LNG China

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Asian prices fall as Sinopec and CNOOC issue large LNG sales tenders

Spot LNG prices into northeast Asia have fallen after China's Sinopec and CNOOC issued large LNG cargo sale tenders, indicating they are well-stocked amid sluggish demand. Sinopec offered two to five LNG cargoes each month between February and October delivered on an ex-ship basis, while CNOOC is selling LNG cargoes for May through November delivery.

Sinopec loads Q-Max at Tianjin LNG terminalSinopec loads Q-Max at Tianjin LNG terminal

Prices fell promptly on the news: future contracts for March delivery into northeast Asia fell to $23.00 per MMBtu, down $9.60 or nearly 30 percent. On the curve, JKM futures for March delivery were last seen at $24 per MMBtu, while the April contract traded up to $25 per MMBtu.

Though Sinopec did not disclose who bought into its tender, it is understood that European utility buyers secured some cargoes in an effort to ease forward gas prices and allay concerns over pipeline gas supply amid Russia-Ukraine tensions.

Bearish signals for Asia

Traders view Sinopec's and CNOOC's tenders as further bearish signals for the Asian LNG market, especially for demand over the summer. Prudent buyers are now holding back their summer procurements as prices may well fall further. With mild temperatures forecast over the next 10 days, demand will remain low. "Spot procurement activity from Asian buyers

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Smaller Chinese importers shun costly spot LNG

Price-savvy Chinese energy importers are importing less LNG, particularly spot cargoes, as import cost are higher than domestic sales prices. These sky-high spot LNG make it impossible for China's numerous smaller third-party gas importers to pay for regas terminal slots from the state infrastructure company PipeChina.

Early market charter rates indicate that several slots for landing and regasifying cargos at PipeChina's Tianjin LNG terminal have not found buyers for 2022. This comes as many Chinese companies intend to minimize spot trading activities in the face of high prices, while rushing to secure long-term contracts with the large LNG suppliers instead.

Engineers ensure cheap pipeline gas keeps coming

Many buyers are seeking to sign mid- to long-term Sales and Purchase Agreements (SPAs) or tenders, indexed to oil or Henry Hub, given that spot JKM prices are forecast to stay well above oil-indexed levels throughout 2022.

"Many buyers are seeking out term contracts to tide themselves over until the mid-2020s in

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AGENDA

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has been quiet for several weeks now, as many had procured cargoes earlier and subsequently experienced a warm winter," said Edmund Siau, lead analyst at consultancy FGE.

In fact, temperatures for next week are anticipated to be up to 10 degrees warmer than normal, lowering gas demand for heating.

Selling surplus procurement

High energy prices and a slowing of China's V-shaped economic recovery already lowered LNG imports in the second half of 2021. Most Chinese national oil companies had covered their winter positions early.

Unipec, the trading arm of Sinpoec, is known to have procured around 40-50 LNG cargoes for delivery in the second half of 2021 and February, 2022, through a strip tender in April. Some of these volumes now seem to have been put back to the market in the latest supply tender - not least due to unseasonably mild weather and an economic slowdown. ■

Chinese corporates seen to double energy-spend in 2022

Electricity demand growth in China is forecast to exceed 8 percent in 2022, driving up global coal and LNG prices, which forces power generators to think twice whether to import natural gas or rather keep burning coal. Wood Mackenzie expects a "doubling of spend by Chinese NOCs in 2022," up from its current US$4 billion guidance.

Economist remain positive for 2022, even though the pandemic has not come to an end just yet: "Fears over both Omicron and a collapse in China's real estate sector are overblown," says WoodMac's head of Asia Pacific Power & Renewables, Alex Whitworth. It's rather that China's resilient manufacturing sector and strong export growth will keep driving up demand, along with prices of coal and LNG.

Exceptionally high gas and power prices are seen as the biggest risk to Asia's wider economy. "Most consumers in China, India and other fast-growing Asian markets have not yet felt the full impact of rising energy costs," Whitworth commented. In the worst case, spiralling demand could cause supply shortages - similar to the ones in summer 2021 during the fast recovery of the Chinese manufacturing sector from the Delta-variant of the coronavirus.

Corporates, especially energy-intensive industries, have been burdened by spiralling costs for electricity, heat and other raw materials. At the same time, they have to comply with ever-more stringent environmental rules and policies that favour renewable energy sources or clean fuels like hydrogen over traditional thermal fuels.

Corporates at a tipping point

Most corporates in Asia, the United States and Europe have set out energy transition goals, and some have already provided elaborate strategies and capital guidance. "2022 will be a tipping point on the back of more ambitious pledges at COP26 as strategies materialise into investment decisions," reckon WoodMac's directors for corporate research, Kavita Jadhav and Andrew Harwood. Having evaluated a multitude of corporate guidance, they see 2022 shaping up to be a transitional year as decarbonisation takes a firm hold.

"We could see a doubling of spend by Chinese NOCs in 2022, for example, from the current US$4 billion guidance. Greater country-level ambition and target setting for 2025-30 will bring forward investments," the two analysts commented. Based on WoodMac's emissions benchmarking tool, Chinese NOCs represent up to a fifth of global (Scope 1 and 2) emissions from 2022-30 – meaning there is still much room for improvement. ■

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an effort to hedge themselves against seasonal price volatility," one trader commented.

Though China's LNG growth rate is bound to fall from previously staggering heights in 2022, there will still be demand for imported natural gas as the power sector continues to switch from coal to cleaner fuels. The US LNG giant Cheniere said it is receiving a growing number of LNG cargo inquiries from Chinese electric utilities and chemical companies.

