NEW

LNG Monthly Markets

LNG JOURNAL'S COMPREHENSIVE MONTHLY LNG DATA REPORT 15 JULY 2020

Summary & Highlights

Monthly trade decreased by 2.83mmt in June following steep demand reductions in South Korea, China and European whilst several export projects went into maintenance

Global conventional LNG trade saw a 2.83mmt reduction in June, decreasing to 26.3mmt (-9.7%) from the 29.13mmt seen in May. Trade performance in June 2020 also marks a decrease of 1.79mmt over 2019, equating to 6.4% of negative growth year-on-year. At the time of writing, 3.49mmt (13%) of the exported 26.30mmt in June remained to be delivered; their current delivery horizon was 16 August.

The June month-on-month performance drop in terms of volume was primarily due to the Atlantic Basin, where trade was down 1.81mmt (-19%) to 7.95mmt on May's 9.76mmt. Coming in second by volume drop was the Pacific Basin, where trade decreased by 1.15mmt (-9.8%) to 10.56mmt from 11.71mmt in May. Meanwhile, Middle Eastern trade continued on its growth path since May by 0.13mmt (1.7%) month-on-month to 7.79mmt, compared to May's 7.66mmt. However, that growth slowed considerably in June. Notably, trade in all three Basins found year-on-year growth to be elusive, with Atlantic trade down by 0.82mmt (-9.4%) year-on-year, followed by the Pacific with 0.77mmt (-6.58%) and the Middle East with 0.20mmt (-2.5%).

The decrease in trade in June was underpinned by continued subdued Far Eastern LNG demand that was exacerbated by a drastic reduction in European demand by leading buyers such as France, the Netherlands and the United Kingdom. In the Far East, continued government measures targeting the COVID-19 outbreak weighed on energy consumption. Fortunately, India's LNG consumption continued to grow robustly whilst Japan's LNG demand also returned to growth in June, thereby tempering the overall demand reduction. Decreasing North Asian demand at this time of year is particularly significant since it forms part of the countries' second high demand season when electricity demand rises due to increased electricity demand from air conditioning. However, many Asian economies remain gripped by strict public health measures in response to COVID-19 that oblige non-essential industry to remain shut.

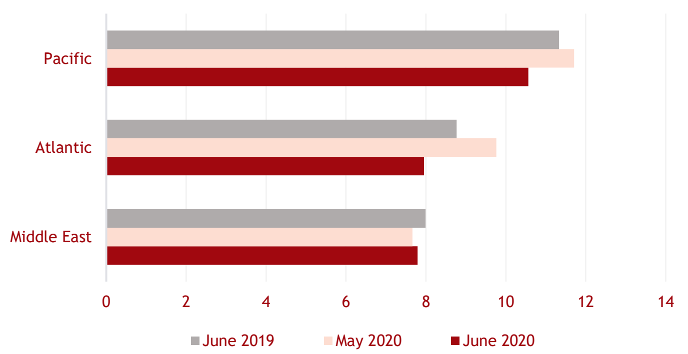
In this regard, India continued to be one of the few bright spots for Asian LNG demand as the easing of lockdown measures in the country promises a return to accelerated demand growth. The country's LNG offtake has embarked on a sustained growth trajectory, even accelerating in recent weeks. As a result, African exporters – led by Nigeria – but also European re-exporters found a much-needed LNG sink in India in June.

Another important factor in tempering the overall demand decrease in June was Argentina, which began to impact LNG demand in the latter half of May and increased offtakes to 0.56mmt in June. A particular benefactor of this development was Qatar, which supplied four cargoes to Argentina's GNL Escobar facility in June, edging out the United States and Trinidad & Tobago.

Looking at the supply side, operators once more scheduled maintenance in Australia, Russia and the United States, which equally weighed on trade. These programmes already affected Australian LNG capacity utilisation in May when major plants in Pilbara, the Northern Territories and Queensland curtailed output by up to 47%.

Even more importantly, US LNG exports suffered heavy net export decline of 1.41mmt (-34%) in June. As such, exports in the western part of the Atlantic tumbled by a total of 1.44mmt (-27%) from 5.34mmt in May to 3.14mmt in June, almost twice as fast as the month-on-month reduction of 0.76mmt (-14%) in May. In our view, squashed between the coincidence of disappearing demand growth in Northeast Asia as well as Europe stepping out of its role as convenient sink for excess LNG and a protracted low-price environment were the driving factors for the decrease in US LNG exports. Meanwhile, demand growth elsewhere, such as in India, was supplied by

LNG Trade in June (MMt)



Source: LNG Journal

CONTENTS

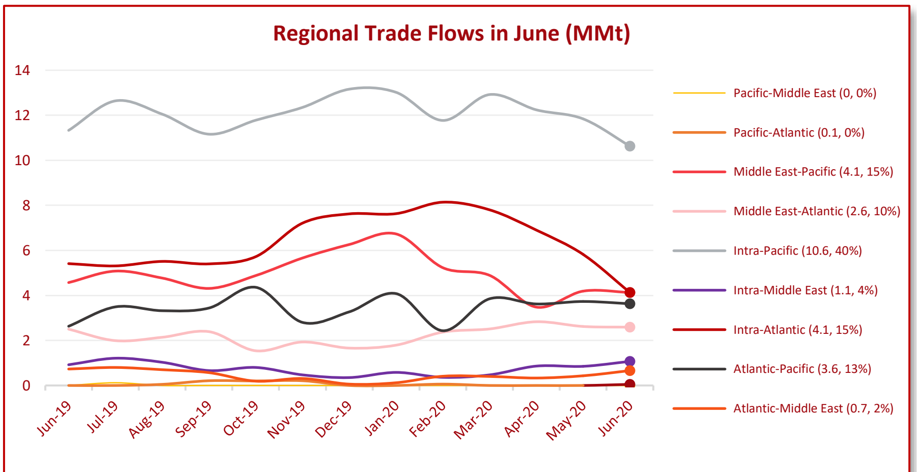
competitive volumes out of Africa and the Middle East, where merchant plants such as Angola LNG or large-scale operations such as Nigeria and Qatar are not bound by the rigid cost structure underpinning the tolling model of US LNG, we think.

