



# **Asian Natural Gas: A Softer Market is coming**

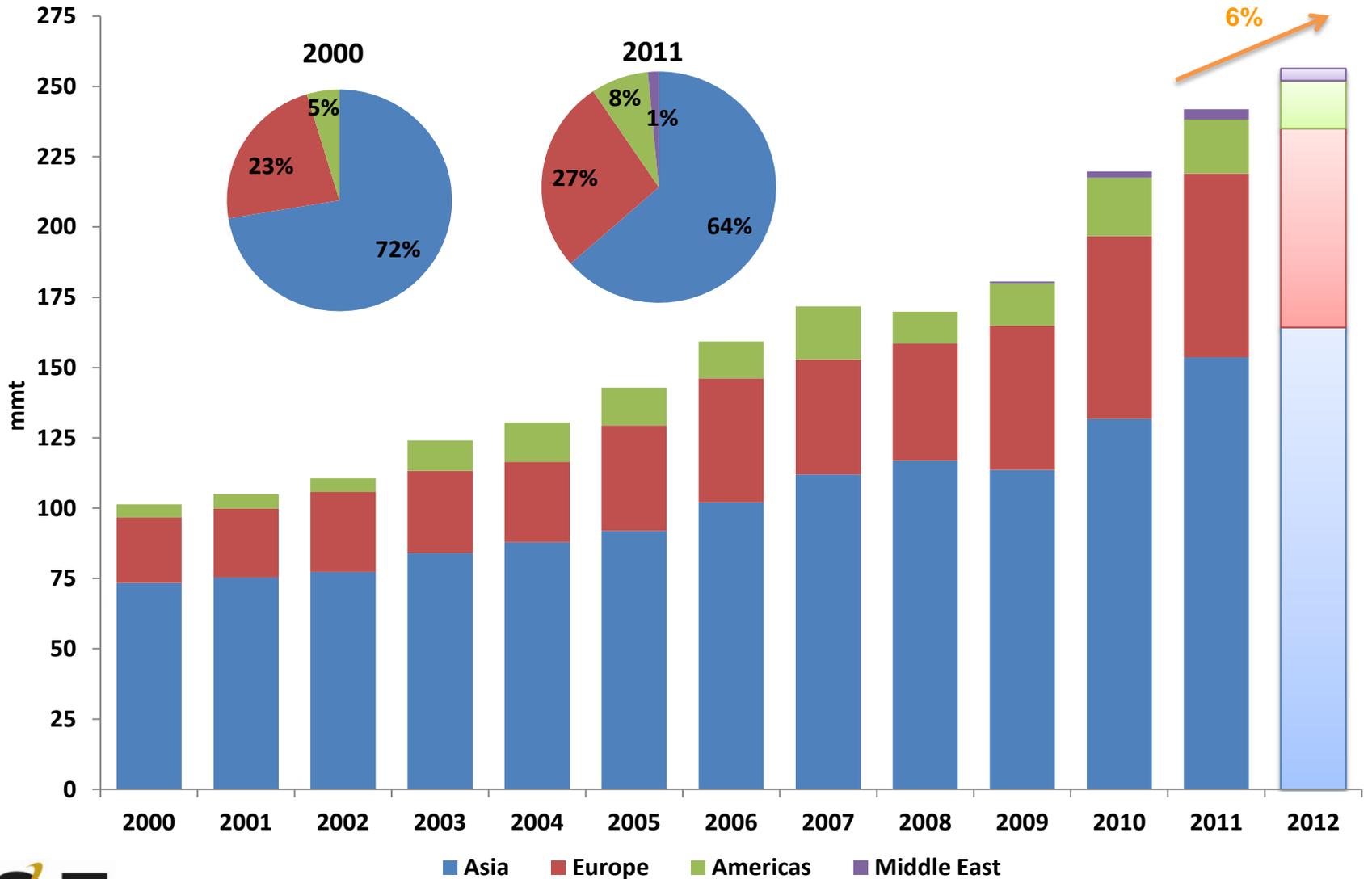
**Presented at the U.S. EIA's  
International Natural Gas Workshop  
August 23, 2012**

