

OPIS Asia LNG Price Report

A daily report on landed LNG prices

30 September 2020

DES CHINA INDEX:

\$5.150/MMBtu (Nov)

↑ 0.138

DES NORTHEAST ASIA PRICES (\$/MMBtu)

MONTH	PRICE	CHANGE	
November	5.150	0.138	↑
2H Oct	4.950	0.100	↑
1H Nov	5.075	0.150	↑
2H Nov	5.225	0.125	↑
1H Dec	5.300	0.000	↔

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FOB GULF COAST NUMBERS (\$/MMBtu)

PERIODS	1-15 DAY	16-30 DAY	31-45 DAY	46-60 DAY
Differential	2.281	1.576	1.113	1.191
NG Price	1.691	2.561	3.118	3.118
Assessment	3.972	4.137	4.231	4.309

Assessment Rationale

[2H OCT] Survey range: \$4.95-5.15/MMBtu.

[1H NOV] Survey range: \$4.90-5.20/MMBtu, with Glencore's Nov 4-8 bid at \$5.00/MMBtu setting a floor on 1H Nov prices.

[2H NOV] Survey range: \$5.00-5.30/MMBtu; Vitol bid at \$5.15/MMBtu for mid-Nov.

[1H DEC] Survey range: \$5.20-5.75/MMBtu.

Market Commentary

Market Highlights

- Hokkaido Electric issues buy tender for an end-Nov-early Dec delivery cargo
- Inpex offers a Oct. 19-23 loading cargo from Ichthys LNG
- End-user demand emerge from Japan, India, South Korea
- Supply tightness observed for Nov delivery on possible disruptions at Yamal LNG, Cameron: traders
- Downside risks linger on lower Eurogas prices, more supply tenders, absence of Chinese and Korean buyers over the next week.

Prices

Prices nudged up with buyers stockpiling in anticipation of below-normal winter temperatures in the northern hemisphere, amid supply disruptions.

Bids climbed, breaching the \$5.00/MMBtu mark for November delivery. On an e-trading platform, Glencore bid for a Nov 4-8 cargo to Rudong, China, at \$5.00/MMBtu, over 5¢/MMBtu more than expected, while Vitol posted its mid November bid for a cargo to Pyeongtaek, South Korea, at \$5.15/MMBtu, some 10-15¢/MMBtu above market expectations.

End User Demand - India

Atlantic supply tightness has been further exacerbated by rising demand from India, where the ending of the monsoon season and the gradual return of economic activities after lockdowns have boosted gas demand, traders said.

Given that the current thin 5-10¢/MMBtu India-northeast Asian price spread, many Atlantic cargoes have been drawn to India, cutting availabilities into northeast Asia.

A recent fire at the Hazira domestic gas processing plant of Indian

energy firm ONGC led to the loss of around two to three LNG cargoes equivalent of gas, adding to overall supply pressure, an Indian trader estimated.

The resumption of the Dabhol LNG Terminal following the end of the monsoon also clears up more terminal slots for Indian players, particularly Gail, to bring in more LNG cargoes.

LNG ship Energy Glory unloaded a Cove Point cargo on Sep 27, marking the first delivery into the import terminal since late April, according to MINT shiptracking data.

Recent forecasts of a colder-than-normal 2020/21 winter in the northern hemisphere is prompting many Indian buyers to stockpile cargoes earlier before the peak December-February season, traders said, further raising buying appetite.

End User Demand - Japan

Several northeast Asian end buyers were heard bidding for cargoes this week following a flurry of deals inked last week.

Around three to four Japanese buyers could be seeking cargoes, mostly for December, with utility Hokkaido Electric issuing a limited tender for an end November to early December delivery cargo that is due to close on Friday.

The other Japanese buyers with open demand include energy firm Japex and utility Kansai Electric, traders said.

A recent forecast of a colder than expected winter by the Japan Meteorological Agency could have spurred the country's end users to snap up cargoes earlier, they added.

Last week, Osaka Gas, Kansai Electric and Jera were heard picking up October and November cargoes.

End User Demand - China & Taiwan

In China, private energy firm ENN was heard making enquiries for a mid-November cargo after buying a 1H Nov cargo last week from a Japanese trader.

