NEW

LNG Market Tracker

LNG JOURNAL'S WEEKLY LNG MARKET TRENDS REPORT 30 MARCH 2020

Shell Decides to Exit Proposed Lake Charles LNG Project

Energy major Shell announces phased withdrawal from partnership with pipeline operator Energy Transfer in development of proposed Lake Charles LNG project citing cash preservation as energy revenues slide.

Global energy price slide forced Shell's hand

Concurrent to Brent's accelerated decline since the beginning of March (it has fallen by more than 60% since January), leading a general fall in energy prices - including LNG - Shell announced on Monday it will discontinue the development of the proposed Lake Charles LNG project, leaving the project in the hands of joint venture partner Energy Transfer - a Dallas, TX based pipeline operator - during the course of a phased handover.

The energy major had previously cut is capital expenditure budget by around $5bln to $20bln as part of an effort to preserve cash until energy prices show a sustained recovery.

Proposed 16.45mtpa at risk

Lake Charles LNG is a proposed 16.45 million tonnes per annum (mtpa) project that enjoyed 50/50 ownership between Shell and Energy Transfer. The two companies signed a Project Framework Agreement in March 2019, under which they agreed to share project development cost.

Energy Transfer considering options, including downsizing

Following Shell's announcement, Energy Transfer is now considering downsizing the project by a third to 11mtpa whilst also putting out feelers for a new project partner. The project has yet to proceed with the tender for engineering, procurement and construction works, a process Shell highlighted it would assist in. The two companies are still planning for the engineering, procurement and construction (EPC) bidding process to commence in Q2 2020.

Lake Charles LNG part of BG Group legacy

The project entered Shell's portfolio when it merged with former rival gas player BG Group in 2016. Previously, BG had been a major independent LNG developer and had planned to add all of the production at Lake Charles LNG to its trading portfolio. The company also led the development of Australia's pioneering QCLNG, which liquefies coal seam gas for export to Asia.

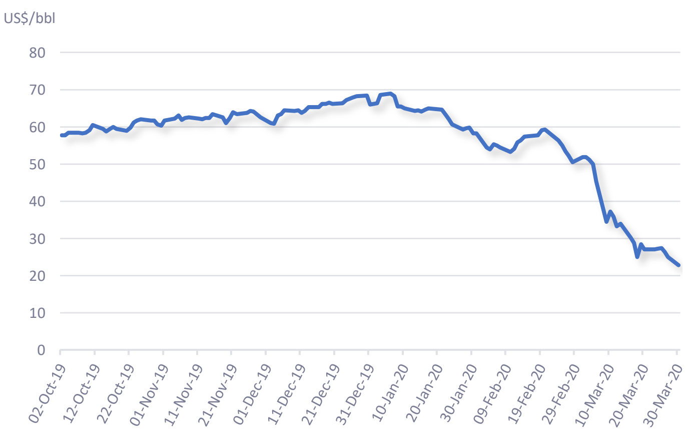
Lake Charles LNG - not to be confused with Cameron LNG, another LNG export plant on the shores of Calcasieu Lake in southern Louisiana - is a brownfield project that aims to convert Energy Transfer's existing import terminal - built in 1982 - to an LNG export facility.

Project developer continues to highlight competitiveness

Energy Transfer maintains its proposed project remains competitive vis-à-vis other proposals on the Gulf Coast. Being a brownfield development, a key aspect of the project's proposal continues to be its permits to store LNG as well as an existing pipeline infrastructure.

The majority of currently operating U.S. gas liquefaction capacity is based on similar conversions, which followed a steep fall in U.S. demand for gas imports as fracking boosted domestically produced supplies. The resulting price crash at Henry Hub - which was aided by a lack of gas pipeline interconnectivity at the time - led to the United States emerging as one of the most competitively priced sources of LNG whilst also making extensive existing import capacity redundant without conversions. ◆

