



Ecoanalítica

acompaña las buenas decisiones

PERSPECTIVE REPORT

Year 12, Number 3
Quarter 3

Forbidden reproduction and/or distribution

Venezuela: a *de facto* adjustment without a stable equilibrium

CONTENTS

Introduction: Outlook 2016 - 2020	2
The Oil Sector	4
The Real Sector: Will there be calm after the storm?	10
Jobs and salaries: businesses, workers, everyone needs help!	16
Inflation: playing with fire	22
The monetary sector: banking and monetary go hand in hand	27
External Sector: a countdown with no clear goal in sight	30
Exchange Policy: Nothing lasts forever	35
Fiscal: Chronicles of an "adjustment"	42
Conclusions: Uncertainty takes the leading role once again	49
Tables	53

Introduction: Outlook 2016 - 2020

Nearly three quarters of 2016 have elapsed and, on balance, Venezuela's situation is far from encouraging, neither economically nor politically. Moreover, the climate of uncertainty will continue in 2017. Even so, there are some elements that are worthy of comment. In the first place, up until May (the latest figures available) imports had dropped by 48.0% year-on-year, whereas exports had contracted by 42.0% over the same period. Secondly, inflation in the first eight months was 251.8%, the consumer exchange rate had depreciated by 58.9% in the space of one year, and today the parallel exchange rate is 0.7 times the parallel exchange rate (a year ago it was 0.4 times), which suggests that there has been a de facto adjustment of prices and a reduction of the foreign exchange subsidy. This contrasts with the loss of purchasing power, which as at September was 1.0% despite the fact that the overall minimum wage has gone up by 134.0% so far this year.

So far, both PDVSA and the Republic have paid their external debt liabilities, which amount to USD 5.05 billion to date, although eyes are on the outstanding commitments in the last quarter of the year (some USD 4.78 billion). The most outstanding (and worrisome) aspect is the drop in oil production this year to date. Up until August, PDVSA's oil production had fallen by 12.0% year-on-year, giving rise to concern among investors. PDVSA's situation is a delicate one as this contraction in production has to do with problems associated with the company's dealings with its contractors and delays in payment.

On the foreign exchange front, we are still waiting for the DICOM system to start up. Even so, the SIMADI/DICOM rate has depreciated by 69.0% so far this year, meanwhile parallel exchange rate has depreciated 14.0%. The main reason for this has to do mainly with two factors: first, a contraction in liquidity, which was at 52.5% in July (public spending also fell in real terms), and second, the effect of the recession, which makes inventory turnover slower. However, two factors make us feel pessimistic with regard to how the parallel exchange rate will behave in the last four months of the year:

1. The departure of Miguel Pérez Abad from the Vice Presidency for the Economy leads us to think that the proposal of opening up the foreign exchange system has been ruled out once again and even the DICOM system has not started up. Moreover the depreciation of the DICOM rate continues to be discretionary and to be handled by the Marco Torres / Merentes duo.

2. We expect an injection of liquidity via an increase in public spending, not only due to seasonal factors (close of the fiscal year) but also for political reasons. It is worth remembering that, for *Chavismo*, public spending is the variable key for influencing popularity.

On the fiscal front, despite the cut in spending, a matter for concern is the real contraction in nonoil fiscal revenues, which, as at August, had fallen by 35.8% when adjusted for inflation. It can be expected that oil revenues will also contract significantly, not only because of the arrangement with the exchange rate (the distortion generated by the DIPRO exchange rate), but also because of the drop in oil production. So, the fiscal deficit continues to be high despite the drop in spending, and the inflation tax remains alarmingly high. We calculate that it will be at 16.4 points of GDP by the close of 2016 (compared to 20.2 points of GDP in 2015).

So, while *Chavismo* has in fact reduced the foreign exchange subsidy (the weight of the DIPRO exchange rate is increasingly less) and there has been an adjustment in prices, the result is that the Venezuelan economy is a long way from achieving a stable equilibrium: inflation continues to be high, the deficit has been maintained, there is no access to international liquidity, there is no change in agents' expectations (either local or foreign), the private sector does not have the capacity to increase production in the short term, and, most alarming of all, the social consequences of this cocktail is causing, in terms of a contraction in purchasing power, an increase in precarious employment and poverty.

Moreover, the political situation seems to have reached a stalemate. The possibility of a recall referendum this year appears to be less than when we wrote our previous *Outlook Report*. Even so, we maintain our base premise that President Maduro will not complete his term. The point is that his departure could occur in 2017, rather, along with a political agreement within *Chavismo*, which makes it difficult to envisage who might be his successor and what his economic policy orientation will be. Besides, in this scenario, the political capital of that new government will be scant as it will not have the mandate of the electorate.

As we have said on previous occasions, Venezuela is going through a transition. But this will not be a slow process nor will it be free of obstacles and/or costs. So the key for the private sector is to design a strategy of resistance for the long haul because the end of this cycle does not seem to be near, yet. Although in Venezuela you never can tell.

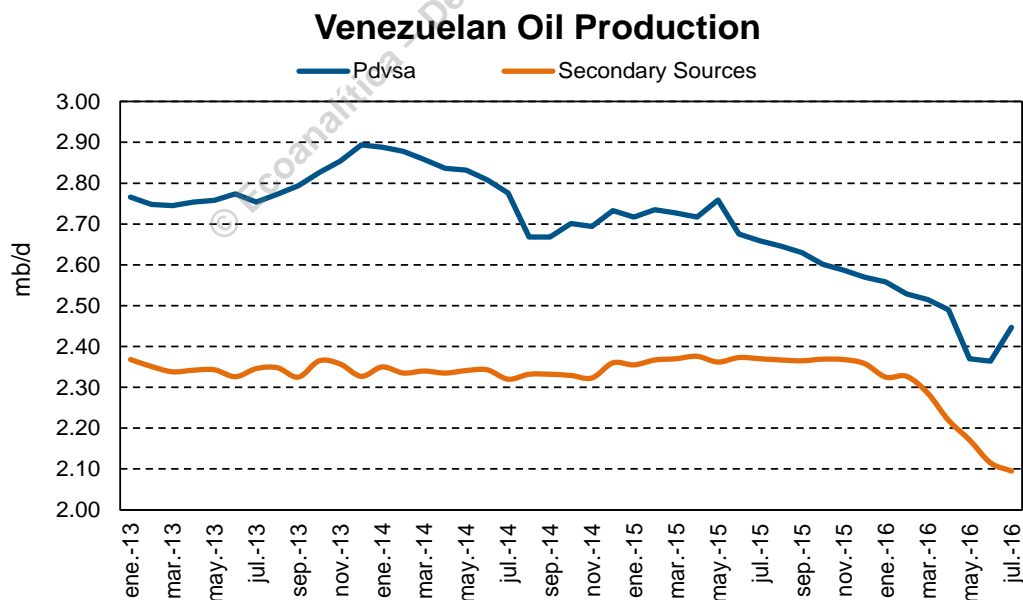
The Oil Sector

The main trend on the oil front has been the steady decline of Venezuela's oil production so far this year, a fact that has relegated the ups and downs of international oil prices to second place.

If we go by PDVSA's official figures, production has been falling constantly month after month from a high of 2.88 million barrels a day (mb/d) in January 2014 to 2.33 mb/d in August 2016. In the first eight months alone it dropped by 242,000 barrels a day (242 kb/d).

On the other hand, if we take the figures of the Organization of Petroleum Exporting Countries (OPEC), obtained from secondary sources, production remained constant at around 2.30 mb/d up until February 2016, when it started to decline steadily to 2.10 mb/d in July 2016, its lowest level since the national strike in 2003.

Clarifying the reason for the difference between these results is a difficult task.



Sources: OPEC and Ecoanalítica

In any event, it is a trend that started several months ago but reached a critical point after the announcement in April by the contractors Schlumberger and Halliburton that

they were reducing their operations in Venezuela due to the debts that PDVSA had with both companies, amounting to some USD 2.0 billion.

Under this conditions, in Ecoanalítica me estimate that average production of oil for this year will reach 2.47mb/d, which means a contraction of 10.1% compared to 2015.

Keeping the ship afloat

PDVSA had been increasing its commercial accounts payable for some years in order to be able to cope with the payments of its external debt and thus avoid falling into default. Thanks to this strategy, it managed a degree of financial stability at the expense of its operating capacity, which has been deteriorating, a situation that has been reflected in the gradual decline in production.

Contrary to what one might have thought initially, to judge by the consolidated statements published by the company, PDVSA has been reducing its liabilities, both financial and commercial, for the past two years. The company's total liabilities went from USD 146.63 billion in 2013 to USD 111.06 billion in 2015.

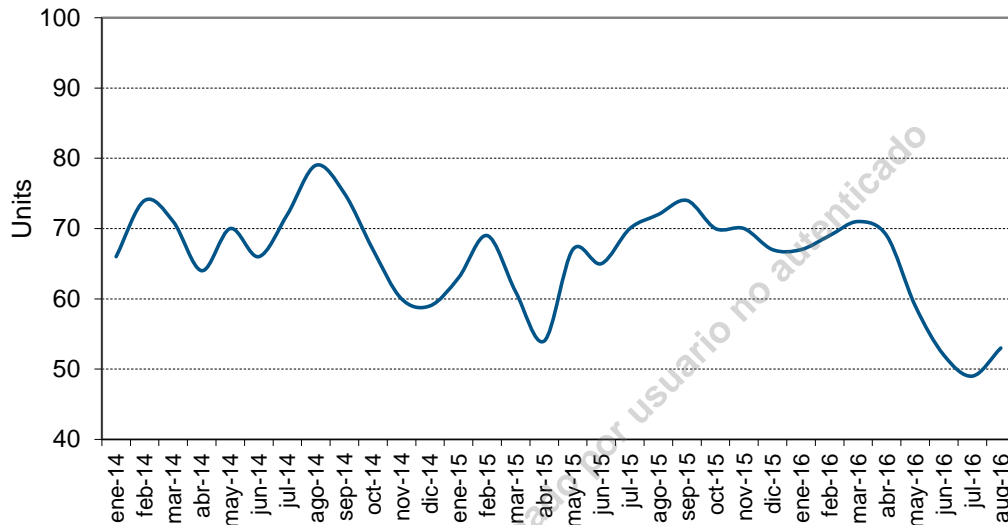
PDVSA's Asset-Liability Balance 2013-2015			
(USD MM)			
	2013	2014	2015
Asset	231,120	226,760	201,943
Non-current Asset	163,388	171,552	148,008
Current Asset	67,732	55,208	53,935
Liability	146,634	137,003	111,064
Non-current Liability	81,408	81,277	58,372
Current Liability	65,225	55,765	52,692
Total			

Sources: PDVSA's Consolidated Financial Statemets and Ecoanalítica

However, this drop was due, first of all, to the inability to obtain new loans to refinance the payments that fell due, given the growing distrust of investors, and secondly to the depreciation of the exchange rate, which resulted in the amounts of debt denominated in bolivars being watered down.

An indication of the depletion of PDVSA's capital is the drop in the number of active rigs. According to Baker Hughes, a total of only 50 rigs were operating in July 2016, the smallest number since December 2003; although it reached 53 rigs in August figures.

Oil Rigs



Sources: Baker Hughes and Ecoanalítica

Of course PDVSA's operational problems are not restricted to the rigs. According to sources inside the industry, the drop in production is due to countless factors, including delays in paying suppliers, the lack of spare parts for the rigs, theft in the oil fields, and incorrect reinjection of gas in the wells, to name just a few, most of which have to do with the scant cash flow that PDVSA currently has at its disposal.

In this scenario, the rationing of electricity also had an impact as part of PDVSA's electricity generating capacity had to be used to supply the population with electricity and part of the gas intended for well injection was needed to generate electricity.

A more fundamental factor has been the drop in the production of light crude for blending with the extra-heavy crude from the Orinoco Oil Belt, which has made it necessary to import crude from other countries, a solution that has also been restricted due to PDVSA's scant availability of cash. This, in turn, has restricted the volumes of production of extra-heavy crude.

The only factor among those mentioned above that seems to have improved in recent months is the rationing of electricity due to the recovery of the water level in Guri Reservoir; however, it could fall again in the future. There does not seem to be an easy solution to the other factors in the near future.

It seems that the card Del Pino has left to play is negotiating a possible bond swap with PDVSA's main creditors, which would allow him to postpone payments that are about to fall due in exchange for an increase in the total amount of debt or a higher interest rate. This solution would only put off the inevitable for a couple of years and would allow him to count on some USD 1.5 billion in working capital for the rest of the year.

However, implementing this option on a large scale, like many other survival measures available to the government, would compromise the country's net worth in the long term. A renegotiation of the debt in the current credit scenario would imply having to accept interest rates or increases in capital that are so high that they would probably exceed any short-term benefits.

The winding path to global equilibrium

On the prices front, we have had a fairly volatile market in terms of the oil barrel price so far this year. The benchmark barrel, Brent, started the year at USD 37.0/bl and then dropped to around USD 20.0/bl in the following weeks. Subsequently, in early June it started to climb to around USD 50.0/bl, mainly due to interruptions in production in some countries, such as the fires in the tar sand oil production areas in Canada and the internal conflicts in Nigeria.

It seemed that the trend had been reversed once again in mid-July, with prices starting to go down to average USD 30.0/bl., given that the situations mentioned above have got back to normal. However, it was interrupted yet again in August as a result of expectations of a possible agreement within OPEC that would allow prices to go up.

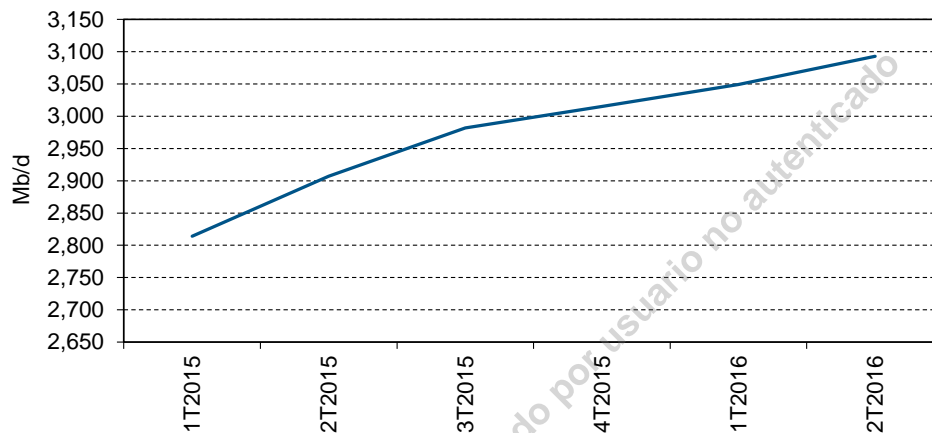
Given such a volatile scenario, OPEC's projections point to crude prices going up in the remaining months of the year. This forecast is upheld, first of all, on expectations of stable demand. Demand has remained strong this year, despite the prevailing climate of economic uncertainty due to factors such as Brexit and the elections in the United States.

China, in particular, has been increasing its imports due to a declining trend in its domestic production, which was 3.97 mb/d in May, down 65 kb/d from April and 300 kb/d from May last year. As a result, its crude imports have come to 7.50 mb/d so far this year, 16.0% more than the average for the same period in 2015.

Even so, oil demand could continue to stagnate for the rest of the year, due mainly to the buildup of inventories in countries making up the Organization for Economic Co-

operation and Development (OECD). As at May 2016, commercial inventories came to 3.07 mb, 340,000 barrels more than the seasonal average for the past five years.

OECD Commercial Oil Stocks



Source:OECD

On the supply side, the underlying trend is for an increase in supply, with OPEC countries accounting for a bigger share of total global oil production to the detriment of production from non-OPEC countries.

In a bid to take market share from shale oil producers in the United States, Saudi Arabia raised its oil production by 217 kb/d between January and July, according to OPEC figures, to 10.77 mb/d, its biggest volume of output ever.

Meanwhile, Iran is trying to recover market share following the lifting of sanctions. It has raised its production by 700 kb/d so far this year to 3.62 mb/d. Its geopolitical confrontation with Saudi Arabia, in a context that includes the civil war in Syria, is the main stumbling block to a possible agreement within OPEC.

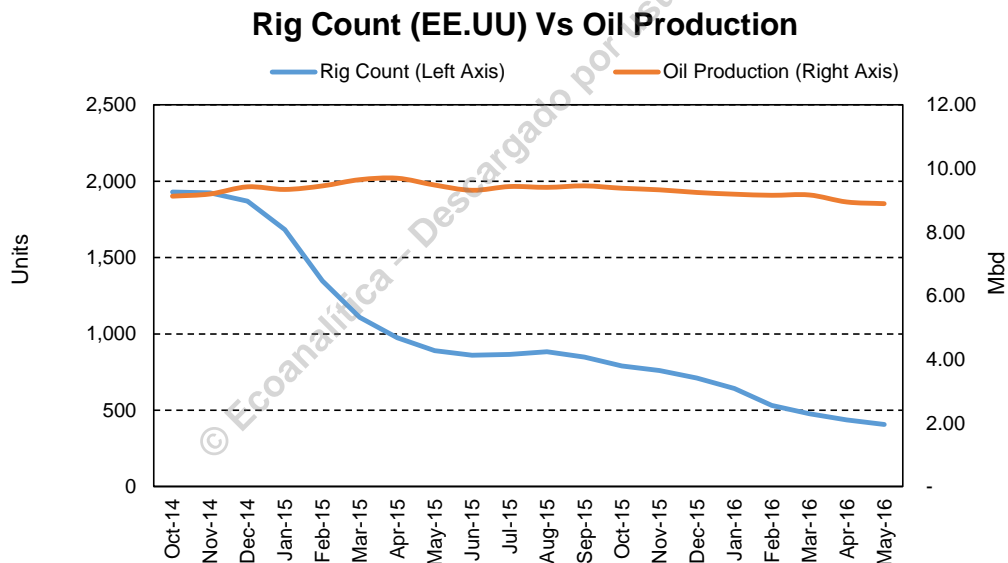
In the case of the United States, the main non-OPEC producer, output has fallen steadily from 300 kb/d at the start of the year, given the effect that low prices have had on unconventional oil production.

Despite all this, the forecast is that the global oil market will gradually find equilibrium after several months of ups and downs. The majority of the world's oil producers, with the exception of Iran, have reached their desired production quotas, which opens the door to an agreement that would stabilize prices. However, it is unlikely that such an agreement would raise prices much above their present level of USD 38.0/bl.

Paradoxically, Venezuela’s declining production, by offsetting the oversupply that is still present in the market, is one of the factors that most favors the stability of the oil market, but is most detrimental to the country’s interests. So, we estimate that the Venezuelan oil basket will average USD 34.0/bl., a contraction of 31.6% compared to last year.

The impact of shale oil in the long term

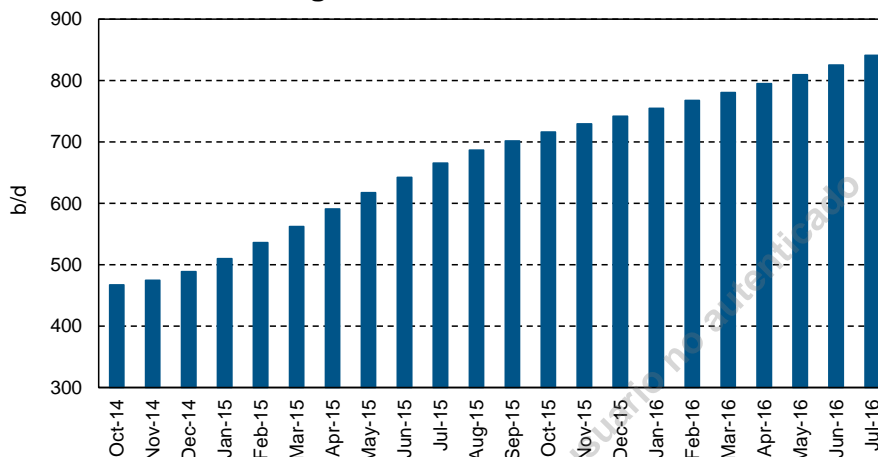
Despite the drop in US production, it is important to point out the resilience of the shale oil phenomenon. On the one hand, it seems to be a phenomenon in decline. The number of active rigs in the United States has fallen significantly from 1929 rigs in October 2014, at the height of the oil price boom, to only 407 rigs in May 2016, a drop of nearly 80.0%.



Sources: Baker Hughes, EIA and Ecoanalítica

However, over the same period, US oil production has only gone down from 9.13 mb/d to 8.89 mb/d, a drop of 2.57%. This difference hides an increase in productivity, due mainly to constant innovation in those fields that has made it possible to increase the number of active wells per rig and reduce production costs.

Dig Production Bakken's basin



Sources: EIA and Ecoanalítica

If this pattern of innovation in shale oil is maintained –and, incidentally, many of those improvements can also be extended to convention oil production-, the impact on the outlook for the oil market could be considerable.

A technological shock on the supply side that brings down production costs in many parts of the world, together with Saudi Arabia’s interest in extending the technological life of oil as a fuel for several decades more, points to oil prices not seeing another extraordinary boom in the coming years.

The Real Sector: Will there be calm after the storm?

GDP is an indicator of a country’s productivity. From it, one can determine whether an economy is growing (i.e. if there is a considerable increase in GDP) or whether it is on the downward side of the economic cycle, where a recession could lead to the bottom of the cycle (i.e. a depression). While the depression scenario most resembles what is happening in Venezuela, given the constant contraction in economic activity, the increase in unemployment, the deterioration of the banking system’s lending capacity, the imminent reduction in consumption, and a totally unstable local currency accompanied by a drop in investment, it is necessary to contrast the behavior of GDP with previous quarters.

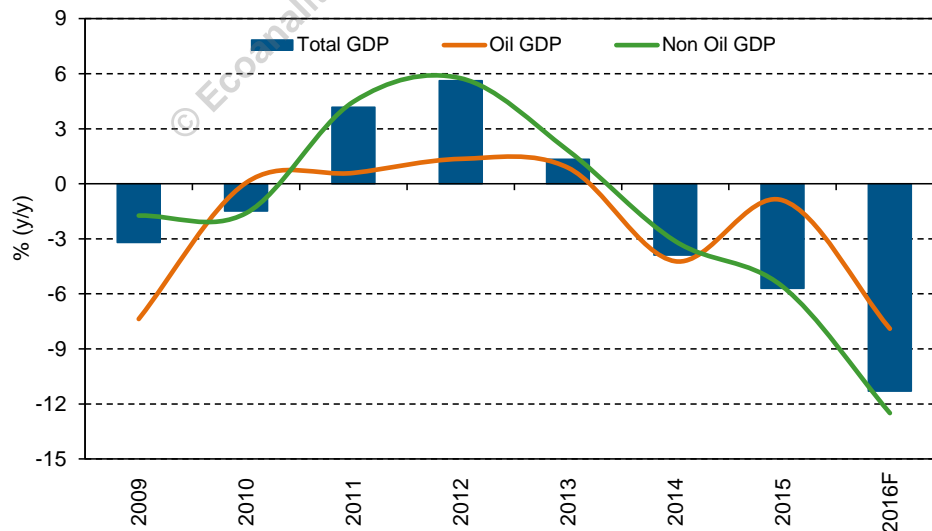
**Year 12, Number 3
Quarter 3**

The official figures as at the close of 2015 published by the Central Bank of Venezuela show negative growth in GDP of 5.7% for the economy as a whole, resulting from contractions in the oil and nonoil sectors of 0.9% and 5.6%, respectively, and a contraction in indirect taxes of 11.2%. By way of contrast, the last figures reported to the International Monetary Fund (IMF) show a contraction of 6.2% at the close of 2015, by the preliminary figures.

The performance of the economy so far this year is worse than expected, with inflation that is spiraling and a bolivar whose purchasing power dwindles daily, which, in turn, hits consumption and imposes restrictions on demand. The outlook on the supply side is no better due to the increase in idle capacity, restrictions on increasing production (lack of foreign currency, electricity rationing), and an adverse economic, institutional, and legal climate.

For these reasons we consider that the Venezuelan economy has all the elements for the economic contraction in 2016 to reach double digits, specifically 11.3% for overall GDP, contractions of 7.9% and 12.5% for oil and nonoil GDP, respectively, and a reduction of 4.6% in direct taxes. In contrast, last figures published by FMI show up a contraction ok 10.0% at the end of 2016, which means a major deterioration of preliminary figures (8.0%).

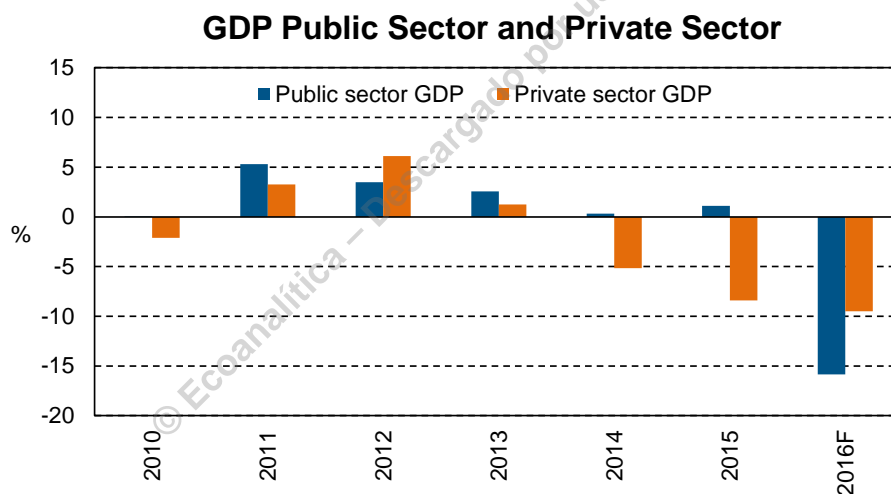
Evolution of GDP: Total, Oil and Non Oil



Sources: BCV and Ecoanalítica

It should be borne in mind that, since Nicolás Maduro took office, there have been consecutive contractions in GDP for an averaged cumulative variation of 4.9%. These contractions have occurred in both the private and public sectors, with the former being the harder hit. Between 2013 and the last quarter of 2015, the private sector experienced an averaged contraction of 4.1%, whereas the public sector contracted by only 1.3% over the same period, revealing the persistent limitations afflicting the private sector.

However, in 2016 we expect a bigger contraction for the public sector of 15.9% and a smaller contraction for the private sector of 9.5%. This unusual behavior could be due to the reduction in the production capacity of the oil companies, which belong to the public sector, so that, if oil activity reduces its aggregate performance, so will the public sector, as occurred in 2002 as a consequence of the oil strike.



