

China's LNG demand falls in Q2 despite power outages in Sichuan

Notwithstanding electric power shortages in Sichuan province, China's overall gas demand has fallen nearly 5 percent in the second quarter of 2022 due to a sustained economic slowdown, a stark rise in LNG import prices and political support for clean coal. Less gas-burn for power gen and more renewables further contributed to the absolute decline in volumes, explains WoodMac research director Maioru Huang.

On the supply side, domestic production increased by 4.9 percent year-on-year (yoy) in the first half of the year, while pipeline imports increased by 11 percent. LNG imports totalled 31 million tons, down 21 percent yoy.

Buyers cut down on spot LNG, turn to domestic coal instead

"Chinese buyers have minimised their exposure to costly spot LNG. "Spot purchases were muted, and

reportedly, some Chinese players resold cargoes into the European market," Huang commented.

Stable energy supply at affordable cost is at the forefront of China's energy policy today, as policymakers try to shield households and industry from soaring global commodity prices. Hence, China's national 14th five-year energy plan, published in March, re-emphasises coal as the backstop of energy security.

Keen to stabilise energy prices



ENN's Zhoushan LNG import terminal in China's southern Sichuan province

and rein in inflation, the Chinese government has "prioritised" gas demand from households and gas use of gas for space heating. Cost pass-throughs are becoming more frequent, allowing China's state gas importer to push the high costs for imported LNG to end-users, which limits the attractiveness of burning gas for power generation.

In fact, prices for landed LNG

imports in the first half of 2022 averaged \$15 per MMBtu, nearly double the average landed prices in the same period in 2021. Prices of pipeline gas imports increased 40 percent, though this rise was more modest due to a substantial share of lowest-priced Russian pipeline gas which is adjusted to higher oil prices with a time-lag of three to six months, depending on

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High LNG prices hurt sales in China and India

Sustained high prices over the past year have eroded the economic case for LNG and hurt sales in key Asian markets. "Less than one year into higher prices, LNG markets are already seeing a major realignment of demand away from Asia," said Sam Reynold, senior analyst at the Institute for Energy Economics and Financial Analysis (IEEFA).

Should price spikes and volatility continue over the next several years, downward pressures on Asian LNG demand may accelerate, permanently impairing long-term regional demand growth," he commented, adding: "Financiers and investors in new LNG projects must take note."

LNG sales in Asia through July, 2022 have fallen by more than 6 percent, compared to last year. In China and India, two of the largest potential LNG growth markets, LNG imports have fallen 20 percent and 10% year-on-year, respectively. Going forward, Asian demand

could fall further, as competition for limited supplies intensifies during the winter heating season. Multiple countries have withdrawn or been forced out of LNG spot markets altogether.

High, volatile LNG prices are unlikely to settle for several years, due to many factors. For example, the threat of continued Russian cuts to European piped gas, outages at LNG liquefaction facilities, and increasingly unpredictable weather events, due to climate change, could all constrict an already tight global market.

"Exorbitant prices and unrelia-



bility of supply are undermining industry-driven narratives that LNG is a viable 'bridge fuel' from coal," Reynolds said. "Continuous demand growth at persistently high prices will likely prove fiscally unsustainable for emerging markets." As a result, numerous forecasting

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the contract terms between Gazprom and the Chinese importer CNPC.

Pricing schemes for domestic gas favour coal-burn

In the summer 2022 and winter 2022-23 gas pricing plan of China's upstream oil and gas suppliers, wholesale prices for regulated gas into non-prioritised sectors are reportedly 15-20 percent higher than city-gate benchmarks, and for non-regulated gas the prices are 40-80 percent higher. Some

volumes are proposed to link to Asian spot LNG prices.

"Such price schemes, plus a relaxation on coal use, will limit downstream buyers' appetites and plans for gas sales," analysts commented.

As for LNG import prices, WoodMackenzie expects spot LNG cargoes delivered to east coastal provinces will average \$43 per MMBtu in the second half of 2022 – way above the city-gate benchmarks of around \$8 per MMBtu. Oil-linked pipeline gas and LNG contracts, as well as Henry Hub-

linked LNG contracts, will see prices increase from levels in the first half of this year.

"Term LNG remains more economical than spot LNG though, with average delivered prices range between \$13 and \$20 per MMBtu," analysts noted.

LNG imports could fall 14 percent this year

On the policy side, Huag believes "China is unlikely to change its coal policy as the backstop of energy security in the near future. National policy

is unlikely to encourage gas demand in a significant manner due to concerns over supply chain pressure and affordability.

In consequence, China's LNG imports to fall 14 percent year-on-year to 69 million this year. "This will be the largest decline since China began importing LNG in 2006. By comparison, in 2015 China's LNG imports declined for the first time but by 1 percent only," he said, forecasting:

"Japan will move back to becoming the world's largest LNG importer this year."

China imports less LNG as Russia supplies more pipeline gas

Chinese LNG imports in July 2022 to its network of 22 regasification terminals declined significantly on a year-on-year basis amid an economic slowdown while shipments from Russia's state-owned Gazprom have edged higher since the Ukraine invasion. The nation's LNG deliveries fell 16.3 percent to 4.74 million tonnes (MT), or 70 cargoes, compared 5.67MT, or 83 cargoes in July 2021 – as buyers turn to comparatively cheaper priced pipeline gas.

For the year to date, LNG deliveries to China fell by 20.3 percent to 35.93MT in the January to July period from 45.25MT in the first seven months of 2021. LNG deliveries in June 2022 had amounted to 4.82MT, a drop of 28.2 percent from the June 2021 total of 6.72MT, according to data from the Chinese General Administration of Customs.

