

## Venezuela with the worst economic performance of the region

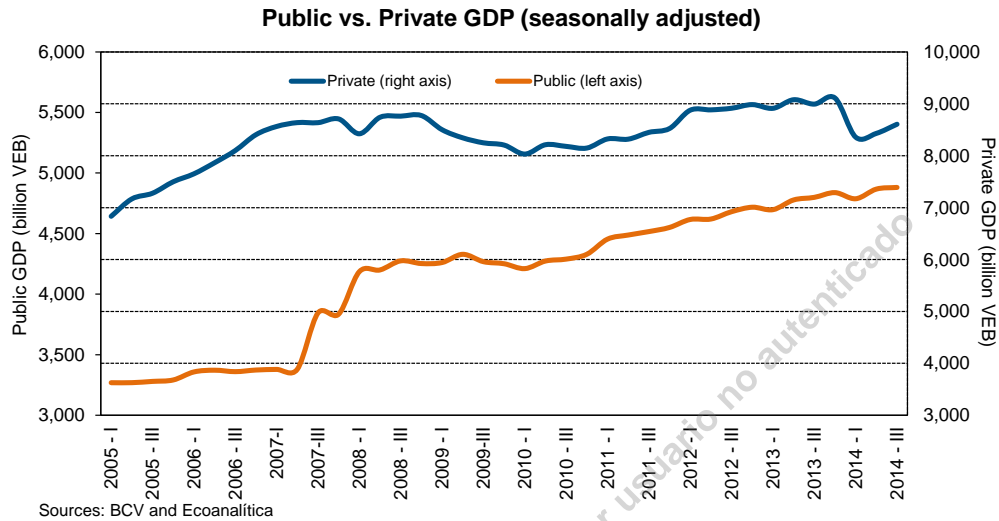
After a long wait (45 weeks), the Central Bank of Venezuela (BCV) published figures for economic activity and the balance of payments; in the case of the latter, these were the first figures published since the figures for 3Q2013. Despite the absence of official Central Bank figures, in our reports we had already stated that the economy was experiencing a major recession in a context of plummeting oil prices, which averaged US\$88.7/bbl. last year, 12.4% less than the average price for the Venezuelan oil basket in 2013.

Venezuela's gross domestic product (GDP) contracted by 2.3% in 3Q2014, according to the Central Bank's report. In 2Q2014, the economy posted a contraction of 4.9% and a variation of -4.8% in the first three months of 2014. At **Ecoanalítica** we forecast a total drop in GDP of 4.0% for 2014.

### GDP slides three months in a row

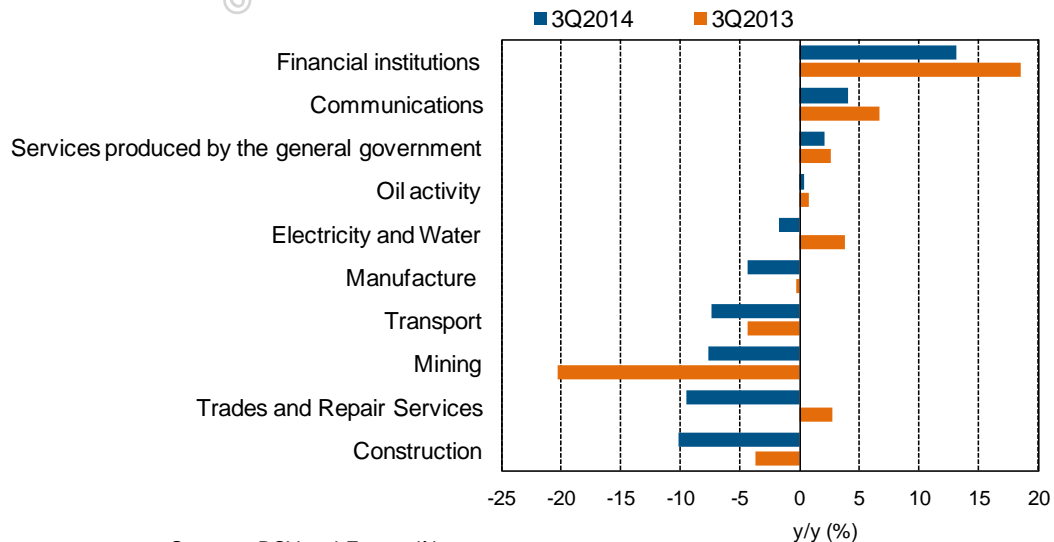
The figures for 3Q2014 indicate that the oil sector grew by 0.3%, whereas non-oil activity posted negative growth of -2.5%. If we compare the period January-September 2014 to the same period in 2013, we find that the non-oil sector experienced a contraction of 3.8% whereas the oil sector posted slight growth of 0.3%; in short, a mediocre economic performance. Viewed by sector, the performance of GDP caused an expansion of 1.7% in the public sector and a contraction of 4.1% in the private sector in the 3Q2014 against the same period of 2013. However, the setback in private sector GDP gives cause for concern as it accounts for 57.1% of total GDP and has not experienced a contraction since 4Q2010.

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The sectors where the poor performance of non-oil GDP in 3Q2014 was most marked were Construction (10.1%), Mining (7.7%), Commerce (9.5%), Transport (7.3%), and Manufacturing (4.4%). Key areas of the economy, such as Manufacturing and Construction, posted contractions of 9.2% and 10.2% if we compare the figures for the first three quarters of 2014 with the same period in 2013. These contractions are worrying given that manufacturing sector is the one with the most weight in overall economic activity, and construction weights 7.4% of the GDP.

