The path to self destruction: Recap of Venezuela’s struggle

10 January
Nicolas Maduro was sworn in for his second term as president, following the fraudulent election.

24 January
Juan Guaidó was sworn in as interim president, challenging Maduro’s authority. Currently, he is recognized by 50 countries as the legitimate ruler.

28 January
The United States imposed sanctions directly on PDVSA, blocking its exports of crude and imports of US naphtha.

7 March
US Special Representative for Venezuela Elliott Abrams announced upcoming sanctions that could target all crude and product flows being shipped in and out.

7 and 25 March
Two blackouts caused by a wildfire near the Guri hydroelectric dam caused countrywide blackouts for a minimum of 10 days. In both blackouts, production plunged below 500,000 b/d, shutting down Orinoco production and closing down the already-troubled Jose terminal.

1 May
Juan Guaidó calls for a May Day protest to increase the pressure on President Nicolas Maduro after a day of violent clashes on the streets of the capital.

Major events in 2019

Western conventional oil
February 2017: 760,000 b/d
March 2019: 386,000 b/d

Orinoco Belt
February 2017: 600,000 b/d
March 2019: 81,000 b/d

Eastern conventional oil
February 2017: 695,000 b/d
March 2019: 130,000 b/d

Humanitarian crisis
Since 2014, approximately 3 million Venezuelans have fled the country owing to the failing economy, lack of basic goods (food, water, medical equipment), and jobs. In February, President Nicolás Maduro blocked an international attempt to bring aid into the country.

Crude exports
Feb 2017: 1.65 MMB/d
March 2019: 1 MMB/d
Quality to United States:
Jan 2017: 18.12° API
Nov 2018: 16.81° API*

*Decline due to decreasing US imports of Hamaca.

Diluent crisis
Venezuela requires naphtha to produce Orinoco extra-heavy crude and to upgrade it into diluted crude oil (DCO) export blend.

Temporary solutions
PDVSA is using light Eastern grades to replace US naphtha, but this is a temporary solution as eastern conventional production is declining rapidly.

With IHS Markit Crude Oil Markets Short-Term Outlooks, gain access to the most credible insight and developments into Venezuela and across global oil markets. Anticipate and capitalize on critical turning points in the crude oil market.