Sources: BCV and Ecoanalítica

Let's talk about consumption

The importance of consumption in GDP makes it a fundamental factor for growth in GDP. Consumption accounts for a considerable part of GDP. This is due to the fact that the higher consumption is, the higher production is and, therefore, the more jobs there are, which leads to more income available for families as well as less public spending on subsidies. In 2016, total consumption of goods and services by Venezuelans posted a contraction of 11.0% compared to 2015, when it was 6.7%; and more specifically,

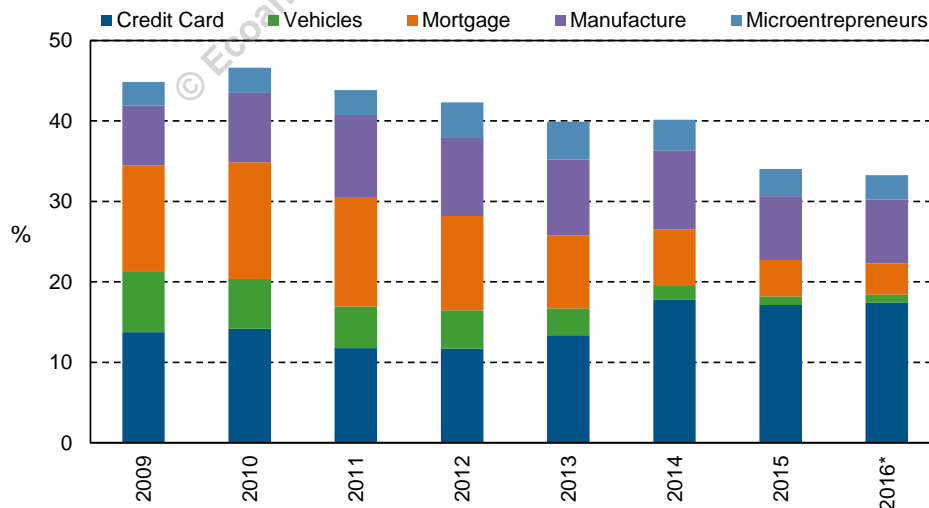
household consumption expenditure on goods and services contracted by 9.1% compared to last year, when it was 8.0%.

In addition to consumption, there is the loss of purchasing power being experienced by people every time they buy any product. At least twice a week, Venezuelans testify to the fact that the increase in the cost of products is out of all proportion to the increase in their income.

This situation has prompted Venezuelans to use credit to do their daily shopping, as reflected in the structure of the loans portfolio of different sectors, where the credit card portfolio as at June 2016 posted an increase compared to previous years, going from 12.9% in 2013 to 17.4% to June 2016. Just as the credit card portfolio has been gradually increasing, so have other portfolios declined (due to the recession), among them the vehicle loans, manufacturing loans, micro business loans, and mortgage portfolios.

While the loans portfolio behaved consistently in previous years, the sharp increase in credit via credit cards reveals that consumers have had to borrow in order to meet their most elementary needs and acquire the basic basket of goods and services. This, in a scenario of a decline in the financial system's lending capacity, is yet another element that explains our estimates.

Loan Portfolio Structure

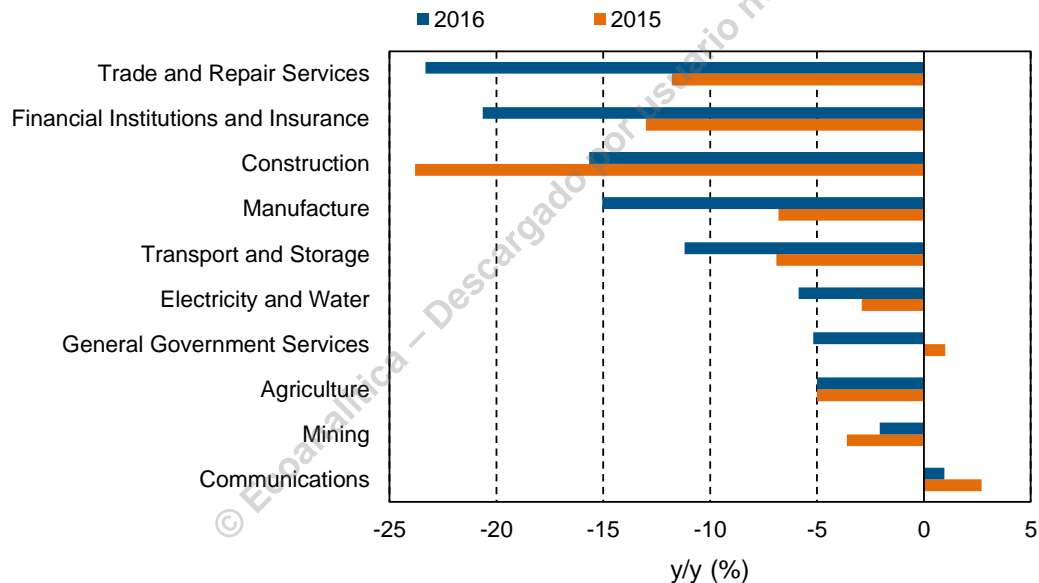


Sources: SUDEBAN and Ecoanalítica
*Data until June 2016 .

It's not all about oil

The persistent opacity on the part of official agencies in charge of publishing figures that would make it possible to get an idea of the overall performance of the economy has become commonplace, which is why at **Ecoanalítica** we have set ourselves the task of deciphering how the different sectors of the economy, apart from the oil sector, have performed in 2016 and obtaining an approximation of what their performance will be in the next few years.

Growth by Economic Activity



While 2015 was a year of contractions in nearly all sectors, the situation seems to be getting worse in 2016. The commerce and repair services sector has contracted by 23.3%, manufacturing has posted a contraction of 15.0%, and electricity and water is down 5.9%. However, we forecast positive figures for each sector in 2017, projecting a slight recovery, so it is not harebrained to think that there will be positive growth in 2017, which we estimate will be at 3.5% due to the rebound effect and given a scenario of change. Nevertheless, there is always the possibility of a scenario in which the crisis gets worse and in which 2017 does not achieve positive growth as forecast.

In addition, it is relevant to bear in mind that the contractions in different sectors are associated with more serious structural crises. The electricity crisis has caused daily cuts in production in the nonoil sector, as a result of which the commercial and industrial

park has not only been affected by problems of access to raw materials (lack of foreign currency), but also because production plants have to be shut down for indefinite periods of time. Even though the rationing of four hours a day has already been suspended, unscheduled cuts continue to happen that interrupt processes and set back the results of production units.

What's in store: preparing scenarios

As explained in previous reports, the current economic situation is precarious and has many shortcomings. However, special mention needs to be made of the political uncertainty we are experiencing, where a possible transition is totally conceivable. At **Ecoanalítica** we consider that, among the scenarios proposed for 3Q2016, is that of a mandate for a total change with a 19.0% chance of occurring, whereas a scenario of moderate change has a 32.0% chance, making up 51.0% of the scenario total. Then we have the no-change scenario with a 35.0% likelihood of happening and the “up-in-the-air” scenario (uncertainty) with a 14.0% chance. In the case of a presidential transition, account needs to be taken of a series of profound adjustments where the foundations for dismantling the exchange control regime and a number of other controls and imbalances that are distorting the domestic economy could be laid.

So our expectations are that, with the implementation of new stabilization programs in the future, the economy will return to the path of growth starting in 2017 and that it will stay on that path at least until 2020.

Macroeconomic Forecasts [y/y (%)]

	2016F	2017F	2018F	2019F	2020F
GDP	-11.3	3.5	3.4	3.0	3.0
Oil GDP	-7.9	5.6	3.5	4.1	2.1
Non-oil GDP	-12.5	3.2	3.4	2.9	3.5
Investment	-18.2	-5.2	1.9	4.1	6.1
Consumption	-11.0	3.4	2.1	2.5	4.6
Exports	-10.4	8.4	5.7	6.9	4.6
Imports	-14.3	-0.1	0.4	5.0	13.1

Source: Ecoanalítica

Jobs and salaries: businesses, workers, everyone needs help!

2015 was one of the worst years in the history of Venezuela's economy, with inflation being one of the problems that most affected both workers and employers, who have had to deal with a whole series of difficulties that have not only continued into 2016 but have become even more acute to levels that were unimaginable a few years ago.

As we all know, the figures usually speak for themselves, and, based on that premise, according to the Central Bank's official figures, inflation closed at 180.9% in December 2015, generating a loss in Venezuelans' purchasing power of 20.7% that year, the biggest loss in the last years. In 2016, the story is no different. According to **Ecoanalítica's** estimates using the Central Bank's methodology, the accumulative increase in prices as at August 2016 reached 251.8%, however, the underlying inflation calculated by **Ecoanalítica** is of 662.2% for this same period, distorting the economy of all Venezuelans, who, in this emergency situation, are crying out for help as they do not know what to do to get their income to keep pace with inflation.

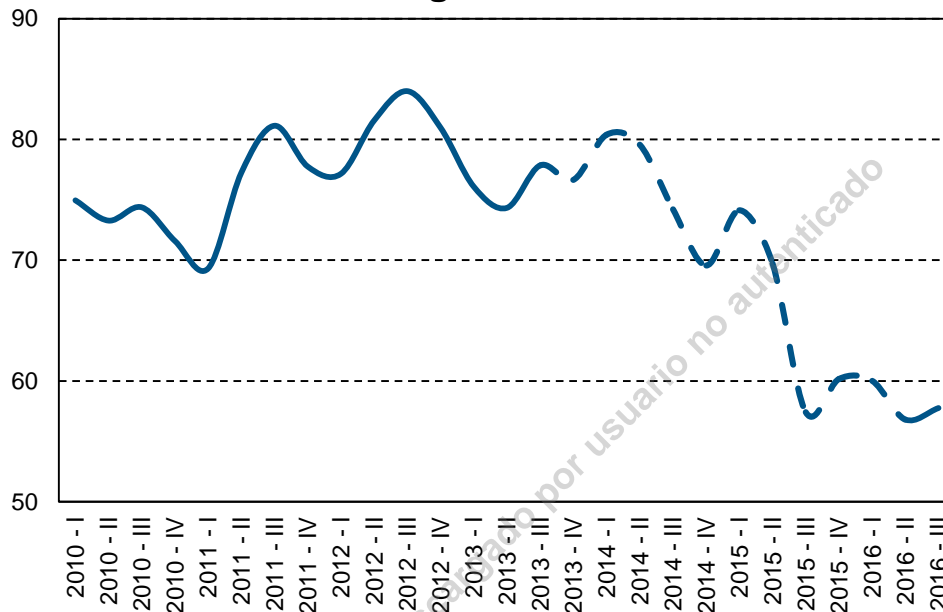
And the situation continues to get worse

President Nicolás Maduro has decreed three raises in the minimum wage and in the meals allowance so far in 2016. The first was in March for 20.0%, putting the minimum wage at VEF 11,557.8 and the meals allowance (CestaTicket) at VEF 13,275. The second was in May, for 30.0%, bringing the minimum wage up to VEF 15,051 and the meals allowance to VEF 18,585. And on September 1, the minimum wage was raised by 50.0% to VEF 22,576.5 (the biggest increase in percentage terms in the past 17 years) and the basis for calculating the meals allowance was increased, bringing it up to VEF 42,480. This is nothing strange in Venezuela as the minimum wage has been raised 34 times since 1999 and 13 times since Nicolás Maduro took office in 2013.

According to these calculations, the minimum wage went up by 134.0% in nominal terms in the current months. In the case of the meals allowance, the cumulative increase is 529.0% in nominal terms. So, the overall wage as at September 1 is VEF 65,056.5, which gives a cumulative increase of 296.7%, however, cumulative inflation under BCV methodology is 311.7% for the same months, therefore, although there's a slight increase in the figures of the Real Wages Index using overall wage to 3Q2016, we estimate they are going down again at the end of 2016 based on our inflation figures.

Year 12, Number 3
Quarter 3

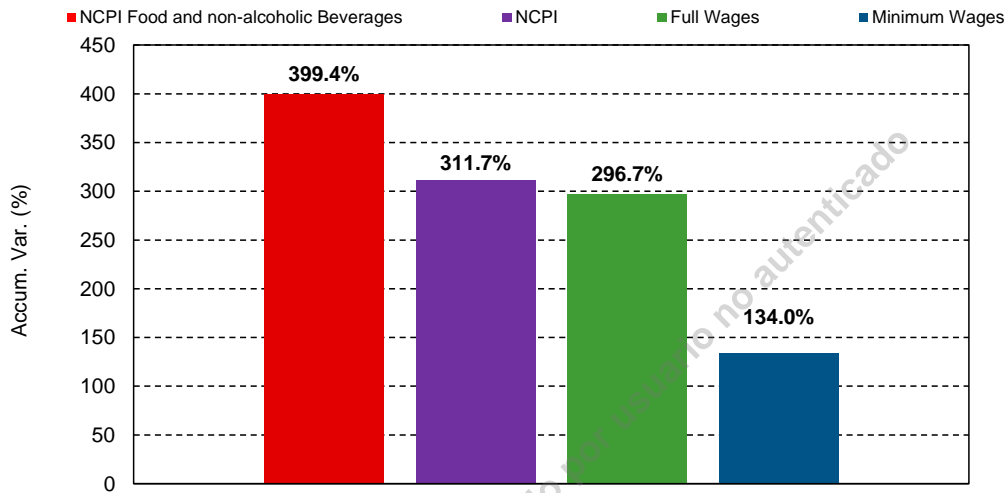
Real Wages Index



Sources: BCV and Ecoanalítica

It is worth pointing out that, large portion of the wage is used to buy food, which, if we compare the total increase in the minimum wage so far this year with the Nationwide Consumer Price Index (NCPI) for food and nonalcoholic beverages (which is 399.4% so far this year), the loss in real terms is even greater. In addition, we have observed a behavior not present in previous years: a bigger increase in the meals allowance, i.e. the use of an instrument that was created to complement the wage as an element that distorts income. This measure is being used by the State, which is the country's main employer, as not even it can shoulder the heavy burden of payroll liabilities.

Cumulative increase of full wages vs. Inflation* (January-September 2016)



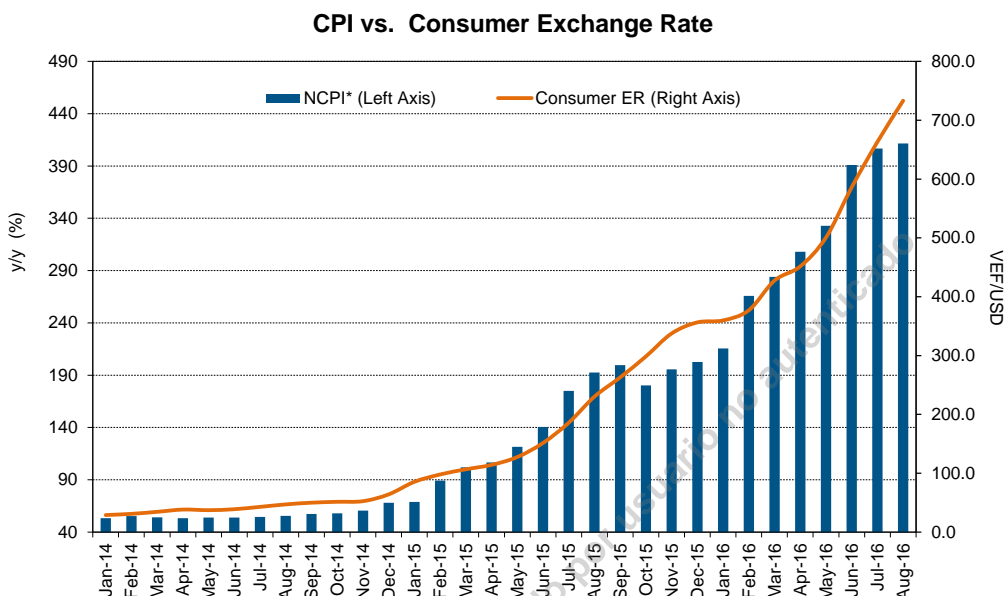
Sources: BCV, Gaceta Oficial and Ecoanalítica.

* Accumulated to September 2016 using Ecoanalítica's estimates.

Unprecedented imbalances

Meanwhile, the weighted exchange rate has gone sky high. This implies that the amount of foreign currency that would have to be sold to complement a person's wage has been increasing, to the point where a family would have to sell twice the amount of foreign currency it would have sold a year ago in order to maintain its level of consumption. Put another way, a dollar does not stretch as far as it did in previous years.

Year 12, Number 3
Quarter 3



Sources: BCV and Ecoanalítica
* Data estimated by official publications BCV 2007.

What can we expect?

This is one of the biggest problems facing the Venezuelan population, and they only have to go shopping to confirm that their ability to meet their needs shrinks daily. At **Ecoanalítica** we forecast that there will be between one and two wage increases this year of 35.2%, reaching a minimum wage by the end of the year of VEF 30,524, for an estimated total annual increase during 2016 of 216.4%. We estimate that this figure will be 310.0% in 2017. However, it should be noted that everything depends on whether a political transition occurs, either within *Chavismo* or as a result of the opposition getting into power.

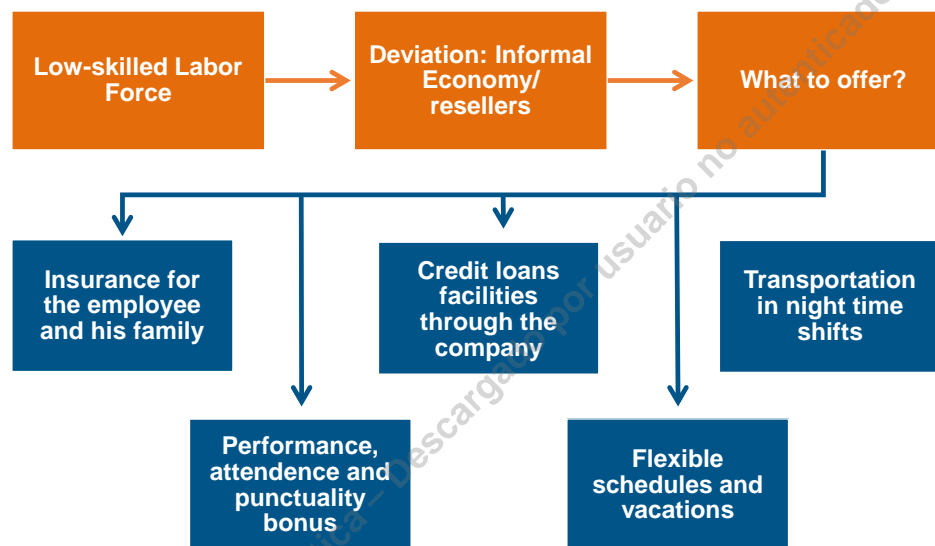
Businessmen are being hard hit

Retaining human capital in the next few years will continue to be a challenge for businessmen, as their employees will continue to be enticed into leaving their formal jobs in search of better remuneration given the distortions in the market. In the case of a worker earning the minimum wage of VEF 22,576.5 or close to it, it seems to make more sense to leave his job or migrate to informality or, at worst, even engage in incorrect behaviors at work in order to generate more income, distorting the company's values or even damaging the company.

Year 12, Number 3
Quarter 3

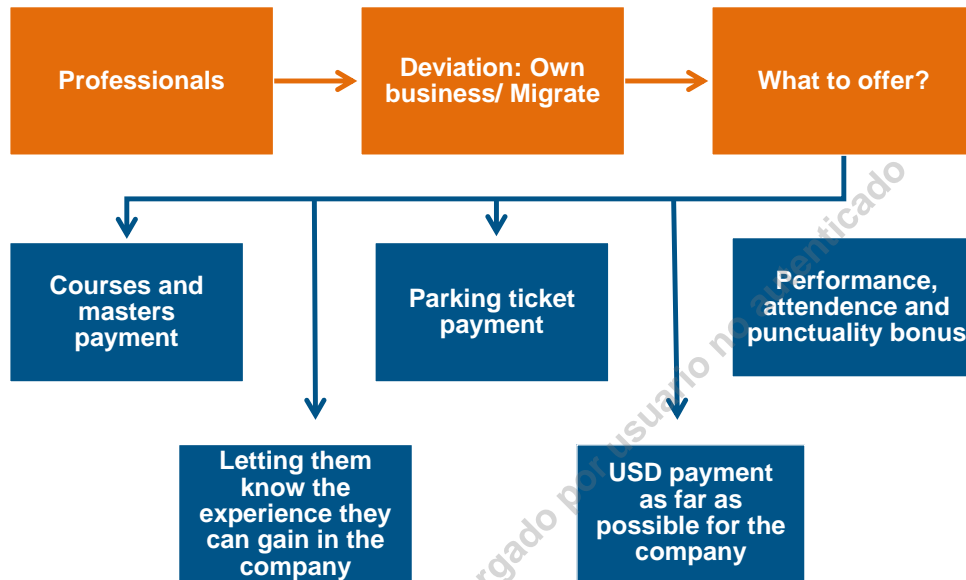
In addition, professionals are finding that the possibilities of having their aspirations met shrink over the long term, demotivation usually gains ground. So, what can be done in these cases to retain human capital, given the straightened circumstances in which companies find themselves?

How to win against competition?



© Ecoanalítica Descarga por usuario no autenticado

How to win against competition?



SMEs, between a rock and a hard place

A lot of businesses are SMEs, which besides having to cope with shortages and the high cost of raw materials, have experienced a contraction in consumption this year, which has shrunk their revenues or has even forced them to produce at a loss in order to ride out the crisis. In addition, for the majority of these companies, where payroll has a high incidence in their costs or, even worse, for those who sell regulated products and are unable to put up their prices, the wage increases make it very difficult to shoulder those additional costs, which means that they may have to tighten their belts and reduce their workforce or even close their doors given that they have no margin for maneuver, thus increasing unemployment and employment in the informal economy still further in the coming years.

Solving the emergency

In an economy like the Venezuelan economy, increases in the minimum wage evaporate with inflation at the present levels; they are like throwing gasoline on the raging fire of inflation in a scheme where production does not grow. Controlling inflation in order to truly protect purchasing power is a matter of urgency, as is implementing a transition. The first stage of this process would consist of an emergency phase of increasing imports followed by a recovery phase of raising production. However, this is

unlikely as there has been no change in direction in the economic measures on the foreign exchange, monetary and fiscal fronts or in the approach to dealing with the political and social situation in order to solve the underlying problems. Any other type of adjustment would simply be like trying to give artificial respiration to someone who is no longer showing any signs of life.

Inflation: playing with fire

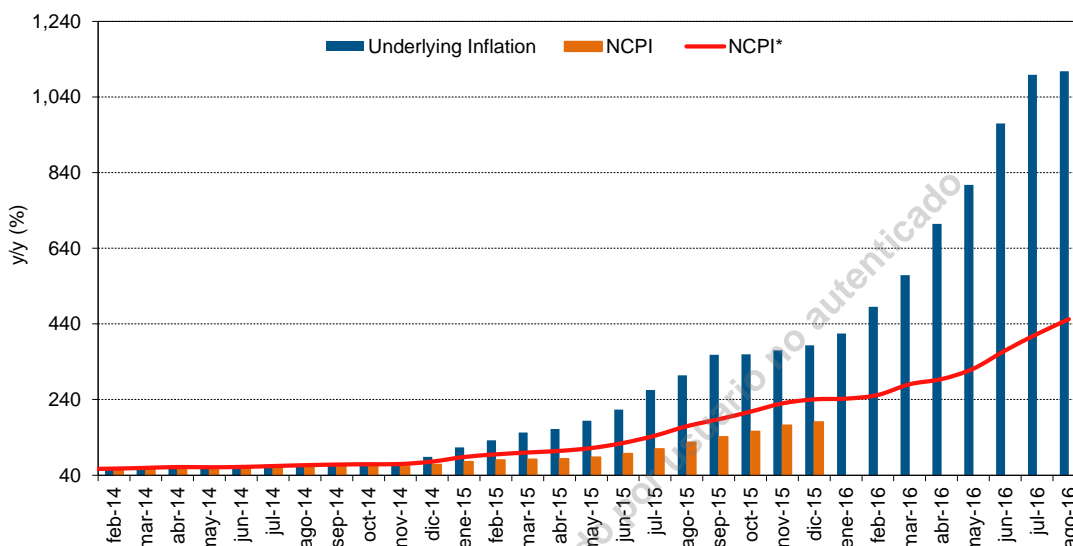
The inflationary dynamic has taken on a leading role in the everyday performance of the different economic agents, on both the individual and company levels, and also in the continuous formation of their expectations. In this regard, given how events have evolved in 2016 and the reigning climate of uncertainty in the local political-economic scene, it is fundamental to shed some light on the process that, at considerable cost, has brought us to this point and on what we might expect in the medium term.

2016, the year of the big leap

2016 has done an excellent job of inheriting the universe of distortions that have been building up in the Venezuelan economy over the past few years, including inflation. Given the relative shortage of official figures and the fact that those that do exist are published later than they should be, at **Ecoanalítica** we have undertaken the task of adapting our universe of indicators to the constant demand for information not covered by official agencies.

Following this line of thought, the results observed thus far show that inflation has speeded up considerably, offering scant margin for maneuver in the short term. Bearing in mind the change in the respective weightings that make up the Nationwide Consumer Price Index (NCPI), we have undertaken the task of constructing an indicator that is faithful to the original weightings, which allows us to maintain, to some extent, a proxy of the original indicator. In another area, with a view to obtaining an approximation that is closer to the real dynamic of prices, we have maintained our Underlying Inflation indicator, whose main objective is to mitigate the impacts of the structure of controls, subsidies and other distortions inherent in calculating the NCPI.

NCPI vs. Underlying Inflation



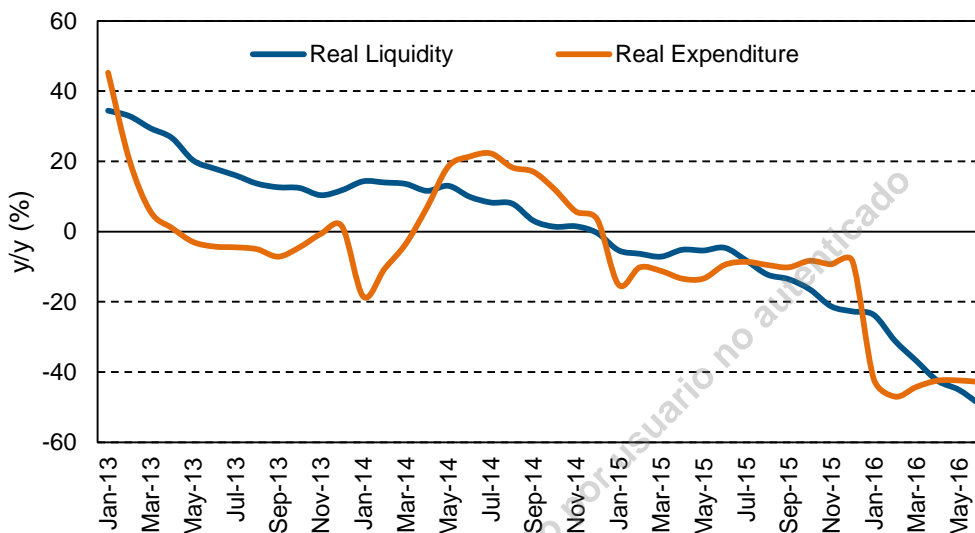
Source: BCV and Ecoanalítica
* Under our BCV methodology since January 2015.

