


# Venezuela Economic Outlook

**By Arca Análisis Económico**

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

- During September 2026, the foreign exchange market showed favorable developments, with depreciation in the market exchange rate falling to less than half the level recorded in August 2026, while the official rate accelerated modestly. This dynamic allowed the gap among the different exchange rates to close the month at its lowest level of the year, hovering around 12 percent. The most noteworthy aspect of this performance is that it occurred alongside a decrease in foreign exchange intervention by the Central Bank of Venezuela (CBV), which stood at US$1.4 billion, marking the third consecutive month of decline following the peaks observed in previous months. This behavior suggests that part of the stabilization was achieved through the continued moderation of public spending.
- However, this relative exchange rate calm will face a test in the last quarter of the year, a period in which public spending is seasonally concentrated. Given the impossibility of indefinitely maintaining the exchange rate anchor solely through foreign currency sales due to their high cost relative to total oil-related fiscal revenue, the CBV has opted to deploy a set of restrictive monetary policy instruments. The fundamental objective is to halt the monetary expansion generated by the bank credit multiplier, seeking to align the growth of monetary liquidity more closely with that of primary money controlled by the monetary authority.
- To achieve this, the authorities have implemented a sharp increase in the cost of commercial credit through regulations that transformed the 16 percent rate, which historically served as the maximum, into a minimum rate. The effective cost of loans is therefore expected to rise significantly, discouraging foreign currency purchases for speculative or hedging purposes. Similarly, the monetary policy rate applicable to discount and rediscount operations with banks was increased from 19 percent to 48 percent, significantly raising the cost of liquidity support for the financial system.
- In parallel with the increase in lending rates, the CBV has increased deposit interest rates to strengthen the attractiveness of holding local currency. To this end, the mandatory minimum rates for savings and time deposits were raised, although they remain negative in real terms when compared with inflation. This financial strategy is complemented by a significant tightening in the management of bank reserve requirements.
- In this regard, to discourage lending through systematic noncompliance with reserve requirements, the penalty for the corresponding deficit was sharply increased from 62 percent to 192 percent. However, given the severity of this measure and to mitigate potential widespread operational disruptions in the banking sector, the CBV introduced temporary relief by allowing the accumulated deficit to temporarily reduce the amount to be deposited. In practice, this measure temporarily

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reduces the effective reserve requirement to approximately 50 percent, providing relief that is expected to gradually diminish as inflation progresses.

- The success of this stabilization policy will depend largely on whether the sustained increase in the cost of credit effectively contains the demand for dollars generated by increased liquidity in circulation, especially in a context in which oil revenues impose a strict limit on the state's capacity for exchange rate intervention.
- From a structural perspective, the availability of fresh foreign currency remains a fundamental factor, closely tied to production trends in the hydrocarbons sector. The Venezuelan economy continues to cautiously watch the uncertain path of hydrocarbons sector expansion outlined by recent international agreements aimed at revitalizing production infrastructure.
- The formalization of new contracts under the current hydrocarbons framework with well-established international companies entails substantial investment commitments. Major initiatives include plans to inject billions of dollars over the next five years to substantially expand oil production, as well as the entry of European operators into strategic fields with ambitious medium-term production targets.
- The implementation of these energy projects represents a key factor in securing a steady flow of foreign capital and providing the resources needed to stabilize the economy, potentially allowing the country to move away from its reliance on restrictive monetary policies that constrain financial intermediation and domestic growth.

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