

Hyperinflation just around the corner?

Despite the lack of official figures, the way the increase in the prices of goods has accelerated in recent months is quite tangible for all actors in Venezuelan society. It is for that reason that at **Ecoanalítica** we have performed the exercise of revising our inflation estimates for 2016, thereby, clarifying some doubts in the minds of our clients.

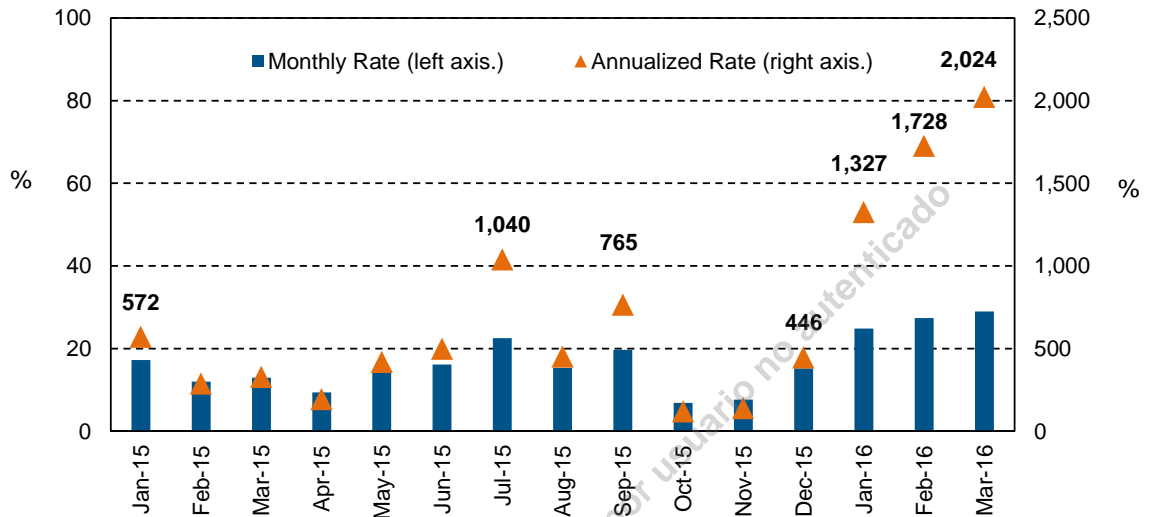
What does underlying inflation tell us?

In the first three months of the year we have observed a marked acceleration in our inflation estimates compared to the figures for last year. Whereas in the first quarter of 2015 (1Q2015) cumulative inflation as represented by the Nationwide Consumer Price Index (NCPI) was 19.1%, this year it came to 39.8%. The situation is more dramatic if we take a look at underlying inflation, which came to 105.1% in 1Q2016 compared to 48.2% last year.

Now then, if we take the average monthly variation of underlying inflation for the year to date (27.1%) and we calculate the annualized variation (which gives us the relative variation of prices for the year as a whole, assuming that this monthly rate is maintained throughout the 12 months of the year), we obtain a variation of 1,671.1%. Even though, according to some authors, an episode of hyperinflation begins in the month in which the increase in prices is more than 50.0%, others maintain that hyperinflation can be considered to exist if the rate reaches a variation year-on-year of more than 500.0%. In other words, hyperinflation is already here.

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Underlying Inflation



Source: BCV and Ecoanalítica

However, care must be taken with this. Underlying inflation is measured with a basket that takes account of distortions in the market and products that are not regulated or are resold in the black market, but the Venezuelan economy continues to be very controlled and has a large proportion of goods and services that are still imported whose prices are marked by a lower exchange rate or are highly subsidized. What the measurement of underlying inflation is telling us is that there are strong pressures within the domestic market that are affecting prices and that they could culminate in hyperinflation if measures to palliate them are not taken.

Separated at birth

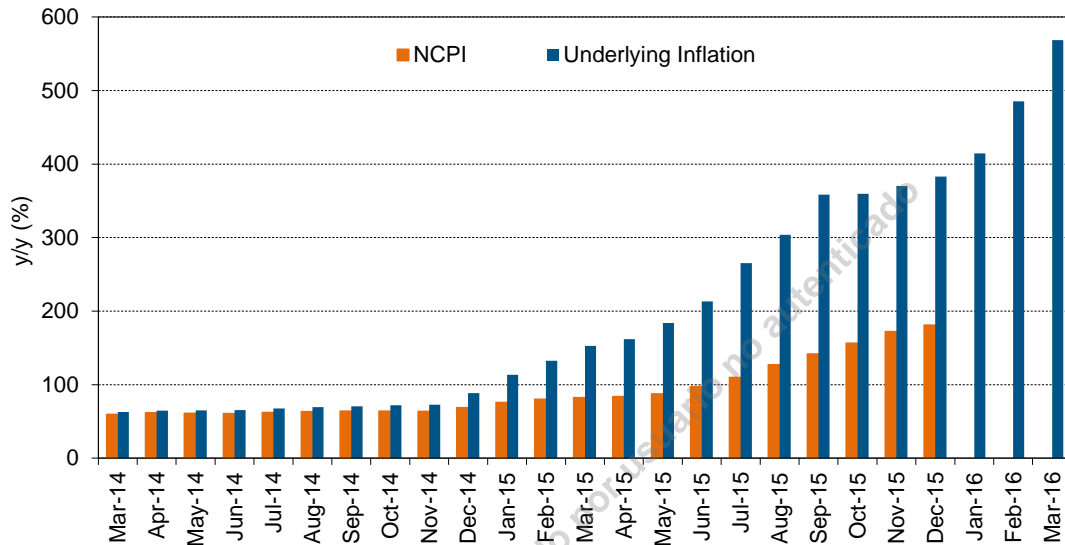
In view of the fact that two-thirds of the basket used by the Central Bank to measure official inflation is subject to price controls, leaving out the problems associated with shortages, shortfalls in supply, and the development of black markets, it is to be expected that it will be lower than the underlying inflation calculated by **Ecoanalítica**.

