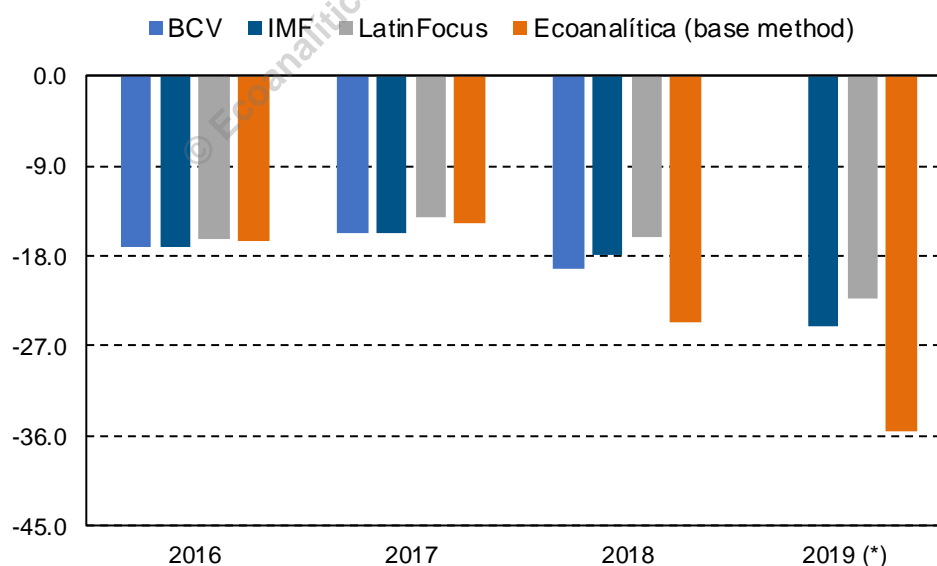


An uncomfortable truth: the official figures on economic activity in Venezuela

The deterioration in economic activity in Venezuela is, perhaps, the aspect where multiple sources and studies seem to agree, including the battery of indicators launched recently by the Central Bank of Venezuela (BCV). Many of the projections performed by different sources point, almost unanimously, to a cumulative contraction in the domestic market of close to 50.0% from the time official statistics ceased to be published up until last year.

So it seems that not even the official information blackout has prevented the regulatory authorities from acknowledging the harsh conditions that the Venezuelan economy has been experiencing for nearly 6 years.

Venezuela's real GDP variation estimations (%)



(*) Projected
Sources: IMF and Ecoanalítica

Despite these areas of agreement, a more detailed examination of the elements that make up this contraction reveals certain particularities that question their complete compatibility with our macroeconomic reality. In our last weekly report we already discussed some technical elements that suggest an underestimation of our hyperinflationary situation based on newly official data. Similarly, as the Central Bank sees it, as part of the process of deterioration the local market has left aside traditional sectors that generate greater value in the local nonoil sector, while the shrinking of aggregate domestic demand seems to be insufficient in the context of hyperinflation and with such an adverse external situation.

From “how much” to “how”

The Central Bank's figures alone show a cumulative reduction of 34.4% in Venezuela's real GDP between 2014 and 2017, which goes up to 44.3% if we take the first three quarters of 2018 into account. Even though this is similar to **Ecoanalítica's** vision, as we have already shown, the consistencies are not maintained when we compare our figures with those reported by the Central Bank, on disaggregated basis. As we mentioned in our last quarterly report, there were several useful arguments that supported the drop in local activity was concentrated basically in the adverse results in manufacturing, commerce, the banking and insurance sector, and government services, between 2017 and 2018.

According to the Central Bank, besides the businesses in the financial sector, the biggest drop came from the construction sector, which posted a cumulative contraction of 80.6% between 2013 and 2017, much bigger than the contraction in manufacturing -a historically key activity in Venezuela- over the same period.

This dynamic seems to contradict the official discourse on the housing construction policies under the Great Venezuela Housing Mission promoted by the Hugo Chávez administration since 2011¹. Moreover, it is difficult to believe that the sectors that rely most on imports such as manufacturing (which in 2017 posted 21.0% of the growth it posted in 2013) have contracted less than other sectors, considering the remarkable decrease among non-oil fractions of such imports (31.6% in 2017, according to BCV). Not only that, those adjustments seem to be insufficient if account is taken of the 76.1% contraction in private investment over the same period, acknowledged by the Central Bank itself in its figures.

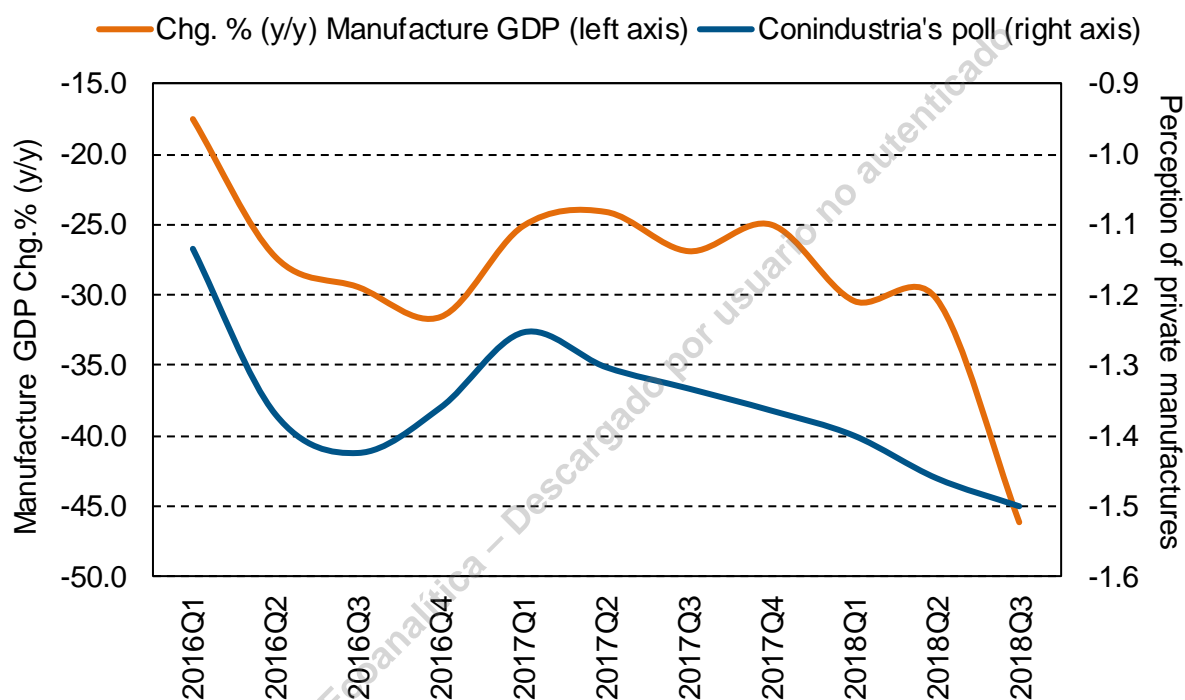
¹ Prensa Latina: “Venezuela defiende derecho a vivienda pese a sanciones, dice ministro”. <https://www.prensa-latina.cu/index.php?o=rn&id=281019&SEO=venezuela-defiende-derecho-a-vivienda-pese-a-sanciones-dice-ministro>

Telesur: “Venezuela es el país que más construye viviendas en el mundo” <https://www.telesurtv.net/news/Venezuela-es-el-pais-que-mas-construye-viviendas-en-el-mundo-20171229-0003.html>

Year 15. Number 20 Week II
 June 2019

The information included in the Conindustria's industrial sector survey gives us an interesting contrafactual. The perception of the agents about the production decrease (year to year) seems to concur with the quarterly cuts reported by the BCV during 2016 and in a period of 2018.

