

The harsh reality: Food insecurity and malnutrition in Venezuela.

The latest National Survey on Living Conditions (Encovi) shows crude figures on the quality of life of Venezuelans. On previous occasions¹, in **Ecoanalítica**, we have dealt with topics on this subject, since these indicators reflect the panorama of the Venezuelan people in light of the national economic situation. The data for this edition was collected between November 2019 and March 2020, with a sample of 9,932 households.

The past Weekly Report² shows and analyzes the poverty results of the Encovi 2019-2020, it explains its different forms of measurement, makes comparisons with other countries in the region, details the measures taken by the Government to reduce poverty and refers to the context of the COVID 19 pandemic we are facing. On this occasion, we will look at the issue of food, food security, and its importance in the economic growth and development of a nation.

Venezuela in front of the world

The eradication of hunger has been one of the most combated causes internationally, presented as a human right in all development agendas. Until 2015, it was thought that this goal was being achieved; however, the number of hungry people has been escalating and by 2018, more than 820 million people were without food³. Before continuing with the analysis, it is necessary to consider certain definitions that we will use in the report:

- **Food insecurity** is understood as insufficient food intake. It can be transitory when it occurs in times of crisis, seasonal when it follows a cyclical pattern, or chronic when it occurs continuously.
- **Undernourishment** is defined as the condition of an individual where his or her usual food intake is insufficient to lead a normal, active, and healthy life.

¹ Weekly Report N°31 of 2019: *Out of Service: The Reality of Basic Services in Venezuela*. And Weekly Report N°22 of 2020: *The new normal? Deterioration of public services in Venezuela*.

² Weekly Report N°28 of 2020: *Encovi 2019-2020: A murky present for an uncertain future*.

³ Food and Agriculture Organization of the United Nations (FAO) (2019). *The State of Food Security and Nutrition in the World*.

- The **prevalence of undernourishment** estimates the dietary energy intake of the population.
- **Malnutrition** refers to nutritional intake that is deficient in quantity or quality. Here are the categories of insufficient weight and height for age.
- **Malnutrition** indicates that despite being able to eat the necessary quantity, it is not of the right quality.⁴

In the case of Latin America, the figure of **undernourishment** is 42.5 million people by 2018, a number that is growing with respect to the previous year and has set off alarms in the different countries of the region. According to the 2019 report of the United Nations Food and Agriculture Organization (FAO), the increase in the number of undernourished people comes mainly from South America, although the results are heterogeneous. For example, Colombia stands out positively for its efforts, while Venezuela stands out for its collapse.

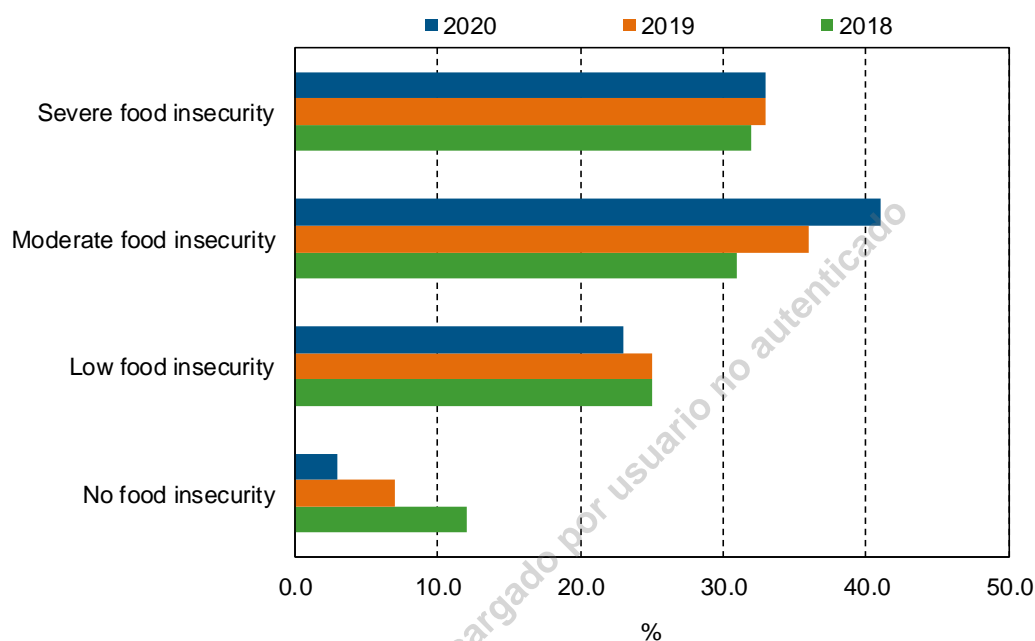
Undernourishment more than doubled between 2013-2015 and 2016-2018, jumping from 2.9 million to 6.8 million undernourished people. Likewise, the **prevalence of undernourishment** has been rising, expanding by 11.7 percentage points (pp) between the above-mentioned periods (from 9.5% to 21.2%). In this measurement, Venezuela is among the deepest cases of hunger in Latin America and is only surpassed by Haiti.

By 2019, as found by the Encovi, only 3% of Venezuelan households do not suffer from **food insecurity**. To better define this situation, the surveyors asked different questions, from which it was concluded that 97% of the households are highly concerned about food provision; also, it is observed that by adjusting the household budget, the quality of the diet is affected. Finally, adults limit the quantity and quality of the food they eat in order to allow children to eat better, but in some cases, children end up being affected as well.

⁴ All definitions obtained from the Food and Agriculture Organization of the United Nations (FAO).

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Food insecurity in Venezuela



Sources: Encovi and Ecoanalítica.

As shown in the graph above, by 2018 only one household in ten could be considered under food-insecurity; however, over time, the percentage of moderately food-insecure households has increased, implying that they are not only concerned about getting food, but also see the quality of their diet deteriorate because of increasing budget constraints. On the other hand, food insecurity is triggered because distress prevails in the absence of sufficient resources to meet the required quality or quantity of food.

Hand in Hand with the Economic Recession

FAO says that the periods of greatest economic growth in Latin America coincide with the greatest reductions in hunger in the region⁵. Similarly, periods of increased hunger and food insecurity have occurred at times of economic slowdown or recession⁶. In fact, economic well-being (or unrest) is listed as one of the most prevalent factors in this regard.

⁵ According to FAO figures, between 2000 and 2014, average growth in the region was 3.2% and the number of hungry people was reduced to almost 25 million. 2014, in turn, was the year with the lowest prevalence of undernourishment.

