

## **Merey, Chavism's option for keeping afloat**

2019 for Venezuela, as measured by different parameters, has been eventful and full of a number of aspects worthy of study. One aspect in particular are the sanctions imposed by the United States on Venezuela's oil industry at the end of January this year, seeking to restrict the Nicolás Maduro administration's margin for maneuver by making things difficult for its main mechanism for obtaining financing and to get it to leave government.

It is still too early to offer a thorough analysis of the results of this measure and its consequences. However, we can take a look at the governing coalition's capacity to reinvent itself, as it seems to have found alternatives to elude the effects of sanctions on the inflow of foreign currency, either by illegal activities<sup>1</sup> or adjusting its sales strategy with an increasingly diminished capacity for producing crude; because, like life, Chavism finds a way.

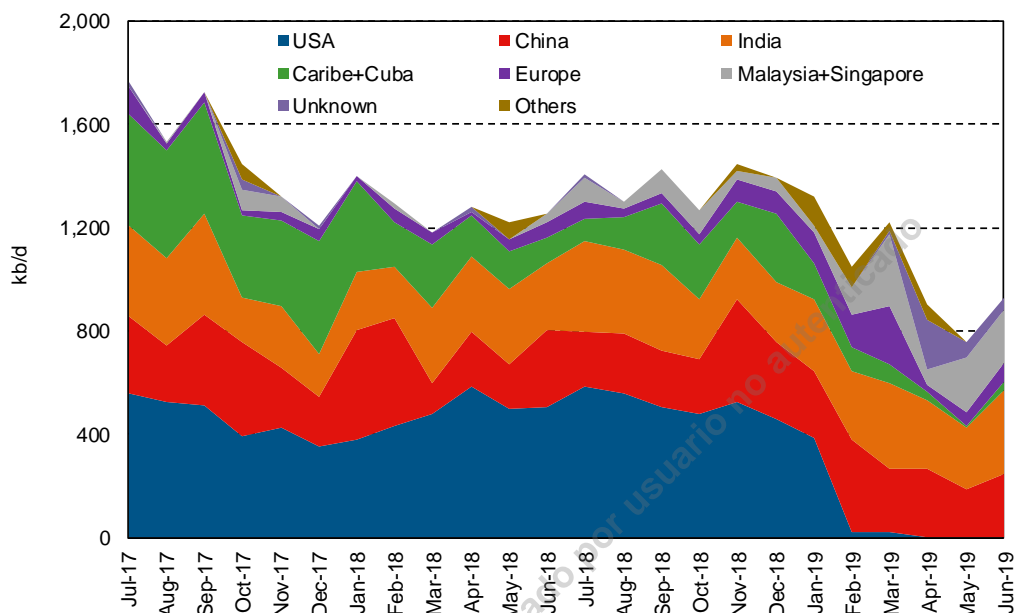
### **Listening to more far-flung songs**

The toxicity tag Venezuela has been given as a result of the sanctions has led to a change in its trading partner scheme, under which it used to maintain constant shipments to the United States. Now, in this new scenario, the Nicolás Maduro administration has been forced to find customers in Asia, where the effect of sanctions could be mitigated, even with a certain discount.

<sup>1</sup> Weekly Report N° 10, March 2019: *Looting El Dorado* and Weekly Report N°13, April 2019: *Between the jungle and the border: Gasoline and cocaine trafficking*

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### Exports by destination



Sources: Refinitiv Eikon and Ecoanalítica  
Note: Refers to the exports that embark out of a Venezuelan port.

In 2018, according to data provided by Refinitiv Eikon, crude exports to the United States accounted for 36.9% of the total on average. Between February 2019, when new direct sanctions on the governing coalition’s potential trading allies went into force, and June this year, that average fell to 1%. The opposite happened with exports to Asia. China went from accounting for 19.5% on average to 24.7% and Malaysia and Singapore from 2.6% to 16.5%.

India is a special case. As a destination for crude exports, it received 20.2% of crude shipments made from Venezuela. With the onset of sanctions, India’s main oil refinery, Reliance Industries, went from importing 377 kb/d in March to 68 kb/d in May. However, that demand for crude was replaced with purchases by Nayara refinery, which went from 67 kb/d in March to 303 kb/d in June. This meant that the relative importance of crude exports to India came to 26% between February and June 2019.

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## Sweet and heavy Merey

Knowing its limitations and the latent opportunity in another market, PDVSA adapted its production halfway through the year<sup>2</sup>. Aware of the preference for heavier crudes in the Asian markets, it started to change the nature of operations at its crude upgrading facilities in order to blend a less distilled product at the Petro San Felix facilities and three of its joint ventures: PetroMonagas (with Rosneft), PetroCedeño (with Total and Equinor), and PetroPiar (with Chevron).

Together these four upgraders have an installed capacity for producing 600 kb/d of crude. In principle, they were intended to produce a synthetic blend called Hamaca, created by blending the crude obtained from the Orinoco Oil Belt and naphtha. The sanctions not only restricted the exporting of crude by PDVSA but also the importing of naphtha, which meant that the transition to heavier blends became necessary in order to generate cash. Given these limitations, it was hoped that Venezuela would be able to import sufficient naphtha to process 250 kb/d of lighter crude, considerably below the total installed capacity of the country's entire refining park.

The result was Merey, a blend of crude from the Orinoco Oil Belt and other lighter crudes produced in Venezuela (Mesa and Santa Barbara, both of which are produced at refineries in the eastern part of the country) that would make it possible to produce a total of 500 kb/d of Merey. That is what happened, although it should be borne in mind that an increase in these numbers would be unlikely given the state the industry is in due to bad management. Other limitations are the dreadful conditions under which the industry has to operate (blackouts at refineries in all parts of the country throughout the year<sup>3</sup>), lack of investment due to risk factors inside Venezuela itself (expropriations in the past) and outside the country (sanctions), and operational difficulties resulting from the sanctions, in particular the secondary sanctions imposed on August 5<sup>4</sup>.

These difficulties have discouraged Russia and China from participating in these activities. Neither considers it convenient to increase their participation in the extraction of Venezuelan crude.

<sup>2</sup> PdV halts upgrading, plots shift to blending. *Argus Media*, May 2019. Available at: <https://www.argusmedia.com/es/news/1900583-pdv-halts-upgrading-plots-shift-to-blending>.