**Growth by economic activity**



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Not all sectors posted a contraction last year. As is customary, Financial Institutions and Insurance grew by 14.2% in the 3Q2014, albeit down 9.9 percentage points (pp) from the same period in 2013. Communications also grew, posting growth of 4.1% in the third quarter and 5.0% for the period January-September compared to 2013. The performance of many sectors of the economy was due mainly to the restriction of foreign currency and reduced availability of inputs (in particular in the construction sector), and not to the economic war, as the Executive would have everyone believe. Since no measures were taken in 2014 -a golden opportunity for making adjustments-, the economic imbalances have become more acute and this year we are facing a more complicated situation; in other words, the recession is going to get worse in 2015.

### Imports were adjusted, however

In 3Q2014, the trade balance posted a surplus of US\$6.81 billion. The current account on the balance of payments closed the third quarter US\$899 million in the black and the balance of payments posted a surplus of US\$6.81 billion as a result of a 14.2% drop in total external sales, which came to US\$19.06 billion, and a slight drop of 1.4% in goods imports compared to 3Q2013 to US\$12.25 billion.

<b>BALANCE OF PAYMENTS</b>			
<b>General Summary</b>	<b>Accum. 3Q2014</b>	<b>Accum. 3Q2013</b>	<b>Var.</b>
<b>(MMUS\$)</b>			
<b>Current Account</b>	9,909	4,939	100.6%
<b>Goods</b>	28,344	27,165	4.3%
<b>Oil Exports</b>	58,332	64,396	-9.4%
<b>Non-Oil Exports</b>	2,165	2,486	-12.9%
<b>Import of goods f.o.b.</b>	-32,153	-39,717	-19.0%
<b>Services</b>	-11,593	-13,161	-11.9%
<b>Others</b>	-6,842	-9,065	-24.5%
<b>Capital Account</b>	-10,714	-8,244	30.0%
<b>Public Sector</b>	98	-3,548	-102.8%
<b>Private Sector</b>	-11,935	-4,155	187.2%
<b>Reserves Variation</b>	-805	-3,305	-75.6%

Sources: BCV and Ecoanalítica

However, a look at the performance of exports in the first three quarters of 2014 show that they underwent a contraction of 9.5% and, most notably, that in 3Q2014 exports fell by 14.2% compared to 3Q2013 due mainly to a 14.0% drop in the price of the Venezuelan oil basket.

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The contraction in goods imports posted at the close of the 3Q2014 was influenced by a 11.7% drop in private sector purchases, given that purchases by the public sector posted an increase of 16.5%, shored up by non-oil purchases, in particular food, chemical substances and products, and products made from metal, which accounted for 55.0% of public sector purchases, whereas, according to a press release by the Central Bank, there were drops in the following categories of oil purchases: basic chemicals, gasoil, distillates, and lubricants.

If we take a look at the performance of imports in the first nine months of 2014, we find that they underwent a contraction of 19.0%, a bigger contraction than the one posted for the same period in 2013 (4.3%). Our estimate for foreign currency disbursements (Cencoex, SICAD I and SICAD II) over the same period is US\$21.59 million billion, down 18.4% from disbursements made in 2012.

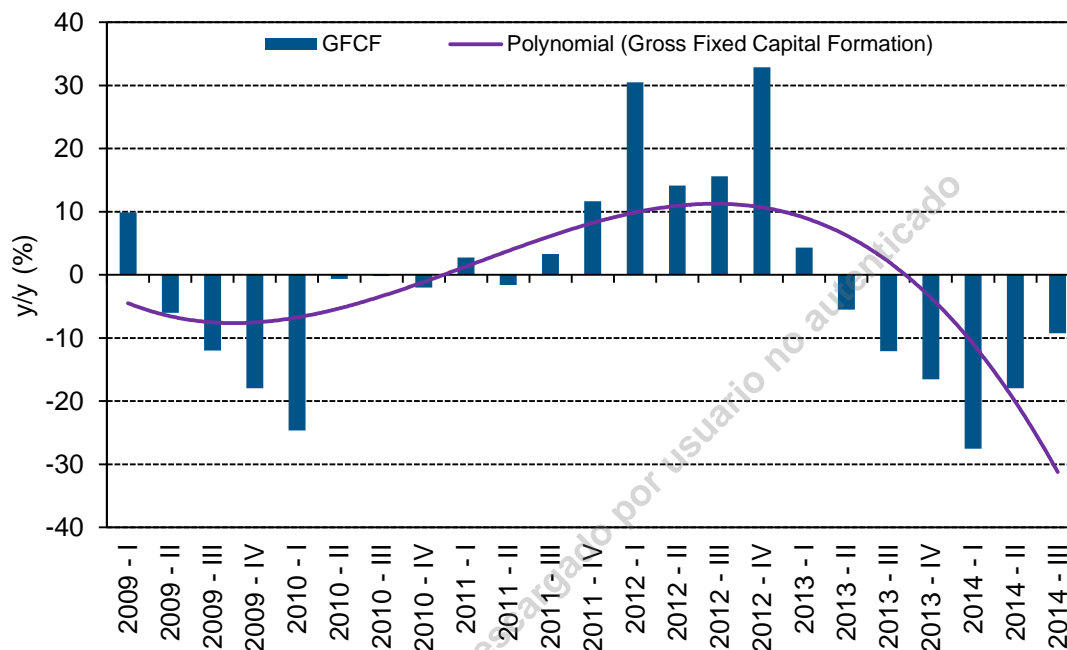
### More negative figures on the horizon

Aggregate supply in 3Q2014 shrank by 3.2% due to the combined effect of the significant contraction of GDP (2.3%) and goods and services imports (5.2%). As for global demand, it fell as a consequence of a drop in domestic aggregate demand (3.2%). This result is associated with a contraction in fixed gross investment (9.3%) and private final consumption spending (1.6%) together with a slight increase in government final consumption spending of 2.0%.

It is the adverse environment facing the industrial sector that is having negative repercussions on investment, a key factor for boosting production. Many hurdles have to be overcome in order to be able to invest, as pointed out by a number of indicators such as the Doing Business Index. Bearing this in mind, a look at the following chart gives the figures provided by the Central Bank on Gross Fixed Capital Formation (GFCF), which show sizeable contractions in 1Q2014 (27.5%), 2Q2014 (18.0%), and 3Q2014 (9.3%). The contraction in the first three quarters of the year was 17.9%, a trend we do not expect to be reversed in the short term.

