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RESEARCH

BOB ECONOMICS RESEARCH | NO IMMEDIATE RISK

Impact of US-Venezuela tensions

SUMMARY

INDIA ECONOMICS: NO IMMEDIATE RISK

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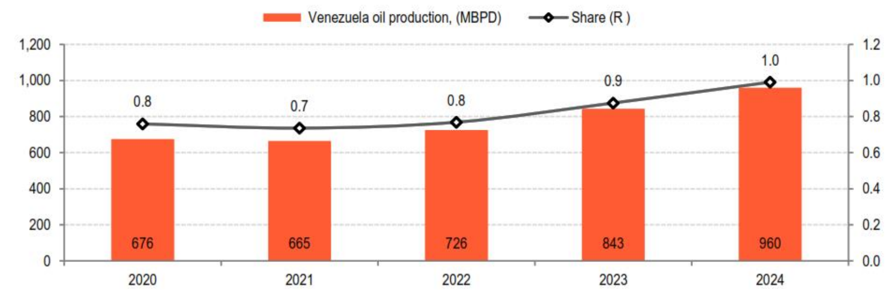
Dipanwita Mazumdar
Economist

1. No major impact on Oil:

Fig 1 shows that in terms of global oil production, Venezuela does not corner much of the supply. Its share in global oil production, CY24, has been only 1% amounting to 960 Million Barrels per day (MBPD). Thus, in terms of disruption of global oil supply it poses no immediate risk.

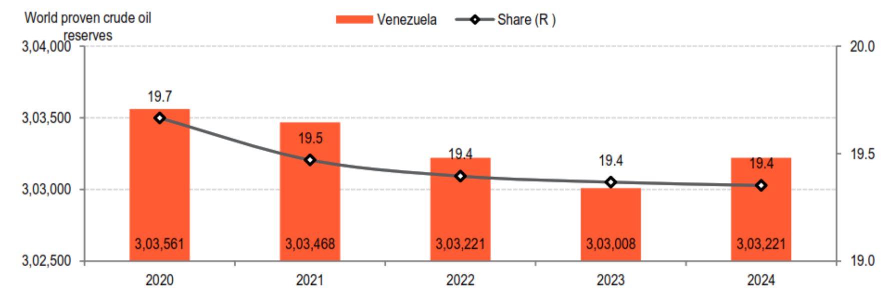
Fig 1. Venezuela's share in global crude oil production is very low



Source: Bloomberg, Bank of Baroda Research

Fig 2 shows that in terms of crude oil reserves, Venezuela's share is high at 19.4%. Thus, the ongoing disruption has brought forth conjectures of higher oil supplies if the potential of the reserves can be fully utilised by the US. Crude price has also softened in today's trading session, taking cue of the same.

Fig 2. Venezuela's share in reserves



Source: OPEC bulletin, Bank of Baroda Research

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