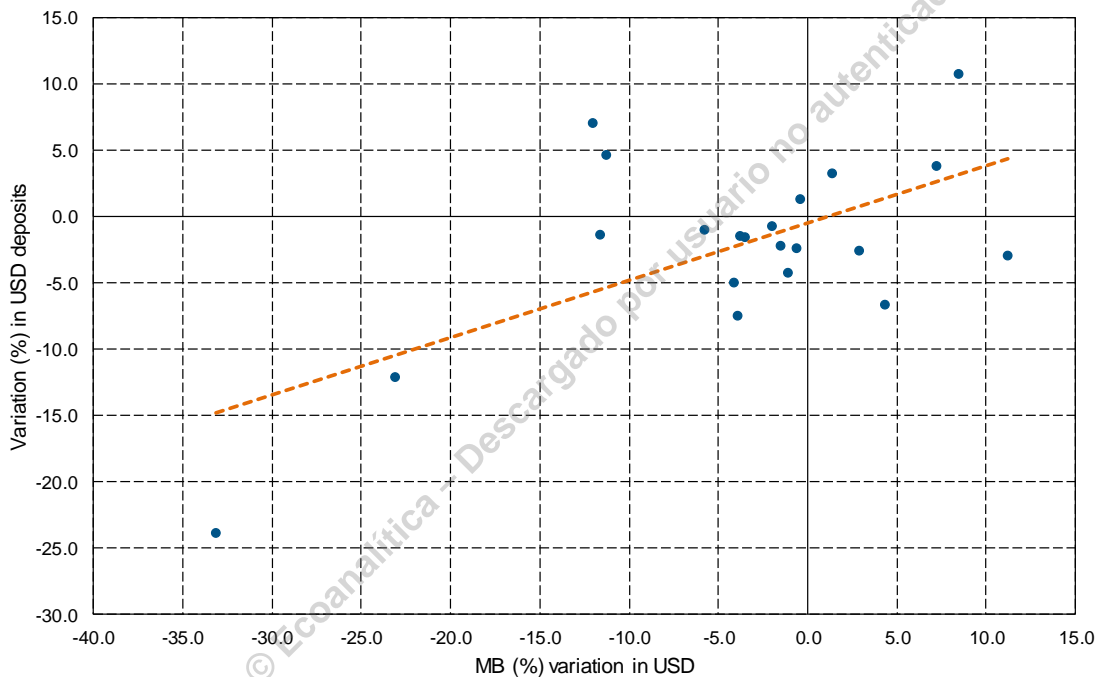
4) Lower tax expenditure

Another aspect that distinguishes the radical weeks from the flexible ones is the actions of the Executive in terms of spending. In this sense, although a fraction of the changes in the monetary aggregates in local currency still respond to transactional issues¹¹, strong contractions in the monetary base issued by the BCV (expressed in USD) were observed during the radical quarantine weeks, a clear sign of the lower payments made by the

¹¹ Considering the high transactional costs that prevail in the local means of foreign currency payments.

Government on such dates. In fact, in some of the flexible weeks, the Treasury seemed to reduce its spending to a minimum while USD deposits grew by at least 5% each period. Even so, cuts in the monetary base became more frequent in the periods of greater restriction.

Changes in the monetary base (in USD) and USD deposits for "radical" weeks



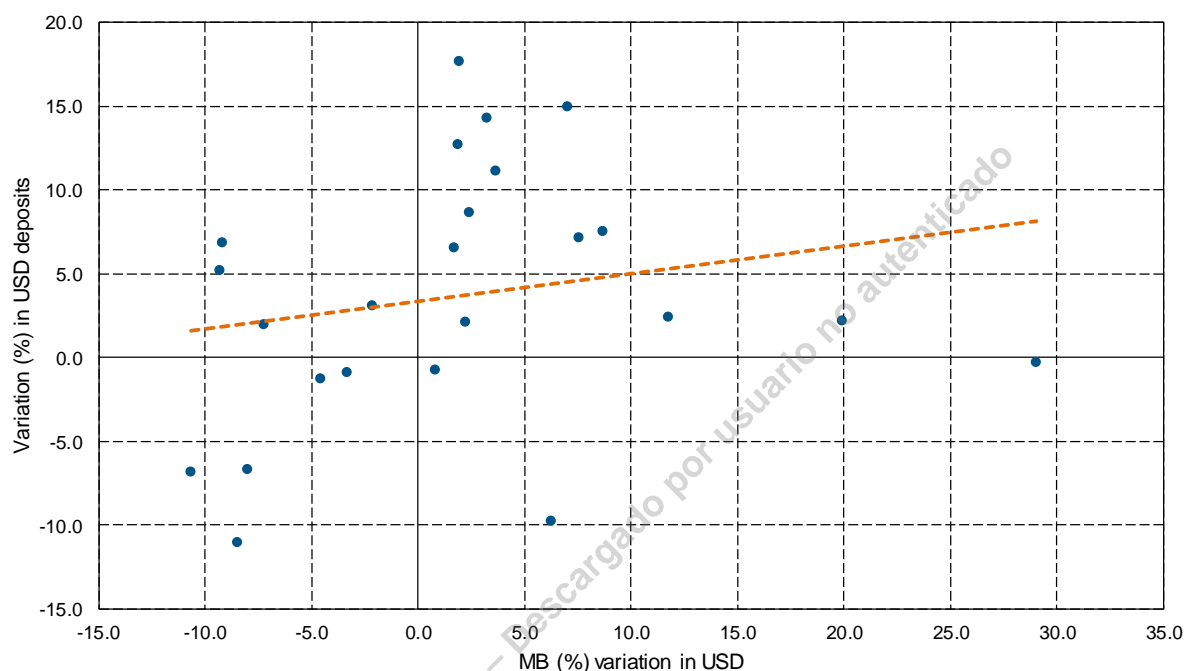
Sources: BCV and Ecoanalítica.

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Changes in the monetary base (in USD) and USD deposits for "flexible" weeks



Sources: BCV and Ecoanalítica.

