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So, who will be able to defend us now?

Following the removal of who was vice minister for the economy and ministry of industries since February, Miguel Pérez Abad, the impression is that the economic proposals he was promoting have been left fatherless. As happens with everything in this country, the players in the economic game were changed with the stroke of a pen, so in this report we will describe what happened and also give some clues of how we see things possibly playing out on the foreign exchange front given the change in actors.

Don't get dressed up, you're not invited

Last Tuesday, August 2, President Nicolás Maduro, in a nationwide networked broadcast, announced a series of changes to his economic cabinet and team of ministers that, put shortly, put paid to any hope of change in the country's economic policies.

The biggest impact was caused by Minister of Industry and Commerce and Vice President for the Economy Miguel Pérez Abad being replaced by Carlos Faría Tortosa, who was vice minister of medium and light industries for many years. This change occurred just a few days after Pérez Abad highlighted the fact that Venezuela's country risk rating had come down, from 4,145 basis points (pb) in February to 2,589 pb at the end of July and that this was a window for possibly applying for external financing and said that the government had not ruled out returning some companies that were expropriated or had been temporarily occupied to their owners.

These last statements by Pérez Abad were given in the middle of a hornet's nest stirred up by a statement by Eulogio Del Pino, the president of PDVSA. Referring to the nationalizations of oil service companies in the Lake Maracaibo area carried out by the late President Hugo Chávez, Del Pino claimed that some of these nationalizations were a mistake and that they should be reversed. The president of PDVSA's comments generated a strong backlash from *Chavismo's* extreme leftwing, led by Deputy Elías Jaua. Pérez Abad, while not fully sharing Del Pino's point of view, said publicly that returning some nationalized nonstrategic businesses to the private sector should be considered, and that seems to have lost him his job.

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(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

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Completely different profiles

It goes without saying that the profile of Carlos Faría's way of conducting things is diametrically opposed to what Pérez Abad had been doing. Carlos Faría, like his brother Jesús Faría, is a militant of the Communist Party of long standing and belongs to the government coalition's leftwing. The mission he was given was to be "*an integrator of processes and economic management*" to "*create, from zero, the productive structure*" within the framework of the so-called "*integration of the agri-food units*" of the Great Sovereign and Secure Supply Mission.

It is because of these differences that the "change of players" made by President Maduro seems to be a sign that the radical wing is gaining ground within the Executive and marks the end of a stage where some pragmatic policies were being implemented, albeit erratically. So it seems that we are starting to go back to more stringent controls, with the terrible consequences this will have for the local economy.

While not apparent, something was done

As explained in our previous weekly report, a number of factions sympathetic to the government, with different creeds and interests, coexist within the Executive Branch. During the five months that Pérez Abad was vice president for the economy, the price of gasoline was raised, the Cencorex exchange rate was devalued from VEF 6.3/USD to VEF 10.0/USD and baptized DIPRO, and the creation of a complementary system (DICOM) was announced, and while its creation was published in *Gaceta Oficial* on March 9, the new platform has still not been started up. Despite this, the complementary exchange rate has depreciated by 67.9% since March.

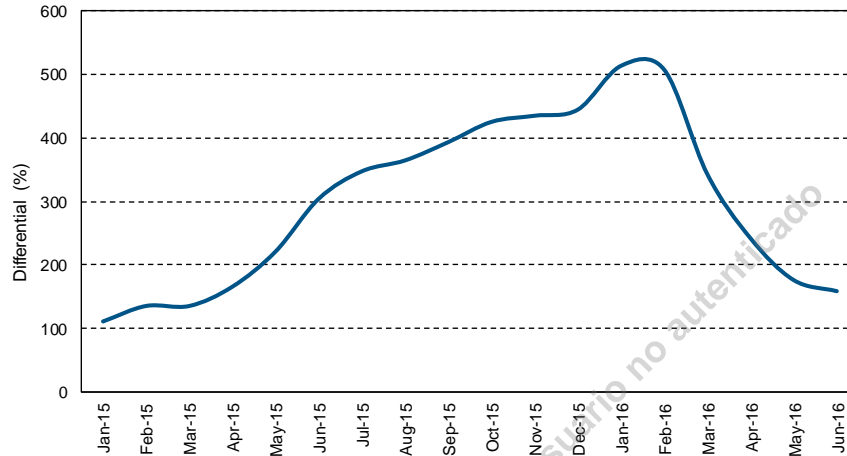
Pérez Abad also promoted a sharp cutback in imports to free up cash with a view to meeting external debt payments and public spending and to reduce pressure on the unofficial exchange rate. Thanks to this, in July the spread between the SIMADI/DICOM rate and unofficial exchange rate was its smallest since April 2015.

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Differential between Simadi/Dicom ER and not official ER

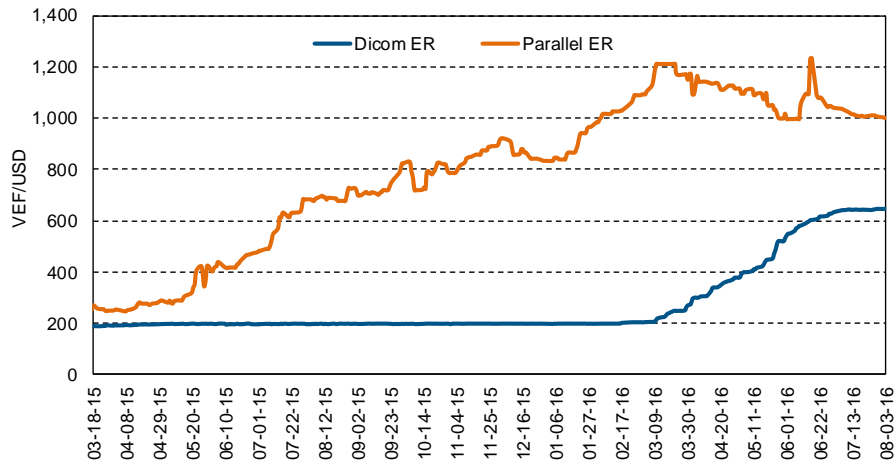


Sources: BCV and Ecoanalítica

A golden opportunity

This reduction we are observing in the spread between the alternative system (SIMADI/DICOM) rate and the unofficial market rate is a golden opportunity for the Executive to carry out the much awaited unification of these two exchange rates. However, following the Pérez Abad's departure and the lack of movement in the SIMADI/DICOM rate, the question is what is going to happen to the plans for implementing a more flexible foreign exchange market with a possible unification of the exchange rates?