Pipeline gas outrivals LNG

Looking to play the arbitrage between oil-indexed long-term supply and spot LNG, Chinese buyers clearly prefer oil-linked pipeline gas. The price of pipeline gas imported by China averaged at $6.15 per MMBtu in December – nearly three times less than the average LNG price at $18.93 per MMBtu.

Striving to boost supplies from Siberia, Gazprom said it significantly increased the daily amount sold to CNPC to way over 2021-volumes. PetroChina announced earlier is would raise natural gas imports from Russia via the Power of Siberia pipeline to 43 million cubic meters per day (cbm/d) by end-2021 from 28 million cbm/day. It also agreed to by gas for October-March delivery via the China-Central Asia pipeline.

Still, Australia remains China's largest natural gas supplier shipping 31,343 mtpa of LNG in 2021, compared with 9.21 mtpa from the United States and 7.54 mtpa of Russian pipeline gas, according to Chinese customs data. ■

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Rebound coal-burn to reverse once LNG prices retreat

Coal has staged a surprise return in the global power gen market in the face of sky-high LNG prices, but this phenomenon will be short-lived, the International Energy Agency (IEA) says. Most of the recent switching from gas back to coal will reverse as gas prices retreat from early 2022 highs.

"Although carbon prices have reached record highs of €80 per tonne of CO2, rising gas prices are provoking a power generation switch, back from gas to coal generation," analysts said, suggesting that "taken together, limited emissions allowances and tight coal and gas supplies are creating a positive feedback loop."

But coal's latest surge will be short lived given that the rising price tag on CO2 emission will soon make progressive power generators in favour cleaner-burning natural gas over thermal coal. "After its brief rebound in the United States and the European Union in 2021, coal demand will resume its decline through 2024," the IEA anticipates. The rapid build-out of wind and solar energy sources, thanks to falling capital costs, is also eating into the market share of coal generation.

Coal is still king in China

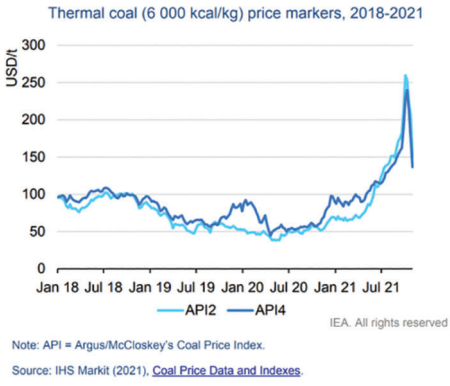
While advanced economies strive to decarbonise by phasing-out coal power, the opposite holds true in fast-growing Asian countries. Despite the pandemic, China's share of global coal consumption rose further last year to 53 percent and India's to India 12 percent, meaning that both countries together account for roughly two-thirds of world coal use.

"The importance of China in the world coal market cannot be overstated," the IEA report declared, explaining: "No other sector in any other country – or any other fuel – has a comparable influence on global trends."

Producing green H2 for cheap

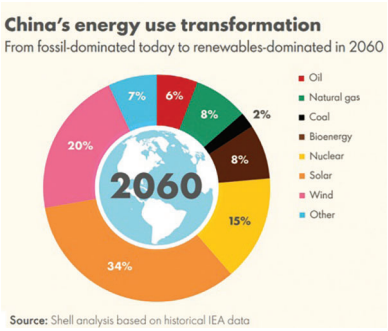
Green hydrogen (H2), made from renewable energy, could get three-fourth cheaper as China invests in boosting output. H2 was last trading at $6 per kilo, but Shell Hydrogen anticipates the cost could drop to about $1.40 to $2.30/kg by 2030 in regions with abundant wind and solar power such as northwest China, the Middle East and Australia.

"Those regions will be able to reach a level of very attractive prices by producing green hydrogen at a level comparable to grey hydrogen today," Tobias Chen, its head of Shell Hydrogen Asia Pacific, said during the virtual Asian Financial Forum.



Note: API = Argus/McCloskey's Coal Price Index.
Source: IHS Markit (2021), Coal Price Data and Indexes.

Today, it is still too expensive to retrofit industry and power generators to partially run on green hydrogen. Bringing down the cost hinges on technical innovation such as cheap renewable energy supply and available storage and transportation facilities.



Source: Shell analysis based on historical IEA data

"Despite green hydrogen technology being available, the whole value chain is still under development to commercialise the technology. The market is still in the early stage," commented Winnie Fan, managing director of sustainable finance at Bank of China (Hong Kong).

China's H2 industry body is urging the government to install 100 GW of green hydrogen electrolysers by 2030. That staggering volume is more than the 76 GW of electrolysers currently in operations around the globe. But manufacturing capacity is growing fast, with Bloomberg NFE analyst expecting it to reach an annual 3.1 GW by the end of this year. ■

China's energy hunger abates as economy slows

High coal and gas prices combined with a cooling economy will lower China's electricity hunger this year, partly reversing 2021's staggering 10.3% growth. The Asian powerhouse consumed 8,312.8 TWh of electricity in 2021, National Energy Administration data shows and analysts expect electricity demand growth to slow to 4.5% for the years through 2024.

No separate data was published for 2020, when China was badly affected by the Covid-19 pandemic, but the state statistics body said electricity demand grew 7.1% on average between 2022 and 2021.

Once lockdowns were lifted in early 2021, electricity demand surged swiftly to 14.7% above 2019 levels which brought China at the brink of a power crunch and forced the government to impose large-scale restrictions on electricity use during the final two weeks of September.

