

## INExact: a look at INE's new figures

The Central Bank of Venezuela surprised us this year by revealing information it had not been publishing since 2015: inflation and GDP figures<sup>1</sup>. However, the frequency with which the Central Bank –and other government agencies- have published their figures has continued to be irregular. The Central Bank updated its GDP figures for 2018 and the first quarter of 2019 four months late; and the National Statistics Institute (INE) published poverty and labor force data that had not been revealed for more than three years.

This report will review what the new figures published by both these agencies tell us. In the first part we will take a close look at INE's poverty figures and the methodology used to calculate them; then we will do a superficial comparison with other published data. Last of all, we will examine unemployment and gross domestic product (GDP) and the relationship between these two variables both on the regional level and in the specific case of Venezuela.

### Poverty: attempting to hide what is in plain sight

Measuring poverty can be a complex issue, given that there is no one methodology for doing this. As for the definition of poverty, it can differ depending on the method used. The most popular measures are: (1) the poverty line, (2) unsatisfied basic needs, and (3) multidimensional poverty. On previous occasions<sup>2</sup>, at **Ecoanalítica** we have touched on the issue of poverty based on an analysis of the figures published by the National Survey of Venezuelans' Living Conditions (Encovi)<sup>3</sup>. Here we will look at how INE's figures differ from Encovi's figures.

So, INE establishes that 17.3% of the population was in a situation of poverty in 2018. This figure has given rise to considerable doubts, given that, in an economy where inflation for the year was 2,106,600.6% and wages lost 94.9% of their purchasing power<sup>4</sup> and there were around 31 protests a day over the infringement of rights<sup>5</sup>, higher levels of

<sup>1</sup> For an analysis of the inflation figures published by the Central Bank, see our Weekly Report No. 19, 2019: *A look at the figures adjusted for inflation*.

<sup>2</sup> Weekly Report No. 9, 2019: *Encovi 2018: Very poor on several fronts*

<sup>3</sup> National Survey of the Venezuelan Population's Living Conditions (Encovi), a project undertaken by Universidad Católica Andrés Bello (UCAB) together with other research institutes

<sup>4</sup> Both figures are for 2018.

<sup>5</sup> According to the Venezuelan Social Conflict Observatory

poverty would be expected. On the other hand, Encovi reports that poverty in Venezuela in 2018 was 51.0%, 33.7 percentage points higher than reported by INE. To what are these differences due?

First of all, account must be taken of the fact that the two sources use different methodologies. Encovi focuses its study on multidimensional poverty, whereas INE uses the Unsatisfied Basic Needs (UBN) method. The former is based on people's capacities, where poverty is measured in terms of the lack of means or attributes that would allow them to satisfy their needs<sup>6</sup>, assessed based on how deep (important) those needs are. The aspects taken into account by Encovi are standard of living, employment and social welfare, education, access to services, and housing. According to Encovi, due to Venezuela's economic situation, in the throes of hyperinflation with a steadily declining purchasing power, almost all (or the majority) of the Venezuelan population would fall into the category of poverty-stricken –or even into the group of the critically poor- under the methodology used by INE.

#### *What does ~~not~~ INE take into account?*

The Unsatisfied Basic Needs (UBN) measure seeks to define the needs that are considered basic for the population. Therefore, a household is considered to be poor when it does not manage to obtain the resources that would allow it to satisfy those needs. The information for INE's structural poverty measure is taken from the Household Sampling Survey (HSS) and the Population Census. Using the answers obtained in these surveys INE establishes which households fall into the poverty category.

According to INE, a poor household is one that does not efficiently comply with any of the variables and a household in a situation of extreme poverty is one that falls short in satisfying two or more of those needs. The variables taken into account are school absenteeism, critical overcrowding<sup>7</sup>, inadequate housing, lack of basic services, and economic dependence. Encovi establishes that, according to this measure, practically 100% of the population is poor. But INE has a very different figure. Let us take a closer look at these figures and the indicators used.

<sup>6</sup> Sen, A. (1976). *Poverty: An Ordinal Approach to Measurement*.

<sup>7</sup> According to INE, this indicator refers to households where there are more than three people to a bedroom.

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### Poverty indicators used by the INE\*\*

Variable	Indicator	1999*	2018*
School absence	Homes with kids between 7 and 12 years that don't go to school	1.7	0.64
Critical overcrowding	Homes with more than 3 people per bedroom	15	5.75
Inadequate living conditions	Families living in slums, trailers, tents, among others	5.9	4.15
Basic services shortage	Homes without drinking water access or waste services	14.7	10.19
Economic dependence	Homes with householders with less than 3 grades of schooling	6.4	2.23
<b>Structural poverty</b>	<b>Basic Unsatisfied Necessities</b>	<b>29.3</b>	<b>17.3</b>

Sources: INE and Ecoanalítica

\*Poverty expressed as percentage (%) of the total population.

\*\*INE: National Statistics Institute.

So, the question is, how could these figures not be reflecting the true situation being experienced by Venezuelans? INE says that the reduction in poverty in the country is due to “*social investment*,” to which a large part of the nation’s budgeted resources have been directed. According to INE, the areas where most of this money has been spent are building more schools, reducing economic dependence, and improving housing services via the different missions (social programs) the government is carrying out<sup>8</sup>.

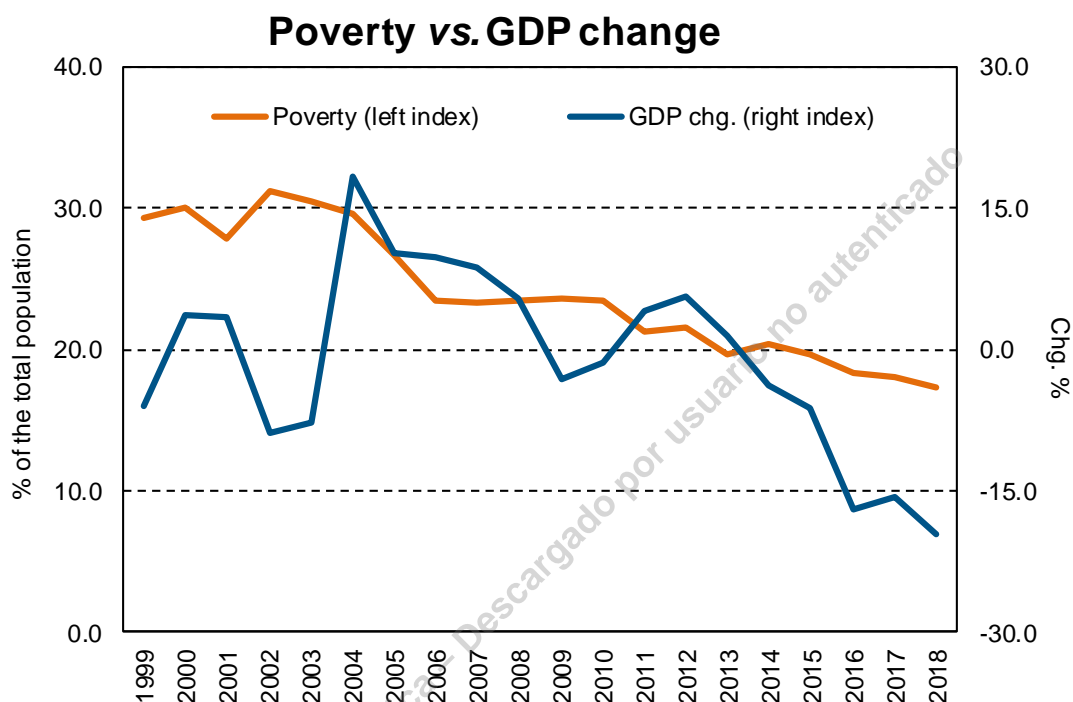
While the government insists on stressing the large number of missions or social programs it carries out and the ever-increasing number (according to INE) of beneficiaries, Encovi criticizes these measures. There are factors that are left out in INE’s indicators, such as school attendance at the secondary education level, students falling behind in their education, and the efficiency and quality of the utilities received in each household.

