

JPM | US Energy: Spec Sales First Take - US Captures Venezuelan President Maduro

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Detailed Commentary (Spec View) :

We're off to *quite* the start to the year for energy. Some thoughts on Venezuela news below. As always, the below is the view of sales and feedback from investors...

U.S. Captures Venezuela's Maduro After 'Large-Scale Strike' - [here](#)

Spec View: Is *that* why energy was the best performing S&P sector (+2%) on Friday? President Nicolas Maduro is en route to New York after the US extracted the leader & his wife from the country as part of what is being called "large-scale strike" in Venezuela. The US administration in its Saturday interviews was careful not to classify this as a "regime change" operation but rather the carrying out of "justice" for the various drug & weapons charges Maduro is set to stand trial for. Of course, this mattered less after a **press conference Saturday where President Trump said the US is "going to run the country."** Consistent with the characterization of the attack as "surgical," oil facilities were reportedly [unscathed as part of the strike](#). While regime change is not being *explicitly* discussed, **oil certainly is**. In an interview with Fox News, President Trump said (in reference to the future of Venezuelan oil) that the US would be **"very strongly involved in it."** Further, in a later interview, the President **said that US oil companies would spend "billions" rebuilding Venezuela's energy & infrastructure.**

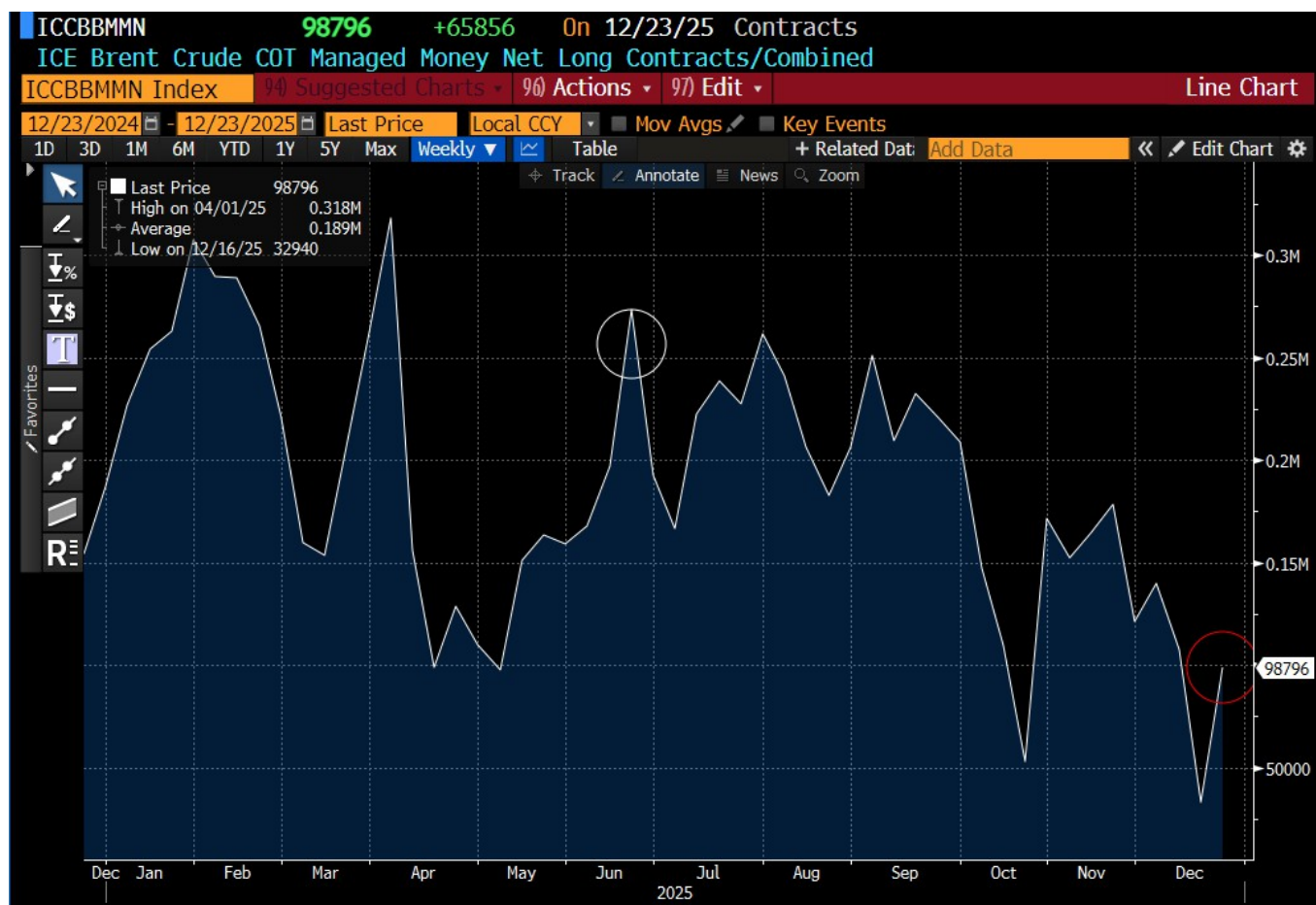
As for how the US tracked Maduro, in a made-for-TV story (looking to my Homeland fans) the NYT [is reporting](#) that a CIA source inside the Venezuelan government helped track the Venezuelan President as part of an operation that was the result of "months of meticulous planning" and partnership between the CIA and DoD. Another interesting bit of history is that **both Trump's assassination of Qasem Soleimani in 2020 and the surrender of Noriega (who is viewed as the [closest "comp" to the Maduro situation](#)) in Panama in 1990 occurred on January 3rd**. That may make Jan 3 the first back-testable "geopolitics escalation" day in US history (n=3!)...