China became the world's No.1 LNG importer in 2021 when its import volumes surpassed those of Japan, and amounted to 78.93MT – a staggering 18.3 percent rise compared to 2020-levels.

The main LNG suppliers to

China are Australia, Qatar, the US, Malaysia, Indonesia and Russia but the Chinese also receive varying volumes of pipeline gas mainly through links from the former Asian republics of Turkmenistan, Kazakhstan and Uzbekistan, as well as from Russia as part of Gazprom's "Power of Siberia" project.

Pipeline gas deliveries, received mainly from Turkmenistan and Russia, increased in July 2022 by 8 percent to 3.96MT compared with 3.67MT in July 2021. The January-July pipeline volumes came to 26.28MT versus 23.71MT in January-July 2021, a rise of 10.8 percent. The Central Asia-China

pipeline originates in Turkmenistan and passes through Uzbekistan and Kazakhstan. The Asia-China gas pipeline, which is 3,665 kilometres (2,277 miles) in

length, starts at Gedaim on the Turkmenistan-Uzbekistan border and terminates at Horgos in the Xinjiang region of China before joining with the Chinese grid.



Gazprom's eastbound gas pipeline network

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agencies have begun cutting estimates for Asia's medium-term LNG demand growth.

The International Energy

Agency's (IEA) latest outlook for Asian gas demand growth through 2025 is 65 billion cubic meters (bcm) less than its forecast last year. Meanwhile, Bloomberg New Energy Finance has cut its expectation for South and Southeast Asian LNG in 2025 by 37 bcm. Other mainstream forecasting agencies, such as Rystad Energy and the Independent Commodity Intelligence Services, have also warned of the risk of permanent reductions in emerging Asia's LNG demand.

LNG unaffordability and fuel

supply insecurity may cause new import terminals to become unused, potentially costing billions of dollars in stranded assets. As long as unaffordable LNG prices and procurement challenges continue, \$96.7 billion of proposed LNG-related infrastructure projects in Pakistan, Bangladesh, Vietnam, and the Philippines will face a heightened risk of under-utilisation or cancellation.

Many analysts expect Asian demand growth to simply recover to pre-crisis levels once prices settle and new supplies come online. But

countries are rapidly developing alternative energy sources that could permanently dent regional LNG demand growth. "These shifts away from LNG are in their early stages. Should high prices and volatility persist for the next several years, the narrative around LNG as a viable, affordable transition fuel is likely to erode further," Reynolds explained, concluding: "Ultimately, high prices now may undermine profits and exacerbate stranded asset risks for LNG projects targeting completion later this decade."

LNG China

Publisher
Stuart Fryer

Editor
Anja Karl
Tel: +44 (0) 7733 684682
anja@lngjournal.com

Layout
Vivian Chee
Tel: +44 (0) 20 8995 5540
chee@btconnect.com

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Asian buyers ramp up gas storage ahead of winter

September and October – the crucial pre-winter shoulder months – will determine how much Asia's major swing LNG buyers, Japan and South Korea, will have to buy at short notice to fill their gas storages before the start of the winter. ICIS analysts say the two countries bought a combined 5.5 million tonnes of spot LNG during this period last year.

China alone bought 1.5 times this combined amount in the 2021 autumn shoulder season, but it is unlikely to be competing for much spot LNG in the coming months, due to high prices and a slowing economy.

Less interest for spot cargoes

Japan and South Korea will seek to

secure slightly more than 5 million tonnes of spot LNG this month and in September and October – assuming that there is not much flexibility or uplift available from their long-term contract suppliers. This amount is less than the two countries bought last year, but is still the equivalent of almost 80 spot LNG cargoes just before the winter season sets in. To secure these cargoes

during the current gas shortage occurring in Europe, the North Asia spot price will need to close the gap with the European gas price.

Energy statistics provider KESIS confirmed the South Korea's storage inventory is around 1.8 million tonnes. This is 0.9 million tonnes lower than analysts at ICIS had forecast, which is estimated to be the 'normal' level of inventory for previous early Augusts. In addition, the mandated 90 percent storage needed by the end of October will mean that an additional 0.5 million tonnes of LNG will be required to fill the gap. Consequently, ICIS Analytics predicted that the country will seek to purchase 2.4 million tonnes of spot LNG this year, some 0.3 million tonnes more than in the same period of 2021.

Japan is forecast to buy nearly

2.7 million tonnes of spot LNG in the coming three months, 20 percent less than in the same period last year. This will lead to a decent storage level of 4.9 million tonnes by the end of October and 5.4 million tonnes by November, just before the winter withdrawal season begins.

Tight spot market

Overall, ICIS believes that the North Asia spot market will be tight in the coming pre-winter months, as the two countries will be looking for around 80 spot LNG cargoes to reach the storage levels needed, competing with Europe. And the analysts pointed out that the competition would have been even stronger, if China was buying more LNG, but it is currently less active and being priced out of the spot market. ■



Japan imports more LNG, overtakes China despite high spot prices

LNG shipments to Japan keep growing despite high spot prices as the country depends on the super-chilled fuel for power generation: Japan again overtook China with regards to North East Asian gas import volumes through July 24, according to shipping data, with Japanese utilities receiving 21 shipments and China around 15 deliveries.

Elevated spot prices at the Japan-Korea Marker (JKM) are signalling gas supply shortages in the months ahead. Though the JKM price for September retreated slightly and last changed hands at \$38.095 per MMBtu, compared with \$40.405 per MMBtu on July 15, the strip contract for Oct-Dec 2022 has risen in value to \$42.190 per MMBtu for October through to \$43.990 for December, compared with last week's \$41.350 per MMBtu and \$43.400 per MMBtu.

