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## Breaking the habit: Overcoming the monetary hangover

Since February 2019, the preferences revealed by the Venezuelan Executive regarding its economic policy reflect that they have prioritized the containment of inflationary pressure, even at the expense of a deeper recession in the short term. Within this scheme, both the Treasury and the Central Bank (BCV) have also focused their efforts on stabilizing the exchange rate, presumably considering it the main nominal anchor over which they can influence in an increasingly dollarized economy. Although official figures and **Ecoanalítica** estimates indicate that the relationship between prices and the exchange rate is not as absolute<sup>1</sup> as the authorities would prefer, tempering the volatility of the exchange rate environment will continue to be one of the main objectives of monetary and fiscal policy with non-trivial implications for the cost of living in dollars.

Under the above assumptions, and in order to inhibit the aggressive growth of these two indicators, policy makers have resorted to different monetary, fiscal and financial mechanisms, with different levels of effectiveness and notable consequences on the monetary and exchange market environment.

### Prices and exchange rate: Longer jumps and synchronized swimming

Since the establishment of the "floating exchange rate" scheme with the exchange rate desks in May 2019<sup>2</sup>, the authorities have maintained an effort to anchor the parallel exchange rate to the official rate, with varying results to date. Since the beginning of the year, both markers have been relatively synchronized, with a daily differential averaging 2.7%<sup>3</sup> and a maximum separation at the beginning of the monetary reconversion<sup>4</sup>; however, the pace of the exchange market in Venezuela during 2021 follows a "staggered" sequence, in which periods of relative stability (with an average duration of two months<sup>5</sup>) are followed by upward corrections<sup>6</sup> between one level and another.

<sup>1</sup> Weekly Report N°41: *Inflation and appreciation from the BCV balcony*.

<sup>2</sup> NTN24. (2019). *BCV announces new exchange system for the purchase and sale of foreign currency*

<sup>3</sup> Positive value means an unofficial exchange rate higher than the official exchange rate.

<sup>4</sup> When negative expectations about stability in means of payment raised the exchange rate volatility to the point of motivating an intervention by the BCV.

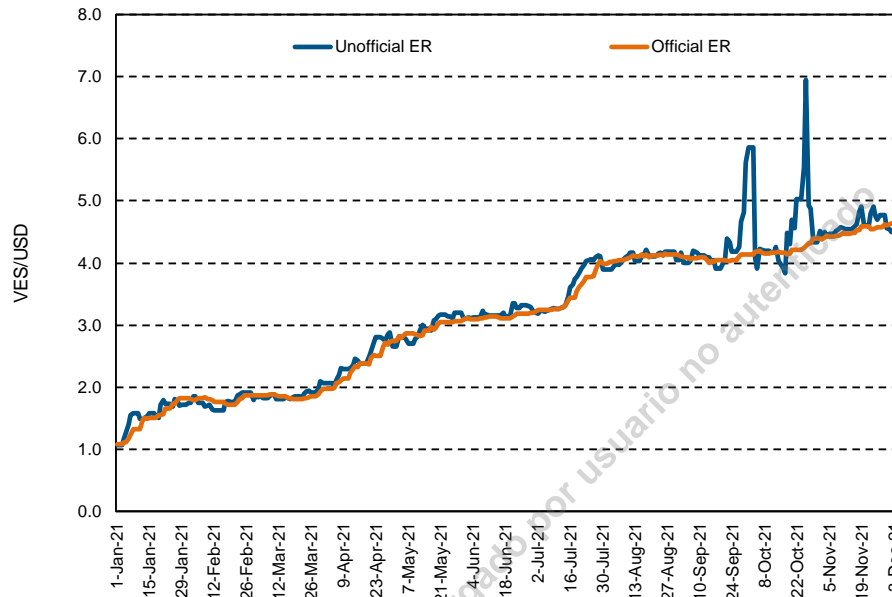
<sup>5</sup> Periods such as January 5th-March 29th, May 13th-July 17th, July 22nd-September 27th.

<sup>6</sup> Periods such as March 30th-May 12th, July 18th-July 21st.

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Daily exchange rate



Sources: BCV and Ecoanalítica.

This temperance of exchange rate movements is also reflected in price movements. We note that these two indicators had average inter-weekly variations of 3.6% and 4.3%, respectively; and their relationship was stronger in 2021, by having a correlation index that rose from 0.48 in 2020 to 0.71 for the week of December 3rd, 2021. However, despite their close relationship, at **Ecoanalítica** we do not consider that the transfer effect<sup>7</sup> of the exchange rate to prices enjoys the primacy with which the authorities seem to treat them.

In general, the growth of prices and the exchange rate during 2021 is defined by lower growth than in the hyperinflationary period, with less volatility and a closer relationship between the two variables, although maintaining a constant lag of exchange rate depreciation with respect to inflation, leading to an environment where the cost of living in dollars continues to increase<sup>8</sup>.

<sup>7</sup> Exchange Market Report N°2 of 2020: *From exchange rates to prices: the pass-through effect today.*

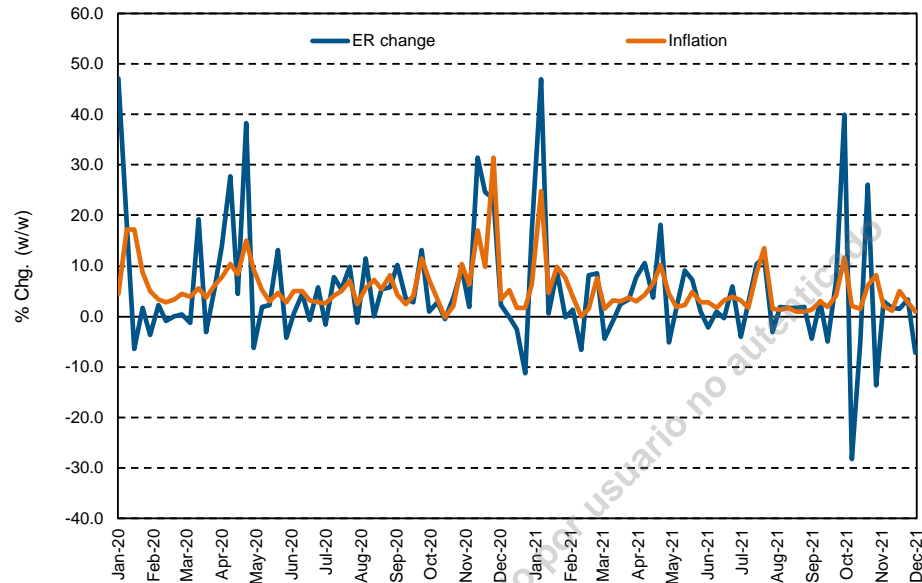
<sup>8</sup> Weekly Report N°31: *Rising dollar prices: no peace for Venezuelans' pockets.*

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Week to week change of CPI vs. exchange rate



Sources: Ecoanalítica.

