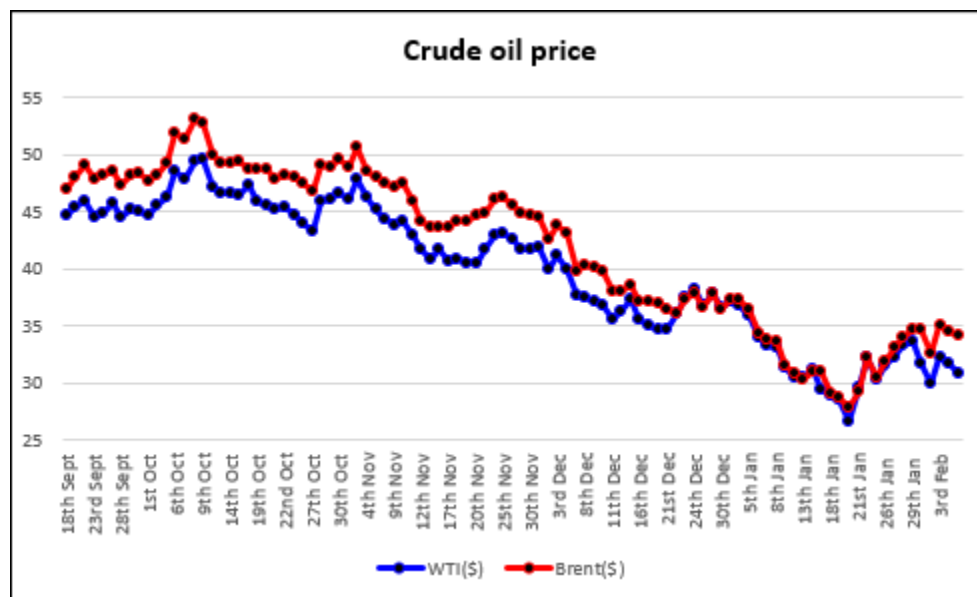


**Post 6<sup>th</sup> February, 2016**

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



1. Crude oil prices this week have fluctuated in the \$29 and \$34.
2. Many oil and gas companies have announced their Q4 results in the last little while, again suggesting that the dismal news in our industry continues. Invariably, all of the results show a decline in profits, or companies going in the red for Q4 as a result of lower oil and gas prices.
3. Chevron posted a loss of \$588 m in Q4, which is its first quarterly loss since 2002. Recently, Chevron had reported a reduction of 24% in its 2016 capital and exploratory expenditure. In 2015 the company had reduced the employee count by 3000, and this will be followed by another reduction of 4000 during 2016.
4. Imperial Oil reported a dramatic plunge of 84% in Q4 as a results of the low oil and gas prices.
5. Exxon reported a Q4 profit of \$2.78b, which is a fall of 58% over the same quarter in 2015, and is the lowest since Q3 of 2002.
6. BP has reported a 91% drop in Q4 earnings. The company has also announced 3000 job cuts globally by the end of 2017, which is in addition to 4000 job cuts planned in E and P.
7. ConocoPhillips reported a Q4 loss with revenues of \$6.77b, down 57% from 2014 revenue figure of \$11.85b. For 2016, the company has slashed its CAPEX from \$7.7b to \$6.4b.

8. Hess has reported an estimated loss of \$396m. Its CAPEX is down 40% from 2015 to \$2.4b.
9. Shell earnings for Q4 2015 were down 43% to \$1.8b against \$4.2b for the same quarter last year.

There are reports from surveys conducted in our industry that many of the employees who have been laid off are considering or have already taken up work outside our industry. This will be a serious brain drain. The hiring of fresh faces has also been halted. Sooner or later when the industry comes out of the downturn, there will be an acute shortage of skills and experience, the latter being more concerning. Where are these layoffs and reduced capital expenditures announced by companies taking our industry? It is a question everyone is asking. Perhaps, only time will give us the answer.

Having said that, as we have done before we can try and reason out the factors that have led us to the present situation. There is a *lot of uncertainty about the global economic growth*. Chinese economy has slowed down and Europe has been a slower economy from before, at least in the last few years. Touchwood, the Indian economy is a bright spot. Next, the *inventory levels of crude oil in different countries is very high*. And to add fuel to fire, there is *strong likelihood of more oil entering the global market*, with Iran starting to boost its oil exports, after the lifting of sanctions.

*For the lighter side this week:*

Recently, I came across a term 'psychosomatic', which I had never heard before. The first half of the term means 'mind' and the second half (soma) means body. The term is actually used to refer to physical disorders caused to our body due to mental issues such as stress, depression or anxiety. How can the mental factors cause physical disorder? I got curious and explored a little more.

Stress, depression or anxiety causes our brain to send signals to different parts of our body and also the release of adrenaline into our bloodstream. When we are under stress or anxiety, we may breathe faster, we can have our heart thumping faster, have high blood pressure, or we may be sweating, we get a knot in the stomach, or have our hands trembling or feel nauseated. These symptoms are not good for our body.

To address any such problem, the doctors can prescribe medicines for quick relief such as anti-depressants, or tablets for anti-anxiety. Sometimes the medical tests that may be carried out on the patient may turn out to be negative, but still the illness persists. Psychiatrists may need to be consulted in such cases, depending on the severity of the situation.

Psychiatrists suggest ways to get to the root of the problem, i.e. reduce stress in your life. This may be easier said than done. Whatever the situation, what we can do is to find a way to get out

of it as fast as we can. We can try and distract our mind so that we think less about the stressful situation we are in.

Stress/anxiety can be at work, or due to a family situation, or something else. First, the idea here is to sit back and become aware of the stress, recognize the symptoms, and then take deliberate steps to get out of it. This will help.

In short the mantra for getting out of anxiety or stress is to chill out. Can we do that? At least we can try make a beginning.

Check out the following site:

<http://www.theguardian.com/society/2015/may/16/you-think-im-mad-the-truth-about-psychosomatic-illness>

*Did you know?*

If a tunnel were drilled in the Earth exactly passing through its center, and if some adventurous guy jumped inside it, it would take him exactly 42 minutes to come out at the other side.

I hope you find these interesting.

So much for this week!

Till the next post, stay safe and happy!