

Moving heaven and earth was not enough to close the huge fiscal gap

Monetary financing of fiscal spending has been a fundamental tool for handling the finances of the public sector in Venezuela, especially since 2013 when the inflationary tax was equivalent to as much as 7.5% of GDP compared to 2.7% of GDP the previous year. By its very nature, monetary financing of spending is only possible in an economy where the government controls the emission of the currency used.

In 2018, hyperinflation put the existence of the bolivar at risk and posed the threat of a possible spontaneous informal dollarization. Terrified by the threat of losing the fiscal facilities associated with being able to indiscriminately emit infinite quantities of bolivars to finance the functioning of the public sector, the government decided to carry out a somewhat strange stabilization plan. For now, the government is still a long way off from winning the battle, but the changes it has imposed on the treasury's finances have made themselves felt.

The fiscal consolidation plan has focused on both raising tax receipts and reducing spending. The attempt to raise tax revenues has benefitted from the increase in the tax rates and from the increase in the frequency with which taxes are collected. As for the strategy for reducing spending, this has focused on allowing the prices the public sector pays –such as wages- to lag behind instead of reducing the quantity of goods and services it buys –such as the number of workers. It could be said, therefore, that *the adjustment is being paid for with poverty*.

Squeezing the last drops of blood from the private sector

Under the fiscal adjustment plan, the government managed to reduce the financial deficit, which we previously estimated at 18.8% of GDP, to only 11.0% at the close of this year, even in the presence of a severe contraction in GDP of 23.5% according to our estimates. The reduction in the deficit is even more impressive for having occurred at the same time as a 88.5% reduction in nonoil tax receipts in real terms. This has only been possible thanks to an aggressive contraction in fiscal disbursements in real terms.

In the past 12 months the adjustment has been drastic. During that period, receipts from value added tax (VAT) fell by 85.9% in real terms and those from income tax were also

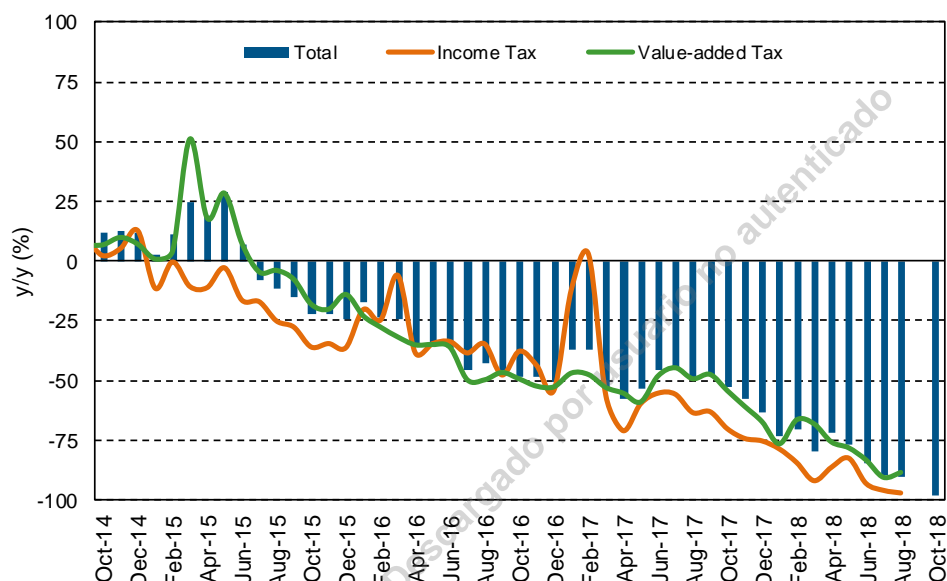
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down 90.4%. As for receipts from customs duties and levies, they were down 92.6% and receipts from “Other Internal Rents” only came to 9.2% of what they were 12 months ago in real terms.

Evolution of Non-oil Real Internal Revenue Service



Sources: SENIAT and Ecoanalítica

Note: Data corresponding to september 2018 was never published by Seniat

However, after the reforms implemented by the government in August, the situation changed, at least in the short term. Although the government has decided not to publish the nonoil fiscal revenue figures for September, it is possible to assess those for October and November by comparing them to July or August, thus making it possible to observe the effects of each tax policy separately.

In the short term, we find a significant point of inflection that divides the fiscal debacle into pre-August and post-August in all the tax receipt areas reported by the National Integrated Customs and Tax Administration Service (Seniat). Starting in September, the frequency at which income tax payments were made increased and this adjustment facilitated an increase of 125.1% in income tax receipts between August and October in real terms.

As for VAT, the adjustment plan consisted of increasing frequency of payment and also raising the rate. The result was a fiscal improvement in the margin. Even though they did not manage to raise receipts in real terms, they contracted by only 4.4% between August and October compared to bi-monthly contractions of 29.9% on average during the rest of the year. Although this did not stop the hemorrhage, it did slow down the rate at which the treasury was losing blood.

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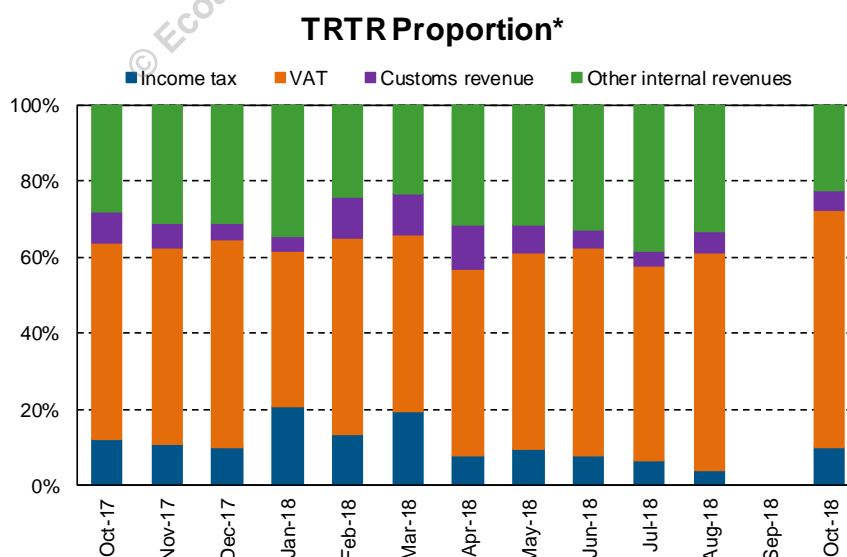
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As for customs duties and levies, receipts from this source went up by 1.5% in real terms between July and October, possibly due to a bigger influx of imports. But despite the gains in the three categories mentioned previously, receipts from taxes classified as “Other Internal Rents” were down 41.3% in October compared to August. Since these taxes accounted for 33.1% of nonoil tax receipts in August, the impact of this drop made itself felt and overall tax receipts contracted by 12.5%.