However, that difference has been getting bigger in recent years. Whereas between 2008 and 2013 the average difference between the annual variation in the NCPI and underlying inflation was only 2.7 percentage points (pp), between 2014 and 2015 the difference took a huge leap to 70.1 pp and closed at 202.3 pp in December 2015.

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NCPI vs. Underlying Inflation



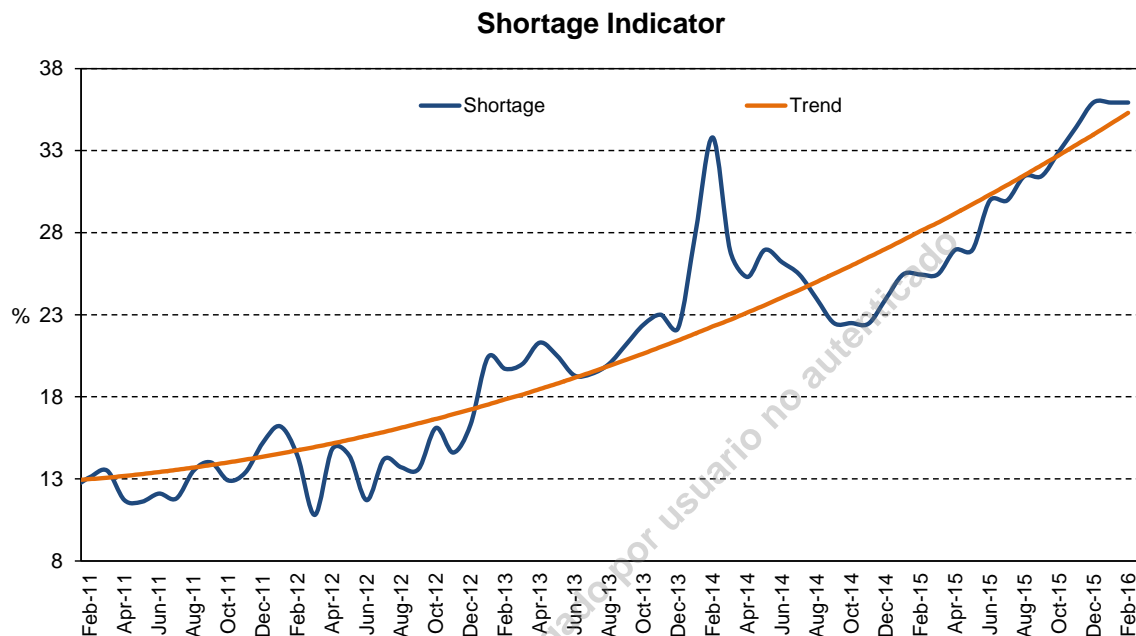
Source: BCV and Ecoanalítica

We attribute the widening of the gap between the two measurements to the fact that adjustments in the prices of regulated goods have lagged behind, which has increased the pressure on underlying inflation, but also mainly to the cuts in the allocation of foreign currency for importers in the official markets, which has resulted in a growing migration of items to higher exchange rates that, in turn, has had an impact on both the consumer exchange rate and inflation, something that is reflected to a greater extent in underlying inflation. So, as long as imports continue to fall and shortages keep getting worse, thus increasing the trading of products at black market prices (*bachaqueo*), it is to be expected that the gap between these two measurements will continue to grow. Nevertheless, when the pressure on the underlying inflation decrease, because of the adjustment of the economy, the reduction of prices control, and the decrease of scarcity, between others, hopefully the gap between these indicators will reduce or even disappear.

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Source: BCV and Ecoanalítica

Two ways of looking at the problem

Recently, the International Monetary Fund (IMF) published its World Economic Outlook with its projections of the main economic indicators for all countries, including Venezuela. One of the projections that caused the greatest impact was that of inflation for our country, which is forecast to average 481.5% this year, closing at 720.0%, and to average 1,642.8% in 2017, closing at 2,200.0%.

According to the IMF, Venezuela will continue to suffer from a profound recession in 2016 (with a projected contraction in gross domestic product of 8.0%, after having posted a contraction of 5.7% in 2015), in a climate of political uncertainty at a time when further slides in the price of oil have intensified imbalances and macroeconomic pressures, including inflation.

These inflation figures contrast with **Ecoanalítica's** figures, where we estimate that inflation will close at 319.3% in 2016 and at 131.5% in 2017. However, this does not mean that either of them is mistaken *a priori*, simply that they are based on different models. The IMF model is not a dynamic one as it only forecasts inflation based on the current situation remaining unchanged, which means it does not contemplate any type of economic adjustment, unlike our estimates. At **Ecoanalítica** we continue

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to maintain that, in our base scenario, the implementation of DICOM and the reduction of monetary pressures can prevent us from falling into a hyperinflationary episode, even though such an episode does remain a possibility.

Inflation - NCPI (y/y %)						
Year	2015	2016F	2017F	2018F	2019F	2020F
Ecoanalítica	180.9	319.3	131.5	22.4	18.8	13.9
IMF	180.9	720.0	2,200.0	3,000.0	3,600.0	4,100.0

Source: BCV, IMF and Ecoanalítica

What should we expect?

Although our base projections scenario does not contemplate a hyperinflationary process, it is a possibility we should not rule out. The Venezuelan economy is showing three signs that could lead to this phenomenon: a high fiscal deficit, monetary financing, and a low real demand for money. Therefore, our clients should be on the alert.