Brent Crude - Settled Prices



Source: Nasdaq

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WEEKLY TRADE

Global	↑	1.2%
Pacific	↓	-3.6%
Atlantic	↓	-0.1%
Middle East	↑	26.3%

WEEKLY EXPORTS

Pacific	↑	8.8%
Atlantic	↓	-1.7%
Middle East	↑	25%

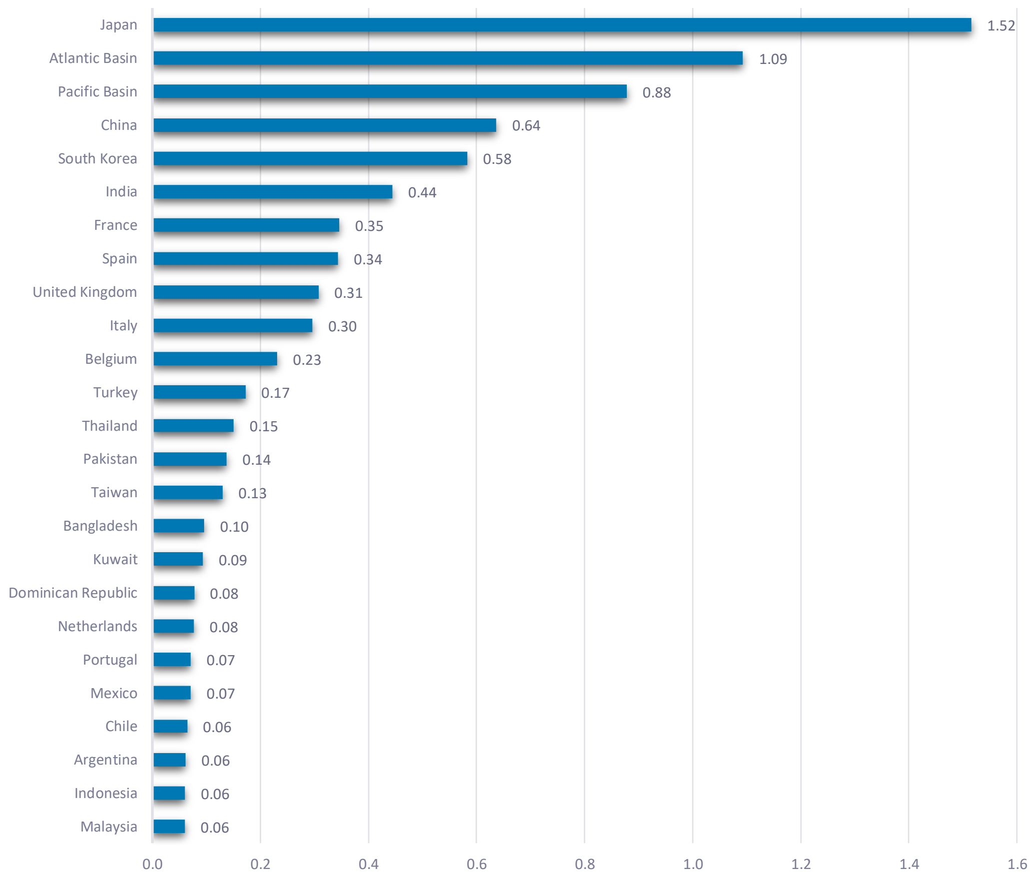
WEEKLY IMPORTS

Pacific	↓	-9.7%
Atlantic	↑	2%
Middle East	↑	44.8%

Expected Deliveries this Week

Japan tops list for this week's LNG deliveries with 1.52mmt

Predicted Deliveries This Week (MMt)



Source: LNG Journal

Pacific Basin

We are currently expecting 4.69mmt to be delivered within the Pacific Basin by the end of this week, constituting a decrease of 8% over our expectation at this point last week. At least 58% are destined for Japan (1.52mmt), China (0.64mmt) and South Korea (0.58mmt) whilst 0.88mmt are still without a confirmed destination within the Basin.

Japan

Current market visibility suggests the largest share of LNG scheduled to arrive in Japan within this week is coming from Australia (0.52mmt, 34%) under contracts with NWS LNG (0.18mmt, 12%), followed by Ichthys LNG (0.13mmt, 9%). Among LNGCs currently under way, the Grace Dahlia and the Seri Anggun are scheduled to dock at the Senboku and Sodegaura terminals by Saturday. Japan's current import schedule suggests offtakes are likely to decrease by 0.15mt (-9%) week-on-week.

