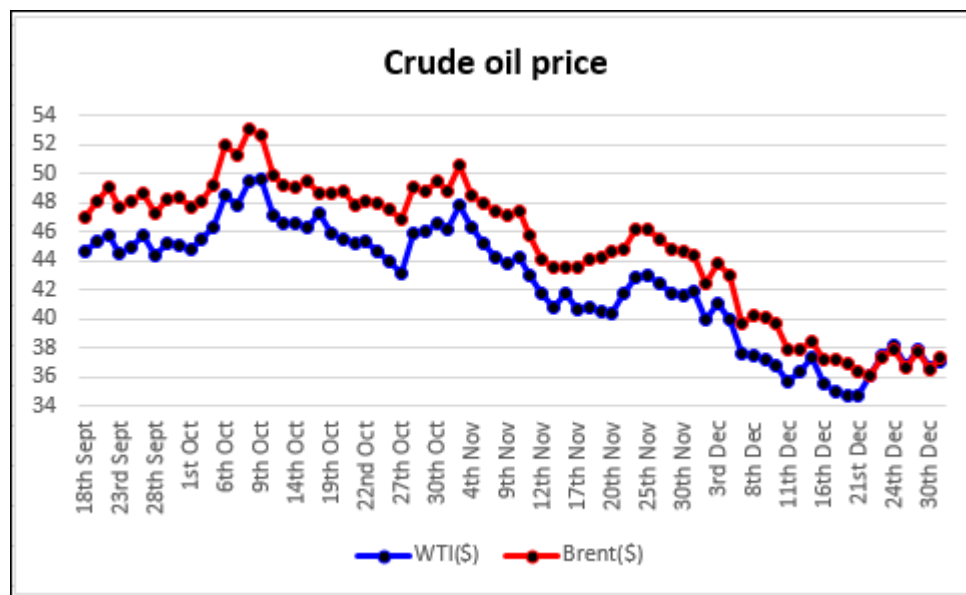


Post 2<sup>nd</sup> January, 2016

Some of the news items for this week are as follows:



1. Crude oil prices this week have fluctuated in the \$36 and \$38 range.
2. According to a recent EIA report the production from the US Shale formations will reduce by 570,000 barrels a day in 2016. This would be welcome news for OPEC, but the present oil glut in the market may not see the oil prices rebound significantly, at least not in the near-term.

*For the lighter side this week:*

Have you heard of Stein's law?

Herbert Stein was the chief economist to Former US President Richard Nixon, and he had stated in his book entitled, '*What I think – essays on economics, politics and life*', that 'if something cannot go on forever, it will stop'. This conclusion came to be known as Stein's law.

From mid-2011 to mid-2014, the price of oil per barrel remained above \$100 (US). Some people predicted that it would always remain \$100, though now many agree that that price was unsustainable. Stein's law seems to have been valid then.

High price of oil and advancement of technology in the US lead to the production of shale oil and the eventual drop in the oil imports. Now that the oil prices are going through some atrocious lows, Stein's law should be valid again. These very low prices that have wreaked havoc in our industry are unsustainable and so should not be able to continue for long. They need to change for the better. Of course, Stein's law does not say when the price could change.

Stein's law also seems to be valid in growth models of poor countries as they industrialize. A country undergoing industrialization grows fast but eventually slows down as rapid growth is unsustainable.

Anyhow, I find a ray of hope in Stein's law being valid for our industry. Let us hope it turns around fast, though all indications at present suggest otherwise.

*Did you know?*

At the weekend, while watching an old movie on TV called 'Matilda', I learnt that a rat's heart beats 650 times a minute. It is just like a bird's humming. I quickly googled it and found that in fact it varies in the range 250-450, but some rats can have a heartbeat of 550 or 600.

It is just like in humans, where the heart rate varies between 60 and 100, though an average of 72 is considered normal.

What I also found interesting were the following facts:

The average heartbeat of a horse is 38 beats per minute (bpm), a rabbit, 205 bpm, and a mouse, 670 bpm. The heartbeat of a blue whale weighs half a ton (450 kg) and has a heartbeat of 6 bpm.

I hope you find these interesting.

So much for this week!

Till the next post, stay safe and happy!