Taking our inflation indicator based on the Central Bank methodology, at the close of August, the annual variation was 452.5%, 283.0 percentage points more than the variation posted over the same period the previous year, putting cumulative inflation up until August at 251.8%, with an average monthly increase of 17.2%, 6.4 percentage points above the average posted up until the same month in 2015.

However, the situation gets worse when we take the evolution of Underlying Inflation into account. In August, the variation of this indicator year-on-year was 1,107.8%, 804.0 percentage points higher than the variation posted as at August 2015. The cumulative increase of Underlying Inflation was 662.2%, 410 percentage points higher than what we estimated for the NCPI for the same period, with an average monthly increase of 29.1%, 15.0 percentage points higher than estimated for the previous year and 11.9 percentage points higher than the NCPI up until August.

Following this line of thought, after inheriting the series of distortions present in 2015, this year has been marked so far by a significant contraction in liquidity and public spending in real terms (52.5% and 43.3%, respectively yearly variation), something that, besides having contained a bigger depreciation of the parallel exchange rate, would suggest a reduction in the inflationary pressures these variables exert on price formation.

Real Liquidity and Expenditure Evolution



Sources: BCV and Ecoanalítica

Nevertheless, it is important to bear in mind the inflationary impacts of financing from previous periods that are still in the pipeline, which, accompanied by a persistent increase in nominal liquidity (39.4% up until July, similar to levels observed last year) and a drop in the real demand for money, are maintaining considerable pressure on the aggregate level of prices on the monetary side.

Moreover, the considerable contraction in the level of imports added to a major erosion in the production apparatus and a universe of strong controls have made for consolidating alternative market schemes that usually follow a more speculative dynamic, which necessarily has an impact on price formation on the local level.

To sum up, the adjustment mechanisms chosen by the present administration have resulted in a relatively disorderly adjustment on the level of relative prices in the midst of a climate of considerable uncertainty where there is no clear north and in the context of an economic policy that lacks clarity and merely gives very broad outlines of what inevitably needs to be done.

Kicking over the table

Following recent announcements by the Executive with regard to the minimum wage, and the Government's narrative of the last weeks, it would not be completely outlandish

to think that the government's strategy has shifted from the "pragmatic" scheme that prevailed throughout much of this year to one where the levels of government spending and other disbursements will once again play a fundamental role in the political arena. In this context, what has been proposed in terms of wages could set the stage for sizeable fresh disbursements of liquidity in order to keep pace with these higher levels of spending, which would have a major impact in terms of inflation by the end of the year.

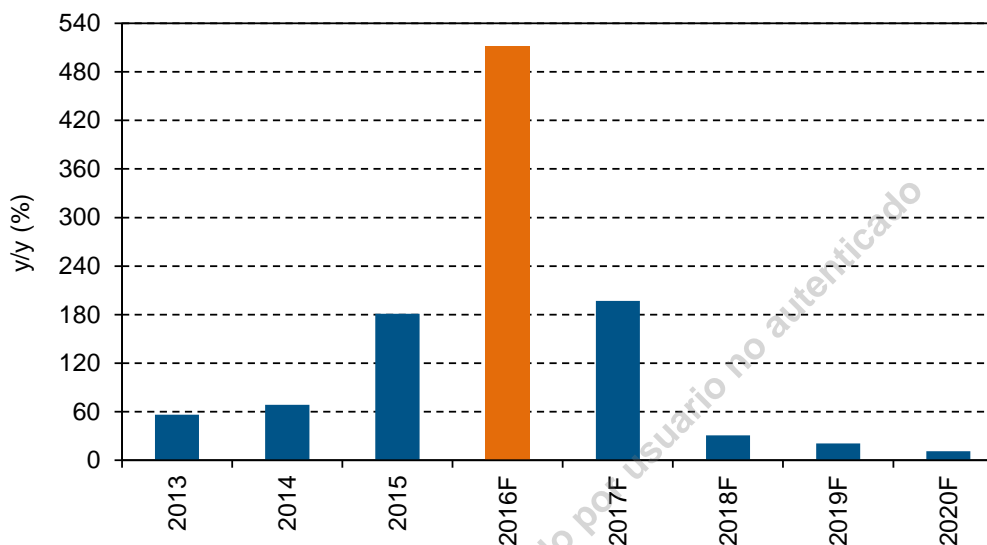
2016 is shaping up as the year with the highest rate of inflation in our modern history and we will continue to defend our title as the country with the highest inflation in the world for the fourth year running. On this point, at **Ecoanalítica** we take into account three indicators for inflation at the close of this year. First of all, we project that the annual rate of inflation calculated using the methodology currently being employed by the Central Bank of Venezuela will close at 363.9%. As for our indicator based on the original weightings used to calculate the NCPI established in 2007, we estimate that it will close at 511.3%; and last of all, we project a considerable spiraling of underlying inflation, which we estimate will close the year at 1,488.9%.

The medium term as the key player for change

At **Ecoanalítica** we see that there is a strong possibility of change in the medium term, although this will not necessarily involve a change in the party in government, but a renewal in the country's *de jure* leadership that would bring with it a more pragmatic approach to conducting economic policy.

Based on these considerations, we estimate that inflation will close 2017 at 197.0%, down 314.3 percentage points from 2016. As for the long term, we estimate that inflation will average 20.9% a year over the period 2018-2020.

Yearly Inflation



Source: BCV and Ecoanalítica

However, the more this scheme prevails and the economic and governmental dynamic endorses the consolidation of the different distortions present in the Venezuelan economy, the higher the possibility of a hyperinflationary scenario.

Without the recovery of certain key nominal anchors and greater pragmatism in the design of fiscal and monetary policy in the context of high uncertainty and a steep drop in real demand for money, we could be entering a much more serious inflationary scenario, thus reducing the margin for maneuver on the economic front in the short term.

Continuing with this line of thought, and taking our Underlying Inflation indicator as a more real approximation to the price formation process consumers are faced with, we could say that, based on different theoretical concepts, we are already experiencing hyperinflation. With an average yearly variation of 1,107.8% in August, we amply surpass the yearly rate of 500.0%, so we fall within the theoretical structure proposed by Reinhart y Rogoff¹ (2011), of what characterizes a hyperinflationary process.

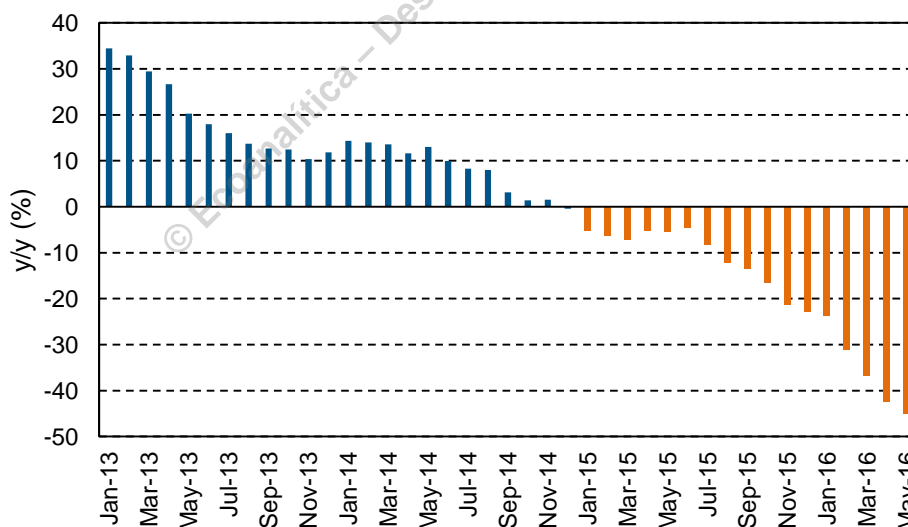
¹ *Some Lessons from Modern Hyperinflation*, Reinhart, Carmen M., y Kenneth S. Rogoff, 2011

The monetary sector: banking and monetary go hand in hand

In the past few years it has been commonplace to see unbridled growth of liquidity in both nominal and real terms despite the high levels of inflation, an expansion of credit, and negative interest rates in real terms as the main characteristics of monetary activity in Venezuela.

Real growth in M2 was not a consequence of the Central Bank voluntarily implementing expansive monetary policies but rather the result of tremendous fiscal chaos that, over the years, has generated a consolidated fiscal deficit given the restricted access to international credit. So, the government, exercising its control over the Central Bank, opted for monetizing the consolidated fiscal deficit, turning the Central Bank into a credit agency for the state-owned companies, in particular PDVSA, increasing liquidity and feeding inflationary pressures. This, added to the foreign exchange controls, affected the country's monetary dynamic.

Real M2 Expansion



Sources: BCV and Ecoanalítica

A slowdown

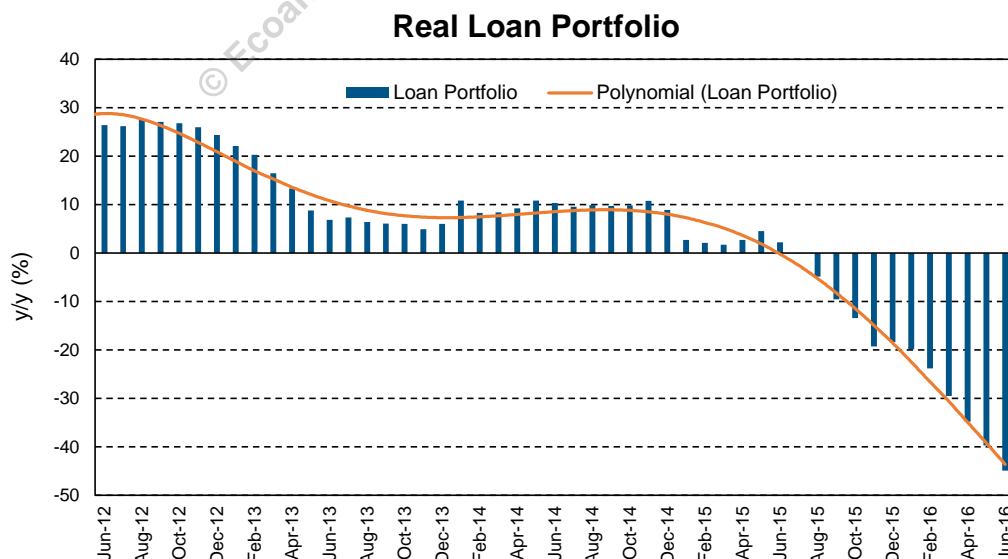
However, since last year we have observed a different behavior. Following the drop in oil revenues, there has been a slowdown in public spending and that has had an impact

on monetary liquidity (M2), which, according to Central Bank figures, by July 2016 came to VEF 520.1 million, giving an annual nominal growth of 99.1% compared to the figure as at the close of the same period in 2015; however, under our inflation estimates, it has shown a contraction of 46.8% in this period. Similar behavior can be observed in the monetary base, which, after spiraling out of control for years, started to slow down in 2015.

Meanwhile, interest rates continue in negative terrain

Something that has not changed, however, is the low lending and borrowing rates, which under our estimates of the average of the year are closing at 21.3% and 15.2%, respectively. Given the high levels of inflation, real interest rates became negative eight years ago, bringing them on the average for 2016 to -73.3% in the case of the lending rate and -74.6% for the borrowing rate, which has discouraged saving and increased pressure on the exchange rate.

This, in turn, has had an impact on the financial sector, which has been increasingly affected as a result of these policies, with a loans portfolio that has also contracted by since July 2015 and has continued to accentuate more and more in real terms, and that in July 2016 the yearly variation was of -49.4% compared to the same month last year, the largest contraction observed since it started to go down.



Sources: SUDEBAN and Ecoanalítica

Little chance of change

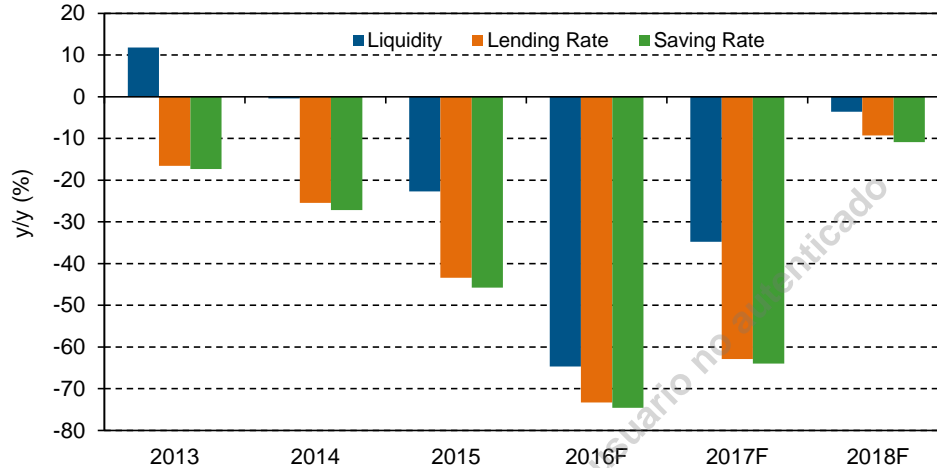
How the monetary variables close in 2016 will depend on developments on the political front. It is important to mention here that former Vice Minister for the Economy Miguel Pérez Abad had managed to restrict liquidity and that this had, to some extent, helped to stabilize the price of the dollar on the parallel market and left the way open to the possibility of a unification of the exchange rates. Now then, under the present conditions, the probabilities of a transition this year have lessened given the obstacles that there have been for holding a recall referendum this year.

For that reason, at **Ecoanalítica** we estimate that there will be an increase in liquidity by year-end, not solely due to seasonal factors (more money on the street at Christmastime), but also for political reasons (typically spending increases in election years to raise popularity). So, we estimate it will grow by 105.7% in nominal terms but will be at -64.7% in real terms. As for the behavior of interest rates, it will continue to be the same at the close of the year, which is why we estimated that the lending rate will end the year at 21.9% and the borrowing rate at 15.9%.

What can we expect in the medium and long terms?

Provided there is a transition, we estimate that there could be improvements in the monetary variables in 2017 and 2018. However, uncertainty with regard to what is going to happen has increased. For that reason, according to our calculations, liquidity will increase by 90.5% in nominal terms in 2017, although we expect a contraction of 34.8% in real terms, whereas the lending and borrowing interest rates will average 42.6% and 38.6%, respectively, but in real terms -62.9% and -64.0%. After that, provided there has been an adjustment in the economic measures, liquidity will grow 25.6% in nominal terms and contract by 3.6% in real terms in 2018 and the lending rate will be in average 64.7% and the borrowing rate 61.7% in nominal terms, and in real terms will be -9.3% and -10.9% respectively.

Real Behaviour of the M2 and Interest Rates



Sources: BCV and Ecoanalítica

However, as long as there is no change, there is the likelihood of a bank crisis appearing on the scene, so it's essential that relevant institutions correct their economic policies to avoid this from happening.

It is worth pointing out that the measures we have observed recently in the contraction of monetary policy have scant relevance given the present levels of inflation, which have not come down. For that reason it is important to start to implement the correct economic measures and to be coherent and disciplined in implementing them in order to be able to generate confidence and thereby channel expectations in a positive direction, as they play such a fundamental role in an economy's performance.

External Sector: a countdown with no clear goal in sight

Broadly speaking, it is expected that the trends that have already been present in the past few months will intensify in what remains of the year. The departure of former Minister Pérez Abad indicates that there will be no major changes in the way in which economic policy has been conducted in recent months and, therefore, in the trend of Venezuela's external sector.

**Year 12, Number 3
Quarter 3**

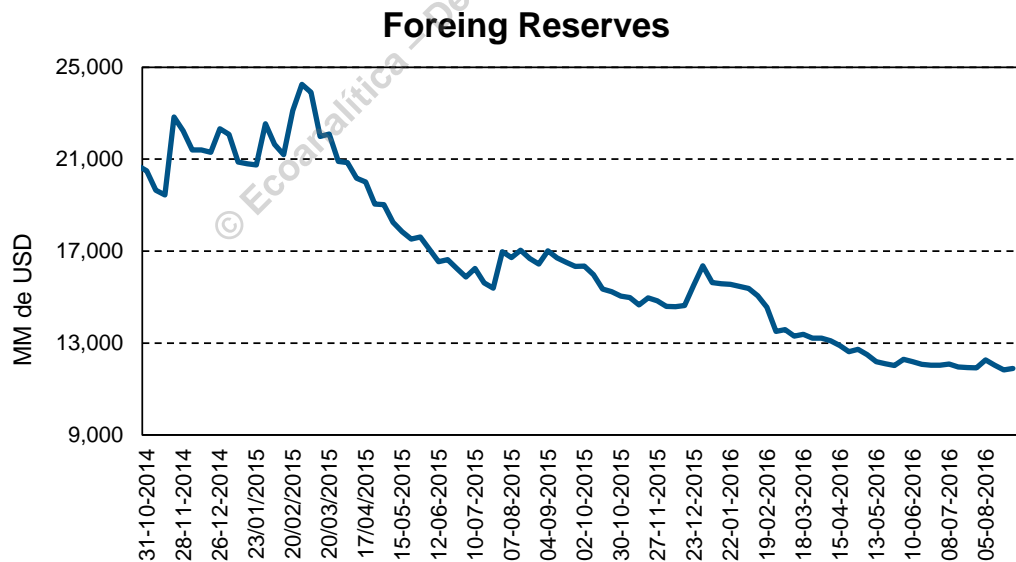
The general outlook is for a scenario of dwindling current foreign currency revenues, partly offset by a drastic cut in imports, where the government has to dip into the international reserves in order to honor its foreign currency liabilities.

Hocking grandma's jewels

A key indicator of the state of Venezuela's external sector is the significant drop in the international reserves, as these reflect the combined effect of lower oil revenues and debt liabilities that have been met.

The international reserves ended 2015 with a total of USD 16.36 billion, which dropped to USD 11.89 billion at the end of August; in other words, a reduction of USD 4.46 billion or 27.3% over a period of eight months. There has also been a 25.0% reduction in the Central Bank's monetary gold reserves in the first half of the year.

Account needs to be taken of the fact that this reduction has been happening for some time now. The present drop in the reserves started in February 2015, when they were at a peak of USD 24.25 billion; a depletion of 50.0% in 17 months.



Sources: BCV and Ecoanalítica

The goose is running out of golden eggs

The most important variable in Venezuela's balance of payments has always been oil exports, particularly now that they represent 97.0% of total foreign currency revenues from exports.

Venezuela's oil exports have been affected throughout this year as a result of the drop in production. According to OPEC's figures based on primary sources, they have gone down by approximately 206 kb/d, a drop that is expected to become more acute in the coming months.

Given the drop in PDVSA's production and the scant possibility of any significant increase in prices, as explained in the section on oil, at **Ecoanalítica** we forecast a drop in oil exports of 40.4% in 2016 compared to 2015.

Creating a new model?

In a context of a heavy devaluation of the bolivar in the parallel market, now officially acknowledged by the government via the DICOM exchange rate, an upturn in nontraditional exports might be expected as a life-raft for palliating the drop in oil revenues.

That has been one of the goals stipulated by the government when it talks of putting an end to the rentier oil model; a frequent discourse engaged in by Venezuela's governing class when oil prices remain low. Minister Jesús Faría has already mentioned the government goal for 2016 of USD 2.5 billion in nontraditional exports. However, at **Ecoanalítica** we estimate that they will come to US\$ 1.9 billion.

Venezuela has modest export volumes of items having to do, in first place, with the metalworking industry, such as piping, iron coils, ferrosilicon or methanol, and in second place, high-value food items such as rum, chocolate and frozen lobsters and shrimp.

However, exporters of items of this type complain of a series of obstacles that prevent greater growth. Among the difficulties mentioned are the lack of raw materials given the low levels of production at the basic industry companies and the lack of foreign currency for importing them. On top of that there are the complex bureaucratic processes that exporters frequently have to deal with, given the government policy of avoiding the exporting of products that might be in short supply in the country.

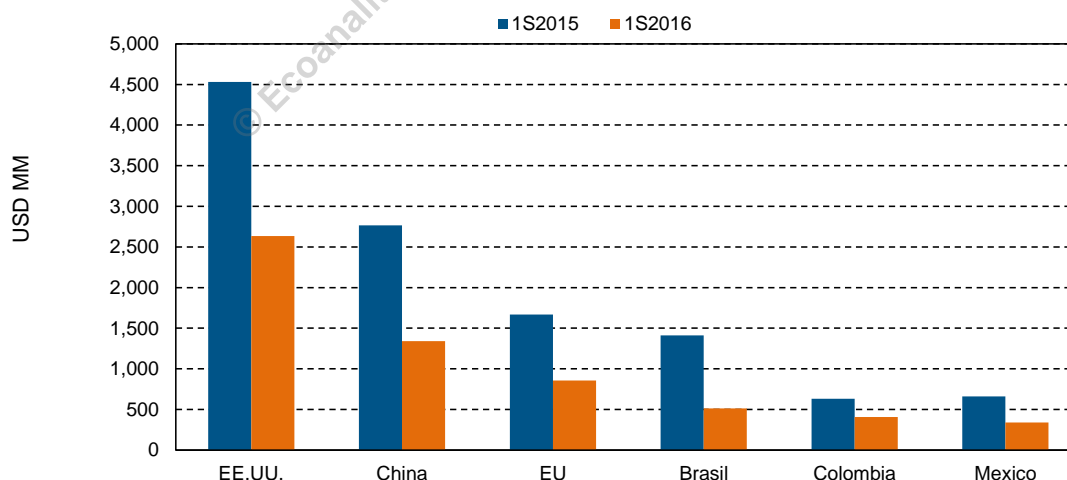
Imports: until the money runs out

As for imports, they have borne the brunt of the external adjustment the country has had to adapt to in order to avoid falling into default, given the problems experienced by the exporting sector, both oil and nonoil. At **Ecoanalítica** we estimate that the drop in imports in 2016 will be 43.5%, from USD 36.91 billion to USD 20.86 billion.

Former Minister for Industry and Commerce Miguel Pérez Abad estimated the amount the government would allocate to public imports in 2016 at USD 16.0 billion. To that sum must be added what the private sector will contribute. According to **Ecoanalítica's** calculations, the private sector contributed some USD 1.76 billion in the first half of the year via the parallel market, USD 768 million via DIPRO and USD 689 million via DICOM, which shows that more than half of imports of the private sector have been financed via the parallel market.

A comparison of the import figures for the first half of 2016 with those of 2015 reveals that the trading partners most affected were: Brazil (63.7%), China (51.6%), Mexico (48.4%), and the United States (41.9%).

**Variations in imports from major trading partners
(IS2015 VS IS2016)**



Sources: Commerce Institutions, Statistics Institutions and Central Banks from EE.UU, China, European Union, Brasil, Colombia and Mexico.

In any event, what is certain is that the sector, which had already posted reductions of 18.5% in 2014 and 22.3% in 2015, has plummeted still further this year. The burden of

this cut in imports is being shouldered directly by the Venezuelan population, which is facing increasingly acute shortages in practically all products.

Consequently, and taking into account our export estimates, at **Ecoanalítica** we estimate that the current account will once again close the year with a deficit, this time of USD 8.99 billion.

A foreign currency budget with a gap that needs bridging

Besides cutting back imports, the government has also resorted to realizing assets in order to be able to bridge the gap between foreign currency revenues and disbursements. So far this year we have seen gold swaps, a loan from the Latin American Reserve Fund (FLAR), the sale of shareholdings in oil sector joint ventures, and the negotiation of a two-year grace period with China that allowed Venezuela to save USD 3 billion, but also closed the doors to it taking out new loans with that Asian country.

So, at **Ecoanalítica** we estimate that, versus a budget at the start of the year with an external gap of USD 20.00 billion, today the government faces a gap of USD 13.80 billion, USD 7.00 billion of which it has managed to cover, leaving USD 6.80 billion still pending, not including the recent swap proposed by PDVSA. Therefore a policy of realizing more assets is to be expected in the last months of the year, although it would seem that this mechanism has about reached its limit. Consequently, the financial account will close this year with a surplus of USD 9.37 billion, with capital inflows from both the public and private sectors (USD 8.83 billion and USD 2.71 billion, respectively).

Hard Currency Cash Flow (US\$ Bn)

Concept	2013	2014	2015E	2016F
Venezuelan Oil Basket Price (US\$/bl)	98.1	88.4	44.8	34.0
Liquid foreign assets stock				
Public Sector	26.42	21.29	21.41	0.88
Total Income	68.23	61.78	25.83	20.51
Expenditure				
Non-oil-related public imports	15.99	14.71	12.49	9.96
Private imports via Cadivi	21.08	14.75	13.38	2.48
Non-priority private imports	11.41	11.10	6.93	7.83
Services	12.63	11.13	9.57	3.90
Rent and current transfers	4.96	4.30	4.21	1.12
Public external debt	14.45	16.02	15.80	12.23
Capitals outflow and others	6.68	9.66	-2.58	-3.21
Total Expenditures	87.20	81.67	59.80	34.31
Result	-18.96	-19.90	-33.97	-13.80
Financing				
Chinese Fund	5.00	4.00	9.00	
Issues, Lending and others (República + Pdvsa)	8.84	16.02	4.43	3.00
Others (Swap)			3.00	4.00
Total Financing	13.84	20.02	13.43	3.00
Net Flow	-5.13	0.12	-20.54	-6.80

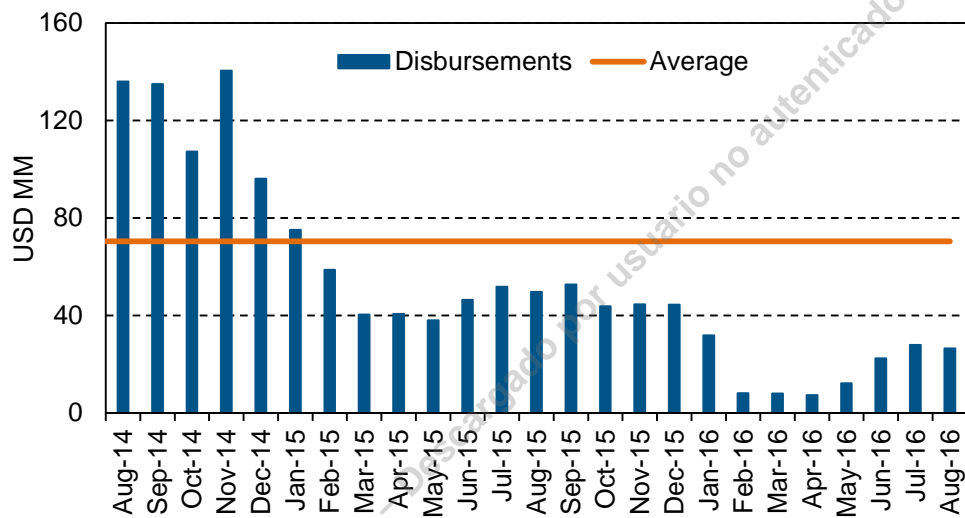
Sources: BCV, MEFBP, PDVSA and Ecoanalítica

Exchange Policy: Nothing lasts forever

One of the main events that has marked the exchange market in 2016 is the steep drop in foreign currency settlements derived from the decrease in price of the Venezuelan oil basket. In the first eight months of the year, dollars allocated to the private sector have averaged USD 18.0 million, which accounts for a 64.1% fall from the same period last year. Likewise, the largest contraction was observed in allocations through Cencoex, which dropped 79.6% compared to the average for the same period in 2015, for a decrease from 85.4% of the total foreign currency settled in 2015 to 46.6% in 2016.

