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## Quarantined protests: A sleeping giant in Venezuela

The official quarantine to contain the spread of COVID-19 has meant a new impediment for one of the main means of criticism of the Venezuelan public administration: protests. Thus, the policies of social distancing ordered by the Executive since 2020 have limited the response of Venezuelan agents to the multiple problems that deprive them of their social, political and economic rights. However, such limitations seem to be temporary and, in the event of a medium-term relaxation of the quarantine and of greater pressures on macroeconomic and domestic political stability, massive demonstrations could be observed again in the country. Mobilizations of this magnitude represent significant costs for those involved (and for economic activity in general), with repercussions in both the public and private sectors.

It should be noted that the reasons and size of such social mobilizations have varied over the years, responding to different factors related to the country's institutional and economic idiosyncrasies. This fact was highlighted in our first quarter 2019 outlook report, in the section *Real Sector and Employment: Measuring Blindly*, where we pointed out that protests appear to respond to price dynamics, being, in this way, an additional indicator of macroeconomic conditions. In this sense, with what has happened in the last two years, it is worthwhile to take a new look at the evolution of the protests in that period, delving into the main factors that have dominated their behavior and their impact on the Venezuelan economy.

### Two decades of protests

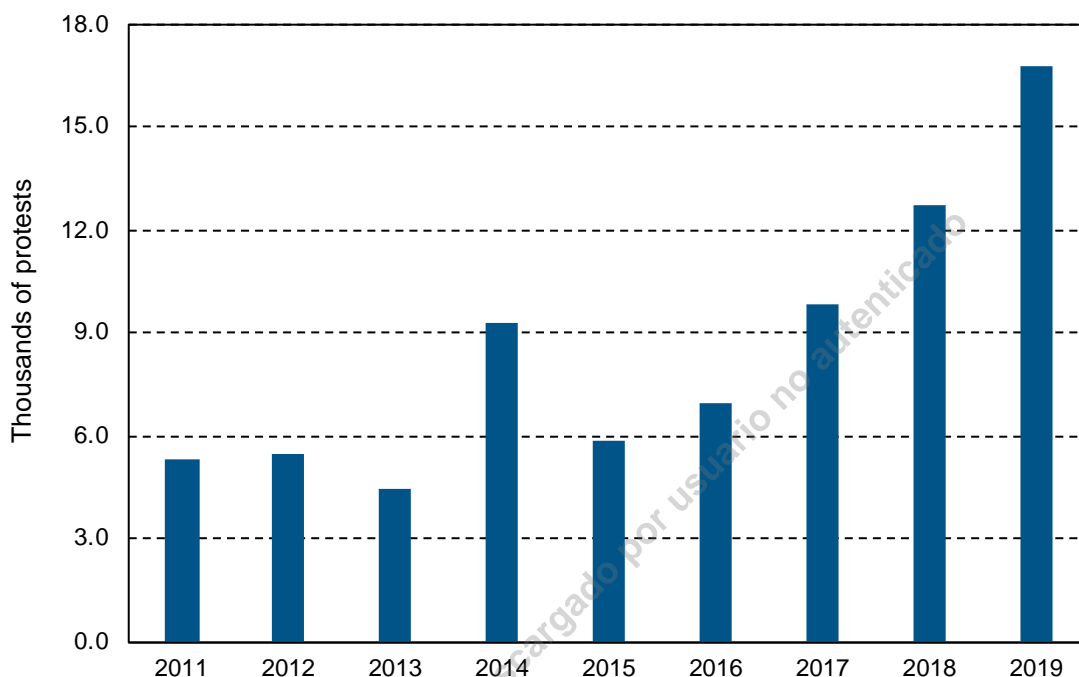
Although with certain overlaps, 2018 seems to represent a relevant turning point in terms of the determinants of social protests in Venezuela. Prior to that year, the vast majority of protests were linked to social and political rights. In the first place, the educational demonstrations in 2001 and the conflicts with various media sources in 2007 stand out, which responded to government interventions in the social sphere. On the other hand, these mass mobilizations intensified in 2002, 2014 and 2017, which, under the leadership of the political opposition, responded to crises in the country's formal institutions.

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## Evolution of protests



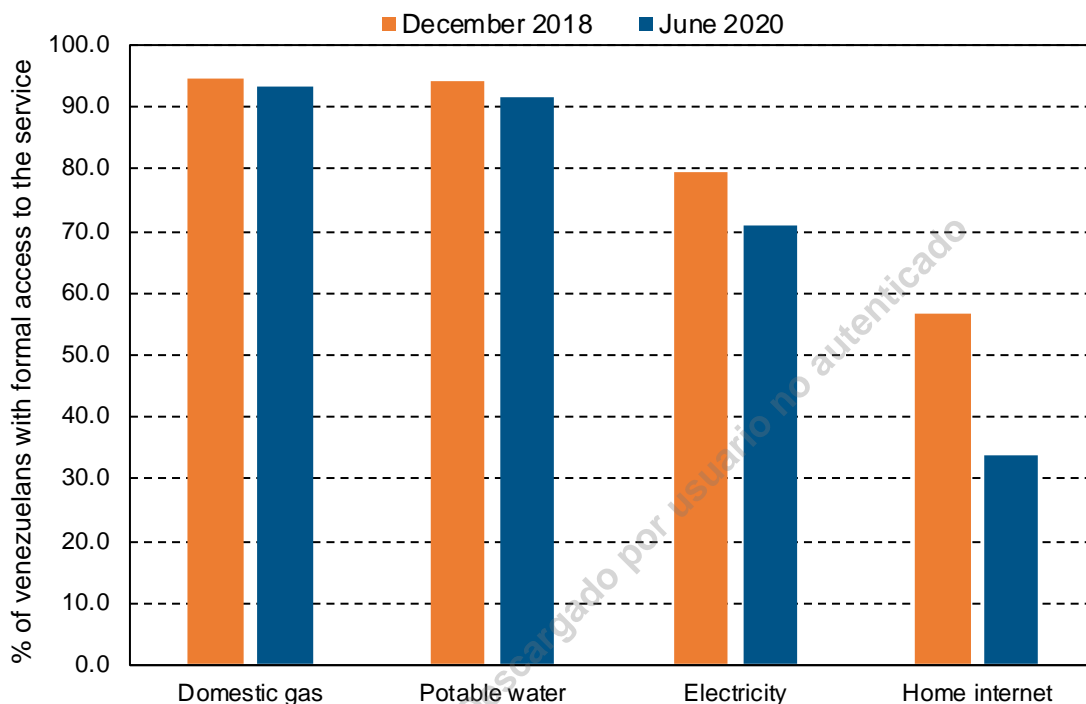
Sources: OVCS and Ecoanalítica.

Although protests with political overtones were observed after 2018, mainly in 2019 following the establishment of the so-called interim government, the last three years have been characterized by a mitigation of mass demonstrations of this type. Instead, recent protests have often entailed economic grievances, mainly salary claims, shortages and high food costs, and failures in public services. The above does not mean a decrease in the frequency of protests; on the contrary, the annual historical maximum was observed in 2019 when political reasons, national blackouts and economic demands came together. However, although the number of nationwide protests increased, the size of these decreased<sup>1</sup>, as they responded to sectoral issues. This seems to be especially true during the quarantine, as the deterioration of public services accelerated and any agglomeration of people was strongly limited.

<sup>1</sup> Number of protests refers to the number of protests that have occurred during the year, while size refers to the number of people who participated in each of these protests.

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### Access to services in Venezuela



Sources: OVSP and Ecoanalítica.