Simadi/Dicom vs. Parallel Exchange Rate



Sources: BCV y Ecoanalítica

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According to information obtained by **Ecoanalítica**, at the Central Bank of Venezuela they have been carrying out tests on the new platform where the DICOM system is to operate since last week, a move that was prompted by Citibank withdrawing as the correspondent bank for Venezuelan foreign exchange operations. However, it was also learned that there is considerable resistance within the Central Bank to the exchange rate in this mechanism going higher than VEF 700.0/USD, hence the lack of movement in the SIMADI/DICOM rate since early July, which has slowed down its rate of depreciation and resulted in it not going above VEF 650.0/USD since July.

As we can see, August is a golden opportunity for the Executive to revive DICOM and close the gap between the two exchange rates. However, there continues to be considerable resistance from other sectors of the government coalition (Marcos Torres and Merentes) that are refusing to give up quotas of power in the interests of a more flexible and open market where neither the exchange rate nor the allocations of foreign currency are controlled, as has been happening up until now.

Although, given the permission granted by health authorities to freely sale and consume imported foods and beverages in the national territory, published this week in *Gaceta Oficial* N°. 40,959, we can estimate that it is very likely that many companies will use their own dollars to import the finished products, so it might be understood as an easing of the currency market. This is an important point to consider onwards.

After September, what?

At **Ecoanalítica** we are of the opinion that if this opportunity to implement the new system is missed, it will not be possible to maintain the conditions that existed in the first half of the year and gave rise to the appreciation of the parallel market exchange rate after September.

On the one hand, starting in September, a major injection of spending is expected since government agencies have to close out their budgets and pay their employees profit-sharing and year-end bonuses. On the other, seasonal factors, such as Christmas spending, which increases the demand for dollars for imports, could put more pressure on the parallel market.

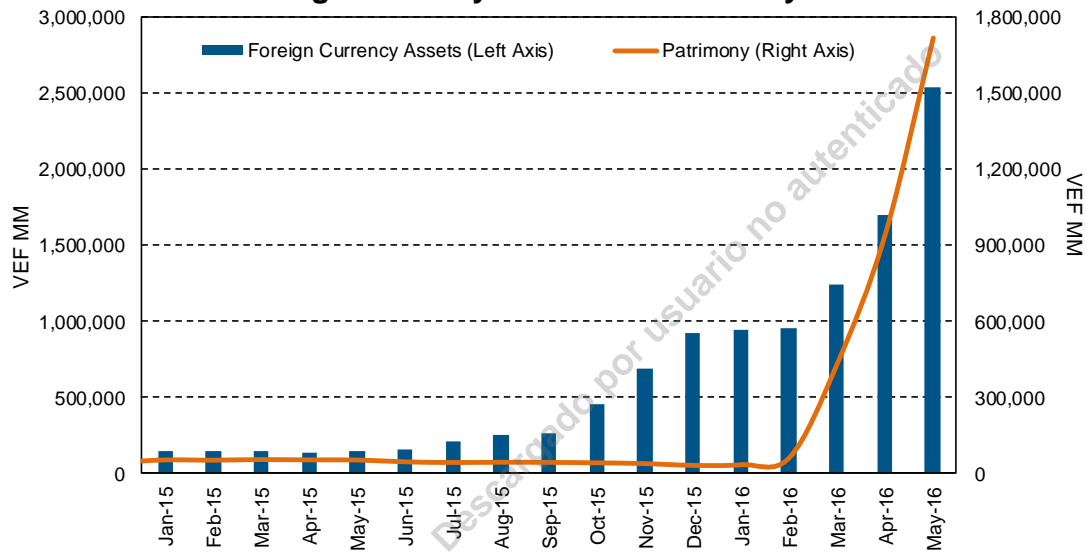
However, there is another factor that has been silently gaining ground, but has not yet had an impact on liquidity. We are talking about the foreign exchange profits posted by the Central Bank, which are none other than the profits the bank obtains from posting external assets on its bolivar balance sheets at a higher exchange rate. So far, the Central Bank has opted for keeping those bolivars in the equity account, but the law

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stipulates that those profits must be transferred to the treasury, which means that this would result in a huge increase in the bolivars in circulation, in the second half of the year, with the attendant impact that this would have on the parallel exchange rate.

Foreign Currency Assets vs. Patrimony



Sources: BCV and Ecoanalítica

All these factors could put pressure on the unofficial market. Even so, what could most drive the depreciation of the parallel exchange rate is the lack of political will. As we have already said, there is strong resistance from one faction of the government coalition that refuses to give up control over how the country’s foreign currency is administered and, as long as these actors continue to control the official foreign currency market at will and allocate the lion’s share of the foreign currency at the lower official exchange rate at their discretion, the pressures on the “black” exchange rate will persist.

Pilar Navarro

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WEEKLY INDICATORS

Weekly Economic Indicators			
	1st Week August	Weekly var. (pp)	Depre/Apre (pp) ¹
FX Dicom (VEF/USD)	644.4	0.2	0.2
	4th Week July	Weekly var. (pp)	Annual var. (pp)
Lending Interest Rate (%)	22.1	0.1	2.2
	1st Week August	Weekly var. (pp)	Annual var. (pp)
Overnight Interest Rate (%)	1.1	-0.5	-3.7
	1st Week August	Weekly var. (%)	Annual var. (%)
International Reserves (Bn USD)	12.26	2.8	-26.7
	1st Week July	Weekly var. (%)	Annual var. (%)*
Central Government Spending (VEF Bn)	58.1	-10.3	95.4
	4th Week July	Weekly var. (%)	Annual var. (%)
Monetary Liquidity (VEF Bn)	5,625	3.3	100.4
Price of International Oil Baskets (USD/bl)			
	1st Week August	Weekly var. (%)	Annual var. (%)
WTI	40.8	-4.4	-6.4
Brent	43.0	-2.9	-14.4
Price of the Venezuelan oil basket (USD/bl)			
	1st Week August	Weekly var. (%)	Annual var. (%)
Weekly Average	33.4	-4.7	-22.7
Annual Average	32.2	0.1	-34.9