In the short term, the most important thing is to have coverage against the accelerated increase in prices that threatens to destroy your assets in local currency. As a consequence, at **Ecoanalítica** our recommendations are:

- The purchase of assets, both movable and real assets, and raw materials; this will allow you to protect your money and reduce production risks.
- Borrowing. Real interest rates are negative, which means that interest will be absorbed and will facilitate your payments.
- Maintaining relations with multiple banks. The banking sector is suffering and having relations with several banks is vital in order to have access to multi-bank credits.
- Maintaining inventory reserves. This helps to maintain production at adequate levels and can also be taken advantage of so that the variations in costs do not hit you so hard.
- Never leave money idle. It is worth increasingly less over time.
- Contracts in cash not on credit. If contracts are on credit, then they should allow for the variation in prices in order to guarantee the profitability of the same.

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- Giving company loans to your employees to help them cope with the situation and thus protect your human capital.
- Increasing the frequency with which you pay your workers to reduce the negative impact on wages and salaries.
- New products. These products will not be on the list of regulated products and will have a sales price that is in line with the true situation.
- Exports. By exporting, revenues will be in a hard currency that maintains its value over time.

As we have already commented at **Ecoanalítica**, the present model is unsustainable in the long term and, consequently, in our opinion, the implementation of an adjustment plan is inevitable. This adjustment would involve lifting price controls, a convergence of the exchange rates, reducing controls on capital or lifting them entirely, trimming spending, imposing fiscal and monetary discipline, and restoring the Central Bank's autonomy in order to be able to establish feasible inflation targets.

With this in mind, our clients should be alert of any kind of economic signaling to successfully overcome the turbulent times ahead.

Pilar Navarro
Carlos Miguel Álvarez

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WEEKLY INDICATORS

Weekly Economic Indicators			
	3rd Week April	Weekly var. (pp)	Depre/Apre (pp) ¹
FX Dicom (VEF/US\$)	350.7	9.2	8.4
	2nd Week April	Weekly var. (pp)	Annual var. (pp)
Lending Interest Rate (%)	20.9	0.5	0.8
	3rd Week April	Weekly var. (pp)	Annual var. (pp)
Overnight Interest Rate (%)	3.0	-7.5	2.0
	3rd Week April	Weekly var. (%)	Annual var. (%)
International Reserves (Bn US\$)	12.63	-2.1	-33.7
	3rd Week April	Weekly var. (%)	Annual var. (%)*
Central Government Spending (VEF Bn)	45.9	-43.0	73.5
	2nd Week April	Weekly var. (%)	Annual var. (%)
Monetary Liquidity (VEF Bn)	4,522	1.6	102.9
Price of International Oil Baskets (US\$/bl)			
	3rd Week April	Weekly var. (%)	Annual var. (%)
WTI	41.7	1.5	-27.3
Brent	44.1	1.3	-30.7
Price of the Venezuelan oil basket (US\$/bl)			
	3rd Week April	Weekly var. (%)	Annual var. (%)
Weekly Average	32.4	0.9	-38.4
Annual Average	27.2	1.3	-41.0

Source: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

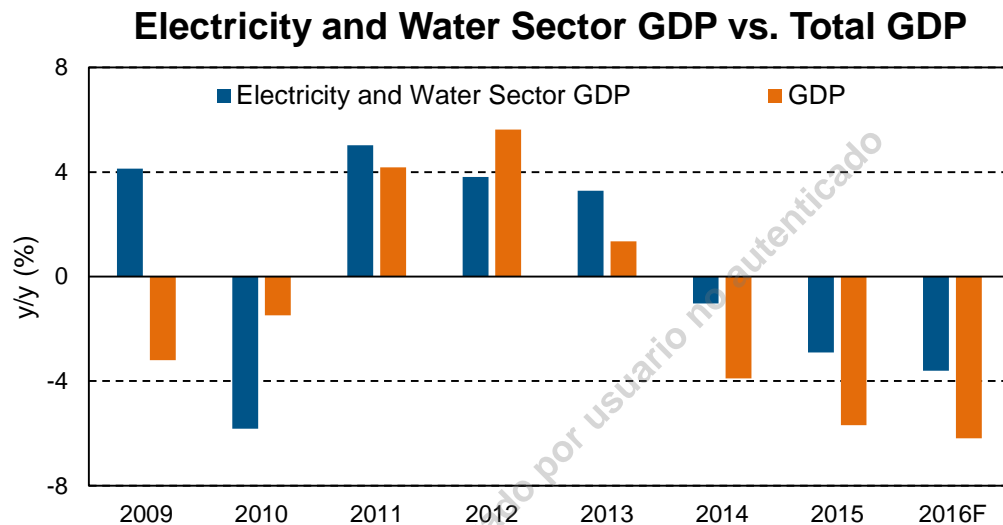
¹ Depreciation (+)/Appreciation (-)

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CHART OF THE WEEK: “WITH NO WATER OR ELECTRICITY TO PRODUCE”



Source: BCV and Ecoanalítica

The hackneyed phrase “countries don’t hit bottom” says it all; and after two years of contraction, our gross domestic product could continue to shrink. Despite the optimistic jargon favored by the Executive and adopted when talking of the 14 engines, today Venezuela will face major obstacles if it is to resume the path of growth. On the one hand the drop in oil prices has dramatically reduced the country’s foreign currency revenues. And on the other, we have another obstacle, this time a structural one associated with the generation of electricity.

The electricity crisis the country is currently experiencing is more important than we think and does not depend only on climatic factors. Like the majority of Latin American countries, the lion’s share of Venezuela’s GDP is associated with the services sector of its economy (41.7%), which, in turn, is highly reliant on the energy production factor. Studies conducted on the relationship between the growth in GDP and electricity consumption indicate that, if this year, Venezuela were to grow by only 1.0%, this would imply growth in energy consumption of 20.0%. However, at the moment the energy deficit is 2,100 megawatts, and at **Ecoanalítica** we estimate that the electricity and water sector will contract by 3.6% this year¹.

¹ Preliminary figures.