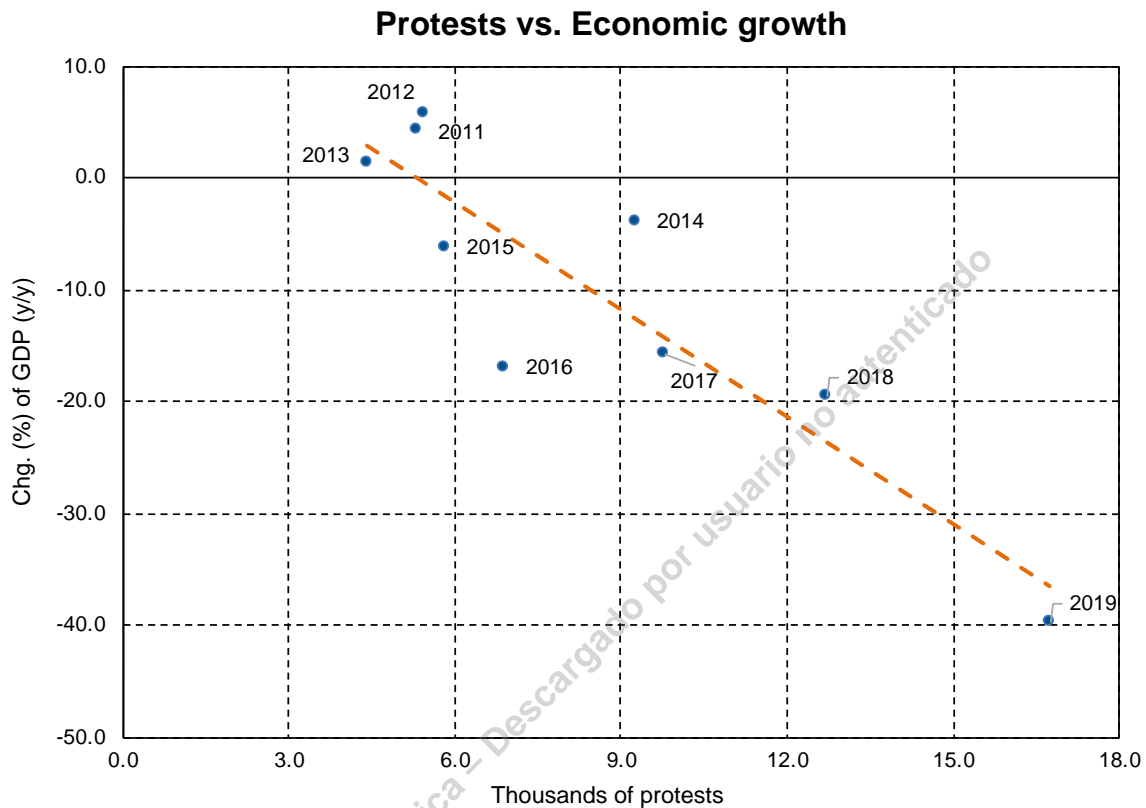
### The macroeconomic shadow

Although the main reasons for demonstrations have changed over time, in general, the macroeconomic environment behind deprivations has seemed to largely define how they mutate into greater mobilizations. For example, Grasso and Giugni (2016)<sup>2</sup> showed that social mobilizations in Europe after the 2008 financial crisis were more frequent in economies with higher unemployment rates. The research argues that, in these countries, political factors found it more possible to capitalize on social discontent in the midst of widespread unemployment and thus increase the intensity of protests.

<sup>2</sup>Grasso, M & Giugni M (2016). *Protest participation and economic crisis: The conditioning role of political opportunities*. European Journal of Political Research 55: 663-680.

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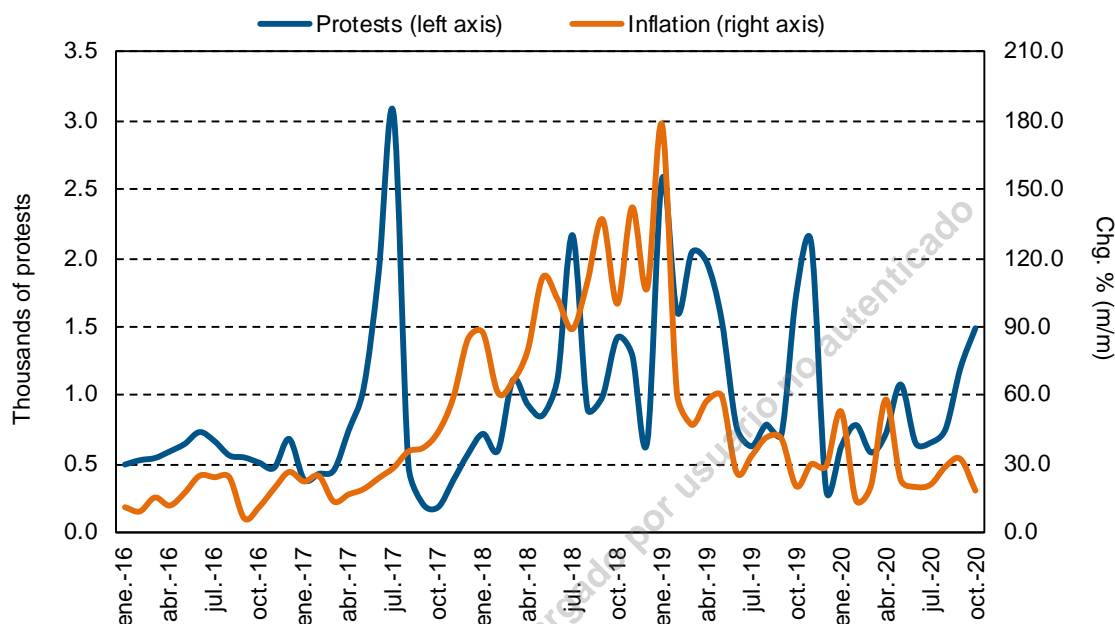
For the Venezuelan case, it is observed that the largest civil mobilizations in the last two decades coincide with the beginning of the GDP collapse. According to data recorded by the Venezuelan Observatory of Social Conflict (OVCS in Spanish), since 2014, the number of daily protests increased to 27.9<sup>3</sup>, from 13.9 daily protests between 2011 and 2013, while the output accumulated a 79.4% drop until 2020.

<sup>3</sup> Corresponding to the number of protests observed between 2014 and 2019.

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## Protests vs. monthly inflation in Venezuela



Sources: OVCS and Ecoanalítica.

Note: The strip represents the plebiscite called by the National Assembly.

Recently, related to the deterioration of public services, protests seem to respond to price dynamics. Comparing protest data recorded by the OVCS in relation to monthly inflation, it is observed that the monthly number of protests seems to increase with an acceleration of price growth. This relationship seems to have intensified in recent years. While the correlation of both variables between 2016 and 2020 stood at 0.32, isolating the period from January 2019 to October 2020 (the last 22 months of the sample), we get that this correlation increases to 0.56.

In addition, disaggregating the correlation by item strengthens the thesis that greater mobilizations are partly due to higher costs in health and basic services. In this case, protests presented correlations of 0.60 and 0.61 with prices corresponding to health and housing services (except telephone), respectively.

### A vicious circle

Just as protests are affected by the economic context, they can have an adverse impact on commercial activity. Mass mobilizations, for example, can paralyze commercial activity or increase absenteeism, which ends up damaging the economy. Some works such as

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Shonchoy and Tsubota (2015)<sup>4</sup> and Matta, Appleton and Bleaney (2017)<sup>5</sup> offer evidence that confirms such arguments, where, in the surface, the suspension of activities and (temporary) closure of businesses seem to be the main mechanisms that operate when considering the influence of protests on economic activity. In the case of Venezuela, even if we exclude those facts reported since the beginning of COVID-19 pandemic, it has been reported historical adverse changes on local activity preceded by social mobilizations,<sup>6</sup> which could happen again if official quarantine would end at medium-term.