Market observers noted the January 2023 JKM futures prices told "another story of shortages and tight markets". It was last seen trading at \$44.780 per MMBtu while February was at \$42.980 per MMBtu.

Turn to nuclear and renewables

The Japanese Prime Minister Fumio Kishida has pledged to further reduce Russian oil, gas and coal imports by increasing the dispatch of nuclear power plants and adding renewables. Japan suspended all nuclear power units after the 2011 Fukushima crisis, but the PM said an accelerated restart will not only lower fossil fuel imports but also curb emissions.

"We will use nuclear reactors with increased safety measures to contribute to reducing the global dependence on Russian energy carriers. Launching just one already existing nuclear reactor will be equivalent to supplying the world market with a million tons of LNG

per year," Kishida said. To that end, the government plans invest 150 trillion yen (\$1.16 trillion) over the next 10 years in non-fossil power sources which is expected to nearly halve the country's greenhouse gas emissions by 2030.

But PM Kishida stressed there would be no change in Japan's

policy of importing Russian LNG from Sakhalin-1 and -2, in which both Japanese companies and the government hold stakes. The Sakhalin-1 liquefaction terminal has been partially funded by Itochu, Marubeni and Inpex, while Sakhalin-2 counts Mitsui and Mitsubishi among its investors. ■



LNG carrier berthing at a Japanese port



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Sinopec boosts domestic gas production to lower LNG needs

China Petroleum & Chemical Corp., known as Sinopec, and an importer of liquefied natural gas cargoes from Queensland in Australia and from the US and Qatar, reported a more than 5 percent first-half increase in domestic natural gas output to partially offset its LNG needs.

Though risks of inflation and a slowdown affects the global economy, Sinopec expects China's economic growth to rebound and remain within a "reasonable" range. "Domestic demands for refined oil and chemical products are expected to pick up and demand for natural gas will maintain its growth path while international crude oil prices are expected to remain high and volatile," said Sinopec in its second-half outlook.

The company's natural gas production from January to June increased by 5.4 percent year-on-year to 613.92 billion cubic feet from 582.60 Bcf in the same period of 2021. First half revenues came to a record 1.612 trillion Chinese yuan (\$223.22 billion) compared with 1.260 trillion yuan (\$182.39bn) in the first six months of 2021. Net profits for the first half increased by 10.5 percent to 44.45 billion yuan (\$6.43bn) versus 40.22bn yuan (\$1.82bn) in the prior-year period.

Cashing in on high prices

Realised natural gas prices in China came to 1.74 yuan per cubic metre compared with 1.52 yuan per cubic metre in the first half last year. Sinopec said it seized the "favourable opportunity of high oil price, intensified efforts in exploration and development and improved operational performance."

Oil and gas production during the six months increased by 2.9 percent to 242 million barrels of oil equivalent from 235 million barrels in the prior-year period. The company's domestic crude oil production edged higher by 0.8 percent to 169.65 million barrels.

"In terms of development, we accelerated the capacity building of major oilfields, such as Shunbei, Tahe and offshore blocks, and strengthened efficiency adjustment and fine-tuned development of mature oil fields," Sinopec said, adding: "We also actively promoted the capacity building of key natural gas blocks in Sichuan and the Erdos Basin, and enhanced optimi-

sation and profitability improvement of the whole natural gas business chain."

Sinopec Chairman Ma Yong Sheng said that the company would buy back its Hong Kong-listed and Shanghai-listed shares for the first time since listing on the stock exchanges over 20 years ago and would choose an appropriate time to do so.

Aim to boost gas output at lower cost

"The company will focus in oil and gas on stabilizing oil production, increasing gas output, reducing costs and improving indicators such as R/P ratio and breakeven point," said Chairman Ma in his post-earnings address.

"In the refining and chemicals sector, Sinopec will build integrated clusters, pacing up the shift to chemicals and specialty products and accelerating development of high-end new materials," he added. "More efforts will be made on green and low carbon technology R&D and increasing energy efficiency to

Taiwan's LNG imports not compromised by Chinese manoeuvres

Taiwan's Government has claimed that its LNG imports were largely unaffected by the recent Chinese military exercises off its waters. The country's Ministry of Economic Affairs (MOEA) said Taiwan has an LNG inventory for more than 10 days, as required by law.

Seven LNG carriers were berthed and completed their offloading without disruption during the mainland Chinese exercises. Local media said that this statement appeared to address concerns about the country's energy supplies that could have been impacted by Beijing's blockade manoeuvres. The ministry also said that inbound and outbound shipping schedules were unaffected. ■

steadily achieve the goals of a carbon peak and carbon neutrality," the Chairman declared. Ma pointed out Sinopec would also accelerate the establishment of a carbon technology company and start up China's first one million tonne carbon-capture and storage (CCS) project. ■



Sinopec is about to unload a Q-Max sized LNG carrier at its Tianjin regas terminal



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Aynur Mahmudova

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Jing Ran

Head of LNG Spot Trading and Hedging,
CNOOC Gas and Power Group

The Ambassador

Given to a professional who displays outstanding leadership

Ren Chunxia

General Manager,
Shenzhen Sino-Benny LPG Co., Ltd.

Rakhi Oli

Global Strategy Leader-LNG
and Gas; Flowserve Corporation

Yaoyu Zhang

General Manager, Global LNG and
New Energies, PetroChina International
Company Limited (PCI)

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Awarded to an LNG champion demonstrating outstanding business, innovation and/or technology contribution

Anan Abdullatif

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LNG

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Chinese LNG Demand Outlook

There were 2.25mmt of LNG on the water with destinations in China according to our market visibility at the time of writing on 12 September. These cargoes had an estimated delivery horizon of 7 October. Only one of these inbound cargoes had originated in the United States, however, whilst the majority of 0.59mmt was derived from Qatar followed by 0.49mmt from Russia. Nine cargoes totalling 0.66mmt were broadly headed for China but still had to declare destination terminals.