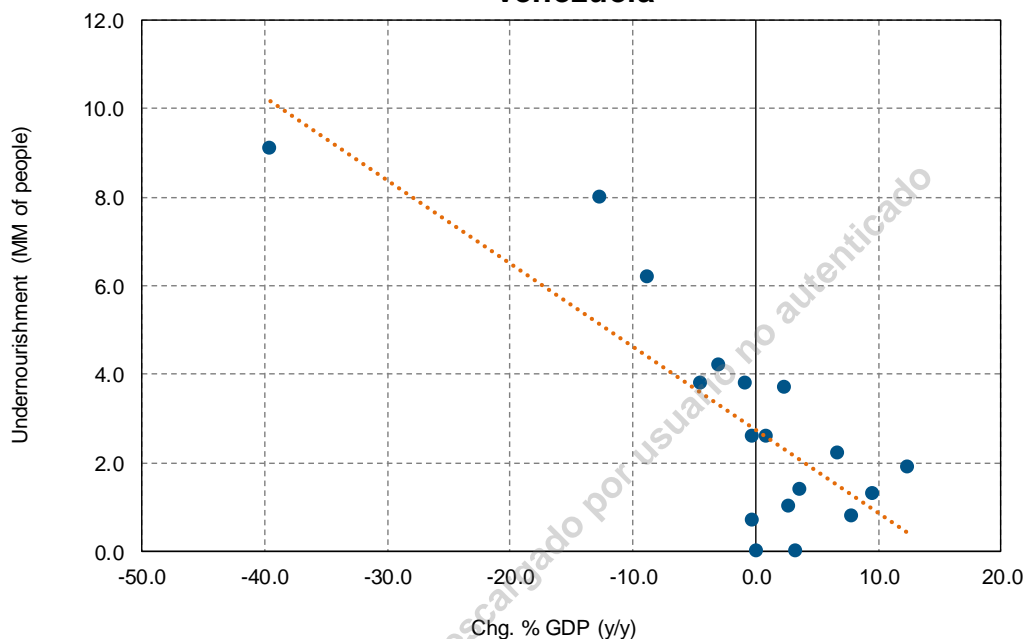
⁶ Since 2014, average economic growth has been "virtually zero" and the number of hungry people has increased by 4.5 million, FAO says.

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Correlation between chg. GDP and undernourishment in Venezuela



Sources: FAO, BCV and Ecoanalítica.
 Note: Uses Venezuelan data from 2000 to 2018.

According to official figures, Venezuela has now been in a cumulative economic recession of 69.5% for seven years. This trend is not expected to change in the short term. Moreover, 33 months have passed since a hyperinflationary process with price variations of around 100% per month⁷. With this in mind, it is not surprising that the dietary conditions in the country are so alarming.

Studies have established⁸ that there is also a correlation between poverty levels and the prevalence of undernourishment. In this sense, higher levels of income will guarantee a higher intake of food, although this does not necessarily imply a healthy and balanced diet. What also tends to happen is an imbalance between the macronutrients consumed depending on the social class to which one belongs.

⁷ The average monthly inflation between November 2017 and December 2019 has been 75.3%, where the month with the highest inflation was January 2019 with 178.1% and the lowest was October 2019 with 20.2%.

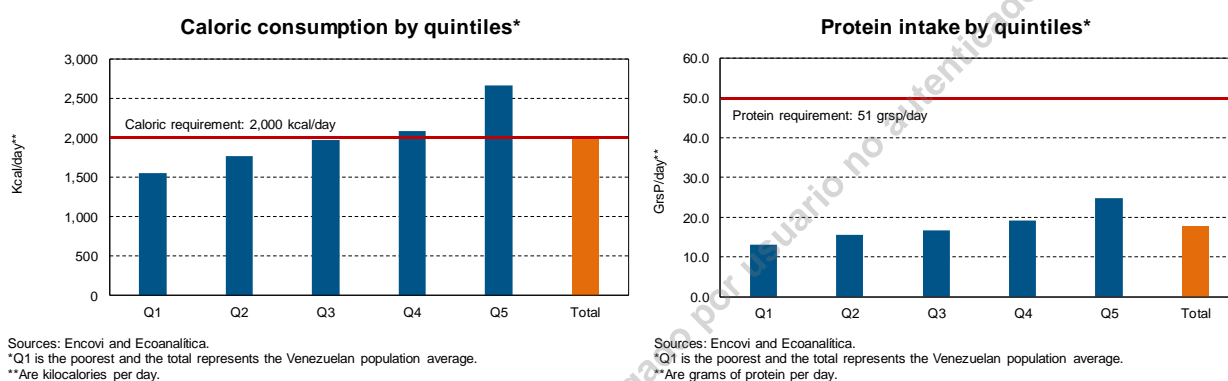
⁸ Jones, Conklin, Suhrcke & Mosivasi, (2014); Wiggins & Keats, (2015); Drewnowski, (2010). *The cost of US foods as related to their nutritive value*; FAO & OPS (2017); Hall et al, (2019); Lee, Raslton & Truby, (2011).

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In the case of Venezuela, the diet of the lowest quintiles is based on carbohydrates, which is similar to that of the rest of the strata. In terms of vegetable consumption, people with higher incomes consume more of these foods; however, the most significant difference is in protein consumption. People in quintile 5 (the wealthiest) consume, on average, five times more protein than those in the first quintile. Yet, on average, the entire Venezuelan population falls short of the required protein consumption.



Income is, without a doubt, one of the biggest challenges facing the country. The basic food basket for the month of June was at VES 56.24 million, which is equivalent to USD 269 and for whose acquisition, 140.6 minimum wages are required⁹. Along with income, the quality of the food distributed and consumed is also vital. Part of the necessary conditions for this to happen is an efficient drinking water system during food production and consumption. In a country where 64.7% of the population does not have access to drinking water and 68% of those who have the service classify it as deficient¹⁰, it is an uphill battle to eat completely healthy.

Hunger in a pandemic

The food situation in Venezuela before the arrival of COVID-19 in the country was quite critical. With the pandemic, the problem of income is worsening; 43% of households report being unable to work (due to social distancing measures) or report loss of income¹¹. In addition, with cumulative inflation of 354.7% in the Food and Non-Alcoholic Beverage

⁹ CENDAS basket.

¹⁰ According to the Venezuelan Observatory of Public Services (OVSP) for the months of April and May of 2020.

¹¹ According to Encovi 2019-2020, in its survey on the *Impact of COVID-19, Employment and Income*.

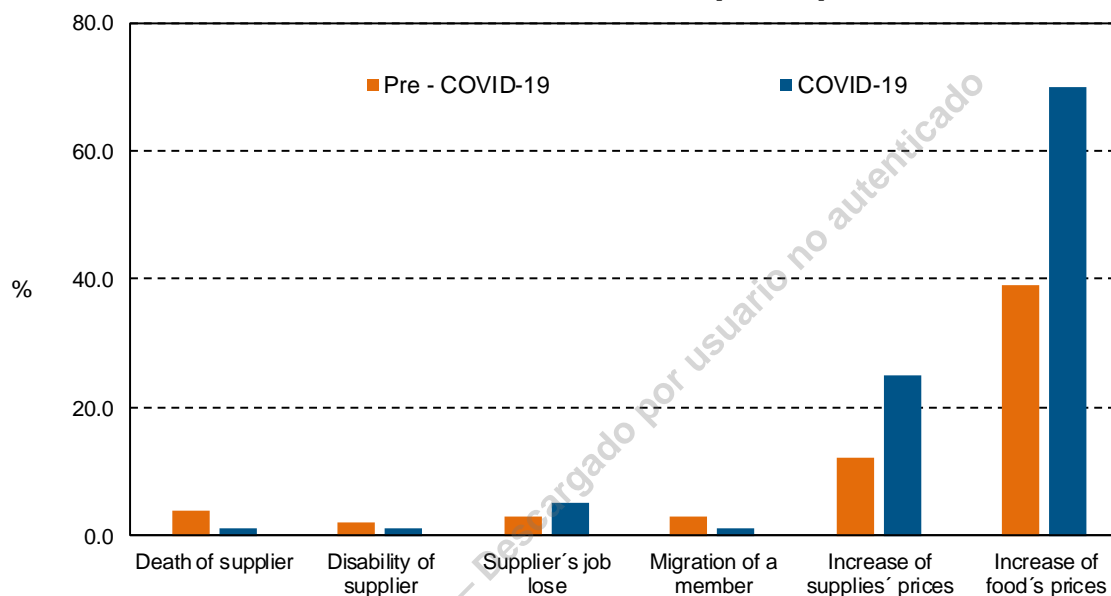
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category from March to July 2020¹², people's ability to feed themselves is further constrained.