Chinese National Oil Company Sinopec could be seeking a mid-November cargo this week, and it is unclear if either Chinese firm has completed their purchase ahead of the eight-day public holiday starting tomorrow.

Traders believed that Taiwanese energy firm CPC is possibly looking for up to ten more cargoes for delivery over the next few months,

after a company official stated recently that the firm was seeking around 1 MMT of LNG for Taiwanese utility Taipower.

CPC might have already bought around six cargoes over the past two weeks, traders said.

End User Demand - South Korea

South Korea's independent power producers Posco and SK Prism could be seeking a November cargo and a 2H Nov cargo, respectively, traders said.

State-owned gas distributor KOGAS has also been heard making enquiries for November and December cargoes over the past two weeks, after completing its first round of purchases for October and November cargoes a few weeks ago, traders added.

But with the mid-Autumn Chuseok Holidays starting tomorrow, South Korean buyers are expected to postpone their purchases until next week.

Short Covering by Portfolio Players

On top of requirements by end users, portfolio majors and traders could also be vying for cargoes to cover short positions in Asia.

These are mainly to make up for the dearth of east-bound Atlantic cargoes due to less favourable arbitrage economics, as well as outages at 13.5MMTPA Cameron LNG in the U.S., the 4.2MMTPA Snøhvit LNG in Norway and the 15.6MMTPA Gorgon LNG in Western Australia.

Traders said there were possible supply disruptions at the 17.4MMTPA Yamal LNG and at one of Qatar Gas' 7.8MMTPA mega trains over the past week, although these could not be confirmed.

A European portfolio major and a Chinese major, for example, were heard covering their short positions as a result of the possible disruption at Yamal LNG, and could have procured a total of three to four cargoes over the past week, traders said.

Two offtakers from Cameron LNG were also heard seeking for November cargoes, with one Japanese trading house heard to be enquiring firmly, a supplier said.

"Pockets of supply disruptions at Qatar, Yamal LNG, and Snøhvit LNG have made 1H November tight," an end-buyer said. "I can see some Atlantic cargoes, but traders are now weighing whether to sell these November delivery cargoes to Europe, or offer them to Asia at a high premium."

There are hardly any available U.S. cargo for November delivery into Asia now, traders noted.

Eurogas Fall Shrugged off

Dutch TTF futures fell during Asian trading hours, weighed down by sharply lower oil prices, looser power supply and more Norwegian gas pipeline flows, which possibly offset losses from the Snohvit outage.

The October and November TTF contracts have each fallen by nearly 2% by 11.19am GMT.

Many traders also believed unconfirmed chatter that the fire-struck Snohvit LNG plant will be shut for three to four weeks, removing a risk premium that the market has previously put on the uncertainties surrounding the plant's restart.

Downside risks eyed

Despite today's rally in Asian LNG spot prices, traders said downside risks remain if European gas prices continue to slide during the absence of many Asian traders over the next week due to festivities.

The emergence of more supply tenders could also tip the balance in fundamentals, traders warned.

Inpex issued a new sell tender today, loading Oct 19-23 from Ichthys LNG, Australia. The tender is due to close on Oct 2, with bids valid until the same day.

This follows a string of sell tenders issued in recent days, including Papua New Guinea LNG's Nov 6-loading cargo offer and Sakhalin LNG's Nov 26-loading cargo offer yesterday.

News Column

Centrica Signs LNG Supply Deal with Shenergy

• Centrica is set to supply its first long term supply contract to China, according to a press release on Sep 30.

• This follows its Sales and Purchase Agreement (SPA) with the Shanghai-based state-owned enterprise Shenergy Group Co Ltd.

• Under the SPA, Centrica will be supplying 0.5 MMtpa of LNG for 15 years, starting from 2024.

• This follows a Heads of Agreement concluded in January 2020.

New Maintenance Schedules of Australian LNG Projects

• Chevron will be shutting one and a half to two LNG trains over Apr. 26 to Jun. 14 2021 at its 15.6MMTPA Gorgon LNG plant: website posting.

• For its 8.9MMTPA Wheatstone LNG plant, Chevron will shut one and a half LNG trains over Sept. 2 to Oct. 7 2021 and over Apr. 4 to May 9 2021.

