

# LNG market and its outlook

Recent developments and short-term outlook

7th IEEJ Webinar for the World

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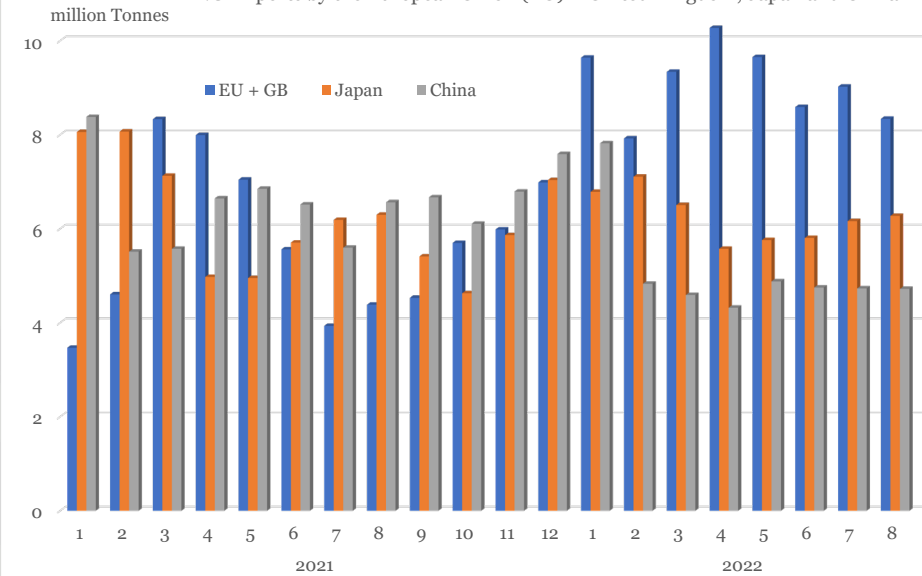
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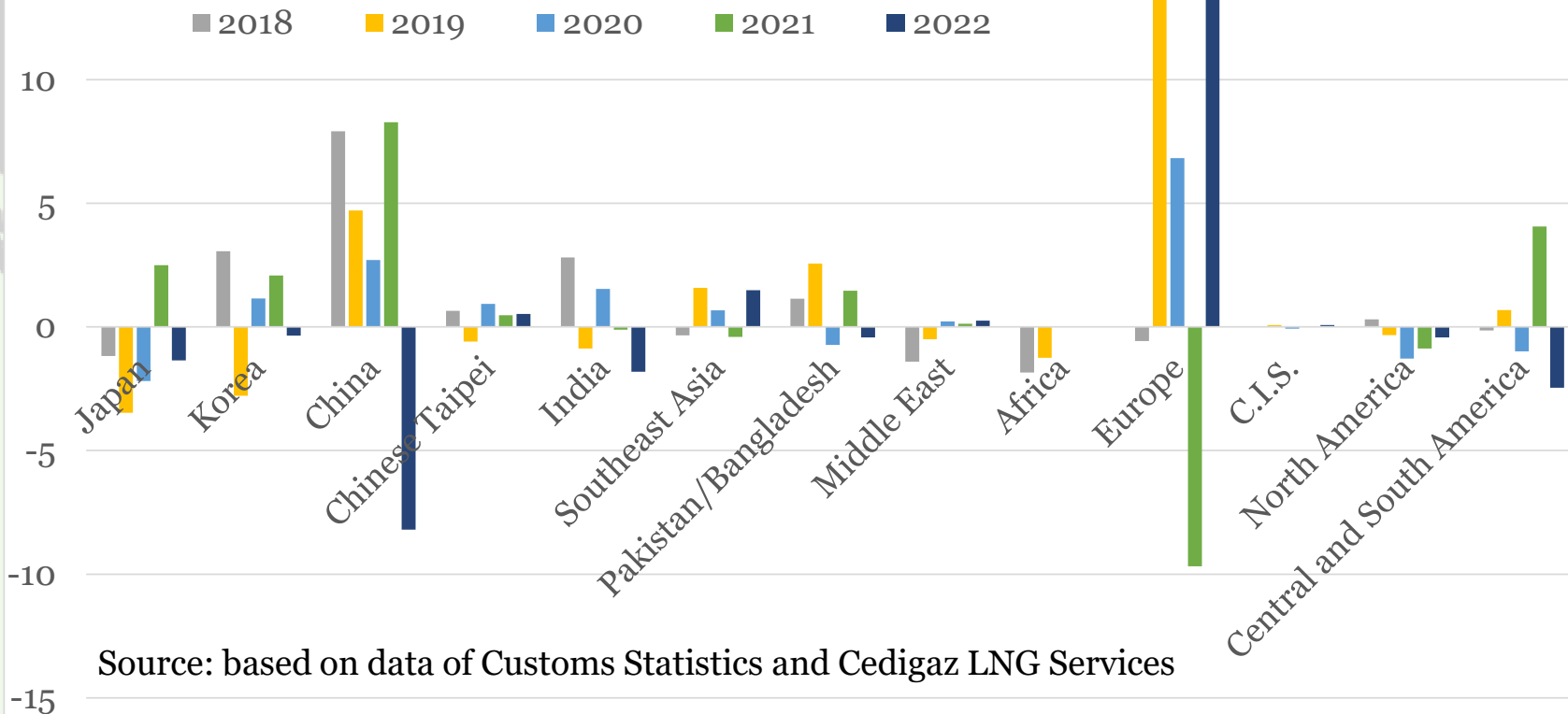
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LNG Imports by the European Union (EU) + United Kingdom, Japan and China