Manufacture production indicators



*Changes between -2 ("Very strong" fall) and 2 ("Very strong" increase).
 Sources: Conindustria, BCV and Ecoanalítica

Nonetheless, in 2017, the weakening of this activity shows the detriment perceived by the private firms, which indicated a continuous sector decrease from this period. Even do the public sector could have presented a counterweight to the reduced production of the private sector, it isn't clear if this scenario is possible, especially when the public sector was starting to present many weaknesses generating hard currency (just considering the total oil production contraction of 649 kb/d) that could have affected its imports and its capacity to accumulate capital.

Another aspect that gives rise to doubts is the configuration of real activity in Venezuela conveyed by the new figures, where telecommunications have a greater weight than commerce and manufacturing. This business went from accounting for 7.1% of nonoil

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GDP in 2009 to 14.1% in 2017, whereas the first two accounted to near 20% of nonoil business in 2017 (from near to a half in 2009).

In the first three quarters of 2018, telecommunications alone accounted for 17% of the nonoil economy, a percentage very close to the percentage for the first two activities combined over the same period. In fact, this sector is the one to have been least exposed to the widespread deterioration, it even increased its size in 4.4% between 2013 and 2017.

Nevertheless, one issue undoubtedly highlighted by official data is the major role of public sector on local activity dynamic (in detriment of private sector) and, therefore, its effects over current hyperinflationary scheme. The weight of government services went from accounting for 16.0% of non-oil activity to 23.8% between 2013 and 2017, posting a contraction of 2.2% over the same period. This increase in relevance emerges as evidence of how disbursements by the public sector rose in the middle of strong restrictions on foreign borrowing and, with it, the financing needs to support that spending. What happened subsequently is well known.

The defeat of consumption and investment

The Central Bank's figures also acknowledge that goods and services in Venezuela have become much more expensive. Even disregarding potential underestimations, prices have gone up by 355,544,268% since Nicolás Maduro took office as president. Although affected by the omission of other factors behind its behavior, bearing in mind the dynamic of prices alone, it was to be expected that private consumptions would fall by 0.09 percentage points for every 1% increase in prices in 2017, according to our calculations based on official historical figures until 2016. Official data reported a similar ratio considering **total consumption** only, suggesting a less accurate forecast over public consumption adjustment to such prices (from official entities) during this year.

Another element that makes the consumption dynamic more dramatic is the decline in credit. Even though financing by the banks has tended to be more endogenous to economic activity, between 2017 and part of 2018 for which figures are available the sharp increase in domestic prices resulted in this type of credit taking on a more predominant role in Venezuelans' budgets.

So, it was to be expected that the drop in financing of real consumption in recent years (20.5% on average in 2017 alone) would have a corresponding drop in the real economy. With restrictions of this magnitude, and assuming that private consumption varied by 0.07% for every 1% increase in real credit between 2008 and 2014 (according to BCV's data), the reductions in these expenditures must be superior to that officially reported

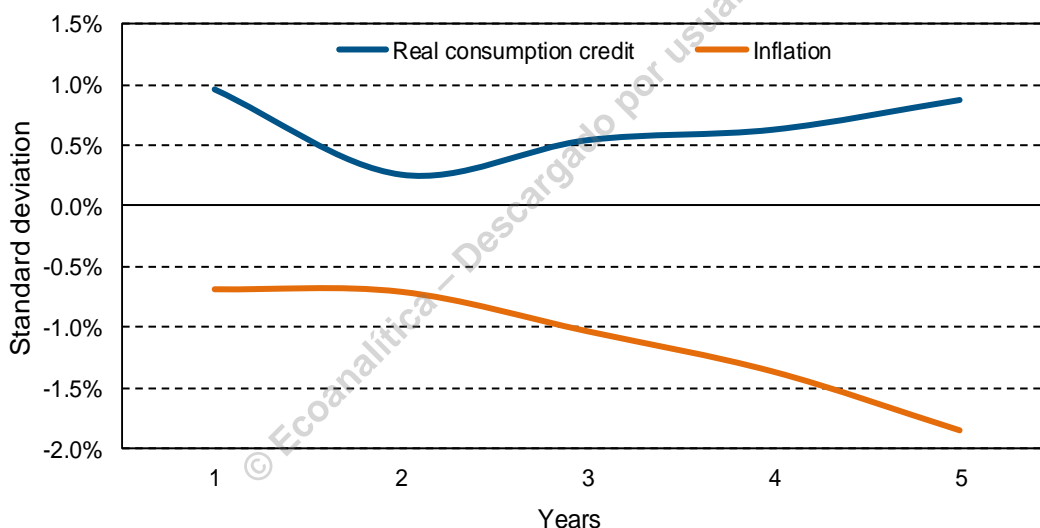
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(23.0% versus 21.4%), especially with no real counterweight that would partially offset this contraction.

Even given the importance of credit, it is prices that seem to have had greater historical weight in the adjustments to this component of demand, supporting a deeper decrease on such consumption respect to official reports, affected by current hyperinflation. A more stringent evaluation of the data associates the drops in private consumption in Venezuela over the period 2000-2014 with preceding increases in local prices². While real loans for consumption tended to maintain a positive impact on this variable, its effect was not decisive, at least in statistical terms.

Response to the real consumption change and to non-anticipated changes in credit and prices



