Exchange Rate Outlook Report

March 2025

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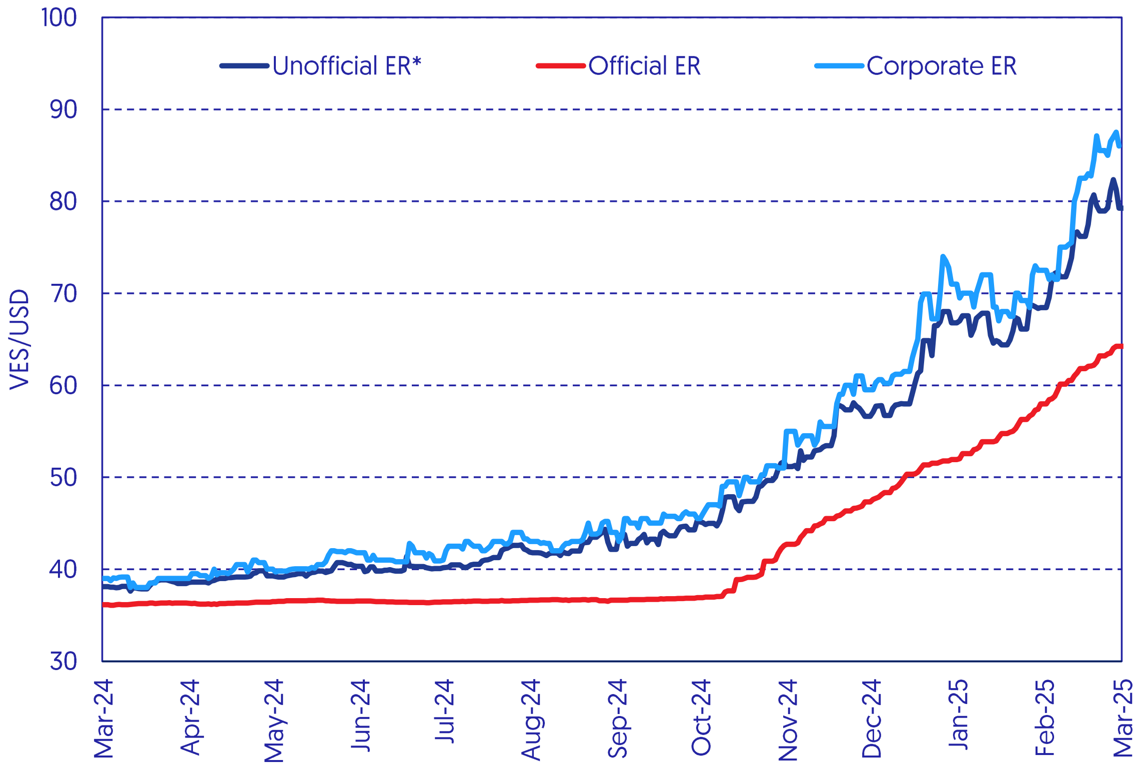
Content

Analysis of the Venezuelan foreign **exchange market**

Evolution of the parallel market

At the end of February 2025, the parallel exchange rate stood at VES 79.2/USD, averaging VES 75.9/USD during the month. The exchange rate at the end of the month increased by 15.8% compared to the end of the previous month and increased by 108.8% compared to the same period in 2024.

