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The FRED® Blog

An update on Venezuela's troubled economy



Posted on October 7, 2021



CPI +3.2 % Chg. from Yr.
Ago on Feb 2024

Civ. Unemploy. Rate 3.9 % on Feb 2024

10-Yr. Treas. Rate 4.22 % on 2024-03-22

Real GDP +3.2 %, Comp.
Annual Rate of Chg.
on Q4 2023

IP +0.1 % Chg.
on Feb 2024

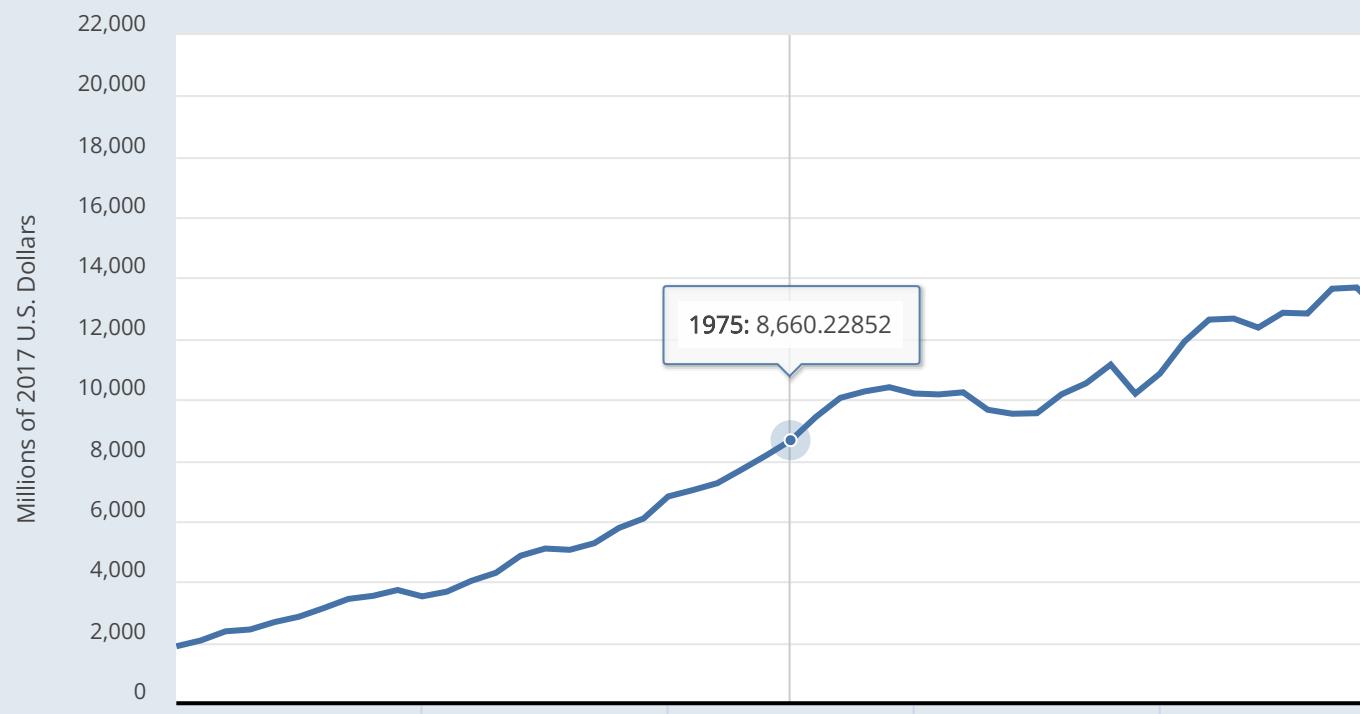
Payroll Employment +275 Chg., Thous. of
Persons on Feb 2024

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FRED — Real GDP at Constant National Prices for Bolivarian Republic of Venezuela



