

Venezuela, number one in terms of crisis?

Many of us remember the episodes of hyperinflation that occurred in Latin America in recent decades as the worst economic crises experienced by the countries of our continent. However, in view of the current recession that Venezuela is going through, it makes sense to go over the indicators to see whether or not our country has won first place in terms of the destruction of gross domestic product and purchasing power.

Gross Domestic Product in a nosedive

One of the main signals that a crisis is developing is a steady decline in gross domestic product (GDP). In point of fact, according to the definition of an economic recession, a country is in that situation after three quarters in a row of economic contraction. Venezuela's economy has been contracting for ten quarters, which definitely means that we are in an economic recession. However, it makes sense to compare ourselves with our Latin American peers not only in terms of time but also in terms of destruction of gross domestic product in order to have an idea of the magnitude of the cumulative drop in gross domestic product and to determine whether it is, in fact, the biggest drop in our continent in recent decades.

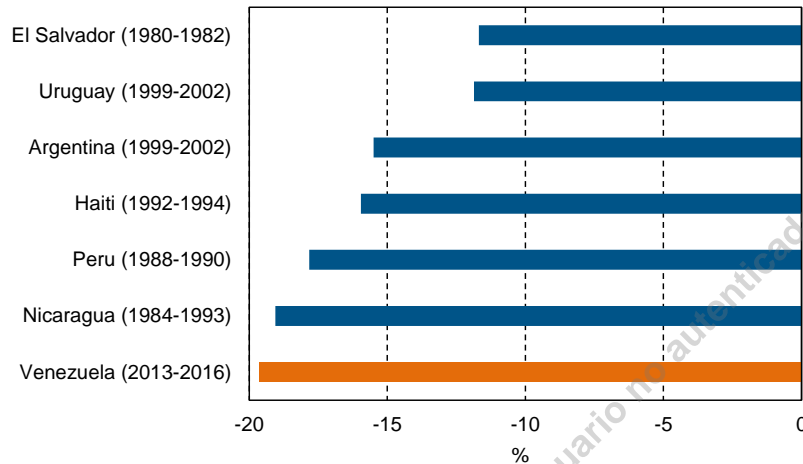
The countries of Latin America are no strangers to economic recessions. Time wise Nicaragua undoubtedly takes the first prize, as it posted continuous contractions in its gross domestic product for nearly a decade (1984-1993) in the midst of high levels of political turbulence. Bolivia comes second. For five years in a row, between 1982 and 1986, it posted an average contraction of 3.1% in the middle of a hyperinflationary episode. Next come Argentina, Paraguay, and Uruguay, whose economies shrank for four years running between 1999 and 2002.

Now then, although Venezuela has been experiencing a contraction in its economy for only three years in a row (2013-2016), at **Ecoanalítica** we estimate that, during that time, it has posted an even bigger reduction in its gross domestic product than Nicaragua did in nine years, with a drop of 19.6%.

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Cumulative GDP Contraction

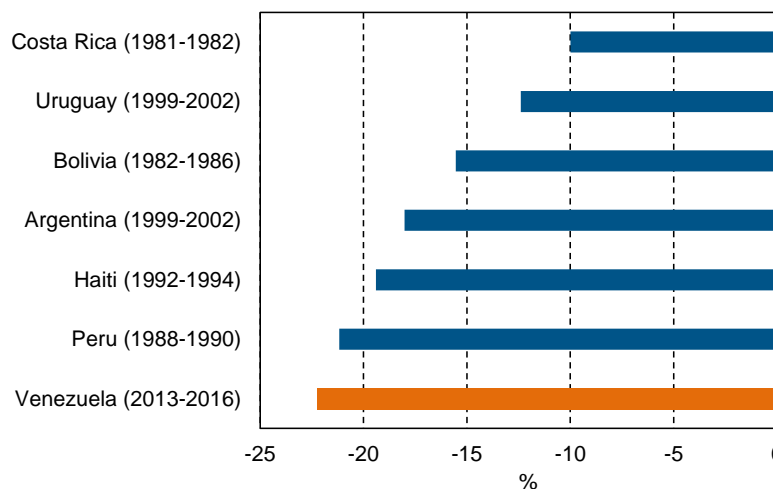


Sources: IMF and Ecoanalítica

How much is down to me?

Another indicator of a reduction in the size of a country’s domestic economy is per capita GDP, as it measures growth in terms of the behavior of the population. This means that a contraction or expansion can be magnified or reduced (or even switch sides completely) based on an increase or reduction in the population. So we find that, although the estimated contraction in GDP over the past three years was 19.6%, it was 22.2% in terms of per capita GDP, ranking Venezuela first in the region.

Cumulative GDP per capita Contraction



Sources: IMF and Ecoanalítica

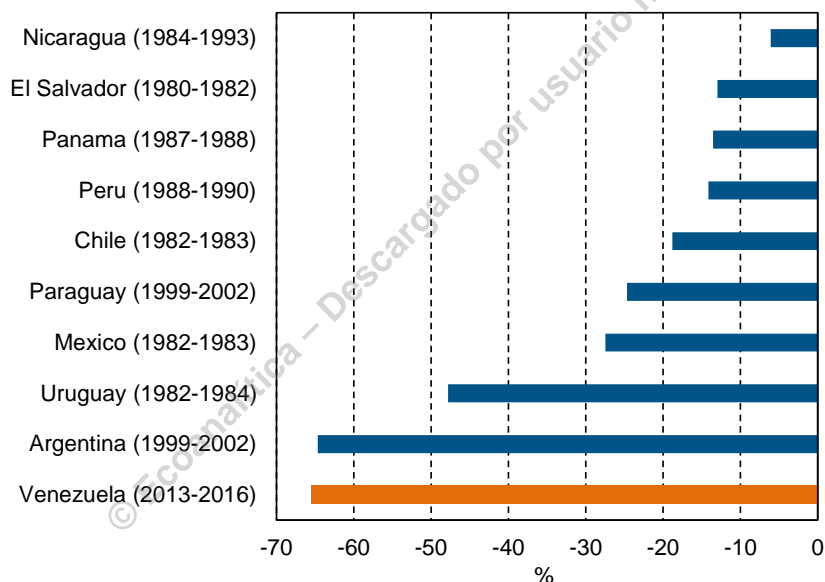
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Production that is worth less

Another measure for assessing the impact of an economic crisis in terms of the loss of value of production vis-à-vis the external market is GDP in dollars, which is also affected by the devaluations or depreciations of the local currency that occur in times of crisis. In the case of Venezuela, this is one of the most difficult measures to estimate given the huge distortions in relative prices and the exchange rate that are affecting the domestic economy. Nevertheless, according to **Ecoanalítica's** estimates, Venezuela's GDP in dollars has contracted by 65.5% in the past three years, comparable only with the 64.7% contraction posted by Argentina during its crisis early in 2000.

