

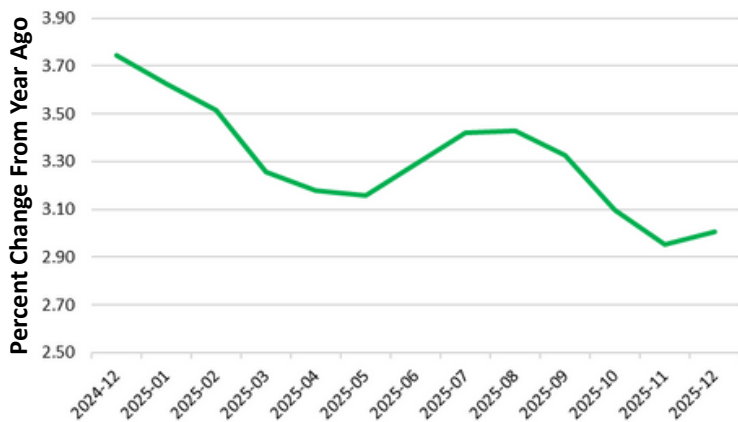
## U.S. Markets See Slowing Inflation to End 2025 U.S. Oil Ambitions and Risks

Commentary by the Macro Team

### Easing Inflation

Recent economic data suggests moderation in inflation. The Bureau of Labor Statistics reports that core consumer prices rose 0.2% month-over-month and 2.6% year-over-year in December, marking the slowest annual pace of core inflation since March 2021.

#### Sticky Price CPI



Data from Federal Reserve

a/o 1/01/2026

Despite inflation stalling above the Fed's target of 2%, the continued decline in inflation rates suggests that prices have become placid. Taking into account the fears of price volatility due to global trade issues, this data should provide clarity to those anxious about prices increasing drastically due to issues like the lagging effects of the tariffs put into place in July of 2025. Headline CPI was up to 2.7%, which did see an increase month-over-month, but unlike core inflation, CPI takes into account food and energy price changes, which introduces more volatility into the calculation of changing prices.

### S&P 500 2025 EOY Performance



Data from Federal Reserve

a/o 01/01/2026

### U.S. Effort to Revive Venezuelan Oil

Since the U.S. military operation that captured Venezuelan President Nicolás Maduro in early January, the Trump administration has signaled that securing access to Venezuela's vast oil reserves is a central economic objective. In pursuit of that goal, President Trump hosted executives from major U.S. oil and gas companies at the White House last Friday to promote extensive private sector investment in rebuilding Venezuela's oil industry. Trump publicly urged these firms to commit roughly \$100 billion in investment to rehabilitate and expand Venezuelan oil production. The administration hopes this effort would boost global supply and lower energy prices. The proposal has met resistance. Many U.S. oil companies previously operated in Venezuela before having assets seized and nationalized under earlier governments. At the meeting, Exxon Mobil CEO Darren Woods described current conditions in Venezuela as effectively "uninvestable" without significant legal and regulatory reforms and durable investment protections.

#### Average Price: Gasoline, Unleaded Premium



Data from Federal Reserve

a/o 01/01/2026

Trump later said he was inclined to exclude Exxon Mobil from any Venezuelan oil opportunities, publicly rebuking one of the country's largest energy firms. Trump's broader objective is to increase crude output and reduce energy costs, with an aspirational target of roughly \$50 per barrel. Oil prices have recently traded closer to \$60, and executives have pushed back on the economics of the plan. Lower prices could undermine the returns needed to justify massive upfront investment in Venezuelan infrastructure. Market reactions reflect this uncertainty. Shares of major oil companies initially rose on speculation that expanded Venezuelan production might benefit the sector, but gains have since faded as political risk, infrastructure challenges, and weak investment incentives were realized.