## Solutions on the brink of hyperinflationary overdose

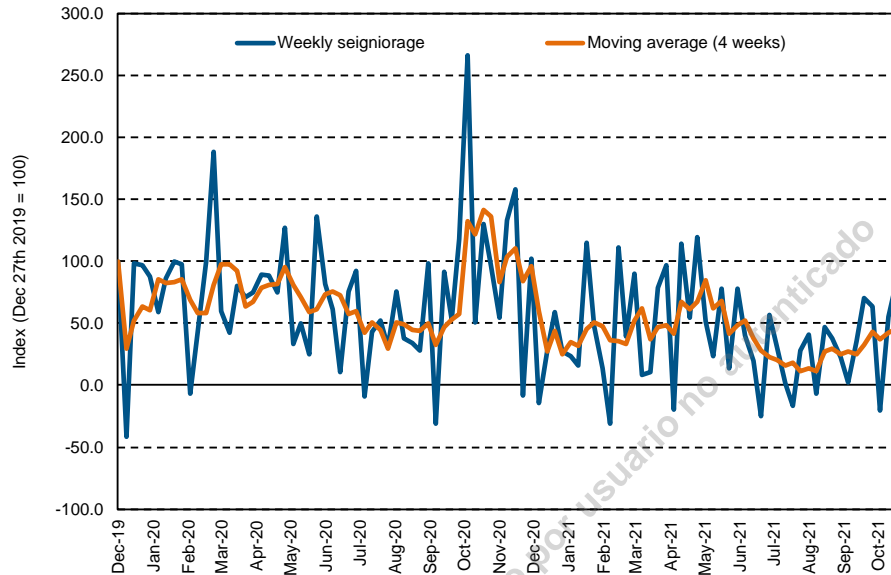
Both prices and the exchange rate are influenced by the financial, fiscal and monetary environments around which the Executive has implemented an adjustment program that has consisted, specifically, of reducing public spending in order to close the fiscal deficit, slowing the growth of the monetary base, inhibiting credit via reserve requirements, selling foreign currency to the financial, and deregulating financial dollarization.

### *In monetary rehabilitation*

During 2021, the growth rate of monetary aggregates has been in line with a government strategy to contain spending (and its monetization) in order to control the rise in prices and the exchange rate. In this sense, although liquidity (M2) has a very similar path to that of 2020, the monetary base (BM) remains persistently below. So far this year, the weekly growth of the monetary base has been, on average, 1.6 percentage points (pp.) below that observed in 2020<sup>9</sup>, and 5.7 pp. less than in the same period of 2019. Even under the pressures of electoral elections, periods during which higher levels of monetary financing are normally observed, the Executive maintained its spending containment stance, reinforcing its intentions to control the rise in the price of goods and the dollar.

<sup>9</sup> Compare amounts.

Weekly seigniorage (2020-2021)



Sources: BCV and Ecoanalítica.

Similarly, in the absence of oil and non-oil tax revenue sources, the Executive continues to have to resort to seigniorage to meet its minimum spending requirements, although, even with this policy, some fiscal discipline on the part of the monetary authorities is observed by keeping the average weekly seigniorage in the second half of 2021 below what was seen in mid-2020. In essence, deficit monetization continues to take up space in public finances, but in a downward direction as the state shrinks.

### *An immovable lace*

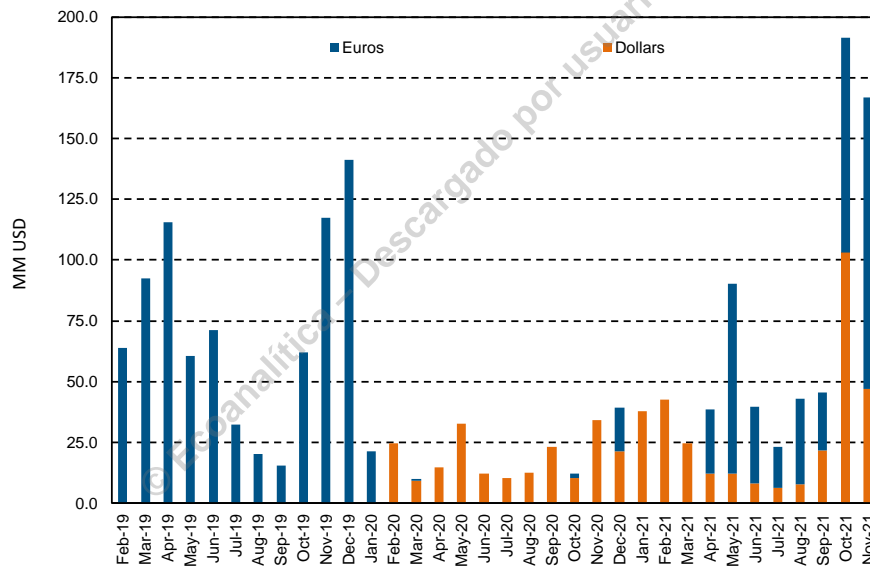
Despite some downward adjustments in early 2021, the reserve requirement has remained relatively constant since its advances in 2018 and its peaks in 2019<sup>10</sup>. So far, this has remained as one of the main measures to contain the depreciation of the exchange rate, where, through the increase in the requirement of deposits that banks must keep in the BCV (percentage reflected in the reserve requirement), it seeks to inhibit the demand for foreign currency by restricting the ability of banks to grant loans from the financial sector.

<sup>10</sup> Weekly Report N°32: Another look at Venezuela's banking during pandemic: Between good and bad news.

*Who wants dollars?*

In October the Central Bank sold the equivalent of USD 191.5 million to the financial system and, at the same time, its liquid reserves<sup>11</sup> were reduced by USD 115.0 million. Although the feasibility of maintaining this pace of foreign currency sales to the financial system is uncertain, for the moment, it seems that the intentions of the Executive to stabilize the exchange rate through these interventions prevail. In fact, October 2021 was the month with the highest sales of foreign currency since the new exchange rate scheme began in May 2019, a period in which, due to a sharp uncertainty due to the monetary reconversion, the parallel exchange rate presented a daily increase of 16.5%, followed by a drop of 30.4% four days later<sup>12</sup>, thanks to -mainly- the interventions of the authorities.

