

## Quarantined consumption trends: a view on prices and quantities.

At the beginning of the confinement, we at **Ecoanalítica** were of the opinion that the income of the Venezuelan consumer would decrease as a result of the paralysis of economic activity. Faced with a reduction in their consumption possibilities, Venezuelans have had to prioritize the acquisition of goods considered to be of primary necessities in relation to other luxury or expendable goods, continuing an adaptive strategy in an environment of recession and hyperinflation.

Contrasting price evolution and sales movements between march and may, we can see with greater clarity the pandemic's effects on local commerce, which is a useful insight for business strategies in the coming months; especially considering that the Executive has let it be known that the state of alarm can be maintained until the vaccine is in possession.

### Reacting to measures

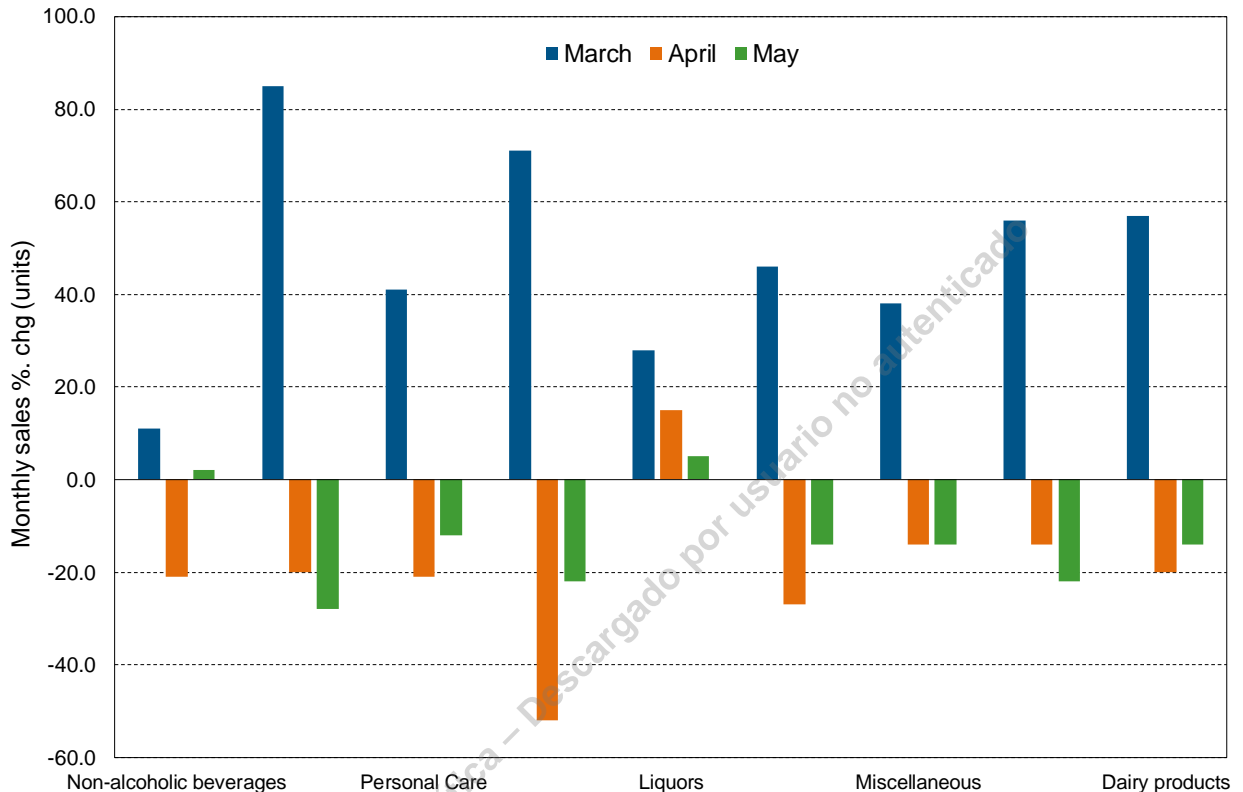
Initial findings from a study about private consumption in Venezuela during the first stages of COVID-19 pandemic<sup>1</sup> indicate that there was a significant increase in sales (in units) of the products in their basket in March, possibly due to anticipatory action by agents to accumulate goods in the face of a possible decline (or absence) of<sup>2</sup>their revenues or shortages with confinement.

<sup>1</sup> Nielsen Corporation LLC (March 2020). *Coffee with Experts with Alexander Cabrera*.

<sup>2</sup> "Up to 43.0% of households in the country report inability to work or loss of income. Encovi 2020.

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**National Sales Evolution**



Sources: Nielsen Corporation and Ecoanalítica

Particularly noteworthy are the increases in sales in March of "Basic Consumption"<sup>3</sup>, "Pharmaceuticals", "Other Foods" and "Personal Care" by around 86.0%, 71.0%, 56.0% and 41.0%, respectively. Then, it was observed how the sales of all items (except alcoholic beverages) contracted in April, especially the goods related to "Pharmacy" which showed a drop of 52.0%, which could correspond to a hoarding behavior in the previous month by households taking advantage of the durable nature of the medicines. In May, a similar behavior would be reported: once again alcoholic beverages (along with non-alcoholic beverages) would be the only item to show (a slight) increase.

The case of liquors highlights that, even in a context of structural adversities, in which the demand for products would tend to fall, there are market opportunities for goods that are sufficiently inelastic to maintain a stable level of sales. This point is also illustrated by the fact that sales of products that historically presented constant growths such as "cookies",

<sup>3</sup> This basket and the others under Nielsen's own definitions and compositions.

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"corn flour" and "pasta" experienced consecutive monthly drops during April and May, while sales of products such as "wheat flour", "hair conditioners" and "hair dyes"<sup>4</sup> grew steadily.

In addition, the sensitivity of the agents to the measures that may be applied by the Executive must be mentioned. Before the announcement of the list of new regulated prices, there was an increase in sales of 11.0% two weeks before and 5.2% the following week. The week after the list was published, sales fell 18.0% and the week after that they fell 25.3%. This shows that the Venezuelan market is very sensitive to government measures. Previous experiences with government announcements have been internalized by agents, who value such information and act accordingly.

