

General features of transactional dollarization in Venezuela

In an attempt to get an idea of how prevalent informal (or transactional) dollarization is in Venezuela, it was recently carried out a brief study that sought to describe, in broad terms, the present conditions under which the dollar is being used as a legal and widely accepted form of payment. The features of this dollarization are inferred from an analysis of payments made in a series of operations performed recently between October 10 and 15 this year of the country's main cities.

As we have commented in several of our weekly reports, dollarization has arisen in response by Venezuelans to a local currency that has lost its attributes not only as a store of value but also as a means of payment. This has occurred at the same time as the implementation of a stringent policy regarding the banking sector's legal reserve requirements, which limits the use of financing in bolivars intended for the consumption of goods and services and has forced many people to use other assets in order to maintain their standards of consumption. Moreover, the regulators have promoted this type of dollarization by legalizing payments in foreign currency by mutual agreement since September last year¹.

In point of fact, the use of foreign currency has facilitated transactions that would not otherwise have been performed, although, as we will see, concentration of its use for purchasing essential goods has been less marked. Nevertheless, the fact that this phenomenon is occurring in the middle of a severe contraction in economic activity has magnified the effects of the real appreciation of the exchange rate and, with it, the increase in cost of the local basket of goods priced in foreign currency.

So, in the absence of the official supply of foreign currency, an increased use of the dollar also seems to lead the private sector to an increased loss of capital investment in foreign currency, which exposes it to greater fragility in the future in the middle of a still costly local inflation. Consequently, knowing what type of dollarization this is and how extensive it is allows agents to set up strategies that will enable them to take advantage of its benefits (particularly when it comes to setting charges and prices) and cover associated costs.

¹ See Foreign Exchange Agreement Number 1.

Technical aspects

This study covers 12,600 transactions performed in seven of Venezuela's major cities (in terms of population)², **Caracas, Maracaibo, Maracay, Valencia, Barquisimeto, Lecherías, and Puerto Ordaz**. The size of the population in these cities indicates a higher volume of trade compared to other cities, making them more representative when it comes to making inferences with regard to the situation of the country as a whole. A total of 136 establishments were consulted with an average of 93 transactions per establishment during the period of time the evaluation was conducted. The transactions analyzed cover six main groups of goods broken down based on the establishments evaluated and that are part of the typical basket of goods purchased by Venezuelans: food, personal care items, household appliances, electronic equipment, clothing and footwear, and miscellaneous spare parts.

Out of the cities analyzed, Caracas, Maracaibo and Puerto Ordaz accounted for the largest share of transactions and establishments evaluated. These three cities covered 73% of operations and 80.9% of establishments. They also seem to better represent their own sample, since a larger number of establishments showed a fairly similar number of transactions per establishment (approximately 85 compared to more than 100 per business analyzed in the remaining cities). Nevertheless, these differences raise the scope of the analysis in terms of the heterogeneity of the measures taken.

Dollarization study: data sheet

City	# of transactions	% of transactions	# of establishments	% of establishments
Caracas	5,292	42.0	64	47.1
Puerto Ordaz	2,646	21.0	31	22.8
Maracaibo	1,308	10.4	15	11.0
Lecherías	1,134	9.0	6	4.4
Maracay	831	6.6	6	4.4
Barquisimeto	772	6.1	7	5.1
Valencia	617	4.9	7	5.1
Total	12,600	100	136	100

Source: Ecoanalítica.

Some interesting conclusions can be drawn from these results. Transactions in foreign currency seem to predominate in the provinces. So, the city with most commercial

² According to the 2011 Census conducted by the National Statistics Institute (INE), five of this group of cities were among the first 10 cities with the largest population.

transactions in foreign currency was Maracaibo, where 86% of purchases were paid for in foreign currency, followed by Barquisimeto and Lecherías, where the dollar was used as the means of payment in 59% of transactions.

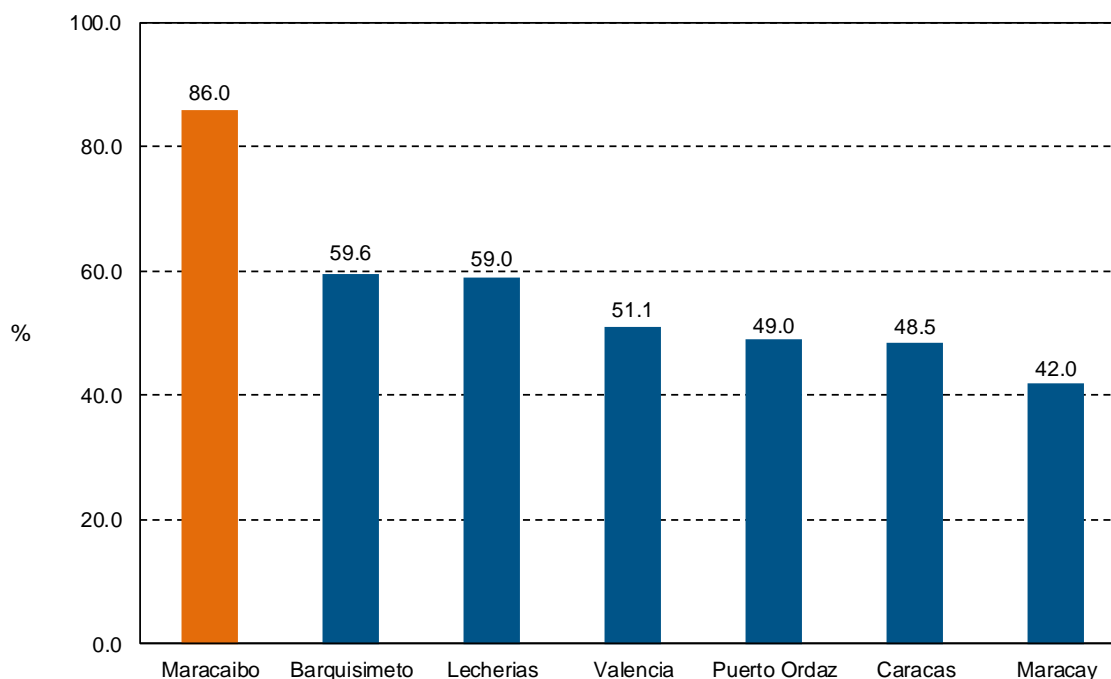
Contrary to widespread belief, in Caracas foreign currency was used as the means of payment in less than half the transactions, coming out ahead of only Maracay. The greater exposure of cities in the provinces to payments in foreign currency seems to be due to two factors: 1) their proximity to a more accessible source of foreign currency, such as gasoline smuggling and mining activities, to name but two³; and 2) their exposure to the widespread collapse of public services (compared to Caracas), which has affected the effective use of traditional means of payment.

