

Venezuela Business Forecast Report Q4 2014

<https://marketpublishers.com/r/VFAD664EEBDEN.html>

Date: July 2014

Pages: 38

Price: US\$ 1,195.00 (Single User License)

ID: VFAD664EEBDEN

Abstracts

Includes 3 FREE quarterly updates

Core Views

We expect economic growth to remain sluggish, characterised by a slowdown in private consumption, net exports, and investment. President Nicolás Maduro has consolidated his position at the helm of the PSUV, but his popularity has waned amid economic difficulties affecting all segments of society. He will continue his predecessor's policies of elevated social spending, resulting in sizeable fiscal deficits. However, a series of currency devaluations has begun to ease fiscal pressures.

Inflation will remain elevated, at the highest level in Latin America, and the operating environment will remain very precarious for foreign multinationals in the country.

Major Forecast Changes

We have downgraded our fiscal deficit forecast for 2014 and 2015, following a downward adjustment by our Oil & Gas team for crude production, to 6.7% of GDP and 6.5% of GDP respectively, compared to our previous projections of 6.5% and 6.2%.

We have incorporated our view that currency unification will occur in 2015, reflected in our forecast for the official exchange rate to reach VEF25.00/USD that year, compared to the current rate of VEF6.292/ USD.

Contents

Executive Summary
Core Views
Major Forecast Changes
Key Risks To Outlook

CHAPTER 1: POLITICAL OUTLOOK

SWOT Analysis

BMI Political Risk Ratings

Domestic Politics

Protests To Persist As Opposition Gains Ground

We believe that public protests in Venezuela will continue over the coming months, although we expect them to remain largely peaceful.

This view is supported by recent polling data showing that Venezuelan President Nicolás Maduro's popularity has declined to its lowest level since his election in April 2013, while support for key opposition figures and non-violent demonstrations is on the rise.

Table: Political Overview

Long-Term Political Outlook

Post-Chávez Era To See Greater Turbulence

Venezuela is entering a new era following the election of Nicolás Maduro as successor to the late President Hugo Chávez, but the narrowness of his victory points to an increasingly polarised electorate, which will make the country harder to govern. With the economy looking weak, Maduro could well lose office before his term expires in 2019. Regardless of who rules Venezuela, the country will face formidable economic challenges, such as excessive state control, high inflation, corruption, violent crime, and a brain drain.

CHAPTER 2: ECONOMIC OUTLOOK

SWOT Analysis

BMI Economic Risk Ratings

Economic Activity

GDP Growth Constrained On Multiple Fronts

Economic growth in Venezuela will remain extremely low, and may drop into negative territory in the coming quarters given the poor

business environment, high inflation, and ongoing market distortions associated with price controls and the country's complex system for acquiring foreign currency. We are forecasting growth of just 0.5% in 2014 and 1.2% in 2015, but we believe that risks continue to be weighted to the downside.

Table: Economic Activity

Balance Of Payments

Export Stagnation To Weigh On Current Account

Venezuela's current account will remain under significant pressure due to the poor performance of the oil sector and other industries producing goods for exports. While import growth is also likely to have fallen in recent months, we maintain our view that the current account surplus will narrow from 2.1% of GDP estimated in 2013 to 2.1% in 2014.

Table: Current Account

Fiscal Policy

Falling Revenues To Temper Fiscal Consolidation

Venezuela's fiscal deficit will narrow significantly in 2014 thanks to the government's greater purchasing power afforded by the ongoing devaluation of the currency. However, we have downgraded our budget forecasts following a deterioration in the outlook for the country's oil and gas production. We are forecasting a budget deficit of 6.7% of GDP in 2014, and 6.5% in 2015, compared with 9.8% in

Table: Fiscal Policy

Exchange Rate Policy

Currency Unification To Be Delayed Until 2015

We do not expect that Venezuela's multiple exchange rates will be unified in 2014, despite assurances from some government officials that such reforms are imminent. However, we believe that the government's strategy of devaluing the bolívar gradually through migrating more transactions to weaker exchange rates will continue apace and that currency unification will occur in 2015.

CHAPTER 3: 10-YEAR FORECAST

The Venezuelan Economy To 2023

Growth Outlook In A Post-Chávez Era

Although the Venezuelan economy is likely to experience a tough time over the next few years, we believe there is significant economic growth potential over the long term. In our view, a more moderate and market-friendly

government which is willing to make the necessary structural reforms is needed to unlock this potential.

Table: Long -Term Macroeconomic Forecasts

CHAPTER 4: BUSINESS ENVIRONMENT

SWOT Analysis

BMI Business Environment Risk Ratings

Business Environment Outlook

Institutions

Table: BMI Business And Operation Risk Ratings

Table: BMI Legal Framework Rating

Table: LABOUR FORCE QUALITY

Market Orientation

Table: LATIN AMERICA - ANNUAL FDI INFLOWS

Table: Top Export Destinations

Operational Risk

CHAPTER 5: KEY SECTORS

Pharmaceuticals & Healthcare

Table: Pharmaceutical Sales , Historical Data And Forecasts

Table: Healthcare Expenditure Trends , Historical Data And Forecasts

Table: Government Healthcare Expenditure Trends , Historical Data And Forecasts

Table: Private Healthcare Expenditure Trends , Historical Data And Forecasts

Telecommunications

Table: Telecoms Sector - Mobile - Historical Data & Forecasts

Table: Telecoms Sector - Wireline - Historical Data & Forecasts

Table: Telecoms Sector - Internet - Historical Data And Forecasts , 2011-2018

CHAPTER 6: BMI GLOBAL ASSUMPTIONS

Global Outlook

Global Recovery Still On Track

Table: Global Assumptions

Table: Developed States , Real GDP Growth , %

Table: BMI VERSUS BLOOMBERG CONSENSUS REAL GDP GROWTH FORECASTS, %

Table: Emerging Markets , Real GDP Growth , %

I would like to order

Product name: Venezuela Business Forecast Report Q4 2014

Product link: <https://marketpublishers.com/r/VFAD664EEBDEN.html>

Price: US\$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page <https://marketpublishers.com/r/VFAD664EEBDEN.html>