Daily exchange rate



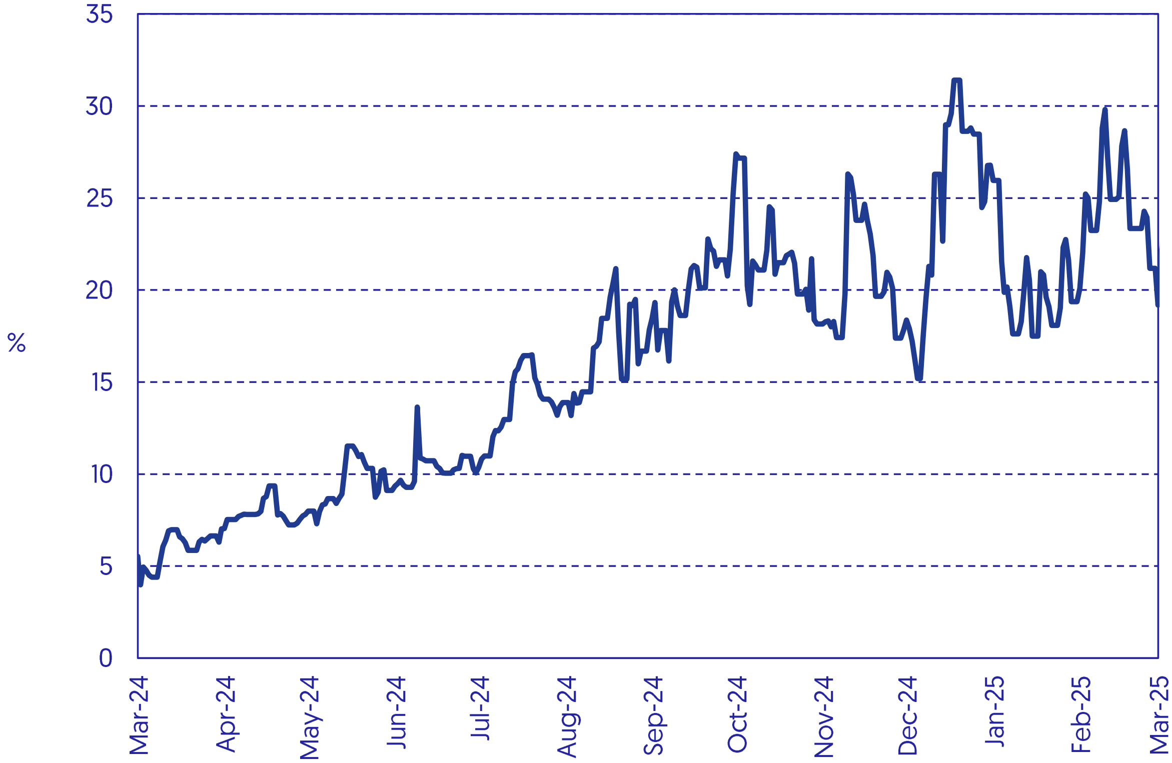
Calculated by the implicit Bitcoin (BTC) exchange rate.
Sources: BCV and Ecoanalitica.

For February 2025, the exchange market assumptions maintained the characteristics observed throughout the last months. In this sense, at the end of said period, the parallel marker increased by 108.8% and the official marker by 77.8%, so that the disparity between both was located in a range between 18.1% and 29.8%, this being a reflection of the effects of a lower exchange intervention by the Central Bank of Venezuela (BCV), where for the first two months of the year the foreign currency sales were of USD 378.2 million, a decrease of 54.8% with respect to the amount of the same period for 2024, equivalent to a drop of USD 458.9 million. Likewise, the BCV's policy of more frequent adjustments in the official exchange rate has continued to be in force, resulting in a devaluation of 9.8% during the last month. With the cessation of Chevron's operations in Venezuela, currently in a more restrictive environment due to a shorter closing period, it is expected that there will be a decrease in the flow of foreign currency into the country, so **Ecoanalítica** considers that exchange rate pressures will continue to be present throughout the rest of the year, a key point to take into account when establishing foreign exchange hedging strategies in the current context.

The official exchange rate and BCV interventions

The official exchange rate closed the previous month at VES 64.2/USD, with an average for February of VES 61.4/USD. Thus, the agreed price in the retail market remained, on average, 23.6% above the official marker in February 2025, 19.1 percentage points (pp.) above the margin observed in the same period of 2024.