Looking ahead, analyst expect China's demand for electricity and fossil fuels will abate. The International Energy Agency (IEA) said for the years 2022-2024, China's electricity demand growth will slow to an average of 4.5%, due to efficiency improvements and slower economic growth.

Switch to green fuels amid carbon pricing

The NDRC, China's top economic planning body, is reconsidering the role of each fuel in the face of decarbonisation policies. Beijing's latest policy to include the power sector into the national carbon market is meant to spark a build-out of solar and wind power sources.

Li Yunqing, director of NDRC's Economic Operation Regulation Bureau specified plans to speed up the construction of utility-scale wind power and photovoltaic projects in remote desert regions in northwest China, and lower coal-fired power generation to 300 grams standard coal/kWh or less. ■

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Gazprom nearly halved Jan supplies to Europe as focus shifts to China

Russia's state-dominated Gazprom has admitted supplies to Western Europe were reduced by more than 41 percent year-on-year in January 2022, though it claims "gas deliveries are carried out in full compliance with contractual obligations." Production in January notched up 1 percent , or 0.5 Bcm to 47.4 Bcm but most additional volumes were sent to Bulgaria and China.

Exports to the countries beyond the FSU – which are mostly Gazprom's European customers – amounted to 11.4 billion cubic meters, which is 41.3 percentage (or 8 Bcm) lower than the 2021 figure for the same period.

The Saint Petersburg-based company said specified it increased supplies to Bulgaria by 20.6 percent and to Bosnia and Herzegovina by 12.9 percent. Gas exports to China via the Power of Siberia pipeline keep growing within the framework of the long-term bilateral contract between Gazprom and CNPC.

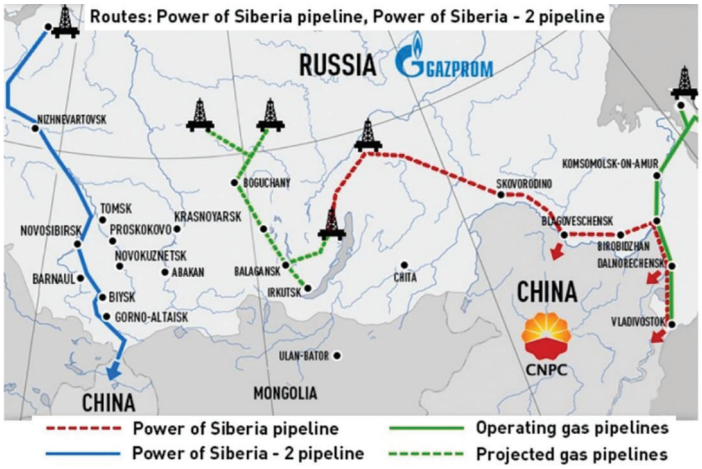
Expanding gas links with China

Turning away from Europe, Gazprom has finalised 260 km of a feeder pipeline between the huge Chayandinskoye field in Yakutia and the 'Power of Siberia' interconnector to China. Chayandinskoye contains some 1.2 trillion cubic meters of gas and about 61.6 million tons of oil and gas condensate reserves. Another feeder to connect the Kovyktinskoye field to the China gas link will be built in late 2022.

Despite for Europe's looming gas crisis, Gazprom seems unwilling to step up deliveries any time soon even though 81 percent of the gas injected during the summer period is already withdrawn from Europe's gas storage facilities. Working gas inventories in the EU lag last year's level by 27.2 percent (or by 14.2 Bcm), according to Gas Infrastructure Europe, and inventories in Ukraine plunged 43.3 percent (or 9.8 Bcm) below last year's level to just 11.4 Bcm.

'Power of Siberia 2' in the making

Anticipating growth in Asia, Gazprom has proceeded the pre-investment phase for the 'Power of Siberia 2' pipeline. Supplies via this route may total up to 50 billion cubic meters per year (bcm/y), with the gas set to be brought to western China.



In March 2020, the Russian President Vladimir Putin instructed the go-ahead for both the liner part of the pipeline and the resource bas creation, allowing Gazprom to start the pre-investment phase and design-and-survey works. Under the Russia-China gas deal, supplies are being delivered at an estimated price of $350-$400 per thousand cubic meters.

Power of Siberia 2 allows for pipeline gas deliveries from Russia's Western Siberian fields to China, complementing the eastern route – the initial Power of Siberia gas pipeline – which already supplies 38 Bcm/y under a 30-year sales and purchase agreement between Gazprom and CNPC. ■

China again top destination for US LNG

Latest US export data shows rising prices for the country's six liquefaction plants with China again being the top monthly destination followed by a surge of shipments to Turkey in the East Mediterranean.

The US Department of Energy (DoE) data just published for November showed 99 US cargoes were delivered versus 98 in the previous month and 87 shipments in November 2020. The average price at the export points of the six US plants came to $9.85 per million British thermal units in November versus $9.61 per MMBtu in the previous month.

The top five countries of destination, representing 63.0 percent of total US LNG exports, in November 2021, were: China (50.2 Bcf – 15 cargoes), Turkey (47.3 Bcf – 14 cargoes), Japan (33.9 Bcm – 10 cargoes), South Korea 30.9 Bcf – 8 cargoes), UK (30.6 Bcf – 8 cargoes).

