



MAKING SENSE OF *THIS WORLD*

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R&R Weekly Column
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Memories from Iraq: The Cases of Venezuela and Iran

Last week, US President Trump announced that the president of Venezuela, Nicolas Maduro, was arrested, together with his wife, and that the US “will run” the country until a safe and secure transition will be possible.

This is just the epilogue of an escalation that started weeks ago, which [we discussed in our analysis](#). It was always meant to end up this way. The “war” on narco-terrorism has always looked like an excuse. It was clear that the ultimate goal was regime change. A few issues now deserve further reflection.

First, for those who expected Corina Machado to succeed President Maduro, there will be massive disappointment. During the press conference, US President Trump said that she lacks [the necessary “respect” and legitimacy to be installed as new President](#). Corina Machado was prevented from running in [the presidential election in 2024](#), which most international observers [considered to be rigged](#). To some extent this was indirectly confirmed by the fact that Maduro himself declared a narrow victory, with a 51% majority. Instead, Trump said that the US will directly run Venezuela, in accordance with the local authorities, and that US oil companies will play a major role in the transition.

Second, and relatedly, the economic motivation behind this move seems obvious: given the ongoing retrenchment (which will be discussed in further detail in future research), the US needs to secure the safest possible access to the world’s largest oil reserves. This will guarantee a smooth transition to the period when the US will enjoy almost unlimited access to cheap energy via nuclear fusion: but that period may be 10-15 years away.

Third, this move, which some compare to the [arrest of Noriega by the Bush Sr. administration in Panama in 1989](#), may constitute a dangerous precedent for other countries with territorial ambitions, in particular Russia and China, which have been the supporters of the Maduro regime for the last few years. Putin may claim that Ukraine’s Zelensky represents a Nazi state (as he does already) and order his arrest. Same for China, which may start a large-scale military operation against Taiwan, and proceed to a change of its leadership.

Finally, this episode shows dramatic similarities with the invasion of Iraq by the US in 2003: an operation aimed at securing American companies, such as Halliburton, which saw Vice President Dick Cheney being its chairman and CEO from 1995 to 2000, access to Iraq’s ample oil reserves, through a regime change initiated by the capture of the ruler Saddam Hussain. But compared to that episode, this is even worse, if possible. On that occasion, the US sought to obtain at least the fig leaf of UN approval, even if through the false claim of the weapons of mass destruction. In this case, the US did not even pretend to seek the support of multilateral organisation. I by-passed them, as useless old tools of the past – thus certifying that the rules-based international order is dead, in favour of the motto “might is right.”

We also look at the evolution of the situation in Iran, where the protests of the last few days may potentially lead to the collapse of the regime, with Trump [having already said that the US is ready to intervene if the Islamic Republic attacks peaceful protesters](#). Another indication of a potential regime change to occur. But the US needs to be careful. However mighty the Americans may feel to be, their history is characterised by wars won on paper, but lost on the ground.

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Looking Ahead

The Week Ahead: US Unemployment Rate To Fall; Inflation Rate To Remain Unchanged In EZ; PMIs To Fall In US And EZ

In the US, in December, unemployment rate is expected to decline to 4.5% (p: 4.6%). NFPs are seen rising by 57K (p: 64K). In December, S&P Global Composite and Services PMIs are likely to edge down to 53.0 (p: 54.2) and 54.1 (p: 52.9). In January, Michigan Consumer Sentiment is seen rising to 53.0 (p: 52.9).

In the EZ, in December, headline and core inflation rates are seen remaining at 2.1% y-o-y and 2.4% y-o-y. In November, unemployment is likely to remain at 6.4%. In December, economic sentiment is expected to fall slightly to 96.9 (p: 97.0). Consumer confidence is seen falling to -14.6 (p: -14.2). In December, HCOB Composite and Services PMIs are likely to edge down to 51.9 (p: 52.8) and 52.6 (p: 53.6). Among the largest EZ economies, in December, headline inflation rate is expected to: *i*) rise by 0.9% y-o-y (p: 0.9%) in France; *ii*) cool off to 2.0% y-o-y (p: 2.3%) in Germany; and *iii*) rise by 1.1% y-o-y (p: 1.1%) in Italy. In November, retail sales are likely to increase by 1.6% y-o-y (p: 1.5%).

In the UK, in December, S&P Global Composite and Services PMIs are likely to edge up to 52.1 (p: 51.2) and 52.1 (p: 51.3).

The Quarter Ahead: The US Bombed Venezuela And Ousted Nicolás Maduro, Drawing Sharply Divided Global Reactions

After months of pressure, the US has bombed Venezuela, ousted President Maduro, and detained him and his wife in New York on alleged drug-trafficking charges. Vice President Delcy Rodríguez denounced the move as a “kidnapping.” Trump said Washington would take control of Venezuela and its oil resources, offering few details. The United Nations Security Council meets Monday, with UN chief António Guterres warning of a “dangerous precedent.”

Global reactions to the U.S. capture of Nicolás Maduro were split. UK PM Starmer welcomed the regime’s end, while Argentina’s Javier Milei praised the move. Most Latin American leaders condemned the action. France’s Macron called for a peaceful transition led by Edmundo González Urrutia, prompting Caracas to denounce his remarks as “unacceptable interference.”

Last Week's Review

Real Economy: Composite PMI Edged Down In US And EZ, While Rose In the UK

In the US, in December, S&P Global Manufacturing declined to 51.8 (c: 51.8; p: 52.2).

In the EZ, in December, HCOB Manufacturing fell to 48.8 (c: 49.2; p: 49.6).

In the UK, in December, S&P Global Manufacturing PMI rose to 50.6 (c: 51.2 p: 50.2).