Cumulative GDP Contraction in USD



Sources: IMF and Ecoanalítica

According to estimates by the International Monetary Fund (IMF), in terms of per capita GDP in dollars, the biggest drop in recent decades was posted by Argentina, with a contraction of 65.7%, followed by Uruguay with a contraction of 43.5%. Venezuela ranks fourth, with an estimated contraction of 24.7%. However, it should be noted that the IMF estimates a GDP in dollars that is considerably higher than the one we calculate at **Ecoanalítica** as an exchange rate closer to the official rate is used.

The most impoverished?

The next question we need to ask is, since we have won first place in terms of shrinkage in the economy, have we also won it in terms of loss of purchasing power? The answer

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is no. Despite the harshness of the present recession in Venezuela, the hyperinflationary episodes that the Latin American economies experienced in the 1980s and in the early 1990s posted cumulative losses of purchasing power of more than 60.0% and even of more than 70.0% in the case of Argentina between 1988 and 1990, levels that Venezuela has still not reached.

Even so, it is important to bear in mind that, today, Venezuela is the country with the highest inflation in the continent and that, despite the wage increases, workers' real remunerations have shrunk by 41.2% in the past three years, which means an impoverishment of society and a heavy contraction in consumption. By the same token, we have still not freed ourselves from the phantoms of hyperinflation, which could be just around the corner if the economic policies continue down this path.

Pilar Navarro
Alejandro Grisanti

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WEEKLY INDICATORS

Weekly Economic Indicators			
	1st Week November	Weekly var. (%)	Depre/Apre (pp) ¹
FX Dicom (VEF/USD)	658.7	0.0	0.0
	4th Week October	Weekly var. (pp)	Annual var. (pp)
Lending Interest Rate (%)	22.9	0.5	1.1
	1st Week November	Weekly var. (pp)	Annual var. (pp)
Overnight Interest Rate (%)	0.6	0.4	-2.5
	1st Week November	Weekly var. (%)	Annual var. (%)
International Reserves (USD Bn)	11.0	0.5	-26.9
	1st Week July	Weekly var. (%)	Annual var. (%)*
Central Government Spending (VEF Bn)	58.1	-10.3	95.4
	4th Week October	Weekly var. (%)	Annual var. (%)
Monetary Liquidity (VEF Bn)	7,457	3.9	125.1
Price of International Oil Baskets (USD/b)			
	1st Week November	Weekly var. (%)	Annual var. (%)
WTI	46.5	-7.2	7.8
Brent	47.9	-5.8	-2.4
Price of the Venezuelan oil basket (USD/b)			
	1st Week November	Weekly var. (%)	Annual var. (%)
Weekly Average	39.1	-7.9	-1.9
Annual Average	34.4	0.3	-26.4

Sources: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

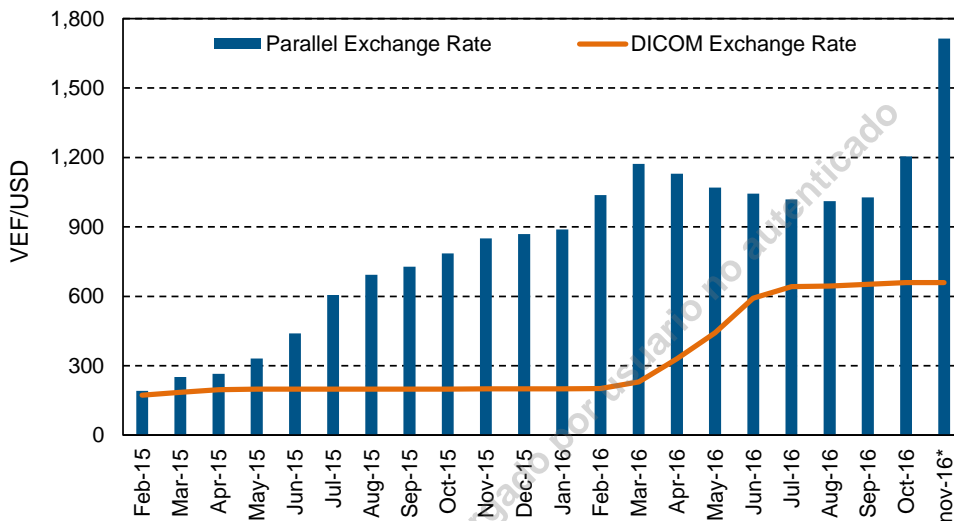
¹ Depreciation (+)/Appreciation (-)

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CHART OF THE WEEK: “AFTER DICOMS DEAD: THE PARALEL RATE RETURNS TO ITS WANDERINGS”

Dicom’s Evolution- Non-Official Exchange Rate



Sources: BCV and Ecoanalítica
* November’s average to 11/8/2016.

After a period of “stability,” the parallel exchange rate has shot up again. This exchange rate has depreciated 27.8% so far this year compared to the close of 2015. However, measured year-on-year depreciation in September 2016 compared to 2015 was 29.2% and in October it was 34.8%. In the opinion of economic agents, this has set off the alarm bells in Venezuela, as the parallel market has a significant weight in price formation and, therefore, in inflation.

This change is due, in part, to how expectations are playing out. In the first half of the year, there were factors that contained the demand for foreign currency, such as the high likelihood of a political change following the opposition’s triumph at the elections to the National Assembly, the startup of the DICOM system, and the announcement by the authorities that the DICOM exchange rate would edge up to the parallel rate.

While these are not the only reasons justifying the rise in the parallel exchange rate, which is drawing further and further away from the DICOM rate, they are still key structural factors, because, even though the parallel market may have periods of stability or there may even be times when it falls back, there is no reason for thinking that, as long as the structural distortions in our economy are not dealt with, the parallel exchange rate will set off down a path of significant appreciation

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ECONOMIC TIPS

The basic basket reaches VEF 396,967.6. According to the report of Worker's Documentation and Analysis Center (Centro de Documentación y Análisis para los Trabajadores - Cenda), the cost of Basic Food, Goods and Services Basket (Canasta Básica de Alimentos, Bienes y Servicios - CBT) in September 2016 was VEF 396,967.6, an increase of 12.5% compared to the prior month, and 540,0% compared to September, 2015. So far this year the basket has a cumulative variation of 337.0% (VEF 306,123.3).

