



Forbidden reproduction and/or distribution

New Venezuelan economy: unproductive, small and poor

Halfway through the fourth quarter of 2020 and already internalizing the expectations about the shock of the COVID-19 pandemic and the imbalances carried by the Venezuelan economy, one can anticipate, with relative confidence, what the macroeconomic development will be for the rest of the year and beyond. Although the possibility of unexpected events that may change economic conditions in the short term should not be ruled out, occasional oscillations will hardly have an immediate influence on the main macro trends consolidated in recent years.

The Venezuelan economic structure is acquiring the size, productive potential and state capacity that were in place in 2013. At **Ecoanalítica**, we believe that firms and households will have to adapt their decision making patterns to an environment in which government intervention in the economy will be *de facto* diminished¹, which opens the possibility that some niches will gain some dynamism; however, in aggregate, the macroeconomic growth path does not anticipate a substantial recovery with respect to the beginning of the recessive episode.

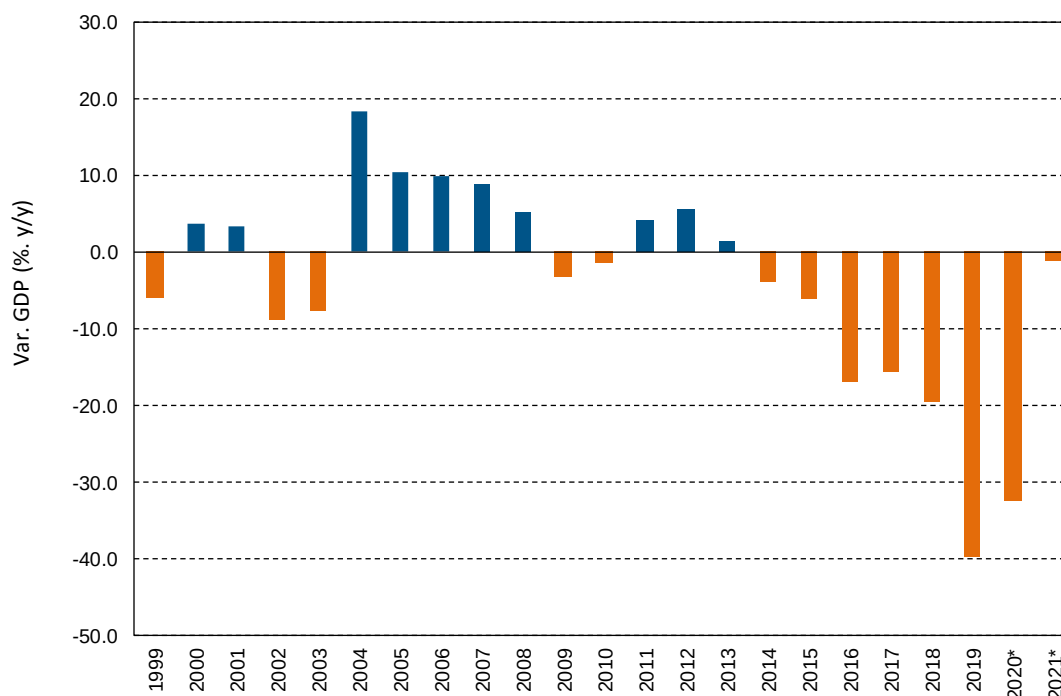
Seven years and -80% later

At **Ecoanalítica**, we estimate a 32.5% year-on-year contraction of the gross domestic product in real terms by the end of the year and its deceleration to a conservative drop of 1.1% in 2021. The Venezuelan economy will begin 2021 accumulating seven years of recession in which its size has been reduced by 79.4% since the close of 2013.

¹ More because of practical limitations than because of a substantial change in the direction of economic policy.

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Real GDP annual change



*Estimates for 2020 and projections for 2021.
 Sources: BCV and Ecoanalítica.

Next year's behavior will depend on being able to maintain the size of exports, which will experience slight recoveries in international prices that imply considerable positive variations in the cash flow that the country can receive to feed its internal demand. This sudden "reversion to the median" of the year-on-year variations in GDP recorded since 1999 (-1.5%) corresponds to a scenario in which the Venezuelan economy begins to stabilize around its new dimensions and has little room to continue falling at double-digit rates².

Changing Neighborhoods

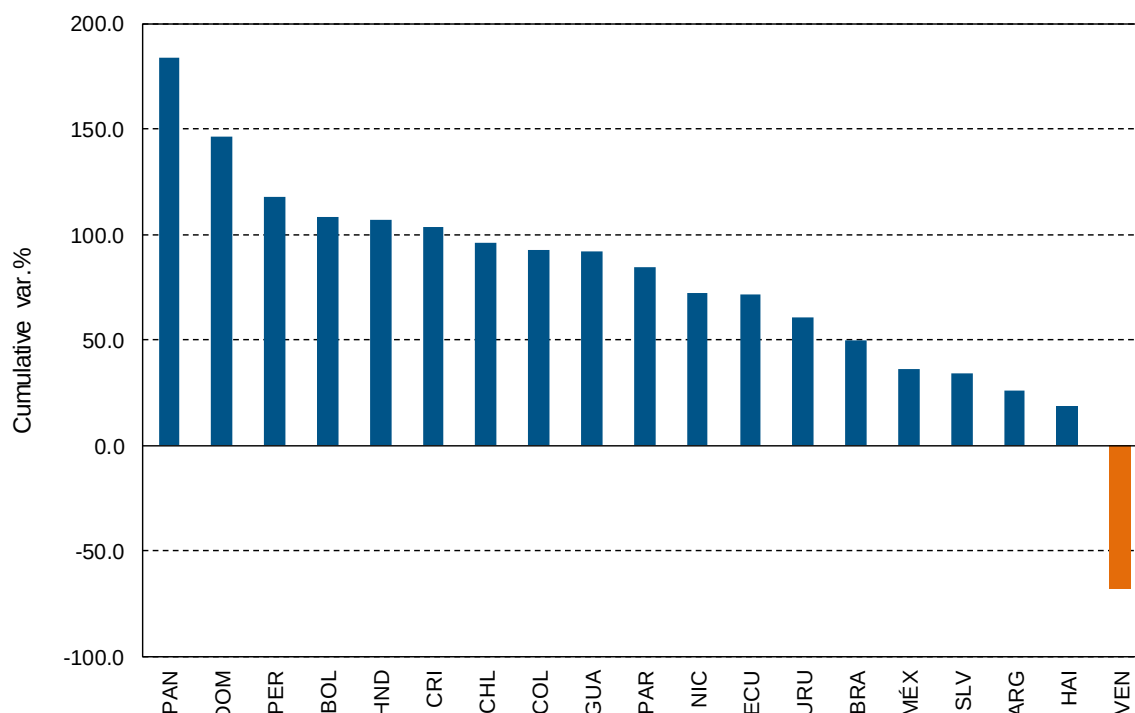
The cumulative contraction of the Venezuelan economy is deep enough to move it away, in terms of performance, from what were once considered its regional peers. Between 1999 and 2020, the main economies of Latin America grew an average of 75.6 percent, with marked dispersions among them. On the higher growth side are Panama (183.8

² Further declines in 2021 are admissible in the event that actual exports receive another shock due to friction for sales or a deepening of the drop in oil production.

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percent) and the Dominican Republic (146.8 percent), while Argentina (26.3 percent) and Haiti (18.5 percent) are the countries with the lowest growth. Venezuela (-67.6%) is the only one with an accumulated contraction over the 20-year period.

Real GDP change(2000-2020*)



*Projections for the end of 2020.

Note: Estimated calculations with base 100 corresponding to the closing of 1999.

Sources: International Monetary Fund and Ecoanalítica.