Shock situations in households pre & post COVID-19



Sources: Encovi and Ecoanalítica.

Likewise, the collapse of world trade, which is necessary to guarantee food security¹³, could generate shortages in countries such as Venezuela, which depend on imports (whether of raw materials or final products) for their food, as discussed in a previous report¹⁴.

However, the problem of food in Venezuela has been present since long before the arrival of the pandemic. The latter has caused a deepening of the crisis. The nutritional status of the population is of concern, not only because of the devastating consequences for the quality of life of the population but also because of the long-term negative impact on human capital¹⁵, which will be reflected in the country's economic growth and

¹² Calculations made from the week of February 28th, 2020, to the week of July 31st, 2020.

¹³ Food and Agriculture Organization of the United Nations (FAO) (2019). *The State of Food Security and Nutrition in the World*.

¹⁴ Weekly Report N°18 of 2020: *The risk of shortages*.

¹⁵ Our Weekly Report No. 9 of 2019: *Encovi 2018: Very Poor in Multiple Dimensions* refers to this particular aspect, taking the African country, Malawi, as a case study.

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development. In Venezuela, 8% of children under 5 weigh less than they should and 30.3% of them suffer from chronic malnutrition, which leaves the country at the level of African nations such as Nigeria (33.0%), Cameroon (31.7%), the Republic of Congo (21.2%) and Zambia (40.8%). Without early action to address this problem, its growth prospects look bleak.

Specifically, FAO states that the food situation is composed of: 1) availability and access to food, 2) economic access to food, 3) promotion, publicity and information, and 4) food quality. In this regard, the recommended policies are those that promote access to resources and inputs, capital and the development of production chains, procurement mechanisms, and also provide incentives for optimizing trade mechanisms both internally and externally.

Venezuela already presented too many obstacles and is currently experiencing the most critical moments of the pandemic curve; therefore, the pre-existing vulnerabilities of the health system are beginning to worsen and become more publicly visible than before. Therefore, when thinking about recovery plans for the country, it will be necessary to attack the direct consequences of COVID-19 in all sectors while, at the same time, resolving the food emergency in Venezuela.

Until the recommended policies and recovery plans are not implemented, local consumer habits will continue to favor the acquisition of affordable, although not necessarily better quality, goods. They will continue to favor sales in more popular spaces and in presentations aimed at their rapid consumption (and not storage). In other words, the food emergency in Venezuela also means changes for those who sell such items. Learning and adapting to this new context will be a challenge for those companies that want to survive while the emergency persists

Corina Fung.

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WEEKLY INDICATORS

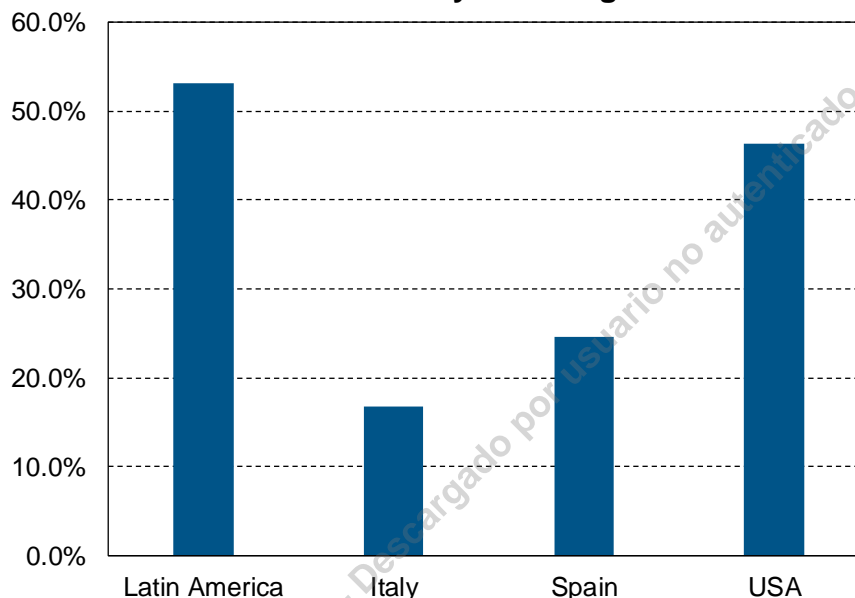
Weekly Economic Indicators			
	2nd Week August	Weekly chg. (%)	Depre/Apre (pp) ¹
FX Boards (VES/USD)²	284,003.02	6.9	6.5
	5th Week July	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	39.4	1.0	9.5
	1st Week August	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	315.3	-28.3	186.8
	1st Week August	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	6.5	-1.0	-19.4
	5th Week July	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (MM VES)	163,106,761	5.9	1,361.9
Price of International Oil Baskets (USD/bl)			
	1st Week July	Weekly chg. (%)	Annual chg. (%)
WTI	37.5	1.3	-35.1
Brent	41.0	0.2	-36.1
Price of the Venezuelan oil basket (USD/bl)			
	1st Week July	Weekly chg. (%)	Annual chg. (%)
Weekly Average	22.4	1.3	-62.1
Annual Average	29.8	-0.9	-50.1

Sources: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

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

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CHART OF THE WEEK: " YOUTH, THE DIVINE TREASURE?"
**Percentage of people infected with COVID-19
 under 40 years of age.**


Fuentes: Ministerios de Salud y Ecoanalítica

Part of the fundamental strategies for slowing down the growth of the COVID-19 infection curve consists of a constant flow of information between the parties involved, from the entity in charge of carrying out the front-line diagnosis, through the centers responsible for collecting and processing this information, and finally to the bodies responsible for formulating policies and making them available to the public.

Among the statistics that have been followed up the most is the distribution of cases by age group (age). With these, we observe differences in the spread of the virus between different countries. If we compare a sample of Latin American countries with other countries with high infection rates, such as Spain, Italy and the United States, we can see an important difference in the weight of young people infected with the virus.

Precisely 53.2% of the positive cases of COVID-19 observed in Latin America correspond to the population under 40 years of age, while in Italy and Spain the weight of this segment of the population corresponds to 16.8% and 24.6%, respectively. Although the United

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States seems to show a similar ratio to that seen in Latin America, less than half of the infections do not exceed 40 years of age.

In the first place, this number reveals that this sector of the region's population does not have the tools or resources to remain in quarantine. The working and savings conditions in Latin America do not allow for prolonged quarantine and, therefore, the population of working age must leave their homes more often to generate income to guarantee their subsistence. This is particularly true in a context where informality is the norm and where labor compensation mechanisms are less developed.

If the mentioned above is added as a reason for the spread of the virus, a possible risk factor corresponding to poor initial health conditions of young people in Latin America (caused by poor nutrition, failures in the public health system, among others), makes this information more relevant. Because, if the incidence of this factor on the transmission curve is confirmed, it should be added to the considerations taken into account for the creation of containment policies needed in a region where quarantine seems to be endless.

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ECONOMIC TIPS

COVID-19 in Venezuela. According to government figures, the number of positive cases of coronavirus reached 29,088 on August 13 and the number of deaths was 247 for the same date.

Tax amortization. According to Delcy Rodríguez's statements, 305 mayors agreed to sign a "tax amortization" reform, which would allow them to delay payments of tax rates or contributions levied by the mayors, however, it is not yet known when or how this will proceed.

Hyperinflation in July. The National Assembly published the National Consumer Price Index, where it is worth noting that monthly inflation stood at 55.05%, while accumulated inflation stood at 843.44% and year-on-year inflation at 4,099%.