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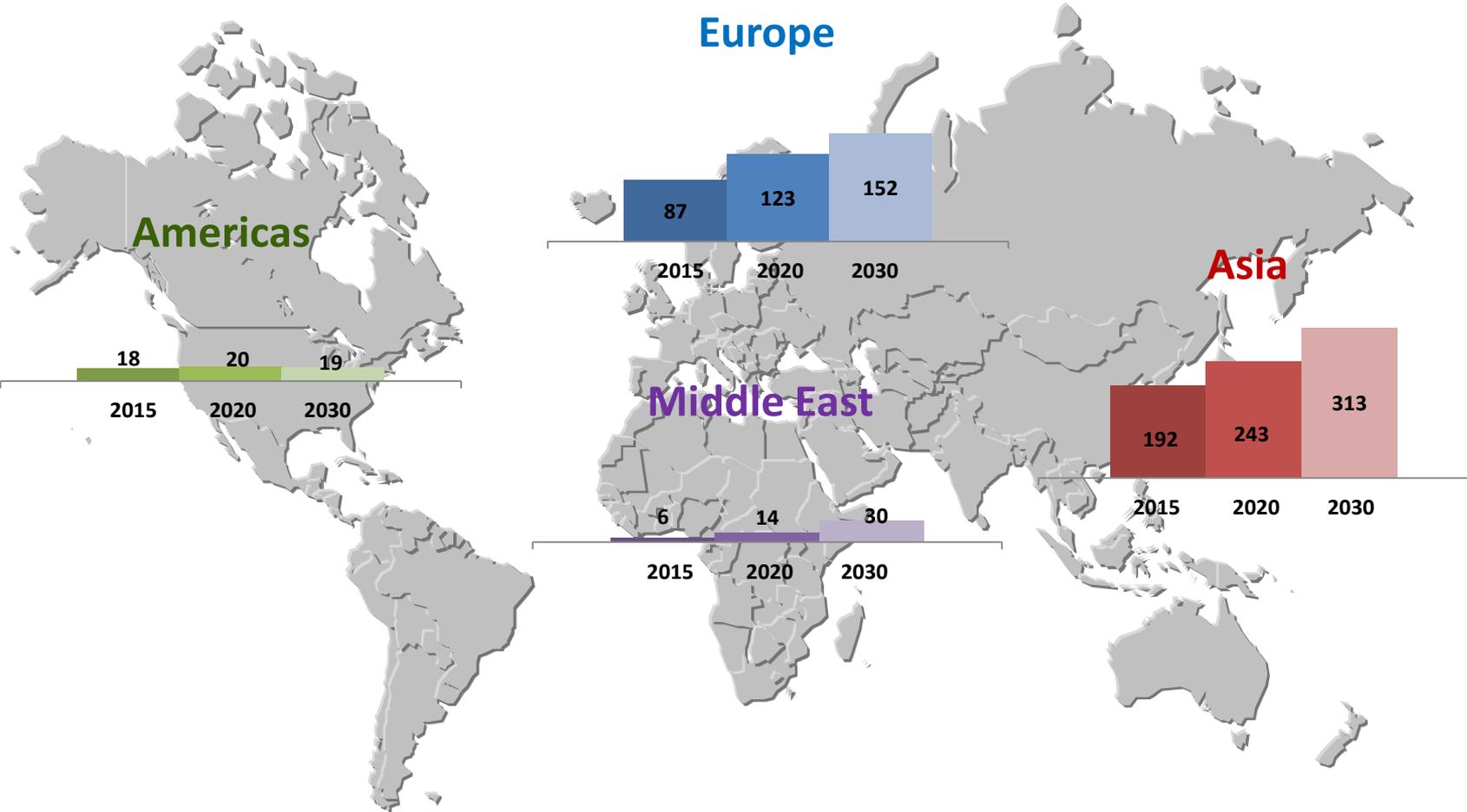
# Global LNG Trade: Asia is Still King

Global LNG Trade: 2000-2012



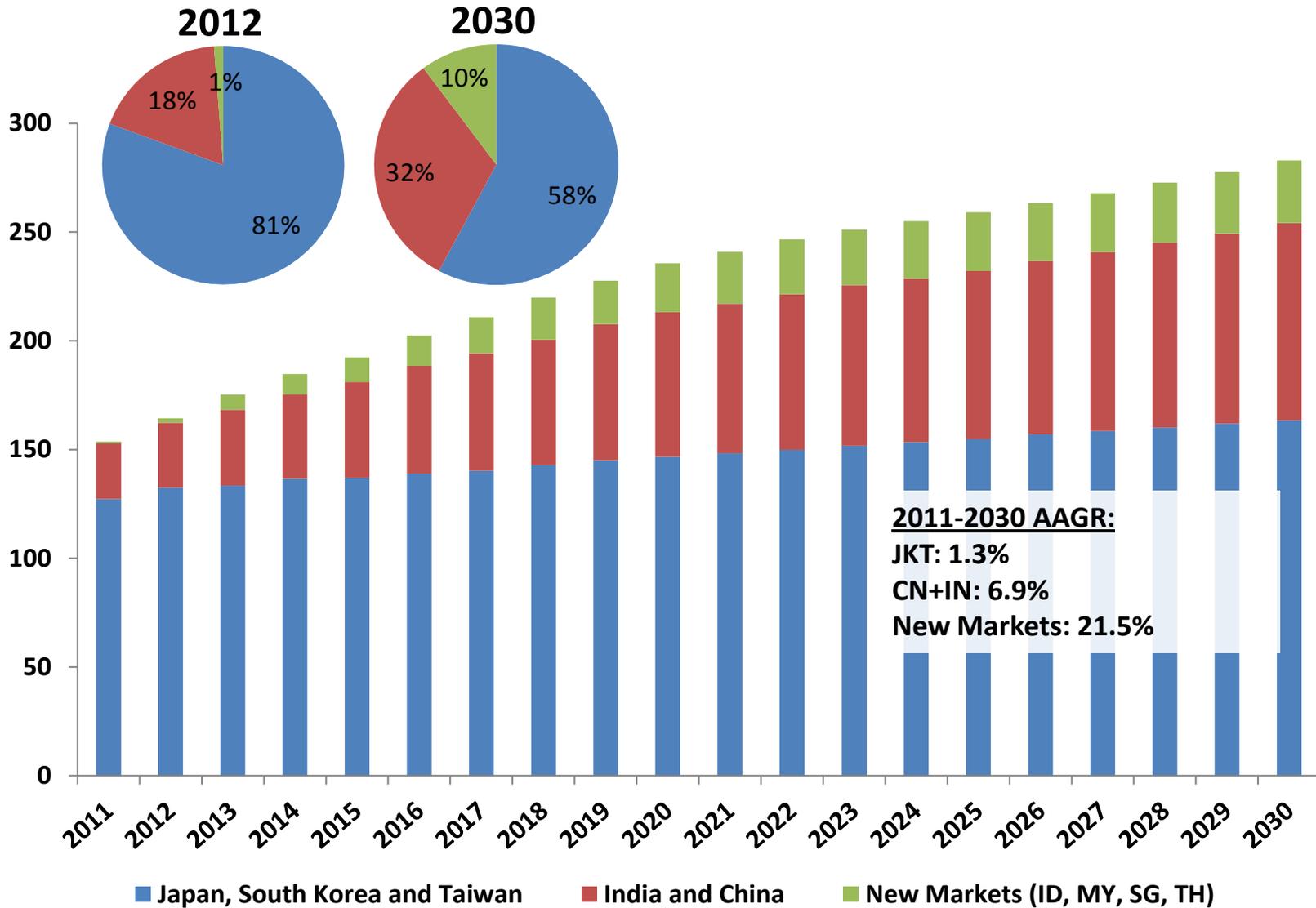
Note: 2000-2011 data are actual, 2012 is forecast.