### Preferences from a pricing perspective

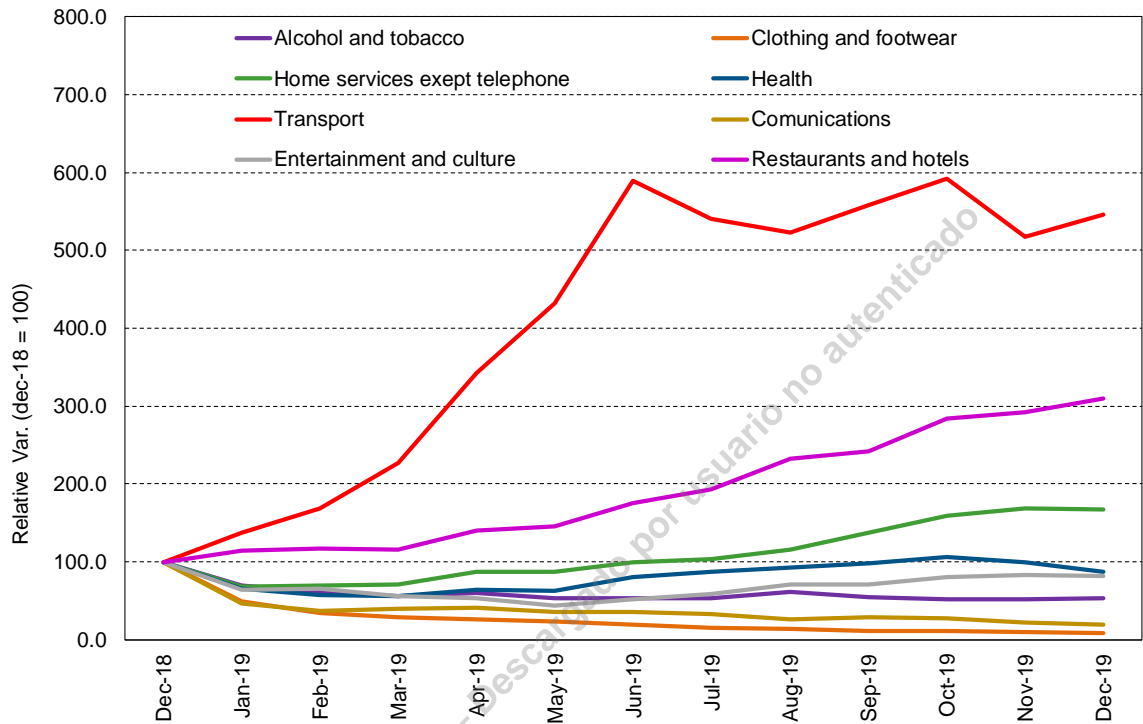
Changes in agents' preferences can also be monitored by tracking the evolution of the prices of the items that make up the National Consumer Price Index basket. From **Ecoanalítica** we compiled the prices of such products and were able to observe the relationship between items. By using the prices of food and non-alcoholic beverages<sup>5</sup> as a reference, a broader vision can be obtained to implement in the cost structures and business decisions.

For example, it can be seen how, in 2019, the process of eliminating certain subsidies had led to a significant increase in "Transportation" (445.6%), in relation to "Food and non-alcoholic beverages", and that prices in "Health" increased similarly.

<sup>4</sup> The latter two were faced with the need to replace a service that was not accessible due to mobility restrictions.

<sup>5</sup> For presenting the weight over the total of the basket higher and for the inelasticity of the demand for these items.

**Relative Prices to Foodstuff (Ecoanalítica)**



Source: Ecoanalítica

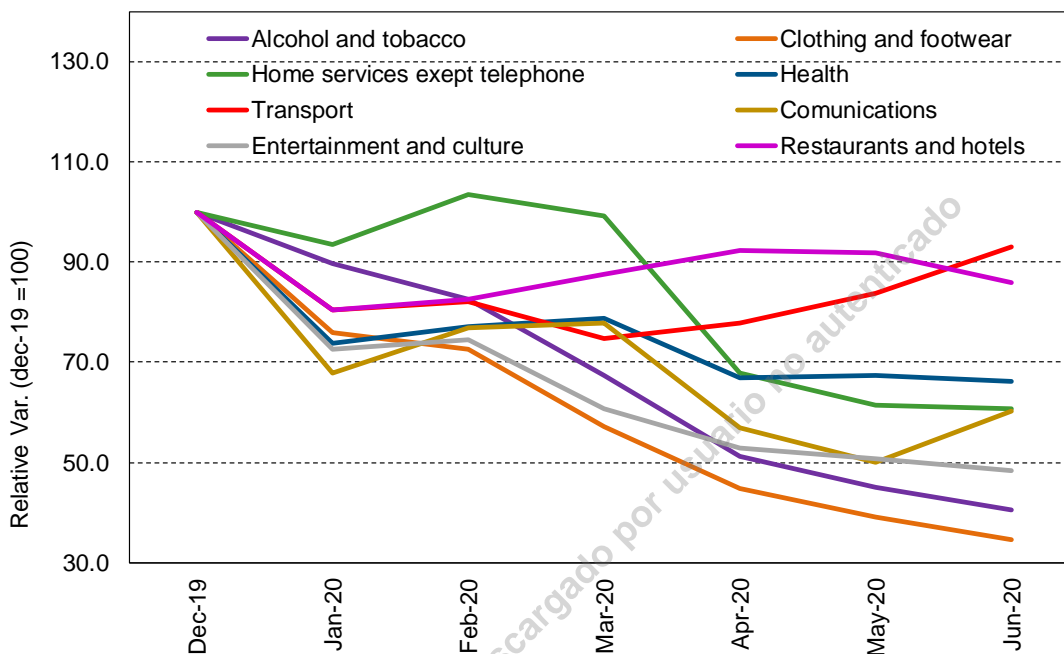
Then, in the first half of 2020, it was observed that Food had a greater increase in prices with respect to the rest of the items that make up the basket of goods representative of the country; however, some behavior throughout the year stands out. A change in the trend was observed in the relationship between Food and "Housing Services" (with the exception of telephone) from the start of the quarantine in March and in the relationship between Food and Transport, where in the first three months a relative increase in the former over the latter was observed and then an opposite relationship that also coincided with the start of the quarantine and the fluctuations in the price of gasoline (both officially and unofficially).

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### Relative Prices to Foodstuff (Ecoanalítica)



Source: Ecoanalítica.

It should also be noted how lower priority or "luxury" goods such as "Clothing and footwear", "Leisure and culture" and "Alcohol and tobacco" show less growth than the rest of the most essential goods such as "Food and non-alcoholic beverages" and "Health". Therefore, it could be said that the arrival of the pandemic, with its consequent income limitations for consumers, has affected the consumption decisions of Venezuelans, who give greater priority to more essential items.

### Constant adaptation process

Although a contraction in consumption is foreseeable as a result of confinement, previous figures reveal that the drop in sales was already a factor at the beginning of the year: in February, sales (in units) fell 68.0% compared to June 2018.

This would serve to reflect the contraction of the Venezuelan commercial market and the consequent exacerbation of competition among local businesses to gain their share of the market. In principle, this would mean that companies should return to more "normal" or "healthy" schemes, one that relies more on marketing and positioning the brand above competitors rather than focusing on strategies to place a more convenient price on households. Given this change of paradigm in the Venezuelan market, brand positioning

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is once again emerging as a fundamental factor in the sales strategy, making it necessary to go beyond what the product itself offers, considering its value and target audience in order to link the brand with the client. From this customer-product relationship, it is expected to develop a certain loyalty that will sustain the business in the medium term.

It is worth mentioning that the reduction of the market is in line with the restricted consumption possibilities of households and, finally, with the total income that the companies could receive. This lower flow of income received limits investment in the company's internal processes or in the acquisition of inventory, so good decisions must be made in a context where the margin for maneuver is increasingly narrow.

The return to the normality we knew before COVID-19 is not a linear or similar process among the different experiences that are being lived in the world. On the way to this new "normal", the difficulties inherent to confinement will continue to affect the income generation capacity of households and providers of goods and services; however, it should be noted that the Venezuelan context is special: at the end of August it has accumulated 33 months in a hyperinflationary process, where the dollar has lost 91.1% of its purchasing power, to which must be added a drop in economic activity that has accumulated 69.7% in the last 6 years.

Faced with this adverse and changing panorama, the strategy must focus on constant adaptation to the situations that arise while continuing to aim for efficiency in internal processes. This requires a constant search for information and learning, as well as the development of the company's human capital.