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## Evolution of Gross Fixed Capital Formation



Sources: BCV and Ecoanalítica

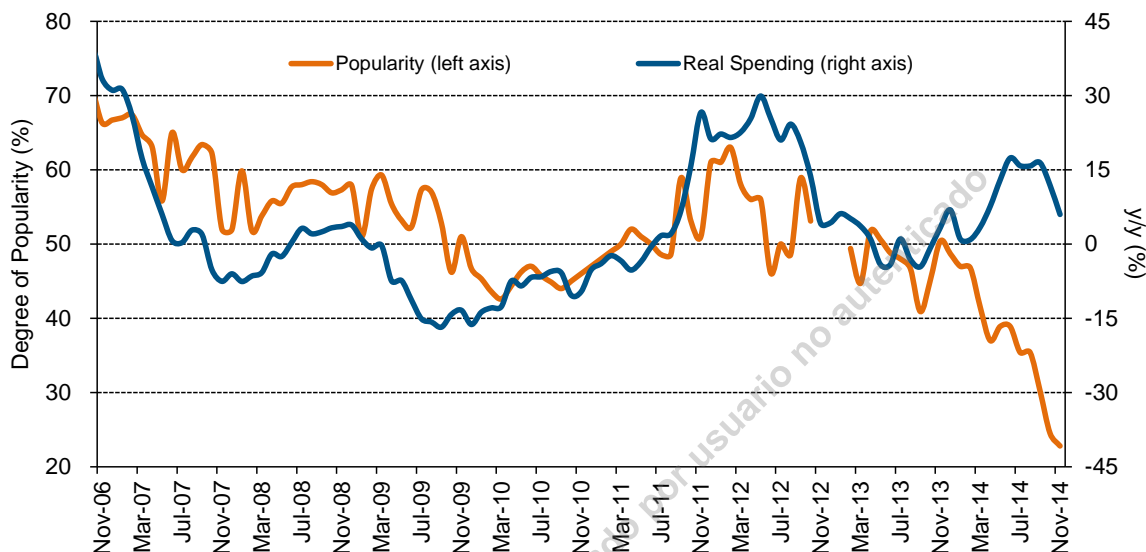
### An apathetic economy

While public spending continues to expand in nominal terms, given the situation of spiraling inflation, it has lost its capacity to generate well-being in the population, a situation that has caused two variables that have been accompanying one another in recent years to part ways: growth in spending and popularity. However, while there may be a rupture in the relationship between public spending and the government's popularity, we consider it highly unlikely that the government will slow down the pace of its spending in an election year.

Even with an increase in public spending, the economy continues to be somewhat apathetic in response to this component, which previously produced such positive yields in terms of levels of consumption and popularity, in particular if account is taken of the fact that 2011 was the prelude to 2012, which was such a decisive year politically speaking.

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### Central Government Real Spending vs. Popularity



Sources: Oficina Nacional del Tesoro, BCV, Datanálisis and Ecoanalítica

### A year of opportunities?

The wait for the figures to be published was a long one. Unfortunately, as long as they continue to be negative, we do not expect the frequency with which they are published to improve. In a brief summing up of the situation by the Central Bank, it states that “While 2013 and 2014 were years of difficulties, 2015 and 2016 will be opportunities for development.” At **Ecoanalítica** we consider that in 2014 there was an opportunity for making the necessary adjustments so that outlook for 2015 would improve. 2015 will be one of the most critical years for Venezuela in recent history, not only on the economic front, but also on the political and social fronts. While projections vary depending on the type of adjustment measures taken, the least contractive scenario would still post contraction higher than last year (-4.6%).

Jessica Grisanti

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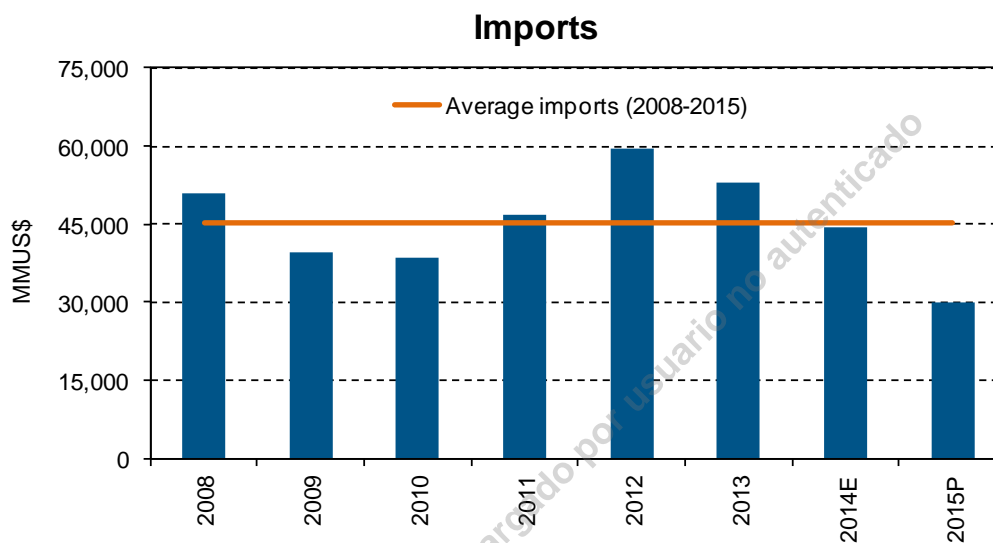
## WEEKLY INDICATORS

