

Riding the tsunami: Business strategies for the Covid-19 pandemic

Six weeks have passed since the beginning of the confinement in Venezuela because of the arrival of the Covid-19. Although the effects of this pandemic could be felt since the beginning of the year, in the last days they have been much more latent. There are now 256 confirmed cases¹ of the disease, and with no indication that the quarantine will end in a few days, it is reasonable for people to begin to worry not only about the health consequences of this crisis, but also about its economic implications at the personal and business levels.

At the macro level, this event has worsened the expectations for what will be the rest of the year in Venezuela. Our GDP estimates were more marked (24.8% drop in 2020), and our inflation and black-market exchange rate projections increased to 11,895.6% and VES 6,797,587/USD, respectively. Along with concerns about health care issues, there is also uneasiness about business and the private sector in general, an already weakened sector that seemed to be starting to operate with fewer government restrictions.

At times like these, the concept of resilience is extremely important, as it is the ability to adapt to a disruptive agent or adverse situation². In this sense, in this report we will proceed to an analysis of the effects of this pandemic on the business group in Venezuela and how to adapt to them.

Let us remember that, unlike previous crises, this one represents both a demand and a supply shock. With the growth of generalized uncertainty, there is a sharp fall in consumption and investment, a deterioration in international trade due to interruptions in production chains, together with restrictions on the free movement of various people as a preventive measure. The events within the oil market, analyzed in other **Ecoanalítica**³ reports, should also be added. In order to cover the most important points of this panorama and to analyze the actions that can be taken by the business sector, the report was organized as follows:

¹ According to the global count made by [John Hopkins](#) University.

² Definition by the [Royal Spanish Academy](#).

³ Especially on the Perspectives Report N°1 from 2020: Overcome by the invisible.

1. A brief summary of the actions taken by the Executive to address the pandemic.
2. Description of the changes in consumption in the Venezuelan population
3. Description of the state of companies in the face of this crisis.
4. Possible scenarios for the rest of the year.
5. Business action plan to get back on track.

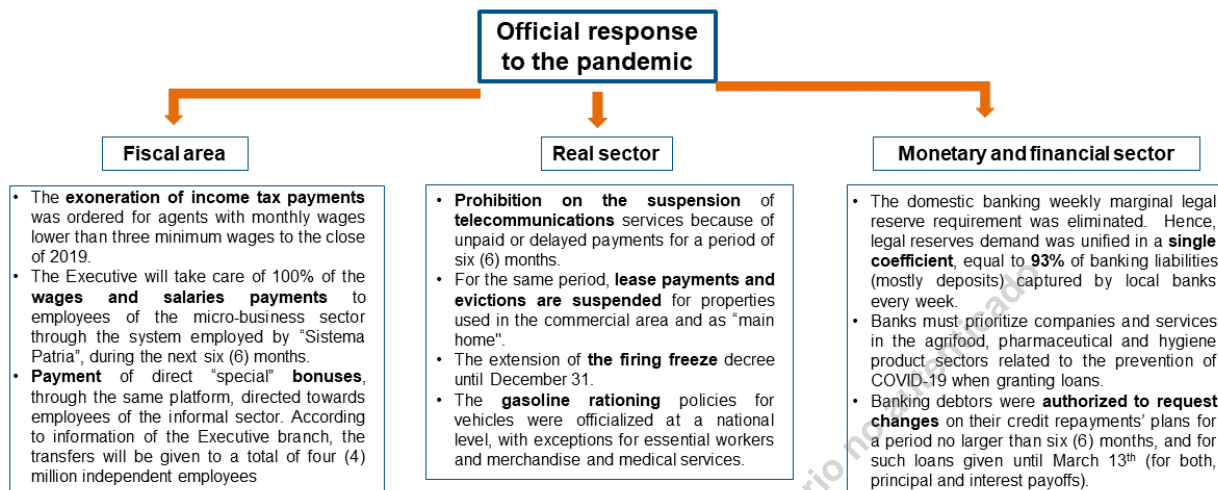
Someone loses. Someone wins? The Executive decisions facing COVID-19

The government's pronouncement on the Covid-19 pandemic came on March 13 with the announcement of the first cases of the disease in the country. The national quarantine began for 30 days and was extended for a further 30 days at the end of this period. Since then, all activities not classified as essential (i.e. medical and government services) were cancelled. The consequences of Covid-19 have strongly impacted other nations with developed economies, in which their respective governments have had to respond with large packages of measures to counteract these negative effects.

The consequences at the national level, exposed and analyzed in previous **Ecoanalítica**⁴ reports, have been felt since the beginning of the year, and it is predicted that they will become much more latent, making our local economy tremble. In this sense, the Venezuelan government dictated, along with the confinement measures, certain guidelines directed to the economic sectors directly impacted by the quarantine. These can be summarized in the following scheme:

⁴ Our Weekly Report N°9: No one is immune to fear: Coronavirus economic effects, N°10: The bubble in quarantine: How will the COVID-19 impact our economy? N°11: COVID-19 reloaded: Numbers in containment times, N°12: Breathing Problems in the Balance of Payments, N°13: Price mechanism in times of emergency.

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As explained in Weekly Issue No. 11: *COVID-19 reloaded: Numbers in containment times*, these decisions appear to be intended to ease the financial burden on citizens during the pandemic, but present certain details that call into question the scope and effectiveness of these decisions. It is also known that their macroeconomic effects will be reflected in prices and the exchange market⁵. Thus, Venezuelan companies find themselves in a reduced battlefield, very different from what they were used to due to the changes brought about by Covid-19.

Consumers: A 180° turn in our lifestyles?

Covid-19 changed the lifestyle of people around the world. These changes within their day-to-day lives are present in their preferences and routines. The week after the announcement of the confinement in Venezuela, "Health"⁶ and "Food and non-alcoholic beverages" showed price increases of 12.9% and 6.3%, respectively. Facing the uncertainty of the quarantine, people decide to equip themselves with essential products for the containment of the virus and a wider range of foods.

On the other hand, "Communications", which has shown average variations of 5.7% during last 52 weeks) increased 7 percentage points (pp) above its weekly average⁷. Regularly a good with low price changes compared to other categories, the beginning of the quarantine established "Communications" among the first in the weeks of March 27 and April 3.

⁵ More details can be found in the Exchange Rate Report No. 3: COVID-19 on the prowl: Effects on the foreign exchange market.

⁶ "Health" was the good that showed the greatest weekly price increase between March 13 and 20.

⁷ The weekly average corresponds to the last 52 weeks.

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Weekly Inflation (%)						
	13Mar/20Mar	20Mar/27Mar	27Mar/3Apr	3Apr/10Apr	10Apr/17Apr	5 Weeks Accumulated
Foodstuff and non-alcoholic beverages	6.3	11.5	14.8	17.1	11.9	78.2
Alcoholic beverages and tobacco	1.1	0.3	0.1	0.0	0.0	1.5
Clothing and footwear	-2.9	0.1	0.1	0.0	0.0	-2.7
Housing rent	1.4	1.2	0.9	0.9	0.4	4.9
Home services except telephone	6.1	8.0	2.2	4.2	6.0	29.4
Home equipment	-4.0	-1.4	0.0	0.0	0.0	-5.3
Health	12.9	10.9	7.0	13.0	7.2	62.3
Transport	3.0	6.3	8.0	23.1	21.5	76.7
Communications	3.0	12.4	16.7	4.2	3.6	45.8
Entertainment and culture	0.1	0.0	0.0	0.0	0.0	0.1
Education services	0.1	0.0	0.0	1.0	1.3	2.4
Restaurants and hotels	7.4	6.0	11.0	16.2	15.1	69.0
Other goods and services	2.3	1.4	0.2	1.1	2.0	7.1
NCPI Ecoanalítica (BCV methodology)	3.7	6.2	7.7	10.4	8.3	41.7

Source: Ecoanalítica.

Once the restricted life within households officially begins, a decrease in visits to different points of purchase is noted. Firstly, there is access only to commercial establishments that provide essential goods, sites such as clinics and hospitals, with a predetermined protocol. Face masks should be used, crowding should be avoided, and distance should be maintained within the premises.

Then, the lack of gasoline makes people go to the places closest to their homes. Furthermore, although access to the little fuel available in the country is being directed to doctors or professionals with special permits, it is still not enough⁸. Gas stations in Caracas have long queues and in other states the situation is even worse⁹. Therefore, it is not surprising that the "Transportation" category has had one of the biggest price increases between April 3 and April 17.