Accordingly, Qatar was leading in monthly export growth, increasing shipped LNG volumes by 0.27mmt, and thereby pushed its Ras Laffan LNG complex beyond full capacity utilisation and claiming market share both in Europe and in Asia in June. Other Pacific producers, such as Papua New Guinea, were already producing at full capacity in May (and continued to do so in June), which meant they had no headroom to expand further. Consolidating the pattern set in May, inter-basin trade from the Middle East and the Atlantic to the Pacific broadly continued from May as on the one hand Australian shipments to the Far East decreased significantly - allowing significant Qatari volumes to move in - and African exporters directing an increasing number of spot cargoes (led by Nigeria) to India on the other. Concurrently, rising temperatures within the Middle East as well as a protracted low-price environment induced higher intra-basin trade in the Middle East. Inter-basin trade from the Atlantic to the Middle East chipped, too, on the same basis as Russia increased its monthly re-load activity from Yamal LNG via Zeebrugge and Montoir-de-Bretagne to Jordan and Pakistan ♦

Inter- & intra-regional Trade

Trade volumes were determined by slowdown in intra-regional trade in June

The shape of LNG trade was primarily determined by a slowdown in intra-regional trade in June. Although in May the amount of LNG shipped within each respective Basin had already decreased by 1.57mmt (-8%) to 17.3mmt from 18.87mmt in April, in June that month-on-month reduction accelerated to 2.56mmt (-15%) so that total intra-basin trade stood at 14.74mmt at the end of the month. The intra-basin reduction was led by the Atlantic Basin, where volumes decreased by 1.49mmt (-28%), followed by the Pacific with 1.25mmt (-11%). The net demand reduction in Europe had a severe impact on US LNG exports within the Basin. In the Pacific, demand decreases in South Korea and China coincided with scheduled maintenance in Australia and Russia, by far outweighing increased domestic demand in Indonesia, the commissioning of new LNG import capacity in Myanmar and even renewed demand growth in Japan. In similar vein, intra-Middle Eastern trade, whilst enjoying robust growth of 0.18mmt (21%) in June on higher exports to Pakistan and Kuwait by Qatar, could not tip the balance for intra-basin LNG flows overall.



Source: LNG Journal

Pacific inter-basin

In terms of inter-basin trade, for the second time this year, LNG that originated in the Pacific found its way into the Atlantic Basin as a Peruvian cargo was steaming aboard the Magdala towards Europe at the time of writing. Meanwhile, inter-basin trade between the Middle East and the Pacific Basin saw negative month-on-month growth by way of a 0.06mmt (-1.4%) decrease. The reduction stood in stark contrast to the 0.61mmt growth seen in May. Notably, Oman shipped 0.16mmt less to the Pacific region in June than in May, instead doubling intra-basin exports to the Persian Gulf. Specifically, Omani shipments to China disappeared in June, only partially replaced with a cargo to Thailand, whilst the country's exports to India and Japan reduced by more than a third. As such, the slight increment in inter-basin trade between the Middle East and the Pacific was mainly carried by Qatar, which increased shipments to India, China and Japan, whilst the UAE's Das Island plant kept shipments to the Pacific broadly steady month-on-month.

Middle Eastern inter-basin

Middle Eastern exports to the Atlantic Basin, meanwhile, continued to decrease in June after they began to decline in May. In particular Qatari shipments to the United Kingdom decreased by 0.51mmt (54%) in June, accompanied by less drastic reductions of exports to France, Poland, Greece and Turkey. As such, the volume of Middle Eastern cargoes shipped to Europe was down 0.49mmt (-20%) month-on-month. The monthly decline could have been worse but for a considerable boost in cargoes shipped from Qatar to Argentina, with LNG trade between the two countries expanding by 0.46mmt (354%) in June.

Atlantic inter-basin

Concurrently, as outlined above, Atlantic Basin trade was no longer led by intra-basin shipments, with Europe no longer in the role of sink for excess LNG, alongside a tumble in US LNG exports. Meanwhile, inter-basin trade from the Atlantic to the Middle East grew robustly by 0.23mmt (53%) in June. Nigeria stood out as an active seeker of Middle Eastern destinations for LNG that might previously have gone to Spain and France, finding climate-driven spot demand in the UAE and Jordan (continuously low spot LNG prices probably helped, too). Other Atlantic supply also flowed into the Middle East from Russia via reload at Zeebrugge, from Angola's merchant plant at Soyo as well as two cargoes from the United States and Trinidad, respectively ♦

Gas on the Water

Roughly 15.17mmt of LNG in transit at the time of writing

There were 6.13mmt of LNG in transit from the Atlantic Basin at the time of writing. Roughly 34% of that (2.07mmt) originated in the United States, with 22% (1.36mmt) currently seen on routes to destinations in the Pacific Basin led by South Korea. There were six U.S. cargoes en route to South Korean destinations with a delivery horizon of 29 July. Four of the cargoes derived from Sabine Pass LNG whilst the remaining two sailed from Freeport LNG and Corpus Christi LNG, respectively. U.S. Exports to the Atlantic region are amounting to 0.64mmt, led by Spain and the Netherlands with two cargoes of 0.14mmt each. We also currently see one U.S. cargo en route to the Middle East with

Dubai looking to receive 0.07mmt by 1 August. Atlantic Basin exports in transit at the time of writing also consisted of 1.47mmt (24%) that have sailed out of Nigeria's Bonny Island facility since 30 May. Roughly 0.41mmt (7%) of Nigerian LNG is currently travelling to the Atlantic, led by three cargoes totalling 0.13mmt we expect to arrive at the Montoir-de-Bretagne terminal in France by 19 June. However, the majority of Nigerian exports are currently directed towards the Pacific, led by India with 0.15mmt. The bulk of in-transit Atlantic LNG is completed with a further 15% (0. 0.91mmt) coming from Russia's Yamal LNG and 8% (0.50mmt) from Trinidad & Tobago's Atlantic LNG.

Pacific cargoes

Meanwhile, Pacific exporters currently have 3.83mmt of LNG in transit, with destinations exclusively located within the Basin. These cargoes have an overall delivery horizon of 19 July determined by a Queensland Curtis LNG cargo aboard the Rias Baixas Knutsen currently headed to the Far East. Australia is leading the roster with 2.53mmt (66%), the bulk of which is headed to China (0.67mmt) and Japan (0.62mmt). Leading exporters of Australian in-transit LNG at the time of writing were NWS LNG followed by Queensland Curtis LNG, which accounted for a total of 0.94mmt of shipped Australian gas. Notably, Australia's Prelude FLNG still barge still had no cargo at sea at the time of writing. Another significant share of deliveries will materialise from Indonesia, Malaysia and Papua New Guinea, which had combined shipments of 0.90mmt (23%) of Pacific LNG at sea. Concurrently, Russia, Peru and Brunei had a total of 0.40mmt (10.5%) at sea, which are mainly headed for Japan, South Korea and likely China.

