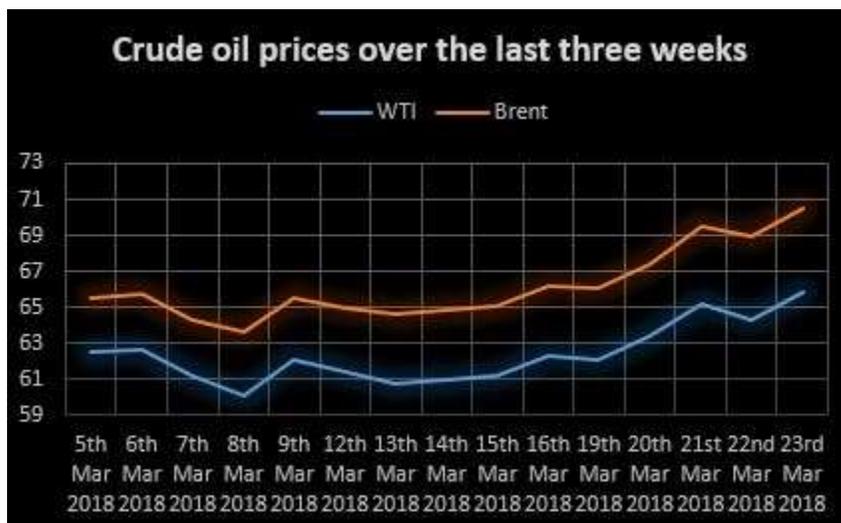
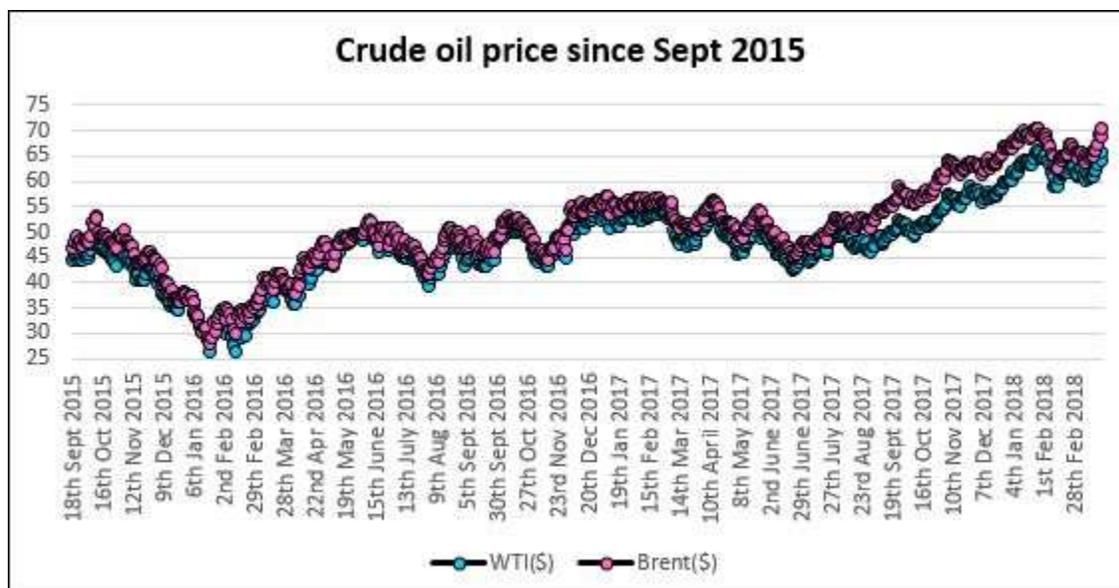


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- Crude oil price gained ground early this week after the EIA reported that US inventories fell by 2.62 mb last week, contrary to what energy analysts had expected. This news lent support to what OPEC and its allies have been trying to do, i.e. reduce the global crude glut. The surging US crude production has been playing the spoil sport for OPEC efforts, and investors have been watching these developments closely. The US inventories dropped due to several reasons that include the refineries scaling up their activities recently, the crude oil imports are somewhat lower and exports have increased. To elaborate, US crude imports from seven OPEC countries is now 14% lower at 1.86 mb/d. From Saudi Arabia alone, US imports much less oil. In 2017, US imported 563,000 b/d, which is 75% less than the peak import of 2.24 mb/d in 2003. It may be

clarified that the shipments to the US were cut more during the second half of 2017, and the average US import from Saudi Arabia stood at 943,000 b/d in 2017.

Later in the week the concerns that President Trump might toughen sanctions against Iran gave boost to the crude oil rally. This emerged during a meeting of the visiting Saudi Arabian Prince, Mohammad bin Salman to the US and President Trump. If the sanctions are imposed, the Iranian crude oil export could reduce between 250,000 to 500,000 b/d by the end of the year. On Friday, President Trump's appointment of a hardliner, John Bolton, as US Secretary of State fueled speculation on Iran sanctions and the price of the barrel crossed the \$65 mark.