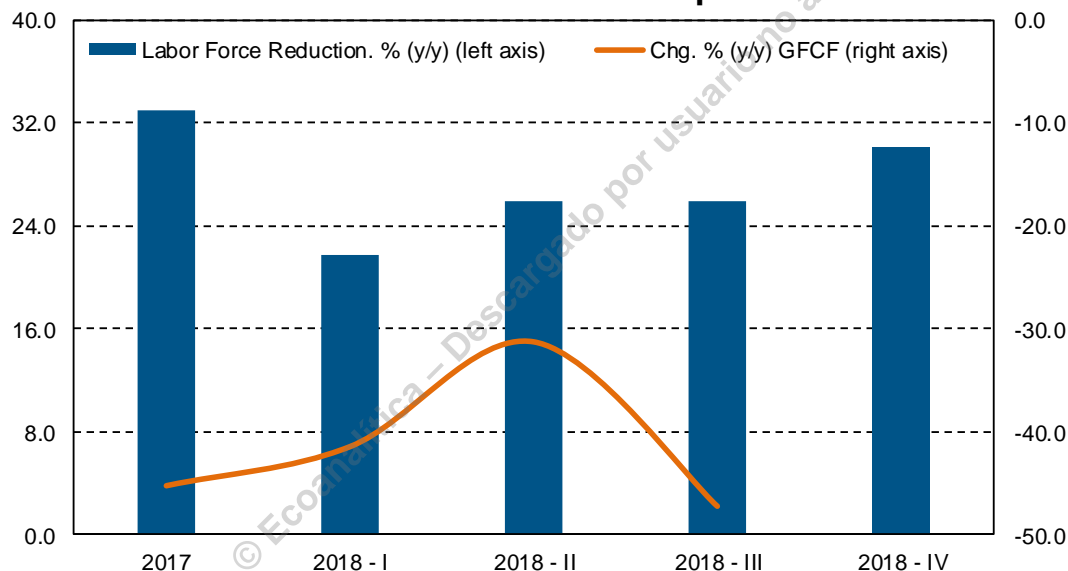
Sources: BCV and Ecoanalítica

The discussion regarding the consumption dynamic takes on another tone when we consider that, according to official figures, the role of this item was at least 91.8% of GDP between 2014 and 2017. In other words, Venezuela continues to be fundamentally a consumption-based economy. So, the differences between the various estimates regarding the evolution of this type of spending end up determining how serious the deterioration in local economic activity has been.

² In a context of an vector autoregressive (VAR) model among private consumption, real consumer credit, and local inflation, all controlled by changes in the prices of the oil basket and imports.

Perhaps the most surprising effect has been the one revealed by the data on capital formation in Venezuela. According to the Central Bank, the reduction in investment in 2017 (as well as for cumulated ratios since 2013) exceeded even **Ecoanalítica's** estimates. As we forecast in the section on the real economy in our first Quarterly Outlook Report, besides private capital being limited by scant access to credit, the element that seems to have exacerbated the adverse performance of private manufacturing seems to have been the flight of qualified personnel³. Consequently, the incentives for increasing installed capacity and investing in capital goods, among other things, may be restricted by the depletion of human capital experienced by companies.

Brain Drain vs. Gross Fixed Capital Formation



Sources: Conindustria, BCV and Ecoanalítica

³ Based also on the quarterly survey of Venezuela's industrial sector performed by the Venezuelan Confederation of Industrialists (Conindustria)

The elephant in the room

By lifting the veil from the official figures, the Central Bank ended up validating what the different views of the Venezuelan problem have been claiming: that the deterioration in our economy seemingly has few precedents. Even though the Central Bank's recent figures raise more questions than the answers they provide, they offer additional arguments for a better diagnosis of the macroeconomic imbalances we are suffering from with a view to redesigning the public policies that are needed to overcome them. It remains to be seen whether the local authorities will use this information wisely to correct the regulatory direction the country is taking and thereby set it on the path to a healthier economy.

Luis Arturo Bárcenas

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Year 15. Number 20 Week II
 June 2019

WEEKLY INDICATORS

Weekly Economic Indicators			
	2nd Week June	Weekly chg. (%)	Depre/Apre (pp) ¹
FX Boards (VES/USD)²	6,159.71	4.1	3.9
	1st Week June	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	32.8	0.6	11.3
	2nd Week June	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	125.5	12.2	117.5
	1st Week June	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	8.2	2.8	-7.8
	5th Week May	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (MM VES)	6,730,393	3.9	53,365.4
Price of International Oil Baskets (USD/b)			
	1st Week June	Weekly chg. (%)	Annual chg. (%)
WTI	52.9	-9.4	-19.1
Brent	62.0	-10.2	-18.4
Price of the Venezuelan oil basket (USD/b)			
	1st Week June	Weekly chg. (%)	Annual chg. (%)
Weekly Average	55.8	-9.6	-14.4
Annual Average	60.1	-0.4	-2.7

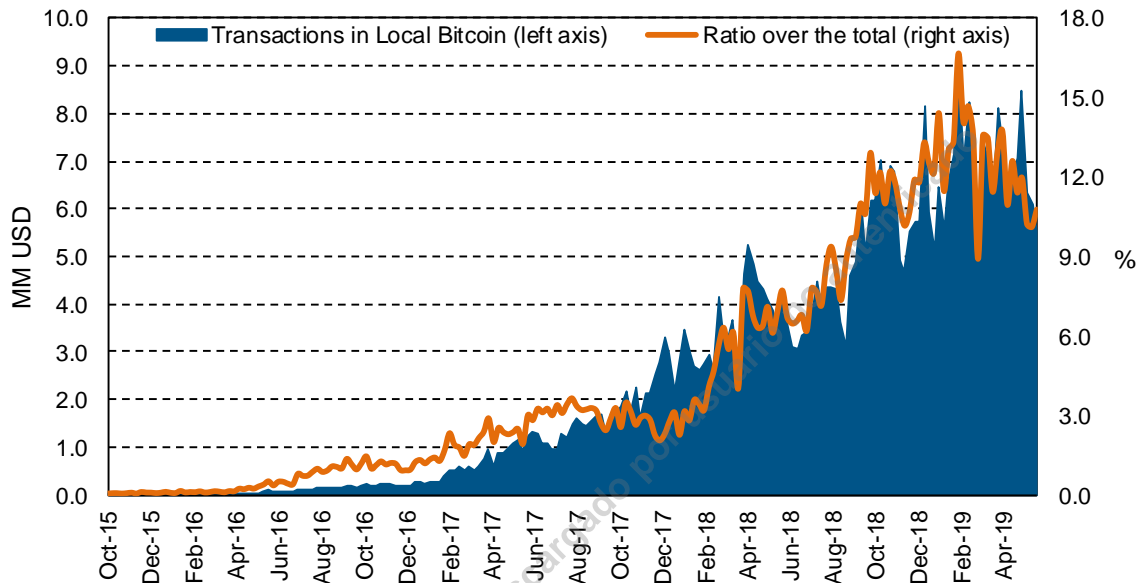
Sources: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

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

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GRÁFICO DE LA SEMANA: “PLUNGING INTO THE DIGITAL MARKET”
Bitcoins traded in Venezuela


Sources: Coin Dance, Local Bitcoin and Ecoanalítica

The cryptocurrency market has gained ground internationally in recent years, providing interesting alternatives to the traditional monetary offers provided by governments. In the specific case of Venezuela, along with hyperinflation and exchange controls, we have observed an unusual development of the cryptocurrency market in the country.

The platform most commonly used for Bitcoin transactions in Venezuela is Local Bitcoin. An analysis of the volume of Venezuelan transactions in this platform reveals that there was an increase of 107,115.2% between October 2015 and February 2019 (date on which the largest volume of transactions occurred in Venezuela), going from USD 0.01 million traded to USD 9.3 million. When we compare these levels with total transactions posted in Local Bitcoin, we find similar behavior, with the Bitcoin market in Venezuela representing only 0.1% of the total at the end of 2015, going up to 12.5% by the end of 2018, an increase of 12.4 percentage points in just three years.