Weekly Economic Indicators			
	1st week January	Weekly var. (pp)	Annual var. (pp)
Lending interest rate (%)	18.18	-0.4	4.09
	2nd week January	Weekly var. (pp)	Annual var. (pp)
Overnight interest rate (%)	0.16	-0.26	-0.04
	1st week January	Weekly var. (%)	Annual var. (%)
International reserves (MM US\$)	22,060	-1.1	-23.3
	1st week January	Weekly var. (%)	Accum. Var. (%)
Central Government spending (MM VEB)	9,952	0.0	50.6
	1st week January	Weekly var. (%)	Annual var. (%)
Monetary liquidity (MMM VEB)	2,010	0.5	64.7
Prices of international oil baskets (US\$/bl)			
	2nd week January	Weekly var. (%)	Annual var. (%)
WTI	49.62	-7.6	-47.7
Brent	52.6	-9.4	-50.8
Price of the Venezuelan oil basket (US\$/bl)			
	2nd week January	Weekly var. (%)	Annual var. (%)
Weekly average	42.4	-9.8	-55.0
Annual average	44.8	-	-53.2

Sources: BCV, Menpet, ONT and Ecoanalítica

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## GRAPH OF THE WEEK: LOW PRICES...TIME OF ADJUSTMENTS



## SICAD II

Supply through SICAD II (US\$ MM)					
Day	Total daily	Public Sector	(%)	Private Sector	(%)
12/23/2014	15.7	14.9	94.9	0.8	5.1
12/26/2014	24.8	23.5	94.8	1.3	5.2
12/29/2014	21.1	19.9	94.3	1.2	5.7

Source: Ecoanalítica

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## ECONOMIC TIPS

**US\$20 billion in financing from China.** Following a meeting with his Chinese counterpart, President Nicolás Maduro announced the signing of cooperation and financing agreements between Venezuela and China to the tune of US\$20.0 billion. According to the Venezuelan President, the agreements include the expansion of “a series of new projects in the Orinoco Oil Belt” and several operations for financing development projects, the most notable being the Venezuela Great Housing Mission and the *Barrio Nuevo Tricolor* Mission (slum upgrade program).

**And a few billion from Qatar.** President Nicolás Maduro claimed that the government has been fine tuning a “financial alliance” with Qatar banks in order to give Venezuela’s foreign currency flow “sufficient oxygen” to cover the deficit generated by the slump in oil prices and guarantee sufficient resources for the 2015 foreign currency budget. This funding, according to Maduro, consists of “*several billion dollars*” that will make it possible to guarantee the “*imports the country needs for investments in development projects.*”

**They need to correct the foreign exchange situation.** According to the president of Datanálisis, Luis Vicente León, setting the exchange rate at a realistic level is essential. “*If you control the exchange rate and generate an overvaluation such as the one that exists at present, you provoke an infinite demand for foreign currency that you will never be able to meet.*” León claimed that this measure would also allow PDVSA to receive more bolívares with which to cover its operations, thus making it unnecessary for the Central Bank to resort to monetary financing.

**An ever higher risk rating.** The risk rating agency Moody’s downgraded its rating of Venezuela’s sovereign debt two places and considers that the risk of Venezuela falling into default has clearly increased. The agency explained that the drop in crude prices was the main factor for downgrading its rating, due to the impact this will have on the country’s balance of payments and foreign currency reserves.

**Political but not economic risks.** According to Barclays Capital it is highly unlikely that an event will occur that will result in nonpayment of Venezuelan debt before 4Q2015 (when payment of US\$5.1 billion in debt servicing falls

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due) and that, by then, the deterioration of the Venezuelan economy will have led to an escalation of social conflict making it highly likely that the government will implement major adjustments thereby avoiding falling into default.

**New Year audits.** Cencorex has summoned more than 22,000 people to verify that they have made the proper use of foreign currency allocated for paying education fees abroad. Those who have been summoned are required to submit degrees or certificates, academic records, and documentary evidence of reimbursement in the event that the courses of study were not completed in order to confirm that the foreign currency allocated was used to pay for their studies and not for other purposes.

**Smuggling isn't the only problem.** The president of the National Statistics Institute (INE), Elías Eljuri, admitted that the shortage of products in the domestic market is "*a problem that no one can hide.*" Eljuri claimed that smuggling is the main cause of the irregularity in the supply of goods to supermarkets -apart from other factors such as nervous purchases and profiteering- and that the advantage taken by those who have obtained dollars from the government has also had an impact on the shortages of products.

**There aren't enough products.** According to Luis Vicente León, the director of the pollster Datanálisis, the problem of shortages in the domestic market is due to the fact that there are not enough products to meet demand. According to León, a country with a "normal" supply of products does not have consumers queuing up nor are products smuggled out of the country, "*because it doesn't make sense*"; and he explained that the government has attacked the consequences and not the causes of the shortages.

**The darkest hour is before the dawn.** According to Barclays Capital, the present supply situation in Venezuela does still not reflect the effects of the recent drop in oil prices and the increased restrictions on access to foreign currency in the last two months of 2014, which will probably result in another adjustment in imports in the next few weeks. According to the investment bank, if the government does not implement more adjustments apart from a reduction in the allocation of foreign currency, the situation as far as the shortages of products are concerned can be expected to continue to deteriorate.

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## OIL TIPS

**Maduro on a tour of OPEC members.** President Maduro announced that, thanks to the tour he is doing of the members of the Organization of Petroleum Exporting Countries (OPEC), a consensus criterion is being formed with regard to stabilizing oil prices for several years. On the matter of his visit to Saudi Arabia, he said that there were points of agreement on the oil issue that will have implications for strengthening OPEC in order for it to *"continue to be a stabilization factor in the world economy and growth."*

**Who do you believe?** While President Maduro was proclaiming the success of this visit to OPEC countries, the United Arab Emirates' minister for energy, Suhail al-Mazroui, said, *"We cannot continue to be protecting a certain price,"* referring to OPEC, of which the United Arab Emirates is a member. Mazroui also said that shale oil production, which is pushing crude prices down, needs to be controlled. *"We have seen the oversupply, coming primarily from shale oil, and that needed to be corrected,"* he added at an oil industry forum in Abu Dhabi.

