

The new non-oil reality in Venezuela: Part I: Private manufacturing

After the end of 2019 when there was a one-week national blackout in the second quarter of the year and a drop in the Gross Domestic Product of, according to our estimates, 40.2%, the year 2020 was received with a certain optimistic tone. The "informal liberalization" measures and the transactional dollarization would become the driving force behind this scenario of "new normality" in the Venezuelan economy.

However, the rapid expansion of COVID-19 into a pandemic forced the establishment of a National Alarm State in mid-March, bringing the country's economic activity to a halt.

In the field of oil, we have already seen its adverse consequences. The fall in global demand for crude oil and the collapse of international price indicators added more pressure to the sector, which was already facing the accumulation of local crude oil inventories as an additional limitation in the generation of oil revenues. On the other hand, the Government had to make greater purchases of gasoline abroad and increase domestic sales prices to combat the fuel shortages faced by Venezuelans since the beginning of the quarantine, to be able to meet the costs of such imports.

The non-oil sector has suffered the same faith. Leaders of local federations have expressed their views on the situation of their respective sectors during the more than three months of quarantine in which the country has been submerged. Both Adán Celis (President of Conindustria) and Felipe Capozzolo (President of Consecomericio) have repeatedly mentioned the difficulties affecting companies in the context of the pandemic, due to the decrease in their cash flow due to the lack of activity and the absence of tax incentives. To counteract them, both have declared that an agreement must be reached that allows both sectors to operate without stopping and with a more flexible fiscal scheme.

Such visions become even more relevant when one considers the conditions under which both manufacturing and the local private commercial sector started the year, just before the arrival of the new virus in the country. As we will see in this series of two reports dedicated to the dynamics of these sectors under the current environment, numerous surveys seem to account for multiple weaknesses that plagued their operations even before the official quarantine began, adding more drama to the

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Año 16. Número 24. Semana I
Julio 2020

expected collapse in the non-oil sector in Venezuela following the passage of COVID-19.

Therefore, to understand the true scope of the pandemic within our economy in the coming months, it is worth examining such initial conditions first, starting with one of the key areas for local economic performance: manufacturing.

Pre-pandemic pessimism.

A recent vision of the Venezuelan manufacturing industry is offered in the Qualitative Industrial Survey¹ conducted by Conindustria, whose results for the first quarter of 2020 were recently unveiled. Despite the fact that much of the information collected is based on the local industrial environment before the entry of the generalized quarantine, the aspects evaluated in this instrument reveal information on the capacity of such companies to face the stop of activities derived from the policy of social distancing and, with it, to identify their potential vulnerabilities in the midst of the current pandemic.

In the first place, the survey revealed how, despite the fact that 20.0% of the companies analyzed considered that the industrial sector was in better condition than the previous year and 25.0% expected an improvement in these conditions for next year, a high fraction of local entrepreneurs (39.0%) still thought that they would find themselves in a worse scenario in the first quarter of 2020.

This lack of optimism is due to a series of elements that, according to the members of the local industry, still persist within their activities and that act as the "usual" triggers of their lack of production. Specifically, respondents would have identified the following as the aspects that limit the manufacture of their products:

- Low domestic demand for domestically manufactured products.
- Uncertainty in the Venezuelan political and institutional scenario
- Excessive fiscal and/or parafiscal taxes.
- Shortage of fuel and gasoline for transport and other operations
- The precariousness of basic services (electricity, water, telephone and internet).

Is there a shortage of demand?

On the other hand, the instrument revealed that 62.0% of the companies analyzed stated that their order book was lower or much lower than the one observed in the first quarter of 2019. This indicator was also not promising at the end of the first quarter of

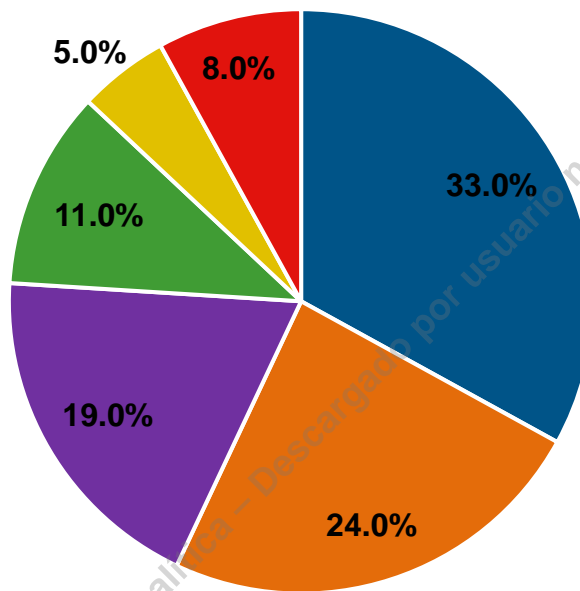
¹ Conindustria (2020). *Encuesta Cualitativa de Coyuntura Industrial I Trimestre 2020*. Available at: <https://www.conindustria.org/?wpdmpo=encuesta-de-coyuntura-industria-i-2020>

Año 16. Número 24. Semana I
Julio 2020

2020: according to those surveyed, before the forced closure, a third of the total sample said that they did not have work secured for the next month.

Estimated time of assured work with the current orders portfolio

■ Zero ■ One month ■ Two months ■ Three months ■ Four months ■ More than four months

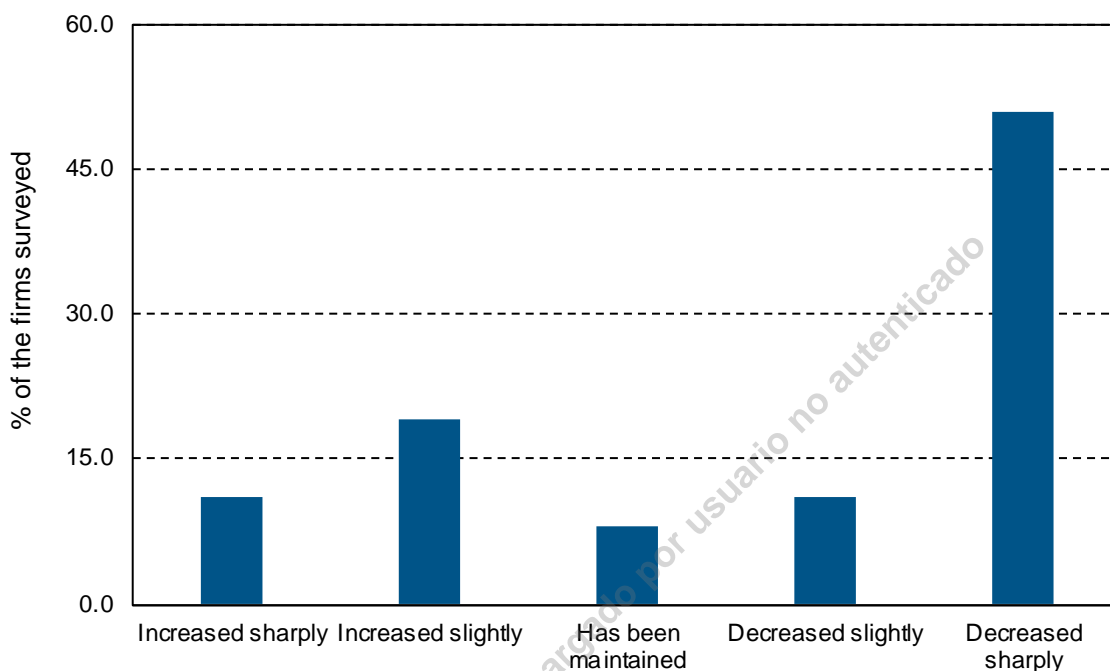


Source: Conindustria.
Note: Percentages of firms surveyed.