The behavior of the CBF in September was marked by an increase of all its items: basic public services (22.1%), items of personal hygiene (17.8%), health (15.6%), food (13.9%), housing (6.6%), education (2.7%), clothing and footwear (0.8%).

Family income only covers 11.4% of the basket. According to Cenda's report, the hypothetical family income of a five member family, where two members earn minimum wage (VEF 22,576.7 on September) has a purchasing power of 11.4%, ie there is a deficit of 88.6% (VEF 351,713.3) for the purchase of food, basic goods and services. Therefore, a family requires 18 minimum wages to cover their basic needs.

The inflation in the basic food basket was highly influenced by the price increase in all of its industry sectors. Sugar and similar increased 76.7%, fats and oils 37.4%, non-alcoholic beverages 25.0%, cereals 22.0%, among others.

Tax collection for October. According to the figures released by the National Integrated Service for Tax Administration (Seniat), VEF 316.1 billion were collected in taxes for the month of October. Of this amount, VEF 60.3 billion came from Income Tax, and VEF 166.6 billion from the VAT. The agency raised VEF 2,463 billion during the first ten months of 2016, of which VEF 594.4 billion came from Income Tax, and VEF 1,185 billion from Value Added Tax (VAT).

Concepts (MM VEF)	Oct-15	Oct-16	Var. (%)	Real Var.	Accum. 2015	Accum. 2016	Nominal Var.	Real Var.
Total Income	119,521	316,164	164.5%	-48.4%	872,350	2,463,147	182.4%	-39.4%
Income Tax	18,918	60,327	218.9%	-37.7%	190,427	594,463	212.2%	-33.0%
VAT (Internal)	65,265	166,601	155.3%	-50.2%	421,131	1,185,393	181.5%	-39.6%
Customs revenue*	19,019	54,171	184.8%	-44.4%	168,577	353,037	109.4%	-55.1%
Other Internal Revenue	15,669	31,628	101.8%	-60.6%	85,125	314,478	269.4%	-20.8%
Spirits	5,962	13,516	126.7%	-55.7%	28,979	105,673	264.7%	-21.8%
Cigarettes	9,371	16,961	81.0%	-64.7%	66,639	201,240	202.0%	-35.2%
Inheritance	310	1,108	257.7%	-30.2%	2,046	6,995	241.9%	-26.7%
Random games or bets	26	43	69.2%	-67.0%	185	570	207.7%	-34.0%
Others	650	3,437	429.0%	3.3%	7,089	15,776	122.5%	-52.3%

Sources: Seniat and Ecoanalítica

* Includes VAT on imports

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In real terms. Total revenue in October of this year compared with the same period last year decreased by 48.4%. The VAT decreased 50.2% in real terms and customs revenues also decreased 44.4%. Meanwhile, income tax revenues decreased 37.7% in real terms over the same period of 2015. Total revenues in the first ten months of this year fell 39.4%. VAT decreased in real terms over the same period of 2016 at 39.6% and customs revenues fell 55.1%. Meanwhile, income tax revenues decrease 33.0% in real terms over the same period of 2016.

An end to the tense calm. After a long period of stability, the parallel exchange rate has resumed its upward trend in recent weeks. So far this year, this exchange rate has achieved a depreciation of 27.8% compared to the close of 2015.

Three basic reasons. As our director Asdrúbal Oliveros sees it, the reasons for this recent spiking of the parallel exchange rate are an increase in public spending, the inflationary dynamic, and expectations harbored by economic agents.

A breathing space in 2017. In the view of Torino Capital, following a leap in the level of imports driven by a relative increase in crude prices, the economy will stabilize at around a low level of growth close to 1.9%.

Deficit down. Torino Capital also estimates that spending will be in the region of actual spending in 2016, which, added to greater flexibility as regards prices and a fiscal reform, could bring the fiscal deficit close to 4.3 points of gross domestic product (GDP).

Another year dodging hyperinflation. Furthermore, Torino Capital is of the opinion that the need to reduce monetization could delay growth in the volumes of liquidity and result in inflation gradually coming down, although it forecasts that the adjustment will be gradual. It estimates that inflation will remain above three digits next year, at 267.0% year-on-year, 86.0 percentage points below the estimates for this year (353.0%).

OIL TIPS

Opening up the oil sector endogenous-wise. According to a report disclosed by the daily *El Mundo*, PDVSA has received a total of USD 10.71 billion in financing via joint ventures to increase oil production in those companies to 855,000 barrels a day (855 kb/d).

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The main contributors. According to that report, the biggest contributors so far are the Chinese oil company CNPC through Sinovensa, in the amount of USD 4.02 billion, and the US oil company Chevron, through Petroboscan, with an investment of USD 2.0 billion.

An Alliance with Indian businessmen... The president of PDVSA, Eulogio Del Pino, signed an agreement with the Indian company ONGC Videsh Limited in the amount of USD 318 million for the development of projects that will make it possible to raise the production of the joint venture Petrolera Indovenezolana S.A. twofold from 20 kb/d to 40 kb/d.

...and with Venezuelan businessmen as well. At the same ceremony, a similar agreement in the sum of USD 1.13 billion was signed with the Delta Petroleum Group, headed by the businessman Oswaldo Cisneros, which will make it possible to increase the production of the joint venture Petrodelta by 110 kb/d.

Occasional shortages of gasoline. In the past few days, shortages of gasoline have been reported in several states, mainly in Lara, Carabobo, Aragua, and Portuguesa. According to Governor of Aragua Tareck El Aissami, these shortfalls are due to a “*delay in the derivative needed to process this fuel.*”

Problem with restarting Amuay. According to the news agency Reuters, the flexicoker at Amuay Refinery, the largest in the country, is down due to a problem that occurred when it was being restarted. As a result, it is expected that the flexicoker will remain down until February next year, at least.

Refinery running at half capacity. The same article states that this problem, together with the operating levels in the refinery's other units, is the reason why the refinery is operating at only 52.7% of its installed capacity.

Operations at refineries plummet. The article also reports that Cardón Refinery, the country's second largest refinery, is working at 35.4% of its capacity, Puerto La Cruz is operating at 42.7%, and El Palito Refinery is completely shut down for major maintenance.

Oil spill in Anzoátegui. PDVSA officials announced that a contingency plan had been activated to minimize the environmental impact of the oil spill in the Cabrutica-Jose Hub oil pipeline in the southern part of Anzoátegui state.

Not as serious as originally thought. In the communiqué, the PDVSA officials gave assurances that there had not been “*an explosion, much less large losses of oil*” and that cleanup operations were being carried out in the affected area.