**Jhoan Castellano.**

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## WEEKLY INDICATORS

Weekly Economic Indicators			
	1st Week September	Weekly chg. (%)	Depre/Apre (pp) <sup>1</sup>
<b>FX Boards (VES/USD)<sup>2</sup></b>	335,021.06	5.8	5.5
	<b>3rd Week August</b>	<b>Weekly chg. (pp)</b>	<b>Annual chg. (pp)</b>
<b>Lending Interest Rate (%)</b>	38.5	0.1	8.4
	<b>3rd Week August</b>	<b>Weekly chg. (pp)</b>	<b>Annual chg. (pp)</b>
<b>Overnight Interest Rate (%)</b>	329.7	13.7	202.0
	<b>4th Week August</b>	<b>Weekly chg. (%)</b>	<b>Annual chg. (%)</b>
<b>International Reserves (USD Bn)</b>	6.4	0.0	-19.5
	<b>3rd Week August</b>	<b>Weekly chg. (%)</b>	<b>Annual chg. (%)</b>
<b>Monetary Liquidity (MM VES)</b>	175,809,858	4.0	1,346.1
Price of International Oil Baskets (USD/bl)			
	1st Week July	Weekly chg. (%)	Annual chg. (%)
<b>WTI</b>	37.5	1.3	-35.1
<b>Brent</b>	41.0	0.2	-36.1
Price of the Venezuelan oil basket (USD/bl)			
	5th Week July	Weekly chg. (%)	Annual chg. (%)
<b>Weekly Average</b>	22.4	0.0	-61.9
<b>Annual Average</b>	28.8	-0.7	-51.7

Sources: BCV, MENPET, ONT and Ecoanalítica

\* Annual variation of accumulated expenditure.

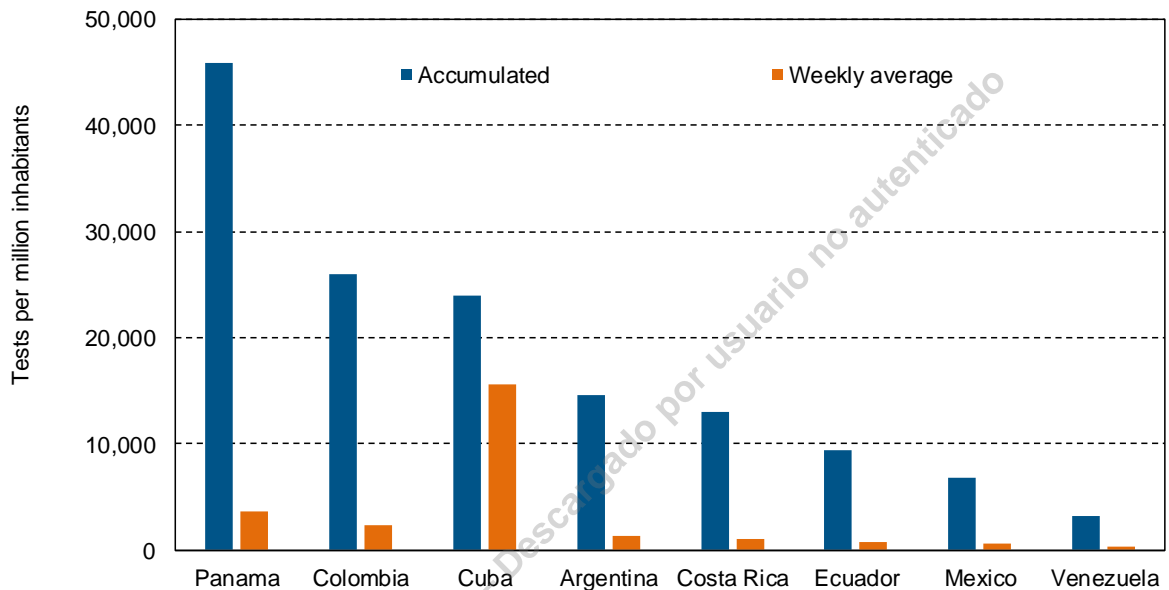
<sup>1</sup> Depreciation (+)/Appreciation (-)<sup>2</sup> FX Borads' average exchange rate

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**CHART OF THE WEEK: " THE TIP OF THE ICEBERG"**

**Accumulated and weekly average PCR tests per million inhabitants in Latin America**



Sources: Our World in Data, OCHA, World Bank, Prodevinci and Ecoanalítica.  
Note: Numbers are until July 28th of 2020.

The diagnosis of COVID-19 cases represents an important step in determining the government's actions to be taken not only in health matters but also in economic matters; depending on the number of cases and their trend, possible future scenarios can be visualized. The graph shows that Venezuela is the country in the region with the lowest number of PCR tests carried out up to July, both in weekly average and accumulated. In fact, the number of total tests at the national level is equivalent to 6.8% of the tests carried out in Panama.

PCR tests are those that detect the virus within the individual's body, while rapid serological tests only detect the antibodies. Many of the tests carried out in Venezuela are the rapid ones and are equivalent to 94% of the total. This may be more alarming when we take into account that the Ministry of Health indicates that confirmed cases of COVID-19 are only those that have a positive PCR test.

In theory, a positive rapid test is a reason to perform a PCR test and confirm the presence of the virus. The World Health Organization (WHO) states that at least 1,000 PCR tests

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per million people should be done. Venezuela only performed 15.9% of the required figure (90,686 tests out of 569,155 that should have been done). In fact, the June report of the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) reported that the number of PCR tests is 73.6% less than the indicated weekly average<sup>6</sup>.

With less PCR testing, it is very likely that the official data are an under-recording of the actual cases in the country. In addition, the processing of such tests is completely centralized. With only two centers authorized to develop them, the diagnosis is limited and it generates delays in the delivery of results. The figures we see are just the tip of the iceberg. In this sense, the question arises as to when the economy could be completely reopened, since Venezuela has already been confined for six months, with certain weeks of flexibility since May, but with strong blows to the economic activity.

The WHO recommends that if the percentage of PCR tests is greater than 5%, containment measures should be maintained. By the end of July, positive cases were 18.3% of the realized PCR tests. By September 1st, the number of cases increased 182.0% from that date (with 46,728 cases). Concerns about the economic activity are heightened, as the impacts have not been trivial. At **Ecoanalítica** we calculate a 33.5% contraction for 2020, without taking into consideration the permanence of a high inflation environment and an oil industry on the ground. With an upward trend in the number of cases and the fact that these figures may be underestimated, the "return to normalcy" seems more and more distant.

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<sup>6</sup> Measured between the dates of May 21 and July 28.

**ECONOMIC TIPS**

**COVID-19 in Venezuela.** According to government figures, the number of positive cases of coronavirus reached 48,883 on September 3<sup>rd</sup> and the number of deaths was 398 by the same date.

**Confined.** For the week of August 31st, 21 states in the country were operating under a general flexibilization scheme, where more sectors of the national economy were allowed to operate, whereas Caracas, Miranda, and Vargas were under more restrictive confinement measures due to the increase of cases in these areas.

**New measures.** In a presidential address, Nicolás Maduro announced a set of new economic measures especially focused on small and medium enterprises whose annual income does not exceed 400 petros and those companies that will be formed until December 31st. These measures are in addition to those already announced in March.

**Benefits that keep the SMEs alive.** Since March 22, the Government assumed 100% of the payment of the sector's payroll, prohibited the execution of credit and micro-credit guarantees until December 31, prohibited forced evictions and, began paying bonuses to independent workers who have not been able to work during the months of quarantine. According to the president, these measures will be maintained.

**What's new? (I).** SMEs that meet the above-mentioned conditions will not pay taxes to the Autonomous Service of Registries and Notaries (Saren) or to the Commercial Registry until three months after the pandemic has been overcome. In turn, they will be exempted from paying Income Tax (ISLR) and commercial patent until December 31, 2020.