The list of the Top 10 countries of destination overall since 2016 through November 2021 showed three Asian nations, South Korea, Japan and China filling the top three spots, while Spain was shown to overtake Mexico into fourth place. ■

NEWS NUDGES

Asian LNG strategy

Japanese LNG and energy engineering company JGC Holdings Corp. has renamed its subsidiary in Singapore JGC Asia Pacific Pte Ltd as a regional headquarters for five countries as the company pursues contract wins in LNG receiving terminals, gas-fired thermal power and other projects, including renewables. "The Singapore company will take on the new role of Asia-Pacific regional headquarters and serve as a base for project execution in Singapore and nearby countries, supporting activities in the Philippines, Indonesia, Vietnam and Malaysia," said JGC.

Spot LNG balances Japan's low inventories

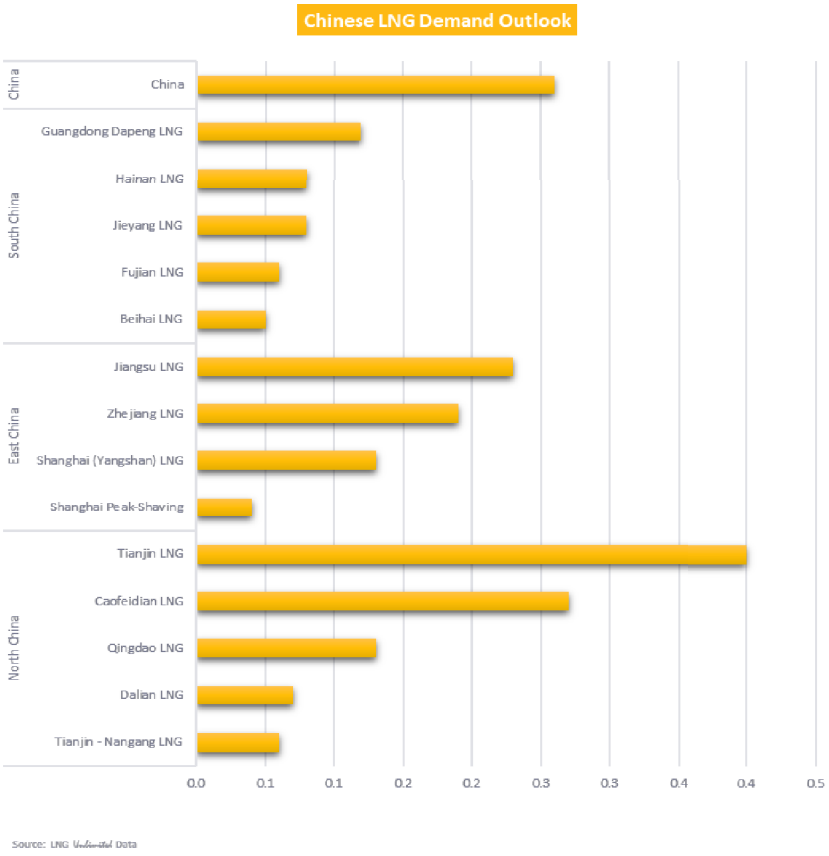
Snow storms have made Japan's utilities scramble to secure spot LNG as gas-burn for power generation rises to compensate for unplanned coal power outages. One utility buyer reportedly snapped up several spot LNG cargoes for February delivery - though the JKM spot LNG price, benchmark for cargoes to Northeast Asia, last traded as high as $18.945 per MMBtu. ■

Chinese LNG Demand Outlook

There were 2.17mmt of LNG on the water with destinations in China according to market visibility at the time of writing on 4 February. These cargoes had an estimated delivery horizon of 26 February. Three cargoes totalling 0.26mmt were broadly headed for China but still had to declare destination terminals. None of these inbound cargoes were derived from the United States, however, with the majority of 0.96mmt being derived from Qatar followed by 0.64mmt from Australia.

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 North China led by Tianjin LNG. This was followed by the Caofeidian LNG terminal in the greater Beijing/Tianjin area. Concurrently, the South China region was looking to receive roughly 0.39mmt, led by 0.12mmt headed for the Guangdong Dapeng LNG terminal. Anticipated LNG deliveries to East China amounted to 0.59mmt. Apparent demand in East China was led by the Jiangsu LNG terminal at the time of writing.

Three cargoes amounting to 0.26mmt of loaded LNG were also headed towards China but without specifying an arrival port. These shipments had sailed from Qatar's Ras Laffan LNG complex via the Q-Flex Al Sadd and the Q-Max Rasheeda as well as from Yamal LNG via the Lena River through the Suez Canal.



Source: LNG Unlimited Data

North China

Of total LNG currently en route to China, we are anticipating 0.93mmt to be delivered to North China – comprising the wider Beijing area and China's industrial north – with a delivery horizon of 18 February.

Among the roster of top-three northern Chinese terminals, Sinopec's Tianjin LNG was expected to receive 0.40mmt via five cargoes by 18 February. These cargoes were mainly exported by Qatar but also by Australia, Malaysia and Peru. The Qatari cargoes were two shipments aboard the Q-Max vessels Tembek and Al Kharsaah whilst the Australian, Malaysian and Peruvian shipments travelled aboard the GasLog Galveston, the Seri Camar and the Methane Mickie Harper, respectively.

Current market visibility further indicated 0.27mmt were destined for CNPC's Caofeidian LNG by 14 February, comprising two cargoes Qatar via the Q-Max Al Samriya and the Q-Flex Al Gharrafa. There was also a Belgian re-export aboard the Clean Planet.

Qingdao LNG, meanwhile, was looking to receive 0.13mmt via two cargoes by 13 February. The two shipments had sailed from Australia Pacific LNG in Australia via the Tangguh Sago and the CESI Gladstone.