Most LNG cargoes still in transit at the time of writing and with scheduled arrivals at specified ports in China were due to arrive in East China led by Zhejiang LNG. This was followed by the Jiangsu LNG terminal in the greater Shanghai area.

Concurrently, the South China region was looking to receive roughly 0.59mmt, led by 0.30mmt headed for the Guangdong Dapeng LNG terminal.

Anticipated LNG deliveries to North China amounted to 0.36mmt. Apparent demand there was led by the Caofeidian LNG terminal at the time of writing.

Nine cargoes amounting to 0.66mmt of loaded LNG were also headed towards China but without specifying an arrival port. Most of these shipments – amounting to 0.43mmt – had sailed from Russia's Yamal LNG via the Northern Sea Route. Based on our historical data, they are likely to deliver their cargoes to North- and East China. There were also two cargoes from Qatar's Ras Laffan LNG complex amounting to 0.15mmt as well as a 0.08mmt shipment from Papua New Guinea's PNG LNG that still had to declare their destinations in China.

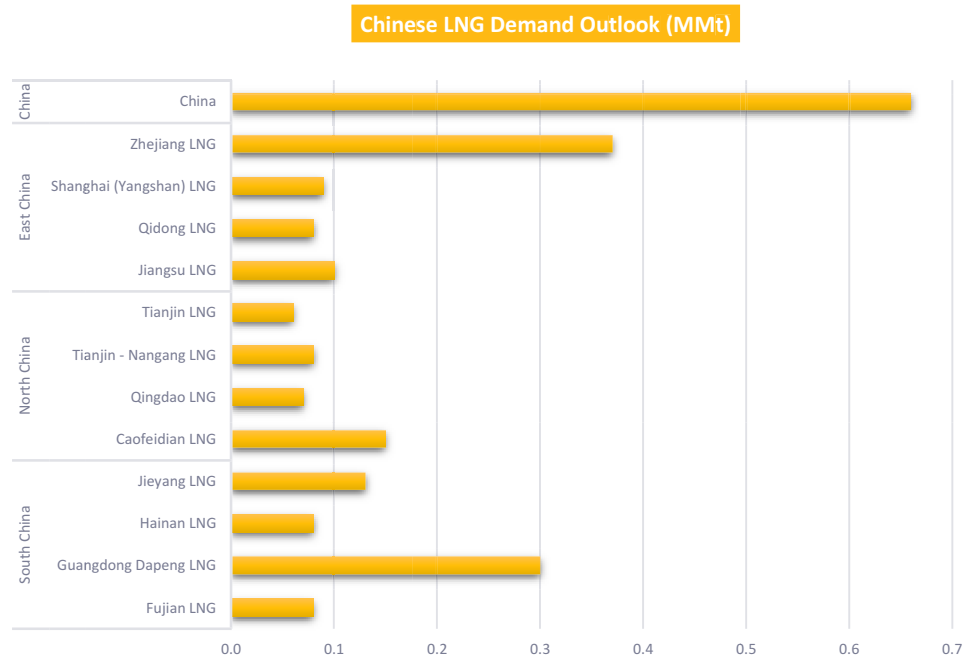
North China

Of total LNG currently en route to China, we are anticipating 0.36mmt to be delivered to North China – comprising the wider Beijing area and China's industrial north – with a delivery horizon of 7 October.

Among the roster of top-three northern Chinese terminals, CNPC's Caofeidian LNG was expected to receive 0.15mmt via three cargoes by 27 September. These cargoes were exported by Qatar via the Ras Laffan-derived Al Khor and Al Karaana as well as the Malaysia LNG-sailed Puteri Nilam Satu.

Current market visibility further indicated 0.08mmt were destined for CNOOC's Tianjin - Nangang LNG by 7 October, comprising one cargo from the United States via the Calcasieu Pass-derived LNG MOL Hestia.

Qingdao LNG, meanwhile, was looking to receive 0.07mmt via one cargo by 13 September. The shipment had sailed from PNG



Source: LNG Journal

LNG in Papua New Guinea via the GasLog Salem.

Finally, the Grand Aniva – sailing from Russia's Sakhalin-2 LNG with a 0.06mmt cargo – indicated it would arrive at Tianjin LNG on 13 September.

East China

At the time of writing, we expected the East China region – comprising the wider Shanghai area and Zhejiang province – to receive 0.64mmt by 25 September. Zhejiang LNG is scheduled to receive 0.37mmt by 25 September, our data showed, including two Qatari shipments via the Umm Al Amad and the Al Ghashamiya. We were also tracking two Malaysian cargoes aboard the Malaysia LNG-derived Trinity Glory and the PFLNG Dua-sailed Seri Cempaka in addition to an Australian cargo from Queensland Curtis LNG via the Methane Julia Louise. Moreover, we were anticipating the Shanghai LNG terminal to receive 0.09mmt via two cargoes aboard the Malaysia LNG-derived Puteri Delima and Lagenda Serenity by 16 September.

Additionally, we were seeing a cargo of 0.08mmt travelling to the Qidong LNG terminal via the CESI Gladstone, which was due to arrive by 18 September.

