

## Protect your patrimony from the crisis

As we explained in our previous report, Venezuela has had a three-digit inflation throughout these three years of economic contraction. This year imports have fallen by 24.0%, disbursements of foreign currency to the private sector are down by 35.4% (y/y), and private businessmen have had to resort to the parallel market to obtain foreign currency.

The phenomenon of a reduction in the supply of foreign currency via official channels, together with a drop in the demand for bolivars, has resulted in a cumulative depreciation of 77.3% in the parallel exchange rate in 2017. In an economy with a relatively high pass-through effect, this depreciation of the parallel exchange rate has generated a speeding up of inflation, which has resulted in a cumulative increase in the Consumer Price Index as at July this year of 280.2%, 96.5 percentage points higher than for the same period in 2016.

The private sector has been adjusting progressively to be able to keep up with the pace of the macroeconomic crisis. At **Ecoanalítica** we believe it is necessary for companies to conduct a situational review to be aware of the variations in the value of their patrimony, and be able to choose the necessary strategies to adapt in the most adequate manner to the present circumstances.

### A hypothetical scenario

To illustrate the need for this review, we will take a simple example in which we will make some minor assumptions.

Let us suppose that a taxi driver buys an SUV to take passengers to Maiquetía Airport (a round trip of 80 km on average). The SUV costs him USD 15,000 and has a useful life of 400,000 km (5,000 trips). If we assume that the taxi driver will have an outlay of USD 5,000 during the useful life of his taxi for maintenance and repairs, we can estimate that the average cost of a trip (repairs + depreciation) is around USD 4. At the parallel exchange rate (VEF 15,501.81/USD), the cost of just one trip would be approximately VEF 62,007.24.

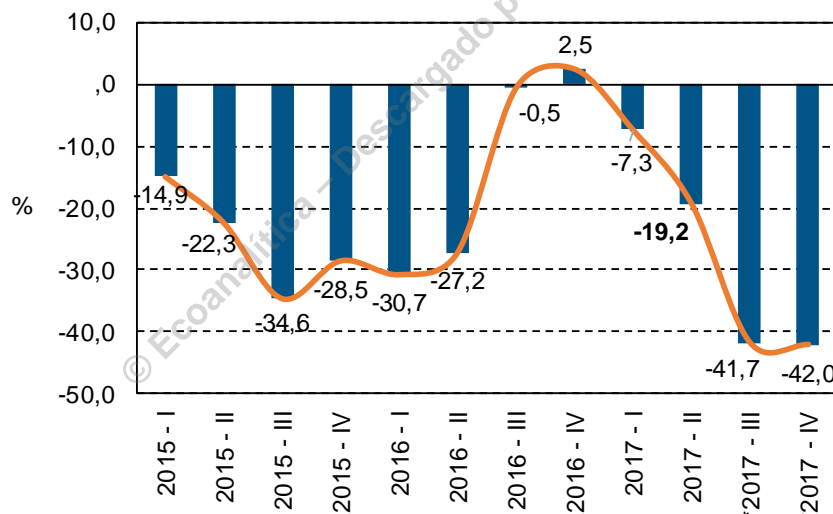
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A regular taxi company currently charges VEF 47,000 for that trip. It would be difficult for our taxi driver to compete with them and cover his depreciation costs at the same time, which means that any charge he sets would be either too low to cover costs or too high to compete. And still, we haven't even considered the fact that the taxi driver will want to generate income and not just covered costs.

This dynamic of excessive costs and low prices is due to the government's policy of fostering distortions in the economy. Inputs (such as spare parts for motor vehicles) are imported and are available at a cost which appears to be indexed to the parallel exchange rate. However, the prices at which he is forced to sell his services (the fares he charges) are relatively low, or are not fully indexed to the parallel exchange rate. This is caused by a combination of key factors, such as a drop in agents' purchasing power, and the government's policies of economic controls and subsidies that distort prices.

### Purchasing Power Loss



Fuentes: Official Gazette and Ecoanalítica  
\*Estimated

### Going over the accounts: Where does that leave our patrimony?

In order to know whether you find yourself in a situation similar to that of our hypothetical taxi driver, we recommend that you perform a number of accounting exercises. One is updating the value of your assets, not only in bolivars but also in a hard currency. If you can, try to calculate how the value of your company has changed over time in both currencies.

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Another exercise we recommend is calculating what would have happened if, in the past, you had sold your company for its estimated value and put your money into a savings account in a hard currency or invested it in the stock market (you could use an indicator such as S&P 500).

It would come as no surprise if your company has produced a lower yield than the alternative of selling up and investing abroad, because macroeconomic conditions in Venezuela have been unfavorable. But there is one last element that needs to be taken into account, because so far, the exercise has been to assess the present and the past, and extrapolate it to the future. However, the future won't necessarily follow the trends of the past. Any economic change, either positive or negative, will depend on the political dynamic and affect the trend. So as a decision-maker, you should weigh the probabilities of every scenario and project the future value of your patrimony considering them.

If you lean towards the possibility of a positive change, a rational decision would be to maintain your position in the market while waiting for more favorable conditions in the long term that would ensure enough revenue to compensate for the losses in value incurred in the short and medium term.

### Taking steps: What measures should you take?

After performing the preceding exercise and if you find that the best decision is to maintain operations and bet on the economy recovering, at **Ecoanalítica** we feel it necessary to offer our clients some recommendations we consider pertinent for enabling them to survive the crisis as private companies.

1. **Look for refuge:** Hyperinflationary processes typically involve a significant drop in the demand for local currency; therefore, people tend to use other assets as store of value. That is why one of the options when faced with situations of hyperinflation or high inflation is to use inflows in bolivars to buy assets, be they movable assets, real estate, foreign currency or raw materials.
2. **Don't be afraid of borrowing:** In an economy such as Venezuela's, borrowing is a good option because interest rates are controlled and inflation keeps rising. Operating in an environment with negative real interest rates makes borrowing a way of obtaining a sort of cross subsidy.
3. **Maintaining good relations:** Bearing in mind the previous point, it is important to maintain good relations with the banks, as this improves access to credit.
4. **Inaction has a price:** In periods of hyperinflation, prices change almost daily; however, the biggest price is the price of not doing anything. Therefore it is necessary to act quickly and adjust prices. Time is of the essence.