Sources: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

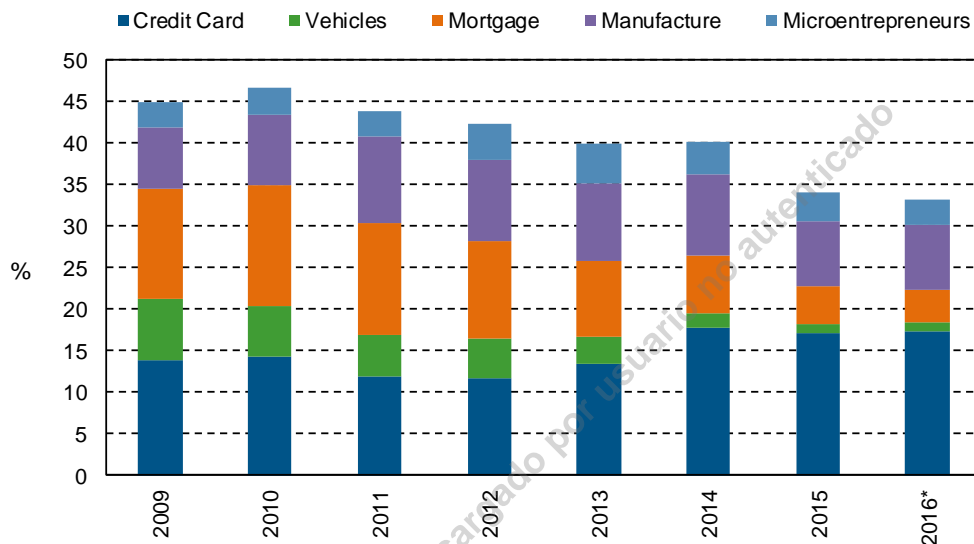
¹ Depreciation (+)/Appreciation (-)

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CHART OF THE WEEK: “WHO DOESN’T BORROW, DOESN’T EAT”

Loan Portafolio Estructura



Sources: SUDEBAN and Ecoanalítica
*Data till June 2016 .

The loans portfolio represents total loans and financing granted by the banking system to private individuals and institutions in the public and private sectors. The makeup of this portfolio has been affected in recent months, the most notable aspect being the reduction of mortgages within the total loans portfolio by nearly 2.0 percentage points (pp) between June 2015 and June this year.

Loans for purchasing vehicles have posted a significant drop in recent years, going from 4.7% of the total portfolio in 2013 to only 1.0% in June this year. On the other hand, the behavior of the credit card portfolio in 2016 has posted growth compared to previous years, going from 12.9% in 2013 to 17.4% in June 2016, due to people running up debts on their credit cards in order to cover day-to-day expenses they are unable to meet with their regular income. The manufacturing loans sector’s share of the total portfolio has lost nearly 2.0 pp compared to last year.

While the behavior of the loans portfolio in previous years has been constant, the sharp upturn in the use of credit cards reveals the present social situation where consumers are having to go into debt in order to be able to acquire the basic basket of goods, which, according to the Documentation and Analysis Center for Workers (CENDA), costs VEF 184,072.

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ECONOMIC TIPS

Latin Focus Consensus. The results of the August survey 2016 show that the analysts' consensus foresees a contraction of GDP this year of 9.2%, along with an inflation of 457.7%. The results also predict that at the end of 2016 the central Government deficit is expected to be close to 14.1% of GDP. Regarding the price of the Venezuelan oil basket, they project that the average price will be around USD 34.1/bbl. Finally, they consider an unemployment rate of 9.9% for this year.

The controls have to be made more flexible. The political analyst John Magdaleno stressed that the solution to the economic problems affecting the country necessarily involves making exchange controls more flexible and a change in the economic policies. In his opinion, ministers such as Miguel Pérez Abad were trying to make the controls over the economy more flexible, while maintaining the government's socialist vision.

In a nosedive. The Economic Commission for Latin America and the Caribbean (ECLAC) forecasts that the Venezuelan economy will post the worst performance in the region with an estimated drop of 6.9%. However, at **Ecoanalítica** we consider that it will perform even worse, with a critical contraction of 11.3% by December 2016.

Poor performance. Since 2012, Venezuela has posted a contraction in nominal terms of more than 50.0% of GDP in dollars, whereas in real terms that contraction has been 18.5%. This means that, according to ECLAC, our economy will continue to be depressed this year and post the worst performance in the region.

Going back to more of the same. The removal of Miguel Pérez Abad as vice president for the economy and minister of industry and commerce marks the start of a new chapter in economic decision making within the Cabinet. Pérez Abad's pragmatism has been relegated to the sidelines and expectations are that the present economic model set forth in the Plan of the Fatherland will be further consolidated.

There will be no foreign exchange reform. Miguel Pérez Abad had hinted that the foreign exchange reform would continue, saying that "*the conditions exist for going to a broader float system.*" However, following his departure from the ministerial team, it is possible that the potential adjustment of the foreign exchange market will be shelved.

A conciliatory statement. Following his dismissal, the former minister of industry and commerce, Miguel Pérez Abad, said "*I want to thank the Bolivarian Government and*

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our president for having had confidence in me and for having allowed me to take the reins of the Ministry of Industry and Commerce.” The former minister offered his support to his replacement, Carlos Faría, and said that he was convinced that Faría would maintain the advances made during his time as minister.

Predictions. Following the departure of Miguel Pérez Abad, our director Alejandro Grisanti expects an upturn in the price of the parallel dollar in the short term, both as a result of the dismissal of Pérez Abad, which has generated uncertainty, and because of increased liquidity and a seasonal increase in the demand for foreign currency.

International reserves plummet. The international reserves have plummeted from their high of USD 16.33 billion posted in January this year to USD 12.27 billion in the second week of August, for a drop of USD 4.06 billion, according to official Central Bank figures. This drop has repercussions for the amount of dollars that can be allocated to imports by the private sector and to debt payments.

SIMADI roundup. On Monday, August 8, the Central Bank published the reference sell exchange rate for the Marginal Foreign Currency System (SIMADI): VEF 643.1/USD. The amount traded via this foreign exchange scheme was 8.3% of total foreign currency traded, with the remaining 91.7% being traded via the Protected Foreign Currency System (DIPRO) at a sell exchange rate of VEF 10.0/USD.

OIL TIPS

FocusEconomics Consensus. The report published by Consensus Forecast Commodities in August 2016 foresees an average Brent price of USD 47.9 per barrel (bl) for the third quarter of 2016 (3Q2016), and USD 51.2/bl for 4Q2016, thus reaching a yearly average of USD 45.1/bl. The report estimates a yearly average USD 57.6/bl for 2017.

FocusEconomics Consensus. In the same report, the result of the survey shows that the consensus foresees average prices for the WTI of USD 46.7/bl for 3Q2016, and USD 50.3/bl for 4Q2016, thus reaching a yearly average of USD 44.2/bl. Furthermore, they estimate a yearly average of USD 55.7/bl for 2017.