A closer look at these aspects reveals that Encovi reports absenteeism from school of 30% among children and/or young people between the ages of 3 and 24. And the Venezuelan Public Services Observatory (OVSP) indicates that, even though the majority of the population had access to utilities such as water (94%) or electricity (79.5%), 63.8% and 34.9%, respectively, said the quality of the service they received was poor. Similarly, it is worth noting how INE’s poverty figures are not compatible with its GDP figures. It is

<sup>8</sup> Instituto Nacional de Estadísticas. (2018). *Estadísticas de Pobreza, 1999-2018*.

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difficult to believe that, after a drop in GDP of nearly 20% in 2018, poverty went down by nearly one percentage point compared to the previous year.



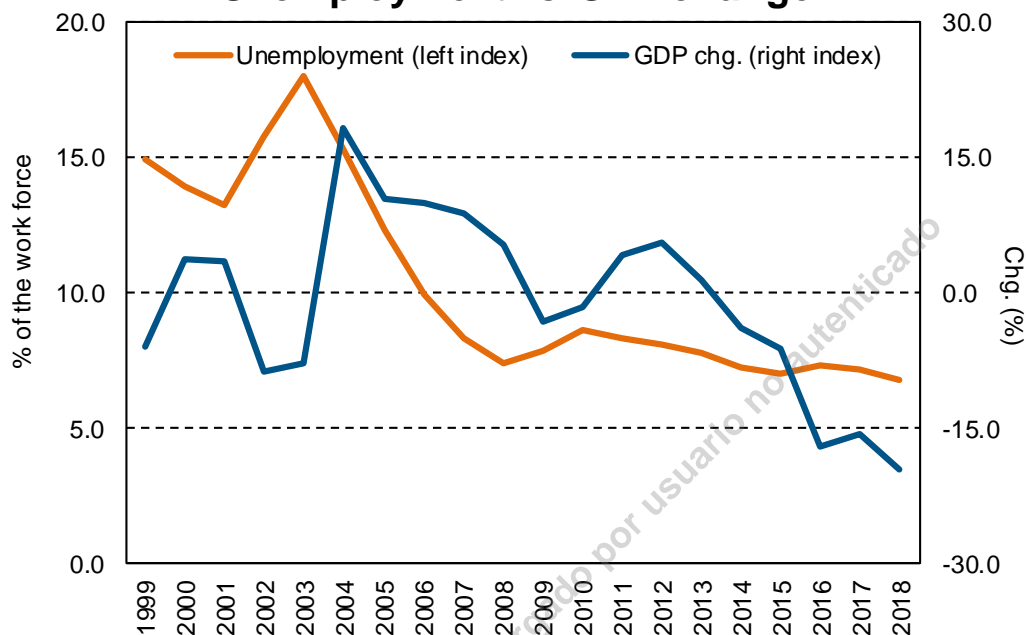
Sources: INE, BCV and Ecoanalítica

### GDP and unemployment: all upside down

The American economist Arthur Okun observed a linear relationship between the variations in production and unemployment in the United States with regard to data for the 1950s<sup>9</sup>. What is known as Okun's Law refers to an empirical regularity with which an economy that is growing with a relatively stable active population will increase its employed human resources in order to continue increasing its production. Bigger variations in product will lead to reductions in unemployment. Conversely, an economy in recession will reduce the number of employed, thus increasing its level of unemployment.

<sup>9</sup> Okun, A. (1962). *Potential GNP: Its measurement and significance*. Cowles Foundation Paper 190, Yale University.

### Unemployment vs. GDP change



Sources: INE, BCV and Ecoanalítica

The Central Bank's GDP figures show a drop each year since 2014. Bearing in mind Okun's Law, unemployment in Venezuela should have increased. However, INE's figures show the opposite. Unemployment, measured as the rate of unemployment in the active population, was 6.8% in 2018 and has been declining since 2010. This catches attention since this rate in 2018 was even lower than in 2010 and 2011, when Venezuela produced more than 2.0 million barrels a day (mb/d). What is behind this? In order to verify compliance with this empirical regularity, we can take a look at how these variables have behaved in Latin America.

#### *Venezuela vs. Latin America: an inexplicable correlation*

Páez (2013)<sup>10</sup> did a review of this empirical regularity for ten countries of Latin America between 1995 and 2009. He found that, in effect, an increase in production corresponded to a reduction in the unemployment rate; however, economic growth on its own is not

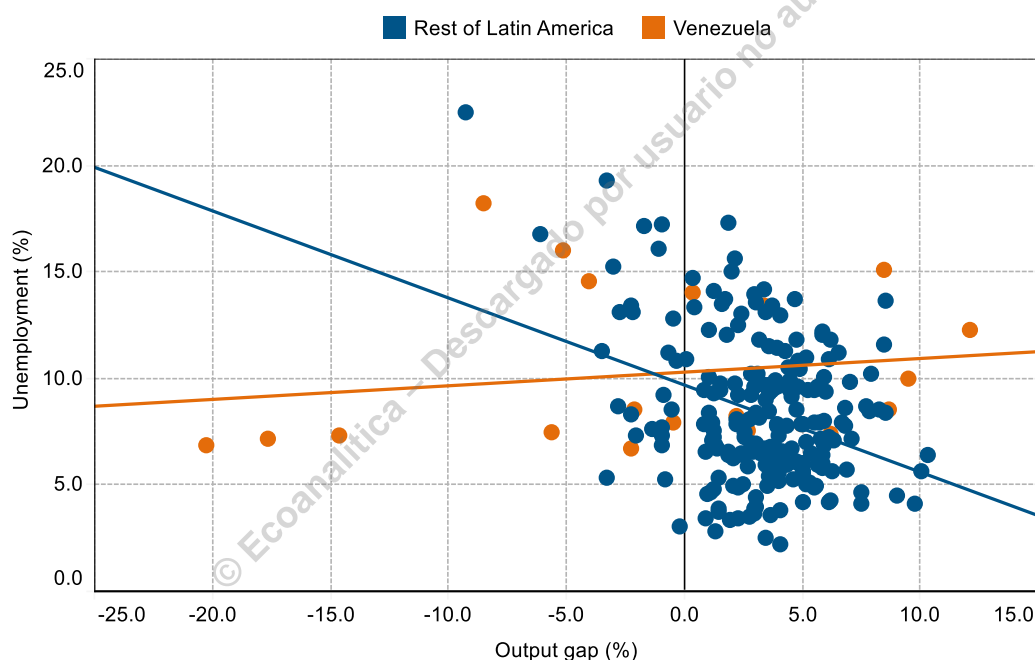
<sup>10</sup> Páez, C. (2013). *Una Revisión de la Ley de Okun para Latinoamérica*. Universidad del Valle, Facultad de Ciencias Sociales y Económicas, Departamento de Economía. Cali, Colombia.

