



## Venezuela Economic Outlook

By Arca Análisis Económico

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

- November closed with a mere 1.6 percent increase in the monetary base, the smallest increase since 2011. Since then, the monetary base increases in November ranged from a low of 22.9 percent (2016) to a high of 93.9 percent (2018).
- This extraordinary result essentially reflects a significant slowdown in public spending and the sterilization of bolívares soberanos through the sale of foreign currency. The most relevant factor in the downturn in expenditure is the government's remuneration policy. This year, the government avoided the salary adjustment that, since 2012, occurred in the fourth quarter of each year. This remuneration policy avoided a significant impact on spending for year-end bonuses that amount to three months of salary. It also came as a surprise that there were no increases in the monetary transfers of the Patria system, which the government expressly had promised in October.
- The dollar price increased 14.4 percent in November, an unusually weak variation as well. Over the last five years, monthly increases in November have ranged from a low of 12.5 percent (2015) to a high of 165.6 percent (2016).
- December could see a repeat of modest monetary expansion and, consequently, moderate upward pressure on the dollar price unless this policy is reconsidered for post-election reasons. It is anticipated that spending will increase starting the second week of the month, but do not expect significant or prolonged spending surges.
- The first series of fixed income issued and payable in dollars has expired. One year after its issuance, the single series of fixed income of Venezuela rum producer Ron Santa Teresa terminated on Nov. 26, 2021, for \$300,000, yielding 4 percent. The first series took two months to issue and place, while the second series was placed in one month. It can be assumed that if the government reissues similar security, familiarity with the process and the modest dollarization progress in the banking system will make the placement more agile.
- Other similarly interesting developments in the Venezuelan financial ecosystem, Grupo Fivenca (a major brokerage firm) acquired a significant share of Ridery, a personal mobility technology solution created in Venezuela similar to the U.S.-based Uber.
- Ridery, which was launched on March 2021, is the epitome of how a technological business – for the first time in the country – managed to scale in the market exponentially. Moreover, it encouraged the national investment banking to bet and believe in this and other projects.
- A few months after its creation, Ridery has more than 300,000 registered users and around 5,000 certified drivers, divided among the six most essential states in the country.



- Ridery is one of the few local private equity cases that have taken place in Venezuela in a long time. However, it is not an isolated case. Venezuela has found support in digital services, and local startups have been vital when the doors have been closed for many foreign businesses.
- Perhaps the most important local reference is the Venezuelan platform Yummy, which operates in the home and ridesharing segments, which raised US\$18 million in a Series A round that will contribute to its expansion in Latin America, Vicente Zavarce, Yummy's founder, told Bloomberg Linea on Dec. 2, 2021.
- It is perhaps the most significant investment round for a Venezuelan startup in history, which has led Zavarce to affirm that "technology company systems can make a difference in the country," whether they are companies from Venezuela for Venezuela or from Venezuela for the world.
- The investment round was led by Anthos Capital and was assisted by JAM Fund, Zavarce said. Yummy was recently launched in Peru and Chile, and will now seek to open in an undisclosed third market.
- Those countries will focus on fast commerce, delivering more than 2,000 products in less than 15 minutes. The company aims to have 50 active dark stores in each country by the end of 2022.
- Currently, Yummy processes more than 340,000 transactions per month in Venezuela, with a constant growth of more than 35 percent during the last four months. The company also has a network of more than 5,000 drivers in its delivery and ridesharing operation in 12 cities in Venezuela.

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