This drop in official foreign exchange allocations has forced the private sector to break the piggy bank and according to some information gathered by **Ecoanalítica**, in the first half of 2016, 54.8% of imports by the private sector had to be made at the unofficial exchange rate.

Currency Disbursement to Private Sector

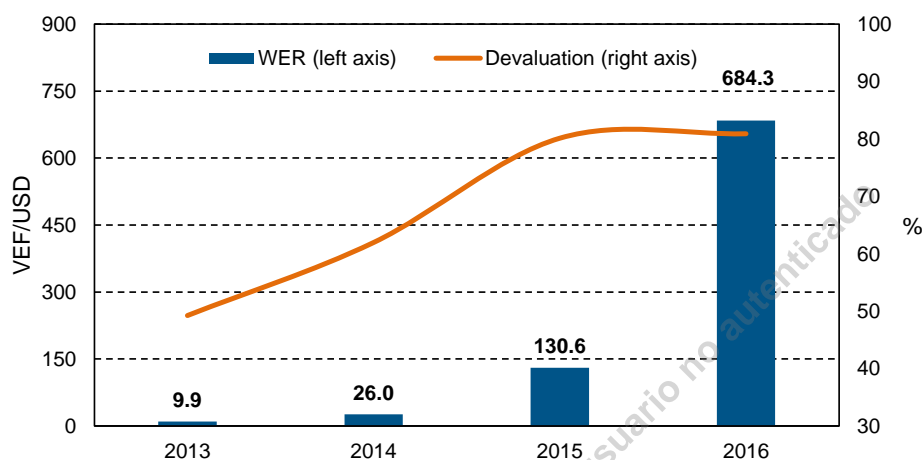


Sources: BCV and Ecoanalítica
*Daily average

The parallel market finances a bigger slice

The contraction in dollar settlements for the private sector, which was higher than expected, led us to modify our estimate of the weighed exchange rate. For 2016 total, we at **Ecoanalítica** estimate that the parallel market will supply 22.5% of imports (50.0% of private sector's); therefore, the weighed exchange rate of private imports went from an estimate of VEF 488.1/USD in the last report to VEF 684.3/USD.

Weighted Exchange Rate of Private Imports



Sources: BCV, Cencorex and Ecoanalítica

Furthermore, while this recomposing of imports at higher rates has not occurred in the public sector, which continues to import more or less in the same proportion as last year, 96.1% at Dipro exchange rate and 13.9% at Dicom exchange rate, it has been affected by Dicom's devaluation; therefore, the exchange rate of public imports has jumped from VEF 33.4/VEF in 2015 up to VEF 64.3/USD in 2016. Likewise, it is worth highlighting that this year we expect that public sector imports are higher than those by the private sectors for the first time. The Executive has decided to increase its imports at the expense of private sector imports, thereby restricting allocations to this sector and forcing it to use its own dollars to continue operating.

Weighted Exchange Rate of Public Sector

Exchange rates	2014	2015E	2016F
CENCOEX DIPRO	6.3	78.6%	9.3
SICAD I	11.0	16.1%	10.1%
SICAD II	50.0	5.3%	
SIMADI/DICOM		196.5	13.90%
Weighted Exchange Rate	9.4	33.4	64.3
Variation		256.8%	92.2%
Devaluation		-72.0%	-48.0%

Sources: BCV, CADIVI/CENCOEX and Ecoanalítica

We at **Ecoanalítica** estimate that for the total in 2016, the weighed exchange rate will be VEF 343.3/USD, for a devaluation of 76.1% with respect to the VEF 82.1/USD of last

Year 12, Number 3
Quarter 3

year. This means, that the Executive, without much fuss, has implemented a steep devaluation that has gone almost unnoticed.

Consumers are hit the most

A further consequence of the Government's letting private imports move to the parallel exchange rate in 2016 is the impact on prices. The consumer exchange rate indicator reached VEF 660.5/USD in August, for an increase of 143.5% with respect to the same period in 2015. As we see, an increasingly higher proportion of products that used to be subsidized thanks to a preferential exchange rate and, as a result, had lower prices, are being paid at higher exchange rates today; this means that the Venezuelan consumer is facing unprecedented exchange rates and price increases.

As expected, the areas that have depreciated the most over the last year include health and food and non-alcoholic beverages. In addition to this, given the current restrictions, we at **Ecoanalítica** don't expect this behavior to change; on the contrary, we anticipate that exchange rates for products of these areas are coming closer and closer to that of the parallel market.

Weighted Exchange Rate of the Venezuelan Consumer (VEF/USD)

	Aug-15	Aug-16	y/y (%)
Food and nonalcoholic beverages	138.2	547.5	296.1
Alcohol and snuff	668.2	970.9	45.3
Clothing and footwear	544.7	934.3	71.5
Rent	329.7	757.7	129.8
Housing services (except telephone)	234.8	668.8	184.8
Household equipment	643.5	989.3	53.7
Health	104.5	583.1	457.9
Transportation	229.4	656.1	186.0
Communications	310.0	681.5	119.9
Recreation and culture	387.0	714.5	84.6
Education services	159.1	678.6	326.5
Restaurants and hotels	343.8	644.2	87.3
Micellaneous goods and services	71.8	348.9	385.6
Total	271.2	660.5	143.5

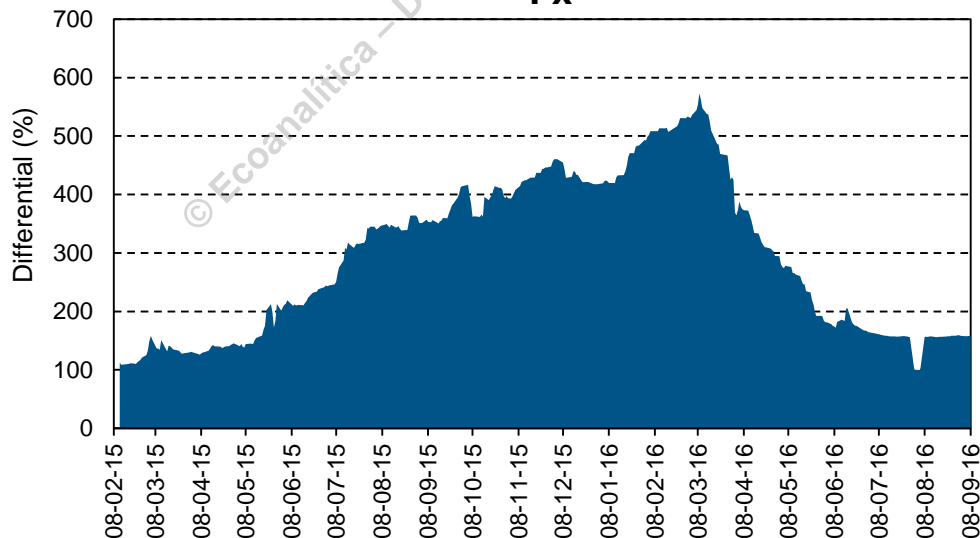
Source: BCV and Ecoanalítica

And now, who's going to help us?

A development with strong implications for the exchange policy in the future is the dismissal of the former Vice-President for the Economic Area and Minister of Industries, Miguel Pérez Abad. After Pérez Abad's removal, everything seems to suggest that his ideas have been put aside and the Administration has made a turn to a more radical stance, which means that Merentes and Marco Torres have won in terms of exchange policy. Therefore, the idea of a flexible Dicom market, with a rate determined by supply and demand, has died before being born.

The Executive missed the opportunity in August to finally implement a more flexible market, considering that the gap between the parallel and Dicom exchange rates hit a minimum. However, everything indicates that the stability observed in the parallel rate over the early months in 2016 will not remain until yearend, because there are factors conspiring against this.

**Differential between Non-official and Dicom
Fx**

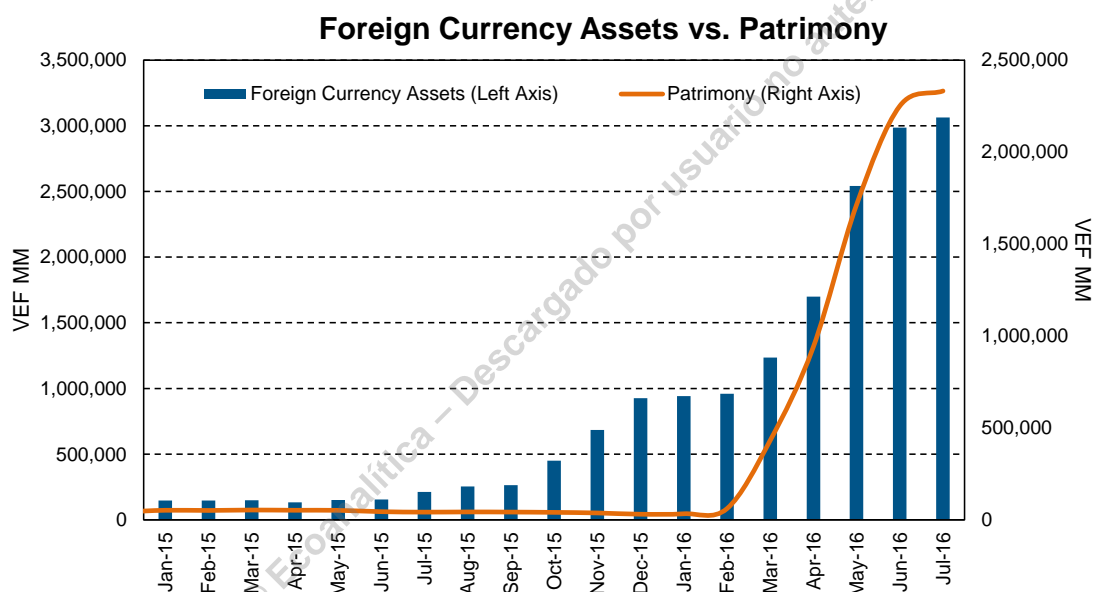


Sources: BCV and Ecoanalítica

First, a strong spending spree is expected to begin in September, while public entities should close budgets and pay yearend bonuses to their workers. Secondly, seasonal factors, such as Christmas, which bolster dollar demand for imports, may put more pressure on the parallel market.

Year 12, Number 3
Quarter 3

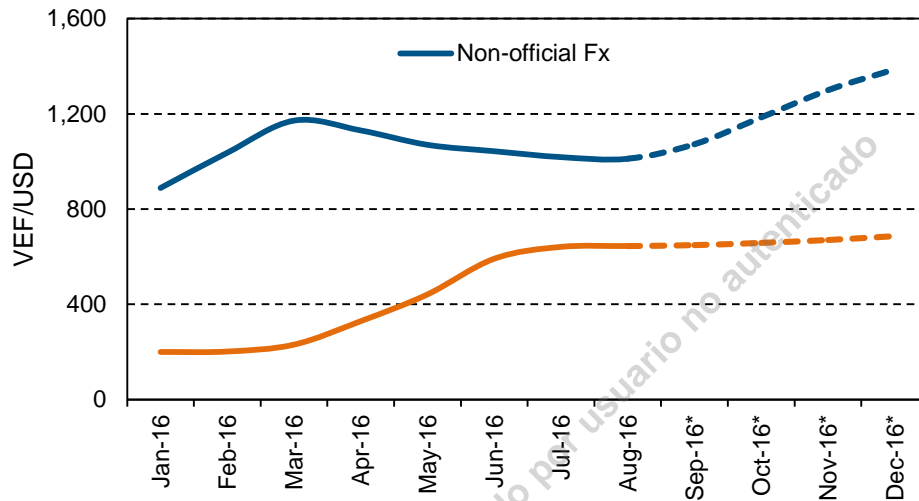
However, there is another factor that has been quietly growing and has not had any impact on liquidity yet: exchange gains recorded by the BCV, i.e. the benefit the Bank obtains from recording foreign assets in bolivars in its balances at a higher exchange rate. For now, the BCV has opted for maintaining these bolivars on the equity account, but the law provides for that these gains should be transferred to the Treasury; once performed, therefore, this would represent a strong increase in circulating bolivars for the end of the year, with the respective impact on the parallel exchange rate.



Sources: BCV and Ecoanalítica

Having said this, at **Ecoanalítica**, we expect the parallel exchange rate to increase again, closing the year at around VEF 1,387.5/USD, and estimate that the Simadi/Dicom exchange rate will remain the stable and close the year at about VEF 686.7/USD. As we seen the Executive made the decision to implement exchange adjustment in the most expensive and messy fashion, continuously devaluating the Simadi/Dicom rate to match it to the parallel exchange rate, instead of increasing dollar supply on that market (as it did until 2010), so as to avoid a devaluation as the one that it has implemented. Notwithstanding, the Government wasn't able to do its homework.

Foreign Exchange Rate Forecasts



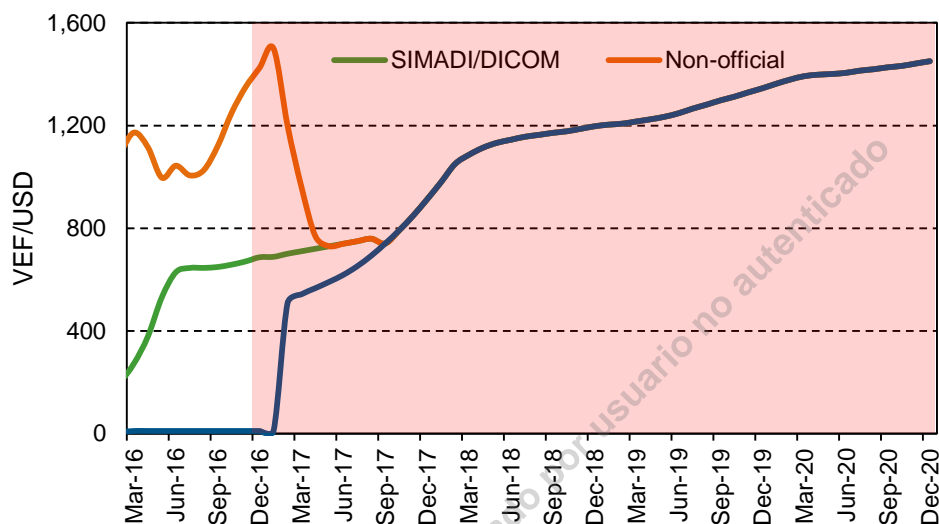
Sources: BCV and Ecoanalítica

Everything has an end

Definitely, we at **Ecoanalítica** believe that the title of this section is in line with the current exchange issue, not only because the exchange subsidy seems to have come to an end, but also because, given the signs of economic and political exhausting in Venezuela, we consider that in 2017, new economic scenarios that may change the exchange policy that has prevailed in Venezuela for more than a decade may emerge.

For next year, we expect a gradual liberalization of the non-official market, with the official exchange rates being unified for the second quarter of the year at about VEF 740.5/USD. This will be accompanied by an exchange convergence process, with the parallel exchange rate gradually approaching the official rate.

Exchange Rate Forecasts



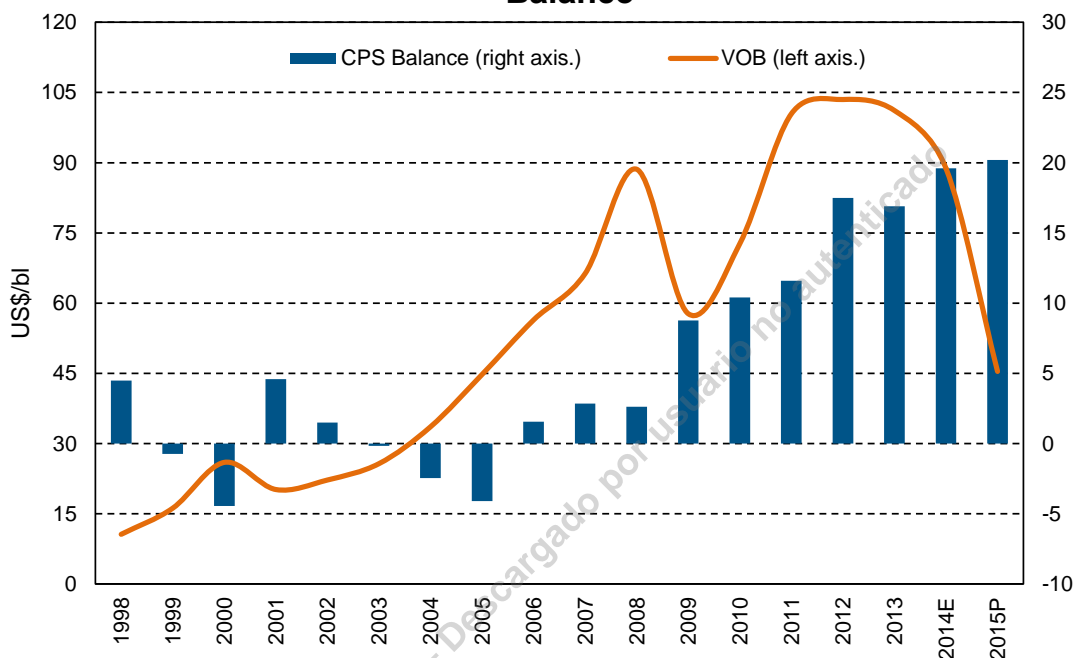
Sources: BCV and Ecoanalítica

Fiscal: Chronicles of an “adjustment”

2016 started marked by an alarming uncertainty for the Venezuelan people. Without a clear political aim, Nicolás Maduro announced in mid-February a roadmap of sorts that would show the way of the economic activity for the rest of the year: a restructuring of the exchange regime in force, specific modifications in gasoline prices, and a tax reform of sorts, among other things. According to **Ecoanalítica**, these specific measures, which were not accompanied with stronger reforms, had a relatively little impact on very high opportunity costs.

Even though fiscal accounts are like a black box, we at **Ecoanalítica** have strived to estimate fiscal figures for 2016. We forecast that the Restricted Public Sector (SPR) deficit, that is, central Government, PDVSA and non-financial public companies (EPNF) will be 15.4% with respect to GDP, in comparison to 20.2% last year, for a decrease of 4.8 percentage points (pp). Likewise, the Central Government (CG) deficit in 2016 will post 10.2%, 1.4 pp down from previous year.

Venezuelan Oil Basket vs. Consolidated Public Sector's Balance*



Sources: MENPET, MEFBP and Ecoanalítica.

*Deficit (+)/ Surplus (-) of the Consolidated Public Sector, Estimated figures since 2012..

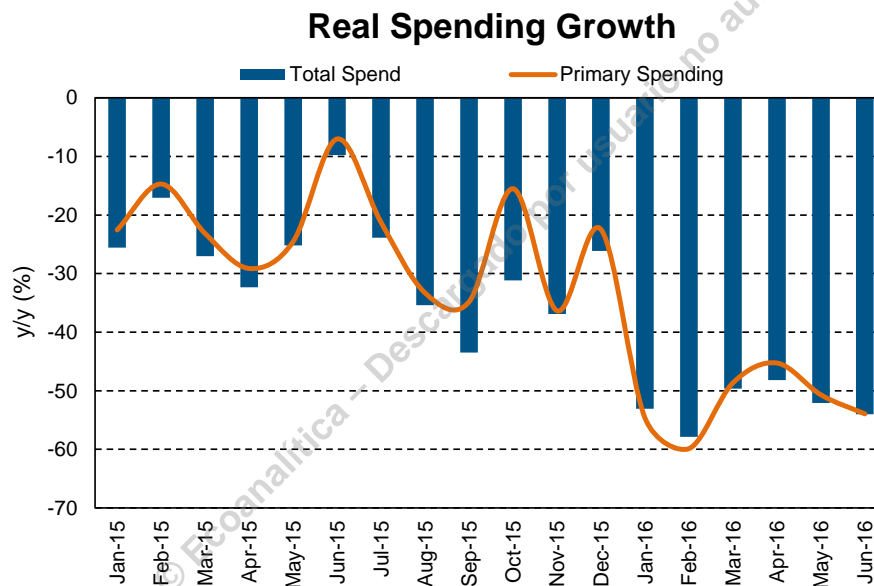
Historically, the difference between CG and SPR has been about 3.0 and 5.0 percentage points (pp); however, this behavior has not remained in time, with an increase in the gap between both indicators being observed instead. This latter is due to the fact that a large part of the SPR deficit is generated outside the CG structure, through PDVSA and other public entities, thus giving rise to a more discretionary spending by the Executive.

Spending uncontrolled growth

More than 90.0% of the country's revenues come from oil exports, which have been significantly impacted by the fall in oil prices. However, this doesn't seem to be an obstacle for public spending to always remain an infallible instrument throughout the fiscal years, when public spending is commonly higher than the budget.

**Year 12, Number 3
Quarter 3**

One of the characteristic elements this year has been the persistent real contraction of the spending levels by the State. In this regard, cumulative primary spending² for the year grew 94.7% in nominal terms. However, considering inflation, it becomes clear that variation in cumulative spending over the last months of the year reflected a contraction close to 42.8%. So that, even though the State has kept certain levels of spending, it hasn't been able to compensate for the effects of inflation, thereby complicating its effectiveness in the political arena with significant impacts in terms of exchange rate and inflation.

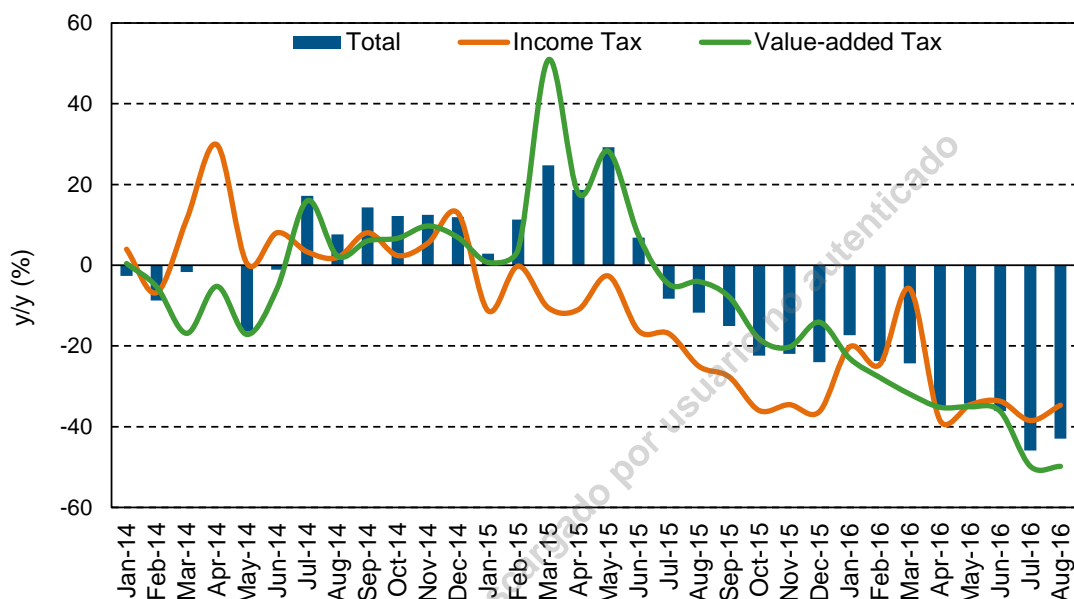


Sources: ONT and Ecoanalítica

Tax collection in Venezuela, in turn, has been characterized by its punctuality and success; however, in spite of the fact that in nominal terms, for August of the year, the tax authority (Seniat) posted a yearly variation in cumulative tax collection of 215.3%, in real terms, it contracted 42.9% in total collection. While Income Tax (ISLR) and Value Added Tax (VAT) have contracted 34.7% and 49.9% in real terms, respectively, tax on alcoholic beverages, cigarettes and games of luck and chance grew 11.6% and 38.6%, and 49% respectively, in the same terms.

² It's worth noting that spending figures are those published by the National Treasury Office (ONT); however, when the public sector movements in the financial system are analyzed, an increase in spending in nominal terms is observed; therefore, it should be expected that real contraction of spending is less than expected. (Figures to June because of lack of continuation of official publications)

Evolution of Non-oil Real Internal Revenue Service (SENIAT)



Sources: SENIAT and Ecoanalítica

Exchange rate as a main player

Even though the favorite financing mechanism of this government has been a continuous expansion of liquidity as a replacement of exchange rate modifications (through which the State could obtain more bolivars for the same number in dollars), starting in 2014, the Government has opted, in a relatively messy fashion, for adapting new exchange rates to the changing reality of the country, in order to mitigate fiscal and cash pressures imposed by reality.

The most recent big announcement in relation to exchange rate was the new alternative exchange regime, Dicom, which expected to somehow alleviate uncovered demand for foreign currency, at a higher exchange rate, the dynamic of which would be progressively adapted to a market scheme. By the same token, the exchange rate associated with the current alternative regime, Simadi, experienced a significant depreciation process, going from VEF 230.7/USD in March, on average, to VEF 644.9/USD in August. This would represent a depreciation of 64.2%, which could account for 5.9 points over GDP in terms of additional revenues for this year, when exchange movements since late 2015 are considered. Also, a punctual modification in

Year 12, Number 3
Quarter 3

the preferential system of foreign currency assignment from VEF 6,3/USD to VEF 10,0/USD, which means a depreciation of 37.0%.