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5. **Act with caution:** It is important to maintain inventory reserves and to try to limit what goes out to the market, as a feature of inflationary processes is the exponential increase in the replenishment cost of inventories. Take care of your inventories; replacing them tomorrow will be more expensive.
6. **Cash please:** The drop in the demand for money means that it is worth less with each day that passes, so making the option of paying on credit increasingly attractive. In these cases, the best thing is to enter into contracts that stipulate payment in cash, and in situations where payment on credit is contemplated, try to establish an interest rate that is in line with inflation insofar as is possible.
7. **Human capital is important:** An important asset that companies have is their human capital; take care of it. You need to consider measures that will allow you to protect that capital or, put another way, to hold on to your employees and their know-how. Some feasible options would be offering them loans, payment in hard currency, or making salary payments more frequent as a way of reducing the impact of inflation on real wages.
8. **Reinvent your business:** the government's policy of controls constitutes one of the biggest imbalances in the Venezuelan economy and is responsible for the destruction of relative prices. Given this situation, a good option is to try to reinvent your business and bring out new product lines, which, since they are new, will not be regulated.
9. **Look for other markets:** If possible, try to export, place part of your production in markets abroad, as the foreign exchange distortions generate considerable incentives for seeking payments in foreign currency. This is a way of preserving the value of your revenues.
10. **Keep spirits high:** The situation on the political, economic and social fronts in Venezuela can create an additional burden in the daily round. Attempts should be made to not take decisions in haste or without having properly assessed the situation, but without falling into inaction.

### Don't neglect your assets

The contraction of the economy and spiraling prices in Venezuela pose a challenge for the private sector when it comes to maintaining operations and capitalizing profits. Both spiraling inflation and the local currency's loss of value pose a threat, increasing the costs of replenishing assets, which means that it is likely that you are overusing your equity and will be unable to replace it.

After having outlined these scenarios, the advice from **Ecoanalítica** is: conduct a review of your assets and assess the alternatives with care.

**Mariana Petitjean**  
**Guillermo Arcay**

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Year 13. Number 31 Week III  
 August 2017

## WEEKLY INDICATORS

Weekly Economic Indicators			
	2nd Week August	Weekly var. (%)	Depre/Apre (pp) <sup>1</sup>
FX Dicom (VEF/USD)	2970,0	0,0	0,0
	1st Week August	Weekly var. (pp)	Annual var. (pp)
Lending Interest Rate (%)	21,2	0,2	-0,4
	3rd Week August	Weekly var. (pp)	Annual var. (pp)
Overnight Interest Rate (%)	0,4	0,2	-1,5
	2nd Week August	Weekly var. (%)	Annual var. (%)
International Reserves (USD Bn)	9,9	-1,1	-17,7
	1st Week August	Weekly var. (%)	Annual var. (%)
Monetary Liquidity (VEF Bn)	29.153	1,3	417,5
Price of International Oil Baskets (USD/bl)			
	2nd Week August	Weekly var. (%)	Annual var. (%)
WTI	49,3	-0,5	15,7
Brent	52,3	0,1	16,4
Price of the Venezuelan oil basket (USD/bl)			
	2nd Week August	Weekly var. (%)	Annual var. (%)
Weekly Average	46,5	-0,2	30,9
Annual Average	43,7	0,2	35,4

Sources: BCV, MENPET, ONT and Ecoanalítica

\* Annual variation of accumulated expenditure.

<sup>1</sup> Depreciation (+)/Appreciation (-)

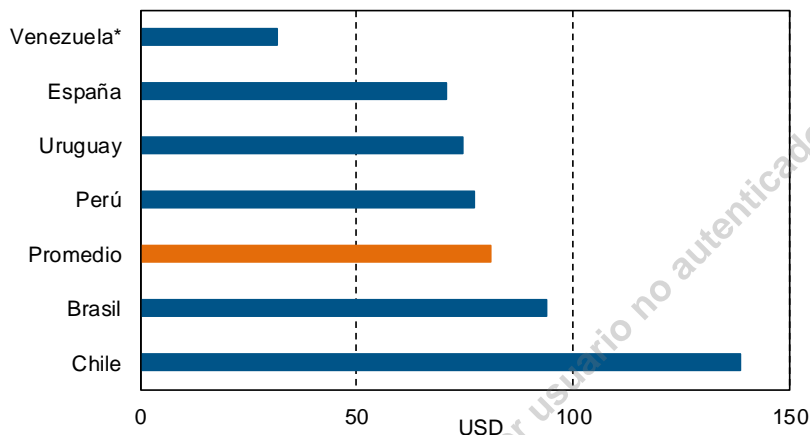
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### CHART OF THE WEEK: “It’s not that expensive...”

#### Precio de las entradas a eliminatorias Rusia 2018



Fuentes: RFEF, CBF, AUF, RPP, El Nacional, Dólar today y Ecoanalítica  
 \*Calculado a tipo de cambio paralelo (15 de agosto).  
 \*\*Entradas correspondientes a Tribuna Central.

The distortions of relative prices in the Venezuelan economy are many and deep-rooted. Different types of goods and services are being offered to the consumer at prices that are far from reflecting the corresponding conditions of shortages. A case in point are entertainment and leisure services, such as going to a football game, which continue to be more affordable than in other parts of the world.