Even with these asymmetries, it can be inferred that, overall, more than 53% of purchases made in Venezuela at the beginning of October were paid for in foreign currency. This means a consolidation of the use of foreign currency as a means of payment, bearing in mind that in April this year 40.1% of purchases were made under these conditions. This happened despite the considerable slowdown in local inflation, which went from 59.6% a month to a minimum of 20.2% between April and October, but with the implementation of the new marginal legal reserve requirement, which has imposed severe restrictions on credit and eliminated an important means of payment.

³ Other cities that are more exposed to sources of this type were not considered in this study.

Year 15. Number 39 Week II
November 2019

Proportion of transactions in dollars (%)



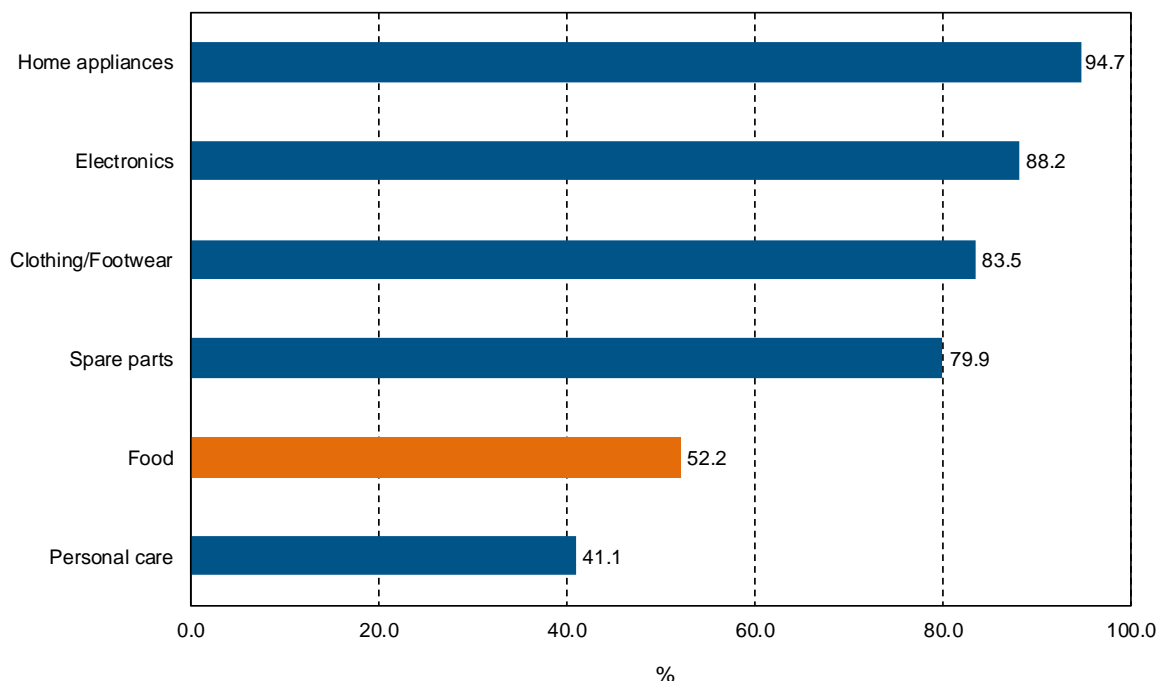
Source: Ecoanalítica.

By type of good, household appliances and electronic equipment emerged as those largely purchased with dollars. Between 88.2% and 94.7% of purchases of these articles were paid for in foreign currency. The purchase of clothing and footwear and spare parts showed similar behavior, with 80% and 84% of operations being conducted in dollars. On the other hand, food and personal care items were exposed to a less marked dollarization, with 52.2% and 41.1% of payments for goods or services in each of these groups, respectively, being made in foreign currency.

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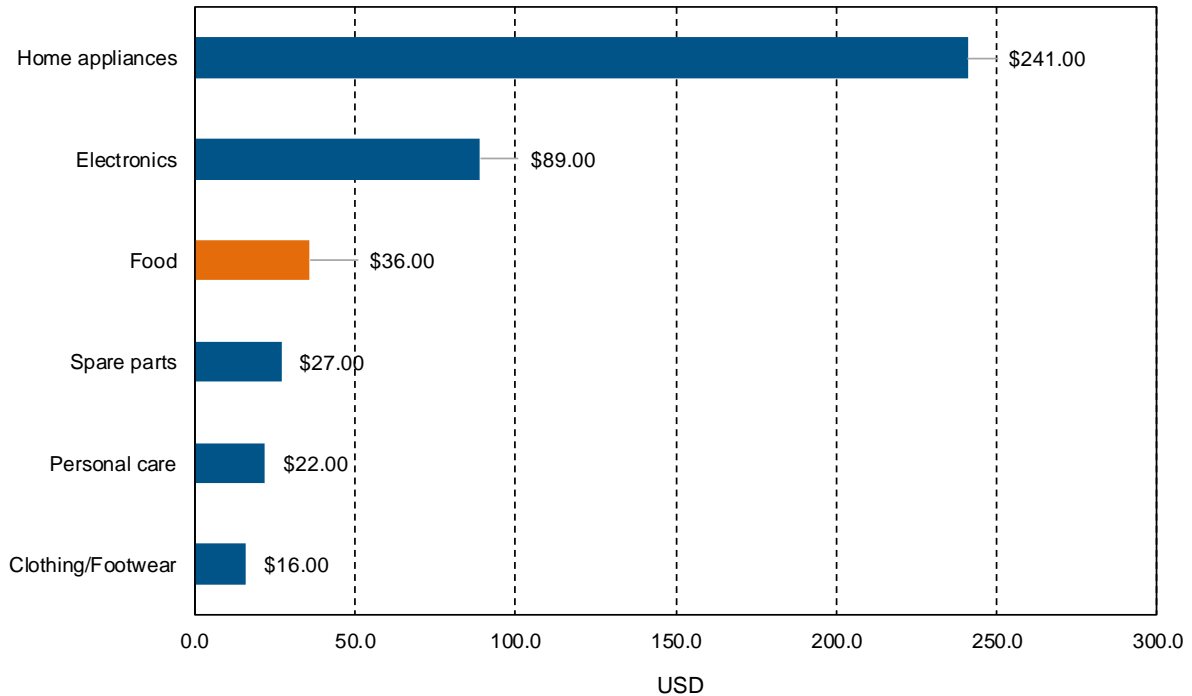
Proportions of transactions in dollars (%)



Source: Ecoanalítica.

Another analysis can be performed based on the average payment made in dollarized operations by type of good. Whereas, typically, the average payment for food was USD 36, for household appliances it was USD 241 during the same period of time, and nearly USD 90 for each item of electronic equipment. Both findings suggest that the dollar (or any other foreign currency) continues to be inaccessible to a sizeable segment of the population, in particular to those for whom these latter groups of goods are a priority. Moreover, this segment presumably is unable or unwilling to use large sums in foreign currency for current expenditures is low or null.