In order to measure the possible impact of such demonstrations, the potential historical relationship between protests and economic activity was examined, to determine the potential adverse or non-adverse effects of the former on the latter<sup>7</sup>. The quantifications performed indicate that, given an acceleration in the increase of protests of 1.0%, economic activity would reduce its growth level by 0.1%<sup>8</sup>, assuming all else unchanged (e.g. inflation, credit, real exchange rate and imports). This implies that, in the event that protests go from a year-on-year increase of 1.0% to 11.0% in one month, manufacturing activity in the following month is expected to grow 1.0% less, i.e., from growing 10.0% (without the additional effect of protests) to only 9.0% (or, from increasing in one month by USD 100 to USD 90.2).

In the case of commercial activity, this effect increased to 0.16% (compared to an increase of 1.0%). In spite of the significant impact that the protests seem to have, they maintain a low incidence compared to the role of other distortions in the economy, among which hyperinflation, credit restrictions and international trade dynamics stand out<sup>9</sup>.

<sup>4</sup> Shonchoy & Tsubota (2015). *Economic Impact of Political Protests (Strikes) on Manufacturing Firms: Evidence from Bangladesh*. Institute of Developing Economies, Discussion Paper No. 523.

<sup>5</sup> Matta, Appleton y Bleaney (2017). *The economic impact of political instability and mass civil protest*. CREDIT Research Paper, No. 17/03.

<sup>6</sup> Notable among these were the near total shutdown in 2002 and the 2014 and 2017 protests, which featured the largest civilian demonstrations.

<sup>7</sup> For this purpose, a multiple regression with instrumental variables was carried out with the interannual variations of the variables, using the production volume index and the commercial volume index published by the BCV, updated up to the beginning of the COVID-19 pandemic. Additionally, the effect of inflation, real monetary base, credits, real exchange rate, oil prices and imports were controlled for, as well as seasonal *dummies* and outliers such as the national blackouts at the beginning of 2019. Up to three lags of the explanatory and dependent variables were used as instrumental variables.

<sup>8</sup> The coefficients represent the impact multipliers on the activity indexes, calculated as:

$$\frac{\Sigma(\text{Coefficients of protest lags})}{1 - \Sigma(\text{Coefficients of activity index lags})}$$

<sup>9</sup> It should be noted that, although the model considers the degree of endogeneity of the variables, it was found that the effect of the activity indexes on the protests is low.

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**Potential impact of protests on economic activity**

Dependent	Independent	Average impact	SD	Significance*	Minimum	Maximum
PVI	Protests (annual)	-0.10	0.03	0.00	-0.16	-0.04
	Inflation	-0.17	0.06	0.01	-0.29	-0.04
	Credit (commercial)	0.12	0.13	0.36	-0.14	0.38
CVI Wholesale	Protests (annual)	-0.16	0.13	0.24	-0.41	0.10
	Inflation	-0.68	0.41	0.10	-1.49	0.13
	Credit (microcredit)	0.17	0.12	0.15	-0.06	0.41
CVI Retail	Protests (annual)	-0.10	0.04	0.03	-0.18	-0.01
	Inflation	-0.13	0.07	0.06	-0.27	0.00
	Credit (commercial)	0.02	0.16	0.90	-0.30	0.34

Note: PVI and CVI represent the BCV's production volume index and commercial volume index (at wholesale and retail level), respectively. SD means Standard Deviation.

\*Corresponds to the number of times that the impact of each variable on economic activity tends to zero.

Source: Ecoanalítica.

This analysis was carried out for the period from January 2015 to prior to the beginning of the COVID-19 pandemic (limited by official figures' availability), that is, considering a period of massive protests, particularly those present during 2017. Although, possibly, the effect of the demonstrations on economic activity is currently significantly lower or could even be null, this does not mean that demonstrations of the magnitude seen in previous years could not be repeated in the future, especially if we take into account the end of the quarantine and greater economic pressures.

**Venezuela's Voice: between whispers and screams**

In his book "Exit, Voice, and Loyalty", Hirschman argues that there are three ways in which an individual can perform in an organization or within an institutional framework. First, he can choose between "Loyalty" or "Exit"; the former implies adapting to the environment and developing within it, while the latter means resigning or detaching from that entity. The last option, "Voice," represents attempting to change the environment. Hence, as Venezuelans' life conditions have deteriorated, one of the few tools to generate a new economic stance (from regulators) has been protests, the only "Voice" for some agents who cannot or do not wish to emigrate or adapt to the current institutional framework.

However, mass mobilizations come at a great cost. On the one hand, they represent a physical and mental exhaustion, particularly for individuals suffering extreme deprivation, since they have little time to seek to change their environment and, on the other hand, as previously mentioned, they could have a negative effect on economic activity which, if the desired change is not achieved, would represent a net loss for those involved.

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In spite of the costs, protests have continued throughout the country during the quarantine. In this sense, as the hyperinflationary process and the contraction of the economy continue, demonstrations will continue to be a latent danger for the public and private sectors.

**Luis Arturo Bárcenas  
Diego Santana Fombona**

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## WEEKLY INDICATORS

Weekly Economic Indicators			
	1st Week February	Weekly chg. (%)	Depre/Apre (pp) <sup>1</sup>
FX Boards (VES/USD) <sup>2</sup>	1,805,667.56	2.1	2.0
	4th Week January	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	39.7	0.5	17.9
	1st Week February	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	135.8	-407.0	-107.3
	5th Week January	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	6.4	-0.1	-4.8
	4th Week January	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (MM VES)	634,699,819	6.8	1,257.9
Price of International Oil Baskets (USD/bl)			
	4th Week January	Weekly chg. (%)	Annual chg. (%)
WTI	52.8	0.1	-9.6
Brent	55.2	-0.3	-14.4
Price of the Venezuelan oil basket (USD/bl)			
	5th Week July	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

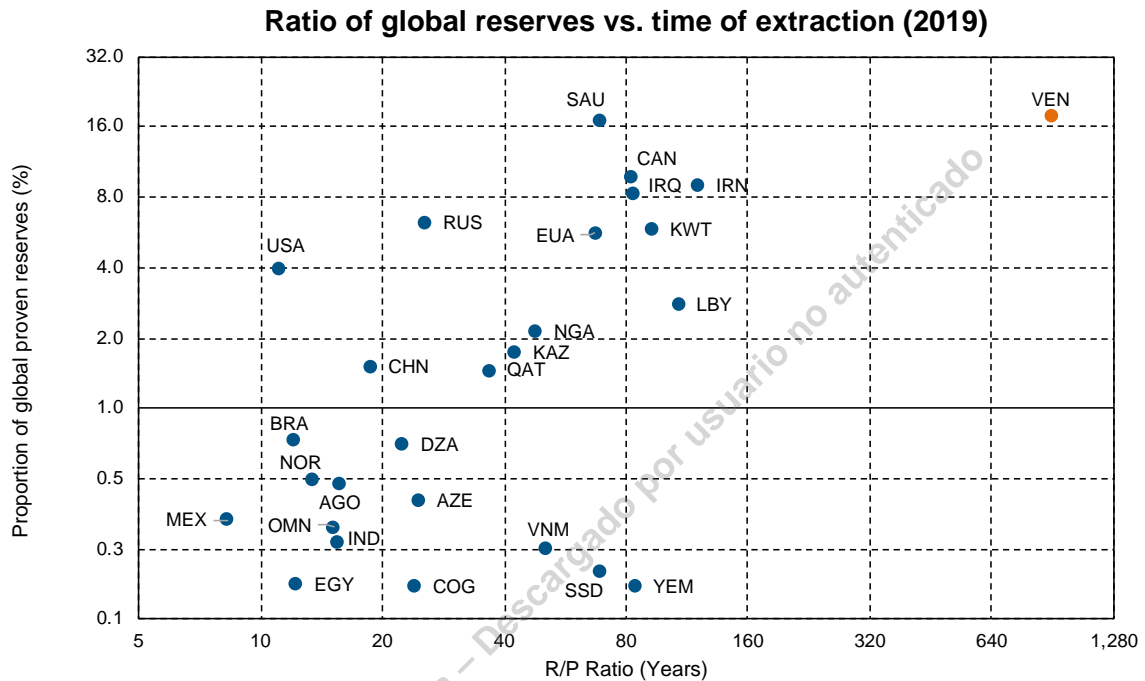
\* Annual variation of accumulated expenditure.