South China

In the south of the country, we were expecting 0.59mmt to be delivered by 29 September. Expected LNG imports in the South China region were led by Guangdong Dapeng LNG, which at the time of writing was expecting four cargoes amounting to 0.30mmt. These shipments were mainly derived from Australia Pacific LNG via the CESI Wenzhou and the CESI Beihai whilst NWS LNG and Qatar's Ras Laffan also sent one cargo each of 0.06mmt and 0.09mmt, respectively. Concurrently, Jieyang LNG was expecting two cargoes totalling 0.13mmt via the NWS LNG - sailed GasLog Shanghai and the Malaysia LNG-derived Seri Angkasa by 15 September. An additional two cargoes each amounting to 0.08mmt, respectively, were headed for Fujian LNG and Hainan LNG by 29 September.



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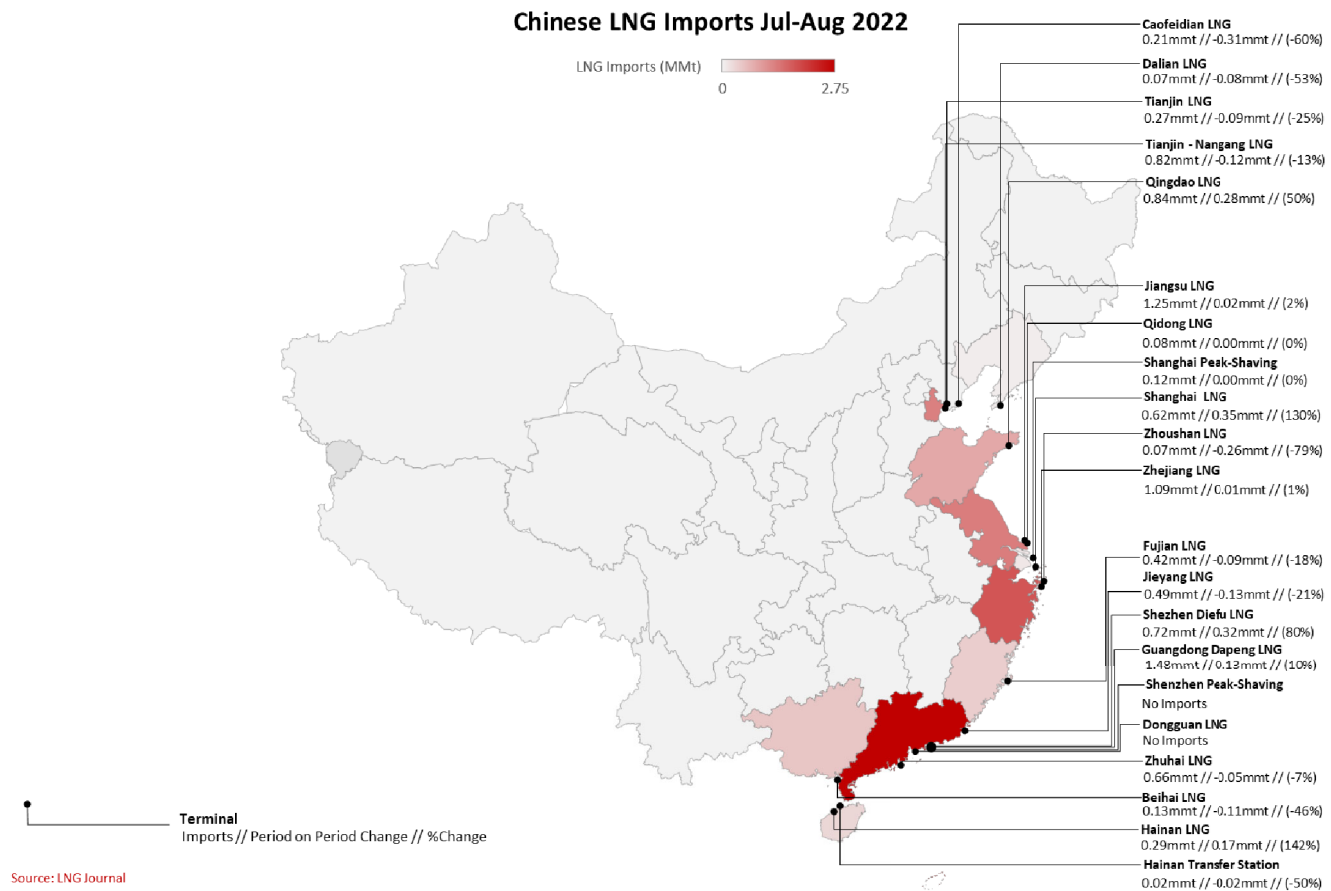


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Chinese LNG Demand: July-August 2022



China's monthly LNG offtake in August amounted to 4.69mmt, our data showed, which constituted negative monthly demand growth of 0.27mmt (-5 percent) compared to the 4.96mmt we recorded in July. Nevertheless, at 9.65mmt in total, Chinese demand during the reporting period of July and August led its equivalent of 9.43mmt marginally by 0.22mmt (2 percent) during the preceding two-month period of May and June. China's LNG imports in May and June stood at 4.94mmt and 4.49mmt, respectively. Rather marginal growth notwithstanding, the demand increase period-on-period in July/August constituted a departure from the slide seen since last winter. Offtakes had at times plummeted by more than 5mmt period-on-period following high demand growth during December/January. Accordingly, China's annualised LNG import capacity during the reporting period stood at roughly 64 percent, up 1pp from around 63 percent for the previous reporting period of May-June. However, the amount imported during the reporting period still constituted a significant net decrease of 2.54mmt (-21 percent) from the 12.19mmt we recorded during the July-August period of 2021, which is reflective of the extremely tight market and commensurate

high prices in the Far East as well as subdued demand due to ongoing lockdown measures.