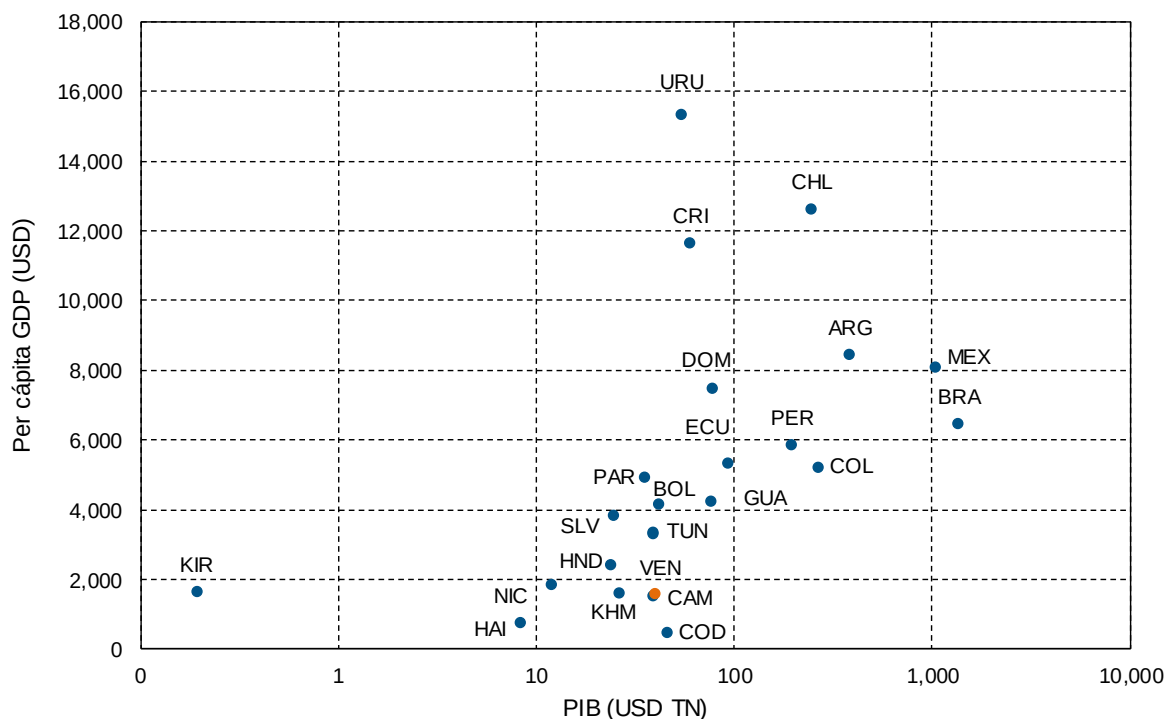
This difference manifests itself in both total and per capita terms, making the dimensions of the Venezuelan economy more similar to those of other lower-middle income³ economies in Asia and Africa. By the end of 2020, the size of the Venezuelan economy would be around USD 40 billion⁴, which places it below Uruguay (URU) and close to

³ Countries with per capita gross national income between USD 1,036 and USD 4,045. The above classification refers to all the countries that are part of it even though the comparison is strictly via per capita GDP.

⁴ Exchange rate distortions make it difficult to employ a methodology that allows for a more accurate calculation of the real size of the economy in dollars. For the purposes of this report, GDP and GDP per capita numbers are treated as general markers of the area in which the Venezuelan economy orbits and are subject to a non-trivial degree of uncertainty.

Tunisia (TUN) and Cameroon (CAM). While its GDP per capita would be around USD 1,600, which is below Nicaragua (NIC) and similar to Kiribati (KHM) and Cambodia (KIR).

GDP and per-capita GDP (2020)



Sources: International Monetary Fund and Ecoanalítica.

Even though the region's average year-on-year growth has been relatively mediocre (2.5%) over the last decade, the gap between Venezuela and its neighbors will continue to widen as long as the latter does not register high enough growth rates to recover lost ground.

From oil economy to condominium economy?

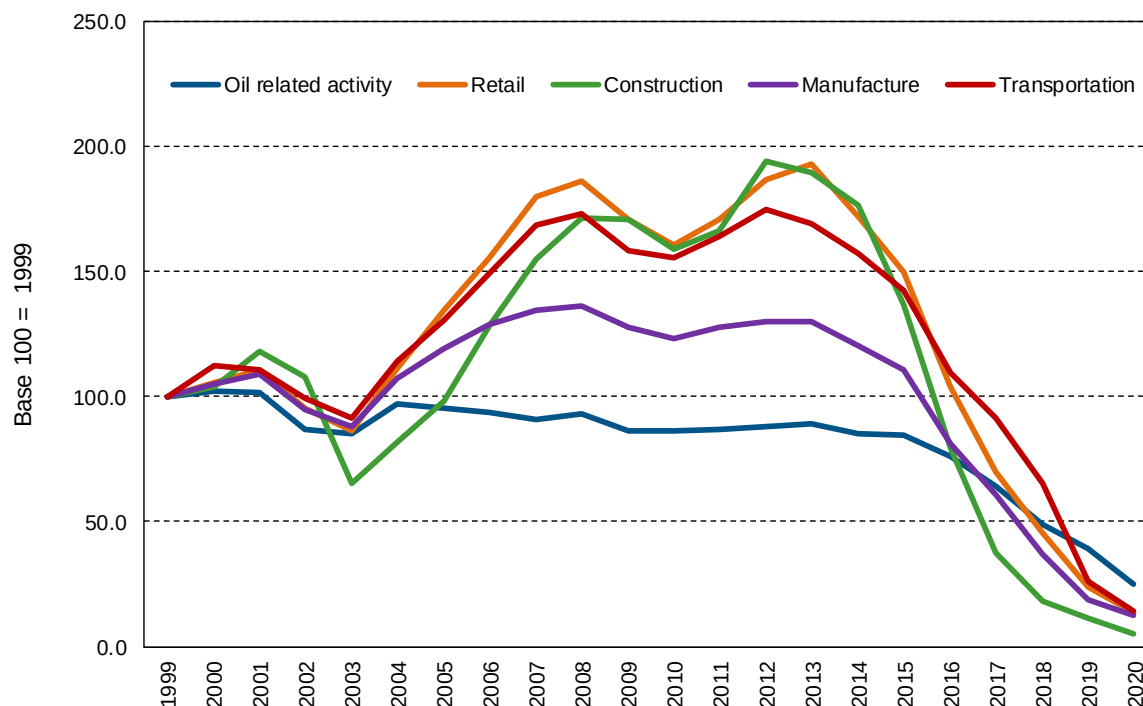
The prolonged extension of Venezuela's recessionary episode translates into a continuous degradation of productive capital⁵ that affects the different economic sectors and activities asymmetrically. We see how the decline has been more pronounced in sectors that used to occupy large proportions of economic activity. Between the close of 1999 and 2020, Transportation contracted 85.7% in real terms, Commerce dropped

⁵ For physical capital obsolescence, financial capital depletion and human capital migration.

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86.2%, Manufacturing did the same in 87.8% and Construction dropped 94.7%, while the oil sector registered a real drop of 74.8% in that period.

Evolution of GDP by economic activity (2000-2020)



Sources: BCV and Ecoanalítica

Deindustrialization is here to stay

The falls in these sectors were accompanied by a reduction in their respective shares as components of the total product. In terms of absolute change, between the end of 1999 and 2020, manufacturing went from representing 16.6% of total GDP to 6.2%; a drop of 10.3 percentage points (pp). Construction fell from 6.4% to 1.0%⁶, Commerce from 8.3% to 3.5%⁷ and Transportation from 3.2% to 1.4%⁸. If we add oil activity, which went from 19.2% to 14.9%⁹, we have that the five sectors that came to represent 53.6% of the entire economy are now 27.2%.

⁶ Drop of 5.3 pp.

