

The Inflationary Cost of Coffee

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Introduction to Venezuela



Population	28.2 Million
Official Language	Spanish
Capital	Caracas
Government	Federal Socialist Republic



Today:

Venezuelan Currency (bolivars): Bs. 14

US Currency (dollars): \$.00002345



2018:

Venezuelan Currency (bolivars): Bs. 1,000,000

US Currency (dollars): 29¢

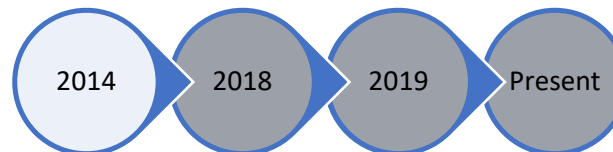
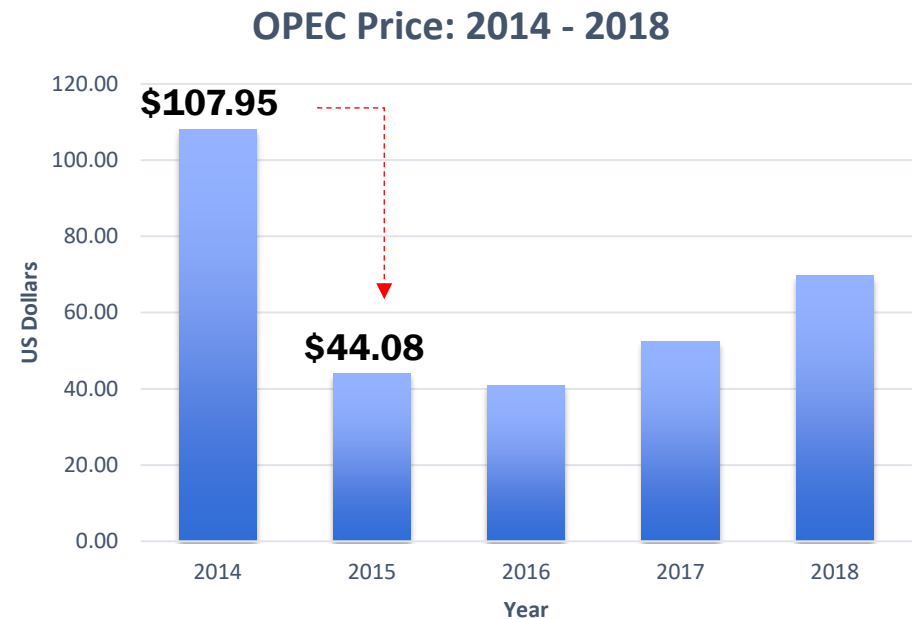
Venezuela's Back Story



- US and Canadian Shale Oil
- Venezuela
 - Oil : 50% of Gross Domestic Product (GDP)

#	Country	Oil Reserves	World Share
1	Venezuela	299,953,000,000	18.2%
2	Saudi Arabia	266,578,000,000	16.2%
3	Canada	170,863,000,000	10.4%
4	Iran	157,530,000,000	9.5%
5	Iraq	143,069,000,000	8.7%
6	Kuwait	101,500,000,000	6.1%
7	United Arab Emirates	97,800,000,000	5.9%
8	Russia	80,000,000,000	4.8%
9	Libya	48,363,000,000	2.9%
10	Nigeria	37,070,000,000	2.2%
11	United States	35,230,000,000	2.1%
12	Kazakhstan	30,000,000,000	1.8%