For purposes of comparison, let us take the prices of tickets to the elimination games for the World Cup Russia 2018, the average price of central grandstand tickets for six games between the end of August and the beginning of September is USD 81.1. Calculated at the parallel exchange rate on August 15, the equivalent ticket to the Venezuela-Colombia game that is to be played in San Cristóbal would cost USD 31.78. If we compare this to what a ticket to the Chile-Paraguay game or the Brazil-Ecuador game costs (USD 138.75 and USD 93.81, respectively), we can safely say that going to an international football match is much cheaper in Venezuela than in other Latin American countries.

Even in the present situation of economic, social and political crisis, it can be said that leisure activities such as the movies or going to professional sports events cost more in other countries than in Venezuela. However, due to the sharp drop in per capita income, they are unaffordable for a large segment of the population.

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## ECONOMIC TIPS

**The exchange rate gap grows apace.** The most recent exchange rate resulting from the DICOM auctions is VEF 2970/USD. Devaluation from auction number 10 is 3.4% and total devaluation since the system went into operation is 75.5%.

**Number 12.** The twelfth DICOM auction awarded USD 32.8 million, USD 28.0 million (85.4%) of which was allocated to 203 companies and USD 4.8 million (14.6%) to 15,235 private individuals.

**Only statistics.** A breakdown of the foreign currency awarded shows that 53.1% went to the agri-food engine and 28.6% to the industrial sector; 70.1% went on raw materials and 18.9% on importing inputs and spare parts.

**Adding fuel to the fire.** Liquidity grew by 25.6% last month and the total amount of coins and banknotes in circulation increased by 22.7%. Both figures are similar to inflation in July (26%), according to calculations performed by the National Assembly.

**Following the same trend.** As for the monetary base, it grew by 27.5% in July and posted an increase of 627.1% year-on-year on August 4.

## OIL TIPS

**Habemus financial statements!** A few days ago, PDVSA published its Consolidated Financial Statements for fiscal year 2016.

**A preliminary warning.** Before presenting its numbers, the state-owned oil company warns of the significant impact that the sharp drop in crude prices and the decline in production have had on the results for the year.

**Irregularities.** In addition, the accounting firm in charge of the audit, KPMG, states that it had found a series of irregularity risks (fraud or irregular conduct), mainly in the procurement of goods and services and payments to suppliers, but also risks posed by a series of investigations that PDVSA is currently conducting into other irregularities to which it has been victim.

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**A perfect storm.** In a context marked by a drop in world oil prices and a decline in Venezuela's oil production, PDVSA's revenues came to USD 48.0 billion in 2016 (USD 24.17 billion or 33.4% less than in 2015) for overall earnings of USD 1.6 billion (USD 992 million or 38.4% less than the previous year). As for its net earnings, they came to USD 828 million, down USD 6.52 billion or 88.7% from 2015.

**Domestic consumption continues to fall.** According to its Consolidated Financial Statements, PDVSA allocated some 491,000 barrels a day (491 kb/d) to the domestic market, 89 kb/d less than in 2015 (580 kb/d) and 156 kb/d below the amount allocated in 2014. At **Ecoanalítica** we are of the opinion that the aggregate drop in domestic hydrocarbons consumption is due mainly to the major recession the economy has been experiencing for several years now, even counteracting the hefty price subsidy enjoyed by the domestic market.

**Don't worry, we're here.** For the first time in recent years, the Venezuelan State decided to indemnify PDVSA for the high operating costs incurred by the industry as a result of the subsidized prices of certain fuels and hydrocarbons. As a result, in 2016, PDVSA received a state subsidy in the amount of USD 5.73 billion corresponding to the difference between production costs and the regulated sales prices in the domestic market.

**Contributions to the budget were up...** According to PDVSA's Consolidated Financial Statements, its direct contributions to the budget via taxes, royalties and dividends rose to USD 5.44 billion in 2016, USD 2.83 billion more than in 2015 (108.1%).

**...but social contributions were down.** However, the aggregate of contributions made by PDVSA to social programs outside the budget (including Fonden) posted a drop of close to USD 8.21 billion (89.4%), going from USD 9.19 billion in 2015 to only USD 977 million in 2016.

**Saint Rosneft.** In addition, PDVSA acknowledged that it had entered into agreements with the Russian state-owned oil company, Rosneft, for the sale of crude amounting to some USD 1.49 billion in 2016, paid in advance, with second advance payment of USD 1.02 billion being made in April this year.

**Shipments under agreements with China and others down.** Last of all, in its Consolidated Financial Statements, PDVSA highlights that, under the Supply Agreement with the People's Republic of China, it dispatched some 505 kb/d in crude and products in 2016 (75 kb/d less than in 2015), whereas shipments under energy agreements with countries of Latin America and the Caribbean were in the region of 123 kb/d last year (down 62 kb/d from 2015).

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**And the production cutback?** According to the monthly report published by the Organization of Petroleum Exporting Countries (OPEC), production went up again in July. This meant that the 14 members of the cartel posted production of close to 32.9 million barrels a day (mb/d), 173 kb/d above production for June, according to secondary sources to which OPEC had access.

**Four months and still counting.** Including July, aggregate OPEC output has been going up for four months in a row and is getting close to the levels posted in December last year, when the member countries of OPEC managed to reach an agreement on reducing joint production by 1.8 mb/d with a view to stabilizing the market.

**Slowly but surely.** According to OPEC, the imbalance between supply and demand has been gradually reduced during 2017 to some 390 kb/d of oversupply in the second quarter of the year (2Q2017). As a result, OPEC is optimistic and forecasts a 1.3% increase in the global demand for crude next year to an average of close to 97.8 mb/d.

**Taking a joint stand.** Saudi Arabia and Iraq, the two members with the greatest weight inside OPEC, confirmed their commitment to maintaining and defending the product cut agreement signed by several countries at the end of 2016 and ratified in May this year.

**Let's hope so!** According to the International Energy Agency (IEA), global demand for crude will grow more than expected this year, thus helping to reduce oversupply in the oil market despite increasing US production and shaky compliance with the agreement proposed by OPEC.