If this finding is considered with the higher price volatility seen in the radical weeks, the "7+7" scheme seemed to exacerbate the real cost of fiscal restrictions by allowing the Government to reduce its outlays and, thus, increasing the inability of Venezuelans to anticipate price and exchange rate movements amidst a foreign exchange flow that does not grow to the same extent as in the flexible weeks.

No end in sight

Considering that the vaccination process in Venezuela is still struggling to start, with only 0.9% of the population vaccinated¹², mixed quarantine schemes (including the "7+7") seem likely to continue in the medium term. This means that price and exchange rate volatility, plus interbank market distortions, will continue to predominate, with abrupt monthly and weekly changes.

¹² OurWorldIn Data. (2021). *Share of people who received at least one dose of COVID-10 vaccine*. The figure refers to the most current data as of April 12, 2021.

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An unstable environment makes it difficult for the private sector to make decisions in the short term, where trends in one week can be reversed in the next. For this reason, at **Ecoanalítica** we consider that it is of vital importance that firms take into account these changes in their cost and price structure, maintaining a "flexible" scheme that allows them to adapt effectively to the economic environment, together with changes in activity restriction measures. Where, as observed since the beginning of the pandemic, the elasticity of demand for goods, household savings (in foreign currency), the supply of goods and services, and consumption patterns vary dramatically as COVID-19 cases increase or decrease, and, consequently, the executive modifies or establishes quarantine schemes to contain the contagion.

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WEEKLY INDICATORS

Weekly Economic Indicators			
	5th Week April	Weekly chg. (%)	Depre/Apre (pp) ¹
FX Boards (VES/USD)²	2,697,965.10	9.5	8.7
	3rd Week April	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	59.8	0.1	20.1
	5th Week April	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	515.4	-284.2	263.1
	4th Week April	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	6.256	-0.1	-2.3
	3rd Week April	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (MM VES)	1,112,303,489.01	3.1	1,286.1
Price of International Oil Baskets (USD/bl)			
	4th Week April	Weekly chg. (%)	Annual chg. (%)
WTI	62.2	0.4	257.6
Brent	65.3	1.0	246.3
Price of the Venezuelan oil basket (USD/bl)			
	5th Week July	Weekly chg. (%)	Annual chg. (%)
Weekly Average	22.4	0.0	-61.9
Annual Average	28.8	-0.7	-51.7

Sources: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

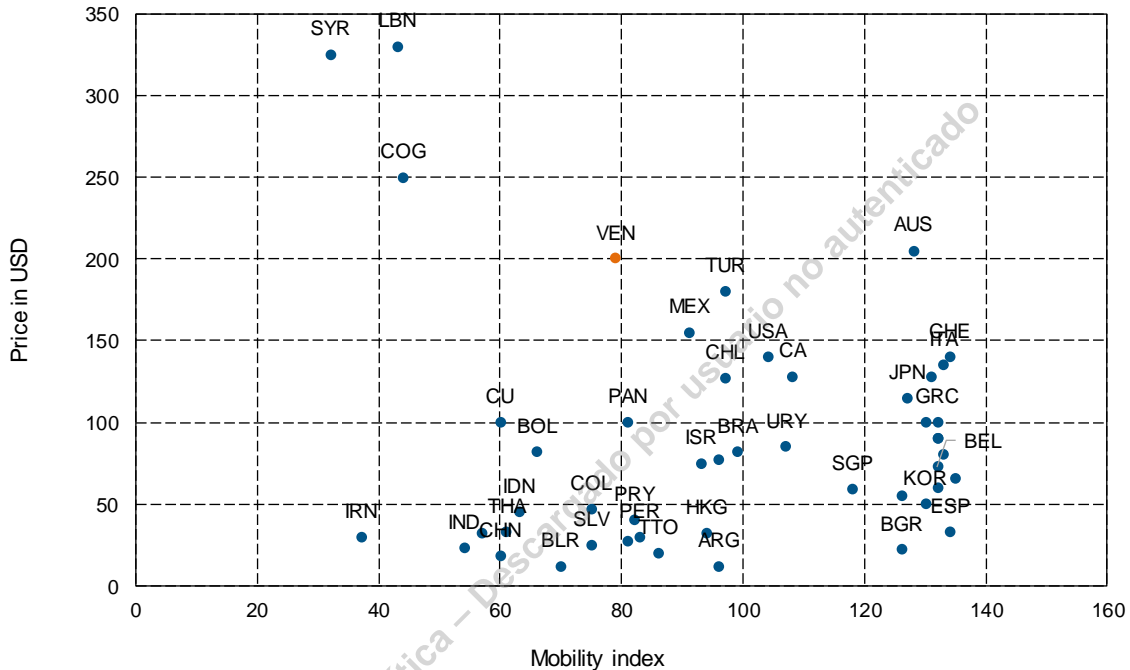
¹ Depreciation (+)/Appreciation (-)² FX Boards' average exchange rate

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CHART OF THE WEEK: "THE PRICE OF TRAVEL".

Price of passports and their power rating



Note: The Mobility Index is the ranking of countries that do not require a visa and countries that require a visa upon arrival. Sources: Passport Index 2021, Passport Fees Around the World 2021 and Ecoanalítica.

The mobility index ranks the world's passports. The score indicates whether or not citizens of certain countries are required to have a visa to enter other nations, depending on the passport held. The higher the score, the more freedom the passport holder has to travel to different destinations without additional mobility documents.

According to Global Passport Power Rank 2021, the German passport has the greatest freedom of travel, with 99 countries allowing visa-free entry and 36 visa-on-arrival countries. This is followed by Spain, with access to 98 countries without visa and 36 countries with visa on arrival.

Passports are a necessity for international travel and, like everything else, they come at a price. Their fees should be related to the average income of each country's citizens, but this is not always the case. Many countries, including Germany, prefer to keep the price of their passport stable regardless of its update. Other countries take advantage of the document update to increase their prices.

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Lebanon is the country with the most expensive passport in the world, it costs USD 330 and does not have a high mobility rate, since only 11 countries allow visa-free access, while 33 require a visa on arrival. Venezuela is the nation with one of the five most expensive passports in the world. Currently, a new Venezuelan passport costs USD 200 and is in the 36th position in the mobility index, that is, only 38 countries allow visa-free access and 41 require a visa on arrival.