Monthly Currency Devaluation Revenue (VEF MM)

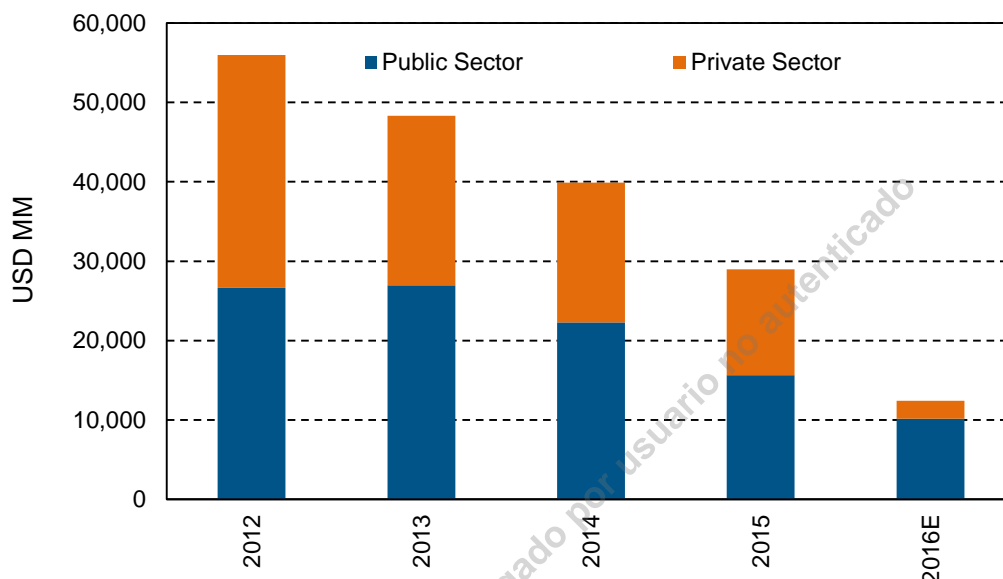
	2016
Income Tax (Pdvsas and other third party associations)	60,994
Hidrocarbons Rents (Royalty and Drilling Taxes)	123,059
Extraordinary Prices Tax	0
Imports Tax	29,244
New External Indebtedness	85,252
Income Effect	298,550
Interests	92,750
Amortisation	77,002
Off-Budget Executions	0
Others (Fees and Other Expenses)	4,434
Expenditure Effect	174,186
Net Monthly Effect	124,364
Effect as Percentage of GDP	5.9%

Sources: MF, Pdvsas, Seniat and Ecoanalítica

However, the lack of a coherent aim in relation to exchange policy resulted in maintaining a preferential exchange rate that was way too far from the other official exchange mechanisms, the parallel exchange rate and an eventual real balance exchange rate consistent with the economic panorama prevailing today in Venezuela. In this regard, we at **Ecoanalítica** estimate that the exchange subsidy³, through the Dipro mechanism, will post about 60.0% of the total import amount, i.e. 19.0 pp less than in the previous year, and 20.0% in comparison to 2012, when exchange subsidy covered 85.0% of the total of importable goods in that period.

³ By exchange subsidy we refer to any foreign currency settlement through the official mechanisms at an exchange rate (VEF/USD), lower than our estimates for the real balance exchange rate.

Imports Subsidy*



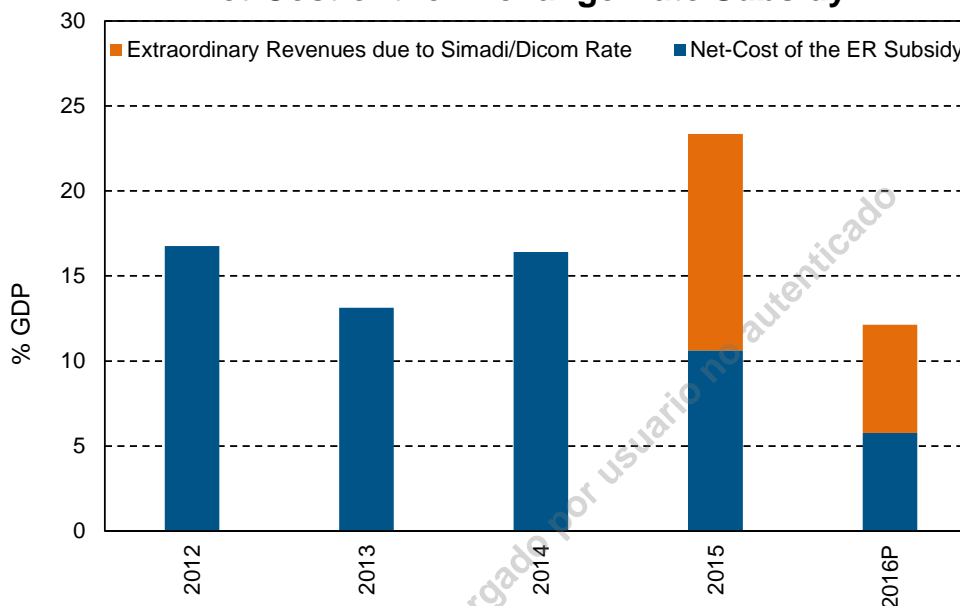
Sources: BCV, Cadivi and Ecoanalítica

*Amount of imports executed through an exchange rate below the equilibrium rate.

So that, relative price distortion extended to the exchange market has represented a significant opportunity cost assume by the State over last years. We at **Ecoanalítica** estimate that the average real balance exchange rate, for this year, would be VEF 250.0/USD – VEF 270.0/USD. Bearing this in mind, the permanence of the preferential exchange rate at VEF 10.0/USD (a gap of VEF 240.0/USD) would represent a cost close to 12.1 points of GDP.

Notwithstanding, additional revenues obtained through the alternative scheme, the average of which we estimate at VEF 527.6/USD (VEF 277.6/USD over the average real exchange rate) account for about 7.2 points of GDP, for a net import subsidy cost of 1.9 points of GDP for this year.

Net-Cost of the Exchange Rate Subsidy*



Sources: BCV, Cadivi/Cencoex and Ecoanalítica

* Opportunity cost of operations executed below the equilibrium ER minus the extraordinary revenues from operations executed over the equilibrium ER (Simadi/Dicom)

2017: Pragmatism is urgent

After the recent official announcements, we at **Ecoanalítica** expect a significant increase in spending volumes for the last quarter of the year. Wage increases and other compensations typical of the season along with a certain degree of proximity to new electoral events represent upward pressures on the levels of spending with substantial inflationary impacts.

However, in the medium term, in an exchange scenario, we forecast a higher degree of pragmatism in the management of the fiscal policy in Venezuela. More flexibility in hydrocarbon prices, an adjustment of elemental relative prices, progressive subsidy lifting, greater rationality in the management of public spending, and a better management of the exchange policy, all could give some respite to public finances. In this regard, we forecast that SPR deficit could close 2017 at 8.9%, 7.5 pp less than in 2016.

Consolidated Public Sector Annual Financial Results

(Weight on GDP)

	2015E	2016P	2017P
Total Revenues	24.2%	27.0%	36.1%
Current Revenues	24.2%	27.0%	36.1%
Tax	12.8%	12.8%	14.2%
Non-Tax	11.4%	14.2%	21.9%
Total Expenditure and Net Lending	44.4%	31.5%	48.4%
Current Expenditure	33.2%	27.2%	35.0%
Capital Expenditure	11.2%	4.3%	7.1%
Acquisition of Fixed Capital Assets	5.8%	1.0%	5.0%
Current Surplus or Deficit	-9.0%	-12.1%	1.1%
Financial Surplus or Deficit	-20.2%	-16.4%	-12.3%

Source: MEFBP and Ecoanalítica

Likewise, in a scenario in which the current regime would prevail and political pressures would increase, we could expect the persistence of the current spending dynamic in the medium term, with an eventual tax reform forced by the situation and without a clear aim, with significant exchange and inflation impacts along with a remarkable deterioration in public finances and without short-term benefits.

Conclusions: Uncertainty takes the leading role once again

A year ago we wrote about the high level of uncertainty for economic development in 2016, a year following parliamentary elections to be held in December 2015 that the opposition had a high probability of winning. So, at **Ecoanalítica** we decided to develop scenarios and assign levels of probability to each.

The outlook on the economic front for the remainder of the year has become clear and it is evident that 2016 will be a year that needs to be consigned to oblivion, although it will certainly be held up as a textbook case for the country's students of economics. Economic activity will experience a contraction that will go to two digits, with the result

that it will post a cumulative reduction of 20.0% over the space of three years. In other words, at the close of the year, Venezuela will have an economy that has lost a fifth of its size in a very short period of time.

Furthermore, it is a matter of concern that aggregate demand will have contracted by nearly 29.3%, a contraction led by gross capital formation (50.1%), both public (55.8%) and private (30.0%), followed by goods and services imports (48.7%), goods and services exports (21.7%), and consumption (18.3%), both public (16.5%) and private (18.8%). This implies that Venezuela will close the year with a GDP equivalent to that of 2006 and that, therefore, it will have lost ten years.

Looking at the country as reflected in other indicators, Venezuela will have a balance of payments in deficit for the eighth year running with a weighted exchange rate for the economy that will have depreciated by 99.3% over the same period, going from VEF 2.3/USD in 2008 to VEF 343.3/USD so far this year. Likewise, cumulative inflation will be 511.3%, reflecting a contraction in Venezuelans' purchasing power of more than 31.9% by year-end, with available income indicators similar to those of 2007.

Based on these indicators, the Venezuelan economy will close the year in a state of deep depression encased in a straightjacket that will not allow it to expand unless there is a change in the model that would free it. So, if *Chavismo* remains in power and continues to implement adjustments such as those that have been implemented so far this year, it is highly likely that 2017 will be another lost year on all fronts and that the level of precariousness we are already seeing this year will continue to become more acute with no hope of a change of course.

So, what is left is for us to do is to evaluate the likelihood of a political change occurring in the country that would bring with it a change in the economic model. Once again we need to develop scenarios of change so that, based on them, we can obtain an idea of what the next few years hold for the Venezuelan economy.

At **Ecoanalítica** we are convinced that Venezuela is going through a transition, but it is not clear how long this process will last. What is clear is that it will be painful and the longer it is strung out, the deeper we will plunge into the abyss. But once the change occurs, there is no doubt that the economy will expand and that the process of recovery will be faster than expected. In other words, a stabilization program will generate growth and benefits by removing the straightjacket we have now.

Returning to our scenarios, the first one implies a change of model and course that could occur with the opposition getting into government or by a change inside *Chavismo*

that would force the implementation of economic policies geared more to the market, bearing in mind that we do not see President Maduro continuing in office in the latter option. The second scenario is where President Maduro stays in office until 2019 and continues to do more of the same. And the third is a scenario of greater uncertainty where there is no clear direction and whose outcome could be a Pandora's Box.

In March, when at **Ecoanalítica** we started to measure the probabilities of these scenarios occurring, the scenario of change had a likelihood of 60.0% of occurring, whereas the probability of President Maduro remaining in office was 25.0% and for the scenario of uncertainty it was 15.0%. Consequently, we can say that the recent results obtained by the opposition in the parliamentary elections made the scenario of a change actually occurring highly likely.

Several months have passed since then and a number of events have occurred: the rulings handed down by the Supreme Tribunal of Justice; the collecting of signatures from 1.0% of the electorate to request a recall referendum; the activation of the Democratic Charter by the secretary general of the Organization of American States (OAS); the impeachment of Dilma Rousseff in Brazil; the reincorporation of the deputies of Amazonas state to the National Assembly; the increases in the prices of controlled products; negotiations with China regarding the debt; the removal of Pérez Abad as minister and vice president in charge of the economy; the steady decline in PDVSA's output; and the massive march by the opposition to Caracas, to name but a few. All of them have changed, one way or another, the probabilities of the different scenarios playing out.

We are a week into September and the scenario of change has gone to 53.0%. As for the more-of-the-same scenario, it has gained 7.0 percentage points and is at 33.0%. This last change is worrying due to the widespread confusion in agents' expectations, which is generating a high level of uncertainty.

Bearing in mind these scenarios, it is evident that the more time that passes the more unpredictable the outcome becomes in the short term. Nevertheless, the change scenario and the scenario where the model stays the same have elements that allow us to make projections in economic terms. In the change scenario, our base scenario, the results would be those presented in this report and that can be summed up as economic growth of 3.5%; a convergence of the exchange rates in 2Q2017 that would give an end dollar price of VEF 912.7/USD; exports of USD 35.04 billion and total imports of USD 26.15 billion, which would imply a current account with a deficit of USD 2.61 billion; and in terms of prices, we would have inflation of 198.2%.

**Year 12, Number 3
Quarter 3**

In a scenario where the present model continues, the results would be a contraction in the economy of 5.8%; a foreign exchange regime with two official exchange rates, one for priority products (VEF 250.0/USD) and the other for the rest of the economy (VEF 2,228.0/USD); exports would come to USD 31.19 billion with imports of USD 25.92 billion and inflation of 416.5%. In other words, the result would be a deeper depression and greater destruction of the country's production apparatus along with the population.

Venezuelan Macroeconomic Projections

Variable	2014E	2015E	2016F	Change	No change
				scenario	scenario
				2017F	2017F
GDP - y/y (%)	-3.9	-5.7	-11.3	3.5	-5.8
Oil GDP - y/y (%)	-4.2	-0.9	-7.9	5.6	-2.3
Non-oil GDP - y/y (%)	-3.1	-5.6	-12.5	3.2	-6.1
Exports - y/y (%)	-15.8	-50.0	-36.3	47.3	31.1
Imports - y/y (%)	-16.9	-22.3	-44.0	26.5	25.4
Imports (USDMM)	47,508	36,910	20,671	26,145	25,922
Venezuelan Oil Basket (USD/bl)	88.8	44.8	34.0	46.9	45.4
Current Account Balance (GDP%)	1.6	-10.7	-8.5	-2.3	-7.8
International Reserves (USDMM)	22,080	16,361	11,267	16,401	8,480
Central Government (GDP%)	-10.4	-11.7	-11.5	-6.7	-10.0
CPS Balance (GDP%)	-19.6	-20.2	-17.6	-11.4	-15.4
NCPI (Dic/Dic%)	68.5	180.9	511.3	197.0	416.5
Liquidity (M2) - y/y (%)	64.0	100.7	105.7	90.5	131.6
Cencoex FX - Dipro at closing (VEF/USD)	6.3	6.3	10.0	912.7	250.0
Import Weighted Average FX (VEF/USD)	21.7	59.8	342.6	634.4	1,120.6
Non-official FX - Average (VEF/USD)	95.4	544.5	1,131.6	891.6	2,228.0

Sources: BCV and Ecoanalítica

We are living critical times and any extraordinary event could change these probabilities. The best thing that could happen to Venezuela would be a change in the model and the worst would probably be for uncertainty to dictate agents' decisions; consequently, anything could happen with the economic results. Given this situation, it is crucial that private companies obtain advice and keep abreast of developments. Meanwhile, it is also important for them to be protected and to be prepared to take the utmost advantage of what will happen in the country in the coming months.

Year 12, Number 3
Quarter 3

Tables

Table 1	2014	2015	2016	2017	2018	2019	2020
BASIC INDICATORS	ESTIMATED				FORECASTS		
Venezuela Oil Activity (Th.B/d and USD/b)							
BASED ON PDVSA FIGURES							
Liquid Hydrocarbon and Refined Production	2,899	2,863	2,581	2,756	2,871	2,994	3,071
% Chg	-3.8%	-1.2%	-9.8%	6.8%	4.2%	4.3%	2.6%
Crude Oil Production (PDVSA Definition)	2,785	2,746	2,468	2,639	2,753	2,873	2,947
% Chg	-3.9%	-1.4%	-10.1%	6.9%	4.3%	4.4%	2.6%
Crude Oil Production (OPEC Definition)	2,675	2,639	2,372	2,538	2,650	2,769	2,842
% Chg	-3.9%	-1.3%	-10.1%	7.0%	4.4%	4.5%	2.6%
Exports of Crude Oil and Refined Products under PDVSA Definition	2,377	2,051	1,763	1,932	2,047	2,183	2,251
% Chg	-2.0%	-13.7%	-14.1%	9.6%	6.0%	6.6%	3.6%
BASED ON OPEC SECONDARY SOURCES							
Crude Oil Production (Secondary Sources of OPEC)	2,570	2,561	2,257	2,489	2,679	2,886	3,054
% Chg	-1.0%	-0.3%	-11.9%	10.3%	7.6%	7.7%	5.8%
Exports of Crude Oil and Refined Products Estimates under Secondary Sources	2,020	1,828	1,516	1,736	1,913	2,119	2,273
% Chg	-0.2%	-9.5%	-17.1%	14.5%	10.2%	10.8%	7.3%
Differences Among Official and Secondary Sources	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Crude Oil Production	105	78	116	49	(29)	(117)	(212)
Exports of Crude+Products	357	223	247	196	134	64	(12)
VENEZUELA OIL BASKET PRICE							
Venezuela Oil Basket Annual Average Price	88.78	44.75	34.01	45.40	51.76	53.83	57.33
% Chg	-12.2%	-49.6%	-24.0%	33.5%	14.0%	4.0%	6.5%
Differences with Brent North Sea	9.30	9.03	10.09	-9.72	9.15	8.91	8.55
Economic Activity (GDP) at Constant 1997 Prices (Rates of Variation %)							
Total	-3.9%	-5.7%	-11.3%	3.5%	3.4%	3.0%	3.0%
Oil	-4.2%	-0.9%	-7.9%	5.6%	3.5%	4.1%	2.1%
Non-oil	-3.1%	-5.6%	-12.5%	3.2%	3.4%	2.9%	3.5%
Indirect Taxes	-8.9%	-11.2%	-6.4%	3.4%	3.2%	2.4%	0.4%
Socioeconomic Indicators (%)							
Unemployment Rate	7.0%	6.8%	7.9%	9.5%	8.6%	7.7%	7.4%
Informal Occupation Rate	40.2%	40.7%	46.2%	48.6%	46.8%	43.3%	40.7%
Poverty Figures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% people under poverty line	35.2%	41.0%	52.0%	32.3%	30.6%	26.3%	22.2%
% people under extreme poverty line	13.0%	17.6%	23.2%	20.7%	17.6%	15.1%	13.0%
Inflation (%) (1997=100)							
Wholesale Inflation Rate							
Annualized (Dec/Dec)	79.7%	230.5%	478.3%	203.1%	34.2%	22.1%	11.0%
Annual Average	66.3%	157.6%	432.3%	251.0%	88.9%	24.2%	15.1%
Consumer Inflation Rate (Metropolitan Area of Caracas)							
Annualized (Dec/Dec)	64.7%	159.7%	481.9%	192.2%	30.4%	21.9%	12.3%
Annual Average	57.3%	111.8%	353.7%	284.7%	81.5%	20.7%	16.8%
Consumer Inflation National Rate							
Annualized (Dec/Dec)	68.5%	180.9%	511.3%	197.0%	30.8%	20.7%	11.3%
Annual Average	62.2%	121.7%	380.3%	301.7%	83.1%	19.7%	21.8%
Foreign exchange indicators (Bs.F/US\$ y %)							
OFFICIAL PETROLEUM EXCHANGE RATE							
Year-end	6.30	38.55	337.75	912.69	1,197.10	1,344.95	1,450.56
% Chg	0.0%	512.0%	776.1%	170.2%	31.2%	12.4%	7.9%
Average Year	6.30	22.89	236.94	642.79	1,118.16	1,257.49	1,405.84
% Chg	2.7%	263.3%	935.3%	171.3%	74.0%	12.5%	11.8%
SWAP/SITME EXCHANGE RATE							
Year-end	36.96	144.00	686.74	912.69	1,197.10	1,344.95	1,450.56
% Chg	234.2%	289.6%	376.5%	32.9%	31.2%	12.4%	7.9%
Average Year	29.50	142.82	489.42	748.13	1,118.16	1,158.25	1,293.80
% Chg	86.1%	384.2%	242.7%	52.9%	49.5%	3.6%	11.7%
WEIGHTED COST EFFECTIVE EXCHANGE RATE							
Year-end	32.19	94.57	450.19	912.69	1,197.10	1,344.95	1,450.56
% Chg	150.6%	193.8%	376.0%	102.7%	31.2%	12.4%	7.9%
Average Year	21.71	59.84	342.64	634.44	1,118.16	1,257.49	1,405.84
% Chg	107.3%	175.7%	472.6%	85.2%	76.2%	12.5%	11.8%
EXCHANGE RATE DEVIATIONS							
Purchase Power Parity Exchange Rate	22.27	66.10	363.34	1,139.58	1,441.87	1,693.79	1,789.78
Overvaluation (+) Undervaluation (-)	253.5%	949.1%	3533.4%	24.9%	20.4%	25.9%	23.4%
Liquidity Indicators and Interest Rates							
Lending Rates							
Year-end	19.1	21.0	21.9	53.8	69.7	18.1	17.7
Annual Average	17.2	20.0	21.3	42.6	64.7	39.0	18.6
Real Annual Average	-25.5	-43.4	-73.3	-62.9	-9.3	15.2	1.5
Deposit Rates							
Year-end	0	0	0	0	0	0	0
Annual Average	14.6	15.1	15.9	49.8	66.7	16.1	16.2
Real Annual Average	14.6	14.7	15.2	38.6	61.7	37.0	17.1
Year-end Monetary Liquidity M2 (Millions of Bs.F)	27.2	-45.8	-74.6	-64.0	-10.9	13.5	0.2
% Chg (Dec/Dec)	2,001,240,566	4,015,681,959	8,258,531,510	15,735,942,355	19,769,943,855	28,200,551,324	38,480,741,342
% Chg (Dec/Dec) at Constant 1997 Prices	64.0%	100.7%	105.7%	90.5%	25.6%	42.6%	36.5%
% Chg (Dec/Dec) at Constant 1997 Prices	-0.4%	-22.7%	-64.7%	-34.8%	-3.6%	17.0%	21.5%
External Sector Indicators (millions of US\$)							
Exports	74,714	37,366	23,793	35,040	42,966	48,787	54,040
% Chg	-15.8%	-50.0%	-36.3%	47.3%	22.6%	13.5%	10.8%
Imports	47,508	36,910	20,671	26,145	31,030	34,072	36,217
% Chg	-16.9%	-22.3%	-44.0%	26.5%	18.7%	11.1%	5.1%
Trade Balance	27,206	456	3,122	8,895	11,936	14,314	17,823
Current Account	3,598	(18,150)	(8,990)	(2,611)	677	1,983	3,821
Balance of Payments	(718)	(8,188)	(4,396)	4,941	4,316	3,177	1,537
Total International Reserves	22,080	16,361	11,267	16,401	20,550	23,594	25,024
Months of Imports + Debt Service	5.0	4.5	5.1	6.2	7.3	8.5	10.7
Central Government Public Finance Indicators as % of GDP							
Primary Surplus (+) / Deficit (-) as % of GDP	-2.4%	-12.0%	-22.9%	-4.6%	1.4%	4.8%	5.0%
Financial Surplus (+) / Deficit (-) as % of GDP	-4.6%	-13.3%	-23.3%	-6.6%	-0.4%	3.4%	3.7%

