



Venezuela Economic Outlook

By Arca Análisis Económico

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

- The amount of monetary liquidity exceeded 89 billion bolivars at the end of March 2024. However, dollar prices and inflation remain under control. The issuance of monetary liquidity accelerated significantly in recent weeks with a cumulative increase of 14.60 percent until reaching 89.008 billion bolivars, at the close of March 29, 2024. As a consequence, available currency rose by 18.20 percent in March, without a doubt the fastest increase so far this year. Since February, it increased 11.02 percent and in January the increase was 5.9 percent. So far in 2024, monetary liquidity has risen 27.11 percent, a modest variation when compared to the 49.27 percent increase reported in currency in the first quarter of 2023.
- On March 11, 2024, the National Securities Superintendency (Sunaval) published Circular No. 4, which opens the possibility of generating new credit flows by leveraging the stock of securities in circulation. The standard regulates loans indexed to securities and margin financing made by brokerage firms. In addition, it updates the equity and risk guarantee requirements that securities brokerage companies and brokerage firms must meet.
- For its part, the fixed income market became more dynamic in February 2024, placing the equivalent of US\$2.1 million (+92.8 percent) reflecting a greater supply of securities. A total of 87 percent of the placements were securities indexed to the exchange rate. Ten of the 13 new public offerings focused on this asset category, with an average coupon of 12.8 percent per year and a predominant term of one semester. Titles in bolivars have been losing space since December.
- Binational trade between Venezuela and Colombia in January 2024 reached US\$64.1 million, which means a growth of 33.7 percent compared to the US\$48 million obtained in the same month of 2023. In that sense, of the total, US\$400,000 was exported by land through Paraguachón, while US\$3.1 million was exported through the state of Táchira. This means that 25.2 percent of export operations were carried out by land, to a greater extent through Táchira, while 74.8 percent were carried out by sea and air.
- On the other hand, sociologist and researcher, Luis Pedro España, indicated that in Venezuela, the active population in economic life is lower than in other countries, which generates "an income crisis in households." He argued that open unemployment in Venezuela "is always very small and it is because no one can afford not to work." He pointed out that 80 percent of Venezuelan households receive at least one bonus and its value has increased from US\$2.50 in 2021 to almost US\$11 in 2023.

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