East China

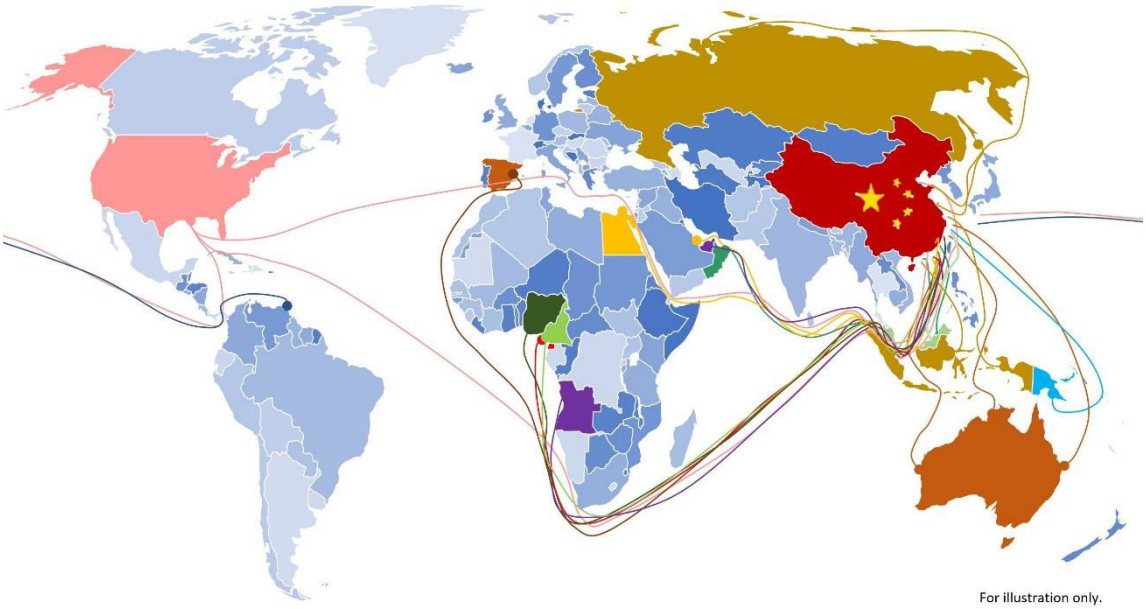
At At the time of writing, we expected the East China region – comprising the wider Shanghai area and Zhejiang province – to receive 0.59mmt by 19 February. Jiangsu LNG is scheduled to receive 0.23mmt by 16 February, our data show, comprising two Qatari shipments via the Q-Max vessels Shagra and Bu Samra. Moreover, we were anticipating the Zhejiang LNG terminal to receive three cargoes by 19 February – comprising two from Australia's Queensland Curtis LNG via the GasLog Houston and the Barcelona Knutsen and another from Qatar's Ras Laffan LNG complex via the Q-Flex Al Khuwair. Additionally, we were seeing two cargoes travelling to the Shanghai LNG terminal via the British Sponsor and the Shen Hai as well as a Malaysia LNG shipment of 0.04mmt to Shanghai's Peak-Shaving facility via the Arctic Spirit.

South China

In the south of the country, we were expecting 0.39mmt to be delivered by 10 February. Expected LNG imports in the South China region were led by Guangdong Dapeng LNG, which at the time of writing was expecting two cargoes amounting to 0.12mmt. These shipments had sailed from NWS LNG in Australia via the Dapeng Sun and the Dapeng Star. These Dapeng LNG-bound cargoes had a delivery horizon of 10 February at the time of writing.

An additional three cargoes totalling 0.21mmt aboard the Queensland Curtis LNG-derived Castillo de Santisteban, the Australia Pacific LNG-derived CESI Qingdao and the Gorgon LNG-derived SCF Timmerman were headed for Beihai LNG, Jieyang LNG and Hainan LNG by 7 February, respectively. AIS data at the time of writing also indicated the Tangguh LNG-derived Min Lu was headed with a 0.06mmt cargo for Fujian LNG by 7 February.

Chinese LNG Demand: December-January



For illustration only.

China's monthly LNG offtake January amounted to 7.36mmt, our data indicated at the time of writing, which would constitute a month-on-month reduction by 0.63mmt (-8 percent) from 7.99mmt in December. This decrease comes in the wake of robust month-on-month increases during the previous two months. Chinese LNG imports had increased by 1.10mmt (18 percent) to 7.07mmt in November from 5.97mmt in October. These imports had subsequently increased further by 0.92mmt (15 percent) to 7.99mmt in December. Accordingly, there was also a notable increase in the report period of December 2021 – January 2022 from the previous two-month period of October-November, increasing by 2.31mmt (18 percent) from 13.04mmt to 15.35mmt. The amount imported during the report period nevertheless also constituted a significant net decrease of 1.24mmt (-7 percent) over the December-January period in 2020/21, which arguably reflected the extremely tight market and commensurate high prices in the Far East. Regardless, China's annualised LNG import capacity stood at an average of 102 percent for the report period, up 15pp from around 87 percent for the October-November period in 2021.