**Under US\$50 for the first time.** Oil prices continued their slide with renewed impetus in New York and London, where Brent closed at below the psychological barrier of US\$50/bbl. this Monday, January 12, for the first time since 2009. As for the barrel of light sweet crude (WTI) for delivery in February, its price dropped by US\$2.29 to US\$46.1 on the New York Mercantile Exchange (Nymex), its lowest closing level since March 11, 2009.

**The estimates are not encouraging.** This week the US Energy Information Administration (EIA) published its estimates for 2015 and 2016. The EIA estimates that the annual average price for Brent will be US\$58/bbl. in 2015 and US\$75/bbl. in 2016, whereas the price of WTI is expected to be between US\$3 and US\$4 below the Brent price.

**Consumption is up, but supply is up by more.** The EIA estimates that world consumption grew by 0.9 mb/d in 2014, giving an average of 91.4 mb/d for the year. However, the increase in production outside OPEC estimated by the EIA came to 2.0 mb/d in 2014, for an annual average of 56.2 mb/d in 2014, whereas OPEC supply contracted by only 0.05 mb/d to 29.87 mb/d, giving total global supply (including OPEC supply of other liquids) of 92.2 mb/d.

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**Supply will be affected in the long term.** The EIA expects world consumption to grow by 1.0 mb/d in 2015 and also in 2016 and the growth of supply from outside OPEC to slow down in the next few years given the drop in crude prices. It is estimated that non-OPEC supply will grow by only 0.7 mb/d in 2015 and by 0.5 mb/d in 2016, with the United States (US) contributing the lion's share of that growth. As for OPEC supply, it is expected to remain unchanged in 2015 and to drop by 0.3 mb/d in 2016.

**Goldman Sachs forecasts the same.** Given that prices are continuing on their downward slide and producers in the Persian Gulf are showing no signs of reducing production, the investment bank Goldman Sachs has revised its price forecasts downward, cutting its estimates for Brent in 2015 to US\$50.4/bbl. from US\$83.8/bbl. and those for WTI to US\$47.2/bbl. from US\$73.8/bbl.

**It will take longer than expected.** Goldman Sachs commented in a report that, despite the drop in shale oil investments in the US –shale oil production being the main cause of the present situation of oversupply-, production will take longer to come down.

**Investments fall.** Given the drop in crude prices and the fact that the dollar is strong, several oil companies have announced investment cuts. Some, such as ConocoPhillips and Continental Resources, reported a reduction in investments and others announced the suspension of new drilling.

**OPEC is unmoved.** According to some analysts, bent on its commitment to bringing about cuts in investment and production in order to preserve its market share as a result of the explosion in shale oil production in the US, OPEC is proving to be inflexible with regard to its production ceiling, currently at 30 million barrels a day (mb/d). *"There is no reason for the market to change course at the moment,"* said Phil Flynn of Price Futures Group.

## BUSINESS SECTOR TIPS

**Fedecámaras calls for calm.** The vice president of Fedecámaras Francisco Martínez called on consumers who are anxious to stock up on essential goods to keep calm. Martínez commented that the drop in inventories is greater than usual because this is a situation that has been carried over from

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last year and he suggested that technical working groups be set up with the government to address the problem and find solutions. On the government's side, Minister for Commerce Isabel Delgado explained that the shortfalls in the availability of some products will be covered in the next few days.

**Stopgap measures for solving the shortages.** Long queues of people hoping to obtain basic basket products continued to form outside stores and at food operatives organized by the government. Vice President for Food Security and Sovereignty Carlos Osorio stated that, thanks to the "open air" markets operative carried out in different parts of the country, 120 tons of food products were distributed, benefitting more than 1,500 families.

**Off to a "brilliant" start in 2015.** The metallurgical industry is to start the year producing at 10.0% of its capacity. Supply failures on the part of SIDOR and the limited disbursement of foreign currency have left the sector in a critical situation, claimed the president of the Association of Mining Metallurgical Industrialists, Miguel Eseverri. Eseverri explained that talks are continuing with representatives of the Ministry for Industries to set up a payment schedule for the US\$400 million debt the sector has with its suppliers.

**The meetings continue.** Government authorities met with representatives of the automotive and cattle rearing sectors with a view to drawing up strategies for providing incentives for domestic production. The meeting was attended by Minister for the Office of the Presidency Carlos Osorio, Minister for Land Transport Haiman El Troudi, the president of Seniat, José David Cabello, and representatives of Goodyear, Firestone de Venezuela, Duncan, and Pirelli.

**Fedeagro doesn't have the wherewithal.** Antonio Pestana, the president of the Confederation of Agricultural and Livestock Producers Associations (Fedeagro), claimed that the agricultural and livestock sector does not have the resources that are needed to produce food in the country. Pestana criticized the State's failure to disburse foreign currency and pointed out that estimates have not been met because of this. He explained that they have had to resort to buying inputs such as seeds from international suppliers, but that they were unable to buy fertilizers because "*some permits expired.*"

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## WORLD ECONOMY TIPS

**More reasons for waiting.** The outlook of slow wage increases and low inflation has prompted some members of the US Federal Reserve's board of directors to request that raises in interest rates be put off until next year, while others are in favor of the idea of putting off this measure until halfway through 2015 or until the end of the year, despite the solid job creation figures obtained by the US Government, which gives grounds for thinking that these changes in interest rates will not be coming as soon as some thought.

**Neck and neck by 2016.** According to Goldman Sachs, the dollar could be on a par with the euro by the end of 2016, something that has not happened since the end of 2002. On the one hand, the growth stimulation program undertaken by the European Central Bank (ECB) (which consists of a major monetary expansion) and the additional measures that the bank could take in 2015 are apparently depressing the value of the euro. As for the US Federal Reserve, it is expected to do the opposite after it put an end to its bond purchasing program last year and given that it is considering raising its reference interest rate, so strengthening the dollar.