**How much are we talking about?** As a result, the IEA has raised its projections for the growth in demand to 1.5 mb/d (100 kb/d higher than its previous estimate of 1.4 mb/d) and anticipates growth of close to 1.4 mb/d in 2018.

## BUSINESS SECTOR TIPS

**Debate on legalization of the assault on mineral resources.** Alberto Hurtado, a member of the so-called Constituent National Assembly for Bolívar state, has proposed legalizing the activities of "small miners" who are currently engaged in illegal mining activities under deplorable working conditions. The proposal has been submitted jointly with the Ministry of Ecological Mining Development and the president of Minerven.

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**Protecting them from protests?** The second administrative court ordered Odebrecht to safeguard its assets used in engineering works it is carrying out under contracts with the Venezuelan State. Moreover, it notified the Public Prosecutor's Office, the Comptroller General's Office, the National Contractors Service, and the Bolivarian National Guard to ensure compliance with the precautionary measure covering these assets.

**Hunger on the horizon.** According to Carlos Albornoz, the president of the National Cattlemen's Federation of Venezuela (Fedenaga), unless there is a change in agricultural policy "we will experience the worst 12 months of our entire history," with only 25% of the sugar that is needed, 20% of the rice, 17% of the corn, 0% of the black beans, 8% of the beef, and 11% of the chicken. Aquiles Hopkins, the president of the Confederation of Agricultural and Livestock Producers Associations (Fedeagro), argues that the failure to have inputs available on time due to Agropatria's inefficient monopoly will mean that only 30% of what the country requires will be produced in the next 12 months.

**The Potato Working Group.** Following a meeting held last Thursday, described by the National Federation of Potato and Vegetable Farmers (Fenaphort) as a matter of urgency, it was agreed to set up a National Potato Working Group on August 16. The main purpose of this working group is to solve, albeit somewhat late, the problems of availability of seeds and other inputs for producing potatoes.

**Socialism at sea.** Minister of Fisheries and Aquaculture Orlando Maneiro claimed that, via the Socialist Fish Fairs, Sardine Caravans, and Local Supply and Production Committees (CLAPs), they have supplied households with fish and fostered fishing; although he also pointed out that there have been problems of profiteering. His solution to this problem: setting up "popular fishmongers" in the housing developments created under the Great Venezuela Housing Mission.

**A sweet problem.** Producing sugar is no longer profitable thanks to price controls. According to Edgar Contreras, a director of the Western Lara Sugarcane Growers Association (Socadol), the price of sugar should be 87.5% higher than it is currently (VEF 6,000) in order to be able to produce sugarcane. Moreover, in order to be able to really revive the production of sugarcane, 3,000 hectares would be needed, only 500 hectares of which are available and only 100 hectares have been fertilized in 2017.

**"It's the supermarkets' fault."** The government's solution to the food crisis will not be to relax the controls that have caused it; on the contrary, continuing with its "economic war" discourse, it is thinking of putting the blame on the stores. William Contreras, the director of the Superintendency for the Defense of Socioeconomic Rights (Sundde), has started off with an inspection of the Central Madeirense supermarket chain.

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**Putting out fires in Monagas.** In a joint operation with the local Integral Defense Operations Zone (ZODI) and employees from Monagas State Government, Sundde is carrying out an “Anti-profiteering Plan” in Monagas, which consists of imposing economic and legal sanctions on supermarkets, bakeries, butcher’s shops, and other establishments and cutting prices to levels that make it impossible to cover replenishment costs.

**Our “food sovereignty” relies on Mexico.** In order to cope with the food crisis, the government imported 11,412 metric tons of food items included in the basic food basket, which arrived recently at La Guaira port. The 475 containers with boxes of food come from Veracruz.

**An automotive crisis...** Omar Bautista, the president of the Venezuelan Automobile Products Manufacturers Chamber (Favenpa), reports that used capacity in the auto parts industry is around 18%. According to him, the causes of this situation are known: lack of raw materials, bad macroeconomic conditions, and the loss of purchasing power.

**... with repairs in the short term.** In Táchira and Mérida, motor vehicle spare parts vendors are being targeted yet again by Sundde. Resorting to the Organic Fair Prices Act, Sundde has imposed sanctions on these businesses for having committed the offenses of “usury,” “infringing individual rights,” “destabilizing the economy,” “fraudulently altering prices,” and other crimes created by *Chavismo*.

**Education, a luxury good.** According to Contrapunto, whereas in 2016 the amount needed to cover the list of school supplies for one child was in the region of VEF 20,000, this year (if you can find them) those items cost approximately VEF 300,000 (an increase of 1,500%) in the case of pupils attending state-run schools. On top of that there is the cost of a basic uniform, which is between VEF 209,000 and VEF 417,000, approximately.

**Carbozulia as an alternative.** Tania Ríos was appointed Carbozulia’s new president on June 19. This state-owned company is seeking to export coal to Europe under what a faction of *Chavismo* has termed “the post-oil economy.” The first shipment of 45,000 tons of coal was sent in June and the second shipment, of 47,376 tons, set sail last Monday.

## WORLD ECONOMY TIPS

**A discouraging record figure.** According to a report by the US Federal Reserve, the United States’ total public debt posted a record USD 12.84 trillion in the second half of the year, some USD 5.52 billion higher than posted in 2016.

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**A recovery in imports.** The US Department of the Treasury stated that the prices of US imports went up in July after dropping two months in a row. In July these prices went up by 0.1% compared to June, whereas in June they posted a drop of 0.2%. This was due to higher costs in oil products and food products.

**Similar behavior in exports.** In the same press release, the US Department of the Treasury stated that export prices had posted their biggest increase this year, registering an upturn of 0.4% in July after having fallen by 0.2% in June.