Prices

Our data on Chinese gas prices suggest the marginal period-on-period demand growth was at least partially due to the prevailing high price environment in the Far East, with landed LNG costing briefly as much as 49.33/MMBtu in August, according to our calculations based on Chinese customs data. Chinese LNG prices during the reporting period were reflective of the increased competition by European buyers following Russia's stop to pipeline gas supplies to most EEA states. Additionally, parts of China continued to be subject to intermittent coronavirus-related lockdowns, which dampened domestic energy demand growth. These measures reigned in domestic LNG prices but had little impact on the high levels of landed prices, Chinese customs data for the current reporting period indicate. The Pacific market continued to be tight and spot cargoes still demanded a steep premium as Thailand, for example, maintained high buying activity, our data showed. Instead, the Chinese market saw a widening price gap

between landed and domestically sold LNG, which likely further slowed demand growth.

Chinese domestic LNG prices continued to shift downwards during the reporting period following their peak of US\$27/mmBtu in March. In the current reporting period of July/August, the highest privately quoted domestic price had already decreased to US\$21.51/mmBtu on 11 August before climbing down further to around US\$17/mmBtu by the end of the month. For the reporting period overall, the upper and lower price bounds thus remained with a relatively narrow range of less than US\$5/mmBtu at around US\$4.60/MMBtu. For reference, prices' upper and lower bounds saw a gap of US\$14.83 in February/March. The current reporting period's maximum price stood at US\$21.51/mmBtu whilst the floor constituted US\$16.89/mmBtu. In May/June the maximum price stood at US\$23.53/mmBtu with a floor of US\$20.08/mmBtu.

Meanwhile, the average domestic price indicated by the National Bureau of Statistics (CNBS) stood at US\$19.07/mmBtu in July (the most recent available full-month dataset by the CNBS), which represents a decrease of US\$0.66/mmBtu (-3 percent) from US\$19.73/mmBtu in June.

Landed LNG prices exceed their previous peak of around US\$40.38/MMBtu in w/c 6 December last year as they climbed from US\$26.04/MMBtu in July to US\$49.33/MMBtu between 22 and 26 August, according to our calculations based on Chinese customs data. Notably, landed prices had begun to plummet during the last three days of August and stood at US\$20.68/MMBtu at the time of writing.

North China

LNG demand continued to see a substantial decrease in the north of China during the reporting period, our data indicated at the time of writing, decreasing by 0.32mmt (-13 percent) from 2.53mmt in the two months of May-June to 2.21mmt for the reporting period of July-August. The largest share of LNG influx into the region during the reporting period took place via the Qingdao LNG terminal. The sum of LNG imports of 2.52mmt in northern China for the period of July-August this year was also behind its equivalent of 3.40mmt in 2021, down by 1.19mmt (-35 percent).

China's North led by Qingdao LNG

Leading the roster of northern terminals by volumes imported, Qingdao LNG took in 0.84mmt during the reporting period of July-August. This constituted an offtake increase of 0.28mmt (50 percent) from 0.56mmt in the previous two-month period. Imports consisted predominantly of four Australian cargoes from Australia Pacific LNG and Queensland Curtis LNG amounting to 0.33mmt. Papua New Guinea also delivered four cargoes, supplying 0.29mmt. In addition, Qatar's Ras Laffan LNG complex delivered two cargoes totalling

0.15mmt whilst Indonesia delivered 0.07mmt to the terminal in July/August.

Tianjin - Nangang LNG

Imports at Tianjin - Nangang LNG were the second highest in northern China, even as they decreased by 0.12mmt (-13 percent) to 0.82mmt in July-August from 0.94mmt in May-

June, according to our data. The bulk of imports came from the Australia Pacific LNG plant, amounting to 0.55mmt via seven cargoes. The roster of Tianjin - Nangang's imports was completed by a cargo each from Russia's Sakhalin-2 LNG, Qatar's Ras Laffan facility, Damietta SEGAS in Egypt and Calcasieu Pass in the United States. These four shipments amounted to 0.27mmt.