Financial Markets: Stocks Were Mixed; Long-Term Yields Rose; US Dollar And Oil Prices Increased; Gold Prices Were Down

Market Drivers: Most indexes ended 2025 with a third straight year of double-digit gains. US equities opened 2026 modestly higher, with the S&P 500 up 0.19% as strength in semiconductor stocks supported the market. Treasuries were mixed, with stable short-term yields and higher long-term yields. In Europe, the STOXX 600 hit a record, closing 2025 up nearly 17%, its best year since 2021, as major indexes also advanced.

Global Equities: decreased w-o-w (MSCI ACWI, -0.3%, to 1019.64). The US S&P 500 index rose (+8.9% w-o-w, to 6,858.47). In the EZ, share prices increased (Eurostoxx 50, +2.3% w-o-w, to 5,850.38) In EMs, equity increased (MSCI EMs, +2.3%, to 1,429.48). Volatility is virtually declined to 16.13 (VIX S&P 500, 52w avg.: 19.4; 10y avg.: 19.9).

Fixed Income: w-o-w, the 10-year US Treasury yields increased (+7 bps to 4.20%). The 2-year US Treasury yields are virtually unchanged (+0 bps to 3.48%). The German 10-year bund yields rose (+4 bp to 2.90%).

FX: w-o-w, the US Dollar Index increased (DXY, +0.4%, to 98.42; EUR/USD -0.4%, to 1.17). In EMs, currencies rose (MSCI EM Currency Index, +0.2% w-o-w, to 1,853.57).

Commodities: w-o-w, oil prices increased (Brent, +0.2% to 60.75 USD/b). Gold prices declined w-o-w (-4.6% to 4,345.50 USD/Oz).



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The picture in the first page was taken from [this website](#).



Abbreviations, Acronyms and Definitions

<i>a</i>	Actual	<i>LN</i>	Northern League, Italy
AKP	Justice and Development Party, Turkey	<i>M5S</i>	Five Star Movement, Italy
<i>ann.</i>	annualized	<i>m-o-m</i>	Month-on-month
ARS	Argentinian Peso	<i>mb</i>	Million barrels
<i>avg.</i>	Average	<i>mb/d</i>	Million barrels per day
<i>bn</i>	Billion	<i>MENA</i>	Middle East and North Africa
BoC	Bank of Canada	<i>MHP</i>	Nationalist Movement Party, Turkey
BoE	Bank of England	<i>mn</i>	Million
BoJ	Bank of Japan	<i>MPC</i>	Monetary Policy Committee
<i>bpd</i>	Barrels per day	<i>NAFTA</i>	North-American Free Trade Agreement
<i>bps</i>	Basis points	<i>NATO</i>	North Atlantic Treaty Organization
BS	Balance sheet	<i>OECD</i>	Organization for Economic Cooperation and Development
<i>c</i>	Consensus	<i>Opec</i>	Organization of Petroleum Exporting Countries
C/A	Current account	<i>p</i>	Previous
CB	Central bank	<i>P2P</i>	Peer-to-peer
CBB	Central Bank of Bahrain	<i>PBoC</i>	People's Bank of China
CBK	Central Bank of Kuwait	<i>PCE</i>	Personal Consumption Expenditures
CBT	Central Bank of Turkey	<i>PE</i>	Price to earnings ratio
CDU	Christian Democratic Union, Germany	<i>PM</i>	Prime minister
CNY	Chinese Yuan	<i>PMI</i>	Purchasing managers' index
CPI	Consumer Price Index	<i>pps</i>	Percentage points
DJIA	Dow Jones Industrial Average Index	<i>pw</i>	Previous week
DJEM	Dow Jones Emerging Markets Index	<i>QCB</i>	Qatar Central Bank
<i>d-o-d</i>	Day-on-day	<i>QAR</i>	Qatari Riyal
DXY	US Dollar Index	<i>QE</i>	Quantitative easing
EC	European Commission	<i>q-o-q</i>	Quarter-on-quarter
ECB	European Central Bank	<i>RE</i>	Real estate
ECJ	European Court of Justice	<i>RBA</i>	Reserve Bank of Australia
EIA	US Energy Information Agency	<i>RRR</i>	Reserve Requirement Ratio
EM	Emerging Markets	<i>RUB</i>	Russian Ruble
EP	European Parliament	<i>SWF</i>	Sovereign Wealth Fund
EPS	Earnings per share	<i>tn</i>	Trillion
EU	European Union	<i>TRY</i>	Turkish Lira
EUR	Euro	<i>UAE</i>	United Arab Emirates
EZ	Eurozone	<i>UK</i>	United Kingdom
Fed	US Federal Reserve	<i>US</i>	United States
FOMC	US Federal Open Market Committee	<i>USD</i>	United States Dollar
FRB	US Federal Reserve Board	<i>USD/b</i>	USD per barrel
FX	Foreign exchange	<i>UST</i>	US Treasury bills/bonds
FY	Fiscal Year	<i>VAT</i>	Value added tax
GCC	Gulf Cooperation Council	<i>VIX</i>	Chicago Board Options Exchange Volatility Index
GBP	British pound	<i>WTI</i>	West Texas Intermediate
GDP	Gross domestic product	<i>WTO</i>	World Trade Organisation
IMF	International Monetary Fund	<i>w</i>	Week
INR	Indian Rupee	<i>w-o-w</i>	Week-on-week
IPO	Initial public offering	<i>y</i>	Year
IRR	Iranian Rial	<i>y-o-y</i>	Year-on-year
JPY	Japanese yen	<i>y-t-d</i>	Year-to-date
<i>k</i>	thousand	<i>ZAR</i>	South African Rand
KSA	Kingdom of Saudi Arabia	<i>2y; 10y</i>	2-year; 10-year