<sup>3</sup> Falla eléctrica afecta refineras venezolanas Amuay y Cardón: Fuentes y Producción en mayor refinería de Venezuela sigue detenida tras siniestros: fuentes. *Reuters*, September 2019. Available at: <https://lta.reuters.com/articulo/venezuela-petroleo-apagon-idLTAKBN1W5095-OUHLT> y <https://lta.reuters.com/articulo/venezuela-petroleo-crp-idLTAKBN1WC2GS>.

<sup>4</sup> For more details, see Weekly Report N° 28, August 2019: *Secondary sanctions: A statement of intentions*

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Russia, through its state-owned oil company Rosneft, has acted as the main source of support for the Nicolás Maduro administration, advising it on oil and financial matters and coordinating payments in the Asian markets on behalf of PDVSA.

China, on the other hand, has limited itself to maintaining projects when it is convenient. At the end of October, China Huanqiu Contracting and Engineering Corp. (HQC), the contractor arm of China National Petroleum Corp. (CNPC), terminated its contracts with local suppliers in Venezuela, giving as reasons lack of payment and failure to reach an agreement with those suppliers to change over to a system of payments with Chinese accounts. And while the PDVSA-CNPC joint venture, Petrosinovensa, resumed its activities in early October after having stopped operations due to the buildup of stocks, it was decided to stop plans for expanding the plant.

This is just one more difficulty the industry is facing. In October, ExxonMobil forbid the use of tankers involved in oil flows to and from Venezuela in the past year, which has affected some 250 tankers. Similar bans were also imposed by Unipet, a marketing subsidiary of the Chinese oil company Sinopec. This means that Sinopec joined CNPC in its decision to stop taking on Venezuelan oil since August. This inability to move processed crude has created such a buildup of stocks that PDVSA is close to using all its storage capacity, which has resulted in operations at some processing plants being halted, with a consequent drop in production. This is no small matter given the operational difficulties involved in getting back to the same production levels as before the shutdown.

### Maintaining operations, but at a cost

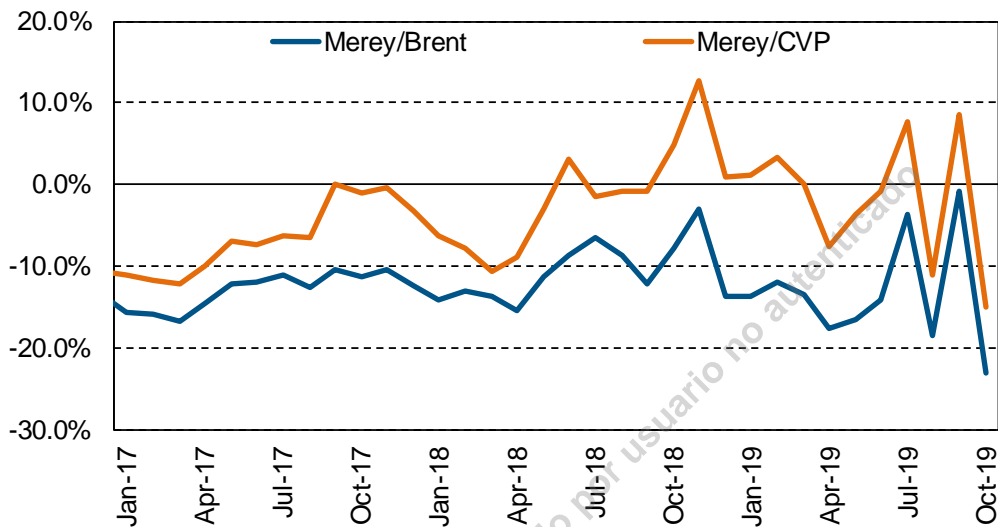
Need dictates all aspects of operations. Chavism has managed to operate under minimal conditions and has even managed to get some tankers to operate off the grid by turning off their transponders when they enter Venezuelan waters in order to avoid being hit by sanctions. It has also worked with companies such as Reliance Industries, which has resumed its operations with PDVSA under the “legal proviso” that they are swap operations that do not involve US dollars.

As is to be expected, there is a downside to these operational details that PDVSA's trading partners have to deal with to make them justifiable. This means that, in order to make buying Venezuelan Merey crude attractive –given that it is a heavier crude to start with that requires more extensive treatment so that the customers that buy it can use it), it has to be sold at a discount.

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**Discount/premium of Merrey prices compared to the CVP and Brent**

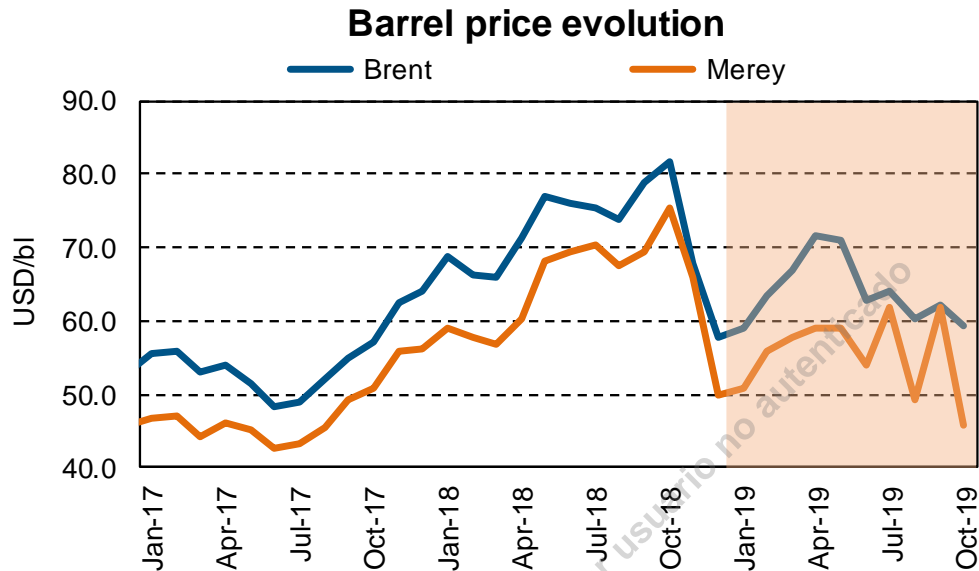


Sources: Minpet, OPEP and Ecoanalítica

Between 2009 and 2018, Merrey was sold at a discount on the price of Venezuela's reference Crude Basket (relatively lighter due to the use of diluents in the blend) and 14.4% on the price of Brent. When the industry's focus shifted to the production of Merrey, that discount went to 1.8% on the average reference basket in 2019, a significant reduction that could be due to the positioning of this new brand in the market. However, the discount compared to an international reference brand (Brent) has been maintained at similar levels, 13.3% this year.