This would be consistent with the sales report from the participants. In the last 62.0% of the total declared that they saw their sales volume reduced, of which 82.2% mentioned that they contracted significantly. Expectations for the next twelve months were not promising, 29.0% expected a decrease in their sales volume and 41.0% expected it to remain constant. In terms of employment, 62.0% stated that the number of employees in the plant decreased between 1Q2019 and 1Q2020 and 46% expected this trend to continue in the next year.

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Change on the volume of sales for the end of 2019



Source: Conindustria.

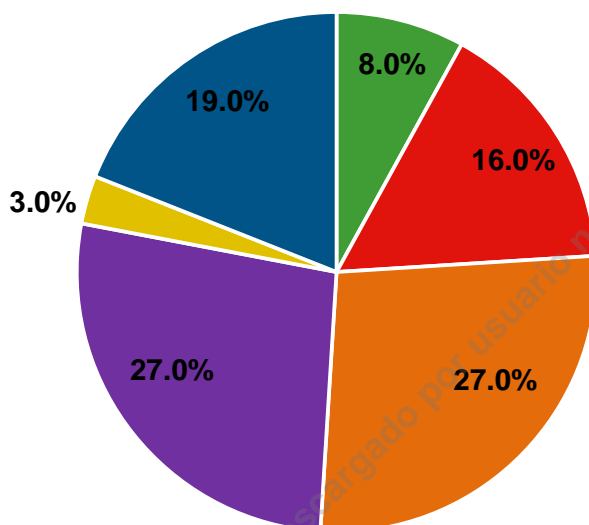
Undoubtedly, such results have affected the vision that entrepreneurs have of their own long-term survival in the local manufacturing market. At the time of answering the survey, 60.0% considered that they would not operate beyond next year given the economic conditions of the moment (which did not include the containment policies to be applied in the following weeks), where one-third of the companies (not necessarily the same third of the industry without orders to operate in the next month) claimed not to have the capacity to continue operating beyond the next six months.

Recent diagnoses of these activities revealed that the sector was shrinking. 60.0% of those surveyed stated that their production had decreased in the last year, and 8.0% stated that they had not produced in the same period. Many companies are even expecting adverse conditions in the coming months, with 19.0% of those surveyed stating that they do not plan to produce in the coming year.

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Estimated unit production for the next 12 months

- Will decrease slightly
- Will be maintained
- Will decrease sharply
- Will increase slightly
- Will increase sharply
- There will be no production



Source: Conindustria.
Note: Percentages of firms surveyed.

It's not all lack of demand. According to those surveyed, prior to the pandemic, the local manufacturing industry was already evidencing failures in the generation and commercialization of its products that ended up affecting its income generation. In their view, such weaknesses were concentrated in: the low level of sales, the difficulty of obtaining financing, inefficiencies in production, the high costs involved in producing, the poor quality of inputs and raw materials and the poorly qualified personnel available. Thus, the presence of a new event like COVID-19 only aggravates the already affected source of income of the local company.

Idle resources?

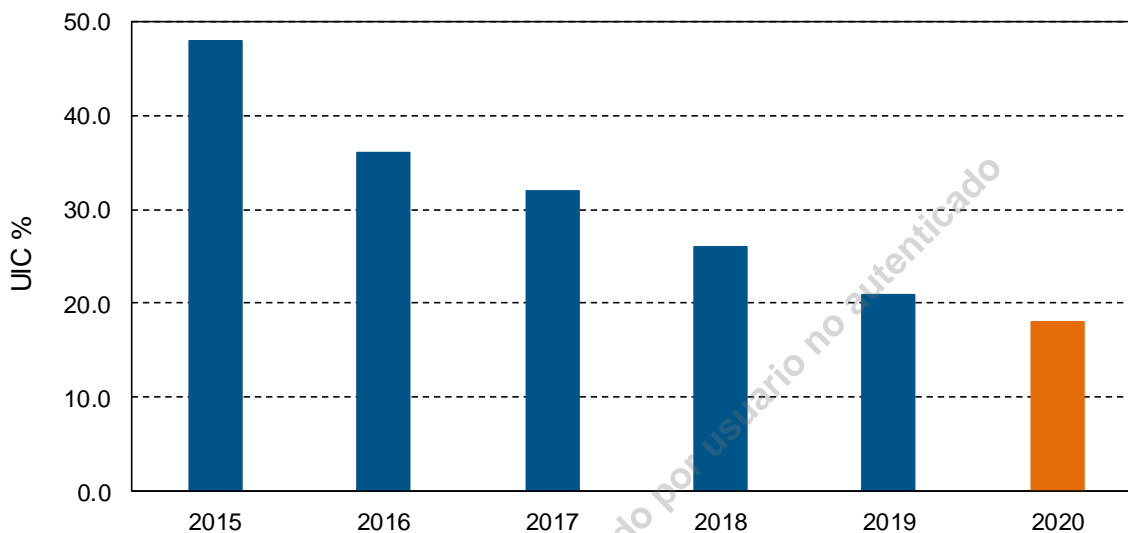
Finally, the Installed Capacity Utilization (ICU) indicator was estimated at 18.1% at the end of the first quarter. As a complement, it could be affirmed that the industry has an estimated idle capacity of 81.8%. If a comparison of the indicator in all the first quarter since 2015 was made, a clear decreasing tendency would be observed, starting from an ICU of 48.0% five years ago. It is also relevant to remember that the relative importance of the manufacturing sector over non-oil GDP has averaged 14.7% in the 2013-2018 period, according to figures from the Central Bank of Venezuela.

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Año 16. Número 24. Semana I
Julio 2020

Usage of installed capacity (UIC) in Venezuela



Source: Conindustria.

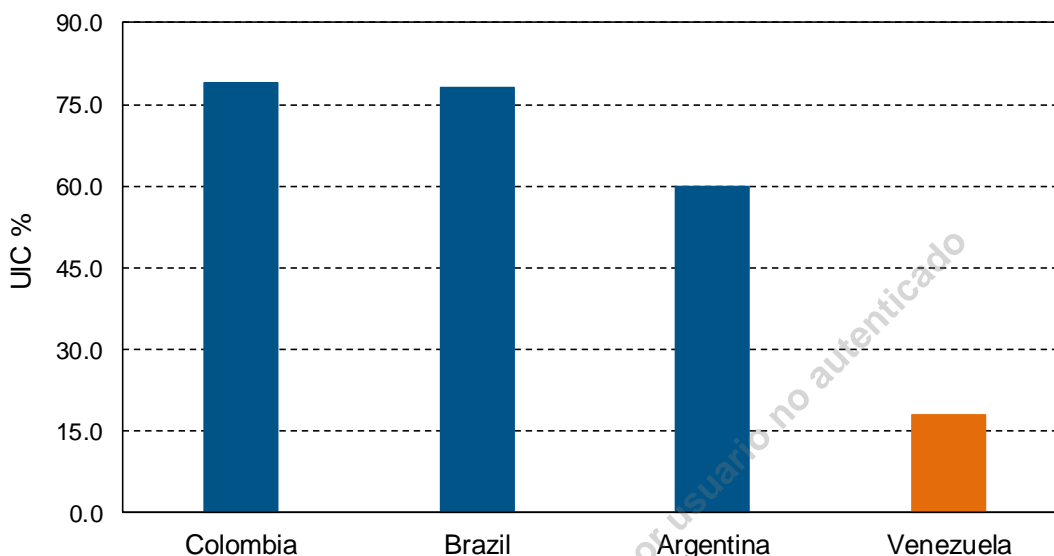
Note: The comparison was made using the first quarter of each year.

