World LNG Trade 2015

&

Outlook 2016

By:

Global LNG Info (GLNGI)

June 2016

www.globallnginfo.com

World LNG Trade 2015 (1)

- Global LNG trade in 2015 increased 2.5% YoY to 245.2 MMT, semi flat for the fourth year running, as new demand from Egypt, Jordan and Pakistan partly offset the drop in demand from Japan and South Korea.
- Asian LNG demand was 72% of global LNG trade while 41% of global LNG volumes supplied from Asia-Pacific and 40% from the Middle-East.
- 117 LNG receiving terminals were operating in 34 importing countries with 777 MMT/Y total capacity while 90 liquefaction trains were in operation in 19 exporting countries with 308 MMT/Y total capacity.
- As we had seen in 2014, Asian LNG demand's growth rates slowed compared to recent years because of demand weakness in Japan, South Korea and China, due to seasonal and structural economic factors. The growth in China was weaker than expected, and S. Korea demand was more than 4 MMT less than the demand in 2014.
- Japan and Qatar keep their positions as the world's largest LNG importer and exporter, respectively. Qatar exported more LNG in compare to 2014 but Japan imported less LNG in 2015.
- Just one LNG export project took FID in 2015 which was Sabin Pass project's Train 5 while FIDs signed on the 4 LNG imports projects which were Costa Norte, Himeji II expansion, Senboku I expansion and Toyama Shinminato LNG imports terminals.
- LNG imports are seen as a mean to address the growth in energy demand, particularly in emerging economies such as China, India and the Middle East. In recent years, both LNG demand and supply have substantially diversified with more than 30 importing countries like Israel, Pakistan, Lithuania and Finland compared to 11 in 2000. The number is expected to increase to approximately 50 by early next decade. There are approximately 20 exporting countries today with the most recent addition of Papua New Guinea and is expected to grow to as many as 25 by early next decade, according to Shell.

World LNG Trade 2015 (2)

