



Weekly Gas Bulletin

No 2/2023
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LNG World News

- LNG spot prices is forecasted to be further dip below USD13/MMbtu in Asia Pacific starting for May deliveries, however it might rebound as it approaches winter due to solid demand from buyers.
- There is no indication on whether sellers have cargoes to offer in March and April. However there are still ongoing purchase tenders from PETRONET (India) for 2H of March and April.
- Similarly in Europe, price is on a downward trend. This is due to Qatar and US suppliers offering more spot supplies to European buyers to ease the volatile spot price. We expect the price to drop further to around USD10-USD12/MMbtu in the next few weeks from USD13-USD14/MMbtu.

Home Gas News

- PETRONAS Carigali Sdn. Bhd. and SMJ Sdn. Bhd. (wholly owned by the Sabah state government) have inked a Heads of Agreement (HOA) to expand their collaboration in the oil and gas (O&G) industry on Thursday Feb 23. This paves the way for SMJ's potential acquisition of a 50% participation interest in the Samarang production sharing contract (PSC).

LNG Freight Chartering Cost (RM/MMBtu) as of 24 February 2023

Export Regions	Japan/ Korea	China/ Taiwan	West India	RGT M'cca
Qatar	6.43	5.63	1.60	4.83
Bintulu	2.97	1.82	3.50	0.67
Singapore	3.15	1.82	2.62	0.49
M'cca	3.64	2.31	-	-

Sources: Trader/ Marketer/ Bank Negara Malaysia (BNM)
 Freight Chartering Rate in USD maintains as per last week
 BNM's Forex Rate 1USD = RM4.4335 as of 24 February 2023 1430hrs

GLOBAL HIGHLIGHTS – LNG & Natural Gas

Snapshot as of 24th February 2023

Asia Pacific/India ¹

- Asian spot LNG buying is set to increase in the coming weeks as buyers expect prices to drop further after the Platts JKM slide below the USD15/MMbtu mark recently – the lowest since August 2021. Platts assessed the JKM price benchmark for April at USD14.499/MMbtu Feb 17. And at USD14.642/MMbtu Feb 20.
- JKM prices could fall further to USD10-USD13/MMbtu on high inventories and improving supplies with the imminent restart of Freeport LNG in the US, sources from market.
- Several major Indian and SEA buyers issued purchase tenders due to this recent price dropping. GSPC of India were seeking H2 March or H1 April DES Dahej cargo via tender that was closed Feb 20th, while GAIL issued a purchase tender for three cargoes of March 16-20, April 1-18, and May 1-10. Tender was closed on Feb 21.
- Tender was closed on Feb 21.
- Thailand's PTT awarded its tender that closed Feb 17 for three cargoes between USD14.50-USD15/MMbtu. In Japan, Kansai Electric Power Company bought 4-6 cargoes for August 2023 to March 2024 at the premium of around 20 cents/MMbtu to JKM, on a DES JKTC basis, even though it was reported Kansai had sufficient stock. It seems that the company is taking advantage of the weak market.
- Six offers were received from the latest tender by Bangladesh, indicating a strong selling despite tough credit conditions in the country.
- Despite the racing spot purchase from buyers, demand is still weak in North Asia with high storage levels and sluggish return to growth. **In short, with prices declining, buying interest is increasing.**

Europe

European Union's Gas Capping ²

- The European Union (EU) has effectively imposed a cap on natural gas prices at €180 per MWh. The action was taken to curb the risk of gas price jump to more than €350 per MWh which occurred last year.
- Currently, natural gas is trading at around €50 or USD53, per MWh on the EU spot market.

AGH Commentary:
This capping seems unnecessary. How the capping will be monitored and enforced is still uncertain.

More Long-Term SPA in Europe ³

- US is pushing to solve the short-term problem of a tight European gas supply, driven by Russian's invasion of Ukraine with 45 long term LNG supply contracts and contracts expansion since the start of the war. That is a major increase from the 14 such contracts signed in 2021.
- While price volatility for spot LNG in North-West Europe is easing at USD13-USD14/MMbtu this week, most of the new contracts won't deliver gas until 2026 or later. **After that, they will lock in purchases for 20 years or more. Europe through long term contracts.**

Sources:

¹ S&P Global Commodity Insights, 21 February 2023

² "EU Gas Price Cap: An Exercise in Futility", OILPRICE, 20 Feb 2023

³ "US Energy Firms Use Ukraine War To Lock In Long-Term Gas Contracts", The Guardian, 22 February 2023