Average dollar bill



Source: Ecoanalítica.

Apart from the asymmetry in the availability and use of foreign currency, the study seems to show, overall, that dollarization has become more extensive in Venezuelans' day-to-day transactions. However, the results also show the high cost of hyperinflation, even in a dollarized environment. More than 46% of purchases are still paid for in local currency, which exposes them more to the effects of hyperinflation. In fact, its impacts have become more transversal affecting all social strata as a significant portion of food purchases (the item that accounts for the biggest share of Venezuelans' typical consumption basket) continues to be paid for in local currency.

What does the future hold in store?

Households and companies in Venezuela have not ceased in their demand for foreign currency, not only to protect their income in bolivars, but also to accumulate funds that will allow them to continue to have access to their typical basket of goods in the short term. It is not mere chance that, in the middle of an increased inflow of bolivars, the exchange rate (both the reference and the unofficial rates) has tended to go up more sharply than in 2018. So, quite apart from considerations regarding the demand for bolivars, this demand for dollars responds to agents' expectations regarding a

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consolidation of this dollarization and even a more persistent real appreciation of the exchange rate in the coming months.

The risks associated with this more extensive dollarization are many. As we pointed out in our weekly report N°11 of 2019 “Transactional dollarization: some reflections”, if use of the dollar becomes more prevalent, the possibilities of migrating to a transaction scheme of payments in foreign currency only increase, restricting access to certain kinds of goods and services for those who do not have access to foreign currency on a regular basis.

Moreover, the asymmetries in the degree of dollarization between one state (or city) and the next also point to the arbitrary fashion in which foreign currency is accepted as a means of payment and, therefore, the level of exposure companies face when doing trade in exchange for funds that are illegal or of dubious origin. If this arbitrariness persists, companies could face higher operating costs in the future, particularly in the border cities, where some sources of foreign currency are far from legal (smuggling, gasoline or gold trafficking, and so on).

With expected inflation of at least 3,000% in 2020 and further deterioration in the means of payment⁴ in the coming months, it is not farfetched think that this type of dollarization will become more common in the future. Nevertheless, there are some elements that prevent us from talking of the dollar as the only means of payment available, if such a thing is possible: uncertainty regarding decisions that might be taken in the medium term with regard to the economy (and, therefore, with regard to agents’ willingness to “get rid of” their foreign currency); the heavy burden in bolivars the public sector still faces, including direct bonuses and the huge public sector payroll; and even real appreciation, which encourages Venezuelans to accumulate more foreign currency (instead of spending it).

However, since there is currently no official source of foreign exchange, companies could be encouraged to further dollarize their sales as a means of acquiring part of those resources that the State stops injecting. Though, we must not lose sight of the fact that the exposure to the bolivar, although mitigated, still persists in the future, taking into account that currently at least half of the local population receives payments exclusively in local currency. In this sense, a complete dollarization of the business does not yet figure as an optimal strategy.

Luis Arturo Bárcenas

⁴ Including the restrictions resulting from the withdrawal of Visa and MasterCard from the Venezuelan market next year as suppliers of electronic payments in response to the latest economic sanctions imposed on the Central Bank of Venezuela and the state-owned banks by the United States

Year 15. Number 39 Week II
 November 2019

WEEKLY INDICATORS

Weekly Economic Indicators			
	2nd Week November	Weekly chg. (%)	Depre/Apre (pp) ¹
FX Boards (VES/USD)²	29,949.68	23.6	19.1
	1st Week November	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	19.0	-10.0	-2.1
	2nd Week November	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	328.3	201.8	236.4
	1st Week November	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	8.1	1.2	-8.2
	1st Week November	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (MM VES)	23,627,813	16.5	8,982.2
Price of International Oil Baskets (USD/bl)			
	1st Week November	Weekly chg. (%)	Annual chg. (%)
WTI	56.7	4.6	-8.8
Brent	62.2	3.2	-13.9
Price of the Venezuelan oil basket (USD/bl)			
	1st Week November	Weekly chg. (%)	Annual chg. (%)
Weekly Average	52.0	0.5	-19.6
Annual Average	57.9	-0.2	-11.1

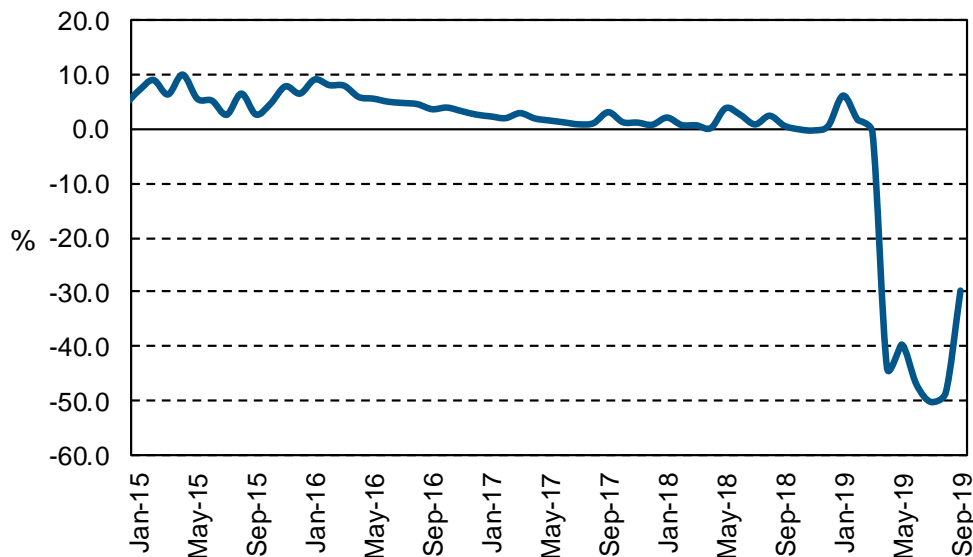
Sources: BCV, MENPET, ONT and Ecoanalítica

* Annual variation of accumulated expenditure.

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

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CHART OF THE WEEK: “FINANCIAL SECTOR UNDER COMA STATE”
**Net absorption by OMO's
 (% of the monetary base)**


Fuentes: BCV y Ecoanalítica

The Central Bank of Venezuela has instruments that allow it to restrict or expand money supply and, in the medium term, to create certain stimuli in real economic activity that could be of strategic interest. Open Market Operations (OMOs), which can be used to mop up or inject money into the economy, are one such instrument.