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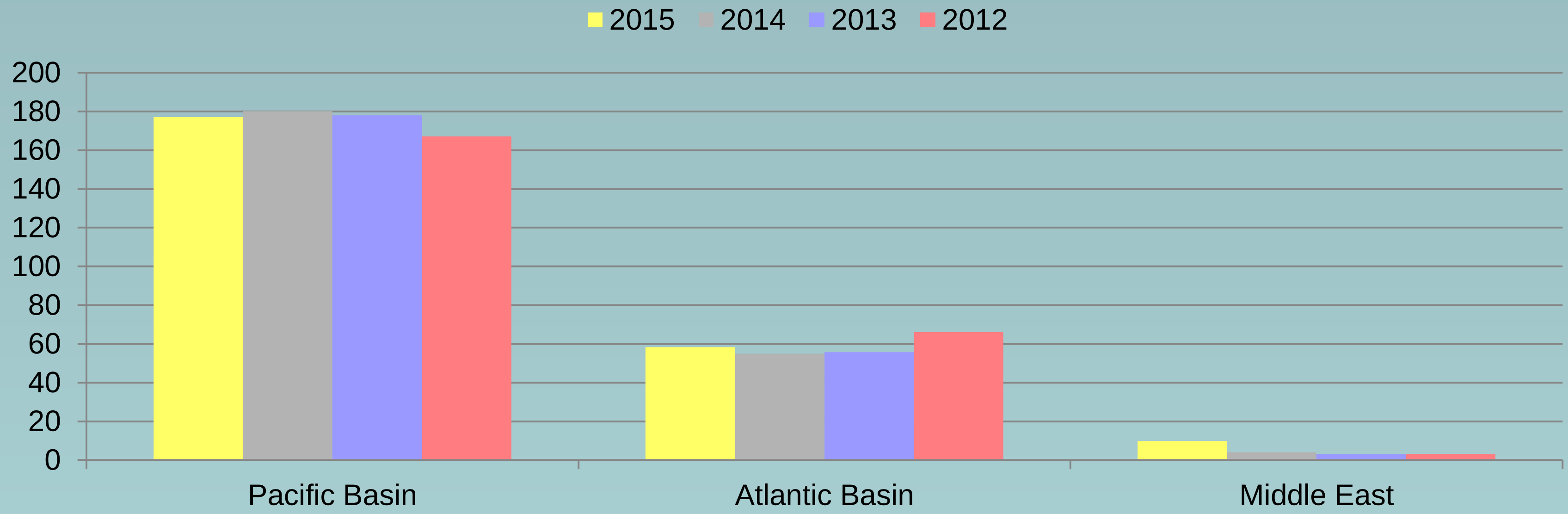
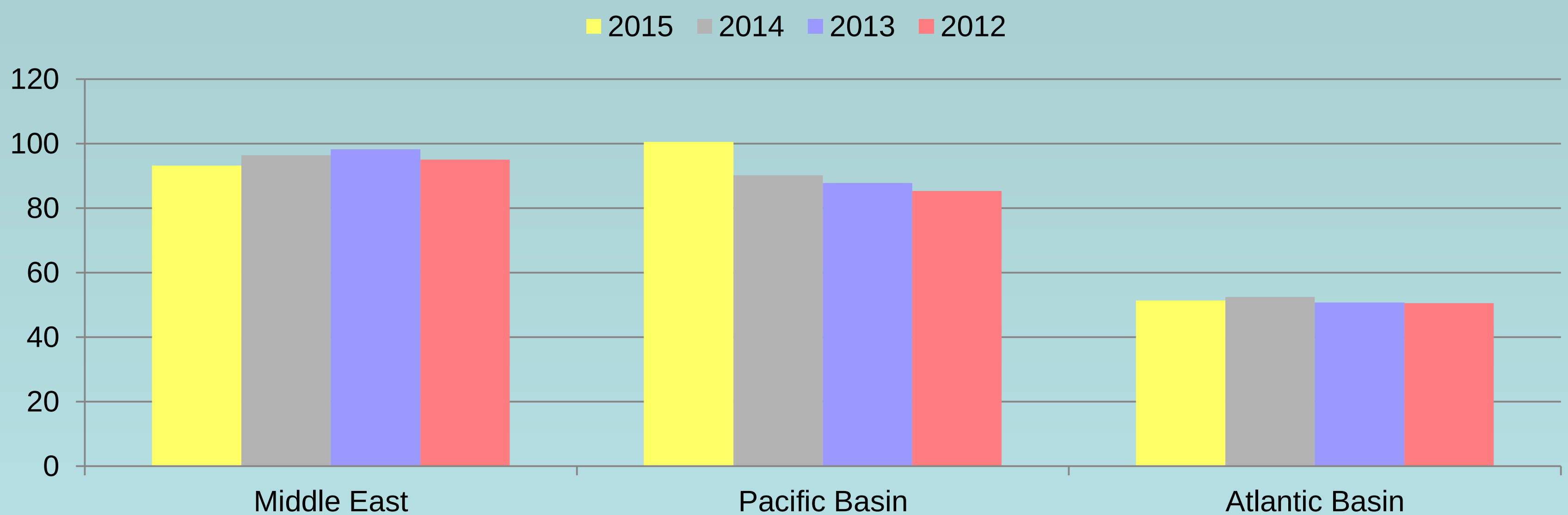
- Spot and short-term volumes of LNG trade reach 68.5 MMT in 2015, accounting for 28% of total LNG trade as the share of spot trade was estimated to be about 15% of all LNG traded in 2015. In 2014, spot or short-term volumes had stood at 69.6 MMT, representing 29% of total trade.
- Traditional LNG spot buyers Japan and South Korea took less LNG in 2015, down by 8.1 MMT, in compare to 2014. This was partly offset by spot and short-term deliveries into Egypt, Jordan, India and Pakistan, which increased by 7.1 MMT.
- Qatar remained the main supplier of spot and short-term volumes at 20.3 MMT in 2015 as 32% of global LNG volumes supplied from the Persian Gulf tiny state.
- Japanese spot buying almost halved in 2015 compared to the previous year, with only around 30 or so cargoes purchased on a spot basis.
- Increasing US LNG supply with no destination clauses would mean more spot volumes availability; however the main questions are demand volumes and achievable prices.
- International re-exports dropped to 4.4 MMT in 2015 from 6.4 MMT in 2014 as regional price differentials narrowed.
- At the end of 2015, the world had 416 LNG vessels with 134 on order (excluding FSRU/FSU).
- More than 105 MMT of the European LNG regasification capacity not used in 2015 as an average utilization ratio of the region’s LNG imports terminals was less than 22%.
- During the next couple of years the supply-demand balance results in some LNG shipments flowing into European markets. However, it is unlikely Europe will see the levels of LNG imports it experienced in 2011 until much later in the decade as Asian LNG market continues to grow as expected. Therefore Europe will play the balancing role in the market as it did since 2013. Meanwhile, Gazprom has frankly said that it intends to defend its 30% share of the European gas market against LNG.

