



AGH Bulletin

No. 8/2023
Published on 28 April 2023

Disclaimer: Asia Gas Hub (AGH) assumes no responsibility or liability for any errors or omissions in the content of this market report. The information contained is provided on an "as is" basis with no guarantees of completeness, accuracy, usefulness or timeliness. The forecast published in this report is for information only.

World News

High LNG Stocks In North Asia, Weak Demand Leads To More Storage at Sea

1. Volumes of LNG stored at sea increased on an annual basis this month, driven by more vessels in Asia amid high inventories and slow spot demand in Japan, China and South Korea.
2. Additional supplies of the super-chilled fuel could further weigh on Asian spot prices, providing some relief ahead of summer when demand is expected to rise.
3. Global floating inventories of the super chilled fuel were at 0.55 million tonnes on April 20, showed data from analytic firm Kpler, up to 0.24 million tonnes from the same time last year.
4. Meanwhile in Europe, the number of vessels have dropped to average levels after operations at French terminals resumed following strikes.
5. Asian prices have been pressured by weak spot demand and high inventories, shedding nearly 60% this year to USD12 per million British thermal units (MMBtu).
6. While stronger demand for LNG is expected in Asia and Europe in the coming months, the volume of growth remains uncertain

Source: Reuters, 24 April 2023

LNG Prices Seen Hindering Growth In Use Of Gas In Asia

1. Volatile prices of LNG will hold back demand in Asia in the next few years, with new supply coming onto the market by 2025 according to the Institute for Energy Economics and Financial Analysis (IEEFA).
2. Emerging Asian economies are widely forecasted to be the largest growth market for LNG demand globally over the next several decades, however tight global markets and elevated prices may continue to restrain Asia's LNG demand growth.
3. In the first quarter, LNG demand is declining despite a downturn in global prices for the fuel. Although Asian LNG spot prices are currently at their lowest in the 21 months but remains higher than pre-pandemic levels of around USD3/MMBtu.
USD3/MMBtu.

Source: Business World, 17 April 2023

Home

PetroChina Signs LNG Deal With PETRONAS

1. The deal signed on April 17, is the pair's first medium-to-long-term LNG sales and purchase agreement. PetroChina International Co Ltd. is to buy Liquefied Natural Gas (LNG) from PETRONAS. However, no details of the agreement were disclosed.

Source : Reuters, 26 April 2023

Shell Malaysia: Rosmari-Majoram Project Expected To Produce 750 MSCF/Day Of Gas By End 2026

1. Gas from the Rosmari-Majoram fields situated 220km off the coast of Bintulu and will be fed into the onshore MLNG plant in Bintulu, to produce LNG.
2. This is a huge investment and one of the biggest projects in Shell's 130 years of history in Malaysia
3. Piling work on the onshore plant began recently after the first investment decision (FID) was made last year.

Source : Malay Mail, 26th April 2023

Gas Malaysia's Earning To Be Driven By Favourable MRP Gas Trend

1. The Malaysia Reference Price (MRP) gas trend should remain favourable this year, with an expected 15% to 20% year-on-year (YoY) growth. This would drive Gas Malaysia Bhd's positive earnings trajectory. The MRP would see a sequential 16% growth in the first quarter of 2023 (1Q23).
2. The latest decision by OPEC to cut oil production output by an additional 1.16 Million barrels per day (mmbpd) from May 2023 until the end of the year has lifted global prices and is likely to support 4Q23.
3. Gas Malaysia declared a final dividend per share (DPS) of 8.62 sen, bringing cumulative 2022 DPS to 22.76 sen. This represents 75% of its overall profit, which was the lowest payout since 2017, from a historical payout in excess of 90% of its consolidated earnings.
4. The downside risks for Gas Malaysia included sharp declines in MRP and Brent global oil price, weaker sales volume, lower margin spreads and higher-than-expected repair and maintenance expenses.

