

The Venezuela incursion's implications for financial markets

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Key market takeaways

- » The United States (US) military removal of the Venezuelan President Nicolás Maduro on 3 January 2026 further underscores the increasingly assertive posture of US foreign policy under the Trump administration, reflecting a strategic approach in which the US's superior military and economic capabilities are prioritised over adherence to established international legal frameworks. This again confirms that American foreign policy is now driven predominantly by US self-interest rather than the protection of democratic values around the world. At its core, the US will collaborate with any regime or undertake any policy or military actions if it suits America's interests, regardless of international relationships and laws.
- » The Venezuela incursion is consistent with the December 2025 US National Security Strategy, which reaffirmed the longstanding objective of US strategic dominance in the Western Hemisphere (the so-called "Monroe doctrine", initiated in the 19th century to counter European sway in the region) and could be aimed to now minimise China's influence in the region by targeting China's closest allies in Latin America (Venezuela and Cuba). As part of this strategy, future military actions in Cuba, Nicaragua or Colombia cannot be ruled out. Neither can US actions against Mexican drug cartels. The strategy is also consistent with the US insistence that it needs to control Greenland. It is not inconceivable that President Trump may use the threat of military action as leverage in future trade immigration and drug discussions with Mexico and Canada.
- » The direct near-term economic and financial market impacts of the Venezuelan incursion should be marginal, with the country only making up 0.1% of global GDP and around 1% of global oil production. However, the geopolitical importance of Venezuela is enhanced by the fact that it has the world's largest proven oil reserves. Should the previous decades' mismanagement of the oil industry be reversed, it could increase oil supply and thus push oil prices down in the medium to long term, assuming unchanged oil demand. But this will require major private sector investment over many years into the oil industry itself, as well as into roads and ports (US\$100 billion over a decade according to some estimates*). It remains to be seen which security, legal and financial guarantees global companies would require to commit large amounts of capital to Venezuela. Due to Venezuela's negligible current role in the global oil market, it is likely that the near-term oil impact of US actions in Venezuela and the wider region would rather manifest in higher oil price volatility than a particular directional trend in oil prices.
- » In essence, the Venezuela incursion on its own should not have a material impact on global financial markets. However, the broader implications of the heightened global uncertainty created by the current more aggressive US foreign policy framework provide a positive environment for gold and associated precious metals as potential alternatives to the traditional safe-haven US assets of US treasuries and the dollar, as part of a continual reevaluation of the US as a reliable investment destination under the Trump administration. The latter could also provide support for non-US equity and bond markets should investors decide to diversify some future investment flows away from US assets, particularly in a weak dollar environment. Emerging markets should benefit in such a scenario.

*Source: Deutsche Bank.

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