Controls lifted on gasoline prices. The government has authorized gas stations in Táchira state to sell gasoline at 160 times the price it is being sold at in the rest of the

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country. This is a measure to deal with the smuggling of gasoline over the border into Colombia.

A fresh loan from China. The president of PDVSA, Eulogio Del Pino, announced that the China Development Bank has approved a loan of USD 5.0 billion for the development of new businesses, specifically for the joint enterprises Petrourica and Petrozumano. However, in **Ecoanalítica**, believe that this refers to the same agreement signed in late 2015

Drills “Made in Venezuela.” Del Pino also stressed the importance of Industria Chino-Venezolano de Taladros (ICVT), located in Paliatal, Anzoátegui state. He emphasized that this plant has already assembled 18 drills for PDVSA and that four more are in production.

... and others “Made in China.” On the same subject, the minister also said that around 70.0% of active drills in Venezuela are Venezuelan property, although most of them were made in China.

Even so, drilling is at minimum levels. According to Baker Hughes’ Drilling Report, the number of active drills in Venezuela in July was 50, three less than in June. This means that the drill count has dropped to its lowest since December 2009.

Oil is eastward bound. Del Pino stressed that Venezuela’s oil shipments to China have already reached 650,000 barrels a day (650.0 kb/d), a figure that is in line with the estimates that they have been calculating. He also stated that they are planning to increase this figure to 1 million barrels a day (1 mb/d) over the next few years.

... and northward bound as well. Venezuela’s oil shipments to the United States went up by 25.0% in July compared to June, to an average of 818 kb/d, the highest volume since November. The increases were mainly in Hamaca and Merey crudes.

OPEC is getting ready. The president of the Organization of Petroleum Exporting Countries (OPEC), Mohammed Bin Saleh Al-Sada, announced that oil prices will go up during the remaining months of this year. “*Despite the present decline, the oil market is on the path to rebalancing,*” he said.

A special meeting is planned. In the same press release, he announced that OPEC planned to hold an informal meeting at the end of September for the purpose of “restoring stability and order in the oil market.”

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Market expectations. The announcement of this meeting has pushed up oil prices given the expectation that it will be held to discuss new cuts in production. As a result, the marker crudes Brent and WTI opened trading on Monday, August 8, up 1.4%.

Not only with OPEC. Following the announcement of this meeting, Del Pino also announced that Venezuela is actively promoting a meeting of oil producers from both inside OPEC and outside the organization, which could take place in the coming months.

The giant has its doubts. On the matter of this meeting, Russia, the world's largest oil producer, said that it sees no grounds for new talks seeking to reduce world oil production, but that in any case it was open to new negotiations.

BUSINESS SECTOR TIPS

Solving the shortages. According to the ports authority Bolivariana de Puertos (Bolipuertos), 30,000 tons of sugar arrived at Puerto Cabello from Guatemala as part of the Great Sovereign and Secure Supply Mission. This shipment is part of the effort the government is making to import products to make up the shortfall of basic inputs in the country.

Distributing Omega 3. The Socialist Fish Fair has distributed 114 tons of fish throughout the country, according to Minister for Fisheries and Aquiculture Ángel Belisario. *"We've set up 77 points of sale the length and breadth of the country where we are offering 114 tons of fresh fish to the entire population,"* said the minister.

We'll carry on producing as long as we can. The Venezuelan affiliate of Coca-Cola Femsa gave assurances that they had sufficient inventory to guarantee the production of sodas in Venezuela. *"We've had some situations, but we are working; and as long as there's sugar, we're going to have our products in the market,"* said Mariana Parma, the director for public affairs of Coca-Cola Femsa de Venezuela.

Again? Alimentos Polar has denounced another arbitrary seizure of food by the National Superintendency of Agricultural and Livestock Supplies (Sunagro), the National Superintendency for the Defense of Socioeconomic Rights (Sundde), and the Bolivarian National Guard (GNB).

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They interrupt distribution. Measures of this type interrupt distribution operations unnecessarily and without any justification, denounced the company in a press release. 1,656 kilos of pasta (Primor brand) and margarine (Mavesa) were arbitrarily seized from Alimentos Polar's plant located in San Fernando de Apure.

Brake on price increases. The president of the Confederation of Agricultural and Livestock Producers Associations (Fedeaagro), Antonio Pestana, said that the prices of the inputs sold by Agropatria would be frozen in order to submit them to a review. This is because agricultural producers have complained of the excessive increase in the prices of fertilizers, agro-chemicals, and other inputs sold via the state-owned Agropatria.

It's no longer up for negotiation. The hikes in telecommunications charges are to go ahead. The work teams set up between the government and the telecommunications sector have made it clear that the increased charges are necessary in order to be able to keep the telephony and Internet services functioning.

It's been gradual. The price of a packet of cigarettes has been going up steadily since 2014 following the entry into force of the Cigarette and Tobacco Product Tax Decree-Law, which established a 70.0% tax on the retail price of imported or domestically produced cigarettes, tobacco, and other tobacco products.

Toyota starts up operations again. Toyota Venezuela concessionaires will resume the sale of new vehicles starting the second week of August thanks to the dispatching of the first vehicles assembled at Toyota's Cumaná plant after seven months without production owing to the lack of materials.

"A car for the masses." It was learned that the "solidary" Corolla is to be sold at VEF 22.6 million plus tax of VEF 6.1 million. This car, which accounts for 10.0% of Corolla production, will only be sold via the "Venezuela Productiva Automotriz" program. According to President Maduro, this vehicle will be the "car for the masses."

In the abyss. The president of the Federation of Commerce and Production Chambers and Associations of Venezuela (Fedecámaras), Francisco Martínez, warned that there has been no improvement in the economy, nor will there be in the short term. He pointed out that the economy has not taken off in the past 17 years, "*on the contrary, we have stayed on the ground. They have dug a hole where they have put all Venezuelans and where they have plunged and imprisoned the economy,*" claimed Martínez.

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No change. Martínez also said that the new minister of industry and commerce does not mean a change in the ministry's guidelines, which means that expectations are not good. He pointed out that the mistakes that they have been committing will continue and that it is possible that the policy of fighting against the "economic war" will gain ground.

Unemployment in the construction sector. A director of the Federation of Construction Industry Workers (Fetraconstrucción), Octavio Campos, reported that activity in the construction sector in Venezuela has never been as depressed as it is today, with an unemployment rate of 95.0%. This situation is due to the shortage of cement and rebar and the almost total suspension of construction works in the public and private sectors.