However, the value observed in the first quarter would not only falter in comparison with our recent past, but also with other countries in the region. While in the first quarter Venezuela's ICU was 18.1%, in Argentina, Brazil and Colombia it was 60.0%, 78.0% and 79.0%, respectively.

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Año 16. Número 24. Semana I
Julio 2020

Usage of installed capacity (UIC) by country



Source: Conindustria.

Note: UIC recorded on the first semester of 2020.

We were coming from a bad place...

These figures would reveal a sector that, before calculating the potential impacts of a pandemic and its containment measures, was already operating in a highly vulnerable and costly environment. Having accepted its reduction in size and having spent a year in which its records declined, there was still some positive expectation regarding its performance in the coming year; however, having completed one quarter in quarantine, that expectation must be revised.

The next weekly will examine in detail some impacts of COVID-19 and the State of Alarm on the Venezuelan industry; together with this, it will review how the commercial sector was in the first quarter of the year and the initial effects of the pandemic on it.

Jhoan F. Castellano

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Year 16. Number 24. Week I
 July 2020

WEEKLY INDICATORS

Weekly Economic Indicators			
	4th Week June	Weekly chg. (%)	Depre/Apre (pp) ¹
FX Boards (VES/USD)²	202,157.02	-0.4	-0.4
	3rd Week June	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	39.1	-0.5	12.1
	4th Week June	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	114.2	-65.9	-9.7
	4th Week June	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	6.4	0.0	-21.1
	2nd Week June	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (MM VES)	122,023,084	6.5	1,577.6
Price of International Oil Baskets (USD/bl)			
	2nd Week June	Weekly chg. (%)	Annual chg. (%)
WTI	34.9	0.0	-33.8
Brent	39.8	3.7	-35.6
Price of the Venezuelan oil basket (USD/bl)			
	2nd Week June	Weekly chg. (%)	Annual chg. (%)
Weekly Average	20.9	1.1	-62.4
Annual Average	30.7	-1.4	-48.7

Sources: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

¹ Depreciation (+)/Appreciation (-)

² FX Borads' average exchange rate

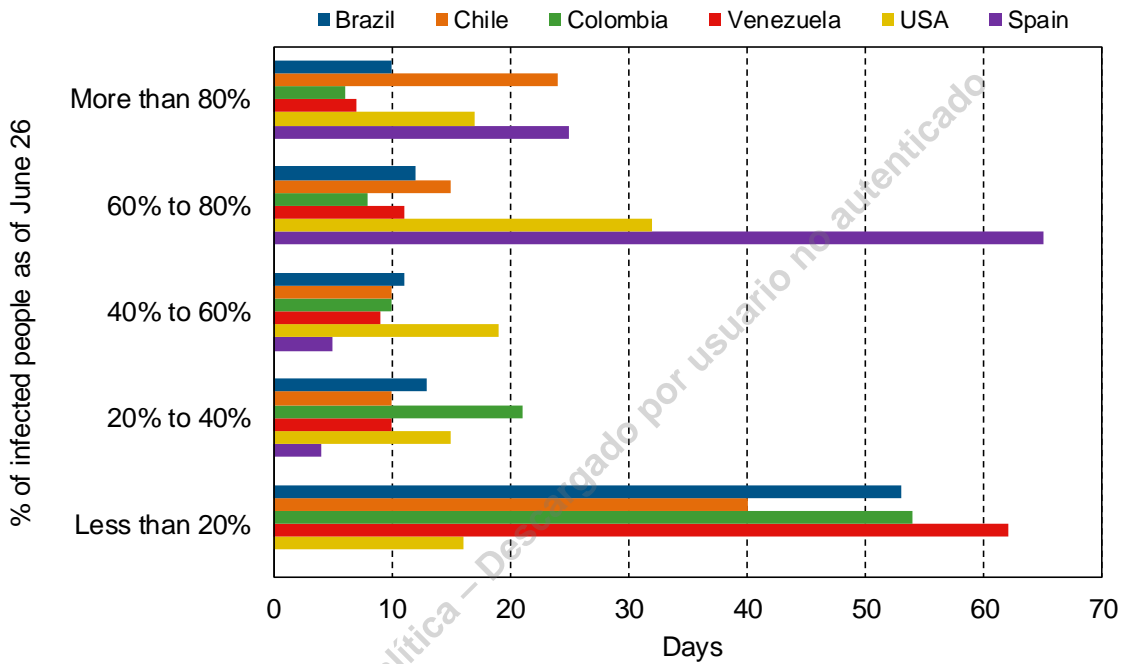
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Year 16. Number 24. Week I
July 2020

CHART OF THE WEEK: “DAYS AWAY FROM A HEALTH CRISIS”

Days elapsed for a given number of people infected by COVID-19



Sources: JHU - CSSE and Ecoanalítica

In recent weeks, we have seen the number of cases of COVID-19 infection in Venezuela rise dramatically. Similarly, other countries in the Latin American region have announced a dizzying rise in the number of people affected and killed by the new virus. Comparisons with Europe and the United States show that our continent appears to be just entering the worst phases of infection, already lived (at least in part) by this first group of countries.

Often, to measure the extent of the new virus, the growth rate of the number of affected is analyzed, compared with a group of regions and the rate at which the number of recoveries grows (or leaves the group of affected) in a daily or weekly basis is studied. An alternative analysis that is accessible to many more people arises from a reverse perspective, that is, establishing the number of days required for the magnitude of those infected (adjusted by the number of recoveries) to rise to a given absolute amount.

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Year 16. Number 24. Week I
July 2020

Thus, it is useful to compare the severity of the pandemic for a group of Latin American countries, together with the United States and Spain (one of the most affected regions of Europe), looking at the days that passed for the number of patients to rise (in absolute terms) by 20% of the total number of infected so far, from the beginning of March until reaching that total.

Clearly, countries in the region have begun to concentrate a significant number of cases in recent weeks, with nations such as Colombia, Brazil and Chile taking fewer days to find themselves in the midst of a surge in infections similar to that reported 54 days (or nearly two months) after the start of the pandemic. This is precisely the analogous behavior shown by Europe and the U.S. in early April: while it took the latter only 16 days to double the number of sick (net), in Spain only 4 days were enough. At present, the American country has only increased the number of cases by 25% within 17 days, while it has taken Spain almost a month to report similar results.

In the case of Venezuela, the numbers speak for themselves: while it took the country more than two months to report less than 20% of those affected until last Friday (about 730 cases), in just seven days of last week we Venezuelans saw the number of those infected rise (in absolute terms) by the same amount as in those first eight weeks, that is, more than 100 new cases per day. Although this behavior still places the country in a "less" dramatic position than other nations, in relative terms the figure tends to be more serious: if before in the country it took two months to double the number of official cases, with the current rates of infection / recovered would be possible to observe twice as many infected in a period just over 21 days, lower than expected with Chile and Brazil. The final message seems to be clear: Latin America is increasingly exposed to a costly pandemic (from all points of view), whose impacts have gone from being counted in months or weeks to days or even hours.