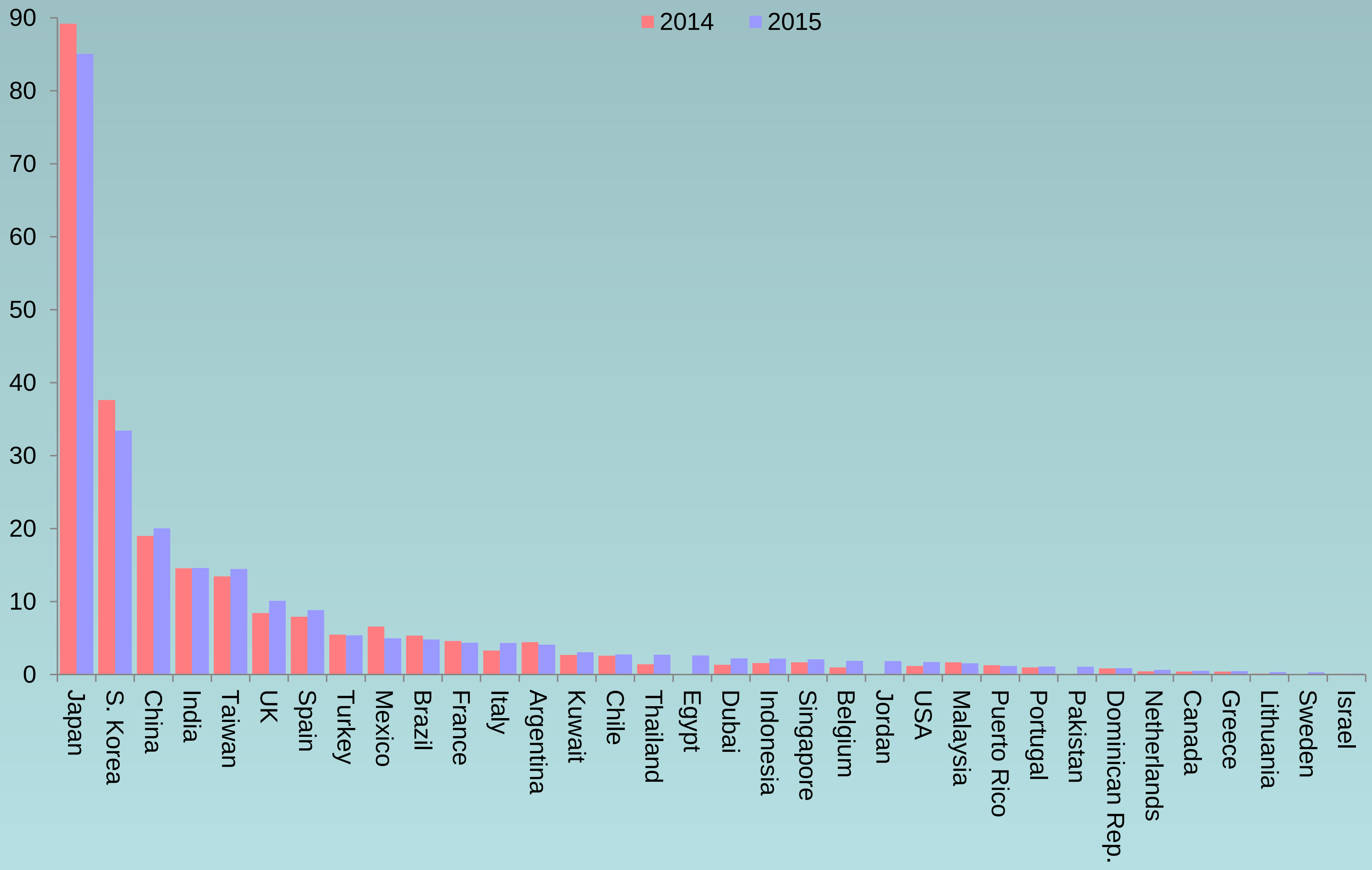
World's LNG Imports by the Region (MMT/Y)



World's LNG Export by the Region (MMT/Y)

