

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 be 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