



WEEKEND READING

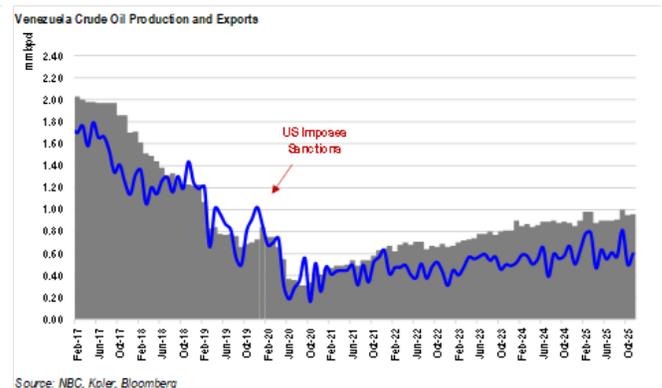
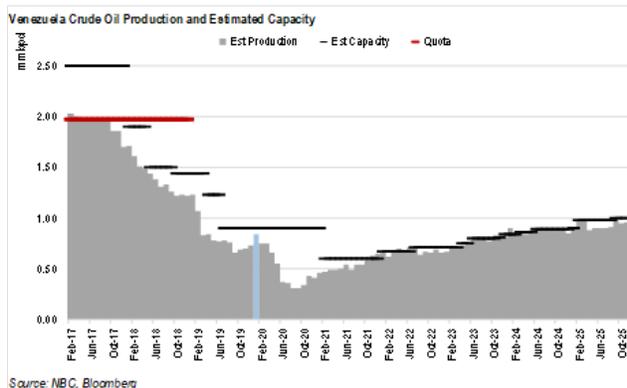
Shedding the light on what's happening - our world - our finances - our times

Back with a Bang

Trump extracts Maduro. Canadian energy stocks flop

Extract from National Bank's daily Energy and Forex Notes Jan 6, 2026

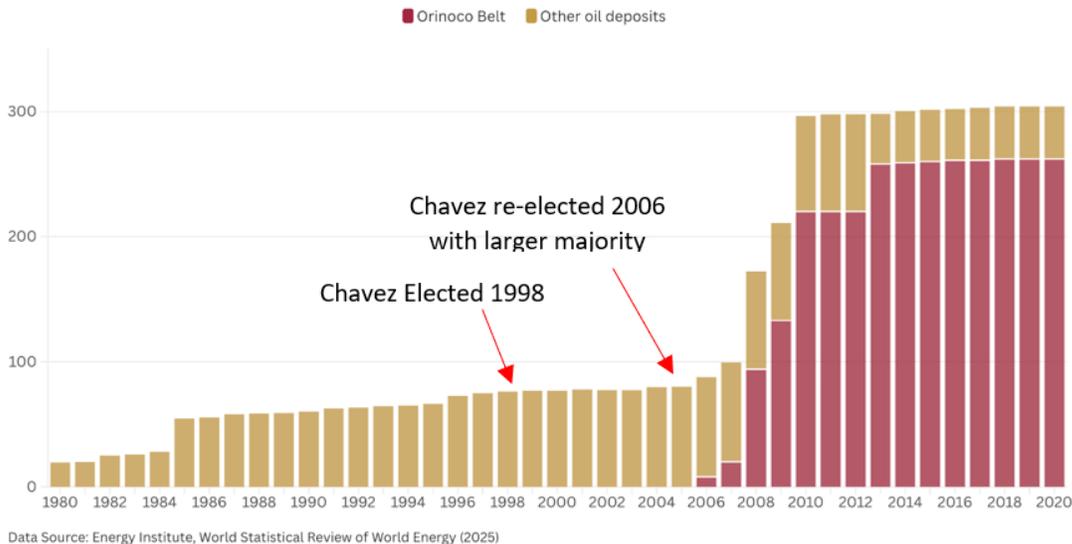
- **While Venezuelan headlines continue, any production impact is likely to take a long time to materialize.** It was a headline-packed Monday, with developments coming for everything from Maduro's court date to the Trump administration planning talks with US oil companies. Perhaps the most material headline was that the US was planning yet another vessel interdiction, signaling the administration may continue playing hardball with Venezuela until it's satisfied with "transition" progress. We should note that at least 16 vessels over the last two days have made an effort to avoid the blockade, so crude is apparently still getting out. However, it's not clear yet if the new Venezuelan administration is willing to play ball with Trump, with rhetoric from Venezuelan officials mixed, suggesting more escalation is possible. On the flip side, there continued to be alarms regarding recovering crude production further oversupplying the world and competing with Canadian heavies as Trump planned to meet with oil majors to discuss plans and guarantees to begin ramping production again – never mind the price tag.



2007-2025 under the Chavez then Maduro leadership, Venezuelan crude oil production fell from approximately 2007's 3.4 million barrels (mmb/d) to .6 mmb/d in 2020 rising to around .9 mmb/d in 2024. Skeptics have pointed out Venezuelan 'probable' reserves are significantly overstated. A 'strong man' lying to his people? Who knew?

