PROSPECTIVE REPORT

Year 10, Number 3
Quarter 3

Ecoanalítica

Helping make good decisions

Venezuela: the adjustment that never was… The chronicle of a failed plan

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Outlook 2014-2018

After advances and about-faces, castlings, rumors and other elements typical of a whodunit, the Executive seems to have opted for abandoning (for now?) the adjustment plan proposed by Rafael Ramírez -since ousted from PDVSA and the Vice Presidency for the Economy- in favor of more of the same: continuing to put things off with isolated measures designed more for getting round the difficulties than solving them. The result is an economy that will close the year with a severe contraction, a new high in inflation, and an exacerbated foreign exchange differential.

The outlook for 2015 does not look at all promising. In opting for a timid foreign exchange adjustment (mainly consisting of transferring items from the VEB 6.3/US$ rate to the current Complementary Currency Administration System (SICAD I) rate, it is clear that the Central Bank's monetary financing of the state-owned companies (in particular PDSVA) will continue, and for that reason we expect inflation to reach 96.1% in 2015, up 3.3 percentage points (pp) from our previous estimate. As for economic activity, we have adjusted our estimate for economic growth to -4.0% for 2014 and to -2.9% for 2015; in other words, economic contraction two years running.

It should be noted that, when broken down by sector, a slight recovery in the oil sector is apparent versus the non-oil sector. We estimate that the oil sector will post growth of 1.2% in 2014 and 1.3% in 2015, year-on-year, whereas the non-oil sector will post contractions of 4.5% and 3.4%, respectively, over the same period. The reason for this has to do with the impact of the recent oil agreements PDVSA has been signing, mainly to prevent the production of crude from continuing to fall. As for the non-oil economy, it should be noted that rebuilding the production chain could be extremely costly and also take longer than the government thinks.

As for purchasing power, we foresee a significant drop, which comes as no surprise given the estimates for inflation. This will have impacts on private consumption and on social tension, as workers will demand bigger wage increases. Our estimate for growth in the minimum wage (compared to 2014) is 55%; and most pressure will come from employees in the public sector.

At this stage, an element of concern that needs to be taken into account is the lack of leadership in the economic team. In the past, for good or ill, there was someone in the cabinet who held the reins of economic matters: Giordani, Merentes and Ramírez. At the moment, we do not see anyone capable of taking charge of economic matters. What

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we do see is a scheme of collective leadership, with foreign exchange issues in the hands of Vice President Arreaza, financial issues in the hands of Marcos Torres, and oil headed up by Eulogio del Pino, to mention just the most emblematic members of the government. The absence of a leader in economic matters, in our opinion, creates a major element of uncertainty and suggests that there is no clear idea about what to do in this area.

On the foreign exchange front, we maintain the scenario of foreign currency restrictions given the timid adjustment to the exchange rate that has been chosen. We expect changes in the regulations regarding how the National Center for Foreign Trade (CENCOEX) is to function, with priority being given to handing over foreign currency to the so-called productive sectors (manufacturing mainly) to the detriment of the commercial sector. The trend of having the State as the main importer continues, and we expect public sector imports to account for 45.0% of the total in 2014 and 48.0% in 2015. The average for the past five years has been 37.9%.

On the fiscal front, spending continues to grow with no control. No progress has been made. At the close of August, public spending published by the National Treasury Office (ONT) increased by 17.1% in real terms. Our estimates give the public sector closing this year with a record deficit of 21.8 points of Gross Domestic Product, compared to a deficit of 16.9points of GDP in 2013. On the monetary front, up until August, the Central Bank of Venezuela (BCV) had financed state-owned companies to the tune of VEB 153.14 billion. This situation of fiscal imbalance will keep putting pressure on the unofficial exchange rate.

For our clients, coverage in the present situation is an absolute necessity. While in an economy such as Venezuela's, the issue of coverage has always existed, today, expected levels of devaluation for the unofficial exchange rate and for inflation in the short and medium terms force the private sector to be permanently devising coverage strategies to avoid an overall deterioration in its position in local currency assets.

As for Latin America it should be noted that we expect growth of 1.3% in 2014, down 2.4% from 2013 as a result of a slowing down in Brazil, and next year we expect growth of 2.5% in the region. Venezuela, however, will see its economy contract by -4.0% this year and the prospects for growth in 2015 are poor.

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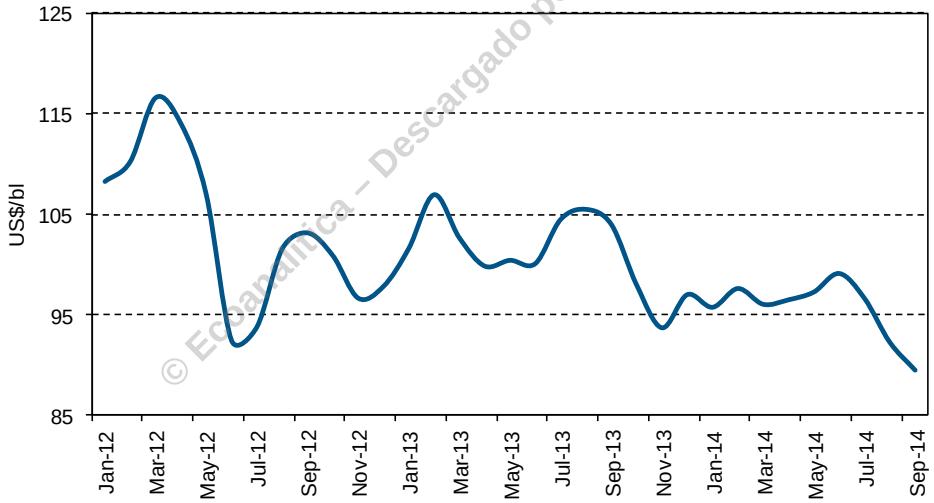
Oil: seeing the light in 2015

So far this year, the price of the Venezuelan oil basket has posted an average of US$95.3/bl. for oil exports, 7.2% lower than the average posted for the same period in 2013, which has considerably affected the amount of foreign currency available to the State and has had a negative impact on the perception of default risk with regard to PDVSA and the country's sovereign debt.

At ***Ecoanalítica*** we estimate that for every dollar that the average price of the Venezuelan oil basket drops, Venezuelan exports shrink by US$793 million and the foreign currency available to the State is cut by US$ 564 million.

Price of the Venezuelan Oil Basket



Sources: Menpet and Ecoanalítica

A gray horizon

The worst part is that expectations with regard to prices are that this trend will not change, at least for the remainder of 2014 and much of 2015. On the supply side, we have a market that is being well supplied by both Organization of Petroleum Exporting Countries (OPEC) and non-OPEC production, whereas, on the other, we have a weakening of world demand for crude as a consequence of the reduction of monetary stimuli by the US Federal Reserve (FED), the slowing down of growth in China, and the increasingly slow recovery of the Eurozone.

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Global Supply and Demand (Consensus)	2013	Annual change (mb/d)	2014-I	2014-II	2014-III	2014-IV	2014	Annual change (mb/d)	2015	Annual change (mb/d)
Demand	**90.79**	**1.47**	**90.71**	**91.39**	**92.57**	**92.92**	**91.91**	**1.11**	**93.04**	**1.14**
OECD Demand	46.04	0.39	45.77	44.97	46.08	46.49	45.83	(0.21)	45.83	(0.00)
Non-OECD Demand	44.76	1.09	44.94	46.42	46.49	46.43	46.08	1.32	47.21	1.14
Supply	**90.53**	**0.66**	**91.36**	**92.22**	**92.19**	**92.27**	**91.96**	**1.71**	**93.26**	**1.29**
Non-OPEC Supply	54.33	1.43	55.44	56.41	56.14	56.62	56.15	1.82	57.32	1.16
OPEC NGLs + CNC	6.01	0.11	6.06	6.14	6.13	6.19	6.13	0.13	6.40	0.27
OPEC crude	30.19	(0.89)	29.85	29.67	29.93	29.45	29.68	(0.23)	29.54	(0.14)

Sources: IEA, EIA, OPEC and Ecoanalítica

Given this scenario, the consensus of analysts at the OPEC, the International Energy Agency (IEA), and the US Energy Information Agency (EIA) is that world demand for oil will grow by 1.2% this year, on a par with supply, which means that there will be no real incentive for prices to take an upward turn. At ***Ecoanalítica*** we forecast that the average price of the Venezuelan oil basket will be US$95.3/bl. this year, down 7.2% from last year.

Driven by geopolitics

However the situation could change in 2015. The appearance of the militant group ISIS in Syria and Iraq has increased the geopolitical risk in Middle East region, where 28.3% of world crude production is concentrated. According to Barclays, the particular nature of ISIS as an organization and its capacity for expanding and feeding off other tensions existing in the region (such as the Syrian conflict) makes a swift reduction in tensions unlikely. Instead, it seems that we will see a prolonged period of greater uncertainty in the region, with risks that could extend to the world oil market and also to other economies and financial markets (Turkey, Lebanon, and Jordan, for example).

The appearance of ISIS has brought with it a positive impact on prices and it is to be expected that, for much of 2015, international prices will be higher than those observed this year, buoyed up to a large extent by the high geopolitical risks associated with its influence in the region, particularly in Iraq, a country that was expected to play a leading role in nearly 60.0% of the growth in OPEC crude production during the period 2013-2019. Without this contribution, the oil market will need more oil from other countries, where expensive unconventional sources are replacing conventional ones.

Will there be an upturn in production?

As for Venezuela's production and export capacity, variables that, together with price, have a decisive impact on the oil sector's cash flow and the cash flow of the economy in general, according to Barclays' estimates, domestic crude production remained stable during the first half of 2014 (1H2014) compared to 1H2013, with a reduction of only 2.0

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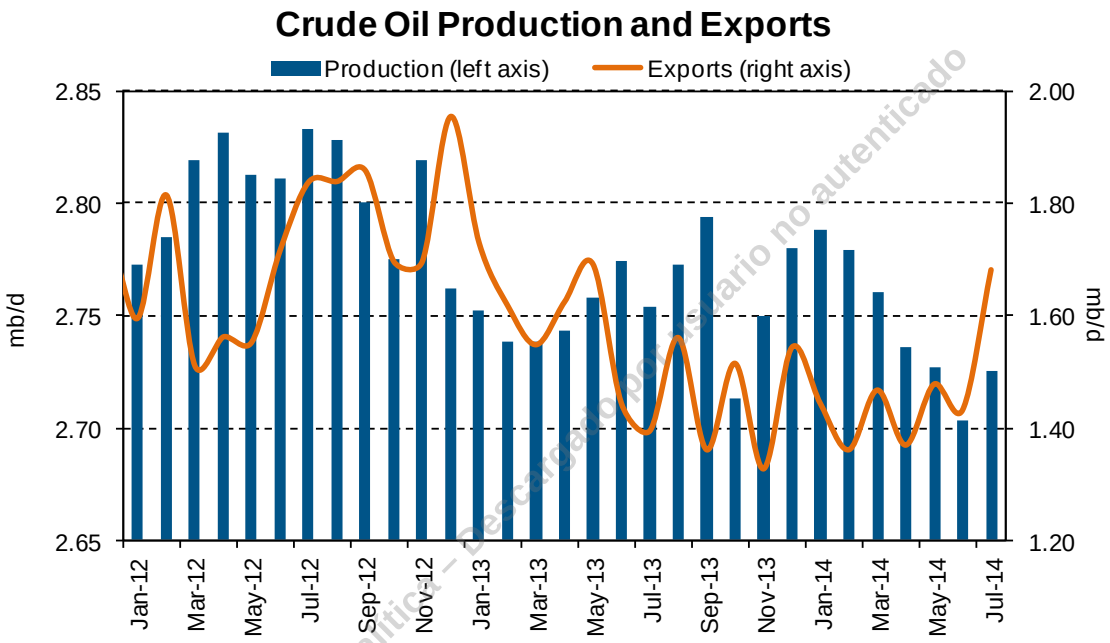
thousand of barrels per day (kb/d). In view of the reduction in production and the increase in domestic consumption of refined products, oil exports posted a drop of 140.0 kb/d during 1H2014.



Sources: Barclays Research y Ecoanalítica

While this behavior should affect the Venezuelan State's revenues in dollars, the negative situation as regards prices and volumes has been accompanied by a sizeable reduction (25.6%) in shipments of crude to countries with which Venezuela has signed a variety of energy cooperation agreements (such as China and Cuba).

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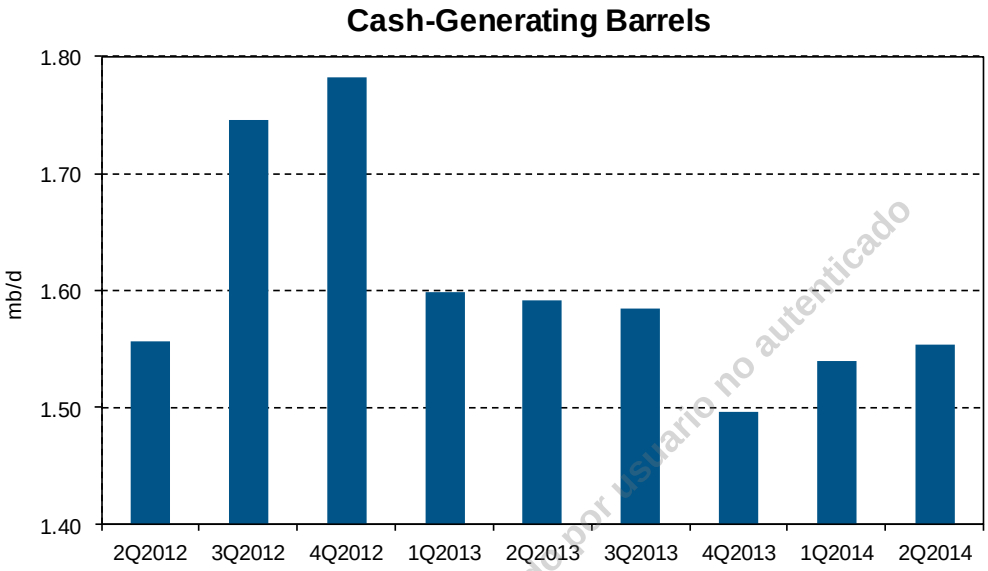

Sources: Barclays Research and Ecoanalítica

At ***Ecoanalítica*** we expect to see a change in the trend of crude production. Based on the agreements signed this year, which amount to investments of US$11.0 billion, we forecast that crude production will increase by 1.7% next year, which would allow Venezuela to increase its exports by 1.0%.

Financing to mixed companies

Mixed Companies	Partner	Financing (US$ Bn)	Term of payment (Years)	Current Production (kb/d)	Production increase (kb/d)
Petrolera Sinovensa	CNPC	4.0	10	140	190
Petroboscan	Chevron	2.0	13	100	22
Petrojunin	ENI	1.8	5	3	50
Petrozamora	Gazprombank	1.0	8	40	41
Petroquiriquire	Repsol	1.2	13	46	10
Petrocabimas	Suelopetrol	0.6	10	6	51
Petrowarao	Perenco	0.4	6	5	19
Total		**11.0**	**10**	**340**	**383**

Sources: PDVSA and Ecoanalítica

This increased production will have a positive effect, provided that the fundamental principles of world supply and demand and geopolitical events combine to keep crude prices high and if the government continues to reduce shipments of crude on preferential terms and tries to reduce the domestic consumption of refined products by setting fair prices for fuels such as gasoline, an option that has been studied but not yet implemented.

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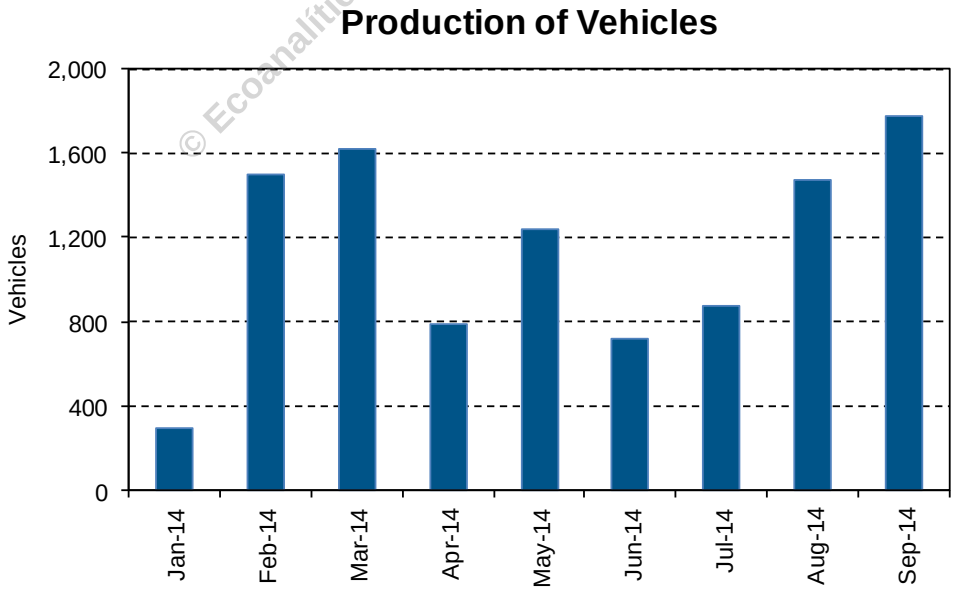
The real sector: growth is not just around the corner

The BCV has already fallen considerably behind with its publication of the economic indicators for the first quarter of the year (1Q2014). Consequently, with the idea of shedding some light on how we are doing, at ***Ecoanalítica*** we have decided to give an overview of the economic indicators that have been published, among them vehicle production and tax collections.

Automotive sector hit the hardest

If 2013 was a tough year for the domestic automotive industry, 2014 sets a new low. In the 1Q2014, average production was 1,066 vehicles and in 2Q2014 it came to 987, which means drops of 77.7% and 86.9% compared to average production in 2013 (4,772 vehicles in 1Q2013 and 7,534 in 2Q2014). Based on this, we can say that the automotive sector is, without a doubt, one of the sectors that have been hit hardest by the shortage of foreign currency. To sum up, production went from 50,967 vehicles assembled between January and August 2013 to 8,508 vehicles assembled during the same period this year, which gives a drop of 83.3%.



Sources: Cavenez and Ecoanalítica

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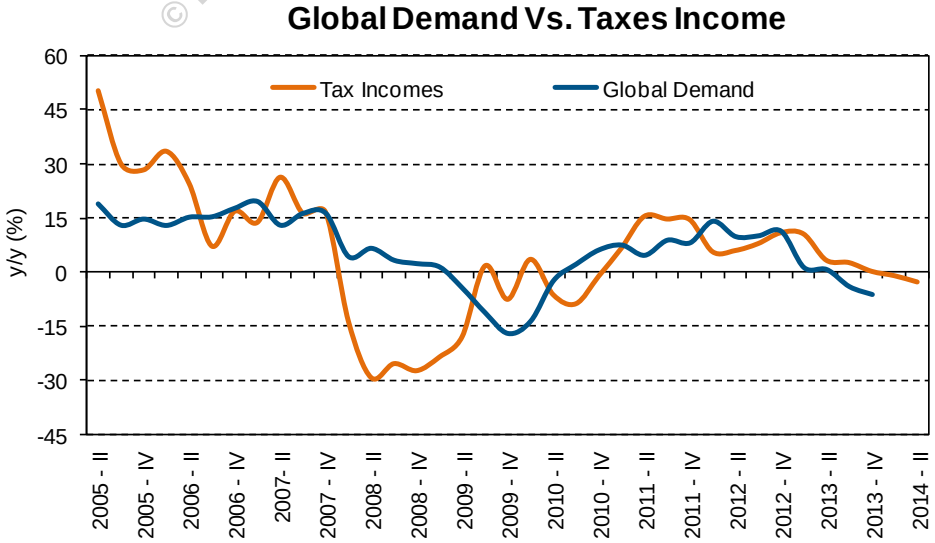
The situation is even more critical when we look at the vehicle sales figures. Last year, the decline in domestic production was offset by supplies from abroad. However, that has not happened in 2014, as the sale of imported automobiles went from 23,811 vehicles in the first eight months of 2013 to only 81 during the same period in 2014, which gives a drop of 99,7%. As for the sales of domestically manufactured vehicles, they came to 11,421 units in between January and August for a drop of 77.4%.

This behavior of the automotive sector has an impact on both manufacturing GDP and on the performance of domestic demand as measured by consumption, besides influencing the performance of associated sectors, both industrial sectors and sectors in the areas of commerce and services. What is truly staggering is that these results are worse than those achieved when the economy was going through times of considerable political upheaval; in 1989, for example, with the Caracas uprising (*Caracazo*), and in 2002 with the oil strike.

Another indicator: tax revenues

Another variable that is associated with how the economy is performing is tax collections, since there is a correlation of 59.0% between these collections and the behavior of global aggregate demand. According to figures published by the National Integrated Tax Administration Service (Seniat), it collected VEB 268.5 billion in the first eight months of the year, a little grow of 2.4% in real terms from the same period in 2013, but less that the grow experimented in the same period of last year (6.2%).



Sources: Seniat, BCV and Ecoanalítica

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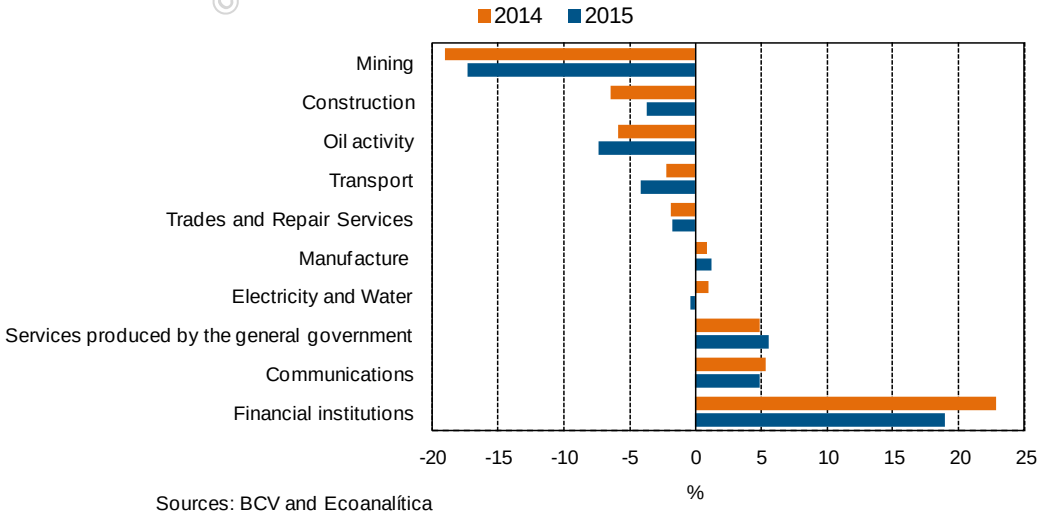
Nevertheless, it is important not to lose sight of the individual performance of the elements making up total tax collections. On the one hand if we compared the first eight months of 2014 to the same period of last year, we have income tax, which posted an increase of 12.0% in real terms, value added tax (VAT), which contract 1.1%, likewise, we have revenue from customs duties and charges, which fell by 15.6% in real terms, reflecting the drop in imports.