Middle Eastern cargoes

In the Middle East, Qatar is leading the roster of in-transit cargoes with 3.75mmt (86%) out of a total of 4.37mmt. Of those Qatari cargoes, roughly 2.05mmt (47%) are headed for the Pacific Basin, led by Japan as prime confirmed destination with 0.43mmt and closely followed by China with 0.42mmt. Meanwhile, 1.64mmt of Qatari LNG are destined for the Atlantic Basin and Europe, led by four cargoes currently headed for Argentina by 24 July. Additionally, both Spain and the United Kingdom are expecting 0.21mmt by 19 July. Our data also indicate 1.12mmt of Qatari LNG are currently en route to buyers that have yet to show a firm destination, though we expect LNG broadly headed for the Atlantic Basin to arrive in Europe (0.70mm) and the cargoes headed for the Pacific (0.43mmt), inter alia aboard the Simaisma, the Q-Flex Al Kharaitiyat and the Q-Max Al Dafna to travel to the Far East. Meanwhile, Oman and the UAE have shipments totalling 0.62mmt on the water, with the former having exported a total of 0.37mmt to the UAE, India and the Pacific whilst the latter has four cargo totalling 0.25mmt en route to South Korea and Japan. As in May, Egypt's Idku LNG has no shipment on the water, our data shows. Market visibility at the time of writing indicated a delivery horizon for in-transit Middle Eastern cargoes of 5 August ♦

Exports & Utilisation

Pacific Exports

Decline in Far Eastern demand and maintenance in Australia weighed most on overall performance

The Pacific Basin ended the month of June 2.82mmt (9.68%) down in exports compared to May, which decreased capacity utilisation by 8pp to 79%.

Australia

The Basin's biggest exporter - Australia - shipped 0.55mmt (-8.9%) less month-on-month,

Table: Monthly Pacific Basin Exports Compared

Country	Plant	Import Basin: Atlantic	Import Basin: Middle East	Import Basin: Pacific	June	May	% Change m/m
Australia	Australia Pacific LNG	-	-	0.60	0.60	0.58	3.4%
	Darwin LNG	-	-	0.17	0.17	0.18	-5.6%
	Gladstone LNG	-	-	0.41	0.41	0.59	-30.5%
	Gorgon LNG	-	-	0.63	0.63	1.35	-53.3%
	Ichthys LNG	-	-	0.62	0.62	0.33	87.9%
	NWS LNG	-	-	1.21	1.21	1.23	-1.6%
	Pluto LNG	-	-	0.52	0.52	0.44	18.2%
	Queensland Curtis LNG	-	-	0.74	0.74	0.63	17.5%
	Wheatstone LNG	-	-	0.72	0.72	0.84	-14.3%
	Prelude FLNG	-	-	-	-	-	-
Brunei	Brunei LNG	-	-	0.45	0.45	0.61	-26.2%
Indonesia	Bontang	-	-	0.41	0.41	0.35	17.1%
	Donggi-Senoro LNG	-	-	0.12	0.12	0.22	-45.5%
	Tangguh	-	-	0.62	0.62	0.70	-11.4%
Malaysia	Malaysia LNG	-	-	1.84	1.84	1.54	19.5%
	PFLNG 1	-	-	-	-	0.07	-100.0%
P. N. Guinea	PNG LNG	-	-	0.66	0.66	0.75	-12.0%
Peru	Pampa Melchorita LNG	0.05	-	0.14	0.19	0.36	-47.2%
Russia	Sakhalin-2 LNG	-	-	0.62	0.62	0.94	-34.0%
Singapore	Singapore LNG	-	-	0.03	0.03	-	-
	Total	0.05	0.00	10.51	10.56	11.71	-9.8%

Source: LNG Journal

partly due to maintenance but also because South Korea continued to curtail offtakes. Notably, although Chinese LNG demand growth went into reverse in June, this had less of a knock-on effect on Australian exports. However, Australian plants heavily exposed to South Korean demand suffered. In the Pilbara region, Gorgon LNG, went into scheduled maintenance. The plant slashed exports by 0.72mmt (-53%) to 0.63mmt, which together with a 0.12mmt (-14%) reduction at Wheatstone LNG and a modest decrease of 0.02mmt (-1.6%) at NWS LNG overshadowed comparatively modest export growth of one cargo at Pluto LNG. Net exports out of Queensland were also down by 0.05mmt as Gladstone LNG – primarily supplying South Korea – had to curtail exports by 0.18mmt (-30%) in June. This reduction outweighed even robust export growth at Queensland Curtis LNG of 0.11mmt (17%) together with broadly stable exports of 0.60mmt at Australia Pacific LNG, both supplying China on firm contracts. Tempering the month-on-month reduction was Ichthys LNG, which managed to grow shipments by 0.29mmt (88%) in June. Neighbouring Darwin LNG kept exports broadly steady at 0.17mmt. Meanwhile, Shell's offshore Prelude FLNG barge did not export a cargo in June.

Southeast Asia

North of Australia, the effect of China's demand reduction could be observed in Papua New Guinea, where PNG LNG saw shipments decrease by 0.09mmt (-12%) to 0.66mmt in June. Neighbouring Indonesia also saw a net cargo loading decline of 0.12mmt, led by a 0.10mmt (-45%) reduction at Donggi-Senoro LNG caused by lower Chinese and Far Eastern demand in general. Meanwhile, the Tangguh plant reduced exports by 0.08mmt due one shipment less to Japan. Nevertheless, whereas the COVID pandemic had impacted domestic demand considerably in previous months, growth of 0.06mmt at Bontang LNG was due to an additional domestic shipment to Jakarta. Unlike Indonesia, Malaysia saw significant monthly export growth in June. Notably, Petronas announced at the beginning of that month it would be 'optimising production volume' on low LNG prices but its giant Malaysia LNG complex still increased exports by 0.23mmt (14%) month-on-month. Like Australia, Malaysia did not suffer from China's month-on-month demand reduction, quite the opposite. Although shipments to Japan decreased by 0.16mmt month-on-month, a significant volume increase of 0.13mmt (26%) to China almost compensated on its own. With monthly exports to Thailand broadly stable at 0.13mmt, Malaysia also benefitted from one additional cargo going to South Korea to push those exports up to 0.30mmt whilst also exporting a cargo to Taiwan (Malaysia did not ship LNG to Taiwan in May). Finally, Myanmar's entry into the LNG market consolidated Malaysia's month-on-month LNG export growth by adding 0.13mmt in LNG. Petronas' FLNG barge PFLNG 1 did not export a cargo in June, our data shows.