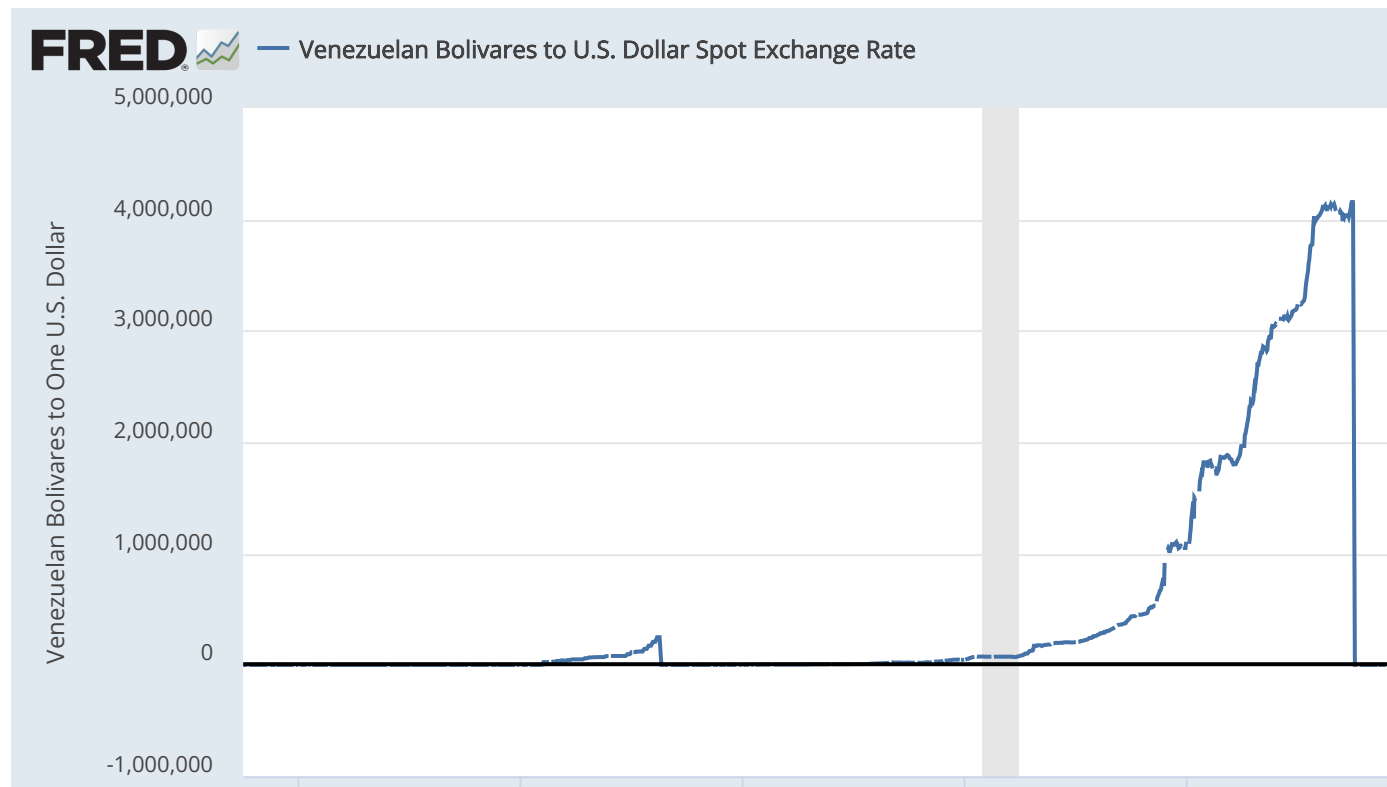
Venezuela has all but vanished from the news as the rest of the world grapples with its own problems. In this blog post, we document the state of Venezuela's economy through FRED graphs. This has been no easy task, since recent data are actually quite scarce. And we'll explain a second reason below.

Even just glancing at our first graph reveals there's trouble. The economy has been in an unprecedented decline, with GDP below the level it was in 1970. That kind of economic suffering indicates major problems.