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Year 16. Number 24. Week I
July 2020

ECONOMIC TIPS

COVID-19 in Venezuela. According to official figures, the number of positive cases of coronavirus reached 6,062 and the number of deaths reached 54 as of July 2nd.

Worse prospects. Alejandro Werner, Director for the Americas at the International Monetary Fund (IMF), reported in an update of the Economic Outlook Report (WEO), that Venezuela's real GDP fell to 20% by 2020.

And for the region? The forecast estimates contractions of 14% for Peru, 10.5% for Mexico, 9.9% for Argentina, 9.1% for Brazil, 7.8% for Colombia, 7.5% for Chile and 5.9% for the Central American block, Panama and the Dominican Republic.

And then what? By 2021, the IMF forecasts a 5% GDP recovery for Latin America and the Caribbean, the most moderate recovery in the regions studied, while for Venezuela it projects another, but a less acute, contraction of 5% of real GDP.

Syncopated Confinement (I). Vice President Delcy Rodríguez indicated that radical confinement measures will be maintained in 12 states of the country (including the Capital District) since there has been an upsurge of cases in these areas.

Syncopated Confinement (II). In addition, she announced the creation of Strategic Zones of Temporary Integrated Spatial Defenses in the states of Táchira and Zulia for the protection of border crossings, because they argue these bordering states serve as a catalyst for the spread of the virus in the country.

Syncopated Confinement (III). The other states in the country will continue to comply with the 7+7 flexibilization scheme where they will open businesses in different time bands in sectors such as health, banking, retail, among others.

A victory for Guaidó. El Supreme Court of the United Kingdom ruled in favor of Guaidó's ad-hoc administration, over Nicolás Maduro's administration, in order to access legally the gold reserves deposited in the Bank of England.

"Unequivocally" recognized. El judge in charge of the case, Nigel Teare, indicated that the United Kingdom Government recognized "unequivocally" Guaidó as "constitutional interim president" of Venezuela, reason why the Central Bank board appointed by him is the one that has authority over the reserves.

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Year 16. Number 24. Week I
July 2020

Access to USD 1.45 billion. Because of this decision, the ad-hoc board appointed by Guaidó is the one that is legitimized to manage the 31 tons of gold bars deposited in the British territory, valued at USD 1.45 billion.

Money tables. For the week of June 26, the average rate for money tables was VES 202,157.02/USD. This represents a 0.4% appreciation from last week.

OIL TIPS

An offer without demand (I). Reliance Industries and Nayara Energy Limited (backed by Rosneft Oil Co PJSC), managers of the world's largest refineries located in India, stopped their purchases of Venezuelan crude oil. The last shipment acquired by Reliance was in March and arrived at the refinery in May and they do not plan to make future purchases, according to sources at Bloomberg.

An offer without demand (II). PDVSA's crude oil sales to Reliance Ind. represented 25% of total Venezuelan crude oil exports in 2019. Without this buyer, which joins companies such as Libre Abordo, Rosneft and CNPC, PDVSA is left with less and less demand, which affects the price and volume of Venezuelan crude oil sales.

Stranded in expensive waters (I). According to data from Refinitiv Eikon, there are currently 16 ships with Venezuelan crude oil stranded in the waters of different countries with a total cargo of 18.1 million barrels, approximately two months of oil production if we consider the daily production published by OPEC.

Stranded in expensive waters (II). This situation was generated after the U.S. Treasury Department warned different shipping companies of the danger of falling into sanctions if they transact Venezuelan crude oil provided by PDVSA.

Stranded in expensive waters (III). While there are ships with more than six months adrift without being able to dock at any port, according to a Reuters source, these ships can face delay charges of up to USD 30,000 per day.

With warning (I). After PDVSA issued warnings about a possible rescission of commercial licenses to service stations, the state oil company carried out this maneuver and gave a 72-hour deadline to the managers of these stations to evict them.

With warning (II). The press release states that "it has a period of 72 hours to deliver the gas, counting from the notification, so PDVSA may terminate unilaterally and at any time without being responsible for damages or any other reason".

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Year 16. Number 24. Week I
July 2020

With warning (III). The materialization of this threat allows PDVSA to have greater income since it would operate the service stations that have the permission to charge the highest regulated gasoline price which would be USD 0.5 per liter.

Falling sales generate... According to the Organization of Petroleum Exporting Countries (OPEC), Venezuela has received USD 1.219 billion from January to May for net oil exports. These figures are lower than the USD 1,488 million received in the same period last year.

...drop in the income of Venezuelans. The income of Venezuelans has been affected both by the radical fall in Venezuelan oil production, by the decline in prices, and the crisis in oil storage in May of this year.

The Stick lights up. The governor of Carabobo, Rafael Lacava, reported that after repairing the wet gas compressor at the catalytic cracking plant, the El Palito refinery would be producing 4,000 barrels per day of domestic gas starting the week of July 13.

Under investigation (I). U.S. authorities are investigating former Congressman Pete Sessions for acting as an intermediary to coordinate a meeting between PDVSA and Exxon Mobile director Darren Woods.

Under investigation (II). It is also alleged that former Congressman David Rivera was involved in recommending to PDVSA officials that they contact Sessions through emails. Rivera participated in a three-month, US\$50 million consulting contract for PDVSA officials.

Under investigation (III). In addition, Sessions and Rivera are accused of meeting in secret with Nicolás Maduro and Raúl Gorrín in 2018 in Caracas. According to his latest book, John Bolton, he was surprised by Sessions' pressure to hold a meeting between the U.S. president and the Venezuelan president.

SECTOR TIPS

More than half is lost (I). The Venezuelan Society of Agricultural Engineers and Related Professionals (Sviaa) estimated that 50% of the food in Venezuela remains in the primary sector and is lost, because it cannot be taken out of the field in time due to the lack of fuel and inputs for distribution throughout the country.

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Year 16. Number 24. Week I
July 2020

More than half is lost (II). The president of Sviaa, Saúl López, explained that one million tons of food are needed per month to cover the basic needs of each citizen, but currently only 450,000 tons are counted per month.

Food that's needed. Saúl López calculated that in Venezuela the losses and waste of food are 60,000 tons per month, food that is highly needed in the crisis that the country is going through. López declared that *"this would make it possible to supply the nutritional needs of at least a third of the vulnerable population."*

Lack of attention. Lopez explains that the loss of food is largely the responsibility of the state. According to the president, the state has done nothing to reduce the loss of food because it does not encourage research, does not invest in infrastructure to help this sector, and does not allow access to information, which is vital for generating government policies that can effectively deal with this problem.

Top 10. Marisol Tapia, professor at the Institute of Food Science and Technology of the Faculty of Science of the UCV, revealed that Venezuela is among the ten countries with the worst food crisis in the world.

Agricultural sector bleeding to death. Agricultural producers are working in very precarious conditions. They have no gasoline to get to their workplaces, there is little security for their animals and land, and they do not have access to the fertilizers and chemicals they need. This has contracted profits, making structural and economic growth impossible.

