



Venezuela Economic Outlook

By CNI Asesores Financieros

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

- June 23 marked five months since Juan Guaidó assumed the role of interim president.
- Venezuela issued paper currency notes in new denominations of 10,000, 20,000 and 50,000 bolivars, after announcing in August 2018 the elimination of five zeros of prices and currency. Previously, the highest denomination paper currency was 500 bolivars.
- The situation of scarcity and rationing of gasoline accelerated throughout the interior of the country. A total of 800 of the 1,765 Petróleos de Venezuela, S.A. (PDVSA) gas stations have closed. It is estimated that PDVSA's imports of additives used in the refining of gasoline and naphtha used to dilute heavy oil from the Orinoco Belt fell to less than 100,000 barrels per day in May, compared to levels of 190,000 barrels per day at the beginning of the year. Venezuelan refineries are producing less than 25 percent of the estimated demand for gasoline.
- On the subject of external debt, the Venezuelan Ministry of Economy announced during the St. Petersburg International Economic Forum its intention to continue amortizing debt payments with Russia to continue the full repayment of this debt. The next payment is \$200 million and is scheduled for September. In the last year, PDVSA's debt with Russia has been reduced by half to \$1.8 billion, while Venezuela's debt to China is estimated at \$20 billion.
- Standard & Poor's withdrew its PDVSA risk classifications because of the various "defaults" of coupon payment of its debt and the lack of information, including audited financial statements. The risk rating of PDVSA's debt had reached "D" levels.
- The exemption to continue working with PDVSA in Venezuela, granted by the U.S. Department of the Treasury for a period of six months to Halliburton, Schlumberger, Baker Hughes and two other companies, expires on July 27. During 2018, Halliburton incurred an accounting loss of more than \$265 million when adjusting the value of its operations in Venezuela.

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