ECONOMIC TIPS

A collapse is just around the corner. Robert K. Rennhack, the deputy director of the Western Hemisphere Department at the IMF, said that Venezuela could reach a “*total collapse of the economic system*” in 12 to 18 months if it does not change its economic policy. “*Inflation in Venezuela probably entered a hyperinflationary path in 2015 and will go to 2,200% in 2017 and could balloon very fast to 13,000.0% a year*”, he added during an interview.

You’d do well to learn from other people’s mistakes. Robert K. Rennhack said that his team of economists had studied previous episodes of hyperinflation in Bolivia (1982-1984), Argentina (1989-1990), and Brazil (1989-1990) and that Venezuela is in a situation similar to the one those countries were in 12 to 18 months before their hyperinflationary crises.

Venezuela, the hardest hit. Without suffering from a war, “*the Venezuelan economy is the one to have contracted most in the world*,” said Alejandro Grisanti, who took part in a conference of the Society of the Americas/Council of the Americas (AS/COA) in New York. He also pointed out that the Venezuelan economy today is “*half what it was when Maduro took office*.”

The IMF is a viable option. In Alejandro Grisanti’s opinion, help from the IMF “*could be a mechanism of transition. The Fund today is totally different from the Fund of 89 in Venezuela*.” Grisanti also commented that this international agency has stabilized dozens of economies in the world. “*Before, the IMF sought to protect bondholders more. Today, that is no longer the case*,” he stressed and added that, without that help, “*the economic costs would be greater*.”

Swap before a default. On the bonds issue, Grisanti stated that “*there are three investment banks working on the probabilities of a swap*” and noted that he saw a “*window of a possible negotiation that would be costly for the country because there’s 90.0% to 95.0% attributed to the bond rate*.” “*There’s no one capable of scaring off bondholders more than the present government (because), even though they pay, the market is expecting a default*,” said Grisanti, who added that the price of these assets is a reflection of the national crisis.

DICOM, goes up and down at whim. The DICOM is still a rate that is moved at the whim of the Ministry of Finance and the Central Bank, according to Alejandro Grisanti, who said that the government is increasing the proportion of dollars at the DICOM rate while reducing the proportion of dollars granted at the DIPRO rate.

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“What’s been the result of this? The parallel rate has not depreciated in the last few days; it’s even revalued,” he commented.

Family food basket reaches VEF 142,853. According to the report by the Documentation and Social Analysis Center of the Venezuelan Teachers’ Federation (CENDAS-FVM), the cost of the Family Food Basket in March 2016 came to VEF 142,853, an increase of 17.1% compared to the previous month. It also indicated that the difference between controlled prices and market prices was 1,892.3% and that 24 (41.4%) of the 58 products making up the basket were hard to find.

OIL TIPS

Change in gasoline consumption. Before the new gasoline prices went into effect, 91-octane gasoline accounted for 27.0% of total consumption and 95-octane gasoline for 73.0%. At the close of March, 91-octane gasoline accounted for 53.0% of total consumption and 95-octane gasoline for the remaining 47.0%. Although it may not look that way, this change in the pattern of consumption benefits PDVSA, as it is cheaper to produce 91-octane gasoline than 95-octane gasoline, which requires imported components.

Someone else who’s leaving us. The oil services company Halliburton Co. announced that it had decided to cut back its operations in Venezuela two weeks after Schlumberger Ltd., another service provider to the oil industry, announced a similar measure after obtaining insufficient payments in Venezuela. Since the drop in oil prices, the state-owned oil company, PDVSA has had difficulties in meeting outstanding payments to its creditors.

A meeting for everyone. Minister for Oil and Mining Eulogio Del Pino proposed that the countries that do not belong to the Organization of Petroleum Exporting Countries (OPEC) and that attended the ministerial meeting of Oil Producing Countries in Doha, meet again at the next meeting of OPEC’s Ministerial Conference scheduled for June 2.

It’s necessary to freeze prices. Eulogio Del Pino said that he was convinced that talks to restore the equilibrium of oil prices should continue. *“Those who say that freezing (prices) is not necessary because they stayed the same in the days after the meeting in Qatar are wrong,”* added Del Pino. Venezuela has been pressing for

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an agreement to be reached on fixing prices since oil prices slumped, given that its market strategy is based on prices not on quantities.

Nowhere near 100. Del Pino also said that, depending on the characteristics of the oil fields in each region, the equilibrium price could be between US\$60.0 and US\$70.0 a barrel (bl.) and explained that this figure was obtained by calculating the inventories-to-prices ratio. *“It’s necessary to restore equilibrium between supply and demand and the best indicator is the inventories-to-prices ratio. By correlating these two factors, it can be seen that, as the price drops below US\$60/bl, there is an increase in inventories,”* said Del Pino.

The Americans are to blame. Del Pino claimed that one of the reasons why it was not possible to reach an agreement on freezing prices at Doha, apart from the disagreement between Saudi Arabia and Iran, was the pressure brought to bear by the United States. *“What we cannot allow ourselves to be dependent on last-minute decisions by someone who sabotages a meeting of this level and of this importance,”* said Del Pino.

Venezuela should stay in OPEC. According to an opinion poll conducted by the portal *Gerencia y Energía*, 60.0% of those consulted considered that Venezuela should stay in OPEC. However, the results show that people are not really convinced that PDVSA should be privatized. The majority of comments were of the “yes..., but no” variety, although 94.0% of those interviewed would agree to PDVSA being quoted on the stock exchange.

Bye-bye to oil. The Government of Saudi Arabia has approved an ambitious plan the objective of which is to reduce the country’s reliance on oil by developing investments and increasing nonoil exports between now and 2030. The Council of Economic and Development Affairs denied that the launching of this project had anything to do with the drop in crude prices, which has forced oil countries to cut numerous subsidies.