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enough to explain unemployment in some countries of the sample. The prices of factors of production are important when studying the relationship between these variables<sup>11</sup>.

Here, Páez proposed a model that seeks to explain unemployment with the variables of variation in GDP, the cost of using capital, and wages. The findings of this model revealed that, for the period of time in question, the rate of unemployment had a negative relationship with product. As for the costs of the factors, it was found that the higher the price of capital and labor were, the higher unemployment would be.

### Output gap and unemployment Venezuela vs. América Latina



Sources: FMI, INE, BCV and Ecoanalítica

To try to verify the potential inverse relationship between product and unemployment with more recent data, at **Ecoanalítica** we took the correlation between these variables over the period 1999-2018. Data from the sample show that the correlation is negative, as proposed by Okun, for all countries of Latin America (except Venezuela). However, when we performed the correlation for Venezuela on its own, it turned out to be positive: the bigger the drop in product, the lower the rate of unemployment. Although, at first glance,

<sup>11</sup> Uribe, J., Ortiz, C. & Jiménez, D. (2011). *Una Reformulación de la Ley de Okun para Colombia*. Unpublished material

this could be seen as not making any sense, in order to get a more precise idea, we decided to calculate an approximation of what the rate of unemployment should be for 2018 given the drop in product published by the Central Bank. Based on the average elasticity between unemployment and product, we estimate that the unemployment rate should be at 17.1%.<sup>12</sup>

Apart from its relation with GDP, 2018's unemployment rate does not seem to match with migration rates either. The United Nations (UN) estimates that the number of Venezuelan migrants increased to 3.3 million last year, which represents a challenge while the fraction of potential employment might increase. Bermúdez et<sup>13</sup> al's report found that 59.2% of Venezuelan migrants have college degrees, 73.5% is between the ages of 20 and 39 years old, and 83.7% had a job (formal or informal) in the country. In this scenario, how do we make sense of these numbers?

### Where does the truth lie?

*"There are three kinds of lies: lies, damned lies and statistics."*

-Mark Twain

The statistics published by the authorities in each country provide agents with information when it comes to taking decisions. In a country where they are not constantly published, as happened in Venezuela up until May this year, people live in a sea of uncertainty. But, if information is published and it then turns out to be unreliable, the uncertainty does not lessen, it may even increase. After 20 years of broken promises, why would we have to believe them this time?

**Corina Fung**

<sup>12</sup> Calculated from the unemployment rate and real GDP for a sample of Latin American countries between 2010 and 2018.

<sup>13</sup> 12 Bermúdez, Y. et al. (2018). Inform about the Venezuelan human mobility: Realities and perspectives of those who emigrate. Foundation Entreculturas.

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## WEEKLY INDICATORS

Weekly Economic Indicators			
	3rd Week October	Weekly chg. (%)	Depre/Apre (pp) <sup>1</sup>
<b>FX Boards (VES/USD)<sup>2</sup></b>	18,380.41	-2.5	-2.6
	3rd Week October	Weekly chg. (pp)	Annual chg. (pp)
<b>Lending Interest Rate (%)</b>	30.2	3.2	9.4
	3rd Week October	Weekly chg. (pp)	Annual chg. (pp)
<b>Overnight Interest Rate (%)</b>	123.0	-5.6	117.8
	3rd Week October	Weekly chg. (%)	Annual chg. (%)
<b>International Reserves (USD Bn)</b>	7.9	-2.4	-10.3
	2nd Week October	Weekly chg. (%)	Annual chg. (%)
<b>Monetary Liquidity (MM VES)</b>	16,385,663	3.4	9,617.8
Price of International Oil Baskets (USD/bl)			
	3rd Week October	Weekly chg. (%)	Annual chg. (%)
<b>WTI</b>	53.7	1.5	-24.1
<b>Brent</b>	59.6	5.1	-25.9
Price of the Venezuelan oil basket (USD/bl)			
	3rd Week October	Weekly chg. (%)	Annual chg. (%)
<b>Weekly Average</b>	51.0	1.5	-29.4
<b>Annual Average</b>	58.3	-0.3	-10.2

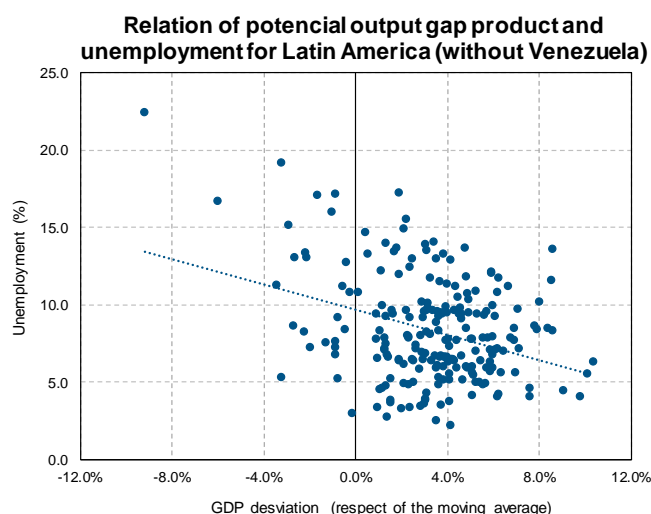
Sources: BCV, MENPET, ONT and Ecoanalítica

\* Annual variation of accumulated expenditure.

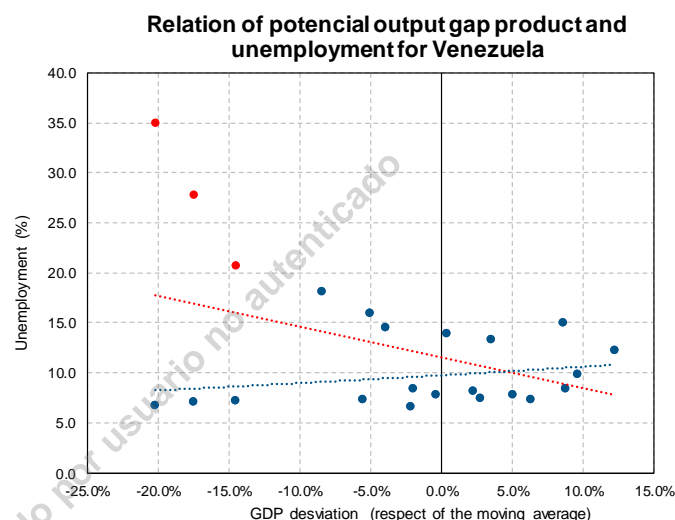
<sup>1</sup> Depreciation (+)/Appreciation (-)<sup>2</sup> FX Borads' average exchange rate

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**CHART OF THE WEEK: (INE)xplicable**


Sources: FMI y Ecoanalítica



Sources: FMI, BCV, INE and Ecoanalítica

Note: Red is the relation of variables with the values of unemployment of the last three years reported for the FMI

Both the Central Bank of Venezuela and the National Statistics Institute (INE) updated their various economic indicators recently. Among the updates are the GDP figures in constant values (by the Central Bank) and the unemployment rate (by INE). As happened with the first set of data that was “released” in May, there is skepticism regarding the figures published by these two entities.