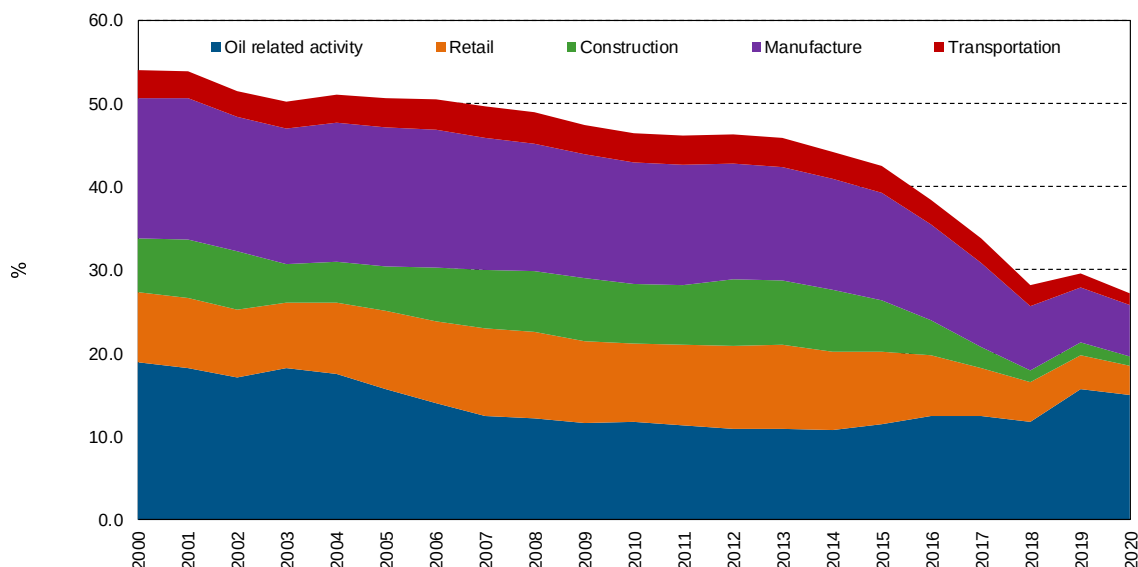
⁷ Drop of 4.7 pp.

⁸ Drop of 1.8 pp.

⁹ Drop of 4.2 pp.

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Share of each economic activity in real GDP (2000-2020)



Sources: BCV and Ecoanalítica

The evolution of the oil activity in real terms, as well as in its proportions of the product, stands out for having remained relatively stable in the period between 2005 and 2014, a period during which the rest of the sectors experienced considerable growth thanks to the *boom* in public spending supported by the external income from said oil activity. Since its slope of decline is relatively lower compared to the others, oil activity expanded its participation in the economy between 2018 and 2020.

Despite its declines in absolute terms¹⁰, oil activity continues to be one of the largest components of the Venezuelan economy, while in the non-oil component services are becoming more predominant and informal initiatives are occupying the other spaces. The result is an economic composition without sectors capable of tangibly boosting the growth of the rest of the economy.

"Pit Stabilization"

For practical purposes, the productive matrix is being reconfigured into one of atomized, shallow operations, suited to an environment of little stimulus and limited access to financing, which takes advantage of a dollarization process such as ¹¹spontaneous

¹⁰ Weekly Report N°26: "Requiem for an Oil Dream".

¹¹ Weekly Report N°36: "Anti-Blocking Law: Little perestroika and no glasnost".

liberalization that encourages such activities. This new structure corresponds to one in which productivity and, therefore per capita income, are considerably reduced, which limits both the extension of the markets in which households operate and the operational dimension to which firms can reasonably aspire.

At **Ecoanalítica** we consider that, unless new negative external or productive shocks occur, the Venezuelan economy is entering a period in which the absolute annual variations of the product¹² will be low enough to allow anchoring expectations of economic performance more easily. Given this environment, it is convenient that firms and households plan around the following conditions:

- The economy lacks the fiscal and financial space to provide major stimulus, which, coupled with low domestic productivity, indicates that expectations of a similar recovery in 2013 are remote.
- Changes in the regulatory environment, such as the decrease in the state's intervention capacity, imply a greater range of maneuvering for the private sector, but at the same time, the disappearance of the exchange rate subsidy by the Executive will force firms to depend exclusively on their own financial muscle.
- The combination of negative externalities from the supply crisis together with high degrees of idle and obsolete capacity makes it difficult for firms to take advantage of economies of scale in local production. Resizing for a smaller market can assist in honest costing.
- Strategies geared towards higher income dollarized niches can lead to greater dynamism, although they also represent risks of excessive competition in a sector of limited size.
- The existence of openness to serve with low-cost options the growing portion of the population that cannot participate in the aforementioned niches.

Giorgio Cunto Morales

¹² Both in contraction and growth.

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WEEKLY INDICATORS

Weekly Economic Indicators			
	3rd Week November	Weekly chg. (%)	Depre/Apre (pp) ¹
FX Boards (VES/USD) ²	647,871.84	17.4	14.8
	1st Week November	Weekly chg. (pp)	Annual chg. (pp)
Lending Interest Rate (%)	37.9	-1.8	9.4
	3rd Week November	Weekly chg. (pp)	Annual chg. (pp)
Overnight Interest Rate (%)	29.6	-2.9	-224.5
	2nd Week November	Weekly chg. (%)	Annual chg. (%)
International Reserves (USD Bn)	6.5	0.2	-18.3
	1st Week November	Weekly chg. (%)	Annual chg. (%)
Monetary Liquidity (MM VES)	319,472,460	15.1	1,095.2
Price of International Oil Baskets (USD/bl)			
	1st Week November	Weekly chg. (%)	Annual chg. (%)
WTI	37.7	1.0	-32.9
Brent	38.6	1.9	-38.4
Price of the Venezuelan oil basket (USD/bl)			
	5th Week July	Weekly chg. (%)	Annual chg. (%)
Weekly Average	22.4	0.0	-61.9
Annual Average	28.8	-0.7	-51.7

Sources: BCV, MENPET, ONT and Ecoanalítica

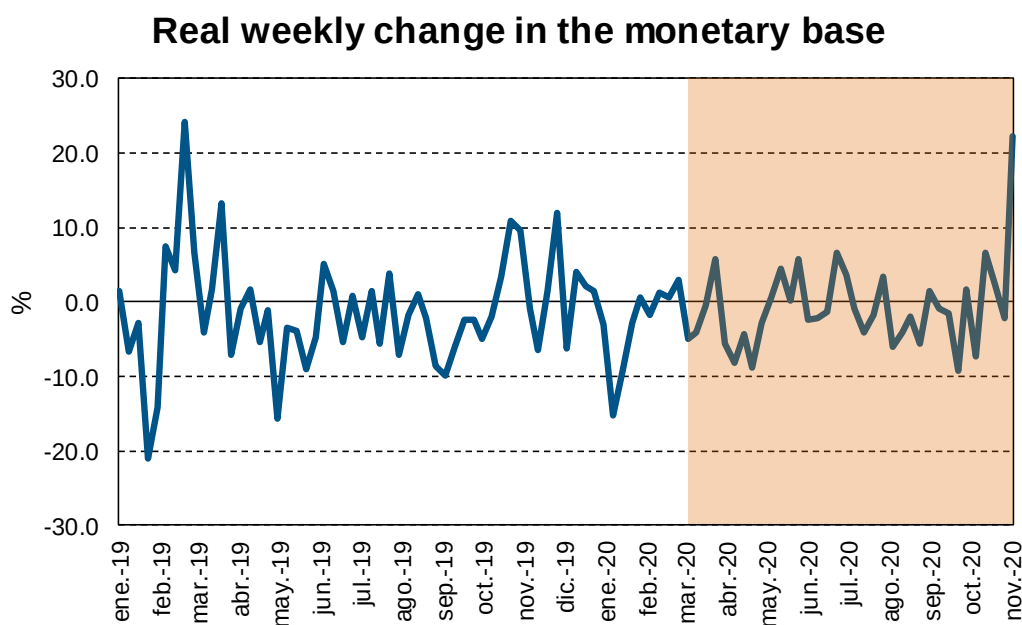
* Annual variation of accumulated expenditure.

¹ Depreciation (+)/Appreciation (-)

² FX Borads' average exchange rate

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CHART OF THE WEEK: "BETRAYAL OF ONESELF?"


*The shaded area indicates the beginning of the quarantine.

Sources: BCV and Ecoanalítica.