**Sale of foreign currency in cash to the financial system**



\*Euros converted to dollars using the monthly average EUR/USD exchange rate.  
Sources: Ecoanalítica.

For the time being, the inertial demonetization of the bolivar, thanks to lower monetary financing, and its relative value position with respect to the currencies in circulation could mean that the BCV needs to mobilize fewer resources to influence the exchange market.

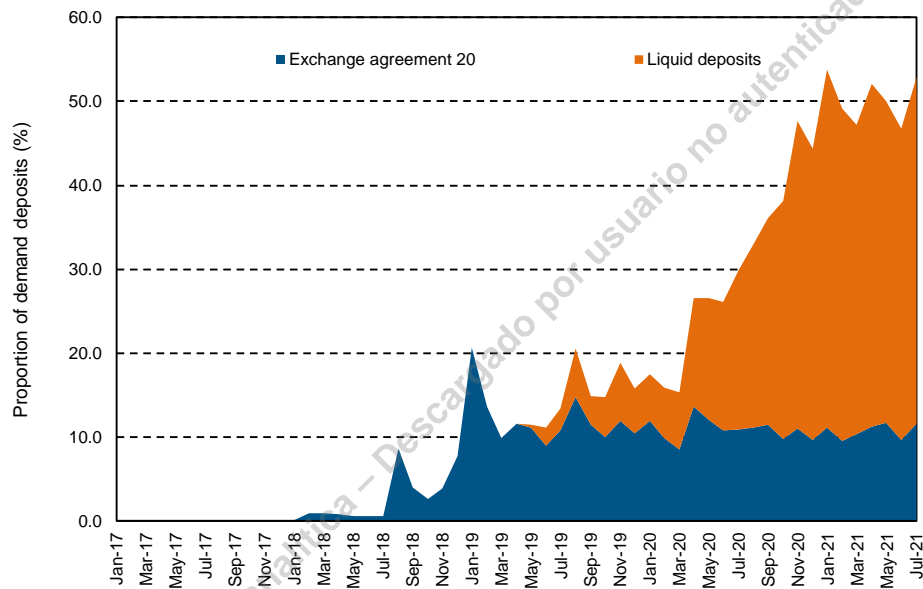
<sup>11</sup> It should be noted that the amounts -apparently- belonging to IMF SDRs cause doubts about the total status of reserves.

<sup>12</sup> Variations observed between September 30 and October 5.

*Taking advantage of dollarization*

Although dollarization began spontaneously given the transactional restrictions in the Venezuelan economy, the authorities have accompanied this phenomenon with financial deregulations that have, to some extent, facilitated transactional and financial dollarization and, to some extent, stabilized the foreign exchange market.

**Foreign currency deposits of Venezuelan banks**

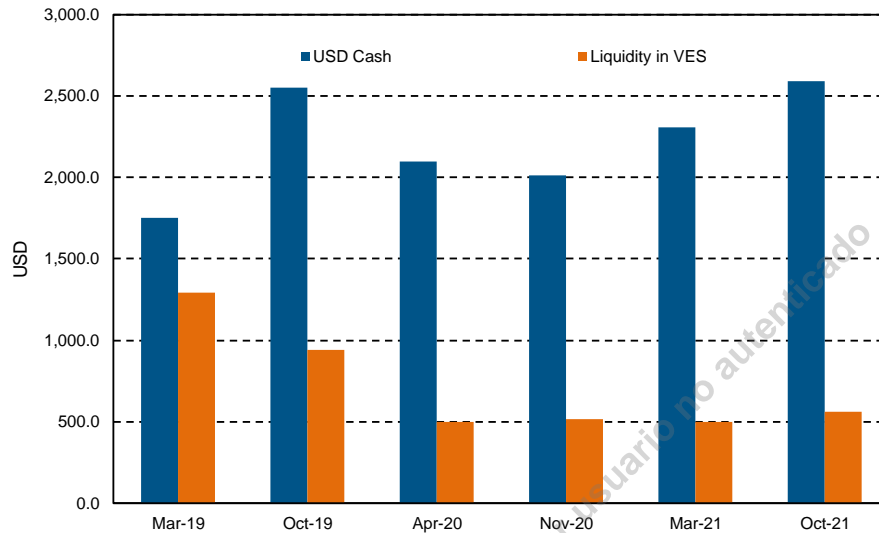


Sources: Sudeban and Ecoanalítica.

If we review the first measurements of dollarization presented by **Ecoanalítica** (made in June 2019), when it was estimated that transactional dollarization reached 40.1%, we observe that this increased to 64.8% of total transactions in October 2021 and that dollar deposits went from 11.1% of total deposits on the same date to 52.9% at present<sup>13</sup>. These figures appear to have become entrenched in their current proportions, indicating some degree of consistency in the availability of foreign exchange, and consequently less exchange rate volatility.

<sup>13</sup> As of July 2021.

Circulation by currency



Note: Liquidity (M2) in VES converted to USD using the official exchange rate by the end of the month.  
Sources: BCV, Gallup and Ecoanalítica.

Additionally, such levels of dollarization present an opportunity to establish taxes in foreign currency, a factor that could facilitate the reduction of monetary financing; however, dollarization is a phenomenon that is difficult to reverse, so that, despite the possible benefits it has brought to the Executive, it also implies a smaller range of maneuver to the extent that the bolivar is moved to a second plane.

### 2022: year of fiscal abstinence or inflationary relapse?

As a result of the aforementioned factors, up to November 2021, inflation accumulated a growth of 665.6%, approximately one third of the accumulated inflation for the same date in 2020 (2,021.8%). The difference is even more marked in the case of the exchange rate, whose accumulated up to October (323.8%) is approximately one-fifth of that observed in 2020 (1,773.6%).

At **Ecoanalítica**, we believe that the Executive will try to maintain the *status quo* of prioritizing the containment of inflationary and exchange rate pressures, reducing public spending according to the availability of resources. In this sense, it is important to take into account the following aspects:

- The authorities' strong commitment to limit inflationary pressures could lead to the end of hyperinflation in the near future. In fact, under Cagan's criteria, if monthly

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inflation in December and January are below 50%, it would mean the end of the hyperinflationary period, retroactively, in January 2021<sup>14</sup>.