WORLD ECONOMY TIPS

Possibility of rate rise increases. According to the US employment report, the US economy generated 292,000 new jobs in June and 255,000 in July, posting unemployment of 4.9% in July. These results could increase the possibility of the Federal Reserve (FED) raising interest rates at the end of the year; however, we will have to wait and see.

More employment, less productivity. In 2Q2016, nonfarm productivity in the United States fell by 0.5% year-on-year for the third quarter running, pointing to what could be a weakness in companies' capacity to maintain the solid pace of hirings and job creation reported in recent months.

Cause for concern for the giant. China's foreign currency reserves –the largest in the world- fell by USD 3.2 billion in July, according to information from the People's Bank of China. China's exports and imports also fell more than expected in July, which makes for a shaky start to 3Q2016.

The havoc wrought by Brexit. As anticipated, the Bank of England cut its reference interest rate from 0.5% to the historic minimum of 0.25% for the first time since 2009 and announced that it would buy GBP 60.0 billion in public debt to mitigate the impact of Brexit. It is expected that the British economy will stagnate throughout the remainder of this year and that growth will be weak in 2017.

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A breathing space. In 2016, Latin America will see the end of the slowdown in its economic growth that it has been experiencing since 2012, with a drop in economic activity of 0.9%, and it will start a gradual recovery in 2017 with growth in GDP of 1.8%, which will be supported by an increase in public and private investment, according to a research report by Banco Bilbao Viscaya Argentina (BBVA).

For now. As for the impact of Brexit on Latin America, Juan Ruiz, BBVA's chief research economist, considers that the region *"has adapted very well to the volatility in the markets,"* added to *"expectations, as well, of a delay in the raise in interest rates by the FED."* As a result, the flows of capital have continued to come into the region, although we need to be on the lookout for the consequences of Brexit in the medium term.

Far from transparent. Joseph Stiglitz, the recipient of the Nobel Prize in economics, and the anti-corruption expert Mark Pieth, withdrew from the Independent Committee of Experts set up by the Government of Panama to investigate the lack of transparency in the Panama Papers case, alleging that the investigation itself lacks transparency, explaining that the Panamanian Government did not authorize them to make the committee's final report public.

POLITICAL TIPS

Drifting further and further away. The president of the National Electoral Council (CNE), Tibisay Lucena, announced that the recall referendum against President Nicolás Maduro could be held 90 days after the signatures of 20.0% of registered voters had been collected, which could happen at the end of October, leaving the referendum for 2017. If that is the case and Maduro is revoked, the presidency would be assumed Vice President by the time.

There's still time. Henrique Capriles, the governor of Miranda state, said, *"What Ms. Lucena doesn't dare to say, after an exercise in cynicism, is that there will not be a referendum this year."* However, he stressed that, even if the collection of the signatures of 20.0% of the electorate were to take place at the end of October, there would still be time to hold the referendum in 2016 and not in 2017, as the government believes.

Rejected, and quite rightly so. Venezuela was proclaimed the president pro tempore of MERCOSUR. However, Deputy for the Democratic Unity Alliance (MUD) Luis

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Florido pointed out that several member countries of this trade bloc reject having a country that is not only experiencing a humanitarian crisis but also violates human rights as president.

A hot potato. Socorro Hernández, a director of the CNE, said that the Supreme Tribunal of Justice (TSJ) is the authority that must decide whether there will be new parliamentary elections in Amazonas and also whether the Democratic Unity Alliance will be annulled as a political party after the United Socialist Party of Venezuela (PSUV) requested the CNE that it be politically disqualified on the grounds of it having committed fraud in handing in the signatures of 1.0% of the electorate.

Demanding time and again. The Democratic Unity Alliance handed in a communication to the CNE in which it requested that the collection of signatures of 20.0% of the electorate for recalling Maduro this year be held on August 23, 24, and 25. Supporting this petition, Henrique Capriles stated that *“the CNE has broken the rules and we have to firmly defend our right. If the CNE doesn’t make an official announcement regarding the 20.0%, all the states will be mobilized (...).”*

They’re doing as they please. On Monday, August 8, the Political Participation and Financing Commission (Copafi) should have reviewed the request by the Democratic Unity Alliance to activate the recall referendum. However, CNE Director Luis Emilio Rondón said that it was not considered, as the directors wanted “to analyze it together with the request to annul the Democratic Unity Alliance.”

To the streets! Freddy Guevara, interim coordinator of *Voluntad Popular* (VP), said that the march slated for September 1 by the opposition would be unprecedented, as, besides supporting the referendum, it seeks to put the spotlight on the countries problems. Juan Andrés Mejía, alternate deputy to the National Assembly for Miranda state, described Tibusay Lucena’s speech as a mockery and called on people to take to the streets.

Clear as a bell. The results of the consulting firm Alfredo Keller y Asociados’ July poll show that 45.0% of the population considers itself opposition, 20.0% *Chavista*, and 35.0% independents. Regardless of their political tendency, 75.0% expressed their displeasure at Maduro’s performance and 81.0% agreed that a change would solve this crisis.

Be careful with the recall referendum. According to Keller’s poll, 79.0% of those interviewed blame the government for the crisis and, if the referendum were to be held

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this year, 73.0% said they would vote for Maduro's departure, versus 15.0% who would vote for him to continue in office.

Another tall story. Freddy Bernal said that the sovereign supply system with the CLAPs (the purpose of which is to put a brake on price distortions and make sure that all Venezuelan families have access to food) is going to gradually improve. However, according to Keller's poll, 86.0% said that the CLAPs were not solving their family's problem of access to food and 66.0% agreed that the only purpose they served was to exercise political control over the population.

There's no hiding it. The president of the pollster Hinterlaces, Óscar Schemel, stated that the discontent and malaise among Venezuelans over the situation the country is going through is 81.0% and that the main causes for concern are shortages, inflation, and the lack of security.

Launch, re-launch, re-launch yet again, and nothing. President Nicolás Maduro announced the re-launching of the Operations for Liberating the People (OLP). He demanded that the National Guard implement a plan to ensure the security and defense of the people against the bands of paramilitaries that are disturbing the peace in Venezuela.

What's the point of dialog, if nothing comes of it? In his television program *José Vicente Hoy*, José Vicente Rangel called on the sectors to dialog to solve issues of interest and he also said that what is happening in Venezuela is being magnified by attacks from the national and international media.

LEGISLATIVE TIPS

It's compulsory. *Gaceta Oficial* No. 40,956 establishes that exporters will have to sell the foreign currency obtained from their sales to the Central Bank of Venezuela. The resolution also applies to leaseholders of properties abroad who bill in dollars.