# Regional LNG Import Outlook (mmtpa)



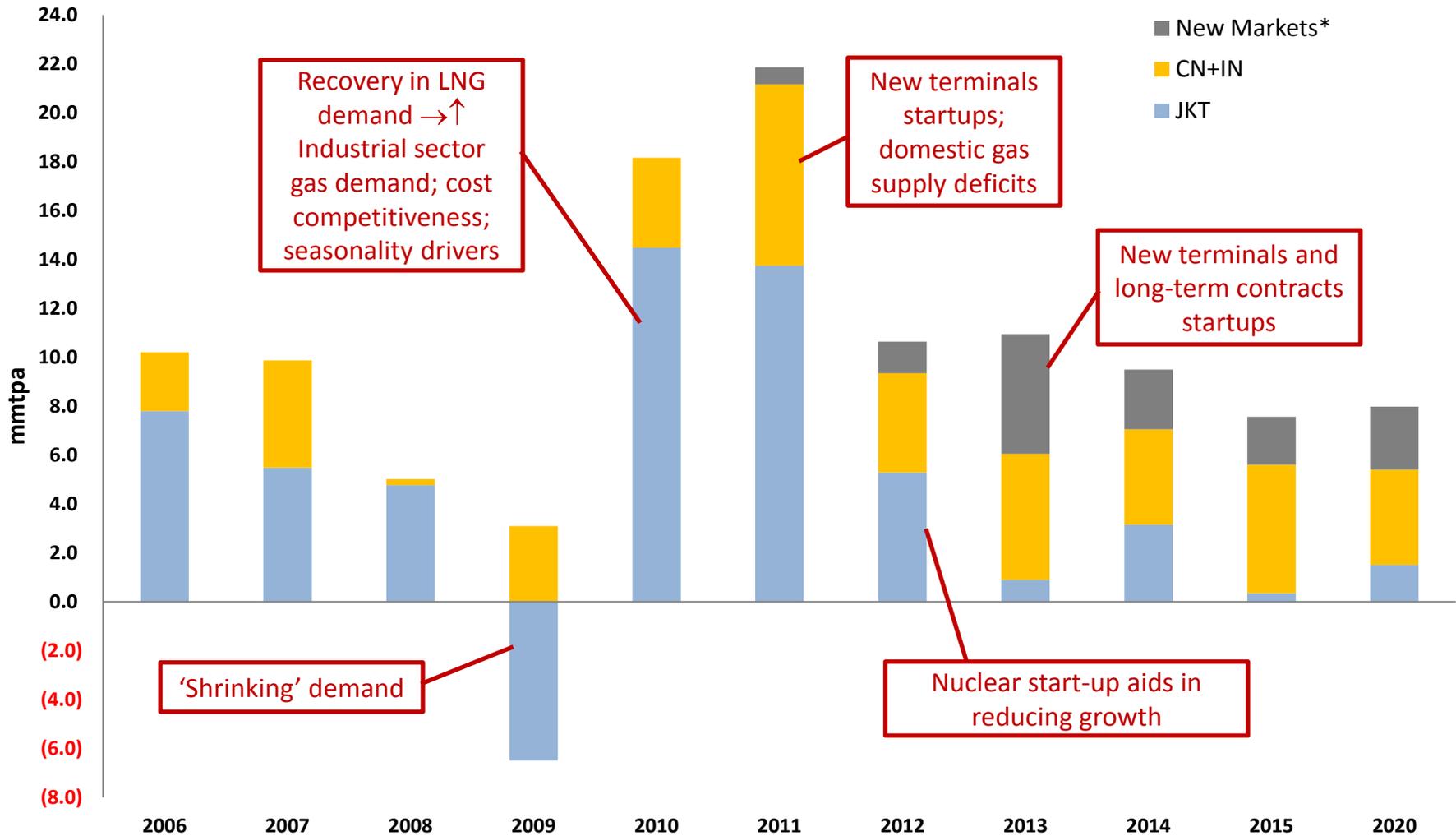
**World's Total: 401 mmtpa by 2020, 514 mmtpa by 2030**

