

LNG WORLD MARKET UPDATE

March 23, 2017

The world's largest LNG buyers agree to collaborate for better buying power; higher import costs lead Japanese utilities to hike prices; Australia becomes a target market for LNG imports due to a domestic supply shortage; and the Middle East emerges as a LNG demand center. 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

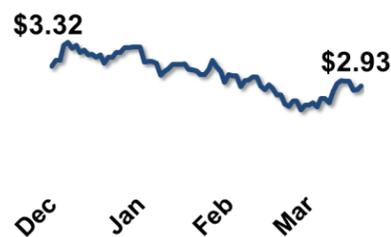
\$2.93 (\$/MMBtu)

March 20 close

Weekly Change

↓ \$0.11 (-3.62%)

Trend



Source: EIA

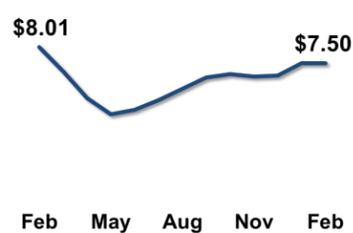
LNG Import Price

Japan

\$7.50 (\$/MMBtu)

February 2017

Trend



Source: World Bank

South Korea, Japan and China LNG Buyers Join Forces for Better Deals

(Reuters; Mar 23) - South Korea's Korea Gas Corp (KOGAS), Japan's JERA and China National Offshore Oil Corp (CNOOC) signed a memorandum of understanding to exchange information and "cooperate in the joint procurement of LNG." The countries represent about 55 percent of global LNG purchases and now their biggest buyers are joining together to extract concessions from producers to obtain supply flexibility. The LNG market is in the midst of huge changes as importers have more suppliers to choose from and new volumes hitting the market from Australia and United States. [Read more](#)

Japan Utilities Expected to Raise Gas and Electricity Prices for Fourth Straight Month

(Nikkei Asian Review; Mar 23) - Passing on rising costs of imported fuels to consumers, Japan's 14 major electricity and gas companies are expected to raise rates in May. Prices for May reflect average costs of imported fuel between December and February and includes liquefied petroleum gas and coal prices. Also contributing to the hike are the higher levies on renewable energy, which all consumers pay as part of their electricity bill.

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Norwegian Company Sees Australia as Target for Its Floating LNG Import Ships

(Reuters; Mar 20) - Norway's Høegh LNG Holdings sees Australia as the top destination for its floating regasification and storage units (FSRUs). Although Australia is poised to become the world's top exporter of LNG, it faces a domestic supply shortage and FSRUs will give the country access to the world market. The company's Chief Executive Sveinung Stohle estimates that if spot LNG prices stay around \$6.50 per mmBTU, imported LNG into Australia could compete with domestic gas. [Read more](#)

S&P Global Platts Sees Middle East Emerging as LNG Demand Center

(Gulf News; Mar 21) - In a [special report](#) on LNG demand in the Middle East, S&P Global Platts expects Middle East demand to continue to grow in the coming years driven primarily by imports into Egypt and the United Arab Emirates. In 2014, the region imported just under 2 percent of the global total LNG imports but at the end of 2016, the region accounted for 7.9 percent of the global total.

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