Russia and Peru

Elsewhere in the Pacific, Russia's Sakhalin-2 LNG saw exports decrease by 0.32mmt to 0.62mmt (-34%) in June compared to 0.94mmt in May. Unlike in May, when the plant tried to offset a demand reduction for its gas in Taiwan with higher exports to China, South Korea and Japan, the ongoing lacklustre demand outlook in those countries prompted Sakhalin Energy to schedule annual maintenance in June. Accordingly, one train at Sakhalin-2 LNG went offline and we currently expect the resulting production outages to last well into July ◆

Atlantic Exports

US LNG further decreases exports, market share snapped up by Qatar and African exporters

Africa & Russia

The amount of LNG exported within the eastern part of the Atlantic Basin – comprising Africa, Europe and Russia – saw a considerable net reduction of 0.39mmt (-8%) month-on-month in June. Although both Cameroon and Nigeria both managed to increase shipments by one cargo, Algeria exports slid by 0.04mmt (-4%). EG LNG in Equatorial Guinea and Angola LNG also saw export reductions of 0.07mmt (-26%) and 0.06mmt (-13%), respectively. Moreover, Norway's Snøhvit LNG had only just

Table: Monthly Atlantic Basin Exports Compared

Country	Plant	Import Basin			June	May	% Change m/m
		Atlantic	Middle East	Pacific			
Algeria	Arzew	0.85	-	0.07	0.92	0.96	-4%
	Skikda	-	-	-	-	-	-
Angola	Angola LNG	0.07	0.06	0.28	0.41	0.47	-13%
Argentina	Tango FLNG	-	-	-	-	0.06	-
Cameroon	Cameroon FLNG	-	-	0.13	0.13	0.07	86%
E. Guinea	EG LNG	0.06	-	0.14	0.20	0.27	-26%
Nigeria	Bonny Island	0.59	0.20	0.94	1.73	1.66	4%
Norway	Snohvit LNG	0.11	-	-	0.11	0.15	-27%
Russia	Yamal LNG	0.80	0.14	0.29	1.23	1.54	-20%
T. & Tobago	Atlantic LNG	0.56	0.13	0.23	0.92	0.95	-3%
United States	Cove Point LNG	0.28	-	0.14	0.42	0.39	8%
	Sabine Pass LNG	0.20	0.07	0.37	0.64	1.41	-55%
	Corpus Christi LNG	0.07	0.06	0.19	0.32	0.55	-42%
	Cameron LNG	0.21	-	0.41	0.62	0.72	-14%
	Elba Island LNG	-	-	-	-	-	-
	Freeport LNG	-	-	0.22	0.22	0.56	-61%
	Total	3.80	0.66	3.41	7.87	9.76	-19%

Source: LNG Journal

emerged from scheduled maintenance in the latter half of June, meaning that exports there were down 0.04mmt (-27%) at 0.11mmt compared to 0.15mmt in May. Nevertheless, a significant export reduction by 0.31mmt (-20%) from 1.54mmt to 1.23mmt at Russia's Yamal LNG weighed the heaviest on exports from the eastern part of the Atlantic. Although the plant was successful in doubling shipments both to the Middle East and the Pacific Basin via re-loads and use of the Northeast Passage in the Arctic, exports to European buyers were slashed by 0.53mmt (-40%).

United States

In the western half of the Basin, exports tumbled by a total of 1.44mmt (-27%) from 5.34mmt in May to 3.14mmt in June, almost twice as fast as the month-on-month reduction of 0.76mmt (-14%) in May. US LNG exports suffered heavy net export decline of 1.41mmt (-34%). Although Cove Point LNG manged to slightly increase its month-on-month exports by shipping 0.03mmt more to India, the remaining active U.S. LNG plants – led by Sabine Pass LNG – saw shipments plummet. Accordingly, Sabine Pass loadings were down 0.77mmt (-55%) month-on-month in June, followed by Freeport LNG with 0.34mmt (-61%) less in shipments. Corpus Christi LNG and Cameron LNG also saw export reductions by 0.23mmt (-42%) and 0.10mmt (-14%), respectively. Elba Island LNG continued its market absence. The common thread for these volumetric declines is the simultaneous disappearance of demand growth in Northeast Asia as well as Europe stepping out of its role as convenient sink for excess LNG. Meanwhile, demand growth elsewhere, such as in India, is supplied by competitive volumes out of Africa where merchant plants such as Angola LNG or large-scale operations such as Nigeria are not bound by the rigid cost structure underpinning the tolling model of US LNG, in our view.

South America

In South America, Atlantic LNG in Trinidad & Tobago saw exports decrease by 0.03mmt (-3%) month-on-month in June as shipments to Argentina were displaced by competing supply originating in Qatar in particular. Trinidad's shipments to the Middle East, however, almost doubled to 0.13mmt whilst and its shipments to the Pacific Basin remained broadly steady month-on-month. Argentina's Tango FLNG barge, meanwhile, did not load a cargo. Consequently, as the Atlantic Basin's overall shipped LNG decreased by 2.83mmt (-9.68%) month-on-month in June, export utilisation also fell by 14pp to 62% ♦

Middle Eastern Exports

Middle Eastern exporters increased activity overall as Qatar continues to claim market share

Middle Eastern LNG exporters kept activity broadly steady in June, increasing monthly shipments by 0.13mmt (2%) to 7.79mmt. The performance was underpinned by another strong increase in Qatari shipments after the country ended a relatively low performance interlude in May. As such, the Basin's utilisation of operational export capacity (i.e. excluding Yemen) rose to just above nameplate (101%) in June.

Qatar

As per usual, Middle Eastern supply was driven by Qatar's exports. The country accounted for most of the Basin's monthly export increase in June as its shipments grew by 0.27mmt (4%) month-on-month. However, that growth did not extend to exports to the Atlantic Basin, to which Qatari shipments remained broadly flat. Notably, month-on-month shipments to the United Kingdom decreased faster than in May, falling by 0.51mmt (55%) in June. Although increased exports to other European destinations – namely Italy, Belgium and Spain – could partially compensate, it was the rapid growth in exports to Argentina that allowed Qatar's Atlantic exports to hold the line in June compared to May. Meanwhile, Qatar's exports to the Pacific grew by only one cargo overall as even robust export growth to India could not compensate for a dramatic decrease of shipments to South Korea by 0.58mmt (-72%). Fortunately, exports to China and Japan increased by 0.23mmt combined to underpin month-on-month growth, modest it may be, of Qatari LNG flows to that Basin. As such, it was left to Qatar's shipments within the Middle East to deliver the bulk of the country's month-on-month increase in exports. Shipments to Pakistan grew by 0.13mmt (40%) whilst exports to Kuwait increased by 0.10mmt (33%) in June.