# Forecast of Asian LNG Trade



# Longer-Term Outlook: Who Leads the Growth?

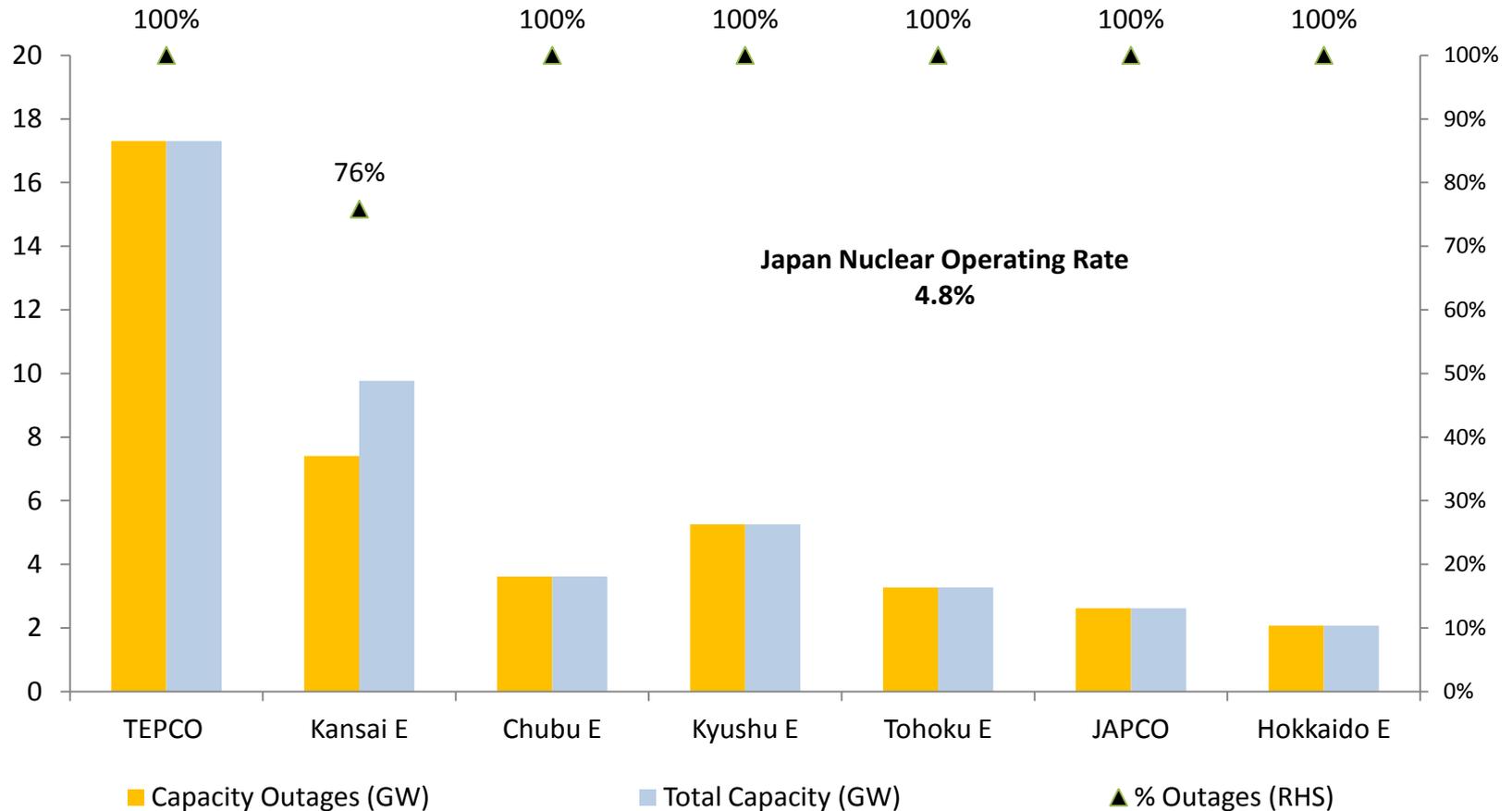
## Asia Pacific LNG Imports by Country (Year-on-Year Change)



\* Indonesia, Malaysia, Singapore, and Thailand.

# Snapshot of Japan's Nuclear Power Situation: Most Affected

- Operating units: Kansai Electric's 1.18 GW Ohi Units 3 and 4



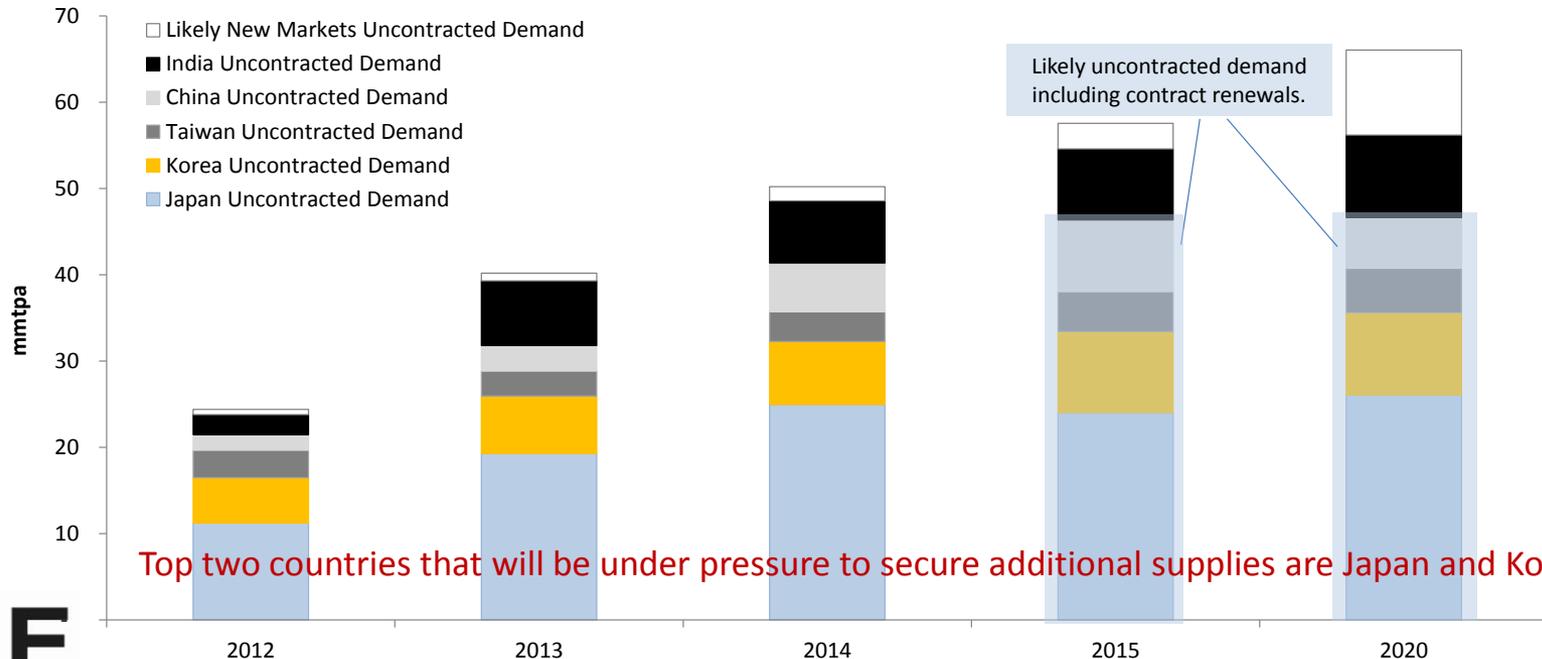
# Asia Overview: Imports and Uncontracted Demand