Prices

The domestic LNG price increase we reported on in our previous report did not continue in December 2021 and January 2022. However, whilst they began to slide over the report period, they remained historically elevated. Previously, privately quoted domestic prices had climbed from a low of US$8.66/mmBtu on 3rd March to US$ 17.73/mmBtu on 30 September before increasing further to US$23.56/mmBtu on 15 November. These prices eased to a lower range of between US$21.60/mmBtu on 1 December and US$11.14/mmBtu on 24 December over the report period. In January, domestic prices settled at an average of 14.32/mmBtu. Meanwhile, the average domestic price indicated by the National Bureau of Statistics (CNBS) stood at US$15.66/mmBtu on 20 January – the latest available data point – which represents a decrease of US$ 4.49/mmBtu (-20 percent) from the US$21.94/mmBtu on 20th October, the last available data point in our previous report. Landed LNG prices saw a similar price rally over the first half of the report period, peaking at US$40.38/mmBtu for w/c 6 December. This represented an increase of US$15.65/mmBtu (63 percent) from the peak of US$24.73/mmBtu during the report period of our last report, according to our calculations based on Chinese customs data. Landed prices have thus continued to rise since their previous October peak. This reflected an extremely tight Far Eastern market, the current decrease to around US$32.40/mmBtu notwithstanding.

North China

LNG demand saw a substantial monthly increase in the north of China during the report period, our data indicated at the time of writing, growing by 1.77mmt (38 percent) from 4.71mmt in the two months of October-November to 6.48mmt for the report period of December-January. The largest share of additional LNG influx into the region during the report period took place via the Caofeidian terminal. The region thereby remained in period-on-period growth following a brief interlude of decreasing imports during the summer. The sum of LNG imports of 6.48mmt in northern China for the period of December-January was thus also slightly ahead of its equivalent of 6.41mmt in 2020/21, up by 0.07mmt (1 percent).

China's North led by Caofeidian LNG

Leading the roster of northern terminals by volumes imported, Caofeidian LNG took in 1.80mmt during the report period of December-January. This constituted robust offtake growth of 0.70mmt (64 percent) from 1.10mmt in the previous two-month period. Imports consisted predominantly of nine Qatari cargoes amounting to 0.90mmt. Moreover, Australia delivered five cargoes, supplying 0.36mmt. In addition, Russia's Yamal LNG delivered three cargoes totalling 0.19mmt. The remaining five shipments totalling 0.35mmt were delivered from the

United States, the UAE, Oman, Malaysia and Indonesia.

Tianjin-Nangang LNG

Tianjin-Nangang LNG, meanwhile, had offtakes amounting to 1.35mmt over the report period compared to 0.77mmt over October-November. The terminal thus saw an increase in imports of 0.58mmt (52 percent). Cargoes from the Pacific Basin totalled 1.02mmt and thereby represented two-thirds of LNG shipped to the terminal. Australia exported 0.68mmt to Tianjin-Nangang LNG during the report period, inter alia via the newbuild Aristarchos. Australian shipments to Tianjin-Nangang split among Gladstone LNG, Pluto LNG, Australia Pacific LNG, Gorgon LNG and Queensland Curtis LNG. In addition, Malaysia and Russia delivered a total of 0.34mmt of Pacific Basin volumes to the terminal over the report period.

The single Atlantic Basin shipment of 0.08mmt to Tianjin-Nangang LNG, meanwhile, came from the United States via a cargo from Cameron LNG aboard the GasLog Hong Kong. Finally, Tianjin-Nangang LNG's imports from the Middle East amounted to 0.25mmt, comprising two cargoes from Qatar's Ras Laffan LNG complex and a shipment from Oman's LNG plant via the Al Ghariya, the Al Sahla and the WilForce, respectively.

Qingdao LNG

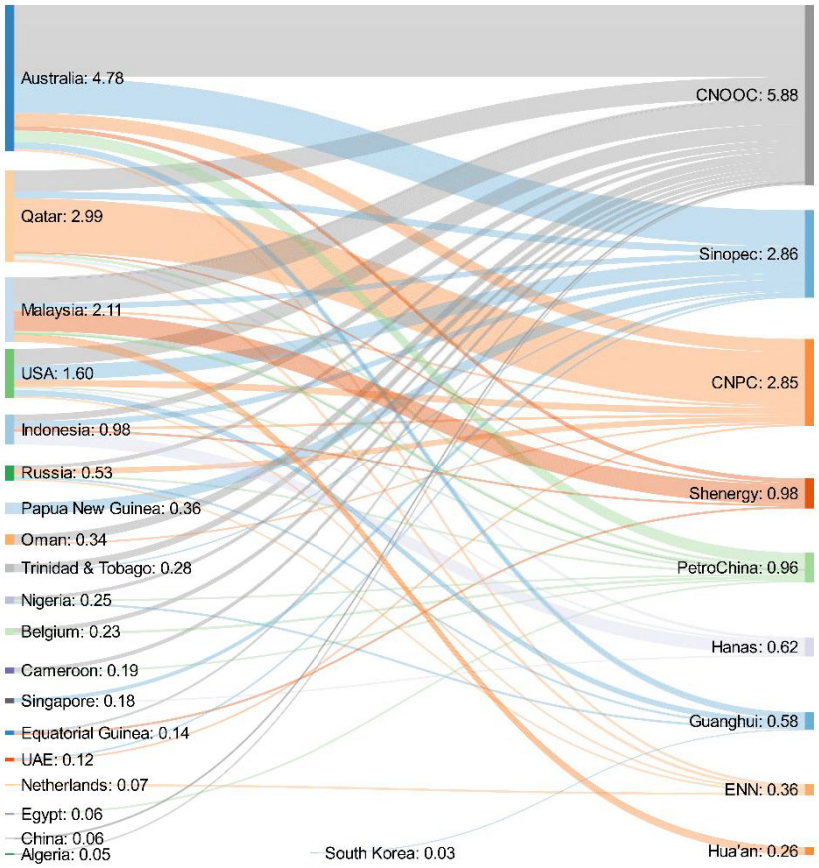
Imports at Qingdao LNG were the third highest in northern China, even as they had decreased significantly by 0.06mmt (-8 percent) to 1.24mmt in December-January from 1.30mmt in October-November. The bulk of imports came from the Australia Pacific LNG plant, amounting to 0.67mmt via ten cargoes. Pacific supply was complemented by five PNG LNG exports as well as a shipment each from Bontang in Indonesia and PFLNG Dua in Malaysia. These two cargoes amounted to 0.14mmt. Unlike in our previous report, Qingdao LNG did not import LNG from the Middle East. Atlantic volumes, however, comprised one cargo from the United States of 0.07mmt, which was shipped from Freeport LNG via the Flex Constellation.