China

The largest single source of LNG destined to arrive in China within this week is Qatar's Ras Laffan LNG complex (0.10mmt, 15%), followed by Australia's Queensland Curtis LNG (0.08mmt, 12%). Of LNGCs currently en route, the Energy Confidence will dock at Caofeidian LNG on Thursday whilst the Pan Africa is expected at Hainan LNG on Monday. China's anticipated imports are likely to decrease by 0.68mmt (-52%) week-on-week.

South Korea

Meanwhile, expected deliveries to South Korea are also mainly coming from Australia (0.14mmt, 24%), in addition to a total of 7 cargoes from Qatar, Indonesia, Malaysia, Oman and Russia. For example, the Pacific Mimosa is scheduled to dock at Incheon by Tuesday whilst the SK Splendor is expected at Tongyeong on Saturday. South Korea's imports are likely to decrease by 0.25mmt (-30%) week-on-week.

Atlantic Basin

The Atlantic Basin is currently expected to receive 3.08mmt by the end of this week, constituting broadly steady offtakes week-on-week. Roughly 1.09mmt are still without a clear destination within the Basin, whilst 32% are destined for France (0.35mmt), Spain (0.34mmt) and the United Kingdom (0.31mmt).

France

France's currently expected LNG deliveries within this week are mainly coming from Norway (0.13mmt, 37%) aboard the Arctic Discoverer and the Arctic Lady. They are expected at Dunkerque Le Clipton on Thursday and at Fos-sur-Mer on Saturday, respectively.

The country is also anticipating 0.08mmt to arrive from Russia aboard the Georgiy Ushakov, which our data indicates will arrive at Montoir-de-Bretagne on Tuesday. We are also expecting to see a Nigerian cargo via the LNG Lokoja at Montoir-de-Bretagne on Wednesday and a cargo from Cove Point LNG aboard the Energy Universe (0.07mmt) to arrive at Dunkerque Le Clipton on Friday.

France's LNG imports are likely to increase by 0.08mt (31%) week-on-week.

Spain

Concurrently, market visibility indicates Spain's imminent LNG deliveries of 0.34mmt consist of two Nigerian cargoes (0.13mmt) as well as one each from Russia (0.08mmt) and Trinidad (0.06mmt). There is also a Zeebrugge re-export (0.07mmt) aboard the Clean Vision with course set for Bahia de Bizkaia LNG close to Bilbao. The two Nigerian cargoes were shipped via the LNG Abalamabie and the LNG Bayelsa, which are due at Barcelona and Sagunto by Tuesday and Wednesday, respectively. Meanwhile, Spain's Russian consignment from Yamal LNG will arrive at the Mugardos terminal by Wednesday. The remaining cargo from Atlantic LNG aboard the BW Boston will arrive at Cartagena on Monday.

The country's imports, therefore, are likely to decrease by 0.23mmt (-40%) week-on-week.

United Kingdom

The Atlantic Basin's third largest importer this week – the United Kingdom – is anticipating its LNG deliveries to derive mainly via two Qatari shipments (0.24mmt) headed for South Hook LNG aboard the Al Samriya and the Al Mafyar by Sunday. In addition, we expect the UK to receive a Belgian re-export via the Clean Ocean at Dragon LNG on Wednesday.

Based on the current delivery horizon, the UK is likely to see LNG imports increase by 0.15mmt (89%) week-on-week.

Middle East

In the Middle East, we are anticipating three cargo arrivals this week, with the WilForce carrying a delayed Omani cargo (0.07mmt) and the GasLog Chelsea an Algerian shipment (0.07mmt) to Pakistan's Port Qasim terminal by Monday. Meanwhile, Kuwait's Mina al Ahmadi facility is expecting the Q-Flex Al Ghariya (0.09mmt) sailing from Ras Laffan on Monday.

Market visibility therefore suggests Pakistan's LNG offtake this week will increase by 0.04mmt (43%) week-on-week whilst Kuwait will see weekly imports rise by 0.03mmt (31%). ◆

LNG in Transit

Currently 15.14mmt of LNG on the water

Total LNG volumes currently in transit amount to 15.14mmt, representing an increase of 0.76mmt (5.3%) week-on-week. Current market visibility pegs the delivery horizon at 5 May.

