

LNG WORLD MARKET UPDATE

February 16, 2017

New Asian entrants in LNG market expected to benefit from market liberalization; facing political pressure, Petronas contemplates moving Pacific Northwest LNG; destination flexibility sought by Korea Gas; and Yamal LNG expected to start shipping in the fall. 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

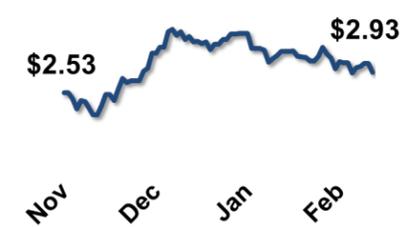
HH Spot Price

\$2.93 (\$/MMBtu)
February 13 close

Weekly Change

↑\$0.01 (0.34%)

Trend



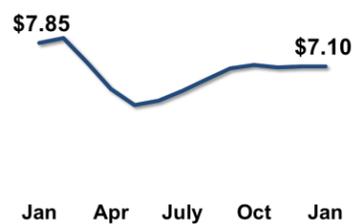
Source: EIA

LNG Import Price

Japan

\$7.10 (\$/MMBtu)
January 2017

Trend



Source: World Bank

Emerging Asian Buyers Push for New Supply and Lower LNG Prices

(Asian Oil and Gas; Feb 10) - In 2016, Asia's emerging LNG buyers accounted for almost sixty percent of new contracted supply, purchasing nearly 18 million tons of LNG. According to Wood Mackenzie, "Emerging LNG buyers are being attracted by more generous LNG deals than have previously been on offer. This means LNG buyers can potentially secure LNG more cheaply than buying gas second hand from market incumbents." [Read more](#)

Petronas Considers Relocation of Proposed Pacific Northwest LNG

(Business Vancouver; Feb 14) - Petronas Chairman Tan Sri Mohd Sidek Hassan has said the company is seriously considering relocating the proposed Pacific NorthWest LNG export terminal, especially if Canadian authorities find the move necessary. Moving the export terminal to Ridley Island has potential benefits of avoiding environmental concerns over salmon habitat and may also save the company money. [Read more](#)

Korea Gas Looks for LNG Contracts with No Destination Restrictions

(Reuters; Feb 10) - State-run Korea Gas Corp (KOGAS), the world's second-largest single buyer of LNG is interested in Iranian and U.S. natural gas due to lack of destination restrictions, clauses which traditionally limited resales of cargoes. "When new suppliers enter, they cannot request destination restrictions...we can secure supplies that don't carry destination restrictions," said Lee Seung-hoon, CEO. Lee also anticipates South Korean LNG demand to remain flat due to increased electricity output from nuclear and coal-fired power plants. [Read more](#)

First Shipment from Yamal LNG Expected before October

(The Independent Barents Observer; Feb 16) - Patrick Poyanné, Chairman and CEO of Total, confirmed the first shipment of LNG from Russia's new gas project is to be conducted before October. The newly built ice-breaking LNG carrier Christophe de Margerie is undergoing its first sea test and is likely to carry the plant's first shipment. Yamal LNG is expected to provide gas to both Europe and Asia and has a nameplate capacity of 16.5 million tons per annum. [Read more](#)