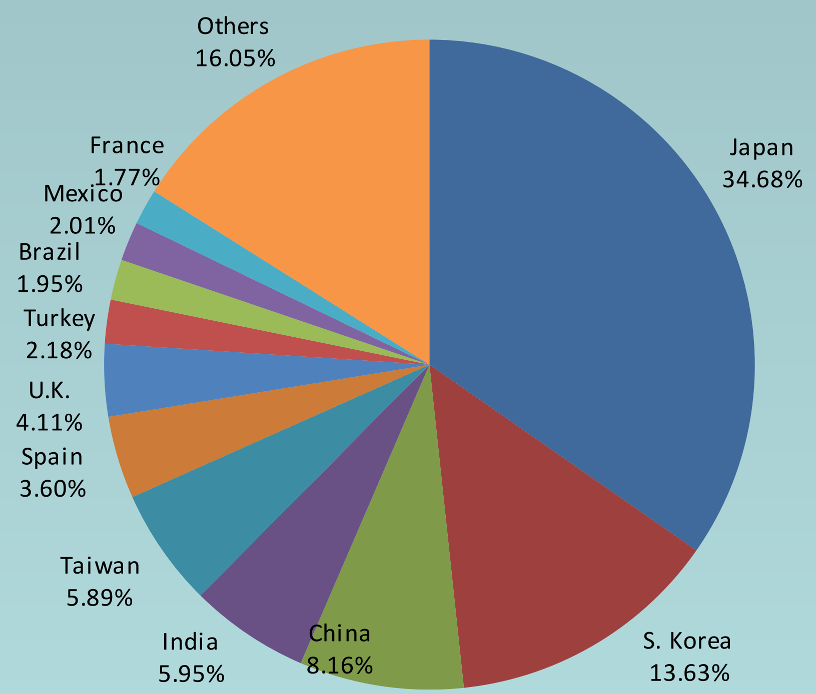


World’s LLNG Trade by the Importers (MMT/Y)

