

LNG WORLD MARKET UPDATE

March 30, 2017

Kansai Electric sets up a trading unit; Russia may become world's largest LNG producer; the International Group of Liquefied Natural Gas Importers (GIIGNL) annual report is released; and Europe may become the new target destination for U.S. LNG as prices soften in Asia. 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

\$2.94 (\$/MMBtu)

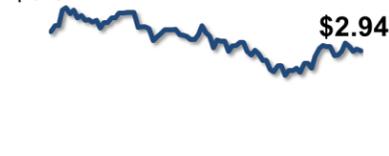
March 27 close

Weekly Change

↑\$0.01 (0.34%)

Trend

\$3.32



\$2.94

Dec Jan Feb Mar

Source: EIA

LNG Import Price

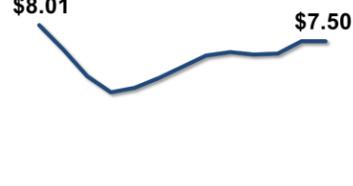
Japan

\$7.50 (\$/MMBtu)

February 2017

Trend

\$8.01



\$7.50

Feb May Aug Nov Feb

Source: World Bank

Japan's Second-Biggest Power Utility to Set Up a Trading Unit in Singapore

(Reuters; Mar 27) - Kansai Electric Power Co Inc., Japan's second-biggest power utility, has been considering a "structure with more flexibility to be able to buy LNG at low prices and sell LNG when needed". By setting up a trading unit in Singapore, the center of Asian LNG sellers, buyers and traders, Kansai can gather information and increase direct trades to strike deals at the right price and the right timing. Kansai follows the footsteps of other Japanese utilities that have been shifting from long-term gas supply contracts to short-term, trading opportunities. [Read more](#)

Arctic Russia May Produce More than Seventy Million Tons of LNG Annually

(Reuters; Mar 29) - Head of gas producer Novatek, Leonid Mikhelson, said that in remote Arctic regions of Russia "there is a vast resource base that allows the production of over 70 million tons of LNG; it is comparable to LNG production in Qatar." Novatek plans to ship its first LNG cargo from the Yamal LNG plant in December and has plans to complete construction of the first train of another plant, Arctic LNG-2, in 2022-2023. [Read more](#)

2016 Spot LNG Trade Volumes Up, Driven by China, India and Egypt

(Platts; Mar 27) - The International Group of Liquefied Natural Gas Importers (GIIGNL) [annual report](#) highlights that spot trades, where cargoes are delivered within three months of the transaction date, accounted for 47 million tons in 2016, equivalent to 18% of total imported LNG volumes. However, the share of spot and short-term transactions (contracts under four years) remained flat year-on-year despite an expectation that there would be an increase given new supplies from Australia and US with destination-free, flexible contractual terms. Most of the LNG supply was absorbed by increased demand in China, India and Egypt but demand in mature LNG importing markets remained sluggish. [Read more](#)

U.S. LNG May Head to Europe with Lower Asian Prices Anticipated

(Bloomberg; Mar 23) - Northwest Europe, one of the biggest trading regions for LNG, hasn't yet attracted any cargoes from the U.S with sellers preferring to offload cargoes in Asia and South America. But as spring weather may dampen Asian demand and prices in Japan and Korea expected to move closer to parity with European prices, US cargoes may arrive in Europe to help replenish depleted inventories. According to Citigroup Inc., Asian LNG prices may slide to below \$5 per MMBtu. [Read More](#)