The model has run out of steam

There have been contractions in key sectors of the economy since last year, among them the construction sector, which posted a contraction of 2.3% in 2013 and we estimate that it will remain in the terrain of negative figures (6.5%) in 2014. Another sector that has been hard hit this year is commerce, for which we forecast a contraction of 5.9%. The reason for this is that CENCOEX has given priority to the food and medicines sectors and has relegated commerce as well as other sectors.

However, despite the preference for paying the debt and granting more dollars for food and medicines, manufacturing will also be affected this year in relative terms compared to the other sectors of CENCOEX'S list. In conclusion, few sectors will grow this year and among those that will post growth in 2015 are the financial sector (22.8%), given the high growth of monetary aggregates, the communications sector (5.4%), and the oil sector (1.2%).

Growth by economic activity



Sources: BCV and Ecoanalítica

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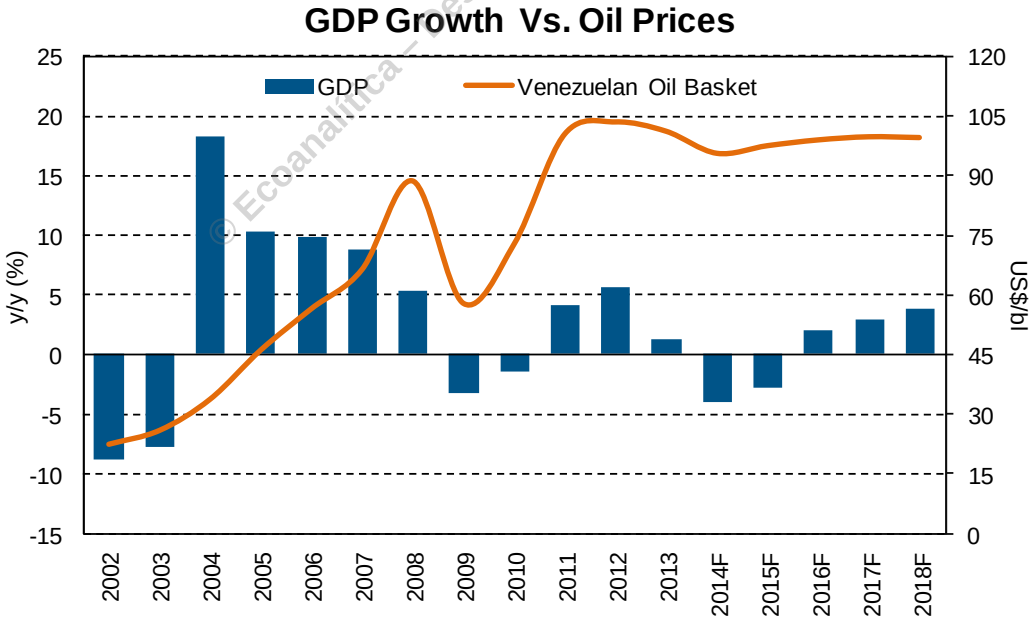
Based on our review of the data, we do not expect any surprises in the economic results for 2014, as a result of which we estimate that there will be a contraction of 0.4%. Moreover, things look far from good for 2015. We still estimate that the country will be in economic recession with inflation higher than this year. What is worrying is that there are no signs of change, particularly in the economic model, which has been showing signs of fatigue for a number of years. Last year, with two elections and the injection of public spending, we grew by only 1.3%; in other words spending is no longer having a big effect on growth. Unless the recipe is changed, then it will not be possible to change the downward trend in economic activity.

Right now it is alarming that the economic cabinet is not showing any concern about or desire to implement any measures. Now is not the time to wait and pray for a substantial increase in oil prices to solve all our ills. Nor is it the time to be satisfied with a mediocre performance, as experience has shown that Venezuela can achieve a rate of growth of more than 5.0%. It is time to stop being in the tail of Latin America and to have a long-term vision. We know that the capacity is there; what we are not sure of is whether there is the will to change the situation.



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Employment and wages: nothing is what it seems to be

As we have been saying throughout this report, the economy did not do well in the first half of the year; however, despite this, the job market has continued to post good results in terms of unemployment. According to figures from the National Statistics Institute (INE), unemployment was 6.7% in July, down 0.6 of a pp from July 2013. This brings the average unemployment rate for the first seven months of the year to 7.4%, 0.9 of a pp lower than for the same period in 2013, when it came to 7.8%. However, it is worth noting that the reduction in unemployment in Venezuela has not been significant because a new law has kept the numbers in the workforce basically unchanged. Our forecast for the next five years is that unemployment will average 7.4%; and we calculate that it will be 7.9% at the close of 2014.

Not as good as it seems

An analysis of the number of people working in the private sector reveals that there has been no major change in their makeup. According to the INE's figures, so far this year, employees in the private sector account for 79.6% of the total, which is an increase of 0.3 of a pp compared to the same period last year. However, between April and July, the number of workers in private companies went from 80.2% to 80.1%, which is a reflection of the decline in economic activity and in the job market this year.

So, at the close of July, a total of 10.6 million people were working in companies in the private sector, with the remainder being employed by the State, working in cooperatives or being self-employed. In July, the public sector employed 20.1% of the total. Even though at ***Ecoanalítica*** we expect a slowing down in the economy, we estimate that these percentages will remain unchanged at the close of 2014 and next year.

As for informal employment, so far this year, people working in the informal sector of the economy came to 40.1%, 0.02 of a pp fewer than in the same period in 2013. However, in July, 5.4 million people were working in the informal sector of the economy, which is an increase of 2.7% compared to the same period in 2013. This indicates that, although the unemployment rate is going down, the quality of employment is also declining.

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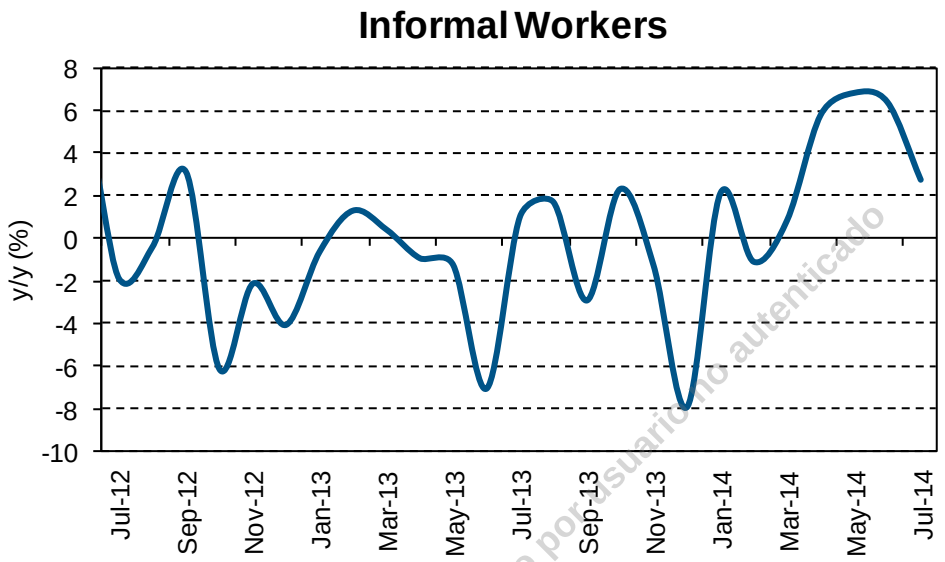

Sources: INE and Ecoanalítica

Disguised devaluation

Following the increase in the minimum wage decreed in April, President Nicolás Maduro claimed that Venezuelan workers' minimum wage was the highest in Latin America. However, what he did not mention is that that minimum wage of VEB 4,251 is equivalent to US$674 if calculated at the CENCOEX exchange rate, but that only 19.1% of the goods used to measure the Nationwide Consumer Price Index (NCPI) is calculated at that rate, which leaves out the remaining 80.9%.

At ***Ecoanalítica*** we have undertaken the task of calculating an exchange rate that reflects more exactly the external purchasing power of the legal minimum wage. In 2014, we estimate that the Venezuelan worker will face an exchange rate of VEB 26.7/US$, which means a devaluation of 36.4% compared to the rate in 2013 (VE 17.0/US$) as a result of higher exchange rates applied to food and nonalcoholic beverages and health and transport services. And we expect the exchange rate for Venezuelan consumers in 2015 to be in the region of VEB 39.3/US$.

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Weighted Exchange Rate of the Venezuelan Consumer			
	2014	**2015**	**y/y (%)**
Food and nonalcoholic beverages	14.7	24.0	90.3
Alcohol and snuff	80.0	105.0	75.0
Clothing and footwear	33.7	38.0	28.8
Rent	13.7	24.0	105.7
Housing services (except telephone)	10.2	19.5	111.5
Household equipment	44.7	60.0	73.6
Health	17.4	28.5	98.5
Transportation	10.2	19.5	111.5
Communications	29.9	42.0	76.3
Recreation and culture	57.9	78.0	77.7
Education services	13.7	24.0	105.7
Restaurant and hotels	76.6	100.5	74.6
Micellaneous goods and services	15.3	39.0	155.1
Total	**26.7**	**39.3**	**81.4**

Sources: BCV and Ecoanalitica

The wage is springing leaks

The Executive has promised that, if necessary, it will decree another increase in the legal minimum wage during the year. But it is already October and nothing more has been heard about this. So, cumulative inflation since may to date (last wage increase) is 12.9%, which represents a loss in the minimum wage's purchasing power of VEB 486.4, at ***Ecoanalítica*** we estimate that, by the end of 2014, the increase in the real wage will be only 0.9%.

The outlook for 2015 looks no better. In terms of purchasing power, we foresee a significant drop, which will come as no surprise given the estimates for inflation. This will have impact on private consumption and on social tensions, as workers will demand bigger wage increases. Our estimate for the increase in the minimum wage in 2015 (compared to 2014) is 55.0%; however, given expected average inflation of 88.1%, this increase will result in a real wage contraction of 21.3%.

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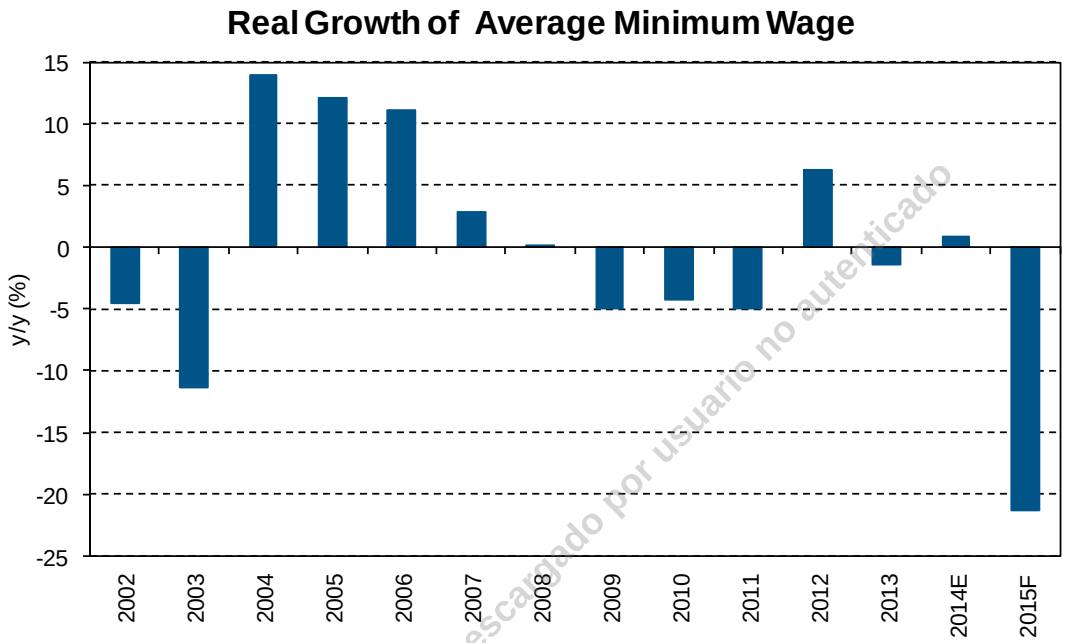

Sources: INE and Ecoanalítica

Inflation: things are not always what they seem

After four months without publishing the consumer price index figures, early in September the BCV published the consumer price index figures for June, July and August.

While the BCV highlighted as positive the fact that monthly inflation as measured by the Nationwide Consumer Price Index had slowed down for the third month running, in interannual terms, the figures continued to show an acceleration in the variation of consumer prices in the economy as a result of pressures in the real economy (a more pronounced slowing down in production than in demand) and monetary pressures (an ever greater mass of money chasing increasingly fewer goods).

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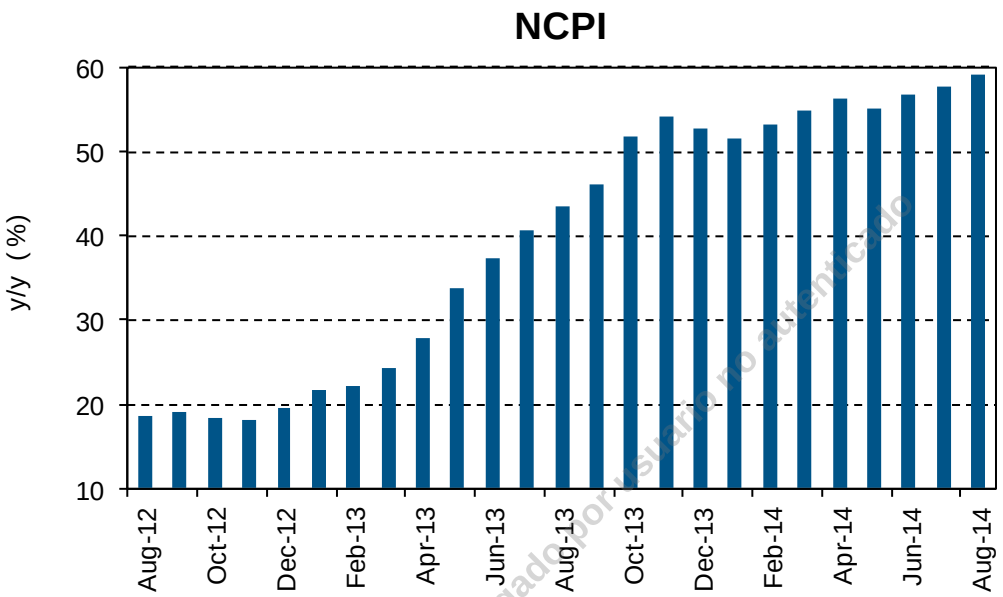

Sources: BCV and Ecoanalítica

Congratulations are not in order

At ***Ecoanalítica*** we consider that there are no positive signs in the inflation figures published by the BCV in September as, despite the "slowing down" in the month-on-month rate, on a yearly basis the figures show that six of the 13 groups if items making up the Nationwide Consumer Price Index (NCPI) posted the highest increase since the BCV started to record the evolution of prices on the national level (2008).

The groups that posted an interannual historic high in August this year were: food and alcoholic beverages, 91.0%; restaurants and hotels, 80.3%; housing services, 55.0%; health services, 36.0%; telecommunications, 18.5%; and housing rental, 16.6%.

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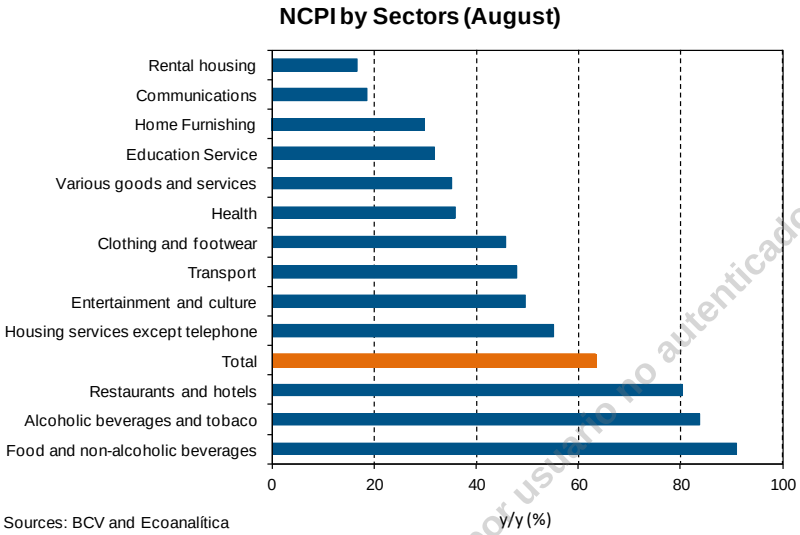

Sources: BCV and Ecoanalítica

A temporary slowdown

Although the BCV was optimistic when announcing figures that reflect cumulative inflation of 38.9% for the first eight months of the year, at ***Ecoanalítica*** we expect inflation to close the year at nearly 71.6% due, above all, to the continued expansion in monetary liquidity (money on the street) of 69.6% and to the increases in prices that the government could implement in the last months of the year.

Putting up prices is a measure that the government has been implementing recently, particularly in the last months, when the prices of products that have a weighting of 3.6% in the population's consumption basket have gone up by between 366.0% and 7.2%.

Goods	Regulated Price (VEB)	New price (VEB)	Variation (%)
Pasteurized milk (1,800 CC)	13.2	35.9	172.0
White maize (kg)	1.5	7.0	366.7
Yellow maize (kg)	1.3	6.0	361.5
Baby Diapers-Size M (20 Units)	62.5	70.7	13.0
Deodorant (160 CC)	28.1	52.9	88.3
Disposable Shavers (2 Units)	22.7	27.4	20.7
Hair Shampoo (350 CC)	26.9	28.8	7.2

Sources: Sundde and Ecoanalítica

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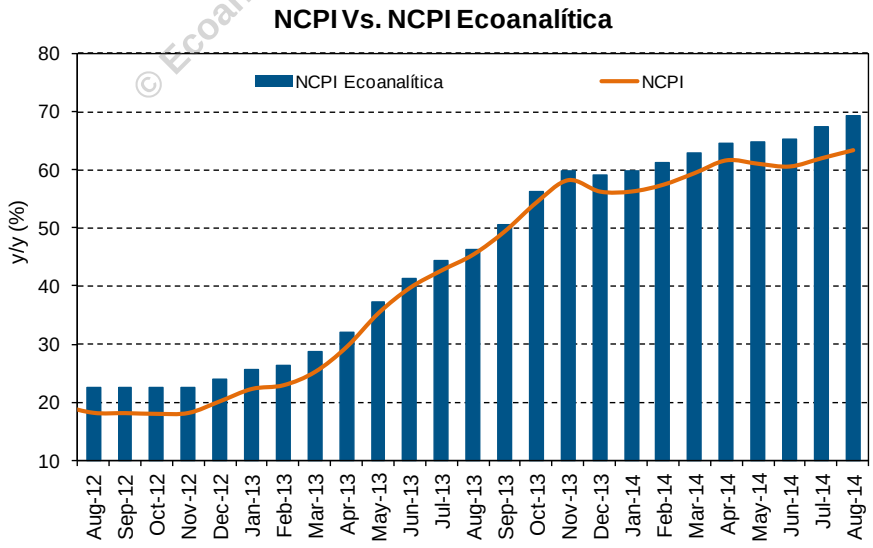
An alternative measure

The price index use by our BCV is full of distortions typical of an economy such as Venezuela's that have to do mainly with the presence of exchange and price controls, besides the innumerable goods and services that are subsidized, and ignores the problems associated with shortages, shortfalls in supply, and the development of black and informal markets where prices are higher.

Besides that, discrepancies are created in the measurements of inflation by the fact that the BCV does not take the parallel or black foreign currency market (the reference for setting prices) into account and that the sample taken by the BCV for measuring the prices of controlled goods has, in our opinion, a bias towards the goods available via the state-run food distribution programs (Mercal and Pdval), which are heavily subsidized but account for only 30.0% to 35.0% of the essential goods distributed.

That is why at ***Ecoanalítica*** we have undertaken the task of constructing an underlying inflation index. This is not a measurement that challenges the official index, but one that shows our clients a measurement of inflation that tries to reduce the effect the structures of controls and subsidies and the distortions. In this case, our underlying inflation indicator came to around 69.4% for August this year and is forecast to reach 79.5% by year-end.



Sources: BCV and Ecoanalítica

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And 2015 will be no better

At ***Ecoanalítica*** we forecast that the NCPI will post an increase of 96.1% in 2015, due mainly to three factors:

- First of all the impact of a highly likely devaluation, which will happen in the first quarter of next year, on the prices of imported goods and inputs and the transfer of that cost from producers and merchants to consumers. In Venezuela, nearly 33.2% of the domestic demand for final goods is covered by imports, which explains, in part, why the rate of depreciation of the nominal exchange rate and inflation as measured by the Nationwide Consumer Price Index (NPCI) has maintained a correlation of nearly 80.0% over the past 10 years.

- It will also be important to consider greater monetary expansion, which will seek to finance para-fiscal spending associated with the campaign for the upcoming parliamentary elections.

- Lastly, account should be taken of the periodic adjustments the government will have to make to the prices of regulated goods and services, particularly in an environment of such high and volatile inflation, so that, while they will not encourage an increase in those goods and service, they will at least manage to stabilize their production.