In particular with regard to the poverty and unemployment figures, for example, according to INE, poverty in Venezuela has remained below 20% in the past three years, precisely in the middle of an extensively investigated humanitarian crisis that has been widely disseminated.

But here we want to focus on the unemployment figures. In order to assess their veracity, we will take into account Okun’s Law, empirical evidence that establishes an inverse relationship between the unemployment rate and product. It is from here that the charts shown are derived, relating the variation in gross domestic product (GDP) from the average for the last three periods (horizontal axis together) to the unemployment observed in the same year (vertical axis).

The chart shows the relationship between the variables in the countries of Latin America (left) and for the economies of the region, excluding Venezuela (left), for the period 1999-2018 in both cases. The contrast is obvious. Whereas the curve for Latin America gives

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the inverse relationship (downward trend line), according to empirical evidence, Venezuela shows a direct relationship (upward trend line).

Even from a non-specialist point of view, it is counterintuitive to think that an economy such as Venezuela's, which has already posted cumulative contractions similar to markets in the throes of war, would show at the same time a labor force in which only 6.8% are unemployed. As happens with other inconsistencies in the official statistics, what these figures show us can only be described as *INExplicable*.

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## ECONOMIC TIPS

**Central Bank leaks, Part 2.** On October 18, the Central Bank of Venezuela updated the data for the Venezuelan economy, information that had not been published since May 2019 and, before that, since 2016. The figures for inflation, GDP, balance of payment and aggregate supply and demand were updated.

**Figures adjusted for inflation or not?** The most remarkable information published is that relating to inflation, since, with inflation of 52.2% for September, the Central Bank is admitting that hyperinflation (as defined by Cagan) continues in Venezuela.

**January still holds the record.** According to the data published, Venezuela has accumulated inflation of 9,241% so far this year. The lowest increase in prices was in June, which posted monthly inflation of 22.1%. The month with the highest rate of inflation continues to be January, with 196.6%.

**Following the plotted path.** Gross domestic product figures show that the contractions observed in recent years continue. The Central Bank states that 2018 closed its last quarter with a drop year-on-year of 20.2%, whereas the first quarter of 2019 posted a drop in GDP of 26.8% compared to the same quarter in 2018.

**Oil versus nonoil.** Nonoil GDP posted the biggest drop in the first quarter of 2019, with a contraction of 27.1% compared to the same quarter in 2018. In absolute terms, that is a drop of 8.2 percentage points more than for oil GDP (down 19.1%).

**Checking the balance of payments, Part I.** In the balance of payments we find that the value of exports in the first quarter of the year came to USD 8.63 billion, for an increase compared to the same quarter last year of 2.5%, driven mainly by nonoil exports, which were up 140.6%, whereas nonoil exports fell by 17.1%.

**Checking the balance of payments, Part II.** Imports, on the other hand, came to USD 2.95 billion for a drop of 14.06% compared to the same quarter last year. As with exports, oil imports posted the bigger variation with a drop of 23%, whereas nonoil imports fell by only 3.1%.

**Our remittances.** A closer look at the balance of payments reveals that current transfers -which mainly reflect the remittances the country receives, among other things- came to USD 491 million in the first quarter of 2019. This gives an increase of 13.9% compared to 1Q2018 but a drop of 10.1% compared to the previous quarter (4Q2018).

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**What is left of consumption?** With regard to aggregate demand for the quarter in question, the Central Bank stated that private sector final consumption fell by 34.8%, a bigger drop than observed in government final consumption, which was down 23.9%. As for investment (gross fixed capital formation), it posted a drop of 43.7% over the same period.

**Diminishing international reserves.** In the week of October 18<sup>th</sup>, the international reserves closed at USD 7.90 billion, down 2.4% compared to the close of the previous week. Compared to a year ago, this gave a drop of 6.6%.

**Money desks.** The average money desk exchange rate on October 22<sup>nd</sup> was VES 18,380.4/USD, for a depreciation of 3.1% compared to the previous week. Even so, the unofficial exchange rate presented a premium of 6.6%

## OIL TIPS

**Blocked for three months.** Just days ahead of an expected default of the Pdvsa 20 bond, the Treasury Department of the United States temporarily blocked the sale of shares of Citgo that are linked to such bond. The organ said that sales and transfers of said shares will be blocked until January 22<sup>nd</sup>, unless specially authorized by the OFAC.

**Getting back to business.** The US Treasury Department has authorized new special licenses that allow oil companies with US capital to perform commercial transactions with PDVSA that were permitted prior to July 26.

**The chosen few.** Thanks to this new authorization, Chevron, Halliburton, Schlumberger, Baker Hughes, and Weatherford International will be able to maintain their operations in Venezuela until January 22.

**There are exceptions.** However, the US Treasury Department warned that this license does not authorize transactions having to do with shipments of diluents, which are of key importance for Venezuela's oil industry as they are used to transform extra-heavy crude into a product that has a higher commercial value.

**Statements in keeping with the measure.** Chevron's spokesman, Ray Fohr, said that the company wanted to continue giving support to its Venezuelan employees, a total of 8,800 workers. There is fear in the community that Chevron will leave Venezuela, particularly in view of the fact that the company gives its workers a basic food basket every month.

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**Wasn't it in danger?** Before the license was granted, Reuters had sight of an internal PDVSA document according to which it was expected that a shipment of 2 million barrels of the Venezuelan state-owned company's crude would be received by Chevron.

**And a month later they withdraw.** Due to the change in General License 13D that does not authorize performing "*any transactions or dealings related to the purchase or acquisition of Venezuelan-origin petroleum or petroleum products, directly or indirectly, by Nynas AB or any of its subsidiaries,*" this European refiner decided to suspend its purchases of Venezuelan crude.

**They are only withdrawing from Venezuela.** Nynas, a company jointly owned by Venezuela's state-owned oil company PDVSA and the Finnish company Neste Oil, operates specialist refineries in Sweden, Germany and England, mainly for the production of asphalt. The company issued a press release notifying that it was already processing other varieties of crude, such as North Sea and Australian crude.

**Getting round the sanctions.** Three sources consulted by Reuters said that Nayara Energy is buying Venezuela's oil using Rosneft as an intermediary. Nayara is apparently dispatching gasoline and gasoil shipments to the Russian state-owned oil company as payment for the crude to avoid repercussions as a result of US sanctions.

## BUSINESS SECTOR TIPS

**Showing information.** The Central Bank of Venezuela has published figures showing that the nonoil sectors that have posted the biggest contractions are Construction (-74.1%), Manufacturing (-56.3%), Financial Institutions and Insurance (-55.6%), and Commerce (-39.2%).