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Sources: Minpet, OPEP y Ecoanalítica

In terms of price, the positioning of Merey was good news for Chavism, since it managed to place a type of crude that allowed it to obtain revenues similar to those it would have obtained had it focused intensely on producing the traditional basket of crudes. However, there has been a volatility typical of Merey that seems to have to do with the specific conditions of Venezuela's oil industry; in other words, the buildup of stocks as a result of difficulties in selling its crude means that, in order to reduce those stocks, it is sold at an even bigger discount, as the figures for July and October show, when Merey was being sold at 18.4% and 23.1% cheaper than Brent compared to a difference of -14.6% between February and June.

### 2020, reinvention continues

While the oil industry closes 2019 with some band aids that have allowed it to stay afloat thanks to the use of Merey crude and its trading partners, there is no guarantee that something similar will happen in 2020. Merey has been a satisfactory band aid for the industry, allowing exports to average 1.01 mb/d during the year in the context of sanctions. However, moving back to a lighter crude could be beneficial, as it would command a higher price than obtained in 2019.

Sources at PDVSA told Argus Media that the shortage of lighter formulae had forced the company to go back to the strategy of traditional upgrading. They expect Petropiar, the joint venture with Chevron, to start up blending operations of synthetic crude again (some 170 kb/d) at the start of next year.

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It is worth noting that the same source did not say they knew what the final destination of this blended crude would be, which means it could be intended for sale or to be used to pay off part of the debt PDVSA has with Rosneft. Moreover, this does not take into account the fact that Chevron's license to operate in Venezuela expires on January 22. As we have already pointed out, while there may not be an end to the uncertainty regarding conditions in the country, there may not be an end to the governing coalition's ability to respond and its inventiveness either.

**Jhoan F. Castellano**

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## WEEKLY INDICATORS

Weekly Economic Indicators			
	4th Week November	Weekly chg. (%)	Depre/Apre (pp) <sup>1</sup>
FX Boards (VES/USD) <sup>2</sup>	35,470.61	8.7	8.0
	2nd Week November	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	22.8	-0.8	1.9
	4th Week November	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	327.5	107.9	325.7
	3rd Week November	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	7.9	-10.4	-1.4
	2nd Week November	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (MM VES)	24,962,866	1.8	7,730.8
Price of International Oil Baskets (USD/bl)			
	3rd Week November	Weekly chg. (%)	Annual chg. (%)
WTI	57.1	0.8	3.5
Brent	62.2	-0.1	-3.5
Price of the Venezuelan oil basket (USD/bl)			
	3rd Week November	Weekly chg. (%)	Annual chg. (%)
Weekly Average	50.1	-1.7	-14.1
Annual Average	57.6	-0.3	-11.3

Sources: BCV, MENPET, ONT and Ecoanalítica

\* Annual variation of accumulated expenditure.

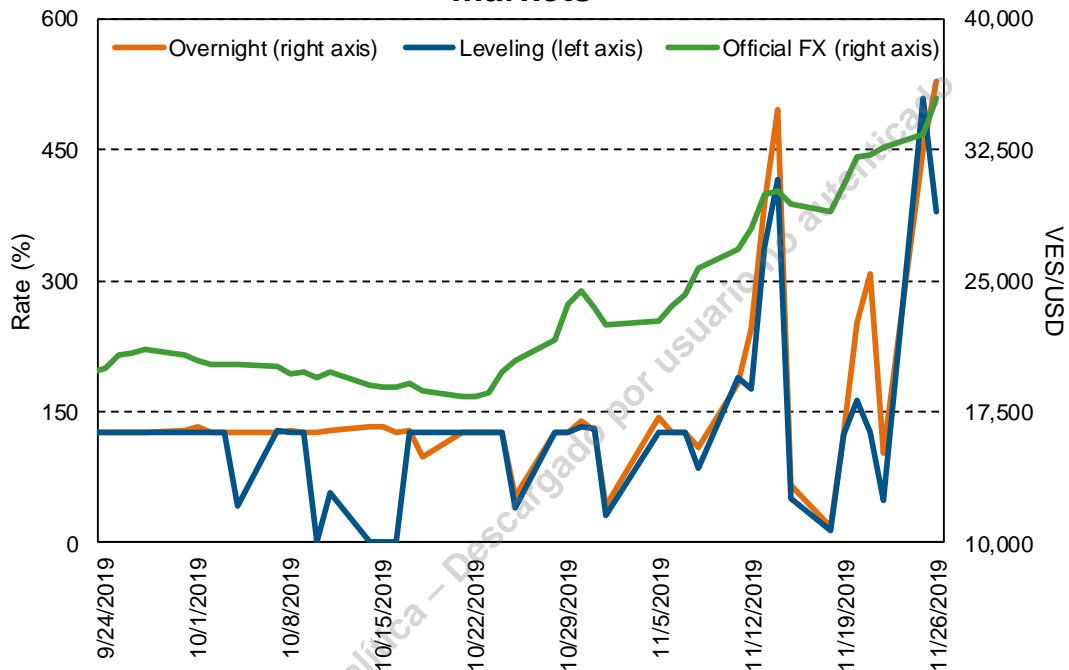
<sup>1</sup> Depreciation (+)/Appreciation (-)<sup>2</sup> FX Borads' average exchange rate

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CHART OF THE WEEK: “TWO SIDES TO THE SAME COIN”

Rates of the overnight, leveling and foreign exchange markets



Sources: BCV and Ecoanalítica

Since early 2019, the government has implemented a series of reforms in the financial sector for the purpose of reducing upward pressure on the exchange rate (by restricting bank credit) and, thereby, curbing hyperinflation. These reforms include increasing the different types of legal reserves and pegging credits to the fluctuations of the official exchange rate, which, besides “meeting” the anti-inflation objective has had significant negative consequences for private banks.

This year it has become increasingly difficult for the private financial sector to achieve and maintain the level of liquidity necessary for it to carry out its normal business activities. This is apparent from the rates of the overnight and leveling market to which the banks turn when they need to obtain bolivars from other banks. The higher these rates are, the greater the demands for funds from the financial sector and the greater the problems of liquidity it faces. In the fourth week of November those rates reached their highest to date, with the overnight rate at 528.5% on November 26 and the leveling rate at 507.8% on November 25.