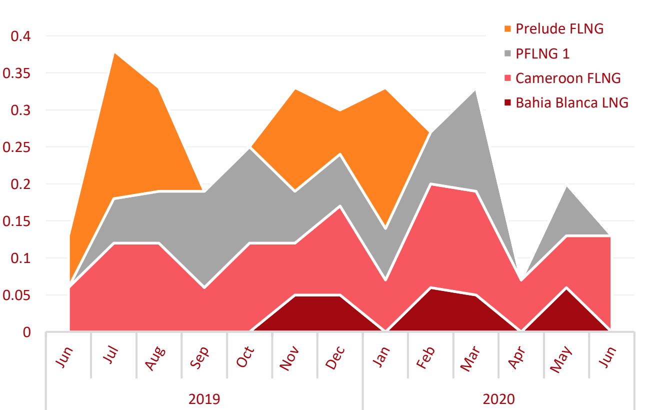
Oman and UAE

The two other active producers in the Persian Gulf – Oman and the UAE – saw exports decline, however, by 0.08mmt and 0.06mmt, respectively. Consequently, both saw export capacity utilisation decrease month-on-month, with Oman's down by 12pp to 80% and the UAE's down by 15pp to 87%. Egypt's Idku LNG, meanwhile, did not export a cargo in June as the protracted low-price environment is still making these shipments unattractive ♦

FLNG

Helped by continued Prelude absence, FLNG exports down significantly month-on-month

FLNG Exports by Basin, Year to June (MMt)



Source: LNG Journal

Global exports from FLNG plants decreased to 0.13mmt in June from 0.20mmt seen in May, representing a significant month-on-month decrease in exports by 0.07mmt (-35%). Consequently, global FLNG capacity utilisation also decreased from 30% in May to 19% in June. Notably, only the Hilli Episeyo stationed offshore Kribi in Cameroon exported LNG in June. Although the plant doubled shipments, Argentina's Bahia Blanca FLNG barge and Malaysia's PFLNG facility did not export cargoes whilst Shell's Australian Prelude barge also continued its market absence. Indeed, YPF declared force majeure on Belgian gas shipping firm Exmar, from which the Argentine energy champion is chartering the Tango FLNG barge. YPF asserts the effects of COVID-19 on the Argentine gas market have removed its ability to meet its obligations under its FLNG agreements, including liquefying gas and the ability to pay invoices due for Exmar services performed since mid-March 2020. ♦

Re-exports & re-loads

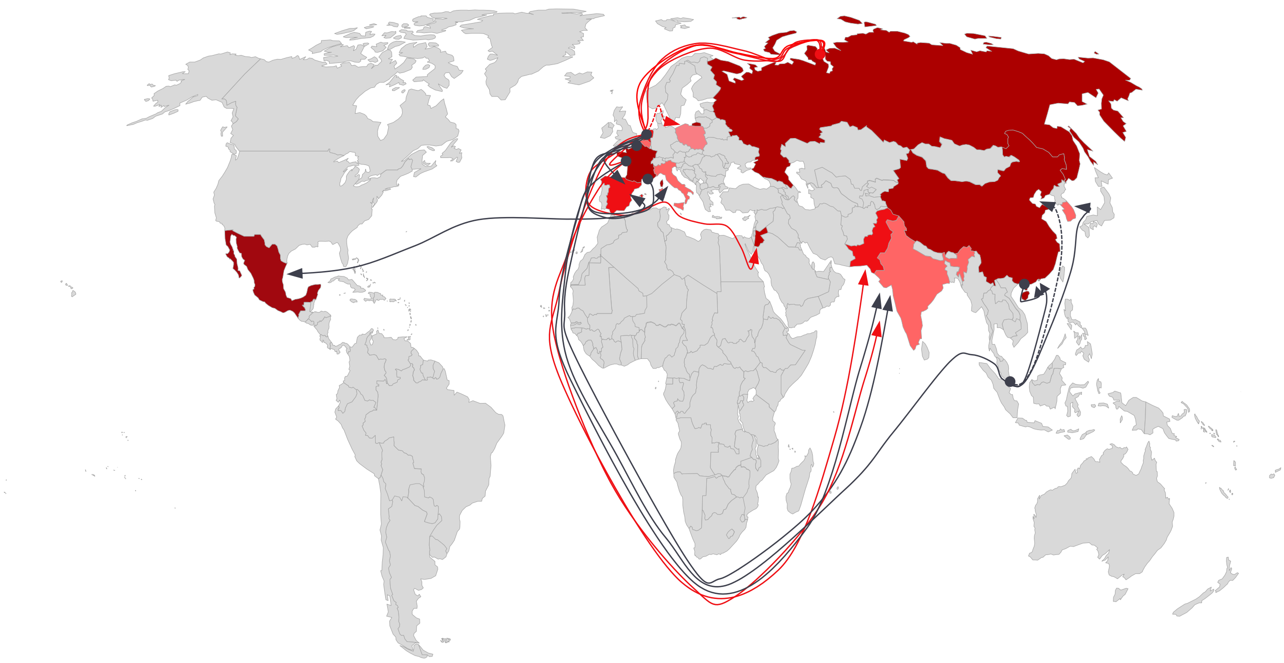
Global re-export activity up by 68% month-on-month in June

Global re-export activity grew significantly by 0.24mmt (68%) to 0.59mmt in June from 0.35mmt in May, with cumulative monthly re-exports also accelerating. The bulk of June re-exports originated in Europe, where capacity owners were looking to offload more than a third of global re-exports (38%) in June to the Pacific and the Middle East. Nevertheless, total re-exports were almost evenly split between destinations in the Atlantic and Pacific Basins, comprising 0.29mmt and 0.30mmt, respectively. As usual, the shipments out of Singapore and Beihai LNG belong to the regular roster of re-exports, with the LNG Lerici delivering a Singaporean cargo to Dongguan LNG whilst the Hai Yang Shi You 301 facilitated a Beihai re-export to Hainan LNG.

Re-loads

Yamal LNG, meanwhile, executed four re-loads in June, our data shows. The first was the Boris Vilkitsky, which reloaded a cargo onto the GasLog Sydney at Montoir de Bretagne on 5 June for delivery to Pakistan's Port Qasim LNG. This was followed by a re-loaded cargo via the Yakov Gakkel, which transferred its LNG onto the LNG Dubhe for onward transportation to Dahej. Shortly after, the Georgiy Brusilov transferred its cargo onto the Yamal Spirit at Zeebrugge on 20 June. Notably, this cargo is still in search for a destination, but we think it may arrive at either Swinoujscie in Poland or Klaipeda in Lithuania since Gazprom's terminal in Kaliningrad is currently without an FSRU. Finally, the Vladimir Vize and the Amberjack LNG conducted a re-load at Zeebrugge on 30 June, which the Amberjack delivered to Aqaba LNG in Jordan ◆

Map of re-exports (black) and re-load (red) routes in June



Source: LNG Journal
Not to scale. For illustration only.

Imports & Domestic Trade

Monthly Pacific imports decreased in June on lower Chinese and South Korean demand

Pacific Imports

Following a moderate demand increase of 0.13mmt (1%) in May, the Pacific Basin's imports slipped into negative growth of 0.44mmt (-2%) in June. The commensurate import capacity utilisation thereby also decreased by 1pp to 49%. As noted above, Chinese LNG demand growth went into reverse in June, decreasing by 0.41mmt (-7%) compared to the 0.35mmt (7%) growth seen in May. Neighbouring Taiwan followed suit, reducing its LNG imports by 0.25mmt (-17%). However, leading the demand curtailment within the Basin was South Korea, which cut back on LNG demand by 0.46mmt (16%).