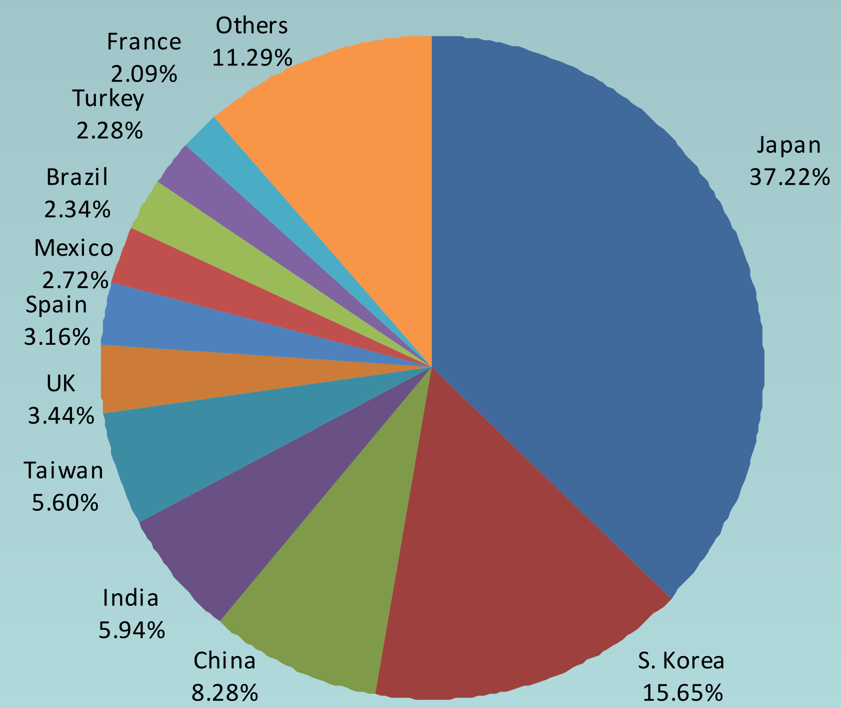


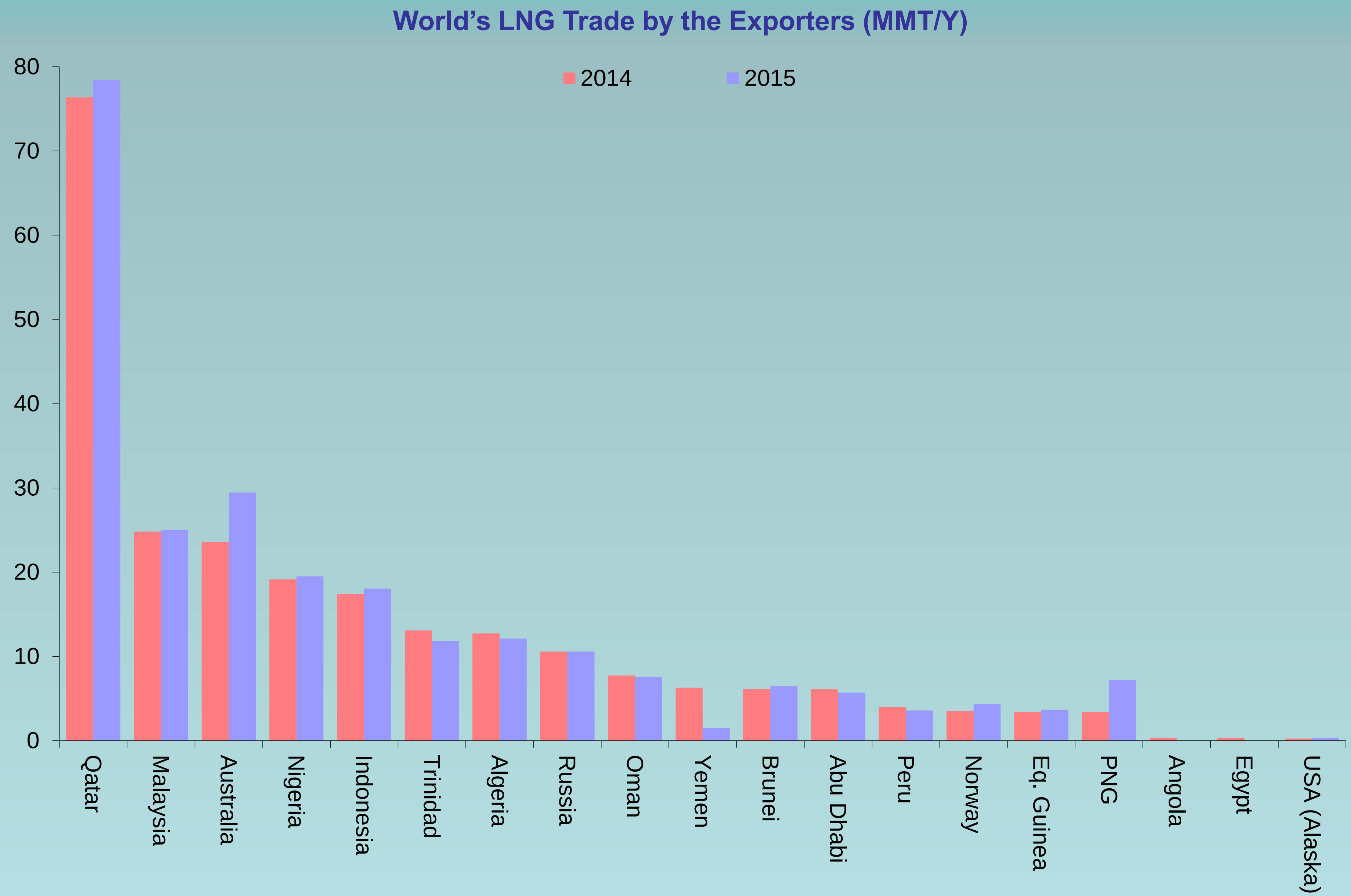
 Data Source: GLNGI, GIIGNL & Countries’ Reports