In days past, we saw how the exchange rate in Venezuela (in any of its forms) was plunged into a new maelstrom of consecutive floods on a weekly basis. Even though in interannual terms, the exchange rate markers still do not show a growth higher than the maximum value seen in the year (still contained by the real deterioration imposed by the pandemic), the unofficial price of the currency accumulated an expansion of 46.6% in only three weeks, from mid-October to the beginning of November.

In addition to the greater uncertainty that has reigned in recent days in our market, related to changes (certain or not) in the minimum wage, the intention of the Executive to authorize a more sustained flexibilization of local commercial activity, and the upcoming (and almost inevitable) episodes of gasoline shortages, one element that seemed to alter the local exchange rate dynamics in recent days was the unusual, but not unexpected, injection of resources by the Executive.

Thus, the initial weeks of November have been marked by interbank transactions with increasingly higher amounts, (up to USD 37 million in the first week of that month), and a

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drastic rate cut, which is an unmistakable sign of BCV intervention in such transactions, either directly or under payment orders issued by official entities.

Following these actions, the amount of money issued by the BCV (monetary base or primary money) expanded 22.2% in real terms during the week to November 6 (with respect to the previous week), thus becoming the largest increase seen in the aggregate since the beginning of 2019, when the minimum wage was tripled in one month. Even in the absence of official information on the origin of such an injection, the marked dollarization in which the Venezuelan market is still immersed, in addition to the persistence of the local hyperinflationary situation and the fall in local economic activity with the official countermeasures to the advance of the COVID-19, allow us to assume that such an increase comes expressly from payments by the State to its employees of these times, further fueled by the upcoming legislative electoral processes called for the coming weeks

This meant a radical change in the government's position on its spending, not only in relation to what has been seen in recent months but also in relation to its own position since 2018. Let us recall that, since the middle of that year, with the beginning of the so-called Economic Recovery and Prosperity Plan, the Nicolás Maduro Government started a marked cut in its disbursements, including direct bonus payments, cessation of imports and a freeze of implicit salaries in its employee payroll.

Clearly, such a change seems to denote the chronic absence of alternatives on the part of the Government to manage the current crisis, leaving it with no option but to use the most expensive source of funding not only for the local population, but for itself and its short-term political objectives, in order to curb the aftermath of a pandemic that will apparently not end soon. With the sustained collapse of oil revenues and no access to foreign debt, Maduro's management seems to have no choice but to abandon its fiscal discipline in the months to come, betraying "at times" the goals he has set for himself since 2018.

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ECONOMIC TIPS

COVID-19 in Venezuela. According to government figures as of November 19, the number of positive cases of coronavirus reached 98,350 and the number of deaths was 860.

Partially unconfined. For the week of November 16-21, all the states in the country were handled under a phase of general flexibilization as part of the "7+7 plus" scheme.

More sectors are being reactivated. In total, 50 sectors of the economy were allowed to carry out activities under confinement measures among which are hardware stores, auto parts sales, textile companies, shopping centers, shoe stores, stationery stores, bookstores, furniture stores, toy stores, hardware stores, among others.

And more may come. Nicolás Maduro announced that they are evaluating, together with the Ministry for Culture and the Ministry for Health, the possible reopening of drive-ins, cinemas, theaters and the like. He also reminded that religious events and sports activities are being allowed to take place with a 40% capacity.

With the invisibility layer... Vice President Delcy Rodríguez met in Moscow with more than 200 local businessmen to raise awareness of the possibilities provided by the Anti-Blockade Act. According to information from the Ministry of Economy and Finance, more than 264 projects were promoted.

... to various sectors. The Minister explained that "*different sectors were very interested in knowing in depth the benefits that this law is offering for Russian investment in the oil, gas, mining, financial, technology and health sectors*".

Financial Dollarization... The Venezuelan Central Bank (BCV) is considering a project for the payment of immediate credit (VCDInme) and immediate debit (VDDInme) that will operate with accounts in Bolívares or any other currency through the Electronic Clearing House.

...on the way. According to Bloomberg, BCV officials have met with representatives from at least five private banks in the country to discuss plans for the creation of a foreign exchange clearing and settlement system beginning in 2021. These private financial institutions already offer foreign currency services such as cash deposits, withdrawals and transfers between accounts at the same bank.

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What changes does it bring? This would allow national banks to issue financial products such as credit or debit cards for foreign currency accounts and allow people to use them at the point of sale.

With all the irons. The sources consulted by Bloomberg added that the new mechanism would also allow for loans to be offered in foreign currency, which would mean that the rules of legal reserve would have to be modified and would undoubtedly boost the credit market in the country to some extent. This implies that the bolivar would coexist institutionally with other currencies in the national economy.

Bonuses and more bonuses (I). Between November 16 and 21, the "Love for Venezuela Bond" was delivered through the Patria platform. This benefit is of VES 3,120,000 or USD 4.58 at the BCV exchange rate as of November 19.

Bonus and more bonuses (II). The Venezuelan Institute of Social Security announced that at the end of November and beginning of December it will begin the payment of the "petroaguinaldo", a bond equivalent to half a petro, through the bio-payment system.

Money tables. For the week of November 20, the average rate for money tables was VES 647,871.8/USD. This represents a depreciation of 14.8% with respect to last week.

Increase liquidity with Christmas. Liquidity was VES 319,472,460 million for the week of November 6, a variation of 15.1% in nominal terms in relation to the previous week (October 30) and 1,095.2% in relation to last year.

OIL TIPS

Nothing written in stone? Juan Guaidó, president in charge of Venezuela, declared that he plans to appeal the ruling of a U.S. court that ruled that PDVSA 2020 bonds, which guarantee 50.1% of Citgo shares as collateral, are "valid and enforceable."

Exercising rights. The political faction led by Guaidó is recognized by U.S. courts to represent Venezuela's interests. It had introduced a lawsuit to declare the PDVSA 2020 bonds as invalid, since they had been issued without the approval of Parliament.

Will there be more orders from Iran? Reuters sources stated that gasoline production at the El Palito refinery would have stopped; however, the agency was unable to obtain details about the reasons for the shutdown of the plant with a processing capacity of 146 kb/d of gasoline.

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The only standing bastion. Reuters sources commented that gasoline production resumed at the Cardon refinery's fluid catalytic cracking unit. According to trade unionist Ivan Freitas and one of the sources, the plant's gasoline production would range from 25 kb/d to 30 kb/d, despite its production capacity of 310 kb/d.

The support. The same sources announced that Amuay is also operational producing virgin gasoline. This would be used as raw material for the production of gasoline in Cardón.

Direct figures as of October. According to direct sources, Venezuela's oil production in the month of October was 473 kb/d, this would represent an increase of 76 kb/d, as reported in September and 434 kb/d less than at the close of 2019.

Secondary figures as of October. On the other hand, according to secondary sources collected by OPEC, Venezuelan crude oil production was 367 kb/d in October. This would represent a drop of 25 kb/d with respect to the previous month and 368 kb/d with respect to the closing of 2019.

Rebound effect? (I) Data from analysts monitoring tankers and compiled by Reuters seem to augur well for an increase in Venezuela's oil exports after they showed their lowest figure since 1940 in October.

Rebound effect? (II) The significant drop observed in October was due to the fact that several clients with longstanding business relationships had given up working with PDVSA for fear of US sanctions as the deadline for one of the licenses approached.

Rebound effect? (III) Faced with this, the Venezuelan state-owned oil company would have resorted to alternative practices to position its crude in the market, from transferring cargoes among tankers at sea to disguise its origin to delivering the oil to little-known clients with no experience in the industry.

Rebound effect? (IV) According to the information gathered, at least 18 cargo ships will sail from Venezuela in November. Eight have already been loaded so far this month (among them two chartered by the Thai company Tipco Asphalt PCL) with 5.1 million barrels of Venezuelan oil and fuel.

Rebound effect? (V) Five are heading towards Venezuela with their Automatic Identification System (AIS) turned off, according to information gathered by TankerTrackers, and another two Petrochina tankers, with a capacity of two million

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barrels, are in Venezuelan waters near the José terminal waiting for cargo, according to information from Refinitiv Eikon.

Rebound effect? (VI) This activity is expected to allow the resumption of oil production in some key projects in the Orinoco Oil Belt, after the drop in sales forced an increase in inventory levels and a cut in production.

