

LNG WORLD MARKET UPDATE

September 14, 2016

Majors continue big bets on LNG with more than 50% of total production turning to gas, the Japanese power market remains stable with a strong appetite for gas, even at higher prices. With the changes in the LNG global market come opportunities as first movers enter the on-line trading arena to trade in LNG spot pricing, while the US continues to rationalize its move toward "more gas" and continued development. The 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 Leah Levinton at llevinton@agdc.us with questions.

Natural Gas

HH Spot Price

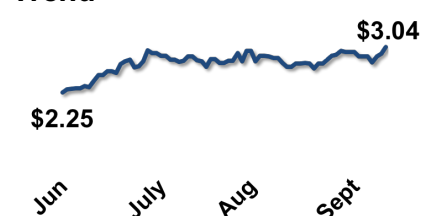
\$3.04

September 12 close

Weekly Change

↑\$0.16 (5.6%)

Trend



Source: EIA

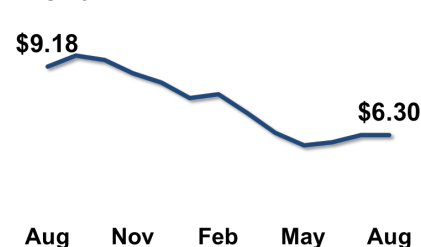
LNG Import Price

Japan

\$6.30

August 2016

Trend



Source: World Bank

Oil Majors and NOC's Betting on Natural Gas for the Future

(Wall Street Journal; September 13) - Natural gas now accounts for about half of the production of most of the world's biggest oil companies and is expected to dominate new output in the coming years. France's Total SA plans to boost its LNG production capacity by 50% by 2020. Britain's BP PLC expects roughly 60% of its production will be gas by the end of the decade, up from 44% in the first half of this year. And Italy's Eni SpA estimates around 70% of the resources that it's likely to be able to recover from new projects it's planning to develop over the next four years will be gas. [Read more](#)

Even With Low Energy Prices the Japanese Market for LNG is Stable

(World Coal; September 13) - According to a report from the U.S. Energy Information Administration (EIA), as Japan's electricity generation mix shifted away from nuclear energy toward the increased use of coal and natural gas after the Fukushima accident, Japan became increasingly reliant on generating electricity using imported coal and liquefied natural gas (LNG). However, even as the imported cost of coal and LNG declined, Japan's electricity price increased. According to data from Japan's 10 major utilities, the average retail electricity price rose for four consecutive fiscal years (2011 - 2014). In fiscal year 2015, as LNG prices fell by 37% and coal prices fell by 19%, Japan's retail electricity price fell by 2%. [Read more](#)

LNG Trading Meets EBay as Startup Launches Online Auction

(Bloomberg; September 1) - The Global LNG Exchange, or GLX, will begin testing its platform in October and plans to handle live deals starting in the first quarter, Chief Executive Officer Damien Criddle said in a phone interview. Criddle hopes the site can replace the current system of buy and sell tenders that are issued and bid on through e-mails, instant messages, and phone calls, which dominate the current spot and short-term market. [Read more](#)

LNG Could Be the Unifying Factor in Energy Policy Today

(Morning Consult; September 6) - Under an increased LNG exports scenario, the nation would experience substantial economic success. A report conducted by Rice University last year and commissioned by the Department of Energy found that exporting more than 12 billion cubic feet of natural gas per day would generate 35,200 jobs annually and generate as much as \$20.5 billion in new revenue annually. Another report from ICF International, a policy consulting firm in Virginia, projects energy producing states could see anywhere from \$10 billion to \$31 billion in fresh revenue, with non-producing states collecting upward of \$5 billion annually by 2035. The same report also predicts an additional 665,000 jobs will be created nationwide. [Read More](#)