

LNG WORLD MARKET UPDATE

January 26, 2017

Australian projects continue to be plagued by delays; China expands its Arctic energy business; PNG LNG exceeds supply expectations and participants contemplate expansion; and BP releases its annual energy outlook. 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 externalaffairs@agdc.us with questions.

Natural Gas

HH Spot Price

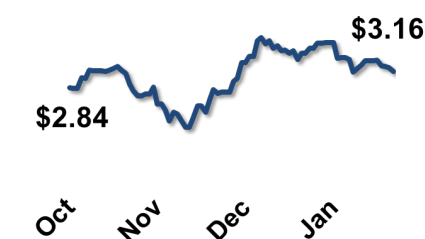
\$3.16 (\$/MMBtu)

January 23 close

Weekly Change

↓ \$0.21 (-6.23%)

Trend



Source: EIA

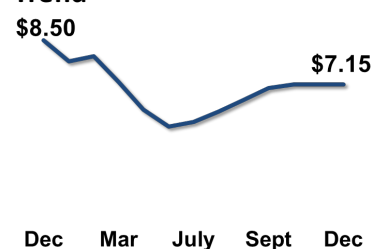
LNG Import Price

Japan

\$7.15 (\$/MMBtu)

December 2016

Trend



Source: World Bank

Australian Production Delays May Lead to Tighter LNG Supply Market

(Reuters; Jan 26) - Australian producers may need to go to their rivals to fulfill supply commitments as four LNG megaprojects have faced technical problems and cost overruns. It now looks like Shell's Prelude floating LNG vessel, Inpex's Ichthys project, and Chevron's Gorgon expansion won't begin exporting until 2018 or later, rather than 2017 as previously planned. These delays mean a tighter supply market than initially expected and prices have already reacted with Asian spot prices almost doubling over the past six months. [Read more](#)

China Increases Presence in Arctic Region's Energy Industry

(China Daily; Jan 23) - China National Petroleum Corp (CNPC), the country's largest energy group, is open to more collaborative ventures to explore Arctic oil and gas assets. It currently has a twenty percent stake in the Yamal liquefied natural gas (LNG) project. Increased presence in the Arctic by Chinese energy giants is a strategic move and gives China a foothold in the resource-rich area. [Read more](#)

Expansion at Papua New Guinea's LNG Plant Possible

(Platts; Jan 24) - Project participant Oil Search said in its quarterly report that the PNG LNG project in Papua New Guinea has ample gas supply options to add liquefaction capacity of up to three expansion trains. The two-train plant has a nameplate capacity of 6.9 million tonnes of LNG per year and produced at an annualized rate of approximately 8.3 MTPA October through December. [Read more](#)

In Its Annual Energy Outlook, BP Forecasts LNG Production Boom

(The Street; Jan 26) - BP's annual "Energy Outlook" forecasts that global LNG production will grow to almost 80 Bcf/d by 2035 with Asia remaining the largest destination for LNG. Massive new projects in Australia and the U.S. have helped boost supply capacity from 30 billion cubic feet per day (Bcf/d) to almost 50 Bcf/d by 2020. [Read more](#)