No milk, no meat (I). The president of the National Federation of Cattlemen of Venezuela, Armando Chacín, revealed that they have reduced 60% of what is produced in dairy and meat.

No milk, no meat (II). Chacín revealed that years ago 64 kilos of meat were sold per capita and for this year it is estimated that it will be 16 kilos of meat per capita. The milk has suffered the same fate, from the 125 liters of milk per capita that had been produced 70% were produced in the country, for this year this does not exceed 35 liters.

What happened to the cattle? The number of cattle has also decreased considerably. According to Chacín, in the 1990s, Venezuela had 17 million heads of cattle, and today that figure is no more than nine million. That would be a decrease of almost 50%.

Destructive policies. The President of the Federation assured that this situation is due to the expropriations and the Land Law promoted by the Government, which stagnated the productive process.

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Year 16. Number 24. Week I
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Light at the end of the tunnel (I). Saúl López, president of Sviaa, stated that one option that could help counteract the loss of food would be the creation of food banks that would receive the surplus from shops, companies and individuals, and then distribute this food to low-cost canteens.

Light at the end of the tunnel (II). According to Lopez, this will not only decrease the loss of food but also help vulnerable communities. He also recommended the creation of policies that strengthen the agricultural sector and focus on research and technology to increase productivity.

Respect the emergency (I). Due to the cancellation of commercial licenses to operate service stations by individuals, the Chamber of Commerce of Caracas requested the National Executive to respect the provisions of Article 7 of the Organic Law on States of Exception during the state of economic emergency and the state of alarm.

Respect the emergency (II). They requested that decisions that do not contribute to the reactivation of the Venezuelan economy, to the establishment of sources that generate work, income, and well-being, be avoided.

Gasoline for the people. PDVSA justified the action it took, because they argue that gasoline is a basic necessity, that it is obligatory for the reactivation of the economy and that it cannot be interrupted under any circumstances. It must be given to any citizen who pays for the service.

Almost everything is closed. Ezio Angelini, president of the Maracaibo Chamber of Commerce, warned that 90% of the shops in Zulia are still closed and the few businesses that have opened are doing so illegally.

Illegal opening. According to Angelini the shops that have opened illegally due to economic necessity, have very low sales and an exponential increase in unemployment.

Sanctions for illegals. Omar Prieto, governor of Zulia, warned businesses who have opened illegally that they will be severely punished if they continue to breach the quarantine. Prieto explained that in order to respect the quarantine he will mobilize different police forces throughout the state.

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Year 16. Number 24. Week I
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INTERNATIONAL TIPS

COVID-19 in the world. According to figures published by the World Health Organization (WHO), the number of positive cases of coronavirus reached 10,719,946 the 3rd of July and 517,337 deaths were recorded for the same date.

Helping the most vulnerable. The WHO-led coalition to combat the coronavirus said it needs \$31.3 billion over the next 12 months to develop and deliver tests, treatments and vaccines for low- and middle-income countries by mid-2021.

USD 14 million urgent. According to the coalition, USD 3.4 billion has been contributed to date, bringing the funding gap to USD 27.9 billion, of which USD 13.7 billion is "urgently needed".

Better than last month. The European Union's statistics office, Eurostat, published that consumer prices in the 19 countries that share the euro rose by 0.3% in June year-on-year and after inflation was only 0.1% in May, the lowest in four years.

Confident? (I). According to a monthly survey conducted by the European Commission, economic confidence in the euro area increased in June with the gradual lifting of restrictions imposed.

Confident? (II). The European Commission's monthly survey indicates that economic confidence in the 19 countries that share the euro rose to 75.7 points this month, from 67.5 in May to an all-time low of 64.8 in April.

Like in the '70s. The UK's Office of National Statistics (ONS) indicated that the UK's GDP fell 2.2% quarterly between January and March. This represents the largest contraction since 1979 for the country which, according to the ONS, was caused mainly by a dramatic drop in household spending.

Go out the Australian way (I). Boris Johnson, Prime Minister of the United Kingdom, indicated that he is willing to leave the transition period with the European Union "on Australia's terms" if there is no agreement on their future relationship. The UK left the bloc on the 31st of January and a transition period was opened which expires on 31st December during which the UK remains in the single European market and in the customs union.

Go out in the Australian way (II). By "Australian terms" the Prime Minister refers to the fact that Australia does not have a comprehensive trade agreement with the EU and

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Year 16. Number 24. Week I
July 2020

much of the trade between the EU and Australia follows World Trade Organisation rules, although there are specific agreements for the marketing of certain goods.

Imitating the Americans (100 years ago). Shortly afterward, Boris Johnson promised a "Rooseveltian" boost (referring to the US President's fiscal and monetary stimulus in the 1920s) in UK public spending, to help the UK economy recover from the severe impact of the coronavirus, adding that a return to austerity would be a mistake.

"BudgetX2." Johnson explained that he will double his plans to increase investment and added that his government, which has already announced emergency spending and fiscal measures estimated at GBP 133 billion, will continue to help people and businesses.

Historical contractions. Data from the Spanish National Institute of Statistics showed a historical quarterly fall in the country's GDP, with a contraction of 5.2% in the January-March quarter compared to the previous quarter.

Sales are not going well (I). According to data from the Japanese Ministry of Commerce, Japanese retail sales declined by 12.3% in May from a year earlier. This is due to the coronavirus and its restrictions, which have hit consumer confidence and the prospects for economic recovery in the world's third-largest economy.

Sales are not going well (II). Data from the Japanese Ministry show that the drop was led by a decrease in spending on high-value items such as cars, clothing and general merchandise. In addition, it should be noted that this decline followed the 13.9% drop in April, the largest drop recorded since March 1998.

Confinement until July, for now. India's Ministry of Health reported nearly 20,000 new cases of coronavirus for the second day in a row on June 29. In response, the Mumbai financial center extended its containment measures by one month. India currently has the fourth-highest number of total cases in the world, behind only the United States, Brazil and Russia.

The World Bank comes to the rescue (I). The World Bank granted a loan of USD 700 million to Colombia to support the country's response to the coronavirus pandemic. The agency's resources will be aimed at strengthening the health system, providing income and nutritional support to the poorest and most vulnerable households, and maintaining liquidity and access to business financing.

The World Bank comes to the rescue (II). With the approval of this loan, Colombia's total new commitments to the World Bank in the first six months of 2020 reach USD 1.25

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Year 16. Number 24. Week I
July 2020

billion, in addition to USD 250 million in contingent financing previously disbursed to address the COVID-19 emergency.

POLITICAL TIPS

New sanctions. The Council of the European Union added 11 Venezuelan individuals to Annex IV of Regulation (EU) 2017/2063, which orders the freezing of assets and the prohibition of entry into European territory of these persons.

Why? The sanctions are mainly aimed at those involved in the creation of a National Assembly parallel to the one formed by opposition deputies and the Constituent Assembly formed by deputies of the ruling party.

Who's involved? Among those sanctioned are Luis Parra, Franklyn Duarte and José Gregorio Noriega, president and vice-presidents (respectively) of this parallel body. In total, there are 36 Venezuelan individuals subject to sanctions by the European Union.

In response. Nicolás Maduro gave an ultimatum to Isabel Brilhante Pedrosa and the EU diplomatic corps in Venezuela to leave the country within the next 72 hours.