Real Tax Revenues			
Sources	Chg. % (2 months)	Chg. % (3 months)	Chg. % (12 months)
Income tax	125.1	24.5	-90.4
Value-added tax	-4.4	-5.5	-85.9
Customs revenue	-21.0	1.5	-92.6
Other internal revenues	-41.3	-55.0	-90.8
Total	-12.5	-22.3	-88.5

Sources: Seniat and Ecoanalítica

As a result of the structural changes in the sources of fiscal revenues from taxation, VAT and income tax have become more instrumental for filling the government’s coffers. Whereas in July income tax accounted for only 6.2% of nonoil tax receipts, in October it accounted for 10%. As for VAT, it went from accounting for 51.5% to 62.6% of total tax receipts over the same period. After the reform, “Other Internal Rents” became less important and in October it contributed only 22.2% of nonoil tax receipts compared to 38.3% in July.



Sources: Seniat and Ecoanalítica

* Total Real Tax Revenues

Note: The numbers from September 2018 were not published by Seniat

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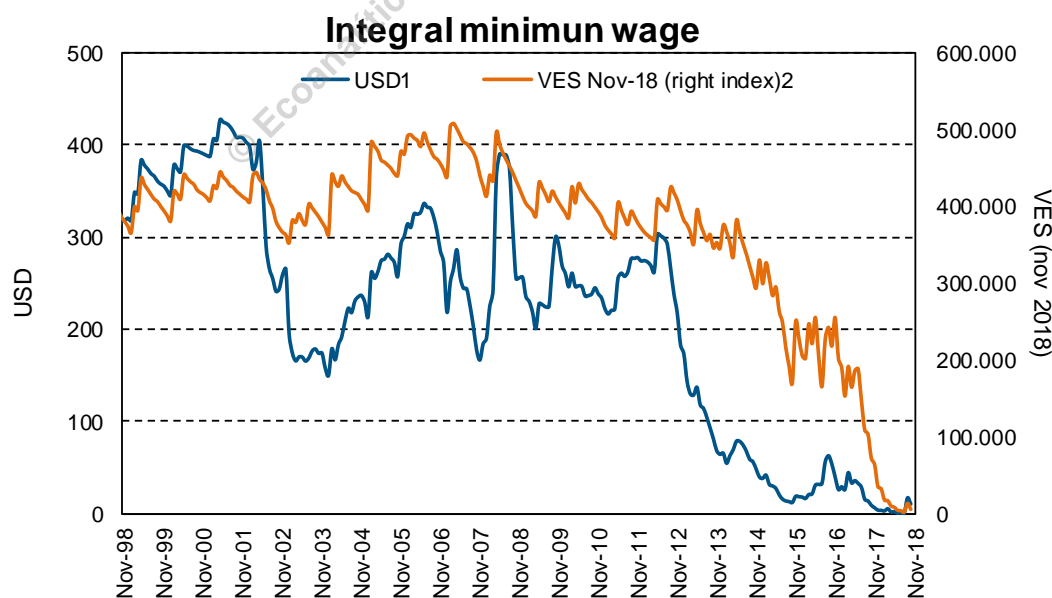
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Nevertheless, despite having partly curbed the drop in tax receipts, the gains are only appreciable if the present situation is compared to pre-reform levels. As for the trend, it is clear that real tax receipts will continue to collapse at the same pace as hyperinflation spirals. In other words, the gains from the reform will be enjoyed only once, and as long as there are no new reforms, the fiscal situation will continue to deteriorate.

Fiscal Plan: “Poverty 2019”

Setting aside the measures that target revenue, the fundamental strategy of the program is fairly clear: to reduce fiscal spending in real terms by allowing the wages of public sector employees to lag behind. *The adjustment is poverty.* The line of action is evident, because as long as fiscal spending contracts faster than revenues, the deficit will continue to shrink.

Even taking into account the one-off 3,364.2% raise in the overall nominal minimum wage in September, that raise contracted in real terms by 94.8% between the first 11 months of the year, with an estimated contraction of 85.2% in October and November alone. Maduro has found the positive side to hyperinflation and is using monetary illusion to incur in lower political costs while he cuts wages in real terms, a political decision that would be highly incendiary in another more stable context.



Sources: Dólar Web, BCV and Ecoanalítica

¹ Wage in USD is calculated with the non official exchange rate.

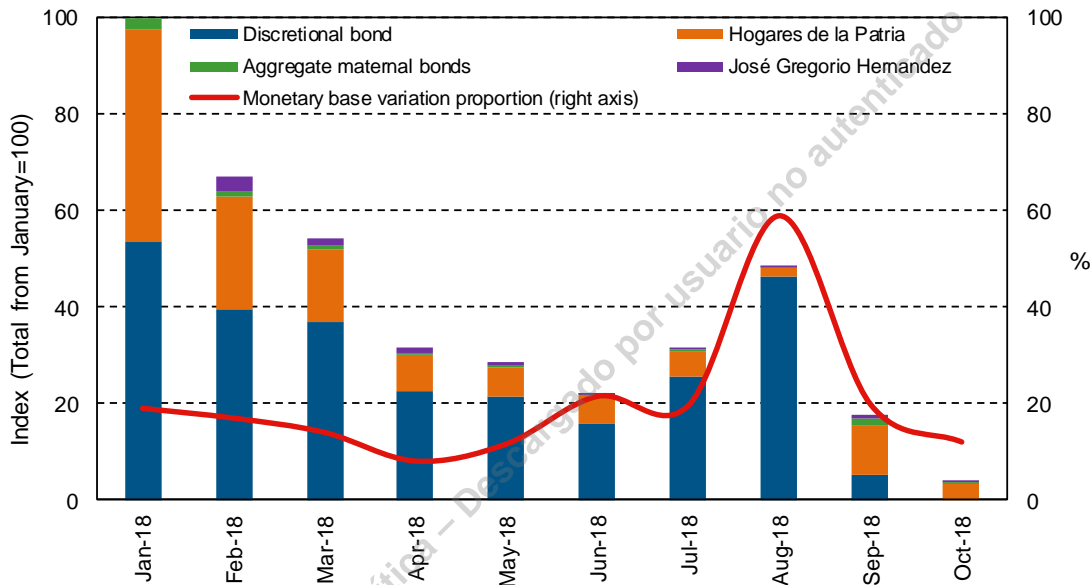
² Implies the value the minimum wage should have at the end of November.