Evasive actions (I). An Iranian official who has kept his identity secret has confirmed to Reuters that his country is advising Venezuela on strategies to evade US sanctions and position Venezuelan oil in Asia.

Evasive actions (II). These include turning off the identification navigation systems, changing the names and countries of registration of vessels, transferring cargo at sea, transferring ownership of vessels, and using briefcase companies to acquire and operate tankers. They have even changed the names of the tankers to those of others already dismantled.

Diligent and neophyte network (I). A Reuters report has concluded that more than 30 tankers have been hired by a group of companies that have appeared as buyers of Venezuelan oil this year.

Diligent and neophyte network (II). Of these, 21 have no history of oil trade. Most seem to be based in Russia, but complete information on their addresses is not available. These customers imported over 25 million barrels of oil between April and October, accounting for a quarter of the country's total oil exports in that period.

Diligent and neophyte network (III). According to documents reviewed by Reuters, before the 2019 sanctions, it was a requirement to be a PDVSA client to have a minimum of two years experience and to have a demonstrable creditworthiness.

Diligent and neophyte network (IV). However, the state-owned company suspended the rigorous selection process and it has come to be observed that almost all trace of these customers is being erased from the company's records once they have received a few shipments. One official went so far as to declare that no supporting documents have been requested and that "*we are adding ghost companies*".

Diligent and neophyte network (V). Fifteen of the companies were registered in June by a Russian company called OGX Trading, which was founded in March, around the time Rosneft Trading was sanctioned. It is also run by Sergei Basov, who has been associated with Betsy Mata, a shareholder in a Turkish company linked to the CLAP food program.

SECTORIAL TIPS

Pandemic exemptions. The Decentralized Municipal Service of Tax Administration (Sedemat) signed an agreement with the Hotel Chamber of Zulia, in which all its members are exonerated from the payment of Urban Property Tax, Municipal Services, Advertising and Propaganda.

2020 tax free. The Sedemat measure seeks to protect the productive, business and service provider sectors in Maracaibo from the pandemic. The document, signed by both parties, establishes that all the members of the hotel guild of Zulia will be able to enjoy the benefit from January to December 2020.

One of three. This exoneration is the third agreement that Sedemat has signed with the city's businessmen to accompany and protect all of the municipality's unions with viable policies that allow them to overcome the obstacles generated mainly by the pandemic.

Ready to visit Panama... The Venezuelan airline Estelar informed that it is ready to offer its services to Panama City. This announcement comes one day after the National Institute of Civil Aeronautics (INAC) reopened aeronautical operations with Panama, another international route that joins the destinations of the Dominican Republic, Mexico, Iran and Turkey.

...on February 11, 2021. However, it should be noted that the INAC announced that the measure to ban international flights will be maintained until February 11, 2021. In spite of this, four airlines, Estelar, Aeropostal, Conviasa, Laser have been authorized to restart their flights inside and outside Venezuelan territory.

Back home. Open flights are giving priority to repatriation needs, both to take foreign citizens out of the country and to make possible the return of Venezuelans stranded abroad.

The island must be kept afloat (I). Through a communiqué sent to the regional authorities, the Chamber of Commerce, Free Port and Production of Nueva Esparta requested the State Governor, Dante Rivas, to consider the initiative to constitute, as soon as possible, a Liaison Commission that will articulate, facilitate and connect all the instances of the public and private sector of the region in order to be prepared and aligned for the next end of year season.

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The island must be kept afloat (II). In addition, the chamber proposed in the press release the evaluation by the national government of extending the season of flexibilization in Nueva Esparta until January 2021, given that, according to the statement, historically the arrival of tourists during the end of the year season is concentrated between December 20 and January 20.

Half goes in gasoline. The president of the Association of Rural Producers of Barinas (AsoBarinas), José Labrador, reported that farmers are spending more than 50% of their income on fuel, due to high prices in the informal market that has been created by the shortage.

Only one tenth. Labrador added that the final price of cheese, milk and meat does not cover the cost of maintaining the farm. Additionally, the leader indicated that the production of cereals in Barinas, which normally was located in 100,000 hectares of corn, only managed to reach 10,000 hectares this year.

Much worse than 2019. Nelson Moreno, president of the Venezuelan Coffee Industry Association (Asicaf), warned that the sector agreed to declare itself in crisis due to the 86% drop in production compared to 2019 records.

A meeting with Delcy. Moreno explained that representatives of 70 companies grouped in the association agreed to address the Vice President of the Republic, Delcy Rodríguez, in her capacity as Minister of Economy and Finance, to explain the situation of Venezuelan coffee growers.

Less supply and demand. The President of Asicaf pointed out that the industrialists and coffee growers of the Andes, Portuguesa and Trujillo, together with the producers of Lara and the East (Anzoátegui and Monagas), "*diagnosed that the crisis of the coffee sector is unprecedented*". The drop in production is also accompanied by a 65% contraction in the consumption of ground coffee in Venezuelan homes, compared to December 2019.

INTERNATIONAL TIPS

COVID-19 in the world. According to figures published by the World Health Organization (WHO) as of November 20, the number of positive cases of coronavirus reached 56,247,982 and the number of deaths reached 1,349,380.

A second vaccine is on the way. Following news from *Pfizer Inc.*, another pharmaceutical company, *Moderna Inc.*, announced that its experimental vaccine was

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94.5% effective in preventing COVID-19, according to interim data from an advanced stage clinical trial.

More than enough for the United States. In this regard, the United States could have two treatments authorized for emergency use by December, with up to 60 million doses available by the end of the year. By 2021, the U.S. could have access to more than 1 billion doses from the two vaccine manufacturers, more than is needed by the nation's 330 million people.

Asia and Oceania united. Fifteen economies from Asia and the Pacific formed the Regional Comprehensive Economic Partnership (RCEP), making it the world's largest free trade bloc, an agreement backed by China that excludes the United States.

Free trade for victory. The RCEP brings together the 10 members of the Association of Southeast Asian Nations (ASEAN), China, Japan, South Korea, Australia and New Zealand. Its goal in the coming years will be to progressively reduce tariffs in many areas.

China, stronger than before. The formation of this bloc could cement China's presence as an economic partner with Southeast Asia, Japan and Korea, leaving the world's second largest economy in a better position to shape the region's trade rules.

Outside the group. The United States is absent from both RCEP and the successor to the Trans-Pacific Partnership (TPP) led by former President Barack Obama, leaving the world's largest economy outside of two trade groups that encompass the world's fastest growing region.

All vaccinated by April (in the U.S.). U.S. President Donald Trump said he expects a coronavirus vaccine to be available for the entire U.S. population by April.

The authorization is coming. In his first public comments after the election defeat to Democrat Joe Biden, Trump also indicated that he expects "very soon" a license for emergency use of the Pfizer vaccine.

There is no turning back now. U.S. President-elect Joe Biden solidified his victory over Donald Trump after winning the state of Georgia, according to a projection by Edison Research (and other media), leaving Trump with little hope of reversing the outcome through legal challenges and recounts. These results would leave Joe Biden with 306 of the 270 electoral college votes he needs to win.

The pandemic, yesterday's problem for the Chinese economy. According to data from the National Bureau of Statistics, China's industrial production grew 6.9% year-on-

year in October, while retail sales continued to recover. These figures continue to indicate a rapid recovery of the world's second largest economy after the impact of the COVID-19 pandemic.

The records continue. Japan's Cabinet Office reported a 21.4% expansion of Japan's GDP, marking the first increase in four quarters after a 28.8% drop in the April-June period. This represents the largest expansion, according to comparable data since 1980.

The aid is maintained for 2021... According to sources consulted by *Reuters*, Germany plans to pay EUR 22 billion in aid, to alleviate the pandemic by COVID-19, between January and June 2021 to companies and self-employed workers.

...and today. On the other hand, Germany's November aid package to compensate companies affected by the containment measures will amount to EUR 14 billion.

How much will companies and entrepreneurs receive? With this package, within the framework of the new aid measure, German companies can obtain up to EUR 200,000 per month to cover fixed costs such as rent, while German entrepreneurs alone can obtain up to EUR 5,000.