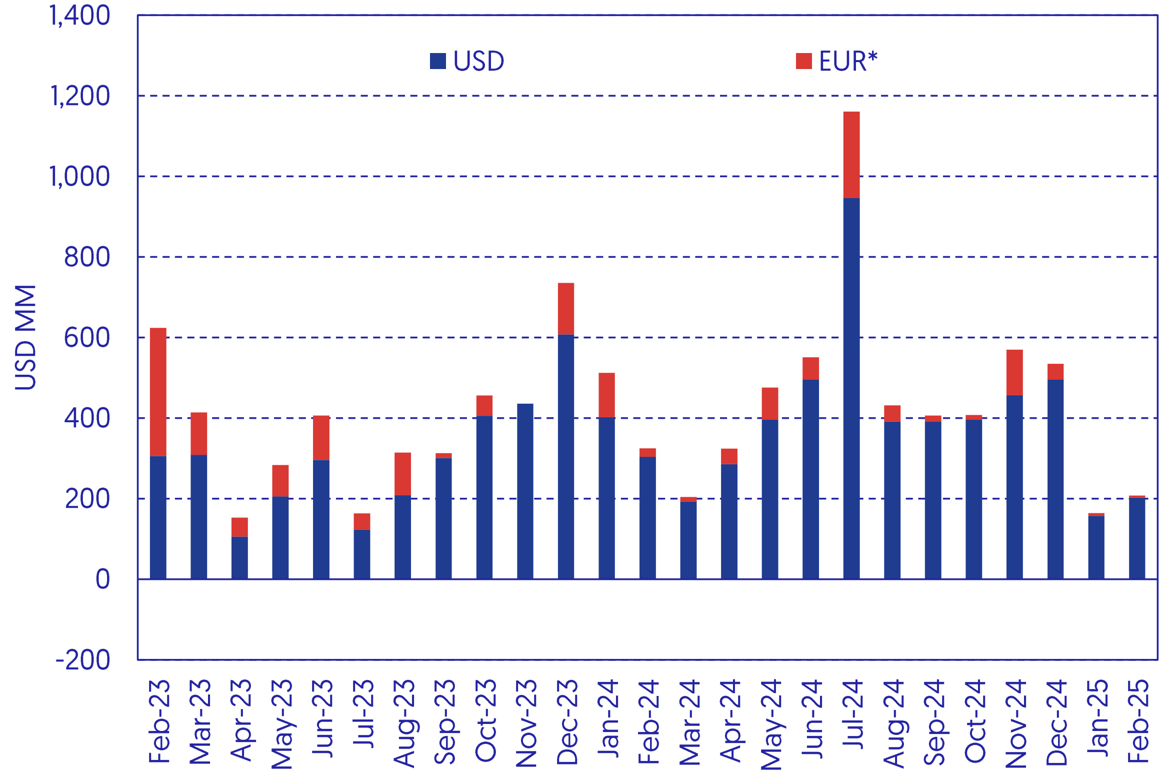
Parallel and official exchange rate premium



Sources: BCV and Ecoanalítica.

The continuation of the close relationship between the two markers is due, in part, to the behavior of BCV's foreign currency sales to the financial system. In February, the BCV intervened in the foreign exchange market with USD 213.9 million, 34.2% less than sales in the same month of 2024 and 30.2% more than the amounts last month. Contributing to the perception that the BCV is willing to increase its interventions to control the exchange rate.

Sale of foreign currency in cash to the financial system



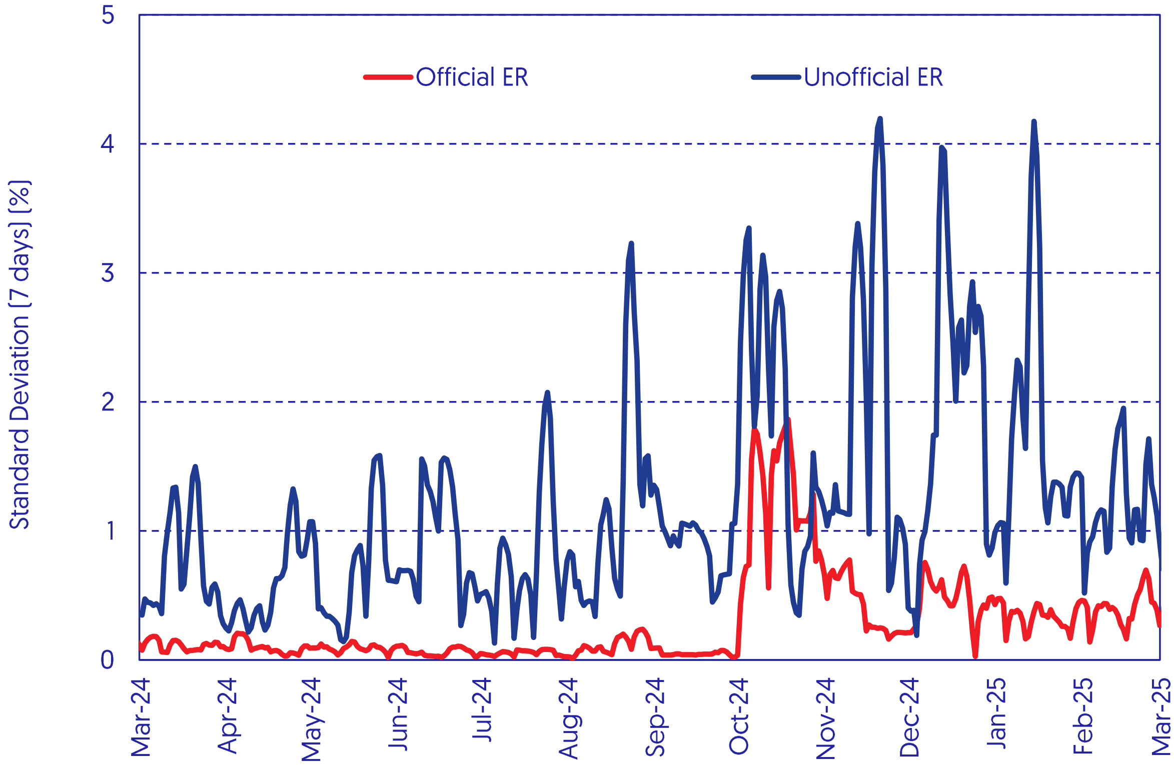
Euros converted to dollars using the average USD/EUR exchange rate for the month.
Source: Ecoanalítica.