Asia Pacific LNG Base Case Import Forecasts Scenarios (mmtpa)										
Year	Japan	South Korea	Taiwan	India	China	Likely New Markets*	Total Asia			
							Mature Markets	Emerging Markets	Other Potential Markets**	Total Asia Pacific Potential
2009	64.6	25.8	8.6	9.1	5.5	0.0	99.0	14.6	0.0	113.6
2010	70.1	32.6	10.8	8.9	9.4	0.0	113.5	18.3	0.0	131.8
2011	78.5	36.7	12.0	13.5	12.2	0.7	127.2	26.4	0.0	153.6
2012	82.2	38.0	12.3	14.8	15.0	2.0	132.5	31.8	0.0	164.3
2015	84.3	39.5	13.1	18.3	25.8	11.3	136.9	55.4	0.0	192.3
2020	88.5	43.5	14.6	24.5	42.0	22.6	146.6	89.0	7.7	243.3

\*Includes Indonesia, Malaysia, Singapore, and Thailand (started importing LNG in 2011).

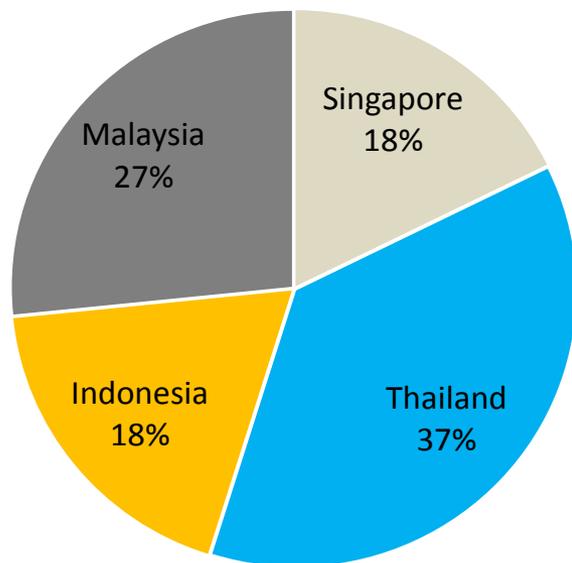
\*\* Other Potential Markets include Pakistan, Vietnam, Bangladesh, and Philippines.

