

## Euro hits the 400-peso mark

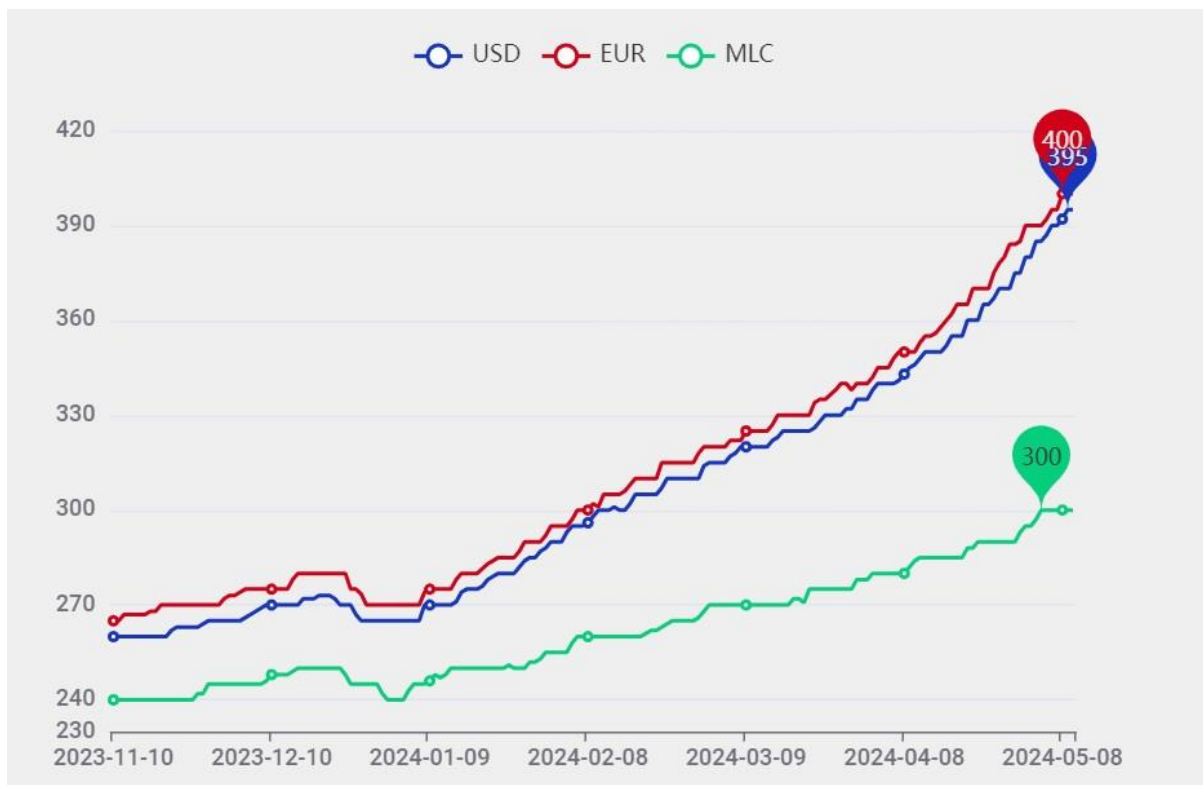


*Cuban banknotes (Source: Cubaheute)*

The euro has reached a new all-time high on Cuba's informal foreign exchange market: 400 pesos have been offered for one euro since Wednesday, according to the "[EIToque](#)" portal, which summarizes prices for buying and selling foreign currency on classified ad portals. The US dollar is currently quoted at 395 pesos.

The currency reform has created an informal foreign exchange market in Cuba since January 2021, as the official peso exchange rate can no longer be served due to the lack of hard currency. This is 24:1 for the state sector and 120:1 for the population. Companies and private individuals who have foreign currency are dependent on the informal market in order to pay for imported products, for example. The depreciation of the Cuban peso has accelerated further since January. At the beginning of January, the euro was still worth 270 pesos.

Rising exchange rates devalue the purchasing power of the Cuban peso, as many prices are formed by the informal exchange rate. Informal exchange is prohibited by law in Cuba, but is de facto tolerated - partly because parts of the economy would otherwise not function.



*Development of the informal exchange rate in Cuba, November 2023 to May 2024 (source: [EIToque](#))*

The reference portal EIToque, which is financed by a Dutch NGO, has been criticized by the Cuban government due to fears of price manipulation. However, an analysis by the Center for the Study of the Cuban Economy (CEEC) in collaboration with the Center for Complex Systems at the University of Havana has since [confirmed](#) that the exchange rates given there reflect the real supply and demand situation for foreign currency.

Last December, Cuba's government announced an intervention in the foreign exchange market for this year, which, among other things, is intended to create a "second foreign exchange cycle" for economic players. There could also be a devaluation of the peso in the state sector. Details on the timetable for implementation are not yet known. ([Cubaheute](#))