Exchange market volatility

In February, the volatility of the parallel exchange rate increased 0.7 pp. with respect to the previous month. On the other hand, the volatility of the official rate in February was lower than that of the parallel rate, standing 0.9 pp. below the latter.[1]

[1] Standard deviation of the inter-weekly variation of exchange markers.

Daily volatility of the exchange rate change



Sources: BCV, LocalBitcoins and Ecoanalítica.

Parallel exchange rate ***projections***

Fundamentals of projections:

Given the technical difficulties in making nominal exchange rate projections in a high inflation environment, as mentioned in previous reports, Ecoanalítica is constantly updating its predictive model. The results shown in this edition are the result of this adjustment process. Therefore, they present relatively significant changes with respect to the previous edition.

Non official exchange rate forecast

Date	Actual Value	Forecast Range					
		Low		Medium		High	
2025M01	68.44	64.32	65.77	67.50	68.71	70.95	72.67
2025M02	79.25	65.04	68.60	69.51	70.84	73.32	78.12
2025M03		79.89	83.36	85.59	88.76	91.40	93.19
2025M04		80.46	88.11	92.61	97.58	104.83	108.74
2025M05		77.42	89.82	97.05	104.21	117.63	124.50
2025M06		74.41	91.68	101.95	111.65	132.69	143.41
2025M07		72.30	93.80	106.94	119.13	148.09	163.01
2025M08		69.08	94.94	111.26	126.30	164.96	185.27
2025M09		69.15	100.27	120.57	139.31	190.60	218.16
2025M10		66.93	102.73	126.96	149.45	205.73	230.73
2025M11		68.14	110.26	139.77	167.42	241.25	275.65
2025M12		66.76	114.01	148.30	180.81	272.97	316.67

Sources: BCV, Ecoanalítica and own calculations.

Foreign exchange market **indicators**

As of last month's November report, an adjustment was made to the nominal parity exchange rate series. Previously, a series based on the year 2019 was used, but this series overestimated the parity exchange rate since it did not discount the real depreciation that the country had experienced during the first years of hyperinflation, therefore, it indicated a very high level of appreciation.

In this sense, the base was adjusted to 2016, before hyperinflation, to discount for this effect. For January, the series indicates that to recover the purchasing power parity of 2016 is VES 94.3/USD, which implies that at present, the bolivar is overvalued, resulting in an expensive country in foreign currency.