Greater increase. In detail, the items that showed the greatest monthly increase were services, with a variation of 483.5%, communication services with 326.4% and education with 56.3%.

Lower increase. On the other hand, the items that showed the lowest monthly inflation were leisure with 0%, food and non-alcoholic beverages with 10.9% and health with 15.4%.

Possible new measures. In a national address, Nicolás Maduro said that a set of economic measures would be decreed in the next few days. He announced that small and medium-sized companies are under consideration for tax exemptions, but the president has not made any further statements about the issue.

Dirty floating (I). The Central Bank of Venezuela, through its twitter account, reported that it increased the supply of foreign currency available to citizens and companies through exchange interventions.

Dirty floating (II). The statement explains that the operation was carried out from August 10 to 14; however, it is not known whether the scheme will continue in the coming weeks.

Bonds and more bonds. The Venezuelan government transferred VES 610,000 to pensioners as a "bond against the economic war" through the Patria system. This figure is added to the August pension of VES 400,000, which gives a total of VES 1,010,000 to the pensioners.

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Updated commissions. The Central Bank updated the commission rates and surcharges charged by banks, exchange houses, and point of sale suppliers in the Official Gazette No. 41,934, published last August 3.

Percentage... An amount of VES 4,177 was established to issue passbooks (an increase of 239.04%) and an amount of VES 7,482 for the issuance of statements (an increase of 6.135%). With respect to legal entities, the fee for maintenance of current accounts was established at VES 949 and the charge for returned checks due to the lack of funds at VES 1,246,842.

...abysmal. Up to 0.30% of a payment made through mobile payment methods will be charged, with a minimum of VES 373. With respect to debit cards, the charge for an exchange due to loss, theft, or damage was established at VES 2,620 and for withdrawals from other banks' ATMs, 5% will be charged.

Leading (I). Venezuela led the Bloomberg Economic Misery Index (EMI) for the sixth consecutive year. According to the "Café con Leche Index" compiled by Bloomberg on this product to measure Venezuelan inflation, it is estimated that it will reach 4,043% of accumulated inflation by the end of 2020. In addition, an unemployment rate close to 15% is predicted for the same date.

Leading (II). The index calculates a score for 60 economies, and it takes into consideration, the sum of their inflation and unemployment rates, and compares their median projections for 2020 to 2019. As a result, in addition to Venezuela, it ranked Argentina second, South Africa third, Turkey fourth and Colombia fifth.

The lack of cash is back. According to a report in the newspaper La Prensa de Lara, it is harder to make transactions in the state because of the lack of cash. The people consulted by the newspaper claimed to have little access to cash and reported that the amounts granted by banks do not exceed VES 200,000.

Money tables. For the week of August 13, the average rate for money tables was VES 284,003.02/USD. This represents a 6.5% depreciation from the previous week.

Liquids? Liquidity was VES 163,106,761 million for the week of July 27, a variation of 5.9% in nominal terms compared to the previous week (July 20) and 1,361.9% compared to last year.

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OIL TIPS

Defendants (I). A Delaware Federal Court judge ordered a hearing to be scheduled for September 17 to address the possible sale of Citgo assets to satisfy a \$1.2 billion debt owed by the Venezuelan State to Canada's Crystallex.

Origin...The debt originated in 2008 when former President Hugo Chávez ordered the expropriation of the Las Cristinas gold mine, owned by Crystallex.

...and evolution. Subsequently, in 2016, the Canadian company was awarded an arbitration award for USD 1.2 billion. PDVSA did not comply with the payment, so in 2018 the Delaware court indicated that some of Citgo's assets could be affiliated to Crystallex as payment of the debt.

Restructured with China (I). Sources close to Reuters reported that Nicolas Maduro's government received authorization from the Chinese government to postpone oil payments on its approximately USD 50 billion debt.

Restructured with China (II). According to an agreement made in the last decade, the Venezuelan government was to pay USD 3 billion in oil to the Chinese government during this year. However, the authorization frees Venezuela from making these payments and authorizes the South American nation to pay only the interest payments of the loans.

Venezuelan position. According to the interim government, in order to proceed legally, an authorization from the Office of Foreign Assets Control of the Department of the Treasury (OFAC) is required; however, the extension of the last license protecting Citgo's assets is until October of this year.

Defendants (II). The U.S. glass manufacturer, OI Glass Inc, formerly Owens-Illinois Inc, filed a lawsuit in a Singapore court to seize the Venezuelan-flagged Maximo Gorki, which has been in Venezuelan waters since 2018 and has served as a floating oil depot.

For the same reason. The claim is due to the failure to pay an arbitration award granted to the U.S. company for the expropriation of two plants located in Venezuela ordered by former president Hugo Chavez in 2010.

Defendants (III). On August 6, the trial of six former Citgo executives in Venezuela was opened on charges of embezzlement and criminal association. The defendants have been imprisoned in the country since 2017, and the trial has been suspended ever since.

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Who? The defendants include Tomeu Vadell, José Pereira, José Luis Zambrano, Alirio Zambrano, Jorge Toledo and Gustavo Cárdenas.

I'll take it... According to sources close to Reuters, PDVSA began offering oil sales contracts in April, in which the Venezuelan state company is responsible for transport and payment of duties, in order to manage its sales in an environment full of sanctions.

...and I pay your taxes. For decades, contracts stipulated that buyers should send their vessels to collect and transport the crude oil purchased from the state-owned company; however, the new strategy of having PDVSA pay for the transport has been taken up by sanctioned oil companies like the Iranian ones, after OFAC warned shipping companies to offer this service.

Can it be? Most of the Venezuelan oil fleet has remained in the country in the last year, as it does not have insurance or the necessary certifications to sail in international waters. In addition, many ships no longer have operators, because PDVSA failed to make payments to the companies that managed its crews.

Stranded. The ship MV Wakashio, carrying 3,000 tons of fuel oil, ran aground on a coral reef south of Pointe d'Esny, Mauritania, and began spilling oil near the African island.

Here to help! (I). The Prime Minister of Mauritania has declared a state of natural emergency and has asked France for resources to help, while hundreds of volunteers are working to stop the spill.

Here to help! (II). So far, an estimated 1,000 metric tons of fuel oil have been spilled off near the Mauritanian coast, while the Japanese government (where Universal Shipbuilding Corporation, the ship's manufacturer, is located) sent a team of six specialists to help with the clean-up.

Halfway through. According to sources close to Bloomberg, 950 refueling stations out of a total of 1,570 have closed in the country or are still active at very restricted hours, because they have not received any new fuel to fill up in the last few weeks.

SECTOR TIPS

We're open! Malls in Caracas such as Sambil, San Ignacio, Líder, Tolón, Expresó, and Recreo were included in the flexibilization scheme so that they can provide their services from August 10 to August 17, at a schedule established within the two-tier flexibilization.

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Strict regulations. Health regulations imposed by the Government to prevent the spread of the pandemic, such as mandatory use of face masks, social distancing, and body temperature taking, will have to be respected in shopping centers.

The open ones. The industries that will enter this new phase of flexibilization are commercial banks, pharmacies, the textile and footwear industry, hairdressers, and restaurants (only for deliveries). Also, construction areas, hardware stores, mechanical workshops, opticians, medical and dental offices will be available.

Retirees and pensioners waiting. Pensioners and retirees are waiting for a protocol from the Superintendency of Banking Sector Institutions (Sudeban) to carry out face-to-face procedures such as money withdrawal or credit card replacement.

Practical solutions. The president of the Federation of Retired and Pensioners, Emilio Lozada, explained that they are waiting for measures from Sudeban that will facilitate transactions for the elderly.