GLOBAL HIGHLIGHTS – LNG & Natural Gas Outlook as of 24th February 2023

Global Gas Future Price

Month 2023	JKM Platts Future		TTF Natural Gas Future		CME HH Future	
	USD/ MMBtu	RM/ MMBtu	USD/ MMBtu	RM/ MMBtu	USD/ MMBtu	RM/ MMBtu
Jan	-	-	-	-	-	-
Feb	-	-	-	-	-	-
Mar	16.00	69.62	15.80	68.72	2.33	10.15
Apr	15.00	65.14	15.78	68.54	2.46	10.69
May	14.91	64.63	15.85	68.67	2.62	11.36
June	15.35	66.40	15.98	69.13	2.81	12.14
July	15.50	66.86	16.05	69.15	3.00	12.93
Aug	16.00	68.71	16.14	69.49	3.04	13.08
Sep	16.23	69.88	16.36	70.43	3.02	13.00
Oct	16.48	70.99	17.06	73.49	3.10	13.36
Nov	18.00	76.95	18.25	78.15	3.53	15.12
Dec	19.10	81.68	18.76	80.33	-	-

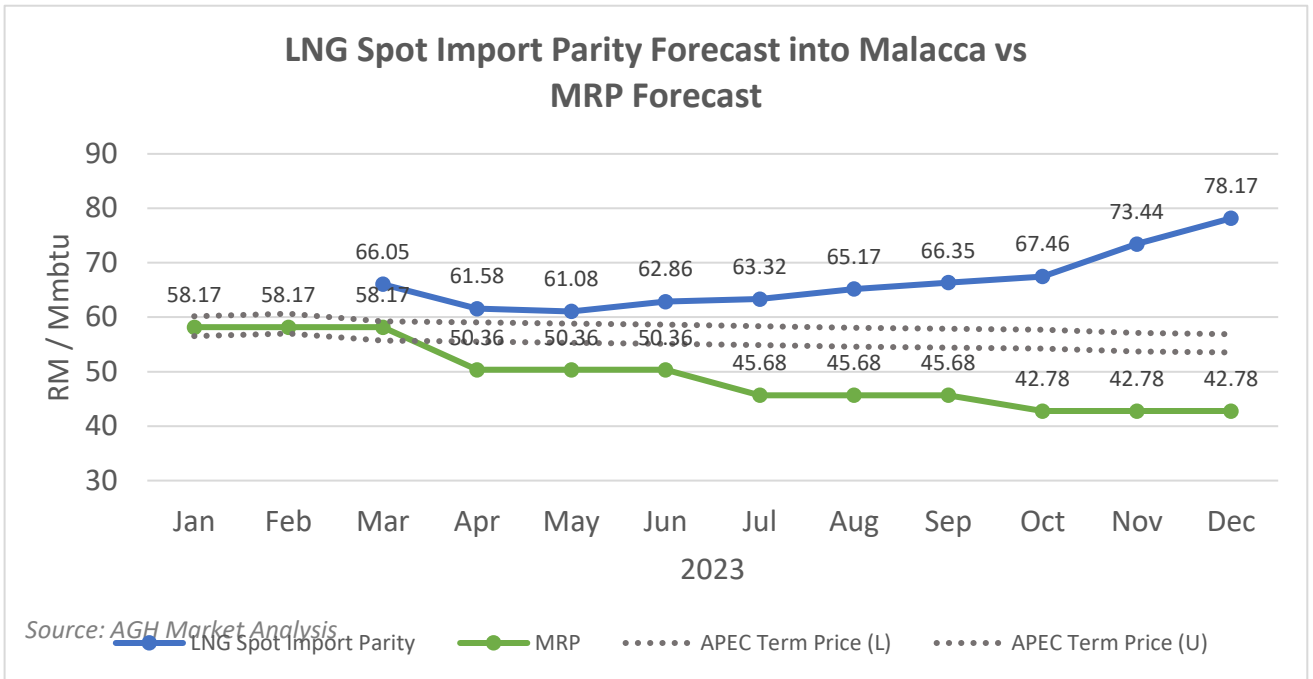
Source: ICE Energy Report , CME Group Market Data

Global Crude Future Benchmark Snapshots in RM per MMBtu

Month	Brent (CME)	WTI (NYMEX)	JCC (ICE)
Jan	-	-	-
Feb	-	-	-
Mar	65.33	-	66.42
Apr	65.73	58.61	65.57
May	65.33	58.67	64.54
June	64.77	58.62	63.73
July	64.26	58.40	63.00
Aug	63.74	58.11	62.39
Sep	63.37	57.88	61.98
Oct	63.01	57.47	61.61
Nov	62.26	56.82	60.92
Dec	61.88	56.70	60.57

Source: CME Group Market Data, ICE Energy Report

LOCAL HIGHLIGHTS – Domestic Forecast for MRP & LNG Import Parity as of 24th February 2023



Commentary

- LNG import parity price to Malaysia is forecasted to drop to RM7-8/MMbtu compared to last week due to falling global spot prices. Hence, the spread between import parity and MRP narrows from an average RM41/MMbtu last week to RM35/MMbtu this week.
- Local LNG spot importers are unlikely to buy any spot cargo with the level of import parity.
- The expected MRP in 4Q2023 is now RM42.78/MMbtu from our last week's assessment of RM44.51/MMbtu due to falling crude prices.
- Import parity is expected to be higher than MRP although the differential is expected to narrow down.