What did the EU do? For its part, the EU expressed its deep condemnation of this decision and regretted the international devastation that this measure would result in. As a consequence, it warned that it will add the ambassador of the government of Nicolas Maduro to the list of those sanctioned.

Against. The Bolivian, Paraguayan and Colombian Ministry of Foreign Affairs rejected Nicolas Maduro's decision to expel the European Union ambassador, Isabel Brilhante, and urged the international community to take action.

Accomplice! (I) Nicolás Maduro accused the Spanish Ambassador to Venezuela, Jesús Silva, of being an accomplice of Leopoldo López for helping him plan the alleged attack against him, Operation Gideon.

Accomplice! (II) These accusations arise from the publication of an article in the *Wall Street Journal*, which claimed that it was Leopoldo López who coordinated the hiring of militant groups in order to remove Maduro from power. Maduro assured that he will take action against the Spanish ambassador soon.

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Year 16. Number 24. Week I
July 2020

Help your ally (I). Elliot Abrams, the U.S. special representative for Venezuela, called on Russia and China to provide more humanitarian aid to Venezuela to deal with the growing crisis brought on by the pandemic.

Help your ally (II). Abrams said at an event organized by the United States mission to the United Nations in Geneva, "*We would like to see you contribute more on the humanitarian side. I think there has been a contribution of goods with respect to the Covid-19 from Russia and China. But the scale, the dollar amount of this aid is really very low compared to the needs*".

Help your ally (III). This fact is striking because the United States has always condemned the position of China and Russia in Venezuela. This is a change in the way in which the U.S. has been dealing with Venezuela. This is a change in the way in which the U.S. speaks about these countries in relation to Venezuela.

Extradition in progress. US Government sources confirmed to *El Tiempo* that Cape Verde has formally accepted the extradition process of Alex Saab, Maduro's frontman. The U.S. is optimistic that this will be resolved in the coming days.

OAS against (I). The Organization of American States (OAS) rejected the sentences against leaders of political parties in Venezuela and the appointment of new members of the CNE. The resolution was approved on June 26 at a Permanent Council meeting with 21 votes in favor, none against, seven abstentions and six absences.

OAS against (II). Foreign Minister Jorge Arreaza condemned the OAS decision and declared that the OAS "*is a series of debris piled up in a corner of Washington, whose inevitable final destination is a garbage dump in history*".

Unjustified violence. On June 23rd, Venezuelan lawyer Eva Leal was attacked by a National Guard officer in a police checkpoint Barquisimeto. Witnesses and family members testified that the violent act occurred because Leal protested that they wanted to charge for driving her vehicle during the quarantine and asked to be shown the gazette where the amount was established.

Response to violence. Juan Guaidó and the Lara Bar Association condemned the aggression suffered by Eva Leal at the hands of GNB and the police violence against citizens. They declared that the actions of the security forces were disproportionate.

In search of justice! The attacked citizen, who ended up with head injuries, declared that she will take legal action against the GNB official who disproportionately attacked her in Lara.

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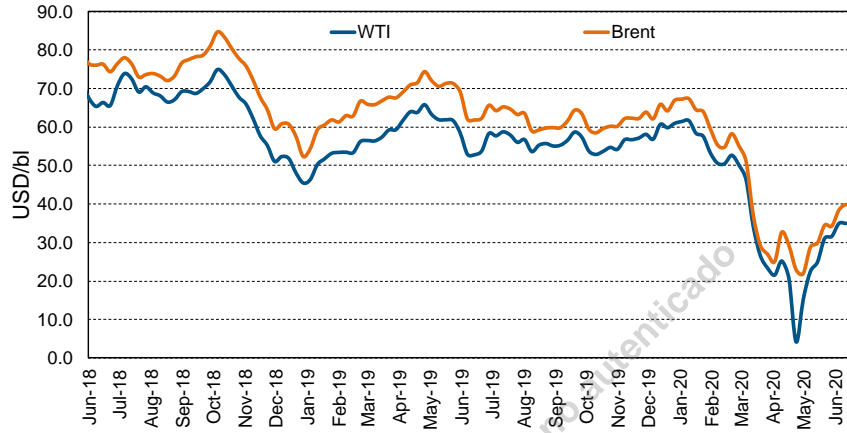
Year 16. Number 24. Week I
July 2020

The Essequibo is ours. Venezuela will not attend the ICJ hearing on the territorial dispute with Guyana. Therefore, Juan Guaido stated: "We ratify that Venezuela's claim on the Essequibo is legitimate and fair." Thus, demonstrating Guaido's commitment to this historic dispute with Guyana.

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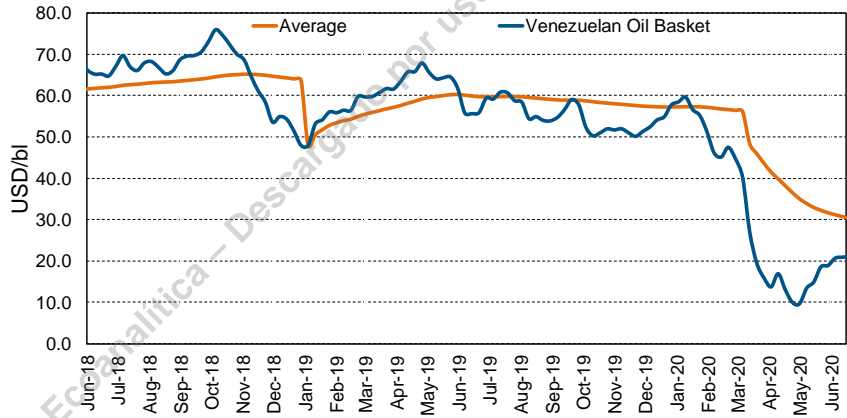
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**Oil Prices
(WTI and Brent)**



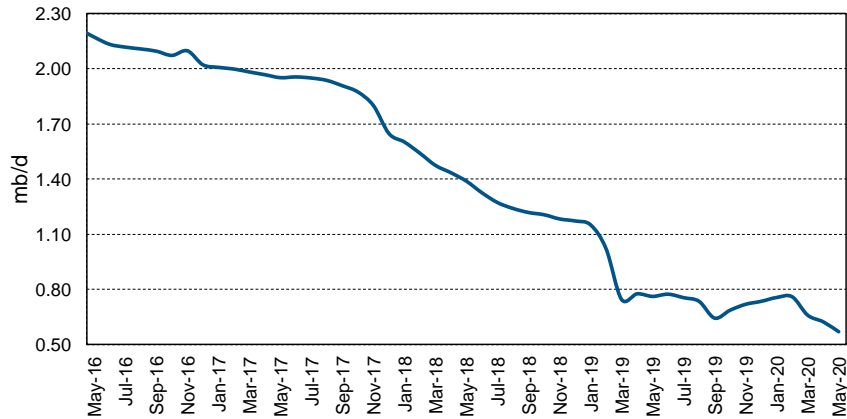
Sources: Menpet and Ecoanalítica

**Oil Price
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

**Oil Production
(Secondary sources)**



Sources: OPEC and Ecoanalítica

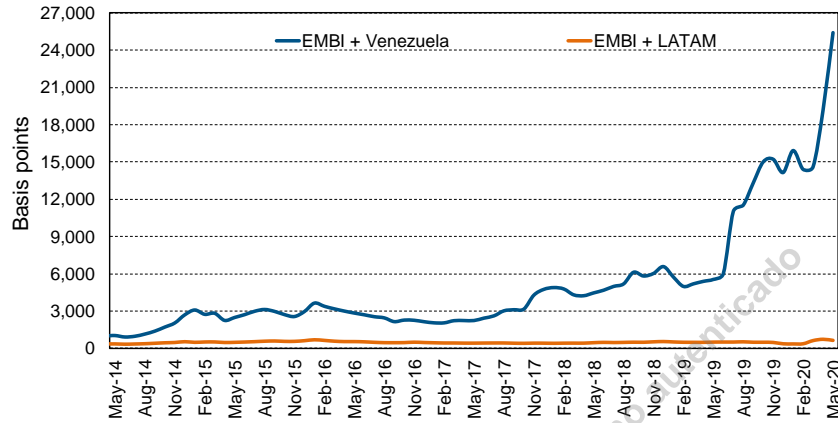
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Year 16. Number 24. Week I
July 2020