President wanted (I). Peru's Congress elected centrist legislator Francisco Sagasti as interim president five months before the presidential elections, seeking to defuse a deep political crisis that led to the resignation of his predecessor after violent protests in the country over the weekend.

President wanted (II). This decision represents the third transfer of presidential power in Peru in only four years, after the removal of Martin Vizcarra by Congress and the subsequent resignation of his successor, Manuel Merino.

POLITICAL TIPS

The FAES out of control. The Attorney General of the Government of Nicolás Maduro, Tarek William Saab, announced that he appointed a National Prosecutor to carry out the investigations related to allegations that have been made about the actions of the Special Armed Forces.

Public and notorious. One of the denunciations was made by the director of Fundaredes, Javier Tarazona, regarding the fact that officials of the FAES intended to extort and allegedly execute an agricultural producer, identified as Américo Ledezma, in

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the south of Lake Maracaibo, state of Zulia. In this regard, he published two videos in social networks where the procedure is noted.

Turbulent border... On November 15, the Miami Herald reported on an attempted kidnapping of businessman Andres Fernandez, who owns a radio station opposed to the government of Nicolas Maduro, by government actors in the border city of Paramaribo.

...of international scope. For his part, U.S. Senator Rick Scott said, through his Twitter account, that *"it is alarming to see Maduro using his thugs to kidnap and intimidate people outside of Venezuela who oppose him. Maduro is a threat to the security of our hemisphere."*

Closed and not quarantined. In a consular note, the Foreign Ministry of the Government of Nicolas Maduro announced the closure of its embassy in Guatemala as of November 17th due to "decisions imposed by the Guatemalan Government".

We have no idea. The Ministry of Foreign Affairs of the Republic of Guatemala, consulted by Efe, indicated that it did not have an official position in reference to the Venezuelan note that pointed to the country for "imposed decisions" that forced that mission to close its headquarters.

On the sly. Sources from the Ministry of Foreign Affairs informed the Spanish newspaper Vozpópuli that the second vice-president of the Spanish Government, Pablo Iglesias, had a confidential and off-agenda meeting with the Chancellor of the Government of Nicolás Maduro, Jorge Arreaza, while both parties were in Bolivia for the inauguration of President Luis Arce.

Opinions found... In a virtual debate, the former *president of the* Government of Spain, Felipe Gonzalez said that *"Maduro is an illegitimate president, But he is illegitimate because he falsified an election to be proclaimed president and also for the exercise. He is the most destructive tyrant that has ever existed in Latin America, to the point of exhausting Venezuela"*.

...In the same debate. In this sense, Peruvian writer Mario Vargas Llosa stated that *"Unity is indispensable at this point and the platform on which it can be founded is the Venezuelan people. The immense majority is against the dictatorship. Latin America and the world have a debt contracted with Venezuela, because it opened its arms to immigrants from all corners of the world who came to enjoy its wealth"*.

No red dots for this election. The United Socialist Party of Venezuela (PSUV) announced that it will not install its "red dots", control tents for its voters that have been

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denounced by the opposition as a form of blackmail, in the legislative elections of December 6.

What is being negotiated? In this sense, Jorge Rodríguez declared in a press conference that *"the red dots will not be displayed, even though they are legal, ..., it is part of an agreement reached with the oppositions"*.

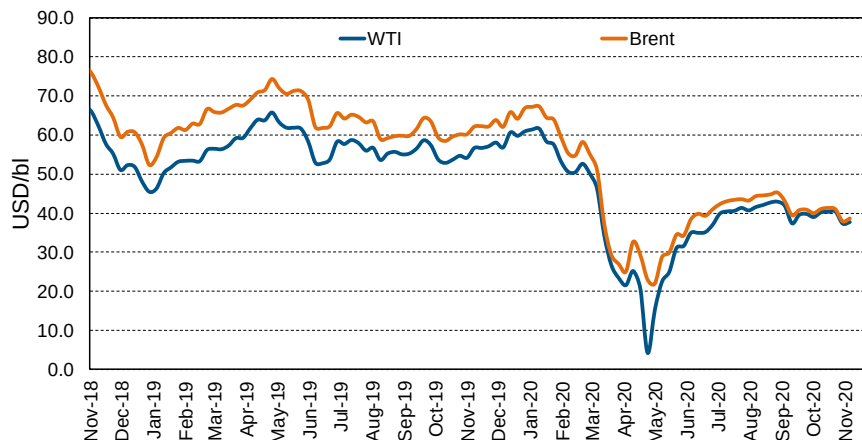
You report it before it happens. The Observatory Against Fraud, created by the opposition to monitor the upcoming parliamentary elections in which it will not participate, denounced that citizens who receive bonuses from the fatherland and employees of the public administration have been threatened in order to force them to participate in the simulations of 25 October and 15 November.

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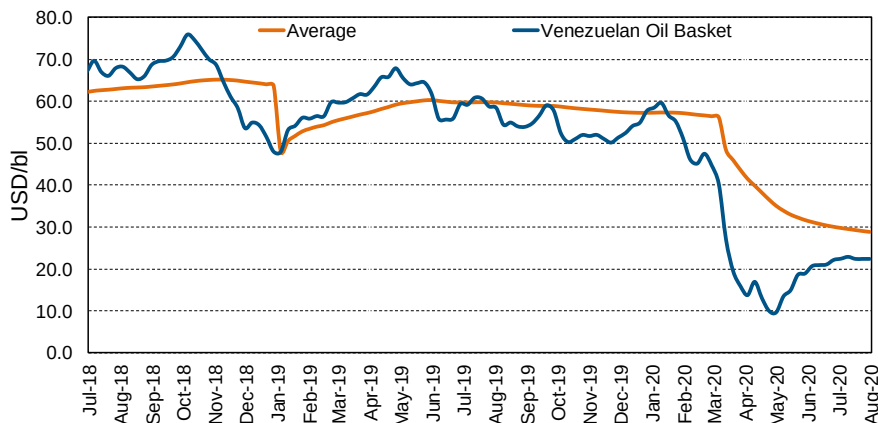
ECONOMIC INDICATORS

Oil Prices
(WTI and Brent)



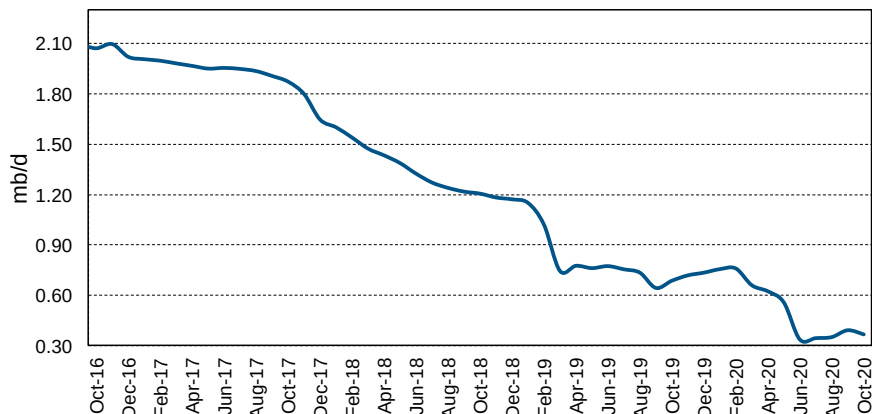
Sources: Menpet and Ecoanalítica

Oil Price
(Venezuelan Basket)



Sources: Menpet and Ecoanalítica

Oil Production
(Secondary sources)