**What's new? (II).** In turn, Maduro delegated to the Economic Vice-presidency, led by Tareck El Aissami, the design of a mechanism for the simplification of the formalities for the incorporation of companies in the main commercial registries so that this process lasts less than a week.

**VAT will be charged biweekly.** As part of the new measures, Maduro announced that the frequency of the payment of the Value Added Tax will be modified to a biweekly periodicity instead of weekly as it was being done.

**"Official" inflation figures.** The Central Bank of Venezuela published the inflation figures for July which indicate that prices grew 19.6% with respect to June, 2,358.49% with respect to July 2019 and accumulated inflation was 491.94%.

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**Dizzying fall...** The Venezuelan Finance Observatory of the National Assembly (VFONA) reported that the monthly Economic Activity Index showed an annualized variation of -53.8% in June and an inter-annual variation for the second quarter of the year of -32.8%.

**... and steep ascent.** Furthermore, the VFONA reported that inflation between June 2019 and June 2020 stood at 4,099%, despite the fact that the pandemic in many countries has meant a contraction in prices due to the combined fall in demand and supply.

**He dropped out.** Ricardo Villasmil announced his resignation as President of the Ad Hoc Board of the Central Bank of Venezuela after more than a year in this position. During his administration, the ad hoc board obtained a ruling in his favor from the High Court of Justice of the United Kingdom on the ownership of 31 tons of gold that became legally owned by the ad hoc board appointed by the National Assembly.

**Money tables.** For September's 1<sup>st</sup> week, the average rate for money tables was VES 335,021.1/USD. This represents a depreciation of 5.5% from last week.

**Liquids?** Liquidity was VES 175,809,858 million for the week of August 17<sup>th</sup>, a variation of 4.0% in nominal terms with respect to the previous week (August 10<sup>th</sup>) and 1,346.1% with respect to last year.

## OIL TIPS

**Latent.** Elliott Abrams, special envoy of the Donald Trump administration for Venezuela, confirmed what Reuters leaked last week about the possible hardening of the US sanctions to the commercialization of Venezuelan oil.

**What's next...**In detail, Abrams denied that he is considering ending some exemptions that authorize the European Repsol and Eni and the Asian Reliance Industries and Tipco Asphalt to make oil swaps as part of the payment of obligations of PDVSA.

**...it is not joropo.** The Trump Government's Special Envoy reported that they believe the sanctions have been effective in reducing the regime's revenues, so changes will be made to tighten them in the "near future. He added that "*there are some exceptions that were implemented in the last year*" that they have been seeing and that they believe can be withdrawn.

**Revolts in the Caribbean.** The refinery located in Curaçao, Refineria Di Korsou (RDK), filed a USD 51 million lawsuit against PDVSA in a New York State court, since it alleges

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that the Venezuelan state-owned company would have stopped making monthly service payments and other obligations from early 2018 until December 2019, thus violating the contract between the two companies.

**Background (I).** PDVSA's claims for non-payment in the Caribbean date back to 2018, when ConocoPhillips obtained a court order to freeze PDVSA's inventories in Bonaire and other Caribbean islands.

**Background (II).** Curaçao sought approval from a Dutch court to sell PDVSA-owned Bonaire Petroleum Corp (BOPEC) and its 10 million of barrel depot in the event of failure to receive debt payments. In March of this year, RDK occupied an oil storage terminal in Bonaire because of another payment dispute with the Venezuelan state-owned company.

**Curaçao starts billing.** Curaçao is selling Venezuelan stored fuel oil to pay local debts under the terms of a special license from the U.S. Treasury Department's Office of Foreign Assets Control (OFAC). A shipment of 230,000 barrels of high-sulfur fuel oil was sold to Vitol this month and another sale of 290,000 barrels is pending.

**Bonaire copies the model.** Bonaire hosts the Bopec oil terminal of the Venezuelan state-owned company PdV (PDVSA?), one of the few offshore assets that remain in the hands of the Venezuelan state-owned company.

**How are they proceeding?** After years of poor maintenance at the site, the Dutch Transport and Environmental Inspectorate (ILT) issued an "administrative coercion" order for the Bopec terminal to transfer nearly one million barrels of fuel oil to safety-certified tanks by October 1st.

**The reason.** After a spill of about 25,000 barrels of oil occurred in the Gulf of Paria, which has affected the region's ecosystems, the Netherlands' Caribbean dependencies have legal arguments to protect their ecosystem from structures that are poorly maintained.

**In addition.** In a similar proposed strategy, Bopec is requesting permission from the ILT to use a fuel oil sales dock to pay off PDVSA's local labor obligations. The restoration of Bopec requires extensive repairs, but with the technical support of the Port of Rotterdam, the work can be carried out safely.

**Cardon standing up again.** PDVSA restarted gasoline production in its naphtha reformer a week ago, after having problems in the plant's catalytic cracking unit.

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**Disorder (I).** Iván Freites, leader of the General Secretary of the Falcón State Oil and Gas Workers Union, declared to Reuters that the Cardón fluid catalytic cracking unit, of 88,000 barrels per day, is once again being detained.

**Disorder (II).** In addition, he reported that the 45,000-barrel-per-day reformer is typically used to convert naphtha into blending components used to raise the octane rating of gasoline. But PDVSA has been using it to produce about 25,000 barrels per day of gasoline for the domestic market.

**Disorder (III).** Finally, Ivan Freites informed El Nacional that Cardón was the only refinery producing gasoline after the incident described above, so no gasoline is currently being refined in the country.

## SECTORIAL TIPS

**Unemployed because of the pandemic.** The president of the Chamber of Commerce of Maracaibo, Ezio Angelini, revealed that 83,000 people lost their jobs in the capital of Zulia due to the economic consequences of the pandemic in the country.

**Consequences of unemployment.** Angelini stated that "63% of the companies laid off large numbers of personnel. The medium-sized companies were the ones that laid off almost 50% of their staff". Angelini stressed how worrying the situation is because these unemployed people "move to the *informal economy*."

**You don't decide on the prices!** The National Superintendence of Socioeconomic Rights (Sundde) verified and adjusted food prices in three supermarket chains in Caracas: Luvebras, Excélsior Gama, and Plaza's.

**Price control.** In these supermarkets, the profit margins of 27 prioritized items were verified. In addition, Sundde verified compliance with the official exchange rate established by the Central Bank of Venezuela (CBV).

**Substantial modification.** Tareck el Aissami, sectorial vice president of Economy, announced an adjustment in the periodicity of VAT payments from weekly to biweekly up to December 31<sup>st</sup>.

**It is not enough.** The Vice President of the Venezuelan Confederation of Industrialists (Conindustria), Francisco Acevedo, indicated that the decisions taken by the Executive are not on the right path to reactivate the economy. Acevedo highlighted that the

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modification of the payment of VAT from weekly to biweekly is not enough to solve the crisis.

**“Positive” promises (I).** Acevedo applauded the proposal of the measure for the substitution of imports with a call for national production. This measure consists of a programmed increase of tariffs and the elimination of tax exemptions for products that may be manufactured in Venezuela with a high national component.

**“Positive” promises (II).** Acevedo highlighted that Maduro announced *"a national purchase plan, an incentive plan for the industry"* without any measures for its implementation. In addition, the Vice President of Conindustria explained that the 7x7 quarantine scheme needs to be modified.

**Rejection of new model.** Even so, the Vice-president of Conindustria rejected that new micro-companies that are created from now until December do not pay fees to the Saren or to the Commercial Registry because these payment mechanisms must be activated to avoid corruption.

**Step by step.** The president of the National Council of Trade and Services (Consecomercio), Felipe Capozzolo, emphasized that the measures taken by the national executive are important, but not sufficient. The change to biweekly payment of VAT is a significant step, but the payment should be monthly.