Other places such as educational, sports, cultural centers, etc. and even prepared food shops must be kept closed. Their only possibility to operate is through take-away services, home delivery and online platforms (in the case of schools). In this way, people have resorted to delivery services in a timely manner and are usually those that have already been recommended by acquaintances. Particularly, during the week from April 3 to April 10, prices in "Restaurants and hotels" showed an increase of 16.2%, being the third item with a greater variation, preceded by "Transport" and "Food and non-alcoholic beverages".

⁸ Ellsworth, B. April 7, 2020. *Médicos venezolanos se atascan en las filas de las gasolineras en medio de la epidemia.* [Reuters](#).

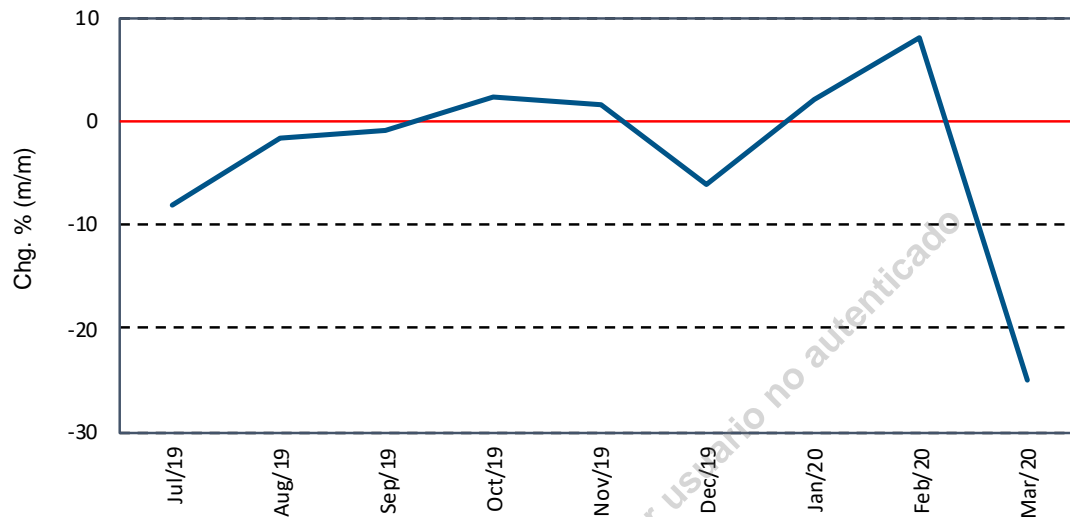
⁹ Párraga, M., Cohen, L. & Spetalnick, M. April 8, 2020. *Escasez de gasolina en Venezuela empeora a medida que EEUU desalienta el suministro.* [Reuters](#).

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Internet download speed



Sources: Ookla and Ecoanalítica.

On the other hand, educational activities - and some work activities - are dependent on the telecommunications service, which, despite having been "guaranteed", has slowed down by 24.9% from February to March¹⁰. To this is added the state of the electrical service, which has already presented failures in recent days¹¹. The restricted lifestyle is complex in many respects, however, there are those who cannot comply with the confinement measures. Not all work can be done from home; people cannot work remotely, they depend on the delivery of CLAP boxes through the *Patria System* or their daily purchases to supply themselves, so they are forced to expose themselves to contagion in order to survive. The deteriorating state of the economy is a more latent threat to many.

Firms: Facing a pandemic crisis + the Venezuelan crisis

To know a little more about the situation of Venezuelan companies at an internal level, we will use as reference the survey of "Estrategias Humanas XXI Consultores", who carried out a survey of human resources (HR) processes in 79 private companies in the country¹² after the measures announced by Nicolás Maduro. Within the sample,

¹⁰ According to [Ookla](#)'s global internet velocity index.

¹¹ [El Nacional](#). April 15, 2020. *Reportan fluctuaciones del suministro de energía eléctrica en todo el país*.

¹² The 79 companies are of different dimensions of labor force, belonging to 7 states of the country, mainly Miranda and Distrito Capital. Within the sample, 24 sectors or activities of the national economy are represented.

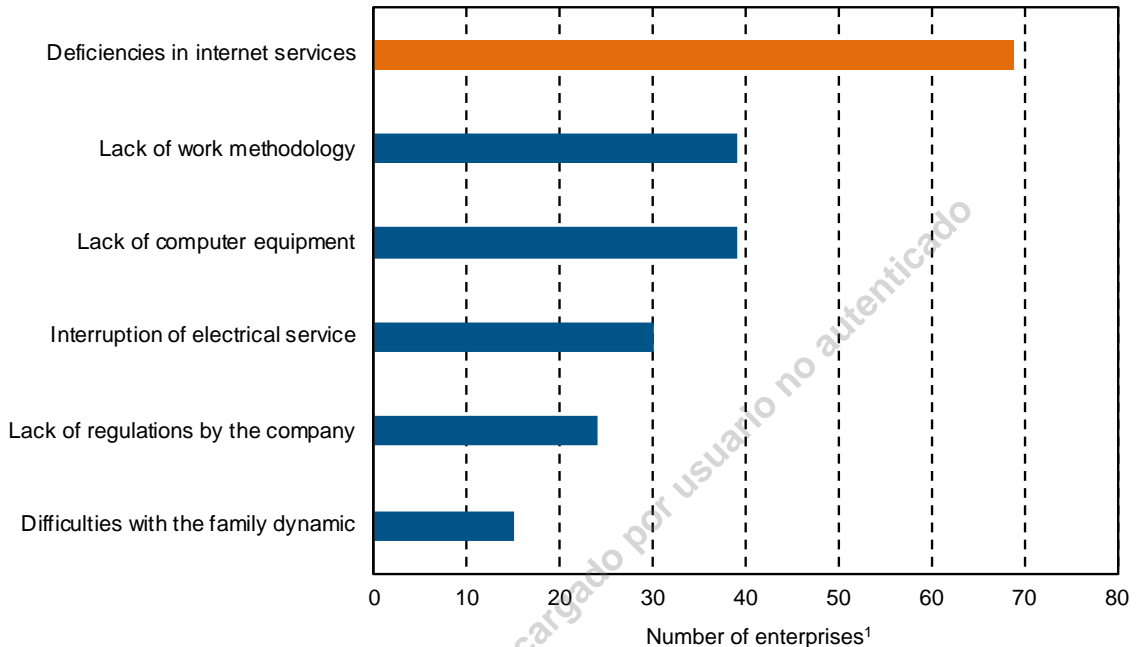
companies from the service sector predominate, in addition to an important participation of companies from the retail, mass consumption and manufacturing sectors.

The results indicate that 68% of the companies are not counting on government support for payroll. Only 19% stated that they plan to use this subsidy. This is not surprising, since this support would be distributed through the *Patria System*, of which most private companies are not part. Likewise, despite the extension of the labor immobility for the rest of the year, 32% of the companies are considering a reduction in personnel. This is also not surprising, as companies are experiencing delays in their accounts receivable and expect a general large decrease in sales by April.

Gasoline is undoubtedly an important factor as well. Gregorio Lugo, marketing and sales advisor for GMV Trade Marketing, C.A., assures that the lack of mobility given the lack of gasoline has meant that businesses only make 60% of their sales, especially in states outside the capital. The distribution of both final goods and inputs becomes more expensive; freight services become more expensive. Thus, it is only those large companies at the national level that can supply their demand throughout the country. Small and medium-sized enterprises (SMEs) that do not have this capacity are limited to closer and smaller areas. Even when the Executive indicated that special consideration should be given to SMEs in the delivery of loans and the reserve requirement was modified, banks have little incentive to deliver such loans.

This whole scenario raises concerns about internal inventories; whether they are maintained or increased without the possibility of selling them later. One of the alternatives has been the support of the distributors as a sales force during the days of confinement, since they seek to continue operating while contributing to the prevention of the disease. In this way, the rest of the staff (which in many cases happens to be the majority) remains at home.

Companies' difficulties to operate from home



Sources: Estrategias Humanas XXI Consultores and Ecoanalítica.
¹From the total of 79 enterprises of the poll.

According to the survey of *Estrategias Humanas XXI Consultores*, more than half of the sample is operating under a telework mobility, but not all workers have assignments in this scheme because not all activities have been adapted. The main difficulties have been the deficiency in the telecommunications service (linked to electrical failures), the lack of computer equipment by the employees and then, the absence of a working methodology under these circumstances. Finally, the adaptation process is not simple; there are employees who do not know how to use these resources; the e-learning culture is low, as 72% of the companies express that they do not have initiatives to receive training on this *modus operandi*.