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The tactic of allowing wages in the public sector and “bonuses of the fatherland” to lag behind and the widespread impoverishment of employees was reflected in the monetary financing needs of the State, and the government only needed to increase the monetary base by 8.7% a week on average during the last six weeks reported by the Venezuelan Central Bank (VCB) compared to an average of 18.3% in the rest of the year.

Fatherland Bonds*



Sources: Official announcements Patria.org and Ecoanalítica
*Numbers adjusted by inflation

Having adjusted real spending via wages, the government basically chose the level of inflation the public sector would face at its discretion. In that way, the State has been able to continue buying the same services it used to buy previously (i.e. the services public sector employees provide via their work) at prices that have lagged behind the general level of inflation. For that reason, the deflator of public spending is lower than the deflator for the rest of the economy.

However, once the bolivars corresponding to the payment of wages or “bonuses of the fatherland” have been deposited in the accounts of the workers or beneficiaries, the recipients of those funds are not able to implement the same strategy as their employers. They cannot go to a market and arbitrarily *decide* the price they will pay for their products. Public sector employees are being squeezed to the point where they are being pushed into poverty, and it is they who are shouldering the heaviest burden of the fiscal adjustment.

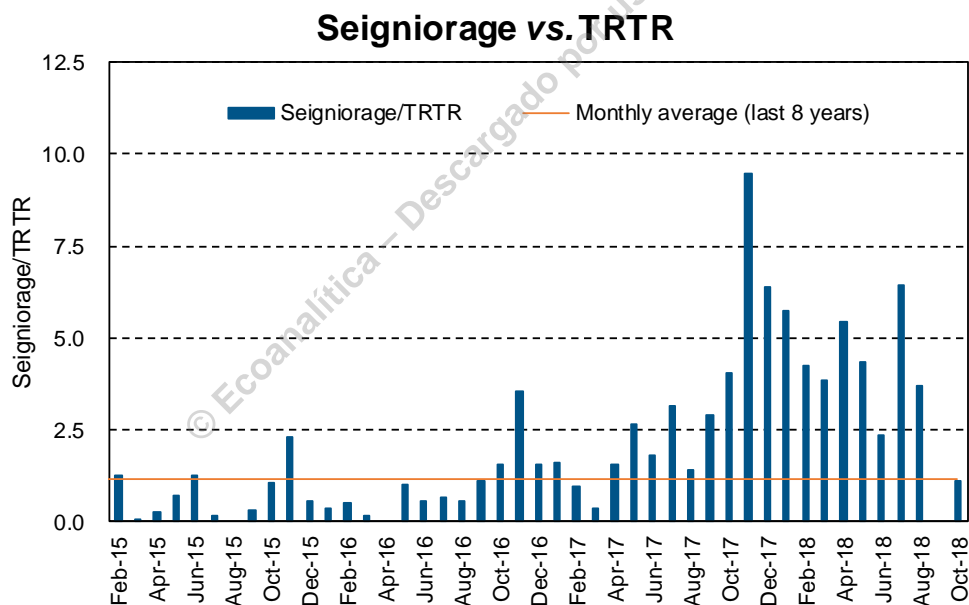
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They are the cost Maduro has decided to pay; but that cost has a limit. At some point the functioning of the public sector will be at risk; discontent will become resignations en masse and the fiscal strategy will face instability on the political, social and humanitarian fronts.

Still a long way to go

Despite the progress made in reorganizing the sources of financing of fiscal spending, at **Ecoanalítica** we estimate that seigniorage still weighs more than nonoil tax receipts (NOTR) as an instrument in managing the country's public finances. To be more specific, we estimate that seigniorage contributed 11.2% more than nonoil tax receipts in October. While the progress that has been made is not insignificant, given that seigniorage contributed 540.8% more than nonoil tax receipts in July, it is undoubtedly insufficient, so far.



Sources: BCV and Ecoanalítica

TRTR: Total Real Tax Revenue

Note: Figures corresponding to September 2018 were never published by Seniat

The path to the end of hyperinflation is full of obstacles. The government will not only have to virtually eliminate seigniorage as a financial instrument in order to allow fresh money to enter the system, but it will also have to maintain or increase the demand for bolivars to reduce the speed at which they are circulating.

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During 2018 the demand for money has fallen by 6.8% a week on average, and the faster economic agents have got rid of their bolivars, so the speed at which money supply has circulated has gradually increased. As a result, each percentage point the monetary base increases due to seigniorage circulates faster than before, overheating the economy more than before, and generating more inflation than before.

In hyperinflation, seigniorage becomes more and more dangerous, and the most fearsome enemy for the treasury is the drop in the demand for money. In 2019 the government will continue to have to cope with a bigger drop in fiscal revenues in real terms, driven mainly by the contraction of the economy and an Olivera-Tanzi effect that will have a greater impact as hyperinflation spirals. In that context, it will have to reduce its spending at a much faster rate than the rate at which its revenues are falling while it does a balancing act to avoid the operational collapse of the public sector. Even after moving heaven and earth to consolidate the balance on the fiscal accounts, there is still a long way to go.

Even though the future is uncertain, it is clear that the State will undergo transformations and that those transformations will not occur without high costs for public sector employees and the government. What is more, the longer the adjustments are put off, the longer the Venezuelan economy will suffer the consequences of hyperinflation and spontaneous informal dollarization will become an ever-increasing threat in the form of a forced substitution of the bolivar as the local currency. If the latter occurs, seigniorage will cease to be an option and the reformulation of the fiscal accounts will be imposed willy-nilly.

Guillermo Arcay Finlay

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WEEKLY INDICATORS

Weekly Economic Indicators			
	5th Week November	Weekly chg. (%)	Depre/Apre (pp) ¹
FX Dicom (VES/USD)	79.56	9.3	8.5
	3rd Week November	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	21.6	-0.4	0.2
	5th Week November	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	6.0	5.0	6.0
	4th Week November	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	8.9	0.1	-9.6
	3rd Week November	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (VES)	317,922,635	22.2	44,327.1
Price of International Oil Baskets (USD/bl)			
	4th Week November	Weekly chg. (%)	Annual chg. (%)
WTI	55.2	-4.4	-3.5
Brent	64.5	-4.8	2.5
Price of the Venezuelan oil basket (USD/bl)			
	4th Week November	Weekly chg. (%)	Annual chg. (%)
Weekly Average	58.3	-4.5	5.3
Annual Average	64.9	-0.2	42.3