**More is needed.** Capozzolo argued that, if the payment of VAT becomes monthly, this would boost economic activity in Venezuela, since it will *"save costs, it will give companies air to work much better"*.

**They need work to survive.** One of the protective measures that the national executive proposes is the full payment of the private sector payroll. In this regard, Capozzolo questioned whether and to what extent the government could pay the salaries of private companies. Capozzolo stated that what they are looking for are measures that would allow them to work and generate income to meet their obligations.

**More organizations are speaking out.** Leonardo Palacios, president of the Chamber of Commerce, Industries and Services of Caracas, sees as insufficient the measures taken by the National Executive to respond to the economic consequences of the pandemic and pointed out that these measures arrived late, are inopportune and that the payment of VAT should be monthly.

## INTERNATIONAL TIPS

**COVID-19 in the world.** According to figures published by the World Health Organization (WHO) as of the 3rd of September, the number of positive cases of coronavirus reached 26,031,410 and the number of deaths was 863,028.

**The second European wave begins.** In recent days, cases of coronavirus have increased considerably in Europe, particularly in Spain, where cases of COVID-19 have increased faster than in the rest of the continent and the United States; however, the number of deaths has not increased as it did in March when the pandemic was at its worst on the European continent.

**The largest change in inflation policy in decades (I).** The president of the Federal Reserve of the United States (FED), Jerome Powell, revealed on August 27 a new strategy to restore employment and position the consumer price index at beneficial levels, because "*the downward risks to employment and inflation have increased*".

**The largest change in inflation policy in decades (II).** The new objectives of the FED are to seek an annual average inflation target of 2% and to allow a higher inflation rate for a given time range. Powell added that they will concentrate more on preventing employment from falling to minimum levels.

**Resurrection with strength.** China's manufacturing sector is showing signs of recovery after the measures implemented to contain COVID-19 in the region. Caixin/Markit's manufacturing purchasing manager index for China rose to 53.1 last month, the highest figure since 2011. A score of 50 or higher indicates expansion.

**The scheme under review.** María Jesús Montero, the spokesperson for the Spanish Government, announced that the number of workers registered in the state-funded temporary suspension of employment program or ERTE due to the coronavirus has dropped to 620,000, after reaching a maximum of 3 million people.

**Extension?** Montero reported that about 5,000 people a day leave the program and the workers who are registered belong to the most affected sectors or are connected to the tourism industry. Taking this into account, they are considering expanding the program beyond September.

**Unemployment is falling.** According to figures from the German government, the number of unemployed fell for the second month in a row, indicating the recovery of the

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labor market in Europe's largest economy. The labor office reported that the unemployment rate remained at 6.4%.

**Titanic fall.** The Indian economy contracted 23.9% annually in the second quarter of the year, the most drastic fall in decades, due to restrictions to contain the spread of the coronavirus that wiped out jobs and businesses.

**The tip of the iceberg.** The sectors of the Indian economy that suffered most are the construction, manufacturing, and transport sectors. However, the numbers reported by the country may be underestimated, since a large part of the population works in the informal economy and is not counted in these data.

**Back to reality (I).** According to official figures, Turkey's economy contracted by 9.9% between April and June, compared to the same period last year. The World Bank and the IMF expect Turkey's economy to contract by 3.8% and 5% this year, respectively.

**Back to reality (II).** In the first months of the pandemic, Turkey's economy seemed unaffected by the global crisis, mainly because the government managed to keep unemployment figures artificially low by making it illegal for employers to fire their workers and by adopting a very restrictive definition of unemployment.

**The truth is difficult.** However, these measures were counterproductive because instead of helping companies to cope with the economic effects of the pandemic, it forced them to maintain a level of employment that was not sustainable and hurt them in the long run.

**Bonuses and more bonuses.** Peru plans to issue bonds equivalent to PEN 40 billion (USD 11.56 billion) in 2021, almost four times more than expected in 2020, to help alleviate the economic crisis and global pandemic, according to data from the Peruvian government.

## POLITICAL TIPS

**Freedom?** Jorge Rodríguez, Nicolás Maduro's Minister of Communication and Information, announced in a presidential address that the Executive had granted pardons to a number of political prisoners and other inmates, as well as to exiled deputies. The list is made up of 110 names.

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**The liberated.** Some of the pardoned are important opposition figures such as Freddy Guevara, Miguel Pizarro, Rafael Guzmán, Henry Ramos Allup, Juan Pablo Guanipa, Tomás Guanipa, José Brito, Richard Blanco, Carlos Paparoni, Miguel Pizarro, Rafael Guzmán, Edgar Zambrano and other congressmen and opposition activists.

**Why were they released (I)?** Rodríguez declared that "*Nicolas Maduro is a true champion of the search for dialogues, of the search for agreements with all sectors of political, social and economic life in Venezuela.*" This decision was announced three days after the liberalization of Juan Requesens.

**Why were they released (II)?** Juan Guaidó showed solidarity with the prisoners who were released but questioned this measure and called it a "*trap*", assuring that the Maduro government used the prisoners as "*bargaining chips while the political persecution continued.*"

**Released...** On August 28, after two years imprisoned in the headquarters of El Helicoide of the Bolivarian National Intelligence Service (Sebin), Juan Requesens, a deputy of the National Assembly, was released and given house arrest.

**Unfair sentence.** The deputy of the National Assembly, Miguel Pizarro, declared that Requesens spent "*752 days kidnapped by a criminal regime*" even though he was innocent. It is relevant to note that Requesens was imprisoned for allegedly having been involved in the assassination attempt against Nicolas Maduro on August 4, 2018.

**The trial continues.** The lawyer of Juan Requesens, Joel Garcia, reiterated that the release of the deputy of the National Assembly does not mean his freedom. He is still in prison, but in better conditions at home. Garcia confirmed that the trial for Requesens' freedom will continue.

**Victory falls short.** Although the release of Representative Requesens caused some joy in the opposition sector of the country, the Criminal Forum recalled that in Venezuela there are still 386 political prisoners, of which 357 are men and 29 women.

**Opposition within the opposition.** Juan Guaidó and the coordinator of Vente Venezuela, María Corina Machado, held a meeting on August 29th that ended without any agreement. In fact, more disagreements within the political opposition became evident after Guaidó's call for his "Pact of Unity".

**Machado against Guaidó.** Machado stressed in a public statement addressed to Guaidó that the president has lost opportunities to bring about change in Venezuela and that "*he*

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has 120 days left to do what was not done in 17 months". Machado was critical of Guaidó and showed that she does not agree with his "pact".

**Separation in "La Unidad"**. Guaidó responded to Machado's critical words, declaring that "there is no other route," that his "duty is to build that unity to get out of the dictatorship. Whoever believes he can achieve this alone or by legitimizing a fraud, helps Maduro".

**The man who had to speak spoke.** Regarding the recent internal conflicts of the opposition, James Story, Business Chief of the U.S. Foreign Office for Venezuela, condemned the attacks among some members of the opposition, who are calling for a "Plan B". Story noted that the United States maintains its support for Guaidó, who "continues to build a civic, social, political movement".

**More division within the left (I).** The Constitutional Chamber of the Supreme Court of Justice (SCJ) authorized Pedro Véliz Acuña as president of Bandera Roja. The political party rejected Acuña's authorization to run for the next parliamentary elections announced by the SCJ.

**More division within the left (II).** Party leaders described Acuña as a "fifth column" who was given the power to choose candidates in a party to which he does not belong. Bandera Roja reiterated that they will continue to fight to recover their party.