In the face of uncertainty, both consumers and suppliers understand that prices will tend to rise in the times ahead. Each one, from his field of maneuver, seeks to adapt. They are looking for how to manage their cash flow in the most efficient way possible, opening hours have changed, the so called “bodegones”¹³ are looking to offer more products and for delivery mechanisms, just as other businesses are beginning to bid or concentrate on other types of goods that they previously did not do in order to remain operational. Nielsen

¹³ Convenience stores with imported goods sold in dollars.

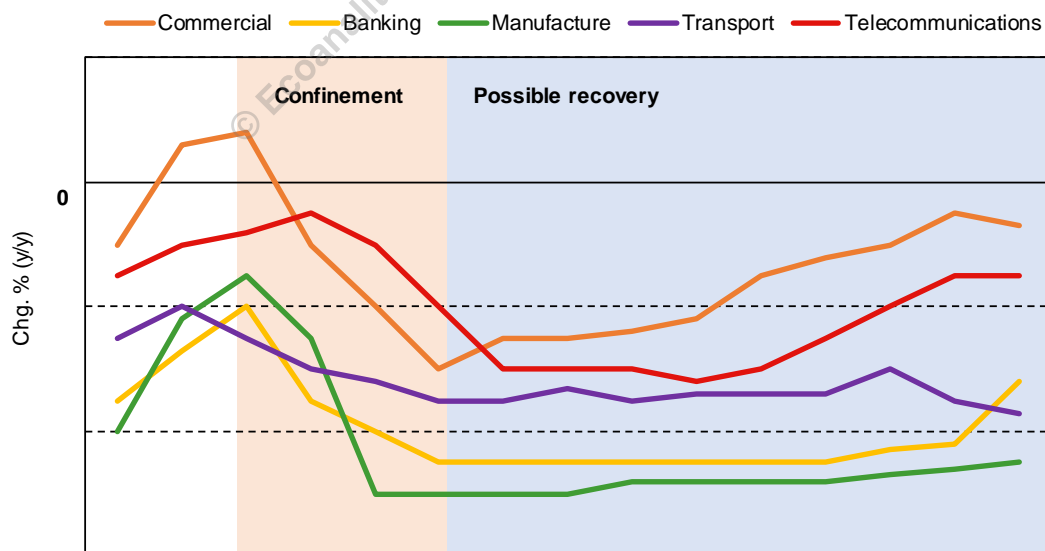
establishes that weekly e-commerce sales in Venezuela increased 64% since the announcement of the first case of Covid-19¹⁴.

On the other hand, health specialists have recommended a reduction in the use of cash as a method of payment, since it can be a means of transmission of the virus. However, in Venezuela, companies are accepting remuneration through any method. The important thing is that the buyer pays, so they seek to adapt to what is available. The entrepreneurs are more than aware that the whole environment is constantly changing, so 70% of them plan to review their annual goals and adjust them (along with their action plan) for the future.

The day after tomorrow

Today more than ever the future is uncertain. Nevertheless, every storm has its end. Sooner or later we will stop living in a restricted way and move to a new normality. When this comes, people will tend to return to their daily routines, only with renewed caution about health. The firm Deloitte presents a scenario with a possible recovery of the different economic sector once the period of quarantine ends. Taking this idea as inspiration, from Ecoanalítica we decided to adapt this to the most predominant sectors in Venezuela:

Fall and possible recovery of sectors in Venezuela



Sources: Deloitte and Ecoanalítica.

¹⁴ Week of March 9 to March 16, 2020 increase compared to the previous week.

As it is shown in the previous graph, the commercial sector is one of the most affected. No being able to operate face to face restrains it in a big way. Despite various businesses are trying to adapt to a distancing scheme, not all can offer their services this way. The lack of gasoline also difficult the shipping and delivery of goods, as well as labor force's transportation. After the quarantine, the sector could begin to recover, nonetheless, la consumptions capacity of people will be lower (due to households' income lost, related to social contention), so the process will be slow.

The telecommunications sector could have temporary "booms" during the quarantine, as their services are required to do different activities from home. However, we must remember that local authorities prohibited the interruption of such services, even for delayed payments, so we expect that the sector is going to present failures even after the quarantine. Transport is another sector very affected by confinement, mainly because of the gasoline scarcity, which puts a stop to is subsequent recovery. We forecast that the external and oil overview is still going to be complex, so we don't estimate a betterment of the sector in the short run.

The most affected sectors would be banking and manufactures. Banks' main source of income (fees) has been affected by strike on commercial activities, along with a still restrictive legal reserve requirement. Its recovery would be very slow, as it is not expected more flexibilizations regarding these reserve requirements and over their loans' payoffs restructuration policy that stimulate credit activity. Lastly, at the beginning of the quarantine the drop in the manufacturing sector was not so sharp, while it still had inventories and imported inputs, along with already hired transport services, to continue working. Once these inputs is over, which could happen during the contention policy, the sector will find itself in problems after the quarantine, where local shipping services' challenges related to critical lack of car gas and a still slow foreign trade activity, would provoke a slower recovery of this sector (relative to the rest).

In this sense, after confinement, the companies will review their vulnerabilities, those aspects that weighed most heavily on them during the acute phase of the crisis, in relation to the value chains and thus evaluate a possible diversification of supply sources. Likewise, they will evaluate the impact of the pandemic on the availability of human resources and different methodologies that could be implemented in future contingencies.

As the changes we are perceiving are structural in nature, they lead us to seriously consider the consolidation of the online channel, the importance of brand communication through social networks, as well as a possible reduction in the number of physical stores. They will also come to consider shorter and perhaps less globalized production chains depending on the situation.

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We will survive: Action plan against the pandemic

Now, as the storm comes to an end, we still have to make decisions about how to stand up when this time comes. Thus, taking into consideration all that has been described previously, the factors that affect the private sector, the field of operation given the government measures, and the change in preferences on the part of the consumers, from **Ecoanalítica** we recommend, among others, the following considerations:

1. **Communication** is even more key in difficult times, which is why daily contact must be maintained with the workforce in sales, production, logistics and other areas. Also, maintaining the motivation of the work group is fundamental.
2. Like communication, **cooperation** is relevant. All companies are facing moments of uncertainty, so new alliances between companies can be generated in order to fulfill their demand.
3. This comes hand in hand with **contingency plans** for inopportune situations with the means of transport that move the goods.
4. Consider **consolidating online channels** such as delivery channels, for example, where there is no physical contact with customers.
5. Reduce the set of goods and services offered to a group with **guaranteed returns**.
6. Also, accept and prepare scenarios where there is no capacity to manage in some regions, where it will be impossible to reach due to the shortage of gasoline, the **reduction of production and supply chains**.
7. Support through **social networks** can be significant, as this platform can serve to motivate buyers and keep their attention.
8. Linking sales with **inventory capacity**, i.e. meeting commitments made as a company. Nowadays, people prefer -emphatically- to use services that can be trusted.
9. Conduct a **pricing policy review**. Although people expect them to go up, the idea is that this increase will not negatively impact the volume of expected customers.
10. Keep abreast of **market indicators** such as the price level and the exchange rate in order to be able to adjust in the most informed way possible to developments in the environment.

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In general terms, the important thing is to understand the changes in purchasing habits, focused on comfort, availability and care of the family, transmit this to the services to be offered and, finally, adapt to the point of sale to remain operational despite the circumstances. In the words of Dwight Eisenhower, *"Plans Are Worthless, But Planning Is Everything"*.