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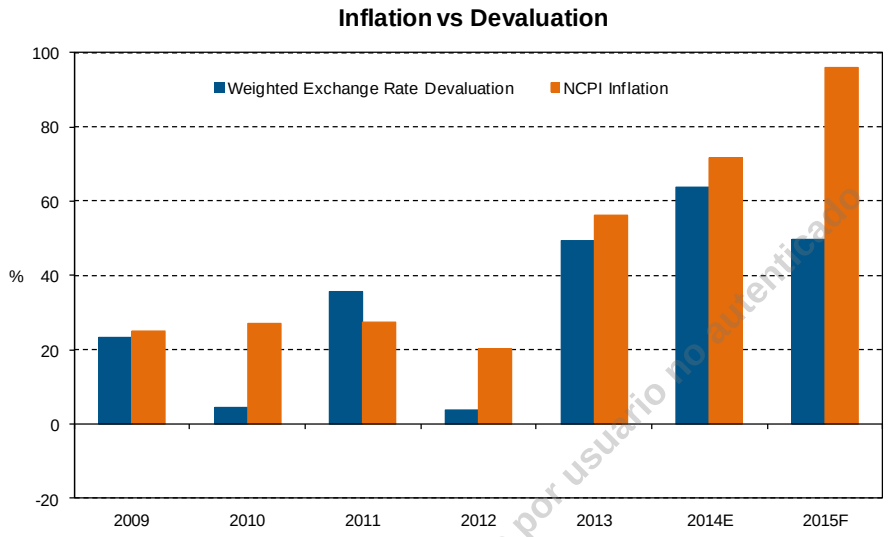

Sources: BCV and Ecoanalítica

Monetary market: without convergence, there are no complementary measures

Among the many imbalances that exist, the one that needs to be solved most urgently is the imbalance in the monetary market. We have already stressed the importance of controlling liquidity in order to reduce inflationary and foreign exchange pressures and to prepare the ground for gradually lifting exchange controls in the future, given that such a measure reduces the possibilities of massive capital flight occurring.

For much of the year, the idea that there would be a convergence of the exchange controls –a foreign exchange policy measure that needed to be accompanied by "complements" on the fiscal and monetary front- led people to think that it was possible that major correctives, necessary in order to reduce liquidity, would be implemented. However, the fact that the implementation of a unification measure has been "postponed" until further notice changes the outlook, as complementary measures will no longer be needed; quite the contrary, the government could increase the volume of liquidity even more given that there is another electoral party in the offing.

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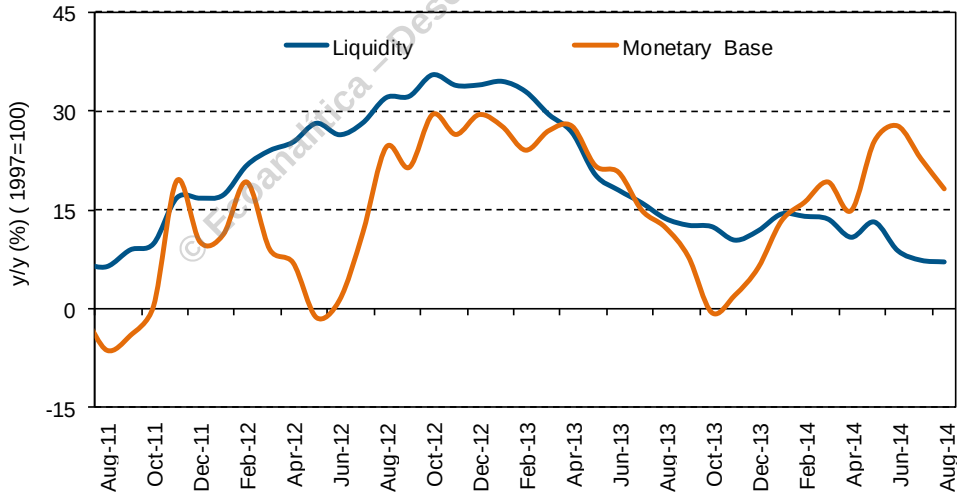
Pyrrhic measures and misguided policies

Since the last adjustment to the legal reserve in April, the BCV has hardly made any efforts to control shortages. Practically the only measure that has been taken to try to keep liquidity under control has been to continue with the auctions of the instrument "*Directo BCV*." At the 27 of these auctions that have been held since early April, it has managed to mop up a total of VEB 15.4 billion, which is equivalent to only 2.8% of the monetary base, and 1.0% the bolivars currently in circulation.

At the same time, since there has been a lack of contractive measures, the monetary financing of PDVSA, a mechanism that has been used systematically since 2010, has continued to be employed. At the close of September, the amount of financing granted PDVSA by the BCV came to VEB 578.0 billion, an increase of 128.9% compared to the VEB 252.5 billion posted in September last year, which has resulted in an expansion of the monetary base in real terms of 85.8% over that same period.

Liquidity Vs. Monetary Base



Sources: BCV and Ecoanalítica

The government's reluctance to allow PDVSA to place the dollars it obtains from its operations with alternative mechanisms such as the Alternative Currency Exchange System (SICAD II) (at a rate of VEB 50/US$) has prevented the oil company from reducing its financing requirements in bolivars.

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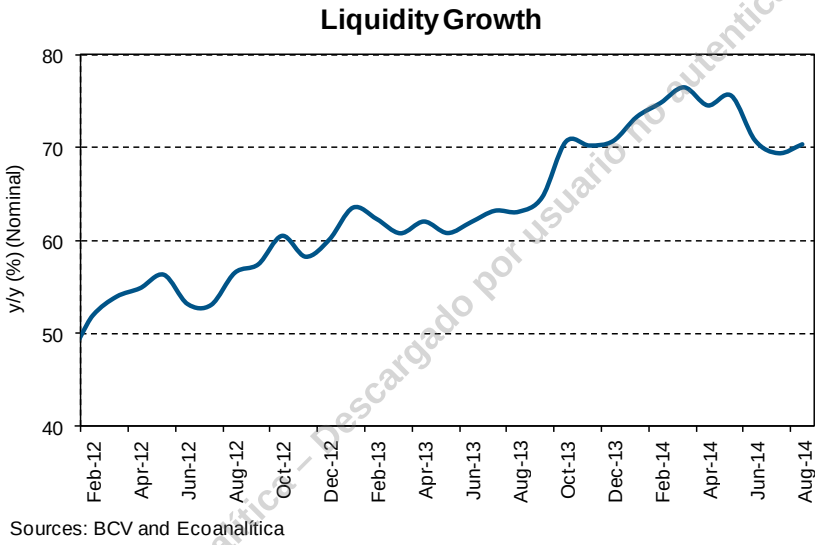
In short, the lack of correct measures and the failure to take necessary measures has resulted in monetary liquidity (coins and deposits in the hands of the public) posting an increase year-on-year of 64.1%, which has been one of the main causes of the 73.6% depreciation in the implicit exchange rate (M2/International Reserves), which went from VEB 41.6/US$ in September 2013 to VEB 72.2/US$ in September 2014, and contributed to generating greater inflationary pressures.



Sources: BCV and Ecoanalítica

At ***Ecoanalítica*** we estimate that, given the few adjustments and the strong expansion in the monetary base, liquidity will grow by 69.6% this year.

An economy with money in people's pockets

At ***Ecoanalítica*** we consider that there will be a much more liquid environment in 2015 than in 2014, since a possible adjustment in interest rates and complementary measures that would control monetary aggregates are discarded and also since there may be an upturn in spending (given the electoral scenario), which, while it had been growing in real terms had slowed down in the past two months.

As for interest rates, while in recent months there have been sizeable increases in the lending rates, linked to the increase in the interbank rate due to liquidity restrictions in one segment of the banking sector, they are, on average, lower than in 2013 in real terms.

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High liquidity, the lack of adjustments in the interest rates, and even higher inflation than in 2014 will make financing in bolivars very much cheaper. At ***Ecoanalítica*** we consider that this scenario, which favors borrowers, will be maintained for at least the next five years, where we do not foresee any major change in the foreign exchange policy that should be accompanied by a more restrictive monetary policy.

Monetary and Financial Sector Indicators

	2013	2014E	2015F	2016-2018
M2 (VEB billion)	1,220	2,069	3,592	8,376
Var% (a/a)	70.7	69.6	73.6	45.9
Var% (a/a) (real)	11.8	-0.4	-11.8	2.4
Average Lending Rate (%)	15.6	16.6	18.2	19.3
Average Savings Rate (%)	14.5	14.7	15.9	17.0

Sources: BCV and Ecoanalítica

External Sector: felt but not seen

Although the BCV has still not published the consolidate balance of payments figures for 2013, it is not necessary to investigate in any depth to realize that the external accounts are not doing well. Oil prices that are stable but on a downward trend and declining oil production have generated a contraction in oil exports and, therefore, in the positive balance on the current account, which has led the government reduce disbursements of foreign currency and implement a forced adjustment via the contraction in imports.

Neither oil nor gold is working in our favor

After starting the year with unusual stability during the first six months, the price of the Venezuelan oil basket began to decline after peaking at US$100.6/bbl. in the week ending June 27. In the second week of September, the Venezuelan basket was trading at US$90.2/bbl., its lowest price so far this year. This brought the average price for the Venezuelan basket for the year to date to US$95.3/bl, which gives a contraction of 7.2% compared to the same period last year.

With this performance by prices and oil production averaging 2.75 mb/d, at ***Ecoanalítica*** we estimate that oil exports will close the year at around US$81.97 billion,

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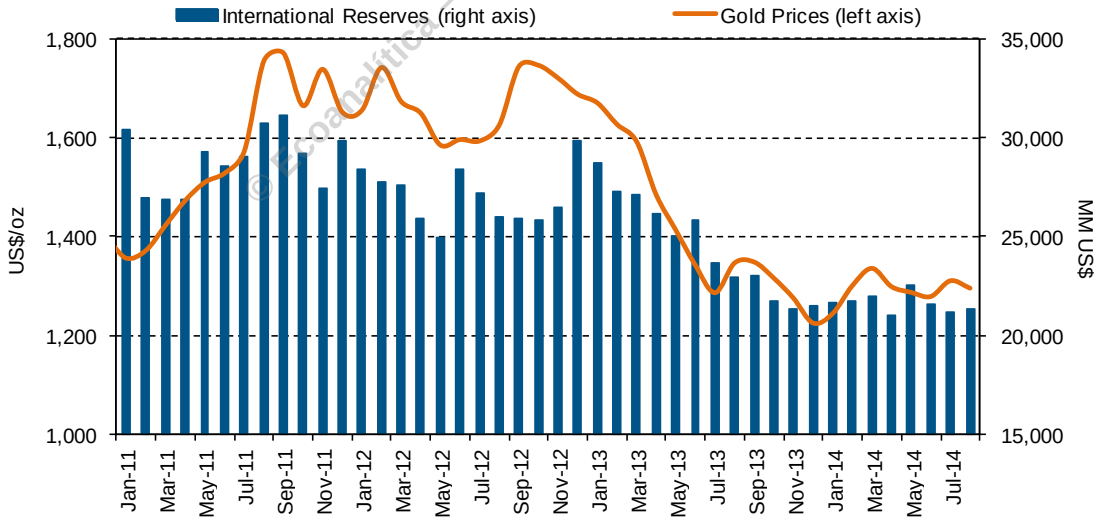
which is equivalent to a contraction of 8.4% compared to 2013. In 2015, the situation in the industry could improve given the oil agreements that PDVSA has been signing mainly to prevent crude production from continuing to fall.

As for the international reserves in the hands of the BCV, they came to US$21.32 billion in August, US$1.62 billion less than at the close of August 2013. It should be noted that the price of gold (which accounts for 70.3% of the international reserves) has been falling this year and that it reached its lowest level since January on September 19, at US$1,219.8 an ounce, and this will continue to have a negative impact on the reserves. At ***Ecoanalítica*** we do not expect this trend in the international reserves to be reverted in the short term as long as the prices of oil, gold, and commodities in general are being affected by the reduction in liquidity in the international markets due to the cutting back of the FED's stimulus plan. The situation is such that, in the opinion of the consulting firm GFMS of the Thomson Reuters group, gold prices will touch bottom and operate at between US$1,170 and US$1,200 next year. That being the case, at ***Ecoanalítica*** we estimate the international reserves will close 2014 at around US$20.77 billion and that they will come to US$23.45 billion in 2015.

Gold Prices vs. International Reserves



Sources: World Gold Council, BCV and Ecoanalítica

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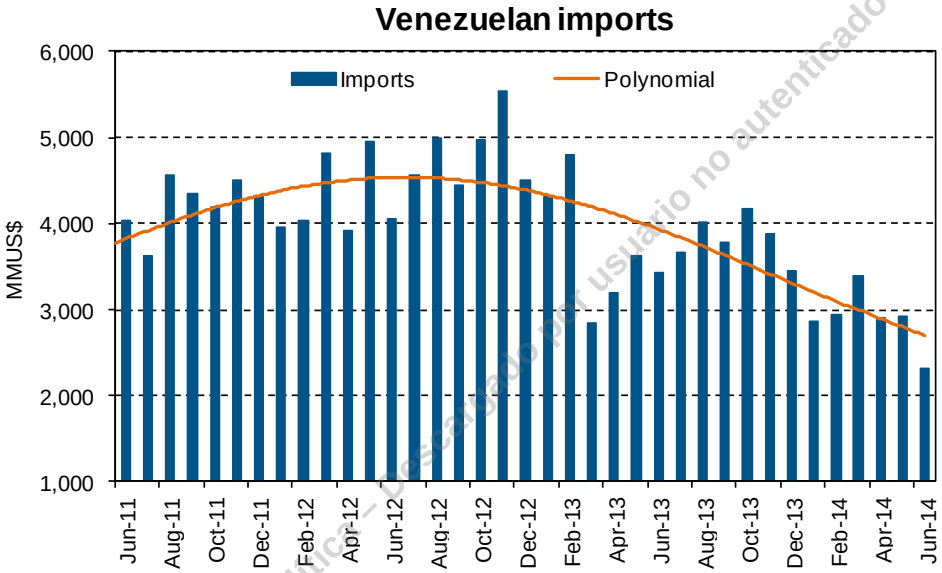
Just making some adjustments

According to figures published by the INE, imports in June came to US$2.32 billion, for a drop of 32.3% compared to June last year. This figure brings imports for the first half of 2014 (1H2014) to US$17.35 billion, down 21.8% from imports in 1H2013.



Sources: INE and Ecoanalítica

As can be seen, as a result of the drop in oil exports and, therefore, in oil revenues, the Executive, instead of making an adjustment via prices (devaluing the exchange rate), has made an adjustment to cushion the drop on the current account by restricting the allocation of foreign currency for imports. Given this situation, at ***Ecoanalítica*** we estimate that imports will contract by 10.6% in 2014, closing at US$49.03 billion; even so, we expect the commercial balance to contract by 5.2% and close at around US$36.24 billion.

2015: more of the same

At ***Ecoanalítica*** we do not see that next year will bring any substantial change in the government's economic policies. We expect that a dual foreign exchange rate will be established with the migration of sectors from Cencoex to SICAD I, which would leave the majority of imports at an exchange rate of around VEB 15/US$, considerably below the equilibrium exchange rate (which, at ***Ecoanalítica*** we estimate at VEB 36.5/US$), and, as a result, excessive demand and the restrictions on foreign currency allocations

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will continue. Based on the foregoing, we estimate that the current account on the balance of payments will close 2015 with a balance of US$20.71 billion, which will be used largely to finance an outflow of capital of US$14.50 billion. As for imports, they could come to US$47.69 billion; the balance on services and rent could be nearly US$17.80 billion; and exports could come to US$87.76 billion.

BALANCE OF PAYMENTS General Summary (MMUS$)	2014	2015	y/y (%)
Current Account	17,846	20,714	-13.8
Trade Balance	36,238	40,075	-9.6
Oil Exports	81,967	84,409	-2.9
Non-Oil Exports	3,304	3,353	-1.5
Import of goods f.o.b.	-49,032	-47,686	2.8
Services	-12,963	-13,321	-2.7
Others	-5,429	-6,040	-10.1
Capital Account	-15,000	-15,764	-4.8
Direct Investment	2,483	3,027	-18.0
Portfolio investment	2,446	2,922	-16.3
Other Investment	-19,929	-21,713	-8.2
Reserves Variation	32	2,679	-98.8

Sources: BCV and Ecoanalitica

Despite the fact that oil production grew by 1.2% in 1Q2014 compared to the same period last year, hydrocarbons exports posted a drop of 7.2% (y-o-y) due to the 8.9% increase in domestic consumption (crude used for refining products earmarked for the domestic market). Here we expect exports of US$87.54 billion this year, for a drop of 6.3% (y-o-y).

Foreign Exchange Policy: the timid adjustment via SICAD

After Rafael Ramírez' departure from the Vice Presidency for the Economy, we do not expect the Executive to opt for the so-called "foreign exchange convergence" scheme that sought to unify the official exchange rates in a single rate (that would be between VEB 25/US$ and VEB 30/US$). The Maduro administration seems to have opted for a more timid "politically correct" devaluation mechanism that apparently consists of passing more items from the lowest rate of VEB 6.3/US$ (which is currently used for

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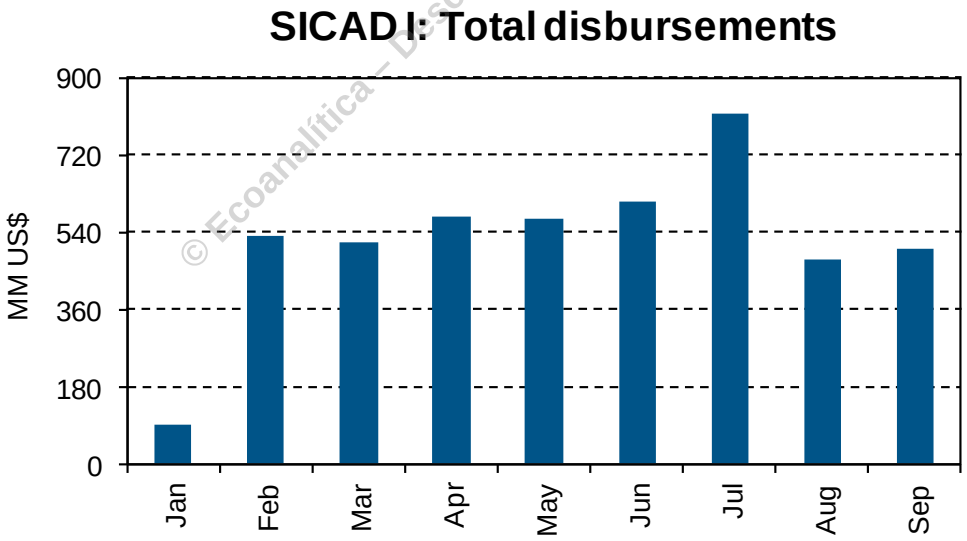
50.1% of private sector imports) to the SICAD I rate, currently at VEB 12/US$. We do not discard the possibility of some lower priority items being transferred to the SICAD II rate.

A context of restricted foreign currency

So far this year, despite the fact that the BCV has not published figures for the external sector, the balance of payments reveals some relevant data. In the first place, the INE has published import figures up until June, according to which imports totaled US$17.35 billion, for a drop, year-on-year, of 21.8%.

On the other hand, according to Cencoex, up until September fifth, disbursements of foreign currency for private sector imports (ordinary imports, ALADI and SUCRE) came to US$10.74 billion; US$4.67 billion was distributed via SICAD I up until September; and US$ 4.90 billion was disbursed via SICAD II since it started operating at the end of March.



Sources: CENCOEX and Ecoanalítica

In all, up until September, we estimate that disbursements of foreign currency for the private sector came to US$21.60 billion, up by 25.2% from the same period in 2013. By the end of 2014 we estimate that imports by the private sector, came to 27.20 billion, for a drop of 12.3% compared to 2013, and, on the other hand, the total imports by the public sector are estimated at 22.25 billion.

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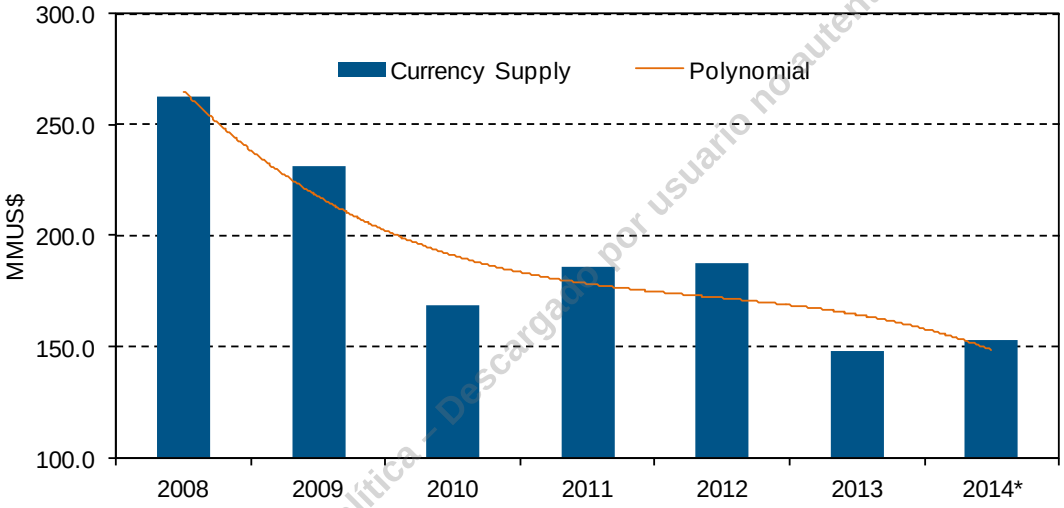
It is obvious, then, that the private sector is facing a scenario of foreign currency restrictions. In 2009, the daily supply of foreign currency for the private sector came to US$231.32 million; in 2012 it was US$187.16 million; in 2013 it was reduced again to US$147.96 million; and the figure for 2014 to date is US$153.22 million.

Supply of Foreing Currency to the Private Sector (Daily Average)



Sources: Cencoex and Ecoanalítica
*Until September 2014

The imbalance in the foreign exchange market gets worse daily

As long as the Executive resists implementing a more aggressive adjustment to the exchange rate, restrictions on the amounts of foreign currency that are allocated to the economy will continue.

There are a number of key indicators relating to the exchange rate in Venezuela that are worth noting. According to our real exchange rate (RER) model, at the close of 2014, the official exchange rate should be at VEB 25.1/US$; and if we use the implicit rate (M2/international reserves, which takes into account the effect of the expectations of private economic agents), this rate would be VEB 99.6/US$. On the other hand, the exchange rate that would have to be established in order for PDVSA to do without monetary financing from the BCV, would be VEB 19.5/US$. It is evident that an official weighted exchange rate for the economy of VEB 12.4/US$ makes no sense.