**Supposed construction (I).** However, Raúl Paredes, People's Power Minister for Public Works and president of the *Barrio Nuevo, Barrio Tricolor* Mission (shanty district improvement program), said that more than 500 infrastructure works were being carried out in the country as part of the reinvigoration of the Fatherland Plan.

**Supposed construction (II).** Paredes also said that they were planning 115 works in the areas of education, health and recreation as part of the "Round-off Plan."

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**They lower the sutter.** The president of the Pharmaceutical Federation of Venezuela (Fefarven), Freddy Ceballos, announced that independent pharmacies account for 85% of the market. He also said that the economic situation has affected them to such a degree that 400 pharmacies had closed down.

**Without effect.** He also said that the main problems with medicines is that those distributed by the social security authority are not the ones required to treat the pathologies from which patients are suffering and that the shortage of medicines is at 80%.

**Hard decision.** Referring to this situation, Tito López, the president of the Pharmaceutical Industry Chamber (CIFAR) and Fundafarmacia, stressed that the drop in medicine sales was 52% given that consumers have to choose between buying food or medicines.

**Import allows production.** He commented, furthermore, that domestic production of medicines had dropped due to the lack of active components as a result of the fact that 98% of the inputs used for manufacturing medicines are imported and purchased at prices dictated by the parallel exchange rate.

**Less talents.** Carlos Prospero, the president of the Association of Interns and Resident Physicians of Vargas Hospital in Caracas, said that around 29,000 doctors with different specializations had migrated.

**Asking for attention.** The national coordinator of Democratic Unity's Education Sector, Raquel Figueroa, called on the members of this sector to go on a 24-hour strike. The purpose of this action is to get the Ministry of Education to meet with the labor union.

**It's not enough.** The issue to be discussed at this meeting will be the wage and social benefit clauses that are currently being infringed. By way of example, Figueroa commented that the salary of a Grade 6 teacher who has all the academic specializations is only sufficient to cover 1.94% of the basic basket.

**Together.** This complaint is shared by the Federation of University Professors' Associations of Venezuela (Favup), which stated that all sectors of the education system were united and were suffering from the same problems. For that reason they joined the strike.

**"Clean" water.** The former president of Hidrocapital, José María De Viana, warned that the water distributed by the state-owned water utility was not being inspected by an impartial agency. He said it was necessary to issue a health warning because "the plants' own operators have admitted they are not chlorinating the water."

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**Severe contraction.** Francisco López, the president of the Real Estate Chamber of Venezuela (CIV), said that the sector had shrunk alarmingly, by 95%. He estimated, furthermore, that it could shrink by 98% by the end of the year.

**Continue to decrease.** López stressed that, even though there was a 30% increase in housing prices at the start of the year due to what he called the “Guaidó effect,” they are now at between 60% and 80% of the real value of housing. For that reason he urged businessmen to “change course” and “take control.”

**Encouraging sowing.** According to information revealed by Pablo Characo, a farmers’ representative from Anzoátegui, during the Encounter with Science and Innovation, 7,000 kilos of yellow corn seeds have been planted per hectare.

**New method.** Characo said that this was part of a project being carried out by a group of rural workers who are implementing new processes to improve this seed. Part of this project consists of establishing a planting model that is better for the environment because it does not use chemicals.

## WORLD ECONOMY TIPS

**Suffering the consequences of a bureaucratic holdup.** US President Donald Trump criticized the speaker of the House of Representatives, Nancy Pelosi, for not insisting on a fast-track vote in Congress on the United States-Mexico-Canada **Agreement (USMCA)** renegotiated by the Trump administration in November 2018.

**No treaty without bi-party support.** The treaty aims to replace the North America Free Trade Agreement (NAFTA). The new agreement has to be approved by Congress, where the Democrats, who oppose Trump, have the majority. The Democrats say they still have concerns regarding the agreement, among them the provisions on labor and implementation.

**Hitting bottom.** China’s economic growth last quarter plummeted to a new 25-year low. Growth of the world’s second largest economy fell in the third quarter to 6%, two percentage points below the figure posted for the previous quarter. China has not seen growth this low since 1993. The drop was caused mainly by the trade war China is waging against the United States, despite having resumed negotiations.

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**Everything was going swimmingly...** UK Prime Minister Boris Johnson managed to reach an agreement with the European Union for Britain's withdrawal from the European bloc (Brexit) in time for the vote on October 19 and, with a Conservative majority in Parliament, he had hoped to get approval of the agreement.

**...but then the storm broke.** But before the vote could be taken, an amendment proposed by a former Tory member, Oliver Letwin, was passed, which (according to the Benn Act) puts pressure on Johnson to send a letter to the European Union asking for an extension of Brexit until January 31, which would mean three more months of negotiations.

**The long term...** Donald Tusk, the president of the European Council, said that the European Union would give serious consideration to such an extension, which would allow the British to amend certain aspects of the negotiated agreement with more discernment.

**...versus the short term.** Despite this, Boris Johnson is still set on achieving Brexit before October 31. With this in mind, he published the "*Withdrawal Agreement*" with a view to subsequently debating it in Parliament and approving it within three days.

**Protests in Lebanon...** On October 17, protests broke out in Lebanon against corruption in the government and the austerity measures the government has implemented. In response, the authorities approved a package of economic reforms to bring calm to the streets. The measures include reducing the fiscal deficit, cutting politicians' salaries by half, and offering financial help to families in a situation of poverty.

**...Bolivia...** Protests broke out in Bolivia after a preliminary count gave Evo Morales as the winner in the first round of the elections. The way the results were published and accusations by the opposition that the votes were manipulated gave rise to demonstrations throughout the country.

**...and Chile.** Chile's President Sebastián Piñera decreed a state of emergency following a violent day of protests over a public transport fare hike that resulted in fires in metro stations, barricades, and confrontations on the streets between demonstrators and the police. The decree also announced the suspension of the fare increase.

**Copper comes into play.** Workers at the Escondida in Chile, the world's biggest copper mine, downed tools on October 21 in support of the mass protests against the public transport fare hike.

**What happens in Chile has worldwide repercussions.** Chile's finance minister, Felipe Larraín, said that the protests would have a "significant" impact on the economy. An impact on the international copper market is also highly likely, given that Chile is the world's largest producer of copper.

## POLITICAL TIPS

**A new member.** The United Nations held elections to choose the members of its Human Rights Council. Venezuela obtained a seat with the vote of 105 members.

**A "victory."** Commenting on this development, Nicolás Maduro said that this achievement of Venezuela's was a victory against the "pressure campaign" the United States had been carrying out in several international organizations.

**"Defended"...** However, for those who do not see eye to eye with the Maduro regime, this seat on the Council is an offense according to Juan Guaidó, who said that this seat had been "stained with blood several times as a result of the systematic violation of human rights."

**...by the aggressor.** Humberto Calderón Berti, Venezuela's ambassador in Colombia, also said that this victory was achieved thanks to alliances with other violators of human rights, claiming that this seat would not act in representation of Venezuelans but of the irregular and terrorist groups backed by the regime.