**Near minimum.** Official figures published by the Chinese Government reveal that annual consumer inflation in China continued at 1.5% in December, a figure that has been maintained at near minimum in the past five years. This inflation result means that there is still the risk of deflation in what today is the world's largest economy and reveals that signs of weakness in the Chinese economy persist, which has given the government more room for making its policy more flexible with a view to reversing the present situation and supporting growth.

**Budget record.** The Japanese Government is to propose a record budget for the next fiscal year of more than US\$800 billion, a measure that will possibly be accompanied by a cut in debt for the third year running, with a view to maintaining the expansion of the economy. This is the third annual budget since Prime Minister Shinzo Abe took office, a period in which he has faced considerable difficulties in fighting the growing costs of social welfare in a rapidly aging population.

**Studying the strategy.** The ECB is considering adopting a dual strategy for sovereign bond purchases that would consist of combining the ECB buying

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debt with risk sharing across the European Union and, in order to overcome Germany's resistance to this measure, separate purchases by national central banks. It seems that the EBC's bond purchasing strategy will be implemented by means of quantitative easing and be defined at meetings to be held at the end of January.

**Germany is doing poorly.** Germany's Federal Statistical Office reported that the country's exports fell sharply in November along with industrial production, which points to the first European power ending the year somewhat weakly. Seasonally adjusted exports fell for the second month running, specifically by 2.1%, whereas imports grew by only 1.5%, which reduced the trade surplus to EUR 17.7 billion.

**A love-hate relationship.** Russia's finance minister, Anton Siluanov, said that Ukraine has violated the terms of a US\$3 billion loan from Russia, although Moscow has still not decided whether it will demand early payment of the debt. The loan was granted by Russia at the end of 2013 via the purchase of Ukraine's Eurobonds at a time when the protests against the Ukrainian Government had still not broken out. Moody's has also reported that Ukraine's nonpayment problems have been increasing, which could add more fuel to this dispute.

**Verging on a junk rating.** The risk rating agency Fitch has downgraded Russia's sovereign debt to BBB-, just one step above junk bonds, as it considers that the economic outlook has deteriorated considerably since halfway through last year as a result of the drop in oil prices and the devaluation of the ruble. Fitch also indicated that its forecasts point to a 4.0% contraction in Russia's economy in 2015, which makes for an even gloomier outlook.

## POLITICAL TIPS

**This year he's in favor.** In the opinion of Miranda State Governor Henrique Capriles, the population is entitled to organize protests and demand answers given the chaos the economy is in at the start of the year. *"This year there are circumstances that are very different from 2014 (...); now this is the right the time for Venezuelans to organize protests (...), this is the time when we spoke of union; it's the time for all of us to unite. The people have to organize*

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*protests now that they are out on the street, standing in queues; this is Venezuela's moment"* added Capriles.

**We haven't called a strike.** The political party *Voluntad Popular* (VP) refuted the government's accusations that it was organizing a national strike. *"We consider that, in the present situation of profound crisis that the Venezuelan people are facing, a call for a general strike is not pertinent, as this would give the regime the excuse it is looking for to evade its total and unequivocal responsibility for the shortages, shortfalls in supply, and the acute economic and social crisis that, at every moment, threatens our Venezuelan brothers,"* reads the party's communiqué.

**We want a country that produces.** The secretary general of the Democratic Unity Alliance (MUD), Jesús Torrealba, called on the population to go back to work and to resume their normal activities and said that what the opposition wants is *"a country that produces."* *"The Democratic Unity Alliance has nothing to do with an outlandish call for a strike. What's this business of us calling on the people to take to the streets? The people are already on the streets,"* added Torrealba referring to an alleged call for a national strike.

**Our daily bread.** According to Miranda State Governor Henrique Capriles Radonski, *"irresponsibility and improvisation"* are the hallmarks of the measures taken by the government to try to solve the crisis. *"How many times have they told us that oil prices could fall to zero and our nation would be armor-plated? Now it turns out they are out there looking for money. How come? That's why they have lost all credibility with our people,"* he claimed.

**We have to put our house in order before borrowing.** National Assembly (AN) Deputy Julio Borges criticized the Executive for going on a tour to *"obtain money instead of tightening its belt and putting an end to the gifts to other countries."* According to Borges, *"Maduro is, once again, acting like a bad father who, instead of reorganizing the family's spending in order to guarantee the well-being of his children, goes running off to moneylenders, who will most certainly take the shirt off his back."*

**It's necessary to avoid rumors.** The Communist Party of Venezuela (PCV) has called on the government to investigate and supervise the social networks because there are plans to use these platforms to launch *"a psychological war to generate uncertainty."* Carolus Wimmer, a PCV spokesman, urged people to remain calm and discarded the possibility of a

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social uprising, one of the rumors that have been doing the rounds of the social networks in recent weeks.

**Applying censorship to the problems is not the answer.** According to Miranda State Governor Henrique Capriles, government officials have tried to justify, hide and apply censorship to the economic problems that the country is experiencing instead of solving them. *“They promise to get the supply of food back to normal, but the fact of the matter is that the queues are multiplying the length and breadth of the country; and that is just a small part of the crisis we are experiencing, perhaps the part we feel most because it has to do with our daily round,”* he added.

**Protests continue unchanged.** According to the director of Datanálisis, Luis Vicente León, shortages and inflation could trigger fresh protests, although he discarded the possibility that they could put the continuity of the Maduro administration at risk. *“There continues to be a major stabilizing factor: the social missions. The government has maintained a distribution of the oil wealth via social policies with an amount of money that, despite corruption and inefficiency, reached the base of the pyramid, and that gives it stability. Poor people still have expectations of receiving something,”* said León.