The increases described above are a consequence of a sustained hyperinflationary crisis and stringent exchange controls that, in recent years, have prompted Venezuelans to seek strange and desperate measures to acquire foreign currency. So, the growth of the cryptocurrency market in Venezuela is a symptom of an extremely serious illness, whose cure poses a constant challenge for the country's policymakers.

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ECONOMIC TIPS

NA-NCPI. The National Assembly's Finance Committee published its Nationwide Consumer Price Index for May. Inflation in the month was 31.3%, cumulative inflation for 2019 was 905.6%, and inflation compared to May 2018 was 815,194%. The National Assembly put the inflation figure for May down to "*the power outs, the restriction on foreign exchange liquidity due to the legal reserve requirements, and the drop in consumption by Venezuelans.*"

Worthy of note, but not significant. With this figure for May, it is now three months in a row that inflation has been below the 50% threshold. This does not mean that hyperinflation has ceased in Venezuela, since the consensus is that inflation should remain below this threshold for 12 months in a row in order for us to be able to say that we have left hyperinflation behind.

This default is not in our best interest. Finance Minister Simón Zerpa announced that the amount of USD 200 million would be paid against the USD 4.0 billion debt that the Republic incurred with Russia in 2011.

From Russia without money. Zerpa made these statements during his visit to Russia, where he was attending the Saint Petersburg International Economic Forum. "*We have honored all our obligations with Russia regarding the bilateral credits the two governments have,*" he said. Tareck El Aissami, vice president for the economy, said that taking part in this forum was important because they were seeking an alliance with Russia in the area of health.

Data not certified. The International Monetary Fund (IMF) said in a press release that it had not had the opportunity to evaluate the quality of the data published by the Central Bank of Venezuela.

Radio silence. The IMF announced that its contacts with the country's political actors had been "*suspended*" as a result of the "*political crisis*" that had arisen in Venezuela since Guaidó became the country's acting president. The IMF had previously confirmed that there had been discussions with its members regarding the recognition of governments in Venezuela.

Gold down the drain. Sources consulted by Reuters said that Citibank and Deutsche Bank AG had taken control of USD 1.4 billion in gold (USD 400 million by Citibank and USD 1.0 billion by Deutsche Bank) that Venezuela had put up as collateral for loans. The reason for this is the uncertainty surrounding Venezuela as a result of US sanctions against the Central Bank of Venezuela. Originally, the Central Bank's agreement with

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these two banks was that the gold was going to be bought back in 2020 and 2021, but the appearance of the sections prompted the banks to use one of the clauses in the contracts to hold on to the gold.

Perhaps it's too high. The economic analysis firm Torino Capital said that Venezuela's foreign debt is between USD 150.0 billion and USD 170.0 billion, according to its estimates.

The crisis in other figures. In a joint communiqué with the International Organization for Migration (IOM), the United Nations has put the total number of Venezuelan refugees and emigrants in different parts of the world at 4 million, highlighting that 82.5% of these people began to migrate at the end of 2015. Given these figures, the United Nations stressed the need to support the countries that are being directly affected.

Foreign Currency Desks. The first buying and selling of foreign currency took place at the banks' foreign currency desks on June 12. The initial rate was VES 6,159.7/USD, for a premium of 11.2% of the unofficial rate compared to the official rate.

OIL TIPS

A decrease. The Organization of Oil Exporting Countries' (OPEC) report indicates that, according to secondary sources, Venezuela's crude production in May was 741,000 daily barrels (b/d). This number represents a 35 kb/d decrease compared to the previous month.

An increase. Nevertheless, according to direct communication, May's production was 1.1 mb/d, which actually represents an increase of 13 kb/d compared to April's oil production.

Which one is it? Once again, numbers between secondary and primary sources differ between them with a 309 kb/d gap. It is also important to notice that secondary sources establish a drop in production, while primary sources establish an increase in them.

A fire. A fire broke out at PDVSA's Puerto La Cruz Refinery on June 8 in which three people died. Civil Protection and Anzoátegui State Fire Department commented that the fire was caused by a power transmission cable that fell on a crude waste storage facility, and that the power line fell due to an explosion of the transformer.

Electrical problems. An official at PDVSA said that lightning was responsible for the transformer exploding. Once the fire broke out, the facility's emergency team was not

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able to act due to the lack of equipment and supplies needed to control the situation, such as chemicals for putting out the fire.

Harsher sanctions. Last week the US Department of the Treasury notified that it had stepped up its pressure on PDVSA. It explained that the exporting of diluents by international carriers could be sanctioned, clarifying that this change to the sanctions was being made so as to bring more pressure to bear on the Nicolás Maduro regime.

Nearby facilities. Crude processing facilities located near Puerto La Cruz Refinery, including a distillery with a capacity for processing 35,000 barrels a day, were not affected. As for the refinery itself, it is not operating mainly due to the lack of crude inventory.

Everything's deteriorating. Argus Media reports that the lack of maintenance of PDVSA's facilities has made the company's infrastructure extremely vulnerable to accidents of this type. The lack of maintenance has also led it to postpone repairs that are needed in order to function properly. Sadly, this is not the only accident that has occurred at PDVSA. There was a similar incident back in 2012 at Amuay Refinery, during which 40 lives were lost.

More options. It will be remembered that PDVSA has been relying on imports of diluents from the United States for some time. These diluents were added to Venezuela's extra heavy crude to make it exportable. However, the sanctions banned exports of US diluents to Venezuela in January, forcing PDVSA to look for other options.

Seeking solutions. "We are tightening the loop on any potential workarounds on the standing sanctions that allow the Maduro regime to still find ways to exploit PDVSA as a cash cow," said one Washington official.

They've been warned. According to the news agency Reuters, the same official also said, "The changing of the language [of the Venezuela sanctions statement] puts international companies on notice that any continued engagement or transactions they have with PDVSA selling diluents is at risk, or subject to future potential sanctions."

Plummeting. Imports of diluents have continued to fall since the United States imposed sanctions in January this year. Argus Media reports that the main products PDVSA imports are naphtha and gasoil, which are components for producing blends of gasoline.

Gasoline, naphtha, gasoil. Gasoline imports have been at 61 kb/d since the sanctions, compared to 133 kb/d during the same period last year. As for gasoil imports, they have been at 23 kb/d so far this year, compared to 61 kb/d during the same period last year.

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What about consumption? In view of the expansion of US sanctions, it is thought that PDVSA's imports will continue to fall. Based on data from Vortex, Argus Media also estimates that domestic consumption of gasoline and diesel in Venezuela has fallen by 120 kb/d and 100 kb/d, respectively.

Projections for May. The agency S&P Global Platts has published its oil production projections for May. It estimates that Saudi Arabia, the biggest producer of crude, produced 9.7 million barrels a day (mb/d) during the month, down 120 kb/d from April.

How did Venezuela do? As for Venezuela, Global Platt's projections indicate that its production of crude also fell compared to April, by 60 kb/d. According to Global Platts, Venezuela's production came to 720 kb/d in May, versus 780 kb/d in April.