**Setting a bad example.** Another person who expressed his opinion was the president of the organization Persecuted Venezuelans in Exile (Veppex), José Antonio Colina, who described the presence of Venezuela on the Human Rights Council as shameful.

**A terrible decision.** Colina called this a "terrible decision" and said that this new situation leaves people who are exposed to the abuses of the dictatorship defenseless, besides turning the Human Rights Council into a body that should defend human rights but does not set a good example.

**Gold for (almost) everyone.** Maduro has allocated gold mines to each state government. He announced this measure in a nationwide networked broadcast and explained that the idea is for the governors to obtain the funds immediately and use them to meet the needs of their states.

**Any port in a storm.** This decision was taken because the agency in charge of the mining sector in Venezuela, Compañía General de Minería de Venezuela (Minerven), is sanctioned by the US Treasury Department, which prevents it from selling the gold that is mined.

**Discrimination.** However, this measure does not include the governors of Nueva Esparta, Anzoátegui, Mérida or Táchira, since they belong to the opposition. In the case of these states, Maduro has set up “social and economic protection” corporations to take charge of these mines.

**Violation of voter’s rights.** Dennis Fernández, the chairwoman of the National Assembly’s Homeland Policy Commission, said that these corporations violate “the rights of a people who elected and decided who were going to be their representatives in each of those states.” Because of this, Fernández stated that they would go to the Office of the United Nations High Commissioner for Human Rights to denounce this situation.

**More... “production”?** In addition to sharing out the mines, Maduro allocated 3,827,548 Petros to “direct investment in CLAP production,” saying that this was equivalent to 207,300,000 euros.

**A crime that does not exist.** The five-year prison term for “spiritual corruption” given to Justice María Lourdes Afiuni was confirmed by the court hearing the case. However, this crime is not mentioned in the Constitution or in any of the Republic’s laws.

**Another terrorist plan.** Maduro claimed that there is a terrorist sabotage plan that seeks to weaken the country’s companies. This plan has been designed by the United States and opposition groups. For that reason, he urged workers to form “combatant worker corps” that can guarantee the security of the companies.

**Looking for justice.** Iván Simonovis, the security and intelligence chief appointed by Guaidó, announced that he was taking part in a conference in Washington that is investigating the case of Fernando Albán.

**Culprits found.** Commenting on this, he said that there was sufficient evidence to link the regime’s police officers with the councilor’s murder and for that reason he gave assurances that those responsible would be sentenced sooner or later.

**Another death investigated.** Simonovis said, furthermore, that the death of former Councilor Edmundo Rada was also being investigated, mentioning the Special Actions Force (FAES) as being responsible.

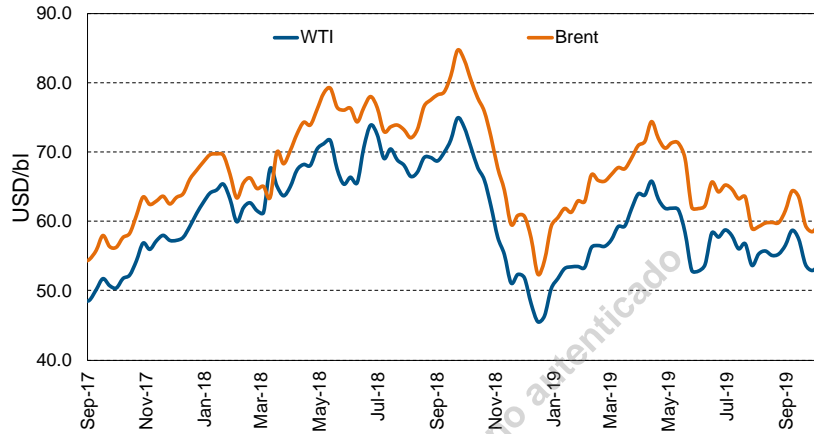
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**Eeny, meeny, miny, moe.** The vice president of the Venezuelan Penal Forum, Gonzalo Himiob, emphasized that they are opposed to detainees being used for political ends and questioned the criterion used to decide which political prisoners would be released.

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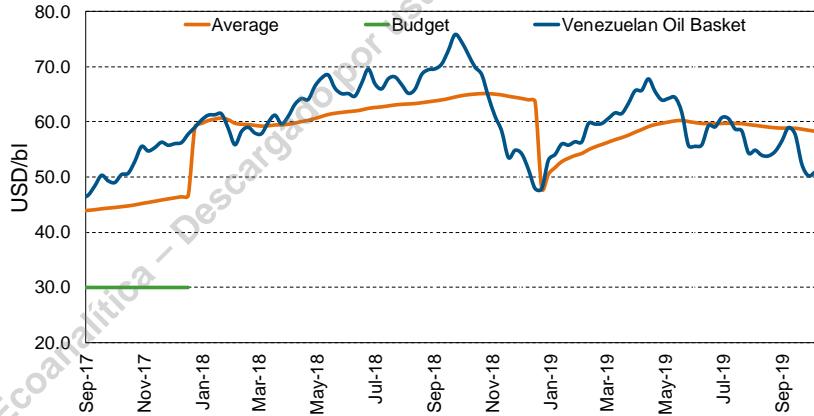
**ECONOMIC INDICATORS**

**Oil Prices  
(WTI and Brent)**



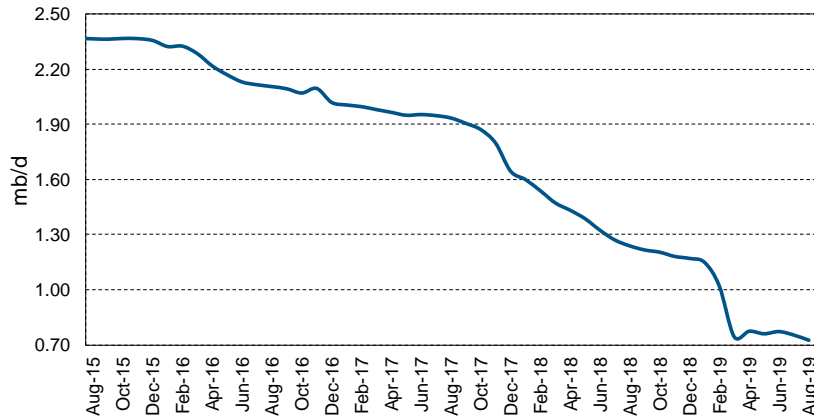
Sources: Menpet and Ecoanalítica

**Oil Price  
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

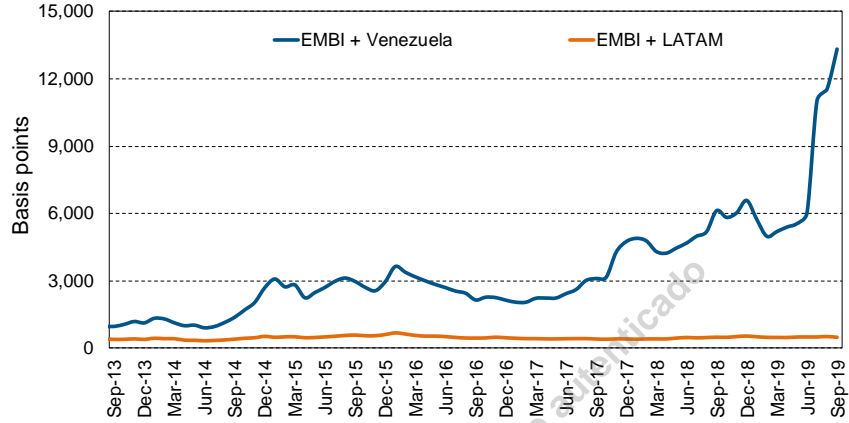
**Oil Production  
(Secondary sources)**



