



- The crude price continued to dip at the beginning of the week, due to concerns over China's economic growth, the US government shutdown continuing, and fear over the oil glut in the market remaining a reality. Besides, the concerns over the China-US trade linger on, as they are likely to impact economic growth, and hence the demand for oil. Thereafter, as the week picked up, the price rallied on anticipation over a decline in the US crude inventories as well as the news about China promising to slash taxes to prevent

economic slowdown. Last week the US crude oil inventories fell by 560,000 barrels and a Bloomberg survey on Tuesday forecast a decline by 2.5 mb. The rally in the oil price also came about following the news that Saudi Arabia and Russia are on track in their effort to cut crude production, as well as the UK PM Theresa May surviving a no-confidence motion. The Russian Energy Minister said recently that his country is gradually reducing oil production in line with OPEC agreement. Due to the harsh climate and complex geology of Siberia, swift field shut downs are not advisable, and thus production cuts are made gradually. After the Saudi Energy Minister's statement that Russia's production cuts have started slower, the Russian Energy Minister again said later 'of course we will try to make the cuts faster'. In December, OPEC had cut production by more than 750,000 b/d, which is even before the official agreement, which was supposed to go into effect at the beginning of this month. This helped the crude price look up on Friday.

- The US State Department's special representative for Iran, Brian Hook, recently stated that no new waivers will be given to the eight countries for continuing to buy Iranian crude oil. Measure are being taken to intensify efforts to reduce Iran's crude oil exports to zero. The US believes that Iran sponsors terrorism and seeks to develop nuclear weapons technology which stabilize the Middle East. As eight percent of Iran's revenue comes from the export of crude oil, US wants to isolate the nation economically and exert pressure on it to stop both its activities. Japan, South Korea, India, China, Taiwan, Turkey, Italy and Greece are still buying crude oil from Iran on 6-month waivers given to them by the US. The US representative also said that the US is working with other oil producers to make sure that taking off Iranian oil from the market does not lift the price of the barrel.
- Oman's oil minister, Mohammed Al-Rumhi, has said that OPEC and its allies, as well as Oman can sustain oil process at \$60 a barrel at a minimum, and more so between \$60 and \$70 a barrel. Similarly, the CEO of Italy's SpA, Claudio Descalzi said that the demand for hydrocarbons is growing and that crude oil price could range between \$60 and \$62. OPEC+ had agreed for production cuts to the tune of 1.2 mb/d starting Jan 1, 2019, and about 600,000 b/d had already be reduced in December 2018.
- Chevron Corp. has said that it plans to spend half its capital budget on projects that yield quick returns over the next three years. These projects are focused on the Permian Basin, which happens to be the world's biggest shale oil region. In view of the unclear future over oil and gas consumption, the various governments clamping down on greenhouse gas emissions and the growing usage of electric vehicles in some countries, this may prove to be a profitable strategy.

So much for the industry news this week.

### *For the lighter side this week*

During one of our lighter chats at tea time, my colleague remarked that extra virgin olive oil (EVOO) is better than Canola oil as a cooking medium. As we have both types of oil at home in

our kitchen I was curious to find out why. So, I decided to dig out some details. Here is what I found.

All cooking oils contain *monounsaturated*, *polyunsaturated* and *saturated* fats. Unsaturated fats have one or more double bonds in their chemical structure; fats with only one double bond are termed as monounsaturated, and those with two or more double bonds are referred to as polyunsaturated fats. On the other hand, saturated fats have no double bonds in their chemical structure but are 'saturated' with hydrogen atoms. Both monounsaturated and polyunsaturated fats are considered good fats as they lower the bad cholesterol in our bodies, while saturated fats lower the good cholesterol levels. Thus, the monounsaturated and polyunsaturated fats are good for the human heart than saturated fats, and so the choice of a cooking oil should be based on such fat content in mind.

EVOO contains 77% monounsaturated, 9% polyunsaturated and 14% saturated fat, compared with Canola oil containing 62% monounsaturated, 32 polyunsaturated and 6% saturated fat. Both are vegetable oils, i.e. derived from plant matter, and are liquids at room temperature. While EVOO is derived as a natural fruit juice and is unrefined, other vegetable oils, including Canola oil, follow a refining process.

EVOO has a relatively low smoke point (190°C) and thus breaks down before this temp and can give food a burnt taste or is not good for frying or roasting above this temperature. It is more suitable for sautéing (pan frying) and drizzling salads. It is okay for baking. It does lend an olive flavor to the food and thus can please our taste buds. As the colour of EVOO comes from the olive skin, it comes in a variety of colours, from light yellow to green depending on when the olives are harvested.

Canola oil has a higher smoke point (236°C) and so is good for frying, roasting and baking. As it has a neutral flavor, it does not add any flavor to the food. It is cheaper than EVOO. The name Canola is coined from the phrase 'Canadian oil low acid', as it is produced from rapeseed plant which contains high levels of erucic acid, that can be toxic when consumed in large quantities. The rapeseed was genetically modified to lower its erucic acid content, a process first developed in Canada.

Depending on our eating habits, we can make a choice between these two cooking oils. From a health perspective, both seem to close.

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