

**Outlook for Venezuela's Economy:  
2009 and Beyond  
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# Sovereign Rating Definitions

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## A Standard & Poor's sovereign rating **IS**:

- *An assessment of a sovereign government's ability and willingness to service its debt on time and in full.*
- *A globally comparable, independent, objective, forward-looking estimate of credit worthiness.*
- *A reflection of medium-term fundamentals -- through economic and political cycles.*

## A Standard & Poor's sovereign rating is **NOT**:

- *A country risk rating or country investment ranking.*
- *A recommendation to buy or sell a security, or a prediction of the stability or volatility of a security's price.*

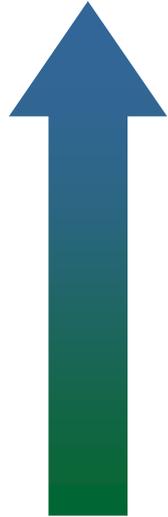
# Sovereign Rating Methodology Profile

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- **Political Risk**
- **Income and Economic Structure**
- **Economic Growth Prospects**
- **Fiscal Flexibility**
- **General Government Debt Burden**
- **Off-Budget and Contingent Liabilities**
- **Monetary Stability**
- **External Liquidity**
- **External Debt Burden**

# Sovereign Ratings Scale

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AAA  
AA+  
AA  
AA-  
A+  
A  
A-  
BBB+  
BBB  
BBB-

**Investment Grade**



BB+  
BB  
BB-  
B+  
B  
B-  
CCC+  
CCC  
CCC-

**(Venezuela)**

**Speculative Grade**

D-----SD

# Sovereign Ratings: Latin America & the Caribbean (May 2009)

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- Chile **A+**
- **Trinidad & Tobago A \***
- **Bahamas A-**
- Barbados **BBB+**
- **Mexico BBB+**
- Brazil **BBB-**
- Peru **BBB-**
- Montserrat **BBB-**
- Colombia **BB+**
- Panama **BB+**
- El Salvador **BB**
- Costa Rica **BB**
- Guatemala **BB**
- Uruguay **BB-**
- **Venezuela BB-**
- Honduras **B+**
- Suriname **B+**
- Dominican Republic **B**
- Paraguay **B**
- Belize **B**
- Argentina **B-**
- Bolivia **B-**
- **Grenada B-**
- Jamaica **B-**
- Ecuador **SD**

**Outlook: Stable, Negative; \*CW Negative**

**Rating: Foreign Currency – Long Term**

# VENEZUELA

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- **Economic Contraction will demand adjustment**
- **Politics dominates policy.**
- **Bad Policies, the recent ones and probably more to come:**
  - Nationalizations
  - State intervention on the Financial system
  - Crowding out financing
  - More pressure on PDVSA's business Model
- **Will rise in oil price save the day?**
- **Unions, the cloud in the horizon**

# VENEZUELA - OUTLOOK

Real GDP growth (%)			GG debt / GDP (%)		
	Venezuela	Median BB		Venezuela	Median BB
2000-2008	4.8	5.2	2000-2008	33.3	43.3
2009	-0.8	2.0	2009	15.2	32.9
2010	1.8	3.5	2010	15.1	33.3
CPI growth (%)			Net GG debt / GDP (%)		
	Venezuela	Median BB		Venezuela	Median BB
2000-2008	20.4	5.6	2000-2008	27.0	35.2
2009	35.0	6.4	2009	11.3	27.7
2010	18.0	5.0	2010	12.2	28.2
GG balance / GDP (%)			GG debt / revenues (%)		
	Venezuela	Median BB		Venezuela	Median BB
2000-2008	-1.5	-1.7	2000-2008	121.4	182.1
2009	-5.5	-2.4	2009	66.7	123.9
2010	-4.8	-2.1	2010	60.4	127.6
GG revenue / GDP (%)			Current account balance / GDP (%)		
	Venezuela	Median BB		Venezuela	Median BB
2000-2008	29.5	26.1	2000-2008	11.2	-1.8
2009	22.8	27.5	2009	-3.9	-3.7
2010	25.0	27.8	2010	-1.7	-3.1

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➤ Q & A.

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• ***THANK YOU !!***

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