World LNG Importers by the Share in 2015



World LNG Importers by the Share in 2014





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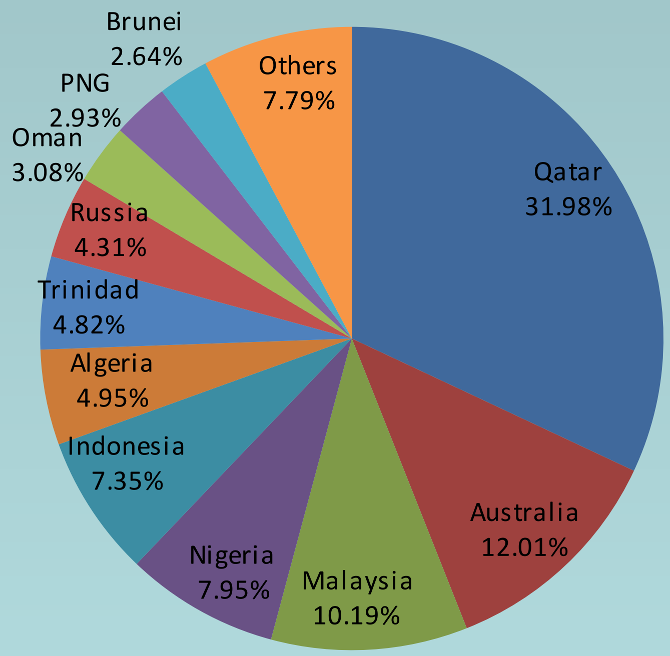
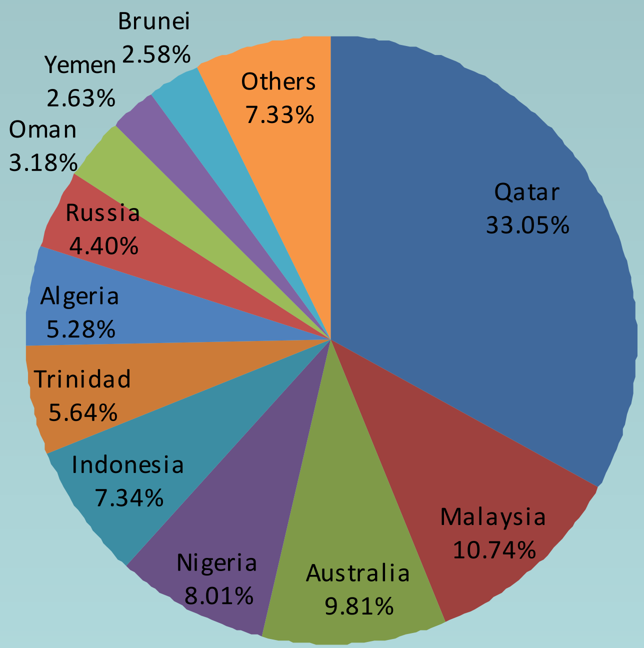
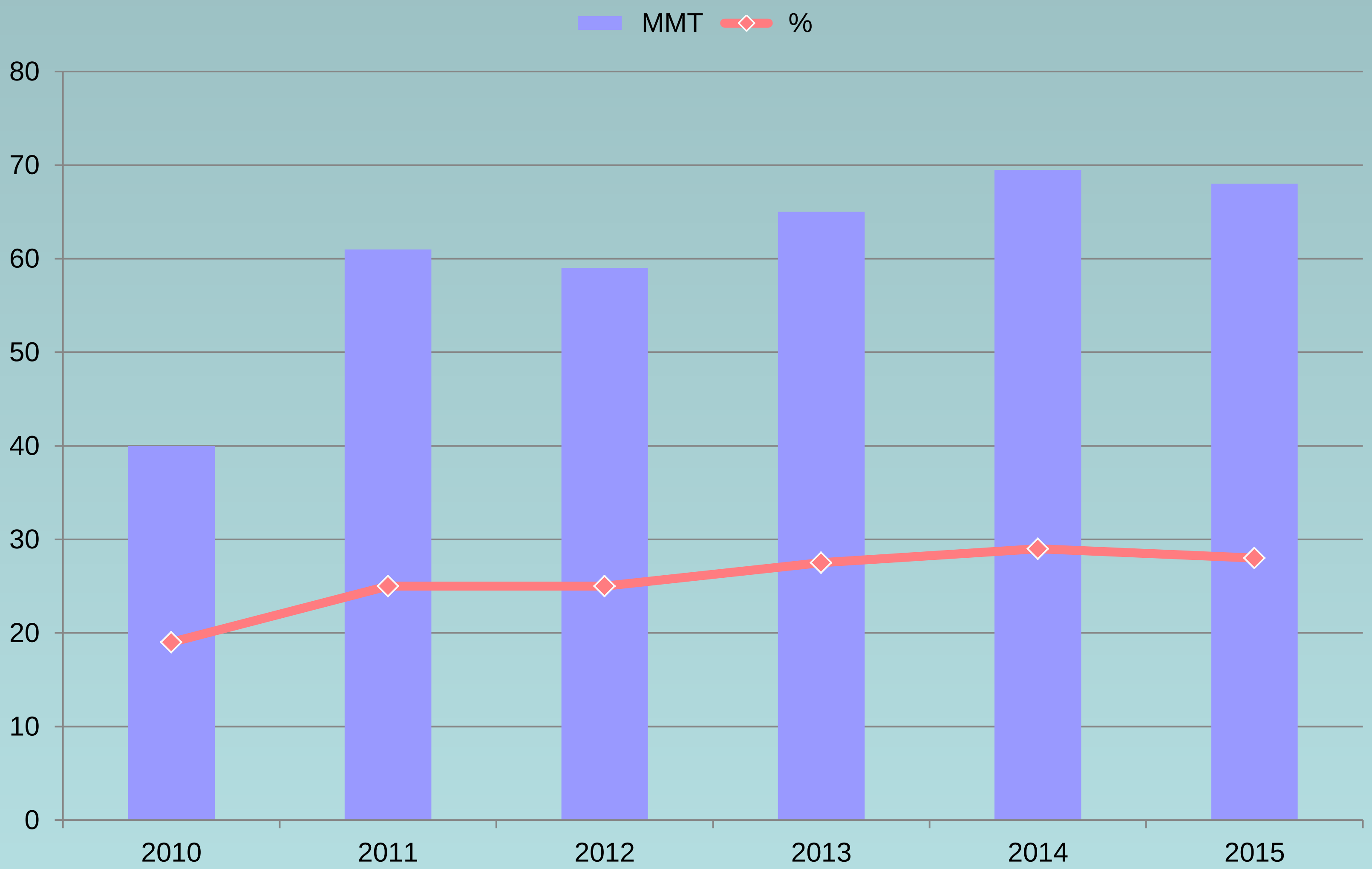
World LNG Exporters by the Share in 2015



