

Flash Note 02/08/2018

Alex Fusté
@AlexFusteAlex
alex.fuste@andbank.com

Oil Brent -10% price performance in the last 2 months. What next?

Venezuela's President admitted that his socialist economic model has "failed". "The production models we've tried so far have failed and the responsibility is ours, mine and yours,". "We need to produce with or without blockades."

His first goal & message after this painful trance on the day of reckoning? Produce and sell 6 million barrels a day by 2025 or before! Well, that's a touch above the 1.5 million produced this year (a 30-year low). Venezuela's crude oil sales comprise approximately 96% of the country's revenue.

It goes without saying that this could potentially have a huge bearish impact on global crude price (positive for global growth & corporate's profits).

Admittedly, these events may still be far away. But you know. Sometimes it is necessary to be neck-deep in water to give a 180° turn in your national policies. Venezuela meets this requirement, and I only hope that the economic policy turnaround will begin shortly (and we can see a considerable reduction in the global energy bill).

Best

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Av. Brig. Faria Lima, 2179 | 9º andar
01452-000 | São Paulo | SP
Tel: +55 11 3095-7070
Fax: +55 11 3095-7071
www.andbank.com.br