



## Venezuela Economic Outlook

By Arca Análisis Económico

Here is our monthly summary of recent economic developments in Venezuela:

- The end of the year is approaching and some of the country's macroeconomic figures are already beginning to come into focus. For example in August, the Central Bank of Venezuela (BCV) announced the growth figures of the national economy, which in the current year registers an 18.70 percent increase in the gross domestic product (GDP). Calixto Ortega, the president of the BCV, revealed such figures before the National Council of Productive Economy, which was headed by President Nicolás Maduro.
- According to what the council reported, in the third quarter of 2021, the GDP grew 14.65 percent and the fourth quarter of 2021 increased to 19.07 percent compared to 2020's fourth quarter.
- In 2022, the first quarter had a year-on-year growth of 17.04 percent. For the second quarter of this year, the president of the BCV said that regarding only the private sector, the growth is estimated at 18.70 percent and does not include the public sector and the oil activity.
- Venezuela's economic position this year comes from a very bad pandemic year, in addition to the fall in economic activity since 2014. That places the country in a more optimistic situation, in which local companies are producing more than the previous year, there are better conditions and greater initiative on the part of the private sector.
- Venezuela has reached prepandemic levels of oil production, but has not reached 1 million barrels of production. In this context, the price of oil is of vital importance since it determines what the government can receive in the future for its main export product.
- On the other hand, the executive vice president of the Republic, Delcy Rodríguez, pointed out that supermarket activity in Venezuela grew 19 percent between 2021 and 2022. Likewise, the number of stores in Venezuela has grown by 120 percent so far this year compared to 2021, increasing from 11,228 to 24,748 establishments.
- The president of the Pharmaceutical Industry Chamber (CIFAR), assured that the pharmaceutical industry in Venezuela managed to grow by 14.5 percent in units during the first eight months of 2022, emphasizing that there is a greater variety of products in pharmacies, so the patient has more options than four or five years ago.
- Regarding financing in Venezuela, as mentioned above, the offer is reduced. However, the credit portfolio increased by 106 percent, as a result of the easing of the credit restriction policy that the government has been applying to curb inflation, according to experts. Loans are still far from the level required by the economy.
- According to the Superintendence of Banking Sector Institutions (SUDEBAN), in August the credit portfolio reached US\$597.97 million, when in the same month of last year it closed at US\$289.96 million.



- Credit has been responding to a relaxation of the policy applied by the authorities to contain the exchange rate, which consists of controlling the demand for dollars by reducing the issuance of bolívar soberanos – necessary to purchase foreign currency – through the reduction of public spending and funding restriction.
- Foreign currency allocations made from January to October of this year, amount to US\$3 billion, practically three times the amount placed in 2021. Everything indicates that the BCV will maintain its recent strategy of optimizing foreign exchange intervention by distributing the sale of foreign currency throughout the week, as required by the behavior of the parallel exchange rate.

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