**Competition within the Great Polo Patriótico (I).** The Communist Party of Venezuela (VCP), the wing of Patria Para Todos (PPT) led by Rafael Uzcátegui, Tupamaro, Izquierda Unida, Corriente Marxista, and other leftist parties make up the electoral alliance that will compete against the PSUV in the parliamentary elections of the 6th of December.

**Competition within the Great Polo Patriótico (II).** The mentioned parties form the Popular Revolutionary Alternative (PRA), a group made up of leftist parties that do not share the policies of Nicolas Maduro's government. These parties see this alliance to accumulate strength and show their discontent with Maduro.

**Strong alliance.** The VCP card will receive the votes of the parties that make up this alliance. These parties feel betrayed by the PSUV because several of them, such as the PPT and the Tupamaro Movement, lost their place on the electoral card by the decision of the SCP.

**Ignored.** The leader of the VCP, Pedro Eusse, declared that "The Polo Patriótico was reduced to a space where the member parties only saw each other every time there were

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*elections to agree with the PSUV". It is due to this that the ten leftist parties that form this alliance began the rescue of "the essence" of the Bolivarian process started by Chávez.*

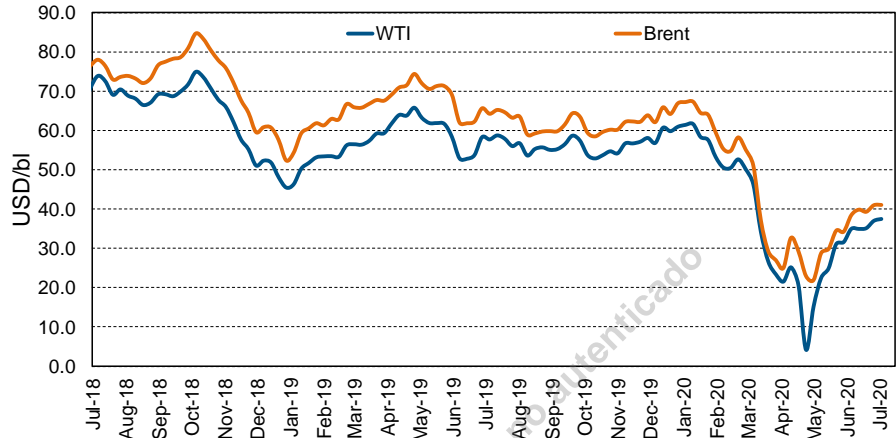
**Expelled from the party.** The directive of Democratic Action (DA) confirmed the expulsion of the governor of Táchira, Laidy Gómez, because she decided to participate in the parliamentary elections of December 6th. Elections in which DA will not participate because it considers them to be illegitimate.

**Booted, but faithful?** Laidy Gómez responded to her expulsion from DA, declaring that *"from DA Táchira I will continue to fight, I will not go to another organization, I respect those who have left"*. Gómez maintains her firm position and thinks that she should run for the people of Táchira, although this postulation could cost her, her presence in the Frente Amplio.

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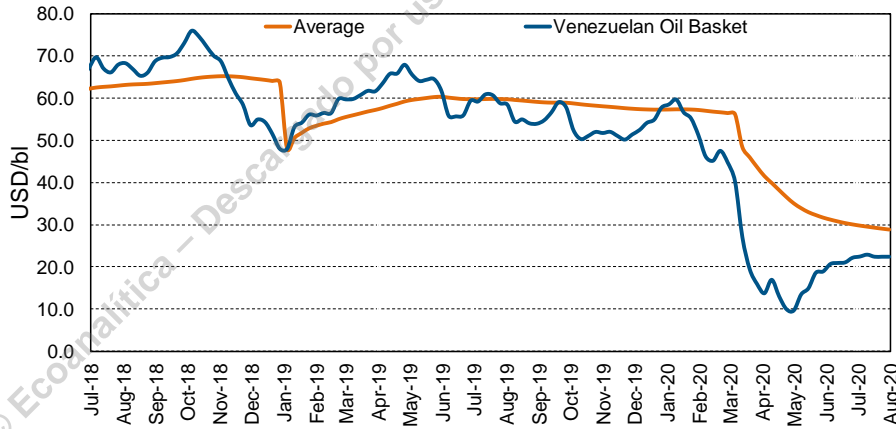
**ECONOMIC INDICATORS**

**Oil Prices  
(WTI and Brent)**



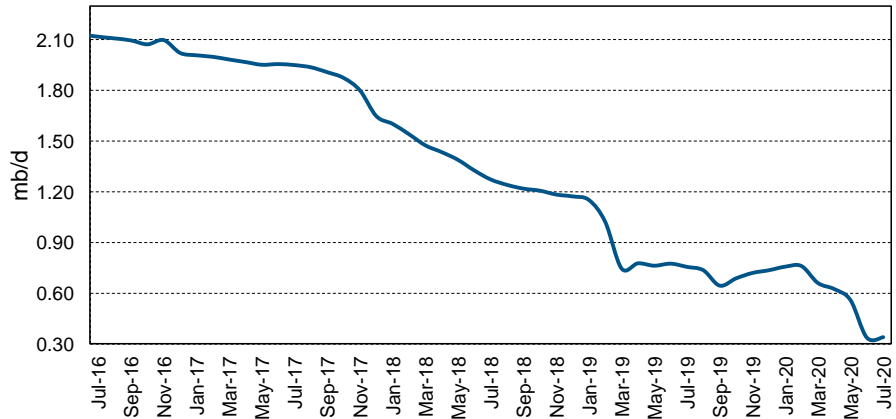
Sources: Menpet and Ecoanalítica

**Oil Price  
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

**Oil Production  
(Secondary sources)**

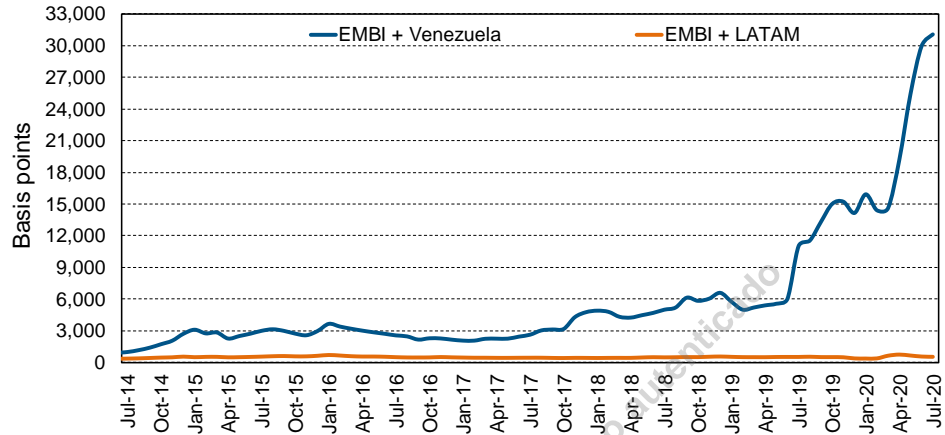


Sources: OPEC and Ecoanalítica

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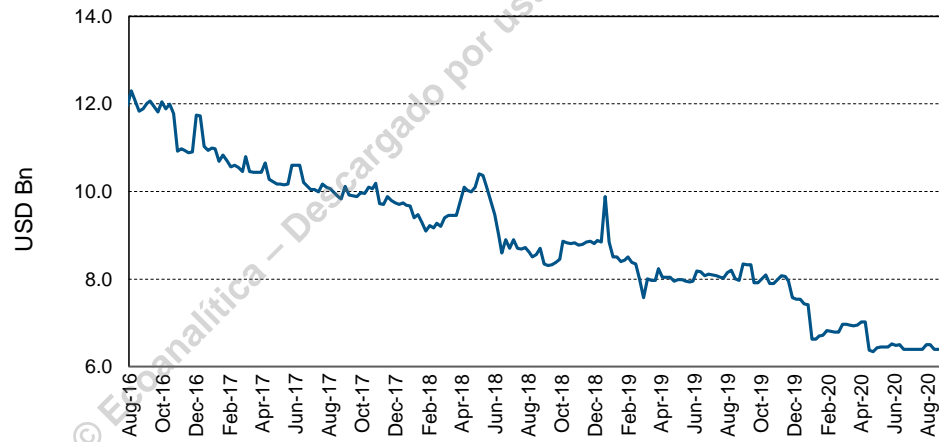
**ECONOMIC INDICATORS**