Changes in LNG Imports by Major Consumers in the Half of the Year

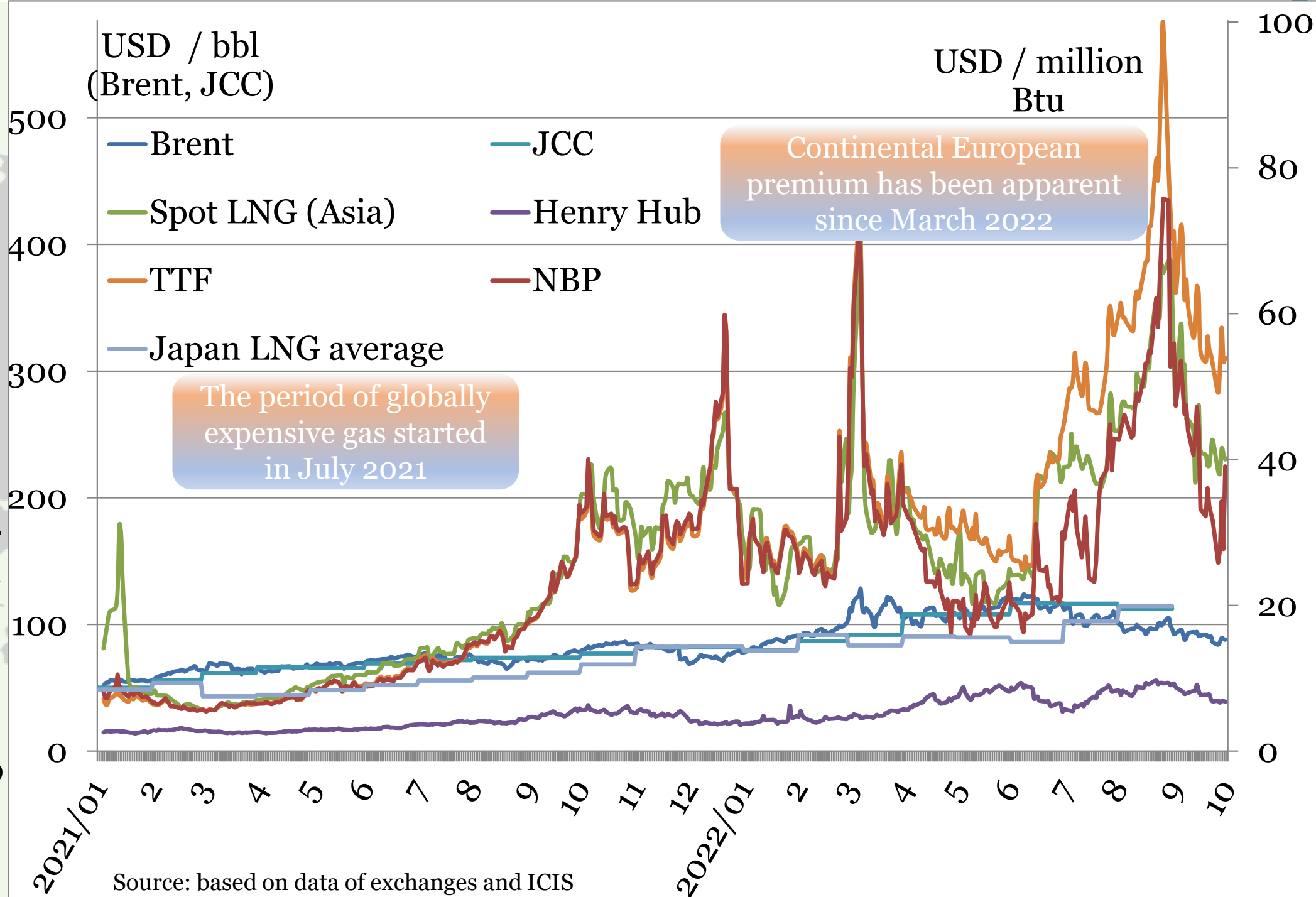
million tonnes



There has been a major shift of LNG flows to Europe with LNG volumes produced in the United States. China, Japan and Asia reduced LNG imports in the first half of 2022.