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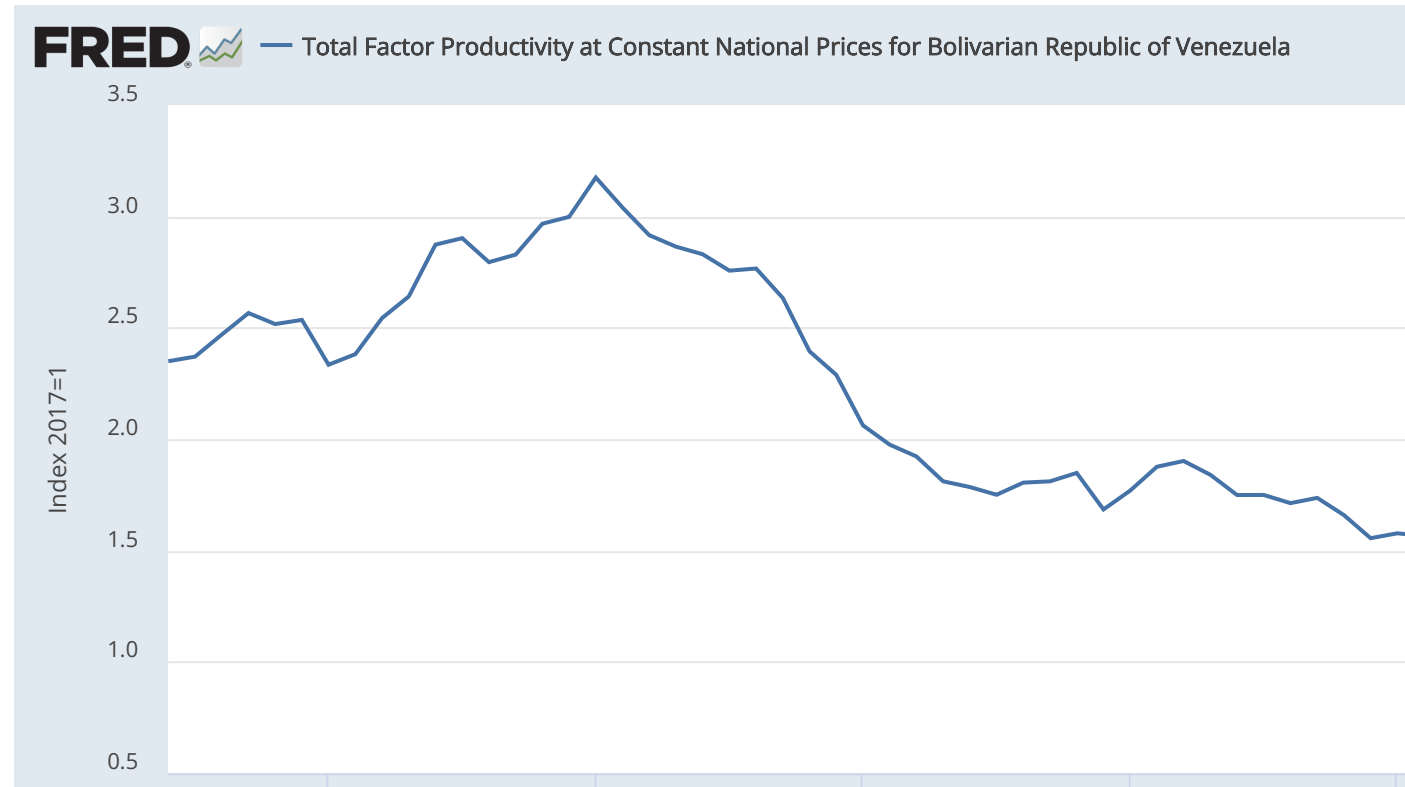
- March 2024
- February 2024
- January 2024
- December 2023
- November 2023
- October 2023
- September 2023
- August 2023
- July 2023
- June 2023
- May 2023
- April 2023
- March 2023
- February 2023
- January 2023
- December 2022
- November 2022
- October 2022
- September 2022
- August 2022
- July 2022
- June 2022
- May 2022
- April 2022
- March 2022
- February 2022
- January 2022
- December 2021
- November 2021
- October 2021



One problem is clearly inflation—or, more accurately, *hyperinflation*. Our second graph shows the exchange rate of the Venezuelan currency against the U.S. dollar. For most of the time period shown, the line cannot be distinguished from zero because the recently skyrocketing rate has rendered previous changes minuscule in comparison.