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

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**CHART OF THE WEEK: “OIL FOR A MILLENNIUM, WEALTH FOR A FEW DECADES”**



Note: R/P ratio calculated as proved reserves over annual production. Describes the time it would take to empty them if production levels are kept constant.  
Sources: BP (2020), OPEC and Ecoanalítica.

By 2019, world oil reserves were estimated at 1,733.9 billion barrels, or about 244.6 billion tons. The bulk of this oil is found in a small group of countries, with OPEC members comprising 70.1% of the total. At the top of the list of countries with the largest reserves is Venezuela (VEN) with 17.5% of global reserves, followed by Saudi Arabia (SAU) with 17.2%; both countries are the only ones with more than 10% of global reserves each.

Reserves are large enough to allay concerns that countries with the largest endowments could run out of oil. Indeed, in an environment where concerns about climate change and the advance of cleaner energies ensure a limit on the demand for oil as an energy source, the strategy of oil-producing countries is focusing on extracting as much oil as possible to convert it into wealth.

In this scenario, the average production to reserves ratio (P/E) comes into play, which delimits the time it would take for a country to empty its reserves if it maintains current production levels. Saudi Arabia would exhaust its reserves in 68.9 years, while Canada

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would do so in 82.3 years and Iran would take 120.6 years. On the other hand, Russia and the United States would take 25.5 years and 11.1 years, respectively, to deplete their reserves.

Venezuela stands out for having the highest R/P by a wide margin. It would take 906.7 years if it maintains production at the end of 2019 of 918 kb/d. This indicator would rise to 1,489.5 years with the average production of 2020 (558.4 kb/d) and the reserves of that year. Although the assumption of maintaining constant oil production for such long periods of time is unlikely, the exercise serves to illustrate the challenge faced by the Venezuelan oil industry to extract and market even a small fraction of the oil it has at its disposal. Venezuela will continue to hold the largest oil reserves in the world and most of them will never see the light of day.

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**ECONOMIC TIPS**

**COVID-19 in Venezuela.** According to government figures as of February 4, the number of positive cases of coronavirus reached 128,315 and the number of deaths was 1,209.

**Partially confined.** For the week of February 1 to 5, all the states of the country were managed in radical confinement according to the 7+7 plus scheme, as indicated by Nicolás Maduro. During this week, the activity of different sectors was developed with more severe restrictions than those of the weeks of flexibilization, the mobility of citizens was limited and the permitted capacity was lower.

**Double-digit contraction (I).** According to the Venezuelan Observatory of Finance of the National Assembly, the Venezuelan economy contracted 42% in the fourth quarter of 2020 in relation to the fourth quarter of 2019.

**Double-digit contraction (II).** According to the report published on Twitter, the most adversely affected sector was the financial sector, with a year-on-year contraction of 60%, followed by the public sector, which presented a year-on-year decline of 42%, and the oil sector, which had the third largest contraction with 41%, in relation to the fourth quarter of 2019.

**Financial Gossip (I).** According to four state officials close to Reuters, at least four medium-sized private banks and the Banco del Tesoro have begun issuing debit cards to clients with foreign currency accounts, despite the fact that the Venezuelan Central Bank is officially prohibiting these means of payment for the time being.

**Financial Gossip (II).** The sources explained to Reuters that when payments are made with such debit cards, the Central Bank will buy such foreign currency at the official rate and will proceed to auction them at the exchange bureaus. The business receiving the payment will obtain the corresponding bolivars at the official exchange rate.

**Financial Gossip (III).** For the time being, interbank foreign currency transfers are still prohibited by the monetary authority; however, following Maduro's statements indicating that Venezuela will move towards a "100% digital" economy and that merchants could use debit cards for dollar accounts, it is expected that these measures will be relaxed in the coming months.

**Evidence of hyperinflation (I).** According to the Center of Documentation and Analysis for Workers (Cendas), the food basket closed 2020 at VES 218,357,086.27, which

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represents an inter-annual increase of 2,546.6%, since, by the close of 2019, the basket had been located at VES 89,011,381.99.

**Evidence of hyperinflation (II).** Cendas pointed out that in December a family needed the equivalent of 182 monthly minimum wages to access the food basket, but the current minimum wage only allowed access to 0.5% of the basket.

**Prohibited...** According to a communiqué issued last January 28 by Sudeban, banks were prohibited from offering credit instruments in foreign currency. Among the prohibited credit instruments are leasing, invoice discounting, letters of credit, discounts, advances, repurchase agreements, guarantees and any other type of financing or operations.

**...but not that much.** However, the communiqué establishes that the implementation of these instruments is prohibited as long as the financial entity does not have prior authorization from the Venezuelan Central Bank and Sudeban. This measure suggests that a process of authorizations is being opened for financial entities to start offering such instruments; therefore, it is key to observe the development of this situation in the coming months.

**Money tables.** For the week of February 5, the average money desk rate was VES 1,805,667.6/USD. This represents a 2.0% depreciation from last week.

## OIL TIPS

**New boss, new agreement? (I).** Chevron and Reliance are to meet with the U.S. State Department to ease sanctions limitations imposed by the previous administration.

**New boss, new agreement? (II).** A source told Bloomberg that representatives of the companies have been holding virtual meetings with U.S. government representatives to discuss their respective agendas.

**New boss, new agreement? (III).** On the one hand, Reliance expects an agreement to reestablish the use of crude oil swaps and thus receive Venezuelan crude oil in exchange for diesel. Meanwhile, Chevron wants to improve relations with the new administration in order to be allowed to remain operational, since, so far, they have requested to reduce the size of their operations for the month of June.

**Good start to the year (I).** Internal PDVSA documents reviewed by Reuters revealed that Merer crude inventories levels at the main terminal of the Jose Complex closed at

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4.85 million barrels on January 25. This was due to the increase in exports this month, causing inventories to reach their lowest value since the end of November and presenting a significant decrease with respect to December 21, when the inventory stood at 9 million barrels.

**Good start to the year (II).** That inventory deaccumulation led to an increase in blending and upgrading operations of extra-heavy crude oil in higher demand presentations, up to 247,000 barrels on January 25 and 276,000 on January 21. This would represent the largest production from these types of operations since October.

**Exports in detail (I).** According to other internal documents reviewed by Reuters and data from Refinitiv Eikon, Venezuela's crude exports in January averaged 544.3 kb/d.

**Exports in detail (II).** Divided into 22 tankers, the most recent customers mentioned in various reports accumulated 76.0% of crude oil and refined products shipments, which ended up mostly in China and other Asian destinations. Additionally, this level of exports was 12.0% higher than the December volume, but 43.0% lower than that observed in January 2020.

**Arrivals (I).** In addition, fuel imports remained at historic lows of 23 kb/d, similar levels to the previous two months. In addition, according to TankerTrackers, two Iranian tankers entered Venezuelan waters at the end of January and are expected to dispense gasoline during this month.

**Arrivals (II).** Four PDVSA officials from the Jose and Guaraguao terminals, in the east of the country, commented to Argus Media that the Iranian tankers Faxon and Fortune arrived in the country with a little more than 400,000 barrels.