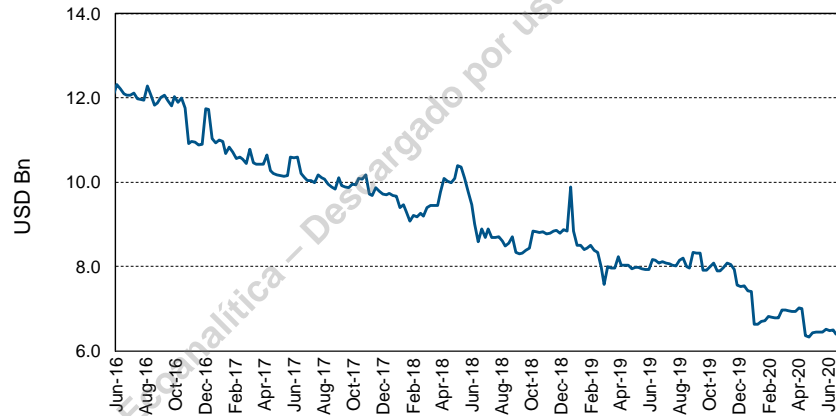
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EMBI



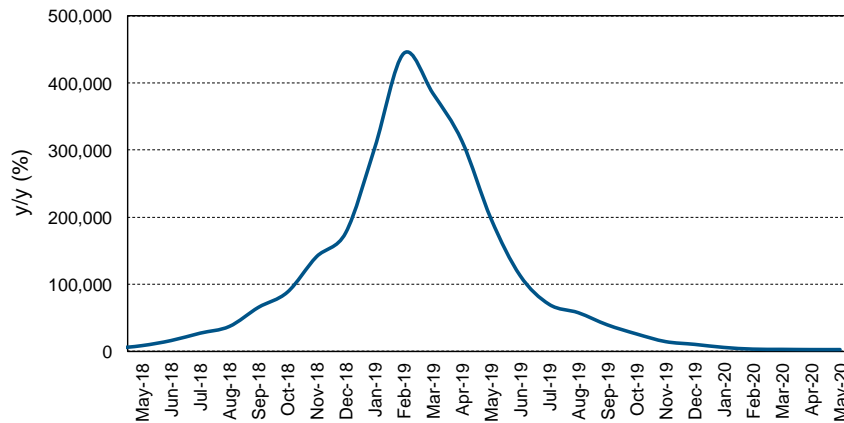
Sources: BCRP and Ecoanalítica

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

Inflation (BCV)



Sources: BCV and Ecoanalítica

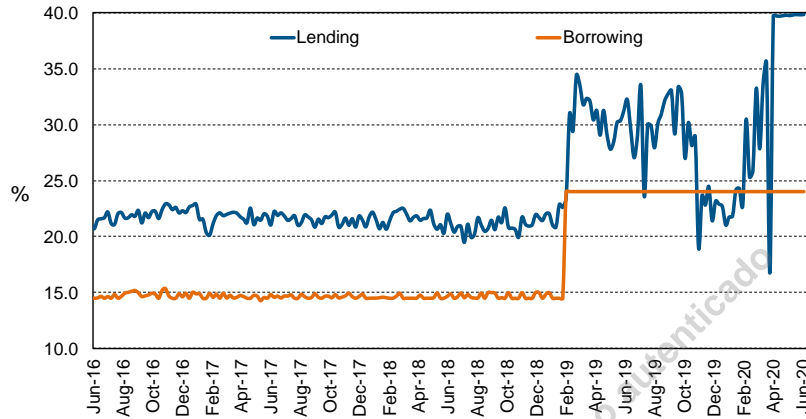
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July 2020

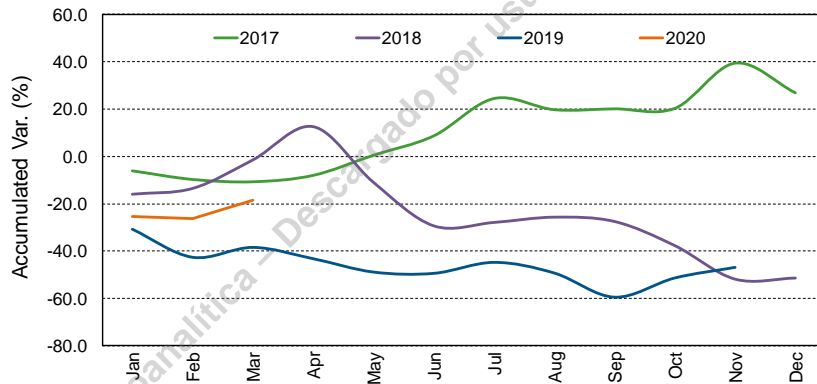
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**Interest Rate
(Six major banks)**