Source: based on data of Customs Statistics and Cedigaz LNG Services

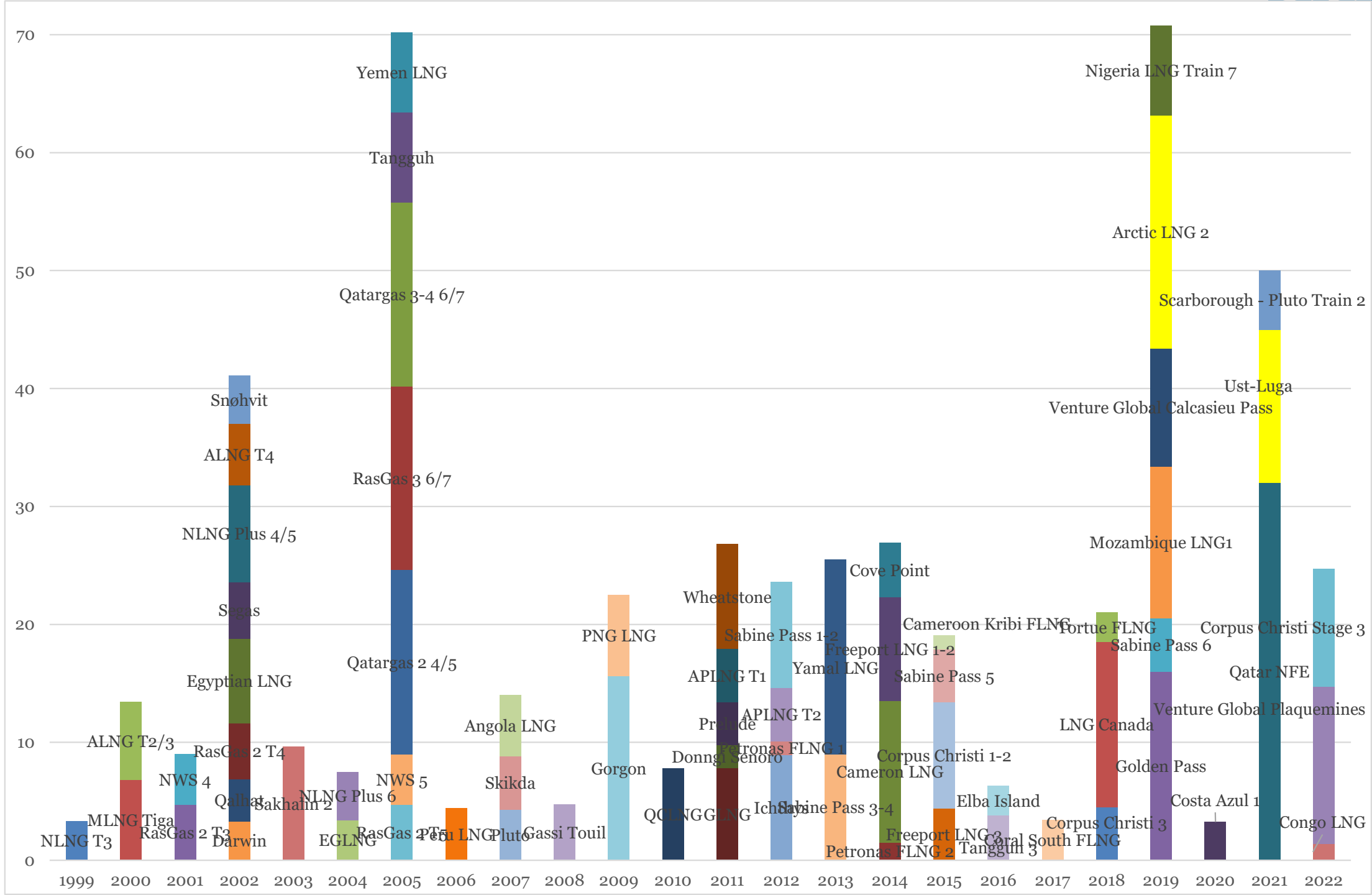
LNG and gas prices have been the **highest in the history** and **more expensive than crude oil** since July 2021, showing unprecedented volatility to **shoot up even higher** from time to time



