

LNG WORLD MARKET UPDATE

November 2, 2017

Almost 40% of global liquefied natural gas trade moves through the South China Sea; Can the U.S. Crack the \$90 Billion LNG Market?; Cheniere Energy's CEO on the Global Gas Bonanza; Japan's Osaka Gas Plans Resales of 3 Mln T of LNG by 2020. 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

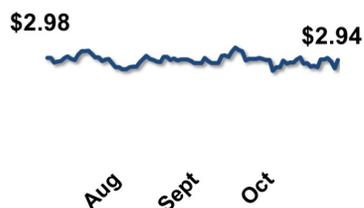
\$2.94 (\$/MMBtu)

October 30 close

Weekly Change

↓\$0.01 (0.34%)

Trend



Source: EIA

Almost 40% of Global Liquefied Natural Gas Trade Moves Through the South China Sea

(EIA, November 2) - More than two-thirds of China's LNG imports and more than 90% of Taiwan's LNG imports passed through the South China Sea in 2016. Total imports of LNG to China have more than doubled over the previous five years, from 0.56 Tcf in 2011 to 1.20 Tcf in 2016. However, more than half of the growth in China's LNG imports were volumes that went to northern ports without transiting the South China Sea. Based on projections in the International Energy Outlook 2017, EIA projects that China will surpass South Korea as the world's second-largest LNG importer by 2018 and nearly match Japan's level of LNG imports by 2040. [Read more.](#)

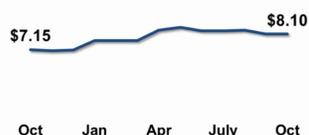
LNG Import Price

Japan

\$8.10 (\$/MMBtu)

November 2017

Trend



Source: World Bank

Can the U.S. Crack the \$90 Billion LNG Market?

(Bloomberg; November 2) - Long-term contracts for liquefied natural gas are expiring, but a glut is keeping prices down. The \$90 billion global market for liquefied natural gas will be reshaped in 2018 as a number of large, long-term contracts start to expire. Growing supplies from the U.S., higher demand in Europe and Asia, and geopolitical tension surrounding Russia and Qatar, the world's two biggest gas suppliers, promise to shift long-established trading patterns. For decades the majority of LNG bought and sold around the world

has been governed by long-term contracts of up to 20 years. A fifth of those will expire from 2018 to 2020. Over the next decade, contracts governing 80 percent of all global LNG trade will be rewritten.

[Read more.](#)

Cheniere Energy's CEO on the Global Gas Bonanza

(Bloomberg; November 2) - Jack Fusco talks about the rise of U.S. LNG and surging demand from China. He sees Cheniere easily doubling the size of the company. In China alone, there is more than 45 percent year over year in LNG demand growth, and no one anticipated that level of growth. "The part that's extremely exciting to me is it's a secular shift. It's not just because of a tsunami or that it's cold. In China today there are 16 regas terminals in operation. There are four under construction and at least a dozen more in the planning stages. They want to shift from coal-fired generation in the main metropolitan areas to natural gas combined-cycle power plants. They're building 40-year assets, and they need 40 years' worth of reliable LNG. They could go from 30 million tons this year to 100 million tons by 2025 if they're successful with their electrification plans. [Read more.](#)

Japan's Osaka Gas Plans Resales of 3 Mln T of LNG by 2020

(Reuters, November 1) - Japan's Osaka Gas plans to raise its resales of liquefied natural gas (LNG) to third parties to 3 million tonnes a year by 2020, a top executive said on Wednesday, a move that would create more liquidity to Asia's emerging natural gas markets. Resale volumes are set to expand as producers like Malaysia's Petronas bow to buyer pressure to change existing contracts, and also because of the emergence of new supplies, including from Freeport LNG in the United States, which will be offering cargoes from early 2018 without destination clauses. [Read more.](#)