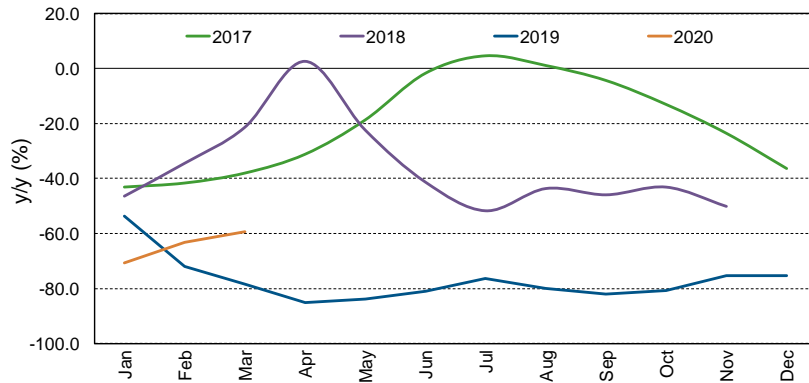
Sources: BCV and Ecoanalítica

**M2 Expansion
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio
(Real)**



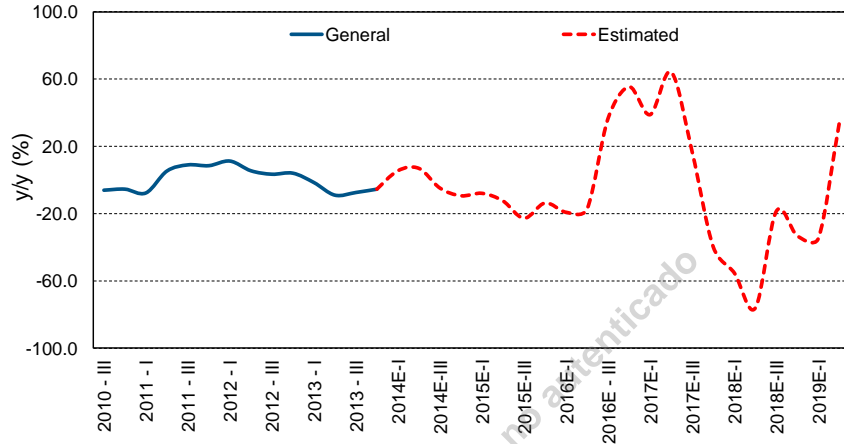
Sources: SUDEBAN and Ecoanalítica

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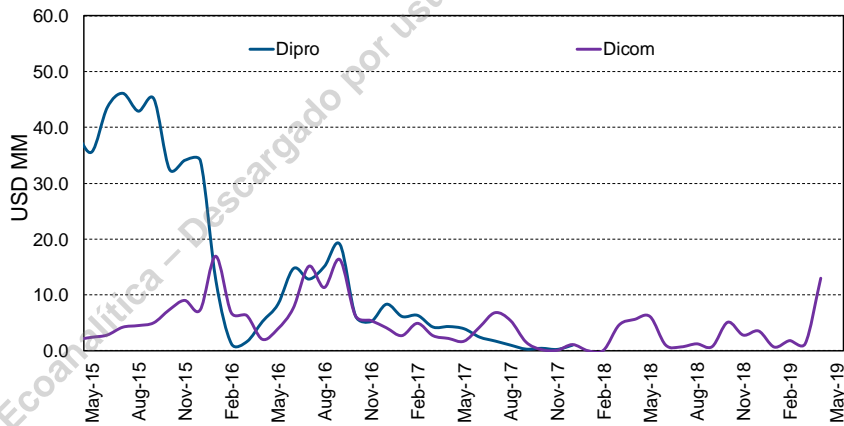
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Real Wage Index



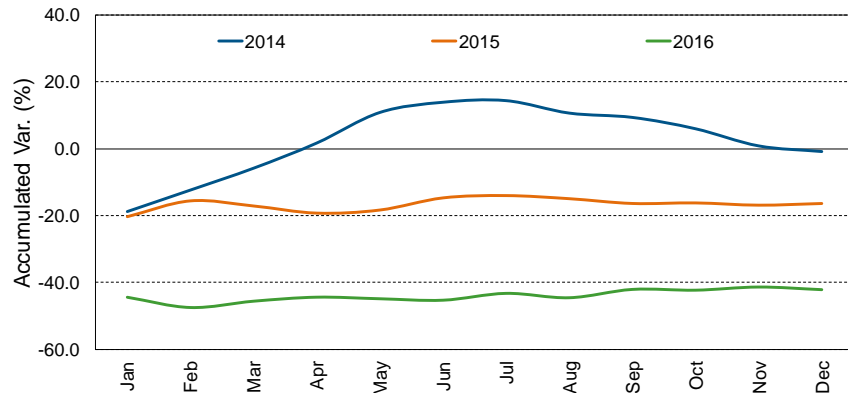
Sources: BCV and Ecoanalítica

Disbursements to the Private Sector (Daily Average)



Source: Ecoanalítica

Primary Spending NTO (Real - Central Government)



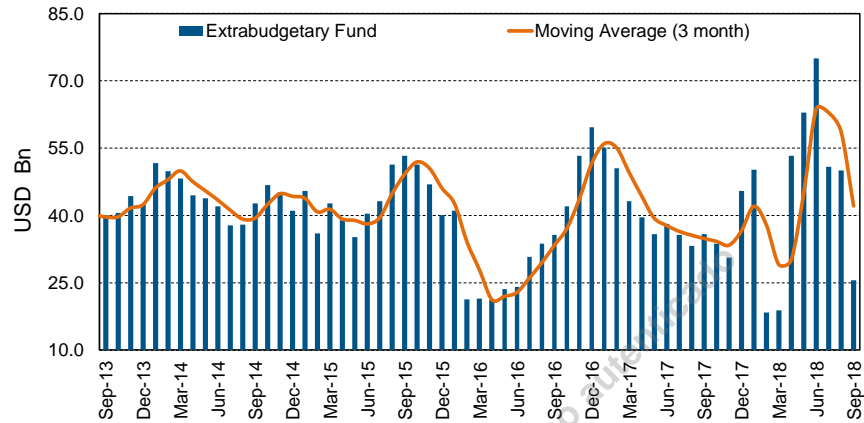
Sources: ONT and Ecoanalítica

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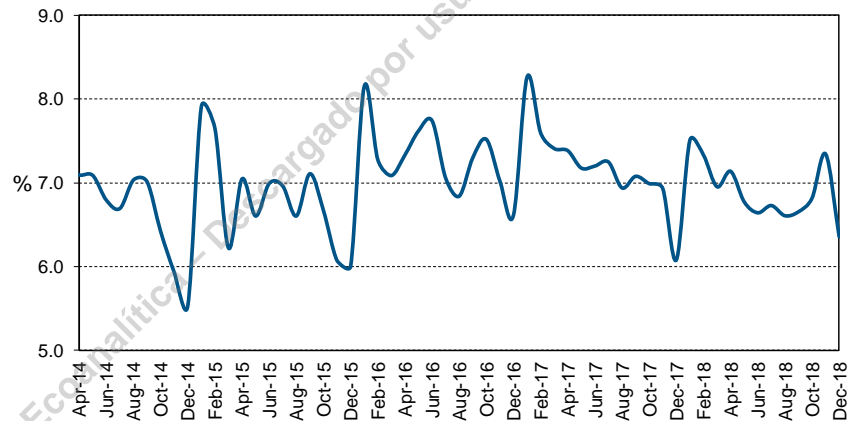
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State Extrabudgetary Resources



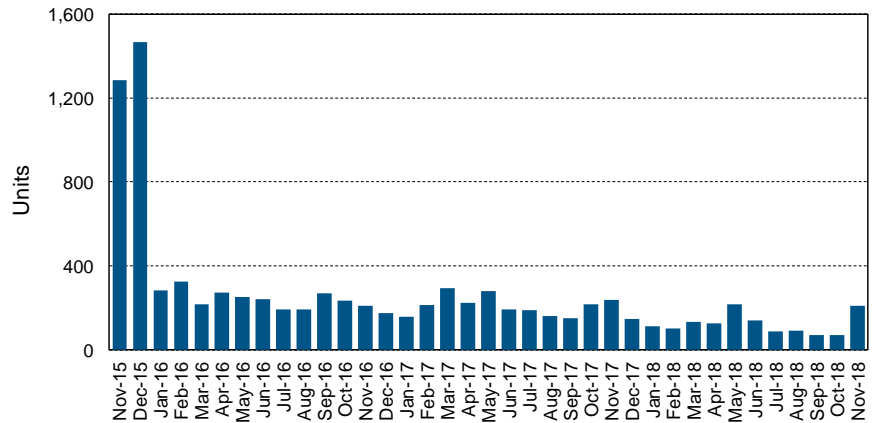
Source: Ecoanalítica

Unemployment Rate



Sources: INE and Ecoanalítica

Vehicle Sales



Sources: CAVENEZ and Ecoanalítica

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