Price is not necessarily an indicator of whether the passport is of higher or lower quality in terms of mobility; there simply does not seem to be a correlation between the two. Thus, the freedom of a country's natives to travel does not seem to be the determining factor in determining the price of their passport. Lebanon and Venezuela do not score well on the mobility index, but they are among the five most expensive passports in the world. On the other hand, Germany's passport costs only USD 66 and is the country with the most freedom to travel.

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ECONOMIC TIPS

COVID-19 in Venezuela. According to government figures as of April 27, the country accumulated 193,721 positive cases of coronavirus and 2,082 deaths.

Containment milestones (I). From April 26 to May 2, all the states of the country were managed with flexible confinement measures, as indicated by Nicolás Maduro. In this way, all sectors of the economy were allowed to operate as long as they complied with the pertinent biosecurity measures.

Contrary signs. The Petare basket, registered by Deputy Angel Alvarado, showed an increase in bolivars of 11.07% and a decrease in dollars of 2.18% from April 19 to April 24. Its price was VES 64,200,000, or USD 23.03, as of April 24. The decline in its dollar value is due to the fact that the exchange rate increased at a faster rate than prices during that week.

Protecting tenants. Official Gazette No. 42,108, dated April 16, 2021, suspends the payment of rental fees for properties for commercial use and those used as main residence until October 7, 2021. This measure is in addition to the prohibition of evictions of properties under lease for a period of six months stipulated in Official Gazette No. 4,577 dated April 7, 2021.

Maintenance and adjustments (I). Last April 25, the Patria platform adjusted the fees and commissions in its currency and cryptocurrency exchange system. The platform established the quote cancellation commission at 0.001 petro and indicated that the new minimum amount of the exchange commission, applicable in the currency demanded, is also 0.001 petro.

Maintenance and adjustments (II). It is estimated that, on average, the platform carries out 96 rounds in a day, executing 10,000 exchanges between petros and bolivars and around 500 exchanges between petros and *bitcoin* or *litecoin*.

International business (I). The governor of Sucre, Edwin Rojas, met last April 23 with a delegation of Vietnamese businessmen and investors to discuss joint projects and investments in the region.

International business (II). In his Twitter account, Rojas indicated that "*In Cumaná we have gathered the Vietnam delegation and the ambassador (Le Viet Duyen) visiting us in Sucre with entrepreneurs and industrialists from the private sector and public companies for joint projects and investments in the state and for the special economic zone*".

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Sells that sells. On April 26, the Venezuelan Central Bank intervened in the exchange system by injecting an unknown amount of Euros at a rate of VES 3,195,294.98. This is the fourth intervention made by the monetary authority in April.

Spillover effect (I). Tomás Socías López, former Minister of Industry and Commerce, indicated that remittances in Venezuela are expected to increase to USD 2.5 billion as a consequence of the Temporary Protected Status decreed by the US Government, which will benefit more than 300,000 Venezuelans in that country.

Spillover effect (II). In addition, Socías warned that President Joe Biden's fundamental foreign policy changes towards Venezuela include easing of general sanctions, but not particular ones, and more humanitarian measures are planned.

Bonuses and more bonuses. On April 30, the Government of Nicolás Maduro began the delivery of the "Misión Barrio Adentro" bonus as a celebration of the 18 years of life of said program. The bonus will have an amount of VES 7,330,000 or USD 2.7 as of April 30.

Money Tables. For the fifth week of April, the average money desk rate was VES 2,697,965.1/USD, representing an appreciation of 8.7% over last week.

Liquid? Liquidity was VES 1,112,303,489.0 million for the week of April 16, a variation of 3.1% in nominal terms with respect to the previous week and 1,286.1% with respect to last year.

OIL TIPS

Sufficient? Juan Szabo, an engineer and advisor in the Energy Area of the Country Plan, affirmed that Venezuela will continue to use oil and gas as a source of energy for the next 30 years, since there are sufficient reserves of both natural resources.

Still far away (I). The Organization of Petroleum Exporting Countries recently detailed that the country's oil production had increased during March to 578 kb/d, representing an increase of 40 kb/d compared to the previous month.

Still far away (II). However, the daily figure calculated by the government of Nicolás Maduro was 1.5 million b/d, which shows that the government's goal is still far off.

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They continue to lose. PDVSA loses 92% of the monthly income it could have received from crude and fuel exports for the last 3 years because the President, Nicolas Maduro, refused to implement the recommendations presented by the Orinoco Group.

Typical obstacle (I). PDVSA is in conflict to resume production of 190 kb/d of fuel at the Puerto la Cruz refinery, due to the need of a light crude to blend with the extra-heavy crude from the Orinoco.

Typical obstacle (II). Earlier in the month, PDVSA diverted some light crude to its refineries to avoid a major fuel shortage, leading to a drop in Orinoco production to 230 kb/d in mid-April, down from 320 kb/d in March, according to production officials in Caracas and eastern Venezuela.

Expected fixes... Oil company ExxonMobil says it is progressively restoring crude oil production at the deepwater Stabroek block off Guyana to 110 kb/d while working to repair faulty equipment within 3 months.

... In the short term. In early April, a technical problem with a gas compressor that had already been repaired and reinstalled reduced production at the Liza Destiny Floating Production, Storage and Offloading (FPSO) Unit to 30 kb/d, a quarter of its rated capacity.

Mine takeover. Peru could nationalize natural gas and mining assets if presidential candidate Pedro Castillo wins on June 6. Castillo favors greater state control over natural resources and strategic industries.

Due to protests (I). Argentina's oil and gas production is starting to decline and fuel shortages are worsening due to road blockades by sanitation workers in Neuquén province.

Due to protests (II). The blockades have caused production losses of 2 million m³/d of gas and 5 kb/d of crude oil, according to workers of an oil company operating in the area.

Back to life... Mercuria, a trading company, began using oil storage at the Bullen Bay terminal in Curaçao due to a lease agreement, signed in December by Curaçao's state-owned RdK, which controls the assets.

... After inactivity. The terminal, along with the Curacao Island refinery, had been operated by PDVSA under its lease that expired in December 2019. Because of this, the assets had been mostly idle while a new operator was sought to replace PDVSA, which fell under the weight of debts and U.S. sanctions.