Sources: OPEC and Ecoanalítica

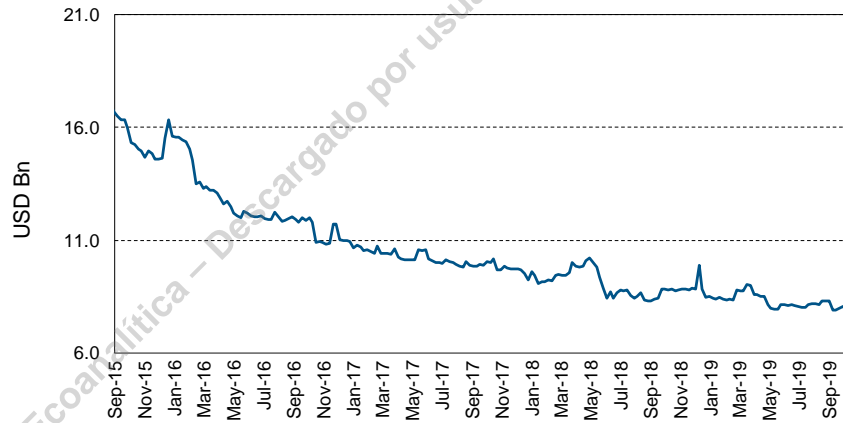
**ECONOMIC INDICATORS**

EMBI



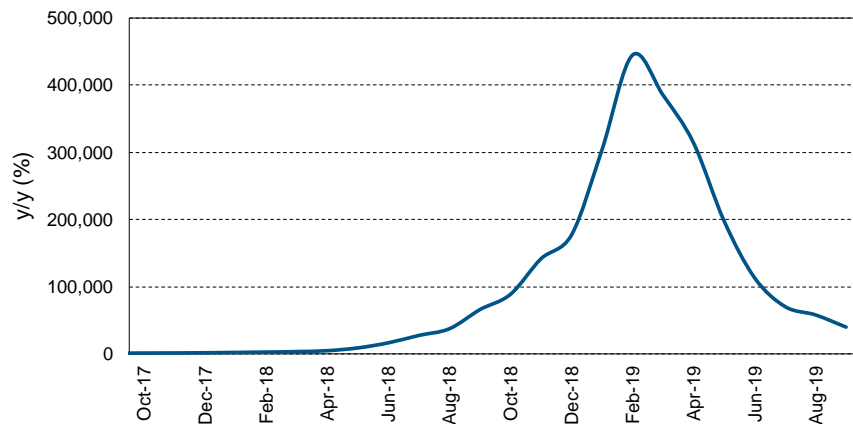
Sources: BCRP and Ecoanalítica

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

Inflation (BCV)



Sources: BCV and Ecoanalítica

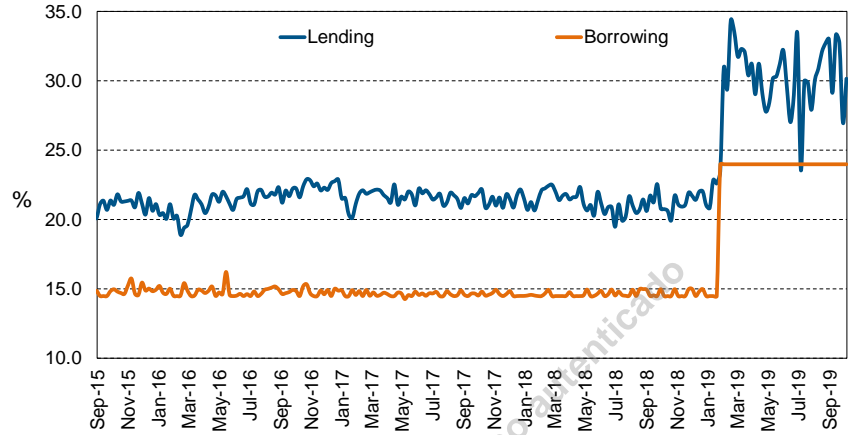
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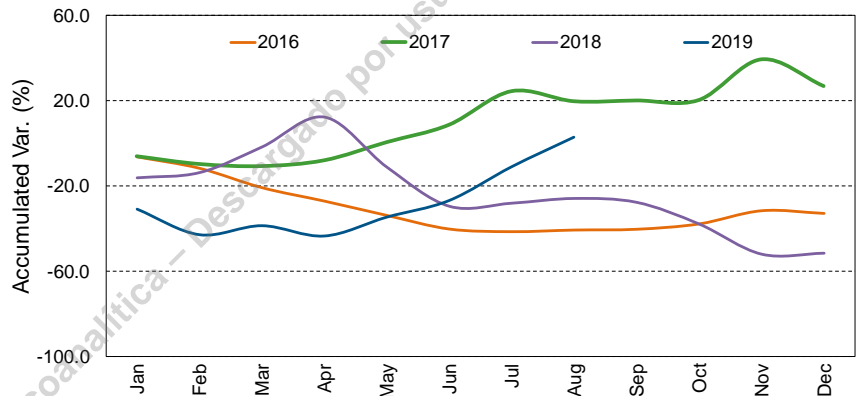
**ECONOMIC INDICATORS**