LOCAL HIGHLIGHTS – Peninsular Gas Utilities (PGU) Gas Volume Updates as of 24th February 2023

There is no change in available capacity from last week

Northern Region			
State	Exit CITY GATE (CG)/Metering Station (MS)	Available Capacity	
		MMscf/d	MMBtu/d
Perlis	Tambun Tulang CG	10.97	11375.89
	Ayer Puteh CG	30.92	32064.04
	TTPC MS	55.86	57926.82
Kedah	Pondok Labu CG	19.21	19920.77
	Kulim Hi Tech CG	75.18	77961.66
	Sungai Petani CG	20.44	21196.28
	Pokok Sena CG	20.86	21631.82
	PFK MS	16.25	16851.25
	NUR MS	200.97	208405.89
	Prai CG	24.97	25893.89
Penang	TNB Prai MS	98.28	101916.36
	TNB Gelugor MS	23.35	24213.95
	Prai Power MS	110.22	114298.14

Eastern Region			
State	Exit CITY GATE (CG)/Metering Station (MS)	Available Capacity	
		MMscf/d	MMBtu/d
T'gganu	Kerteh CG	0.89	922.93
	Teluk Kalong CG	8.68	9001.16
	Kerteh 3 CG	96.3	99863.1
	Kerteh 2 CG	3.79	3930.23
	TNB Paka MS	208	215696
	YTL Paka MS	139.16	144308.92
	CUF Kerteh MS	105.52	109424.24
	CUF Gebeng MS	125.84	130496.08
Pahang	Gambang CG	0.49	508.13
	Gebeng CG	29.51	30601.87
	Gebeng 2 CG	68.6	71138.2
	PCEMSB MS	8.46	8773.02
	PCASB MS	7	7259
	Aromatic KR2 MS	3.3	3422.1
	PCOGD MS	50.51	52378.87
	PERWAJA MS	50.88	52762.56
	MTBE NG MS	11.6	12029.2
	PDH MS	8.4	8710.8
	BASF Fuel	8.29	8596.73
	BASF Feedstock	2.1	2177.7
	Idemitsu MS	9.83	10193.71
Titan MS	37.78	39177.86	
Genting Sayen MS	47.95	49724.15	



LOCAL HIGHLIGHTS – Peninsular Gas Utilities (PGU)

Gas Volume Updates as of 24th February 2023

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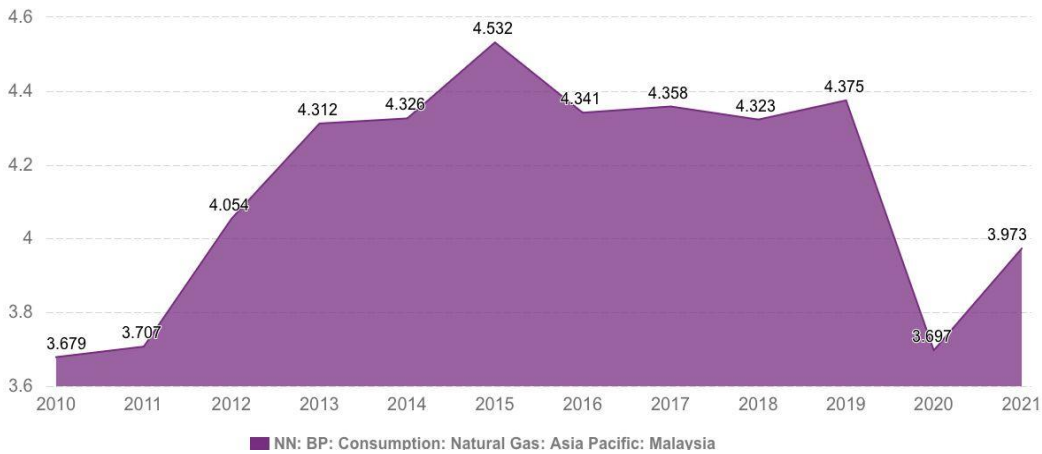
Central Region			
State	Exit CITY GATE (CG)/Metering Station (MS)	Available Capacity	
		MMscf/d	MMBtu/d
Klang Valley	KLIA CG	0.06	62.22
	Dengkil CG	71.6666	74318.2642
	Puchong CG	14.64	15181.68
	Batu Tiga CG	37.76	39157.12
	GB3 MS	93.48	96938.76
	Connaught Bridge MS	186.77	193680.49
	GDC KLIA MS	1.9	1970.3
	PNGV KLIA 1	0.47	487.39
	PNGV KLIA 2	0.7	725.9
	PNGV KLIA 3	0.41	425.17
	Venator MS	7.6	7881.2
S'gor	Serdang CG	76.4	79226.8
	Shah Alam CG	80.37	83343.69
	Kapar CG	9.07	9405.59
	Meru CG	95.42	98950.54
	Bestari Jaya CG	8.74	9063.38
	Kuala Langat Power Plant MS	50.35	52212.95
	Serdang MS	174.67	181132.79
N.Sembilan	Kapar MS	268.04	277957.48
	Seremban CG	15.91	16498.67
	Seremban 2 CG	10.29	10670.73
	Bandar Baru Nilai CG	10.66	11054.42
	Tebong CG	25.23	26163.51
Port Dickson MS	230	238510	