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Although the main cause of the liquidity problems are the reforms mentioned earlier, there are also some other factors that could have exacerbated this problem recently. It is possible that the government has speeded up the payments it usually makes at this time of the year, which has meant that the banks required funds in bolivars more quickly while the public sector makes those transfers to the banks. Moreover, more payments imply bigger deposits for the banks, which means bigger legal reserve requirements that will have to be met in the subsequent weeks.

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## ECONOMIC TIPS

**Basic family basket hits VES 7,585,401.9.** According to a report by the Documentation and Social Analysis Center of the Venezuelan Teachers' Federation (CENDAS-FVM), the cost of the Basic Family Basket (BFB) in October 2019 came to VES 7,858,401.9, for an increase of 12.2% compared to September and of 9,103.8% compared to October 2018.

**The behavior of the BFB in October.** This was determined by the increase in the prices of all the groups of products making up the basket, mainly: sugar and salt (31.8%), pulses (24.4%), fruit and vegetables (24%), root vegetables, tubers, and other vegetables (22.9%), sauces and mayonnaise (22.3%), and fats and oils (22%).

**Two products in short supply.** According to the same report, there were shortages in only two of the 60 groups of products making up the basket (3.33%); and according to the products monitored by CENDAS-FVM, there were shortages in at least 25 products not included in the basket.

**Basic workers' basket comes to VES 4,252,899.5.** According to the report issued by the Center of Documentation and Analysis for Workers (CENDA), the cost of the Basic Food, Goods and Services Basket came to VES 4,252,899.5, for an increase of 14.2% compared to September and 12,052.8% compared to October 2018.

**Family income covers only 3.3% of the basket.** According to CENDA's report, the hypothetical income of a family of five, in which two of its members earn the minimum wage (VES 150,000), has purchasing power to cover only 3.3% of the basket. This means that a family needs 28 minimum wages to cover its basic needs.

**No rights and no property, Part I.** Venezuela ranked 127 out of the 129 countries analyzed for the 2019 International Property Rights Index. Out of the 13 variables analyzed for compiling the index, Venezuela only obtained a good score for the property registration system (8.26). For the remaining variables its score was way below the average for Latin America and the world. Its scores for independence of the legal system (0.24) and control of corruption (2.27) were particularly low.

**No rights and no property, Part II.** The sanctions applied to 50 parking lots in Caracas for making their charges subject to conditions, profiteering, and usury and the freezing of school registration fees ordered by the National Superintendency for the Defense of Socioeconomic Rights (Sundde) last quarter are two of the measures that are detrimental to respect for property rights in Venezuela.

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**Inflation in October.** The National Assembly published its Nationwide Consumer Price Index (NA-NCPI) for October, which put inflation for the month at 20.7%. It also reported that inflation compared to October last year was 24,275.3%.

**22 year minimum.** In the week of November 25, the international reserves closed at USD 7.4 billion, down 6.8% compared to the close of the previous week (November 22). Compared to a year ago, this gave a drop of 16.9%.

**Money desks.** The average money desk exchange rate on November 26 was VES 35,470.6/USD, for a depreciation of 5.92% compared to the previous week.

**Money supply.** Money supply came to VES 24.96 trillion in the week of November 14, up 1.8% in nominal terms compared to the previous week and 7,730% higher than in the same week last year.

## OIL TIPS

**A welcome breathing space.** PDVSA's ad hoc administrative board appointed by the National Assembly, where the opposition has the majority, reached a temporary agreement with holders of PDVSA Bond 2020 to prevent them from seizing Citgo, which was put up as collateral for these bonds.

**A six-month stay.** A press release from the ad hoc board explains that the agreement implies drawing up a schedule of approximately six months, during which time the holders of these bonds undertake not to claim or move ahead with seizing Citgo's shares; meanwhile the lawsuit to get the 2020 bonds annulled, filed by the Venezuelan opposition in October, continues its course.

**Court denies new hearing.** A US court refused the holding of a new hearing in the case against the Canadian mining company Crystallex, in which PDVSA is claiming compensation for the embargo on the shares of PDV Holding (Pdvh), the parent company of Citgo on US soil.

**Stronger together.** China's imports of Saudi Arabian crude went up by 76.3% in October, driven by increases in demand from new refineries in China. Saudi shipments increased by 8.4 million tons (1.98 mb/d), demanded mainly by Hengli Petrochemical Co. and Zhejiang Petrochemical, two new independent refineries.

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**Added to the black list.** The Donald Trump administration included Corporación Panamericana, S.A., a Cuban company, for helping Cubametales, a company owned by the Cuban State, to evade the sanctions against Venezuela and PDVSA. This is the latest in a series of actions that attempt to eliminate the support Havana is giving the Venezuelan Government.

**New figures.** According to the latest monthly report published by the Organization of Petroleum Exporting Countries (OPEC), production in October came to 687,000 barrels a day (b/d), for an increase of 6.7% compared to September (644,000 b/d) but down 6.5% compared to August (735,000 b/d), according to calculations by OPEC's secondary sources.

**Differences between the sources.** However, the figures obtained from primary sources (PDVSA) are higher than those quoted above, giving production of 761,000 b/d for October, an increase of 1.6% compared to September (746,000 b/d) and down 18.4% from August (933,000 b/d). The report also registered a drop in the price of Merey to USD 16.1 per barrel.

**The connection continues.** A shipment of 26,000 metric tons of coke set sail from Venezuela's Cardón Refinery for Cienfuegos, Cuba, according to the secretary of the Unitary Federation of Workers in the Oil, Gas, Derivatives and Like Industries (Futpv), Iván Freites, who calculated that the shipment was worth USD 1.7 million, given that the price of coke is USD 65 a ton.

**Entering the market.** After Saudi Arabia's regulatory authorities approved Saudi Aramco's request, the state-owned oil and gas company announced its intention to quote its shares on the Tadawul Stock Market in Riyadh.

## BUSINESS SECTOR TIPS

**New regulations.** According to *Gaceta Oficial* 41,763, all commercial establishments and financial entities must keep their commercial information and accounting records in "sovereign crypto assets" (Petros) as well as in bolivars.

**A new responsibility for Sunacrip.** According to the information announced by Nicolás Maduro, the agency that is to be in charge of matters having to do with the use of the Petro as a unit of account and trading is the National Superintendency of Crypto Assets and Related Activities (Sunacrip).

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**Shrinking daily.** Juan Pablo Olalquiaga, the vice president of the Association of Latin American Industrialists and former president of the Venezuelan Confederation of Industrialists (Conindustria), expressed his concern over what he called a devastating situation in Venezuelan industry. He explained that his concern was due to the fact that industrial companies are operating at 6% of their capacity, an estimate that is swiftly declining mainly due to the lack of basic services.