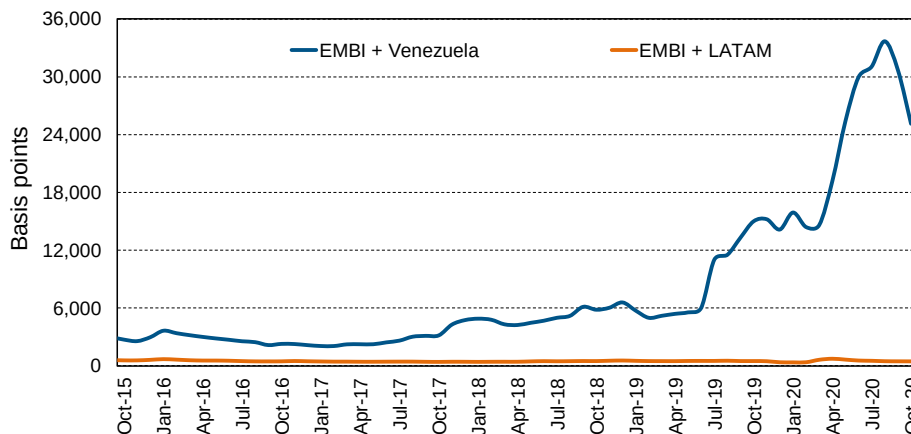


Sources: OPEC and Ecoanalítica

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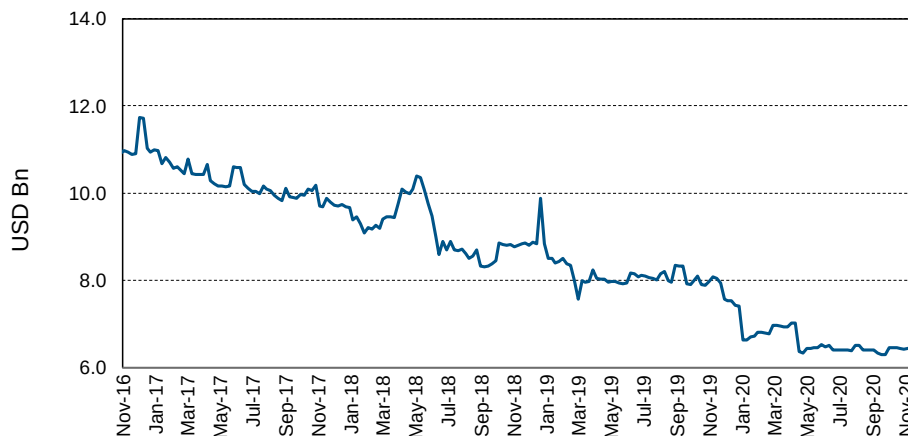
ECONOMIC INDICATORS

EMBI



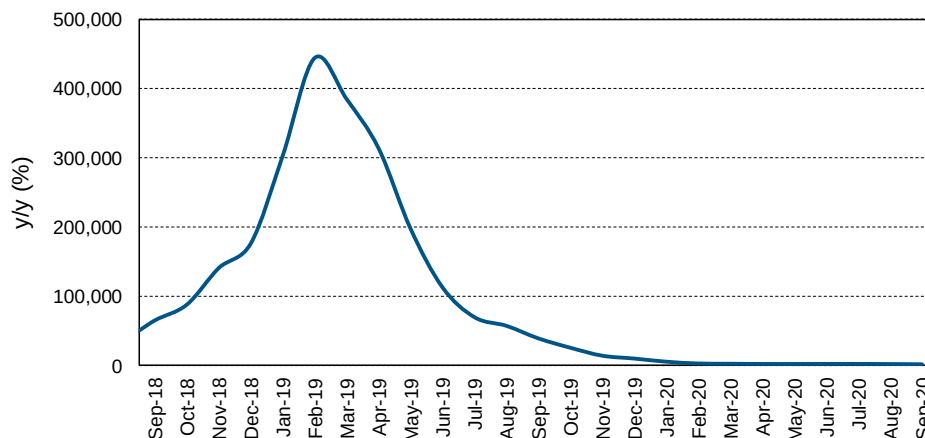
Sources: BCRP and Ecoanalítica

FX Reserves
(BCV)



Sources: BCV and Ecoanalítica

Inflation
(BCV)



Sources: BCV and Ecoanalítica

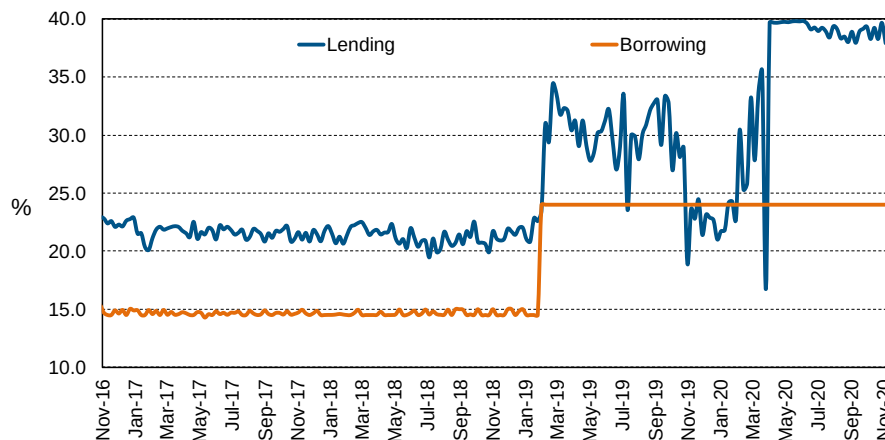
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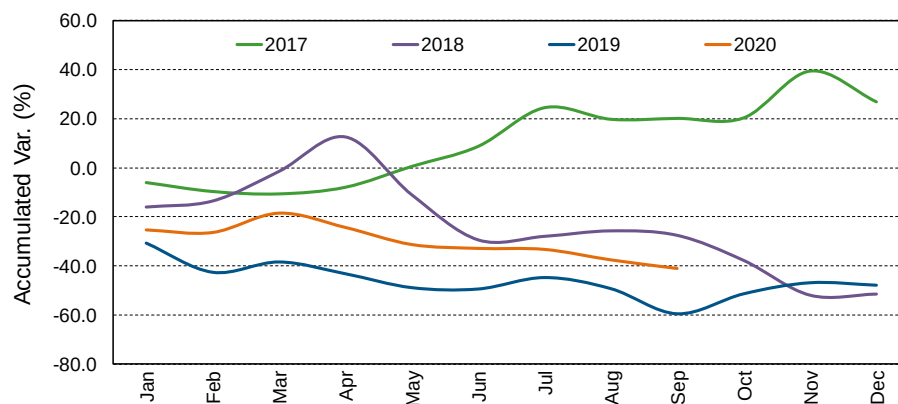
ECONOMIC INDICATORS