World LNG Exporters by the Share in 2014



Quantity and Share of Spot & Short-Term LNG Trade



- **“Buyers are selling”**, a phenomenon that would heat up spot market and pressures more on prices.
- Global LNG Info sees **more convergence** among LNG buyers; however **more divergence** among LNG sellers.
- Buyers are looking for **signing long-term (new and renewal) contracts** based on **short-term (spot) pricing** but is it also acceptable for sellers who have to hugely invest on their LNG supply projects?
- Some suppliers like Petronas are accepting **fewer destination** restrictions and more **hybrid pricing**. Is Qataris going to follow the Malaysian company? If so, we would see a dramatic change in its LNG marketing strategy.
- Qatargas has announced that it has sold its first LNG spot cargo in May to Jera. Earlier, the Japanese company had revealed that it will shun contracts with destination restrictions from now on, because it needs the flexibility to re-sell cargoes in the current oversupplied market.
- Japan’s recent fully liberalized $163 billion power market would open new opportunities for LNG market players to invest in the world largest LNG buyer’s energy infrastructures like regasification terminals, pipelines, power plants and also retail energy market.

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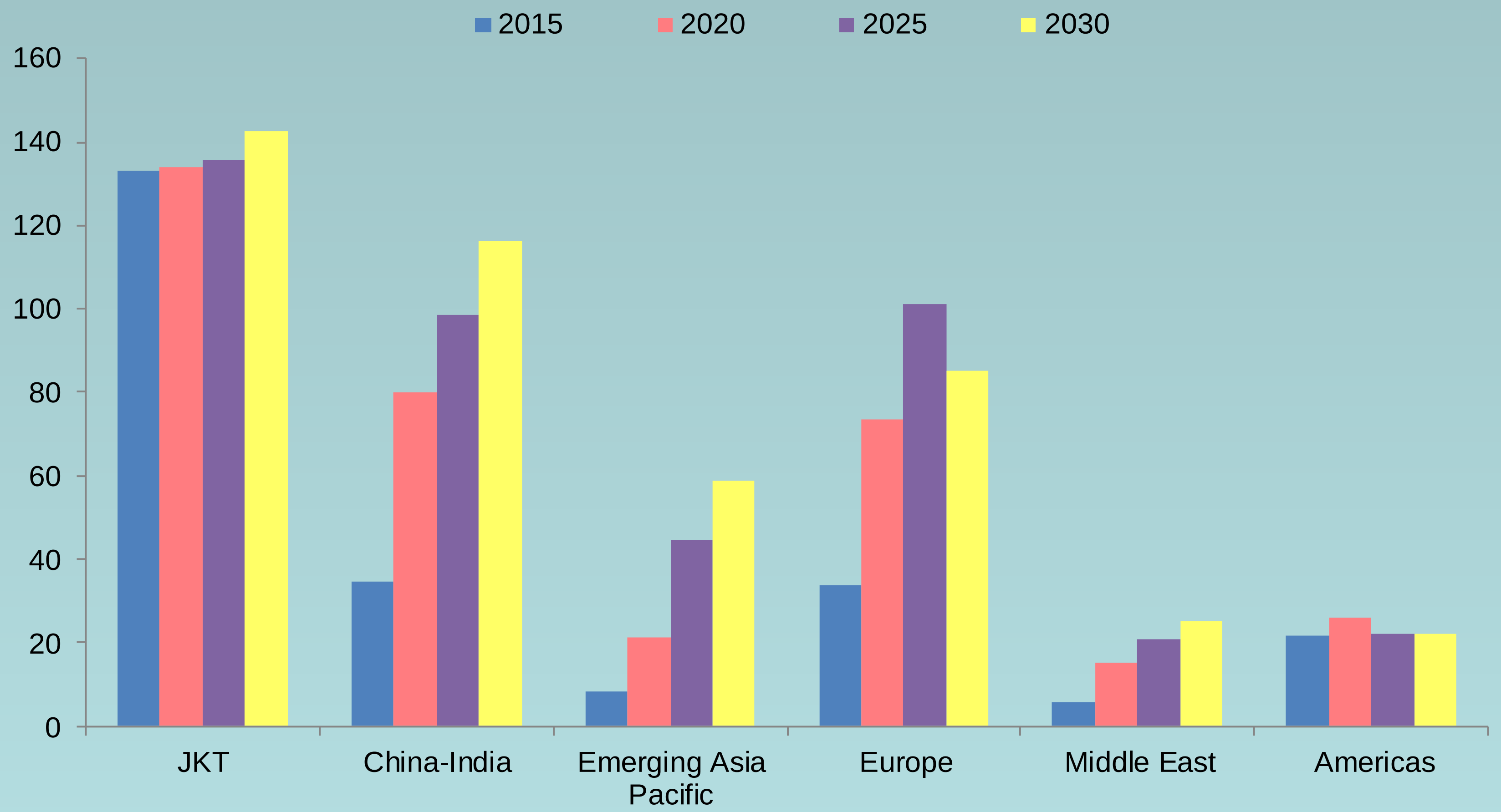
Global LNG Info Projection of Global LNG Demand (MMT/Y)