A positive step. Iran’s Minister for Oil said that, even though the meeting on freezing oil prices failed, it was a positive step and that Iran would support any plan to stabilize the market. *“The Doha meeting was not fruitful but we see it as a positive step as it initiated negotiations between OPEC and non-OPEC member countries and showed to the main oil producers in OPEC that something should be done,”* said the minister.

BUSINESS SECTOR TIPS

The rationing's started. The "Load Administration Plan" started to be implemented nationwide this Monday, April 25, to avoid the water level in Guri Reservoir from dropping, according to Minister for Electric Power Luis Motta Domínguez. The minister explained that this measure would continue for 40 days until the water level in the reservoir recovered. The plan consists of temporarily suspending the electricity service for four hours at a time as follows: from 8:00 a.m. to 12:00 p.m., 12:00 p.m. to 4:00 p.m., 12:00 a.m. to 4:00 a.m., and 4:00 a.m. to 8:00 a.m.

Some have escaped the rationing. Motta Domínguez said that the plan excludes the Greater Caracas Area, Nueva Esparta, and Vargas. However, he stressed that the Load Administration Plan has an Annex "A," which covers the municipalities in the Greater Caracas Area in the event that they maintain a high level of consumption and do not reduce demand, in which case the measures contemplated in the rationing plan will apply to them as well.

Watts incorporated. In a press release, Corporación Eléctrica Nacional (Corpoelec) announced that, in line with the Special Attention Plan designed to mitigate the effects of the climatological phenomenon *El Niño*, Unit 14 in Machine Room II at Simón Bolívar Hydroelectric Power Station (Guri) had been synchronized to contribute 540 megawatts (Mw) to the National Grid after having been given its annual maintenance.

Only 18.6% was incorporated. Between 2008 and 2015, the government contracted the installation of 16,354 Mw for an outlay of US\$32.8 billion, according to a confidential academic study. However, up until last year, the Executive had only incorporated 3,044 Mw into the National Grid, according to labor union sources in the electricity sector, which is equivalent to 18.6% of the amount of megawatts contracted.

Extreme vulnerability. The incorporation of these 3,044 new megawatts -even though it is not known whether they are all available- is a very small contribution to meeting requirements. The 7,000 Mw currently available, as notified by Minister Motta Domínguez, reveal the vulnerability of the electricity system as it has to meet demand of 15,500 Mw, a figure also given by the minister.

If you don't take care of what you have... The president of Fedecámaras, Francisco Martínez, accused the Venezuelan Government of bad planning in the

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country's electricity system. *"The electric power issue is the consequence of bad management, bad planning,"* stated the businessman. He also pointed out that corruption is also involved in this issue. *"I think that, at some time, we Venezuelans will need answers to what has been done with the US\$95.0 billion that have been invested in the electricity system,"* he said.

Venezuela is told: "Pay what you owe." The World Bank's International Center for Settlement of Investment Disputes (ICSID) ordered Venezuela to pay US\$98 million to the British livestock company Vestey Group for having expropriated cattle ranches belonging to the company in 2005. Diego Gosis, the Government's legal counsel, said that they may file a petition to annul the ruling completely or in part. However, he clarified that a decision has not yet been made.

At less than half steam. Conindustria's Situation Survey revealed that companies are operating at 43.8% of their capacity. According to Conindustria, 70.0% of those surveyed reported that their levels of production had fallen and 73.0% said that their raw materials inventories had dropped. Conindustria explained that the main reasons for this are the climate of political uncertainty, the lack of suppliers and foreign currency, price controls, and low demand.

They hope to revive the production of medicines. Following a meeting of the General Staff for Health, Vice President for Social Affairs Jorge Arreaza announced the revival of the domestic production of medicines and also of the pharmacy network Farmapatria. He pointed out that Venezuela has the fourth largest medicine production industry in Latin America and that it will receive the support of the Venezuelan Government.

Selling at VEF 70 "is suicide." Milk producers claim that selling at VEF 70 *"is suicide,"* according to statements by Roger Figueroa, the executive president of the Venezuelan Dairy Industries Chamber (Cavilac). He added that the chamber needs US\$10 million in order to guarantee milk packaging for approximately three months. He also claimed that milk producers have calculated a selling price of VEF 400.0 for this product.

WORLD ECONOMY TIPS

Eager to strengthen alliances. US President Barack Obama stated that Brussels and Washington should move ahead with negotiations on a free trade agreement, which, according to its supporters, could boost the economy of both powers by some

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US\$100.0 billion. *“It is indisputable that free trade has strengthened the US economy and also has brought enormous benefits to countries that engage in it,”* said Obama.

...at any price. A free trade agreement between the United Kingdom and the United States could take 10 years to negotiate if British voters approve the country’s exit from the European Union, said Obama, who has just spent a few days in London calling on the British to stay in the European Union at a time when voters are divided on whether to continue to belong to the 28-country bloc.

Even further in debt. Spain’s public debt, not including mayoralities and aid from banks, came to 1.1% of GDP, according to the Ministry of Finance. The consolidated deficit in the first two months of the year came to EUR 12.45 billion. *“The results of the first two months of the year are affected by the lower surplus in the Deposit Guarantee Fund,”* said the press release from Spain’s Finance Ministry.

...and with consequences. The European Commission is considering penalizing Spain and Portugal for not meeting the deficit reduction targets, but it is also likely that it will give them more time to reduce their budget deficits to within European Union limits. The Commission could recommend a symbolic sanction, which could be up to 0.2% of GDP (EUR 2.16 billion for Spain and EUR 359 million for Portugal).

Confidence down. Business confidence in Germany dropped unexpectedly in April, as businesses proved to be more pessimistic with regard to the present situation, although expectations among managers improved slightly. The Munich-based Institute for Economic Research Ifo stated on Monday that its Business Climate Indicator, based on a monthly survey of some 7,000 companies, fell to 106.6 in April from 106.7 in March.