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A run of bad luck for the Venezuelan State. This oil spill occurred barely a week after a fire was reported at Guaraguao loading pile in Anzoátegui state, a facility that belongs to PDVSA.

A pioneer gasoline station... The first Special Exclusive Gasoline Station for dispatching fuel was officially opened, the eight of November, in the town of Paraguachón in Guajira Municipality, Zulia state, 200 meters from the border post with Colombia.

...for bi-national demand. The purpose of this gas station is to provide both local inhabitants and Colombians who cross over the border into Venezuela with gasoline with a dual-price system as a measure to avoid the trafficking of gasoline at the border.

Far from improving. The supply of gasoline in the central region of Venezuela has got worse in recent weeks. At least that is how owners of vehicles in Aragua, Carabobo, Mérida, Barquisimeto and other states perceive the situation, as they have had to stand in line for more than five hours to fill up their tanks, a situation that is reminiscent of the worst days of the general strike in December 2002-January 2003.

Production can't keep pace. In the opinion of Iván Fréitez, the secretary general of the Falcon State Oil and Gas Workers Union (Sutpgef), the main reason for the shortage of gasoline in several states is the shortfall in production, as the refining train only produces 90 kb/d, leaving more than 170 kb/d to be covered from other sources.

The baskets of crude going down. In commodity markets, following Trumps victory, the price of the West Texas International (WTI) oil basket decreased by USD 1.1 to USD43.9/bl, while the Brent basket showed a fall of USD1.0, and was at USD 45.0/bl.

OPEC is confident. According to OPEC's estimates, the demand for oil produced by its member countries will increase in the next three years to 33.70 million of barrels per day (mb/d), 1mb/d more than in 2016, but only 300 kb/d more than current OPEC production.

A cumulative drop. The secretary general of OPEC, Mohammed Barkindo, estimated that, since mid-2014, there had been a drop of USD 30.0 billion in global oil investment as a result of the sharp drop in oil prices. He added that, if that trend continued in 2017, it would be the first time ever that oil investment had shrunk three years in a row.

The energy economy depending on Trump. The different approaches to energy policy adopted by Donald Trump will have implications for electricity and gasoline prices, as well as for the future of the energy sector, which employs around 10 million people. While Trump is inclined to strengthen industry and oil exploitation.

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BUSINESS SECTOR TIPS

They don't have the dollars to pay. The Venezuelan Chamber of Distributors of Heavy and Agricultural Equipment and Spare Parts (Cavedrepa) is to submit a proposal to the Executive that consists of paying the USD 220 the sector owes its foreign suppliers for imports brought in between 2012 and 2014 with bonds of the Republic.

Zero hoarding. Minister of Defense Vladimir Padrino López announced that the National Commando of the Great Sovereign and Secure Supply Mission is to take control of the distribution of medicines and medical and surgical supplies to 60 hospitals around the country.

So that they don't end up elsewhere. Padrino López explained that the purpose of this decision is to avoid the medicines and medical and surgical supplies ending up elsewhere and to guarantee that they actually reach the patients with *"pulchritude in the handling of the distribution and allocation of these items of equipment."*

Harmful shortages. The Venezuelan Society of Infectology (SVI) issued a communiqué warning of the consequences of the shortage of antiretroviral drugs in health centers. In the communiqué, it explains that the shortage of antiretroviral drugs and reagents makes it impossible to control epidemic diseases such HIV/AIDS in Venezuela.

Far from fulfilling the objectives. Not having treatments available restricts the achievement of the Sustainable Development Goals (SDGs) established as part of the 2030 Agenda, an agreement signed by Venezuela at the United Nations' General Assembly.

Deposits up. According to a bulletin issued by the Superintendency of Banking Sector Institutions (Sudeban), in September, total deposits made by the general public came to VEF 7.9 trillion, 49.6% of which went to Banco de Venezuela and to the private banks Banesco and Banco Provincial.

Private banks in the lead. The privately owned banks obtained 69.6% of total deposits and the state-owned banks 30.4%. Compared to last year, Banco de Venezuela and Banco Provincial doubled their deposits, and Banesco went even further with an increase in deposits of 127.6%.

Gaining ground. According to data from Sudeban, private banks have gained ground in the fight to win over the general public, despite the fact that the government makes all social mission payments through state-owned banks.

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Bad payers ahoy! At least 449 Brazilian companies have decided to stop exporting their products to Venezuela because they are finding it increasingly difficult to get paid, according to a report published by the daily newspaper *Folha de Sao Paulo*.

Losing trading partners. According to the same report, Brazilian exports to Venezuela have nosedived since January this year by 61.0%, coming to a total of USD 980 million as at October, their lowest since 2003. Among the companies that have stopped exporting to Venezuela is BRF, Brazil's largest exporter of chicken, which has renounced trading with Venezuela due to the repeated delays in payment.

Proposals that overestimate. Ramón Bolotín, a representative of the Confederation of Agricultural and Livestock Producers Associations (Fedeagro), said that there is a proposal for harvesting production from 50,000 hectares of soybeans in the winter of 2017, more than twice total production, which has never been more than 20,000 hectares.

WORLD ECONOMY TIPS

Asian stocks, the first affected. After the victory of Donald Trump, the Republican candidate in the presidential elections of the United States, the reaction of the global markets was immediate. The Nikkei 225 of Tokyo decreased 5.4%, Hang Seng of Hong Kong fell 2.2% and CSI 300 of Shanghai 0.5%.

Moscow (and Putin), in favor of the result. European stock markets opened around 4.0% down, but then moderated their behavior. The London FTSE100, the Frankfurt DAX and the Paris CAC40 decreased 0.5%, 1.8% and 2.0% respectively, Madrid's Ibex 35 was down 1.8% and Milan's TSE Mib decreased 3.2% %. Contrary to the trend of the global market, the RTS of Moscow opened up with a positive 1.0%.

And the markets continued their collapse. Likewise, the future values of global markets also collapsed when the Republican's winning trend was irreversible. Both the Dow Jones and Standard & Poor's 500 (S&P) fell, 1.6% and 1.6% respectively.

The big banks were prepared. Big banks around the world, such as Goldman Sachs, Morgan Stanley, and JP Morgan, were prepared for a possible turbulence in the financial markets following the most controversial presidential elections ever to be held in the United States, and expected a volatility range of nearly 12,0% depending on the outcome.

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Sensitive to the outcome. Once the election results are in, operators in the financial markets expect the prices of US shares to fluctuate 12.0% either way, based on Standard and Poor's (S&P) 500 option prices.