Fortunately for overall Pacific demand in June, Japan increased offtakes by 0.23mmt (5%) whilst Indonesia more than tripled its monthly LNG consumption from 0.07mmt to 0.31mmt. Whereas May saw only one cargo each leaving the Tangguh and Bontang plants to supply Jakarta and the mini FSU off Bali, domestic demand shot up in June with Tangguh's domestic shipments rising to four (0.24mmt) and domestic supply out of Bontang increasing to two cargoes (0.07mmt). Neighbouring Malaysia, however, saw domestic trade of 0.19mmt, which constituted a month-on-month decrease of 0.06mmt (-24%). Malaysian LNG demand was covered by three Australian shipments via Gladstone LNG - one to Pengerang's petrochemical plants (0.07mmt, 37%) and two to the Sungai Udang FSRU.

Also instrumental in tempering the Pacific's June demand decrease was robust demand growth in India. The country's monthly LNG imports increased by 0.29mmt (17%), thus putting India ahead of all other Pacific buyers in terms of growth in June. Meanwhile, the wider roster of typically price-conscious buyers - including Bangladesh, Thailand, Chile, Mexico, Singapore and Myanmar - collectively only grew imports by 0.02mmt. This was primarily due to Myanmar, the Pacific's latest demand-side addition with the commissioning of Thanlyin LNG south of the capital Yangon, which imported 0.06mmt in June. Without the additional Burmese demand, the remaining collective of smaller Pacific buyers would have had slight negative growth of 0.04mmt (-2%) as one additional cargo going to Mexico and broadly stable imports in Chile and Thailand could otherwise not have compensated for 0.05mmt (-17%) and 0.09mmt (-21%) in Bangladesh and Singapore, respectively.

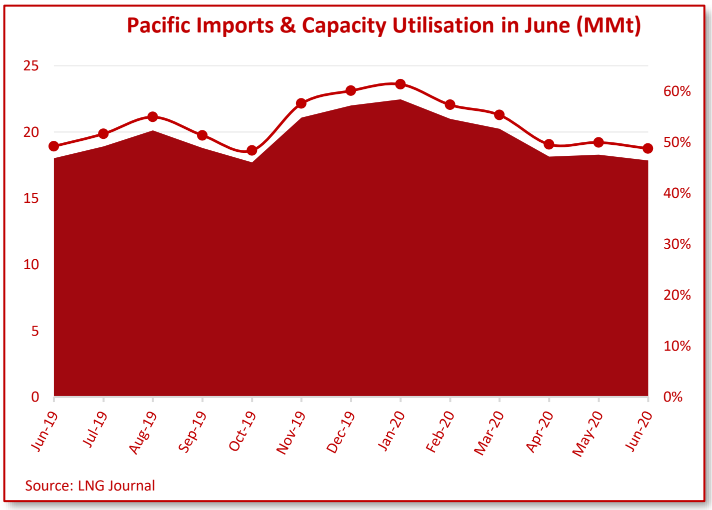


Table: Monthly Pacific Basin Imports Compared

Country	Plant	Export Basin: Atlantic	Export Basin: Middle East	Export Basin: Pacific	June	May	% Change m/m
Bangladesh	Maheshkhali FSRU	0.14	0.11	-	0.25	0.30	-17%
Chile	Mejillones LNG	0.08	-	-	0.08	0.07	14%
	Quintero	0.20	-	-	0.20	0.20	0%
China	Beihai LNG	0.07	-	0.06	0.13	0.28	-54%
	Caofeidian LNG	-	-	0.22	0.22	0.20	10%
	Dalian LNG	-	0.10	0.06	0.16	0.18	-11%
	Dongguan LNG	-	-	-	-	-	-
	Fujian LNG	-	-	0.24	0.24	0.36	-33%
	Guangdong Dapeng LNG	0.07	-	0.63	0.70	0.74	-5%
	Hainan LNG	-	-	0.07	0.07	0.12	-42%
	Hainan Transfer Station	-	-	0.01	0.01	0.02	-67%
	Jiangsu LNG	0.07	0.11	0.07	0.25	0.39	-36%
	Jieyang LNG	-	-	0.07	0.07	0.07	0%
	Qidong LNG	-	-	0.20	0.20	0.28	-29%
	Qingdao LNG	-	-	0.57	0.57	0.58	-2%
	Shanghai (Yangshan) LNG	-	-	0.28	0.28	0.22	27%
	Shanghai Peak-Shaving	-	-	0.12	0.12	0.12	0%
	Tianjin LNG	-	-	0.18	0.18	0.36	-50%
	Zhejiang LNG	-	-	0.51	0.51	0.49	4%
	Zhuhai LNG	-	0.06	0.36	0.42	0.18	133%
	Zhoushan LNG	0.08	-	-	0.08	0.23	-0.65
	Shenzhen Peak-Shaving	-	-	0.05	0.05	0.09	-0.44
	Tianjin - Nangang LNG	0.32	0.08	0.42	0.82	0.56	0.46