The crude oil price fell on Thursday this week in anticipation of a potential trade war with China, after President Trump formally ordered tariffs on \$50 billion in Chinese goods. Retaliatory measures are expected to be taken by China in turn. If this happens, it will definitely have a negative impact on the economy.

- The delay in Saudi Aramco IPO is being cited for several reasons. In recent weeks, Aramco executives and government officials have unfolded their plan for the world's largest share sale to the biggest mutual fund firms and hedge funds, which they hope will buy a large chunk of their shares. However, the US investors have questions ranging from the \$2 trillion valuation of Aramco, the scale of dividends that Aramco would be prepared to pay, and the impact the shale production will have on oil prices over the next few years. Saudi Arabia plans to sell 5% of Aramco share to raise \$100 billion. The US investors expect Aramco to pay dividends more than what is paid by ExxonMobil and Royal Dutch Shell. If the valuation is lower, Aramco could offer a more competitive dividend. Finally, a concern raised was about some governments aiming to reduce fossil fuel consumption to fight climate change, and electric vehicles could reduce demand for oil. Aramco CEO had already addressed this recently when he said, 'I am not losing sleep over 'peak oil demand' or 'stranded resources'.
- The Russian Energy Minister, Alexander Novak, said in a recent interview, that as the market gets balanced, gradual withdrawal will be considered from the OPEC deal. This could happen as early as the third or fourth this year. Discussions on the exit strategy will probably be held at the next OPEC meeting in June. Should the market situation demand that the deal be extended to the next year, the energy minister said he would agree to that as well. Per Saudi Energy Minister, Khalid Al-Falih, his country would like the OPEC deal to continue for the whole year, even if it results in supply shortage. Higher prices would help the kingdom sustain through a period of radical change to its economy and help with the IPO.
- India imports about 75% of its crude oil demand at present, which happens to be the world's third largest. As per the IEA, India's crude oil demand for 2017 was 4.68 mb/d, and is likely to increase to 4.98 mb/d in 2018. Out of this a large chunk of it comes from the Middle East, probably due to its proximity, and relatively little comes from Russia. But lately, the import trends from the Middle East have been changing. An interesting change is that despite the growth in India's demand in 2017, the quantum of import from the Middle East dropped by 0.5% to about 2.75 mb/d. Saudi Arabia, which had been the biggest oil supplier till recently had its supply drop by 8.9% to 747,900 b/d. Similarly, Iran had its supply drop by 0.5% to 470,500 b/d and UAE slump by 16.5% to 288,500 b/d.

In contrast to this, Iraq's supply increased to 12.2%, which is 885,900 b/d, perhaps due to the higher discounts offered. Brazil and Mexico are the two Latin American countries that sold

shipments of 94,700 b/d and 155, 300 b/d to India. These figures represent interesting changes for Indian crude oil imports.

So much for the industry news this week.

On the lighter side

Did you know that March 16th, 2018 was observed as World Sleep Day? Yes, that is true.

World Sleep Day (WSD) is organized every year since 2008, by the World Sleep Society, which was founded by the World Association of Sleep Medicine and the World Sleep Federation. The goal here is to increase worldwide awareness of the importance of sleep and adverse consequences that could result from lack of sleep, due to either an adopted lifestyle or due to sleep disorders. This has been done by hosting special events, distributing reading material, holding press conferences, and securing media coverage around the world. With increased awareness about the importance of sleep for our body, healthy lifestyles and sleep patterns could be adopted, and sleep disorders could be prevented. In line with this objective, a slogan is also cast each year. This year the slogan was '*Sleep Soundly, Nurture Life*'.

For good health, we need to observe a balanced diet, exercise regularly and observe sound sleep every night. Not getting enough sleep every night on a prolonged basis can lead to medical problems such as high blood pressure, diabetes, obesity and other chronic illnesses.

The biological clocks in our bodies produce what are known as circadian rhythms, which need to be preserved. These rhythms refer to cyclic events in our bodies, as for example rhythms in hormones, body temperature and alertness. Factors that disturb circadian rhythms should be avoided, as they can lead to sleep disorders and health issues.

We tend to disturb the circadian rhythms in our bodies temporarily when we travel across time zones, or are working in a night shift occasionally, but frequent disturbances could lead to fatigue, reduced performance or even acute consequences including metabolic disorders.

Studies have shown that people suffering from sleep disorders have symptoms of anxiety and depression, change in character, and drop in work performance as well as quality of work. It has been estimated that sleep problems threaten the health and quality of close to 45% of the world's population. Sleep disorders are treatable with help from sleep specialists. WSD is celebrated on the last Friday before the spring vernal equinox every year.

At events organized on WSD at different places around the world, tips on healthy sleeping habits for young and adults are given, yoga classes are held, and awareness on sleep disorders and the avoidance of factors that could disturb sound sleep and avoided is disseminated.

The next WSD will be organized on March 15, 2019.

I hope you find this information interesting. So much for this post!

Till the next post, stay safe and happy!