

LNG WORLD MARKET UPDATE

October 19, 2017

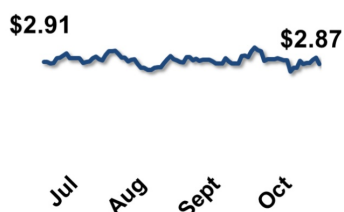
Global liquefaction capacity to increase over next five years; China's bold gas plan may threaten winter power supplies; Ophir Energy in Equatorial Guinea exploration deal; Japan offers \$10 billion to support Asian LNG growth. Subscription options for this report are available at the bottom of this email. Please contact AGDC External Affairs at externalaffairs@agdc.us with questions.

Natural Gas

HH Spot Price
\$2.87 (\$/MMBtu)
October 16 close

Weekly Change
\$0.00 (0.00%)

Trend

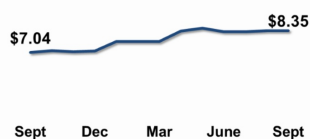


Source: [EIA](#)

LNG Import Price

Japan
\$8.35 (\$/MMBtu)
October 2017

Trend



Source: [World Bank](#)

IEA: Global LNG Capacity Set to Grow

(Upstream, October 17) - According to the International Energy Agency (IEA), the global market for liquefied natural gas is growing with almost 200 billion cubic metres of new capacity expected within the next five years, with 47 nations set to import LNG by 2022 compared to 38 last year. However, there are still expected to be security of supply challenges in future, the Paris-based body said in its latest gas report. At the same time, LNG overcapacity is expected to ebb, with an anticipated retightening of the supply demand balance. [Read more.](#)

China's Bold Gas Plan May Threaten Winter Power Supplies

(Reuters; October 19) - China has ordered state oil companies to speed up the construction of pipelines to move natural gas to homes and factories, underscoring worries that the country's insufficient infrastructure could cause power outages during the peak winter demand period. Wood Mackenzie estimates the heating needs alone will add 10 billion cubic meters (bcm) to China's gas demand, the equivalent of Vietnam's annual consumption. The country is expected to use about 230 bcm this year, and expects that gas demand will rise to between 320 and 360 bcm per year by 2020, meaning more long-term infrastructure investment is needed. The increase is the equivalent of the annual consumption of

Japan, Asia's second-largest gas consumer after China. [Read more.](#)

Ophir Energy in Equatorial Guinea Exploration Deal

(LNG World News; October 18) - London-based Ophir Energy, the developer of the Fortuna FLNG project, has signed a new production sharing contract for an offshore block in Equatorial Guinea. Block EG-24, formerly Block EG-20 and Block M, is one of 20 exploration areas marketed during the EG Ronda 2016 licensing round and is located to the west of producing fields Ceiba and Okume, covering 3,537 square kilometers. Ophir will operate the block and have an 80 percent interest. GEPetrol will have a 20 percent stake, with the option to increase this by another 10 percent if a commercial discovery is made. [Read more.](#)

Japan Offers \$10 Billion to Support Asian LNG Growth

(Platts, October 18) - Japan has announced a \$10 billion public-private initiative to support the expansion of Asia's LNG markets, as the world's largest LNG consumer aims to develop new demand centers able to absorb growing global supplies. The initiative will provide financial support to projects supplying LNG to Asia, or supporting demand creation in the region, which already accounts for over 70% of global consumption. "Japan will continue to work towards developing liquid LNG markets in Asia, seek specific actions towards creating LNG demand by new LNG utilization measures such as LNG bunkering, and contribute to building international consensus on the benefits of LNG," Seko said. [Read more.](#)