**Interest Rate  
(Six major banks)**



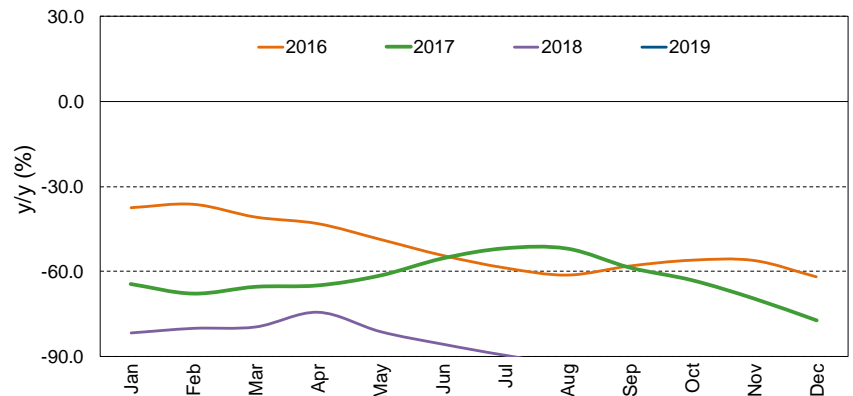
Sources: BCV and Ecoanalítica

**M2 Expansion  
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio  
(Real)**



Sources: SUDEBAN and Ecoanalítica

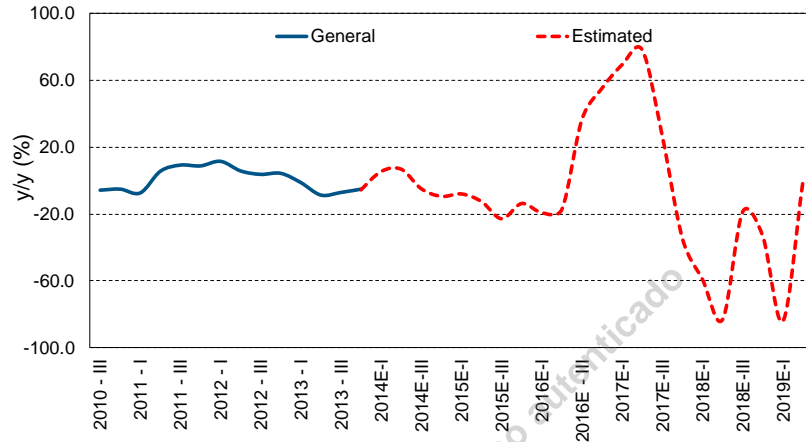
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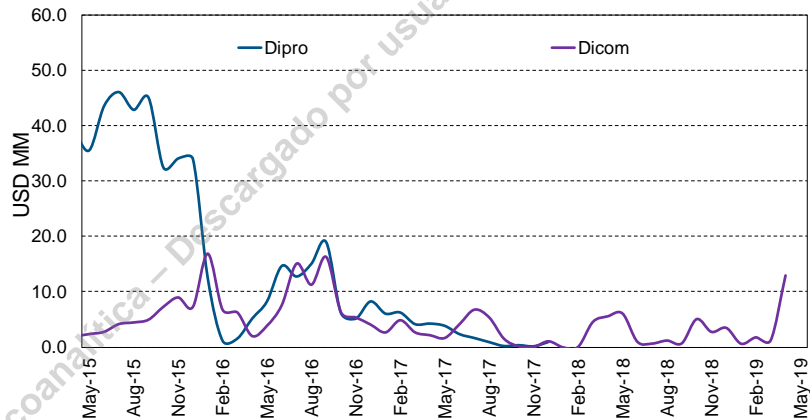
**ECONOMIC INDICATORS**

**Real Wage Index**



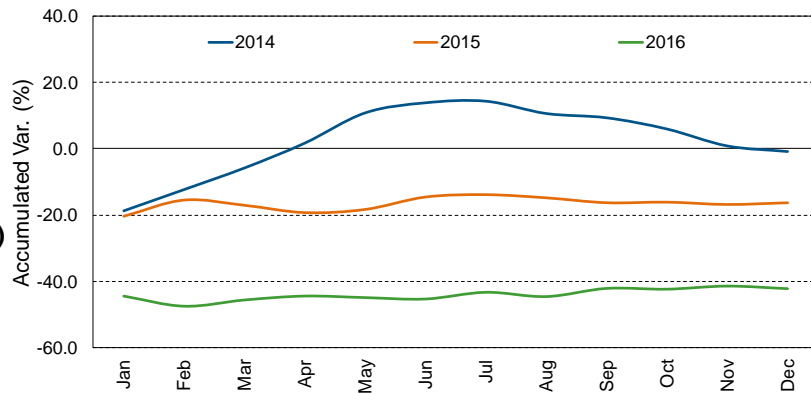
Sources: BCV and Ecoanalítica

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



Source: Ecoanalítica

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



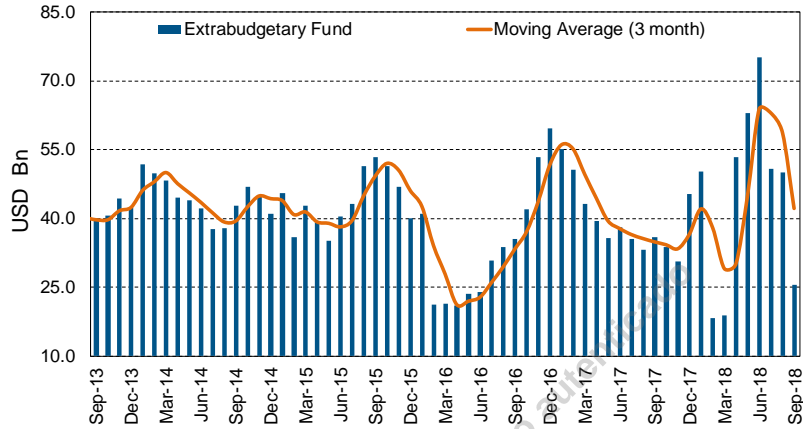
Sources: ONT and Ecoanalítica

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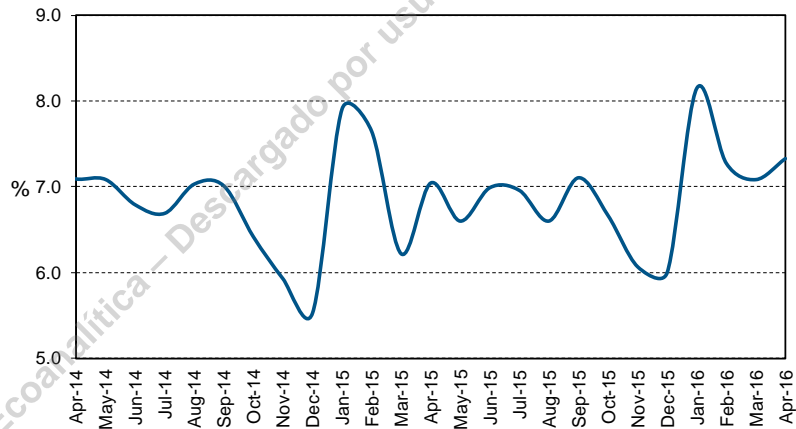
**ECONOMIC INDICATORS**

**State Extrabudgetary Resources**



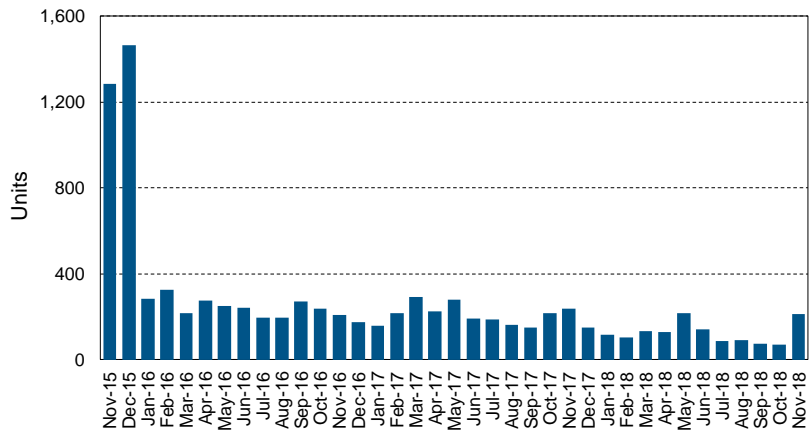
Source: Ecoanalítica

**Unemployment Rate**



Sources: INE and Ecoanalítica

**Vehicle Sales**



Sources: CAVENEZ and Ecoanalítica

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