Venezuela's reported proved oil reserves over time

Measured in billions of barrels. Proved reserves is oil that we know with reasonable certainty can be recovered in the future under existing economic and operating conditions. This can increase over time as new reserves are discovered, or more become economically recoverable. The large rise in Venezuela's proved reserves over time is based on a classification of the Orinoco Belt as a proved reserve. The Orinoco Belt has very heavy crude oil that can be expensive to extract and process.



NOTES: Accepted oil industry reporting standards discriminate between 'proven' and 'probable' reserves. Proven reserves are key to investors and international lenders.

[Wikipedia: Oil & Gas Reserves and Resource Quantification](#)

[Wikipedia: History of Venezuelan Oil Industry](#)

Hugo Chavez was elected in 1998, died in office in March 2013. Nicolas Maduro was elected in 2013 and remained in power under elections noted for fraud. Much of the [Orinoco belt 'probable reserve' calculations](#) occurred under the Chavez / Maduro governments.

A more conservative analysis of Venezuelan proven vs. probable reserves puts the total of proven reserves down from 303 billion (#1 in world reserves) to around 100 billion barrels, placing Venezuelan reserves near [#7 Kuwait's 102 billion](#) and behind Canada's #4 165 billion barrels.

To be clear, Venezuela has a LOT of oil production potential. Incompetence and corruption have driven production to very low levels. There is much upside for Venezuelan economy and world oil supply...maybe...some day.

Why is a Venezuelan probable reserve figure important for Canada?

70% of US refinery capacity is designed to [refine 'heavy' crude](#). Venezuelan crude is 'heavy' similar to Canada's output. Dramatic media images of military action in Caracas (in which at least 34 Cuban officers assigned to defend Maduro were killed) and Nicolas Maduro being perp-walked into a US courtroom saw the narrative ["Venezuela up, Canada down"](#). Investors dumped Canadian energy stocks on Monday.

Regarding Big Oil returning to Venezuela, analysts note the sound of crickets coming from boardrooms. Yes, over a number of years, Venezuelan crude MIGHT become a source of competition for Canadian crude. Big Oil's already significant investment in the stable, (mostly) predictable, well developed Canadian reserves, means going big on Venezuela would directly compete with their own Canadian investments. This notion has Big Oil re-entering Venezuela (maybe) as a defensive move, to prevent Venezuelan production reaching US rivals (read China). Another narrative has Big Oil needing to secure supply. Per barrel of potential production, Venezuelan direct oil field infrastructure rebuilding cost are substantially higher to Exxon or Chevron than simply buying one of their smaller competitors to secure supply. This ignores the required broader Venezuelan societal infrastructure rebuilding, assumptions around democratically elected and stable governments (appearing low on the Trump scale of goals), and large financial back-stops and guarantees to a population that has been sold on failed Venezuelan socialist Utopian ideals. Anti-American sentiment has been the foundation of Venezuelan politics for decades. These are long-term, complex asks. The history of US attempts at Latin-American regime-change imply caution.

On Greenland:

Despite Trump's repeated public musings and the White House deputy chief of staff for policy and homeland security advisor Stephen Miller's wife Katie posting 'SOON'.



Source: Katie Miller X account screenshot

We think there is a low chance of the US using military force to occupy Greenland. They don't need to. Other than map fantasies, the US already has one military base on Greenland, [has been offered further military access from Denmark](#) that it has so far ignored, and has received minimal resistance to development of Trump's claimed energy and mineral resources.

Is the capture of Maduro, sabre rattling on Cuba, flexing on Columbia, Panama, Canada and Greenland really about drugs, oil, mineral rights, US Fed Govt. Monroe Doctrine 'Sphere of Influence' redux, about distracting the news cycle away from other US near term politics or all of the above? Flood the zone. Distract. Create chaos. Make money?

History says a drop in Presidential US public opinion polling often leads to military adventures. While in no way supporting his actions, Mr. Trump isn't the first US President to use military bullying against a hapless neighbor. The October 1983 invasion of Grenada followed Ronald Reagan's [drop in popularity below 40% in Jan 1983](#).

H W Bush's approval rating was [dropping into the summer of 1990](#). The US invaded Kuwait in Aug, 1990.

NBF's Geopolitical desk waded into Mr. Trump's Venezuelan actions this week.

Economics and Strategy

Geopolitical Briefing: What to watch in Washington's high-risk Venezuela strategy

[Geopolitical Briefing: Jan 5, 2026. US Venezuela strategy](#)

What we are doing and is it working?

Cutting through the noise, in late 2024 we tilted our portfolios towards Canada. We reduced client exposure to equities in late winter/spring 2024-25. We reinvested cash in September and October 2025. We retain an above average allocation to cash. Since Trump's election, our equity allocation tilt towards Canada, away from the US, has been correct.