## LNG Uncontracted Demand

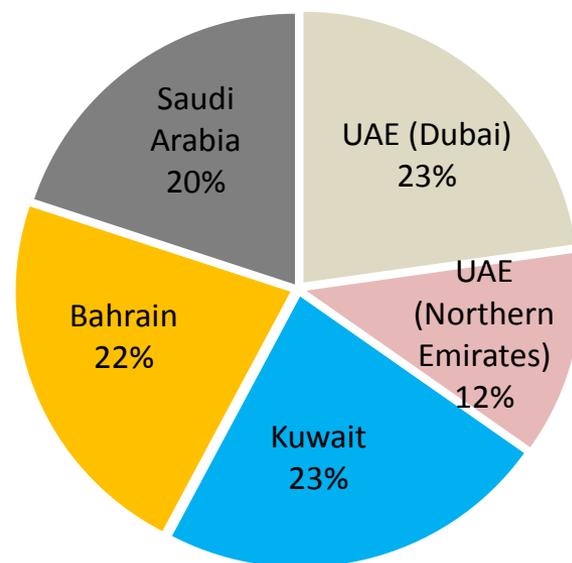


# Other Markets to Keep an Eye on...

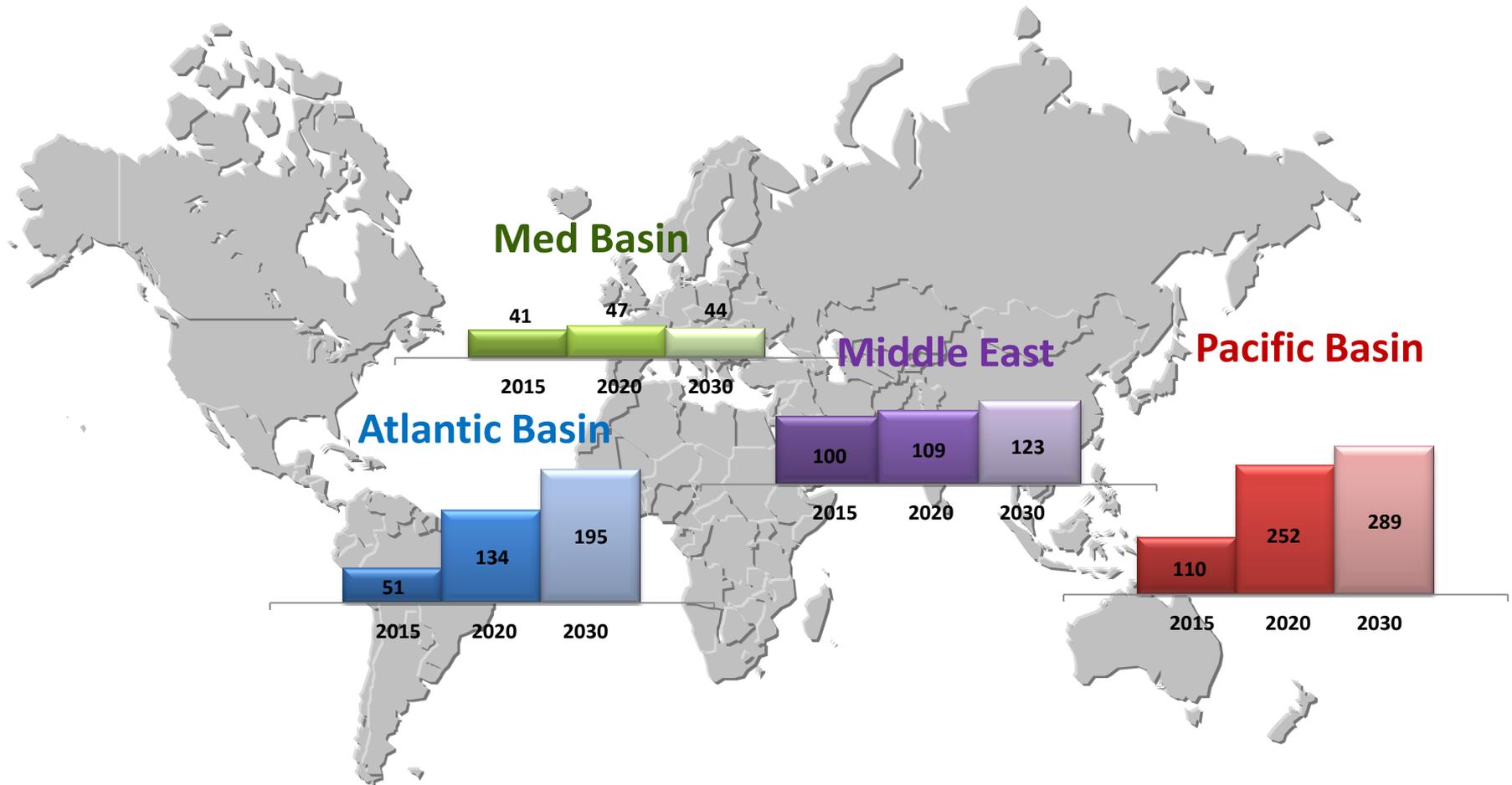
**Southeast Asia LNG Import Forecast (2020)**  
23 mmtpa



**Middle East LNG Import Forecast (2020)**  
14 mmtpa



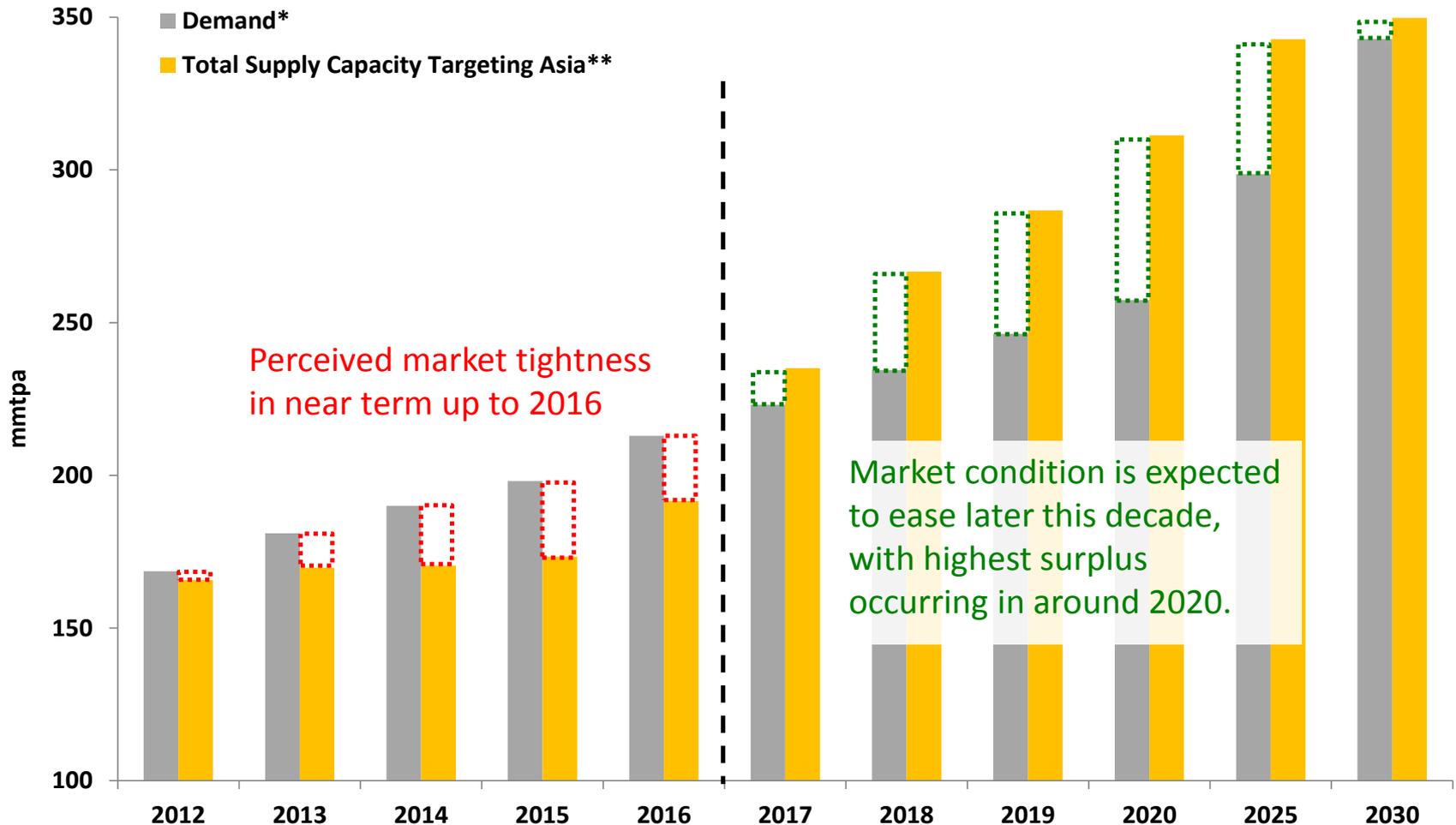
# Regional LNG Supply Capacity Outlook (mmtpa)



