

LNG WORLD MARKET UPDATE

April 13, 2017

Japanese companies strike collaborative partnerships to better compete in a liberalized market; Russia sees Asia as a growth market for its energy exports; oil and gas major Total signs contract with flexible pricing terms; and Singapore well on its way to becoming Asia's LNG trading hub. 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

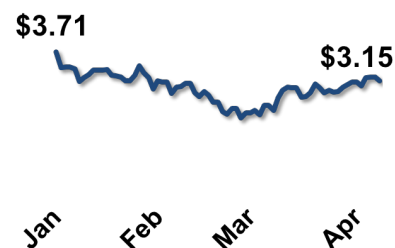
\$3.15 (\$/MMBtu)

April 10 close

Weekly Change

↑\$0.02 (0.64%)

Trend



Source: EIA

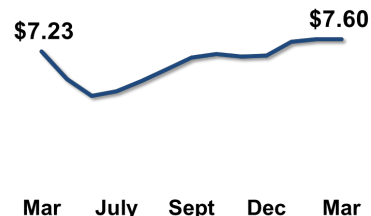
LNG Import Price

Japan

\$7.60 (\$/MMBtu)

March 2017

Trend



Source: World Bank

Japan's Tokyo Gas and Kyushu Electric to Cooperate on LNG Procurement

(The Japan News; April 12) - Exposed to competition due to the liberalization of the retail sales of electricity and gas, Tokyo Gas Co. and Kyushu Electric Power Co. have decided to join hands to share LNG to lower consumer rates. The two companies will provide each other with their surplus LNG and aim to ensure stable procurement in the event of a disaster. Tokyo Gas has also formed a similar cooperative partnership with Kansai Electric Power Co. [Read more](#)

Gazprom Looks to China, Not Japan, for Natural Gas Prospects

(Bloomberg; April 9) - Russia's Gazprom sees brighter prospects for Chinese natural gas demand and is less confident in Japan's future as a growing natural gas user due to the country's nuclear reactor restarts, use of coal and rising energy efficiency. Balancing its reliance on European buyers, Russia has turned to Asia as a growth market for its energy exports. However, the company's prospects in both countries will depend heavily on price says Gordon Kwan, head of Asia oil and gas research at Nomura Holdings Inc. in Hong Kong. [Read more](#)

Total's New Contract with JERA Signals Move to Offer Flexible Contracts

(Reuters; April 13) - French oil and gas major Total signed a short-term LNG supply contract with Japan's JERA for six cargoes, four of them priced on a traditional oil-indexed formula and two others based on spot market gas prices. Total's President for Gas, Renewable and Power, Philippe Sauquet said that suppliers may need to be more reasonable with new projects to keep costs low and be more flexible in contracts to get new outlets. However, he does see a robust long-term trend of LNG demand as many new countries are ready to consume more gas. [Read more](#)

Singapore Quickly Becoming Center of LNG Business in Asia

(Nikkei Asian Review; April 7) - Singapore's efforts to lead LNG trading and distribution are paying off as more Japanese trading houses and international resource developers use it as a hub of Asian LNG operations. Singapore has benefited from farsighted policies such as stronger controls on greenhouse gas emissions, tax incentives, and proximity to largest growth markets for LNG. The Singapore Exchange, or SGX, has also taken the lead in setting Asian LNG prices as spot trades and shorter-term contracts have gained prominence. [Read More](#)