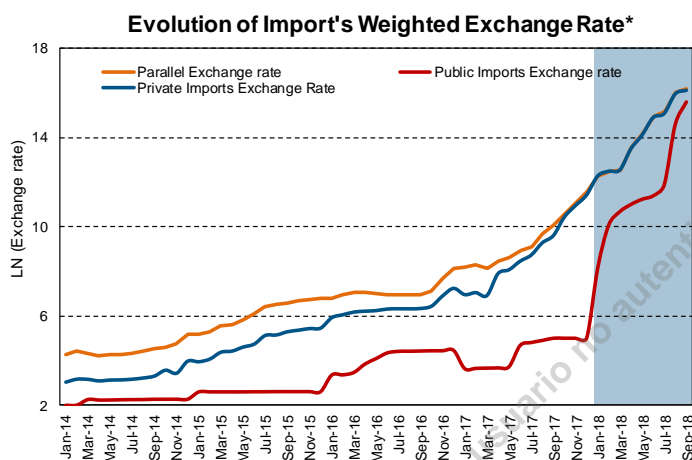
Sources: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

¹ Depreciation (+)/Appreciation (-)

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GRAPH OF THE WEEK: “THE NO SUBSIDY TO PRIVATE SECTOR PLAN”


Sources: BCV and Ecoanalítica

*Weighted by volume of transactions using each mechanism by each sector

Something that has been evident in recent months is the reduction in the gap between the exchange rate private sector importers are confronted with and the unofficial exchange rate. Since 2014, the former went from representing 30.2% of the latter to practically zero in the third quarter of that year. This has been associated with the steadily shrinking foreign currency market in which increasingly fewer private sector companies have access to foreign currency at the preferential rate and where the foreign exchange subsidy has been awarded basically to public sector importers, who have historically enjoyed a considerably lower exchange rate.

Following the unification of the official foreign exchange mechanisms in 2018 and the last upward adjustment of the official rate, the situation of the exchange rate for public sector imports underwent a huge change when the gap between different rates was reduced. Despite this, state-owned companies have been able to cope with an exchange rate that is 68.5% below the unofficial rate as at October, while private sector importers have continued to pay the consequences of the opacity surrounding the exchange rates. This has happened even with an unofficial exchange rate that has been strangely stable in the past few weeks.

This calamity of relative prices in the foreign exchange market adds yet another factor to the hyperinflationary situation, which, combined with the restrictions on the external sector, has given rise to a dilemma in the public sector regarding the elimination of the foreign exchange subsidy. Clearly there will be no incentive for the public sector to reduce its access to this subsidy, while the private sector will have to resort increasingly to the unofficial market. At the end of the day, *the bill isn't on the house*.

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ECONOMIC TIPS

A preliminary look at 2017 figures. Sources consulted by Reuters said that, according to preliminary data revised by the board of directors of the Central Bank of Venezuela, gross domestic product (GDP) contracted by 16.6% in 2017.

The report is on its way. This figure is apparently part of the report the Central Bank must submit to the International Monetary Fund (IMF) containing economic information on Venezuela for 2017. This report should reflect the behavior of prices, the balance of payments and GDP.

We need to belong. Jesús Faria, a member of the Constituent National Assembly, said that the IMF had already been contacted in order to supply the information that was required. Referring to this matter, he commented: *"We can't allow ourselves the luxury of being sanctioned by the IMF because that sanction could lead to our exclusion from the agency."*

The debt as at 2018. According to Torino Economics, the total consolidated external debt has gone up by USD 1.9 billion to USD 155.9 billion.

Back to normal? Vice President Delcy Rodríguez reported that the practice of paying government service employees twice a month would be resumed in December.

A bit lean, no? The creation of the Crypto Assets Treasury was made official in *Gaceta Oficial* No. 41,528. This new agency will have registered capital of VES 10,000. In relative terms that is equivalent to 19.1% of the Family Food Basket estimated by the Documentation and Social Analysis Center of the Venezuelan Teachers' Federation (**CENDAS-FVM**).

They have to explain. The chairman of the National Constituent Assembly's Economic Commission, Andrés Eloy Méndez, said it was necessary for the ministers to appear before the National Constituent Assembly to explain the viability of the 2019 budget and the strategies associated with PDVSA's production and the production of food.

Beef-based wages. Méndez also said that urgent measures should focus on stabilizing the bolivar, prices and wages, and to that end he recommended that the minimum wage be set based on the price of 20 kilos of beef, taking as a reference the minimum wage in Brazil, which is enough to buy 32 kilos.

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Another warning like the one in August? Furthermore, Méndez questioned the usefulness of the DICOM foreign exchange system. He said that, given the lack of exchange houses and the spread between the DICOM rate and the parallel market rate, there were doubts regarding whether the DICOM system was “*a solution or a hindrance.*” Last of all he referred to the need to review wage anchors, the real value of the Petro, and the future of the DICOM system.

OIL TIPS

Did he just drop by? The news agency Reuters reported that Igor Sechin, the chief of the Russian state-owned oil company Rosneft, met with President Nicolás Maduro, confronting him with the delays in crude shipments. These shipments are in payment of loans granted by Russia and their delays have caused tension between the two governments.

Disputes between friends. These delays are a consequence of the critical situation in which PDVSA finds itself. One problem, for example, has been the closing down of the port at Jose in August. According to Reuters, PDVSA should be sending approximately 380,000 barrels a day (b/d) to Moscow.

Postponing the inevitable. Venezuela has agreed to pay USD 1.2 billion to avoid losing Citgo, PDVSA's refinery in the United States. The agreement suspends the court order so that Crystallex does not take control of Citgo. The indemnity, with interest, has grown to USD 1.4 billion.

Time will tell. Crystallex's chief executive officer, Robert Fung, confirmed that Venezuela had made an initial payment of USD 500 million in cash and liquid assets. Furthermore, it was agreed that Venezuela must post collateral by January 19, 2019, to secure the remainder of what it owes. If it fails to do so, Crystallex could resume legal proceedings to take possession of Citgo.

Maritime operations. Venezuela's state-owned oil company PDVSA is evaluating the possibility of setting up a second point for transferring crude between tankers out at sea with a view to curbing the drop in oil exports.

From Falcón to the world. In 2018, PDVSA started to perform ship-to-ship transfers of crude and derivative products off the western coast of Falcón. Even though these operations have increased, they have not been sufficient to compensate for the delays that there have been, particularly following the closing down of the port at Jose.

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Jose back in operation. The port at Jose Terminal opened again after having been closed down following the collision of an oil tanker into one of the docks. Since being closed down, Venezuela's crude exports fell from 1.39 mb/d in July to 1.06 mb/d in the past month, according to Reuters. At the moment the south dock at Jose is being used to export crude produced in the Orinoco Oil Belt.

But Amuay has been closed down. The good news about the reopening of Jose was accompanied by the announcement that Amuay Refinery, with capacity for processing 645 kb/d, had been closed down. Reuters reported that problems at the refinery resulted in operations being shut down until further notice.