They've allowed the adjustment. The Political-Administrative Chamber of the TSJ abandoned the petition against the increase in the tax unit established by the National Integrated Customs and Tax Administration Service (Seniat), which means that the increase in the tax unit from VEF 150 to VEF 177 for fiscal year 2016 has been allowed.

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Ratifying. The president of the National Training and Socialist Education Institute (INCES), Wuikelman Ángel Paredes, reiterated that Ministry of Labor Resolution No. 9855, which establishes that public and private entities must provide workers to collaborate with efforts to jump-start productivity in the agri-food sector is only voluntary, referring to the corrections made to the resolution to that effect and published in *Gaceta Oficial*.

Health permit. New authorizations by the Ministry of Health for the free marketing and consumption of a variety of imported and locally produced food products were published in *Gaceta Oficial* No. 40,959, dated August 4, 2016. Among the food products to obtain a health permit are cornmeal, wheat flour, sugar, milk, olive oil, and margarine.

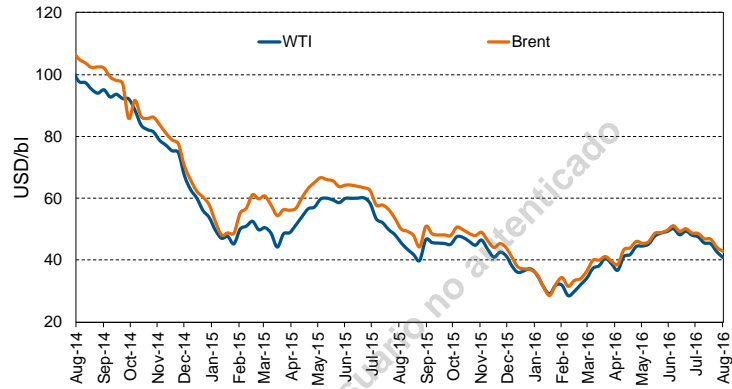
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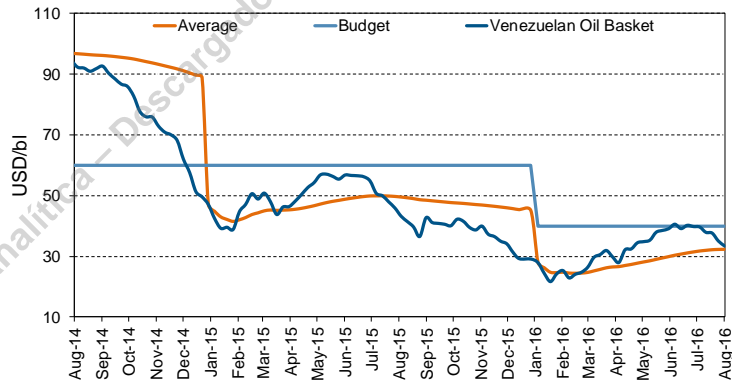
ECONOMIC INDICATORS

Oil Prices (WTI and Brent)



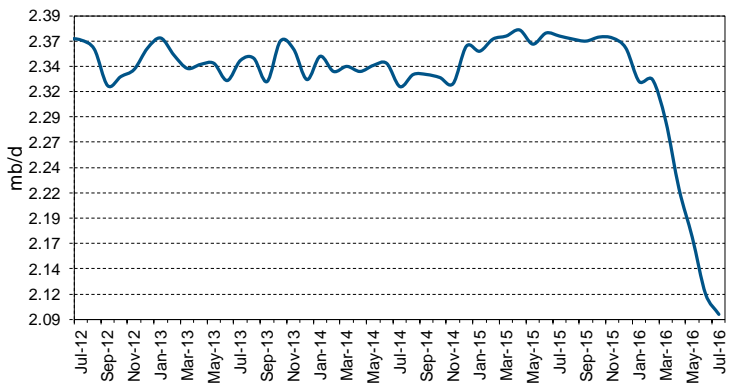
Sources: Menpet and Ecoanalítica

Oil Price (Venezuelan Basket)



Sources: Menpet and Ecoanalítica

Oil Production



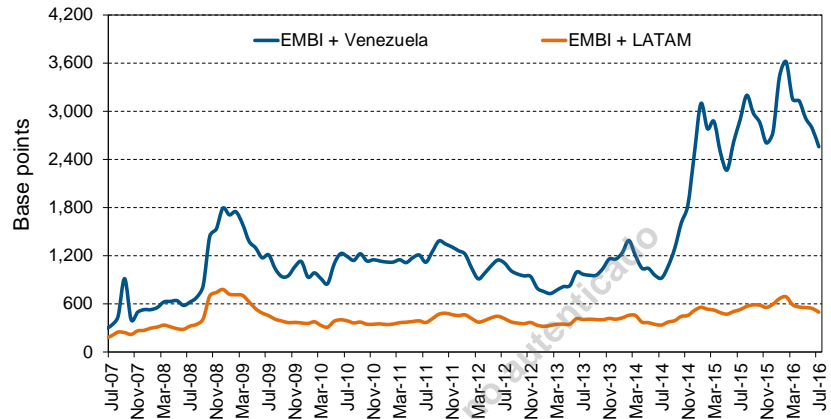
Sources: OPEP and Ecoanalítica

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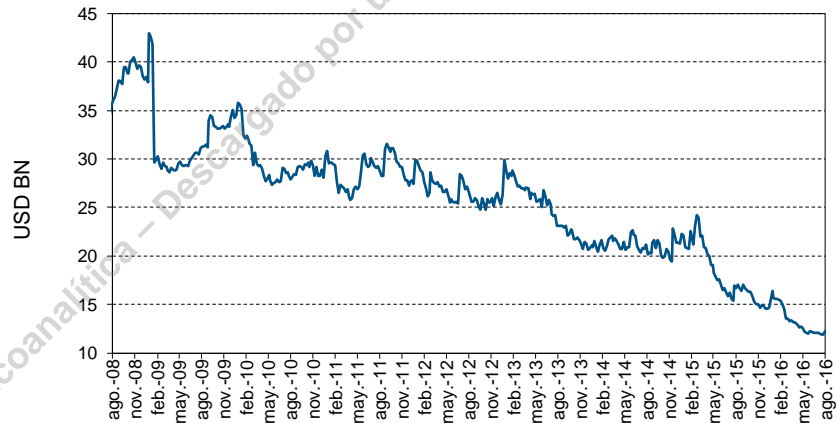
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EMBI