Corina Fung

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WEEKLY INDICATORS

Weekly Economic Indicators			
	4th Week April	Weekly chg. (%)	Depre/Apre (pp) ¹
FX Boards (VES/USD)²	125,574.03	-0.3	-0.3
	1st Week March	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	27.8	-5.4	-4.0
	3rd Week April	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	414.9	357.8	356.3
	1st Week April	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	7.0	1.1	-12.7
	2nd Week April	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (MM VES)	77,762,976	1.8	1,521.6
Price of International Oil Baskets (USD/bl)			
	3rd Week April	Weekly chg. (%)	Annual chg. (%)
WTI	20.6	-18.3	-67.7
Brent	29.2	-10.6	-59.2
Price of the Venezuelan oil basket (USD/bl)			
	3rd Week April	Weekly chg. (%)	Annual chg. (%)
Weekly Average	13.0	-23.0	-80.2
Annual Average	38.2	-4.2	-34.9

Sources: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

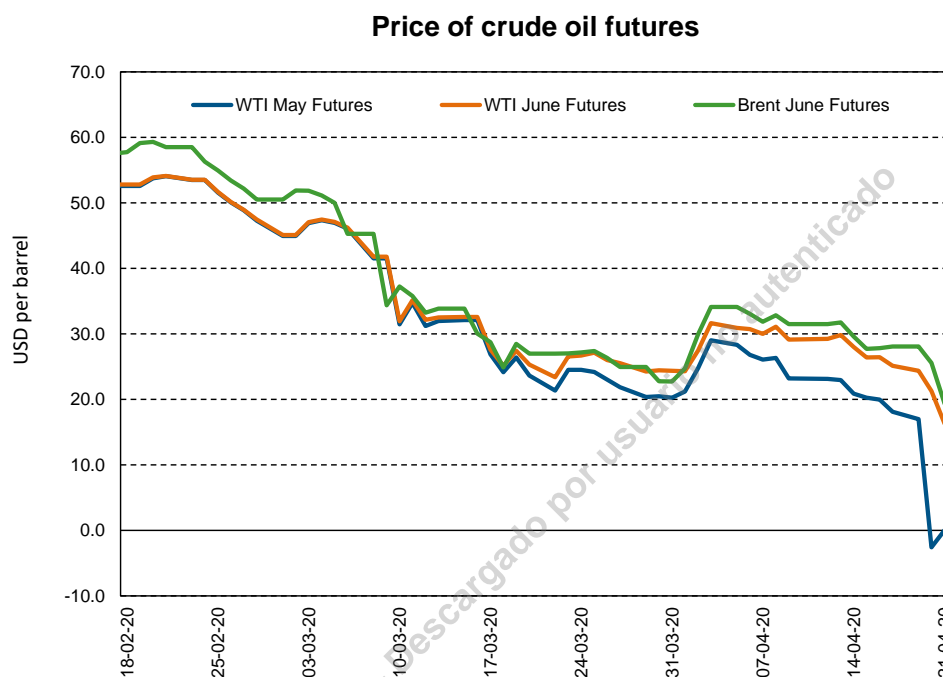
¹ Depreciation (+)/Appreciation (-)

² FX Borads' average exchange rate

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CHART OF THE WEEK: "OIL PRICE IN THE UNDERGROUND"



On April 20, 2020 the international markets were shaken by the sharp fall in US oil prices, with the West Texas Intermediate (WTI) oil futures contract marker for May falling below zero and recording negative prices for the first time since records began. By the end of the day, the price of the barrel closed at USD -2.60 per barrel, an inter-day drop of more than 115%; with some bids reaching USD -39.5 per barrel.

This unusual situation, which at first sight seems to defy all economic logic, is the result of the strong impact that the covid-19 pandemic has on the global economy and the oil market. At the time of closing the futures contracts for oil to be delivered in May, the price fell due to the pressures of over-supply of fuel in an environment of a demand greatly inhibited by the interruption of economic activity; at the same time, storage capacities in North America are reaching their limit. In short, there is plenty of oil for very few buyers and no room to store it. For practical purposes, the negative price reflects the willingness of contract bidders to pay for someone to receive that oil.

Oil prices are very much a reflection of the set of inter-temporal expectations. In this case, the pessimism regarding the economic recovery during May, together with the overabundance of crude oil for the same period, drove the price to its historic low. Looking

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ahead, the outlook is a little less gloomy, with June's WTI and Brent crude oil futures still in positive territory. However, the general trend is for a substantial contraction in the oil price on all its markers, with expectations that this will remain relatively low for the rest of the year despite the OPEC cuts and the start of economic recovery.

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ECONOMIC TIPS

Bad news from the Fund... In the midst of the COVID-19 pandemic, the International Monetary Fund (IMF) updated its economic projections and established that the Venezuelan economy will present a 15% contraction in 2020, the worst performance in Latin America and the Caribbean. This update is 5 percentage points higher than the previous forecast.

...Worse from the ECLAC. On the other hand, the Economic Commission for Latin America and the Caribbean (ECLAC) projected that Venezuela's economy will contract 18% by 2020, again the largest drop in the region. According to the UN commission the region will contract 5.3% this year.

New records on the inter-bank market (I). On April 15, the average inter-bank overnight rate reached 958.0%, one of the highest rate of the last 5 years recorded by the BCV, with a maximum rate of 1,200.0% and a minimum of 138.0%.

New records on the inter-bank market (II). Such increase shows the liquidity problems that the banking sector still has. In first place, due to the legal banking requirements which, despite the recent adjustment, continue to be restrictive for the banks. Secondly, because of a lower volume of transactions and other limitations caused by the quarantine.

The CAT reaches VES 19 million. According to the Workers' Documentation and Analysis Center (known in Spanish as CENDA), the Workers' Food Basket in March this year stood at VES 19,156,813.7, equivalent to approximately USD 236.7, which represents a 14.0% variation from last month.

Only 77 minimum wages. CENDA indicates that with the minimum wage at VES 250,000, or USD 3.08, a worker can only acquire 1.3% of the CAT, and would acquire 2.3% of the basket if the meal *ticket* is considered. Along these lines, a family requires 77 minimum wages to acquire the food basket.

Two parents working isn't enough. The centre estimated that in a household with 2 minimum wages and 2 meal *tickets*, there is an approximate monthly income of VES 900,000.00, with this amount only enough to buy food for 1.4 days a month.

The biggest increases. The behaviour of the CAT was determined by monthly price increases in soft drinks (26.7%), fruit and vegetables (26.6%), meat and meat preparations (17.9%), fish (13.9%) and milk, cheese and eggs (11.9%).

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Return of "fair" prices (I). The Minister for Agriculture and Lands, Wilmar Castro Soteldo, said that the National Government and members of the productive sector linked to the meat, poultry and cereal sectors agreed on actions to guarantee production and combat price gouging in the midst of the emergency caused by the Covid-19 pandemic.

Return of "fair" prices (II). The Minister explained that a meeting was held with 80% of the producers to set strategies for price management, production chains, optimization of product processes, distribution and the fight against price gouging. He ended by saying that they will later call on the trade sector to urge it to respect agreements and prices.

Money tables. As of April 22, the average rate for money desks was VES 129,093/USD. This represents a 2.5% depreciation from last week.

Liquids? Liquidity was VES 77,962,976 million for the week of April 10, a variation of 1.8% in nominal terms from the previous week (April 3) and 1,521.6% from last year.

OIL TIPS

March production (I). The Organization of Petroleum Exporting Countries (OPEC) published its monthly report for April, in which it indicates that Venezuelan oil production for March, according to secondary sources, was 660 kb/d, representing a 13.2% decrease over the previous month's production (760 kb/d). This leaves the average production of the first quarter of this year at 730 kb/d, indicating an increase of 8 kb/d compared to the last quarter of 2019.

March production (II). However, according to primary sources Venezuela's oil production for March was 718 kb/d, 147 kb/d less than February's production (865 kb/d). Production for the first quarter of 2020 is 821 kb/d, which implies a reduction of 4.4% compared to the previous quarter's production.

Negative prices. U.S. oil futures collapsed to below \$0 on April 21, for the first time in history, due to excess supply and collapse of demand caused by the coronavirus, which caused desperate traders to pay to dispose of barrels.

WTI: the main victim. The WTI contract as of May fell to USD -37.6 per barrel, a drop of USD 55.9, after hitting a record low of USD -40.3 per barrel. The Brent fell only USD 2.1 (-9%), to USD 25.6 per barrel.

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June is another story. Although traders and speculators paid to get rid of U.S. oil futures contracts that expire in May, the June WTI contract ended up at a higher level, at \$20.4 per barrel

The Venezuelan basket presents similar problems. According to the oil ministry, the price of Venezuelan oil fell to USD 13 per barrel between 14 and 17 April, which indicates the lowest weekly price in 2020, a drop of 77.6% compared to the price at the beginning of the year.

Partially reactivated (I). According to Reuters sources, PDVSA reactivated a crude distillation unit and other processing units at the El Palito refinery. This refinery has the capacity to process 146,000 barrels of oil per day (bpd). However, the sources assured that the catalytic cracker is not yet in operation, being this fundamental for the production of gasoline.

Partially reactivated (II). Similarly, Ivan Freites, general secretary of the Oil Workers' Union, said that the cracker has not been started and clarified that, with the equipment that has been reactivated, about 80,000 barrels per day of distillates such as heavy naphtha will be produced, which is a type of fuel but not gasoline.