Pacific Basin

There are currently 7.94mmt destined for the Pacific Basin, whereby Japan's Futtsu terminal is in the lead with 0.40mmt and a delivery horizon of 22 April, inter alia via the Northwest Sanderling sailing from Australia's NWS LNG plant.

Notably, of the 7.94mmt currently in transit, 2.10mmt have yet to have a firm destination, which are broadly destined for the Pacific by 30 April.

At the time of writing, Malaysia LNG tops the list of export plants in the Pacific with 0.54mmt currently in transit, followed by NWS LNG with 0.52mmt and Gorgon LNG with 0.44mmt via, inter alia, the Flex Constellation (0.08mmt), the Flex Enterprise (0.08mmt) and the Stena Crystal Sky (0.08mmt). The delivery horizon for Pacific in-transit exports by the Basin's top 3 plants above is currently 14 April.

Atlantic Basin

The Atlantic Basin, meanwhile, can expect to receive 5.23mmt by 29 April. Confirmed Atlantic deliveries are led by 0.42mmt worth of orders destined for United Kingdom's South Hook LNG with a delivery horizon of 16 April.

As with the Pacific Basin, there are still roughly 2.15mmt of in-transit LNG that have yet to confirm their destination. Around 1.74mmt are currently broadly destined for Europe by 15 April.

Among Atlantic exporters with LNG deliveries currently pending, Sabine Pass LNG is in the lead with 1.32mmt, followed by Bonny Island with 1.02mmt and Yamal LNG with 0.69mmt. These cargoes are onboard, inter alia, the La Mancha Knutsen (0.08mmt), the Maran Gas Hector (0.08mmt) and the SM Seahawk (0.08mmt). The delivery horizon for Atlantic in-transit exports was 5 May at the time of writing.

Middle East

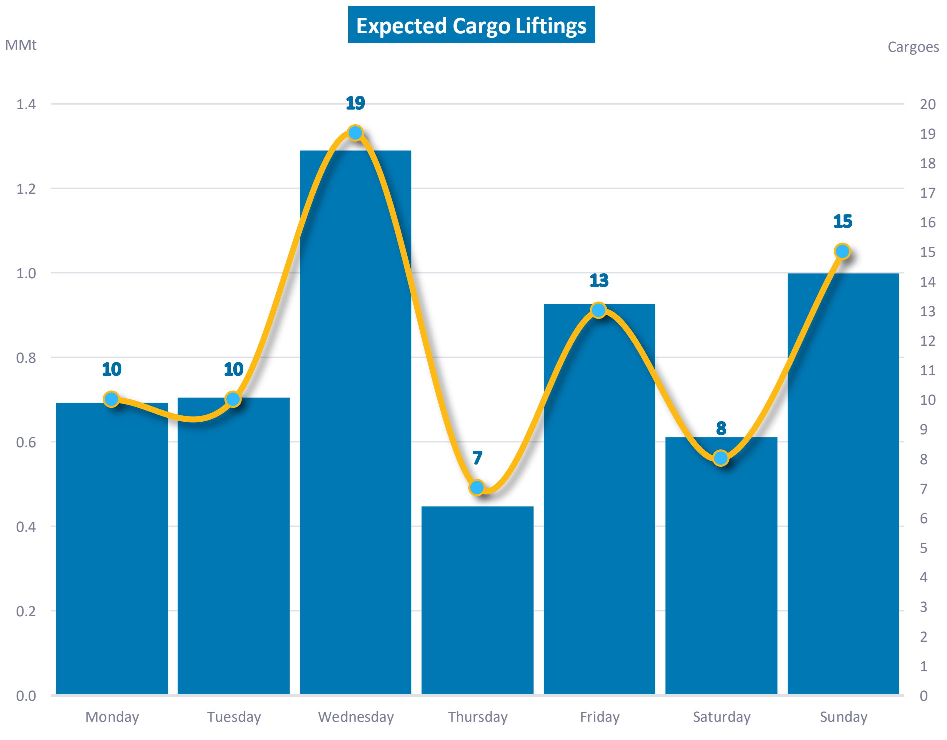
Meanwhile, there are 3 cargoes - 0.23mmt - headed for Pakistan and Kuwait, which are the shipments outlined above.