What is the solution? Due to this, Sudeban is working on a proposal where the bank agencies establish specific days to attend the clientele that needs attention at the ticket office or needs to request the replacement of credit cards; however, they have not issued a statement yet.

Few in the system. Lozada noted that, according to figures from the Federation of Retirees and Pensioners, more than 1,200,000 seniors did not have a debit card by April this year. However, between 5% and 10% of those customers have managed to obtain their debit card.

With the magnifying glass on. Trade Minister Eneida Laya reported that in this new phase of relaxation, which will last from Aug. 10 to Aug. 17, businesses will be supervised to ensure that they comply with protocols established to prevent new infections from Covid-19. Companies that do not comply with the regulations will be sanctioned.

Private responsibility. Leonardo Palacios, president of the Caracas Chamber of Commerce, explained that the commercial sector is crucial in ensuring that biosecurity measures are complied with. Palacios also said that businesses have a social responsibility to their clients and their workers.

Door open for further abuse. Still, Palacios said he is concerned *that "there is a threat that there will be a controlled and monitored sector, and that gives rise to any kind of abuse by some government officials.*

New post-pandemic economy. Ricardo Cusano, president of Fedecámaras, said in his annual message to the 76th Annual Assembly of the trade union organization that businessmen cannot sit back and "*wait for changes to occur to start working towards a productive Venezuela.*"

A new country. Cusano presented a plan that calls for the restructuring of the economy in order to change the attitude of business, and for this reason, he demanded "*an inclusive and productive nation that brings together all sectors of society to define, in communion, the type of country that we need in the long term.*"

Dangerous market (I). Reuters noted that the largest food market in Caracas, the state-run Coche market, is located in one of the areas most affected by the Covid-19 infections. Still, traders are forced to open because of the need to sell their products, regardless of the danger brought on by the pandemic.

Dangerous market (II). Three days a week, about 10,000 people enter the state-run wholesale car market, which feeds much of the city of five million people. The market manager said that "*the great Caracas depends on this market,*" as around 17,000 tonnes of products are sold there.

The risk is too high. This open-air market, where little attention is paid to social distancing, even though most people wear masks, runs counter to the efforts of the Maduro government to prevent further contagion from overwhelming the weak health system.

Necessary measures. For this reason, since July 29, the authorities imposed new limitations on the opening hours of 13 municipal markets in Caracas, including Coche.

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 20,620,847 the 13 of August and the number of deaths was 749,358 for the same date.

A Russian vaccine (I)? Vladimir Putin, President of Russia, announced that his country had approved a vaccine for COVID-19 after less than two months of human trials. It will be called "Sputnik V" and has yet to complete the final testing phase. The speed of its approval has raised concerns among some experts.

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A Russian vaccine (II)? The WHO indicated that it is in discussion with Russian health authorities to determine the process for possible pre-qualification of the vaccine.

Bypassing Congress. U.S. President Donald Trump signed a series of executive orders to provide additional economic relief to Americans hit by the coronavirus pandemic. The president turned to these executive orders after his negotiators failed to reach an agreement with the Democratic-controlled Congress.

\$200 less. Trump said the measures will provide about \$400 a week to tens of millions of Americans who became unemployed during the health care crisis, less than the \$600 a week previously approved.

Less expenses, less taxes. Additionally, Trump indicated that he will suspend the collection of payroll taxes, which finance Social Security and other federal programs.

And the scales and counterweights? Some of Trump's actions with respect to executive orders could be challenged in court, since the U.S. Constitution gives Congress authority over federal spending.

Searching for peace (commercial). In an article published on the Chinese Foreign Ministry's Website, Yang Jiechi, a senior Chinese diplomat, urged the United States to strengthen cooperation between the two governments in order to create favorable conditions for implementing the first phase of their trade agreement.

Main "victims": TikTok and WeChat. In the article, Yang calls on the United States to stop "bullying" Chinese companies and create a fair, open and non-discriminatory environment for them, referring primarily to the U.S. ban on doing business with the Chinese owners of the WeChat and TikTok applications.

Precarious conditions for Phase 1. Relations between the world's two largest economies have deteriorated since the signing of the trade agreement in January, mainly due to US criticism of Beijing for its management of the coronavirus pandemic and the crisis with Hong Kong, jeopardizing Phase 1 of the agreement that ended the trade war.

Fighting back with fire. Despite the article, commercial and political tensions continued to escalate. On August 10, China sanctioned 11 U.S. citizens, including several legislators, in response to Washington's actions against 11 Chinese and Hong Kong officials accused of restricting political freedoms in the former British colony.

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Blows to the job market. The UK's National Statistics Office said the number of people employed in the UK economy fell by 220,000 between March and May this year, the biggest drop since 2009 due to the impact of the coronavirus crisis on the labor market.

Same rate, worse conditions. The UK agency added that the unemployment rate remained at 3.9%, but argued that this reflects an increase in people who stopped looking for work and who are not considered unemployed.

Ready with the debt, now the IMF (I). Argentina's Economic Minister, Martín Guzmán, said that new negotiations are underway between the Argentine government and the International Monetary Fund (IMF) to establish a new credit program, which could be implemented early next year.

Ready with the debt, now the IMF (II). With these negotiations, the Argentine government is seeking a new program with the IMF to replace the one signed two years ago for USD 57 billion, after having reached a new agreement with international creditors to restructure the debt of nearly USD 65 billion.

Closing half the year with bad news. According to official figures, unemployment in Ecuador jumped to 13.3% between May and June 2020 due to the effects of the coronavirus pandemic on its economy, becoming the highest rate since 2007 and hitting tourism, manufacturing, and commerce the hardest.

POLITICAL TIPS

Humanitarian freedom. Relatives of political prisoners demanded the release of their relatives in front of the Helicoide prison, due to the suspicion of possible cases of Covid-19 in the detention center, where there are more than 200 political prisoners.

Have mercy. After the death of the prisoner, Erick Echegaray, who was on the Helicoide with symptoms of Covid-19, the concern of families became even more acute. The father of the deputy of the National Assembly, Juan Requesens, denounced that there are suspicions about more cases of COVID-19 on the Helicoide and demanded from the authorities a humanitarian measure "to avoid a greater tragedy."

For human rights. Humberto Pardo, Commissioner for Human Rights, who accompanied the families, recalled that Michelle Bachelet, High Commissioner of the United Nations, requested the governments of the world to free political prisoners due to the growth of the pandemic. Likewise, the Inter-American Commission on Human Rights

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reminded the Venezuelan State of its responsibility to protect the human rights of all prisoners.

He didn't even make it to two months. Rafael Simón Jiménez, the vice-president of the National Electoral Council (CNE), resigned from his position as vice president. Jiménez declared that *"the fundamental reason" for his departure is the "polarization and the situation of the country" which "clashes" with his "such clear positions and those opinions contravene the impartial position that is demanded"*.

Why did he leave? Jiménez explained that he had no problems with the rest of the NEC leadership and made it clear that his biggest problem was with the *"power centers"*. Even so, Jiménez left the door open to a possible candidacy for deputy in the National Assembly in the next elections.

Guaidó's stance. Juan Guaidó stated that, in his opinion, the former MAS leader, Jiménez, *"should never have accepted that position because the Supreme Court of Justice is not responsible for appointing the NEC, it is up to the National Assembly. It's good that he's getting out, but he's getting in the same boat; he's legitimizing a fraud if he tries to run"*.

The replacement. The Supreme Court of Justice (TSJ) appointed Leonardo Morales as vice president of the National Electoral Council (CNE). This news comes 24 hours after Jiménez's resignation. Therefore, Morales, who is a political scientist and member of the Progressive Advancement Party, was sworn in before the Constitutional Chamber of the TSJ.