Year 12, Number 3
Quarter 3

Table 2	2014	2015	2016	2017	2018	2019	2020
Exchange Rate and Price Indicators	ESTIMATED			FORECASTS			
Exchange Rates and Overvaluation Indicators							
Year End Exchange Rate							
Preferential Rate	6.30	6.30	10.00	912.69	1,197.10	1,344.95	1,450.56
Oil Rate	6.30	38.55	337.75	912.69	1,197.10	1,344.95	1,450.56
Weighted Official Rate	6.30	38.55	337.75	912.69	1,197.10	1,344.95	1,450.56
Swap / Sitme Rate	36.96	144.00	686.74	912.69	1,197.10	1,344.95	1,450.56
Alternate	173.24	833.33	1,425.00	912.69	1,197.10	1,344.95	1,450.56
Effective Cost of Imports of Goods and Services	32.19	94.57	450.19	912.69	1,197.10	1,344.95	1,450.56
% of Change at Year End							
Preferential Rate	0.0%	0.0%	58.7%	9026.9%	31.2%	12.4%	7.9%
Oil Rate	0.0%	512.0%	776.1%	170.2%	31.2%	12.4%	7.9%
Weighted Official Rate	0.0%	512.0%	776.1%	170.2%	31.2%	12.4%	7.9%
Swap / Sitme Rate	224.2%	289.6%	376.9%	32.9%	31.2%	12.4%	7.9%
Alternate	170.1%	381.0%	71.0%	-36.0%	31.2%	12.4%	7.9%
Effective Cost of Imports of Goods and Services	150.6%	193.8%	376.0%	102.7%	31.2%	12.4%	7.9%
Average Year Exchange Rate							
Preferential Rate	6.30	6.30	9.23	585.72	1,118.16	1,257.49	1,405.84
Oil Rate	6.30	22.89	236.94	642.79	1,118.16	1,257.49	1,405.84
Weighted Official Rate	6.30	22.89	236.94	642.79	1,118.16	1,257.49	1,405.84
Swap / Sitme Rate	29.50	142.82	489.42	748.13	1,118.16	1,158.25	1,293.80
Alternate	90.77	517.02	1,106.89	912.96	1,118.16	1,257.49	1,405.84
Effective Cost of Imports of Goods and Services	21.71	59.84	342.64	634.44	1,118.16	1,257.49	1,405.84
% of Change of Average Exchange Rate							
Preferential Rate	2.7%	0.0%	46.5%	6246.4%	90.9%	12.5%	11.8%
Oil Rate	2.7%	263.3%	935.3%	171.3%	74.0%	12.5%	11.8%
Weighted Official Rate	2.7%	263.3%	935.3%	171.3%	74.0%	12.5%	11.8%
Swap / Sitme Rate	86.1%	384.2%	242.7%	52.9%	49.5%	3.6%	11.7%
Alternate	159.7%	469.6%	114.1%	-17.5%	22.5%	12.5%	11.8%
Effective Cost of Imports of Goods and Services	107.3%	175.7%	472.6%	85.2%	76.2%	12.5%	11.8%
Real Exchange and Purchasing Power Parity Rates							
Purchasing Power Parity of Trade	22272.9	66096.2	363345.1	118598.9	1441871.4	1693792.9	1789781.9
Effective Purchasing Power Parity Trade	21099.6	65232.9	363431.1	1056296.3	1323935.7	1571402.0	1657781.3
Short Term Exchange Rate	20093.5	58505.6	327785.0	942123.7	1189656.3	1382621.8	1488896.3
Deviations (Overvaluation (+) / Undervaluation (-))							
Purchasing Power Parity of Trade	253.5%	949.1%	3533.4%	24.9%	20.4%	25.9%	23.4%
Effective Purchasing Power Parity Trade	244.4%	940.0%	3524.3%	15.8%	11.3%	16.8%	14.3%
Short Term Exchange Rate	218.9%	828.7%	3197.9%	3.2%	-0.6%	3.1%	2.6%
Wholesale Prices Indexes							
Average Agricultural Price Index	5420.3	13965.1	74338.5	260961.4	493051.0	612484.5	704685.3
% Chg	66.3%	157.6%	432.3%	251.0%	88.9%	24.0%	15.1%
Average Price Index for Manufacturing Activity	7087.2	23423.9	135456.5	410579.4	551092.5	672900.2	747072.8
% Chg	79.7%	230.5%	478.3%	203.3%	54.2%	22.1%	11.0%
Wholesale Prices Indexes	5639.1	14064.6	72850.3	295774.6	562017.8	705077.2	810113.9
Annual Average Wholesale Price Index	59.4%	149.4%	418.0%	306.0%	90.0%	25.5%	14.9%
% Chg	7115.3%	22914.9%	145272.4%	475835.8%	630898.6%	776855.1%	860811.0%
Year-end Wholesale Price Index	64.8%	222.1%	534.0%	227.5%	32.6%	23.1%	10.8%
% Chg	4773.4%	13670.9%	78730.5%	158010.5%	280997.9%	338666.0%	392008.2%
Annual Average Wholesale Price Index for Domestic Goods	96.0%	186.4%	476.0%	100.7%	83.0%	17.1%	16.0%
% Chg	7024.1%	24920.0%	106428.6%	217620.6%	315086.8%	365480.6%	410721.8%
Year-end Wholesale Price Index for Domestic Goods	147.1%	255.9%	326.9%	104.5%	44.8%	16.0%	12.4%
Consumer Prices Indexes (1997=100)							
Consumer Price Inflation Rate (Metropolitan Area of Caracas)							
Annual Average Index	4.910.3	10.399.8	47.187.8	181.542.0	329.464.3	397.573.8	464.423.8
% Chg	57.3%	111.8%	353.7%	284.7%	81.5%	20.7%	16.8%
December Index	6.222.8	16.160.1	94.034.0	274.744.2	358.156.4	436.672.2	490.576.3
% Chg	64.7%	159.7%	481.9%	192.2%	30.4%	21.9%	12.3%
Consumer Prices Indexes (Dic 2007=100)							
Consumer Price Inflation Rate National Level							
Annual Average Index	658.7	1460.5	7015.4	28180.1	51606.7	61776.3	75216.7
% Chg	62.2%	121.7%	380.3%	301.7%	83.1%	19.7%	21.8%
December Index	839.5	2357.9	14415.0	42811.1	55988.9	67586.2	75216.7
% Chg	68.5%	180.9%	511.3%	197.0%	30.8%	20.7%	11.3%
Consumer Price Inflation Rate (Metropolitan Area of Caracas Level)							
Annual Average Index	652.1	1381.1	6266.6	24109.2	43753.6	52798.6	61676.5
% Chg	57.3%	111.8%	353.7%	284.7%	81.5%	20.7%	16.8%
December Index	826.4	2146.1	12487.9	36486.6	47563.9	57991.0	65149.6
% Chg	64.7%	159.7%	481.9%	192.2%	30.4%	21.9%	12.3%
FOREIGN PRICES INDICATORS AND TERMS OF TRADE (1997=100)							
USA CONSUMER PRICES INDEX	147.31	147.48	149.07	151.42	153.79	155.88	158.47
USA CONSUMER INFLATION RATE	1.6%	0.1%	1.1%	1.6%	1.6%	1.4%	1.7%
EXTERNAL SECTOR TRADE PRICES IN DOLLARS							
Exports of Goods and Services	517.57	328.76	274.09	348.50	381.62	396.13	418.41
% Chg	-9.9%	-36.5%	-16.6%	25.3%	11.1%	3.8%	5.6%
Exports of Goods	544.01	334.47	275.94	349.48	390.29	405.91	429.93
% Chg	-10.5%	-38.5%	-17.5%	26.7%	11.7%	4.0%	5.9%
Exports of Oil Goods	594.05	299.42	227.56	303.80	346.33	360.18	383.59
% Chg	-12.2%	-49.6%	-24.0%	33.5%	14.0%	6.0%	6.5%
Exports of Non Oil Goods	160.16	157.16	163.45	169.99	176.79	183.86	191.21
% Chg	-4.7%	-1.9%	4.0%	4.0%	4.0%	4.0%	4.0%
Exports of Services	164.68	162.42	169.73	177.37	185.35	193.69	202.41
% Chg	-4.2%	-1.4%	4.5%	4.5%	4.5%	4.5%	4.5%
Imports of Goods and Services	126.12	130.17	134.35	138.66	143.11	147.70	152.43
% Chg	0.4%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
Imports of Goods	128.68	132.54	136.51	140.61	144.83	149.17	153.65
% Chg	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Imports of Services	127.28	132.37	137.67	142.17	148.99	154.88	161.09
% Chg	-11.6%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
TERMS OF TRADE INDEXES							
TRADE OF GOODS AND SERVICES	410.37	252.56	204.02	247.74	266.67	268.20	274.48
% Chg	-10.2%	-38.5%	-19.2%	21.4%	7.6%	0.6%	2.3%
TRADE OF GOODS	422.77	252.36	202.13	248.54	269.49	272.10	279.82
% Chg	-13.5%	-40.3%	-19.9%	23.0%	8.4%	1.0%	2.8%
TRADE OF SERVICES	461.66	225.91	166.69	216.06	230.13	241.45	249.66
% Chg	-15.2%	-51.1%	-26.2%	23.6%	10.7%	1.0%	3.4%

Year 12, Number 3
Quarter 3

Table 3	2014	2015	2016	2017	2018	2019	2020
Balance of Payments, Foreign Reserves, and Foreign Debt	ESTIMATED		FORECASTS				
Balance of Payments (US\$ Million)							
MERCHANDISE BALANCE (TRADE BALANCE)	27,206	456	3,122	8,895	11,936	14,314	17,823
Merchandise Exports	74,714	37,366	23,793	35,040	42,966	48,787	54,040
% Chg	-15.8%	-50.0%	-36.3%	47.3%	22.6%	13.5%	10.8%
Oil	71,731	35,542	21,887	32,019	38,674	42,893	47,322
% Chg	-16.2%	-50.5%	-38.4%	46.3%	20.8%	10.9%	10.3%
Non-oil	2,983	1,824	1,906	3,020	4,292	5,893	6,718
% Chg	-5.3%	-38.9%	4.5%	58.5%	42.1%	37.3%	14.0%
- Merchandise Imports	47,508	36,910	20,671	26,145	31,030	34,472	36,217
% Chg	-16.9%	-22.3%	-44.0%	26.5%	18.7%	11.1%	5.1%
SERVICES BALANCE	(15,015)	(12,611)	(8,916)	(9,532)	(10,151)	(11,193)	(12,750)
Service Exports	1,869	1,167	1,316	1,497	1,639	1,780	1,927
% Chg	-15.5%	-37.6%	12.7%	13.8%	9.5%	8.6%	8.3%
Service Imports	16,884	13,778	10,232	11,029	11,791	12,972	14,678
% Chg	-12.3%	-18.4%	-25.7%	7.8%	6.9%	10.0%	13.1%
INCOME RENT BALANCE	(8,375)	(5,798)	(3,039)	(1,823)	(1,003)	(1,023)	(1,125)
Current Transfers	(218)	(197)	(158)	(150)	(105)	(115)	(127)
CURRENT ACCOUNT	3,598	(18,150)	(8,990)	(2,611)	677	1,983	3,821
CAPITAL AND FINANCIAL ACCOUNT	(750)	15,577	9,368	10,368	7,159	3,306	(1,229)
DIRECT INVESTMENT, NET	-	-	-	-	-	-	-
DIRECT INVESTMENT, NET	(704)	2,609	2,926	675	(11)	(13)	(253)
Inside Venezuela	320	1,483	1,631	1,957	1,977	2,372	2,609
Outside Venezuela	(1,024)	1,126	1,295	(1,282)	(1,988)	(2,385)	(2,862)
PORTFOLIO INVESTMENT	3,017	(4,246)	(5,102)	3,432	3,126	(1,087)	(1,183)
Public Sector	2,927	(4,307)	(5,168)	3,359	3,023	(1,209)	(1,330)
Private Sector	90	60	66	73	102	123	147
OTHER INVESTMENT	(3,063)	17,214	11,543	6,261	4,045	4,406	208
Public Sector	3,033	14,632	8,831	3,007	1,767	1,672	(1,979)
Private Sector	(6,096)	2,583	2,712	3,254	2,278	2,734	2,187
ERRORS AND OMISSIONS	(3,566)	(5,615)	(4,773)	(2,816)	(3,520)	(2,112)	(1,056)
BALANCE OF PAYMENTS	(718)	(8,188)	(4,396)	4,941	4,316	3,177	1,537
Foreign Reserves (US\$ Million)							
TOTAL FOREIGN RESERVE ASSETS	22,080	16,361	11,267	16,401	20,550	23,594	25,024
- FIEM	3	3	3	4	4	4	4
Central Bank Gross Foreign Reserves	22,077	16,358	11,263	16,397	20,546	23,590	25,020
- Reserve Liabilities	467	513	641	834	667	534	427
Central Bank Net Foreign Reserves	23,205	15,017	10,622	15,563	19,879	23,057	24,593
- Monetary Gold	14,584	11,813	7,088	7,159	7,517	7,892	8,287
- FMI Position / SDRs	3,728	578	589	601	613	625	638
Central Bank Foreign Exchange Reserves	3,765	3,967	3,586	8,637	12,417	15,072	16,095
External Debt (US\$ Million)							
Total External Debt by Type of Debtor	95,393	89,166	81,512	78,508	42,410	(31,023)	(107,762)
Public	80,916	74,323	66,303	62,933	26,470	(47,327)	(124,430)
Non-oil Public Debt	43,291	42,041	40,541	43,541	45,541	46,045	46,549
PDVSA	37,625	32,282	25,761	19,392	(19,071)	(93,372)	(170,979)
Private	14,477	14,843	15,209	15,575	15,940	16,304	16,668
Foreign Debt Service	-	-	-	-	-	-	-
Total Debt Service	13,125	13,463	13,144	11,416	9,757	5,850	203
Public	12,947	12,213	11,873	10,126	8,446	4,517	(1,150)
Private	178	1,250	1,271	1,291	1,312	1,333	1,353
Principal	7,150	7,184	7,434	5,934	6,935	8,432	8,432
Public	7,000	6,750	7,000	5,500	6,500	7,996	7,996
Private	150	434	434	434	435	436	436
Interest	5,975	6,279	5,710	5,482	2,822	(2,582)	(8,229)
Public	5,947	5,463	4,873	4,626	1,946	(3,479)	(9,146)
Private	28	816	837	857	877	897	917
Transfers Funds to FONDEN							
Total Transfers by Year	21,459	17,005	18,705	20,576	22,633	24,897	27,386
PDVSA TO FONDEN	15,459	17,005	18,705	20,576	22,633	24,897	27,386
CENTRAL BANK OF VENEZUELA TO FONDEN	6,000	-	-	-	-	-	-

Year 12, Number 3
Quarter 3

Table 4 Indicators of Aggregate Demand	2014	2015	2016	2017	2018	2019	2020
	ESTIMATED			FORECASTS			
Aggregate Internal Demand at constant prices 1997							
Internal Aggregate Demand	74,915,522	67,349,054	59,095,477	60,264,769	61,650,616	63,529,118	66,981,649
Total Consumption of Goods and Services	55,629,225	51,922,910	46,231,664	47,806,302	48,803,051	50,027,257	52,332,339
Private Consumption of Goods and Services	43,911,357	40,486,271	36,895,090	38,068,256	38,773,622	39,777,100	41,624,245
Household Consumption of Goods and Services	43,215,090	39,752,663	36,154,146	37,319,902	38,010,301	38,998,513	40,830,086
Consumption by Non-residents, Net	696,267	733,608	740,944	748,354	763,321	778,587	794,159
Public Consumption of Goods and Services	11,717,868	11,436,639	9,336,574	9,738,046	10,029,429	10,250,157	10,708,094
Gross Fixed Capital Formation	16,462,970	13,566,207	11,096,874	10,514,834	10,709,568	11,150,065	11,827,154
Public	12,361,574	9,770,491	7,700,945	7,086,585	7,241,534	7,432,300	7,759,309
Private	4,102,051	3,795,716	3,395,929	3,428,249	3,468,035	3,717,764	4,067,845
Variation of Stocks and Net Acquisitions	2,822,453	1,859,936	1,766,940	1,943,634	2,137,997	2,351,797	2,822,156
Exports of Goods and Services	7,444,336	7,392,226	6,621,914	7,177,451	7,588,714	8,112,168	8,481,906
Merchandise Exports	6,845,182	6,850,390	6,035,423	6,536,559	6,915,642	7,411,797	7,754,904
Oil Exports	5,831,876	5,836,176	5,016,138	5,496,889	5,823,988	6,210,977	6,434,003
Non-oil Exports	1,013,466	1,014,214	1,019,285	1,039,670	1,091,654	1,200,819	1,320,901
Service Exports	599,154	541,836	586,491	640,892	673,072	700,372	727,002
Imports of Goods and Services	22,549,601	18,332,826	15,706,342	15,683,296	15,742,975	16,533,663	18,692,714
Merchandise Imports	16,829,048	16,081,162	13,751,699	13,654,417	13,655,206	14,320,169	16,276,768
Service Imports	5,720,553	2,251,663	1,954,643	2,028,878	2,087,769	2,213,495	2,415,946
Real GDP at Constant 1997 Prices	59,810,257	56,408,454	50,011,049	51,758,925	53,496,355	55,107,623	56,770,841
% of change at constant prices of 1997							
Internal Aggregate Demand	-8.8%	-10.1%	-12.3%	2.0%	2.3%	3.0%	5.4%
Total Consumption of Goods and Services	-2.5%	-6.7%	-11.0%	3.4%	2.1%	2.5%	4.6%
Private Consumption of Goods and Services	-3.4%	-7.8%	-8.9%	3.2%	1.9%	2.6%	4.6%
Household Consumption of Goods and Services	-3.4%	-8.0%	-9.1%	3.2%	1.8%	2.6%	4.7%
Consumption by Non-residents, Net	-2.2%	5.4%	1.0%	1.0%	2.0%	2.0%	2.0%
Public Consumption of Goods and Services	0.6%	-13.6%	-18.4%	4.3%	3.0%	2.2%	4.5%
Gross Fixed Capital Formation	-16.9%	-17.6%	-18.2%	-5.2%	1.9%	4.1%	6.1%
Public	-20.0%	-21.0%	-21.2%	-8.0%	2.2%	2.6%	4.4%
Private	-5.9%	-7.5%	-10.5%	1.0%	1.2%	7.2%	9.4%
Exports of Goods and Services	-4.7%	-0.7%	-10.4%	8.4%	5.7%	6.9%	4.6%
Merchandise Exports	-4.5%	0.1%	-11.9%	8.3%	5.8%	7.2%	4.6%
Oil Exports	-5.0%	-13.7%	-14.1%	9.6%	6.0%	6.6%	3.6%
Non-oil Exports	-1.9%	-2.5%	0.5%	2.0%	5.0%	10.0%	10.0%
Service Exports	-6.1%	-9.6%	8.2%	9.3%	5.0%	4.1%	3.8%
Imports of Goods and Services	-18.5%	-18.7%	-14.3%	-0.1%	0.4%	5.0%	13.1%
Merchandise Imports	-28.8%	-4.4%	-14.5%	-0.7%	0.0%	4.9%	13.7%
Service Imports	42.0%	-60.6%	-13.2%	3.8%	2.9%	6.0%	9.1%
Real GDP at Constant 1997 Prices	-3.9%	-5.7%	-11.3%	3.5%	3.4%	3.0%	3.0%

Year 12, Number 3
Quarter 3

Table 5	2014	2015	2016	2017	2018	2019	2020
Indicators of Economic Activity and GDP	ESTIMATED		FORECASTS				
Economic Activity at Bs.F Million of 1997							
Total GDP	59,810,257	56,408,454	50,011,049	51,758,925	53,496,355	55,107,623	56,770,841
Oil GDP	6,456,655	6,398,545	5,890,252	6,218,298	6,437,435	6,699,933	6,842,835
Non Oil GDP	46,997,538	44,365,676	38,838,324	40,080,631	41,425,061	42,640,860	44,139,946
Indirect Taxes	6,356,064	5,644,233	5,282,474	5,459,995	5,633,859	5,766,831	5,788,059
Public GDP	19,184,876	19,395,910	16,319,997	17,180,136	18,015,733	18,747,861	19,625,026
Private GDP	34,269,317	31,390,694	28,408,578	29,118,793	29,846,763	30,592,932	31,357,755
Per Capital GDP	1,984,512	1,843,653	1,608,819	1,638,826	1,667,163	1,690,331	1,713,925
% of Change of Economic Activities at constant prices of 1997							
Total GDP	-3.9%	-5.7%	-11.3%	3.5%	3.4%	3.0%	3.0%
Oil GDP	-4.2%	-0.9%	-7.9%	5.6%	3.5%	4.1%	2.1%
Non Oil GDP	-3.1%	-5.6%	-12.5%	3.2%	3.4%	2.9%	3.5%
Indirect Taxes	-8.9%	-11.2%	-6.4%	3.4%	3.2%	2.4%	0.4%
Public GDP	0.3%	1.1%	-15.9%	5.3%	4.9%	4.1%	4.7%
Private GDP	-5.2%	-8.4%	-9.5%	2.5%	2.5%	2.5%	2.5%
Per Capital GDP	-3.9%	-7.1%	-12.7%	1.9%	1.7%	1.4%	1.4%
Non Oil Economic Activities							
Variaciones %							
Agriculture	-1.0%	-5.0%	-5.0%	5.0%	3.0%	2.0%	2.0%
Mining	-7.0%	-3.6%	-2.1%	0.7%	0.7%	0.5%	0.2%
Manufacturing	-7.2%	-6.8%	-15.0%	3.6%	3.1%	4.5%	4.8%
Construction	-7.0%	-23.8%	-15.7%	0.9%	3.3%	4.0%	2.4%
Electricity and Water Supply	-1.0%	-2.9%	-5.9%	2.0%	0.5%	0.1%	0.4%
Commerce and Repair Services	-10.9%	-11.8%	-23.3%	3.9%	6.7%	5.7%	10.1%
Transportation and Storage	-7.2%	-6.9%	-11.2%	1.6%	-1.5%	0.4%	3.2%
Communications	4.5%	2.7%	1.0%	1.6%	0.8%	1.5%	2.2%
Financial and Security Services	12.7%	-13.0%	-20.6%	2.7%	4.1%	7.8%	6.4%
Government Services	1.5%	1.0%	-5.2%	0.5%	1.1%	0.0%	0.8%
Non Oil Goods Production	-5.8%	-10.8%	-12.6%	3.0%	2.8%	3.5%	3.3%
Non Oil Services Production	-1.6%	-2.8%	-12.4%	3.3%	3.6%	2.7%	3.6%
Tradables GDP	-5.2%	-4.3%	-10.7%	4.6%	3.2%	3.9%	3.3%
Non Oil Tradables GDP	-5.9%	-6.3%	-12.5%	3.9%	3.0%	3.8%	4.0%
Non Tradables GDP	-2.3%	-5.4%	-12.5%	3.0%	3.5%	2.7%	3.4%

Year 12, Number 3
Quarter 3

Table 6 National and Personal Disposable Income	2014	2015	2016	2017	2018	2019	2020
	ESTIMATED			FORECASTS			
National Disposable Income at Current Prices							
GDP At Current Prices	3,031,242,431	5,975,606,677	21,861,161,370	86,984,122,935	185,027,351,473	252,720,411,647	310,093,916,178
% Chg	35.0%	97.1%	265.8%	297.9%	112.7%	36.6%	22.7%
Remunerations to Workers from Rest of the World	-70756	-48984	-25676	-15405	-8473	-8642	-9507
Property Income Rent from Rest of the World	(23,585,249)	(16,328,033)	(8,558,559)	(5,135,136)	(2,824,325)	(2,880,811)	(3,168,892)
National Gross GDP	3,007,586,426	5,959,229,660	21,852,577,135	86,978,972,394	185,024,518,675	252,717,522,194	310,090,737,779
% Chg	35.4%	98.1%	266.7%	298.0%	112.7%	36.6%	22.7%
Fixed Capital Consumption	464,704,031	636,098,320	1,144,631,295	2,624,746,561	7,795,344,789	15,373,417,438	23,216,932,587
% Chg	32.7%	36.9%	79.9%	129.3%	197.0%	97.2%	51.0%
National Income at Current Prices	2,542,882,395	5,323,131,341	20,707,945,840	84,354,225,833	177,229,173,886	237,344,104,756	286,873,805,193
% Chg	35.9%	109.3%	289.0%	307.4%	110.1%	33.9%	20.9%
Other Rest of the World Transfers, net	(15,446,212)	(45,375,286)	(216,007,014)	(437,921,569)	(574,384,534)	(645,326,613)	(695,999,165)
% Chg	150.56%	193.76%	376.05%	102.73%	31.16%	12.35%	7.85%
National Disposable Income at Market Prices	2,542,882,395	5,323,131,342	20,707,945,843	84,354,225,836	177,229,173,887	237,344,104,756	286,873,805,193
% Chg	35.9%	109.3%	289.0%	307.4%	110.1%	33.9%	20.9%
National Income to Labor Factor	1,076,188,926	1,758,070,247	4,627,228,886	18,084,771,175	36,406,356,618	48,793,475,490	63,250,857,271
% Chg	47.5%	63.4%	163.2%	290.8%	101.3%	34.0%	29.6%
Rest of the World Income to National Labor Factor	-70756	-48984	-25676	-15405	-8473	-8642	-9507
% Chg	-3.8%	-30.8%	-47.6%	-40.0%	-45.7%	-2.0%	10.0%
Operating Surplus	942,911,068	2,776,420,681	14,090,664,086	60,066,224,046	128,770,023,790	172,648,073,721	204,848,834,267
% Chg	29.2%	194.5%	407.5%	326.3%	114.4%	34.1%	18.7%
Property Income Rent from Rest of the World	(23,585,249)	(16,328,033)	(8,558,559)	(5,135,136)	(2,824,325)	(2,880,811)	(3,168,892)
% Chg	-3.8%	-30.8%	-47.6%	-40.0%	-45.0%	-2.0%	10.0%
Mixed Income Net	302,167,471	377,709,338	472,136,673	590,170,841	737,713,552	922,141,939	1,152,677,424
% Chg	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Indirect Taxes	262,868,317	462,470,021	1,650,697,607	6,074,156,123	12,235,874,491	16,198,488,685	19,053,992,975
% Chg	24.3%	75.9%	256.9%	268.0%	101.4%	32.4%	17.6%
minus: Subsidies	17,086,441	34,685,252	123,802,321	455,561,709	917,690,587	1,214,886,651	1,429,049,473
% Chg	24.3%	103.0%	256.9%	268.0%	101.4%	32.4%	17.6%
Other Exterior Transfers Net	(581,697)	(525,662)	(420,530)	(399,503)	(279,652)	(307,617)	(338,379)
% Chg	29.20%	29.20%	29.20%	29.20%	129.20%	229.20%	229.20%
National Disposable Income at Current Prices	2,542,811,639	5,323,082,358	20,707,920,167	84,354,210,431	177,229,165,414	237,344,096,114	286,873,795,686
% Chg	35.9%	109.3%	289.0%	307.4%	110.1%	33.9%	20.9%
Total Consumption	2,724,873,425	7,151,428,570	22,971,191,770	61,145,464,002	124,630,168,242	166,562,615,220	199,067,874,317
% Chg	56.6%	162.4%	221.2%	166.2%	103.8%	33.6%	19.5%
Net Savings at current prices	-182,061,786	-1,828,346,212	-2,263,271,603	23,208,746,429	52,598,997,172	70,781,480,894	87,805,921,369
% Chg	-239.1%	904.2%	23.8%	-1125.5%	126.6%	34.6%	24.1%
Fixed Capital Formation	655,432,046	887,694,153	1,579,789,920	3,612,607,321	10,738,997,318	21,220,594,119	32,139,334,641
% Chg	31.4%	35.4%	78.0%	128.7%	197.3%	97.6%	51.5%
Fixed Capital Consumption	464,704,031	636,098,320	1,144,631,295	2,624,746,561	7,795,344,789	15,373,417,438	23,216,932,587
% Chg	32.7%	36.9%	79.9%	129.3%	197.0%	97.2%	51.0%
Net Fixed Capital Formation	190,728,015	251,595,833	435,158,624	987,860,760	2,943,652,529	5,847,176,681	8,922,402,054
% Chg	28.2%	31.9%	73.0%	127.0%	198.0%	98.6%	52.6%
Net Finance Savings	-372,789,800	-2,079,942,045	-2,698,430,227	22,220,885,669	49,655,344,643	64,934,304,213	78,883,519,314
				0.0%	0.0%	0.0%	0.0%
Proximity to Personal Disposable Income							
At constant values of 1997							
Households / Personal Disposable Income	44,551,639.2	41,194,469.6	37,465,435.9	38,673,473.8	39,388,913.3	40,412,967.0	42,310,970.1
% Chg	-2.5%	-7.5%	-9.1%	3.2%	1.8%	2.6%	4.7%
Households Consumption	43,215,090	39,752,663	36,154,146	37,319,902	38,010,301	38,998,513	40,830,086
% Chg	-3.4%	-8.0%	-9.1%	3.2%	1.8%	2.6%	4.7%
Private Gross Savings	1,336,549.2	1,441,806.4	1,311,290.3	1,353,571.6	1,378,612.0	1,414,453.8	1,480,884.0
% Chg	46.3%	7.9%	-9.1%	3.2%	1.8%	2.6%	4.7%
				-	-	-	-
				-	-	-	-
Ratio Consumption to Personal Income	0.970	0.965	0.965	0.965	0.965	0.965	0.965
at Current Values							
Households / Personal Disposable Income	2,328,772,395	6,762,010,959	22,800,091,479	62,243,126,421	128,264,639,467	172,880,262,302	208,747,680,444
% Chg	57.8%	190.4%	237.2%	173.0%	106.1%	34.8%	20.7%
Households Consumption	225,890,923	652,540,575	2,200,208,277	6,006,461,699	12,375,737,085	16,682,945,312	20,144,151,628
% Chg	56.2%	188.9%	237.2%	173.0%	106.1%	34.8%	20.7%
Private Gross Savings	69,863,172	236,670,384	798,003,202	2,178,509,425	4,489,262,381	6,050,809,181	7,306,168,816
% Chg	136.7%	238.8%	237.2%	173.0%	106.1%	34.8%	20.7%

