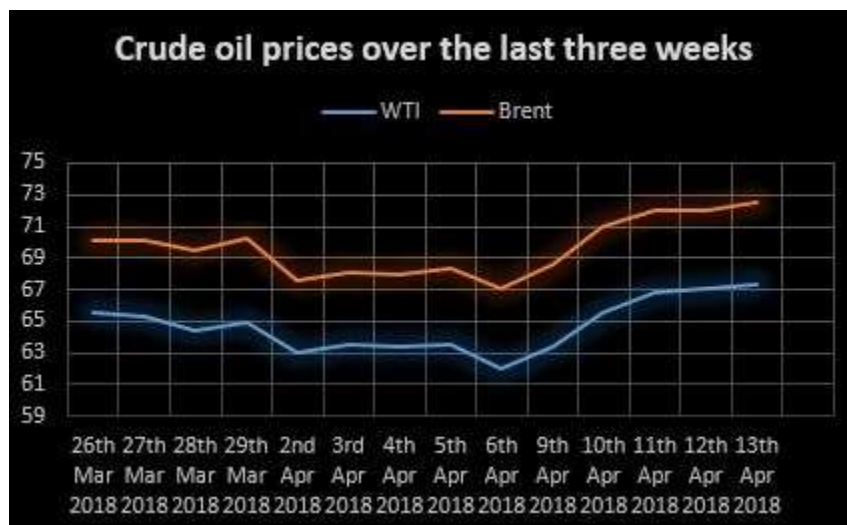
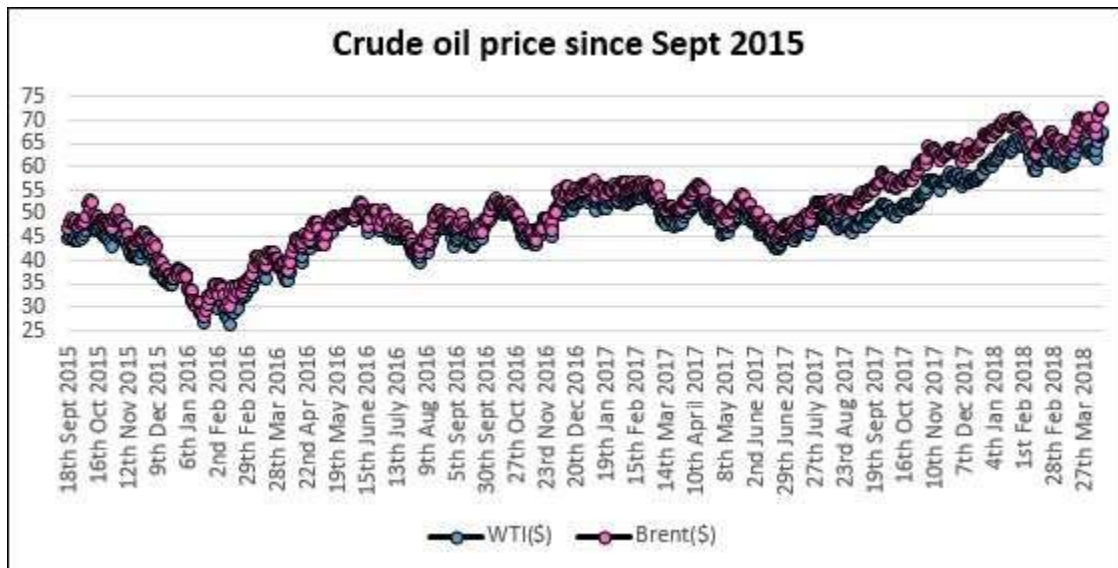


www.chopraseismic.com
Calgary, Canada



- Geopolitical tensions have affected the price of the barrel this week. Sometime back, President Trump had ordered imposition of tariffs on \$50 billion in Chinese imports. Last week, the Chinese proposed levies on 106 US products that included farm commodities, petrochemicals, petroleum products and specialty chemicals. This prompted President Trump to order his administration to consider tariffs on additional \$100 billion in Chinese imports. The price of the barrel dropped as

a result. This week, officials from the two countries sought to calm the markets by showing willingness to negotiate. Chinese imports of US oil averaged 435,000 b/d in 2017, and 750 mcf LNG in Q4, and these are expected to grow over the next 5 years. This has helped drain US inventories and bump up the price of the barrel. If a trade war between the two countries escalates, the oil price could suffer, not to talk of any serious repercussions in terms of investment of US oil companies in China. Chinese President, Xi Jinping's speech at a Forum on Tuesday this week struck a conciliatory note, when he talked about cutting US tariffs and opening up the economy. For the present, it has helped it calm off trade war tension.

