

LNG WORLD MARKET UPDATE

October 5, 2017

BP expands LNGC fleet, India eyes long-term gas contracts, Australia expects to increase exports of LNG by 16 percent, Middle Eastern petrochemical companies see rising competition. 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

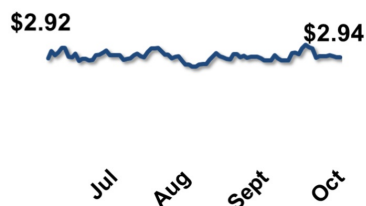
\$2.94 (\$/MMBtu)

October 2 close

Weekly Change

↓ \$0.02 (-0.68%)

Trend



Source: EIA

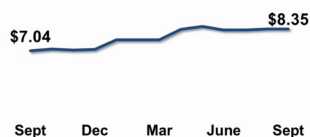
LNG Import Price

Japan

\$8.35 (\$/MMBtu)

October 2017

Trend



Source: World Bank

BP Secures More Than \$1 Billion for Six LNG Newbuilds

(LNG World News, October 5) - Six vessels will join existing carriers in BP Shipping's fleet in 2018 and 2019 and will serve a 20-year liquefaction contract with the Freeport LNG facility in Texas, as well as other international LNG projects in BP's global portfolio. Each vessel will have the capacity to transport 174,000 cubic meters of natural gas and feature M-type, electronically controlled gas-injection (ME-GI) propulsion and DSME's partial reliquefaction system. [Read more.](#)

Australia Closing in on Qatar as World's Top LNG Exporter

(Reuters; October 6) - Increases planned from mid-2018 as \$180 billion in new projects hit their stride, allowing Australia to nearly catch up with Qatar, the world's top supplier. Rising LNG exports coupled with higher prices for steel-making commodities and thermal coal should see Australia's overall resource and energy export earnings increase 2 percent in the year to end-June 2018, to a record A\$211 billion (\$165 billion), the Department of Industry, Innovation and Science said on Friday. Japan, South Korea and China are set to absorb the extra volumes, the department said in its quarterly commodities report. [Read more.](#)

US Shale Gas Casts a Long Shadow over

Petrochemicals

(Platts; October 5) - The Middle East has long enjoyed the status of the petrochemical-producing region with the lowest feedstock costs in the world. However, the advent of shale has helped US-based petrochemical companies narrow the cost gap. If companies in the US can negotiate their freight well, they can land their products into China at prices cheaper than Middle Eastern companies. Though a small volume of polymers manufactured from shale feedstock in the US is already being exported, this figure is expected to soar by December and in early 2018. About 1.7 million mt/year of new polyethylene capacity is expected to start up by end-2017. [Read more.](#)

India's GAIL Eyes More Long-Term Natural Gas Contracts

(Platts, October 5) - Indian state-owned gas utility GAIL is pushing to renegotiate more long-term contracts, following Petronet's renegotiations with ExxonMobil and RasGas, GAIL chairman and managing director B.C. Tripathi said at a local industry event, according to media reports. Petronet recently renegotiated its 1.5 million mt/year contract with ExxonMobil from its Gorgon project. In 2015, Petronet reached agreement with RasGas to reduce the contract price and waive a penalty payment for now lifting the agreed volumes in 2015, and in return increase the 7.5 million mt/year contract by an additional 1 million mt/yr for a 12-year period from 2016. Tripathi also called for a government policy push to double India's natural gas consumption to 15% of the energy mix, up from the present 6%-7%. [Read more.](#)