Year 12, Number 3
Quarter 3

Table 7	2014	2015	2016	2017	2018	2019	2020
Labor Force Statistics	ESTIMATED		FORECASTS				
Population and Labor Situation by type of Economic Activity							
Population (Individuals) (at year-end)	30,138,526	30,596,024	31,085,560	31,582,929	32,088,256	32,601,668	33,123,295
% Chg	0.0%	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%
Number of Households	7,045,882	7,152,837	7,267,282	7,383,558	7,501,694	7,621,721	7,743,668
% Chg	0.0%	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	4.28
% Chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
People over 15 years-old	21,968,159	22,382,419	22,852,450	23,332,351	23,822,331	24,322,600	24,833,374
% Chg	1.4%	1.9%	2.1%	2.1%	2.1%	2.1%	2.1%
Labor Force Indicators							
Labor Force (annual average figures)	14,177,719	14,172,259	14,247,610	14,356,680	14,492,530	14,649,455	14,826,122
% Chg	2.5%	0.0%	0.5%	0.8%	0.9%	1.1%	1.2%
Employed	13,190,680	13,205,905	13,116,761	12,997,770	13,242,235	13,514,163	13,730,389
% Chg	3.1%	0.1%	-0.7%	-0.9%	1.9%	2.1%	1.6%
Unemployed	987,039	966,354	1,130,850	1,358,910	1,250,295	1,135,292	1,095,733
% Chg	-5.3%	-2.1%	17.0%	20.2%	-8.0%	-9.2%	-3.5%
Open Unemployment Rate	7.0%	6.8%	7.9%	9.5%	8.6%	7.7%	7.4%
Formal Employment	7,882,085	7,825,219	7,051,379	6,686,736	7,041,952	7,666,914	8,146,834
% Chg	2.7%	-0.7%	-9.9%	-5.2%	5.2%	8.9%	6.3%
Informal Occupation	5,305,836	5,377,412	6,065,382	6,311,034	6,200,282	5,847,249	5,583,555
% Chg	3.7%	1.3%	12.8%	4.1%	-1.8%	-5.7%	-4.5%
Formal Occupation Rate	59.8%	59.3%	53.8%	51.4%	53.2%	56.7%	59.3%
Informal Occupation Rate	40.2%	40.7%	46.2%	48.6%	46.8%	43.3%	40.7%
INDICATORS OF LABOR SALARIES							
Workers' Average Monthly Salary (Bs. F)	5,827,648	9,509,113	29,397,686	115,947,907	229,105,068	300,878,642	383,886,041
% Chg	43.0%	209.2%	63.2%	294.4%	97.6%	31.3%	27.6%
Workers' Urban Minimum Wage (Bs. F)	4,889,540	9,648,180	30,523,753	125,147,388	187,721,082	244,037,406	292,844,887
% Chg	64.5%	97.3%	216.4%	310.0%	50.0%	30.0%	20.0%
Workers' Average Monthly Salary (1997 Bs. F)	118,683	91,435	62,299	63,868	69,539	75,679	82,659
% Chg	-9.1%	-23.0%	-31.9%	2.5%	8.9%	8.8%	9.2%
Workers' Monthly Minimum Wage (1997 Bs. F)	99,578	92,773	64,686	68,936	56,978	61,382	63,056
% Chg	4.5%	-6.8%	-30.3%	6.6%	-17.3%	7.7%	2.7%
Index of Labor Costs at Current Prices							
Workers' Annual Average	3,765.4	6,144.1	18,994.6	74,917.1	148,031.0	194,405.9	248,039.2
% Chg	43.0%	63.2%	209.2%	294.4%	97.6%	31.3%	27.6%
Urban Minimum Wage	7,040.3	8,017.5	9,130.4	10,397.8	11,841.1	13,484.7	15,356.5
% Chg	25.0%	13.9%	13.9%	13.9%	13.9%	13.9%	13.9%
Index of Labor Cost at Constant Prices of 1997							
Workers' Annual Average	76.7	59.1	40.3	41.3	44.9	48.9	53.4
% Chg	-9.1%	-23.0%	-31.9%	2.5%	8.9%	8.8%	9.2%
Urban Minimum Wage	188.6	175.8	122.5	130.6	107.9	116.3	119.5
% Chg	4.5%	-6.8%	-30.3%	6.6%	-17.3%	7.7%	2.7%
Indexes of GDP Per Capita, Labor Mean Productivity and Real Labor Costs							
Per Capita GDP	107.8	100.1	87.4	89.0	90.6	91.8	93.1
% Chg	-3.9%	-7.1%	-12.7%	1.9%	1.7%	1.4%	1.4%
Mean Labor Productivity	89.6	84.4	75.3	78.7	79.8	80.6	81.7
% Chg	-6.8%	-5.8%	-10.7%	4.4%	1.4%	0.9%	1.4%
Real Labor Costs	76.7	59.1	40.3	41.3	44.9	48.9	53.4
% Chg	-9.1%	-23.0%	-31.9%	2.5%	8.9%	8.8%	9.2%
Population and Poverty Indicators							
Total Population (Individuals)	30,138,526	30,596,024	31,085,560	31,582,929	32,088,256	32,601,668	33,123,295
% chg.	0.0%	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%
Total Households	7,045,882	7,152,837	7,267,282	7,383,558	7,501,694	7,621,721	7,743,668
% chg.	0.0%	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%
Declares Population (Individuals)	29,324,786	29,769,931	30,246,250	30,730,190	31,221,873	31,721,423	32,228,966
% chg.	2.6%	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%
Total Declares Households	6,948,110	7,032,487	7,122,502	7,213,670	7,306,005	7,399,522	7,494,236
% chg.	0.0%	1.2%	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	4.28
Number of People by Declare Household	4.22	4.23	4.25	4.26	4.27	4.29	4.30
Poverty Indicators Based on INE (National Statistics Institute)							
At Individuals Level							
No Poverty (ABC)	64.8%	59.0%	48.0%	67.7%	69.4%	73.7%	77.8%
Poverty (D+E)	35.2%	41.0%	52.0%	32.3%	30.6%	26.3%	22.2%
Non Extreme Poverty (Class D)	22.2%	23.4%	28.8%	11.6%	13.0%	11.2%	9.2%
Extreme Poverty (Class E)	13.0%	17.6%	23.2%	20.7%	17.6%	15.1%	13.0%
At Households Level							
No Poverty (ABC)	57.5%	56.8%	56.1%	55.4%	54.7%	54.0%	53.3%
Poverty (D+E)	29.6%	34.6%	44.0%	27.4%	26.1%	22.4%	19.0%
Non Extreme Poverty (Class D)	18.5%	19.5%	24.1%	9.6%	10.9%	9.4%	7.7%
Extreme Poverty (Class E)	11.1%	15.1%	19.9%	17.8%	15.2%	13.1%	11.3%

Year 12, Number 3
Quarter 3

Table 8	2014	2015	2016	2017	2018	2019	2020
Monetary Aggregates, Interest Rates, and Financial	ESTIMATED		FORECASTS				
Monetary Aggregates (Bs.F Million)							
MONETARY AGGREGATES at Year-end							
Monetary Base	757,994,119	1,600,945,424	3,577,199,681	7,221,686,717	11,271,796,695	15,581,279,014	15,948,493,114
% Chg	70.4%	111.2%	123.4%	101.9%	56.1%	38.2%	2.4%
Currency (M1)	1,952,747,600	3,932,145,001	8,107,844,389	15,500,850,052	19,050,163,261	27,049,942,388	36,022,017,528
% Chg	62.8%	101.4%	106.2%	91.2%	22.9%	42.0%	33.2%
Quasimoney	48,492,966	83,536,958	150,687,121	235,092,302	719,680,594	1,150,608,936	2,458,723,814
% Chg	137.5%	72.3%	80.4%	56.0%	206.1%	59.9%	113.7%
Monetary Liquidity (M2)	2,001,240,566	4,015,681,959	8,258,531,510	15,735,942,355	19,769,843,855	28,200,551,324	38,480,741,342
% Chg	64.0%	100.7%	105.7%	90.5%	25.6%	42.6%	36.5%
Monetary Aggregates (Bs.F Million at constant prices of 1997)							
Currency (M1)	31,380,570	24,332,380	8,622,245	5,641,920	5,318,950	6,194,565	7,342,796
% Chg	-1.2%	-22.5%	-64.6%	-34.6%	-5.7%	16.5%	18.5%
Monetary Liquidity (M2)	32,159,850	24,849,313	8,782,493	5,727,488	5,519,891	6,458,060	7,843,986
% Chg	-0.4%	-22.7%	-64.7%	-34.8%	-3.6%	17.0%	21.5%
Monetary Multipliers							
Currency Multiplier	2.58	2.46	2.27	2.15	1.69	1.74	2.26
Liquidity Multiplier	2.64	2.51	2.31	2.18	1.75	1.81	2.41
Velocity of Circulation							
Velocity of Currency	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Velocity of Liquidity	1.55	1.52	2.70	5.61	9.71	9.34	8.61
Velocity of Liquidity	1.51	1.49	2.65	5.53	9.36	8.96	8.06
Monetary Exchange Rate							
M2 to Central Bank Reserves	90.65	245.49	733.23	959.68	962.20	1,195.43	1,537.99
M2 to Total Reserves	90.64	245.44	733.01	959.47	962.03	1,195.23	1,537.74
Interest Rates Indicators (%)							
Year-end Commercial and Universal Bank Lending Rate							
Nominal Year-end	19.1	21.0	21.9	53.8	69.7	18.1	17.7
Nominal Annual Average	17.2	20.0	21.3	42.6	64.7	39.0	18.6
Real Annual Average	-25.5	-43.4	-73.3	-62.9	-9.3	15.2	1.5
Year-end Commercial and Universal Bank Deposit Rate							
Nominal Year-end	14.6	15.1	15.9	49.8	66.7	16.1	16.2
Nominal Annual Average	14.6	14.7	15.2	38.6	61.7	37.0	17.1
Real Annual Average	-27.2	-45.8	-74.6	-64.0	-10.9	13.5	0.2
Rate Spreads							
Absolute (spread)	2.6	5.2	6.1	4.0	3.0	2.0	1.5
Relative (quotient)	1.2	1.4	1.4	1.1	1.0	1.1	1.1
International and Arbitrage Interest Rates (%)							
International Interest Rates							
Libor	3.5	4.0	4.0	4.0	5.0	6.0	6.0
Euribor	3.0	3.4	3.4	3.4	4.3	5.1	5.1
USA 90-Day Certificates of Deposit	2.1	2.1	2.1	2.1	2.1	2.1	2.1
USA 180-Day Prime Rate	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Country Risk Premium (Basis Points)	919	-125	-1103	-533	804	1032	742
VENEZUELAN ARBITRAGE RATES							
Arbitrage Rates Without Country Risk Coverage							
Lending	-138.83	-179.29	-360.21	-65.67	28.03	21.15	5.23
Deposit	-138.07	-181.12	-362.92	-66.27	28.43	22.55	7.13
Arbitrage Rates With Country Risk Coverage							
Lending	-148.01	-178.04	-349.18	-60.34	19.98	10.83	-2.19
Deposit	-147.25	-179.88	-351.89	-60.94	20.38	12.23	-0.29

Year 12, Number 3
Quarter 3

Table 9	2014	2015	2016	2017	2018	2019	2020
Venezuela Oil Activity (Thousands of B/D and US\$/t)	ESTIMATED		FORECASTS				
World Economic Growth %							
WORLD GDP INDEX 1997=100 IMF	178.0	185.9	194.3	203.1	212.4	222.1	232.2
% chg	4.1%	4.4%	4.5%	4.6%	4.6%	4.6%	4.6%
WORLD AND VENEZUELA OIL PRICES							
WTI Price	93.40	48.89	42.53	53.59	59.76	61.25	64.31
% chg	-4.8%	-47.7%	-13.0%	26.0%	11.5%	2.5%	5.0%
Venezuela Oil Basket Price	88.78	44.75	34.01	45.40	51.76	53.83	57.33
% chg	-12.2%	-49.6%	-24.0%	33.5%	14.0%	4.0%	6.5%
Diference WTI-Venezuela Basket	4.62	4.14	8.52	8.19	8.00	7.42	6.98
VENEZUELA OIL PRODUCTION FIGURES (Th.B/d)							
Hydrocarbon Liquids Production	2899.0	2863.0	2581.3	2755.7	2871.2	2994.1	3070.5
% chg	-3.8%	-1.2%	-9.8%	6.8%	4.2%	4.3%	2.6%
NGIs Production	114.0	117.0	112.9	116.3	118.6	121.0	123.4
% chg	-1.7%	-1.0%	-3.5%	3.0%	2.0%	2.0%	2.0%
Crude Oil Production According PDVSA Concept	2785.0	2746.0	2468.4	2639.4	2752.5	2873.1	2947.1
% chg	-3.9%	-1.4%	-10.1%	6.9%	4.3%	4.4%	2.6%
Condensate	110.0	106.7	96.0	101.8	102.8	103.8	104.9
Orimulsion Crude	0.0	0.0	0.0	0.0	1.0	2.0	2.0
Synthetic Oil Crude	885.2	878.6	830.2	863.4	880.7	898.3	916.3
% chg	33.1%	-0.8%	-5.5%	4.0%	2.0%	2.0%	2.0%
PDVSA and Mixed Firms	2411.2	2047.3	1542.1	1674.2	1769.0	1870.9	1926.0
% chg	7.9%	-15.1%	-24.7%	8.6%	5.7%	5.8%	2.9%
Mixed Firms (Older Cooperatives Agreements)	456.5	454.2	442.9	465.0	511.5	588.2	617.6
% chg	-0.5%	-0.5%	-2.5%	10.0%	10.0%	15.0%	5.0%
PDVSA Exclusive Production	1954.7	1593.1	1099.2	1209.1	1257.5	1282.7	1308.3
% chg	10.1%	-18.5%	-31.0%	10.0%	4.0%	2.0%	2.0%
Crude Oil Production According OPEC Concept	2675.0	2639.3	2372.3	2537.6	2649.7	2769.2	2842.3
% chg	-3.9%	-1.3%	-10.1%	7.0%	4.4%	4.5%	2.6%
Assumed variation of production for mixed companies at the FPO	33.11%	-0.75%	-5.50%	4.00%	2.00%	2.00%	2.00%
Assumed variation of Crude Oil Production	10.1%	-18.5%	-31.0%	10.0%	4.0%	2.0%	2.0%
NATURAL GAS PRODUCTION							
Th. B/D							
Gross Natural Gas Production	1245.0	1203.9	1093.6	1124.4	1132.6	1139.8	1147.1
% chg	0.6%	-3.3%	-9.2%	2.8%	0.7%	0.6%	0.6%
Reinjected Gas Natural	414.0	380.5	262.3	288.4	294.5	295.7	309.0
% chg	-6.3%	-8.1%	-31.1%	10.0%	2.1%	0.4%	4.5%
Net Natural Gas Production	831.0	823.3	831.3	835.9	838.1	844.1	838.1
% chg	4.4%	-0.9%	1.0%	0.6%	0.3%	0.7%	-0.7%
REFINED PRODUCTION							
Oil Processed	920.0	812.8	615.5	668.3	708.5	738.0	766.4
% chg	-3.4%	-11.7%	-24.3%	8.6%	6.0%	4.2%	3.9%
Refined Products	1072.0	889.8	667.3	734.1	785.4	840.4	882.4
% chg	-4.9%	-17.0%	-25.0%	10.0%	7.0%	7.0%	5.0%
TOTAL OIL PRODUCTION							
Hydrocarbons Liquid Production and Refined Products	3051.0	2940.0	2633.1	2821.4	2948.1	3096.5	3186.6
% chg	-4.4%	-3.6%	-10.4%	7.2%	4.5%	5.0%	2.9%
Hydrocarbons Liquid Production, Refined Products and Natural Gas	3882.0	3763.3	3464.4	3657.3	3786.2	3940.6	4024.7
% chg	-2.6%	-3.1%	-7.9%	5.6%	3.5%	4.1%	2.1%
INTERNAL CONSUMPTION (Th.B/d)							
Refined Products Internal Consumption	663.0	669.0	666.1	676.8	685.5	694.8	703.4
% chg	-5.7%	0.9%	-0.4%	1.6%	1.3%	1.4%	1.2%
Delivery to Ships	20.8	21.1	20.5	20.6	20.7	20.7	20.7
% chg	-0.7%	1.5%	-2.6%	0.4%	0.4%	0.1%	-0.1%
PDVSA proprietary Consumption	69.2	61.5	56.4	62.4	65.0	67.4	68.3
% chg	-1.2%	-11.1%	-8.4%	10.6%	4.3%	3.7%	1.3%
Internal Market Sales	573.0	586.4	589.2	593.8	599.8	606.7	614.4
% chg	-6%	2%	0%	1%	1%	1%	1%
Motor Gasoline	283.0	296.2	299.1	303.7	309.8	317.0	325.1
% chg	-5.4%	4.7%	1.0%	1.6%	2.0%	2.3%	2.6%
Average Gasoline Prices Bs/L	0.097	0.097	2.716	16.296	17.926	19.718	21.690
% chg	0.0%	0.0%	2700.0%	500.0%	10.0%	10.0%	10.0%
Internal Price of Liquids USD/l	7.00	7.21	7.43	7.65	7.88	8.11	8.36
% chg	68.7%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Natural Gas Liquids Consumption	114.0	113.0	107.8	110.7	112.7	114.8	116.8
% chg	-1.7%	-0.9%	-4.6%	2.7%	1.8%	1.8%	1.8%
Gas Internal Consumption	528.1	523.4	528.2	531.1	532.5	536.1	532.4
% chg	4.2%	-0.9%	0.9%	0.5%	0.3%	0.7%	-0.7%
EXPORTS OF CRUDE OIL + PRODUCTS							
Exports of Oil Crude + Refined Products	2377.0	2051.3	1763.1	1932.1	2047.1	2183.1	2261.5
% chg	-2.0%	-13.7%	-14.1%	9.6%	6.0%	6.6%	3.6%
Crude Oil	1897.0	1826.5	1756.8	1869.3	1941.2	2031.2	2075.8
% chg	-2.0%	-3.7%	-3.8%	6.4%	3.8%	4.6%	2.2%
Refined Products	480.0	224.8	6.3	62.8	105.8	151.8	185.6
% chg	-2.0%	-53.2%	-97.2%	900.1%	68.5%	43.5%	22.3%
Venezuela Oil Basket Prices US\$/B							
Venezuela Oil Average Basket Price	88.8	44.8	34.0	45.4	51.8	53.8	57.3
% chg	-12.2%	-49.6%	-24.0%	33.5%	14.0%	4.0%	6.5%
Crude Prices	86.12	43.41	32.99	44.04	50.21	52.22	55.61
% chg	-12.2%	-49.6%	-24.0%	33.5%	14.0%	4.0%	6.5%
Products Prices	99.31	55.66	319.32	85.93	80.24	75.43	76.56
% chg	-12.2%	-44.0%	473.7%	-73.1%	-6.6%	-6.0%	1.5%

Year 12, Number 3
Quarter 3

Table 10	2014	2015	2016	2017	2018	2019	2020
Oil National Industry Indicators (PDVSA Figures)	ESTIMATED		FORECASTS				
Cost and Prices Variables (USD/B)							
Venezuela Oil Basket Price	88.78	44.75	34.01	45.40	51.76	53.83	57.33
% chg	-12.2%	-49.6%	-24.0%	33.5%	14.0%	4.0%	6.5%
Fiscal Budget Oil Price	55.00	60.00	65.00	70.00	71.00	72.00	72.00
% chg	0.0%	9.1%	8.3%	7.7%	1.4%	1.4%	0.0%
Internal Prices of Liquefied	8.11	3.99	1.22	1.01	0.84	0.84	0.81
% chg	-6.1%	-24.8%	-12.0%	16.8%	7.0%	2.0%	3.3%
Internal Price of Liquefied Bs.F/B	51.09	91.36	288.86	651.44	941.12	1,055.10	1,134.52
% chg	33.2%	78.8%	216.2%	125.5%	44.5%	12.1%	7.5%
Average Gasoline Motor Price (Bs./l)	126.1	151.3	181.6	217.9	261.5	313.8	376.5
% chg	30.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Cubic Meter Gas Average Price	170.0	236.9	493.0	802.5	980.9	1,040.3	1,079.4
% chg	16.6%	39.4%	108.1%	62.8%	22.2%	6.1%	3.8%
Oil Royalty Average Price US\$/B	18.315	19.980	21.645	23.310	23.643	23.976	23.976
Effective Royalty Rate	0.333	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	50.00
Days of Year	365.00	365.00	365.00	365.00	365.00	365.00	365.00
Average Exchange Rate Bs./US\$	6,300.00	22,885.99	236,942.61	642,792.09	1,118,157.38	1,257,494.43	1,405,844.22
Average Exchange Rate Bs.F/US\$	6.30	22.89	236.94	642.79	1,118.16	1,257.49	1,405.84
Operative Cost of Oil Production Bs.F/B	58,577.68	218,114.77	2,393,671.22	6,883,316.10	12,692,173.32	15,130,211.36	17,930,070.19
Operative Cost of Oil Production US\$/B	9.30	9.53	10.10	10.71	11.35	12.03	12.75
Implicit Cost of Production USD/B	15.07	15.45	16.37	17.36	18.40	19.50	20.67
Operative Cost of Refinement USD/B	4.63	4.74	5.03	5.33	5.65	5.99	6.35
increase operative expenses in USD	5%	3%	6%	6%	6%	6%	6%
increase exploration expenses in USD	3%	3%	3%	3%	3%	3%	3%
INTERNAL OIL INDUSTRY INCOME (INCLUDING OIL EXPORTS AND EXCLUDING PDVSA INTERNATIONAL OTHER ACTIVITIES) (Million USD)							
TOTAL INCOME	79,915	34,850	22,263	32,319	38,921	43,141	47,562
EXPORTS	77,029	33,506	21,887	32,019	38,674	42,893	47,322
INTERNAL SALES	2,886	1,343	376	300	247	247	240
Production and Refined Costs	14,196	14,057	13,151	14,946	16,563	18,371	20,022
Operatives Costs (including gross investments)	6,449	2,945	2,020	3,103	3,935	4,583	5,309
Depreciation and Amortization	9,142	10,371	11,765	13,346	15,140	17,175	19,484
Other expenses (other income)	13,834	14,526	15,252	16,015	16,816	17,657	18,539
General Expenses of Industry	43,621	41,900	42,188	47,410	52,454	57,785	63,354
Oil Royalties	18,618	20,026	19,501	22,456	23,754	25,143	25,791
Total Expenses Associated to Oil Industry	62,238	61,925	61,690	69,867	76,208	82,928	89,145
Social Programs Disbursements	25,618	25,529	25,697	26,120	26,800	27,742	28,951
Net profit before taxes	(7,941)	(52,605)	(65,124)	(63,668)	(64,088)	(67,529)	(70,535)
Caused Tax (Direct)	(3,971)	(26,303)	(32,562)	(31,834)	(32,044)	(33,765)	(35,267)
Cumulative Last Year	-	-	-	-	-	1	2
Collected Taxes (Central Government)	(3,971)	(26,303)	(32,562)	(31,834)	(32,044)	(33,764)	(35,265)
Deferred Taxes (to next year)	-	-	-	-	1	2	2
Net Profit after Taxes	(3,970.6)	(26,302.6)	(32,562.1)	(31,833.8)	(32,043.9)	(33,765.6)	(35,269.4)
Other resources disbursements for Social Programs	-	-	-	-	1.0	2.0	2.0
Dividends Payments to Share Holders	1,194.3	411.0	39.7	14.6	8.4	7.5	6.7
Final Net Profit for National Oil Industry	(5,164.9)	(26,713.6)	(32,601.8)	(31,848.5)	(32,052.3)	(33,773.1)	(35,276.1)
OIL SECTOR INVESTMENTS AND DEBT (Million USD)							
Oil Investments	12,760.82	5,828.27	3,997.45	6,140.47	7,787.52	9,069.04	10,505.61
Var%	-9.7%	-54.3%	-31.4%	53.6%	26.8%	16.5%	15.8%
Oil Debt	37,624.51	32,281.80	25,761.45	19,391.76	(19,071.04)	(93,371.87)	(170,979.36)
Var%	-6.4%	-14.2%	-20.2%	-24.7%	-198.3%	389.6%	83.1%
PDVSA DISBURSEMENTS TO SOCIAL PROGRAMS							
TOTAL DISBURSEMENTS	32,022	31,912	32,122	32,650	33,502	34,679	36,191
Social Programs	16,563	14,907	13,416	12,075	10,867	9,781	8,802
Social Trusts	-	-	-	-	1	2	2
Fondos	15,459	17,005	18,705	20,576	22,633	24,897	27,386

