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Colombia's **Ecopetrol** shares plummet amid falling oil prices and governance issues

Written by
[Noris Soto](#)

Edited by
[Deepali Singh](#)

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3 minutes

- **Ecopetrol** shares plummet due to falling oil prices and governance concerns.
- Stock performance shows declines on both local stock exchange and Wall Street.
- - Analysts attribute drop to oil price fluctuations and corporate governance issues.

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Ecopetrol, Colombia's state-run oil company, has seen a significant drop in its stock price this past Wednesday, impacting its shares on both the local stock exchange and Wall Street.

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Experts suggest that this decline is primarily due to the ongoing decrease in oil prices, coupled with worries about the company's governance practices.

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Stock performance

Ecopetrol's shares closed at \$1,720 on the Colombian Stock Exchange (BVC), down 0.86%.

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Meanwhile, on Wall Street, the stock slid 1.60% to close at \$8.01.

These data mark a significant low, not seen since the epidemic peak almost four years ago on October 28, 2020, when shares were at \$1,715.

The stock has struggled this year, with a 33% decrease in New York and a 26% decline in the BVC.

Experts identify several key reasons for the downturn, with the decline in oil prices standing out as a major factor.

This isn't just a problem for **Ecopetrol**; other oil companies are also feeling the pinch due to lower oil valuations.

However, **Ecopetrol** faces additional challenges stemming from concerns over its governance structure, which are intensified by government interference.

Impact of oil price fluctuations

This past Wednesday, oil prices fell after reports indicated that inventories in the United States were higher than anticipated, despite an uptick in refining activities.

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Nevertheless, oil futures remained up about 2% for the week, largely due to ongoing tensions in the Middle East.

Beyond swings in oil prices, concerns over **Ecopetrol's** corporate governance have had a substantial impact on the company's stock performance.

Analysts feel that governance difficulties are driving down stock prices in both Colombia and the United States.

The impact of governance uncertainty

According to La República, the uncertainty surrounding **Ecopetrol's** CEO, Ricardo Roa, is particularly concerning for investors.

The politics of the board of directors creates concerns about future projects and has resulted in warnings from multiple credit rating agencies, exacerbating the company's condition.

In essence, **Ecopetrol's** current stock woes are the result of a combination of external factors, such as dropping oil prices, and internal governance issues.

The next several days will be key in evaluating how the company addresses these challenges in order to regain investor trust and stabilize its stock price.

Ecopetrol: governance challenges and bond repurchase conclude

Juan David Ballén, Director of Analysis and Strategy at Casa de Bolsa, says that governance concerns, as well as governmental regulations, are important variables influencing **Ecopetrol's** stock performance.

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Uncertainty around the company's management, energy transition process, and corporate governance difficulties is eroding investor confidence, resulting in a decline in the stock value.

Additionally, **Ecopetrol** has completed the bond repurchase process aimed at acquiring all of its international bonds due in June 2026, which were issued in 2015 for US\$1.25 billion.

The company received offers totalling US\$803 million, equivalent to 64% of the outstanding amount, which exceeded the repurchase percentage achieved in January 2024.

With these offers, the bonds' nominal balance has been decreased to \$447 million.

A notification will now be sent for the early redemption of the outstanding bonds totalling \$447 million, representing a substantial financial move for the corporation.

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