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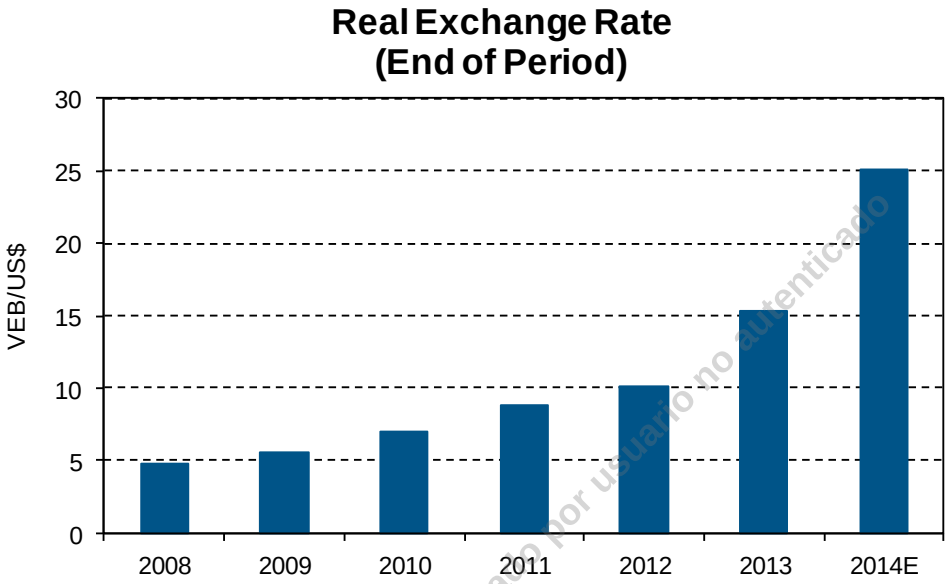

Sources: BCV and Ecoanalítica

The dual scheme is inevitable

We are of the opinion that the Executive is going to establish a dual foreign exchange scheme in 2015, eliminating the VEB 6.3/US$ rate and keeping only the SICAD I and SICAD II rates. SICAD I could be allowed to slide to VEB 15/US$ and this rate would be the reference rate for disbursing foreign currency via Cencoex, public sector imports, and any foreign currency auctions that are called. On the other hand, the SICAD II rate could remain stable at around VEB 50/US$.

Based on these premises, the weighted exchange rate for the economy in 2015 would be VEB 31.6/US$ for a variation of 68.8% and a devaluation of 40.8%. In the case of the private sector, the weighted exchange rate would be VEB 47.0/US$ for an adjustment of 73.1% (with a devaluation of 42.2%).

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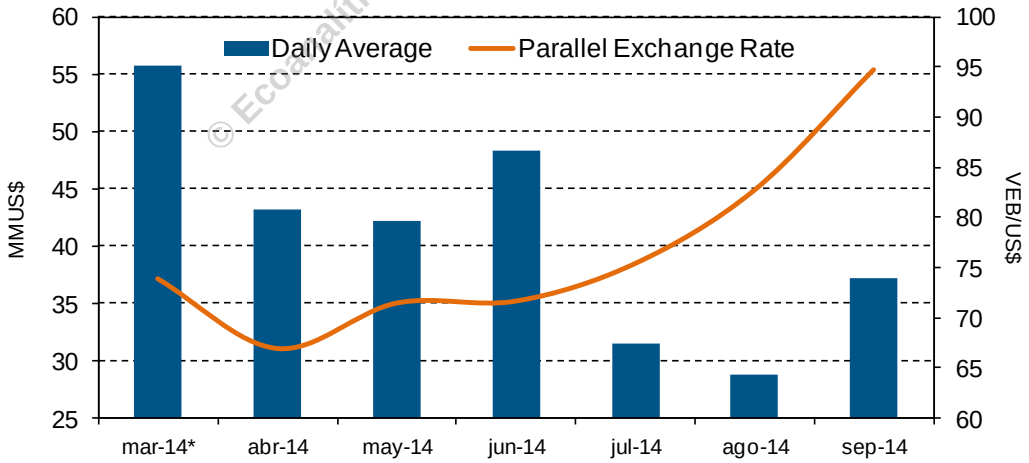
Weighted Exchange Rate of Private Exports										
Exchange Rate	**2011**		**2012**		**2013E**		**2014F**		**2015F**	
SITME	5.3	14.8%	5.3	13.1%	5.30	1.4%				
SICAD					11.1	5.5%	11.1	9.9%		
SICADII							50.0	30.0%	50.0	28.8%
CADIVI	4.3	76.6%	4.3	77.7%	6.3	81.8%	6.3	50.1%	15.0	48.1%
Not Official	8.7	8.6%	10.6	9.2%	35.7	11.3%	79.0	10.0%	110.0	23.1%
Weighted exchange rate (Imports)	**4.8**		**5.0**		**9.9**		**27.2**		**47.0**	
Variation	**55.6%**		**3.9%**		**97.0%**		**175.1%**		**73.1%**	
Devaluation			**3.8%**		**49.2%**		**63.6%**		**42.2%**	

Sources: BCV, Cadivi and Ecoanalítica

Upward pressure on the official exchange rate

As for the unofficial exchange rate, it should be noted that there is a high level of uncertainty. Given the present unofficial exchange rate and disbursements via the SICAD II averaging US$38.5 million a day, our clients should be aggressive when it comes to coverage in the next three months. There are three variables that are crucial vis-à-vis the future: how the devaluation is implemented; monetary financing of the state-owned companies by the BCV; and the nature of the adjustment the Executive decides to implement.

Average daily offered in Sicad II vs. Parallel exchange rate



Source: Ecoanalítica
*Since March, 24

In addition, if the Executive opts for a timid adjustment to the exchange rate, monetary financing of the non-financial state-owned companies by the BCV will continue, putting pressure on the demand for foreign currency in the unofficial market.

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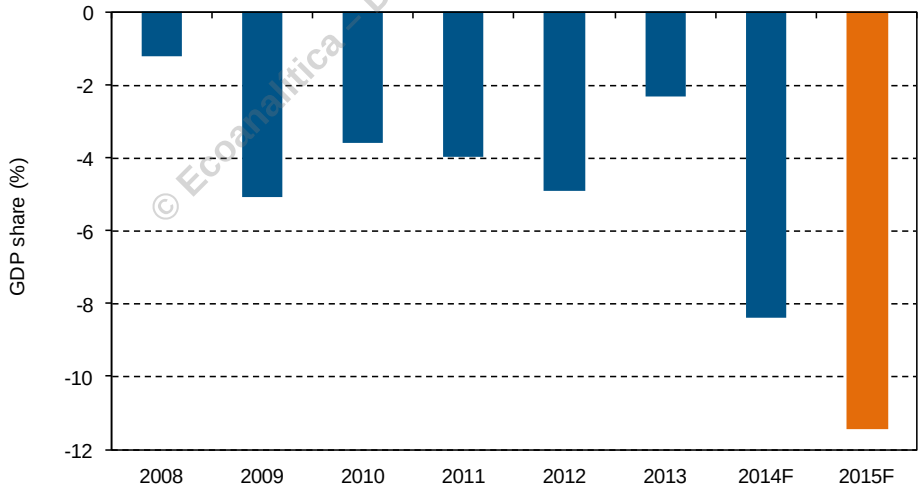
Fiscal policy: the party is not over

A fundamental part of the Venezuelan State's policy is to consume beyond its means, which results in the government consistently posting deficits in its financial results. In order to be able to do this, it is necessary for the government to borrow. In theory, borrowing is not bad. However, as we have commented before in our reports, the government does not use the revenues from borrowing to finance productive activities, but to try to increase its popularity and maintain the status quo.

The latest figures published by the Ministry for Finance and Public Sector Banks (Mefbp) are proof of this. According to the Mefbp, in 2013 the Central Government deficit came to VEB 44.45 billion, equivalent to 2.3% of GDP, and we expect that it will come to VEB 192.1 billion (8.4% of GDP) in 2014 and to VEB 269.8 billion (11.4% of GDP) in 2015, demonstrating once again the government's recurrent need to expand its spending beyond its available revenues.

Central Government´s Fiscal Balance



Sources: MEFBP and Ecoanalítica

It needs to be pointed out that the weight of the Central Government's deficit in GDP in the past five years has be in the region of 3.9%, which indicates the government's clear tendency to maintain a fiscal deficit over time. At ***Ecoanalítica*** we estimate that this situation will not change in the short term, particularly next year, since it is an election year when the electoral pressures on the government will increase.

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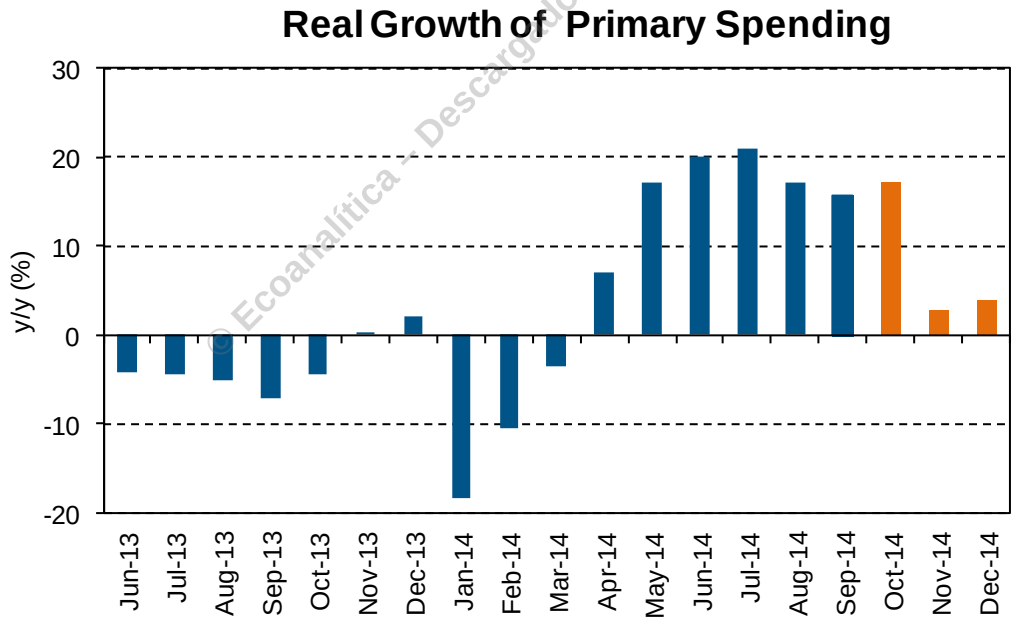
Public spending, the sky's the limit

Expanding public spending is a basic tool of populist governments. Economic theory tells us that, in election years, it is common for the government to resort to expanding spending; however, account should be taken of the fact that 2014 is not an election year and that, since 2012 and 2013 were marked by high levels of spending due to the presidential election campaigns, this should be a "fiscal hangover" year.

Spending performed by the Central Government (in nominal terms) so far this year comes to VEB 616.2 billion, up 81.7% from cumulative spending in 2013, and we expect spending for 2014 to be in the region of VEB 979.2 billion. In real terms, the figures are alarming. If cumulative spending up until September this year is compared with cumulative spending up until September between 2009 and 2014, we can see that spending this year (VEB 101.1 billion) has been the highest in recent years.



Sources: ONT and Ecoanalítica

Maintaining this type of policy does not generate any added value to the economy. Expanding spending in a scenario such as the present one (scant production, high levels of shortages, and so on) worsens the present imbalances as aggregate demand is exacerbated and cannot be met by domestic supply. At ***Ecoanalítica*** we estimate that public spending is not going to come down, at least in the short term, as next year is an

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election year and the government will find a way to obtain the majority of seats in the National Assembly (AN).

The gap between the deficits widens

Another key indicator for gaging the government's performance is the deficit/surplus of the Restricted Public Sector (RPS). In 2013 the RPS deficit was 16.9% of GDP and in 2014 we estimated a deficit of 21.8% of GDP. Generally, the difference between the Central Government deficit and the RPS deficit used to be around 4 to 5 pp. However, as can be seen, this behavior has not been maintained in recent years. The explanation for this "anomaly" has to do with the fact that the lion's share of the RPS deficit is being generated outside the Central Government structure.

Restricted Public Sector
Annual Financial Results
(% GDP)

	2013	2014F
Total Revenues	**30.2%**	**26.1%**
Current Revenues	30.2%	26.1%
Capital Revenues	0.0%	0.0%
Total Expenditure and Net Lending	**47.1%**	**47.9%**
Total Expenditure	**47.1%**	**47.9%**
Current Expenditure	36.0%	35.7%
Capital Expenditure	11.1%	7.2%
Acquisition of Fixed Capital Assets	6.3%	5.0%
Current Surplus or Deficit	-5.7%	-9.6%
Financial Surplus or Deficit	**-16.9%**	**-21.8%**
Amortization	**4.0%**	**4.3%**
Funding Needs	**20.9%**	**26.1%**
Internal	16.4%	21.6%
External	1.1%	2.2%
Others	3.4%	2.3%

Sources: MEFBP and Ecoanalítica

In order to be able to consume beyond its means, the government resorts to borrowing. According to the last figures published by the Mefbp, domestic debt came to VEB 490.07 billion and external debt to US$44.4 billion. Moreover, account has to be taken of the BCV's monetary financing of PDVSA, which comes to US$172 billion so far this

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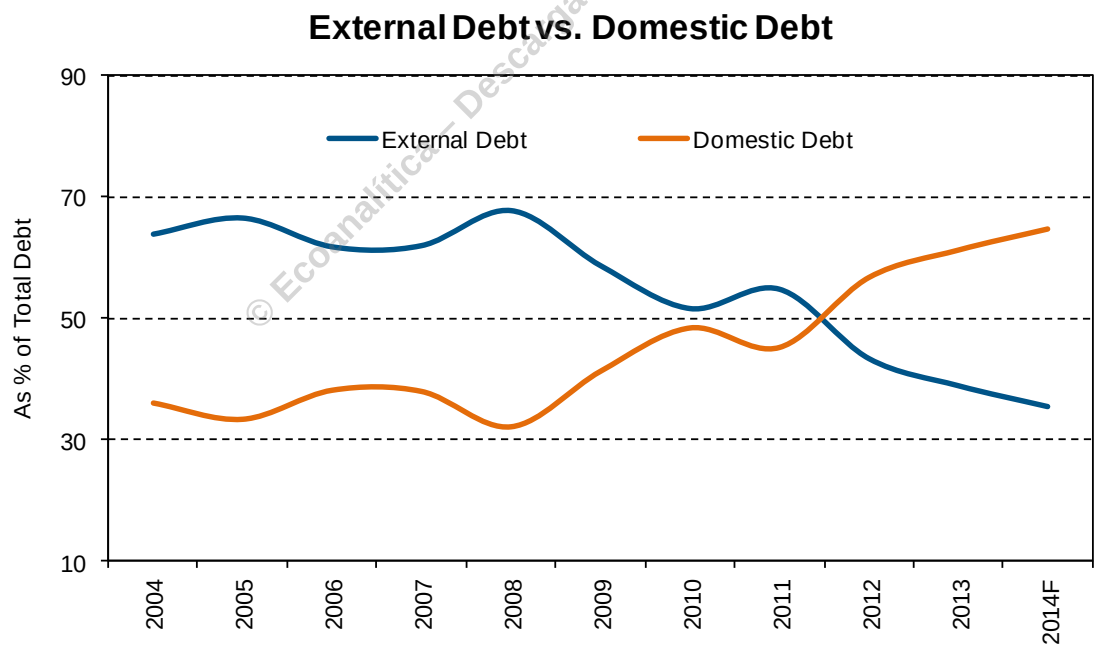
year. At ***Ecoanalítica*** we estimate that, as long as PDVSA sells its dollars at the VEB 6.30/US$ exchange rate, monetary financing is not going to get less.

The possibility of a default

In our last report on the debt, "*Why a default is not possible*" (Weekly Report No. 35), we established what the costs of falling into default were and explained the reasons why we did not see the possibility of this happening in the short term. However, the prospects of this possibly occurring in the medium to long terms are different.

The debt is growing at an ever increasing rate. In the past few years (2003-2013), it has grown on average by 12.4%. At the end of this year the government will have to pay US$6.32 billion in foreign debt. At ***Ecoanalítica*** we estimate that this year the total debt will come to around US$121.69 billion, with domestic debt continuing as the biggest component of total debt (64.6% domestic debt and 35.4% foreign debt).



Sources: MEFBP and Ecoanalítica

At ***Ecoanalítica*** we are of the opinion that, the more pronounced the government allows the macroeconomic imbalances to get, the higher the likelihood there will be of a default, or put another way, as long as the measures the government takes with regard to the economy are timid and incomplete, the economy is not going to recover, and high

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inflation, increasing shortages, shrinking international reserves, declining domestic production, falling oil prices, among other things, are factors that could cause a default on the foreign debt.

Conclusions: the plan fails, and now what?

Once again Latin America has a problem of growth. After several golden years of economic expansion and reduction of poverty, the region is probably only going to experience a slight growth this year. Argentina, Brazil and Venezuela are experiencing recessions of different depths. Even highflyers such as Peru and Chile have slowed down to a snail's pace; and Mexico, where the reforms are very promising, has yet to take off.

The immediate reasons are not difficult to guess. The boom of basic products has fallen off. Low unemployment and a population that is starting to age mean that growth can no longer be generated by adding workers. So, in order for the region to expand more rapidly, productivity has to increase. Besides, the region also has a lamentable history of bureaucracy and informal economy, deficient education and infrastructure, and a lack of competition and credit.

Countries such as Venezuela and Argentina are living examples of all this. Our country has served as a bad example for the region. It has put off adjustments for fear of the political cost, and meanwhile we Venezuelans are struggling with unstoppable inflation and structural shortages not only of products but also of figures, having a BCV that fails in its duty to publish them.

The Executive is reluctant to make a big adjustment for many reasons, one being the ideological resistance being put up by part of the radical group that considers that Ramírez' plan to be neoliberal, the groups that have formed around the country's rent and are opposed to a big increase in the exchange rate since this would reduce their profits, and last of all fear of a social uprising such as the *Caracazo*, which while it looks unlikely given the lack of leadership, is always a latent fear in this scenario.

The adjustment that will end up being made will be of poor quality and be made with a view to improving cash flow and not to solving the internal imbalances. The government is aiming to gain enough room to be able to leave the "significant adjustments" until after

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the parliamentary elections. Nevertheless, this is the worst scenario and proves that the current problems have more to do with political economy than with economic policy.

We are faced with a cabinet that is unwilling to solve the economic problems and prefers to postpone the inevitable. We are definitely paying the price for this, and the price will be even higher next year. With these incomplete measures, we are seeing how the unofficial exchange rate is being pushed upward, hence our recommendation to our clients to increase their coverage.

2014 has been a year not only of tremendous economic hardships but of social hardships as well. The grave problems of supplies in hospitals and clinics have deteriorated the country's health care system and an outbreak of diseases has brought to light the deficiencies in the performance of social spending. One indicator speaks for itself: in the past two years at least, the gasoline subsidy has been more than the amounts allocated in the budget for education, health, and social security, all sectors that have been defined by the government as being priority areas.

In 2013, the gasoline subsidy accounted for 18.5% of the agreed budget, 10.6 pp more than the amount allocated in the budget to health, 8.6 pp more than was earmarked for social security, and 6.9 pp more than the amount intended for education. We estimate that, in 2014, the gasoline subsidy will represent 14.0% of the agreed budget, 6.6 pp more than funds allocated to health, 1.15 pp more than allocations for education, and 1.8 pp more than the allocation for social security.

With the largest hydrocarbons reserves in the world, Venezuela should be enjoying times of prosperity given the current high oil prices. However, the opposite is true: corruption, the increase in the political control of several sectors of the economy and public sector imports, and the nationalization and expropriation of a large number of companies, which has caused their decline, have not allowed the country to take advantage of this oil boom.