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New promises (I). The new president of the Brazilian oil company, Petrobras, Joaquim Silva, promises to preserve fuel price parity and maintain the company's strategic focus on the development of deepwater oil reserves.

New promises (II). Silva's statements point to the possible introduction of a stabilization mechanism to mitigate these fuel price increases. Several options have been evaluated, including a stabilization fund financed by oil taxes or auction revenues.

SECTORIAL TIPS

More and more detached from the bolivar. The president of the Chamber of Commerce, Free Port and Production of the state of Nueva Esparta (CCPLP), José Gregorio Rodríguez, requested the inclusion of the use of the multi-currency in the reform of the Free Port Law to be debated in the National Assembly.

Attacks on private property (I). The Observatory of Property Rights of "Cedice Libertad", in its bulletin number 63, indicates that, during the first quarter of 2021, a total of 616 affectations to the right to property were registered throughout the country.

Attacks on private property (II). Said attacks were broken down as follows: 83% correspond to inspections and price adjustments, 8% are confiscatory regulations issued by the National Executive and the Ministry of National Commerce, 5% correspond to invasion and attempted invasion and 2% are temporary occupation.

Attacks on private property (III). The sector with the highest number of attacks is commerce with 72%, followed by pharmaceuticals with 12%, industry and real estate with 3%, and agriculture and livestock with 2% of total attacks.

Unfulfilled promise. Although Nicolás Maduro announced in January of this year new digital payment methods for public transportation, users and carriers are still waiting for their implementation.

Rector's request (I). The Venezuelan Association of University Rectors (Averu) denounced the dismantling of the country's universities, both public and private, with the implementation of measures that have violated their financial autonomy. Averu made a call to the civil society to defend the universities at a time when it is difficult for them to subsist and educate.

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Rector's request (II). In turn, Averu demanded the execution of a vaccination plan against COVID-19 for all members of the sector. He stated that, after receiving no response from Carlos Alvarado, Minister of Health, the association sent a direct communication to Nicolás Maduro and César Trómpiz, head of the Ministry of University Education.

New routes... Copa Airlines informed that as of April 30 it will expand its flight portfolio between Venezuela and Panama. It will be possible to arrive and depart from Caracas, Maracaibo and Valencia.

... And destinations. Freddy Bernal, government-appointed protector of Táchira state, announced the reactivation of the Buenaventura Vivas de Santo Domingo Airport in Táchira state, which has not been providing service since its closure in September 2015.

50% of Venezuela. The president of the Venezuelan Medical Federation, Douglas León Natera, informed that 5 out of 10 Venezuelans have been infected with COVID-19 and assured that the vaccination process will take approximately 10 years due to the slowness with which the Government has executed the immunization plan.

No one is spared. The CDI Ludovico Silva, located in El Cementerio, was affected by the most recent confrontation in Cota 905 between officers of the Scientific, Criminal and Criminalistic Investigations Corps (Cicpc) and antisocials who control the sector.

Maracaibo X-Ray (I). Results of the Economic Situation Survey, corresponding to the first quarter of 2021 of the Maracaibo Chamber of Commerce, reveal that the main obstacle that truncates the development of the economic activity of Maracaibo companies is the lack of fuel (72%) and, in second place, the weakness of demand (56%).

Maracaibo X-Ray (II). As a result, the degree of distrust of the city's business community decreased nine percentage points compared to the previous quarter, bringing the Business Confidence Index to 32 percentage points.

Lives that could have been saved. According to Victor Rivero, representative of the Venezuelan Association of Hematology in Lara, 91 hemophiliac patients died in the last five years because they did not have access to the necessary medicines, in a country where treatments range between USD 5,000 and USD 20,000 per month.

Watching over them. The NGO "Observatorio Venezolano de Prisiones" (OVP) denounced, at the 141st regular session of the Inter-American Court of Human Rights (IACHR Court), the "precariousness" of prisons in Venezuela and warned that during

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2020, 292 inmate deaths were recorded, of which 184 were due to malnutrition and tuberculosis.

INTERNATIONAL TIPS

On the cusp (I). China demonstrated record year-on-year growth in the first quarter of 2021, as its imports were strong and private sector confidence in the economic recovery strengthened.

On the cusp (II). According to a survey conducted by Standard Chartered Plc, more than 500 local small and medium-sized enterprises (SMEs) reported their expectations for a positive performance in the first three months of the year.

On the cusp (III). According to a Bloomberg analysis of global gross domestic product (GDP) growth projections, China will become the largest contributor to the expansion of this indicator over the next five years by contributing, with its own GDP, more than one-fifth of this global growth.

On the cusp (III). In addition, the increase in global demand boosted commodity prices, including copper and iron ore. Others that showed upward behavior were the capital markets and housing demand.

Containment efforts (I). The Bank of Russia unexpectedly raised the interest rate by 50 basis points and reported that it would further strengthen its monetary policy as inflation risks worsened due to the volatility of its local currency.

Containment efforts (II). Elvira Nabiullina, the governor of the central bank, explained that the risks of higher inflation made the implementation of this measure necessary and added that another exchange rate increase might be required in the future.

Containment efforts (III). Last Friday, April 23, the Bank of Russia warned of higher-than-forecast price growth and modified its inflation projections for the end of the year from 3.7%-4.2% to 4.7%-5.2%.

Sign change (I). After the International Monetary Fund (IMF) issued its growth projections for India for 2022, its expected 12.5% is under scrutiny as a result of the rebound in the volume of COVID-19 cases in the country.

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Sign change (II). India is currently the second most affected country by the pandemic, with approximately 17 million confirmed cases of infection in total and close to 3,000 deaths per day. As a consequence, consumer confidence and productive capacity have been impacted.

Betting on the United Kingdom. Goldman Sachs announced on April 25 its growth expectations for the United Kingdom and projected that its growth will surpass that of the United States with an output of 7.8% at the end of the current year, which is 0.6% more than that forecast for its U.S. counterpart.

Canadian dollar. The cessation of emergency subsidies granted by the Bank of Canada to the population has caused a revaluation of the Canadian dollar against the US dollar, reaching its highest value since June 2020. The interday value was surpassed since March 18 at 1.2455 CAD/USD.