OPEC. Last of all, it is worth noting that, according to these projections, total production from the Organization of Petroleum Exporting Countries (OPEC) was 30.1 mb/d, for a drop of 17 kb/d compared to April, when output was 30.3 mb/d:

BUSINESS SECTOR TIPS

Turned into a ghost town. Patanemo, a beach community in Carabobo state near the country's main sea port, stopped receiving tourists two years ago, when it was left without a telephone service and the road there became increasingly unsafe. People living there survive by bartering what they can, according to a report by Reuters.

Four million. The United Nations High Commissioner for Refugees (UNHCR) reported that the exodus of Venezuelans has already reached 4 million people, compared to only 695,000 in 2015. Colombia and Peru are the countries that have received the largest number of Venezuelan migrants, with 1.3 million and 768,000, respectively.

A growing exodus. Other countries that have received a large number of Venezuelans are Chile (with 288,000), Ecuador (263,000), Brazil (168,000), and Argentina (130,000). As for Mexico, it estimates that the Venezuelan community has grown to 40,000 in recent years. The United States has stated that its number of Venezuelan emigrants comes to 30,000.

International support. Several of these countries have offered their opinions on the issue. The President of Peru has said that Venezuelans wishing to come to Peru as immigrants must obtain a humanitarian visa before traveling to the country. Venezuela's

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representative to UNHCR, Eduardo Stein, commented that Latin American countries have done what is within their means to deal with this mass exodus, but that they cannot continue to do so without any type of international aid.

“We’re not bankrupt.” Del Monte Venezuela denied rumors that they had gone bankrupt. It was believed that the company had gone bankrupt due to its debt with international suppliers. However, the company claimed that it is continuing to operate normally, without declaring bankruptcy.

Raining cats and dogs. Because of the frequent rains that have fallen in Venezuela in recent weeks, Miranda State Fire Department said that they were ready to respond to potential emergency situations. According to the weather forecast from the National Meteorology and Hydrology Institute (Inameh), there is an orange alert on Miranda state due to the sudden increases in the water levels of the River Tuy.

Border control. Freddy Bernal and other migratory authorities have said that a border control carnet is to be implemented to monitor the mobilizations and entry of Colombians into Venezuelan territory. He explained that it will be possible to enter the corresponding portal to apply for the carnet starting on June 17.

An ecological agreement. The Ministry of Ecosocialism has agreed with the United Nations Food and Agriculture Organization (FAO) to plant more than 2 million trees in Venezuela. *“We signed three letters of agreement with the FAO in the sum of EUR 1.2 million,”* said Minister of Ecosocialism Heryck Rangel.

WORLD ECONOMY TIPS

A flash agreement. US President Donald Trump announced that his government had temporarily suspended the tariffs it was going to impose on Mexico, after an agreement was signed on illegal migration from Mexico to the United States.

A written undertaking. The tariff measure was ready to be implemented last Monday, but Mexico’s undertaking to *“greatly reduce or eliminate immigration that goes from Mexico to the United States”* was sufficient to suspend the measure. As part of the agreement Mexico is to deploy 6,000 men along its border with Guatemala, where the majority of migrants enter the country.

Conditional, like everything else. US Secretary of State Mike Pompeo and President Donald Trump gave reminders at different press conferences that the imposing of tariffs

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had only been suspended; in other words, if it is found that sufficient progress in the signed undertaking has not been made, the tariffs would be applied.

Producer prices. The Department of Labor announced that the US Producer Price Index (PPI) went up by 0.4% in May, maintaining the trend established in April. Year-on-year the indicator posted an increase of 2.3%, driven by hotel and catering and miscellaneous services.

A common enemy, Part I. Several political leaders in Italy have agreed to work together to avoid the European Union's disciplinary measures due to the extremely poor performance of Italy's public finances.

A common enemy, Part I. There are plans for Prime Minister Giuseppe Conte, Vice Minister and Federal Secretary of the Northern League Matteo Salvini, and Luigi Di Maio, the head of the Five Stars Movement, to hold meetings with Minister for the Economy Giovanni Tria and the rest of his work team. It is worth noting that the reason for the disciplinary proceedings that are being opened against Italy is because it has accumulated a debt of EUR 2.3 billion.

Talks to maintain progress. The United Kingdom and China are to hold a round of talks on their economic and financial relations. The United Kingdom needs to develop other trade and investment ties in the rest of the world while it prepares for its withdrawal from the European Union.

Desperate to reach an agreement. Donald Trump announced that, if an agreement was not reached with China at the next meeting of G20 in June, he would find it necessary to impose new tariffs to a value of at least USD 300 billion, which, according to Trump, have already been prepared and are ready to be implemented.

They will not be mere spectators. China's Foreign Affairs Ministry stated that China would respond firmly if the United States insisted on escalating trade tensions. The ministry's spokesperson closed the press release saying, "*China does not want to fight a trade war, but we are not afraid of fighting a trade war.*"

Debt for debt. Colombia's Ministry for the Economy and Finance announced that USD 1.13 billion had been placed in bonds to finance the buyback of 78% of the capital of its papers maturing in 2020. These new bonds mature in 2029 and the purpose of this operation, according to the ministry, is to improve Colombia's foreign debt profile.

Stimulation is the last resort. Two sources consulted by Reuters said that the authorities at the European Central Bank (ECB) were considering a new cut in the

monetary policy rate if the European Union's growth weakened during the remainder of the year.

An alternative. According to these sources, the ECB's first plan would involve the purchasing of bonds to stimulate inflation; and if it was found that neither inflation nor growth picked up, then the cut in rates would be justified.

POLITICAL TIPS

A not so immune immunity. Julio Borges, ambassador of Venezuela to the Lima Group, accused the government, acting through the Supreme Court of Justice, of ordering the removal of parliamentary immunity of José Guerra and Tomás Guanipa, members of the National Assembly.

+5. In a decree, Acting President of Venezuela Juan Guaidó announced a five-year extension for expired Venezuelan passports. The decree states that the five-year period will be counted from the passport's expiry date and that the extension will also apply to passports that expired before the decree was published.

United for Venezuela. At a meeting, the minister counsellor at Venezuela's embassy in the United States, Gustavo Marcano, urged 11 countries to accept the decree authorizing the extension of passports. Thirteen countries were at the meeting, 11 of which agreed to the measure: Argentina, Brazil, Ecuador, Costa Rica, Colombia, Chile, Mexico, Panama, Paraguay, Peru and Uruguay.

For everyone except those who stay. In an interview, Marcano also said that the Nicolás Maduro regime does not recognize the new decree, which means that Venezuelans who are in Venezuela and want to emigrate will not be able to do so with their expired passport.

Only Ottawa is left. Nicolás Maduro's minister for foreign affairs, Jorge Arreaza, announced that Venezuela is to cease providing services at Venezuela's consulates in Vancouver, Toronto and Montreal. The press release clarifies that "*all the functions of Venezuelan diplomacy in Canada will be concentrated at its Embassy's offices in Ottawa.*"

The "Empire" is to blame. The press release also states that these hostile measures against Venezuela are subjected to the aggression that the US Government is meting out to Venezuela.