**Worse than expected.** The euro zone posted a 0.6% drop in industrial production in June, differing from estimates made by Reuters, which gave a drop of 0.5%. Germany and France both posted drops in production; the biggest contractions were posted by Ireland and Malta.

**While we're packing our bags.** Given companies' concerns over the fact that the introduction of customs controls could cause costly delays, the United Kingdom has said that it wants an interim customs agreement with the European Union once its withdrawal from the Union goes into effect. At the same time, the United Kingdom hopes to be able to negotiate other trade agreements.

**To facilitate the transition.** One of the options for minimizing the impact of the United Kingdom's departure from the European Union in March 2019 will be the establishment of a temporary customs union. The purpose of this union will be to provide companies with security and allow the trading of merchandise to be as free as possible.

**Colombia on the right track.** Colombia's National Statistics Department (DANE) has announced that the Colombian economy grew by 1.3% in the second quarter compared to the same quarter last year, thanks to a 3.9% increase in the financial sector and growth of 4.4% in agriculture.

**In continuous development.** Reports from Peru's National Institute of Statistics and Informatics (INEI) indicate that the Peruvian economy grew by 3.6% in June this year, for 95 months of constant growth. Elmer Cuba, a director of the Central Bank of Peru, has forecast that Peru's GDP will grow by 4% in the last quarter of the year.

**Job creation in Mexico.** The Mexican Social Security Institute (IMSS) reported that the private sector created 555,598 jobs in the first half of this year, 56% more than in the same period over the past 10 years. Furthermore, the specialist consulting firm Manpower Group has forecast that the number of jobs created in the formal sector will come to 700,000.

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**Recovery put in doubt.** Víctor Villacrés and Marcelo Varela agreed that Ecuador's economy is in the process of climbing out of the recession that has had the country in its grips for "some seven quarters." They consider that, while signs of recovery in supply, consumption and central government play a fundamental role in putting the economy on a sound footing, the economy needs initiatives that will make it possible to overcome the hurdles to development in order to take off.

**Japan's economy grows.** In the second quarter of the year Japan's GDP expanded by 4% compared to the same quarter last year. Boosted by private consumption and capital spending, GDP has maintained growth over the past six quarters.

**Excellent expectations.** It is expected that the growth in Japan's economy will continue in the coming quarters, giving the Bank of Japan hopes that the labor market will drive consumer spending, thereby generating sustained inflation.

## POLITICAL TIPS

**Resistance?** Last Friday, US President Donald Trump warned of a possible military intervention in Venezuela to solve the country's political crisis. President Trump said that the military option for solving the problem Venezuela is experiencing had not been ruled out, giving the reminder that the United States has troops in all parts of the world and that "*Venezuela is not very far away, and the people are suffering, and they're dying.*"

**Agreeing to disagree.** In response to Trump's statements, several spokespersons of both the government and the opposition, as well as representatives of the Catholic Church, have expressed their rejection of the threats of a military intervention in Venezuela, since it would not create the conditions necessary for solving the crisis the country is experiencing.

**What's good for the goose is good for the gander.** As for the Democratic Unity Alliance, in a press release, it rejected the threat of military intervention by any foreign government, referring not only to the threat made by the United States but also to Cuba's interference in Venezuela's affairs, and it held the Nicolás Maduro administration responsible for turning Venezuela into a threat to the region.

**Taking over the reins.** After trial of the now former mayor of El Hatillo Municipality, David Smolansky, held last week, the Municipal Council appointed councilman and militant of

the political party *Voluntad Popular* Reinaldo Díaz as Mayor of El Hatillo for what remains of Smolansky's term of office, which ends in December this year.

**With votes or bullets?** Last Saturday, the Constituent National Assembly passed a motion to move up the date of the regional elections, originally scheduled for December 10, to October. The president of the Constituent National Assembly, Delcy Rodríguez, said that they would respond to the opposition's calls for violence with votes.

**Obeying orders and licking shoes.** In response to this "request," the president of the National Electoral Council (CNE), Tibisay Lucena, announced that the date for holding the regional elections had been moved up to October by a decree issued by the Constituent National Assembly.

**We're going to continue to stand up and be counted.** Despite this, many groups within the opposition are standing firm by their decision to take part in these regional elections, as announced by a number of opposition leaders. One of them, José Manuel Olivares, said that "*a win by the opposition at the regional elections will show the government up.*"

**A trap?** In response, President Nicolás Maduro pointed out that the opposition parties that signed up to take part in the regional elections had validated Tibisay Lucena as a director of the National Electoral Council (CNE) and also the CNE itself, referring to *Acción Democrática* (AD), *Un Nuevo Tiempo* (UNT), *Voluntad Popular* (VP), and *Primero Justicia* (PJ).

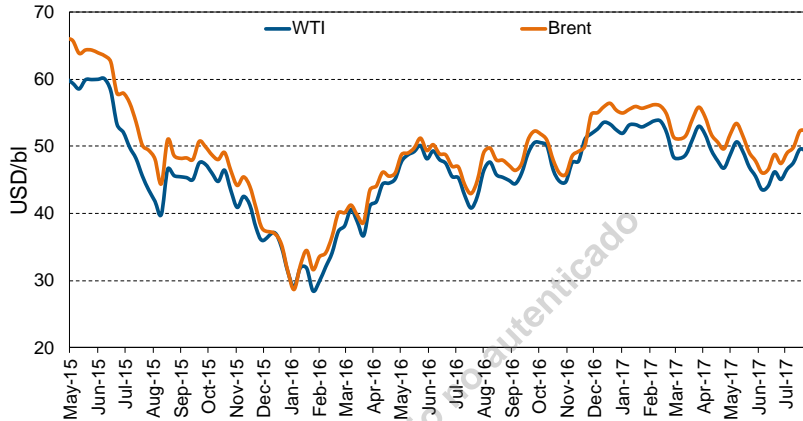
**They live by threats, seemingly.** President Nicolás Maduro stated that the Commission for the Truth created by the Constituent National Assembly will be able to summon people who have allegedly been involved in antigovernment protests. "*If they don't appear willingly, we'll issue an order for their arrest and we'll lock them up,*" he threatened.

