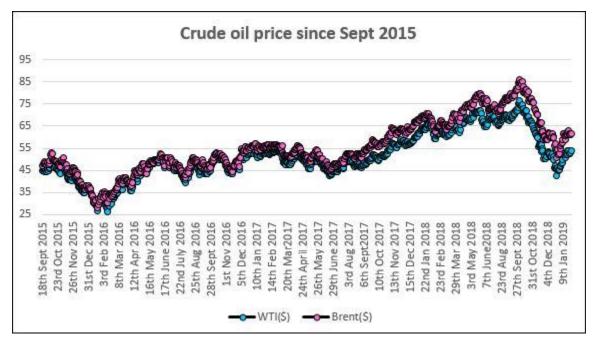
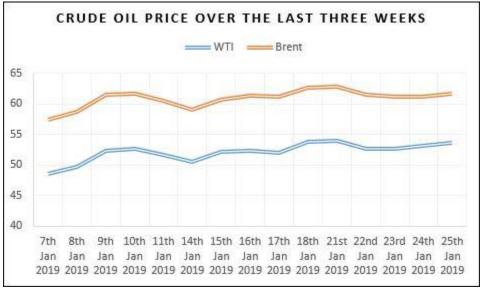
www.chopraseismic.com

Calgary, Canada 25th January 2019





 Crude oil prices had a free fall at the end of 2018 but rebounded at the beginning of 2019. Gradually, the fears that gripped the markets have dissipated. It was expected that China would increase imports from the US, now that there has been some progress in talks on intellectual property, it would end the trade war. The US Federal Reserve may not raise interest rates, OPEC+ production cuts have started draining the global supply, the IEA's predictions about an improvement in the crude demand this year, and the number of drilling rigs in the US fell back as per the recent Baker Hughes data were some other positive developments that made the crude price look up at the end of last week. On Tuesday this week, the crude prices fell as the US rejected new negotiations in the trade dispute with China and the IMF cut its growth forecast from 3.7 to 3.5 percent for this year. There have been concerns about the economy growth in China as well.

- Per the recent EIA report, the US drillers pumped 11.9 mb/d and this output is set to expand by 1.1 mb/d this year, and within the next six months the US may exceed Saudi Arabia's maximum level of production. The report made the forecast for 2020, that the US will export more oil than it imports. This is an interesting development as a decade earlier, the US was purchasing 9.4 million more crude than it was selling overseas. And the forecast says by December 2020, US will be exporting 1.2 mb/d more crude and products than it will be importing. All this has been possible due to the extraction of shale oil in the US. The country will need to import the heavy, high-sulphur oil produced in the Middle East, Canada and the Caribbean for its refineries that have been built along the Gulf Coast. But now it will need to ship more and more crude to the overseas markets. Such exports will probably compete with the OPEC+ exports and continue to force them to resort to production cuts.
- The turmoil in Venezuela has had a deteriorating effect on the oil industry. The
 underinvestment and aging infrastructure has impacted the quality of the crude being
 produced and the refineries importing the Venezuelan crude are having a difficult time
 processing it. If the Trump administration imposes sanctions on Venezuela, then the bulk
 of crude oil going to the US will become available to countries like China and India. China
 imported 340,000 b/d from Venezuela till November 2018, and India received 330,000
 b/d in 2018.

So much for the industry news this week.

For the lighter side this week

I recently stumbled across a Japanese proverb that read, 'Fear is only as deep as the mind allows'. I saw it in passing, flashing on a monitor outside my place of work, and when I got to my office, I was still thinking about it. It is so true!

If you come to think of it, fear is only in our mind, just as we say happiness is a state of our mind or brain. But it has an emotional component as well. The mind quickly perceives if we are in a safe space or not. If yes, the context becomes different than when we are not. As an example, looking at an individual being chased by a mad dog or a bull in a movie does not put us in risky space, and so we are fine. But if we are that individual, then the experience we are going through is that of a threat, which breeds fear. When the mind perceives it in that situation, it is very alert, our eyes widen, breathing accelerates, the heart rate goes up and our blood pressure rises. As these things happen the brain is processing the information about the context, and how best the defense mechanism could be initiated. That signal spreads through our body, triggering the release of stress hormones and sympathetic nervous system. One gets out of this situation by

adopting the appropriate means at that time. As we are all different, we perceive such situations somewhat differently, but we all hate the cited situation.

Apart from such extreme situations, there may be fear of change for us when we are in our comfort zone. When the consequences about the change are unknown, our brain perceives that as fear, but any predictable change is not as fearful. We often say, 'change is the spice of life', and there may emerge more opportunities or improvements out of that. Of course, I admit, it is easier said than done, but if we are aware of it and try believing in it, it helps.

Another thing to keep in mind is that under fear our brain is not thinking clear because of the stressful situation it is in. While thinking with a cloudy mind, we are likely to make mistakes, and we usually do. And that should be okay, as we learn from our mistakes.

I have mentioned a couple of situations that could lead us into a fearful state of mind, but there may be fear of failure, losing control, being criticized, not being happy, and this can go on.

Fear also breeds superstition, and occasionally adopted by ignorant people, who believe that observing the superstitious procedure will keep them in a safe place. This can become laughable for others. Being afraid of fear just does not help, and so as far as possible, it should be kept at bay.

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