Source: NST 18 April 2023

GLOBAL HIGHLIGHTS – LNG & Natural Gas

Snapshot as of 28 April 2023

Asia Pacific/India ¹

- 1) The JKM spot price for June delivery is at USD11.85/MMBtu in the week to April 26 and weakening from the previous week. Last week the spot level was at USD12/MMBtu.
- 2) Demand remained weak in key North Asian markets Japan, South Korea and China.
- 3) Despite soaring temperatures due to a heatwave in countries like Thailand, India and Bangladesh, spot market prices and activity have yet to pick up.
- 4) Spot price delivery for July is also weakening at USD12.10/MMBtu this week from the previous week which was at high USD12/MMBtu.

AGH Commentary

As per last reported, spot delivery for June, July onwards are showing no signs of price recovery in Asia Pacific.

Europe ²

- 1) In Europe, S&P Global Commodity Insight assessed its daily northwest Europe LNG marker (NWM) price benchmark for cargoes delivered in June on DES basis at USD11.117/MMBtu on April 21, a USD2.025 discount to the June gas price.
- 2) That front month spread between natural gas and LNG has receded from a multi month high of USD2.40/MMBtu on April 14, but is still significantly wider than the March average of USD1.30/MMBtu despite a return to normal operations in France.
- 3) LNG flows into France saw some disruptions last month due to strikes against the government planned pension reform, with ship being diverted and terminal closed.
- 4) Terminal operations have since resumed, and Europe gas prices this week had been mixed on strong LNG arrivals and expected rises in demand due to cooler weather.
- 5) Dutch TTF Gas Index is traded at €38.627/MW per hour for front month of June as of 26 April 2023.

AGH Commentary

LNG supplies operations in Europe is slowly recovering. Demand, however is still uncertain.

Sources:

¹ Industry

² Reuters, 21 April 2023

GLOBAL HIGHLIGHTS – LNG & Natural Gas Outlook as of 28 April 2023 (cont'd)

Global Gas Future Index

Month 2023	JKM Platts Future		TTF Natural Gas Future		CME HH Future	
	USD/ MMBtu	RM/ MMBtu	USD/ MMBtu	RM/ MMBtu	USD/ MMBtu	RM/ MMBtu
May	-	-	▼ 12.59	56.15	-	-
June	▼ 11.18	49.86	▼ 12.64	56.38	▲ 2.36	10.51
July	▼ 12.03	53.66	▼ 12.77	56.92	▲ 2.54	11.32
Aug	▼ 12.79	57.03	▼ 13.07	58.28	▲ 2.61	11.64
Sep	▼ 13.98	62.34	▼ 13.78	61.43	▲ 2.59	11.56
Oct	▼ 15.17	67.65	▼ 15.33	68.34	-	-
Nov	▼ 17.66	78.76	▼ 18.07	80.56	▲ 3.13	13.94
Dec	▼ 18.83	83.98	▲ 19.03	84.84	▲ 3.61	16.09
Jan 24	▼ 19.11	85.19	▲ 19.23	85.76	-	-
Feb 24	▼ 19.33	86.17	▲ 19.20	85.61	-	-
Mar 24	▲ 16.44	73.29	▲ 18.90	84.30	-	-

Source: ICE Energy Report, CME Group Market Data

Global Crude Future Benchmark Snapshots in RM per MMBtu

Month 2023	Brent (ICE)	WTI (NYMEX)	JCC (ICE)
Apr	▼ 66.97	-	-
May	▼ 62.69	-	▼ 68.46
June	▼ 62.10	▼ 59.53	▼ 66.03
July	▼ 61.66	▼ 59.39	▼ 64.38
Aug	▼ 61.22	▼ 59.11	▼ 63.68
Sep	▼ 60.76	▼ 58.56	▼ 63.09
Oct	▼ 60.29	▼ 58.31	▼ 62.59
Nov	▼ 59.86	▼ 57.95	▼ 62.14
Dec	▼ 59.55	▼ 57.57	▼ 61.73
Jan 24	▼ 59.27	▼ 57.23	▼ 61.35
Feb 24	▼ 58.77	56.88	▼ 61.06
Mar 24	▼ 58.56	56.63	▼ 60.80

Source: CME Group Market Data, ICE Energy Report

GLOBAL HIGHLIGHTS – LNG & Natural Gas

Outlook as of 28 April 2023 (cont'd)