**No guarantees.** Olalquiaga also referred to the limitations on investing in the country, given that there is no respect for property rights and equal treatment under the law, which prevents companies from defending themselves against arbitrary actions taken by the State.

**Closing accounts without warning.** Besides that, he said that the regime had put paid to the local currency, as a result of which most companies have accounts abroad. However, they have been adversely affected because US banks are closing the accounts of Venezuelan companies.

**No confidence.** The reason why the banks are taking this decision is that they have lost confidence in the origin of the funds that Venezuelan companies deposit, due to the amount of “black dollars” resulting from corruption that is circulating in the economy.

**A reasonable request.** On the matter of the bolivar’s loss of value and seeing that the government has accepted the circulation of the dollar, the president of the Federation of Commerce and Production Chambers and Associations of Venezuela (Fedecámaras), Ricardo Cusanno, said it was necessary to create an Employment Act that would permit the flow of foreign currency, which would provide companies with “oxygen.”

**Clarifying what he said.** Cusanno also said it was necessary for there to be credit again and clarified that the idea of the law being proposed by Fedecámaras was not a dollarization of wages, since that decision is one that should be taken in the context of a temporary situation as one of a series of measures that would permit the restructuring of the country.

**Lack of maintenance.** The workers of the National Training and Socialist Education Institute (INCES) in Táchira announced that it was possible that the institute would have to declare a technical shutdown. The announcement was made by labor union leader Wolfgang Crespo, who said that the possibility of the shutdown was due to the fact that the necessary funds for maintaining the installations had not been made available, as a result of which they have been “practically dismantled” nationwide.

**It's not enough.** The pensioners of Petróleos de Venezuela, S.A. (PDVSA) are complaining because they have not received their benefits. On top of that they say that, based on what they saved while they were working, they should be receiving the equivalent of 2.25 times the cost of the minimum basket (USD 300), but what they are currently getting is equivalent to USD 5.

## WORLD ECONOMY TIPS

**Let down.** Mexican authorities, among them Jesús Seade, Undersecretary for North America at Mexico's Ministry of Foreign Affairs, requested the United States to ratify the new United States-Mexico-Canada Agreement (USMCA). Mexico has already ratified the treaty, which was signed by the three countries about a year ago, and Canada has said that it is waiting to move ahead in line with the United States.

**Ideas that Mexico finds unacceptable.** Ratification of the treaty has been delayed in the United States because of opposition from labor unions, who fear that it will not protect jobs in the world's largest economy. Seade said that, far from reaching an agreement, statements by certain labor sectors had become more intransigent in the past two weeks and that they had been mentioning ideas that would be totally unacceptable to Mexico.

**Getting close to peace, Part I.** According to The Global Times, a newspaper controlled by China's Communist Party, China and the United States are very close to signing the first phase of a trade agreement. It also said that the Chinese Government continues to be committed to carrying on with talks in order to agree a phase two of the agreement or even a phase three with Washington.

**Getting close to peace, Part II.** According to Gao Lingyun, an expert at the Chinese Academy of Social Sciences and someone who is close to the negotiations, "*basically the two parties have reached a basic consensus for phase one of the agreement.*" Both countries have also agreed to lift tariffs, although they have not agreed on either the details or the scope of the decision.

**A step backwards?** This progress could be adversely affected by the measures taken recently by the United States with regard to the protests in Hong Kong. US President Donald Trump has the power to sign two bills that support these protests. In one of them, the United States forbids the exporting of anti-riot equipment to China.

**Bad news for AMLO.** According to figures published by Mexico's National Statistics and Geography Institute (INEGI), the Mexican economy went into a slight recession in the first

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half of 2019 and stagnated in the third quarter. Updated figures, adjusted for inflation, show that the economy contracted by 0.1% in the first and second quarters of 2019, after having contracted by the same amount in the last three months of 2018. This is a setback for President Andrés Manuel López Obrador.

**Remittances intact.** President Andrés Manuel López Obrador and the president of Banco Santander, Ana Botín-Sanz, reached an agreement according to which Banco Santander will no longer charge commissions on remittances sent to Mexico from the United States. President López Obrador said he was sure that other banks would follow this “example.” The remittances are one of Mexico’s main sources of revenue. Between January and September, it received USD 26.98 billion in remittances.

**Colombia responds.** Colombia’s President Ivan Duque announced social reforms in a new attempt to calm down the protests against his government after labor unions and students announced more mobilizations. The reforms consist of incorporating some social measures into the tax reform bill being debated in Congress and that should be approved before the end of the year.

**Less taxation.** Duque proposed refunding value added tax (VAT) to the poorest families, which includes 20% of the country’s population, the gradual reduction of the health contribution made by pensioners with a minimum wage from 12% to 4%, and incentives for companies to create jobs for young people. The measures would be equivalent to nearly USD 931 million.

**An efficient holding company, Part I.** Colombia’s Finance Ministry published the creation of Grupo Bicentenario, a financial holding company with a net worth of USD 4.6 billion that is to be formed by companies in which the Colombian Government has a shareholding.

**An efficient holding company, Part II.** Grupo Bicentenario is to be formed by Banco Agrario, Bancoldex (a foreign trade development bank), Financiera de Desarrollo Nacional, Findeter, Finagro, and some trust funds. The purpose of setting up this holding company is to improve the administration of the Colombian State’s asset, avoid duplication of operations by entities that perform the same functions, increase efficiency, and generate greater value in terms of products offered.

## POLITICAL TIPS

**Not today.** The judge in charge of the case of National Assembly Deputy Juan Requesens decided to postpone the trial for a week. She explained that the decision was due to the fact that it was impossible to transfer Requesens from Ramo Verde Prison to the Palace of Justice.

**Request ignored, Part I.** The European People's Party (EPP), the group with the largest number of representatives in the European Parliament, called on Nicolás Maduro to resign from the presidency of Venezuela, given that, during his time as president, he had impoverished the people and ruined the country.

**Request ignored, Part II.** The purpose of the EPP's request is to open up the way for a peaceful transition of power, to which end it hopes that "a clear, concrete and timely plan be established for new presidential elections." For that reason, it has proposed to the European Union that new sanctions be applied if Maduro continues to delay that process.

**Protests are fine, if they're not against him.** At the closing ceremony of the International Young People's and Students' Congress for Peace, Nicolás Maduro expressed his support of the protests in Colombia against President Ivan Duque, saying it was time the people were heard and for them to rise up against the policies that neoliberal governments are trying to implement.