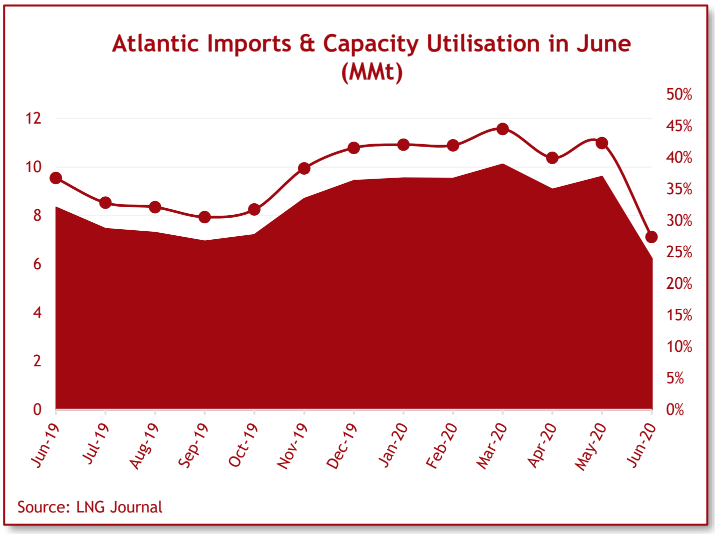
	Shenzhen Diefu LNG	-	0.06	-	0.06	0.07	-0.14
India	Cochin	-	-	-	-	0.07	-
	Dabhol	-	-	-	-	0.06	-
	Dahej	0.54	0.86	-	1.40	1.00	40%
	Ennore LNG	-	-	-	-	0.07	-
	Hazira	0.28	0.19	0.07	0.54	0.44	23%
	Mundra LNG	0.07	-	-	0.07	0.08	-16%
Indonesia	Arun Conversion	-	-	0.12	0.12	-	-
	Benoa LNG	-	-	0.01	0.01	0.01	0%
	Lampung LNG	-	-	0.06	0.06	-	-
	West Java FSRU	-	-	0.12	0.12	0.06	100%
Japan	Chita	0.13	0.15	0.12	0.40	0.60	-33%
	Fukuoka	-	-	-	-	-	-
	Futtsu	0.08	0.19	0.21	0.48	0.32	50%
	Hachinohe	-	-	-	-	-	-
	Hatsukaichi	-	-	0.04	0.04	0.01	352%
	Hibiki LNG	-	-	-	-	0.06	-
	Higashi-Ogishima	-	0.12	0.37	0.49	0.40	23%
	Himeji	-	-	0.29	0.29	0.41	-29%
	Hitachi LNG	-	0.06	0.06	0.12	0.06	100%
	Ishikari LNG	-	-	0.11	0.11	-	-
	Joetsu LNG	-	0.10	0.07	0.17	0.19	-11%
	Kagoshima	-	-	-	-	0.01	-
	Kawagoe	0.15	0.06	0.14	0.35	0.07	400%
	Matsuyama LNG	-	-	-	-	-	-
	Mizushima	-	-	0.06	0.06	0.05	20%
	Nakagusuku LNG	-	-	0.06	0.06	-	-
	Nagasaki LNG	-	-	-	-	-	-
	Negishi	-	-	0.10	0.10	0.24	-58%
	Niigata	-	-	0.06	0.06	0.19	-68%
	Ogishima	0.07	-	0.30	0.37	0.15	147%
	Oita	-	-	0.17	0.17	0.06	183%
	Sakai	-	0.07	0.20	0.27	0.21	29%
	Sakaide	-	-	-	-	0.06	-
	Senboku	-	0.19	0.25	0.44	0.27	63%
	Shin Sendai	0.07	-	0.08	0.15	0.13	14%
	Sodegaura	-	-	0.41	0.41	0.64	-36%
	Sodeshi Shimizu	-	-	-	-	0.14	-
	Soma LNG	-	-	-	-	-	-
	Takamatsu LNG	-	-	-	-	-	-
	Tobata Ward	-	-	0.06	0.06	0.07	-14%
	Toyama LNG	-	-	0.06	0.06	0.06	0%
	Yanai	-	-	0.11	0.11	0.12	-8%
	Yokkaichi	-	0.06	0.05	0.11	0.13	-15%
	Shinsendai Power Plant	-	-	-	-	-	-
Malaysia	Pengerang LNG	-	-	0.07	0.07	0.15	-53%
	Sungai Udang FSRU	-	-	0.12	0.12	0.10	20%
Mexico	Energia Costa Azul	-	-	0.07	0.07	-	-
	Manzanillo	0.07	-	0.07	0.14	0.13	8%
Myanmar	Thanlyin LNG	-	-	0.02	0.02	-	-
Singapore	Singapore LNG	-	0.12	0.21	0.33	0.42	-21%
South Korea	Boryeong	0.25	-	0.08	0.33	0.41	-20%
	Gwangyang	0.01	-	0.31	0.32	0.26	25%
	Incheon	0.14	0.15	0.33	0.62	0.66	-6%
	Pyeongtaek	-	0.28	0.26	0.54	0.73	-26%
	Samcheok	0.08	0.06	0.09	0.23	0.26	-12%
	Tongyeong	0.05	0.21	0.12	0.38	0.56	-32%
Taiwan	Taichung	0.06	0.26	0.22	0.54	0.68	-21%
	Yung-An	-	0.15	0.60	0.75	0.86	-13%
Thailand	Map Ta Phut LNG	0.21	0.18	0.13	0.52	0.51	2%
	Total	**3.29**	**3.98**	**10.58**	**17.85**	**18.29**	**-2%**

Source: LNG Journal

Atlantic Imports

European demand weighed on by key European buyers such as France, the Netherlands and the United Kingdom

In contrast to the comparatively moderate LNG demand reduction in the Pacific, Atlantic imports retreated by 3.38mmt (-35%) month-on-month in June as key European buyers such as France, the Netherlands, the United Kingdom and Belgium slashed their monthly offtakes by 3.18mmt overall. Accordingly, the Basin's overall capacity utilisation dropped by 15pp to 27%. France saw the most significant monthly import decrease of 1.32mmt (-65%) to 0.71mmt. The Netherlands, meanwhile, reduced imports by 0.73mmt (-86%) to just two cargoes amounting to 0.12mmt whilst the United Kingdom approached a halving of imports by 0.60mmt (- 43%) to 0.79mmt. Belgium, meanwhile, saw imports at Zeebrugge reduce by 0.53mmt (-61%) to 0.34mmt.



Elsewhere in Europe, Spain and Turkey both curtailed offtakes by 0.38mmt (c. -41%), respectively, whilst Poland cut back on LNG by 0.13mmt (-8%). This only left Italy and Greece with relatively moderate month-on-month growth of 0.20mmt combined. Although for both countries this growth was significant – Italy grew imports by 0.17mmt (25%) and Greece by 0.03mmt (19%) – it nonetheless paled in comparison to the steep drop in LNG demand outlined above. The remaining roster of smaller European buyers – comprising Lithuania, Malta and Portugal – only saw demand remain broadly steady in June.

In the western half of the Atlantic, the Caribbean and South America – including Argentina, Brazil, Jamaica, Puerto Rico, the Dominican Republic, Panama and Colombia – saw month-on-month LNG demand grow by 0.53mmt overall. Whilst monthly Caribbean and Brazilian demand remained broadly unchanged as only Colombia's SPEC LNG increased offtakes by 0.03mmt (30%) in June, Argentina saw a massive influx of LNG. As such, Argentinian demand growth of 0.50mmt (833%) was the most significant factor in tempering the demand retreat outlined above. Notably, Argentina has entered its southern hemisphere winter period and consequently capacity utilisation at the GNL Escobar terminal was pushed to 138% in June.