It's understaffed. Despite this reactivation, Freites pointed out that the refinery is very deteriorated and that, in addition to problems with equipment and facilities, there are not enough human resources. The trade unionist reported that, for this reason, the regime has contacted PDVSA retirees.

Historical cut. OPEC and its allies, led by Russia, agreed to reduce production by 9.7 million bpd between May and June. To shore up oil prices while the coronavirus pandemic stifles demand for fuel.

Unexpected allies (I). Saudi Arabia's energy minister said that cuts in global oil supplies would reach about 19.5 million bpd, taking into account OPEC+ withdrawals, pledges by other G20 countries and oil purchases for reserves. This will imply a drop of about 20% in global supplies

Requesting permission. According to Reuters sources, members of the Petroleum Chamber handed over to officials of the Maduro regime and representatives of PDVSA a proposal to allow private companies to import gasoline

Unexpected allies (II). Reuters sources indicated that non-OPEC+ states such as Brazil, Canada, Norway and the United States will contribute a joint extraction cut of 3.7 million bpd.

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338,000 barrels up their sleeves. Secondary sources from the Organization of Petroleum Exporting Countries (OPEC) reported that Saudi Arabia produced 10,058,000 bpd in March, 388,000 barrels more than the previous month. This increase in Saudi production was due to the crude price war with Russia, before an agreement was reached with OPEC to reduce supply from May 1st.

A quarter less production. Secondary sources referenced by OPEC indicate that the average volume of Iranian oil production from January to March 2020 was 2,056,000 bpd. This marks a fall of 662,000 bpd, 24.4%, compared to the same period in 2019.

90 more days. The U.S. Department of the Treasury decided to maintain the total restriction on any transaction related to PDVSA 2020 bonds, with a coupon of 8.5%, until July 22, 2020, which means a 90-day extension to the prohibition of any action by the holders of these securities on the Citgo shares that are placed as collateral for this liability.

SECTORIAL TIPS.

And the gasoline? According to the results of the National Impact Survey of COVID-19 conducted by the National Assembly (NA), less than 1% of the national territory has a permanent supply of gasoline during the quarantine. According to the survey, the most affected states are Delta Amacuro, Amazonas, Mérida and Trujillo; and the least affected is Vargas.

They appreciate the attention. Douglas León Natera, president of the Venezuelan Medical Federation (known in Spanish as FMV), and Pablo Zambrano, executive secretary of the Federation of Health Workers (Fetrasalud), stressed that, although it is not much, the aid of USD 100 per month that Guaidó is offering due to the emergency caused by COVID-19 for those working in this sector will be very significant.

Everyone deserves it. Both representatives said that all staff working in the hospitals deserved to receive this bonus, since everyone, including the caretaker, was taking a risk in receiving patients.

Collaborating, but not as a go-between. Natera indicated that both groups have collaborated with the preliminary study of the hospital structure and that they are willing to help in the process. However, she clarified that they want the money transaction to be direct, so neither will handle "a single cent" of such aid.

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No equal status. The president of the FMV took the opportunity to criticize the fact that health professionals do not have sufficient inputs to comply with biosecurity standards, unlike the officers of the National Guard corps, who are trained in all inputs.

Urgent measures are needed. The Venezuelan Confederation of Industrialists (Conindustria) stated that the operational capacity is at 21% and stressed the need to form a national emergency government that seeks to respond to the emergency situation the country is going through, mainly the economic one.

Out of the ordinary. With regard to it, he proposes that it be formed by people with no political ambitions and who are aware of the need through which a large part of the population passes.

"On the tightrope." Felipe Capozzolo, president of the National Council of Trade and Services (Consecomercio), reported in a statement that 90% of the businesses that are not working face a great risk, adding that in May small businesses will need help to sustain themselves. Therefore, he ratified his support to traders and service providers who do not have sufficient savings to face the quarantine.

Thinking about what to do. Capozzolo said he will offer guidance on "how to weigh this period by trying to contribute to the daily work that can be done from home or by trying to pay for future plans when the quarantine ends".

"Surprise!" On a national broadcast, Nicolás Maduro reported that almost 80% of the 15,000 Venezuelans who are expected to return from the coronavirus pandemic from various countries in the region have a "Carnet de la Patria", so they will receive the bonuses that were granted during their stay abroad.

Not going out, but a bonus. From April 8 to 15, the "Easter 2020" voucher assigned by the regime through the "Carnet de la Patria" was handed out. The amount of this bonus was VES 350,000 and, according to Maduro, it benefited more than 9 million Venezuelans.

Insignificant. The Venezuelan Institute of Social Security (IVSS) announced that the payment for the month of May would be made on April 22 for pensioners. This payment is of VES 250,000, which is approximately equivalent to USD 2, considering the exchange rate published by the Central Bank of Venezuela (BCV) for April 20.

Adversities to continue. Fishermen from Sucre protested in the State due to the shortage of fuel. They argued that, in the midst of the crisis, it is important that they

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continue with their activity but that this is not possible due to the limitations of movement caused by the lack of fuel. The concentration was dissolved by state security forces.

INTERNATIONAL TIPS

Worse than the financial crisis. The IMF published in its World Economic Outlook report that the world economy will contract by 3.0% in 2020, much worse than the fall recorded during the 2008-09 financial crisis.

Upgrades for 2021. According to the baseline scenario, in which the pandemic is assumed to dissipate in the second half of 2020 and containment measures can be gradually withdrawn, the world economy is projected to grow by 5.8% in 2021, as economic activity returns to normal thanks to policy support.

Three phases to get back to normal. Donald Trump, president of the United States, proposed guidelines under which the country's state governors could act to revive the economy in a three-stage process following the coronavirus shutdown.

Previous requirements. The new federal guidelines recommend that states record a 14-day "downward trajectory" in coronavirus cases before beginning a three-phase reopening process. Additionally, hospitals must have a "robust testing program" that includes antibody testing for health care workers.

The first phase. Once the guidelines have been met, the first phase of reopening indicates that groups of more than 10 people should be avoided if appropriate distancing measures are not practical. Schools will remain closed, but large recreational spaces may be opened with "strict physical distancing protocols". Hospitals will be able to resume elective surgeries, which are critical to their revenues.

The second and third phase. In the second phase, applicable to states and regions "without evidence of a rebound" in cases, the guidelines recommend avoiding groups of more than 50 people in which social distancing is not practical. Phase three does not include workplace restrictions.

30 more days with restrictions. In addition, Chad Wolf, acting secretary of the U.S. Department of Homeland Security, said the United States, Mexico and Canada extended restrictions on non-essential travel at their shared borders for an additional 30 days.

There's always a first time. China's economy saw a 6.8% contraction of its GDP in the first quarter of the year compared to the same period in 2019. This is the first time in nearly three decades of records that China has experienced a contraction, triggered by the widespread paralysis caused by the coronavirus.

Negative variations on all fronts. On the other hand, Chinese industrial production fell by 1.1% in March compared to a year earlier. A drop in consumption of 15.8% of retail sales was observed. Similarly, fixed capital formation or investment fell by 16.1% in January-March from the previous year.

Less revenue and expenditure. Chinese officials said tax revenues in the world's second-largest economy plunged 26.1% in March compared to a year earlier. Similarly, fiscal expenditures for the January-March period fell by 5.7% over the previous year.

1.5 trillion is enough. The European Union's Commissioner for Economic Affairs, Paolo Gentiloni, predicts that around EUR 1.5 trillion (USD 1.63 trillion) will be needed to tackle the coronavirus crisis.

For now, it's estimated at 0.5 trillion. Gentiloni added that the Eurogroup has submitted aid proposals worth more than EUR 500 trillion to finance health care and part-time work, as well as to help small and medium-sized enterprises.

Openings in rural areas. In India, some shops and small businesses reopened in rural areas, part of a gradual lifting of the quarantine that has left millions of Indians without work or access to food. According to Prime Minister Narendra Modi's office, some 4,000 factories resumed operations in western Gujarat, one of the country's most industrialized regions.

Bolsonaro remains skeptical. Jair Bolsonaro, Brazil's president, said he hopes the week of Monday, April 20, will be the last week with measures in place to stay home to stop the spread of the coronavirus, as he wants to end a policy he believes is wrong and a job killer.

The president vs. his cabinet and governors. Despite Bolsonaro's protests, many governors have partially closed their states. The president has also confronted his health authorities, forcing the retirement of his health minister after a clash over social distancing measures.

Creditors reject the restructuring offer. The Argentine Creditors Committee (ACC), holders of Argentine sovereign bonds, rejected the offer of debt restructuring under foreign law announced by the South American country, because it considers that it is far

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below their expectations and because there was not enough dialogue with the Argentine government.