**The pot calling the kettle black.** He also said he was against the "terrible acts of repression" carried out by Colombia's armed forces and denounced the deaths, injuries, arrests and disappearances that this had caused in all the towns and cities since the curfew had been imposed.

**They're not responsible for that...** Maduro clarified that neither Venezuela nor the Forum of Sao Paulo had anything to do with these protests and that Duque was entirely responsible because of his "inability to give the people of Colombia peace, well-being, prosperity, protection."

**...but they are for this.** In contrast to these statements, however, National Assembly Deputy for the Indigenous Peoples Virgilio Ferrer denounced that the authorities, namely the Prosecutor General and the Ombudsman, had not offered any statements regarding the "massacre" in Ikabarú, Bolívar state, for which he held Maduro's regime responsible.

**We're no longer a democracy.** In its report "The Global State of Democracy 2019," the International Institute for Democracy and Electoral Assistance (International IDEA) said

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that, as a result of its analyses, it was possible to conclude that Venezuela is the country that is most behind in terms of democracy, having gone from being a democracy with a high score in representative government to a nondemocratic regime today in the past 40 years.

**More corruption.** Opposition leaders who are members of the Association of Mayors of Venezuela say that the transfer of the money obtained from fines issued under the Coexistence Act to the communes serves to foster corruption, since they consider the measure only seeks to benefit supporters of the United Socialist Party of Venezuela (PSUV).

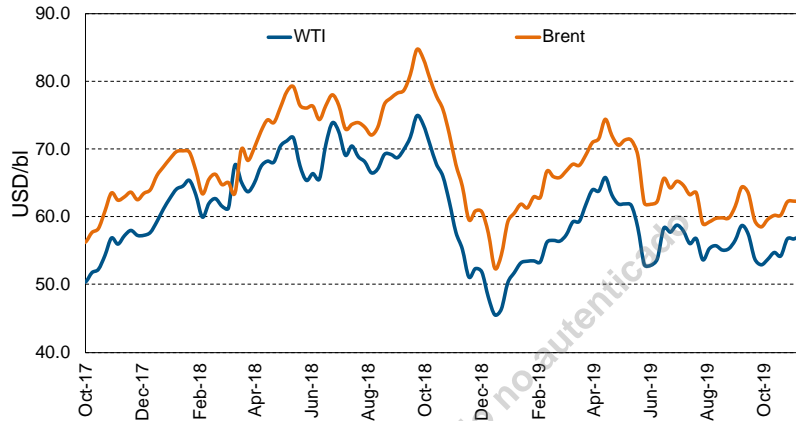
**They shouldn't be free.** Carabobo State Governor Rafael Lacava said it was necessary to start charging for public services again, because "everything is free here" and that has negatively affected the functioning of these services.

**Give them back to the private sector.** Lacava also stressed the importance of private business and that, in his opinion, the country's services should be privatized, saying that "in order to distribute wealth, first we have to produce it." For that reason a coherent development model should be established that would make it possible to fulfill that objective.

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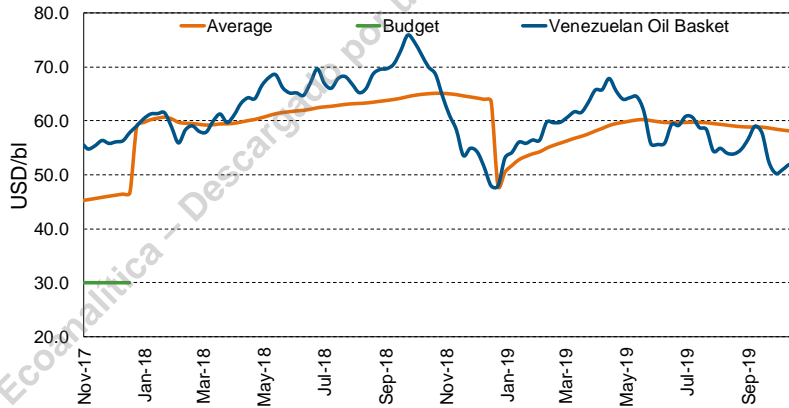
**ECONOMIC INDICATORS**

**Oil Prices  
(WTI and Brent)**



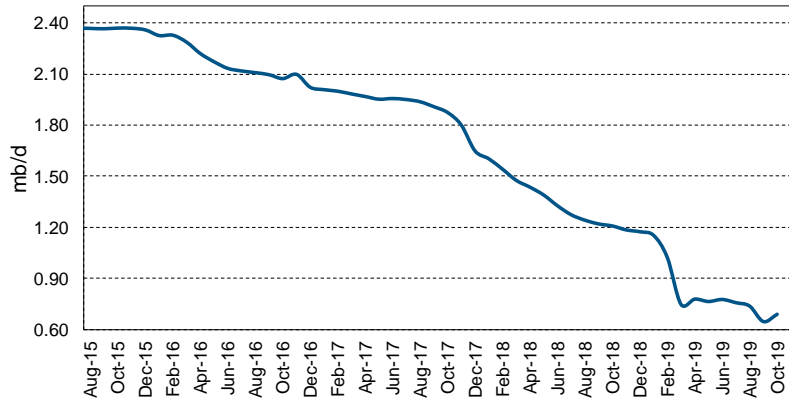
Sources: Menpet and Ecoanalítica

**Oil Price  
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

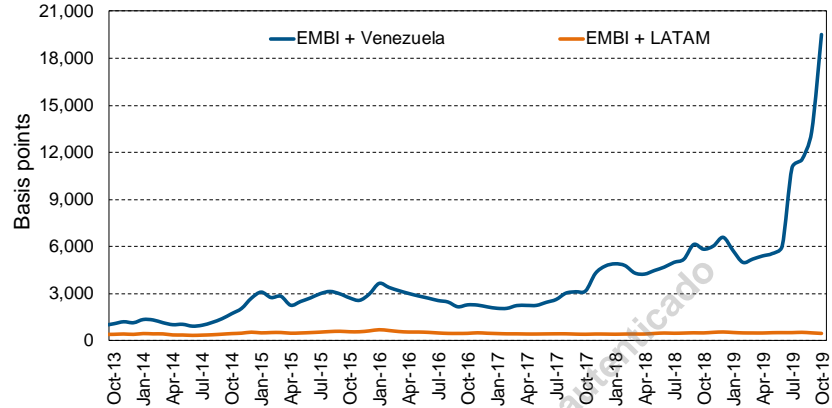
**Oil Production  
(Secondary sources)**