Tianjin LNG and Dalian LNG

The remaining two northern terminals – Tianjin LNG and Dalian LNG – imported 1.16mmt and 0.93mmt over the report period, respectively, which in the case of Tianjin LNG stemmed predominantly from the United States with 0.41mmt, comprising three shipments from Sabine Pass LNG, two from Corpus Christi LNG and one from Freeport LNG. A 0.05mmt cargo from Atlantic LNG on Trinidad & Tobago pushed Atlantic Basin supply to 0.46mmt. Australia, meanwhile, also supplied 0.29mmt to Tianjin LNG, split nearly equally among Pluto LNG and NWS LNG on the one side and Queensland Curtis LNG on the other. Malaysia, meanwhile, supplied 0.05mmt via one cargo from Malaysia LNG in addition to two re-exports totalling 0.13mmt from Singapore. Middle Eastern supply, meanwhile, comprised four cargoes totalling 0.23mmt via the Trader, the Milaha Ras Laffan, the Ejnan and the Al Wakrah from Ras Laffan in Qatar.

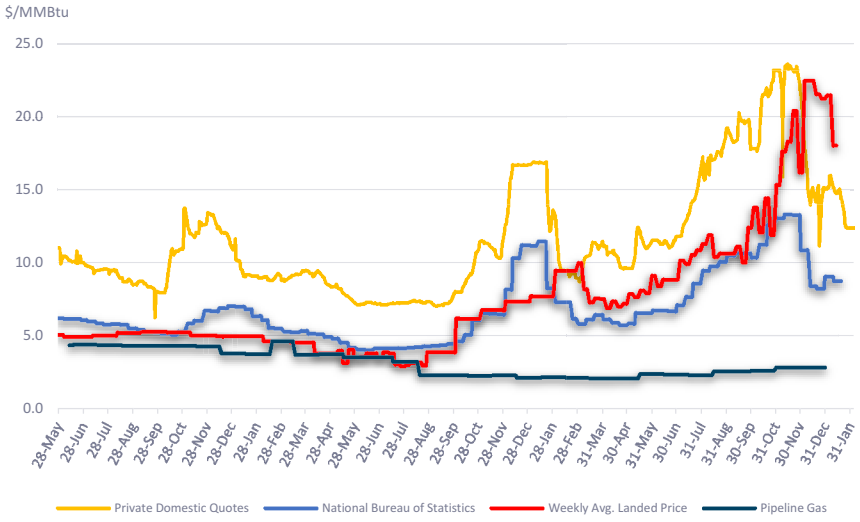
December-January supply to the Dalian terminal was predominantly sourced from the Pacific. Dalian LNG's Pacific supply of 0.38mmt came via two deliveries each from Australia's Australia Pacific LNG and Queensland Curtis LNG as well as an additional cargo each from

Chinese LNG Buyers (MMt)



Source: LNG Journal

Chinese Gas Prices



Sources: LNG Journal, CNBS, GACC, Domestic Traders

Ichthys LNG and NWS LNG. Pacific LNG supply to Dalian was further complemented by a Malaysian cargo of 0.07mmt via the Methane Spirit. Meanwhile, Atlantic Basin supply totalling 0.33mmt comprised a Russian Yamal LNG shipment in addition to one from Corpus Christi LNG in the United States, a re-export from the Zeebrugge terminal in Belgium and one cargo each from Cameroon and Nigeria.

East China

At the time of writing, demand in East China was dominated by the wider Shanghai area, where Jiangsu LNG imported 1.05mmt during the report period. This placed the terminal among China's leading terminals in December-January. Accordingly, the terminal operated at well above-nameplate capacity. Overall LNG demand in East China had increased noticeably by 0.31mmt (8 percent) to 4.12mmt from the 3.81mmt recorded in October-November even the Zhejiang and Zhoushan terminals saw their intake decrease significantly.

Wider Shanghai area

Meanwhile, the remaining wider Shanghai area – comprising Qidong LNG, Shanghai LNG and the metropolis' peak-shaving facility – imported a total of 3.00mmt over the report period, up 0.58mmt (47 percent) from the 1.07mmt recorded in October-November. The sub-region's imports were led by the Shanghai LNG terminal, which took in 0.98mmt and thereby grew imports by 0.57mmt (56 percent) period-on-period. Shanghai's peak-shaving facility also increased imports relatively significantly by 0.02mmt (8 percent) to 0.10mmt period-on-period. However, the Qidong LNG terminal had decreased offtakes by 0.01mmt (-2 percent) to 0.36mmt by the end of January, our data suggests.