Source: based on data of exchanges and ICIS

Announcement	Project	Offtaker	Mt/year	term	Type of deal	Pricing	Origin	Status
2022/06/22	Cheniere Corpus Christi future trains	Chevron	1	15	FOB	Henry Hub	USA	SPA
2022/07/20	Cheniere Corpus Christi future trains	PetroChina	0.9	25	FOB	Henry Hub	USA	SPA
2022/02/24	Cheniere Corpus Christi Stage III	EOG	1.7	15	IPM	JKM	USA	SPA
2022/03/09	Cheniere Corpus Christi Stage III	Engie	0.9	20	FOB	Henry Hub	USA	SPA
2022/05/04	Cheniere Corpus Christi Stage III	ARC	0.85	15	IPM	JKM	USA	SPA
2022/05/25	Cheniere Corpus Christi Stage III	POSCO	0.4	20	NA	NA	USA	SPA
2022/06/09	Cheniere Corpus Christi Stage III	Equinor	1.75	15	FOB	Henry Hub	USA	SPA
2022/07/20	Cheniere Corpus Christi Stage III	PetroChina	0.9	25	FOB	Henry Hub	USA	SPA
2022/07/26	Cheniere Corpus Christi Stage III	PTT	1	20	EOB/DES	Henry Hub	USA	SPA
2022/06/22	Cheniere Sabine Pass	Chevron	1	13	FOB	Henry Hub	USA	SPA
2022/07/13	Delfin LNG	Vitol	0.5	20	FOB	Henry Hub	USA	SPA
2022/08/09	Delfin LNG	Centrica	1	20	FOB	Henry Hub	USA	SPA
2022/04/22	Freeport	Kogas	1.58	18	NA	Henry Hub	USA	SPA
2022/03/29	Lake Charles	ENN	1.8	20	FOB	Henry Hub	USA	SPA
2022/03/29	Lake Charles	ENN	0.9	20	FOB	Henry Hub	USA	SPA
2022/05/02	Lake Charles	Gunvor	2	20	FOB	Henry Hub	USA	SPA
2022/05/03	Lake Charles	SK	0.4	18	FOB	Henry Hub	USA	SPA
2022/06/05	Lake Charles	China Gas	0.7	25	FOB	Henry Hub	USA	SPA
2022/08/24	Lake Charles	Shell	2.1	20	FOB	Henry Hub	USA	SPA
2022/04/06	Rio Grande LNG	ENN	1.5	20	FOB	Henry Hub	USA	SPA
2022/05/02	Rio Grande LNG	Engie	1.75	15	FOB	NA	USA	SPA
2022/07/05	Rio Grande LNG	China Gas	1	20	FOB	Henry Hub	USA	SPA
2022/07/06	Rio Grande LNG	Guangdong Energy	1	20	DES	Henry Hub	USA	SPA
2022/07/27	Rio Grande LNG	ExxonMobil	1	20	FOB	Henry Hub	USA	SPA
2022/03/16	VG CP2	NFE	1	20	FOB	NA	USA	SPA
2022/03/16	VG CP2	ExxonMobil	1	NA	NA	NA	USA	SPA
2022/06/21	VG CP2	EnBW	1.5	20	NA	NA	USA	SPA
2022/06/22	VG CP2	Chevron	1	20	NA	NA	USA	SPA
2022/03/07	VG Plaquemines	Shell	2	NA	NA	NA	USA	SPA
2022/03/16	VG Plaquemines	NFE	1	20	FOB	NA	USA	SPA
2022/05/10	VG Plaquemines	ExxonMobil	1	NA	NA	NA	USA	SPA
2022/05/11	VG Plaquemines	Petronas	1	20	NA	NA	USA	SPA