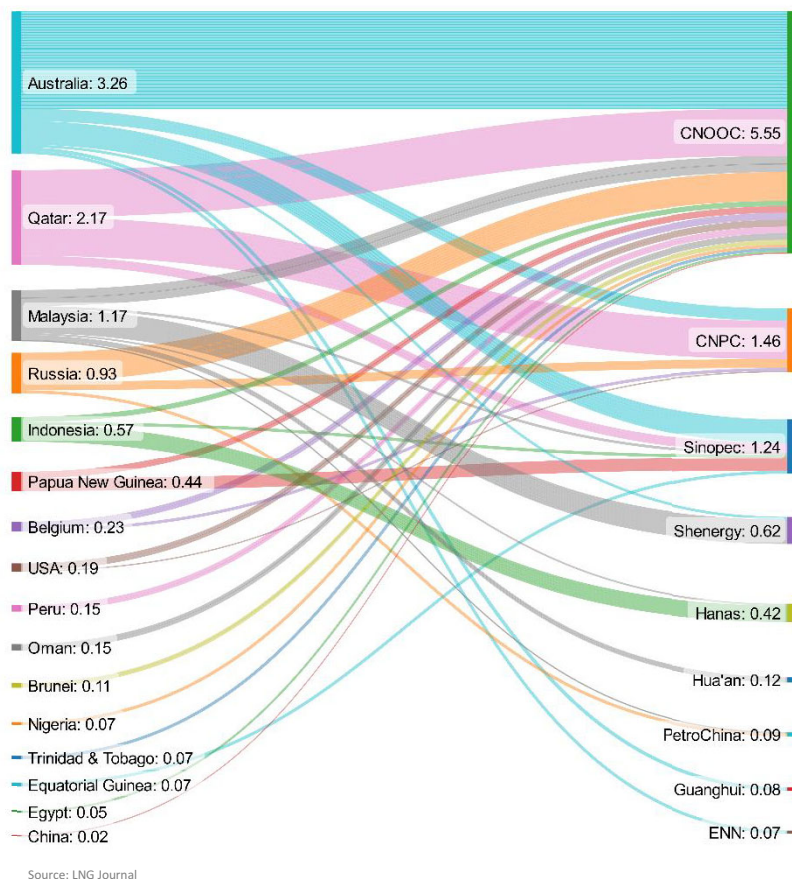
Tianjin LNG

Tianjin LNG, meanwhile, had offtakes amounting to 0.27mmt over the reporting period compared to 0.36mmt in May-June. The terminal thus saw a decrease in imports of 0.09mmt (-25 percent). Cargoes from the Pacific Basin comprised one each from Malaysia LNG and Australia Pacific LNG and totalled 0.14mmt. In the Middle East, only Qatar exported to Tianjin LNG in July/August, shipping 0.06mmt via the Umm Bab. A single Atlantic Basin shipment of 0.07mmt, meanwhile, came from an EG LNG shipment aboard the Kool Orca.

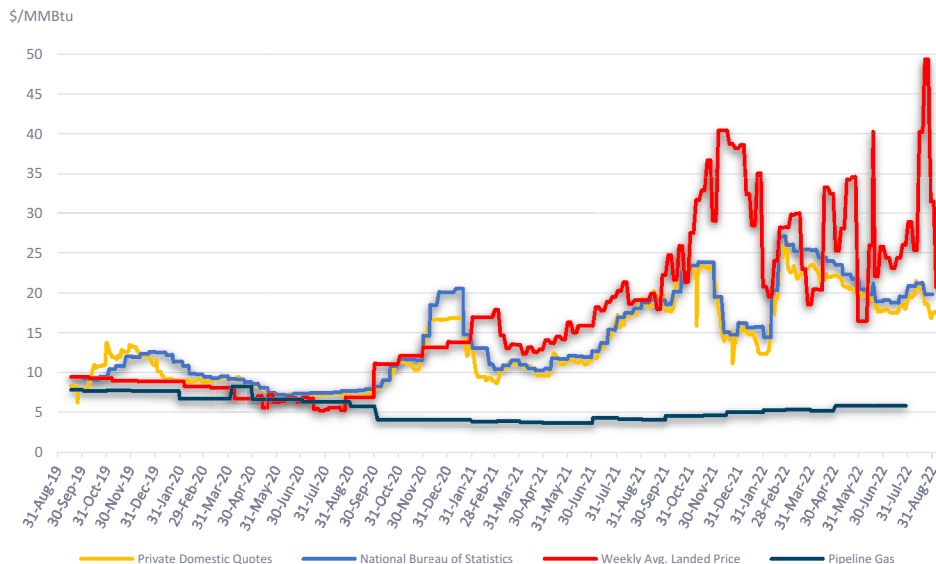
Caofeidian LNG and Dalian LNG

The remaining two northern terminals - Caofeidian LNG and Dalian LNG - imported 0.21mmt and 0.07mmt over the reporting period, respectively, which in the case of

Chinese LNG Buyers (MMt)



Chinese Gas Prices



Caofeidian LNG stemmed predominantly from Qatar with 0.13mmt. A 0.04mmt shipment from Australia's Wheatstone LNG constituted Pacific Basin supply. Atlantic supply, meanwhile, came in the form of a single cargo of 0.03mmt via the Sabine Pass LNG-derived Clean Planet.

July-August supply to the Dalian terminal came solely from Russia's Yamal LNG via the Northern Sea Route through the delivery of 0.07mmt aboard the Georgiy Brusilov.

East China

At the time of writing, demand in East China was dominated by the wider Shanghai area, where Jiangsu LNG imported 1.25mmt during the reporting period. This placed the terminal second among China's leading terminals in July-August. Accordingly, it operated at well above-nameplate capacity. Overall LNG demand in East China had increased by 0.32mmt (11 percent) to 3.23mmt in July/August from 2.91mmt recorded in May-June.

Wider Shanghai area

The remaining wider Shanghai area – comprising Qidong LNG, Shanghai LNG and the metropolis' peak-shaving facility – imported a total of 0.82mmt over the reporting period, up drastically by 0.55mmt (204 percent) from the 0.27mmt recorded in May-June. The sub-region's imports were led by the Shanghai LNG terminal, which took in 0.62mmt and thereby grew imports by 0.35mmt (230 percent) period-on-period. Shanghai's peak-shaving facility reappeared in the market with imports of 0.12mmt. The facility saw no imports in May-June. The Qidong LNG terminal was also seen in the market again with an import of 0.08mmt, our data showed.

Zhejiang & Zhoushan LNG

At neighbouring terminals Zhejiang and Zhoushan LNG, imports amounted to 1.09mmt and 0.07mmt, respectively. Although Zhejiang LNG thus showed the third-highest level of imports during the reporting period, its offtakes remained broadly flat compared to May-June. Meanwhile, Zhoushan LNG slashed imports by 0.26mmt (-18 percent) to 0.07mmt from 0.33mmt. LNG to Zhejiang LNG was mainly supplied by Australia, with Queensland Curtis LNG delivering six cargoes totalling 0.41mmt whilst Gorgon LNG supplied one shipment of 0.07mmt. Qatar's Ras Laffan also supplied 0.42mmt via five cargoes alongside a shipment each from Yamal LNG, Sakhalin-2

LNG and Brunei LNG amounting to 0.19mmt. Zhoushan's single import of 0.07mmt came from Wheatstone in Australia. The terminal is one of the few Chinese LNG import terminals not controlled by one of the state-owned petrochemical giants PetroChina, Sinopec and CNOOC.