**Interest Rate
(Six major banks)**



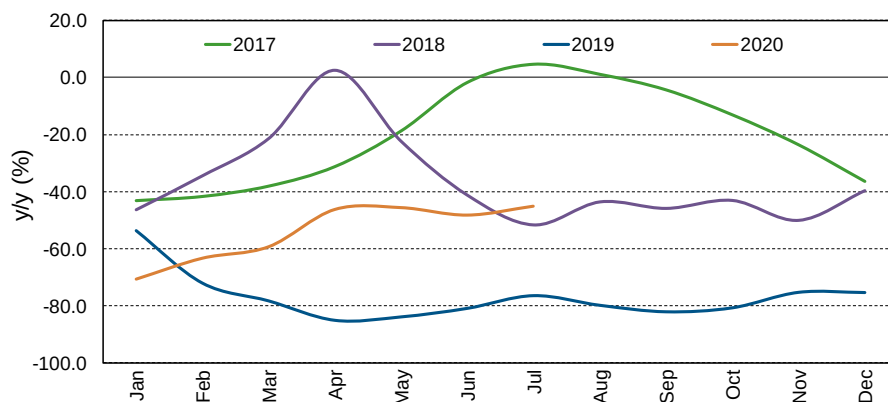
Sources: BCV and Ecoanalítica

**M2 Expansion
(Real)**



Sources: BCV and Ecoanalítica

**Loan Portfolio
(Real)**



Sources: SUDEBAN and Ecoanalítica

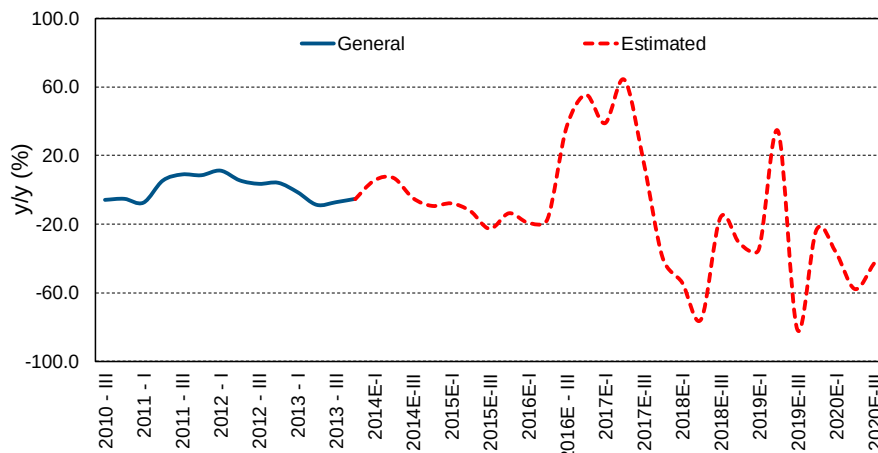
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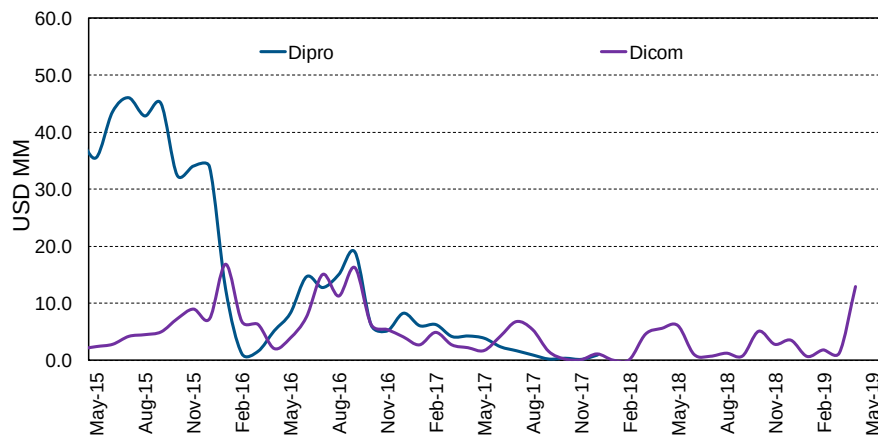
ECONOMIC INDICATORS

Real Wage Index



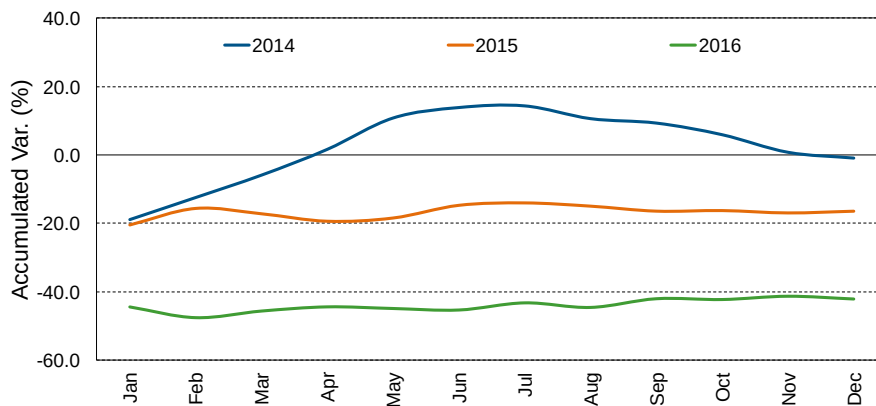
Sources: BCV and Ecoanalítica

Disbursements to the Private Sector (Daily Average)



Source: Ecoanalítica

Primary Spending NTO (Real - Central Government)



Sources: ONT and Ecoanalítica

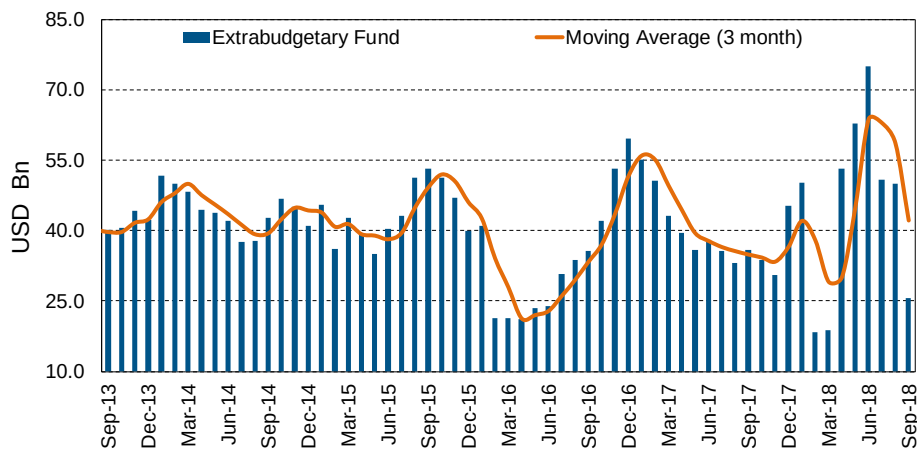
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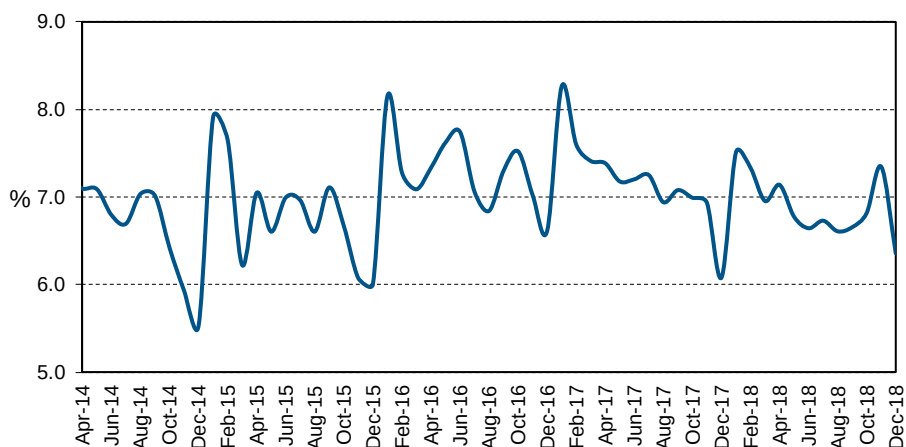
ECONOMIC INDICATORS

State Extrabudgetary Resources



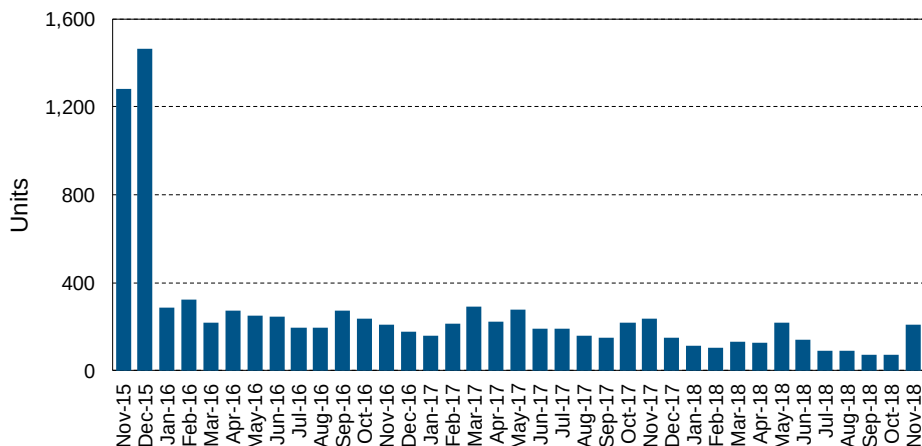
Source: Ecoanalítica

Unemployment Rate



Sources: INE and Ecoanalítica

Vehicle Sales



Sources: CAVENEZ and Ecoanalítica

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