



Venezuela Economic Outlook

By Arca Análisis Económico

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

- The gap between the official and parallel exchange rates has remained the same. However, the Central Bank of Venezuela (BCV) is trying to reduce its intervention in the foreign exchange market under the premise of a reduction in public spending, so that by reducing its expenses, the demand for foreign currency decreases. Also, the BCV looks to make liquidity in bolivars scarcer in such a way that the lack of local currency in circulation limits people's ability to acquire U.S. dollars. For this purpose, the discounts applied to legal reserve requirements are being reduced, generating a significant reserve deficit for the banking sector. The effect of this measure is to reduce the issuance of primary liquidity, with the intention of reducing the demand for foreign currency.
- In another sense, according to figures from the Venezuelan Finance Observatory, the average remuneration of the commerce and services sector of the Caracas metropolitan area in the third quarter of 2024 was US\$241 per month, an increase of 19.3 percent compared to the same period in 2023 in current dollars, that is, without adjusting for inflation. In terms of constant bolivars, adjusting for inflation, remunerations grew by only 3.9 percent for the same period. Meanwhile, at the national level, the average remuneration was US\$110, at the end of the third quarter, 119 percent lower than the average recorded in the commerce and services sector of the Caracas metropolitan area.
- In the last four months of 2024, the Venezuelan Real Estate Chamber reports a decline in the general activities of the sector. Among the data provided by the president of the union, there is a downward trend in property prices whose estimates are between 5 percent and 7 percent for the end of the year. The union leader attributes this decrease to several factors, among which he highlighted the lack of financing that the national real estate sector suffers, as well as deficiencies in public services that caused internal migration to the central area of the country.
- Another event that marked October was the nonentry of Venezuela to be part of the group of emerging countries composed of Brazil, Russia, India, China and South Africa (BRICS). Venezuela's intention was to strengthen economic and political relations with these powerful countries and obtain benefits such as investments and financial support. However, Brazil exercised a veto that prevented said incorporation based on the lack of confidence in the Venezuelan government, which has generated tensions in bilateral relations. Despite this, representatives of the Venezuelan government held meetings with some member countries of BRICS to strengthen their bilateral relations. Executive Vice President of Venezuela Delcy Rodríguez made an official visit to India, and on Nov. 7, the Intergovernmental Commission between Russia and Venezuela met to agree on the terms of a 10-year strategic alliance to strengthen bilateral cooperation.

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