

LNG WORLD MARKET UPDATE

March 9, 2017

Japan's Jera Co. doesn't expect emerging market demand will materialize if LNG projects are not profitable below \$10 per mmBtu; speakers at CERAWEEK highlight both the opportunity and uncertainty of Asia LNG demand; more floating LNG projects are shelved; and Asian buyers seek LNG supply swaps to lower prices. 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

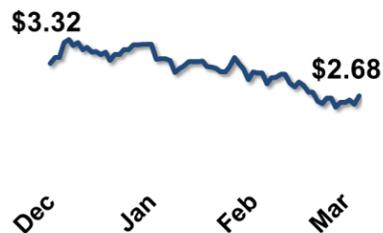
\$2.68 (\$/MMBtu)

March 6 close

Weekly Change

↑ \$0.24 (9.84%)

Trend



Source: EIA

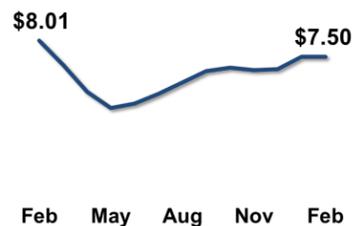
LNG Import Price

Japan

\$7.50 (\$/MMBtu)

February 2017

Trend



Source: World Bank

Jera Co., World's Biggest Buyer of LNG, Says New Projects Must Control Costs

(Reuters; Mar 7) - Yuki Kakimi, Jera Co. President, believes that LNG projects should be profitable below \$10 per million British thermal units (mmBtu) to compete against coal and renewable power. "Last year's spot prices ranged from around \$5 to \$10, and we have to have projects that are economical even at the low end of those prices.... Otherwise the expected golden age of LNG in the mid-2020s may not come because it is questionable whether developing and emerging nations would significantly increase purchases if the price keeps rising," he said.

[Read more](#)

Asia LNG Market Full of Opportunity but Also Uncertainty

(Platts; Mar 8) - At CERAWEEK, speakers point to the opportunity in Asia as the major LNG market and the fact that new supply being produced currently or facilities under construction is expected to be used up over the next five years. But uncertain demand in China and concerns about oversupply have raised questions about how expiring long-term contracts will shake out early in the next decade. [Read more](#)

FLNG Projects Challenged by Low Prices, Shale Gas

(Reuters; Mar 6) - Floating LNG projects, popular with global gas producers in the early 2010s, now are being shelved as producers seek for cheaper ways to compete. Falling prices, global oversupply, and massive costs to outfit a tanker with the necessary equipment have led to a delay in Royal Dutch Shell's Prelude project, Petronas' PFLNG Satu project, and Woodside Petroleum's Browse project. [Read more](#)

Asia Buyers Seek to Swap U.S. LNG Cargoes for Closer Supply

(Bloomberg; Mar 7) - In order to cut shipping costs and delivery time, GAIL India Ltd. and Indonesia's PT Pertamina are both seeking to trade contracted U.S. LNG cargoes for supplies shipped from projects closer to home. Abhishek Kumar, senior energy analyst at Interfax Energy's Global Gas Analytics in London, said "the underlying volatility in Henry Hub prices has dented the competitiveness of U.S. LNG, especially in Asia, providing the trigger for the swap deal." [Read more](#)