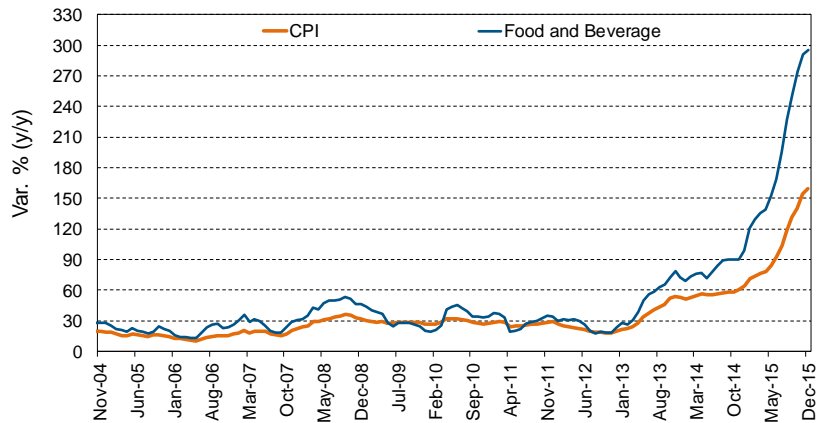
Sources: BCRP and Ecoanalítica

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

Inflation (BCV)



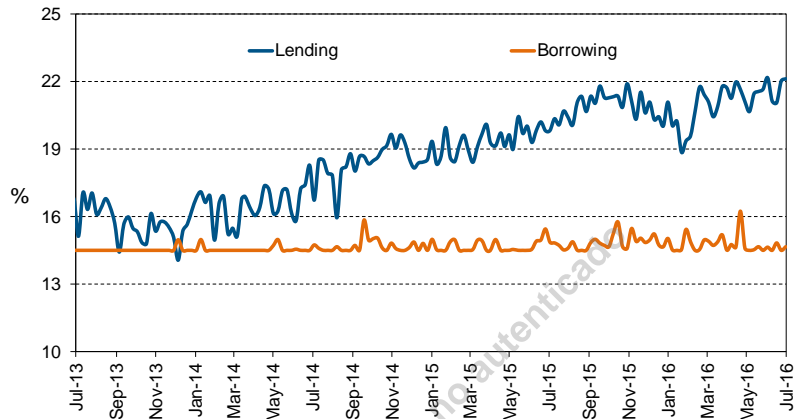
Sources: BCV and Ecoanalítica

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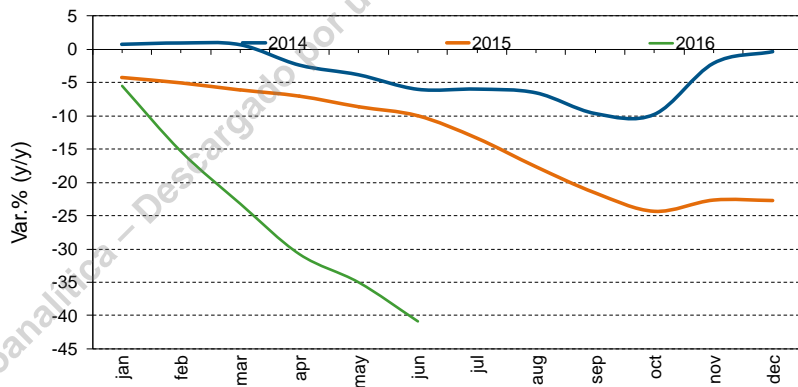
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**Interest Rate
(Six major banks)**