Monitoring survival. The National Assembly approved the creation of the Public Services Monitor during a debate on the grave crisis in the water, electric power, and garbage collection services.

Salama replaces Notario. At the same session the National Assembly replaced its diplomatic representative to the Kingdom of the Netherlands, without explaining the reasons for this decision. Gloria Notario was replaced by Issac Salama as ambassador in one of the actions contemplated in the Transition Statute.

The doors are open... Nicolás Maduro authorized the reopening of border crossings between Táchira state and the Department of North Santander in Colombia on June 8. The closing of the border was decreed on February 22 to prevent the entry of humanitarian aid.

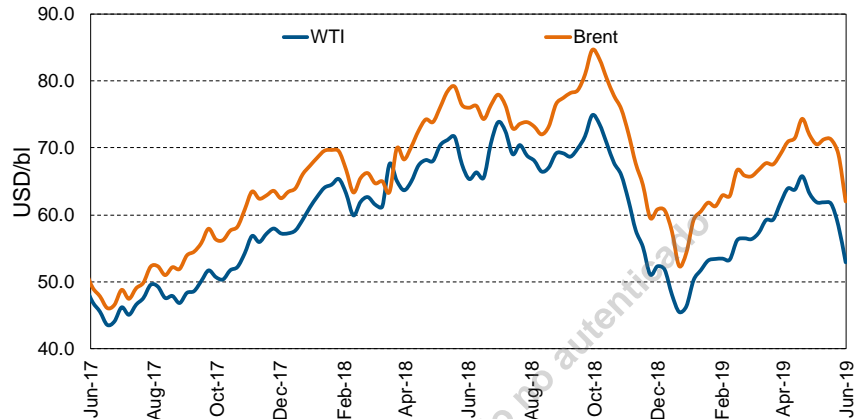
...but not that open. National Assembly Deputy for Táchira Gaby Arrellano said that it was “totally false” that Simón Bolívar Bridge on the Venezuelan-Colombian border had been reopened. She explained that the containers are still in the area and that only one of them had been moved.

Yet another carnet. In addition, the Maduro administration announced that, starting on June 17, it will require Colombians wishing to enter Venezuela to present a “border migratory control carnet,” as part of an operative to “regularize” transit between the two countries. Freddy Bernal explained that the carnet will be made available via the Internet at www.carnetfronterizo.saime.gov.ve.

Carnets without materials. Responding to this initiative, Guaidó claimed that the Nicolás Maduro administration was not in a position to issue migratory documents to Colombian nationals wishing to enter the country. He argued that this was “a bureaucratic procedure we know the regime does not have the capacity to fulfill. They can’t even issue passports.”

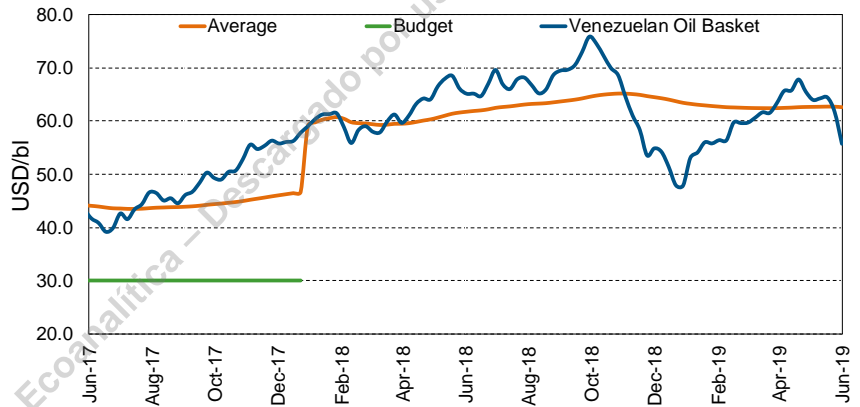
ECONOMIC INDICATORS

**Oil Prices
(WTI and Brent)**



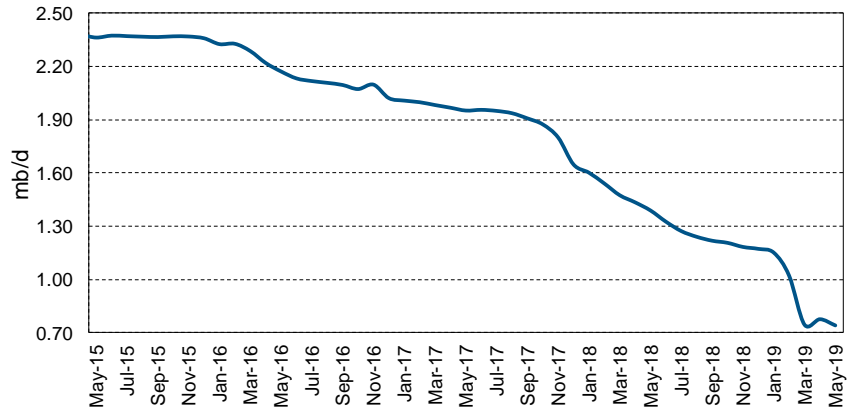
Sources: Menpet and Ecoanalítica

**Oil Price
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

**Oil Production
(Secondary sources)**

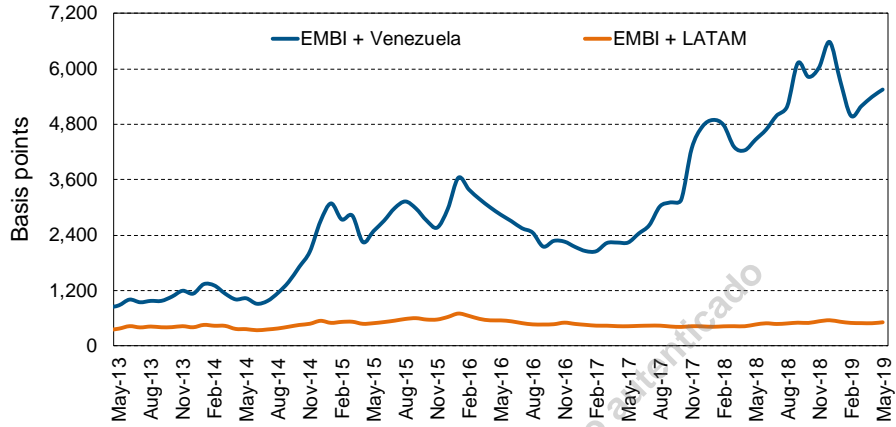


Sources: OPEC and Ecoanalítica

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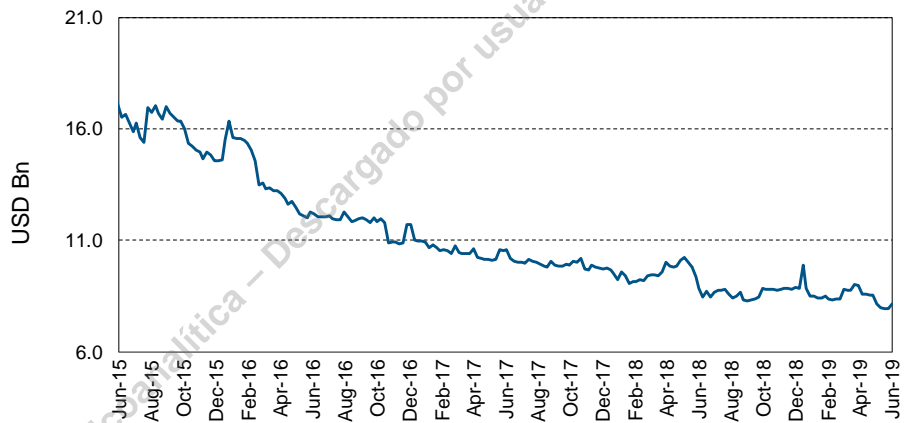
ECONOMIC INDICATORS