The shelters. Gold, which is considered a safe haven, rose 3.0% driven by the fall of the dollar against other currencies, reaching its highest price since the United Kingdom referendum held in June. It strengthened as well as sovereign bonds; reflecting global uncertainty due to the elections in the United States

Will they stay the same? Donald Trump's victory puts on hold expectations that the Fed could raise interest rates in December. This is because financial markets showed turbulence, and the dollar and stocks fell; and similar behaviors in the past had led the Fed to refrain from modifying its monetary policy.

Services in the Asian Giant post growth. In October China's services sector posted its highest growth in four months. This was reflected in the Procurement Managers' Index (PMI) for the services sector, which went up to 52.4 points in October, above the 50 points score indicating growth. This result is due to the fact that there was an increase in new businesses, which had an impact on the hiring of new personnel.

Inflation in the euro zone up slightly. The increase in oil prices drove up annual inflation to 0.5% in October, the highest in more than two years, according to the European Central Bank (ECB). Even though inflation continues to be below the target (nearly 2.0%), the outlook has improved as the ECB has been implementing a stimulus and asset purchasing program for months without much success.

Industrial production down. In September, the United Kingdom's industrial production fell by 0.4% year-on-year. This was due to shutdowns for maintenance in the North Sea gas and oil fields. On the other hand, there was growth in manufacturing according to official data.

The peso and its reaction to the elections. The Mexican peso has fallen by 17.0% against the dollar since Donald Trump won the Republican nomination due to his positions on immigration, policies and trade. However, following the results, it fell nearly 13.0% against the USD dollar, achieving its biggest daily movement on the past two decades.

Colombian inflation down. In October inflation in Colombia was down 0.06% from 0.68% in October 2015. Inflation for the period January – October was 5.19%.

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Peru strong in exports. The economies belonging to the Asia-Pacific Economic Cooperation (APEC) have helped to boost Peru's exports, which currently come to more than USD 20.0 billion.

POLITICAL TIPS

All eyes on the 11th. Following the first exploratory meeting held on October 30, on November 11, government and opposition will once again address the agenda for dialog with a view to making sustained efforts to seek some formal arrangements that could serve as core elements for a possible way out of the political, institutional, and economic crisis the country is currently experiencing.

Disentangling the dialog. However, not only are the claims of both sides are, by their very nature, different but they also present differences within each group, which poses additional challenges and raises the level of uncertainty with regard to this process. In view of that, it is imperative that the two groups define their position by the date set, which several spokespersons from both sides have classified as a deciding factor.

Goals that must be met. Mayor of Sucre Municipality Carlos Ocariz announced the four fundamental objectives that the opposition coalition must pursue on November 11: an electoral solution, either by means of a referendum or by moving up other elections; freedom for political prisoners and the return of those in exile; the restoration of the institutional autonomy of the branches of government; and last of all immediate attention for the victims of the humanitarian crisis.

Four working groups, that's the way to go. Explaining further, Ocariz pointed out that four working groups would be set up to deal with the four fundamental elements on which this process is based, each with a representative from each faction and a designated mediator: the electoral working group, the institutional working group, the economic and social working group, and the human rights working group.

Specifically (I). On the electoral issue, Ocariz stressed the need for a solution in the very short term plus the holding of elections of deputies to the National Assembly for Amazonas state and also that it was necessary to renew the board of the National Electoral Council (CNE) by mutual agreement.

Specifically (II). On the institutional issue, the mayor stressed the need to lift the ruling of contempt against the National Assembly handed down by the Supreme Tribunal of Justice (TSJ). In the matter of human rights, he pointed out the need to fully release all

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the political prisoners, and on the economic and social front, he insisted on the need for a national agreement to improve the supply of food and medicines.

Calling on the people to remain calm. After learning of the demands that are being made by the Democratic Unity Alliance, President Nicolás Maduro recommended not creating false expectations regarding a process of dialog that is only just commencing.

By neither fair means nor foul. Referring to the Democratic Unity Alliance, President Maduro also said that *“neither with votes nor bullets will they ever have access again to Miraflores. By neither fair means nor foul (...). They have to let themselves be governed democratically by the Bolivarian Revolution.”*

Forget about general elections. Jorge Rodríguez, the mayor of Libertador Municipality and the government’s representative in the dialog’s working group on the electoral matters, said that the election schedule for future elections had already been set and he totally ruled out the possibility of holding general elections in the short or medium term.

That’s not how we play. On this issue, other personalities who support the government’s cause have spoken out against the holding of general elections, claiming that it is a requirement that the government finds inadmissible. Among those who have taken this stand are Freddy Bernal and Deputies Elías Jaua and Diosdado Cabello.

There’s no future in this. Commenting on this process, the first vice president of the United Socialist Party of Venezuela (PSUV), Deputy Diosdado Cabello, said that he did not see much future for the process of dialog initiated with the opposition coalition on October 30. He claimed that the statements and demands made by the Democratic Unity Alliance have made the outcome less hopeful.

The 11th, no longer. As for the governor of Miranda state, Henrique Capriles, he ratified that November 11 was the deadline for the government to propose solutions to the crisis the country is currently experiencing. The opposition leader stressed that, if this did not happen, the opposition coalition would be forced to get up from the negotiating table.

An historic moment. Capriles also challenged those opposition leaders who are not in agreement with November 11 as the deadline for the government to come up with solutions. *“If there are some who don’t like November 11 or who want to play the government’s game, they’ll have to take the reprimands of the people and answer to history,”* he said.

Getting ready for the struggle. The opposition leader further stressed that, if no concrete results were forthcoming by November 11, the people would have to adopt an

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agenda of struggle. “Venezuela would embark on a very dangerous stage of greater uncertainty,” he warned.

Together as they were before. The leader of *Voluntad Popular* (VP), Leopoldo López, joined the call made by Henrique Capriles and invited the opposition alliance to get up from the negotiating table with the government if the latter fails to bring concrete and rapid results to the table.

What do the mediators say? The Vatican’s envoy in this process of dialog, Monsignor Claudio Celli, stated that if this process failed it would not be a defeat for the Pope but for all the people of Venezuela, given the high possibility of the path of bloodshed being taken to put an end to the political and institutional conflict in Venezuela.

Be careful with raising people’s expectations. The secretary general of the Union of South American Nations (Unasur), Ernesto Samper, urged both sides not to raise false expectations with regard to the goals and results proposed for November 11, a statement that generated suspicion on both sides as well as strong criticism, mainly from the opposition faction.