Reforms on the horizon in Japan. The Bank of Japan is to revise its price forecasts downward and is to discuss whether the strength of the yen, the weakness of global demand, and weak consumption have dented inflation expectations sufficiently to justify another round of stimuli. Although many at the Bank of Japan are worried, they are equally cautious about using monetary policy tools that are on the decline.

On the right side of the story. Argentina has put a 14-year payment suspension behind it with a payout of more than US\$9.0 billion in debt to holdout creditors, after a lengthy legal battle that prevented Argentina from having access to voluntary credit markets. Upon having certified the payments, the US judge, Thomas Griesa, formally lifted the injunctions that prevented Argentina from paying its bondholders.

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POLITICAL TIPS

An outright “No.” The Constitutional Chamber of the Supreme Tribunal of Justice ruled that any amendment to the Constitution of the Bolivarian Republic of Venezuela may not have retroactive consequences or be applied immediately. The Supreme Tribunal of Justice described admitting any change as an “indisputable breaking” of mandate regarding the exercise of sovereignty provided for in Article 5 of the Constitution as this would be tantamount to ignoring the will of the people.

It wouldn’t apply to Maduro. In an opinion by Arcadio Delgado, the Constitutional Chamber of the Supreme Tribunal of Justice ruled that the amendment to the Constitution to shorten the president’s term of office cannot be applied to Nicolás Maduro’s mandate. The president of the National Assembly, Henry Ramos, said that “*the amendment is not a constitutional fraud*” and that the constitutional fraud is the Supreme Tribunal of Justice.

Scoundrels. The president of the National Assembly, Henry Ramos Allup, described the members of the Constitutional Chamber of the Supreme Tribunal of Justice as “scoundrels” after learning of the Chamber’s ruling on the bill to amend the Constitution submitted to the National Assembly. “*They don’t even wait for laws to be passed now; they declare them to be unconstitutional without even having read the final text,*” commented Ramos Allup.

Recall referendum equals freedom. Insisting on achieving the departure of President Nicolás Maduro by constitutional means, Governor of Miranda State Henrique Capriles Radonski said that, “*freedom is the recall referendum*” because the people know that there is no other way, and he pointed out that the present government is afraid of the will of the Venezuelan people. “*The recall referendum isn’t Primero Justicia’s, it’s the Venezuelan people’s in order to get to change our country,*” said Capriles.

They agreed to hand over the forms. The National Electoral Council (CNE) agreed to instruct the Political Participation and Financing Committee (Copafi) to issue the form for activating a presidential recall referendum as requested by the Democratic Unity Alliance. At a meeting, the CNE’s directors agreed that the instructions for collecting the corresponding signatures would be issued.

They’re afraid of the people. Jesús “Chúo” Torrealba, the executive secretary of the Democratic Unity Alliance, claimed that the issuing of the form for collecting

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signatures for the recall referendum by the National Electoral Council was “a *victory for the people*.” He stated that now Venezuelans will be able to give “*their opinion by signing in favor of the recall referendum*,” which would lead to an expression of “*the People’s Sovereignty achieved and supported by the National Assembly*.”

We’re going to take notice. Deputy to the National Assembly Héctor Rodríguez said that the “*deputies of the Fatherland*” expect the Democratic Unity Alliance to abide by the ruling handed down by the Supreme Tribunal of Justice, which suspends temporarily several provisions of the National Assembly’s Internal Regulations and Rules of Debate. Rodríguez said that the government benches accept this ruling “*just as we have accepted all the rulings handed down by the Supreme Tribunal of Justice*.”

Bravery and reconciliation. Jesús “Chúo” Torrealba, the executive secretary of the Democratic Unity Alliance, challenged the United Socialist Party of Venezuela (PSUV) to be “brave.” “*They’re taking the step forward that the country needs*,” he stressed. In the same vein, Mitzy Capriles, the wife of Caracas Metropolitan Mayor Antonio Ledezma, called on the Executive to “*build bridges of conciliation*” between the country’s sectors in conflict.

Stringing out the process. In view of the CNE delay in issuing the form for starting the recall referendum, Sucre Mayor (Caracas) Carlos Ocariz claimed that the CNE is seeking to “string out” the process to the detriment of the country. “*We have to get out of this economic and social crisis. Here it’s not a matter of persecuting anyone. We all have to rescue this country together and the recall referendum has that in its favor*,” said Ocariz.

Waiting for the Charter. The Organization of American States (OAS) is waiting for the Venezuelan opposition to submit a request for the Inter-American Democratic Charter to be applied to Venezuela. The only time this was done was following the coup d’état in Honduras in 2009. The request could reach the OAS next week and it is expected that its secretary general, Luis Almagro, will submit it to debate by the Permanent Council.

They don’t want you. Henry Ramos Allup, the president of the National Assembly, said that 80.0% of Venezuelans repudiate the Supreme Tribunal of Justice and the National Armed Force. “*The unconstitutional chamber of the Supreme Tribunal of Justice and the National Armed Force’s high command are repudiated by 80.0% of the people*,” he said.

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Bring in your dollars. In the opinion of Vice President Aristóbulo Istúriz every Venezuelan businessman who has foreign currency abroad should repatriate those funds to get the country's economy moving. *"With the situation Venezuela has, everyone who has dollars should break into the 'piggybank.' Well, there are a lot of businessmen who have money outside the country and who are bringing it in in order to produce,"* stated the vice president.

Chairing UNASUR. The CNE assumed the presidency *pro tempore* of the Electoral Council of the Union of South American Nations (UNASUR), which it will exercise until 2017. This high mission, which was exercised by the Electoral Court of Uruguay, was handed over to the CNE upon Venezuela receiving the presidency *pro tempore* of UNASUR.