**EMBI**



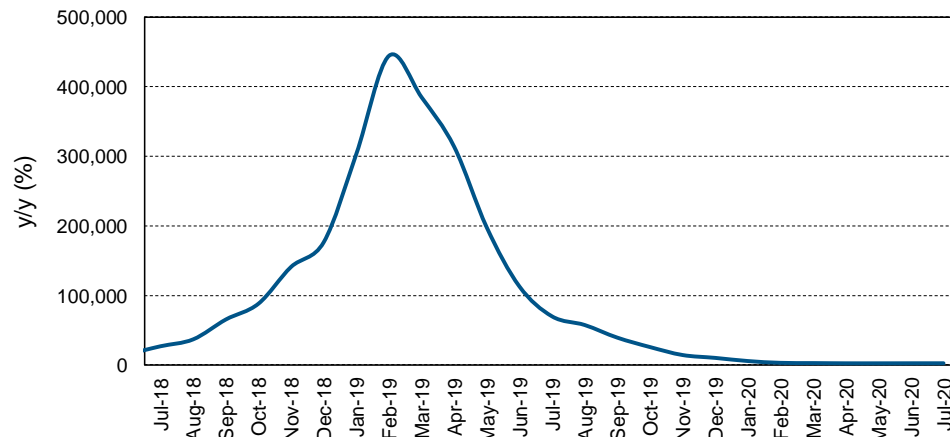
Sources: BCRP and Ecoanalítica

**FX Reserves (BCV)**



Sources: BCV and Ecoanalítica

**Inflation (BCV)**



Sources: BCV and Ecoanalítica

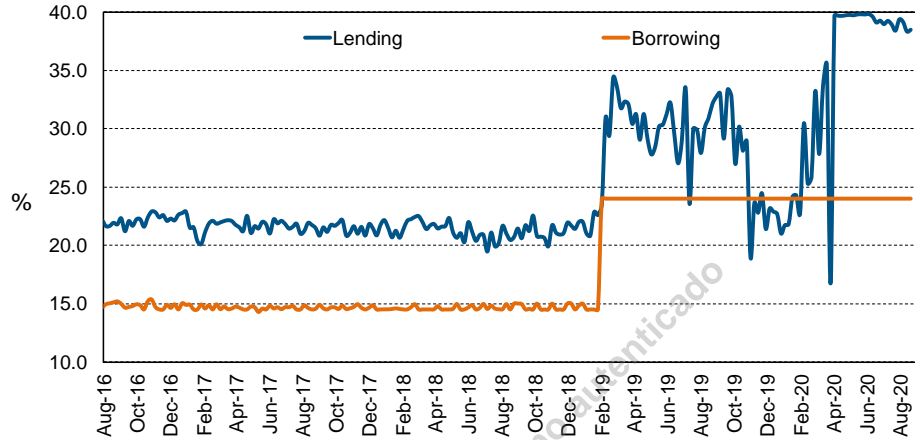
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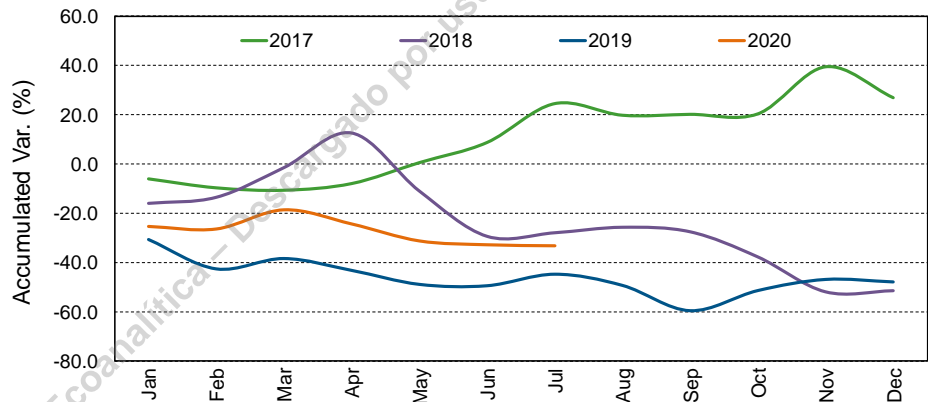
**ECONOMIC INDICATORS**