What was the offer? The proposal of President Alberto Fernández's government consisted of a 62% interest cut, a three-year grace period and a 5.4% capital removal on its foreign debt of nearly USD 70 billion, which the country currently considers unpayable.

POLITICAL TIPS

No response capacity. Juan Guaidó expressed his concern about the fall in oil market prices and stated that the regime is responsible for the fact that the country does not have the resources to be able to face this situation, due to the low level of international reserves and the irresponsible use of the Macroeconomic Stabilization Fund

Approved. Juan Pablo Guanipa, First Vice President of the National Assembly (NA), reported that the Assembly approved USD 80 million for various institutional strengthening programs; of which, more than USD 40 million will be allocated to social programs.

One of the most important. Guanipa clarified that one of the benefited programs is the José María Vargas Plan, explaining that it favors around 40,000 people in the health sector. The congressman highlighted his concern to make the distribution of the money in a transparent manner so that it reaches the beneficiary.

Regaining control. With regard to the disposition of resources, Guanipa indicated that they do not have a high amount but that they are requesting the authorization from the Office of Foreign Assets Control (OFAC) to dispose of the resources that have been frozen by it.

It's not much, but it's something. With these funds, it is planned to fulfill Guaidó's promise of USD 100 per month to help the health personnel in the hospitals. This aid has a term of three months and the start date has not been announced.

New virtual wallet. However, Guaidó explained that the delivery of this aid will be done through a virtual purse that is being developed in conjunction with the Organization of American States (OAS), which will have international security standards so that the money reaches the worker directly and transparently.

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No political distinction. Regarding the requirements to be a beneficiary of such aid, Guaidó indicated that public hospital workers may apply, without distinction of their political position but certifying their professional and labor situation, in order to guarantee that the resources are correctly allocated.

New law. José Prat, deputy of the NA, informed that the Law for the Functioning of the Council of the Comptroller of Venezuela was approved in the first discussion. Its function is to regulate the actions to be taken by the Council of the Comptroller's Office created last February 12.

30 more days (I). On Saturday, April 11, Nicolas Maduro and his vice president, Delcy Rodríguez, announced the extension of the national quarantine for 30 more days. This decision is due to the fact that the number of positive cases of coronavirus in the country is still increasing.

30 more days (II). This extension was promulgated in the Extraordinary Official Gazette No. 6,528, in Decree No. 4,186. Those who work in health services, transport, food or medicine deliveries, continue to be allowed to maintain their work activity and travel to these places.

Elections? Due to the country's situation in the face of the pandemic, Maduro said he cannot guarantee that the parliamentary elections that should be held this year will take place. He explained that it would be "irresponsible" to ensure that they take place, even though they are mandatory.

Probable postponement. Given this, Maduro indicated that the Supreme Court of Justice (TSJ), if necessary, should take the corresponding legal actions to postpone these elections. In addition, he reported that the National Constituent Assembly's (ANC) deliberation period may be extended.

Open to dialogue. In addition, Maduro stated that Venezuela "is prepared to coordinate and receive" help from any country, assuring that it is willing to dialogue with both national and international political representatives.

Curfew. Jorge Rodríguez, sector vice president for Communication, Culture and Tourism of the Maduro regime, reported that due to the failure of a baseball academy in Nueva Esparta state to comply with the quarantine, 21 new infections were detected in that state by Sunday, April 19. Due to this, a curfew was decreed for that state, which was established from 4 p.m. to 10 a.m.

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New Sparta in sight. Rodriguez said the positive cases to COVID-19 originated from the trip to the Dominican Republic by members of the academy. For this reason, Rodriguez accused Nueva Esparta Governor Alfredo Diaz and his officials of allowing the quarantine to be violated and warned that if the officials fail "with the mission" that was entrusted to them, the Attorney General's Office and the courts of the Republic will act.

Out of your control. Diaz responded to this by refusing to be held responsible and clarified that he has no control over the entry and exit of the airport, nor over the safe conduct. Furthermore, he stated that the failure to comply was on the part of the military who allowed these transfers.

Searching for the culprits. Tarek William Saab, Attorney General of the Republic, reported that five people considered responsible for the contagion that occurred in Nueva Esparta were charged with the crimes of omission of serious injury.

Alleged linkage. Through the anti-narcotics operation carried out by the United States on the Caribbean coast, three tons of cocaine were seized off the coast of Venezuela. According to the accusations made by journalist Ibéyise Pacheco, this operation has exposed the relationship between the governor of Carabobo state, Rafael Lacava, and the drug trafficking network.

Outraged. In the face of these accusations, the governor denied any link to drug trafficking and urged the population not to be fooled by them, stating that he has been, and will continue to be, ruthless with the criminals.

Irregularity in the data. José Manuel Olivares, deputy of the NA, denounced that members of the regime have distorted the data regarding the COVID-19 provided by the Johns Hopkins University, in order to affirm that Venezuela was the country with more coronavirus tests performed per million inhabitants. Olivares explained that the thousands of screening tests that the regime claims to have performed are rapid tests, which are not reliable.

Retired. In a statement, the Brazilian Foreign Ministry announced that officials, military attachés and Brazilian citizens, 38 people in total, were repatriated to the country on Friday, April 17. The flight left Caracas for Brasilia and was made in a plane of the Air Force of the neighboring country.

Needing what's given. Julio Borges, appointed by Guaidó as Commissioner for Foreign Affairs, said that the regime has given away more than USD 40 million in oil to Cuba in the last 20 years. He added that this figure would be higher if one counted the financing of humanitarian aid and the power plants that have been sent to that country.

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Benefiting from the crisis? The Center for Justice and Peace (Cepaz) denounced in a press release that the Maduro regime has taken advantage of the crisis caused by the pandemic to intensify the persecution of opposition leaders, seeking to increase intimidation. In it, the organization ends up demanding respect and compliance with the political, civil and human rights of all Venezuelans.

Transferred without justification (I). The head of Security and Intelligence appointed by Guaidó, Iván Simonovis, announced that the General Directorate of Military Counter-Intelligence (Dgcm) arbitrarily took Captain Jesús Alarcón from Ramo Verde. Relatives of the captain said they were unaware of his whereabouts.

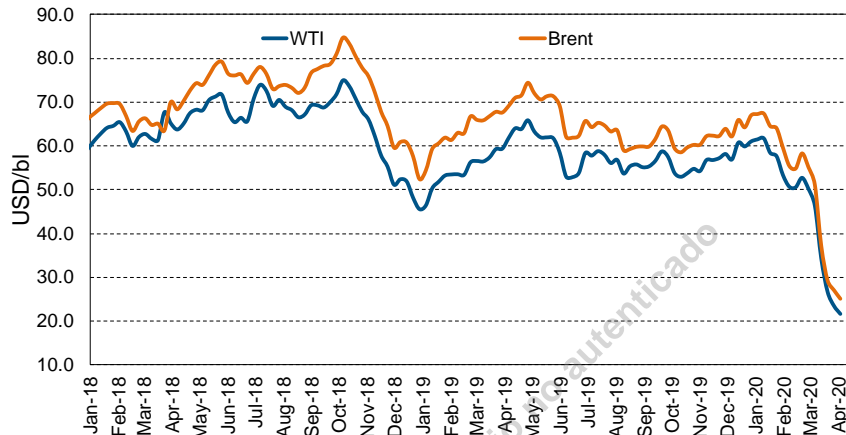
Transferred without justification (II). Similarly, the human rights lawyer Tamara Suju said that Dgcm officials have arbitrarily transferred several political prisoners who were in that prison.

With pandemic and coming back. Carlos Valero, deputy of the NA, stated that Venezuelans residing in Peru were evicted from their homes due to inability to pay their rents. He also reported that they have been forced to return to Venezuela on foot. Valero requested international cooperation to "attend to these cases".