South China

Regional imports in South China – where LNG demand is primarily determined by the southern industrial centre of Shenzhen – saw notable demand growth in July-August, our data indicate. The region's imports amounted to 4.21mmt over the reporting period, which meant they were up by 0.22mmt (6 percent) from the 3.99mmt recorded in May-June.

Shenzhen terminals

South China's imports were led by Shenzhen's active terminals – Guangdong Dapeng and Shenzhen Diefu LNG. Dongguan LNG and the adjacent peak-shaving facility, on the other hand, continued their market absence. The region's most prominent terminal – Guangdong Dapeng LNG (GDLNG) – saw offtakes of 1.48mmt, placing it first among China's terminals. At 1.48mmt, the terminal had increased its July-August imports by 0.13mmt (10 percent) from 1.35mmt during the previous two-month period. Guangdong Dapeng LNG's average capacity utilisation stood at 131 percent over the reporting period, which resulted in neighbouring Shenzhen Diefu LNG importing 0.72mmt and pegging its terminal utilisation at 108 percent. Shenzhen Diefu usually steps in when GDLNG is stretched beyond capacity.

Zhuhai and Jieyang LNG

Zhuhai LNG decreased offtakes by 0.05mmt to 0.66mmt over the reporting period from 0.71mmt the previous period, but which still pegged overall capacity utilisation at 118 percent. More than half of Zhuhai's imports – 0.36mmt – were derived from Qatar's Ras Laffan LNG complex. Concurrently, Pacific Basin deliveries amounted to 0.22mmt, which were supplied by Queensland Curtis LNG in Australia as well as Malaysia LNG and Indonesia's Bontang plant. Additionally, there was some Atlantic Basin supply via the Cameron LNG-derived Marvel Swan with a 0.08mmt cargo.

In line with Zhuhai, Jieyang LNG also saw a substantial decrease in imports during the July-August period. Full-period offtakes were down by 0.13mmt (-21 percent) to 0.49mmt in

July-August from 0.62mmt in May-June. Accordingly, Jieyang LNG saw capacity utilisation of 70 percent over the reporting period compared to 89 percent in May-June. The terminal has ascended to become an important indicator of Chinese LNG demand since the inauguration of China's state-owned China Oil and Gas Pipeline Network (also known as PipeChina) last year. PipeChina links the Jieyang terminal to Guangdong Province's existing pipeline network and further to China's massive West-East II and III trunklines. Between its commissioning in 2017 and the launch of PipeChina, the terminal had suffered from frequent periods without shipments arriving because its send-out options were mostly limited to truck loadings.

Fujian and Beihai LNG

In contrast to the overall demand growth in the South China region, Fujian LNG saw demand decrease in July-August compared to the previous reporting period of May-June. At 0.42mmt, imports were down 0.09mmt (-18 percent) from the 0.51mmt recorded during the previous period. The terminal's capacity utilisation, therefore, stood at 40 percent. Concurrently, Beihai LNG also saw lower demand over the reporting period. Offtakes at the terminal had decreased by 0.11mmt (-46 percent) to 0.13mmt from 0.24mmt in May-June. The terminals' annualised capacity utilisation stood at 26 percent for the reporting period.

Hainan Island

The remaining two regional LNG terminals – Hainan LNG and the Hainan Transfer Station on Hainan Island – saw a significant demand increase mainly due to higher activity at the Hainan LNG terminal. Whilst the Transfer Station saw its two-month offtake halve to 0.02mmt from the 0.04mmt recorded in May/June, Hainan LNG boosted imports by 0.17mmt (142 percent) to 0.29mmt in July-August from 0.12mmt in May-June. This was due to a drastic increase in LNG supplied from international sources, chiefly by Australia and Malaysia but also by Brunei and Nigeria. Previously, supply to the terminal was limited to mostly re-exports from Beihai LNG. These re-exports stopped in August. LNG capacity utilisation on Hainan Island over the reporting period was thus 55 percent.

Region	Terminal	Export Basin			August 2022	July 2022	Rep. Period Utilisation
		Atlantic	Middle East	Pacific			
North	Dalian LNG	-	-	-	-	0.07	7%
	Tianjin - Nangang LNG	-	-	0.22	0.22	0.60	46%
	Qingdao LNG	-	0.06	0.41	0.47	0.37	84%
	Tianjin LNG	-	0.06	-	0.06	0.21	22%
	Caofeidian LNG	-	0.14	-	0.14	0.07	19%
East	Zhejiang LNG	0.07	0.18	0.34	0.59	0.50	218%
	Shanghai (Yangshan)	-	-	0.32	0.32	0.30	124%
	Jiangsu LNG	0.07	0.42	0.14	0.63	0.62	214%
	Qidong LNG	-	-	0.08	0.08	-	17%
	Zhoushan LNG	-	-	0.07	0.07	-	14%
	Shanghai Peak-Shaving	-	-	0.08	0.08	0.04	12%
South	Guangdong Dapeng LNG	0.21	0.09	0.57	0.87	0.61	131%
	Fujian LNG	-	-	0.16	0.16	0.26	40%
	Beihai LNG	-	-	0.08	0.08	0.05	26%
	Zhuhai LNG	0.08	0.09	0.11	0.28	0.38	118%
	Hainan LNG	-	-	0.08	0.08	0.21	58%
	Jieyang LNG	0.07	0.07	0.06	0.20	0.29	70%
	Dongguan LNG	-	-	-	-	-	0%
	Shenzhen Diefu LNG	0.19	-	0.16	0.35	0.37	108%
	Hainan Transfer Station	-	-	0.01	0.01	0.01	33%
	Shenzhen Peak-Shaving	-	-	-	-	-	0%
Total		0.69	1.11	2.89	4.69	4.96	4.49

Source: LNG Journal

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