LEGISLATIVE TIPS

Approved following a first debate. The bill on Activating and Strengthening Domestic Production was passed following its first debate in the National Assembly. Deputy for the Democratic Unity Alliance Omar Barboza stressed that supply was a priority and said that it was “a real anti- shopping line bill” that addressed domestic production efficiently with concrete policies “to put an end to the lines of shoppers that today Venezuelans have to put up with.”

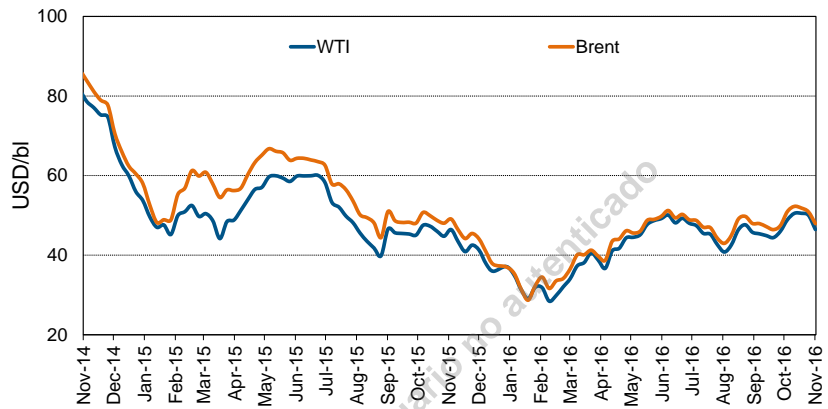
The agenda. The agenda for the ordinary session of the National Assembly held on Tuesday, November 8, was as follows: an agreement on the deterioration of the economic and social conditions in Venezuela; the second debate of the Intercultural Bilingual Education bill; and the second debate of the bill on Emoluments for Teaching Staff employed by educational establishments attached to Central, State, and Municipal Governments.

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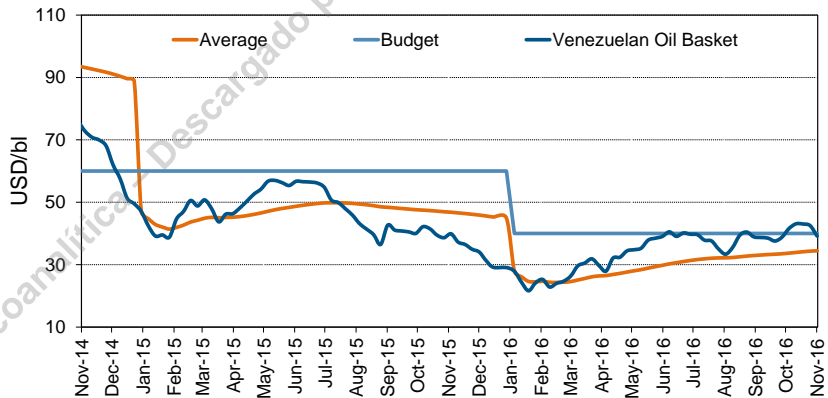
ECONOMIC INDICATORS

Oil Prices
(WTI and Brent)



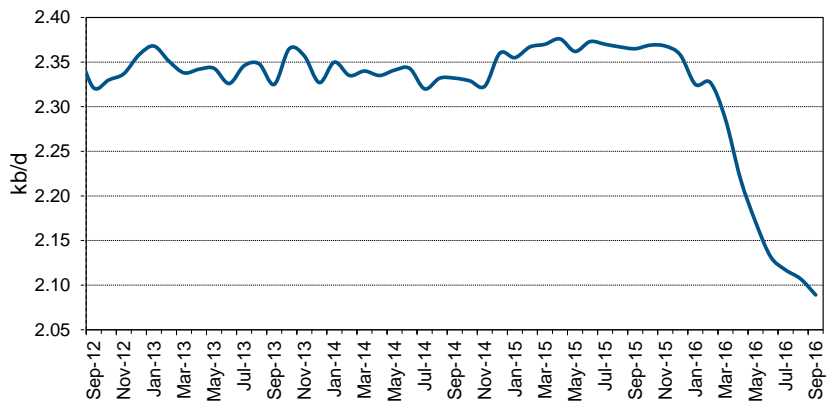
Sources: Menpet and Ecoanalítica

Oil Price
(Venezuelan Basket)



Sources: Menpet and Ecoanalítica

Oil Production
(Secondary sources)

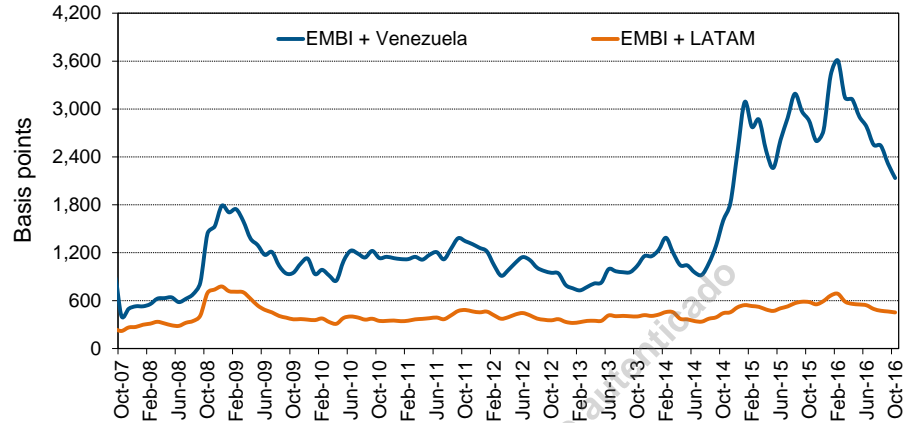


Sources: OPEC and Ecoanalítica

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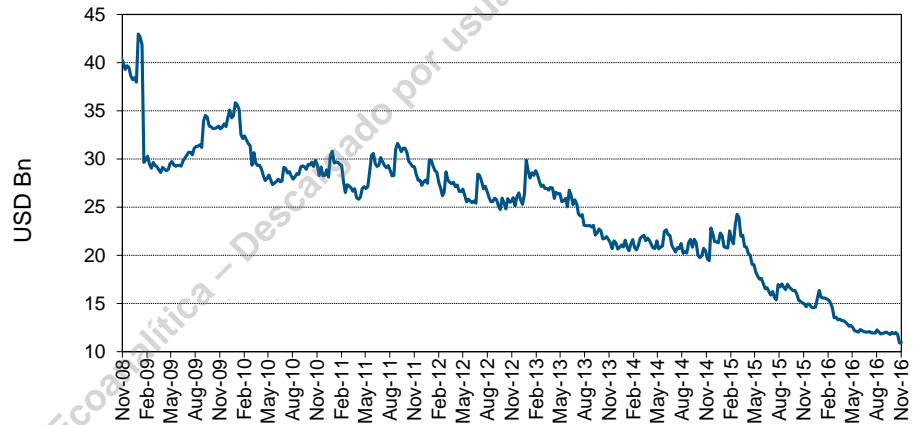
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EMBI