- The Executive may intend to expand public spending in year-on-year terms, taking advantage of inertial improvements in economic activity, as long as it can expand its revenues from oil and non-oil tax collection.
- The executive can alleviate inflationary pressure on spending if it begins to pay portions of its budget execution directly in foreign currency; however, the components related to its payroll and pension payments are likely to remain in bolivars, the adjustments to which will be less recurrent in order to limit monetary financing.
- Interventions in the financial system through the sale of foreign currency in cash are conditional on the liquid resources available to the BCV. The lower requirements for foreign exchange intervention lighten the burden on the issuing entity, but do not completely neutralize the possibility of sudden runs in environments of political or financial pessimism.
- Although both exchange rate and price variations are slowing down, the persistent lag of the exchange rate behind inflation raises the cost of living in dollars and opens the way for more sudden exchange rate corrections.

**Diego Santana Fombona**  
**Giorgio Cunto**

<sup>14</sup> Weekly Report N°30: *Is Venezuela Emerging from Hyperinflation?*

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## WEEKLY INDICATORS

Weekly Economic Indicators			
	2nd Week December	Weekly chg. (%)	Depre/Apre (pp) <sup>1</sup>
FX Boards (VES/USD) <sup>2</sup>	4.6	3.0	2.9
	4th Week November	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	50.0	-0.6	11.9
	1st Week December	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	117.1	3.3	-0.1
	1st Week December	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	10.9	-0.45	72.9
	4th Week November	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (MM VES)**	3,686,449.9	2.5	819.2
Price of International Oil Baskets (USD/b)			
	1st Week December	Weekly chg. (%)	Annual chg. (%)
WTI	66.9	-14.0	43.0
Brent	71.0	-11.5	42.8
Price of the Venezuelan oil basket (USD/b)			
	5th Week July (2020)	Weekly chg. (%)	Annual chg. (%)
Weekly Average	22.4	0.0	-61.9
Annual Average	28.8	-0.7	-51.7

Sources: BCV, MENPET, ONT and Ecoanalítica

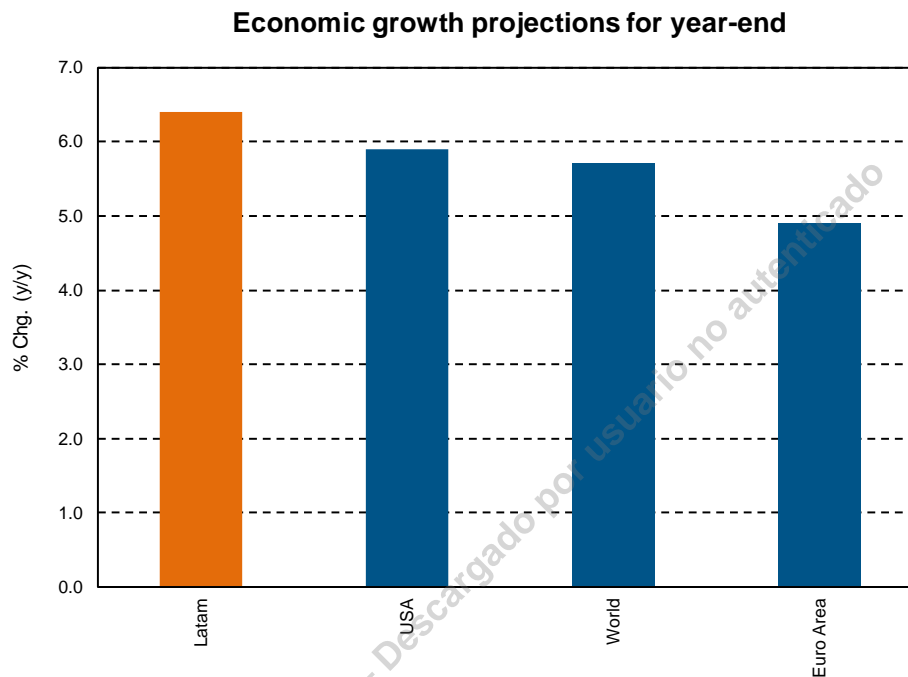
\* Annual variation of accumulated expenditure.

\*\* Reconverted amounts.

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

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**GRAPHIC OF THE WEEK: "AN UNCERTAIN RESPITE".**


Sources: Consensus Forecast and Ecoanalítica.

Despite the resurgence of the pandemic, the global economic recovery continues. The fissures created by COVID-19 appear more persistent; these are short-term divergences that are expected to leave lasting imprints on economic performance over the medium term and are driven primarily by access to vaccines and the rapid deployment of supportive policies.

The world economy is projected to grow 5.7% by the end of 2021. The compilation of analysts' forecasts compiled by *Focus Economics* reflects a deterioration in advanced economies, due in part to frictions in global supply chains, and in low-income developing countries, as a result of the downturn in local activity caused by the pandemic. This is partly offset by improved near-term prospects for some emerging and developing markets that export commodities; however, the danger of new variants raises new doubts about the speed with which the pandemic can be overcome.

As for Latin America, growth is projected to reach 6.4% by the end of the year, 13.1 percentage points (pp) above the decline seen in 2020. This may be mainly due to the revival of global trade and the rebound in commodities; however, the persistence of the

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COVID-19 pandemic and the uneven distribution of vaccines among countries continue to hold back the global economic recovery and worsen the outlook for developing nations. For advanced markets, growth in the United States is projected to reach 5.9%, as a result of large-scale fiscal support, and growth in Europe is projected at 4.9%.

The global community must redouble its efforts to ensure equitable access to vaccines in all nations. Otherwise, if COVID-19 were to have a prolonged impact over the medium term, it could reduce global GDP by USD 5.3 trillion cumulatively over the next five years relative to current projections (according to International Monetary Fund estimates).

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## ECONOMIC TIPS

**COVID-19 in Venezuela (I).** According to government figures as of December 9th, the country has 435,431 registered cases of the coronavirus and 5,202 deaths. According to OurWorldInData, as of November 29th, an estimated 57.2 percent of the population had received at least one dose of vaccine.

**Inflation deflates.** The Venezuelan Finance Observatory published its records of the national consumer price index for November. It shows a month-over-month increase of 6.0%, a cumulative increase of 616.9% and a year-over-year increase of 769.0%. In detail, the items with the highest price increases during the month were health (18.6%), miscellaneous goods and services (16.5%) and food (11.5%).

**Why use bolivars? (I)** According to Reuters, PDVSA, government entities and public companies have begun to pay a portion of bills in dollars, depositing them in foreign currency accounts in some local banks. Although sources do not know the total amount of dollar payments made by the government, they estimate that some payments amounted to USD 5,000 or more.

**Why use bolivars? (II)** According to Reuters' sources, the government is changing the way it settles its accounts payable for two main reasons. The first is to keep inflation and the exchange rate at bay, at least until the end of the year, and the second is the preference of suppliers to receive dollars instead of bolivars.