Argentina's Sputnik V. Laboratorios Richmond, an Argentine pharmaceutical company, started local production of the Russian vaccine against the coronavirus, Sputnik V, making it the first Latin American firm to do so. The company plans to increase production in June this year.

Deadly cuts. In Brazil, the population had access to 30% fewer doses of COVID-19 vaccines than had been planned for the January-April period. The number dropped from 103 million to 73 million, which has caused concern about a spike in infections and deaths in the nation.

POLITICAL TIPS

New budget (I). Last April 22, the Delegated Legislative Commission authorized the Interim Government to submit a request to the Venezuelan Central Bank (BCV) for a credit equivalent to approximately US\$ 152.33 million to be drawn from an account under the custody of the New York Federal Reserve.

New budget (II). According to the report presented by the Finance Commission of the Interim Government, the funds will be used mainly for the purchase of vaccines against COVID-19 and for humanitarian aid (USD 100 million): in addition, they will cover the other expenses associated with the administrative structure of the Interim Government.

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New budget (III). The new budget was approved despite the fact that there has been no accountability for the resources approved as part of the National Liberation Fund and for the "*attention to cases of vital emergency*" in 2020.

The five conditions (I). The Acting Assistant Secretary of the Bureau of Western Hemisphere Affairs of the U.S. Department of State, Julie Chung, announced last April 22 the five necessary conditions to be met by Nicolás Maduro for the lifting of the sanctions imposed by the U.S. nation.

The five conditions (II). First, it must allow free and fair elections to take place in the country, respect human rights and freedom of the press, release all political prisoners, cease the persecution of the opposition and stop the harassment of non-governmental organizations.

Canadian solidarity. The ambassador of the Interim Government in Canada, Orlando Viera-Blanco, informed that the Canadian authorities will donate USD 80.3 million to attend to the Venezuelan migrant crisis, money that will be delivered over a period of two years.

Among the most protected. Some 47,100 Venezuelans achieved protected status in the European Union (EU) in 2020, second only to Syrians (74,700), according to data released April 21 by the Community Statistical Office Eurostat.

Nobody wants them. Venezuela's Vice President, Delcy Rodríguez, urged Ibero-American governments to "*respect*" the will of the Venezuelan people and, by extension, its authorities, when referring to the numerous criticisms that were issued about the Venezuelan government during the XXVII Ibero-American Summit.

New protests (I). On April 25, demonstrations were held in Caracas with the participation of the "Frente Amplio de Mujeres", deputies of the 2015 National Assembly and citizens, to demand access to mass vaccination against COVID-19 in Venezuela.

New protests (II). Between February and April, the State administered 880,000 doses of Sputnik V and Sinopharm vaccines, which means that the country has one of the lowest vaccination rates per inhabitant in the world.

Good news for the most vulnerable. Nicolás Maduro described as a great achievement the agreement signed with the UN World Food Program, according to which the agency commits to deliver school meals to 185,000 minors in vulnerable situations in the country. Maduro informed that since 2017 they had been working to sign this agreement; with this, he acknowledges that the country needed the support of such organization.

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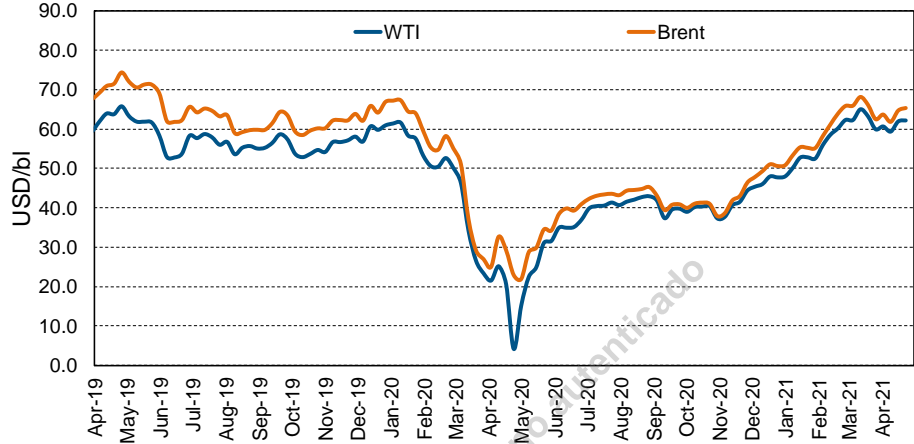
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Willing to die in the attempt. At least three Venezuelans died, including a minor, and five others were rescued after a boat that had left Delta Amacuro state for Trinidad and Tobago capsized, according to the OAS General Secretariat's commissioner for the Venezuelan migrant and refugee crisis, David Smolansky.

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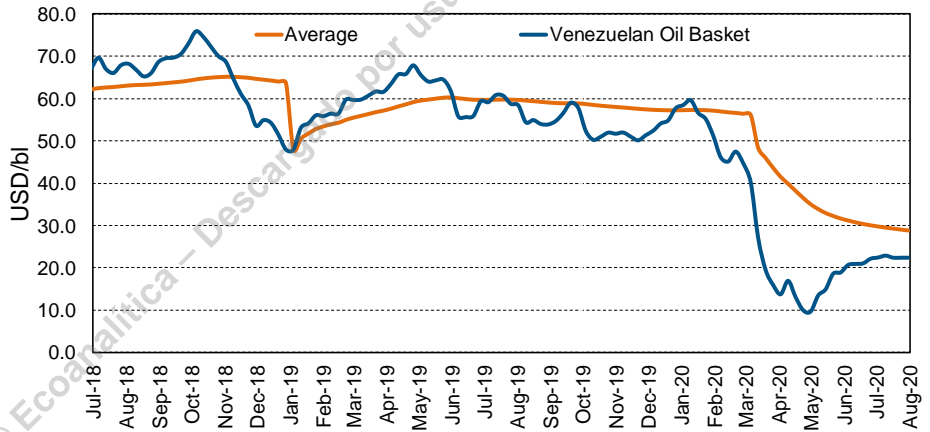
ECONOMIC INDICATORS