Turning down an offer. Venezuela turned down an offer from the oil company BP to buy Total's stake in a gas block located on the maritime border with Trinidad & Tobago, according to Reuters. The Venezuelan State could have taken advantage of this offer to feed funds into PDVSA's growing operations on the island.

PDVSA pollutes. Due to the lack of maintenance and upkeep of the refineries and other crude processors, PDVSA's oil spills have been polluting the environment, according to Bloomberg. While it is difficult to know the extent of the problem, as PDVSA does not any provide information, Bloomberg revealed that the situation is serious, particularly in the Orinoco Oil Belt.

BUSINESS SECTOR TIPS

Bigger mortgages. President Nicolás Maduro announced that home mortgages under the Popular Housing Scheme would be increased. He explained that the bigger loans would be as follows: VES 350,000 for housing improvements, VES 450,000 for extensions, VES 600,000 for self-construction, and VES 800,000 for home purchases.

A raise. Among other things, the government also raised student grants and the wage for facilitators of the Ribas Mission (remedial high school level education program). The grant will be VES 450 and the wage for facilitators VES 1,800. Maduro also said that he had approved funding to increase the number of students receiving the grants from 60,000 to 120,000.

Corpoelec has collapsed. *"The domestic (electric power) industry is in a state of total collapse. We have been denouncing the lack of investment and the lack of preventive and corrective maintenance,"* announced the Workers Union of Corporación Eléctrica

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Nacional (Corpoelec). It also said that they are around 60% short of personnel due to the reduction in job benefits.

Malaria is rife. Last week the World Health Organization (WHO) published its report on the cases of malaria worldwide. However, the Venezuelan Public Health Society (SVSP) and the National Epidemiology Defense Network commented that the figures published by the WHO fall short.

An increase of 50%. The SVSP forecasts more than a million cases of malaria in 2018. Its report states that *“unofficially, more than 492,000 new cases of malaria were recorded in the country up until the end of October – early November.”* That is an increase of 50% compared to 2017.

An estimated 500 victims in 2018. SVSP also estimates that the cases of malaria in Venezuela account for 2.0% of cases in all of Latin America. Going back to the WHO's figures, the WHO estimates that the number of deaths from malaria will be more than 456.

Plagued with dengue. The World Health Organization (WHO) diagnosed 14,166 cases of dengue in Venezuela between January and October 2018, with 612 cases a week being diagnosed on average. Given the lack of an official epidemiological bulletin, which has not been published since 2016, performing a diagnosis and determining the extent of the problem is more complicated.

Escaping from the crisis. During the Eighth Latin American Meeting of Migratory Authorities (RIAM), it was announced that the number of Venezuelan migrants in Colombia, Peru and Ecuador came to 1.99 million persons. Colombia is the country that has received the highest number of Venezuelans, 1.15 million people, 10% of which have decided to remain there and the rest had another country in mind as their final destination.

Venezuelan female emigrants... As at the week of November 22, 188 Venezuelan women had been rescued in nine countries from situations in which they were victims of sexual exploitation. Young women are being forced to prostitute themselves after being promised a job, better living conditions, and having their fares and accommodation paid for.

...become sex slaves. The Center for Justice and Peace (CEPAZ), the Organized Crime Observatory and *Paz Activa* (Active Peace) commented that the forced migration that is currently happening in Venezuela has created a niche that permits an increase in the trafficking of persons and sexual exploitation. Forty-seven Venezuelan women were rescued from situations of this kind in November.

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WORLD ECONOMY TIPS

Disputes aren't good for business. According to the National Bureau of Statistics, China's industrial earnings rose by 3.6% in October compared to October last year. This means a slowing down of the indicator, given that the annual growth in September was 4.1%.

Firms are waiting. Italy's Prime Minister Giuseppe Conte stated that Italy would maintain its budget targets for 2019, while waiting for a cost analysis of his main spending measures. He left open the possibility of lowering the deficit target.

Bent on discipline. Sources consulted by Reuters said that the representatives of European Union governments are prepared to support the European Commission's disciplinary initiative against Italy because of its borrowing.

There's still time. According to a document to which Reuters had access, Italy is not complying with the European Union's regulations, which demand that it reduce its debt. However, there is the possibility that the decision of formally starting disciplinary procedures might be held off until February.

A conditioned game. Economic advisor to the White House Larry Kudlow said that President Trump is prepared to raise the tariffs on Chinese imports from 10% to 25% if no progress is made in the talks with China's President Xi Jinping. Kudlow commented that in Washington they were disappointed with the Chinese Government's response on trade and hoped that Jinping would prove to be more open in future talks.

Nothing to worry about. Given the United States' concerns regarding the possible repercussions of Brexit on Anglo-American trade, Britain's Prime Minister Theresa May said that Great Britain had the capacity to comply with the trade agreements it has with the United States even after it leaves the European Community.

A bit of certainty is better than nothing (I). Great Britain's Chancellor Philip Hammond stated that the draft agreement for leaving the European Union could be the best solution for safeguarding the economy and, at the same time, be a starting point for reuniting the country.

A bit of certainty is better than nothing (II). Hammond said that, while it could have a minimum negative impact in the short term, the signing of the agreement would release

the British economy. According to Hammond, the only thing that is holding it back is uncertainty about Great Britain's relationship with the European Union.

POLITICAL TIPS

January 10 is the date. *Frente Amplio Venezuela Libre* said that it would take January 10, 2019 –the date set for Nicolás Maduro's swearing in as president for another term– as a date to be used to generate momentum for resuming nationwide protests.

Unity with regard to the turning point. National Assembly Deputy Miguel Pizarro said that on January 5 the National Assembly should open its period of sessions “*without divisions, without fighting, and without foolishness.*” He also warned that unrealizable expectations regarding January 10 should not be created, as this could have costs that will affect the opposition's agenda.

Sustainability pact. Carabobo Governor Rafael Lacava said he considered a “*pact of recognition among Venezuelans*” was necessary to solve the country's political crisis. He also reprimanded opposition leaders abroad who, according to Lacava, have a “ghoulish” desire to see Maduro's fall from power, arguing that they are not assuming the costs that this would involve. He also commented that he did not aspire to be president of Venezuela.

Under way. The Public Prosecutor's Office has appointed a public prosecutor to conduct an in-depth investigation into “the siphoning off of funds to private sector banks” by former President of the Economic and Social Development Bank of Venezuela (Bandes) Alejandro Andrade, who has been accused of bribery and money laundering in the United States.

Taking charge? The prosecutor general appointed by the Constituent National Assembly, Tarek William Saab, requested that the United States hand over Alejandro Andrade to the Venezuelan State and he also requested that Andrade's bank accounts be frozen and blocked.