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Tables

Table 1	2013	2014	2015	2016	2017	2018
BASIC INDICATORS		ESTIMATED	FORECASTS			
Venezuela Oil Activity (Th.B/d and USD/b)						
BASED ON PDVSA FIGURES						
Liquid Hydrocarbon and Refined Production	3,015	2,973	3,024	3,081	3,168	3,278
% Chg	-0.6%	-1.4%	1.7%	1.9%	2.8%	3.5%
Crude Oil Production (PDVSA Definition)	2,899	2,855	2,904	2,959	3,043	3,150
% Chg	-0.4%	-1.5%	1.7%	1.9%	2.8%	3.5%
Crude Oil Production (OPEC Definition)	2,783	2,742	2,789	2,840	2,923	3,029
% Chg	-0.7%	-1.5%	1.7%	1.8%	2.9%	3.6%
Exports of Crude Oil and Refined Products under PDVSA Definition	2,425	2,349	2,372	2,398	2,449	2,520
% Chg	-5.6%	-3.1%	1.0%	1.1%	2.1%	2.9%
BASED ON OPEC SECONDARY SOURCES						
Crude Oil Production (Secondary Sources of OPEC)	2,379	2,392	2,458	2,579	2,737	2,924
% Chg	2.4%	0.5%	2.8%	5.0%	6.1%	6.8%
Exports of Crude Oil and Refined Products Estimates under Secondary Sources	1,809	1,798	1,853	1,931	2,035	2,165
% Chg	-4.8%	-0.6%	3.0%	4.2%	5.4%	6.4%
Differences Among Official and Secondary Sources	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Crude Oil Production	404	350	332	260	186	105
Exports of Crude+Products	616	551	519	468	414	356
VENEZUELA OIL BASKET PRICE						
Venezuela Oil Basket Annual Average Price	101.15	95.59	97.50	98.96	99.75	99.55
% Chg	-2.3%	-5.5%	2.0%	1.5%	0.8%	-0.2%
Differences with Brent North Sea	7.58	6.72	5.84	5.61	4.51	4.81
Economic Activity (GDP) at Constant 1997 Prices (Rates of Variation %)						
Total	1.3%	-4.0%	-2.9%	2.0%	2.9%	3.9%
Oil	0.9%	1.2%	1.3%	1.6%	1.6%	2.1%
Non-oil	1.8%	-4.5%	-3.4%	1.9%	2.4%	3.6%
Indirect Taxes	-1.4%	-5.2%	-3.1%	2.9%	7.5%	7.3%
Socioeconomic Indicators (%)						
Unemployment Rate	7.5%	7.9%	7.8%	7.5%	7.0%	6.6%
Informal Occupation Rate	40.0%	40.4%	41.7%	41.9%	41.9%	41.9%
Poverty Figures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% people under poverty line	33.0%	34.3%	41.8%	45.0%	49.7%	52.5%
% people under extreme poverty line	10.3%	12.4%	18.3%	19.6%	21.5%	22.0%
Inflation (%) (1997=100)						
Wholesale Inflation Rate						
Annualized (Dec/Dec)	52.4%	76.5%	99.2%	54.5%	38.0%	23.9%
Annual Average	37.6%	68.2%	103.9%	64.9%	28.1%	42.3%
Consumer Inflation Rate (Metropolitan Area of Caracas)						
Annualized (Dec/Dec)	52.7%	70.2%	96.8%	58.3%	43.9%	25.8%
Annual Average	38.5%	58.9%	88.1%	76.5%	49.6%	33.4%
Consumer Inflation National Rate						
Annualized (Dec/Dec)	56.2%	71.6%	96.1%	58.1%	44.0%	24.9%
Annual Average	40.6%	62.7%	87.6%	76.7%	49.0%	32.7%
Foreign exchange indicators (Bs.F/US$ y %)						
OFICIAL PETROLEUM EXCHANGE RATE						
Year-end	6.30	12.15	15.00	20.00	22.00	25.00
% Chg	46.5%	92.8%	23.5%	33.3%	10.0%	13.6%
Average Year	6.13	8.98	14.88	19.79	21.92	24.88
% Chg	42.6%	46.4%	65.7%	33.0%	10.7%	13.5%
SWAP/SITME EXCHANGE RATE						
Year-end	11.40	36.96	50.00	65.00	85.00	115.00
% Chg	115.1%	224.2%	35.3%	30.0%	30.8%	35.3%
Average Year	15.85	29.50	49.46	64.38	84.17	113.75
% Chg	199.0%	86.1%	67.7%	30.2%	30.7%	35.1%
WEIGHTED COST EFFECTIVE EXCHANGE RATE						
Year-end	12.85	28.51	72.14	126.62	79.27	104.89
% Chg	122.6%	121.9%	153.0%	75.5%	-37.4%	32.3%
Average Year	10.47	22.44	62.53	114.05	71.26	100.75
% Chg	104.3%	114.3%	178.7%	82.4%	-37.5%	41.4%
EXCHANGE RATE DESVIATIONS						
Purchase Power Parity Exchange Rate	12.74	20.72	35.65	48.57	83.35	96.17
Overvaluation (+) Undervaluation (-)	102.3%	228.8%	137.7%	142.9%	278.9%	284.7%
Liquidity Indicators and Interest Rates						
Lending Rates						
Year-end	15.6	16.7	18.1	17.8	18.3	19.5
Annual Average	15.6	16.6	18.2	18.6	19.3	19.9
Real Annual Average	-16.5	-26.6	-37.2	-32.8	-20.3	-10.1
Deposit Rates	0	0	0	0	0	0
Year-end	14.7	14.5	15.8	15.6	15.8	17.3
Annual Average	14.5	14.7	15.9	16.4	16.8	17.7
Real Annual Average	-17.3	-27.8	-38.4	-34.0	-21.9	-11.8
Year-end Monetary Liquidity M2 (Millions of Bs.F)	1,220,135,161	2,069,208,795	3,592,018,156	5,809,103,420	8,271,342,376	11,049,046,327
% Chg (Dec/Dec)	70.7%	69.6%	73.6%	61.7%	42.4%	33.6%
% Chg (Dec/Dec) at Constant 1997 Prices	11.8%	-0.4%	-11.8%	2.1%	-1.1%	6.2%
External Sector Indicators (millions of US$)						
Exports	93,091	85,270	87,762	90,154	92,874	95,475
% Chg	-4.4%	-8.4%	2.9%	2.7%	3.0%	2.8%
Imports	54,863	49,032	47,686	49,893	50,715	52,259
% Chg	-7.5%	-10.6%	-2.7%	4.6%	1.6%	3.0%
Trade Balance	38,228	36,238	40,075	40,260	42,159	43,215
Current Account	7,642	17,846	20,714	19,191	19,575	19,001
Balance of Payments	(8,577)	(47)	2,635	750	955	2,903
Total International Reserves	20,735	20,767	23,446	24,013	24,821	27,607
Months of Imports + Debt Service	4.1	4.5	5.1	5.1	5.2	5.6
Central Government Public Finance Indicators as % of GDP						
Primary Surplus (+) / Deficit (-) as % of GDP	-4.2%	-5.5%	-7.1%	-3.3%	5.7%	6.5%
Finnancial Surplus (+) / Deficit (-) as % of GDP	-7.9%	-8.4%	-11.4%	-6.6%	4.7%	5.7%

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Table 2 Exchange Rate and Price Indicators	2013	2014 ESTIMATED	2015 FORECASTS	2016	2017	2018
Exchange Rates and Overvaluation Indicators						
Year End Exchange Rate						
Preferential Rate	6.30	6.30	15.00	20.00	22.00	25.00
Oil Rate	6.30	12.15	15.00	20.00	22.00	25.00
Weitghted Official Rate	6.30	12.15	15.00	20.00	22.00	25.00
Swap / Sitme Rate	11.40	36.96	50.00	65.00	85.00	115.00
Alternate	64.13	101.39	265.71	401.46	640.44	812.83
Effective Cost of Imports of Goods and Services	12.85	28.51	72.14	126.62	79.27	104.89
% of Change at Year End						
Preferential Rate	46.5%	0.0%	138.1%	33.3%	10.0%	13.6%
Oil Rate	46.5%	92.8%	23.5%	33.3%	10.0%	13.6%
Weitghted Official Rate	46.5%	92.8%	23.5%	33.3%	10.0%	13.6%
Swap / Sitme Rate	115.1%	224.2%	35.3%	30.0%	30.8%	35.3%
Alternate	276.6%	58.1%	162.1%	51.1%	59.5%	26.9%
Effective Cost of Imports of Goods and Services	122.6%	121.9%	153.0%	75.5%	-37.4%	32.3%
Average Year Exchange Rate						
Preferential Rate	6.13	6.30	14.47	19.34	21.38	24.37
Oil Rate	6.13	8.98	14.88	19.79	21.92	24.88
Weitghted Official Rate	6.13	8.98	14.88	19.79	21.92	24.88
Swap / Sitme Rate	15.85	29.50	49.46	64.38	84.17	113.75
Alternate	34.96	82.01	218.53	352.25	512.31	742.50
Effective Cost of Imports of Goods and Services	10.47	22.44	62.53	114.05	71.26	100.75
% of Chage of Average Exchange Rate						
Preferential Rate	42.6%	2.7%	129.7%	33.7%	10.5%	14.0%
Oil Rate	42.6%	46.4%	65.7%	33.0%	10.7%	13.5%
Weitghted Official Rate	42.6%	46.4%	65.7%	33.0%	10.7%	13.5%
Swap / Sitme Rate	199.0%	86.1%	67.7%	30.2%	30.7%	35.1%
Alternate	231.1%	134.6%	166.5%	61.2%	45.4%	44.9%
Effective Cost of Imports of Goods and Services	104.3%	114.3%	178.7%	82.4%	-37.5%	41.4%
Real Exchance and Purchasing Power Parity Rates						
Purchasing Power Parity of Trade	12744.4	20716.2	35650.1	48570.5	83350.0	96172.5
Effective Purchasing Power Parity Trade	12171.1	20142.9	34285.1	46750.5	81348.0	93897.5
Short Term Exchange Rate	11551.9	13470.2	20832.2	27395.0	32647.6	35586.8
Desviations (Overvaluation (+) / Undervaluation (-)	0.0	0.0	0.0	0.0	0.0	0.0
Purchasing Power Parity of Trade	102.3%	228.8%	137.7%	142.9%	278.9%	284.7%
Effective Purchasing Power Parity Trade	93.2%	219.7%	128.6%	133.8%	269.8%	275.6%
Short Term Exchange Rate	83.4%	113.8%	38.9%	37.0%	48.4%	42.3%
Wholesale Prices Indexes						
Average Agricultural Price Index	3258.7	5481.7	11177.0	18435.5	23611.6	33592.2
% Chg	37.6%	68.2%	103.9%	64.9%	28.1%	42.3%
Average Price Index for Manufacturing Activity	3943.2	6959.4	13865.0	21427.3	29579.6	36663.7
% Chg	52.4%	76.5%	99.2%	54.5%	38.0%	23.9%
Wholesale Prices Indexes	3536.9	5653.4	10129.8	15485.8	25077.9	36109.1
Annual Average Wholesale Price Index	37.4%	59.8%	79.2%	52.9%	61.9%	44.0%
% Chg	4318.0	7101.6	12791.3	18256.8	32792.2	39663.7
Year-end Wholesale Price Index	52.8%	64.5%	80.1%	42.7%	79.6%	21.0%
% Chg	2436.0	4974.0	14274.1	27158.5	19275.5	26149.1
Annual Average Wholesale Price Index for Domestic Goods	38.7%	104.2%	187.0%	90.3%	-29.0%	35.7%
% Chg	2834.7	6538.8	17040.2	30803.4	20079.0	27791.8
Year-end Wholesale Price Index for Domestic Goods	50.5%	130.7%	160.6%	80.8%	-34.8%	38.4%
Consumer Prices Indexes (1997=100)						
Consumer Price Inflation Rate (Metropolitan Area of Caracas)						
Annual Average Index	3,121.4	4,959.2	9,328.1	16,465.1	24,627.0	32,848.3
% Chg	38.5%	58.9%	88.1%	76.5%	49.6%	33.4%
December Index	3,778.6	6,430.5	12,657.8	20,040.5	28,848.0	36,286.8
% Chg	52.7%	70.2%	96.8%	58.3%	43.9%	25.8%
Consumer Prices Indexes (Dic 2007=100)						
Consumer Price Inflation Rate National Level						
Annual Average Index	406.2	660.8	1239.9	2191.3	3265.8	4333.6
% Chg	40.6%	62.7%	87.6%	76.7%	49.0%	32.7%
December Index	498.1	854.6	1676.3	2651.1	3818.3	4769.3
% Chg	56.2%	71.6%	96.1%	58.1%	44.0%	24.9%
Consumer Price Inflation Rate (Metropolitan Area of Caracas Level)						
Annual Average Index	414.5	658.6	1238.8	2186.6	3270.5	4362.3
% Chg	38.5%	58.9%	88.1%	76.5%	49.6%	33.4%
December Index	501.8	854.0	1681.0	2661.4	3831.1	4819.0
% Chg	52.7%	70.2%	96.8%	58.3%	43.9%	25.8%
FOREIGN PRICES INDICATORS AND TERMS OF TRADE (1997=100)						
USA CONSUMER PRICES INDEX	*144.15*	*145.76*	*147.77*	*150.22*	*152.71*	*155.24*
USA CONSUMER INFLATION RATE	*0.9%*	*1.1%*	*1.4%*	*1.7%*	*1.7%*	*1.7%*
EXTERNAL SECTOR TRADE PRICES IN DOLLARS						
Exports of Goods and Services	*574.52*	*545.63*	*558.41*	*569.45*	*577.80*	*582.05*
% Chg	*-1.4%*	*-5.0%*	*2.3%*	*2.0%*	*1.5%*	*0.7%*
Exports of Goods	*607.71*	*575.40*	*589.58*	*601.84*	*611.13*	*615.86*
% Chg	*-1.5%*	*-5.3%*	*2.5%*	*2.1%*	*1.5%*	*0.8%*
Exports of Oil Goods	*676.80*	*639.58*	*652.37*	*662.15*	*667.45*	*666.11*
% Chg	*-2.3%*	*-5.5%*	*2.0%*	*1.5%*	*0.8%*	*-0.2%*
Exports of Non Oil Goods	*168.08*	*160.16*	*166.56*	*173.23*	*180.15*	*187.36*
% Chg	*1.0%*	*-4.7%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*
Exports of Services	*171.92*	*164.68*	*172.09*	*179.83*	*187.92*	*196.38*
% Chg	*1.5%*	*-4.2%*	*4.5%*	*4.5%*	*4.5%*	*4.5%*
Imports of Goods and Services	*125.66*	*126.12*	*130.17*	*134.35*	*138.66*	*143.11*
% Chg	*1.5%*	*0.4%*	*3.2%*	*3.2%*	*3.2%*	*3.2%*
Imports of Goods	*124.30*	*128.68*	*132.54*	*136.51*	*140.61*	*144.83*
% Chg	*4.8%*	*3.5%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Imports of Services	*144.01*	*127.28*	*132.37*	*137.67*	*143.17*	*148.90*
% Chg	*-10.9%*	*-11.6%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*
TERMS OF TRADE INDEXES						
TRADE OF GOODS AND SERVICES	*457.20*	*432.62*	*428.98*	*423.86*	*416.71*	*406.73*
% Chg	*-2.9%*	*-5.4%*	*-0.8%*	*-1.2%*	*-1.7%*	*-2.4%*
TRADE OF GOODS	*488.90*	*447.16*	*444.83*	*440.86*	*434.62*	*425.24*
% Chg	*-6.0%*	*-8.5%*	*-0.5%*	*-0.9%*	*-1.4%*	*-2.2%*
TRADE OF SERVICES	*544.48*	*497.03*	*492.21*	*485.04*	*474.68*	*459.93*
% Chg	*-6.7%*	*-8.7%*	*-1.0%*	*-1.5%*	*-2.1%*	*-3.1%*

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Table 3	2013	2014	2015	2016	2017	2018
Balance of Payments, Foreign Reserves, and Foreign Debt		ESTIMATED	FORECASTS			
Balance of Payments (US$ Million)						
MERCHANDISE BALANCE (TRADE BALANCE)	38,228	36,238	40,075	40,260	42,159	43,215
Merchandise Exports	93,091	85,270	87,762	90,154	92,874	95,475
% Chg	-4.4%	-8.4%	2.9%	2.7%	3.0%	2.8%
Oil	89,530	81,967	84,409	86,633	89,177	91,575
% Chg	-4.3%	-8.4%	3.0%	2.6%	2.9%	2.7%
Non-oil	3,560	3,304	3,353	3,521	3,697	3,900
% Chg	-5.6%	-7.2%	1.5%	5.0%	5.0%	5.5%
- Merchandise Imports	54,863	49,032	47,686	49,893	50,715	52,259
% Chg	-7.5%	-10.6%	-2.7%	4.6%	1.6%	3.0%
SERVICES BALANCE	(15,700)	(12,963)	(13,321)	(14,304)	(15,343)	(16,674)
Service Exports	2,244	2,173	2,202	2,377	2,559	2,719
% Chg	1.8%	-3.2%	1.4%	8.0%	7.6%	6.2%
Service Imports	17,944	15,135	15,524	16,682	17,901	19,393
% Chg	-1.2%	-15.7%	2.6%	7.5%	7.3%	8.3%
INCOME RENT BALANCE	(13,565)	(4,069)	(4,476)	(5,014)	(5,314)	(5,421)
Current Transfers	(1,320)	(1,360)	(1,564)	(1,752)	(1,927)	(2,119)
CURRENT ACCOUNT	7,642	17,846	20,714	19,191	19,575	19,001
CAPITAL AND FINANCIAL ACCOUNT	(13,004)	(15,000)	(15,764)	(15,917)	(15,946)	(13,263)
DIRECT INVESTMENT, NET	-	-	-	-	-	-
DIRECT INVESTMENT, NET	491	2,483	3,027	3,034	4,172	10,448
Inside Venezuela	4,181	5,435	5,979	6,576	7,892	14,205
Outside Venezuela	(3,690)	(2,952)	(2,952)	(3,542)	(3,720)	(3,757)
PORTFOLIO INVESTMENT	2,043	2,446	2,922	3,075	3,237	4,838
Public Sector	1,928	2,314	2,776	2,915	3,061	4,591
Private Sector	115	132	146	160	176	247
OTHER INVESTMENT	(15,538)	(19,929)	(21,713)	(22,027)	(23,356)	(28,550)
Public Sector	(2,361)	(6,752)	(7,218)	(4,633)	(9,440)	(17,417)
Private Sector	(13,178)	(13,178)	(14,495)	(17,394)	(13,915)	(11,132)
ERRORS AND OMISSIONS	(3,215)	(2,893)	(2,315)	(2,523)	(2,674)	(2,835)
BALANCE OF PAYMENTS	(8,577)	(47)	2,635	750	955	2,903
Foreign Reserves (US$ Million)						
TOTAL FOREIGN RESERVE ASSETS	20,735	20,767	23,446	24,013	24,821	27,607
- FIEM	3	3	3	3	4	4
Central Bank Gross Foreign Reserves	20,732	20,764	23,443	24,009	24,817	27,603
- Reserve Liabilities	795	875	918	735	588	470
Central Bank Net Foreign Reserves	19,936	19,889	22,524	23,275	24,230	27,133
- Monetary Gold	17,345	18,733	19,670	19,866	20,462	21,485
- FMI Position / SDRs	4,419	4,507	4,598	4,690	4,783	4,879
Central Bank Foreign Exchange Reserves	(1,033)	(2,476)	(825)	(546)	(428)	1,238
External Debt (US$ Million)						
Total External Debt by Type of Debtor	102,002	98,335	98,802	98,984	100,452	90,860
Public	88,175	83,858	83,959	83,775	84,877	74,920
Non-oil Public Debt	44,791	45,344	46,367	47,480	50,344	53,546
PDVSA	43,384	38,514	37,591	36,295	34,533	21,374
Private	13,827	14,477	14,843	15,209	15,575	15,940
Foreign Debt Service	-	-	-	-	-	-
Total Debt Service	13,350	13,946	14,688	14,885	13,541	12,830
Public	13,181	13,768	13,438	13,614	12,250	11,518
Private	169	178	1,250	1,271	1,291	1,312
Principal	6,843	7,754	7,701	7,891	6,446	6,447
Public	6,701	7,605	7,267	7,457	6,012	6,012
Private	143	150	434	434	434	435
Interest	6,507	6,191	6,987	6,994	7,095	6,383
Public	6,481	6,164	6,171	6,157	6,238	5,507
Private	26	28	816	837	857	877
Transfers Funds to FONDEN						
Total Transfers by Year	15,306	21,459	17,005	18,705	20,576	22,633
PDVSA TO FONDEN	10,306	15,459	17,005	18,705	20,576	22,633
CENTRAL BANK OF VENEZUELA TO FONDEN	5,000	6,000	-	-	-	-