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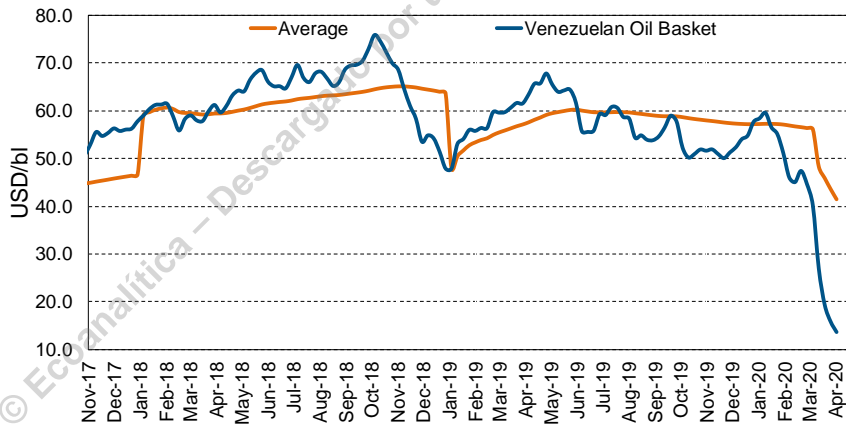
ECONOMIC INDICATORS

**Oil Prices
(WTI and Brent)**



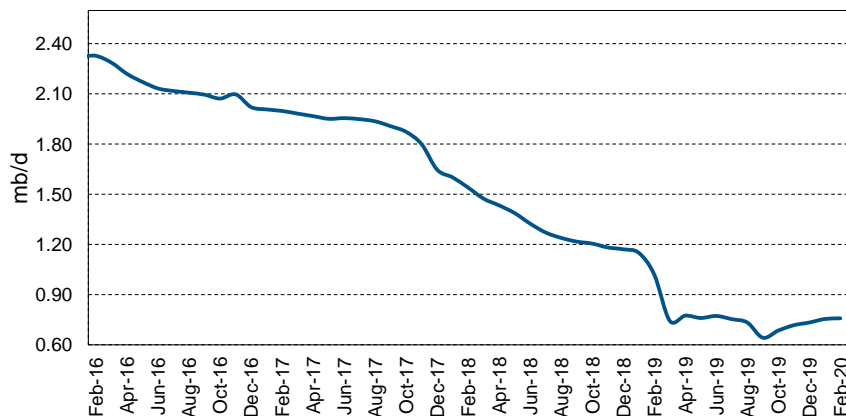
Sources: Menpet and Ecoanalítica

**Oil Price
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

**Oil Production
(Secondary sources)**

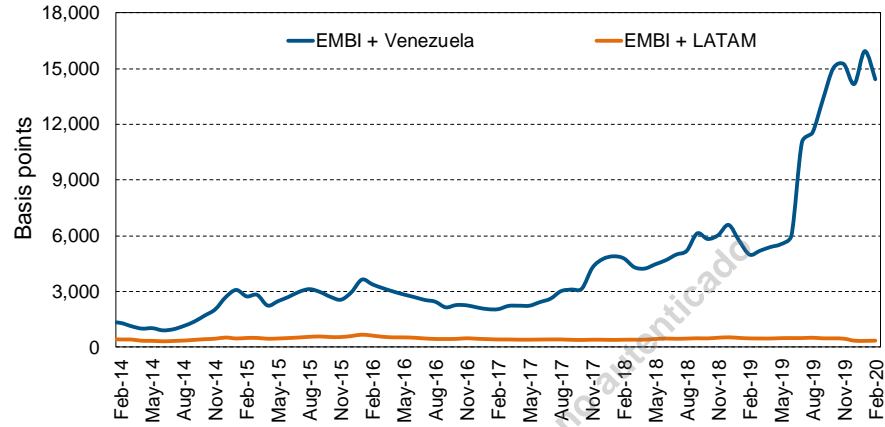


Sources: OPEC and Ecoanalítica

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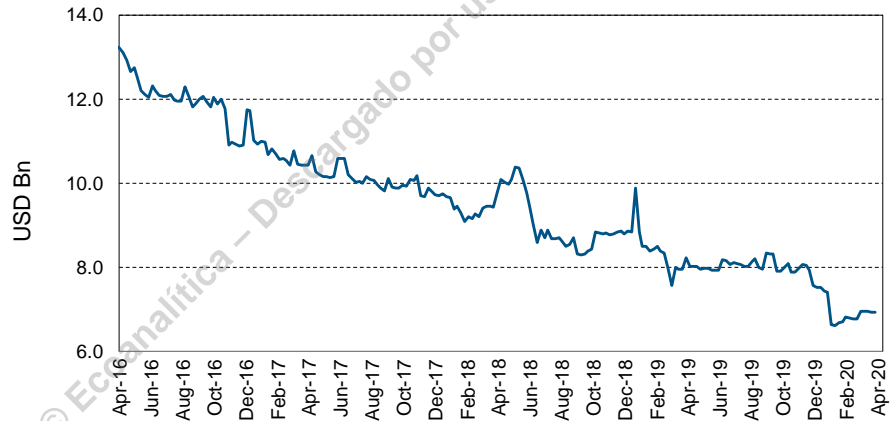
ECONOMIC INDICATORS

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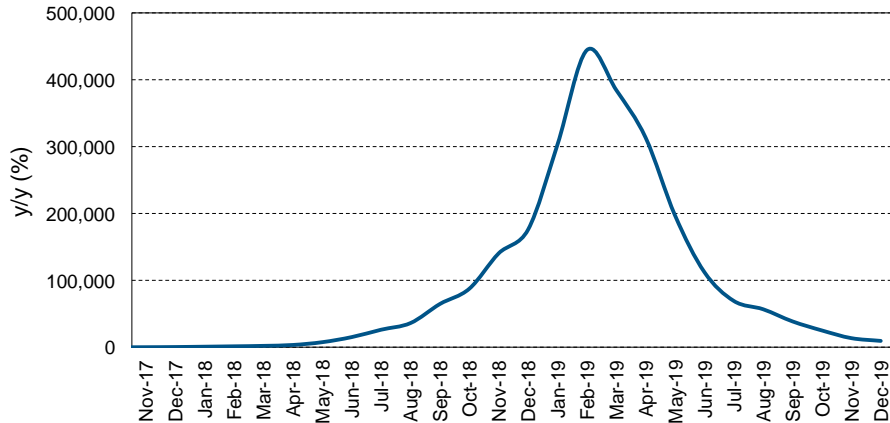
Sources: BCRP and Ecoanalítica

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

Inflation (BCV)



Sources: BCV and Ecoanalítica

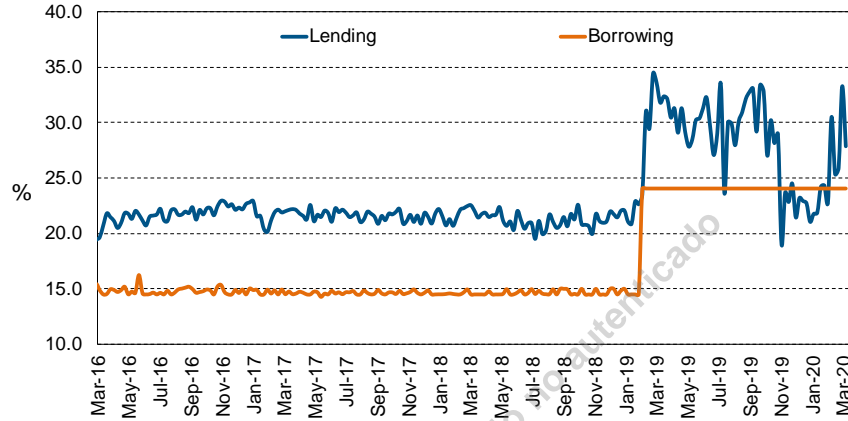
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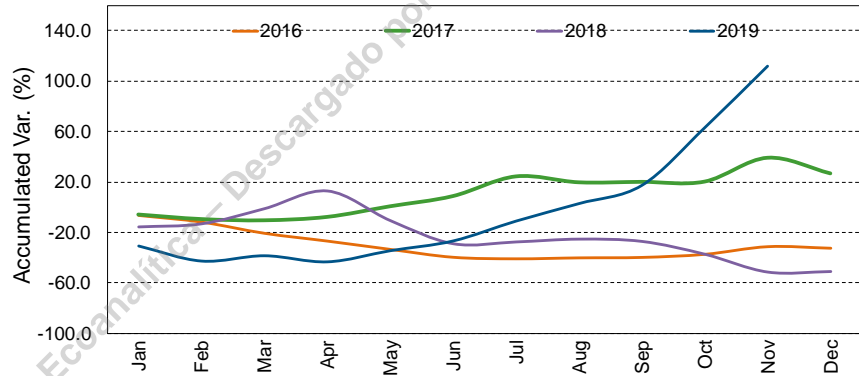
ECONOMIC INDICATORS