More pressure facilitates things. Former president of the National Assembly, Julio Borges, requested the Spanish Government to join the international pressure being brought to bear on the Nicolás Maduro administration. He was of the opinion that January 10 could be a key date in the alleged transition process, since it is on January 10 that Nicolás Maduro will assume the presidency for a term that many governments do not recognize.

A good neighbor. Minister of Communication and Information Jorge Rodríguez revealed “*confidential documents*” that prove the participation of Venezuelan government officials in reaching peace agreements between Colombian guerrilla groups and the Colombian Government.

He wants no causes for regret. Brazil’s President elect Jair Bolsonaro ruled out that there were plans to return Venezuelan immigrants who are currently in the states on the Brazilian-Venezuelan border. He also took the opportunity to remind everyone that “*Venezuela cannot be treated like a democratic country.*”

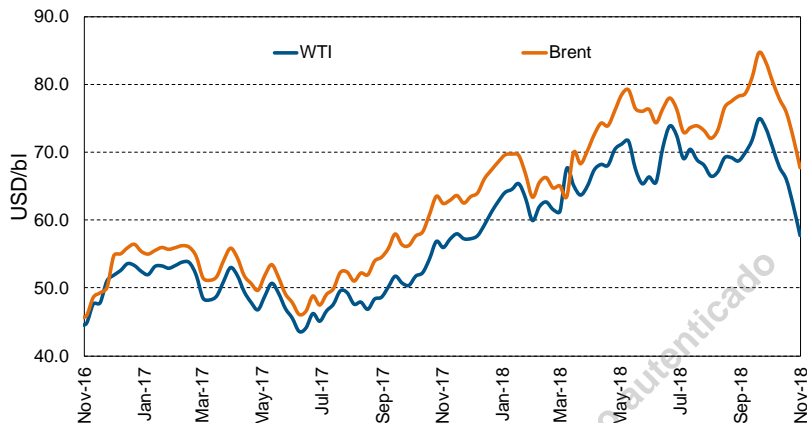
Too heavy to survive. Brazil’s Vice President elect Hamilton Mourao said that he expects the Nicolás Maduro administration to “*fall of its own accord,*” while expressing concern over a possible violent civil war in Venezuela. A former military attaché at the Brazilian Embassy in Venezuela, Mourao ruled out military intervention since “*interfering in the internal affairs of other countries is not part of Brazil’s diplomatic tradition.*”

Bolivarian sabotage. Christian Kruger, Colombia’s migration director, said that they are investigating the possible participation of members of the Bolivarian National Guard in disturbances that obstructed the attention being given to Venezuelan migrants in Colombia. Kruger commented, “*We have discovered that three of those involved in the sabotage were carrying false documents. We also have access to sources of information that indicate that these individuals belong to the Bolivarian National Guard.*”

So she can get a close look. Venezuela’s ambassador to the United Nations, Jorge Valero, delivered an invitation to the United Nations High Commissioner for Human Rights, Michelle Bachelet, from the Venezuelan Government for her to visit Venezuela and see firsthand “*the extensive and historic efforts for guaranteeing and promoting the human rights of Venezuelans.*”