2022/06/22	VG Plaquemines	Chevron	1	20	NA	NA	USA	SPA
2022/09/05	Commonwealth LNG	Woodside	2.5	20	NA	NA	USA	SPA
2022/09/05	Woodside portofolio	Uniper	0.8	20	NA	NA	NA	SPA
2022/04/01	Mexico Pacific Limited	Guangzhou	2	20	NA	NA	Mexico	SPA
2022/07/12	Mexico Pacific Limited	Shell	2.6	20	FOB	Henry Hub	Mexico	SPA

25 million tonnes of LNG production has been sanctioned so far in 2022. Past FIDed projects include two projects in Russia.



# LNG Investment Should Be Supported

Recognising the need of energy supply and energy security

Avoid return to coal  
Building public confidence in LNG and natural gas

**Securing support to LNG production projects, including public financing**  
Supporting LNG downstream infrastructure development

**... important role increased deliveries of LNG can play, ... investment in this sector is necessary in response to the current crisis. . . publicly supported investment in the gas sector can be appropriate. . .**

Source: G7 Leaders' Communiqué (Elmau, 28 June 2022)

# Summary comments

- **Global LNG trade is expected to increase by 5% to 390 million tonnes in 2022** from 372 million tonnes in 2021
  - ✓ Although the global natural gas consumption rebounded by 4.5% in 2021 from a 2% decrease in 2020, the global gas demand in 2022 is expected to stay at almost the same level as 2021, or even slightly decline
  - ✓ The future growth potential of global gas demand entails uncertainty due to the war in Ukraine, the pandemic, and expensive gas prices, with forecast numbers for 2023 and thereafter are smaller than previous forecast
- **Gas prices in Europe and Asia have been in the highest levels in the history and more expensive than crude oil since July 2021.** In 2022, the gas and LNG markets embrace more uncertain factors.
  - ✓ Japan's average LNG import price in 2022 is expected to rise to USD 16.5 per million Btu, from USD 10.13 in 2021 (Author's estimates made in July)
- **The global LNG market has observed increasing sale and purchase deals to procure mid- to long-term LNG supply.** Expectations are high that more investment in new LNG production and more supporting policy measures should be realized