LEGISLATIVE TIPS

Responding to injustice. Deputy Alfonso Marquina considers the ruling handed down by the Supreme Tribunal of Justice ordering the total or partial suspension of five articles of the National Assembly's Internal Regulations and Rules of Debate to be totally out of order. As a result of this ruling, the National Assembly will not be able to debate a request for the lifting of immunity at the same session in which it was received; there will be no time limit on speeches by deputies; and the National Assembly must consult with the Executive on whether bills are viable in terms of the budget before passing them.

They'll continue to move ahead. Carlos Paparoni, a deputy for the Democratic Unity Alliance, said that the National Assembly will continue to debate the amendment to the Constitution despite the fact that the Supreme Tribunal of Justice had ruled that an amendment to shorten the president's term of office was possible but that such an amendment would not apply to Nicolás Maduro. *"It's not just President Maduro, but the vices that this model has left us with that we have to change,"* explained Paparoni.

Trying to find the solution. Deputy José Manuel Olivares announced that the bill to address the national health crisis is to be submitted to its second debate. Olivares, who is also the chairman of the National Assembly's Health Committee, commented that the bill would be approved unanimously so as to *"start along a path of solutions."* The name of the bill has been changed at the request of the government benches, who asked that the term "humanitarian crisis" be eliminated.

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Investigating the electricity problem. The National Assembly's Administration and Services Committee agreed to investigate the irregular situation in the generation of electricity using thermoelectric power plants in Anzoátegui state. Deputy Stalin González, the committee's chairman, explained that they had received several complaints of irregularities in the supply of electricity in Anzoátegui and said that the lack of investment in maintaining the plants over the past 15 years was to blame for this situation.

He did not show. According to the National Assembly's proposed agenda, People's Power Minister for Food Rodolfo Marcos Torres it was scheduled to appear before the National Assembly, however he did not show. Also on the agenda was the debate of the bill on protection of and indemnity for users in the event of failures in the electricity service. This debate was scheduled for last Thursday, when the National Assembly's Board of Officers suspended the session due to the lack of quorum.