Direct attack. National Assembly deputy and Acción Democrática (AD) leader Henry Ramos Allup denounced that party headquarters in Caracas were *"attacked"* by armed groups. Ramos Allup assured that the assailants are supported by the FAES and the *"motorized colectivos of the regime"*.

We'll remain strong. Ramos Allup declared that *"AD will not be dominated by penance, checks or intimidation"*. This attack comes after the TSJ intervened and created an ad hoc party directive, led by Bernabé Gutiérrez, to participate in the December 6 elections with AD's electoral card, logo and Democratic Action symbols.

You can't come in! A group of citizens, claiming to be related to Bernabé Gutiérrez, placed chains on the doors of the AD National Executive Committee headquarters in Caracas. Party members were giving statements in front of the building to reject the arbitrary takeover when individuals inside the headquarters threw tear gas bombs, stones, and fireworks.

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Significant backup. Juan Guaidó supported AD and condemned the violent takeover of the Acción Democrática headquarters by armed groups. Likewise, the virtual U.S. Embassy rejected the violent acts.

Coup perpetrators in jail. Tarek William Saab, the attorney general appointed by the National Constituent Assembly, reported that former US military officers Luke Denman and Airan Berry, involved in the alleged "Operation Gideon," were sentenced to 20 years in prison in Venezuela.

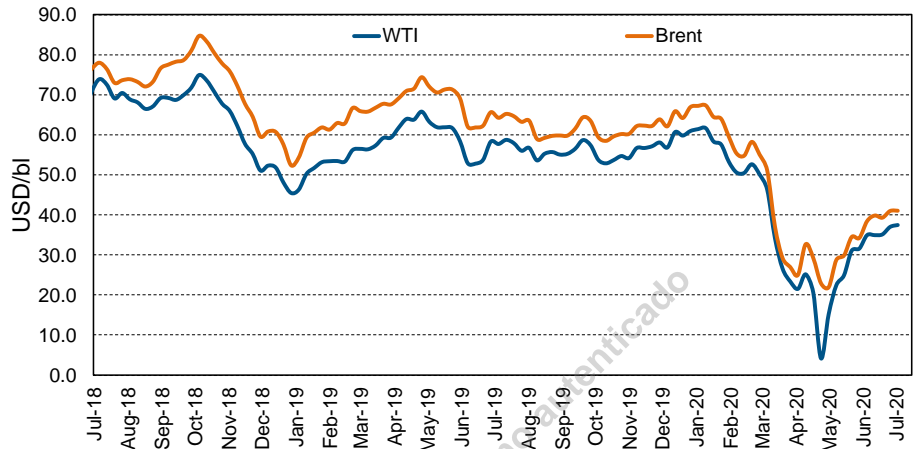
Crimes against the Homeland. The "*gringos*" were accused of having committed crimes of conspiracy, association, illicit trafficking of weapons of war and terrorism; however, the lawyer Alonso Medina Roa argued that the sentence against the ex-military was made in violation of the rights to defense of the accused.

More are joining the election party (I). 17 more political parties registered to participate in the parliamentary elections on December 6 and invited Venezuelans to vote. They notified through a joint communication that "there is no other way for democracy than to vote".

More are joining the election party (II). The parties that joined to participate in the elections are Bandera Roja, Cuentas Claras, Electores Libres, Frente Democrático Participativo, Independientes por la Comunidad Nacional, Juan Bimba, Min Unidad, Movimiento Republicano, among others.