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Table 4	2013	2014	2015	2016	2017	2018
Indicators of Aggregate Demand		ESTIMATED	FORECASTS			
Aggregate Internal Demand at constant prices 1997						
Internal Aggregate Demand	82,104,979	78,475,214	76,329,213	78,785,953	81,550,754	85,342,418
Total Consumption of Goods and Services	57,082,433	54,950,981	52,593,817	54,602,871	56,386,927	59,043,762
Private Consumption of Goods and Services	45,439,149	42,847,079	39,989,609	42,209,619	44,421,467	47,888,080
Household Consumption of Goods and Services	44,757,562	42,158,676	39,294,321	41,507,379	43,712,205	47,171,725
Consumption by Non-residents, Net	681,587	688,403	695,287	702,240	709,262	716,355
Public Consumption of Goods and Services	11,643,284	12,103,901	12,604,208	12,393,252	11,965,460	11,155,682
Gross Fixed Capital Formation	19,815,245	18,056,567	17,994,347	18,327,212	18,839,486	19,468,368
Public	15,455,891	14,124,519	14,187,396	14,471,219	14,884,472	15,390,756
Private	4,359,354	3,932,048	3,806,951	3,855,993	3,955,014	4,077,613
Variation of Stocks and Net Acquisitions	5,207,301	5,467,666	5,741,049	5,855,870	6,324,340	6,830,287
Exports of Goods and Services	7,808,034	7,597,387	7,609,021	7,707,600	7,866,365	8,072,440
Merchandise Exports	7,170,198	6,952,919	6,984,822	7,061,771	7,200,341	7,394,791
Oil Exports	6,137,564	5,946,101	6,003,174	6,070,306	6,198,962	6,378,391
Non-oil Exports	1,032,634	1,006,819	981,648	991,465	1,001,379	1,016,400
Service Exports	637,836	644,468	624,199	645,829	666,023	677,649
Imports of Goods and Services	27,679,128	26,325,958	25,896,407	27,314,147	28,533,527	30,168,105
Merchandise Imports	23,649,691	22,459,008	22,084,984	23,370,779	24,459,610	25,917,746
Service Imports	4,029,437	3,866,950	3,811,423	3,943,368	4,073,917	4,250,358
Real GDP at Constant 1997 Prices	62,233,885	59,746,643	58,041,827	59,179,406	60,883,591	63,246,753
% of change at constant prices of 1997						
Internal Aggregate Demand	-1.9%	-4.4%	-2.7%	3.2%	3.5%	4.6%
Total Consumption of Goods and Services	4.2%	-3.7%	-4.3%	3.8%	3.3%	4.7%
Private Consumption of Goods and Services	4.4%	-5.7%	-6.7%	5.6%	5.2%	7.8%
Household Consumption of Goods and Services	4.7%	-5.8%	-6.8%	5.6%	5.3%	7.9%
Consumption by Non-residents, Net	4.7%	1.0%	1.0%	1.0%	1.0%	1.0%
Public Consumption of Goods and Services	3.3%	4.0%	4.1%	-1.7%	-3.5%	-6.8%
Gross Fixed Capital Formation	-9.0%	-8.9%	-0.3%	1.8%	2.8%	3.3%
Public	-9.0%	-8.6%	0.4%	2.0%	2.9%	3.4%
Private	-9.0%	-9.8%	-3.2%	1.3%	2.6%	3.1%
Exports of Goods and Services	-6.2%	-2.7%	0.2%	1.3%	2.1%	2.6%
Merchandise Exports	-6.7%	-3.0%	0.5%	1.1%	2.0%	2.7%
Oil Exports	-6.7%	-3.1%	1.0%	1.1%	2.1%	2.9%
Non-oil Exports	-6.6%	-2.5%	-2.5%	1.0%	1.0%	1.5%
Service Exports	0.3%	1.0%	-3.1%	3.5%	3.1%	1.7%
Imports of Goods and Services	-9.7%	-4.9%	-1.6%	5.5%	4.5%	5.7%
Merchandise Imports	-12.3%	-5.0%	-1.7%	5.8%	4.7%	6.0%
Service Imports	9.7%	-4.0%	-1.4%	3.5%	3.3%	4.3%
Real GDP at Constant 1997 Prices	1.3%	-4.0%	-2.9%	2.0%	2.9%	3.9%
Price Deflators of Aggregate Demand Components						
Internal Aggregate Demand	2533.7	3733.4	6362.1	11146.8	17281.0	24092.6
% chg	33.1%	47.4%	70.4%	75.2%	55.0%	39.4%
Total Consumption of Goods and Services	2822.7	4198.0	7335.4	12948.1	19986.9	27607.8
% chg	32.5%	48.7%	74.7%	76.5%	54.4%	38.1%
Private Consumption of Goods and Services	2,988.6	4,669.4	8,632.6	15,534.0	23,998.6	32,545.1
% chg	34.5%	56.2%	84.9%	79.9%	54.5%	35.6%
Household Consumption of Goods and Services	3,020.0	4,748.6	8,826.6	15,971.4	24,834.0	33,926.4
% chg	35.5%	57.2%	85.9%	80.9%	55.5%	36.6%
Public Consumption of Goods and Services	2,175.2	2,529.2	3,219.7	4,140.6	5,093.6	6,413.2
% chg	22.4%	16.3%	27.3%	28.6%	23.0%	25.9%
Gross Fixed Capital Formation	1861.5	2527.0	3712.6	6095.5	9905.7	14870.7
% chg	16.6%	35.7%	46.9%	64.2%	62.5%	50.1%
Public	1,674.9	2,345.8	3,401.0	5,284.6	8,093.8	11,805.9
% chg	25.3%	40.1%	45.0%	55.4%	53.2%	45.9%
Private	2,523.2	3,177.6	4,873.9	9,138.5	16,724.9	26,438.6
% chg	8.2%	25.9%	53.4%	87.5%	83.0%	58.1%
Variation of Stocks and Net Acquisitions	1,923.1	3,047.9	5,749.9	10,159.7	15,125.7	19,991.2
% chg	37.5%	58.5%	88.7%	76.7%	48.9%	32.2%
Exports of Goods and Services	7,393.4	10,846.2	19,797.0	28,613.8	28,722.1	34,077.4
% chg	43.7%	46.7%	82.5%	44.5%	0.4%	18.6%
Exports of Goods	7777.9	11253.5	19933.7	28108.1	29263.5	34142.9
% chg	42.8%	44.7%	77.1%	41.0%	4.1%	16.7%
Oil Exports	8,581.0	12,093.0	20,283.3	27,280.8	30,428.1	34,474.5
% chg	40.3%	40.9%	67.7%	34.5%	11.5%	13.3%
Non-oil Exports	3,004.5	6,295.7	17,795.7	33,173.3	22,053.5	32,062.1
% chg	105.3%	109.5%	182.7%	86.4%	-33.5%	45.4%
Exports of Services	3,071.3	6,451.0	18,267.0	34,143.2	22,869.1	33,362.1
% chg	105.8%	110.0%	183.2%	86.9%	-33.0%	45.9%
Imports of Goods and Services	2617.8	5571.6	15429.4	28000.1	17406.3	24497.2
% chg	102.4%	112.8%	176.9%	81.5%	-37.8%	40.7%
Imports of Goods	2,672.2	5,725.4	15,954.7	29,103.1	18,183.6	25,708.5
% chg	104.3%	114.3%	178.7%	82.4%	-37.5%	41.4%
Imports of Services	2,298.5	4,678.5	12,385.6	21,463.1	12,739.6	17,111.0
% chg	94.1%	103.5%	164.7%	73.3%	-40.6%	34.3%
GDP Deflator	3105.9	3827.8	4077.8	5643.0	18700.5	25174.0
% chg	16.3%	23.2%	6.5%	38.4%	231.4%	34.6%

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Table 5 Indicators of Economic Activity and GDP	2013	2014 ESTIMATED	2015	2016	2017	2018 FORECASTS
Economic Activity at Bs.F Million of 1997						
Total GDP	**62,233,885**	**59,746,643**	**58,041,827**	**59,179,406**	**60,883,591**	**63,246,753**
Oil GDP	**6,741,453**	**6,821,274**	**6,909,355**	**7,021,708**	**7,134,744**	**7,283,565**
Non Oil GDP	**48,515,207**	**46,312,512**	**44,721,616**	**45,560,939**	**46,656,960**	**48,352,308**
Indirect Taxes	6,977,225	6,612,857	6,410,856	6,596,759	7,091,888	7,610,881
Public GDP	19,125,283	18,989,635	19,023,306	19,159,791	19,533,276	20,520,985
Private GDP	36,131,377	34,144,151	32,607,664	33,422,856	34,258,427	35,114,888
Per Capital GDP	**2,064,604**	**1,950,876**	**1,865,364**	**1,871,972**	**1,895,550**	**1,938,115**
% of Change of Economic Activities at constant prices of 1997						
Total GDP	**1.3%**	**-4.0%**	**-2.9%**	**2.0%**	**2.9%**	**3.9%**
Oil GDP	**0.9%**	**1.2%**	**1.3%**	**1.6%**	**1.6%**	**2.1%**
Non Oil GDP	**1.8%**	**-4.5%**	**-3.4%**	**1.9%**	**2.4%**	**3.6%**
Indirect Taxes	**-1.4%**	**-5.2%**	**-3.1%**	**2.9%**	**7.5%**	**7.3%**
Public GDP	2.6%	-0.7%	0.2%	0.7%	1.9%	5.1%
Private GDP	1.3%	-5.5%	-4.5%	2.5%	2.5%	2.5%
Per Capital GDP	**-0.1%**	**-5.5%**	**-4.4%**	**0.4%**	**1.3%**	**2.2%**
Non Oil Economic Activities **Variaciones %**						
Agriculture	1.0%	1.0%	1.0%	1.5%	2.0%	2.0%
Mining	-21.1%	-19.1%	-17.3%	-12.6%	-6.9%	-4.3%
Manufacturing	-0.3%	-1.9%	-1.7%	1.6%	4.0%	5.9%
Construction	-2.3%	-6.5%	-3.7%	0.3%	1.7%	2.4%
Electricity and Water Supply	3.3%	1.1%	-0.4%	1.3%	3.2%	3.0%
Commerce and Repair Services	3.4%	-5.9%	-7.4%	-2.6%	2.8%	3.7%
Transportation and Storage	-3.3%	-2.2%	-4.1%	1.0%	3.6%	5.0%
Communications	6.5%	5.4%	4.9%	5.3%	6.5%	8.4%
Financial and Security Services	21.6%	22.8%	18.9%	17.9%	17.2%	17.3%
Government Services	3.1%	4.9%	5.6%	2.3%	3.9%	5.4%
Non Oil Goods Production	**-0.7%**	**-2.7%**	**-1.9%**	**1.1%**	**2.9%**	**4.1%**
Non Oil Services Production	**3.3%**	**-5.6%**	**-4.3%**	**2.3%**	**2.1%**	**3.3%**
Tradables GDP	0.0%	-0.5%	-0.3%	1.5%	2.7%	3.8%
Non Oil Tradables GDP	-0.5%	-1.6%	-1.4%	1.4%	3.4%	4.9%
Non Tradables GDP	2.5%	-5.4%	-4.1%	2.0%	2.1%	3.2%

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Table 6	2013	2014	2015	2016	2017	2018
National and Personal Disposable Income		ESTIMATED	FORECASTS			
National Disposable Income at Current Prices						
GDP At Current Prices	**1,932,945,961**	**2,287,002,363**	**2,366,844,792**	**3,339,514,380**	**11,385,529,293**	**15,921,742,980**
% Chg	17.8%	18.3%	3.5%	41.1%	240.9%	39.8%
Remunerations to Workers from Rest of the World	-150880	-45264	-49790	-55765	-59111	-60293
Property Income Rent from Rest of the World	(50,293,262)	(15,087,979)	(16,596,777)	(18,588,390)	(19,703,693)	(20,097,767)
National Gross GDP	**1,882,501,819**	**2,271,869,121**	**2,350,198,225**	**3,320,870,225**	**11,365,766,489**	**15,901,584,920**
% Chg	17.4%	20.7%	3.4%	41.3%	242.3%	39.9%
Fixed Capital Consumption	**258,893,666**	**321,805,330**	**471,253,353**	**787,305,882**	**1,313,422,769**	**2,034,266,268**
% Chg	22.5%	24.3%	46.4%	67.1%	66.8%	54.9%
National Income at Current Prices	**1,623,608,153**	**1,950,063,791**	**1,878,944,872**	**2,533,564,343**	**10,052,343,720**	**13,867,318,651**
% Chg	16.7%	20.1%	-3.6%	34.8%	296.8%	38.0%
Other Rest of the World Tranfers, net	(6,164,666)	(13,681,825)	(34,615,025)	(60,752,249)	(38,033,350)	(50,328,421)
% Chg	122.55%	121.94%	153.00%	75.51%	-37.40%	32.33%
National Disposable Income at Market Prices	**1,623,608,153**	**1,950,063,791**	**1,878,944,872**	**2,533,564,344**	**10,052,343,723**	**13,867,318,652**
% Chg	16.7%	20.1%	-3.6%	34.8%	296.8%	38.0%
National Income to Labor Factor	729,565,126	1,116,007,427	1,451,702,897	1,956,817,493	2,376,511,700	2,756,863,884
% Chg	36.3%	53.0%	30.1%	34.8%	21.4%	16.0%
Rest of the World Income to National Labor Factor	-150880	-45264	-49790	-55765	-59111	-60293
% Chg	35.0%	-70.0%	10.0%	12.0%	6.0%	2.0%
Operating Surplus	**533,832,285**	**353,145,943**	**(130,202,748)**	**(149,735,646)**	**6,190,402,839**	**9,103,397,081**
% Chg	**-3.6%**	**-33.8%**	**-136.9%**	**15.0%**	**-4234.2%**	**47.1%**
Property Income Rent from Rest of the World	(50,293,262)	(15,087,979)	(16,596,777)	(18,588,390)	(19,703,693)	(20,097,767)
% Chg	35.0%	-70.0%	10.0%	12.0%	6.0%	2.0%
Mixed Income Net	241,733,977	302,167,471	377,709,338	472,136,673	590,170,841	737,713,552
% Chg	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Indirect Taxes	184,323,087	211,240,802	216,825,151	300,187,080	994,783,518	1,400,190,154
% Chg	13.0%	14.6%	2.6%	38.4%	231.4%	40.8%
minus: Subsidies	11,981,001	13,730,652	16,261,886	22,514,031	74,608,764	105,014,262
% Chg	-13.6%	14.6%	18.4%	38.4%	231.4%	40.8%
Other Exterior Transfers Net	(3,572,058)	(3,679,220)	(4,231,103)	(4,738,835)	(5,212,719)	(5,733,991)
% Chg	29.20%	29.20%	29.20%	29.20%	29.20%	129.20%
National Disposable Income at Current Prices	**1,623,457,273**	**1,950,018,527**	**1,878,895,082**	**2,533,508,578**	**10,052,284,612**	**13,867,258,358**
% Chg	16.7%	20.1%	-3.6%	34.8%	296.8%	38.0%
Total Consumption	**1,611,245,295**	**2,306,826,878**	**3,857,965,206**	**7,070,009,078**	**11,269,995,958**	**16,300,680,744**
% Chg	38.0%	43.2%	67.2%	83.3%	59.4%	44.6%
Net Savings at current prices	**12,211,978**	**-356,808,351**	**-1,979,070,124**	**-4,536,500,499**	**-1,217,711,346**	**-2,433,422,386**
% Chg	-94.6%	-3021.8%	454.7%	129.2%	-73.2%	99.8%
Fixed Capital Formation	368,868,834	456,282,622	668,067,078	1,117,129,918	1,866,188,832	2,895,081,910
% Chg	13.0%	23.7%	46.4%	67.2%	67.1%	55.1%
Fixed Capital Consumption	258,893,666	321,805,330	471,253,353	787,305,882	1,313,422,769	2,034,266,268
% Chg	22.5%	24.3%	46.4%	67.1%	66.8%	54.9%
Net Fixed Capital Formation	109,975,169	134,477,292	196,813,725	329,824,037	552,766,063	860,815,642
% Chg	-4.5%	22.3%	46.4%	67.6%	67.6%	55.7%
Net Finance Savings	-97,763,191	-491,285,643	-2,175,883,850	-4,866,324,536	-1,770,477,409	-3,294,238,027
					0.0%	0.0%
Proximity to Personal Disposable Income						
At constant values of 1997						
Households / Personal Disposable Income	**45,670,981.4**	**43,462,552.9**	**40,719,504.1**	**43,012,827.9**	**45,297,621.6**	**48,882,616.9**
% Chg	**4.9%**	**-4.8%**	**-6.3%**	**5.6%**	**5.3%**	**7.9%**
Households Comsumption	**44,757,562**	**42,158,676**	**39,294,321**	**41,507,379**	**43,712,205**	**47,171,725**
% Chg	**4.7%**	**-5.8%**	**-6.8%**	**5.6%**	**5.3%**	**7.9%**
Private Gross Savings	913,419.6	1,303,876.6	1,425,182.6	1,505,449.0	1,585,416.8	1,710,891.6
% Chg	16.6%	42.7%	9.3%	5.6%	5.3%	7.9%
					-	-
					-	-
Ratio Consumption to Personal Income	0.980	0.970	0.965	0.965	0.965	0.965
at Current Values						
Households / Personal Disposable Income	1,379,253,974	2,063,882,972	3,594,160,632	6,869,752,904	11,249,217,840	16,584,120,206
% Chg	41.8%	49.6%	74.1%	91.1%	63.7%	47.4%
Households Comsumption	1351668894	2001966483	3468365010	6629311553	10855495215	16003675999
% Chg	41.5%	48.1%	73.2%	91.1%	63.7%	47.4%
Private Gross Savings	27,585,079	61,916,489	125,795,622	240,441,352	393,722,624	580,444,207
% Chg	57.5%	124.5%	103.2%	91.1%	63.7%	47.4%

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Table 7	2013	2014	2015	2016	2017	2018
Labor Force Statistics		ESTIMATED	FORECASTS			
Population and Labor Situation by type of Economic Activity						
Population (Individuals) (at year-end)	**30,143,256**	**30,625,548**	**31,115,557**	**31,613,406**	**32,119,220**	**32,633,128**
% Chg	**1.5%**	**1.6%**	**1.6%**	**1.6%**	**1.6%**	**1.6%**
Number of Households	**7,046,988**	**7,159,739**	**7,274,294**	**7,390,682**	**7,508,932**	**7,629,074**
% Chg	1.2%	1.3%	1.3%	1.3%	1.3%	1.3%
Number of People for Household	4.28	4.28	4.28	4.28	4.28	4.28
% Chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
People over 15 years-old	**21,654,849**	**22,109,601**	**22,573,902**	**23,047,954**	**23,531,961**	**24,026,133**
% Chg	**1.9%**	**2.1%**	**2.1%**	**2.1%**	**2.1%**	**2.1%**
Labor Force Indicators						
Labor Force (annual average figures)	**13,830,894**	**14,109,041**	**14,360,414**	**14,627,677**	**14,927,120**	**15,265,758**
% Chg	**2.6%**	**2.0%**	**1.8%**	**1.9%**	**2.0%**	**2.3%**
Employed	12,788,503	12,988,812	13,242,311	13,536,560	13,879,569	14,258,512
% Chg	2.9%	1.6%	2.0%	2.2%	2.5%	2.7%
Unemployed	1,042,391	1,120,229	1,118,103	1,091,117	1,047,551	1,007,246
% Chg	-1.2%	7.5%	-0.2%	-2.4%	-4.0%	-3.8%
Open Unemployment Rate	**7.5%**	**7.9%**	**7.8%**	**7.5%**	**7.0%**	**6.6%**
Formal Employment	**7,671,564**	**7,745,211**	**7,717,775**	**7,865,289**	**8,058,824**	**8,288,291**
% Chg	**5.8%**	**1.0%**	**-0.4%**	**1.9%**	**2.5%**	**2.8%**
Informal Occupation	**5,116,421**	**5,243,601**	**5,524,536**	**5,671,271**	**5,820,746**	**5,970,221**
% Chg	**-1.4%**	**2.5%**	**5.4%**	**2.7%**	**2.6%**	**2.6%**
Formal Occupation Rate	**60.0%**	**59.6%**	**58.3%**	**58.1%**	**58.1%**	**58.1%**
Informal Occupation Rate	**40.0%**	**40.4%**	**41.7%**	**41.9%**	**41.9%**	**41.9%**
INDICATORS OF LABOR SALARIES						
Workers' Average Monthly Salary (Bs.F)	4,074,894	6,137,191	7,830,436	12,046,496	14,268,645	16,112,386
% Chg	32.5%	50.6%	27.6%	53.8%	18.4%	12.9%
Workers' Urban Minimum Wage (Bs.F)	2,972,996	4,459,494	6,689,241	8,027,089	9,471,965	10,419,162
% Chg	45.2%	50.0%	50.0%	20.0%	18.0%	10.0%
Workers' Average Monthly Salary (1997 Bs.F)	130,548	123,753	83,944	73,164	57,939	49,051
% Chg	-4.3%	-5.2%	-32.2%	-12.8%	-20.8%	-15.3%
Workers' Monthly Minimum Wage (1997 Bs.F)	95,246	89,923	71,710	48,752	38,462	31,719
% Chg	4.8%	-5.6%	-20.3%	-32.0%	-21.1%	-17.5%
Index of Labor Costs at Current Prices						
Workers' Annual Average	2,632.9	3,965.4	5,059.5	7,783.6	9,219.4	10,410.7
% Chg	32.5%	50.6%	27.6%	53.8%	18.4%	12.9%
Urban Minimum Wage	5,632.2	7,040.3	8,017.5	9,130.4	10,397.8	11,841.1
% Chg	45.2%	25.0%	13.9%	13.9%	13.9%	13.9%
Index of Labor Cost at Constant Prices of 1997					0	0
Workers' Annual Average	84.4	80.0	54.2	47.3	37.4	31.7
% Chg	-4.3%	-5.2%	-32.2%	-12.8%	-20.8%	-15.3%
Urban Minimum Wage	180.4	170.4	135.9	92.4	72.9	60.1
% Chg	4.8%	-5.6%	-20.3%	-32.0%	-21.1%	-17.5%
Indexes of GDP Per Capita, Labor Mean Productivity and Real Labor Costs						
Per Capita GDP	**112.2**	**106.0**	**101.3**	**101.7**	**103.0**	**105.3**
% Chg	**-0.1%**	**-5.5%**	**-4.4%**	**0.4%**	**1.3%**	**2.2%**
Mean Labor Productivity	**96.1**	**90.9**	**86.6**	**86.4**	**86.7**	**87.6**
% Chg	**-1.5%**	**-5.5%**	**-4.7%**	**-0.3%**	**0.3%**	**1.1%**
Real Labor Costs	**84.4**	**80.0**	**54.2**	**47.3**	**37.4**	**31.7**
% Chg	**-4.3%**	**-5.2%**	**-32.2%**	**-12.8%**	**-20.8%**	**-15.3%**
Population and Poverty Indicators						
Total Population (Individuals)	**30,143,256**	**30,625,548**	**31,115,557**	**31,613,406**	**32,119,220**	**32,633,128**
% chg.	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%
Total Households	**7,046,988**	**7,159,739**	**7,274,294**	**7,390,682**	**7,508,932**	**7,629,074**
% chg	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%
Declarates Population (Individuals)	**28,589,147**	**29,798,658**	**30,275,437**	**30,759,844**	**31,252,001**	**31,752,033**
% chg.	-1.5%	4.2%	1.6%	1.6%	1.6%	1.6%
Total Declarates Households	**6,948,982**	**7,037,929**	**7,128,014**	**7,219,253**	**7,311,659**	**7,405,249**
% chg	-0.7%	1.3%	1.3%	1.3%	1.3%	1.3%
Number of People by Household	4.28	4.28	4.28	4.28	4.28	4.28
Number of People by Declarate Household	4.11	4.23	4.25	4.26	4.27	4.29
Poverty Indicators Based on INE (National Statistics Institute)						
At Individuals Level						
No Poverty (ABC)	67.9%	65.7%	58.2%	55.0%	50.3%	47.5%
Poverty (D+E)	**33.0%**	**34.3%**	**41.8%**	**45.0%**	**49.7%**	**52.5%**
Non Extreme Poverty (Class D)	22.3%	21.8%	23.5%	25.4%	28.3%	30.5%
Extreme Poverty (Class E)	**10.3%**	**12.4%**	**18.3%**	**19.6%**	**21.5%**	**22.0%**
At Households Level						
No Poverty (ABC)	72.7%	56.8%	56.1%	55.4%	54.7%	54.0%
Poverty (D+E)	**27.3%**	**28.9%**	**35.4%**	**38.2%**	**42.4%**	**44.8%**
Non Extreme Poverty (Class D)	18.5%	18.3%	19.7%	21.3%	23.8%	25.8%
Extreme Poverty (Class E)	**8.8%**	**10.6%**	**15.7%**	**16.9%**	**18.5%**	**19.1%**