In terms of Middle Eastern cargoes currently under way to destinations outside the Basin, 3.82mmt have a delivery horizon of 16 April, including 3.33mmt that originated in Qatar, with a further 0.24mmt coming from Oman's Qalhat terminal and 0.24mmt from the UAE's Das Island facility via, inter alia, the Zarga (0.12mmt), the SK Splendor (0.06mmt) and the Mubaraz (0.06mmt). Egypt's Idku LNG had no cargo at sea at the time of writing. ◆

Expected Cargo Liftings

82 cargo liftings expected this week

According to today's vessel schedule, the end of this week will have seen 82 cargo liftings amounting to 5.67mmt, representing a 1.50mmt (-21%) decrease week-on-week. We highlight that there is some uncertainty surrounding the eventual number of exports from US LNG plants and Qatar's Ras Laffan, with vessels waiting at respective anchorages for more than a week in some cases.



Source: LNG Journal

Pacific Basin

The Pacific Basin is expected to account for 41 of this week's liftings, meaning that roughly 2.73mmt are expected to be exported throughout the Basin by Sunday.

In Australia, Gorgon LNG is expected to lead the continent's export terminals this week, with 4 cargoes (c. 0.30mmt) likely to be lifted, followed by NWS LNG (4 cargoes, 0.28mmt) and Australia Pacific LNG (3 cargoes, 0.23mmt). Meanwhile, Queensland Curtis LNG, Gladstone LNG, Ichthys LNG, Wheatstone LNG, Pluto LNG and Darwin LNG are expected to ship a total of 12 cargoes amounting to 0.83mmt by Sunday.

In Southeast Asia, Malaysia LNG is scheduled to export up to 8 cargoes amounting to 0.47mmt whilst Petronas' FLNG barge PFLNG Satu is not scheduled to load a cargo. Across the border, Indonesia is looking to export 3 cargoes amounting to 0.13mmt from Tangguh and Bontang.

Other LNG export plants within the Basin, namely Russia's Sakhalin-2 LNG at Prigorodnoye on Sakhalin Island and PNG LNG in Papua New Guinea are expected to export 5 cargoes, totalling 0.35mmt.

Atlantic Basin

Meanwhile, the Atlantic Basin is expected to see 30 cargo liftings, with up to 2.10mmt exported throughout the Basin by Sunday night.

A significant share of those liftings is going to materialise in the United States, where Sabine Pass LNG, Freeport LNG, Cove Point LNG, Cameron LNG and Corpus Christi LNG are preparing for a total of 11 cargoes (0.78mmt) to be lifted aboard, inter alia, the Hoegh Galleon (Sabine Pass), the Nohshu Maru (Freeport) and the British Emerald (Cove Point), the SK Audace (Cameron LNG) and the Energy Atlantic (Corpus Christi LNG).

In South America and the Caribbean, we currently expect 1 cargo lifting (0.07mmt) from Trinidad's Atlantic LNG via the Golar Crystal on Monday.

On the other side of the Atlantic, we expect up to 16 cargoes (1.10mmt) to be lifted during this week. Nigeria's Bonny Island facility is going to export up to 4 cargoes, amounting to 0.27mmt, whilst Algeria is expected to load 4 cargoes totalling 0.23mmt at Arzew. Angola's Soyo plant, meanwhile, is scheduled to export one cargo of 0.07mmt this week.

In the Arctic, Norway's Snøhvit LNG is currently expected to ship 1 cargo via the Arctic Princess whilst Yamal LNG is likely going to load 6 cargoes amounting to 0.46mmt by Sunday.

