

LNG WORLD MARKET UPDATE

February 9, 2017

Thailand aims to quadruple LNG imports to 19 million tons by 2030; an Asian LNG pricing benchmark is likely but may take time to develop; Japan's LNG ship owners face uncertain market; and Indonesia seeks LNG import opportunities to meet local demand. 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

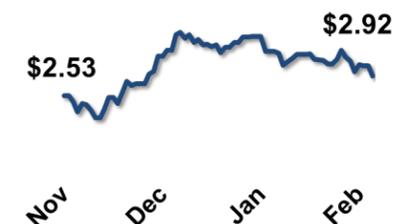
\$2.92 (\$/MMBtu)

February 6 close

Weekly Change

↓ \$0.08 (-2.67%)

Trend



Source: EIA

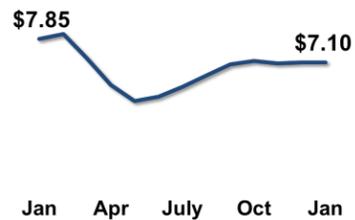
LNG Import Price

Japan

\$7.10 (\$/MMBtu)

January 2017

Trend



Source: World Bank

Thailand's PTT Plans to Expand LNG Import Capacity

(Nikkei Asian Review; Feb 8) - Thailand's state-run oil and gas company, PTT, is Southeast Asia's largest buyer of LNG and is seeking LNG imports to replace dwindling domestic production. PTT is looking to expand the capacity of its LNG terminal from 5 million tons to 11.5 million tons and to build a second terminal to handle 7.5 million tons. PTT has existing contracts for supply but is open to opportunities for new long-term contracts from Australia, North America and Africa.

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Independent Trader Says Asian LNG Price Benchmark Will Take Time

(Business Times Singapore; Feb 6) - Kho Hui Meng, the Asian chief for Vitol, one of the largest independent LNG traders, believes it might take a longer time for a LNG price benchmark to take off as "Asian consumers are still price-takers; they don't want to lead the market". In his view, currently the Asian LNG sector's main issues are that there are only sellers and no buyers and regional LNG infrastructure is lacking. But, he believes the LNG derivative market will grow in time. [Read more](#)

Japanese LNG Carrier Fleet Landscape Shifting

(LNG World Shipping; Feb 8) - The Big Three LNG ship owners, Mitsui OSK Line (MOL), NYK and K Line have traditionally booked new vessels to fulfill Japanese companies' long-term supply contracts. However, as new export projects offer more flexible terms and Japanese buyers move away from long-term contracts, ship owners are adapting by looking at providing smaller LNG carriers, floating storage and regasification units, floating LNG, and LNG bunker supply. [Read more](#)

Indonesian Demand Outpaces Supply, Country Seeks to Secure LNG Imports

(The Jakarta Post; Feb 8) - Indonesia, one of the world's leading LNG exporters, is facing a gas deficit by 2019. The Energy and Mineral Resources Ministry recently issued a decree allowing imports if the domestic price of gas is over 11.5 percent of Indonesian Crude Price. It is also planning to construct 11 floating storage facilities and 66 land-based facilities by 2025. Pertamina, Indonesia's national oil company, sees the need to begin engaging with potential suppliers prior to 2020, before the global market tightens. [Read more](#)