**Less taxes for Christmas.** According to Decree No. 4.618, published in Official Gazette No. 42.266, dated November 30th, the Government extends until December 31st of this year the exoneration of duties on imported products. Specifically, the decree extends the validity of Articles 3, 4, 5, 6, 7, 8 and 9 of Decree No. 4,552 dated August 6th, 2021 and, consequently, the exonerations or benefits set forth therein remain in force under the terms and conditions prescribed in the decree.

**Millionaire interventions (I).** The Central Bank of Venezuela (BCV) made its first foreign exchange intervention of December injecting USD 65 million into the foreign exchange market, which represents an increase of USD 15 million compared to the USD 50 million sold to banks the previous week.

**Millionaire interventions (II).** In November, the issuing entity placed foreign currency in the banking system for an amount of USD 225 million, a weekly average of USD 56.25 million. Compared to this average, the intervention increased this week by 15.6%, which

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sends a clear signal about the intention to end the year with an exchange rate close to the current rate and to maintain the appreciation of the bolivar.

**Will we get out of hyperinflation?** José Manuel Puente, professor and researcher at the Instituto de Estudios Superiores Administrativos (IESA), indicated that "*Venezuela would still be the highest inflation in the world and inflation above 1,300% is overwhelming for any country, but it would no longer be classified as hyperinflation; however, no one can be sure because maintaining that inflation rate for 6 more months until March 2022 is very costly for the republic*".

**Bonuses and more bonuses.** During December, the Patria system will allocate 4 bonuses to active and retired workers of the public administration; these bonuses are Negro Primero, Máxima Eficiencia, Simón Rodríguez and Protectores de la Salud. In November, the amount transferred of these bonuses was VES 15.40 each, equivalent to USD 3.44, so it is expected that the amount allocated for December will be equal or higher.

**Money Tables.** For the second week of December, the average money desk rate was VES 4.6/USD, representing a 2.9% appreciation from the previous week.

## OIL TIPS

**November exports.** According to internal documents reviewed by Reuters and data from Refinitiv Eikon, Venezuelan crude exports stood at 572.6 kb/d, 20% below the previous month and 2% less than in the same month last year.

**Export breakdown.** Two-thirds of total exports were shipped to China and other Asian countries through companies with little history in the oil trade. In addition, some 77 kb/d of crude oil, jet fuel and gasoline were shipped to Cuba.

**Watered down cargo.** The well-known agreement with Iran to bring condensates to Venezuela has allowed to increase local production to satisfy part of the exports and domestic consumption; however, this new operational strategy has brought certain problems, such as excess water in some exportable crudes. Among these is Merey which, according to internal reports, its inventories are low and unspecified due to the high percentage of water in them.

**Inventory build-up.** According to Reuters, oil production averaged 830 kb/d in November, even reaching a one-off peak of 904,000 barrels; however, the availability of

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only two of the four crude upgraders and a single blending station in service for the production of exportable products has led to a significant build-up of inventories during the month, when PDVSA has had to use floating storage stations for diluted crude.

**High relative importance.** The Venezuelan government's budget for 2022 will be USD 13.56 billion, of which USD 8.2 billion (60.5%) will be covered by PDVSA's crude oil sales. According to Reuters, which revealed having had access to the document containing the budget, it also showed that these sales will cover health and education expenses, as well as public sector salaries.

**Lack of details.** The document did not include internal estimates of crude oil production and prices for the coming year, but it did reveal that the government is working to "relax" or "eliminate" the current sanctions imposed by the U.S. on Venezuelan industry, although it also stressed that they are prepared to "reaffirm ties and connections with new strategic commercial partners".

**Stable salvation?** PSUV deputy Ángel Rodríguez declared that two million barrels of diluents from Iran arrived in Venezuela and were being unloaded at the country's main oil port. This would be the fourth shipment of diluents this year, within the framework of the agreement signed by both countries in the middle of this year. So far, Venezuela has received 4.8 million barrels of condensates and has sent 5.8 million barrels of Merey 16 heavy crude and jet fuel to Iran.

**Rescue attempt.** Gabriel Yorio, Mexico's Undersecretary of Finance, declared that Petróleos Mexicanos (Pemex) will sell between USD 700 million and USD 1 billion and that the Mexican government will make a capital injection totaling USD 3.5 billion. Both resources will be used to shore up the state-owned company's finances, cancel obligations and buy back bonds in order to reduce its net debt by approximately USD 3.5 billion.

**Unthinkable scarcity.** Halliburton CEO Jeff Miller stated that, given the underinvestment in fossil fuel development, the world is expected to face an oil shortage in the near future.

## SECTORAL TIPS

**Evading is entering the country (I).** Roger Figueroa, president of the Venezuelan Chamber of the Dairy Industry (Cavilac), denounced that some of the dairy product identifiers that are entering the country, especially through the border with Colombia, are being falsified to avoid customs regulations or tariffs.

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**Evading enters the country (II).** On the other hand, Figueroa claimed that when the prices were agreed, the liter of raw milk cost 0.20 cents, however, currently the industry must pay USD 0.50. Cavilac also expressed feeling harassed by imports and added that *"They come without VAT, without sanitary registration, without paying taxes, tariffs and it is certainly impossible to compete with that"*.

**Petare inflates.** The price of the Petare basket, registered by Deputy Angel Alvarado, showed an increase between the week of November 28th to December 4th of 0.71% in bolivars and 5.62% in dollars, reaching VES 140.9 or USD 29.85.

**Construction sector destroyed (I).** Enrique Madureri, president of the Venezuelan Chamber of Construction (CVC), said that since 2012 more than 1,250,000 jobs have been lost in the sector, which currently has barely 30,000 workers.

**Destroyed construction sector (II).** As for the Venezuelan cement industry, Madureri said that it is currently producing at 10% of its installed capacity and generates 250,000 jobs. For its part, the steel industry is working at 5% of its installed capacity. It went from producing 4.3 million tons per year of liquid steel rebar, slabs and other materials to producing only 0.20 million tons.

**Transport paralyzed.** Elio Rivas, president of the Zulia State Transport Chamber (Catrazulia), said that between 80% and 90% of heavy transport in the state is paralyzed due to the lack of investment, supplies and fuel. In addition, he said that Catrazulia currently has around 35 members, while in previous years it had more than 60.