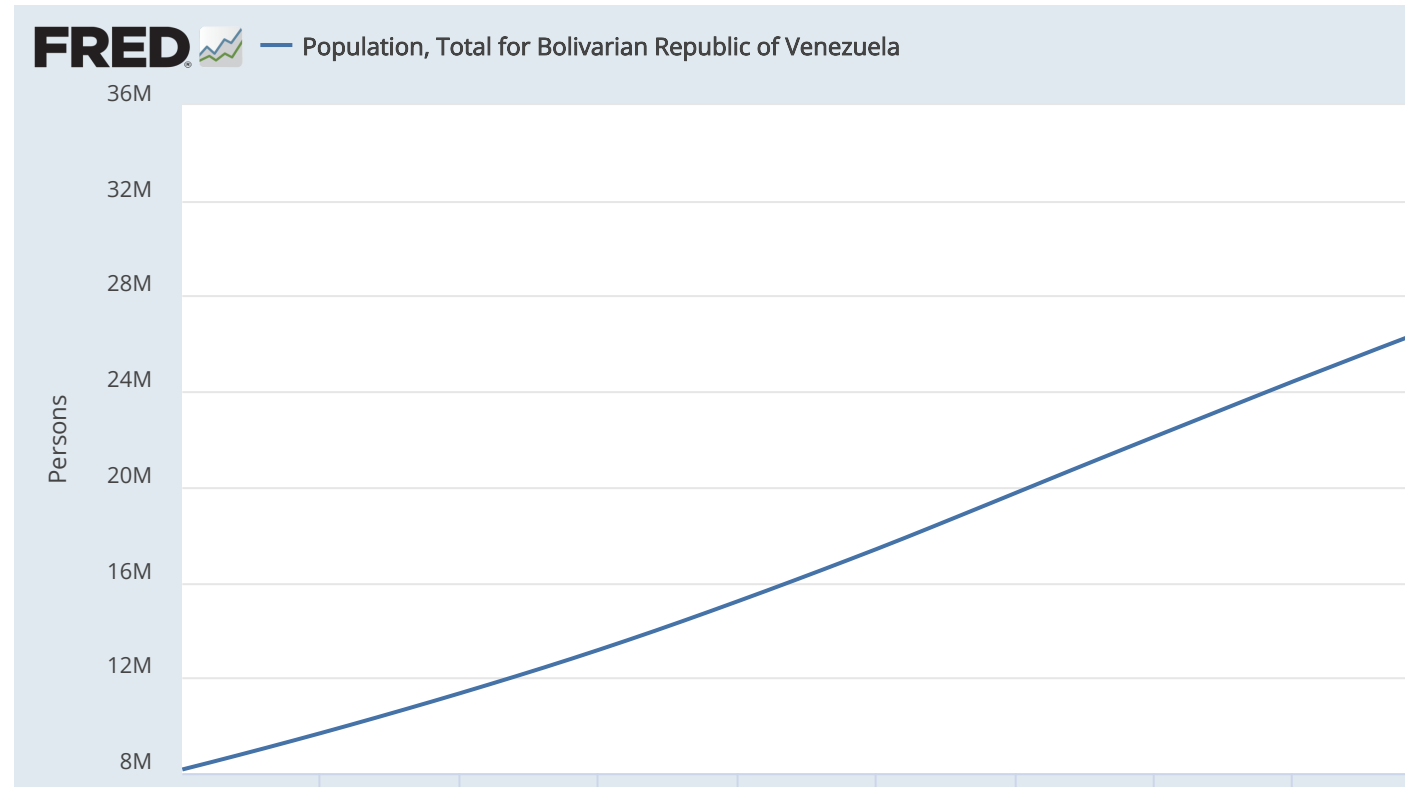
Also note the blip in 2018, which was a rapid increase from about 10 bolivares to the dollar in January to about a quarter of a million bolivares by August. Clearly, an economy with such price increases has been structurally disrupted. Hyperinflation also makes it even more difficult to measure economic activity, as measurement at these price levels becomes misleading. This is our second obstacle, which we alluded to above. While it's clear economic activity has slowed down in Venezuela, there's no way to say with any precision by how much exactly.

- September 2021
- August 2021
- July 2021
- June 2021
- May 2021
- April 2021
- March 2021
- February 2021
- January 2021
- December 2020
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- November 2018
- October 2018
- September 2018
- August 2018
- July 2018



Our next graph shows total factor productivity—in short, a measure of how much is produced with a constant level of capital input and labor. Clearly, Venezuela's problems are not recent; they date back to the 1970s. Again, while any measurement must be taken with a grain of salt, it's extremely rare for an economy to show a decline over decades. Something is impeding productivity.

- June 2018
- May 2018
- April 2018
- March 2018
- February 2018
- January 2018
- December 2017
- November 2017
- October 2017
- September 2017
- August 2017
- July 2017
- June 2017
- May 2017
- April 2017
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- August 2015
- July 2015
- June 2015
- May 2015
- April 2015



The clear loss of population in recent years also affects the Venezuelan economy. The graph includes a red “what if” trend line showing that the population *would have been* 4 million (or 14%) higher in 2020. Obviously, the direction of the causality between population loss and output loss is not clear: That is, did the bad economy cause lower population or the reverse? Either way, an economy with that many fewer people will produce much less.

- March 2015
- February 2015
- January 2015
- December 2014
- November 2014
- October 2014
- September 2014
- August 2014
- July 2014
- June 2014
- May 2014
- April 2014
- March 2014



To make things worse, fewer people are working among those who remain in Venezuela, with the labor force participation now below 50%. With all these economic hardships, it's not a surprise Venezuela is one of the few countries in the world where cellular subscriptions are in decline, as shown in our last graph.



How these graphs were created: Search FRED for Venezuela, sort results by observation end, then click on series titles of interest. The only graph that requires additional adjustment is the one for population: To add the trend, go to the “Edit Graph” panel and open the “Add Line” tab; click on “user-defined line,” and enter values defining start and end of the new line.

Suggested by [Christian Zimmermann](#).

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