**Interest Rate
(Six major banks)**



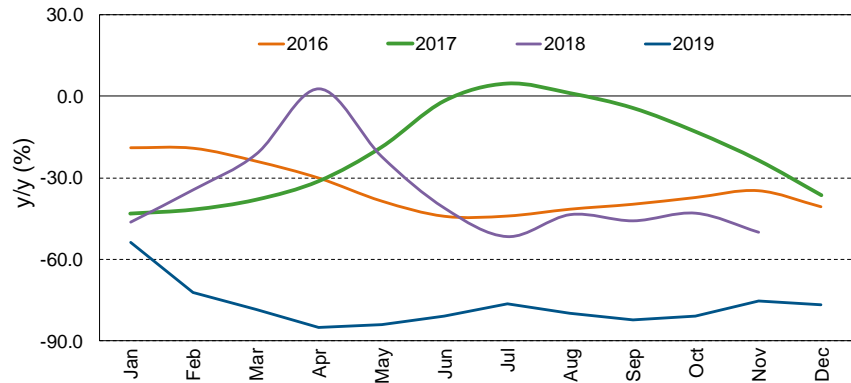
Sources: BCV and Ecoanalítica

**M2 Expansion
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio
(Real)**



Sources: SUDEBAN and Ecoanalítica

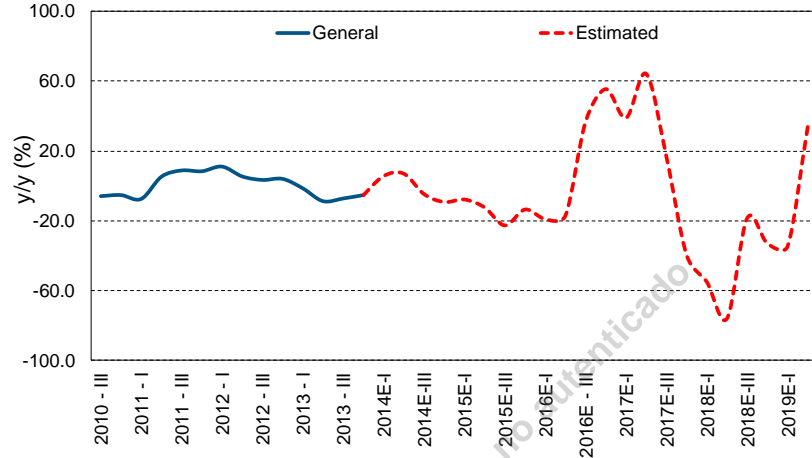
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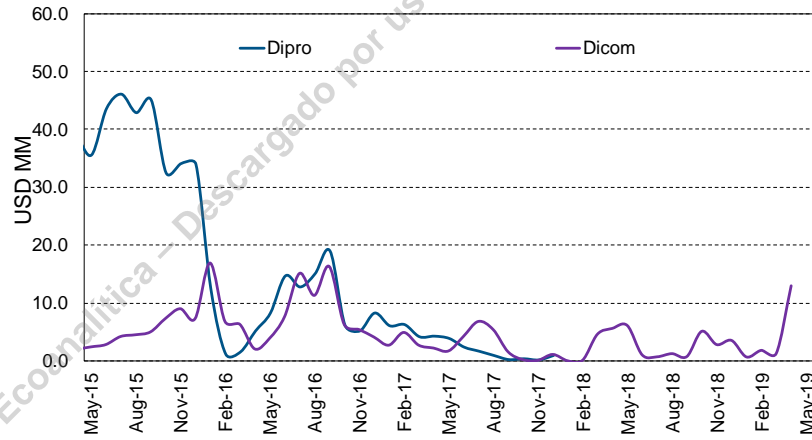
ECONOMIC INDICATORS

Real Wage Index



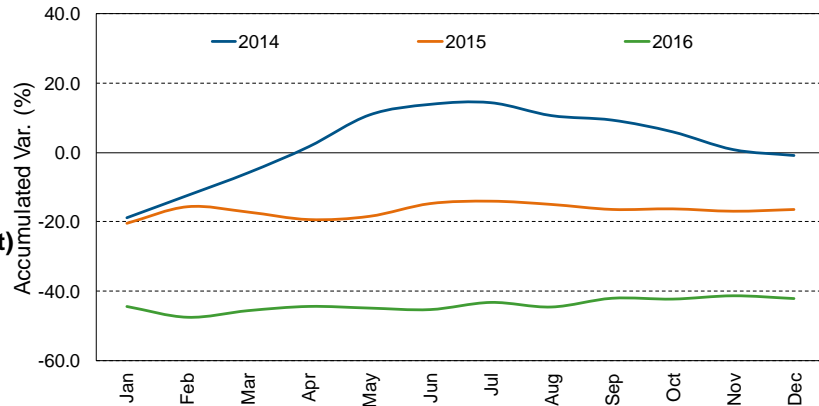
Sources: BCV and Ecoanalítica

Disbursements to the Private Sector (Daily Average)



Source: Ecoanalítica

Primary Spending NTO (Real - Central Government)



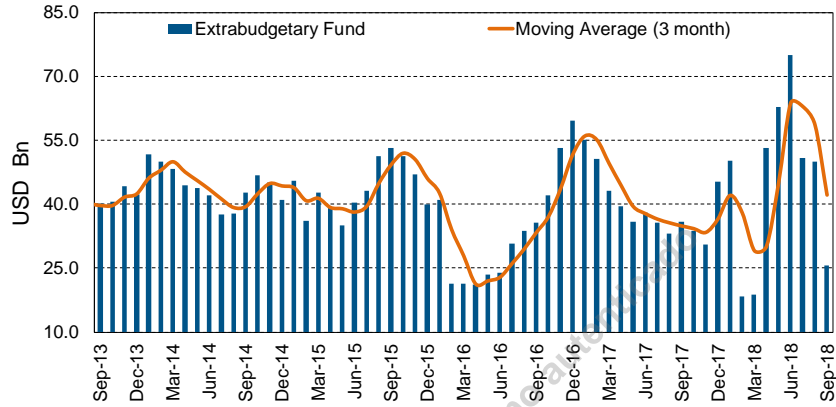
Sources: ONT and Ecoanalítica

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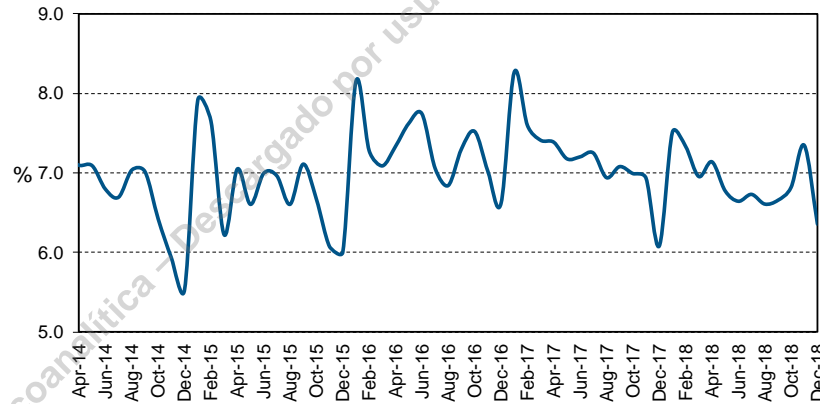
ECONOMIC INDICATORS

State Extrabudgetary Resources



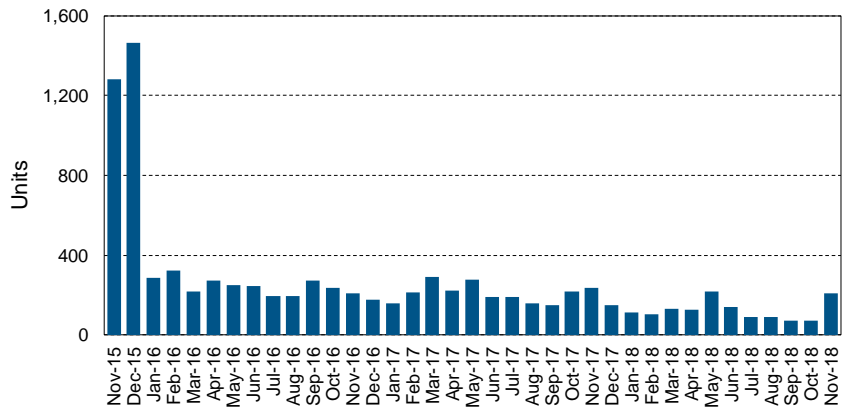
Source: Ecoanalítica

Unemployment Rate



Sources: INE and Ecoanalítica

Vehicle Sales



Sources: CAVENEZ and Ecoanalítica

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