• Other Australian projects with new turnarounds over the next two years include the 8.2MMTPA Queensland Curtis LNG (QCLNG) project.

• QCLNG will shut half a train to one train over May 20 to Jun. 11, 2022.

• The 7.8MMTPA Gladstone LNG project is due to shut one train over Aug. 21 to Sept. 15, 2021

• The 9MMTPA Australia Pacific LNG will shut half a train over Oct. 5-12, 2021.

Tenders

DATE	ISSUER	LOCATION	TYPE	LAYCAN START	LAYCAN END	CARGO	INCO TERMS	CLOSING DATE	VALIDITY DATE	RESULTS	NOTES
30 Sep	Hokkaido Electric		Buy	End Nov	Early Dec	1	DES	2 Oct			
30 Sep	Inpex	Ichthys	Sell	Load: 19-23 Oct	Load: 19-23 Oct	1	FOB	2 Oct	2 Oct		
29 Sep	Sakhalin	Prigorodnoye, Aniva Bay	Sell	Load: 26 Nov	Load: 26 Nov	1	DES/FOB	1-Oct	2-Oct		
29 Sep	PNG LNG	PNG	Sell	Load: 6 Nov	Del: 15-25 Nov	1	FOB/DES	30 Sep	30 Sep		
29 Sep	RPGCL	Bangladesh	Buy	12-Nov	13-Nov	1	DES	29 Sep	Mid Oct		Retender
28 Sep	Angola	Soyo	Sell	del: late Oct	early Nov	1	DES	30 Sep	1 Oct		
28 Sep	Strip: ENN	China	Buy	Jan, July, Aug, Dec	2021-2022	4/yr	DES	9 Oct	16 Oct		
28 Sep	Kansai Electric	Japan	Buy	20 Nov	25 Nov	1	DES	Week of 25 Sep	Week of 25 Sep	Heard awarded ~\$5.0/MMBtu to portfolio major	
25 Sep	Osaka Gas	Japan	Buy	2H Nov	1H Nov	1	DES	25 Sep	25 Sep	Heard awarded below \$5.0/MMBtu, part of time-swap	
25 Sep	Japanese trader		Sell	2H Nov	2H Nov	1	DES	24 Sep	24 Sep	Heard awarded below \$5.0/MMBtu, adgas cargo	
24 Sep	SK Prism	South Korea	Buy	2 Nov	4 Nov	1	DES	22 Sep	22 Sep	Heard awarded close to \$4.75-4.80/MMBtu	
23 Sep	Petronas	Gladstone LNG	Sell	14 Nov	16 Nov	1	DES	23 Sep	23 Sep	Heard awarded close to \$4.90/MMBtu to a portfolio	
23 Sep	GS Energy	Boryeong	Buy	1H Nov	1H Nov	1	DES	22 Sep	22 Sep	Heard awarded close to \$4.80/MMBtu	
23 Sep	CPC	Taiwan	Buy	Oct	Dec	6	DES	23 Sep		Heard 1H Nov awarded \$4.85-4.90/MMBtu	Heard the six could be awarded \$4.80-5.20/MMBtu
22 Sep	Ichthys	NT, Australia	Sell	Load: 6 Oct	10 Oct	1	FOB	25 Sep	25 Sep	Heard awarded at \$4.30-4.40/MMBtu FOB to a Japanese firm	

22 Sep	Pakistan LNG	Port Qasim	Buy	15 Nov	16 Nov	1	DES	15 Oct	15 Oct	
22 Sep	Angola	Soyo	Sell	India: 13-19 oct	NWE: 8-24 oct	1	FOB	23 Sep	24 Sep	
21-Sep	BPCL	Dahej, Kochi	Buy	26-Nov	20-24 Nov	2	DES	23 Sep	23 Sep	One cargo heard to be awarded at around ~\$4.75/MM Btu
21 Sep	Gail	FOB Cove point, DES India	SWAP	Load: 3-9 Nov	Del: 4-9 Jan	1	FOB/DES	22 Sep	22 Sep	
18-Sep	IOC	Ennore	Buy	23 Sep	31 Oct	1	DES	22 Sep	23 Sep	Initial chatter: heard awarded between \$4.80-4.85/MMBtu

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