**Oil Prices
(WTI and Brent)**



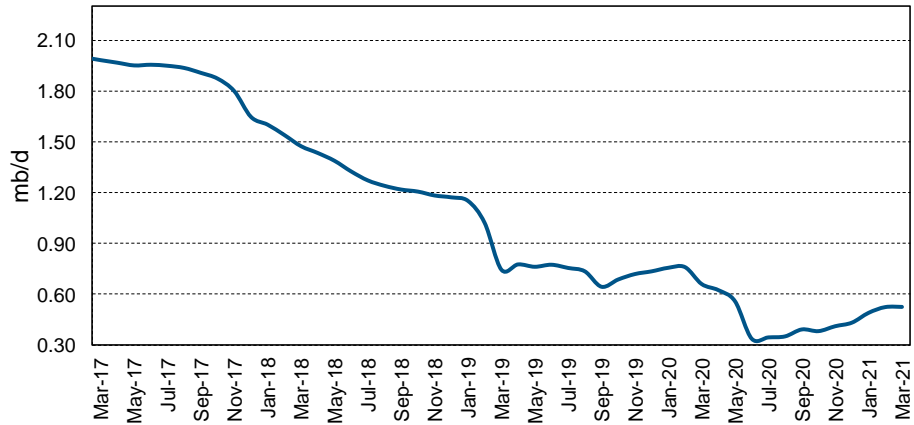
Sources: Menpet and Ecoanalítica

**Oil Price
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

**Oil Production
(Secondary sources)**

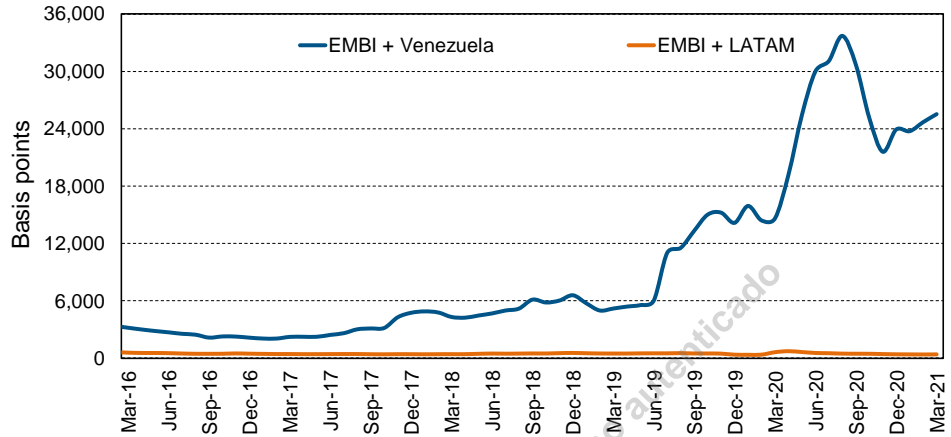


Sources: OPEC and Ecoanalítica

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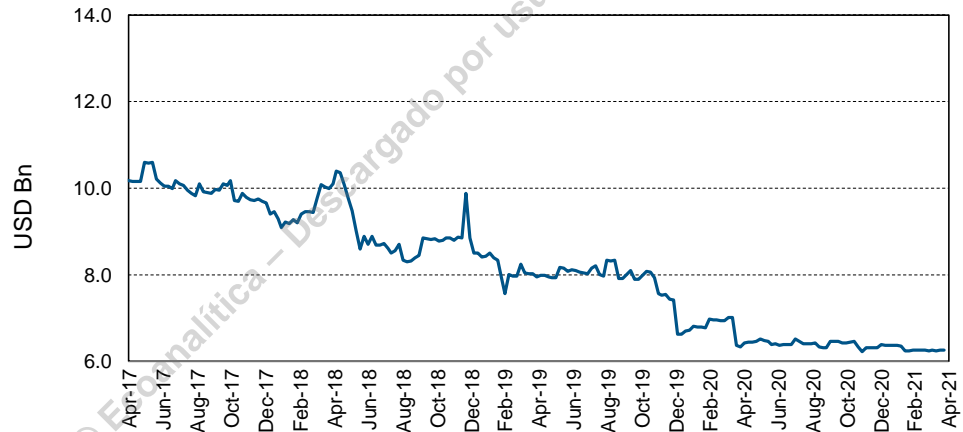
ECONOMIC INDICATORS

EMBI



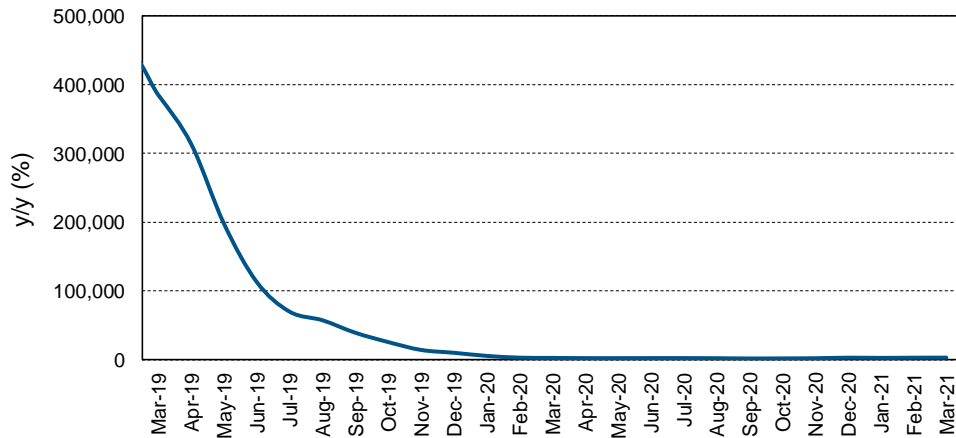
Sources: BCRP and Ecoanalítica

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

Inflation (BCV)