These operations are performed by the Central Bank buying or selling its own securities or public sector securities to the banks in the national banking system. For example, if it is a mop-up operation, the Central Bank sells part of its bond holdings and receives local currency from the banks, thus causing a contraction in money supply. In an injection operation, on the other hand, the Central Bank buys securities and gives the banks local currency, thereby expanding money supply.

The chart shows the difference between these operations. Historically, there have been more mop-up than injection operations, since this was the way the Central Bank raked back part of the injection of bolivars resulting from oil revenues as a result of PDVSA's legal obligation to sell its foreign currency to the Central Bank and also from the restrictions on the injection of foreign currency imposed by foreign exchange controls, an

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Year 15. Number 39 Week II
November 2019

increase in the money stock that the Central Bank did not necessarily want to create. For that reason, it performed those operations in an attempt to mitigate any monetary surplus that would drive up inflation.

This year, however, there has been a change in the trend. There has been more injection than mop-up operations. The explanation for this seems to stem from the credit assistance the Central Bank has given the banks directly, usually granted to banks whose reserves are insufficient to cover their daily obligations (including meeting the legal reserve requirements) and that are unable to obtain all the funds they need in the overnight market.

This practice was not common because of the high cost for the banks that requested these operations in terms of their reputation, which implied they would have to pay higher interbank loan rates for each new operation. However, it seems that, given the legal reserve requirement measures that have been implemented throughout this year, the need for funds far outweighs the cost to the banks' reputation; or put another way, survival trumps everything else.

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ECONOMIC TIPS

Half the work force out of a job. In its Global Economic Outlook Report, the International Monetary Fund (IMF) reported that next year (2020) Venezuela will be the country with the highest rate of unemployment with 50.5%, 3.3 percentage points higher than expected for 2019 (47.2%) and 15.5 percentage points above the level reported in 2018.

IMF: 2020 will be no better. In the same report, the IMF gives a drop in real GDP of 35% in 2019 and of 10% in 2020. As for annual inflation, it forecasts it at around 200,000% in 2019 and 500,000% in 2020.

ECLAC: 2020 will be no better. The Economic Commission for Latin America and the Caribbean (ECLAC) published that it expects the Venezuelan economy to contract by 25.5% in 2019. The figure for 2020 is slightly less dramatic: a contraction of 14%.

One more year. The European Union announced a one-year extension to the weapons embargo and sanctions applied to 25 government officials associated with Nicolás Maduro. According to an announcement by the European bloc, the decision was taken in view of persistent actions that undermine democracy, the rule of law, and respect for human rights in Maduro's Venezuela.

Petro fever, Part I. The government has announced that the Autonomous Service of Registry and Notary Offices (SAREN) and the Administrative Identification, Migration, and Immigration Service (SAIME) are to accept payments in the national cryptocurrency, the Petro. This is indicative of the government's intention to set up a structure that will allow it to put up the charges for government services more rapidly.

Petro fever, Part II. Minister for Homeland Affairs Néstor Reverol announced that this was a pilot project that would start to operate in only 27 of SAREN's offices located in the Capital District and Miranda state. Nicolás Maduro, on the other hand, mentioned the Petro as the form of payment for new passports and passport renewals and also for apostilles at all Venezuelan embassies abroad.

Money desks. The average money desk exchange rate on November 13 was VES 29,949/USD, for a depreciation of 6.64% compared to the previous week.

Money supply. Money supply came to VES 23.68 trillion in the week of November 1, up 16.49% in nominal terms compared to the previous week and 9363.0% higher than in the same week last year.

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OIL TIPS

For noncompliance. La Cañada de Urdaneta Municipality city hall issued a communiqué ordering the US oil company Baker Hughes, located in Zulia state, to temporarily close down its operations. The reason given for the decision was that the company had allegedly not paid its municipal taxes.

Invitation to converse. However, Orlando Urdaneta, La Cañada de Urdaneta's mayor, apparently said he wanted to have a meeting with the company's owners to discuss the situation and negotiate a solution that would benefit both parties.

Agreement reached. Commenting on this meeting, the president of the Zulia Chapter of the Venezuelan Oil Chamber (CPVZ) said that there had been negotiations and that, as a result, the company was in full control and operating normally.

Good news. According to in-house documents of the state-owned oil company Petróleos de Venezuela (PDVSA) and data provided by Refinitiv Eikon, in October PDVSA and its joint ventures delivered 33 shipments of crude and refined products, resulting in exports of more than 800,000 barrels a day (b/d) for the second month running.

Fewer inventories. Even though average exports in October came to 812,775 b/d, down 3.7% from September, this volume of exports made it possible to bring down inventories. This situation favors production since, according to the Organization of Petroleum Exporting Countries (OPEC), the buildup of crude inventories had reached the point where it was forcing Venezuela to cut back production.

Less debt. Rosneft, Russia's biggest oil producer, said that PDVSA made a payment that reduced its outstanding debt from USD 1.1 billion at the end of the second quarter to USD 800 million at the end of the third quarter.

Improvement plans (I). According to Reuters, three sources, which asked to remain anonymous, said that PDVSA, together with the US oil company Chevron Corp., planned to resume crude upgrading operations. This is apparently to be done at the facility they run together under the joint venture Petropiar, which has been operating latterly as a blending facility.

Improvement plans (II). The purpose of resuming upgrading activities is to produce a type of synthetic crude known as Hamaca, which is apparently to be exported next year.

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Production of this type of crude ceased early this year to be replaced with the production of Merey, a heavier crude.

Back to the market. One of the sources clarified that they were not sure whether PDVSA had customers for these future exports of Hamaca crude, as the main destination for this product used to be the United States but no longer is because of the sanctions. However, the source commented that, even though it may be difficult to find customers, there is always a market.

BUSINESS SECTOR TIPS

Working at less than half a machine. Aquiles Hopkins, the president of the Confederation of Agricultural and Livestock Producers Associations (Fedeagro), announced that the agricultural and livestock sector was currently operating at 20% of installed capacity.

Miscellaneous. Hopkins explained, furthermore, that this situation is affecting the production of several items as a result of which the sector is managing to supply between 15% and 18% of what should be the population's food consumption.

Poor feeding. However, he stressed that Venezuelan families are consuming less than they should, given that, according to the latest survey, 66% of Venezuelans eat twice a day or less.

Victims of politics. The president of the Venezuelan Society of Agricultural Engineers and Like Professions, Saúl Elías López, said that the shortage of inputs in the agro-industrial sector was due to a misguided policy of state subsidies, which has caused price distortions.

Becoming sustainable. As part of the solution and to prevent these distortions from occurring, López stressed the need to create a sustainable market of inputs with a view to strengthening the agro-industrial sector.

Exposing the problems. Due to the complicated situation being experienced by Venezuelan businesses, representatives of the Federation of Commerce and Production Chambers and Associations of Venezuela (Fedecámaras) have made known their complaints and concerns based on the specific circumstances in their home states.

