

## LNG WORLD MARKET UPDATE

January 12, 2017

LNG prices are expected to continue breaking their linkage to oil prices as Asian buyers seek market-based pricing options; LNG traders capitalize on the difference in US and Asia gas prices; and China seeks to increase LNG imports to reduce smog. This weekly news blast is intended to provide relevant industry information to Alaskan stakeholders and inform audiences of the competitive landscape in the global LNG market. Subscription options for this report are available at the bottom of this email. Please contact AGDC External Affairs at [externalaaffairs@agdc.us](mailto:externalaaffairs@agdc.us) with questions.

### Natural Gas

#### HH Spot Price

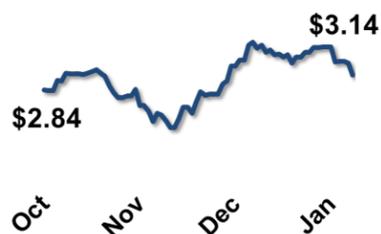
\$3.14 (\$/MMBtu)

January 9 close

#### Weekly Change

↓ \$0.27 (-7.92%)

#### Trend



Source: EIA

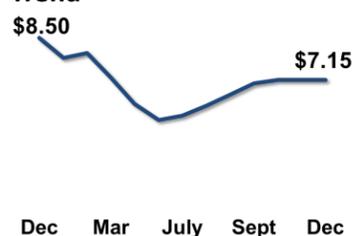
### LNG Import Price

#### Japan

\$7.15 (\$/MMBtu)

December 2016

#### Trend



Source: World Bank

### Platts Sees Continuing Trend for LNG De-Indexation to Oil in 2017

(The Economic Times; India; Jan 9) -As evidenced by the emergence of the Japan Korea Marker (JKM) as a regional benchmark, Platts Analytics sees an indicative market need for a pricing mechanism more reflective of the specific supply-demand balance of the gas market and one that offers more effective risk management opportunities. While they expect demand in Japan and Korea to remain relatively flat, they predict that India and China will boost their imports of LNG by 38% and 28% respectively.

[Read more](#)

### Japan's First U.S. Shale-Gas LNG Shipment Signals New Era for Market

(Nikkei Asian Review; Jan 7) - JERA senior executive vice president, Hiroki Sato, saw delivery of the 70,000 tons of LNG processed in Louisiana to Chubu Electric Power's Joetsu LNG terminal on January 6 as "the first step in cracking the LNG market wide open." For JERA, diversification of supply is less risky and gives the venture an edge in price negotiations. The company is also seeking to accumulate LNG sources and collaborate on procurement and supply management.

[Read more](#)

### Arbitrage Opportunities Abound as Asia LNG Prices Soar

(Reuters; Jan 11) - The biggest price differential seen in the past year between U.S. and Asian gas prices has created an arbitrage opportunity that LNG traders are rushing to fill. Of the 17 LNG vessels that left Cheniere's Sabine Pass terminal since the beginning of December, at least 10 were headed in the direction of East Asia. [Read more](#)

### China Looks to LNG for Cleaner Air

(Bloomberg; Jan 10) - As domestic production flattens and the Chinese government pushes cleaner fuels to reduce smog, China is anticipated to become more dependent on overseas natural gas. Annual LNG imports are anticipated to increase by 8.9 million to 11.1 million tons over the next two or three years with the startup of some long-term contracts. China may challenge Japan and South Korea as the world's biggest LNG buyer in the future. [Read more](#)