

LNG WORLD MARKET UPDATE

April 6, 2017

LNG suppliers at Gastech recognize need to adapt to current market oversupply but also anticipate additional output may be needed in the next five years; Malaysia's Petronas and Singapore's Pavilion Energy see opportunities for collaboration; and liberation of the Japanese gas and electricity market goes into full effect. 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

\$3.13 (\$/MMBtu)

April 3rd close

Weekly Change

↑\$0.19 (6.46%)

Trend

\$3.71

\$3.13

Jan Feb Mar Apr

Source: EIA

LNG Import Price

Japan

\$7.60 (\$/MMBtu)

March 2017

Trend

\$7.23

\$7.60

Mar July Sept Dec Mar

Source: World Bank

LNG Producers Forced to Take More Market Risks to Maintain Market Share

(Reuters; April 5) -Oversupply of LNG is leading producers to take more risks and adapt their strategies as buyers call for increased flexibility. Steve Hill, executive vice president of Shell Eastern Trading sees increased difficulty in obtaining long-term, large volume contracts. Also, new contractual terms are being proposed as Japan's JERA and France's Total prepare to execute a contract for flexible volumes based on Asia LNG spot prices. Some producers are also looking at smaller scale demand opportunities. [Read more](#)

Industry Executives Agree that Natural Gas Oversupply Will Not Last Forever

(CNBC; April 3) - Industry executives believe that there may not be enough output to meet growing demand in the longer term. Jordan Cove LNG president Elizabeth Spomer sees an output deficit as early as 2022 given the current low price and supply surplus has slowed production amid growing demand. Wood Mackenzie chairman, Simon Flowers, also sees oversupply lasting for the next five to six years even though prices will likely stay under pressure. [Read more](#)

Malaysia and Singapore Gas Companies Team Up in LNG Business

(The Star - Malaysia; April 1) - Malaysia's Petroleum Nasional Bhd (Petronas) through its subsidiary Petronas LNG Ltd, signed a memorandum of understanding (MoU) with Singapore's Pavilion Energy's subsidiary Pavilion Gas. The two parties will explore ways to optimize opportunities within the LNG business through spot trading and joint efforts in receiving terminals and storage facilities. The intent is to leverage Petronas' presence in the integrated LNG value chain and diversified LNG portfolio with Pavilion's position as one of the LNG aggregators in Singapore to create value and growth in the region. [Read more](#)

Japan's City Retail Gas Market Liberalization Goes into Effect

(Reuters; Mar 31) - On April 1, Japan's city retail gas market opened to companies beyond the regional gas firms that have typically provided gas into homes around the country. The liberalization follows similar moves in the nation's electricity market and increased competition could boost purchases of LNG. Power utilities are well positioned to enter the gas market and a dozen firms have registered. The power monopolies are seeking to compensate for the 3 million (5 percent) retail power customers lost in the first 11 months since the electricity markets were liberalized. [Read More](#)