Year 15. Number 39 Week II
November 2019

Low production (I). The president of Lara Fedecámaras, Giorgio Reni, said that the difficulties with public services and workers abandoning their jobs have had a profound impact on companies to the point where their productivity is calculated at 18%. He added that production could be five times greater if they had the conditions that are necessary to be able to produce.

Change of address. Reni proposed furthermore that it was necessary to give a new direction to the economic model given that the outlook for December is not encouraging and he made reference to the indexing of credit, saying that this decision could prompt many companies to close down for good.

They are attacked. In a press release, Zulia Fedecámaras denounced criminal activity in Maracaibo involving both weapons and explosives, which is affecting both business premises and the residences of major businessmen.

Need more support. In the press release, it called on businessmen to not give in to extortion and requested the authorities in charge of security to take more measures to solve the problem, as the anti-extortion squad set up to deal with it has not been enough to control the situation.

Thinking about the consequences. Zulia Fedecámaras also expressed its concern over the closing down of commercial establishments and how this is contributing to making the deterioration in local inhabitants' quality of life worse by increasing unemployment and reducing the revenues obtained from taxes.

Unfair competition. Jonathan Aldana, the president of Carabobo Fedecámaras, concern over the competition private industry is facing from what he called "unfair imports," given that they are exonerated from paying taxes. He said that this was detrimental to domestic production and for that reason measures should be taken to avoid this unfair situation.

Large reduction. The president of the Venezuelan Automobile Products Manufacturers Chamber (Favenpa), Omar Bautista, said that activity in the sector is based on demand, explaining that this had plummeted due mainly to the high prices.

Low production (II). Bautista said that demand had shrunk by 88% over the past ten years, which has resulted in production in the sector being at 15%. He suggested, furthermore, that export licenses should be eliminated, as well as the practice of emptying containers at the ports, which is carried out by the National Guard.

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Year 15. Number 39 Week II
November 2019

No motivation. Sugar cane growers are another group of producers that reported a decline in their sector. The Federation of Sugar Cane Growers (Fesoca) said that domestic production was below 20%, claiming that this was due to the lack of incentives.

You can change. Commenting on this, Fesoca's vice president, Oscar Contreras, said that they are some of the continent's lowest producers. Despite this, he claimed that the creation of a good policy that includes the correct fertilization of the land would allow them to overcome this situation.

WORLD ECONOMY TIPS

A breathing space for trade. Chinese and U.S. government officials announced that the two countries had finally agreed to lift the tariffs imposed during their long trade war as part of the first phase of an agreement. This is a major sign of success in the negotiations.

Room for Chinese electronics. The interim agreement includes a promise by the US Government to eliminate the tariffs on Chinese imports valued at some USD 156 billion scheduled to be implemented on December 15. Among the goods that would have been affected are mobile phones, laptop computers, and toys.

Everyone against opioids. Another positive sign for US-Chinese relations is the joint campaign to curb the opioid epidemic. Their cooperation consists mainly of stopping illegal shipments of opioids from crossing their borders. This type of cooperation could facilitate the negotiations aimed at putting an end to the trade war.

All or nothing. Commenting on the negotiations, US President Donald Trump said that, if the first phase of these negotiations did not work, the US Government would "substantially" increase the tariffs on Chinese goods.

Negative rates? During the same speech, Trump criticized the Federal Reserve once again, saying it had put the country at a competitive disadvantage compared to other economies, and he called on the FED to cut interest rates below zero in order to fight an economic recession.

But apparently not. In response, the president of the Federal Reserve Bank of Boston, Eric Rosengren, said it was unlikely that the FED would cut interest rates below zero in order to fight an economic recession.

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Vulnerable America. In a press release, the Economic Commission for Latin America and the Caribbean (ECLAC) forecast that the economy of Latin America and the Caribbean would deteriorate still further in 2019 and would post weak growth of 0.1% as a result of a global context of trade tensions and uncertainty. It added that the slowdown in the rate of expansion would affect 17 of the region's 20 economies this year and forecast growth of 1.4% for 2020.

EVO-iving towards democracy. Bolivia's President Evo Morales resigned on Sunday, November 10, after being accused of committing fraud in the October elections at which he was reelected, and the country was left with no one at the helm in the middle of a wave of violence and tension. Since the vice president, the president of the Senate, and the president of the Chamber of Deputies also resigned, it is not clear who will take the reins of the country.

The consequences for oil. Given the political instability unleashed in Bolivia, the Bolivian state-owned oil company Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) notified Integración Energética Argentina, S.A. that the crisis in the country could prevent the normal supply of natural gas. YPF explained that groups of individuals had taken control of a gas field and pumping stations and that the taking over of other natural gas transportation or production facilities was not ruled out.

Jobs for Brazil. The Brazilian Government has announced a series of measures and bills for creating up to four million jobs by 2022 and injecting tens of billions of reais into the economy. This will be done by means of loans and estimated savings by private and state-owned companies.

A "real" increase? In its announcement, the government explained that micro credits could come to BRL 40 billion (approximately USD 9.6 billion) over a three-year period and that state-owned companies could save BRL 37 billion (around USD 8.9 billion) in five years with the new rules on compensation for labor disputes. It maintained, moreover, that a bill on labor disputes could inject up to BRL 65 billion (nearly USD 15.7 billion) into the economy.

An all-time low. The Chilean peso fell to an all-time low against the dollar in the midst of protests and the announcement of a change to the Constitution. On November 12 the exchange rate was CLP 780.5/USD, for a depreciation of 5.1% compared to the start of the month.

POLITICAL TIPS

By pointing out responsible people. Nicolás Maduro said that Evo Morales' decision to resign as the President of Bolivia was due to a coup d'état supported by the Organization of American States (OAS).

Covering the obvious. He made this comment in a telephone conversation during a press conference given by the United Socialist Party of Venezuela (PSUV) in which he refuted the conclusions drawn by the OAS's report, claiming that it could not demonstrate anything.

Worried. Maduro also expressed his concern for Morales' life and confirmed his support saying they would activate "resistance to save Evo (...) and against fascism."

"If they jump the lights". Maduro took the opportunity to warn those who oppose his regime that its "combative strength" was greater, which meant that it would take firm action to defend "the people's right to peace and happiness."

Measuring forces. The first vice president of the PSUV, Diosdado Cabello, supported the actions proposed by Maduro and called on people to take part in demonstrations throughout the country in support of Evo.

Seeking to retake spaces. Governing coalition deputies agreed to take part in the appointment of the deputies who are to make up the Preliminary Commission, a group that will be among those who elect the new members of the National Electoral Council (CNE).

With a price. However, they made their participation conditional on the National Constituent Assembly being allowed to have a say and the creation of a commission to liaise with the Legislative Branch.

