Venezuela Economic Outlook

By Arca Análisis Económico

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

- According to World Bank's estimates and international technical reports, the economic and infrastructure damage resulting from the earthquakes that occurred on June 24, 2026, amounts to approximately US$19.6 billion. Approximately 73 percent of these losses affected buildings (especially residential), with nearly half of the impact concentrated in La Guaira and the Capital District due to their high urban vulnerability. To mitigate this crisis, the pace of reconstruction will be crucial: A response that increases public and private investment, along with direct transfers to families, could restore productive capacity and consumption for the period of 2031-2032. Conversely, inaction would prolong the negative effects for more than a decade. Given that the disaster exacerbates pre-existing social vulnerabilities, it is essential that recovery plans guarantee the continuity of basic services and offer targeted support to the most vulnerable populations.
- In the fiscal and exchange rate arena, the Central Bank of Venezuela (BCV), through sustained interventions averaging US$485 million per week in July 2026, has managed to stabilize the gap between the official exchange rate and the parallel market rate at around 15 percent. This policy has resulted in a slight decrease in international reserves, which closed in July at US$13 billion following a drop in metal purchases and other external factors. The fact that the exchange rate gap has continued to decline suggests that the BCV may be content with this differential – a stabilization that relies on heavy sales of foreign currency in the context of persistent banking illiquidity. It is estimated that the issuing entity alternates its strategies between containing inflation (after periods of intense depreciation) and reducing the gap by adjusting the official rate. Furthermore, with significant payments on Patria bonds approaching, the monetary authority is curbing devaluation to lessen its impact on indexed items.
- On the other hand, to address these structural challenges, monetary authorities and the national executive have formalized working groups with delegations from the International Monetary Fund (IMF), re-establishing crucial channels of dialogue. These technical discussions focus on coordinating macroeconomic policy guidelines and exploring the strategic use of international reserves and drawing rights to exclusively fund the recovery phases of the Venezuela Renace Plan. Modernizing these policies and the eventual exchange rate unification represent essential steps to provide legal certainty, reduce the significant tax burden on private activity and foster a stable investment climate that will leverage the national reconstruction process.

Learn more about our Venezuela Strategic Advisory Team.