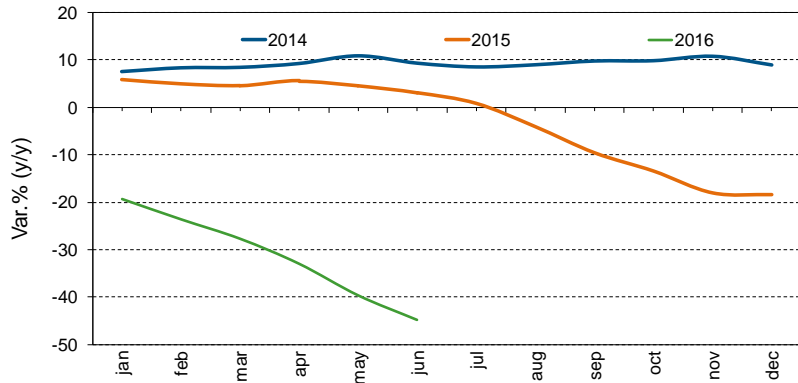
Sources: BCV and Ecoanalítica

**M2 Expansion
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio
(Real)**



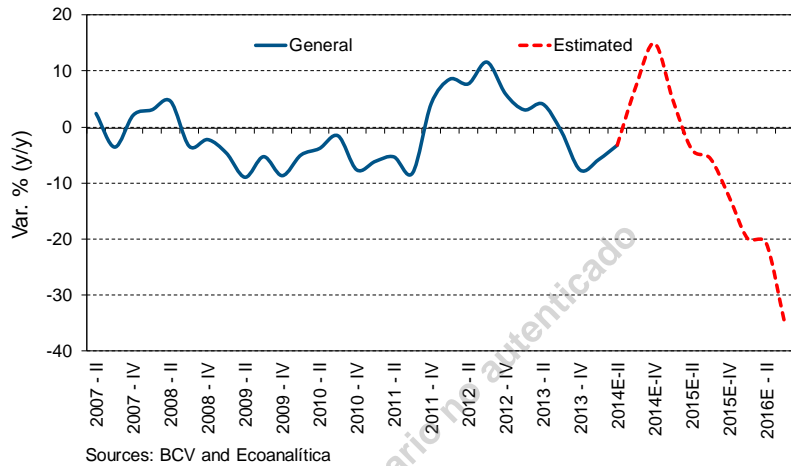
Sources: SUDEBAN and Ecoanalítica

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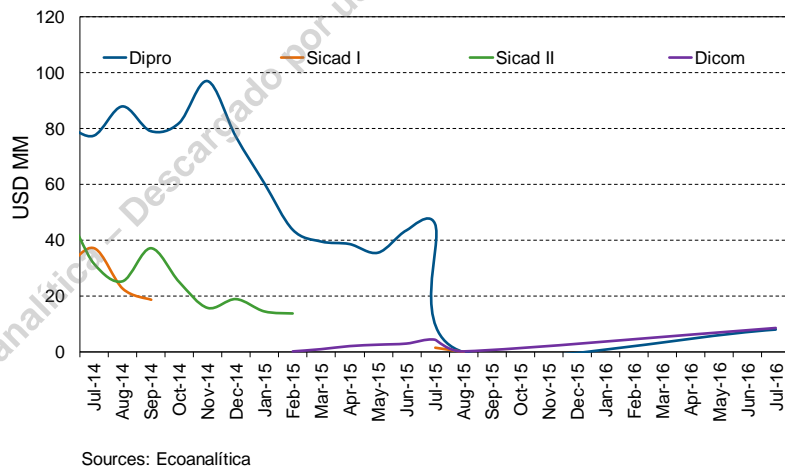
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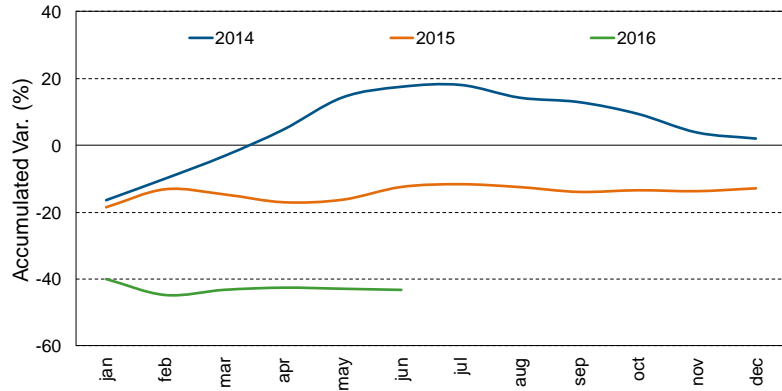
Real Wage Index



Disbursements to the Private Sector (Daily Average)



Primary Spending NTO (Real - Central Government)

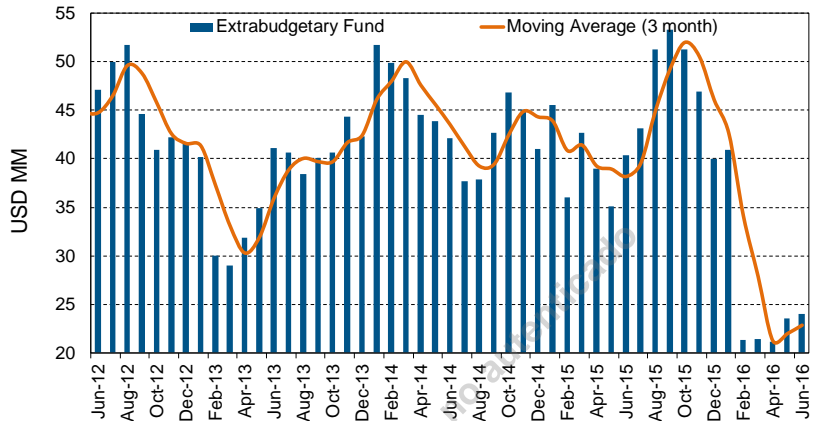


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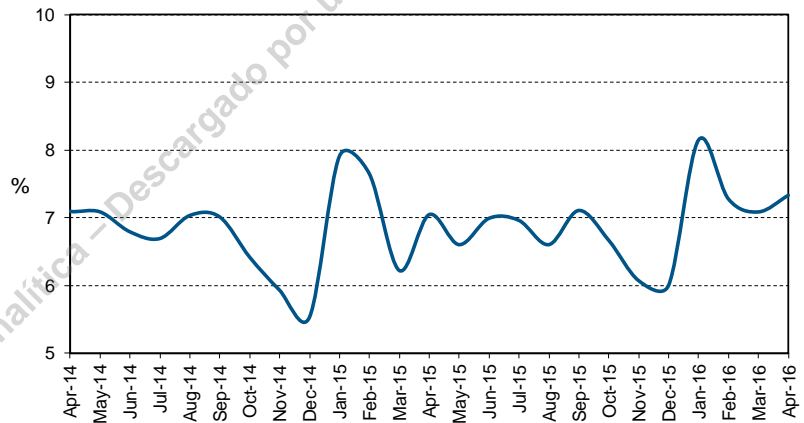
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State Extrabudgetary Resources



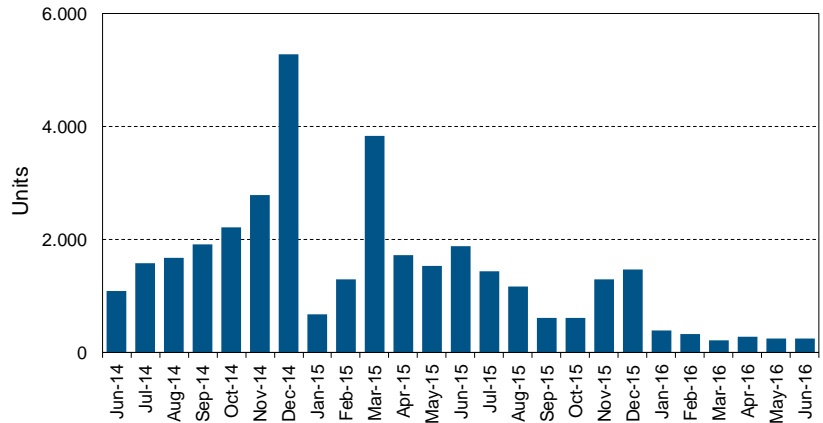
Sources: Ecoanalítica

Unemployment Rate



Sources: INE and Ecoanalítica

Vehicle Sales



Sources: CAVENEZ and Ecoanalítica

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(+58 212) 266 9080 / Fax (+58 212) 266 5119 / RIF J-31130403-7

ECOANALÍTICA'S TEAM

Alejandro Grisanti / Director
alejandrog@ecoanalitica.net / @agrisanti

Asdrúbal Oliveros / Director
asdrubalo@ecoanalitica.net / @aroliveros

Pedro Palma / Director
pedrop@ecoanalitica.net / @palmapedroa

Cristina Rodríguez / Director
cristinar@ecoanalitica.net

Carlos Miguel Álvarez / Senior Economist
carlosoa@ecoanalitica.net / @alv_car

Pilar Navarro / Economist
pilarn@ecoanalitica.net / @isabelpnavarro

Armando Gagliardi / Economist
armandogo@ecoanalitica.net / @agagliardio

Nayaurí Rivera / Economist
nayaurir@ecoanalitica.net

Maria Fernanda Candiales / Economist
mariac@ecoanalitica.net / @mafecandiales

RESEARCH ASSISTANTS

Gorka Lalaguna
Victoria Colmenares

CONTACT US

Venezuela: (+58-212) 266 9080/ Fax: (+58-212) 266 5119

Colombia: (+57-1-508 6554)

Ventas@ecoanalitica.net

www.ecoanalitica.com

@ecoanalitica