Middle East

Middle Eastern cargo liftings this week are likely to amount to 11 (0.85mmt) by Sunday, most of which (0.78mmt) are going to take place at Qatar's Ras Laffan LNG complex, inter alia via the SK Summit and the Al Oraiq. Market visibility currently suggests Oman is looking to load only one cargo (0.07mmt) via the Ibri LNG by Sunday. Concurrently, the plant on Das Island in the UAE is not expected to ship a cargo this week, which is also the case for Idku LNG

The current schedule therefore suggests peak loading activity of 19 cargoes on Wednesday, followed by 15 on Sunday, whilst Thursday is looking to be least active with 7 liftings. ◆

Expected Cargo Liftings (MMt)

Country	Plant	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Algeria	Arzew	-	-	0.06	0.03	0.08	-	0.06
	Skikda	-	-	-	-	-	-	-
Argentina	Tango FLNG	-	-	-	-	-	-	-
Angola	Angola LNG	-	-	0.07	-	-	-	-
Australia	Australia Pacific	0.08	-	-	0.08	-	-	0.08
	Darwin LNG	0.06	-	-	-	-	-	-
	Gladstone LNG	-	-	0.07	0.07	-	0.08	-
	Gorgon LNG	0.08	-	0.06	0.08	-	-	0.08
	Ichthys LNG	0.07	-	-	0.07	-	-	0.06
	NWS LNG	-	-	0.08	-	0.14	-	0.06
	Pluto LNG	-	-	-	-	0.07	-	-
	Queensland Curtis	-	-	0.15	-	-	-	0.06
	Wheatstone LNG	-	0.07	-	-	-	-	-
	Prelude FLNG	-	-	-	-	-	-	-
Brunei	Brunei LNG	-	-	-	-	-	-	-
Cameroon	Cameroon FLNG	-	-	-	-	-	-	0.08
Canada	Tilbury LNG	-	-	-	-	-	-	-
Equatorial Guinea	EG LNG	-	0.07	-	-	-	-	-
Egypt	Damietta SEGAS	-	-	-	-	-	-	-
	Idku LNG	-	-	-	-	-	-	-
Indonesia	Bontang	-	-	0.01	-	-	0.06	-
	Donggi-Senoro	-	0.06	-	-	-	-	-
	Tangguh	-	-	-	-	0.07	-	-
Malaysia	Malaysia LNG	-	0.06	0.19	-	0.04	0.07	0.12
	PFLNG Satu	-	-	-	-	-	-	-
Nigeria	Bonny Island	-	-	0.08	0.06	0.06	-	0.07
Norway	Snøhvit LNG	-	0.07	-	-	-	-	-
Oman	Oman LNG	0.07	-	-	-	-	-	-
Peru	Pampa Melchorita	-	-	-	-	0.07	-	-
Papua New Guinea	PNG LNG	-	-	0.08	-	-	0.07	-
Qatar	Ras Laffan	0.06	0.16	-	0.06	0.19	0.12	0.19
Russia	Sakhalin-2 LNG	0.07	-	-	-	0.07	0.07	-
	Yamal LNG	0.08	-	0.15	-	0.08	0.15	-
Singapore	Singapore LNG	-	-	-	-	-	-	-
Trinidad & Tobago	Atlantic LNG	-	-	0.07	-	-	-	-
UAE	Das Island	-	-	-	-	-	-	-
United States	Elba Island LNG	-	-	-	-	-	-	-
	Cove Point LNG	0.07	-	-	-	0.07	-	-
	Cameron LNG	-	-	0.08	-	-	-	-
	Freeport LNG	-	0.08	-	-	-	-	0.13
	Sabine Pass LNG	0.07	0.08	0.14	-	-	-	-
	Corpus Christi	-	0.07	-	-	-	-	-
	Total	**0.69**	**0.70**	**1.29**	**0.45**	**0.93**	**0.61**	**1.00**

Source: LNG Journal

Trade Last Week

Global LNG trade stood at 15.81mm last week

Last week's global LNG trade stood at 15.81mmt, having thus increased by 0.18mmt (1.2%) week-on-week. Notably, around 7.23mmt had been shipped in previous weeks but were only delivered last week.

Overall regional trade in the Pacific stood at 8.36mmt last week, resulting in a 0.31mmt (-4%) trade decrease week-on-week. Last week's trade in the Atlantic Basin fell by 0.01mmt (-0.1%) whilst the Middle East saw positive trade growth of 0.50mmt (26%) over the same period.

The Pacific ended last week with 0.25mmt (9%) more in exports, down from 2.87mmt the week prior. This in turn translated into capacity utilisation of 97% for last week, an increase of 8pp over the week prior.