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Table 8 Monetary Aggregates, Interest Rates, and Financial Sector	2013	2014 ESTIMATED	2015 FORECASTS	2016 FORECASTS	2017 FORECASTS	2018 FORECASTS
Monetary Aggregates (Bs.F Million)						
MONETARY AGGREGATES at Year-end						
Monetary Base	**444,894,292**	**816,192,916**	**1,460,682,235**	**2,130,576,443**	**2,738,191,918**	**5,098,268,513**
% Chg	**65.8%**	**83.5%**	**79.0%**	**45.9%**	**28.5%**	**86.2%**
Currency (M1)	**1,199,720,274**	**1,991,434,710**	**3,082,842,429**	**4,584,794,574**	**6,533,742,440**	**8,979,126,454**
% Chg	**71.9%**	**66.0%**	**54.8%**	**48.7%**	**42.5%**	**37.4%**
Quasimoney	20,414,887	77,774,085	509,175,727	1,224,308,845	1,737,599,936	2,069,919,873
% Chg	19.2%	281.0%	554.7%	140.4%	41.9%	19.1%
Monetary Liquidity (M2)	**1,220,135,161**	**2,069,208,795**	**3,592,018,156**	**5,809,103,420**	**8,271,342,376**	**11,049,046,327**
% Chg	**70.7%**	**69.6%**	**73.6%**	**61.7%**	**42.4%**	**33.6%**
Monetary Aggregates (Bs.F Million at constant prices of 1997)						
Currency (M1)	31,750,778	30,968,388	24,355,212	22,877,672	22,648,895	24,744,854
% Chg	12.6%	-2.5%	-21.4%	-6.1%	-1.0%	9.3%
Monetary Liquidity (M2)	32,291,061	32,177,837	28,377,825	28,986,852	28,672,200	30,449,180
% Chg	11.8%	-0.4%	-11.8%	2.1%	-1.1%	6.2%
Monetary Multipliers					0	0
Currency Multiplier	2.70	2.44	2.11	2.15	2.39	1.76
Liquidity Multiplier	2.74	2.54	2.46	2.73	3.02	2.17
Velocity of Circulation	0.00	0.00	0.00	0.00	0.00	0.00
Velocity of Currency	1.61	1.15	0.77	0.73	1.74	1.77
Velocity of Liquidity	1.58	1.11	0.66	0.57	1.38	1.44
Monetary Exchange Rate						
M2 to Central Bank Reserves	58.85	99.65	153.23	241.95	333.29	400.29
M2 to Total Reserves	58.84	99.64	153.20	241.92	333.24	400.23
Interest Rates Indicators (%)						
Year-end Commercial and Universal Bank Lending Rate						
Nominal Year-end	**15.6**	**16.7**	**18.1**	**17.8**	**18.3**	**19.5**
Nominal Annual Average	**15.6**	**16.6**	**18.2**	**18.6**	**19.3**	**19.9**
Real Annual Average	-16.5	-26.6	-37.2	-32.8	-20.3	-10.1
Year-end Commercial and Universal Bank Deposit Rate						
Nominal Year-end	**14.7**	**14.5**	**15.8**	**15.6**	**15.8**	**17.3**
Nominal Annual Average	**14.5**	**14.7**	**15.9**	**16.4**	**16.8**	**17.7**
Real Annual Average	-17.3	-27.8	-38.4	-34.0	-21.9	-11.8
Rate Spreads						
Absolute (spread)	1.1	1.9	2.3	2.2	2.5	2.2
Relative (quotient)	1.1	1.1	1.1	1.1	1.1	1.1
International and Arbitrage Interest Rates (%)						
International Interest Rates						
Libor	3.0	3.5	4.0	4.0	4.0	5.0
Euribor	2.6	3.0	3.4	3.4	3.4	4.3
USA 90-Day Certificates of Deposit	1.1	2.1	2.1	2.1	2.1	2.1
USA 180-Day Prime Rate	5.2	5.5	5.5	5.5	5.5	5.5
Country Risk Premium (Basis Points)	1124	894	116	227	305	564
VENEZUELAN ARBITRAGE RATES					0	0
Arbitrage Rates Without Country Risk Coverage					0	0
Lending	-112.15	-110.83	-140.33	-62.37	51.15	-17.96
Deposit	-109.09	-109.38	-139.23	-61.17	52.05	-16.76
Arbitrage Rates With Country Risk Coverage						
Lending	-123.39	-119.77	-141.49	-64.64	48.10	-23.61
Deposit	-120.33	-118.32	-140.39	-63.44	49.00	-22.41

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Table 9 Venezuela Oil Activity (Thousands of B/D and US$/B	2013	2014 ESTIMATED	2015 FORECASTS	2016	2017	2018
World Economic Growth %						
WORLD GDP INDEX 1997=100 IMF	**172.3**	**179.5**	**187.4**	**195.8**	**204.8**	**418.9**
% chg	3.6%	4.1%	4.4%	4.5%	4.6%	104.6%
WORLD AND VENEZUELA OIL PRICES						
WTI Price	98.07	100.03	101.03	102.14	101.63	101.83
% chg	4.0%	2.0%	1.0%	1.1%	-0.5%	0.2%
Venezuela Oil Basket Price	**101.15**	**95.59**	**97.50**	**98.96**	**99.75**	**99.55**
% chg	-2.3%	-5.5%	2.0%	1.5%	0.8%	-0.2%
Diference WTI-Venezuela Basket	- 3.08	4.44	3.53	3.18	1.87	2.28
VENEZUELA OIL PRODUCTION FIGURES (Th.B/d)						
Hydrocarboon Liquids Production	**3015.0**	**2973.0**	**3024.3**	**3081.3**	**3167.9**	**3277.8**
% chg	-0.6%	-1.4%	1.7%	1.9%	2.8%	3.5%
NGLs Production	**116.0**	**117.7**	**120.1**	**122.5**	**124.9**	**127.4**
% chg	-6.5%	1.5%	2.0%	2.0%	2.0%	2.0%
Crude Oil Production According PDVSA Concept	**2899.0**	**2855.3**	**2904.2**	**2958.8**	**3042.9**	**3150.4**
% chg	-0.4%	-1.5%	1.7%	1.9%	2.8%	3.5%
Condensate	116.0	113.7	114.8	119.1	120.3	121.5
Orimulsion Crude	0.0	0.0	0.0	0.0	0.0	1.0
Synthetic Oil Crude	**665.0**	**671.7**	**691.8**	**709.1**	**733.9**	**766.9**
% chg	3.4%	1.0%	3.0%	2.5%	3.5%	4.5%
PDVSA and Mixed Firms	2234.0	2070.0	2097.6	2130.6	2188.7	2261.9
% chg	-5.6%	-7.3%	1.3%	1.6%	2.7%	3.3%
Mixed Firms (Older Cooperatives Aggreements)	459.0	463.6	475.2	487.1	504.1	526.8
% chg	6.3%	1.0%	2.5%	2.5%	3.5%	4.5%
PDVSA Exclusive Production	**1775.0**	**1606.4**	**1622.4**	**1643.5**	**1684.6**	**1735.2**
% chg	-8.3%	-9.5%	1.0%	1.3%	2.5%	3.0%
Crude Oil Production According OPEC Concept	**2783.0**	**2741.6**	**2789.4**	**2839.7**	**2922.6**	**3028.9**
% chg	-0.7%	-1.5%	1.7%	1.8%	2.9%	3.6%
Assumed variation of production for mixed companies at the FPO	3.42%	1.00%	3.00%	2.50%	3.50%	4.50%
Assumed variation of Crude Oil Production	-8.3%	-9.5%	1.0%	1.3%	2.5%	3.0%
NATURAL GAS PRODUCTION						
Th.B/D						
Gross Natural Gas Production	**1219.6**	**1126.4**	**1151.1**	**1179.1**	**1190.8**	**1198.4**
% chg	-3.4%	-7.6%	2.2%	2.4%	1.0%	0.6%
Reinjected Gas Natural	423.6	383.9	393.5	399.6	411.3	419.0
% chg	-14.4%	-9.4%	2.5%	1.6%	2.9%	1.9%
Net Natural Gas Production	796.0	742.6	757.7	779.5	779.5	779.5
% chg	3.6%	-6.7%	2.0%	2.9%	0.0%	0.0%
REFINED PRODUCTION						
Oil Processed	**952.0**	**821.8**	**839.4**	**858.8**	**884.4**	**919.1**
% chg	2.1%	-13.7%	2.1%	2.3%	3.0%	3.9%
Refined Products	**1127.0**	**1139.4**	**1142.7**	**1149.8**	**1155.6**	**1168.4**
% chg	3.0%	1.1%	0.3%	0.6%	0.5%	1.1%
TOTAL OIL PRODUCTION						
Hydrocarboons Liquid Production and Refined Products	**3190.0**	**3290.6**	**3327.6**	**3372.2**	**3439.1**	**3527.1**
% chg	**-0.2%**	**3.2%**	**1.1%**	**1.3%**	**2.0%**	**2.6%**
Hydrocarboons Liquid Production, Refined Products and Natural Gas	**3986.0**	**4033.2**	**4085.3**	**4151.7**	**4218.5**	**4306.5**
% chg	**0.6%**	**1.2%**	**1.3%**	**1.6%**	**1.6%**	**2.1%**
INTERNAL CONSUMPTION (Th.B/d)						
Refined Products Internal Consumption	**695.3**	**708.7**	**719.9**	**731.5**	**744.1**	**757.7**
% chg	**2.9%**	**1.9%**	**1.6%**	**1.6%**	**1.7%**	**1.8%**
Delivery to Ships	**20.9**	**20.8**	**21.1**	**21.4**	**21.7**	**22.0**
% chg	**1.7%**	**-0.7%**	**1.5%**	**1.8%**	**1.2%**	**1.3%**
PDVSA propietary Consumption	**62.4**	**60.8**	**61.4**	**62.9**	**65.0**	**67.1**
% chg	**-0.9%**	**-2.5%**	**1.0%**	**2.3%**	**3.4%**	**3.2%**
Internal Market Sales	**612.0**	**627.2**	**637.4**	**647.2**	**657.4**	**668.7**
% chg	**3%**	**2%**	**2%**	**2%**	**2%**	**2%**
Motor Gasoline	**299.0**	**313.8**	**324.0**	**334.0**	**344.5**	**356.4**
% chg	**-0.7%**	**5.0%**	**3.3%**	**3.1%**	**3.1%**	**3.4%**
Average Gasoline Prices Bs/L	**0.097**	**0.126**	**0.139**	**0.153**	**0.168**	**0.185**
% chg	**0.0%**	**30.0%**	**10.0%**	**10.0%**	**10.0%**	**10.0%**
Internal Price of Lyquids USD/l	**7.65**	**7.88**	**8.11**	**8.36**	**8.61**	**8.87**
% chg	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**
Natural Gas Liquids Consumption	**117.3**	**118.9**	**121.0**	**123.2**	**125.4**	**127.7**
% chg	**0.6%**	**1.4%**	**1.8%**	**1.8%**	**1.8%**	**1.8%**
Gas Internal Consumption	**506.9**	**474.6**	**483.7**	**497.0**	**497.0**	**497.0**
% chg	**0.6%**	**-6.4%**	**1.9%**	**2.7%**	**0.0%**	**0.0%**
EXPORTS OF CRUDE OIL + PRODUCTS						
Exports of Oil Crude + Refined Products	**2425.0**	**2349.4**	**2371.9**	**2398.4**	**2449.3**	**2520.2**
% chg	-5.6%	-3.1%	1.0%	1.1%	2.1%	2.9%
Crude Oil	**1935.0**	**1919.8**	**1950.0**	**1980.9**	**2038.2**	**2109.7**
% chg	-6.1%	-0.8%	1.6%	1.6%	2.9%	3.5%
Refined Products	**490.0**	**429.5**	**421.9**	**417.6**	**411.0**	**410.4**
% chg	-3.5%	-12.3%	-1.8%	-1.0%	-1.6%	-0.1%
Venezuela Oil Basket Prices US$/B						
Venezuela Oil Average Basket Price	**101.2**	**95.6**	**97.5**	**99.0**	**99.8**	**99.6**
% chg	-2.3%	-5.5%	2.0%	1.5%	0.8%	-0.2%
Crude Prices	98.12	92.72	94.57	95.99	96.76	96.57
% chg	-2.3%	-5.5%	2.0%	1.5%	0.8%	-0.2%
Products Prices	113.13	108.40	111.02	113.04	114.59	114.91
% chg	-2.5%	-4.2%	2.4%	1.8%	1.4%	0.3%

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Table 10	2013	2014	2015	2016	2017	2018
Oil National Industry Indicators (PDVSA Figures)		ESTIMATED	FORECASTS			
Cost and Prices Variables (USD/B)						
Venezuela Oil Basket Price	**101.15**	**95.59**	**97.50**	**98.96**	**99.75**	**99.55**
% chg	**-2.3%**	**-5.5%**	**2.0%**	**1.5%**	**0.8%**	**-0.2%**
Fiscal Budget Oil Price	**55.00**	**55.00**	**60.00**	**65.00**	**70.00**	**71.00**
% chg	**10.0%**	**0.0%**	**9.1%**	**8.3%**	**7.7%**	**1.4%**
Internal Prices of Lyquids	**6.26**	**5.73**	**5.25**	**5.23**	**5.39**	**5.75**
% chg	-1.1%	-2.8%	1.0%	0.7%	0.4%	-0.1%
Internal Price of Lyquids Bs.F/Bl	**38.37**	**51.45**	**78.18**	**103.57**	**118.11**	**143.07**
% chg	37.6%	34.1%	51.9%	32.5%	14.0%	21.1%
Average Gasoline Motor Price (Bs./l)	**97.0**	**126.1**	**151.3**	**181.6**	**217.9**	**261.5**
% chg	0.0%	30.0%	20.0%	20.0%	20.0%	20.0%
Cubic Meter Gas Average Price	**145.8**	**170.6**	**215.0**	**249.9**	**267.4**	**295.7**
% chg	18.8%	17.1%	26.0%	16.2%	7.0%	10.6%
Oil Royaltie Average Price US$/B	**18.315**	**18.315**	**19.980**	**21.645**	**23.310**	**23.643**
Effective Royaltie Rate	*0.333*	*0.333*	*0.333*	*0.333*	*0.333*	*0.333*
% Income Oil Tax	50.00	50.00	50.00	50.00	50.00	50.00
Days of Year	365.00	365.00	365.00	365.00	365.00	365.00
Average Exchange Rate Bs./US$	6,132.23	8,979.26	14,881.07	19,791.67	21,916.67	24,875.00
Average Exchange Rate Bs.F/US$	6.13	8.98	14.88	19.79	21.92	24.88
Operative Cost of Oil Production Bs.F/B	**54,302.61**	**83,489.60**	**141,823.96**	**199,941.85**	**234,693.84**	**282,355.43**
Operative Cost of Oil Production US$/B	**8.86**	**9.30**	**9.53**	**10.10**	**10.71**	**11.35**
Implicit Cost of Production USD/B	**14.35**	**15.07**	**15.45**	**16.37**	**17.36**	**18.40**
Operative Cost of Refination USD/B	4.41	4.63	4.74	5.03	5.33	5.65
increase operative expenses in USD	12%	5%	3%	6%	6%	6%
increase exploration expenses in USD	-8%	3%	3%	3%	3%	3%
INTERNAL OIL INDUSTRY INCOME (INCLUDING OIL EXPORTS AND EXCLUDING PDVSA INTERNATIONAL OTHER ACTIVITIES) (Million USD)						
TOTAL INCOME	**91,917**	**84,067**	**86,281**	**88,480**	**91,079**	**93,600**
EXPORTS	89,530	81,967	84,409	86,633	89,177	91,575
INTERNAL SALES	2,387	2,100	1,873	1,847	1,903	2,025
Production and Refined Costs	14,091	14,622	15,217	16,406	17,833	19,512
Operatives Costs (including gross investments)	7,138	6,862	7,420	7,996	8,642	9,319
Depreciation and Amortization	8,059	9,142	10,371	11,765	13,346	15,140
Other expenses (other income)	17,293	13,834	14,526	15,252	16,015	16,816
General Expenses of Industry	**46,581**	**44,461**	**47,533**	**51,419**	**55,836**	**60,787**
Oil Royalties	**19,380**	**19,088**	**21,180**	**23,376**	**25,890**	**27,187**
Total Expenses Associated to Oil Industry	**65,961**	**63,548**	**68,713**	**74,795**	**81,726**	**87,974**
Social Programs Disbursements	**22,968**	**25,618**	**25,529**	**25,697**	**26,120**	**26,800**
Net profit before taxes	**2,988**	**(5,099)**	**(7,961)**	**(12,012)**	**(16,767)**	**(21,174)**
Caused Tax (Direct)	**1,494**	**(2,549)**	**(3,981)**	**(6,006)**	**(8,383)**	**(10,587)**
Cumulative Last Year	-	-	-	-	-	-
Collected Taxes (Central Government)	**1,644**	**(2,549)**	**(3,981)**	**(6,006)**	**(8,383)**	**(10,587)**
Deferred Taxes (to next year)	-	-	-	-	-	1
Net Profit after Taxes	*1,344.8*	*(2,549.5)*	*(3,980.6)*	*(6,006.2)*	*(8,383.5)*	*(10,587.2)*
Other resuorces disbursements for Social Programs	-	-	-	-	-	*1.0*
Dividends Payments to Share Holders	*981.6*	*837.9*	*632.0*	*475.2*	*429.1*	*378.1*
Final Net Profit for National Oil Industry	*363.2*	*(3,387.4)*	*(4,612.6)*	*(6,481.4)*	*(8,812.6)*	*(10,965.3)*
OIL SECTOR INVESTMENTS AND DEBT (Million USD)						
Oil Investments	14,125.56	13,578.85	14,682.54	15,822.90	17,101.90	18,439.81
Var%	-7.7%	-3.9%	8.1%	7.8%	8.1%	7.8%
Oil Debt	40,207.62	38,513.92	37,591.40	36,295.12	34,532.60	21,374.26
Var%	0.5%	-4.2%	-2.4%	-3.4%	-4.9%	-38.1%
PDVAS DISBURSEMENTS TO SOCIAL PROGRAMS						
TOTAL DISBURSEMENTS	**28,710**	**32,022**	**31,912**	**32,122**	**32,650**	**33,502**
	-	-	-	-	-	-
Social Programs	**18,404**	**16,563**	**14,907**	**13,416**	**12,075**	**10,867**
Social Trusts	-	-	-	-	-	**1**
Fonden	**10,306**	**15,459**	**17,005**	**18,705**	**20,576**	**22,633**