**A reminder of the "game rules."** Tania D'Amelio, a director of the National Electoral Council, said that more than 18 million people will be entitled to vote at the elections to governors to be held in October. She also reminded everyone that individuals who have been sentenced for having committed a crime or who have been disqualified politically may not run for elected office.

**Another government joins the list.** The German Government condemned the rupture with the democratic order in Venezuela by means of the new Constituent National Assembly, which it described as "*a de facto removal of the democratically elected Parliament,*" and called on President Nicolás Maduro to find a solution to the crisis.

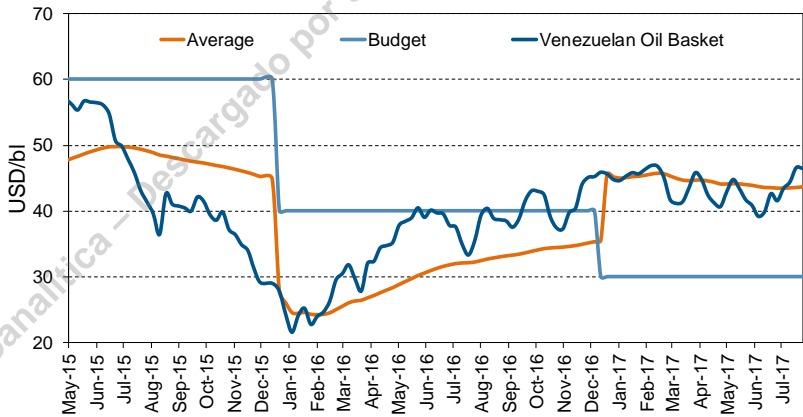
**ECONOMIC INDICATORS**

**Oil Prices  
(WTI and Brent)**



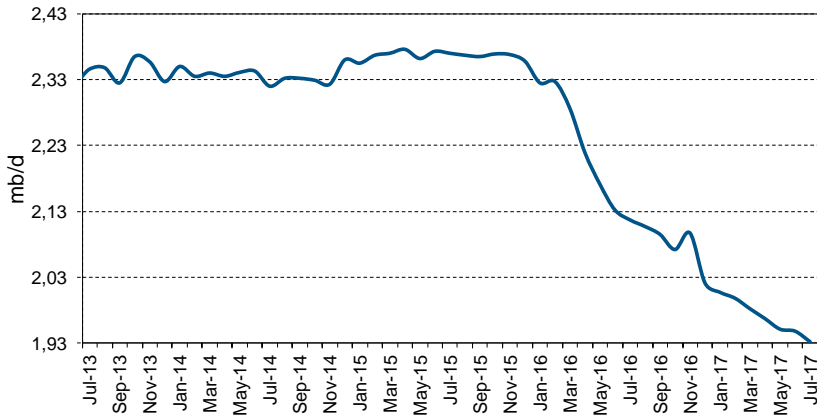
Sources: Menpet and Ecoanalítica

**Oil Price  
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

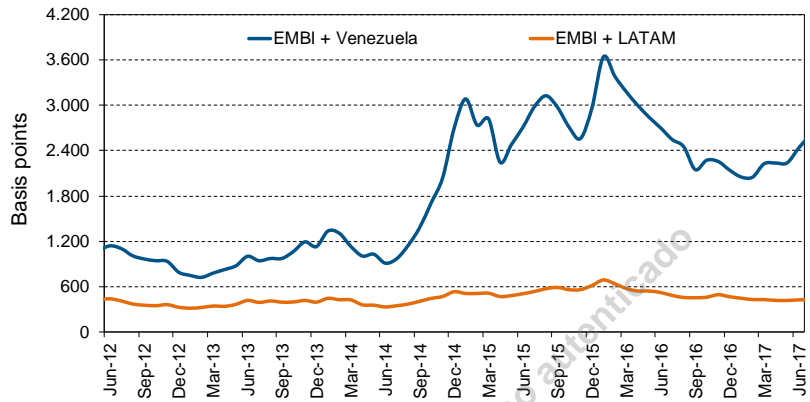
**Oil Production  
(Secondary sources)**