Sources: BCV and Ecoanalítica

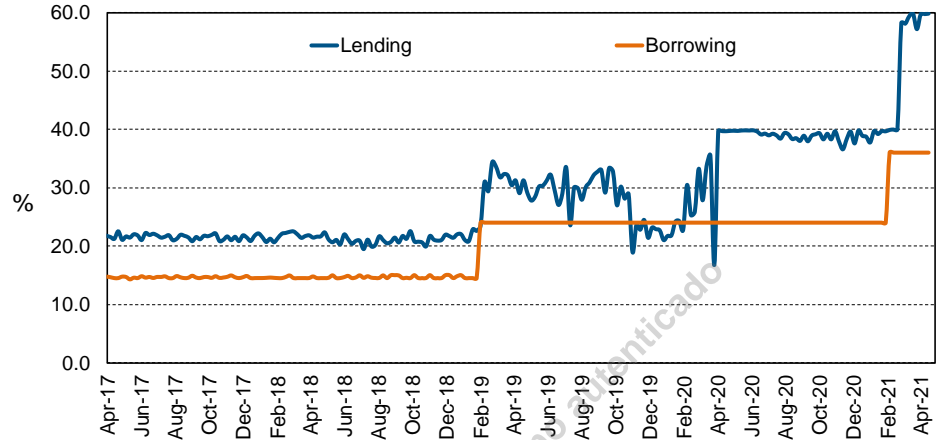
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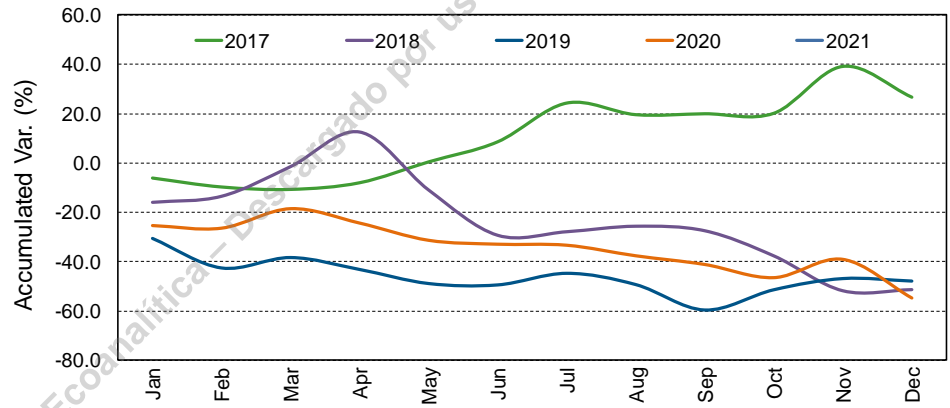
ECONOMIC INDICATORS

**Interest Rate
(Six major banks)**



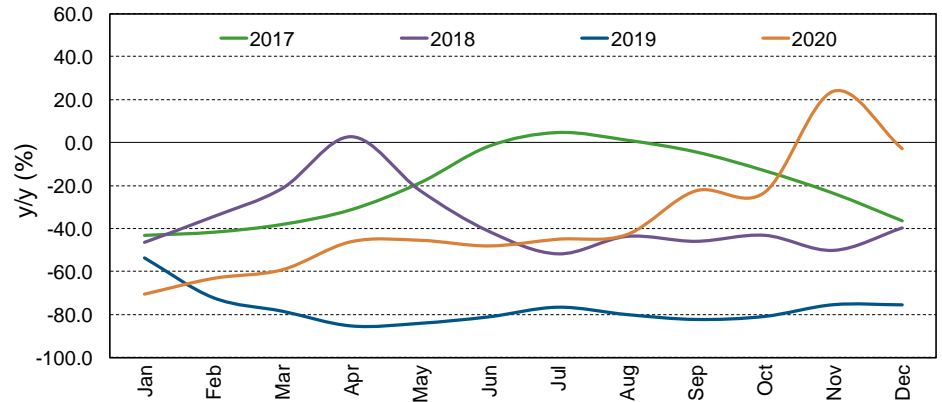
Sources: BCV and Ecoanalítica

**M2 Expansion
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio
(Real)**



Sources: SUDEBAN and Ecoanalítica

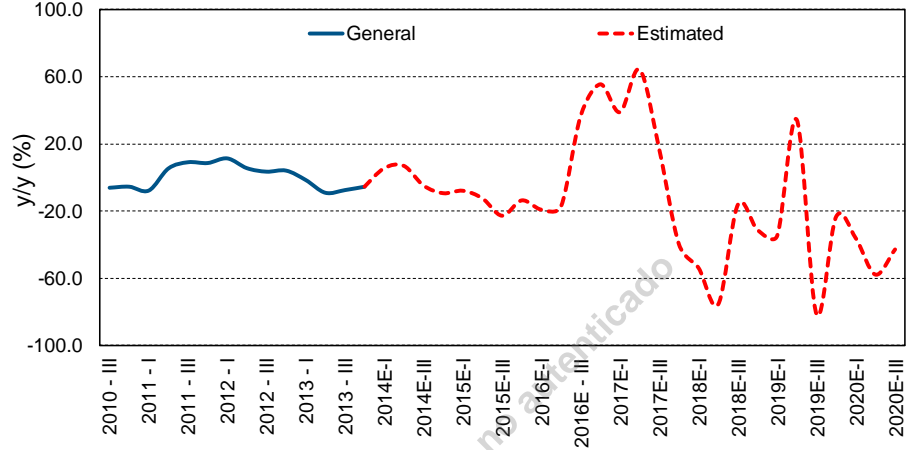
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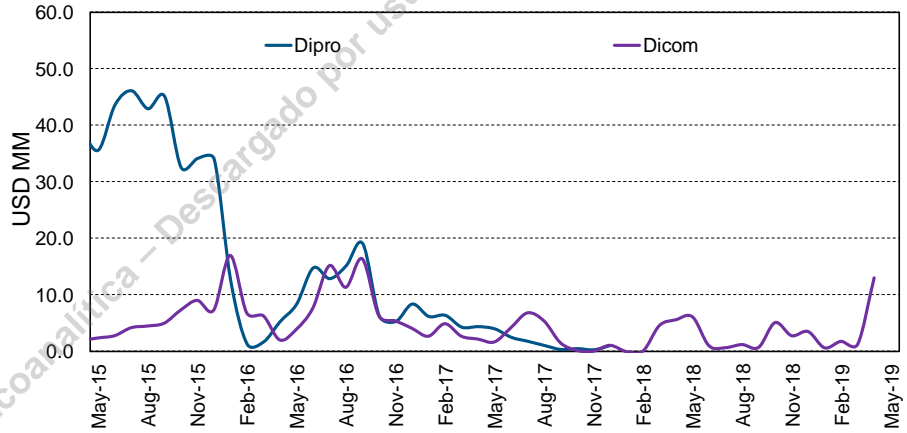
ECONOMIC INDICATORS