**Venezuela the most expensive in the world.** According to a study by the Food and Agriculture Organization of the United Nations (FAO), its food price indicator in 2020 showed an increase of 42% in Venezuela, well above the world average (30%), making it one of the countries in the world whose food prices have risen the most.

**Buying in the pit.** Francisco López Domínguez, president of the Venezuelan Real Estate Chamber, indicated that "this is the time to buy and invest, this is not the time to sell". In addition, Domínguez warned that, through the National Superintendence of Securities, financial instruments are beginning to be approved in order to be able to pay for real estate works.

**Opening the doors with Colombia.** The governor of Táchira state, Freddy Bernal, promised Saturday to build a border of peace between Colombia and Venezuela. During the act of swearing in as regional leader of the entity, Bernal explained that it provides for

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the development of an economic corridor between Norte de Santander and Tachira State with the participation of more than 530 companies, which will generate 3,000 direct jobs in a first stage.

**Decentralizing the administration (I).** Nicolás Maduro transferred the administration of corporations, plants and factory complexes to the Anzoátegui state government, headed by Luis José Marcano.

**Decentralizing the administration (II).** In detail, the institutions transferred by the Executive to the Governor's Office were the Corporation for Sustainable Rural Development of Venezuela, S.A. (CORDAGRO), the Corporation for Fishing and Aquaculture of Anzoátegui State (COPESCA), the Barcelona Mortar Plant, the Eulalia Buroz Port in Puerto La Cruz and also the flour plants of Aragua de Barcelona, dairy of Barcelona, aloe of Barcelona, starch of El Tigre and the strategic alliances of the Anaco Factory Complex.

## POLITICAL TIPS

**In search of evidence.** Former candidate Freddy Superlano went to the headquarters of the Supreme Court of Justice (TSJ) in Caracas, where he filed an appeal for constitutional review of the recent rulings that stripped him of his victory in the last regional elections in Barinas and disqualified him from exercising political functions.

**New candidate...** The Democratic Unity Roundtable (MUD) nominated Aurora Silva de Superlano as candidate for the governorship of Barinas state in January 2022, when the regional elections will be repeated in the entity, as announced by former candidate Freddy Superlano.

**...but also disqualified.** Aurora Silva de Superlano appears as disqualified from holding political office on the CNE website, as confirmed on December 5th. The president of the Barinas Municipal Council and member of Freddy Superlano's campaign command, Juan Pedro Crespo, commented that the origin of the disqualification will be evaluated and then a decision will be made on the strategy to follow.

**The perfect target.** Less than 15 days after being elected, opposition mayors and governors have been subjected to arbitrary arrests, stripped of their constitutional powers, and even their victory in the regional and municipal elections of November 21st has been recognized.

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**Extension denied (I).** The Electoral Observation Mission of the European Union (EU EOM), which was present in the recent regional and municipal mega-elections in Venezuela, ratified that this Sunday, December 5th, will leave the country, without specifying that it was due to a revocation of visas by the Government of Nicolas Maduro, as assured this Friday, December 3th.

**Extension denied (II).** The media Bloomberg reported that the Venezuelan Foreign Ministry denied the extension of visas to the members of the observation mission, which precipitates their departure.

**Otherwise...** The Commissioner for International Relations of the interim presidency of Juan Guaidó, Julio Borges, said that steps must be taken to reform the interim Government and considered that this figure has become "an end in itself" instead of being an instrument of struggle.

**it's goodbye.** The founding leader of the Primero Justicia (PJ) party announced this December 5th that he requested a right to speak to the 2015 National Assembly to make a series of proposals for the reform of the democratic alternative. This in view of the upcoming January 4th deadline to reform the transitional statute.

**For personal reasons.** The former president of the Federation of Chambers and Associations of Commerce and Production of Venezuela (Fedecámaras), Francisco Martínez, announced that he is resigning his post as alternate rector of the National Electoral Council (CNE).

**Conclusions.** The Carter Center released its preliminary report on the regional and municipal elections held on November 21st. It concludes that political and governmental "interference" "undermined" the CNE. In addition, the organization rejects the events that occurred in the state of Barinas and indicated that "it is another example of interference by the TSJ" in the electoral process.

**With a new law (I).** Néstor Reverol, Minister of Electric Energy, reported that the Government of Nicolás Maduro seeks to improve the country's electricity system, affected by constant blackouts, with a law of alternative energies that was delivered to Parliament to be discussed in its bosom.

**With a new law (II).** The Minister, who did not provide further details on the content of the law, said that with this rule also seek to "reduce dependence on fossil fuels" and promote "endogenous economic development and technological sovereignty".

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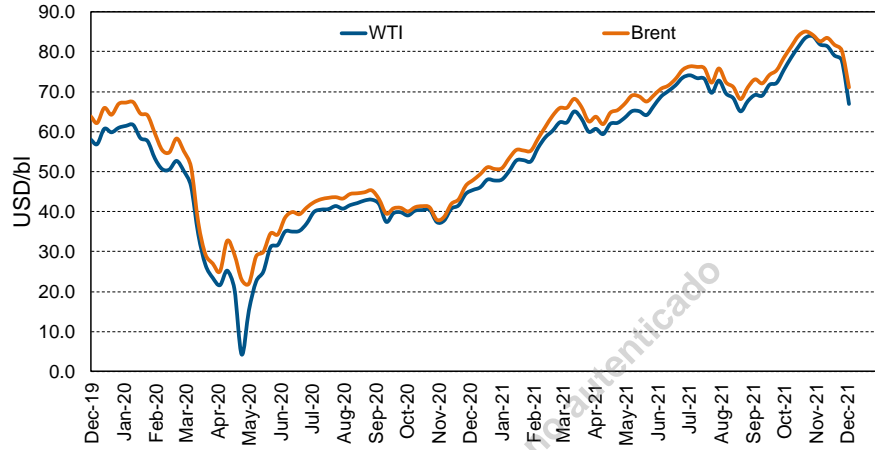
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**With a new law (III).** The government of Nicolas Maduro claims that blackouts are the result of "attacks" on the electricity system, which blames the opposition and the United States, but experts and electrical engineers say it is due to lack of investment and maintenance of power plants.