**The government must rectify.** In the opinion of Oscar Schemel, the president of Hinterlaces, Venezuelans are more interested in the government rectifying than in a change in the present economic model and are more concerned about the adjustments that might be implemented than about finding someone to blame for the present economic crisis. *“One of the main challenges facing the president is that of presenting a new stage of the Revolution (...); what is most upsetting and is causing most unease is not the problems of shortages or the high cost of living, but the uncertainty and the lack of a better future; the idea that the situation could get worse,”* added Schemel.

**The opposition would win the parliamentary elections.** According to Schemel, even though *Chavismo* continues to have the majority in Venezuela with the support of 40.0% of the population and President Maduro is the only visible political leader in the country, if the parliamentary elections were to be held this month, the opposition would win. However, Schemel believes that the government could win the parliamentary elections *“if people see that measures are being taken”* so that the economic situation improves, turning the opposition into a threat for the social inclusion model.

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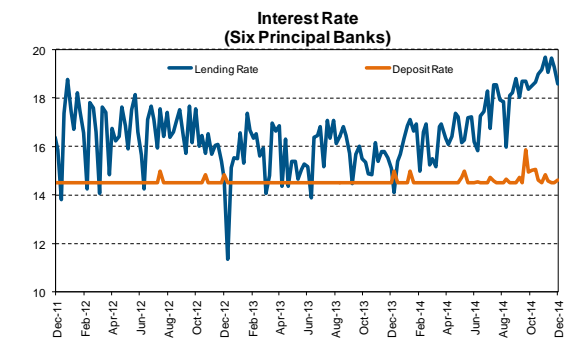
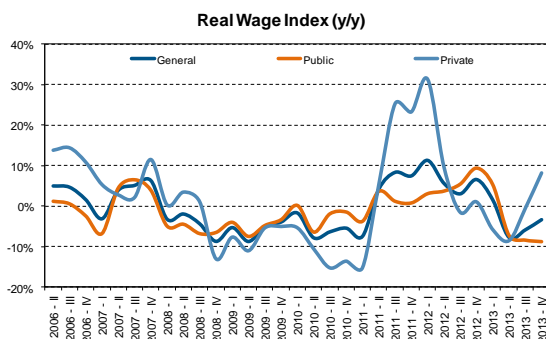
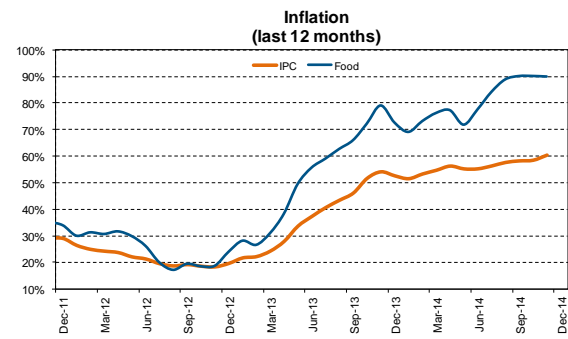
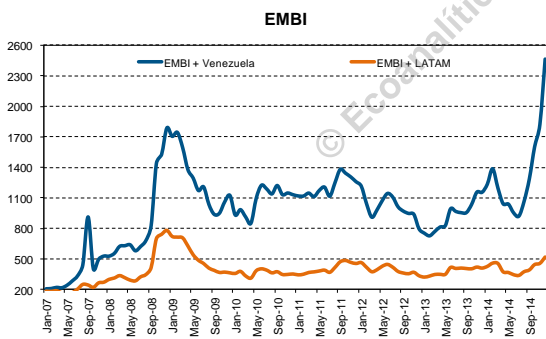
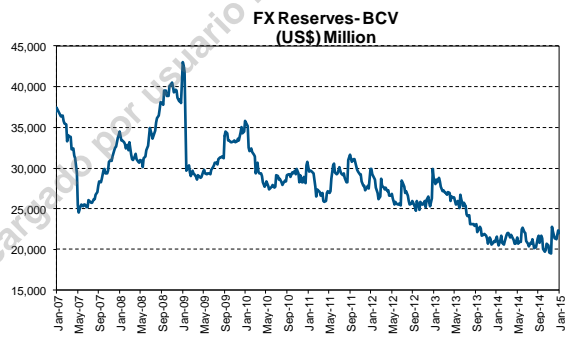
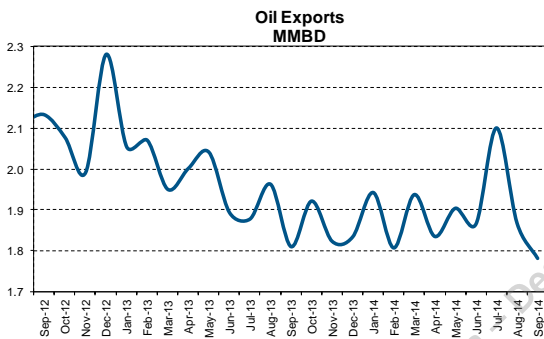
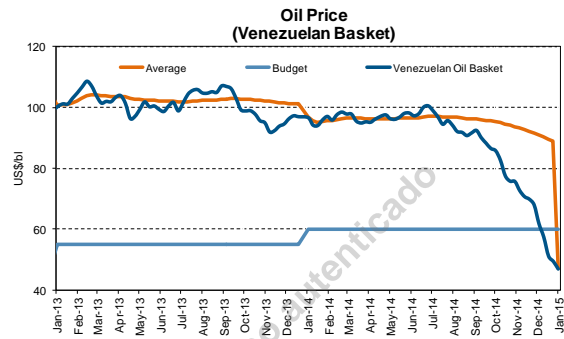
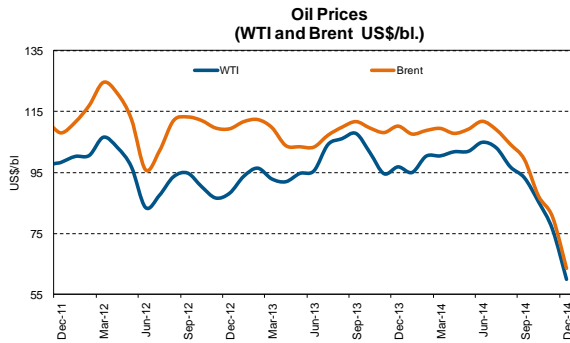
## LEGISLATIVE TIPS

**New toll charges.** Last Monday, January 12, the toll charges for freight transport to be applied nationwide were published in *Gaceta Oficial* No 40,577. The tolls are applicable to freight transport only and the funds obtained are to be administered by the state governments and decentralized agencies. The charges went into effect last Monday.