EMBI



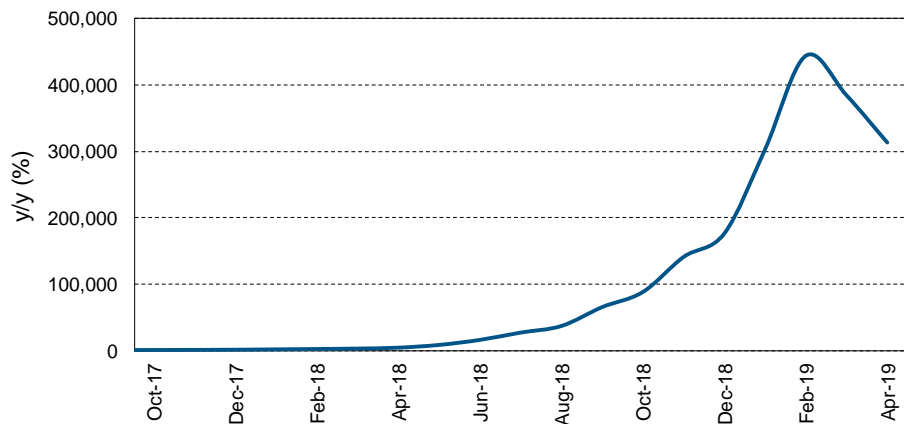
Sources: BCRP and Ecoanalítica

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

Inflation (BCV)



Sources: BCV and Ecoanalítica

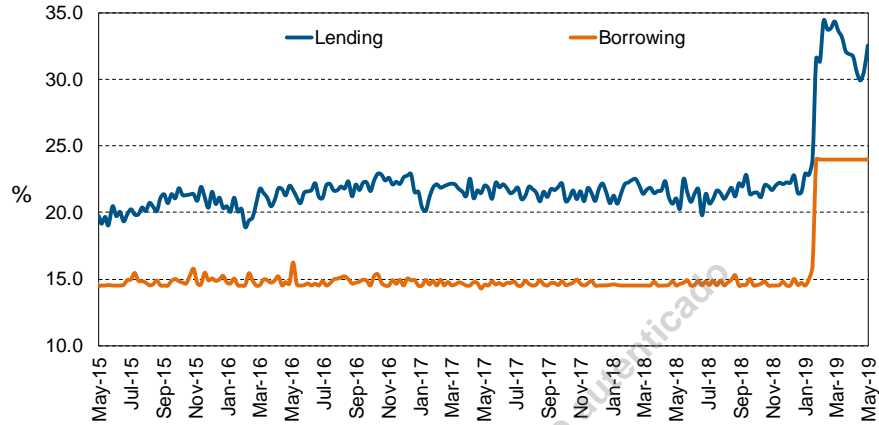
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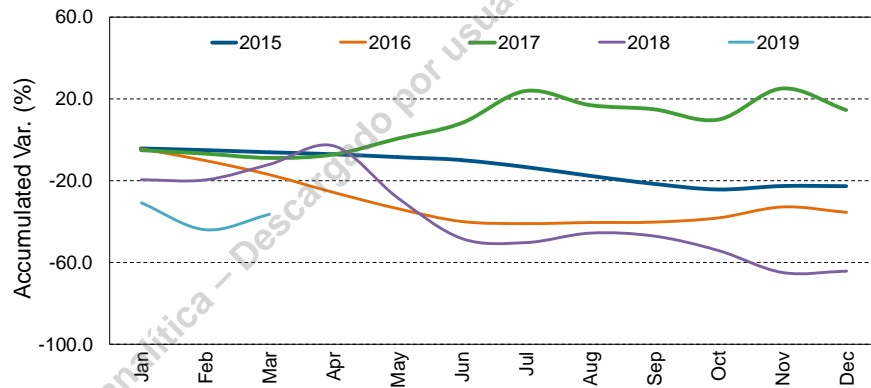
ECONOMIC INDICATORS