In North America, Canada did not import LNG whilst the United States boosted imports by 0.10mmt (250%) to 0.14mmt via the bi-directional facilities at Elba Island and Cove Point ♦

Table: Monthly Atlantic Basin Imports Compared

Country	Plant	Export Basin			June	May	% Change m/m
		Atlantic	Middle East	Pacific			
Argentina	GNL Escobar GasPort	0.29	0.27	-	0.56	0.06	833%
Belgium	Zeebrugge	0.08	0.26	-	0.34	0.87	-61%
Brazil	Bahia de Guanabara FSRU	-	-	-	-	-	-
	Bahia de Todos FSRU	-	-	-	-	-	-
	Port Pecem FSRU	-	-	-	-	-	-
	Porto de Sergipe FSRU	-	-	-	-	0.06	-
Canada	Canaport LNG	-	-	-	-	-	-
Colombia	SPEC LNG	0.13	-	-	0.13	0.10	30%
Dominican Republic	Andres LNG	0.12	-	-	0.12	0.12	0%
France	Dunkerque Le Clipton	0.23	0.09	-	0.32	0.70	-54%
	Fos-sur-Mer	0.19	-	-	0.19	0.59	-68%
	Montoir-de-Bretagne	0.20	-	-	0.20	0.74	-73%
Greece	Revithoussa	0.14	0.05	-	0.19	0.16	19%
Italy	Panigaglia	0.14	-	-	0.14	0.17	-18%
	Rovigo Adriatic LNG	-	0.51	-	0.51	0.33	55%
	Toscana Terminal	0.20	-	-	0.20	0.18	11%
	Montego Bay	-	-	-	-	-	-
Jamaica	Port Esquivel FSU	0.05	-	-	0.05	0.11	-55%
Lithuania	Klaipeda LNG	0.12	-	-	0.12	0.13	-8%
Malta	Delimara LNG	0.05	-	-	0.05	-	-
Mexico	Altamira LNG	-	-	-	-	-	-
Netherlands	Maasvlakte Gate Terminal	0.12	-	-	0.12	0.85	-86%
Panama	AES Costa Norte LNG	-	-	-	-	0.06	-
Poland	Swinoujscie LNG	-	0.18	-	0.18	0.31	-42%
Portugal	Sines	0.25	-	-	0.25	0.25	0%
Puerto Rico	Penuelas	0.04	-	-	0.04	0.04	0%

Spain	Bahia de Bizkaia LNG	0.25	-	-	0.25	0.35	-29%
	Barcelona	0.13	0.09	-	0.22	0.31	-29%
	Cartagena	0.06	0.09	-	0.15	0.20	-25%
	Huelva	0.19	-	-	0.19	0.21	-10%
	Mugardos	0.16	-	-	0.16	0.14	14%
	Sagunto	-	0.05	-	0.05	0.19	-74%
Turkey	ETKI LNG	0.17	-	-	0.17	0.27	-37%
	Izmir	0.06	0.09	-	0.15	0.22	-32%
	Marmara Ereglisi	0.15	0.09	-	0.24	0.45	-47%
	Iskenderun FSRU	-	-	-	-	-	-
United Kingdom	Dragon LNG	-	0.09	-	0.09	0.15	-40%
	Isle of Grain	0.08	-	-	0.08	0.10	-20%
	South Hook LNG	-	0.62	-	0.62	1.14	-46%
United States	Everett Marine Terminal	-	-	-	-	0.04	-
	Cove Point LNG	0.08	-	-	0.08	-	-
	Elba Island	0.06	-	-	0.06	-	-
	Total	3.74	2.48	0.00	6.22	9.60	-35%

Source: LNG Journal

Middle Eastern Imports

June saw demand growth in May consolidated but further growth

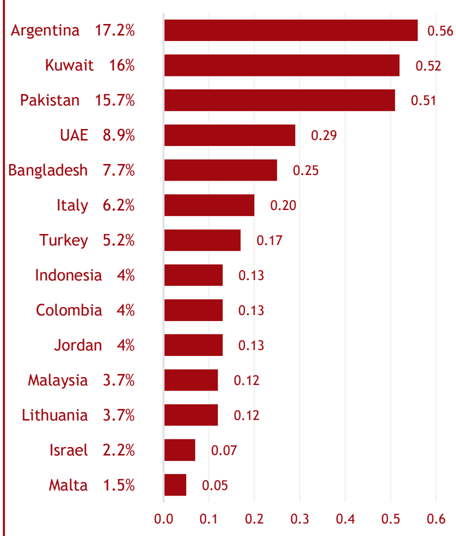
Middle Eastern LNG demand saw Among the three basins, the Middle East stood alone in showing month-on-month demand growth in June as regional temperatures began their seasonal climb. Nevertheless, the region increased LNG imports only marginally by 0.05mmt (3%). Seizing opportunities in an oversupplied market, Dubai's DUSUP continued to grow imports by 0.05mmt (21%) in June. In addition to intra-basin supply from Oman, the UAE also procured two cargoes from Nigeria. In similar vein, Jordan almost doubled its imports from 0.07mmt in May to 0.13mmt in June (86%). However, as Pakistan and Israel only kept their June imports steady compared to May, the robust LNG demand growth in the UAE and Jordan was tempered by a notable reduction in Kuwait. The Gulf state reduced LNG imports by one cargo of 0.06mmt to 0.52mmt (-10%). Consequently, Middle Eastern import capacity utilisation saw an uptick by 1pp to 51% in June. However, the Basin still showed lower utilisation of 3pp on a year-on-year basis, as demand in Pakistan still did not grow in line with seasonal trends for the region. In our view, this dynamic continues to be determined by the impact of coronavirus measures ♦

FSRU/FSU

FSRU capacity utilisation continued on recent growth trajectory

LNG imports via FSRUs continued on a month-on-month growth trajectory that began in May, increasing by 0.47mmt (17%) month-on-month. Imports were also considerably ahead of their year-on-year equivalent, showing robust growth 0.56mmt (20%). In contrast to their conventional equivalents, Pacific imports via FSRUs were up by 0.03mmt (6%), pegging regional FSRU capacity utilisation at 36%. Meanwhile, FSRU capacity utilisation in the Atlantic Basin amounted to 34%, up by 13pp month-on-month, on 1.27mmt in imports. This performance was mainly based on soaring Argentinian LNG demand highlighted above. The country's sole LNG inlet is via the FSRU Expedient moored at Escobar, where imports grew by 0.50mmt month-on-month to 0.56mmt in June, pushing utilisation to above nameplate. Italy also increased FSRU utilisation from 36% in May to 49% in June by importing an additional cargo via its FSRU stationed at Rovigo offshore Venice. Meanwhile, Columbia's SPEC LNG facility, comprising the Hoegh Grace, kept the number of received cargoes steady in June whilst increasing the overall throughput by 0.03mmt, our data indicates. Together, these increments more than compensated for the 0.10mmt reduction seen at Turkey's ETKI LNG terminal, where the Turquoise is on station. The country's second facility at Iskenderun, comprising the MOL FSRU Challenger, did not receive a cargo in June. At the same time, Middle Eastern FSRU utilisation, which had seen robust growth between March and May, stalled in June as it decreased by 1pp to 51% on 1.52mmt in imports. The absence of growth can primarily be attributed to the absence of demand growth in Pakistan and Kuwait as highlighted above. Like Argentina, both countries rely entirely on FSRU capacity for LNG imports. Whereas Kuwait had emerged as a serious contender for Pakistan's role as principal importer of LNG in the Middle East in previous month, that dynamic wobbled in June. Although both countries maintained imports at above 0.50mmt, imports decreased in Kuwait whilst remaining steady in Pakistan

FSRU Market Share & LNG Imports by Country (MMt)



Source: LNG Journal