Sources: OPEC and Ecoanalítica

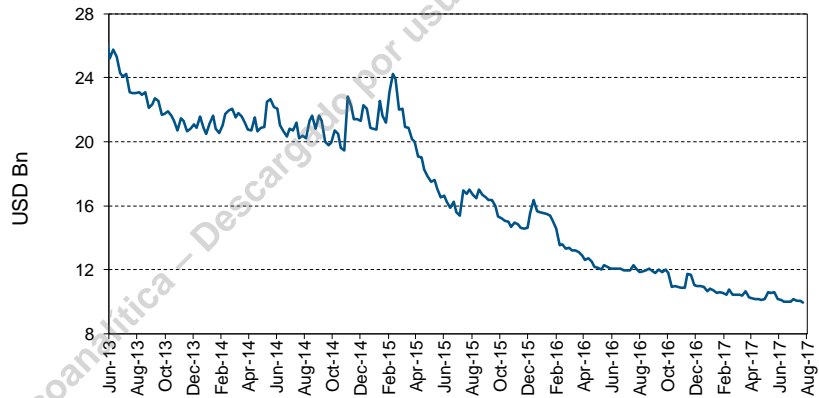
**ECONOMIC INDICATORS**

**EMBI**



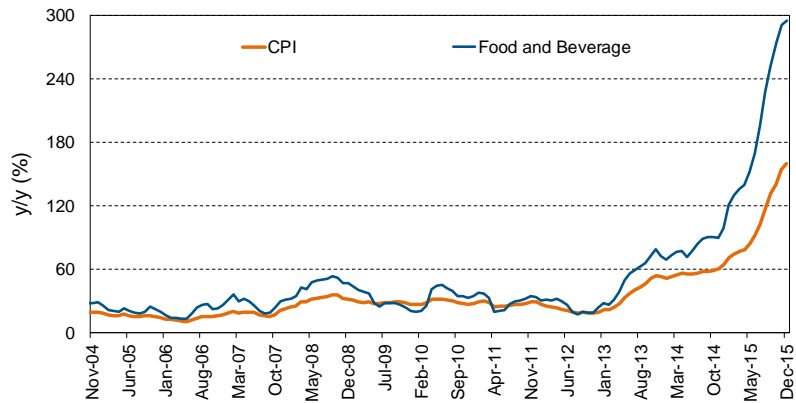
Sources: BCRP and Ecoanalítica

**FX Reserves (BCV)**



Sources: BCV and Ecoanalítica

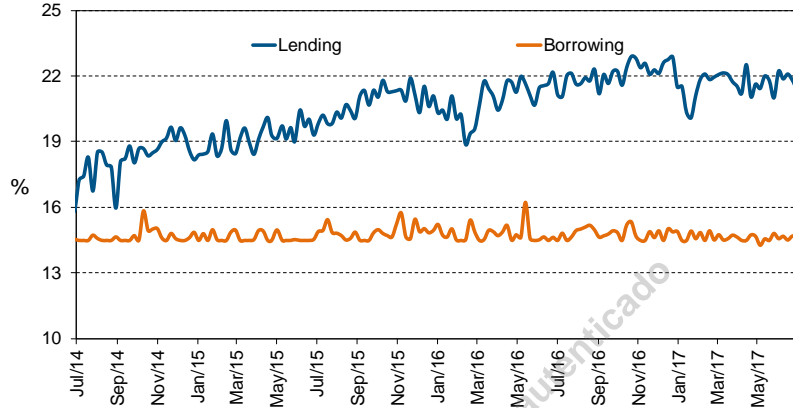
**Inflation (BCV)**



Sources: BCV and Ecoanalítica

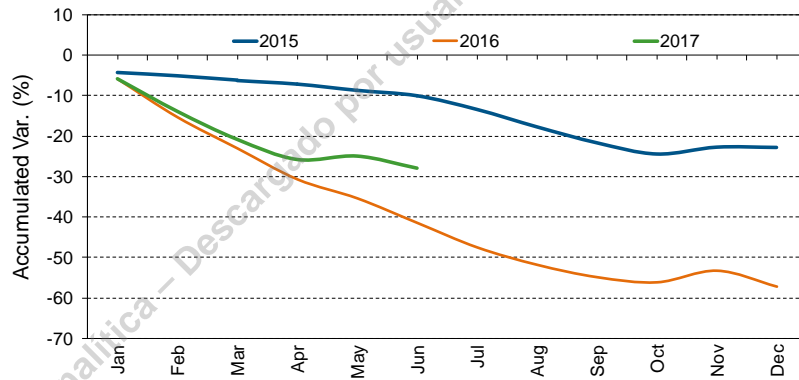
**ECONOMIC INDICATORS**

**Interest Rate  
(Six major banks)**



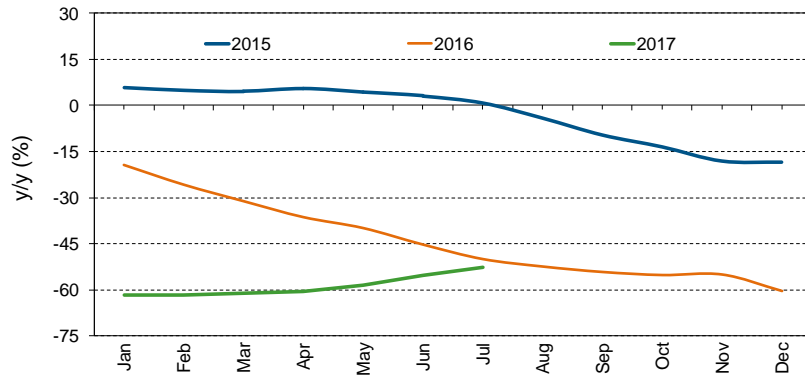
Sources: BCV and Ecoanalítica

**M2 Expansion  
(Real)**



Sources: BCV and Ecoanalítica

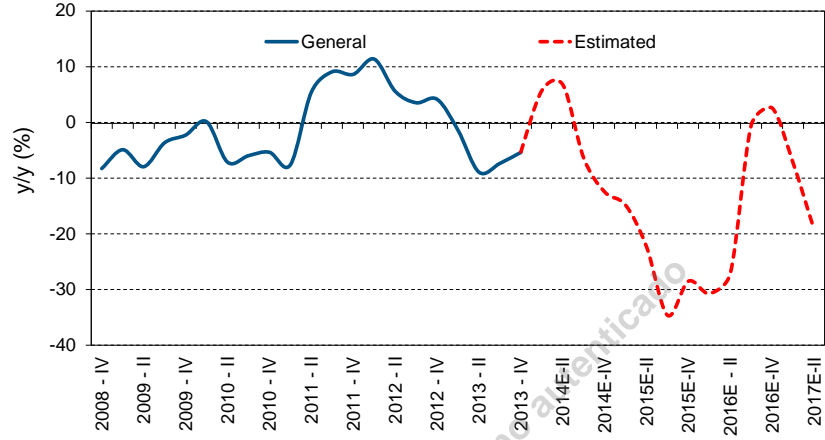
**Loan Portfolio  
(Real)**



Sources: SUDEBAN and Ecoanalítica