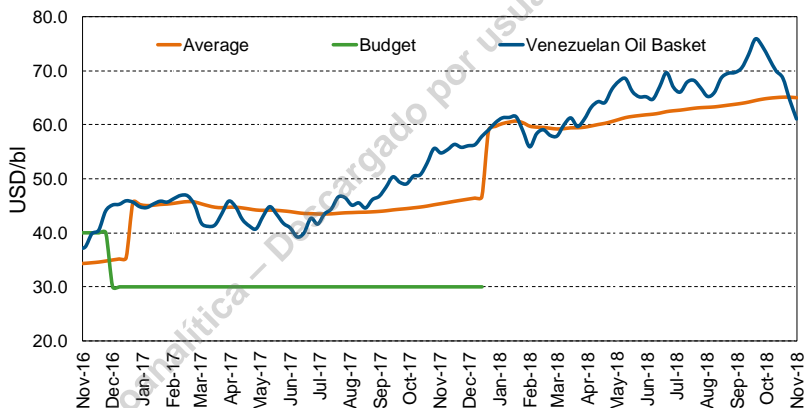
ECONOMIC INDICATORS

**Oil Prices
(WTI and Brent)**



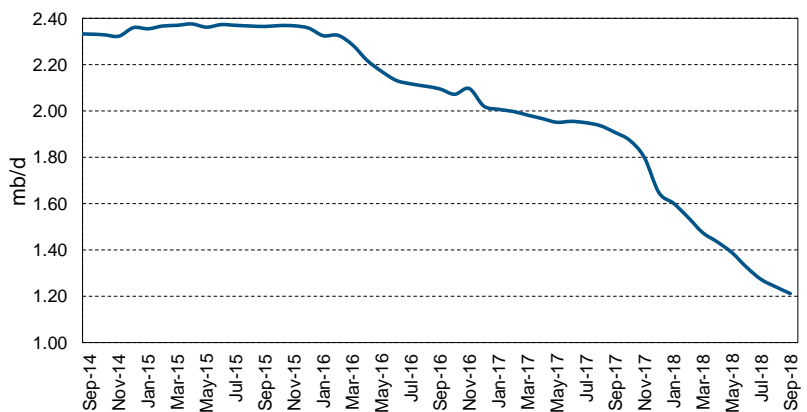
Sources: Menpet and Ecoanalítica

**Oil Price
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

**Oil Production
(Secondary sources)**

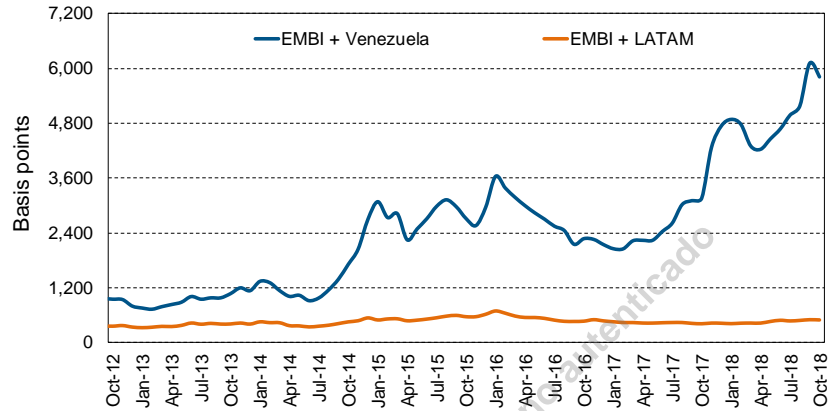


Sources: OPEC and Ecoanalítica

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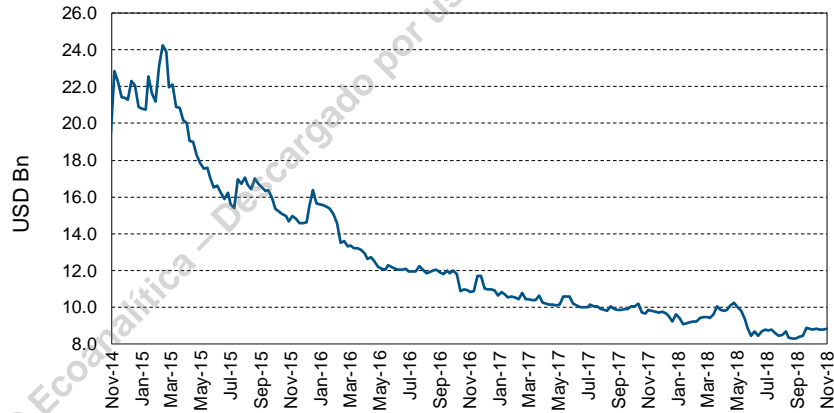
ECONOMIC INDICATORS

EMBI



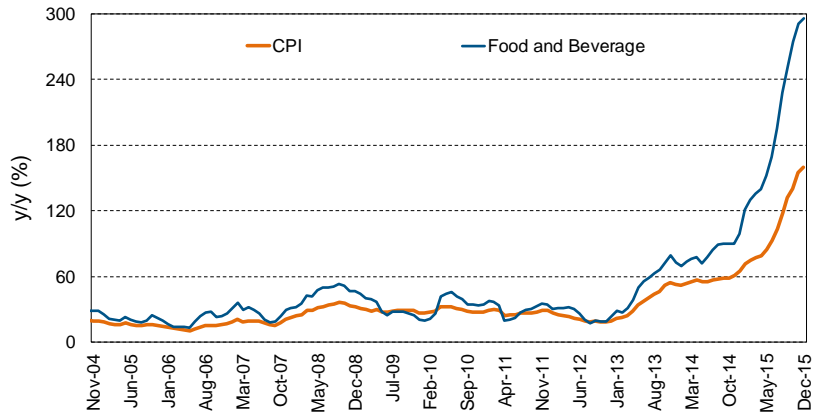
Sources: BCRP and Ecoanalítica

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

Inflation (BCV)



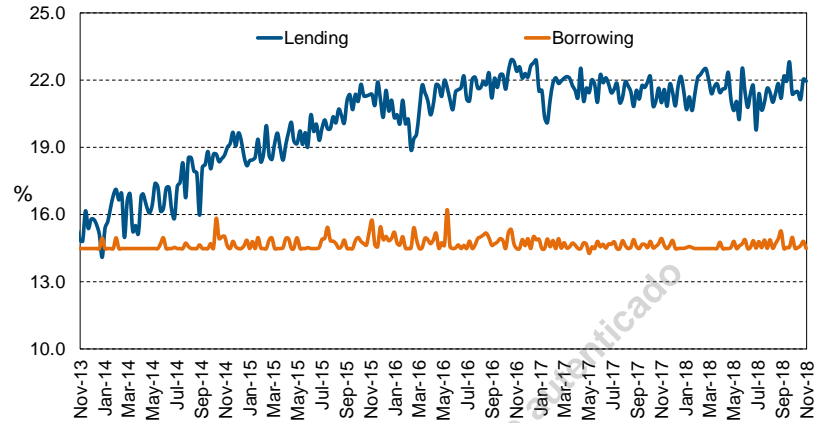
Sources: BCV and Ecoanalítica

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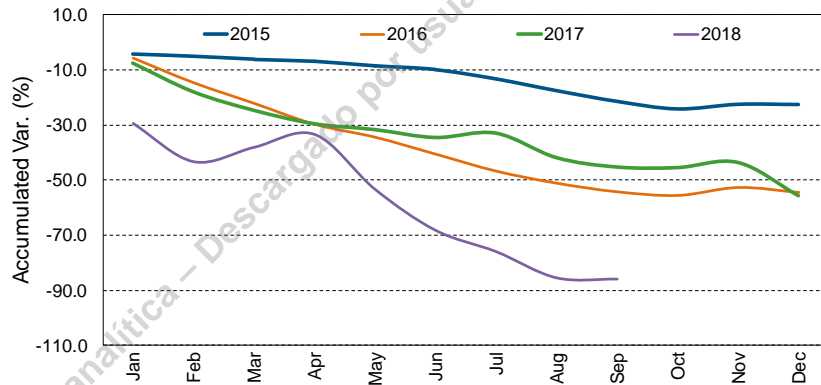
ECONOMIC INDICATORS