Meanwhile, the Basin's demand – including domestic re-exports in Indonesia and China – reduced by 0.56mmt (-9.7%) to 5.23mmt. As a result, Pacific import capacity utilisation decreased by 7.1pp to 66%.

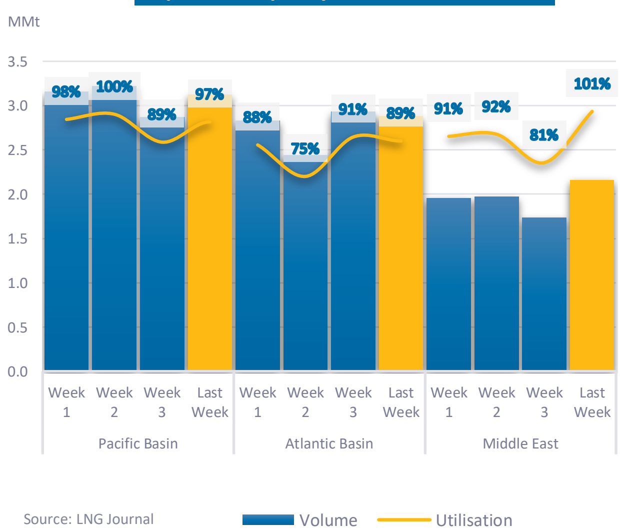
Atlantic Basin exports had amounted to 2.88mmt by midnight on Sunday, a -1.7% decrease compared to the week prior. This in turn translated into regional export capacity utilisation of 89% for the week, an decrease of 2pp week-on-week.

Over the same one-week period, the Basin's imports increased by 0.04mmt (2%) to 2.18mmt. As a result, Atlantic import capacity utilisation stood at 45% for the week, an increase of 0.9pp over the week prior.

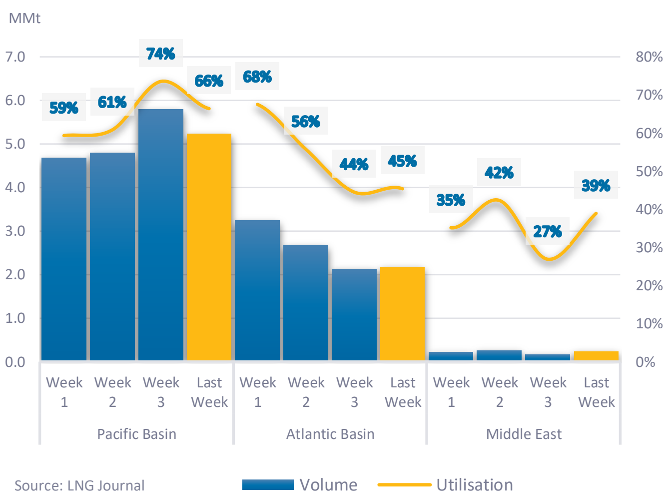
As for the Middle East, the region's exports had grown by 0.43mmt by midnight on Sunday, a 25% increase compared to the week prior. As such, regional export capacity utilisation stood at 101% for the week, an increase of 20pp over the week prior.

Concurrently, the Middle East's imports also saw positive weekly growth, increasing by 0.07mmt (44.8%) to 0.24mmt. The region's import capacity utilisation thus stood at 39% for the week, constituting a decrease of 12pp over the week prior.

Exports & Capacity Utilisation Last Week



Imports & Capacity Utilisation Last Week



Pacific Basin

The Pacific Basin's most significant exporter – Australia – shipped 1.53mmt last week, seeing an increase of 0.12mmt (9%) in exports compared to the week prior. On a year-on-year basis, however, Australia still decreased LNG shipments by 0.03mmt (-2%). The Pacific Basin's second largest exporter by capacity – Malaysia – shipped 0.56mmt last week, and thereby kept exports broadly steady (-1%) week-on-week, whilst its neighbour Indonesia saw a more significant reduction of 0.02mmt to 0.33mmt (-5%) over the same period. On a year-on-year basis, however, Malaysia kept exports steady whilst Indonesia still saw a robust increase of 0.15mmt (85%).