**Interest Rate
(Six major banks)**



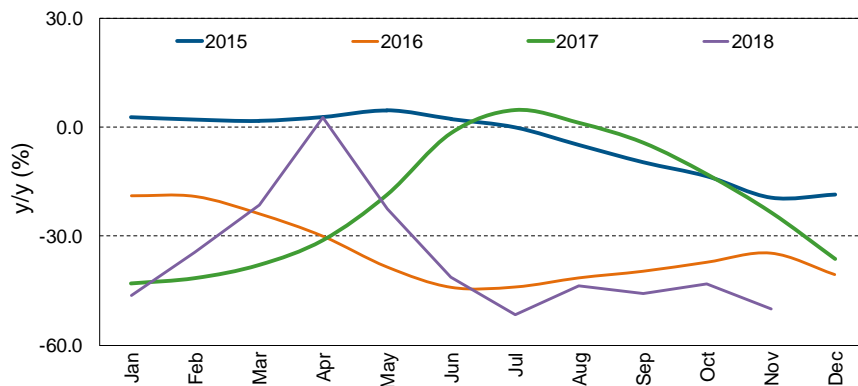
Sources: BCV and Ecoanalítica

**M2 Expansion
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio
(Real)**



Sources: SUDEBAN and Ecoanalítica

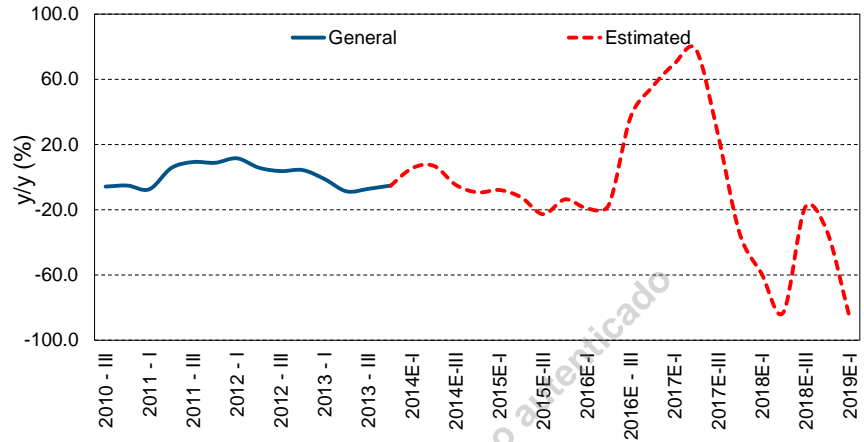
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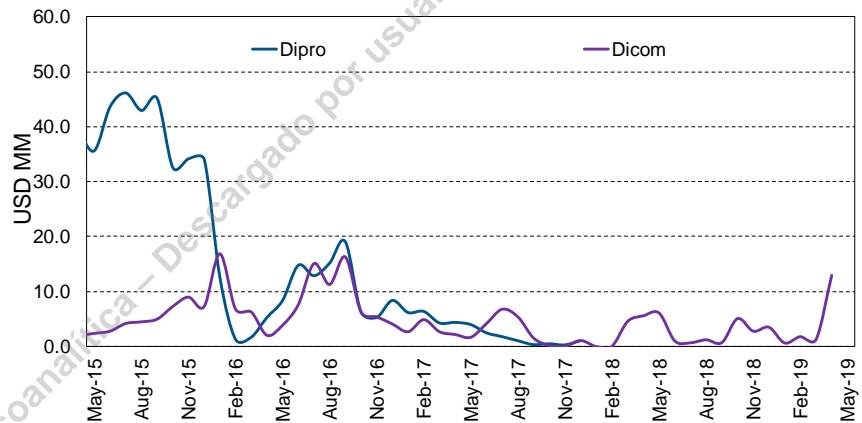
ECONOMIC INDICATORS

Real Wage Index



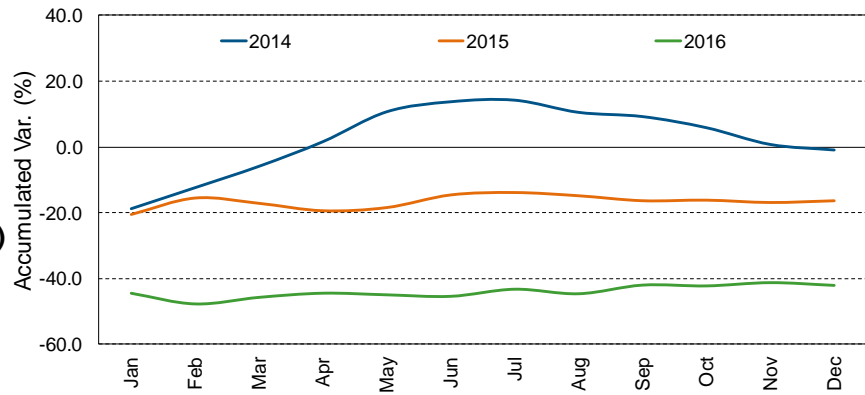
Sources: BCV and Ecoanalítica

Disbursements to the Private Sector (Daily Average)



Source: Ecoanalítica

Primary Spending NTO (Real - Central Government)



Sources: ONT and Ecoanalítica

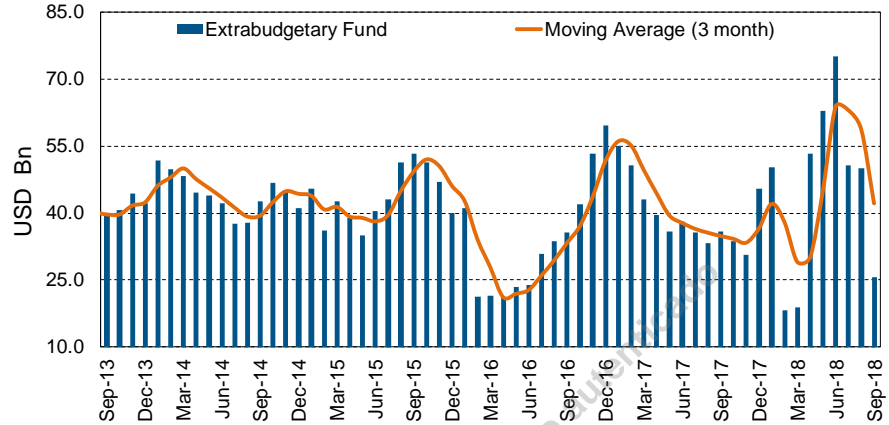
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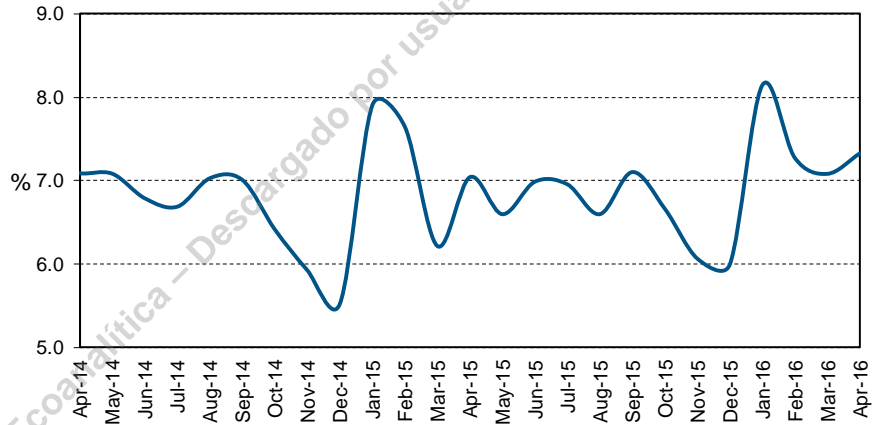
ECONOMIC INDICATORS

State Extrabudgetary Resources



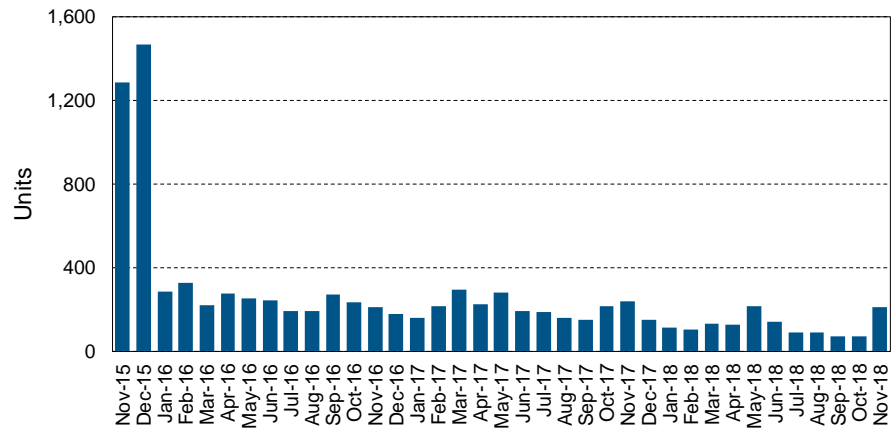
Source: Ecoanalítica

Unemployment Rate



Sources: INE and Ecoanalítica

Vehicle Sales



Sources: CAVENEZ and Ecoanalítica

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