Year 12, Number 3
Quarter 3

Table 11	2014	2015	2016	2017	2018	2019	2020
	ESTIMATED				FORECASTS		
Public Finance							
Government Financial and Public Debt Performances Bs.F Million							
ASSUMPTIONS FOR FISCAL VARIABLES							
Total GDP at current prices	3,031,242,431	5,975,606,677	21,861,161,370	86,984,122,935	185,027,351,473	252,720,411,647	310,093,916,178
Non-oil GDP at Current Prices	2,506,161,261	5,452,691,468	20,382,792,668	80,996,470,961	172,836,791,228	236,868,059,258	291,348,001,036
Economic Growth Rate	-3.9%	-5.7%	-11.3%	3.5%	3.4%	3.0%	3.0%
Non-oil Economic Growth Rate	-3.1%	-5.6%	-12.5%	3.2%	3.4%	2.9%	3.5%
Average Official Exchange Rate Bs./USD	6,300.0	22,886.0	236,942.6	642,792.1	1,118,157.4	1,257,494.4	1,405,844.2
Average Official Exchange Rate Bs.F/USD	6.300	22.886	236.943	642.792	1118.157	1257.494	1405.844
Average Consumer Inflation Rate	57.3%	111.8%	353.7%	284.7%	81.5%	20.7%	16.8%
Average Wholesale Inflation Rate	66.3%	157.6%	432.3%	251.0%	88.9%	24.2%	15.1%
Nominal VAT Rate	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Effective VAT Rate to Non-oil GDP Ratio	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Effective Income Tax Rate to Non-oil GDP Ratio	3.3%	2.8%	2.9%	3.0%	3.0%	3.0%	3.0%
Government Financial and Public Debt Performances Bs.F Million							
ORDINARY REVENUE							
Ordinary Oil Revenue	82,796,515	(358,767,539)	(5,172,467,813)	(10,657,924,379)	(15,163,786,788)	(12,970,056,680)	(15,646,168,612)
Income Tax (PDVSA and Associations)	(25,014,642)	(601,961,085)	(7,715,341,326)	(20,462,539,754)	(35,830,146,577)	(42,457,572,124)	(49,577,712,903)
Hydrocarbon Rent (Royalties) (PDVSA and Associations)	100,287,157	233,788,550	2,533,468,513	9,795,210,375	20,656,954,890	29,478,110,444	33,922,130,290
PDVSA Dividends	7,524,000	9,405,000	9,405,000	9,405,000	9,405,000	9,405,000	9,405,000
Ordinary Non-oil Revenue	550,120,194	983,699,078	2,716,471,926	10,816,537,642	22,745,013,251	30,688,851,092	37,554,679,444
Value Added Tax (VAT)	200,492,901	436,215,317	1,630,623,413	6,479,717,677	13,826,943,298	18,949,444,741	23,307,840,083
Income Tax on Internal Activities	82,703,322	152,675,361	591,100,987	2,429,894,129	5,185,103,737	7,106,041,778	8,740,440,031
Import Tax	25,440,534	19,765,305	16,215,687	1,301,642,132	2,949,232,080	3,684,648,582	4,327,763,909
Oil Consumption Tax	2,898,012	5,215,273	16,319,758	37,450,112	54,838,129	62,354,921	67,928,806
Alcohol Consumption Tax	6,998,089	11,857,446	43,041,337	82,794,785	120,205,440	116,044,217	108,445,169
Tobacco Consumption Tax	10,263,263	18,352,967	58,024,491	130,858,177	189,048,444	211,945,379	227,898,061
Other Taxes	4,441,120	9,406,200	42,679,453	164,197,323	297,986,935	359,589,182	420,052,271
Other Income	234,075,130	362,816,452	435,379,742	522,455,691	663,518,727	842,668,784	1,070,189,355
Debit Bank*Financial Transaction Tax	-	-	-	-	-	-	-
BCV Exchange Rate Profits	410,219	369,197	110,759	33,228	9,968	2,990	897
Total Ordinary Income	632,916,709	624,931,543	(2,455,995,887)	158,613,263	7,581,226,463	17,728,794,413	21,908,510,832
% chg	18.7%	-1.3%	-493.0%	-106.5%	4679.7%	133.9%	23.6%
TOTAL SPENDING							
Current Spending	645,979,640	784,039,443	1,437,488,020	3,279,738,590	5,017,357,428	6,417,939,226	7,206,410,301
% chg	20.3%	21.4%	83.3%	128.2%	53.0%	27.9%	12.3%
Current Spending	203,269,816	270,843,019	417,311,365	472,100,995	605,554,228	1,091,872,459	1,297,467,004
Remuneration to White and Blue-Collar Employees	177,102,639	239,088,563	356,632,844	362,219,172	434,663,007	869,326,014	1,043,191,217
Purchases of Goods and Services, and Other Purchases	24,449,989	28,117,487	42,176,231	46,393,854	55,672,625	83,508,937	91,859,831
Other current expenses	1,717,188	3,636,969	16,502,290	63,487,968	115,218,596	139,037,508	162,415,956
Interest and Commissions on Public Debt	65,937,635	79,908,407	83,445,308	1,822,568,562	3,268,753,394	3,577,701,673	3,995,216,390
Internal	44,964,352	59,738,374	55,102,852	49,095,485	43,547,270	38,617,247	38,617,247
External	20,973,283	20,170,033	28,342,456	1,773,473,077	3,225,206,124	3,539,084,426	3,956,599,143
Subsidies and Transfers	367,772,189	433,288,017	953,233,638	1,048,557,001	1,258,268,402	1,887,402,603	2,076,142,863
Capital Spending	120,369,088	126,387,543	183,261,937	201,588,130	241,905,756	362,858,635	399,144,498
% chg	10.3%	5.0%	45.0%	10.0%	20.0%	50.0%	10.0%
Gross Capital Formation	8,220,090	8,631,094	12,515,086	13,766,595	16,519,914	24,779,871	27,257,858
Transfers of Capital	112,148,999	117,756,448	170,746,850	187,821,535	225,385,842	338,078,763	371,886,640
Off-budget Spending	6,459,796	509,625,638	1,006,241,614	2,459,803,943	3,010,414,457	2,438,816,906	2,882,564,120
Total Spending	772,808,524	1,420,052,623	2,626,991,571	5,941,130,663	8,269,677,641	9,219,614,767	10,488,118,919
% chg	19.5%	83.8%	85.0%	126.2%	39.2%	11.5%	13.8%
Public Debt Amortization Expenses	30,475,739	32,858,113	44,682,066	35,975,836	1,143,098,614	3,174,121,969	3,544,397,557
Internal	21,025,739	24,983,113	30,837,790	35,975,836	24,941,231	35,462,389	35,462,389
External	9,450,000	7,875,000	13,844,276	-	1,118,157,383	3,138,659,580	3,508,935,168
TOTAL EXPENSES AND DEBT AMORTIZATION OF CENTRAL GOVERNMENT (Execute)	803,284,263	1,452,910,736	2,671,673,637	5,977,106,499	9,412,776,255	12,393,736,735	14,032,516,476
Varicación %	17.8%	80.9%	83.9%	123.7%	57.5%	31.7%	13.2%
Budget Expenses	-	-	-	-	-	-	-
Budget Agreement	-	-	-	-	-	-	-
Deficit Definitions							
Primary Surplus (+) / Deficit (-)	(73,954,180)	(715,212,673)	(4,999,542,150)	(3,959,948,838)	2,580,302,217	12,086,881,318	15,415,608,303
% of GDP	-2.4%	-12.0%	-22.9%	-4.6%	1.4%	4.8%	5.0%
Gross Financing Needs	(170,367,554)	(827,979,193)	(5,127,669,524)	(5,818,493,236)	(1,831,549,792)	5,335,057,677	7,875,994,356
% of GDP	-5.6%	-13.9%	-23.5%	-6.7%	-1.0%	2.1%	2.5%
Financial Surplus (+) / Deficit (-)	(139,891,815)	(795,121,080)	(5,082,987,458)	(5,782,517,400)	(688,451,178)	8,509,179,646	11,420,391,913
% of GDP	-4.6%	-13.3%	-23.3%	-6.6%	-0.4%	3.4%	3.7%
Sources of Financing	67,894,947	101,842,421	114,063,511	2,053,846,119	3,492,488,999	3,924,301,835	4,384,533,060
Internal Borrowing	67,894,947	101,842,421	114,063,511	125,469,862	138,016,848	151,818,533	167,000,386
External Borrowing	-	-	-	1,928,376,257	3,354,472,150	3,772,483,301	4,217,532,673
CENTRAL GOVERNMENT DEBT BALANCE							
BALANCE OF EXTERNAL DEBT							
In Millions of Bs.F	222,334,031	214,459,031	325,410,590	32,437,894,657	44,940,222,266	51,168,680,673	55,917,699,062
In Millions of US\$	35,291	34,041	32,541	35,541	37,541	38,045	38,549
BALANCE OF INTERNAL DEBT							
In Millions of Bs.F	490,962,815	567,822,123	651,047,843	740,541,870	853,617,487	969,973,631	1,101,511,628
In Millions of US\$	77,931	24,811	2,748	1,152	763	771	784
EXTERNAL DEBT SERVICE USD Million	4,829	4,452	4,186,732	4,571	3,884	5,310	5,310
Amortizations	1,500	1,250	1,500	-	1,000	2,496	2,496
Interest and Commissions	3,329	3,202	3,071	3,028	2,884	2,814	2,814
Effective Interest Rate	9.4%	9.4%	9.4%	8.5%	7.7%	7.4%	7.3%
EXTERNAL DEBT SERVICE Bs.F Million	30,423,283	28,045,033	42,186,732	1,773,473,077	4,343,363,508	6,677,744,005	7,465,534,311
Amortizations	9,450,000	7,875,000	13,844,276	-	1,118,157,383	3,138,659,580	3,508,935,168
Interest and Commissions	20,973,283	20,170,033	28,342,456	1,773,473,077	3,225,206,124	3,539,084,426	3,956,599,143
NEW EXTERNAL DEBT Bs.F	-	-	-	1,928,376,257	3,354,472,150	3,772,483,301	4,217,532,673
New External Debt (Million USD)	-	-	-	3,000	3,000	3,000	3,000
Net External Debt (Million USD)	(1,500)	(1,250)	(1,500)	3,000	2,000	504	504
INTERNAL DEBT SERVICE IN MILLIONS OF Bs.F	65,990,091	84,721,487	85,940,642	85,071,321	68,488,501	74,079,636	74,079,636
Amortization	21,025,739	24,983,113	30,837,790	35,975,836	24,941,231	35,462,389	35,462,389
Interest	44,964,352	59,738,374	55,102,852	49,095,485	43,547,270	38,617,247	38,617,247
Effective Interest Rate	9.2%	10.5%	8.5%	6.6%	5.1%	4.0%	3.5%
TOTAL CENTRAL GOVERNMENT DEBT							
Millions Bs.F	713,296,846	782,281,153	976,458,433	33,178,436,527	45,793,839,752	52,138,654,304	57,019,210,690
Millions USD	113,222	124,172	105,801	56,645	40,955	41,462	40,559

Year 12, Number 3
Quarter 3

Table 12	2014	2015	2016	2017	2018	2019	2020
Real Structural Economic Ratios	ESTIMATED		FORECASTS				
Aggregate Demand to GDP							
Internal Aggregate Demand to GDP	125.3%	119.4%	118.2%	116.4%	115.2%	115.3%	118.0%
Consumption to GDP	93.0%	92.0%	92.4%	92.4%	91.2%	90.8%	92.2%
Private Consumption to GDP	73.4%	71.8%	73.8%	73.5%	72.5%	72.2%	73.3%
Public Consumption to GDP	19.6%	20.3%	18.7%	18.8%	18.7%	18.6%	18.9%
Investment to GDP	27.5%	24.0%	22.2%	20.3%	20.0%	20.2%	20.8%
Private Investment to GDP	6.9%	6.7%	6.8%	6.6%	6.5%	6.7%	7.2%
Public Investment to GDP	20.7%	17.3%	15.4%	13.7%	13.5%	13.5%	13.7%
Exports of Goods and Services to GDP	12.4%	13.1%	13.2%	13.9%	14.2%	14.7%	14.9%
Merchandise Exports to GDP	11.4%	12.1%	12.1%	12.6%	12.9%	13.4%	13.7%
Exports of Oil Merchandise to GDP	9.8%	10.3%	10.0%	10.6%	10.9%	11.3%	11.3%
Exports of Non-oil Merchandise to GDP	1.7%	1.8%	2.0%	2.0%	2.0%	2.2%	2.3%
Service Exports to GDP	1.0%	1.0%	1.2%	1.2%	1.3%	1.3%	1.3%
Imports of Goods and Services to GDP	37.7%	32.5%	31.4%	30.3%	29.4%	30.0%	32.9%
Merchandise Imports to GDP	28.1%	28.5%	27.5%	26.4%	25.5%	26.0%	28.7%
Service Imports to GDP	9.6%	4.0%	3.9%	3.9%	3.9%	4.0%	4.3%
Real Volume of Trade to GDP	39.6%	40.7%	39.6%	39.0%	38.5%	39.4%	42.3%
Production Structure							
Oil GDP to Total GDP	10.8%	11.3%	11.8%	12.0%	12.0%	12.2%	12.1%
Non-oil GDP to Total GDP	78.6%	78.7%	77.7%	77.4%	77.4%	77.4%	77.8%
Non-oil Merchandise GDP to Total GDP	27.4%	25.9%	25.6%	25.5%	25.3%	25.4%	25.5%
Agricultural GDP to Total GDP	4.1%	4.1%	4.4%	4.5%	4.4%	4.4%	4.3%
Mining GDP to Total GDP	0.3%	0.3%	0.4%	0.4%	0.3%	0.3%	0.3%
Manufacturing GDP to Total GDP	13.2%	13.1%	12.5%	12.5%	12.5%	12.7%	12.9%
Construction GDP to Total GDP	7.5%	6.0%	5.7%	5.6%	5.6%	5.6%	5.6%
Electricity and Water Supply GDP to Total GDP	2.3%	2.4%	2.6%	2.5%	2.5%	2.4%	2.3%
Non-oil Services GDP to Total GDP	51.2%	52.7%	52.1%	52.0%	52.1%	51.9%	52.2%
Commercial GDP to Total GDP	9.4%	8.8%	7.6%	7.6%	7.9%	8.1%	8.6%
Transportation and Storage GDP to Total GDP	3.3%	3.2%	3.2%	3.2%	3.0%	3.0%	3.0%
Communication GDP to Total GDP	7.6%	8.3%	9.4%	9.3%	9.0%	8.9%	8.8%
Other Services GDP to Total GDP	30.9%	32.4%	31.8%	31.9%	32.2%	32.0%	31.8%
Net Indirect Taxes	10.6%	10.0%	10.6%	10.5%	10.5%	10.5%	10.2%
Institutional Structure of GDP							
Private GDP to Total GDP	64.1%	61.8%	63.5%	62.9%	62.4%	62.0%	61.5%
Public GDP to Total GDP	35.9%	38.2%	36.5%	37.1%	37.6%	38.0%	38.5%
Orientation of Production							
Tradable GDP to Total GDP	28.4%	28.8%	29.1%	29.4%	29.3%	29.6%	29.6%
Oil Tradable GDP to Total GDP	10.8%	11.3%	11.8%	12.0%	12.0%	12.2%	12.1%
Non-oil Tradable GDP to Total GDP	17.6%	17.5%	17.3%	17.3%	17.3%	17.4%	17.6%
Nontradable GDP to Total GDP	61.0%	61.2%	60.4%	60.1%	60.2%	60.0%	60.2%
Labour Structure							
Informal Occupation Rate	40.2%	40.7%	46.2%	48.6%	46.8%	43.3%	40.7%
Formal Occupation Rate	59.8%	59.3%	53.8%	51.4%	53.2%	56.7%	59.3%
Unemployment Rate	7.0%	6.8%	7.9%	9.5%	8.6%	7.7%	7.4%
Prices Relations							
WPI to CPI	1.104	1.343	1.575	1.437	1.497	1.541	1.517
National Disposable Income and its Distribution							
National Disposable Income to GDP	83.9%	89.1%	94.7%	97.0%	95.8%	93.9%	92.5%
Disposable Personal Income to Disposable National Income	91.6%	127.0%	110.1%	73.8%	72.4%	72.8%	72.8%
Disposable Personal Income to GDP	76.8%	113.2%	104.3%	71.6%	69.3%	68.4%	67.3%
Consumption to Disposable Personal Income	97.0%	96.5%	96.5%	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	89.6	84.4	75.3	78.7	79.8	80.6	81.7
Var %	-6.8%	-5.8%	-10.7%	4.4%	1.4%	0.9%	1.4%
Real Average Salaries Index	76.7	59.1	40.3	41.3	44.9	48.9	53.4
Var %	-9.1%	-23.0%	-31.9%	2.5%	8.9%	8.8%	9.2%
Real GDP Per Capita Index	107.8	100.1	87.4	89.0	90.6	91.8	93.1
Var %	-3.9%	-7.1%	-12.7%	1.9%	1.7%	1.4%	1.4%

Year 12, Number 3
Quarter 3

Table 13	2014	2015	2016	2017	2018	2019	2020
Nominal Structural Economic Ratios	ESTIMATED		FORECASTS				
Monetary Ratios							
Indicators of Monetization							
Monetary Liquidity M2 to GDP	0.660	0.672	0.378	0.181	0.107	0.112	0.124
Currency M1 to GDP	0.644	0.658	0.371	0.178	0.103	0.107	0.116
Multipliers of the Monetary Variables							
Multiplier of Liquidity	2.64	2.51	2.31	2.18	1.75	1.81	2.41
Multiplier of Currency	2.58	2.46	2.27	2.15	1.69	1.74	2.26
Structure of Monetary Liquidity							
M1/M2	0.976	0.979	0.982	0.985	0.964	0.959	0.936
Quasimoney/M2	0.024	0.021	0.018	0.015	0.036	0.041	0.064
Velocity of Circulation							
Velocity of Circulation of Monetary Liquidity	1.51	1.49	2.65	5.53	9.36	8.96	8.06
Velocity of Circulation of Currency	1.55	1.52	2.70	5.61	9.71	9.34	8.61
Monetary Exchange Rate							
Monetary Liquidity to Central Bank Reserves	90,649.18	245,492.54	733,231.14	959,681.89	962,202.29	1,195,432.76	1,537,991.37
Monetary Liquidity to Total Reserve Assets	90,635.90	245,442.33	733,005.92	959,472.49	962,027.59	1,195,234.04	1,537,737.99
External Ratios							
Opening and Terms of Trade							
Terms of Trade	103.8	22.3	11.0	27.4	31.8	37.2	37.8
Commercial Undervaluation (-) / Overvaluation (+)	253.5%	949.1%	3533.4%	24.9%	20.4%	25.9%	23.4%
Economic Importance of the Principal Trade Balance Variables							
Current Account to GDP	-	-	-	-	-	-	-
Coverage of Foreign Reserves							
Months of Imports to Foreign Reserves	5.58	5.32	6.54	7.53	7.95	8.21	8.29
Months of Imports + Interest on Foreign Debt to Foreign Reserves	4.95	4.55	5.13	6.22	7.28	8.88	10.73
Months of Imports + External Debt Service to Foreign Reserves	4.37	3.90	4.00	5.24	6.05	7.02	8.25
Central Government Performance as % of GDP							
ORDINARY REVENUE							
Ordinary Oil Revenue	20.9%	10.5%	-11.2%	0.2%	4.1%	7.0%	7.1%
Income Tax (PDVSA and Associations)	2.7%	-6.0%	-23.7%	-12.3%	-8.2%	-5.1%	-5.0%
Hydrocarbon Rent (Royalties) (PDVSA and Associations)	-0.8%	-10.1%	-35.3%	-23.5%	-19.4%	-16.8%	-16.0%
PDVSA Dividends	3.3%	3.9%	11.6%	11.3%	11.2%	11.7%	10.9%
Ordinary Non-oil Revenue	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Value Added Tax (VAT)	18.1%	16.5%	12.4%	12.4%	12.3%	12.1%	12.1%
Income Tax on Internal Activities	6.6%	7.3%	7.5%	7.4%	7.5%	7.5%	7.5%
Import Tax	2.7%	2.6%	2.7%	2.8%	2.8%	2.8%	2.8%
Cigarette and Liquor Tax	0.8%	0.3%	0.1%	1.5%	1.6%	1.5%	1.4%
Other Revenues	0.2%	0.2%	0.2%	0.1%	0.1%	0.0%	0.0%
Bank Debit Tax	7.7%	6.1%	2.0%	0.6%	0.4%	0.3%	0.3%
FISCAL SPENDING AS % OF GDP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Spending - Interest	19.1%	11.8%	6.2%	1.7%	0.9%	1.1%	1.0%
Capital Spending	21.3%	13.1%	6.6%	3.8%	2.7%	2.5%	2.3%
Public Debt Amortization Spending	4.0%	2.1%	0.8%	0.2%	0.1%	0.1%	0.1%
Spending - Amortizations	1.0%	0.5%	0.2%	0.0%	0.6%	1.3%	1.1%
Total Spending	25.5%	23.8%	12.0%	6.8%	4.5%	3.6%	3.4%
Deficit Variables	26.5%	24.3%	12.2%	6.9%	5.1%	4.9%	4.5%
Current Surplus (+) / Deficit (-)	-2.4%	-12.0%	-22.9%	-4.6%	1.4%	4.8%	5.0%
Gross Financing Needs	-5.6%	-13.9%	-23.5%	-6.7%	-1.0%	2.1%	2.5%
BALANCE OF INTERNAL PUBLIC DEBT							
Balance as % of GDP	16.2%	9.5%	3.0%	0.9%	0.5%	0.4%	0.4%
Balance as % of Monetary Liquidity	24.5%	14.1%	7.9%	4.7%	4.3%	3.4%	2.9%
Service as % of GDP	2.2%	1.4%	0.4%	0.1%	0.0%	0.0%	0.0%
Service as % of Monetary Liquidity	3.3%	2.1%	1.0%	0.5%	0.3%	0.3%	0.2%
TOTAL PUBLIC DEBT							
Balance as % of GDP	23.5%	13.1%	4.5%	38.1%	24.7%	20.6%	18.4%
Service as % of GDP	3.2%	1.9%	0.6%	2.1%	2.4%	2.7%	2.4%
				0.0%	0.0%	0.0%	0.0%

Year 12, Number 3
Quarter 3

Table 14	2014	2015	2016	2017	2018	2019	2020
The Venezuelan Economy in the World	ESTIMATED		FORECASTS				
World Economic Growth	4.4%	4.4%	4.5%	4.6%	4.6%	4.6%	4.6%
USA Consumer Inflation Rate					0.0%	0.0%	0.0%
Annual Average	1.6%	0.1%	1.1%	1.6%	1.6%	1.4%	1.7%
% chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Venezuela Caracas Consumer Inflation Rate					0.0%	0.0%	0.0%
Annual Average	57.3%	111.8%	353.7%	284.7%	81.5%	20.7%	16.8%
% chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Oil Exchange Rate					0.0%	0.0%	0.0%
Annual Average	6.300	6.300	9.229	585.722	1,118.157	1,257.494	1,405.844
% chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Comercial Parity Exchange Rate					0.0%	0.0%	0.0%
Annual Average	21.700	65.523	362.433	1,056.526	1,332.936	1,571.402	1,657.781
% chg	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Venezuela Population	30,138,526	30,596,024	31,085,560	31,582,929	32,088,256	32,601,668	33,123,295
Venezuela Households	7,045,882	7,152,837	7,267,282	7,383,558	7,501,694	7,621,721	7,743,668
Venezuela Economic Activity in USD							
Nominal GDP Bs	3,031,242,431	5,975,606,677	21,861,161,370	86,984,122,935	185,027,351,473	252,720,411,647	310,093,916,178
% chg	35.0%	97.1%	265.8%	297.9%	112.7%	36.6%	22.7%
Nominal GDP Million USD	481,150	948,509	2,368,704	148,507	165,475	200,971	220,575
% chg	31.4%	97.1%	149.7%	-93.7%	11.4%	21.5%	9.8%
Purchasing Power Parity GDP Million USD	139,691	91,199	60,318	82,330	138,812	160,825	187,054
% chg	-24.3%	-34.7%	-33.9%	36.5%	68.6%	15.9%	16.3%
Real GDP Million USD at constant prices of 1997	122,032	115,091	102,038	105,604	109,149	112,437	115,830
% chg	-3.9%	-5.7%	-11.3%	3.5%	3.4%	3.0%	3.0%
Nominal Per Capita GDP USD	15964.6	31001.1	76199.5	4702.1	5156.9	6164.5	6659.2
% chg	31.4%	94.2%	145.8%	-93.8%	9.7%	19.5%	8.0%
Purchasing Power Parity Per Capital GDP USD	4635.0	2980.7	1940.4	2606.8	4325.9	4933.0	5647.2
% chg	-24.3%	-35.7%	-34.9%	34.3%	65.9%	14.0%	14.5%
Real Per Capital GDP USD 1997=100	4049.0	3761.6	3282.5	3343.7	3401.5	3448.8	3496.9
% chg	-3.9%	-7.1%	-12.7%	1.9%	1.7%	1.4%	1.4%
External Trade Indicators							
Index of Terms of Trade 1997=100	422.77	252.36	202.13	248.54	269.49	272.10	279.82
				0.0%	0.0%	0.0%	0.0%
Current Account as % of GDP	0.7%	-1.9%	-0.4%	-1.8%	0.4%	1.0%	1.7%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Trade Openness as % of GDP	29.3%	9.4%	2.4%	49.6%	52.8%	48.8%	48.4%
				0.0%	0.0%	0.0%	0.0%
Total Exports	74,714	37,366	23,793	35,040	42,966	48,787	54,040
Oil Exports	71,731	35,542	21,887	32,019	38,674	42,893	47,322
Imports of Goods	47,508	36,910	20,671	26,145	31,030	34,472	36,217
Debt Indicators							
External Debt	95,393	89,166	81,512	78,508	42,410	(31,023)	(107,762)
Public	80,916	74,323	66,303	62,933	26,470	(47,327)	(124,430)
Non Oil	43,291	42,041	40,541	43,541	45,541	46,045	46,549
Oil	37,625	32,282	25,761	19,392	(19,071)	(93,372)	(170,979)
Private	14,477	14,843	15,209	15,575	15,940	16,304	16,668
External Debt Balance as % of GDP	19.8%	9.4%	3.4%	52.9%	25.6%	-15.4%	-48.9%
Public External Debt as % of GDP	16.8%	7.8%	2.8%	42.4%	16.0%	-23.5%	-56.4%
				0.0%	0.0%	0.0%	0.0%
External Debt Balance as % of Exports	127.7%	238.6%	342.6%	224.1%	98.7%	-63.6%	-199.4%
External Debt Balance as % of Oil Exports	133.0%	250.9%	372.4%	245.2%	109.7%	-72.3%	-227.7%
Public External Debt Balance as % of Exports	108.3%	198.9%	278.7%	179.6%	61.6%	-97.0%	-230.3%
Public External Debt Balance as % of Oil Exports	52.5%	90.8%	117.7%	60.6%	-49.3%	-217.7%	-361.3%
External Debt Service as % of GDP	2.7%	1.4%	0.6%	7.7%	5.9%	2.9%	0.1%
Public External Debt Service as % of GDP	2.7%	1.3%	0.5%	6.8%	5.1%	2.2%	-0.5%
Public External Debt Service as % of Oil Exports	18.0%	34.4%	54.2%	31.6%	21.8%	10.5%	-2.4%
PDVSA Oil Figures and Balance of Payments							
PDVSA Official Oil Production Figures							
Crude Oil Production	2,675	2,639	2,372	2,538	2,650	2,769	2,842
Petroleum and Refined Products Exports	2,377	2,051	1,763	1,932	2,047	2,183	2,261
Average Year Oil Price	88.8	44.8	34.0	45.4	51.8	53.8	57.3
Oil Exports Income	71,731	35,542	21,887	32,019	38,674	42,893	47,322
Current Account	3,598	(18,150)	(8,990)	(2,611)	677	1,983	3,821
Capital Account	(750)	15,577	9,368	10,368	7,159	3,306	(1,229)
Errors and Omissions	(3,566)	(5,615)	(4,773)	(2,816)	(3,520)	(2,112)	(1,056)
Balance of Payments	(718)	(8,188)	(4,396)	4,941	4,316	3,177	1,537