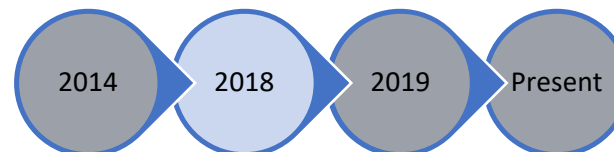
Oil Reserves in barrels - 2016



Maduro Administration Policies



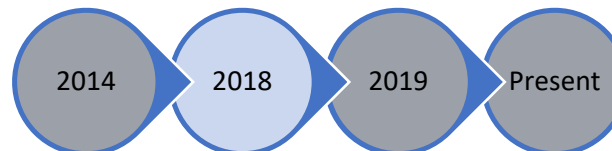
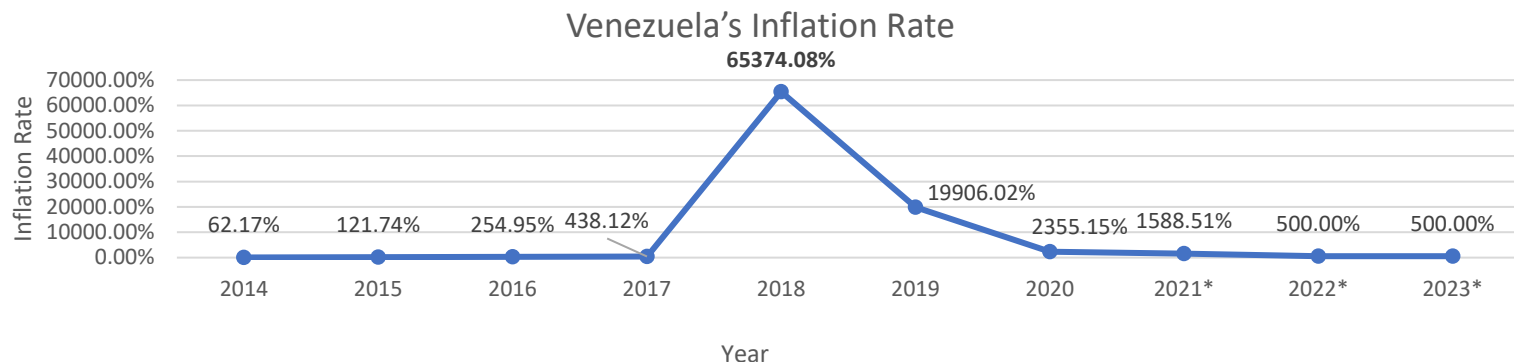
- **President Nicholas Maduro**
- **Oil Revenue**
 - **Massive Domestic Spending**
 - **Public Works & Welfare**
- **Program Funding Evaporated**
- **Maduro's Response**
 - **Foreign Debt**
 - **Print More Money**
 - **Hyperinflation**



Maduro Administration Policies



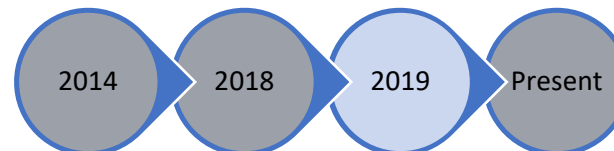
- President Nicholas Maduro
 - Devaluation of the bolivar
 - ~~1,000,00,000,000,000~~
(one hundred trillion)



Welcoming of International Currency



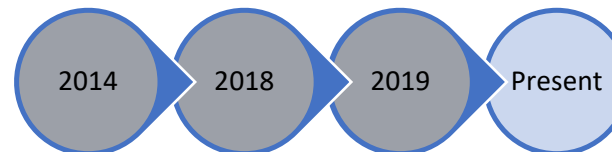
- **Maduro Administration**
 - **Relaxation of international currency controls**
 - **Citizens could now use international currency in public**
 - **Foreign currency of choice : US Dollar**
 - **60% - 70% of commercial transactions**



Impact of International Currency



- **Economic “bubble” in Caracas**
 - **Population**
 - **5%: Pre-crisis lifestyle**
 - **95%: Poverty**



Conclusion



- **Venezuela**
 - **Flawed economic policies**
 - **Counter measures made situation worse**
 - **Recovery**
 - **Stability through foreign currency**
 - **Softened foreign currency policies**
 - **Unique situation, similar decision points**