

LNG WORLD MARKET UPDATE

January 19, 2017

More Japanese LNG procurement partnerships are expected; LNG demand may outpace production post 2025; Chinese LNG output expected to increase; and South Korea seeks to secure more US-based oil and natural gas supply. 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

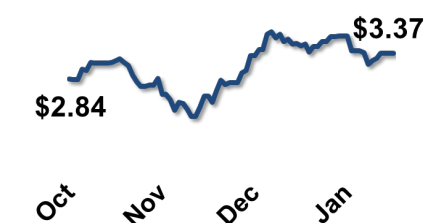
\$3.37 (\$/MMBtu)

January 17 close

Weekly Change

↑\$0.23 (7.32%)

Trend



Source: EIA

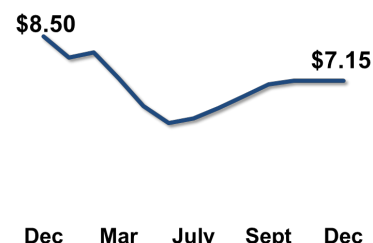
LNG Import Price

Japan

\$7.15 (\$/MMBtu)

December 2016

Trend



Source: World Bank

Japanese LNG Importers to Partner for Better Purchasing Power

(Bloomberg; Jan 17) - Over a dozen buyers, from regional power and gas utilities to oil refiners, could join to form large LNG purchasing partnerships to secure cheaper fuel. Once unthinkable, the government's liberalization efforts to spur competition and drive down prices in the electricity and gas retail sectors have led companies to seek ways to increase their bargaining power. [Read more](#)

Bloomberg Report Sees Potential for Future LNG Supply Deficits

(Bloomberg; Jan 15) - A recent Bloomberg New Energy Finance report says that "very few final investment decisions expected before 2020 are posing a supply shortage risk which can drive up LNG prices massively post-2025." Last year's falling prices spurred new demand in China, India, and smaller countries while suppressing investment. Small LNG buyers are expected to account for 31 percent of global use by 2030. [Read more](#)

China Forecasts Gain in Natural Gas Output

(Reuters; Jan 17) - As Beijing prioritizes the natural gas sector's growth, China's National Development and Reform Commission (NDRC) estimates the country's natural gas production would climb to almost 7.8 trillion cubic feet (tcf) by 2020, compared with 4.7 tcf under the 2012-2015 five-year plan. Whereas, crude oil output is expected to drop 7 percent compared with the previous five-year plan. [Read more](#)

South Korea Sees US as Key to Energy Supply Diversification

(Platts; Jan 13) - To cope with any potential trade disputes under the Trump administration and diversify its supply sources, South Korea will continue to seek more oil and gas imports from the US. Currently, companies have contracts to import LNG under 20-year contracts from the Sabine Pass, Freeport LNG, and Cameron LNG terminals. The government will provide support to local companies pushing for cooperation in shale gas to take advantage of fossil-focused energy policies, said Woo Tae-hee, vice minister in charge of energy. [Read more](#)