Not accepted. On the other side of the fence, the parliamentary faction July 16 rejected the governing coalition deputies' participation in the election of the Preliminary Commission and said that they should not be considered for any decision that was to be taken by the National Assembly.

They lost their right. This reaction was due to the fact that they consider that the presence of the governing coalition deputies violates the provisions of Articles 191 and 197 of the Constitution, given that they abandoned the National Assembly for two years and occupied other public posts.

Year 15. Number 39 Week II
November 2019

New visit. Mark Andrew Lowcock, United Nations Under-Secretary General for Humanitarian Affairs, paid a three-day visit to Venezuela to continue investigations into the gravity of the humanitarian emergency in the country.

Share with everyone. During his visit, Lowcock talked with a number of nongovernment organizations and also visited the National Assembly and held private meetings with representatives of both the regime and the opposition.

They don't stop. Presidential Commissioner for the Regional Office against Corruption and Money Laundering Carlos Paparoni said that the Maduro regime continues to export Venezuelan gold illegally.

Several clients. Paparoni explained that business is transacted with irregular groups and with Turkey and Russia. He also said that payment for this gold is made in cash, in boxes of euros that arrive at Maiquetía on board private aircraft.

With samples. Paparoni said he had the flight plans of the aircraft they use to sell the gold to back up his accusations.

Used for other purposes. Deputy Williams Dávila requested that a team be formed to investigate the use of funds that should be allocated to maintaining the cable railways, as he claims there has been a misappropriation of funds.

Looking for another currency. In a video, National Assembly Deputy José Guerra said he wanted to discuss an economic plan that seeks to put an end to hyperinflation and that includes dollarizing wages as one of its measures.

Change of directive. Juan Guaidó decreed the auditing of Banco de Desarrollo Económico y Social de Venezuela (Bandes) and appointed an ad hoc administrative board. This board, according to the provisions of Decree No. 15, should assume the functions of the executive director. The purpose of this audit is to protect the monetary resources of the State.

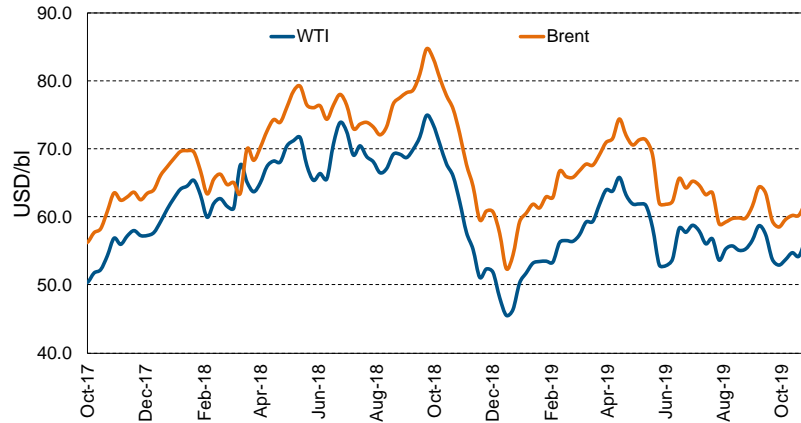
Invalid. However, the Constitutional Chamber of the Supreme Tribunal of Justice declared the appointment of the administrative board to be null and void due to the fact that Decree No. 15 had no juridical effect.

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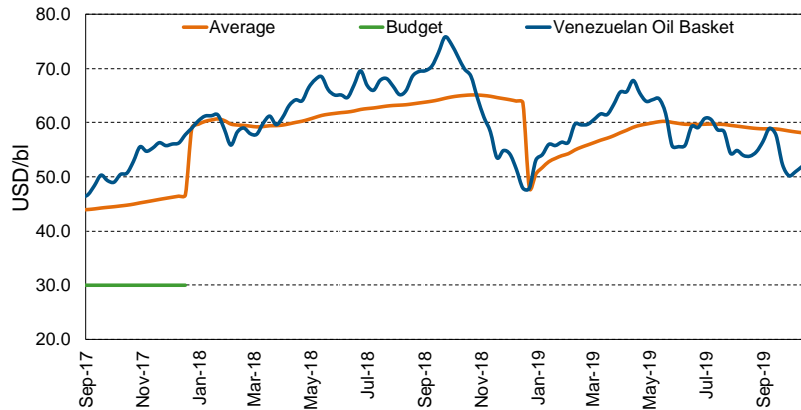
ECONOMIC INDICATORS