S&P500 TR \$CDN (+22.7%) vs SP/TSX Comp TR \$CDN (+37.8%) Nov 4, 2024 to Jan 8, 2025



Source: LSEG, NBF, Hilberry

Our cash allocation has been a drag on performance (it ain't over yet). We remain concerned that 2nd shoe of the inflation pulse and economic drag effect of Trump's tariffs has yet to drop. The [US Supreme Court has set Jan 14 as a date to render a decision](#) on Trump's use of the Emergency Powers act to enact sweeping tariffs on the US trading partners. Many large US corporations have attempted to absorb or defer the tariff costs into 2026. A reversal of the tariffs would reduce the inflation pulse while causing havoc with the US Fed Govt Budget assumptions. US Fed 30-year maturity Treasury Bond investors are not amused.

US Fed 30-year T-Bond yield (4.85%) – monthly ranges – 5 years



Source: LSEG, NBF, Hilberry

The spike on the chart above 5% was hit in Oct/2023 in the 3rd year of the 2020-24 Biden Presidency. Since the election of Donald Trump in Nov/2024, we've seen a narrowing and rising trend. A 5%-plus rate won't be welcomed in the US mortgage lending markets where unlike Canada's 5-year maximum term limits for CMHC coverage, 30-year fixed rate and payment mortgage terms are common. Govt Canada 30-year yields are also rising but remain 20% below US yields.

Govt of Cda 30-year bond yield (3.82%) – monthly ranges – 5 years



Source: LSEG, NBF, Hilberry



PREDICTIONS:

We invest in individual income paying securities with a goal of increasing our clients' cash income on investment. We don't buy or sell 'the market', meaning we don't make market calls. With that caveat here's our assumptions for 2026.

- Donald Trump's grip on the Republican Party fades.
- The GOP loses control of at least one of The House of Representatives this November. Trump has [worried about losing control](#). His concern appears to be personal (impeachment) vs. what's good for the GOP.
- A Trump fire hose of distraction, policies and actions leading into November 2026.
- Post November 2026 Trump will be a 'lame duck'. Recent opinion polls show Trump hitting record lows for a sitting [US President](#).
- A supine Congress gets a backbone.
- The historical trend of voters returning at least one of the two houses of Congress to the previous party paired with Trump's falling approval ratings predicts a GOP rout this November.
- Europe has awoken to its geopolitical risks. Re-armament accelerates.
- NATO continues but with less US presence. Cohesion fades to locality. Europe stronger, SE Asia weaker.
- China and Russia can't believe their good luck.
- Russia does not achieve its Ukraine objectives. The war continues through 2026. Russia eventually fails. Putin pays the price.
- Canada gets serious about the Arctic. Canadian military spending increases.
- Canada-Europe trade accelerates. Canada/China...maybe
- Inflation remains higher than in the past decade.
- Interest rates broadly reflect that higher inflation, acting as a break on borrowing
- Tax rates aren't going lower.
- The Dow breaks 50,000 (from starting around 2,400 when I was a rookie).

INVESTING 101 CORNER:

Clients have requested we provide commentary from below 30,000 feet. We're adding a new feature in 2026, explaining a single basic comment we think our clients should understand. We'll start this week with dividends.

What is a dividend?

Investopedia: [Dividends: What they are. How they work. Important dates](#)

Experience tells us a company increasing its dividend becomes a disincentive to sell, increasing the price demanded by the holder to give up future rising income. Doing nothing can work. Clients should recall this calculation the next time they want to throw up their



hands at something the read in the media. Trust me, it's hard. I face down the guy in the mirror on this issue weekly! We're pleased to note on average, the share prices of what we own for clients has increased faster than the cash dividends paid to them. This is not unusual and not necessarily a value alarm bell. One take is investors are pricing in accelerating cash earnings. We agree. The devil is in the details. Investors may be pricing in rising earnings due to spiking the party punch bowl with falling short-term lending rates and a disruption of US tariff policies. These are short-term enablers. Rising inflation-adjusted earnings are a different matter. We're not convinced the latter risk is fully priced in. We have one hand firmly on our hats.

Have a Great Year and a Great Weekend

Steve & Anna Hilberry



FOR THE RECORD Jan. 8, 2026 close

DOW INDUSTRIALS:	49,266
S&P 500:	6,921
S&P/TSX COMP:	32,378
WTI:	\$59.02
LOONIE IN \$USD:	\$0.7178 \$US

National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA). NBF may act as financial advisor, fiscal agent or underwriter for certain companies mentioned herein and may receive remuneration for its services. NBF and/or its officers, directors, representatives or associates may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time on the open market or otherwise.

The information contained herein has been prepared by Steven Hilberry, a Portfolio Manager at NBF. The information has been obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF. I have prepared this report to the best of my judgment and professional experience to give you my thoughts on various financial aspects and considerations. The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your investment advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.

Sent by
Montreal Office
National Bank Financial
Wealth Management
800 Saint-Jacques Street
Office 79721
Montreal, QC H3C 1A3
Ph: 514-879-2222

Toronto Office
National Bank Financial
Wealth Management
130 King Street West
Suite 3200
Toronto, ON M5X 1J9
Ph: 416-869-3707



CIRO
Canadian Investment
Regulatory
Organization

CIPF
Canadian Investor Protection Fund
MEMBER

 **NATIONAL BANK
FINANCIAL**
WEALTH MANAGEMENT