**Internal review.** According to Argus Media, PDVSA is producing 38 kb/d of diesel at the national level with all its refinery complexes. 23 kb/d correspond to the Paraguaná refinery complex (which includes the Amuay and Cardón refineries) and 15 kb/d from the refinery in Puerto La Cruz.

**Necessary repairs.** According to three Cardon refinery officials, the refinery restarted gasoline and diesel production recently after divers repaired a ruptured crude oil pipeline in Lake Maracaibo. The refinery is currently producing 46 kb/d of gasoline.

**Operational, halfway.** Meanwhile, Amuay is processing 65.3 kb/d of medium quality crude. However, its distillation unit No. 4 had to be scrapped after a steam explosion in October caused structural damage.

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**Discussion to be considered.** According to estimates by the Venezuelan Ministry of Petroleum, the demand for national diesel for transportation and energy generation would amount to 100 kb/d. This would increase the importance of the considerations that are being raised in the political debate in the United States to reverse the impossibility of using diesel as an exchange currency for Venezuelan crude oil as a humanitarian measure.

## SECTORIAL TIPS

**We eat imported (I).** The Vice President of the Venezuelan Confederation of Agricultural Producers Associations (Fedegro) assured that most of the grains currently available in the country's markets and fairs are imported.

**We eat imported food (II).** Furthermore, he added that "*many producers plant black beans and beans for self-support; they do not even reach Venezuelan markets: this is how we are in the Venezuelan countryside*". Finally, the Vice-President stated that the lack of fuel is one of the key problems affecting the domestic supply chain.

**It is not possible in confinement.** The president of the Caracas Chamber of Commerce, Leonardo Palacios, warned that "*We must maintain an economic openness, of continuity, of sustainability of the economy, because either the COVID-19 pandemic kills us or the economic pandemic does. This could worsen unemployment rates, informality and above all, poverty levels*".

**It is not possible in confinement (II).** To his warning he added that "*It is safer to buy in a shopping mall where they apply antibacterial gel, you go through disinfection tunnels, they have temperature control and promote the use of masks than in a popular market or street market where there is no control whatsoever*".

**Negotiating (I).** Ricardo Cusanno, president of Fedecámaras, met with the president of the recently constituted National Assembly, Jorge Rodríguez, to discuss measures for the reactivation of the national economy.

**Negotiating (II).** In this meeting, Cusanno stated that "*We are available for the economy to be an articulator of the humanitarian drama and the needs of the people (...) with a stable regulatory framework, where politics also returns to politics*". At the same time, he expressed that "*private property must be respected to guarantee investment and coordinate the work areas*".

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**Negotiating (III).** In addition, Carlos Fernández, vice-president of Fedecámaras, proposed "*reactivating public assets*" in order to generate more employment. He also demanded that this process be carried out with transparency, warning that "*just as the Chinese, Russians and Iranians participate, it is also important that Venezuelans participate and that investors from our country participate*".

**Negotiating (IV).** In response, Rodríguez stated that "*The people are waiting for us to reach agreements within the differences and that we are not afraid to express the ideas we may have. That we recognize each other as different does not hurt anyone*".

**Negotiating (V).** Independent journalists assured that the negotiations between the Government of Maduro and Fedecámaras included issues such as the commitment of Fedecámaras to pay for the COVID-19 vaccines in exchange for permission to import such vaccines, reduction of bureaucratic procedures and the implementation of the Anti-Blockade Law.

**With good will.** Freddy Bernal, deputy of the recently constituted National Assembly, indicated that the meeting between the Parliament's Dialogue Commission and Fedecámaras was "*a first step in a meeting to listen to the comments, criticisms, contributions and how to reactivate an economic apparatus that has been hit very hard*".

**Bonuses and more bonuses.** On January 31 began the delivery of the "Cultores Populares" bonus to independent workers of the cultural sector. The bonus will be delivered through the Sistema Patria, its amount is still unknown.

**$\frac{3}{4}$  reactivated.** According to the Ministry of the People's Power for National Commerce, the commercial sector reactivated 83%, the services sector 78% and the industrial sector 60%, while the other sectors maintain an activity of 70%. According to figures from the Ministry of National Commerce, the accumulated average of commercial activity so far this year has been 68%.

## INTERNATIONAL TIPS

**COVID-19 in the world.** According to figures published by the World Health Organization (WHO), the number of positive cases of coronavirus reached 104,391,868 on February 5, with 2,268,797 deaths recorded for the same date.

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**Sanctions left and right.** U.S. President Joe Biden threatened to reimpose sanctions on Myanmar following the military coup against the democratic government of Aung San Suu Kyi, and called for a concerted international response to pressure them to step down.

**Sore losers.** The coup was carried out after the election victory of Suu Kyi's National League for Democracy (NLD) party in November, a result the military has refused to accept, citing allegations of fraud. The army handed over power to General Min Aung Hlaing and imposed a one-year state of emergency.

**Door closed, a window opened?** The Irish government said the country's cargo volumes to and from European Union ports doubled in January, as many traders are avoiding taking the route to the continent via Britain, which in the past was faster, due to Brexit delays and red tape.

**By half.** In contrast, volumes fell by 50% on routes between Ireland and Britain last month, which includes the large amount of direct trade in goods between the neighboring countries.

**With the European seal of approval.** The European Medicines Agency (EMA) approved AstraZeneca and Oxford University's COVID-19 vaccine for people over 18 years of age, the third vaccine licensed for use in the European Union. The vaccine demonstrated an efficacy of around 60% in the trials on which the decision was based.

**New leadership, same strategy.** Italy, which will lead this year's Group of 20 rich and emerging countries (G20), will press its members to extend debt relief to poor countries struggling to cope with the coronavirus pandemic.

**Betting on Biden.** In addition, Italian officials also said they are confident that Biden's presidency will lead to a more cooperative U.S. stance on international financial coordination, particularly in areas such as climate change and aid to poorer states.

**New fiscal paradigms.** India's Finance Minister, Nirmala Sitharaman, reported that the Indian government is projecting a fiscal deficit equivalent to 6.6% of GDP for the period 2021/2022, which would imply a boost in healthcare spending of 135%. The current period, which ends in March, is expected to end with a fiscal deficit of 9.5% of output.

**Focus on healthcare.** India currently spends about 1% of GDP on healthcare. In this regard, Sitharaman proposed increasing healthcare spending to approximately USD 30.2 billion to help improve public health systems and fund a major vaccination campaign to immunize 1.3 billion people.

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**V-shaped recovery.** On the other hand, the government said it estimates that the economy will contract 7.7% in fiscal year 2020/2021, which would represent the largest decline on record in India. However, it anticipates a strong recovery in the 2021/2022 period with output growth of 11%.

**Homemade vaccines.** Mexico's President Andres Manuel Lopez Obrador announced that he plans to import about 870,000 doses of AstraZeneca's COVID-19 vaccine from India in February and, in addition, that they plan to start producing it locally.

**The two tips of Latin America.** Mexico and Argentina have an agreement with AstraZeneca to produce its vaccine for distribution in Latin America, with financial support from the foundation of Mexican billionaire Carlos Slim.

**Pfizer and UN endorsement.** Meanwhile, Pfizer's deliveries of COVID-19 vaccine to Mexico will "*most likely*" resume on February 10, according to Lopez Obrador. Mexico was expecting around 1.5 million doses from Pfizer. Mexico's President assured that 1.8 million doses of vaccine would arrive in March through a UN-backed mechanism.

## POLITICAL TIPS

**Back to action (I).** Josep Borrell, High Representative of the European Union for Foreign Policy, convened a meeting of the International Contact Group for Venezuela to analyze how the situation in Venezuela has developed.

**Back to action (II).** For her part, EU Foreign Affairs spokesperson Nabila Massrali indicated that "*The group will discuss the latest developments in Venezuela, as well as the humanitarian situation. It will also discuss possible further steps, including dialogue with other international actors*".