Meanwhile, the remaining Pacific LNG producers saw combined exports of 0.70mmt by the end of last week compared to 0.55mmt the week prior. Whilst Papua New Guinea grew weekly shipments only marginally by 0.005mmt (3%), Russia's Sakhalin-2 LNG and Brunei saw exports rise by a total of 0.20mmt. Peru's Pampa Melchorita plant, meanwhile, saw steady weekly exports of 0.08mmt. Singapore did not ship a cargo.

Contrary to lower exports, weekly Pacific demand fell considerably by 0.56mmt (-9.7%) as South Korea curtailed offtakes by 0.51mmt (-38%), followed by 0.14mmt fewer exports seen in Taiwan. Concurrently, weekly Japanese demand dipped by 0.07mmt (-4%). As such, even relatively strong weekly demand growth of 0.29mmt (28%) seen in China as well as vigorous yet growth-lacking demand in India at 0.69mmt could not compensate. Elsewhere in the Pacific, India increased weekly imports by 0.04mmt (6%).

Lack of demand growth among the Pacific Basin's roster of smaller buyers also weighed on the Basin's overall performance as Singapore did not take in a cargo last week. Meanwhile, Chile was also absent from the market whilst Thailand halved its imports to just one cargo of 0.07mmt. Consequently, strong growth in Bangladesh from one to two cargoes could not compensate.

Atlantic Basin

In the Atlantic Basin, African exporters decreased their overall shipped amount by 0.29mt (-36%) week-on-week. Algeria's Arzew terminal slashed exports by 0.20mmt (-66%) whilst the continent's largest LNG exporter – Nigeria – saw its weekly LNG exports decrease by 0.09mmt (-25%). Equatorial Guinea and Cameroon, meanwhile, did not ship a cargo and thus also weighed on African exports by effectively withdrawing 0.07mmt worth of shipments last week. Concurrently, Angola doubled shipments to 0.14mmt but could still not compensate.

In the United States, LNG plants overall saw noticeably higher exports, increasing shipments by 0.20mmt (16%) to 1.40mmt. Weekly US LNG export growth was led by Sabine Pass and Freeport LNG, which increased shipments by 0.26mmt (57%) and 0.08mmt (50%), respectively. Concurrently, Corpus Christi LNG kept weekly exports steady. Export reductions, however, were seen at Cove Point LNG and Cameron LNG, which slashed shipments by 46% and 32%, respectively, whilst Elba Island once more was not seen in the market. Nevertheless, these reduction rates only translated into roughly one cargo each, not enough to detract from overall US LNG export growth last week.

Further south, Atlantic LNG on Trinidad saw exports of 0.19mmt, thereby reducing shipments by 0.15mmt (-44%) week-on-week. Concurrently, to the very North of the Basin, Novatek's fleet lifted 0.38mmt at Yamal LNG, thus representing steady weekly exports of 0.38mmt.

European buyers, meanwhile, reduced imports by c. 0.10mmt (-4.5%) to 1.91mmt last week. Although Spain tripled imports to 0.43mmt, the United Kingdom, Italy, Portugal and France saw combined demand reductions of 0.66mmt, so that renewed imports of one cargo each in Greece and Lithuania as well as broadly steady demand in Turkey, the Netherlands and Belgium could not push European LNG demand into weekly net growth.

Leading the buying roster in Northern Europe was Belgium's Zeebrugge terminal, which imported 0.30mmt. In southern Europe, Spain's Huelva terminal was in the lead with 0.21mmt.

Meanwhile, buyers along the eastern coasts of the American continents (including the Caribbean) imported 0.27mmt, thus seeing weekly demand recover week-on-week as Brazil in particular boosted imports by 0.21mmt.

Middle East

In the Middle East, Qatar shipped 1.92mmt, thus growing weekly exports by 0.37mmt (24%). Its fellow regional exporters the UAE and Oman, meanwhile, also increased combined exports by 0.06mmt week-on-week to 0.24mmt as the UAE shipped one cargo more whilst Oman kept shipments broadly steady. Egypt's Idku LNG, meanwhile, did not export a cargo.

Completing the Middle East's LNG trade picture last week were Pakistan, Kuwait and Israel which altogether brought regional imports to three cargoes totalling 0.24mmt, thus constituting overall Middle Eastern demand growth of 50%. ◆