



Venezuela Economic Outlook

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

- Between mid-August and early September 2025, Venezuela's exchange rate policy underwent a significant strategic reorientation, driven by fiscal pressures and the need to contain the widening gap between the official exchange rate and alternative markets. Analysis of the current situation reveals a transition from traditional intervention mechanisms to a new approach that incorporates crypto assets as a stabilization tool.
- The first weeks of August were marked by an acceleration in the rate of depreciation of the bolívar. This phenomenon was driven primarily by a notable increase in public spending, which, combined with a restricted supply of foreign currency from the oil sector, generated significant pressure on the market. A key indicator of this tension was the performance of USDT (Tether), whose exchange rate increased by 17 percent in the first half of the month, doubling the rate observed in July.
- The official exchange rate, although adjusted upward by the Central Bank of Venezuela (BCV), failed to keep pace with the alternative market. As a result, the exchange rate gap widened considerably, reaching an average of 42 percent compared to the official dollar. This distortion encouraged the use of parallel exchange rates as a reference for setting prices in the economy, further accelerating inflation.
- Toward the end of the month, economic authorities issued signals anticipating a change in the intervention strategy. Despite high public spending, intervention in the foreign exchange market was unexpectedly low, with allocations to banks representing just 16 percent of fiscal expenditure. This containment of the foreign currency supply through traditional channels, along with the convening of the National Economic Council, raised expectations of new rules for market management. In the oil sector, the situation remained unchanged, with stable production but no progress in obtaining new licenses for European operators.
- the "new direction of exchange rate policy" was confirmed in early September. A drastic reduction in cash foreign exchange intervention through banks was evident, with the total amount falling by 43 percent in August compared to July.
- This decrease was the result of a restructuring of the foreign exchange supply, which now prioritizes channeling funds into the crypto asset space. The new strategy involves selling Tether to companies through two authorized exchanges, using a market exchange rate.

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