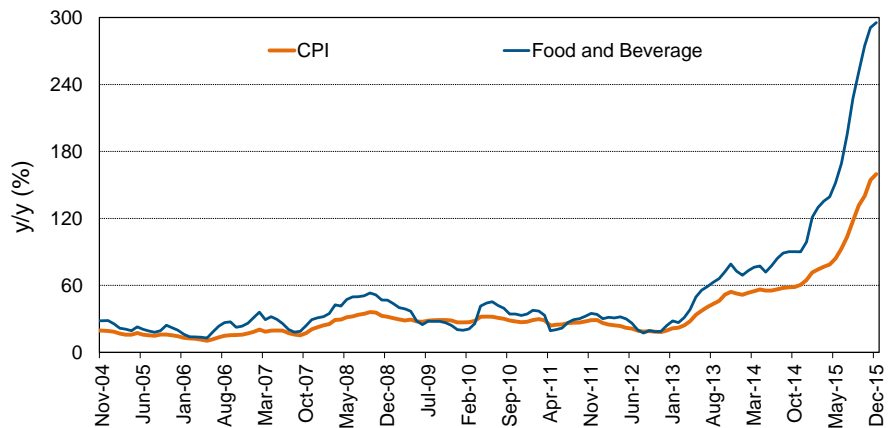
Sources: BCRP and Ecoanalítica

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

Inflation (BCV)



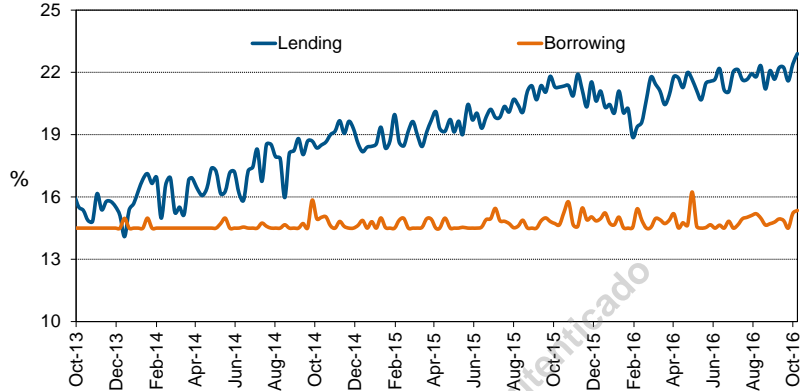
Sources: BCV and Ecoanalítica

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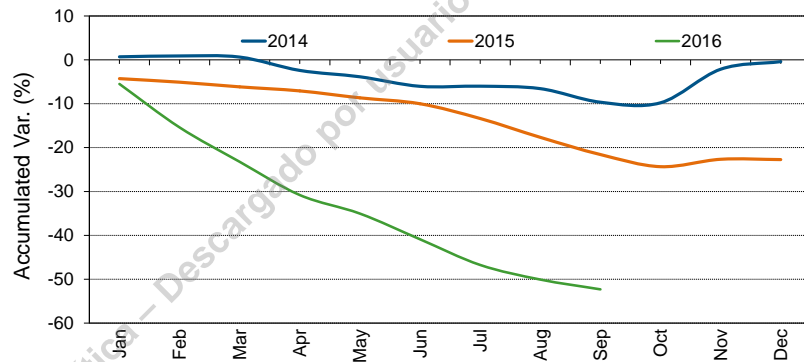
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**Interest Rate
(Six major banks)**