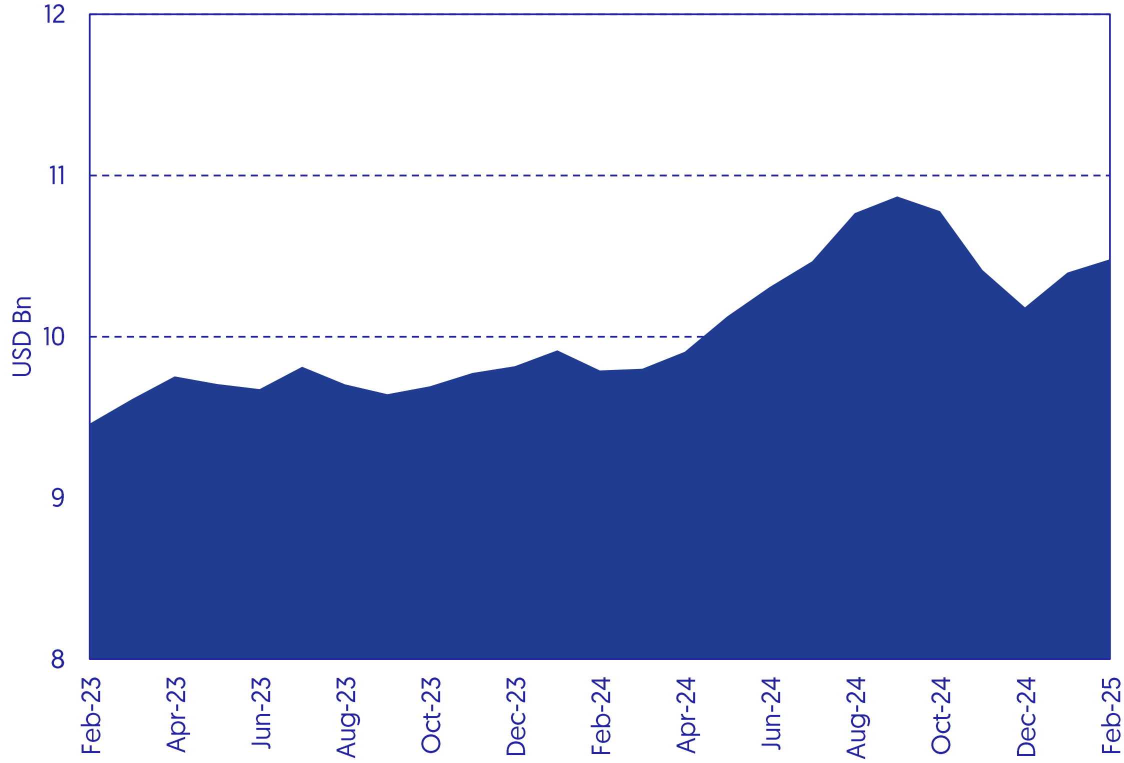
Exchange rate indicators

	Feb-25	m/m (%)	y/y (%)
M2/IR*	33.0	3.7	114.1
RER**	100.9	7.0	62.2
Money desks***	64.2	10.8	80.9
WER (Consumers)	73.2	13.8	94.3

** End of month. ** Monthly average (Ecoanalítica). *** Last auction.*
Note: Special Drawing Rights (SDR) are discounted.
Sources: BCV, other Central Banks and Ecoanalítica.

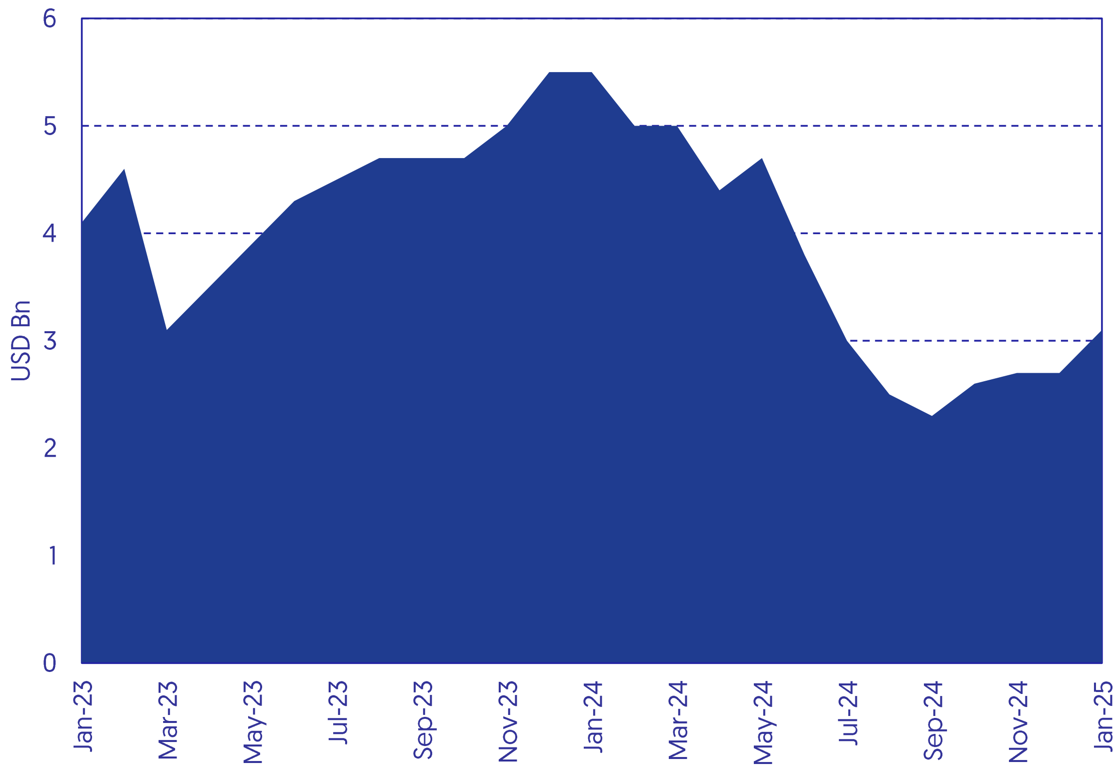
Foreign currency availability **indicators**