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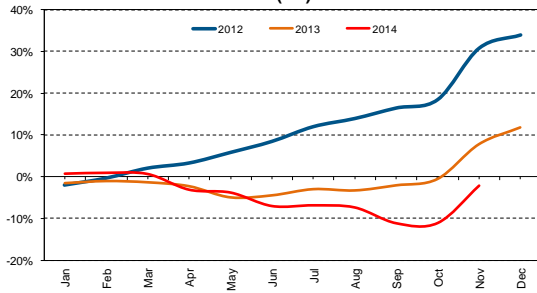
Year 10. Number 2. Week III  
January 2015

**ECONOMIC OVERVIEW**

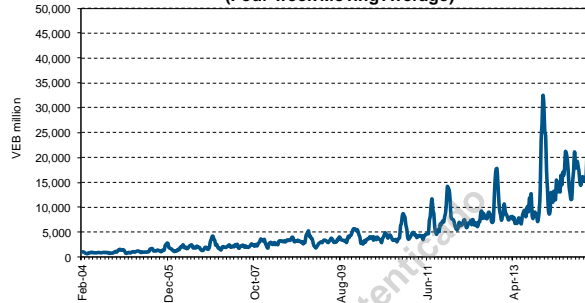


Year 10. Number 2. Week III  
January 2015

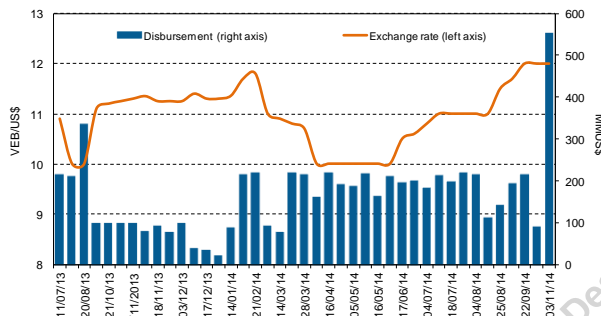
**Year on Year Real Expansion (M2)**



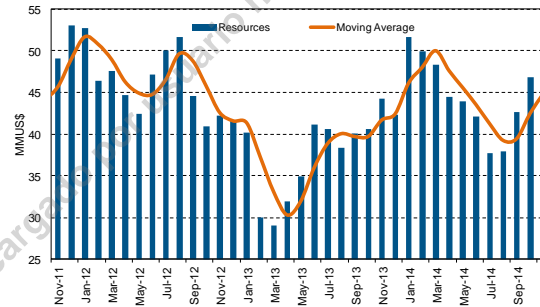
**Primary Spending NTO (Four-week Moving Average)**



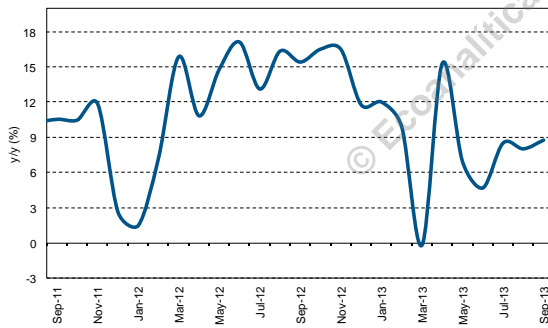
**SICAD I**



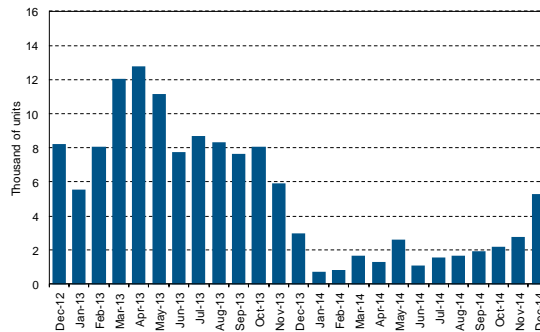
**Resources of the State**



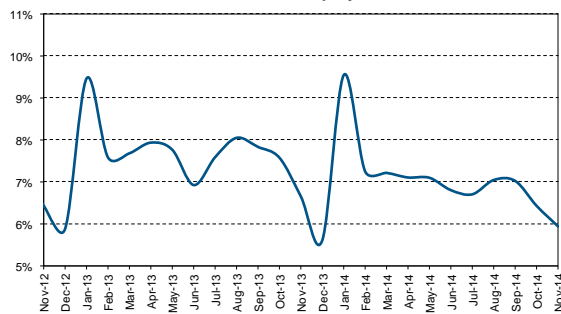
**Volume of Sales**



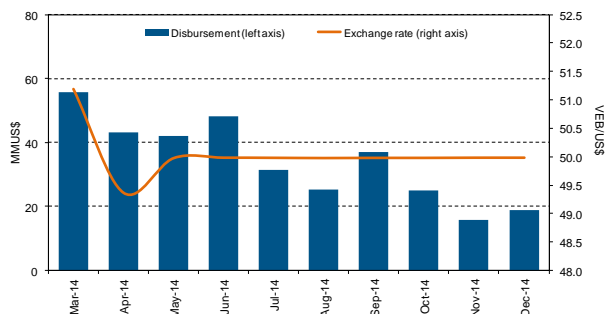
**Automobile Sales**



**Rate of unemployment**



**SICAD II**



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