



## Once a Deadbeat...

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After the coup, removing Venezuela's president, Venezuela's new leadership is going to start paying their bills. Right?

Eight years ago, Venezuela defaulted on \$59 billion worth of government bond obligations, and they haven't made a payment since. But investors holding what was looking like worthless paper seem to believe that this is about to change. Venezuelan government notes due in 2027 jumped 29% in value on the open markets right after the seizure of Nicolas Maduro.

Toting it all up, the Venezuelan government and state-owned oil company Petroleos de Venezuela owe \$43 billion in past due interest payments, on top of the face value of the bonds. The country has undeniable value in its 303 billion barrels oil reserves, but due to decaying equipment, its derricks produce only about 1% of the world's oil output. Venezuela's total gross domestic product totals around \$42.6 billion—meaning a year's worth of the entire economy's production equals what the country owes its creditors in back pay.

Observers close to the oil industry have speculated that American bond holders might consider investing in Venezuela's oil infrastructure if, in return, the country would redeem their notes at par. That would leave European and Chinese bondholders out of the loop and probably without remuneration. It might also mean that it would take years, perhaps decades, for the oil to flow again, leaving only a favored few to see any return on the bonds that the new government may, or may not, feel like honoring.

### Sources:

<https://www.progressivepolicy.org/venezuela-oil-production-is-down-75-since-1998/>

<https://www.advisorperspectives.com/articles/2026/01/10/venezuelas-bond-game-nerve-steel>

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**Jeffrey Broadhurst**  
MBA, CFA, CFP  
Broadhurst Financial Advisors, Inc.



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**Our physical and mail address:**

1911 West Point Pike  
P.O. Box 301  
West Point, PA 19486-0301

**Contact us:**

Phone: (215) 325-1595  
Email: [jeff@broadhurstfinancial.com](mailto:jeff@broadhurstfinancial.com)