Western Region			
State	Exit CITY GATE (CG)/Metering Station (MS)	Available Capacity	
		MMscf/d	MMBtu/d
Perak	Kamunting CG	20.96	21735.52
	Parit Buntar CG	18.47	19153.39
	Ayer Tawar CG	16.19	16789.03
	Hutan Melintang CG	47.86	49630.82
	Merbau CG	78.5	81404.5
	Tronoh CG	4	4148
	SEV Lumut MS	180.42	187095.54

Southern Region				
State	Exit CITY GATE (CG)/Metering Station (MS)	Available Capacity		
		MMscf/d	MMBtu/d	
Johor	Kluang CG	39.24	40691.88	
	Kulai CG	18.2	18873.4	
	Senai CG	114.96	119213.52	
	Pasir Gudang CG	237	245769	
	Plentong CG	74.2	76945.4	
	Tg Langsat CG	17.66	18313.42	
	Paya Rumpit CG	14.11	14632.07	
	TNB Pasir Gudang MS	279.57	289914.09	
	Pengerang COGEN Power MS	111.61	115739.57	
	Southern Power Generation MS	20	20740	
	Plentong (Senoko) MS	145	150365	
	Plentong 2 (Keppel) MS	118	122366	
	M'cca	Alor Gajah CG	9.25	9592.25
		Tanjung Kling MS	50.01	51860.37
Tanjung Gemok MS		38.93	40370.41	
Teluk Gong MS		111	115107	
Panglima MS		25.31	26246.47	
EDRA Energy Sdn Bhd		210.21	217987.77	
Tangga Batu Refinery MS		32.66	33868.42	
Tangga Baru Cogen MS		12.34	12796.58	

Fun Facts

1 Malaysia's natural gas consumption (in cub ft/day) from 2010 to 2021 reached a peak in 2015



Source: www.ceicdata.com; BP PLC

2 ChatGPT Let's ask...

How important is natural gas in gas transition?

The role of gas in the energy transition is a subject of much debate. Gas is often seen as a bridge fuel that can help to reduce carbon emissions as the world moves towards a more sustainable energy mix. However, the extent to which gas will play a role in the energy transition is dependent on a variety of factors, including the cost of gas relative to other energy sources, the availability of alternative energy sources, and the policy decisions made by governments and other stakeholders.

Gas has some advantages over other fossil fuels, such as coal and oil, in terms of its lower carbon emissions and flexibility in power generation. Natural gas is a cleaner-burning fuel than coal or oil, and it can be used to generate electricity, heat homes and businesses, and power vehicles. Gas power plants are also relatively quick and easy to build, making them a flexible and cost-effective option for meeting short-term energy needs.

Source: <https://chat.openai.com/>
ChatGPT

At the same time, natural gas emits greenhouse gases, including carbon dioxide and methane, which contribute to climate change. While natural gas has a lower carbon footprint than coal or oil, it is still a fossil fuel, and its continued use could potentially undermine efforts to reduce greenhouse gas emissions and limit global warming.

Therefore, the importance of natural gas in the energy transition depends on how it is used and how it fits into the broader context of efforts to decarbonize the energy system. In the short term, natural gas can serve as a transitional fuel that helps reduce greenhouse gas emissions compared to coal and oil, while also providing reliable and affordable energy. However, in the long term, the world will need to transition away from fossil fuels altogether and towards cleaner and renewable energy sources to achieve the emissions reductions necessary to address climate change.

END OF REPORT