International reserves



Source: BCV and Ecoanalítica.

Extrabudgetary funds



Source: Ecoanalítica.

Non-financial Debt with the Private Sector (USD MM).

	2023	1Q2024	2Q2024	3Q2024	2024	Chg. % (y/y)	Chg. % (q/q)
Cadivi - Non-settled imports	4,082	4,059	4,056	4,051	4,051	-0.8%	0.0%
Cadivi -Dividends approved and unpaid	67	61	61	61	60	-10.4%	-1.6%
Cadivi -rent and services*	796	792	792	792	792	-0.5%	0.0%
Joint ventures - PDVSA partners	10,931	9,106	8,306	7,616	7,109	-35.0%	-6.7%
Total	**15,876**	**14,018**	**13,215**	**12,520**	**12,012**	**-24.3%**	**-4.1%**

Includes debt with airlines

Source: Ecoanalítica.

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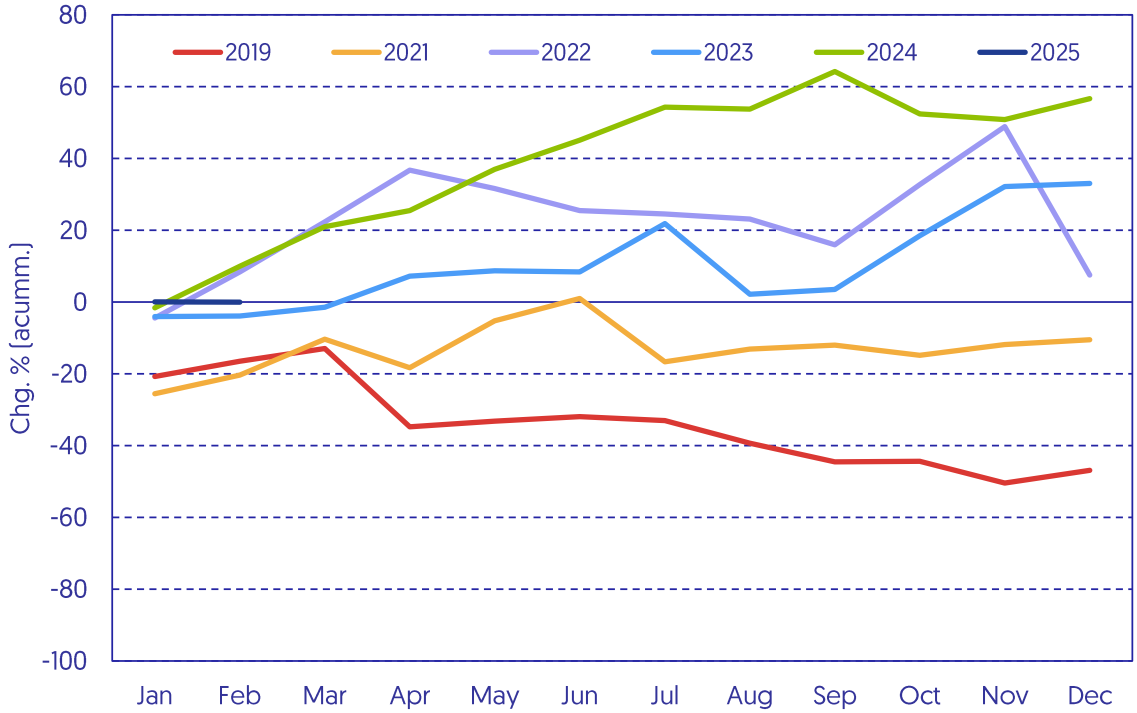
Real liquidity (M2) expansion



Sources: BCV and Ecoanalítica.

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