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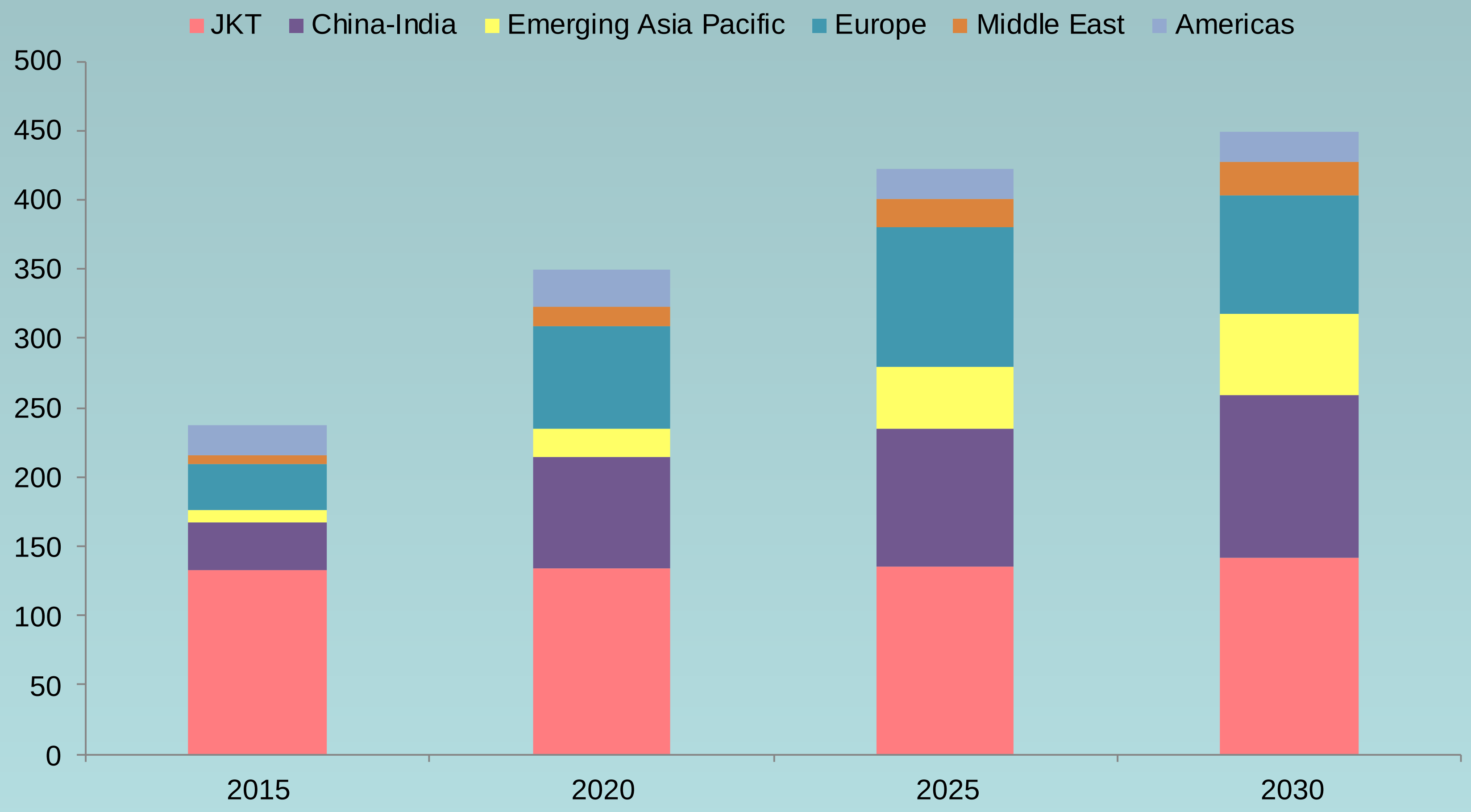
Global LNG Info Projection of Global LNG Demand (MMT/Y)



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[Insights@globallnginfo.com]

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