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Summary of Interview with Bloomberg

During the first quarter of 2020 Pemex had a negative cash flow of $23 billion exceeding last year's losses of $18 billion. The Mexican state oil company said that its losses were in line with losses faced by other companies in the oil industry.

To understand the situation that Pemex is facing it is important to have an understanding of the events that are behind these historical losses which include the following: the geopolitical dynamics in the energy market that have led to a price war between Saudi Arabia and Russia, the drop in oil demand because of government mandated confinement measures from COVID-19, and lastly the Mexican government's decisions that have been made regarding Pemex's operations, which have not been optimal under the current global context.

Two additional factors are affecting Pemex's revenues, a decrease in Pemex's domestic and international sales and the devaluation of the peso over the U.S. dollar. Confinement measures due to the pandemic have put a halt on fuel demand in Pemex's retail stations, and we will not see an increase in oil demand until the economy reopens and mobility increases.

Pemex states that it will continue with its strategy of increasing crude oil production and refining operations regardless of the fall in global oil prices. In an environment of low oil prices and high volatility, many oil companies including the Latin American NOC PetroBras are making expenditure cuts on exploration and production activities in response to market signals. However, Pemex has not changed its strategy yet or announced any capital expenditure cuts on its E&P activities despite market conditions and record losses during the first quarter of this year.