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Table 11	2013	2014	2015	2016	2017	2018
Public Finance		ESTIMATED	FORECASTS			
Government Financial and Public Debt Performances Bs.F Million						
ASSUMPTIONS FOR FISCAL VARIABLES						
Total GDP at current prices	1,932,945,961	2,287,002,363	2,366,844,792	3,339,514,380	11,385,529,293	15,921,742,980
Non-oil GDP at Current Prices	1,420,811,690	1,759,603,213	1,348,630,445	1,939,062,112	9,285,745,607	13,289,953,974
Economic Growth Rate	1.3%	-4.0%	-2.9%	2.0%	2.9%	3.9%
Non-oil Economic Growth Rate	1.8%	-4.5%	-3.4%	1.9%	2.4%	3.6%
Average Official Exchange Rate Bs./USD	6,132.2	8,979.3	14,881.1	19,791.7	21,916.7	24,875.0
Average Official Exchange Rate Bs.F/USD	6.132	8.979	14.881	19.792	21.917	24.875
Average Consumer Inflation Rate	38.5%	58.9%	88.1%	76.5%	49.6%	33.4%
Average Wholesale Inflation Rate	37.6%	68.2%	103.9%	64.9%	28.1%	42.3%
Nominal VAT Rate	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Effective VAT Rate to Non-oil GDP Ratio	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%
Effective Income Tax Rate to Non-oil GDP Ratio	3.5%	3.3%	2.8%	2.9%	3.0%	3.0%
Government Financial and Public Debt Performances Bs.F Million						
ORDINARY REVENUE						
Ordinary Oil Revenue	**111,750,259**	**115,568,713**	**175,633,592**	**360,106,693**	**436,377,578**	**460,724,896**
Income Tax (PDVSA and Associations)	10,079,218	(22,892,374)	(59,235,349)	(118,871,982)	(183,737,845)	(263,356,526)
Hydrocarbon Rent (Royalties) (PDVSA and Associations)	95,651,842	130,937,087	225,463,940	469,573,674	610,710,424	714,676,423
PDVSA Dividends	6,019,200	7,524,000	9,405,000	9,405,000	9,405,000	9,405,000
Ordinary Non-oil Revenue	**385,168,481**	**466,645,008**	**578,128,463**	**743,893,097**	**1,647,301,508**	**2,245,654,864**
Value Added Tax (VAT)	120,768,994	140,768,257	107,890,436	155,124,969	742,859,649	1,063,196,318
Income Tax on Internal Activities	49,728,409	58,066,906	37,761,652	56,232,801	278,572,368	398,698,619
Import Tax	28,596,761	26,256,590	58,655,158	82,026,523	92,149,102	108,246,477
Oil Consumption Tax	2,275,902	3,108,634	4,799,330	6,462,143	7,497,018	9,247,533
Alcohol Consumtion Tax	5,560,727	7,067,906	10,635,568	15,018,303	11,231,470	11,984,754
Tobacco Consumption Tax	7,707,114	10,335,894	15,705,215	20,804,766	23,725,420	28,739,768
Other Taxes	2,823,154	4,485,427	8,436,917	14,892,031	22,274,076	29,709,970
Other Income	180,057,793	234,075,130	362,816,452	435,379,742	522,455,691	663,518,727
Debit Bank*Financial Transaction Tax	-	-	-	-	-	-
BCV Exchange Rate Profits	455,799	410,219	369,197	110,759	33,228	9,968
Total Ordinary Income	**496,918,740**	**582,213,720**	**753,762,054**	**1,103,999,790**	**2,083,679,086**	**2,706,379,760**
% chg	**29.5%**	**17.2%**	**29.5%**	**46.5%**	**88.7%**	**29.9%**
TOTAL SPENDING						
Current Spending	**539,193,609**	**648,282,610**	**852,067,096**	**1,081,527,556**	**1,293,110,109**	**1,540,619,227**
% chg	**41.2%**	**20.2%**	**31.4%**	**26.9%**	**19.6%**	**19.1%**
Current Spending	153,539,591	203,286,948	279,323,371	389,432,007	475,963,528	580,778,644
Remuneration to White and Blue-Collar Employees	131,187,140	177,102,639	247,943,695	347,121,172	423,487,830	516,655,153
Purchases of Goods and Services, and Other Purchases	21,260,860	24,449,989	28,117,487	36,552,734	43,863,280	52,635,936
Other current expenses	1,091,591	1,734,320	3,262,189	5,758,101	8,612,417	11,487,554
Interest and Commissions on Public Debt	**71,677,194**	**68,223,473**	**101,778,489**	**109,147,105**	**119,311,144**	**123,590,713**
Internal	47,854,355	44,964,352	59,738,374	55,102,852	49,095,485	43,547,270
External	23,822,840	23,259,121	42,040,115	54,044,253	70,215,659	80,043,443
Subsidies and Transfers	**313,976,824**	**376,772,189**	**470,965,236**	**588,706,545**	**706,447,854**	**847,737,425**
Capital Spending	**109,101,539**	**120,369,088**	**138,424,451**	**166,109,342**	**194,688,241**	**228,193,616**
% chg	**40.0%**	**10.3%**	**15.0%**	**20.0%**	**17.2%**	**17.2%**
Gross Capital Formation	7,147,904	8,220,090	9,453,103	11,343,724	13,612,468	16,334,962
Transfers of Capital	101,953,635	112,148,999	128,971,348	154,765,618	181,075,773	211,858,654
Off-budget Spending	**877,874**	**6,482,826**	**34,082,684**	**75,706,929**	**64,655,505**	**30,812,385**
Total Spending	**649,173,022**	**775,134,524**	**1,024,574,231**	**1,323,343,826**	**1,552,453,856**	**1,799,625,228**
% chg	**41.1%**	**19.4%**	**32.2%**	**29.2%**	**17.3%**	**15.9%**
Public Debt Amortization Expenses	**39,403,864**	**42,976,429**	**60,420,425**	**90,561,290**	**46,911,839**	**41,470,381**
Internal	25,909,851	29,717,852	34,854,760	52,715,277	35,975,836	29,003,712
External	13,494,013	13,258,577	25,565,665	37,846,013	10,936,003	12,466,669
TOTAL EXPENSES AND DEBT AMORTIZATION OF CENTRAL GOVERNMENT (Executed)	**688,576,886**	**818,110,953**	**1,084,994,656**	**1,413,905,117**	**1,599,365,695**	**1,841,095,608**
Variación %	**36.4%**	**18.8%**	**32.6%**	**30.3%**	**13.1%**	**15.1%**
Budget Expenses	-	-	-	-	-	-
Budget Agreement	-	-	-	-	-	-
Deficit Definitions						
Primary Surplus (+) / Deficit (-)	**(80,577,088)**	**(124,697,330)**	**(169,033,688)**	**(110,196,932)**	**650,536,375**	**1,030,345,245**
% of GDP	**-4.2%**	**-5.5%**	**-7.1%**	**-3.3%**	**5.7%**	**6.5%**
Gross Financing Needs	**(191,658,146)**	**(235,897,232)**	**(331,232,602)**	**(309,905,327)**	**484,313,391**	**865,284,151**
% of GDP	**-9.9%**	**-10.3%**	**-14.0%**	**-9.3%**	**4.3%**	**5.4%**
Financial Surplus (+) / Deficit (-)	**(152,254,282)**	**(192,920,804)**	**(270,812,177)**	**(219,344,037)**	**531,225,231**	**906,754,532**
% of GDP	**-7.9%**	**-8.4%**	**-11.4%**	**-6.6%**	**4.7%**	**5.7%**
Sources of Financing	**99,167,717**	**115,873,716**	**179,540,112**	**215,325,525**	**244,032,036**	**279,421,243**
Internal Borrowing	83,649,052	92,013,958	138,020,936	154,583,449	170,041,794	187,045,973
External Borrowing	15,518,665	23,859,759	41,519,176	60,742,076	73,990,243	92,375,270
CENTRAL GOVERNMENT DEBT BALANCE						
BALANCE OF EXTERNAL DEBT						
In Millions of Bs.F	231,784,031	235,265,854	575,507,250	789,590,286	931,565,997	1,138,647,542
In Millions of US$	36,791	37,344	38,367	39,480	42,344	45,546
BALANCE OF INTERNAL DEBT						
In Millions of Bs.F	312,999,547	375,295,653	478,461,829	580,330,001	714,395,958	872,438,219
In Millions of US$	51,042	41,796	32,152	29,322	32,596	35,073
EXTERNAL DEBT SERVICE USD Million	**6,085**	**5,796**	**4,672**	**4,751**	**3,796**	**3,796**
Amortizations	2,201	2,105	1,767	1,957	512	512
Interest and Comissions	3,885	3,692	2,905	2,794	3,285	3,285
Effective Interest Rate	*10.6%*	*9.9%*	*7.6%*	*7.1%*	*7.8%*	*7.2%*
EXTERNAL DEBT SERVICE Bs.F Million	**37,316,853**	**36,517,698**	**67,605,780**	**91,890,266**	**81,151,662**	**92,510,111**
Amortizations	13,494,013	13,258,577	25,565,665	37,846,013	10,936,003	12,466,669
Interest and Comissions	23,822,840	23,259,121	42,040,115	54,044,253	70,215,659	80,043,443
NEW EXTERNAL DEBT Bs.F	15,518,665	23,859,759	41,519,176	60,742,076	73,990,243	92,375,270
New External Debt (Million USD)	2,531	2,657	2,790	3,069	3,376	3,714
Net External Debt (Million USD)	330	553	1,023	1,112	2,864	3,202
INTERNAL DEBT SERVICE IN MILLIONS OF Bs.F	**73,764,206**	**74,682,204**	**94,593,134**	**107,818,129**	**85,071,321**	**72,550,982**
Amortization	25,909,851	29,717,852	34,854,760	52,715,277	35,975,836	29,003,712
Interest	47,854,355	44,964,352	59,738,374	55,102,852	49,095,485	43,547,270
Effective Interest Rate	15.3%	12.0%	12.5%	9.5%	6.9%	5.0%
TOTAL CENTRAL GOVERNMENT DEBT						
Million Bs.F	544,783,578	610,561,507	1,053,969,079	1,369,920,287	1,645,961,955	2,011,085,761
Millions USD	88,839	96,915	72,834	70,827	76,998	82,528

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Table 12	2013	2014	2015	2016	2017	2018
Real Structural Economic Ratios		ESTIMATED	FORECASTS			
Aggregate Demand to GDP						
Internal Aggregate Demand to GDP	131.9%	131.3%	131.5%	133.1%	133.9%	134.9%
Consumption to GDP	91.7%	92.0%	90.6%	92.3%	92.6%	93.4%
Private Consumption to GDP	73.0%	71.7%	68.9%	71.3%	73.0%	75.7%
Public Consumption to GDP	18.7%	20.3%	21.7%	20.9%	19.7%	17.6%
Investment to GDP	31.8%	30.2%	31.0%	31.0%	30.9%	30.8%
Private Investment to GDP	7.0%	6.6%	6.6%	6.5%	6.5%	6.4%
Public Investment to GDP	24.8%	23.6%	24.4%	24.5%	24.4%	24.3%
Exports of Goods and Services to GDP	**12.5%**	**12.7%**	**13.1%**	**13.0%**	**12.9%**	**12.8%**
Merchandise Exports to GDP	11.5%	11.6%	12.0%	11.9%	11.8%	11.7%
Exports of Oil Merchandise to GDP	9.9%	10.0%	10.3%	10.3%	10.2%	10.1%
Exports of Non-oil Merchandise to GDP	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%
Service Exports to GDP	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%
Imports of Goods and Services to GDP	**44.5%**	**44.1%**	**44.6%**	**46.2%**	**46.9%**	**47.7%**
Merchandise Imports to GDP	38.0%	37.6%	38.1%	39.5%	40.2%	41.0%
Service Imports to GDP	6.5%	6.5%	6.6%	6.7%	6.7%	6.7%
Real Volume of Trade to GDP	49.5%	49.2%	50.1%	51.4%	52.0%	52.7%
Production Structure						
Oil GDP to Total GDP	**10.8%**	**11.4%**	**11.9%**	**11.9%**	**11.7%**	**11.5%**
Non-oil GDP to Total GDP	**78.0%**	**77.5%**	**77.1%**	**77.0%**	**76.6%**	**76.5%**
Non-oil Merchandise GDP to Total GDP	28.0%	28.3%	28.6%	28.4%	28.4%	28.5%
Agricultural GDP to Total GDP	3.9%	4.2%	4.3%	4.3%	4.3%	4.2%
Mining GDP to Total GDP	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%
Manufacturing GDP to Total GDP	13.7%	14.0%	14.2%	14.1%	14.3%	14.5%
Construction GDP to Total GDP	7.7%	7.5%	7.4%	7.3%	7.2%	7.1%
Electricity and Water Supply GDP to Total GDP	2.3%	2.4%	2.5%	2.4%	2.5%	2.4%
Non-oil Services GDP to Total GDP	50.0%	49.2%	48.4%	48.6%	48.2%	48.0%
Commercial GDP to Total GDP	10.1%	9.9%	9.5%	9.0%	9.0%	9.0%
Transportation and Storage GDP to Total GDP	3.4%	3.5%	3.4%	3.4%	3.4%	3.4%
Communication GDP to Total GDP	7.0%	7.7%	8.3%	8.6%	8.8%	9.2%
Other Services GDP to Total GDP	29.5%	28.1%	27.3%	27.6%	26.9%	26.3%
Net Indirect Taxes	**11.2%**	**11.1%**	**11.0%**	**11.1%**	**11.6%**	**12.0%**
Institutional Structure of GDP						
Private GDP to Total GDP	65.4%	64.3%	63.2%	63.6%	63.7%	63.1%
Public GDP to Total GDP	34.6%	35.7%	36.8%	36.4%	36.3%	36.9%
Orientation of Production						
Tradable GDP to Total GDP	28.8%	29.9%	30.6%	30.5%	30.4%	30.4%
Oil Tradable GDP to Total GDP	10.8%	11.4%	11.9%	11.9%	11.7%	11.5%
Non-oil Tradable GDP to Total GDP	18.0%	18.4%	18.7%	18.6%	18.7%	18.9%
Nontradable GDP to Total GDP	60.0%	59.1%	58.3%	58.4%	57.9%	57.6%
Labour Structure						
Informal Occupation Rate	**40.0%**	**40.4%**	**41.7%**	**41.9%**	**41.9%**	**41.9%**
Formal Occupation Rate	60.0%	59.6%	58.3%	58.1%	58.1%	58.1%
Unemployment Rate	**7.5%**	**7.9%**	**7.8%**	**7.5%**	**7.0%**	**6.6%**
Prices Relations						
WPI to CPI	1.044	1.105	1.198	1.120	0.959	1.023
National Disposable Income and its Distribution						
National Disposable Income to GDP	84.0%	85.3%	79.4%	75.9%	88.3%	87.1%
Disposable Personal Income to Disposable National Income	85.0%	105.8%	191.3%	271.2%	111.9%	119.6%
Disposable Persona Income to GDP	71.4%	90.2%	151.9%	205.7%	98.8%	104.2%
Consumption to Disposable Personal Income	98.0%	97.0%	96.5%	96.5%	96.5%	96.5%
Per Capita GDP, Labor Mean Productivity and Real Salaries Real Indexes (1997=100)						
Labor Mean Real Productivity Index	96.1	90.9	86.6	86.4	86.7	87.6
Var %	-1.5%	-5.5%	-4.7%	-0.3%	0.3%	1.1%
Real Average Salaries Index	84.4	80.0	54.2	47.3	37.4	31.7
Var %	-4.3%	-5.2%	-32.2%	-12.8%	-20.8%	-15.3%
Real GDP Per Capita Index	112.2	106.0	101.3	101.7	103.0	105.3
Var %	-0.1%	-5.5%	-4.4%	0.4%	1.3%	2.2%

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Table 13	2013	2014	2015	2016	2017	2018
Nominal Structural Economic Ratios		ESTIMATED	FORECASTS			
Monetary Ratios						
Indicators of Monetization						
Monetary Liquidity M2 to GDP	0.631	0.905	1.518	1.740	0.726	0.694
Currency M1 to GDP	0.621	0.871	1.303	1.373	0.574	0.564
Multipliers of the Monetary Variables	-	-	-	-	-	-
Multiplier of Liquidity	2.74	2.54	2.46	2.73	3.02	2.17
Multiplier of Currency	2.70	2.44	2.11	2.15	2.39	1.76
Structure of Monetary Liquidity	-	-	-	-	-	-
M1/M2	0.983	0.962	0.858	0.789	0.790	0.813
Quasimony/M2	0.017	0.038	0.142	0.211	0.210	0.187
Velocity of Circulation	-	-	-	-	-	-
Velocity of Circulation of Monetary Liquidity	1.58	1.11	0.66	0.57	1.38	1.44
Velocity of Circulation of Currency	1.61	1.15	0.77	0.73	1.74	1.77
Monetary Exchange Rate	-	-	-	-	-	-
Monetary Liquidity to Central Bank Reserves	58,853.70	99,653.27	153,225.49	241,950.52	333,289.00	400,285.86
Monetary Liquidity to Total Reserve Assets	58,844.79	99,637.74	153,203.62	241,915.65	333,240.95	400,231.76
External Ratios						
Opening and Terms of Trade						
Terms of Trade	220.5	106.7	85.4	60.9	97.1	82.7
Commercial Undervaluation (-) / Overvaluation (+)	102.3%	228.8%	137.7%	142.9%	278.9%	284.7%
Economic Importance of the Principal Trade Balance Variables						
Current Account to GDP	-	-	-	-	-	-
Coverage of Foreign Reserves						
Months of Imports to Foreign Reserves	4.54	5.08	5.90	5.78	5.87	6.34
Months of Imports + Interest on Foreign Debt to Foreign Reserves	4.05	4.51	5.15	5.07	5.15	5.65
Months of Imports + External Debt Service to Foreign Reserves	3.65	3.96	4.51	4.45	4.64	5.09
Central Goverment Performance as % of GDP						
ORDINARY REVENUE	**25.7%**	**25.5%**	**31.8%**	**33.1%**	**18.3%**	**17.0%**
Ordinary Oil Revenue	5.8%	5.1%	7.4%	10.8%	3.8%	2.9%
Income Tax (PDVSA and Associations)	0.5%	-1.0%	-2.5%	-3.6%	-1.6%	-1.7%
Hydrocarbon Rent (Royalties) (PDVSA and Associations)	4.9%	5.7%	9.5%	14.1%	5.4%	4.5%
PDVSA Dividends	0.3%	0.3%	0.4%	0.3%	0.1%	0.1%
Ordinary Non-oil Revenue	19.9%	20.4%	24.4%	22.3%	14.5%	14.1%
Value Added Tax (VAT)	6.2%	6.2%	4.6%	4.6%	6.5%	6.7%
Income Tax on Internal Activities	2.6%	2.5%	1.6%	1.7%	2.4%	2.5%
Import Tax	1.5%	1.1%	2.5%	2.5%	0.8%	0.7%
Cigarette and Liquor Tax	0.3%	0.3%	0.4%	0.4%	0.1%	0.1%
Other Revenues	9.3%	10.2%	15.3%	13.0%	4.6%	4.2%
Bank Debit Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FISCAL SPENDING AS % OF GDP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Spending - Interest	**24.2%**	**25.4%**	**31.7%**	**29.1%**	**10.3%**	**8.9%**
Current Spending	**27.9%**	**28.3%**	**36.0%**	**32.4%**	**11.4%**	**9.7%**
Capital Spending	5.6%	5.3%	5.8%	5.0%	1.7%	1.4%
Public Debt Amortization Spending	2.0%	1.9%	2.6%	2.7%	0.4%	0.3%
Spending - Amortizations	33.6%	33.9%	43.3%	39.6%	13.6%	11.3%
Total Spending	**35.6%**	**35.8%**	**45.8%**	**42.3%**	**14.0%**	**11.6%**
Deficit Variables						
Current Surplus (+) / Deficit (-)	**-4.2%**	**-5.5%**	**-7.1%**	**-3.3%**	**5.7%**	**6.5%**
Gross Financing Needs	**-9.9%**	**-10.3%**	**-14.0%**	**-9.3%**	**4.3%**	**5.4%**
BALANCE OF INTERNAL PUBLIC DEBT						
Balance as % of GDP	16.2%	16.4%	20.2%	17.4%	6.3%	5.5%
Balance as % of Monetary Liquidity	25.7%	18.1%	13.3%	10.0%	8.6%	7.9%
Service as % of GDP	3.8%	3.3%	4.0%	3.2%	0.7%	0.5%
Service as % of Monetary Liquidity	6.0%	3.6%	2.6%	1.9%	1.0%	0.7%
TOTAL PUBLIC DEBT						
Balance as % of GDP	28.2%	26.7%	44.5%	41.0%	14.5%	12.6%
Service as % of GDP	5.7%	4.9%	6.9%	6.0%	1.5%	1.0%
					0.0%	0.0%

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Table 14	2013	2014	2015	2016	2017	2018
The Venezuelan Economy in the World		ESTIMATED	FORECASTS			
World Economic Growth	**4.1%**	**4.4%**	**4.4%**	**4.5%**	**4.6%**	**104.6%**
USA Consumer Inflation Rate					**0.0%**	**0.0%**
Annual Average	0.9%	1.1%	1.4%	1.7%	1.7%	1.7%
% chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Venezuela Caracas Consumer Inflation Rate					**0.0%**	**0.0%**
Annual Average	38.5%	58.9%	88.1%	76.5%	49.6%	33.4%
% chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Oil Exchange Rate					**0.0%**	**0.0%**
Annual Average	6.132	6.300	14.471	19.342	21.377	24.369
% chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Comercial Parity Exchange Rate					**0.0%**	**0.0%**
Annual Average	12.171	20.143	34.285	46.751	81.348	93.897
% chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Venezuela Population	**30,143,256**	**30,625,548**	**31,115,557**	**31,613,406**	**32,119,220**	**32,633,128**
Venezuela Households	**7,046,988**	**7,159,739**	**7,274,294**	**7,390,682**	**7,508,932**	**7,629,074**
Venezuela Economic Activity in USD						
Nominal GDP Bs	**1,932,945,961**	**2,287,002,363**	**2,366,844,792**	**3,339,514,380**	**11,385,529,293**	15,921,742,980
% chg	**17.8%**	**18.3%**	**3.5%**	**41.1%**	**240.9%**	39.8%
Nominal GDP Million USD	**315,211**	**363,016**	**163,560**	**172,659**	**532,615**	**653,369**
% chg	**-17.4%**	**15.2%**	**-54.9%**	**5.6%**	**208.5%**	**22.7%**
Purchasing Power Parity GDP Million USD	**158,815**	**113,539**	**69,034**	**71,433**	**139,961**	**169,565**
% chg	**-24.6%**	**-28.5%**	**-39.2%**	**3.5%**	**95.9%**	**21.2%**
Real GDP Million USD at constant prices of 1997	**126,977**	**121,902**	**118,424**	**120,745**	**124,222**	**129,043**
% chg	**1.3%**	**-4.0%**	**-2.9%**	**2.0%**	**2.9%**	**3.9%**
Nominal Per Capita GDP USD	**10457.1**	**11853.4**	**5256.5**	**5461.6**	**16582.4**	**20021.7**
% chg	**-18.6%**	**13.4%**	**-55.7%**	**3.9%**	**203.6%**	**20.7%**
Purchasing Power Parity Per Capital GDP USD	**5268.7**	**3707.3**	**2218.6**	**2259.6**	**4357.5**	**5196.1**
% chg	**-25.6%**	**-29.6%**	**-40.2%**	**1.8%**	**92.8%**	**19.2%**
Real Per Capital GDP USD 1997=100	**4212.4**	**3980.4**	**3805.9**	**3819.4**	**3867.5**	**3954.4**
% chg	**-0.1%**	**-5.5%**	**-4.4%**	**0.4%**	**1.3%**	**2.2%**
External Trade Indicators						
Index of Terms of Trade 1997=100	**488.90**	**447.16**	**444.83**	**440.86**	**434.62**	**425.24**
					0.0%	0.0%
Current Account as % of GDP	**2.4%**	**4.9%**	**12.7%**	**11.1%**	**3.7%**	**2.9%**
	0.0%	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Trade Openess as % of GDP	**53.3%**	**41.8%**	**93.7%**	**92.2%**	**30.8%**	**26.0%**
					0.0%	0.0%
Total Exports	93,091	85,270	87,762	90,154	92,874	95,475
Oil Exports	89,530	81,967	84,409	86,633	89,177	91,575
Imports of Goods	54,863	49,032	47,686	49,893	50,715	52,259
Debt Indicators						
External Debt	**102,002**	**98,335**	**98,802**	**98,984**	**100,452**	**90,860**
Public	88,175	83,858	83,959	83,775	84,877	74,920
Non Oil	44,791	45,344	46,367	47,480	50,344	53,546
Oil	43,384	38,514	37,591	36,295	34,533	21,374
Private	13,827	14,477	14,843	15,209	15,575	15,940
External Debt Balance as % of GDP	32.4%	27.1%	60.4%	57.3%	18.9%	13.9%
Public External Debt as % of GDP	28.0%	23.1%	51.3%	48.5%	15.9%	11.5%
					0.0%	0.0%
External Debt Balance as % of Exports	109.6%	115.3%	112.6%	109.8%	108.2%	95.2%
External Debt Balance as % of Oil Exports	113.9%	120.0%	117.1%	114.3%	112.6%	99.2%
Public External Debt Balance as % of Exports	94.7%	98.3%	95.7%	92.9%	91.4%	78.5%
Public External Debt Balance as % of Oil Exports	48.5%	47.0%	44.5%	41.9%	38.7%	23.3%
External Debt Service as % of GDP	4.2%	3.8%	9.0%	8.6%	2.5%	2.0%
Public External Debt Service as % of GDP	4.2%	3.8%	8.2%	7.9%	2.3%	1.8%
Public External Debt Service as % of Oil Exports	14.7%	16.8%	15.9%	15.7%	13.7%	12.6%
PDVSA Oil Figures and Balance of Payments						
PDVSA Oficial Oil Production Figures						
Crude Oil Production	**2,783**	**2,742**	**2,789**	**2,840**	**2,923**	**3,029**
Petroleum and Refined Produts Exports	**2,425**	**2,349**	**2,372**	**2,398**	**2,449**	**2,520**
Average Year Oil Price	**101.2**	**95.6**	**97.5**	**99.0**	**99.8**	**99.6**
Oil Exports Income	**89,530**	**81,967**	**84,409**	**86,633**	**89,177**	**91,575**
Current Account	**7,642**	**17,846**	**20,714**	**19,191**	**19,575**	**19,001**
Capital Account	**(13,004)**	**(15,000)**	**(15,764)**	**(15,917)**	**(15,946)**	**(13,263)**
Errors and Omissions	**(3,215)**	**(2,893)**	**(2,315)**	**(2,523)**	**(2,674)**	**(2,835)**
Balance of Payments	**(8,577)**	**(47)**	**2,635**	**750**	**955**	**2,903**

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