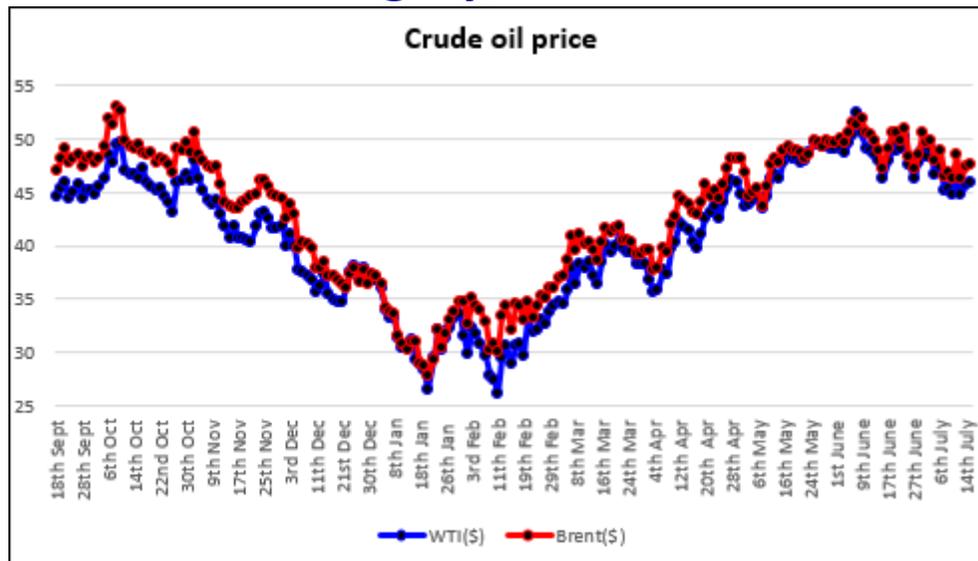


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1. Oil price fluctuated between \$44 and \$47 this week.
2. Iran produces 3.8 mb/d, out of which it exports 2mb/d. With this production, the country has regained 80% of the market share it held before the US and European Sanctions were imposed. Iran has set an export target of 4 mb/d. For this it is seeking over \$100 billion in investments from international companies that could partner with it, and help it achieve the set goal.
3. According to the EIA, in June 2016, the Venezuelan oil production fell to 2.18 mb/d, which is lower by 240,000 barrels from a year earlier. This drop is due to electricity shortages. It has also been fueled by the lower water levels and the economic crisis that the country has been going through, and is not able to fund the investments that the oil industry needs. The low oil prices have significantly reduced the country's revenue, as 95% of it comes from oil exports.
4. According to a recent EIA report, the overall oil US oil production in 2016 would be 8.61 mb/d. For 2017, it has been forecast to be 8.2 mb/d.
5. As per the IEA, in June the oil production from the Middle East exceeded 31 mb/d. The record production from OPEC has increased its share in the world market to 35%, and this has led to a gradual slump in the US shale oil market. It is expected that the non-OPEC production will reduce by 900,000 b/d, which may recover by 200,000 b/d next year. The oil inventories in many industrialized nations reached an all-time high of 3 billion barrels in May 2016.
6. According to the Kuwaiti acting oil minister, the present rate of production by OPEC should continue and the demand for oil will pick up in the 4th quarter of this year. The oversupply in the market will get absorbed gradually and the oil price will rise to between \$50 and \$60 from the fourth quarter onwards to 2018. Kuwait has been producing about 3 mb/d since the beginning of this year.
7. As mentioned in my last post, Libya is seeking to reunite after civil unrest between rival factions in the country, since the fall of the former ruler Qaddafi in 2011. The state producer NOC is

seeking to reopen all of its oil ports and resume oil exports. Four of its ports can account for oil exports close to 860,000 b/d. In June, Libya produced 320,000 b/d.

8. In recent months we have seen oil price fluctuations due to various factors such as supply disruptions (e.g. Canadian wildfires and Nigerian militants attacks), the fall in the US oil output, the present changes in the oversupply in the market, the changes in the US rig count based on the price of oil, and the international developments (Brexit, etc.). All this suggests that going forward the price recovery is going to be bumpy. What we can say at this time is, we will see.

So much for the industry news this week.

For the lighter side this week

Most of us have had the opportunity to travel in connection with business or for vacation and have put up in hotels. Quite often we hear about or have actually stayed in a *three-star* or a *five-star* hotel. We have now started hearing about a *seven-star* hotel rating as well. What decides this star rating for a hotel?

There is no standard international classification that could be followed for consistently assigning any kind of rating to hotels in the same country, or in different countries. While attempts have been made at unifying such a classification and its adoption, differences or ambiguities exist in whatever rating has been adopted.

The key elements considered in a rating system are the location of the hotel and its surroundings, size of the rooms, amenities in the rooms, availability of restaurant, entertainment, swimming pool, spa, gym, fitness center, bar conference facilities and shopping facilities. The start rating assigned to hotels extends from 1 to 5, with hotels providing limited or the most basic amenities carrying one-star, and as the quality of the rooms, amenities and staffing as well as services provided increase, the star rating also goes up. The five-star hotels offer somewhat more spacious rooms, better interior designs and attention to providing comfort by way of better furnishing, availability of a restaurant, TV, internet and good washrooms fittings and designs.

Star ratings from one- to five- exist in different countries, but in the absence of an accepted or global, or an internationally accepted hotel rating system, variations exist. That is to say a three-star hotel in one country may be a two-star hotel in another country. But a general guideline is that the higher the star rating, the better the quality of the hotel and of course that would come at a higher expense.

In addition to the one- to five-star ratings, more recently we have heard of *seven-star hotels*. Such ratings have not been assigned by any formal body or assessing agency, but have been given to the hotels by the owners, as they feel their hotels deserve them.

Seven-star hotels are assumed to provide comfort in a luxurious way. Some of the unique features of such hotels are, fancy decorations, unshared swimming pool, private check-in at every floor, more personalized service, private limousines, or a fleet of luxury brand cars. The Burj Al Arab hotel in Dubai, Pangu in Beijing, China and Town House Galleria in Milan, Italy are seven-star hotels.

Come to think of it, it is all about buying comfort; the more you desire, the more you pay.

Did you know?

Did you know that the Earth spins about its axis at a speed of 1600 km per hour? A jumbo jet flies at only half this speed.

Similarly the Earth travels through space at close to 108,000 km per hour.

Incredible speeds! Isn't it?

I hope you find these interesting.

So much for this week! Till the next post, stay safe and happy!