**Interest Rate
(Six major banks)**



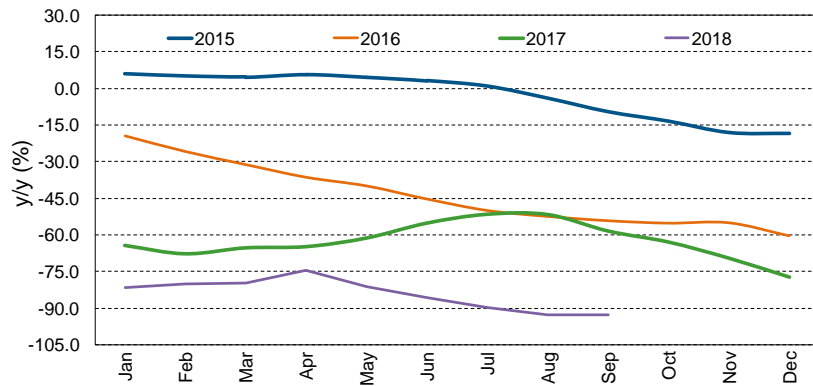
Sources: BCV and Ecoanalítica

**M2 Expansion
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio
(Real)**



Sources: SUDEBAN and Ecoanalítica

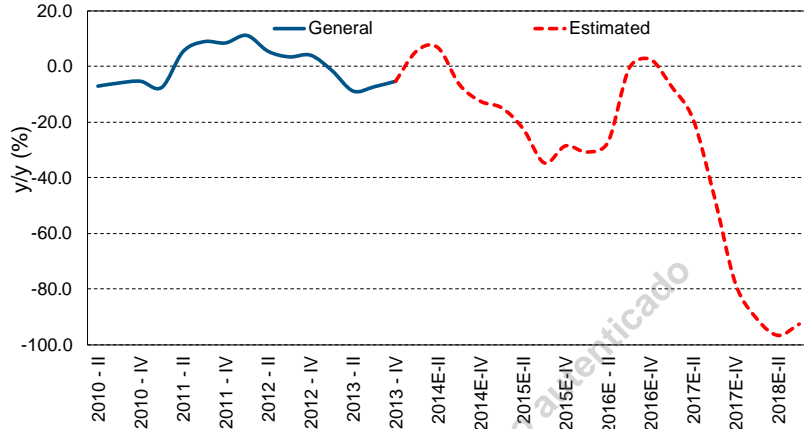
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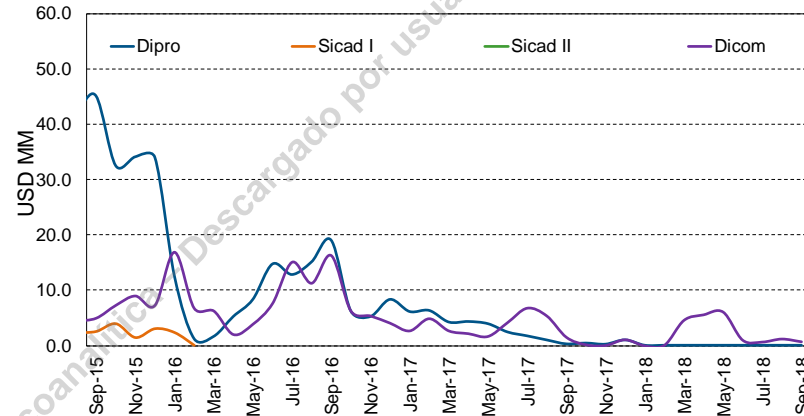
ECONOMIC INDICATORS

Real Wage Index



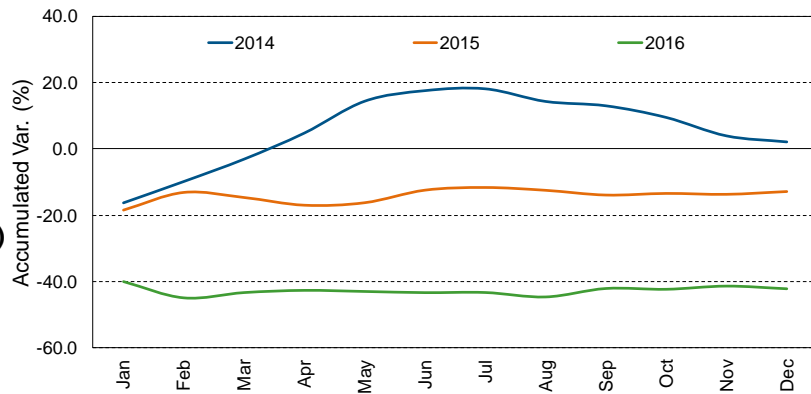
Sources: BCV and Ecoanalítica

Disbursements to the Private Sector (Daily Average)



Source: Ecoanalítica

Primary Spending NTO (Real - Central Government)



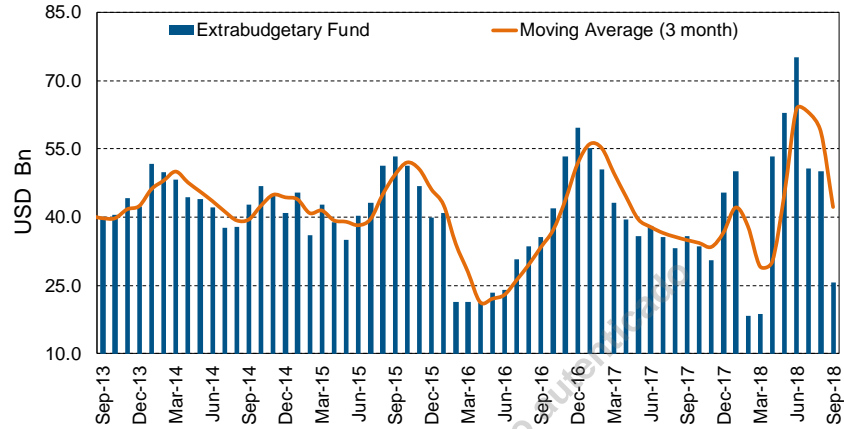
Sources: ONT and Ecoanalítica

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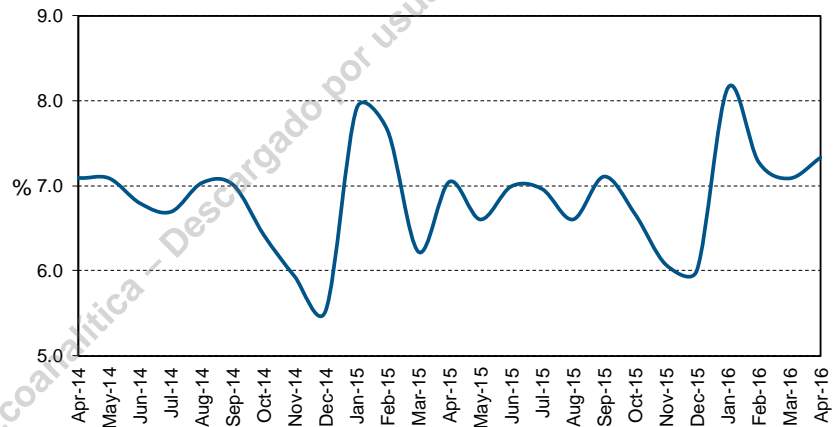
ECONOMIC INDICATORS

State Extrabudgetary Resources



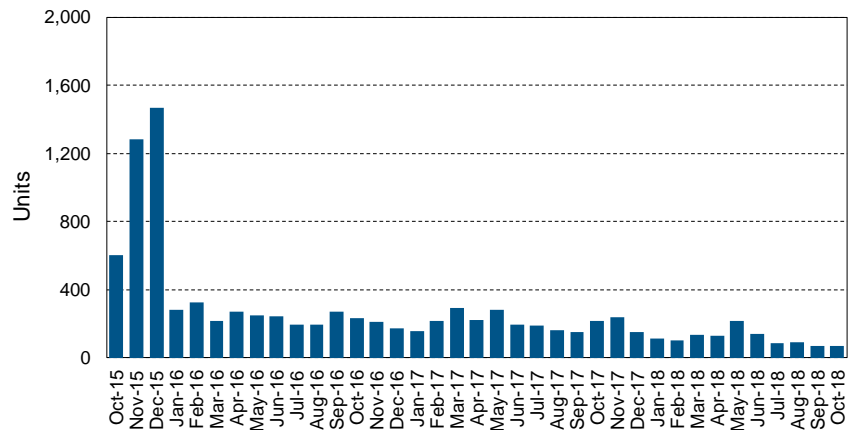
Source: Ecoanalítica

Unemployment Rate



Sources: INE and Ecoanalítica

Vehicle Sales



Sources: CAVENEZ and Ecoanalítica

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