**They are requesting the release of five members of the NGO Azul Positivo.** The United Nations, through its spokesman, Stephane Dujarric, stated that they are requesting the release of five members of the NGO Azul Positivo. In detail, he expressed that "*We are consulting with the authorities and have requested their immediate release*".

**Hidden truths (I).** The Trinidad and Tobago Police arrested six Venezuelans who were trying to enter the country illegally. The Venezuelans allegedly departed from Margarita Island. This news comes after the death of 30 Venezuelans who drowned after being deported from Trinidad and Tobago near the coast of Delta Amacuro.

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**Hidden truths (II).** The Prime Minister of Trinidad and Tobago, Keith Rowley, indicated that the official statements of the Attorney General of Venezuela, Tarek Williams Saab, in which he reports that the persons died after being deported from Trinidad and Tobago is false, and a narrative is being used to cover up a network of human trafficking from Venezuela to Trinidad.

**The enemy of my enemy...** The former president of Petróleos de Venezuela, Rafael Ramírez, expressed that Diosdado Cabello keeps silent while Maduro destroys Chavismo. In this sense, he accused Maduro of leading a right wing government, while characters such as Cabello, have been put aside for opposing the change of the constitution.

**... is my friend.** In detail, the former President of PDVSA expressed that *"I extend my hand to Diosdado and to the rest of the revolutionary and leftist factors that survive in the PSUV (...) who are convinced of the need to defeat this triad of power that has stabbed the homeland, has stuck its fangs in it and continues sinking us even deeper into this abyss where we find ourselves"*.

**More fights between friends (I).** Through a press release, the Communist Party of Venezuela accused the Government of Nicolás Maduro of criminalizing politics and of *"inciting hatred against it with a discourse full of cynicism and arrogance"*.

**More fights among friends (II).** In detail, the communiqué expresses that *"During the last electoral campaign, this practice was evident and brutal, which, at first, sought to make invisible and block the access of the PCV and the APR to the public and private media"*. Meanwhile, the PCV attributes responsibility to Nicolás Maduro *"for any physical or psychological aggression suffered by any revolutionary militant"*.

**Another inbound mission (I).** Alena Douhan, Special Rapporteur of the United Nations, arrived in the country on January 30. Her mission until February 12 will be to evaluate to what extent the adoption, maintenance or implementation of sanctions hinders the full realization of the human rights of Venezuelans.

**Another inbound mission (II).** Douhan plans to meet with government officials, members of both parliaments and the judiciary, representatives of international organizations, the diplomatic community, civil society, political parties and the national human rights mechanism, lawyers, academics, activists, victims and their families.

**Another inbound mission (III).** Some results will be known on February 12, when the Special Rapporteur will publish her preliminary observations, and then the final results in

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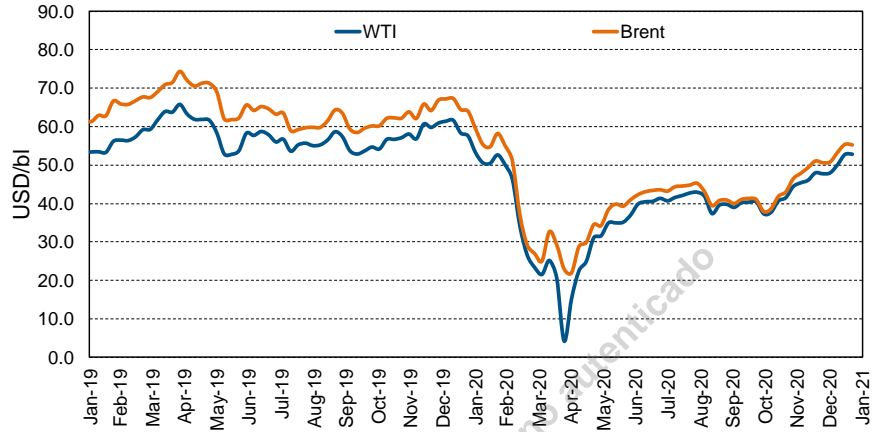
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September of this year, when she will present her final report to the UN Human Rights Council.

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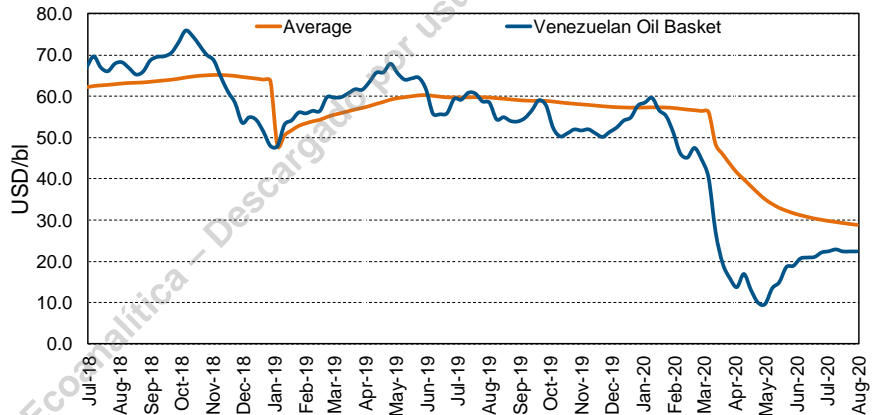
**ECONOMIC INDICATORS**