**Interest Rate  
(Six major banks)**



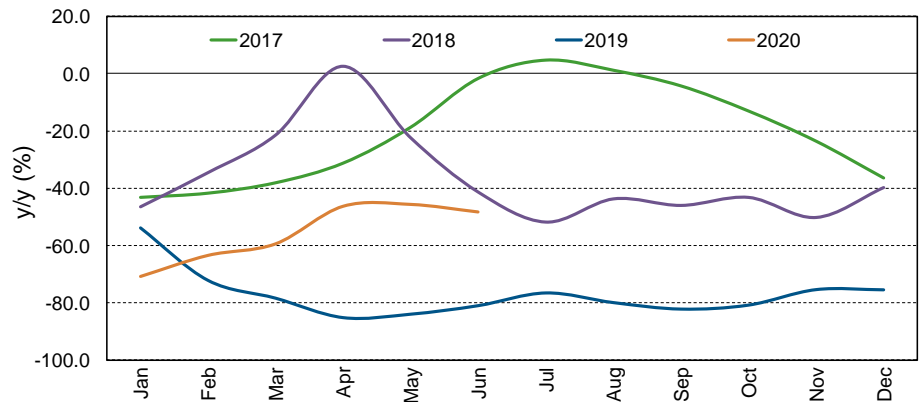
Sources: BCV and Ecoanalítica

**M2 Expansion  
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio  
(Real)**



Sources: SUDEBAN and Ecoanalítica

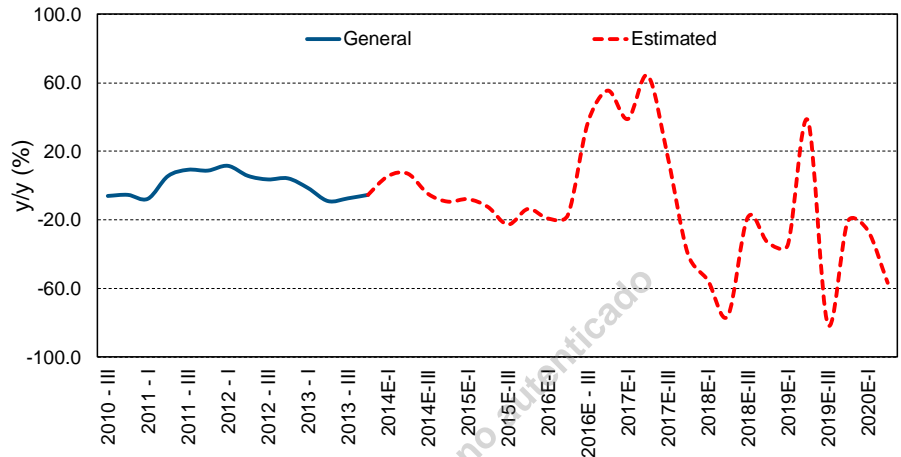
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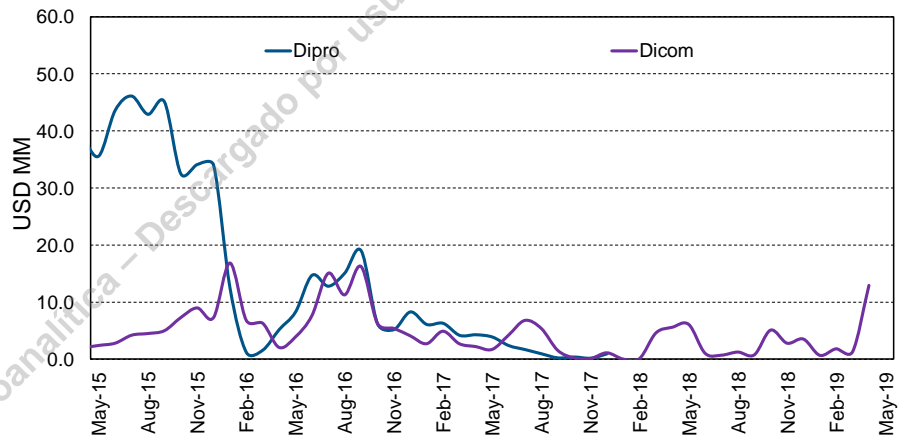
## ECONOMIC INDICATORS

Real Wage Index



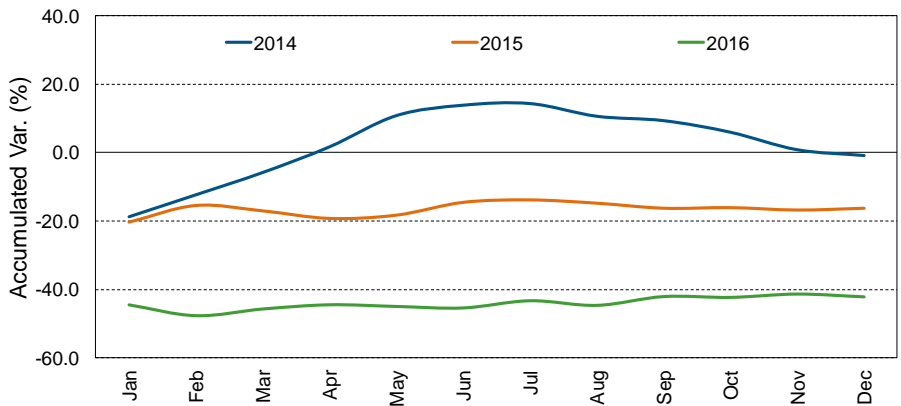
Sources: BCV and Ecoanalítica

Disbursements to the Private Sector (Daily Average)



Source: Ecoanalítica

Primary Spending NTO (Real - Central Government)



Sources: ONT and Ecoanalítica

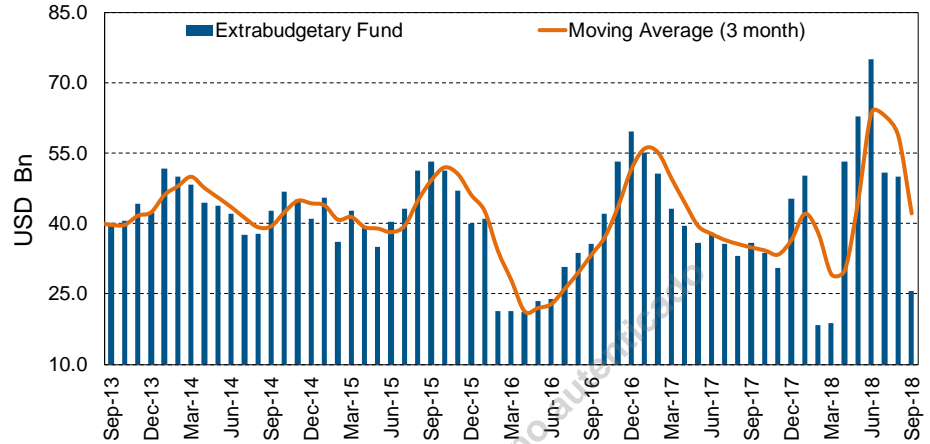
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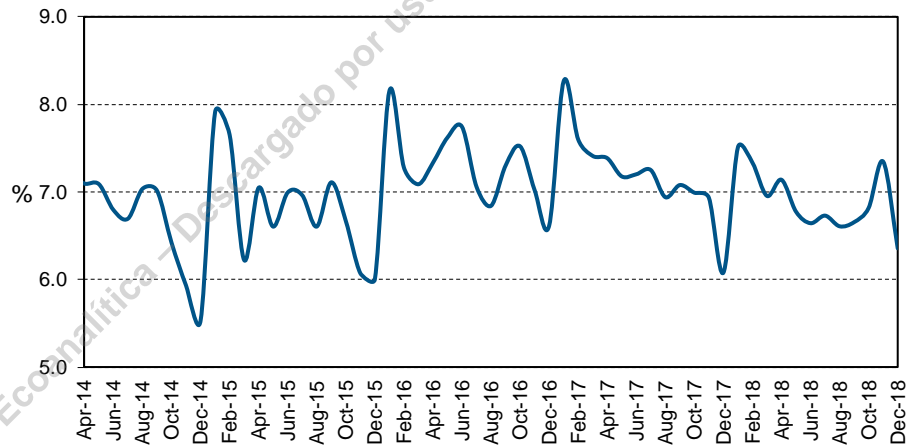
**ECONOMIC INDICATORS**

**State Extrabudgetary Resources**



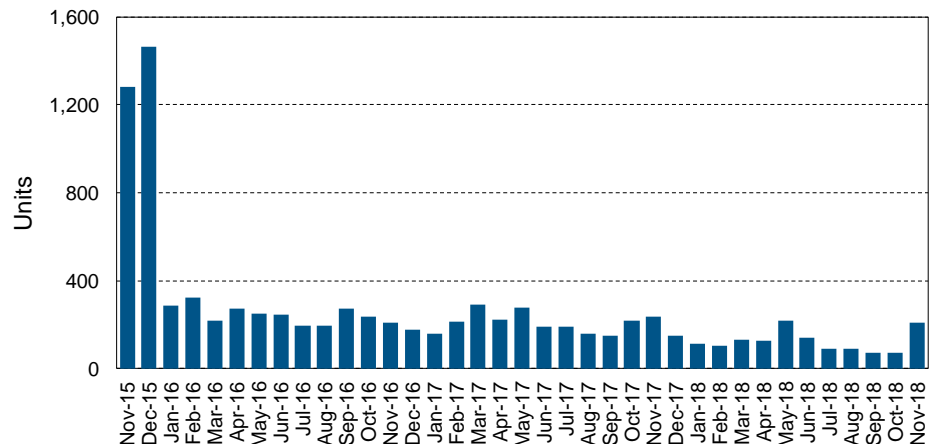
Source: Ecoanalítica

**Unemployment Rate**



Sources: INE and Ecoanalítica

**Vehicle Sales**



Sources: CAVENEZ and Ecoanalítica

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