## Bloomberg

## **News Story**

03/09/2023 11:04:22 [BFW] Bloomberg First Word

## Lifting Venezuelan Debt Trading Ban Requires Catalyst: Banctrust

By Fabiola Zerpa and Nicolle Yapur

(Bloomberg) -- Lifting the ban on trading Venezuelan bonds in the secondary market is a possibility, but will require a catalyst, Banctrust's senior economist Cesar Alexander Petit and head of research Ramiro Blazquez write in a report to clients.

- The Biden administration could lift the ban without implying it recognizes President Nicolas Maduro
  - The US could demand certain additional transparency requirements from US traders or restrict trading to a specific type of institution
  - A change in US sanctions against Venezuelan bonds will likely require some kind of gesture from Maduro
- The govt that takes office following 2024 presidential elections will likely attempt to engage in a friendly restructuring
- Banctrust estimates that the recovery value bondholders could pursue in an eventual restructuring is 35 cents on the dollar
  - Debt-for-equity swaps and value recovery mechanisms linked to oil output would have to considered by creditors
  - Venezuela treating all creditors equally is "close to being utopic from a practical point of view"
- US government likely to continue to protect Citgo from legal action by bondholders until a broad debt restructuring process can start
- Oil output will "barely reach" the goal of 1m barrels a day set by Maduro, Banctrust says, without mentioning a timeline
  - If sanctions are lifted after the 2024 elections, gradually expanding output to 2.2m barrels per day is feasible in the long term

## Related ticker: PDVSA VC (Petroleos de Venezuela SA)

To contact the reporters on this story: Fabiola Zerpa in Caracas Office at fzerpa@bloomberg.net; Nicolle Yapur in Caracas Office at nyapur1@bloomberg.net

To contact the editors responsible for this story: Patricia Laya at playa2@bloomberg.net Ezra Fieser

This report may not be modified or altered in any way. The BLOOMBERG PROFESSIONAL service and BLOOMBERG Data are owned and distributed locally by Bloomberg Finance LP ("BFLP") and its subsidiaries in all jurisdictions other than Argentina, Bermuda, China, India, Japan and Korea (the ("BFLP Countries"). BFLP is a wholly-owned subsidiary of Bloomberg LP ("BLP"). BLP provides BFLP with all the global marketing and operational support and service for the Services and distributes the Services either directly or through a non-BFLP subsidiary in the BLP Countries. BFLP, BLP and their affiliates do not provide investment advice, and nothing herein shall constitute an offer of financial instruments by BFLP, BLP or their affiliates.