Globlex Securities Co., Ltd.
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How the U.S. Rewrites the Oil Game

- Venezuela-related tensions reflect geopolitical strategy rather than a material supply shock, with limited impact on global oil balances.
- Non-OPEC growth and rising U.S.-aligned heavy crude supply, led by Guyana, keep the market well cushioned.
- •As oil prices stay range-bound, BCP and SPRC as our top picks

Venezuela in the global energy chessboard

The U.S. has escalated pressure on Venezuela's energy by tightening enforcement of oil sanctions, including intercepting tankers carrying Venezuelan crude. While framed as sanctions compliance, we view this as a broader geopolitical move rather than a response to an imminent supply shortage. Venezuela's exports were already structurally constrained by sanctions, underinvestment, and aging infrastructure, limiting near-term impact on global oil balances or prices. Instead, the episode underscores how energy continues to function as a strategic policy tool for the U.S., closely linked to geopolitical positioning, inflation management, and global influence, rather than immediate oil market fundamentals.

Why Venezuela still matters to Washington

We believe U.S. strategic interest in Venezuela is driven by three structural considerations; 1) Venezuela sits at a geopolitically sensitive crossroads in northern South America and maintains close ties with Cuba, China, Russia, Iran, and North Korea; deeper U.S. involvement would help reduce geopolitical risks within its own hemisphere; 2) despite broad energy self-sufficiency, U.S. continues to prioritize additional strategic reserves to reinforce long-term supply security; and 3) Venezuela holds the world's largest heavy crude resources. While the U.S. already exerts strong influence over light crude pricing through its abundant domestic shale supply, heavy crude remains critical for blending and maximizing refinery economics. This structural need explains why Chevron remains the only U.S. major still permitted to operate in Venezuela and ship crude back to U.S..

Guyana rising: The new swing barrel

We see the global oil market as well cushioned despite heightened geopolitical noise around Venezuela. Even if up to 1 mbpd of Venezuelan supply is disrupted, the impact should be largely offset by around 800 kbpd of non-OPEC growth from Brazil, Guyana, and Argentina, alongside steady U.S. output. Guyana is emerging as a key swing supplier, with production rising from zero to 750 kbpd in just 4–5 years under ExxonMobil and Hess, positioning as a U.S.-aligned heavy crude hub.

Plenty of barrels, Limited upside

According to EIA data, global crude inventories are set to build into late 2025–26 as non-OPEC supply growth continues to outpace demand, while OPEC+ maintains a cautious yet flexible stance. We therefore expect oil prices to remain range-bound of USD65-75/bbl, rather than structurally higher, with U.S. policy increasingly focused on securing heavy crude to manage differentials, stabilize energy costs, and contain inflation - effectively capping upside despite ongoing geopolitical noise.

We favor downstream players over upstream producers

From this dynamic, we favor downstream players over upstream producers, as stable feedstock costs and manageable volatility support refinery margins. **BCP and SPRC** as our top picks, given their leverage to resilient GRMs, exposure to heavy–light crude differentials, and reduced sensitivity to headline geopolitical risks

Analyst

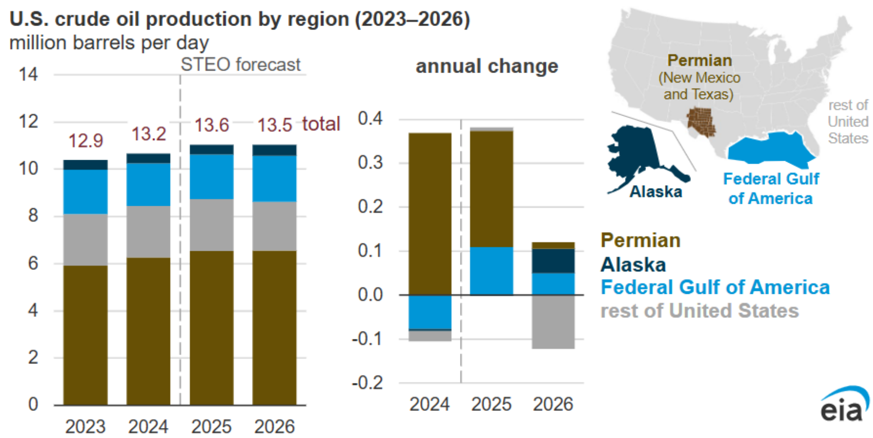
Siriluck Pinthusoonthorn
Siriluck@globlex.co.th,
+662 672 5806

Suwat Sinsadok, CFA, FRM, ERP
suwat.s@globlex.co.th,
+662 687 7026

Exhibit 1: Map of U.S. boat strikes

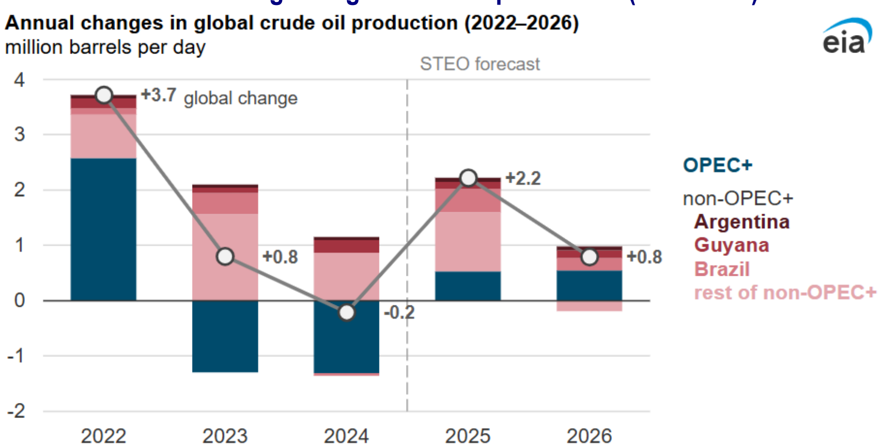
Sources: Britannica

Exhibit 2: U.S. crude production by region (2023-2026)



Sources: EIA

Exhibit 3: Annual changes in global crude production (2022-2026)



Sources: EIA

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Analyst Certification

Siriluck Pinthusoonthorn, Register No. 119539, Globlex Securities Public Company Limited

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight:	The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral:	The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight:	The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.