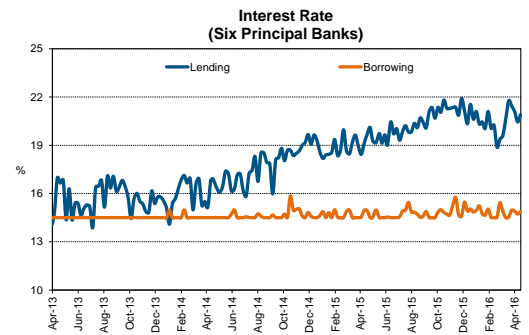
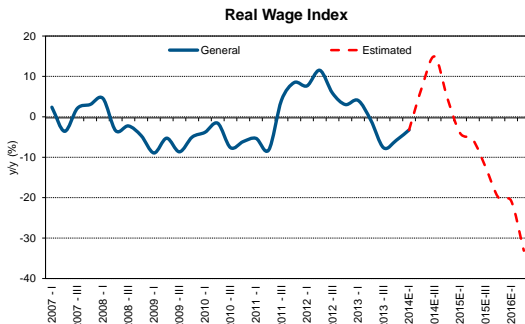
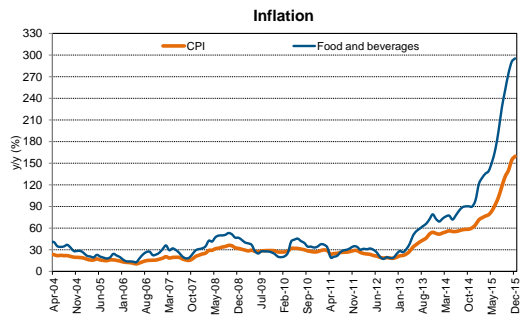
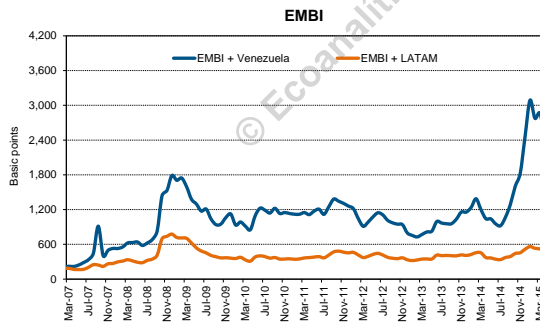
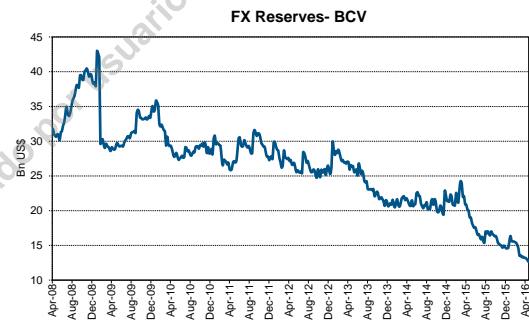
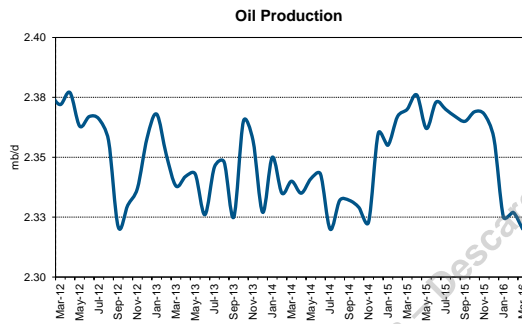
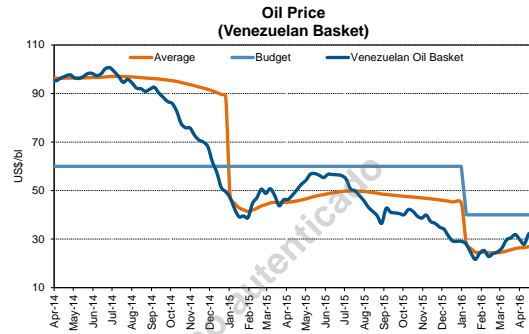
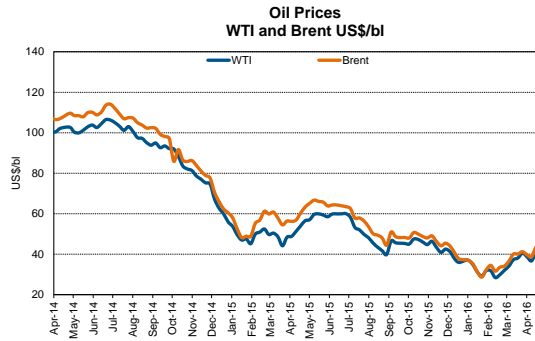
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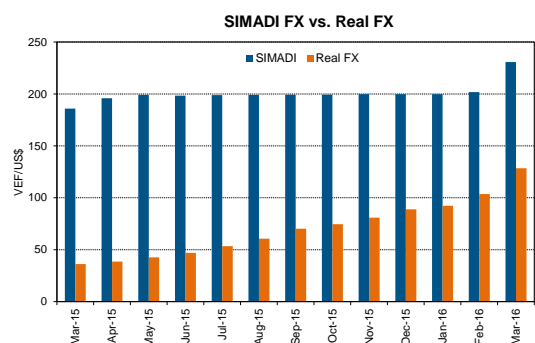
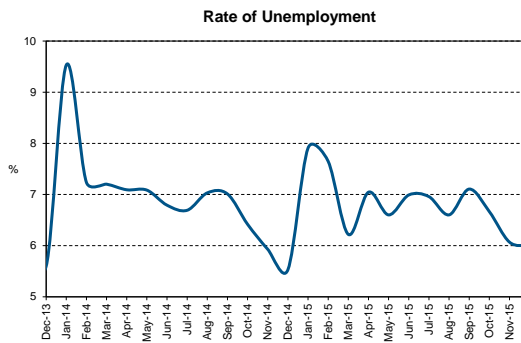
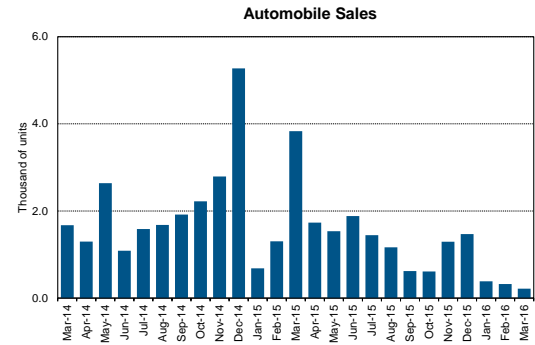
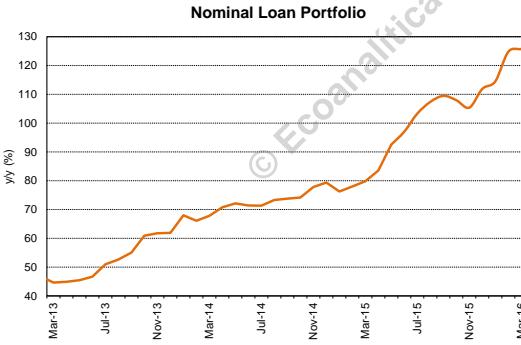
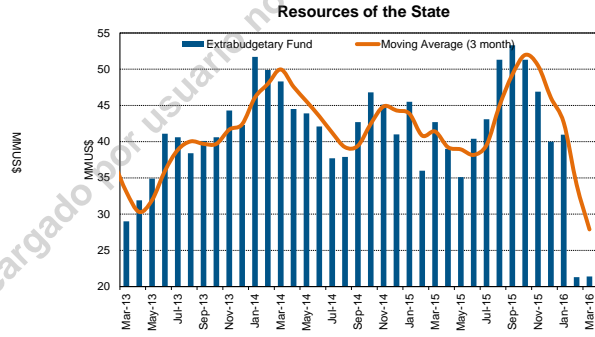
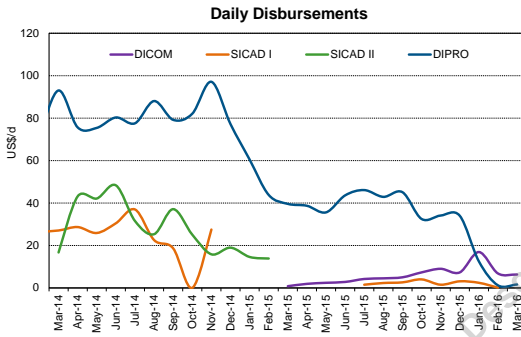
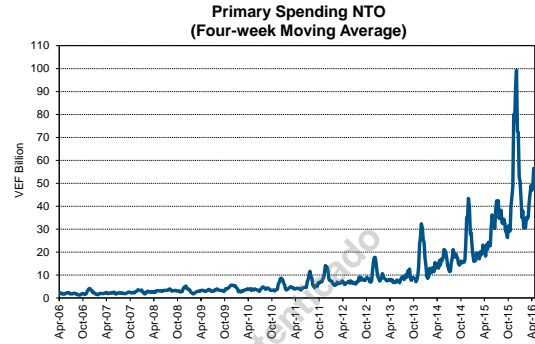
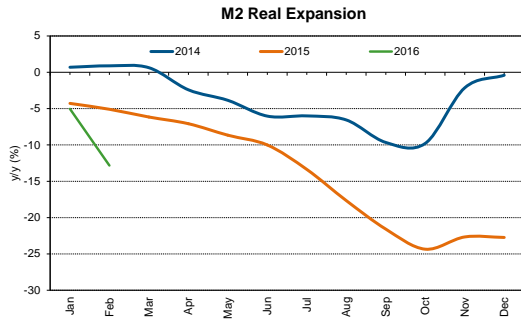
ECONOMIC OVERVIEW



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