Sources: OPEC and Ecoanalítica

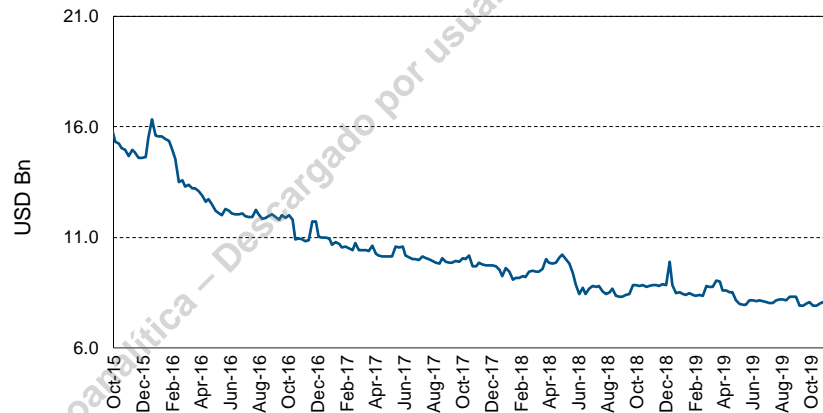
**ECONOMIC INDICATORS**

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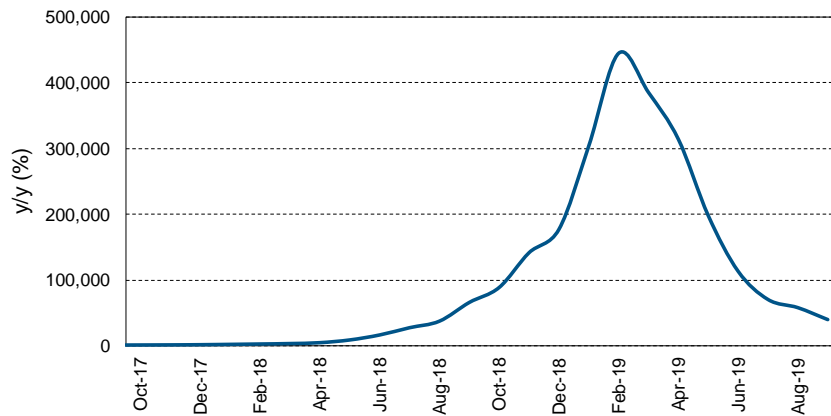
Sources: BCRP and Ecoanalítica

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

Inflation (BCV)



Sources: BCV and Ecoanalítica

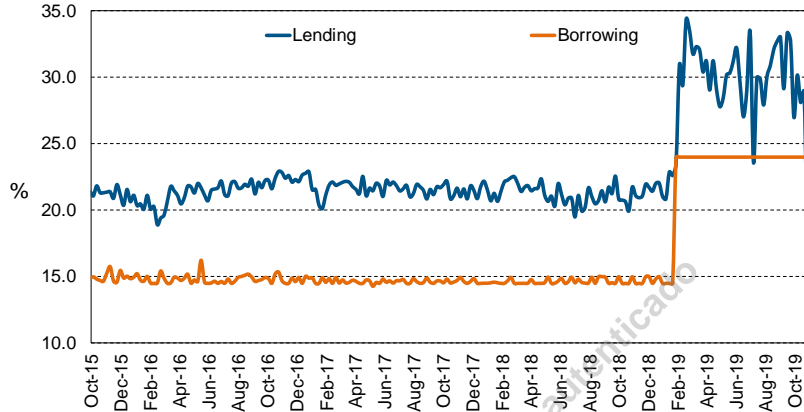
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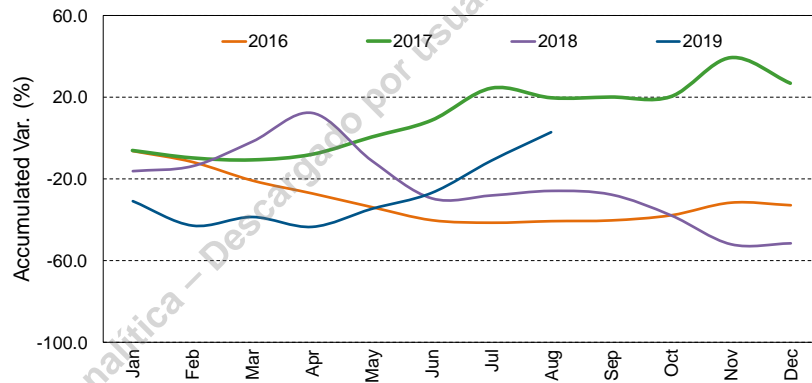
**ECONOMIC INDICATORS**