Real Wage Index



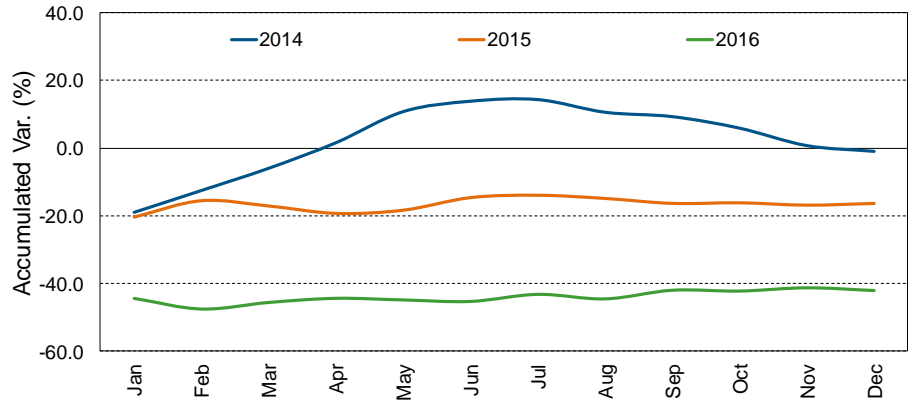
Sources: BCV and Ecoanalítica

Disbursements to the Private Sector (Daily Average)



Source: Ecoanalítica

Primary Spending NTO (Real - Central Government)



Sources: ONT and Ecoanalítica

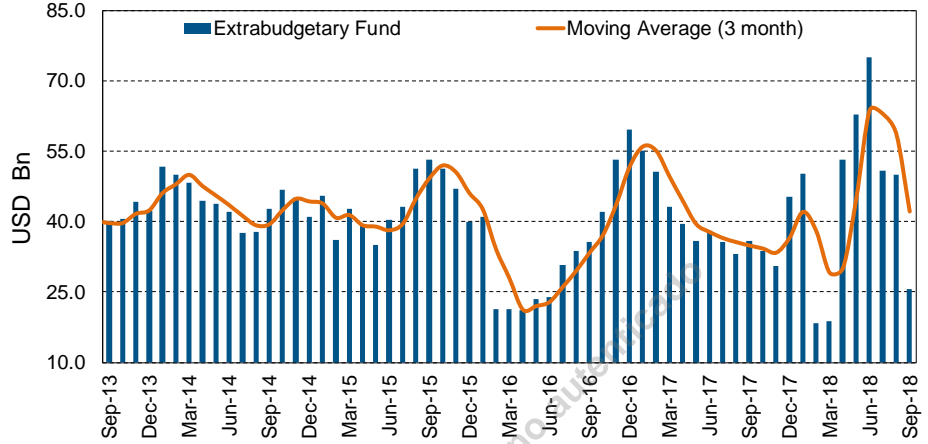
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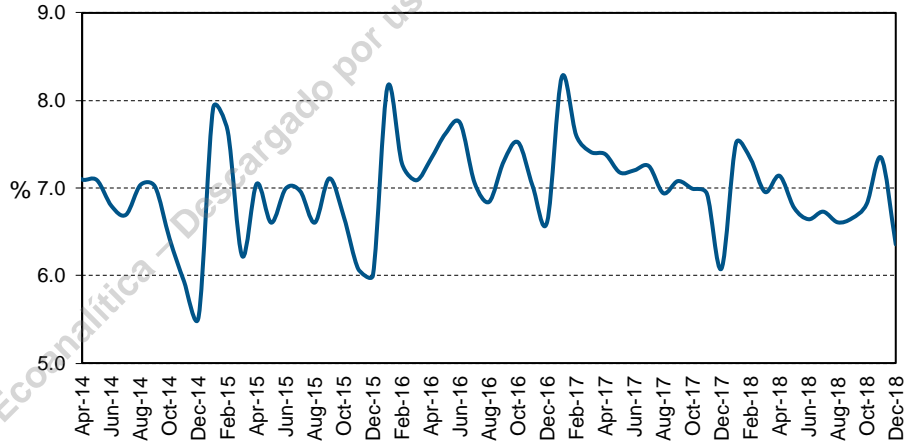
ECONOMIC INDICATORS

State Extrabudgetary Resources



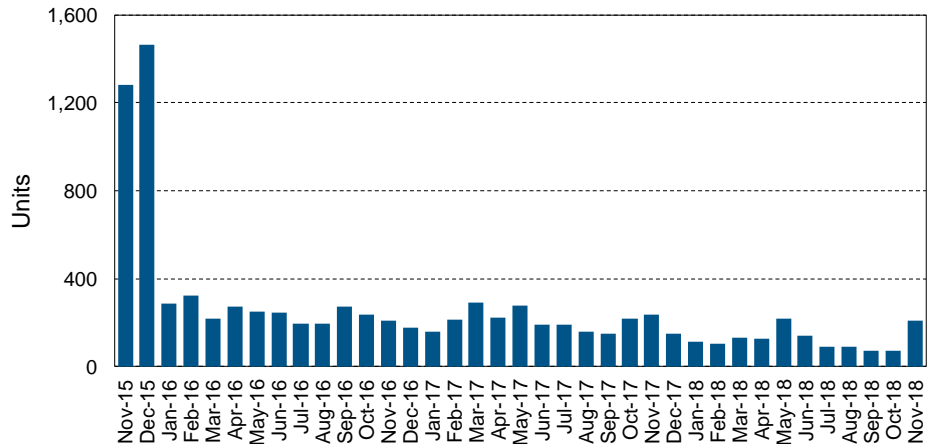
Source: Ecoanalítica

Unemployment Rate



Sources: INE and Ecoanalítica

Vehicle Sales



Sources: CAVENEZ and Ecoanalítica

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