



## Ursa Global Oil Storage Case Study Economic Disaster for Venezuelan Crude

### Venezuelan Economic Meltdown

It is no secret that the Venezuelan economy has been going through some extreme struggles. Considered the greatest fall of a flourishing economy by many economists, Venezuela saw extreme losses in GDP when oil prices dipped in 2016. As a heavily reliant oil exporting nation, the entire country felt the effects of low oil prices. Efforts by the government to relieve the pain felt by the oil market include printing money to fill holes in budget, social welfare programs, and increasing public spending budget. Money printing and suspected government corruption has increased inflation rates upwards of 18000% and decreased the value of the Bolivar by 99.9%. Nevertheless, President Maduro recently won his re-election campaign, putting him in office for another six years. Once hailed as the people's champion after taking over office after Hugo Chavez's death, Maduro has lost the trust of many Venezuelan residents and government officials from the EU, United States, and South America. Several countries, such as Venezuela's neighbor, Colombia, refuse to acknowledge the result of the election due to actions that had taken place before the election, claiming the election was a "sham." The United States has even threatened to impose oil trade sanctions on an already weak Venezuelan economy.

Ursa has noticed extreme draws in PDVSA Caribbean inventories.

### Oil Production Change and Legal Disputes

Rising oil prices would seem to be great news for Venezuela, but it is seeming to be too little, too late. Oil production has been on a steady decline in Venezuela due to low wages and high inflation rate. An estimation of 25,000 oil sector employees quit, of 149,000 total, due to essentially having to pay to work. Overseas inventory levels have also been uncertain as PDVSA has run into legal issues with ConocoPhillips over an arbitration of \$2,000,000,000. Venezuela-run PDVSA has had a few sites frozen by ConocoPhillips in lieu of payment; however, on 5/21/18 Dutch courts have ruled to release the freeze on PDVSA oil so that the islands of Bonaire and Curacao can obtain enough fuel and electricity.





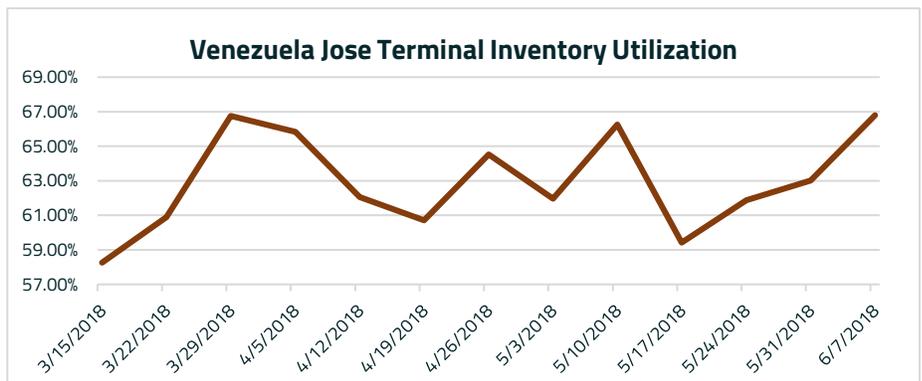
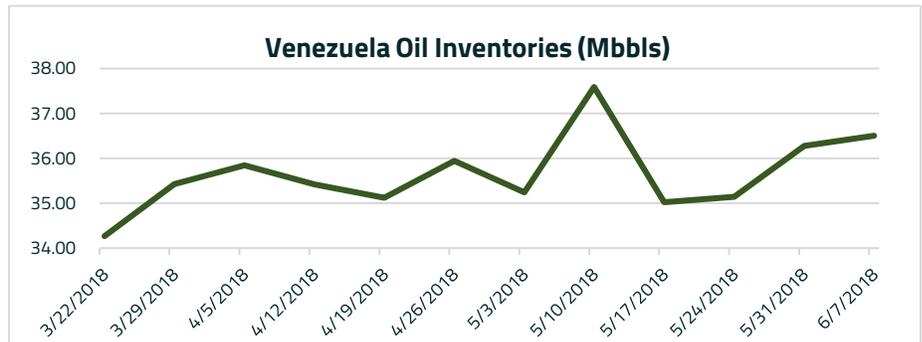
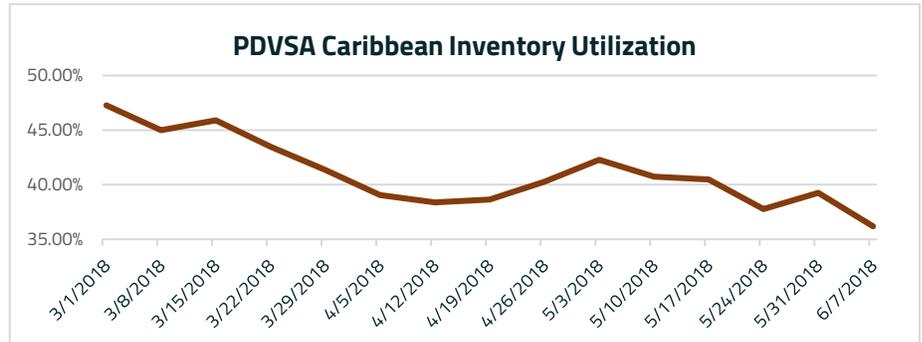
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### PDVSA Crude Oil Inventory Levels: Domestic and Abroad

Ursa has noticed extreme draws in PDVSA crude oil inventory levels at sites overseas in the Caribbean, specifically in Curacao and Bonaire. Pictured top right is total inventory levels of PDVSA facilities located in the Caribbean (3-week moving average).

Venezuela has been having severe money issues with ConocoPhillips and NuStar, the owner of some sites that Venezuela rents in the Caribbean, resulting in instability overseas. Domestically crude inventory levels are not worse-for-ware; however, inventory levels at refineries in Venezuela are extremely volatile, most recently suffering a draw with a minor climb, as the second graph demonstrates.

However, recent reports indicate that a backlog of tankers are waiting outside the Jose terminal to pick up ~24 million barrels of crude from PDVSA. In monitoring inventories at the Jose terminal (graph #3), we see builds and draws that likely correlate with ship transfers, and a recent substantial build over the last 3 weeks. Inventories at Jose are only ~20 million barrels currently, meaning ships will likely need to continue waiting to see results.



### Ursa's Insight to an Unclear Situation

**Ursa will continue to monitor crude oil inventory levels in Venezuela and the Caribbean as things continue to unfold.**

**Declining oil production and inventory levels is bad news for an economy reliant on crude oil exports. The current rate at which the economy is operating is unsustainable for their crude oil market.** Something in Venezuela needs to change and the people are unsure how these changes will affect their lives. Often in times of economic instability, data is the only thing a person can trust. Ursa offers accurate and transparent data on crude oil inventory with a heavy focus on rapid availability of data. To stay up to date with Venezuela and other areas of interest, please visit our website: [www.ursaspace.com](http://www.ursaspace.com) and read about us or catch up on our previous blogs posts.