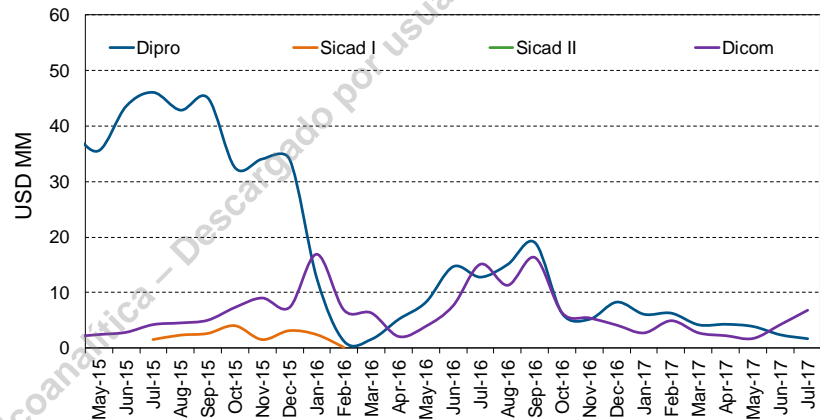
**ECONOMIC INDICATORS**

**Real Wage Index**



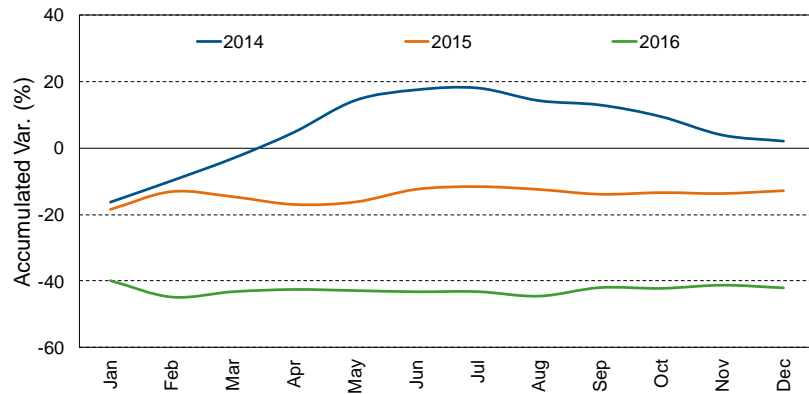
Sources: BCV and Ecoanalítica

**Disbursements to the Private Sector (Daily Average)**



Source: Ecoanalítica

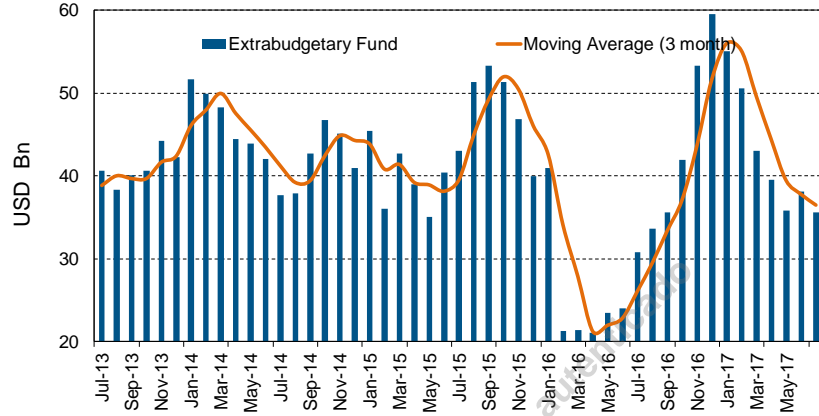
**Primary Spending NTO (Real - Central Government)**



Sources: ONT and Ecoanalítica

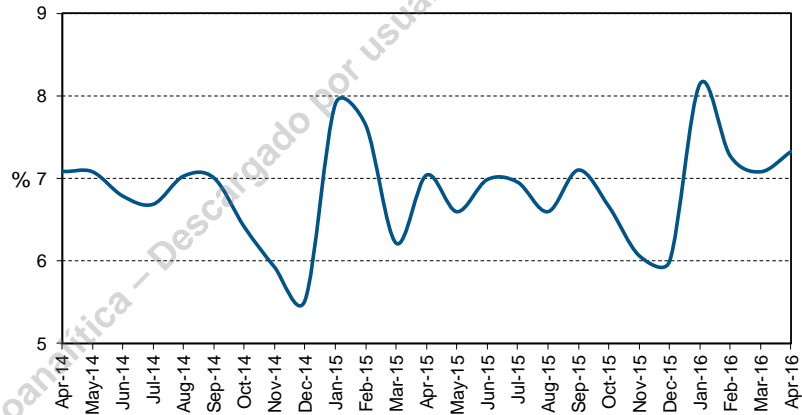
**ECONOMIC INDICATORS**

**State Extrabudgetary Resources**



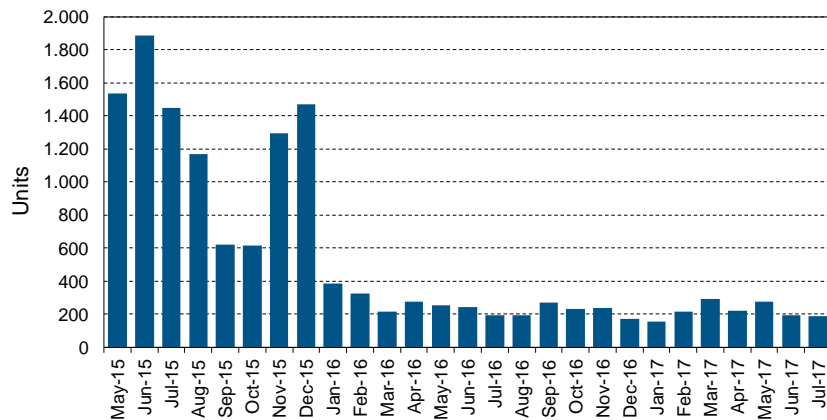
Source: Ecoanalítica

**Unemployment Rate**



Sources: INE and Ecoanalítica

**Vehicle Sales**



Sources: CAVENEZ and Ecoanalítica

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