Zhejiang & Zhoushan LNG

At neighbouring terminals Zhejiang and Zhoushan LNG, imports amounted to 0.89mmt and 0.36mmt, respectively. Together, the two terminals thereby decreased imports by 0.30mmt (-19 percent) to 1.25mmt from the 1.55mmt recorded in October-November. LNG was mainly supplied by Australia via 10 cargoes totalling 0.67mmt and the United States through three shipments totalling 0.20mmt. Zhoushan LNG is one of the few 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 – returned to the demand growth seen over the previous summer months, our data indicate. The region's imports had amounted to 4.75mmt over the report period, which meant imports were up by 0.23mmt (5 percent) from the 4.52mmt recorded in October-November.

Shenzhen terminals

South China's imports were led by Shenzhen's four terminals – Guangdong Dapeng, Shenzhen Diefu, Dongguan LNG and the adjacent peak-shaving facility. The region's most prominent terminal – Guangdong Dapeng LNG (GDLNG) – saw offtakes of 1.37mmt, placing it in second place among China's terminals after Caofeidian LNG. The terminal nevertheless cut its December-January imports by 0.07mmt (-5 percent) from 1.44mmt over the previous two-month period. Still, its average capacity utilisation stood at 121 percent over the report period so that neighbouring Shenzhen Diefu LNG imported 0.81mmt, pegging its terminal utilisation at 122 percent. Shenzhen Diefu usually steps in when GDLNG is stretched beyond capacity. However, we did not record LNG deliveries to either Dongguan LNG or the Shenzhen Peak-shaving terminal.

Zhuhai and Jieyang LNG

Zhuhai LNG saw a significant decrease in demand by 0.08mmt to 0.58mmt over the report period from 0.66mmt the previous period, which nonetheless still pegged overall capacity utilisation at 103 percent. Roughly a third of Zhuhai's imports were derived from the Atlantic Basin and were sourced from Cameroon, Nigeria and Trinidad & Tobago. Pacific Basin supply amounted to 0.19mmt, which was supplied by NWS LNG and Darwin LNG in Australia as well as Malaysia's LNG complex at Bintulu. The remaining imports stemmed from two Middle Eastern shipments totalling 0.18mmt derived from Qatar.

In contrast, Jieyang LNG saw a substantial increase in imports during the December-January period. Full-period offtakes were up by 0.17mmt (26 percent) to 0.71mmt in December-January from 0.54mmt in October-November. Accordingly, Jieyang LNG saw full capacity utilisation over the report period. Notably, the terminal had seen explosive offtake in the middle of 2021. This came in the wake of the inauguration of China's state-owned China Oil and Gas Pipeline Network (also known as PipeChina) in March. PipeChina links the Jieyang terminal to Guangdong Province's existing pipeline network and further to China's massive West-East II and III trunklines. Since commissioning in 2017, the terminal had gone through frequent periods without shipments arriving because its send-out options were mostly limited to truck loadings.

Fujian and Beihai LNG

In line with most other terminals in the South China region, Fujian LNG saw demand increase in December-January compared to the previous report period of October-November. At 0.62mmt, imports were up 0.12mmt (24 percent) from the 0.50mmt recorded during the previous period. Meanwhile, Beihai LNG also saw higher demand over the report period by increasing offtakes by 0.02mmt (5 percent) to 0.46mmt in December-January from 0.44mmt in October-November. The terminals' annualised capacity utilisation, therefore, stood at 92 percent.

Hainan Island

Nevertheless, the remaining two regional LNG terminals on Hainan Island – Hainan LNG and the Hainan Transfer Station – saw a significant demand decrease mainly due to less activity at the Hainan LNG terminal. Whilst the Transfer Station saw its two-month offtake remain steady at 0.03mmt compared to the previous period, Hainan LNG decreased imports by 0.03mmt (-15 percent) to 0.17mmt in December-January from 0.20mmt in October-November. This was mainly due to a decrease in re-exports from Beihai LNG to the terminal. LNG capacity utilisation on Hainan Island over the report period was thus 34 percent.

Region	Terminal	Export Basin			January 2022	December 2021	Rep. Period Utilisation
		Atlantic	Middle East	Pacific			
North	Dalian LNG	0.15	-	0.32	0.47	0.46	93%
	Tianjin - Nangang LNG	-	0.18	0.57	0.75	0.60	75%
	Qingdao LNG	-	-	0.65	0.65	0.59	124%
	Tianjin LNG	0.07	0.23	0.12	0.42	0.74	96%
	Caofeidian LNG	-	0.62	0.14	0.76	1.04	166%
East	Zhejiang LNG	0.14	-	0.27	0.41	0.48	178%
	Shanghai (Yangshan)	0.07	0.06	0.41	0.54	0.44	196%
	Jiangsu LNG	0.14	0.33	-	0.47	0.58	180%
	Qidong LNG	0.14	-	0.22	0.36	0.22	122%
	Zhoushan LNG	0.06	0.09	-	0.15	0.21	72%
	Shanghai Peak-Shaving	-	-	0.10	0.10	0.16	26%
South	Guangdong Dapeng LNG	-	0.16	0.43	0.59	0.78	121%
	Fujian LNG	-	-	0.18	0.18	0.44	59%
	Beihai LNG	-	-	0.17	0.17	0.29	92%
	Zhuhai LNG	0.14	0.18	-	0.32	0.26	103%
	Hainan LNG	-	-	0.04	0.04	0.13	34%
	Jieyang LNG	-	0.12	0.36	0.48	0.23	101%
	Dongguan LNG	-	-	-	0.00	-	0%
	Shenzhen Diefu LNG	0.28	-	0.2	0.48	0.33	122%
	Hainan Transfer Station	-	-	0.02	0.02	0.01	50%
	Shenzhen Peak-Shaving	-	-	-	0.00	-	0%
	Total	1.19	1.97	4.20	7.36	7.99	102%