Then, midweek, Saudi Arabia intercepted a missile attack by Yemeni rebels, who are seen supported by Iran. Two others were shot down in southern areas.

President Trump has threatened to target Syria over a suspected chemical weapons attack in that country. The US has also warned Russia, who is backing President Bashar al-Assad's forces to expect American missiles. Russia in turn communicated directly to the US that it would strike back at American planes or ships launching missiles, following which the oil price surged.

Though last week the EIA report showed US production climbed and the inventories posted a gain (3.31 mb), but the geopolitical tensions have bumped up the price of the barrel to \$67. These tensions have also dimmed the hopes of the US remaining a party to the deal between Iran and global powers over curbs on the former's nuclear program.

If the tensions subside somehow, the crude price is expected to fall over the next couple of quarters, in view of the oversupplied market, and demand not commensurate with it.

- Last week the US working oil rigs rose by 11 to 808, the highest since March 2015, per Baker Hughes data. The US crude output also rose by 27,000 b/d last week to 10.5 mb/d as per EIA.
- In an interview with Time magazine last week, Saudi Crown Prince Mohammed bin Salman, for the first time, linked his expectation of higher oil prices with Saudi Aramco IPO. Recently, the Saudi Oil Minister, Khalid Al-Falih had also stated that the crude price of \$70 had not been sufficient to stimulate investment in the industry, which remains significantly below the levels seen before the 2014 oil price crash. Such indicators signal towards the Saudi expectation of a price of \$80 a barrel. And this could be driven for a few reasons. Though the Saudi budget deficit has reduced due to the recovered oil price, but the Crown Prince has set out an ambitious and expensive economic and social reform program. Then the conflict with Yemen needs to be supported. The present political situation, with declining production in Venezuela, the new US sanctions on Iran and the continued growth in demand for oil seem to be heading in the right direction for them.
- Per the EIA report released on Tuesday this week, the WTI price will remain below \$60 during the summer months. In its short-term outlook, the spot price will average \$63 a barrel in 2018 and 2019, and the US production to average 10.7 mb/d in 2018, which is a new record, since the 9.6 mb/d set in 1970. Next year, the EIA forecast an average oil production of 11.4 mb/d. The US dry natural gas production will increase by 7.5 bcf/d to average 81 bcf/d.

So much for the industry news this week.

Did you know?

When we travel to a different city, we usually stay in a hotel, and some time back I had written about the different types of hotels, in terms of their star ratings. But have you heard of *ice hotels*? Yes, you read that right. Ice hotels!

These hotels are made up of snow and sculpted blocks of ice. They are dependent on sub-zero temperatures and they must be built every year.

Ice hotels are built in several countries including Canada, Finland, Japan, Norway, Romania, Sweden and Switzerland, between the months of December and April. They are meant for adventurous travelers, who are interested in different environments, and are comfortable with the outdoors. Ice hotels offer rooms, bathrooms, ice bars, restaurants, prayer rooms, underground saunas and hot tubs. Beds are usually covered in reindeer hides. Visitors sleep on beds made of ice, but in the warmth of furs, blankets and sleeping bags that are designed to withstand cold temperatures. In common areas, such as lobbies, ice sculptures are a common sight. Benches and tables are made of ice, and people sit around and enjoy their drinks. All walls and fixtures are made of ice. Sometimes steel framing is used as the main skeleton for the construction.

The world's first ice hotel was built in 1989, in the Swedish village of Jukkasjärvi, which is situated 200 km north of the Arctic Circle. Last year on December 15, it opened for the 28th consecutive year.

More interestingly, last year it was announced that Icehotel 365 is a permanent structure that is being constructed there with all the facilities, and could be visited the year-round. It will be cooled by solar panels during the summer months. It is now open and available for service.

Artists from around the world visit such hotels, and take part in the art exhibition of snow, ice and light, which such hotels are all about.

Once the existential period for the hotel is over, usually in early April, these hotels are allowed to melt away. There is no cost involved for dismantling it.

Imagine, flying to the closest airport, and taking a taxi to a frozen hotel, and experiencing a stay there, and enjoying it in its chilling glory!

In some of these hotels, guests spend their days outdoors snowmobiling or reindeer sledging, and enjoying the evenings and nights gazing into the sky and admiring the Northern Lights.

The hotel tariffs vary from \$300 to \$2000 a night, depending on the amenities sought. The temperatures inside the hotel vary from -3 to -5°C.

I hope you find this information interesting. So much for this post!

Till the next post, stay safe and happy!

(If you wish to read the older posts, please go to '[Facebook/blog Posts Archive](#)' under **About Me**)