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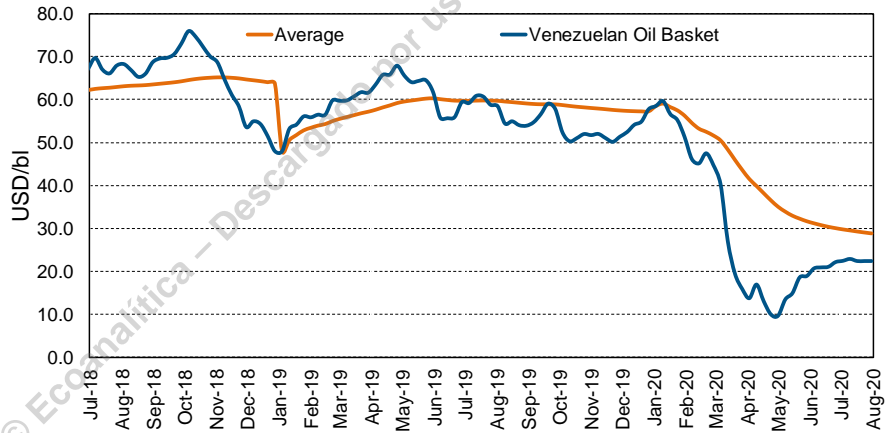
**ECONOMIC INDICATORS**

**Oil Prices  
(WTI and Brent)**



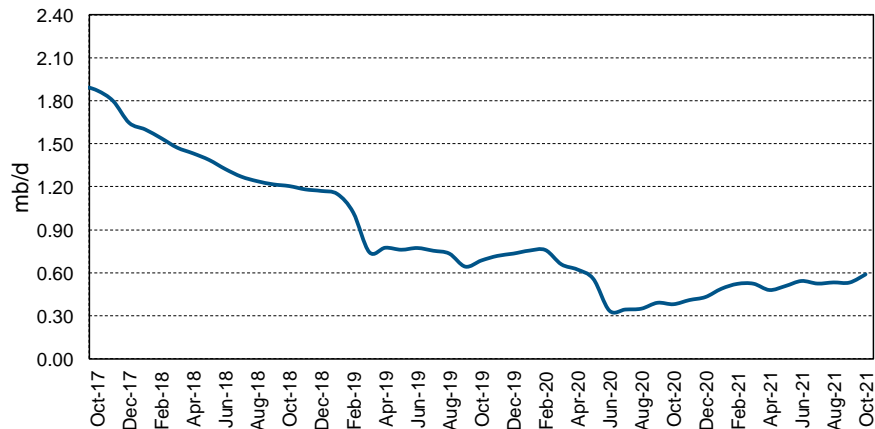
Sources: Menpet and Ecoanalítica

**Oil Price  
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

**Oil Production  
(Secondary sources)**

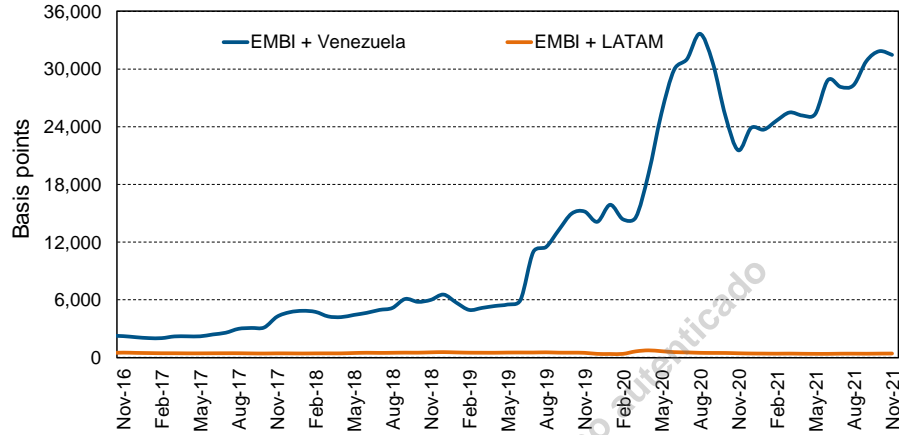


Sources: OPEC and Ecoanalítica

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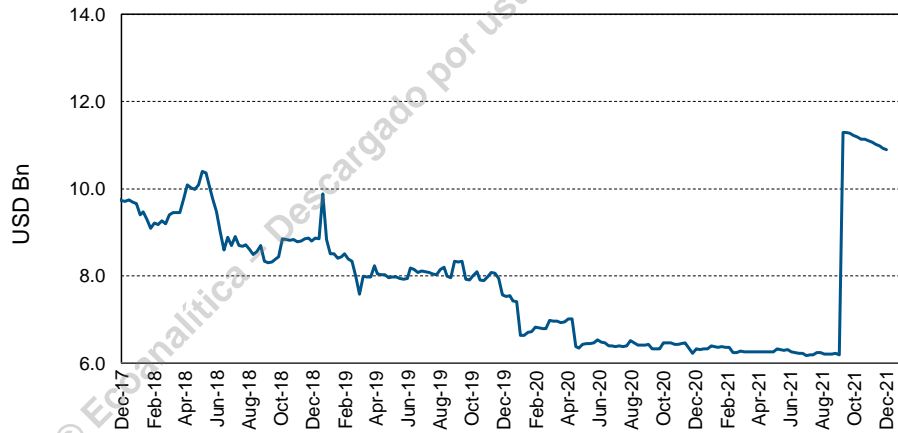
**ECONOMIC INDICATORS**

