



- The crude oil price was affected by a number of factors this week. These include fresh concerns about a slow down in the global economy, US oil inventories rising by over a million barrels during the previous week, strengthening of the US dollar, concerns about the continuance of trade war between China and the US, slapping of US sanctions on Venezuela's PDVSA making the OPEC+ production cuts feel more effective, and the strong US demand for distillate products and tightening global crude supply.

- Russia's crude production was curtailed by 42,000 barrels in January, under the OPEC+ agreement, even though it was supposed to reduce its production by an average of 50,000 to 60,000 barrels through Q1 this year, and keep the volumes capped in Q2 with producers' cuts corresponding to the market share. Even though OPEC as a group achieved 109% compliance, Russia was lagging its commitment, which drew criticism from Saudi Arabia, Russia's energy minister had remarked earlier that the harsh climate and geological conditions of Russian oil producing regions prevent sharp production cuts, but the minister said the producers will try and accelerate their curbs.
- The US refiners are eager to buy Canadian heavy crude as replacement for 500,000 barrels of heavy crude Venezuela supplies, which are now blocked due to sanctions by President Trump. But the existing pipeline capacity is maxed out and with rail car supplies Canadian supplies touched 4 mb/d in January. If the Keystone pipeline had become a reality, it would have been the answer now. Even though the pipeline project is mired in controversies, it is expected to be revived by the Trump administration.
- Carlos Vecchio, the representative of Juan Guaido, the interim president of Venezuelan National Assembly said his country plans to revive the shattered economy by boosting the oil output, a majority of which will be with the private sector. President Trump recently declared Venezuela's President Nicolas Maduro's regime as illegitimate and recognized Guaido as the interim president, but slapped sanctions on the country's oil sector as well. Venezuela's oil production has been dropping over the last decade and fell to a low of 1.339 mb/d last year and is expected to drop below 1 mb/d in 2019. Vecchio also said that when they come to power, the government will honour all 'legal' and 'financial' debt saying if the signed deal was not approved by the National Assembly, it would not be recognized.
- US oil refiners will not be allowed to complete the shipments of crude oil finalized before the sanctions were slapped on Venezuela, as PDVSA is demanding upfront payment before releasing tankers bound for the US. Some companies that previously contracted cargoes are required to deposit payments into an account that PDVSA can't access. As the effect of the sanctions is immediate, the US Gulf Coast refiners are scrambling to find alternative supplies.
- Guyana, a small country sandwiched between Venezuela and Suriname, produces no oil at present, but could pump more oil than Venezuela in five years. According to an estimate by ExxonMobil, Guyana's oil output could reach 750,000 b/d by 2025. ExxonMobil has partnered with Hess and CNOOC Ltd of China for development of one of the world's biggest deep-water oil discoveries off the country's coast. Venezuela's President Nicolas Maduro has vowed to block Exxon efforts at exploring in the contested waters off Guyana.
- ExxonMobil announced its earnings for 2018 as \$20.8 billion, compared with \$19.7 billion in 2017. Q4 earnings for the company were \$6 billion. Even though the crude oil prices weakened in Q4, the natural gas prices strengthened due to increased seasonal demand. The production from the Permian continued to increase in Q4, being 90% more than the same period last year. Again, despite the slump in crude oil prices, BP also surged

ahead with its profits. The company announced its adjusted Q4 net income as \$3.48 billion, beating estimates of @2.64 billion. The company profit for 2018 was \$12.7 billion.

- ExxonMobil and Qatar Petroleum announced the construction of a \$10 billion LNG export terminal in Texas that will help send US shale supplies to the growing markets across the world. Qatar seeks to invest \$20 billion in the US oil and gas fields, and owns 70% of the project, with ExxonMobil the remaining 30%. The terminal will have a capacity to produce 16 million tons of LNG a year and will export its first gas by 2024. With this terminal, ExxonMobil will grow closer to Shell, which is the current leader in global LNG.

So much for the industry news this week.

For the lighter side this week

People become vegetarians for ideological, spiritual, mental and physical (nutritional), ethical or religious reasons, but the health benefits seem to an important reason. Research has shown that vegetarian diet (almonds, soya beans, oats and barley which are rich in fiber, green vegetables and vegetable oils) is healthy, nutritionally adequate and helps prevent certain diseases. It lowers the 'bad' cholesterol in our bodies that causes clogging in coronary arteries, and thus vegetarians have a lower risk of cardiovascular risk factors. Red meat had more fat than white meat and thus excessive consumption of meat can result in higher levels of cholesterol in our bodies. Vegetarians usually have a lower body weight than meat-eaters.

Vegetarianism probably originated in India as far back as the sixth century BC, stemming from a desire to not harm animals. Early records of vegetarianism are also found in Greece, but with the introduction of Christianity to the Roman Empire, vegetarianism disappeared in Europe. Gradually, as the health benefits of a vegetarian diet became known, vegetarianism reappeared in the western world in the twentieth century.

There is a misconception out there that vegetarians are not very strong. It can be appropriately stated here that many of the Indian wrestlers who have earned laurels for their country are vegetarians. Even the big and tough animals such as cows, elephants, goats, gorillas and rhinoceroses are vegetarians. Another misconception is that vegetarian diet is devoid of proteins and calcium, as a question often pops up for the vegetarians, 'where do you get your proteins and calcium from?' There are a variety of foods such as fruits, vegetables, grains and legumes that are rich in proteins. For egg-eating vegetarians, that would be another source. Similarly, green leafy vegetables are rich in calcium. Vegetarians who consume dairy products get calcium from milk and yogurt.

At the spiritual level, one could ask, where is the need or sense to kill animals? Some people opine that there is no easier way to help animals and prevent their suffering than to choose vegetarianism. Besides, there is this belief that meat eaters have higher aggression levels than vegetarians. There is some confirmation for the latter, but it is more behavioural, and thus may be difficult to quantify.

Per 'The Economist', 2019 will be the year of the vegan. The sales of vegan foods in America from June 2017 to June 2018 rose ten times faster than food sales as a whole. There were six times in

America in 2017 than in 2014. McDonalds has started selling McVegan burgers. Books have been published on why vegetarianism is healthier and details on recipes, that can guide people. Many celebrities have also turned to vegan lifestyles, and the list is long to include here.

Started in 2014, a charity dedicated to helping people switch to plant-based diet called 'Veganuary' has also been gaining momentum. Big chains such as 'Marks and Spencer', and 'Pret a Manger' have introduced vegan ranges, and restaurants are introducing vegetarian options on their menus. Since 1994, World Vegan Day is celebrated annually on November 1st, and advocates for vegan lifestyle.

By some estimates it takes 13 pounds of grain to raise just 1 pound of animal flesh. Besides meat is not environment friendly. It causes pollution and contributes to climate change. Per 2014 review in *Climate Change*, the greenhouse gas emissions associated with a 2000 calorie diet are twice as high in meat eaters compared to vegan dieters.

It is understandable that consuming food is a personal choice, but the many benefits for human health, protection of the well-being of animals and the environment are valid reasons and should be considered.

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