***World's Total: 302 mmtpa by 2015, 543 mmtpa by 2020, and 651 mmtpa by 2030***

# Soft Market Expected to Emerge Later This Decade

*(Potential Pressure Points?)*



\*Base case scenarios (JKTIC + New markets)

\*\*Includes potential LNG exports to Asia from Pacific Basin, Middle East, US and Canada

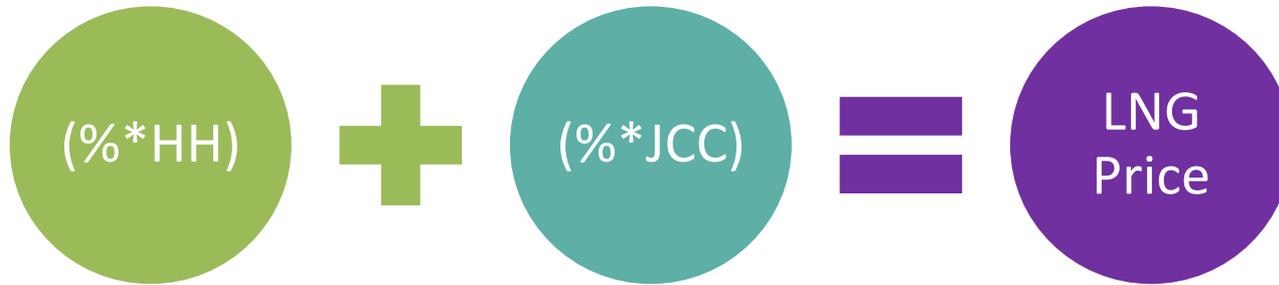
# Outlook for LNG Prices

# Buy Long-Term Higher, Get Mid-Term Lower

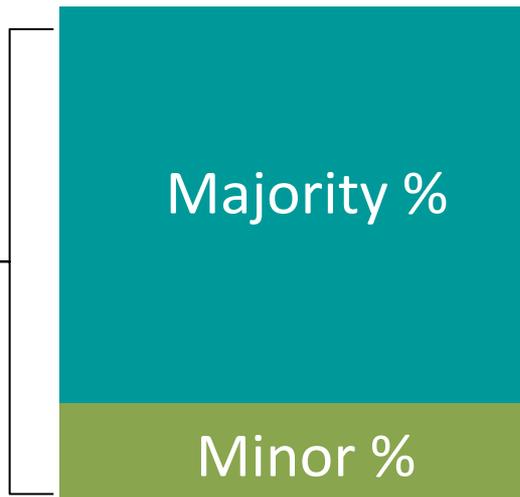
- Used by Qataris and others with global portfolios
- Buyers need mid-term volumes until next rush of supply
- Sellers want to lock away long-term demand
- Tranche pricing