**Oil Prices  
(WTI and Brent)**



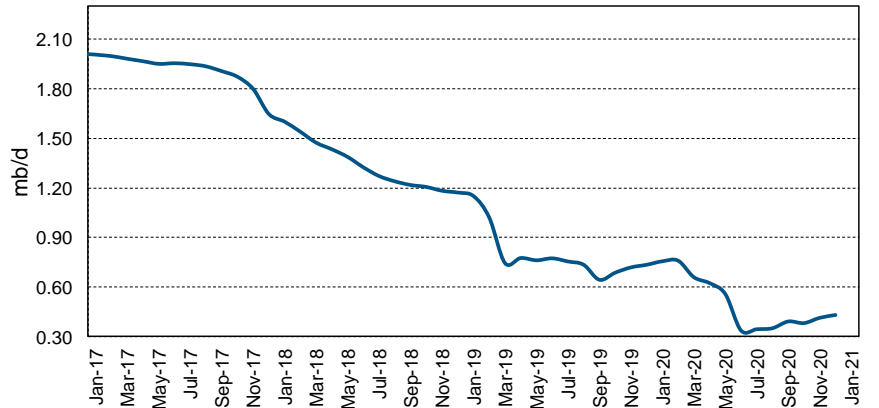
Sources: Menpet and Ecoanalítica

**Oil Price  
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

**Oil Production  
(Secondary sources)**

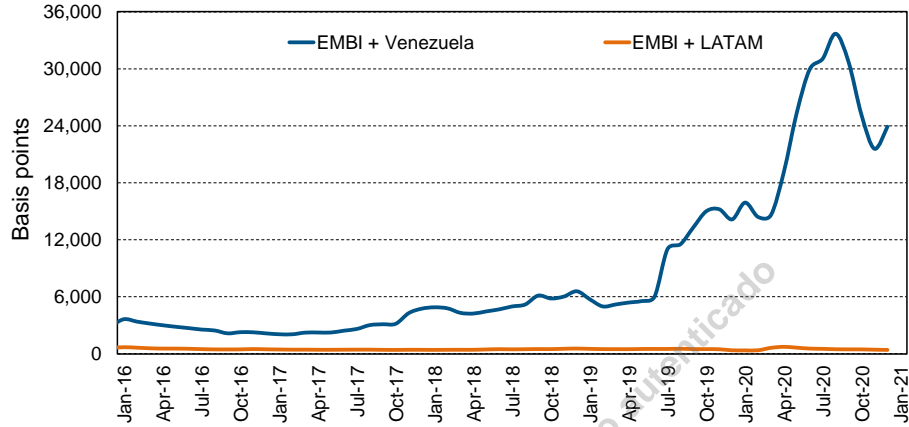


Sources: OPEC and Ecoanalítica

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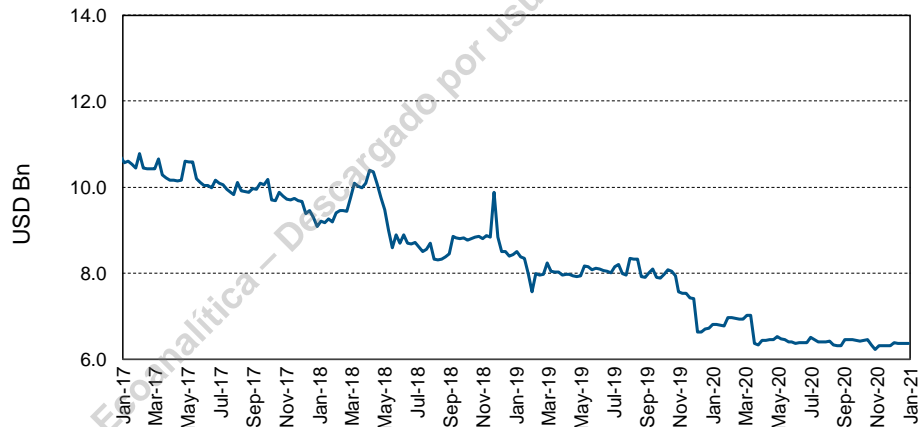
**ECONOMIC INDICATORS**

**EMBI**



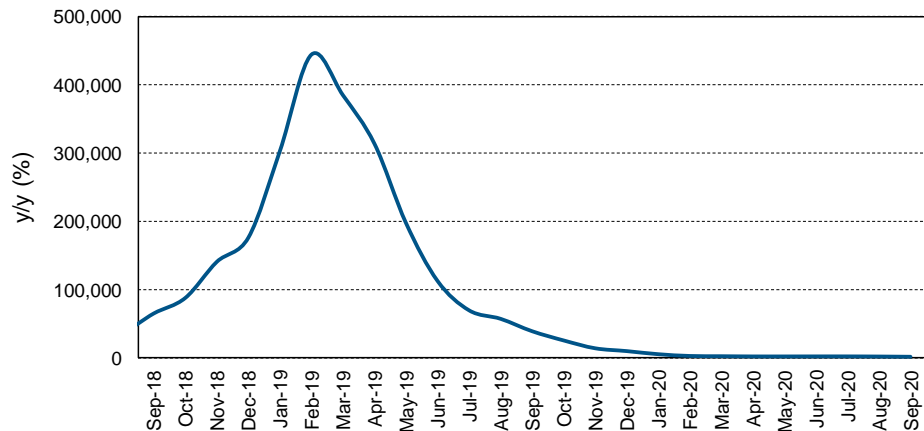
Sources: BCRP and Ecoanalítica

**FX Reserves (BCV)**



Sources: BCV and Ecoanalítica

**Inflation (BCV)**



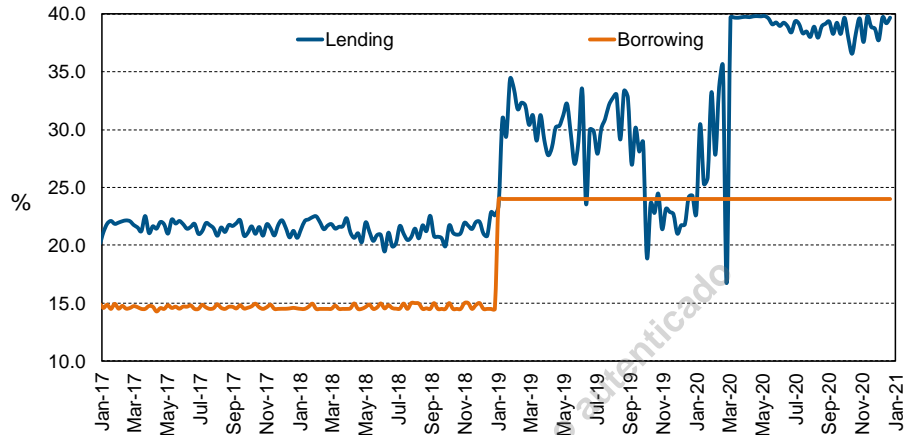
Sources: BCV and Ecoanalítica

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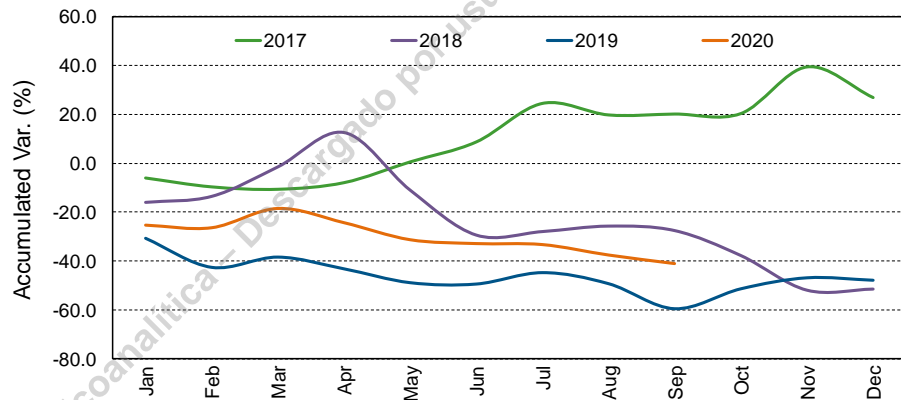
**ECONOMIC INDICATORS**

