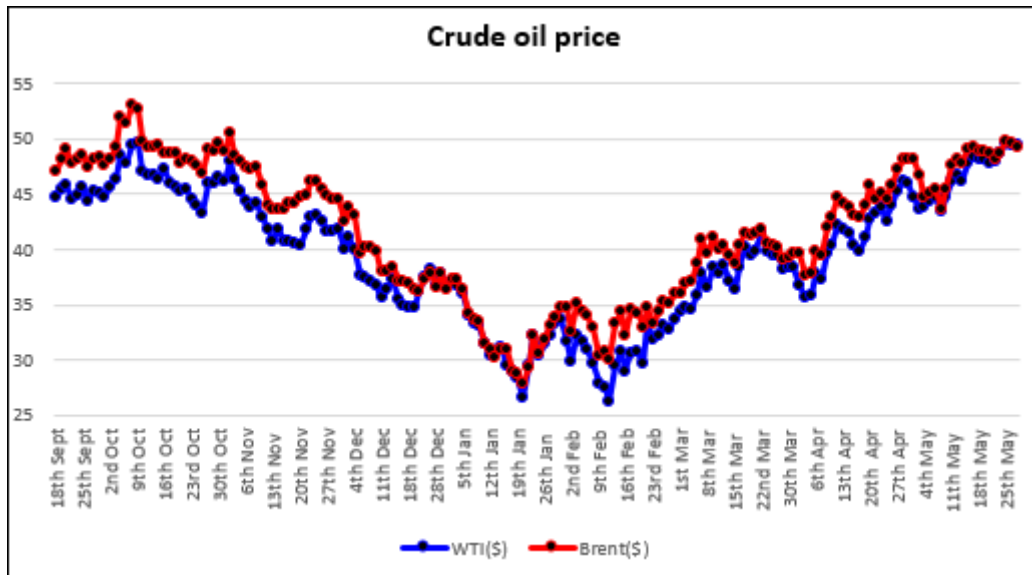


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Calgary, Canada

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



- This week the price of the barrel fluctuated between \$48 and just short of \$50, which is largely due to supply disruptions in Canada and Nigeria, and the decline in the US shale oil production.
- Royal Dutch Shell will cut 5000 jobs in 2016 in view of its acquisition of BG, and also to 'remain competitive through the current, prolonged downturn'.
- Oil companies reduced their capital expenditure by 24% in 2015, and then by another 17% in 2016, due to the downturn. It looks very likely that this will continue in 2017 as well. What this means is that oil companies will add less oil from new fields than what they lose as decline from the oil fields. Reduced capex is resulting in fewer new projects being approved for production. Come to think of it, all this is just preparation for a 'low-for-long' downturn.
- For the forthcoming OPEC meeting next week (2nd June), indications are that the group may not discuss the limits on the crude oil production, and let the low prices gradually address the oil surplus in the market. The supply and demand is expected to 'start rebalancing in the second half of this year'. US shale oil production has started declining, which signals that the Saudi strategy of addressing the oil glut by squeezing high cost production is working.
- As stated above, the oil price has almost touched \$50 this week, and is expected to rise to rise further by another \$5. If that happens, the oil companies will stop 'bleeding cash', and balance their budgets. It is important for them that the barrel stays stable at this price, but the ramping of Iranian production continues to tarnish that expectation.

So much for the industry news this week.

For the lighter side this week

In a previous recent post I had written about the difference between UK, Great Britain and England. Similarly, I am aware that many people refer to Holland and the Netherlands as if they are the same country, and I thought I should clarify this.

The Netherlands, the country as a whole, came into existence in 1830 after Napoleon was defeated and the Netherlands gained independence from France. The people living in the Netherlands are referred to as Dutch.

The country is a constitutional monarchy, and the Kingdom of the Netherlands, as it is now called also includes the six islands of Aruba, and the Netherlands Antilles, which are located in the Caribbean Sea.

So, the Netherlands is a kingdom with twelve provinces (I have explained the difference between a province and a state in a recent post). Two of the twelve provinces are North Holland and South Holland (pl. see the map below). Historically, these two provinces were very famous in the 17th century as the Dutch were into science, art and world trade, and these two provinces together were referred to as Holland, and the people living there as Hollanders. That reference persists to the present times. The name Holland brings images of tulips and windmills to mind, thanks to Bollywood and other promotional propaganda, much of their own.



(<http://www.worldatlas.com/aatlas/infopage/holland.htm>)

Interestingly, since the 16th century, due to the location of the land, the main rivers (the Rhine and the Meuse) often flooded, and coupled with the inland sea storms, the entire area in the region would get washed off, draining away large quantities of soil with it. People living in those coastal areas found themselves in a watery environment that was unstable, with large cultivated lands getting drained out resulting in soil shrinkage.

Since those early times the Dutch have been working on plugging the vulnerable points with dikes, dams and polders, so that their land was protected from incoming sea water and flooding. Thanks to all those ongoing efforts, today even though about 27% of Netherlands lies below the sea level, the land is protected.

Examples of such dikes and polders were cited at the time of hurricane Katrina struck the Gulf Coast of the United States and resulted in severe destruction.

Did you know?

If 33 million people were to hold their hands, they could make it all the way around the equator.

I hope you find these interesting.

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