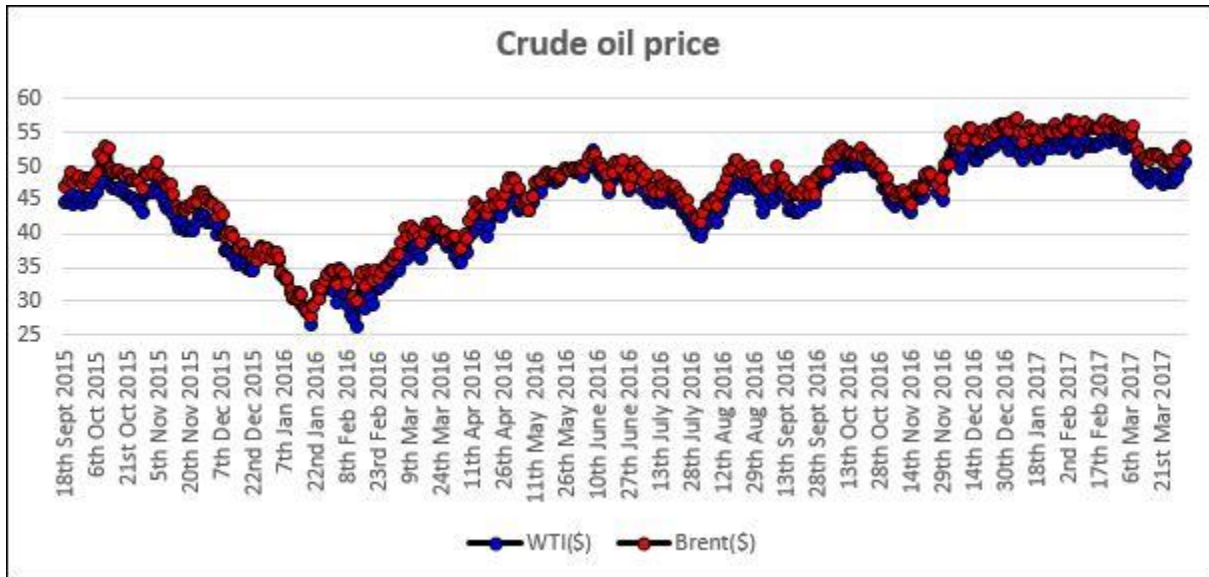


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## Calgary, Canada

The crude oil price has fluctuated due to a number of factors that are briefly mentioned below:



- US refineries maintenance and slow demand in the first quarter have led to the drop in crude oil prices. The US EIA reported a 900,000 barrel increase in the stockpiles during the week ended March 24 to 534 million barrels. Libya's biggest oil field Sharara has stopped producing, and the pipeline supplying crude to the Zawiya refinery has stopped operating. The country is now pumping 560,000 b/d, down 140,000 b/d from last week. Clashes amongst rival armed groups in early March led to the closure of the country's biggest export terminals.
- Some of the top crude traders have said that the oil market is risking a supply crunch as many oil companies have cut their spending on big projects and are more focused on short-term low-cost shale production in the US. These activities are essentially sowing the seeds for instability, and more volatility that we will perhaps witness in the future. Since the OPEC decision to curtail production in November 2016, the crude oil price had been rising gradually since January 2017, but with the price of the barrel rising above \$45, the shale producers have been at work and the price has started dropping.
- The banks that lend huge amounts of cash to drillers usually review the loan credit lines in April and October every year. Since the surge in crude prices to \$54 a barrel (after OPEC's decision to curtail production by 1.8 m/d), the prices have rallied to \$45 or so, and this has come when banks are about to reassess their credit lines. If some of them decide to pull back or reduce the credit advances, then that will directly impact the crude production coming into the market.

- Saudi Arabia has slashed the tax rate paid by Saudi Aramco from 85% to 50%, which is believed to be in preparation of the company for the Aramco initial public offering (IPO) to the extent of 5%. This IPO is expected to be made late next year, and could be valued at \$100 billion. The billions of dollars freed up from tax can pass on as higher dividend payments. The Saudi government's revenue comes from taxes on oil production. This step is being taken as part of policy proposals by Deputy Crown Prince Mohammed bin Salman to set up world's biggest sovereign fund and reduce the economy's reliance on hydrocarbons.
- The Joint Committee comprising the ministers from OPEC members and Russia and Oman met in Kuwait recently, and said that their compliance into the six-month period has been 94%, and their cooperation is likely to continue. This was an indication for an extension of the deal to reduce oil production for another 6 months. Kuwait's Oil Minister, Issam Almarzooq has said that the oil at \$50 to \$55 a barrel will put producers in a 'good position' with stockpiles expected to fall later in the year.

So much for the industry news this week.

### *For the lighter side this week*

We are all aware that our heart beats 60 to 100 times per minute, depending on our body size and fitness level. Taking an average heart beat to be 80 beats per minute, would mean it beats 4800 times per minute, or 115,200 times in a day. Hey, that is over 1 lakh beats per day. Isn't it awesome?

During the year it would be over 42 million times. If the average human life span is taken to be 80 years, our heart would beat over 3 billion times. Can you believe this? How can it do this?

Our heart is made of muscle. It is roughly the size of our fist, and keeps pumping blood in our body. And as it travels in the blood vessels in our body, it brings oxygen and nutrients to cells and drains away the waste products. The heart pumps over 7200 liters of blood each day, even though an adult body contains about 5 liters of blood. If all the blood vessels in our bodies are stretched, that would be close to a 96 km length. Imagine pumping blood through this length each day.

As our heart does so much work for us all the time, it is important for all of us to look after our individual hearts, as every machine needs fuel and maintenance. And the best way to look after it is to keep it healthy, eat nutritious food, be physically active, avoid smoking and stress, and maintain a healthy weight. The choice is ours as to how religiously we are able to do these things, and of course we will be doing them differently. But the important thing is so long as the above-mentioned things are observed, they will be in our best interest. As they say, precaution is better than cure. Let us not get to the stage where we need cure.

I hope you find this interesting.

### *Did you know?*

You may have seen a number of pictures of clouds that I have posted on the blog for my recent and earlier travels. And that has prompted me to explore a bit about the different kinds of clouds. But for the present, here is a simple question for you all.

*What is the difference between rain and showers?*

There are two common types of clouds that are formed as the rising air cools.

When the upward travelling drafts of humid air rise higher and higher and cool down, cumuliform clouds are formed, which have a 'puffy' or a 'cotton-like' appearance. These clouds result in showers (< 2.5 mm per hour).

When the wind pushes humid air higher into the atmosphere, where temperatures are cooler, stratus clouds are formed, which are the large blanket type of clouds, varying from dark grey to light grey in colour, or those that look fog-like. Such clouds are formed gradually and result in a steady rainfall for a few hours (> 7.6 mm per hour).

I hope you find this interesting. 😊