**Interest Rate  
(Six major banks)**



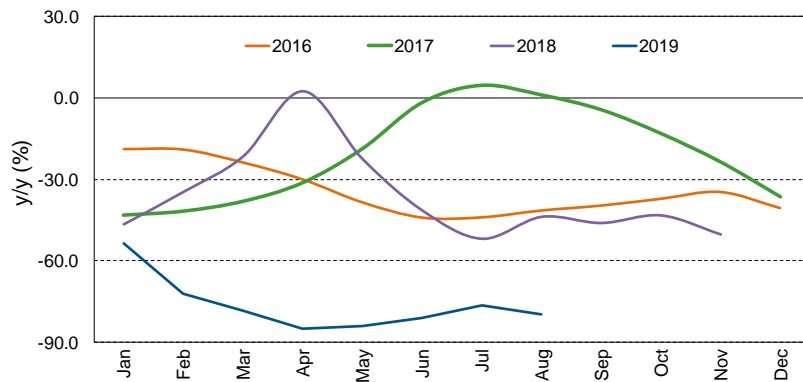
Sources: BCV and Ecoanalítica

**M2 Expansion  
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio  
(Real)**



Sources: SUDEBAN and Ecoanalítica

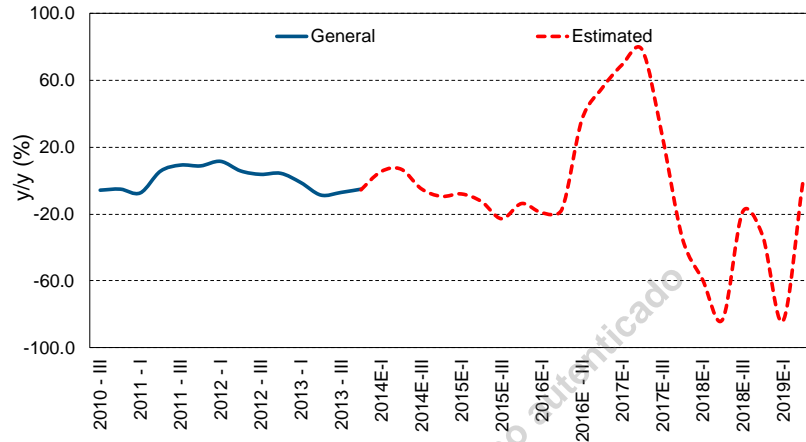
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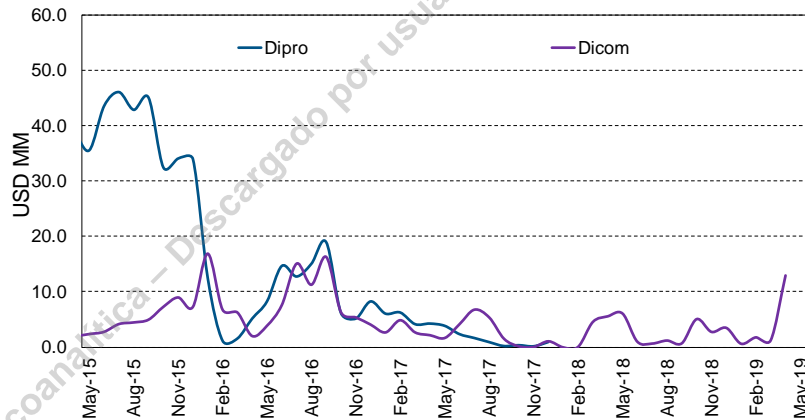
**ECONOMIC INDICATORS**

**Real Wage Index**



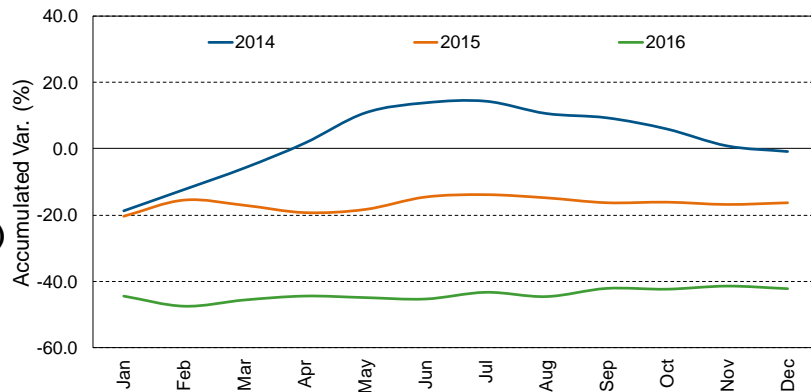
Sources: BCV and Ecoanalítica

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



Source: Ecoanalítica

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



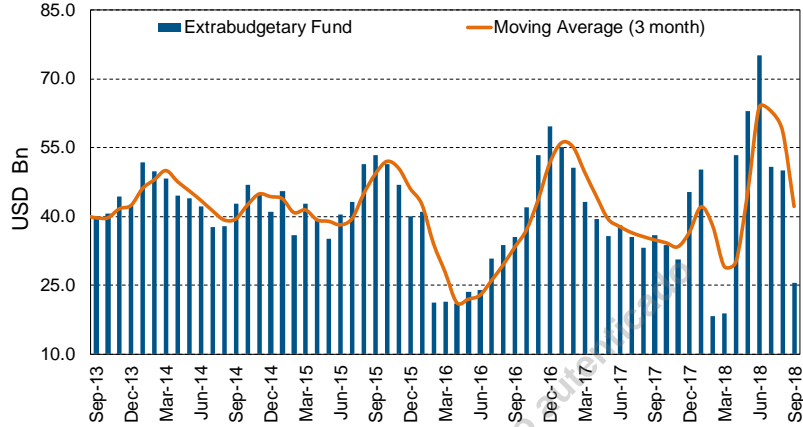
Sources: ONT and Ecoanalítica

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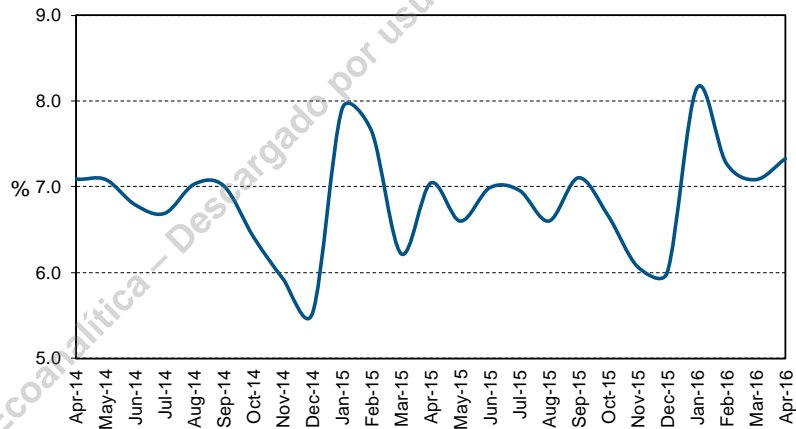
**ECONOMIC INDICATORS**

**State Extrabudgetary Resources**



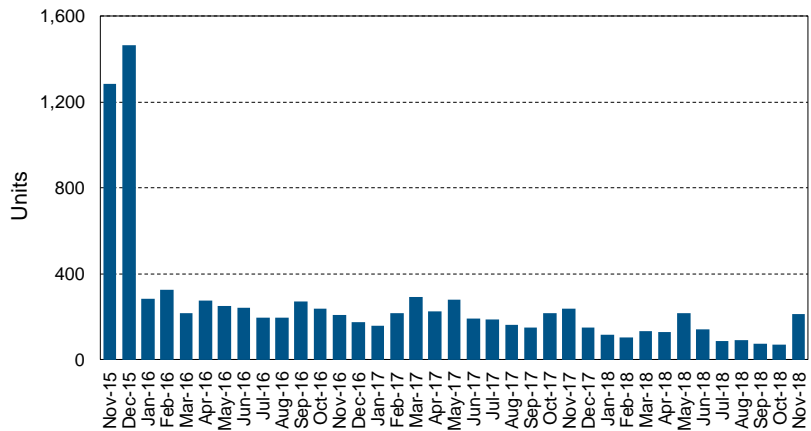
Source: Ecoanalítica

**Unemployment Rate**



Sources: INE and Ecoanalítica

**Vehicle Sales**



Sources: CAVENEZ and Ecoanalítica

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