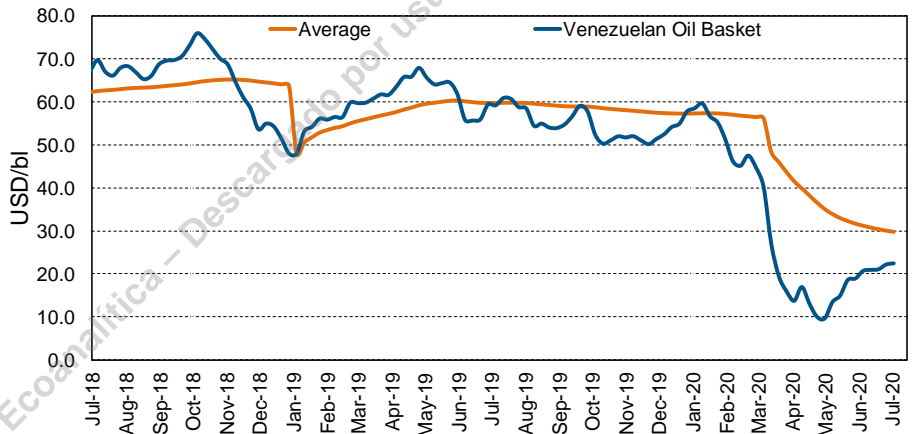
ECONOMIC INDICATORS

**Oil Prices
(WTI and Brent)**



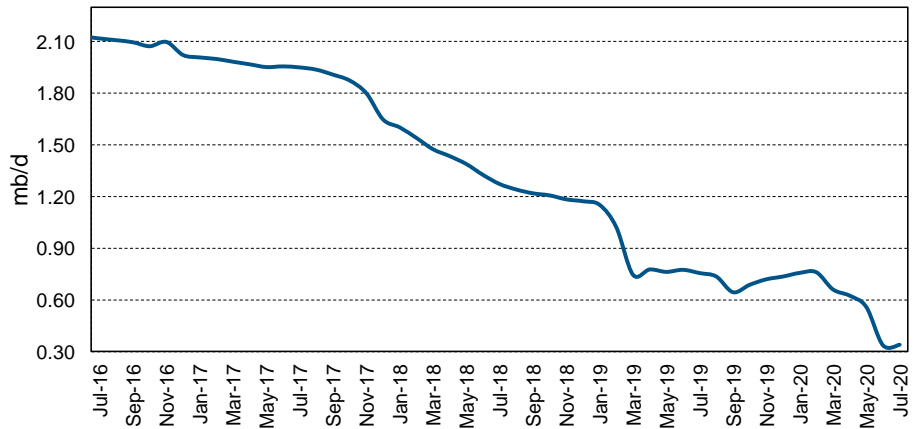
Sources: Menpet and Ecoanalítica

**Oil Price
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

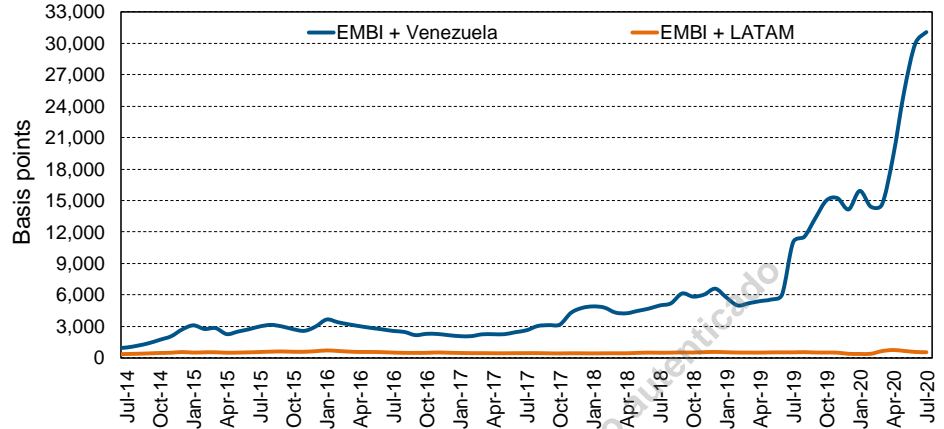
**Oil Production
(Secondary sources)**



Sources: OPEC and Ecoanalítica

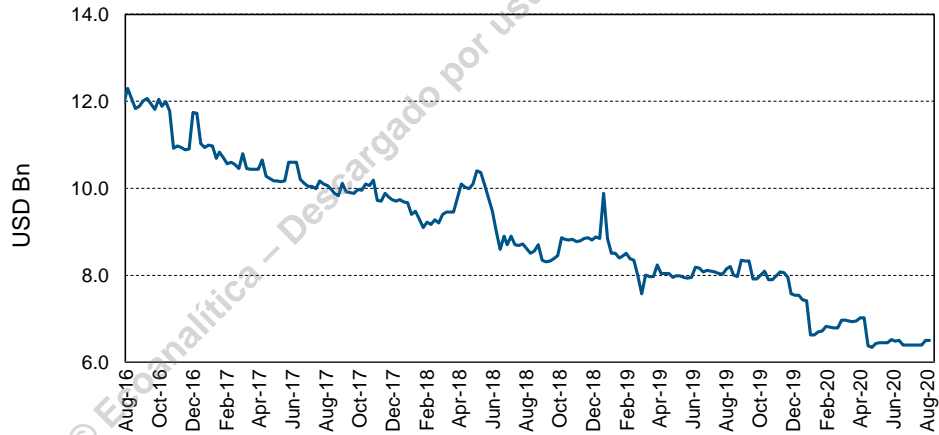
ECONOMIC INDICATORS

EMBI



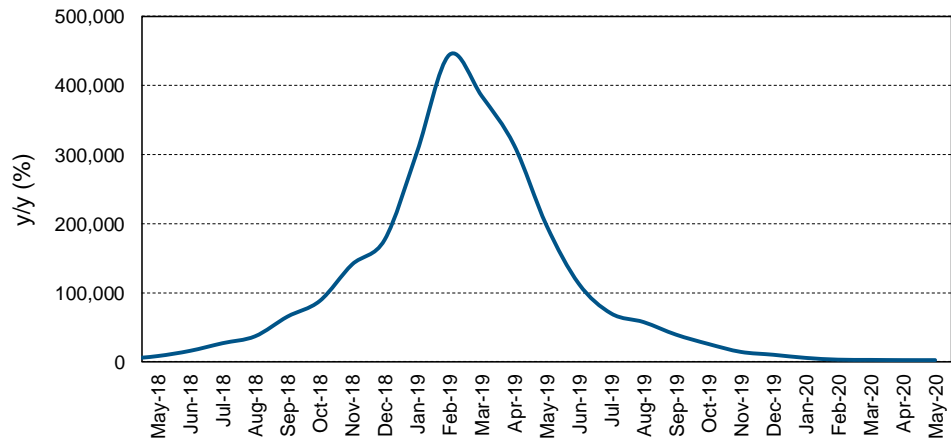
Sources: BCRP and Ecoanalítica

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

Inflation (BCV)



Sources: BCV and Ecoanalítica

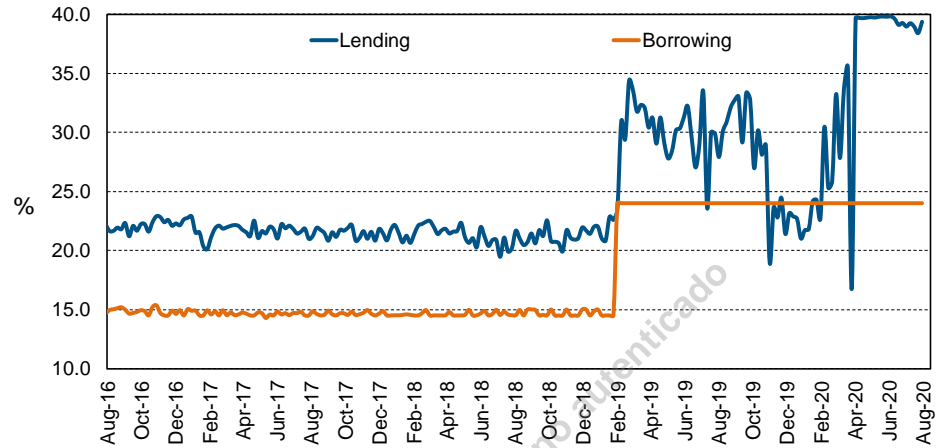
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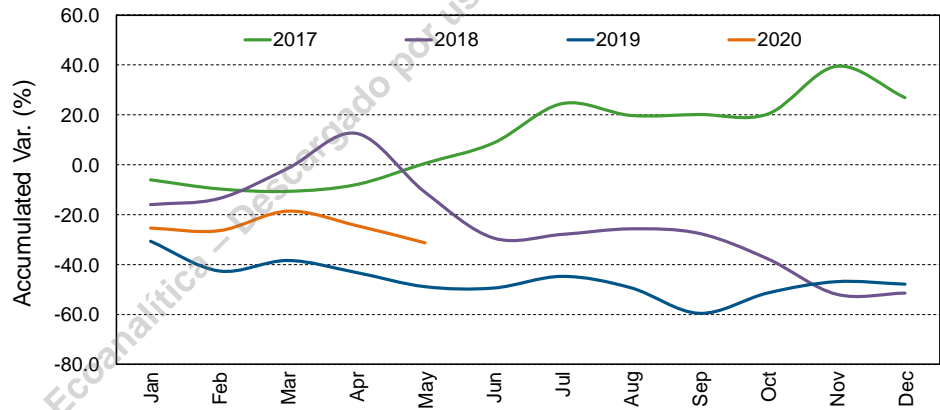
ECONOMIC INDICATORS