**EMBI**



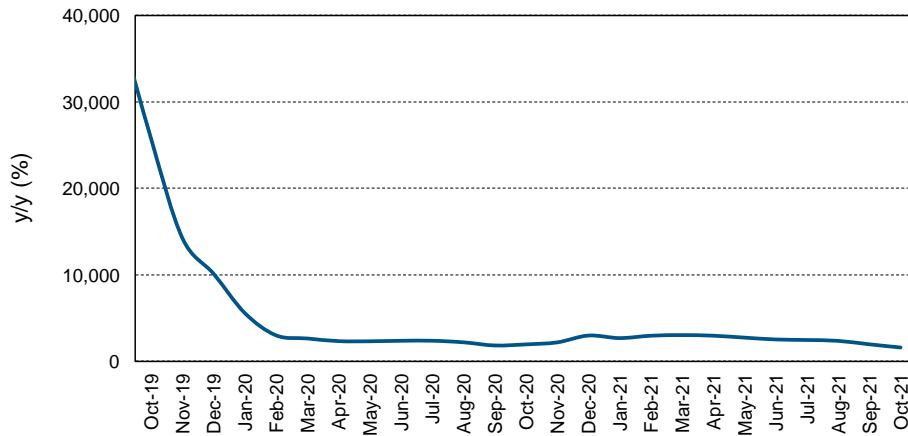
Sources: BCRP and Ecoanalítica

**FX Reserves (BCV)**



Sources: BCV and Ecoanalítica

**Inflation (BCV)**



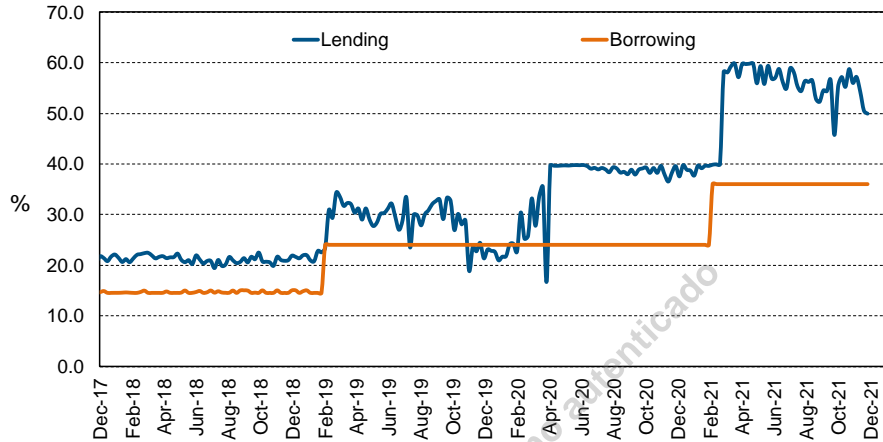
Sources: BCV and Ecoanalítica

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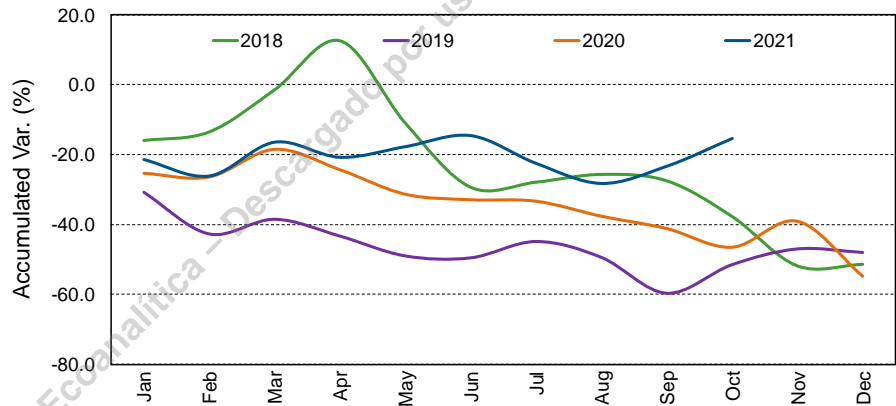
**ECONOMIC INDICATORS**

**Interest Rate  
(Six major banks)**



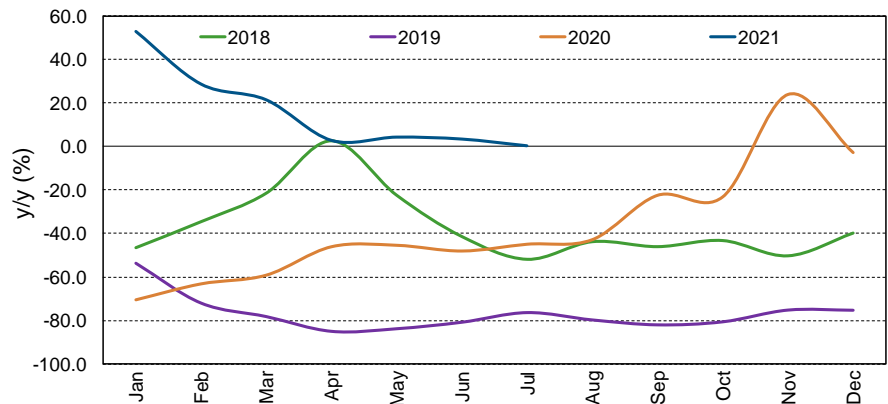
Sources: BCV and Ecoanalítica

**M2 Expansion  
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio  
(Real)**

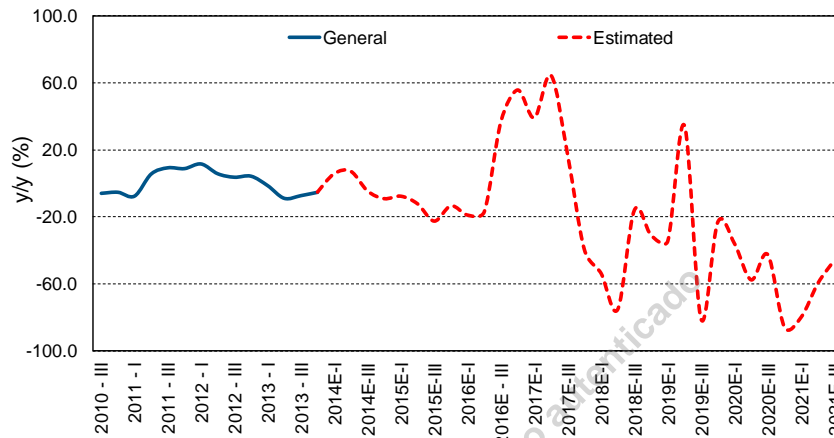


Sources: SUDEBAN and Ecoanalítica

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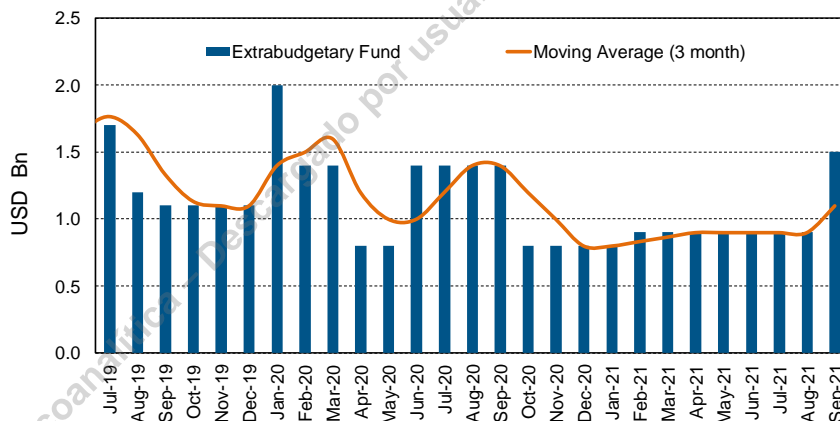
**ECONOMIC INDICATORS**

Real Wage Index



Sources: BCV and Ecoanalítica

State Extrabudgetary Resources



Source: Ecoanalítica

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