# Hybrid Pricing—What Buyers Want?

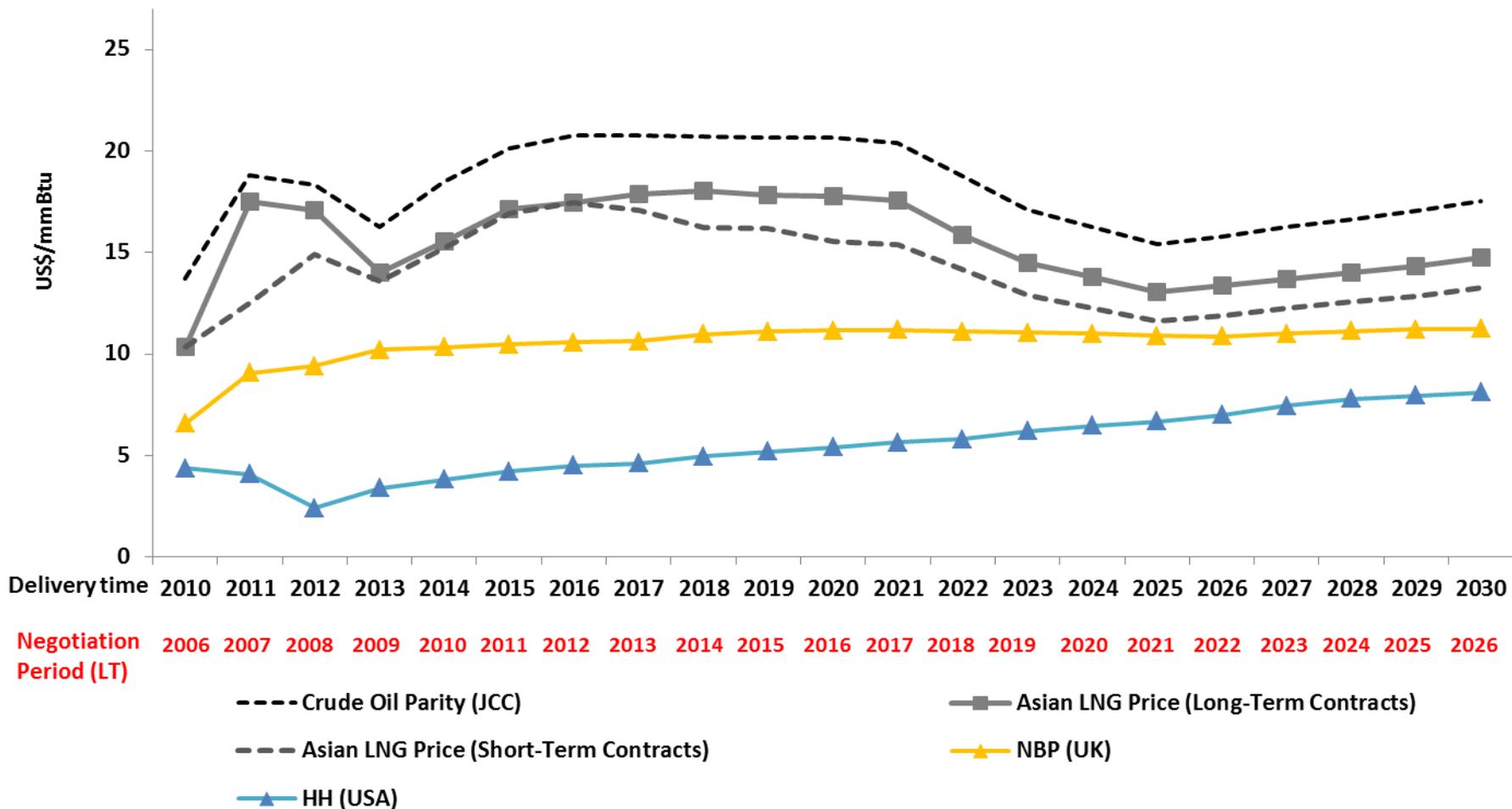


Contract  
Volumes  
(mmtpa)



- Majority of supplies locked-in for security of supplies + traditional oil indexation.
- Minor supplies output are Hub-related; subjected to price volatility but preferred with associated flexibilities?
- Same tranche of volumes but at a basket of oil-indexed and Hub-related pricing?

# Projected Price of New Asian LNG Contracts vs HH, NBP, and JCC (US\$2011)

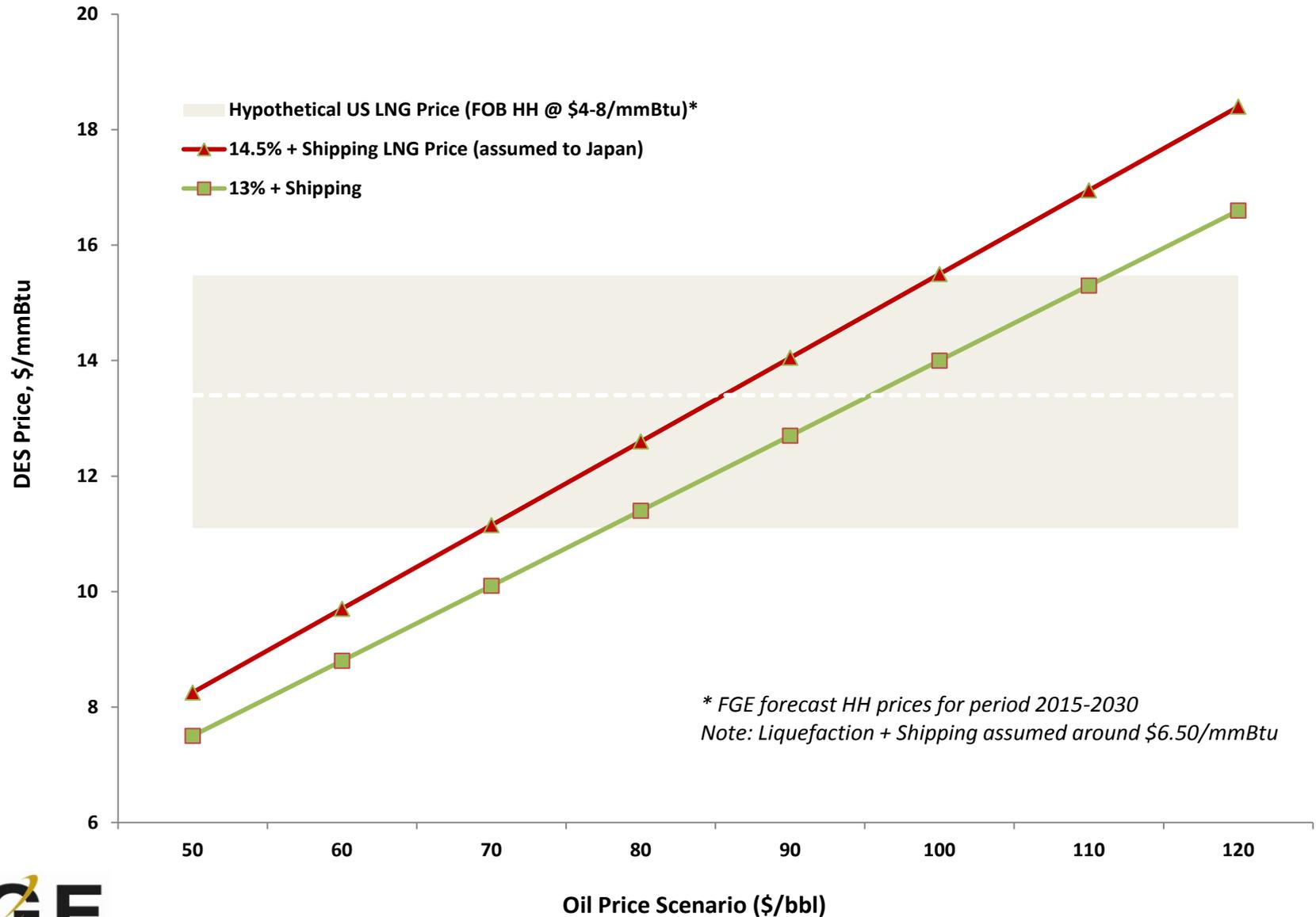


Negotiation Period (LT) 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026

- Crude Oil Parity (JCC)
- Asian LNG Price (Short-Term Contracts)
- ▲ HH (USA)
- Asian LNG Price (Long-Term Contracts)
- ▲ NBP (UK)

# Direct Purchases From The US

... not always cheaper but does provide some savings at high oil prices



**Thank You**