**Interest Rate  
(Six major banks)**



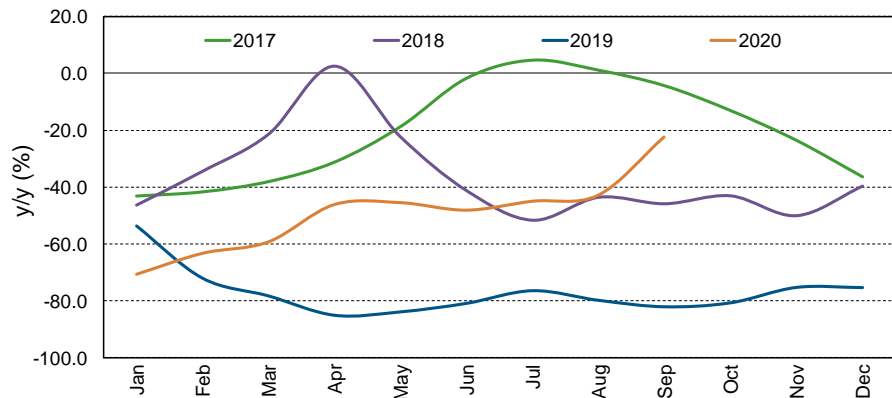
Sources: BCV and Ecoanalítica

**M2 Expansion  
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio  
(Real)**



Sources: SUDEBAN and Ecoanalítica

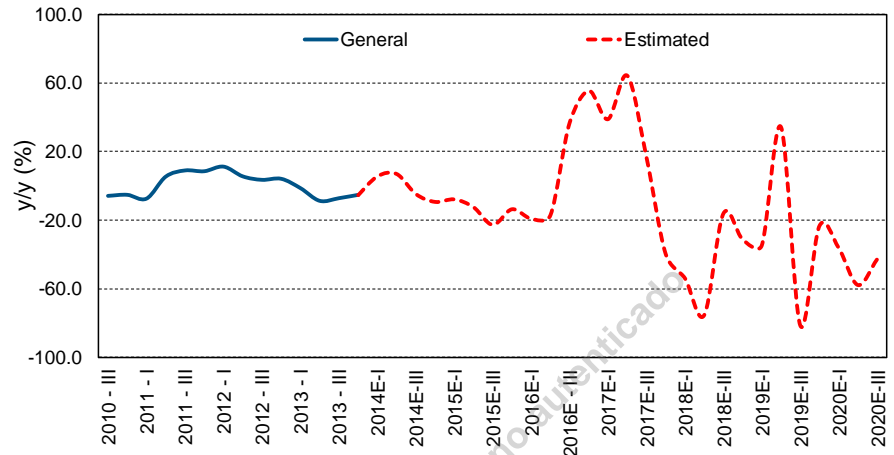
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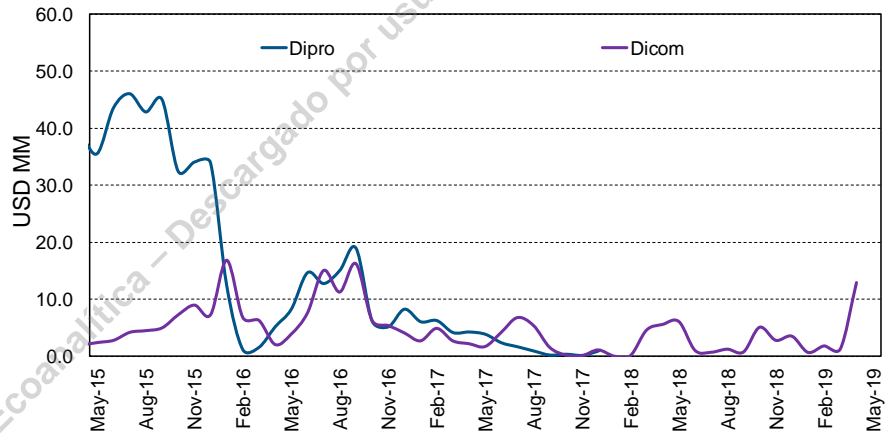
**ECONOMIC INDICATORS**

**Real Wage Index**



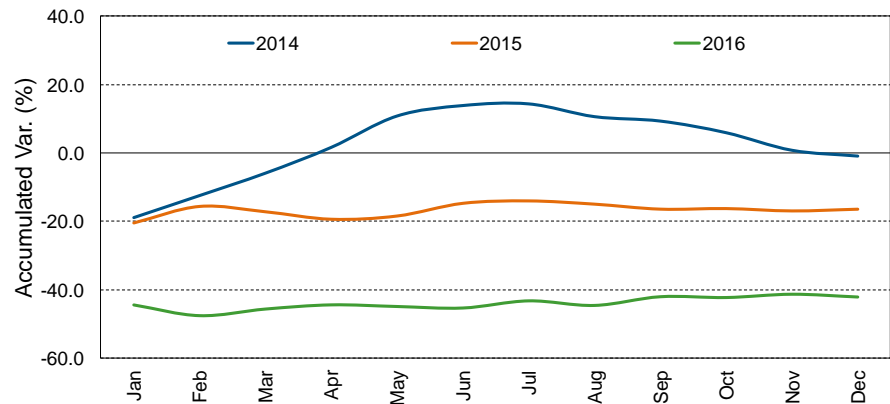
Sources: BCV and Ecoanalítica

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



Source: Ecoanalítica

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



Sources: ONT and Ecoanalítica

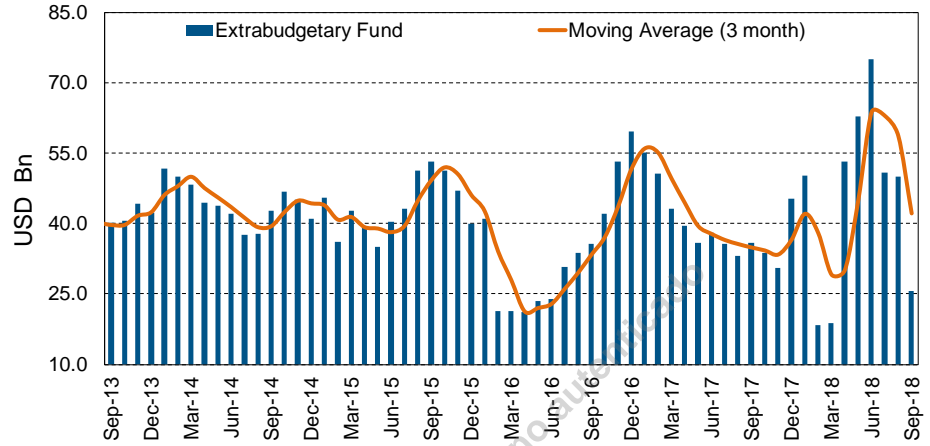
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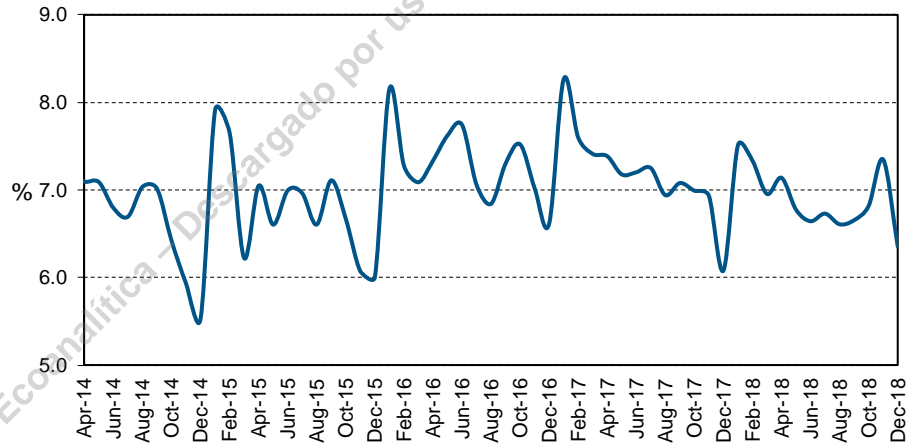
**ECONOMIC INDICATORS**

**State Extrabudgetary Resources**



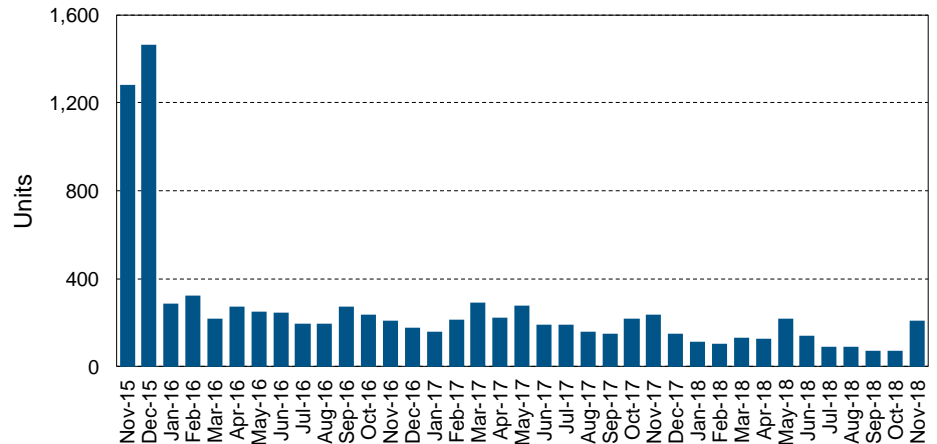
Source: Ecoanalítica

**Unemployment Rate**



Sources: INE and Ecoanalítica

**Vehicle Sales**



Sources: CAVENEZ and Ecoanalítica

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