**Oil Prices
(WTI and Brent)**



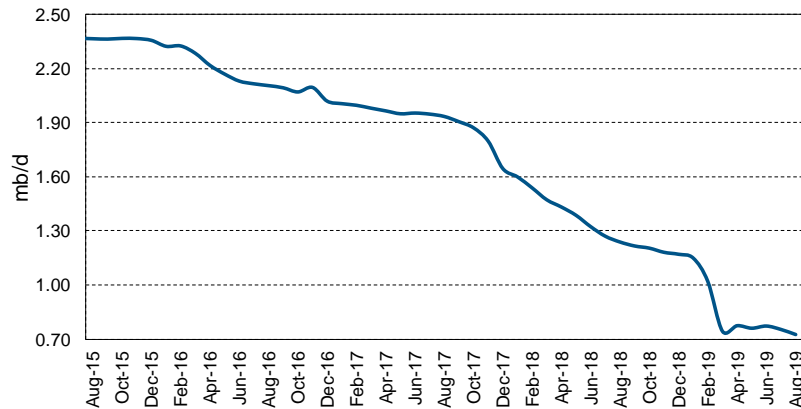
Sources: Menpet and Ecoanalítica

**Oil Price
(Venezuelan Basket)**



Sources: Menpet and Ecoanalítica

**Oil Production
(Secondary sources)**

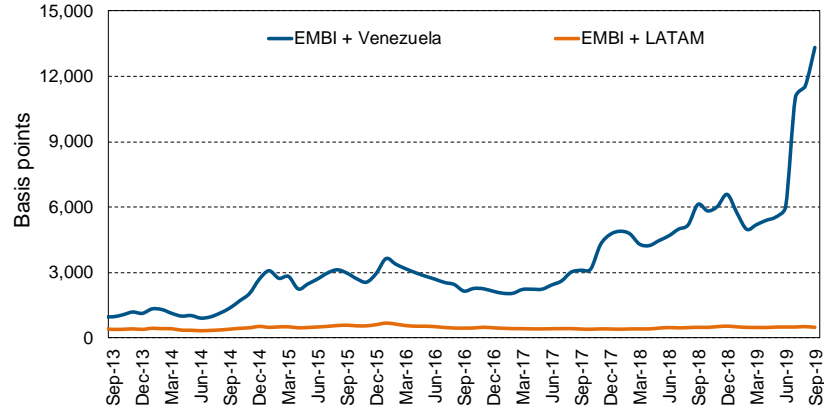


Sources: OPEC and Ecoanalítica

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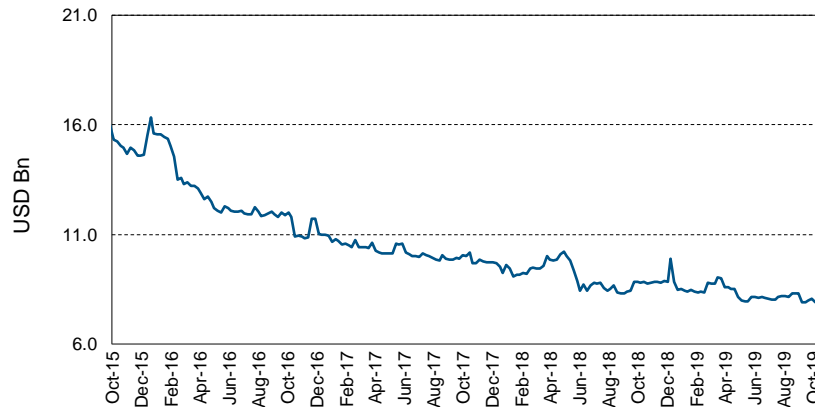
ECONOMIC INDICATORS

EMBI



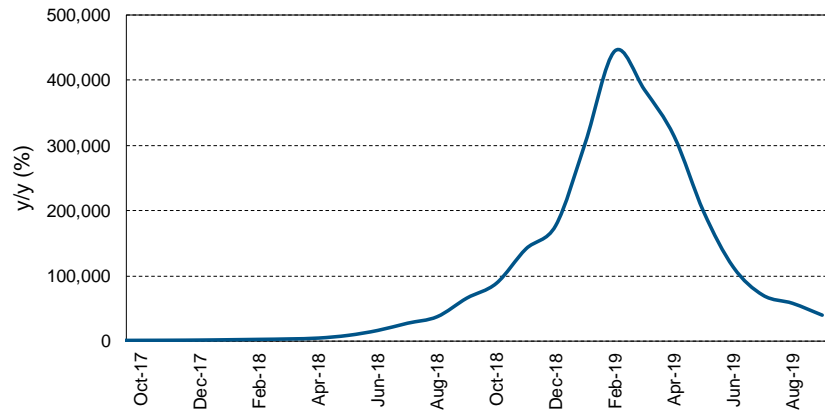
Sources: BCRP and Ecoanalítica

FX Reserves (BCV)



Sources: BCV and Ecoanalítica

Inflation (BCV)



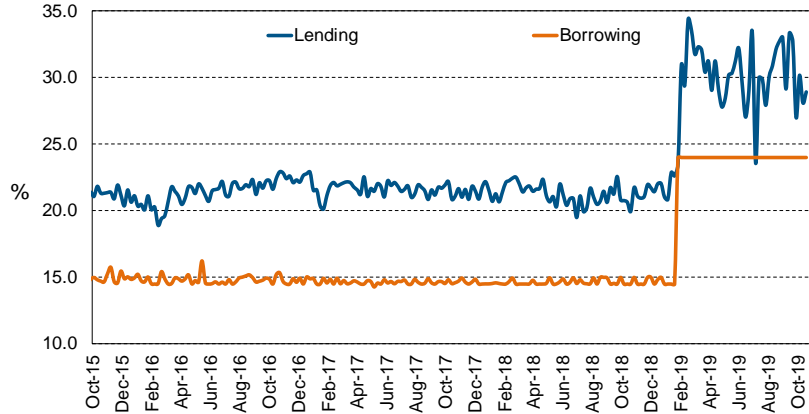
Sources: BCV and Ecoanalítica

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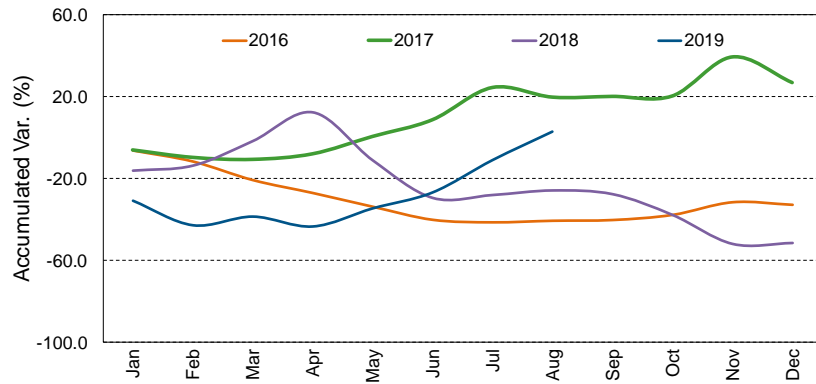
ECONOMIC INDICATORS

**Interest Rate
(Six major banks)**



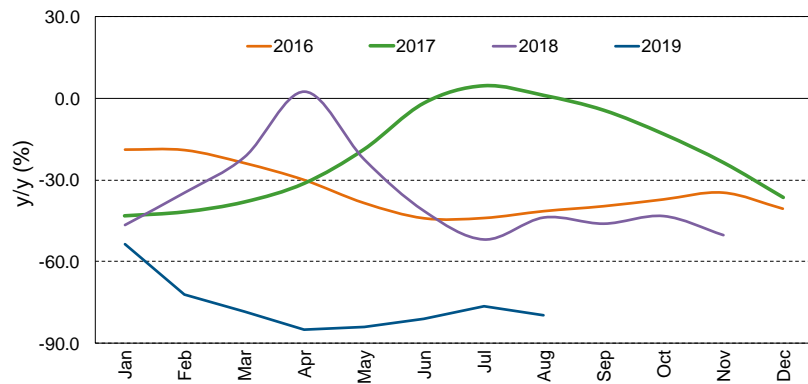
Sources: BCV and Ecoanalítica

**M2 Expansion
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio
(Real)**



Sources: SUDEBAN and Ecoanalítica

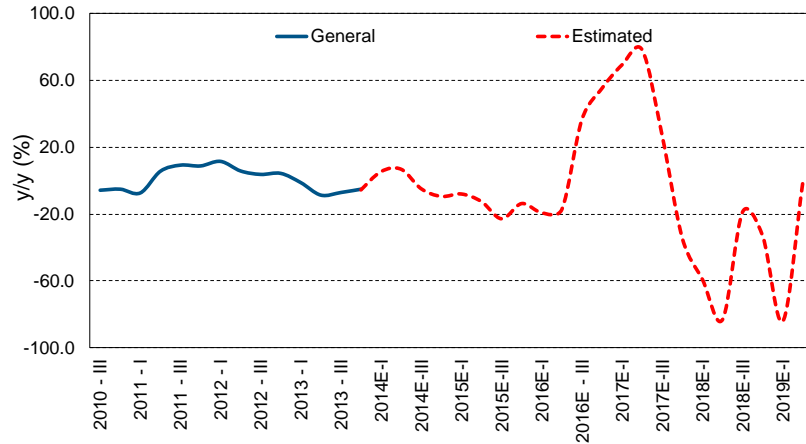
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Year 15 Number 37 Week IV
October 2019