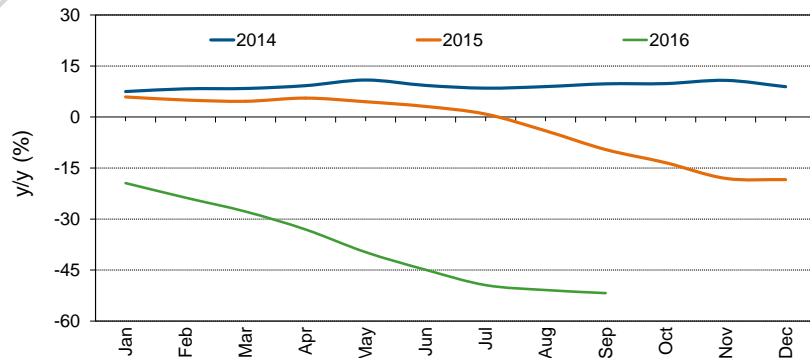
Sources: BCV and Ecoanalítica

**M2 Expansion
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio
(Real)**



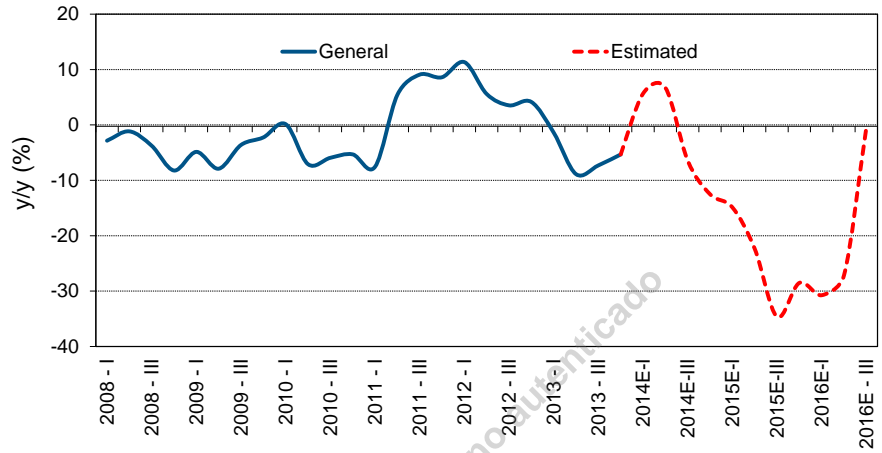
Sources: SUDEBAN and Ecoanalítica

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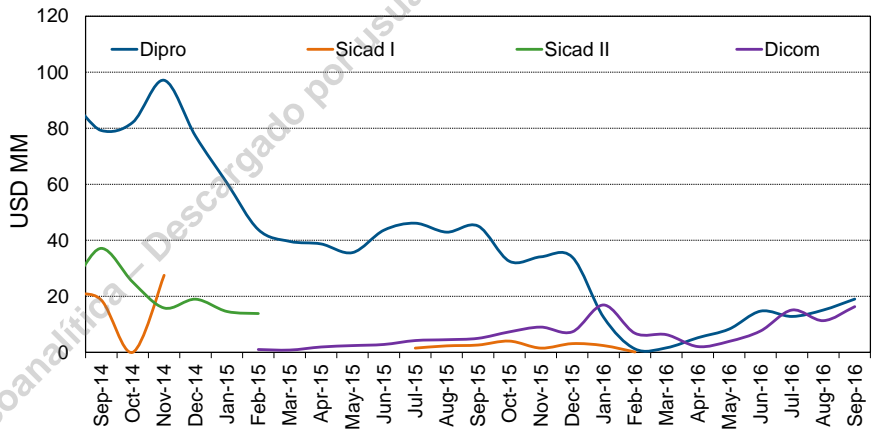
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Real Wage Index



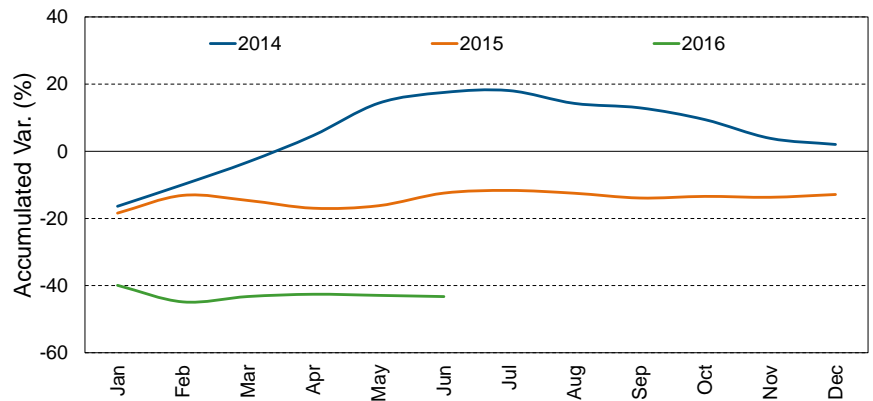
Sources: BCV and Ecoanalítica

Disbursements to the Private Sector (Daily Average)



Source: Ecoanalítica

Primary Spending NTO (Real - Central Government)



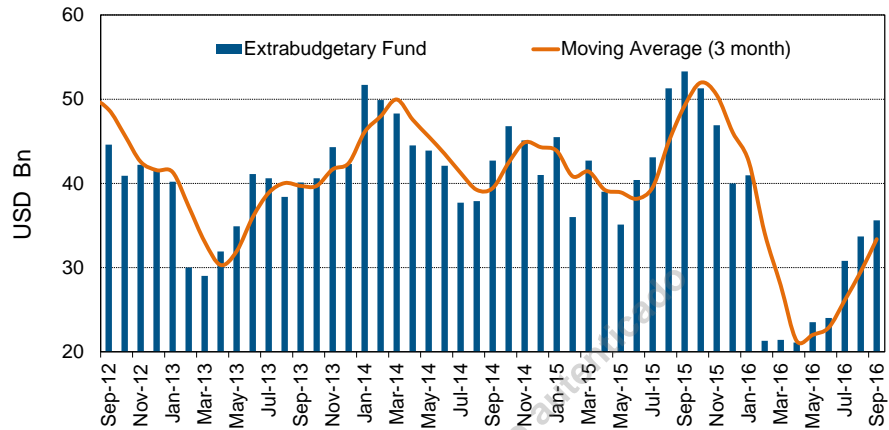
Sources: ONT and Ecoanalítica

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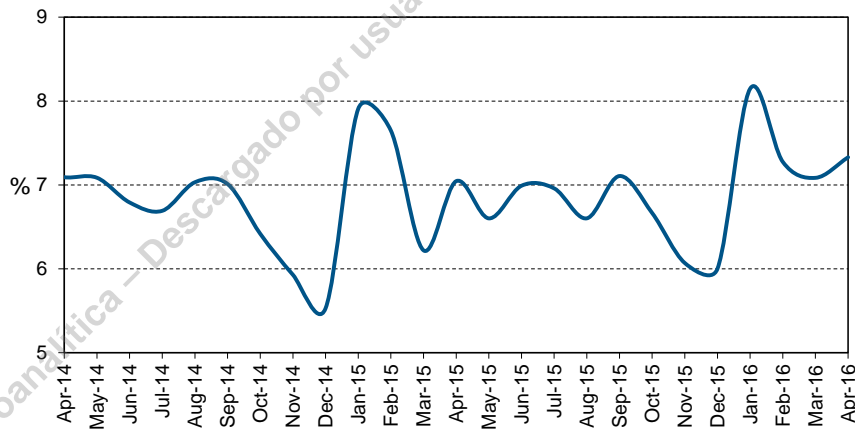
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State Extrabudgetary Resources



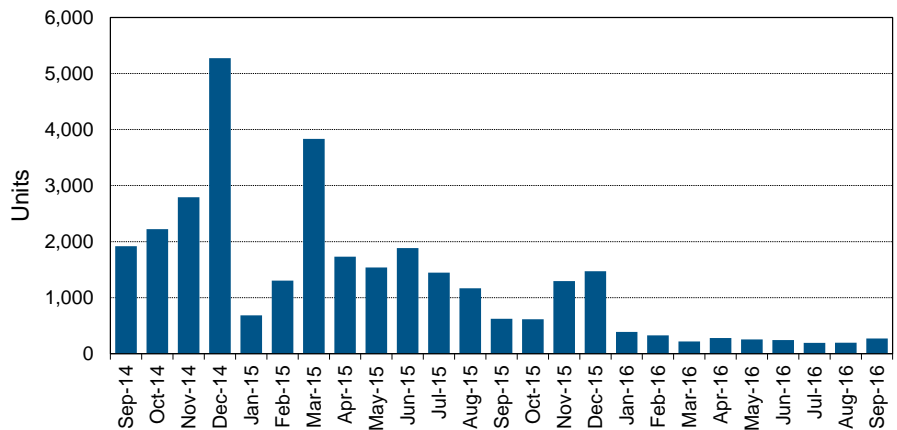
Source: Ecoanalítica

Unemployment Rate



Sources: INE and Ecoanalítica

Vehicle Sales



Sources: CAVENEZ and Ecoanalítica

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