Implications & Feedback: So what are the implications? My conversations with specialists would **suggest that this *should* be viewed as bearish for oil prices**. The view from most is, candidly, a bit of "this time is different" when it comes to how "well" a transition to new government would go. Most equity investors I have spoken to think the initial production disruption ([which we see as being as much as 50%](#)) will be swift and should be looked through. The emphasis, so the thinking goes, should be on the uplift in production (which we see as ~30% above current levels) that could come later. **The risk-reward framing from investors is as follows: The current global oversupply blunts any near-term disruption (therefore subsequent upside) and any incremental oil production uplift would exacerbate what already appears to be a fairly fat left tail.** Simply put, capped upside, uncapped downside.

While I am sympathetic to this thinking, **the cynic in me thinks that Friday's price action is likely indicative of what we may see in the *very* short term**. As evidenced by the number of inbounds I got question Energy's unexplained higher move Friday, positioning likely remains short in the new year. As such, the path of least resistance, at least near term, seems to be higher. For

most of 2025, energy equities has been a case of “listen to the tape.” And Friday, the tape was telling a story. Bears, however, may point to the price action post US/Iran this past June as the “base case.” As a reminder, when the US bombed Iranian nuclear facilities over the weekend in late June, **the following Monday crude oil opened +4% only to close down 7%.** Brent traded through \$80 to the upside that morning **and we have not seen those prices since.** The “escalation,” so-to-speak, marked the top. I think this is a good framework, but it's worth flagging that positioning was *markedly* longer at that time. This complicates how applicable that playbook is today. The response from bears to this will likely be that the “proximity” to the current oversupply was further in June than it is now (we are in the “eye of the storm” now). Either way, positioning is something to consider:

Brent Length during US/Iran (white) vs. Venezuela/US (red).



My other thought is that this operation, viewed in conjunction with last year’s attack on Iran’s nuclear facilities, **should serve to squash any notion of a “TACO” trade when it comes to geopolitical follow through.** Of course, this **policy approach can now be most aptly described as a parallel to the Reagan-era “escalate to de-escalate.”** The next question, therefore, is what does this mean for the recent uptick in hawkish rhetoric between the US & Iran over protests? Does it mean Iran will take US talk of intervention more seriously and therefore stand down (dovish) or does it mean the probability of a hot conflict between US/Iran rises (hawkish)? **Even if you believe that the oil production outcome in Venezuela will mean lower prices, its hard to account for the splinter effect for other countries.** Which other dominoes may fall? Many are pointing to the [situation in Cuba](#) as one to keep an eye on. Extending the thought of “South America spread risk” President Trump, in an interview with Fox, said that [“something would have to be done”](#) with respect to Mexico.

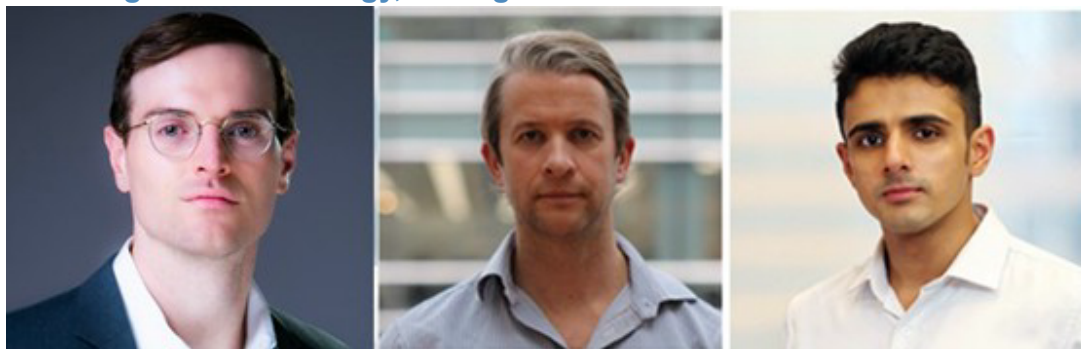
Of course, price action in the days and weeks to come is likely to be dictated by progress/detailing of a “plan” with respect to the future of the Venezuelan government and an energy infrastructure buildout. If it becomes clear that disarray is going to be the state of affairs then the downside pitch grows a bit more challenged. So the open questions are 1) when does the transition start? 2) what does the transition *actually* entail and 3) what is the ultimate “target” date for “progress?”

That's all I've got! I would love to hear your thoughts on the macro!

Some weekend reading on historical production disruptions/Venezuela:

- EIA – Significant World Oil Supply Disruptions Since 1970: <https://www.eia.gov/international/analysis/special-topics/world-oil-market-chronology>
- EIA – World Oil Supply Disruptions: <https://www.eia.gov/todayinenergy/detail.php?id=15471>
- EIA – Today in Energy, Libya Supply Disruption: <https://www.eia.gov/todayinenergy/detail.php?id=380>
- EIA – Libya Country Analysis Brief: <https://www.eia.gov/international/analysis/country/LBY>
- EIA – Venezuela Country Analysis Brief: <https://www.eia.gov/international/analysis/country/VEN>
- Reuters – Venezuelan Oil Industry - Worlds Largest Reserves Decaying Infrastructure: <https://www.reuters.com/business/energy/venezuelan-oil-industry-worlds-largest-reserves-decaying-infrastructure-2026-01-03/>

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