**Interest Rate
(Six major banks)**



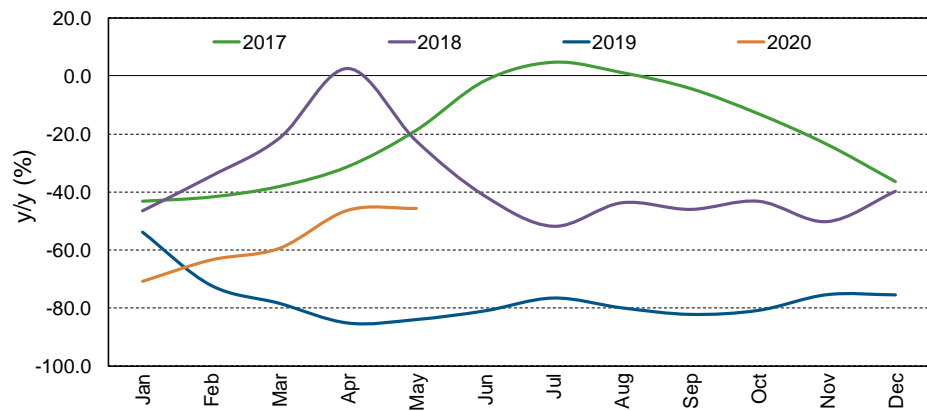
Sources: BCV and Ecoanalítica

**M2 Expansion
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio
(Real)**



Sources: SUDEBAN and Ecoanalítica

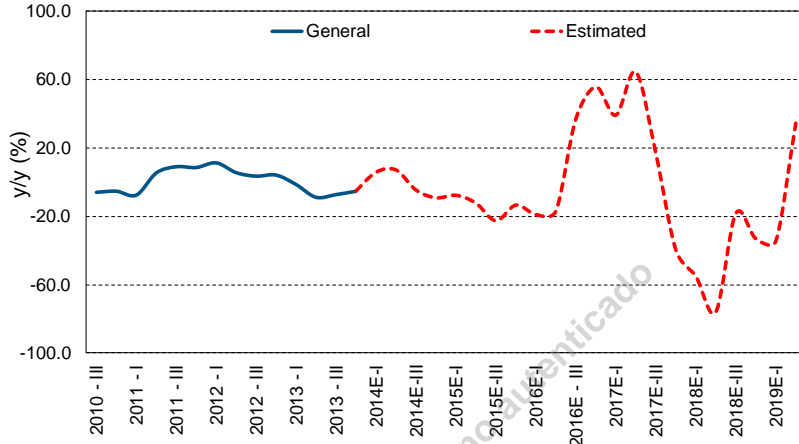
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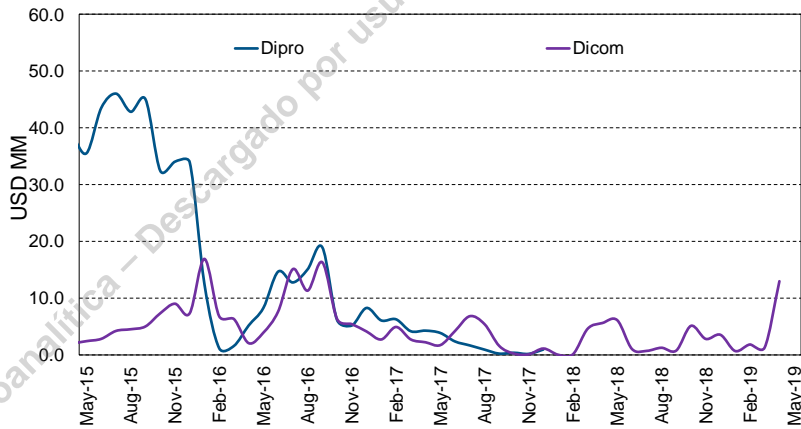
ECONOMIC INDICATORS

Real Wage Index



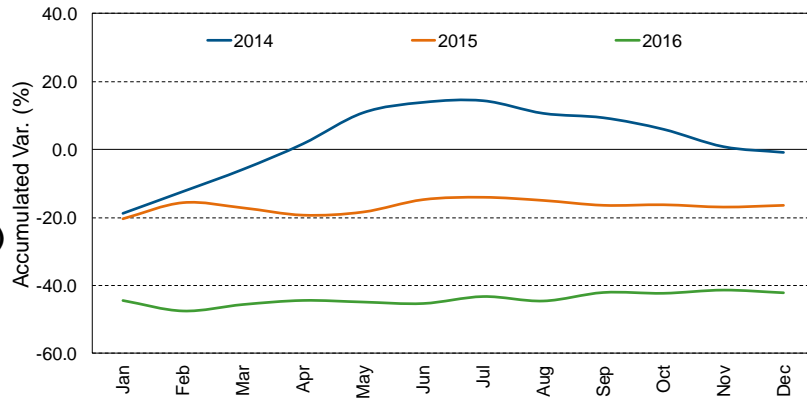
Sources: BCV and Ecoanalítica

Disbursements to the Private Sector (Daily Average)



Source: Ecoanalítica

Primary Spending NTO (Real - Central Government)



Sources: ONT and Ecoanalítica

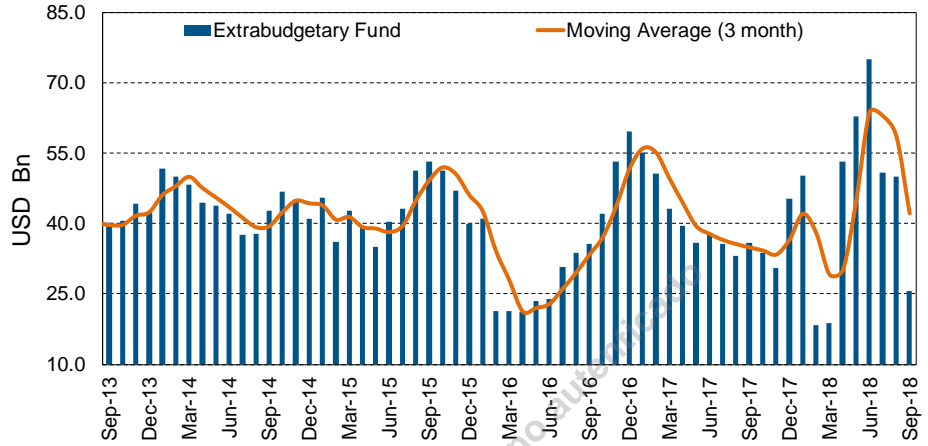
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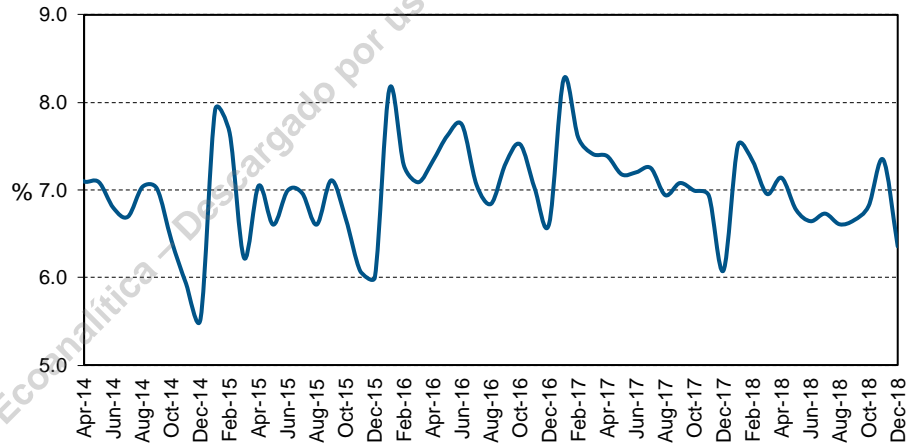
ECONOMIC INDICATORS

State Extrabudgetary Resources



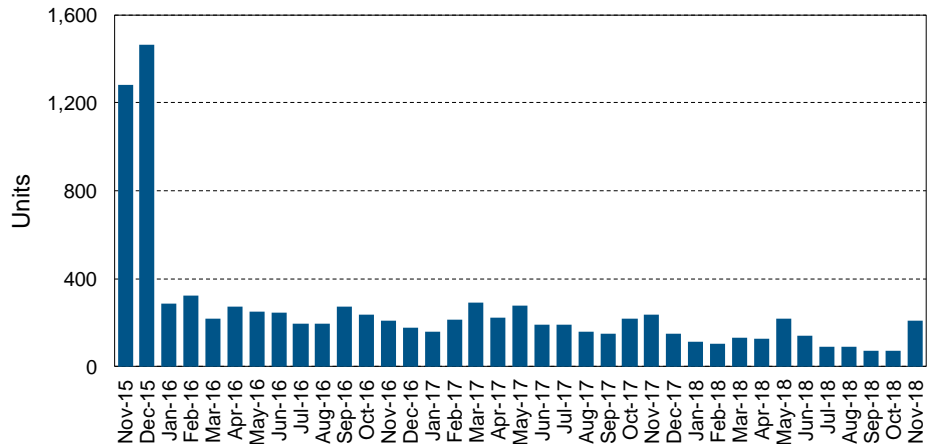
Source: Ecoanalítica

Unemployment Rate



Sources: INE and Ecoanalítica

Vehicle Sales



Sources: CAVENEZ and Ecoanalítica

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