



## Venezuela Economic Outlook

### By Arca Análisis Económico

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

- January 2024 was characterized by the uncertainty of whether or not there will be a restrengthening of sanctions after the political disqualification of the main candidate by the opposition. However, the political and sanctions landscape is not yet defined and will become clearer as negotiations continue.
- According to data from the Venezuelan Finance Observatory (OVF), the inflation rate stood at 4.2 percent monthly in January 2024.
- One of the most notable aspects are the increase in the areas of communication and leisure services. Communication services experienced an increase of 12.2 percent, driven primarily by cellphone rates, which increased by 31 percent. Landline telephone rates also contributed to this increase, with an increase of 25 percent. On the other hand, the leisure category registered an increase of 11.3 percent. Regarding the food and nonalcoholic beverages segment, a price increase of 4.1 percent was observed in January 2024.
- On the other hand, the official price of the dollar in Venezuela ended January 2024 with an increase of 0.83 percent to close at 36.26 bolivars per unit, while the parallel exchange rate fell 2.43 percent to end the period at 38.18 bolivars. The differential between both exchange rates stood at 5.30 percent, which reinforces the competitiveness of the official exchange rate.
- The Central Bank of Venezuela (BCV), despite the stable behavior of dollar prices, sold US\$446 million to banks in January, an amount 59.86 percent higher than the US\$279 million that the BCV placed in the financial system in the first month of 2023. The BCV has made it clear that the strategy is to keep upward pressures on the exchange rate at bay, in anticipation of greater public spending needs in the rest of the year, an electoral period.
- An example of this determination is that monetary liquidity accumulated a decrease of 3.41 percent in the first three weeks of 2024 that the BCV has reported; in fact, the volume of currency decreased, in absolute terms, 2,387.4 million bolivars during this period.
- As for other productive sectors, some reports associated with the agricultural sector have been revealed, among them:
  - The president of the National Federation of Sugar Cane Growers Associations of Venezuela (Fesoca), José Ricardo Álvarez, pointed out that 2023 was a year in which the sector grew for the third consecutive year, with the grinding of 3.55 million tons of sugar cane and the production of 310,000 tons of sugar, which represents 50 percent of national consumption. Regarding the expectations for this 2024 harvest, Álvarez estimates that 4 million tons of sugar cane and the national supply of 70 percent of this item can be reached.



- The president of the National Federation of Livestock Farmers of Venezuela (Fedenaga), Armando Chacín, estimates that the national herd is currently between 10.8 million and 11 million heads of cattle. He added that the livestock sector in Venezuela has experienced slight growth in 2023. Chacín highlighted that, despite the challenges faced by the sector, national production has managed to supply the country's internal demand.
- Fernando Villamizar, president of the Association of Western Shrimp Producers (Asoproco), foresees a notable growth in exports, with a projection of 100,000 tons. The president of Asoproco explained that this forecast is based on last year's results, where an increase of 28 percent in shrimp exports was recorded.

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