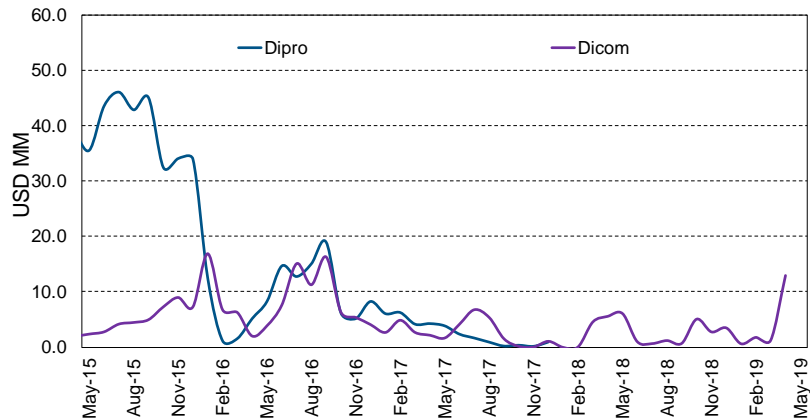
ECONOMIC INDICATORS

Real Wage Index



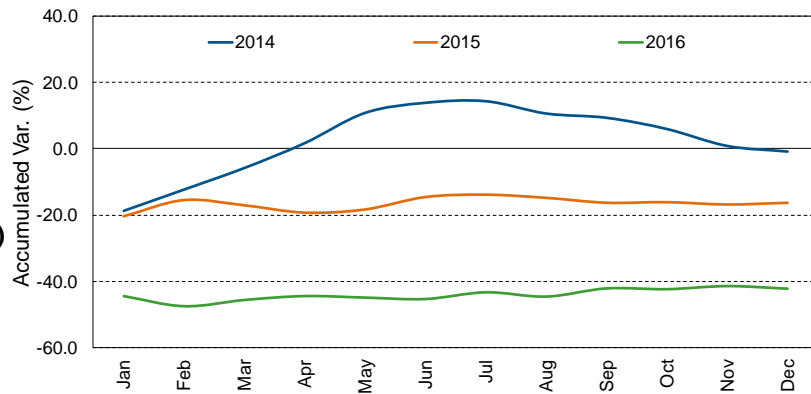
Sources: BCV and Ecoanalítica

Disbursements to the Private Sector (Daily Average)



Source: Ecoanalítica

Primary Spending NTO (Real - Central Government)



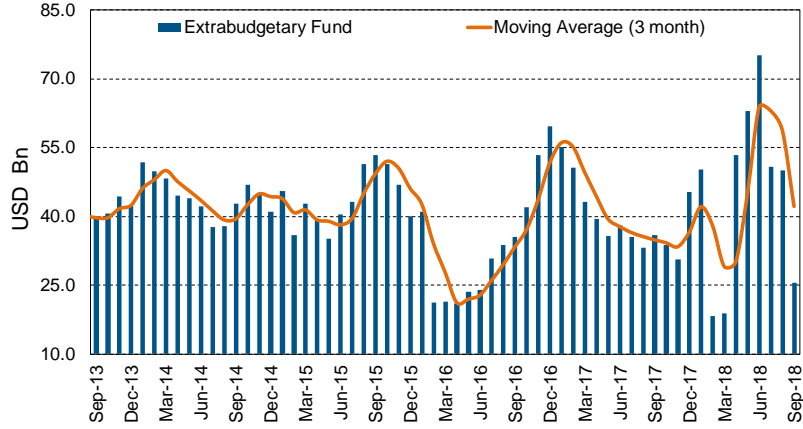
Sources: ONT and Ecoanalítica

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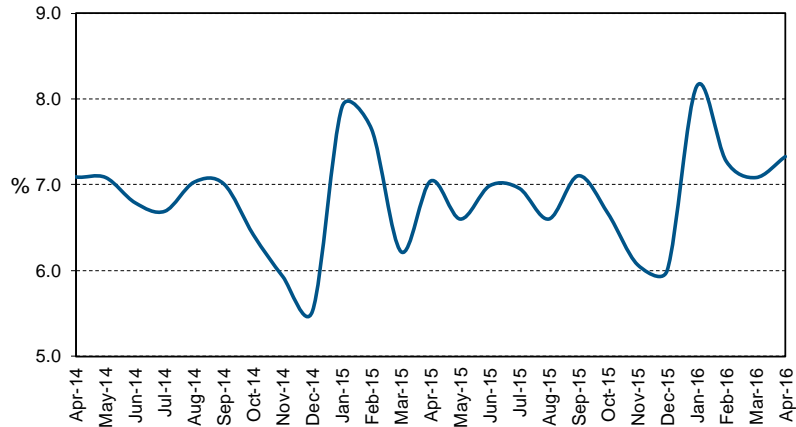
ECONOMIC INDICATORS

State Extrabudgetary Resources



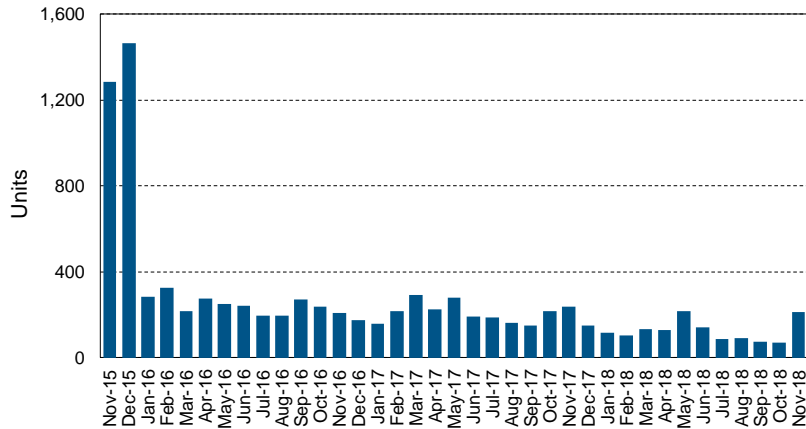
Source: Ecoanalítica

Unemployment Rate



Sources: INE and Ecoanalítica

Vehicle Sales



Sources: CAVENEZ and Ecoanalítica

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