Regional Coal Future Index

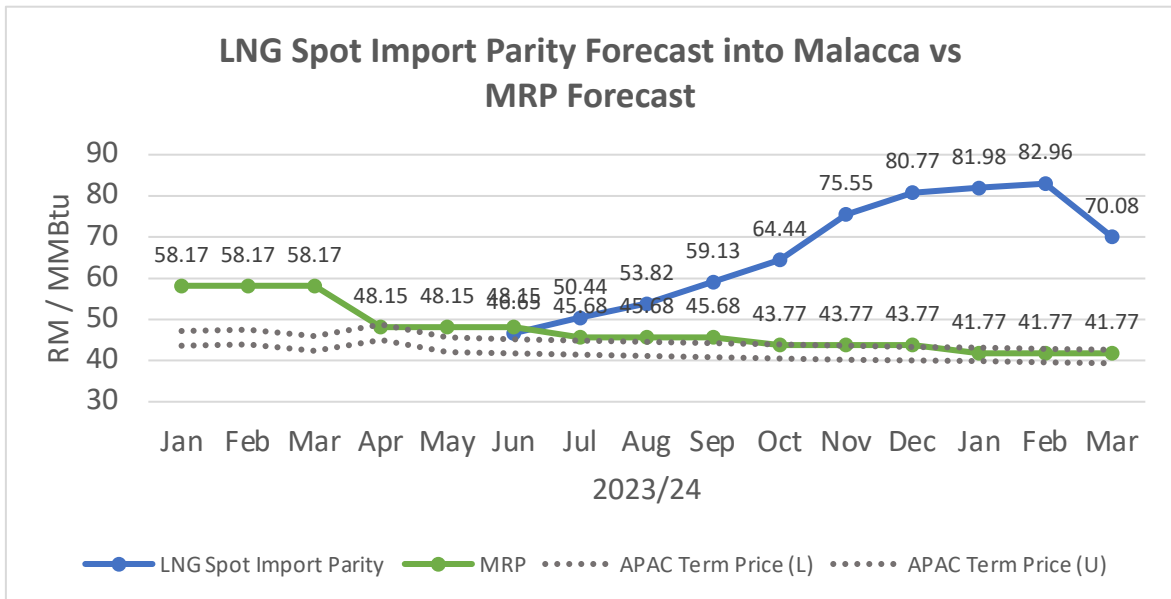
Month 2023	Indonesia Coal Index (ICI) 4		ICE Newcastle Coal Index	
	USD/ MMBtu	RM/ MMBtu	USD/ MMBtu	RM/ MMBtu
Apr	3.07	13.69	▼ 6.84	30.51
May	3.07	13.69	▼ 6.70	30.92
June	3.07	13.69	▼ 6.79	31.56
July	2.99	13.33	▼ 6.93	31.00
Aug	2.99	13.33	▼ 7.09	31.45
Sep	2.99	13.33	7.32	32.22
Oct	2.97	13.25	7.49	33.41
Nov	2.97	13.25	7.40	32.98
Dec	2.97	13.25	▲ 7.31	32.62
Jan 24	2.52	11.24	▲ 7.44	33.16
Feb 24	2.52	11.24	7.34	32.71
Mar 24	2.52	11.24	7.17	31.98

Sources: ICI, www.cmegroup.com; ICE Newcastle Coal index, www.barchart.com

Liquid Petroleum Gas (LPG) Future Index (Saudi Aramco)

Month 2023	Argus Propane Future Index		Mini Argus Butane Future Index	
	USD/ MMBtu	RM/ MMBtu	USD/ MMBtu	RM/ MMBtu
May	▼ 8.45	37.69	▼ 8.40	36.98
June	▼ 8.14	35.80	▼ 8.17	35.96
July	▼ 8.08	35.54	▲ 8.44	37.12
Aug	▼ 8.10	35.64	▲ 8.47	37.28
Sep	▼ 8.18	36.00	▼ 8.60	37.83
Oct	▼ 8.34	36.69	▼ 8.76	38.56
Nov	▼ 8.50	37.42	▼ 8.88	39.05
Dec	▼ 8.53	37.53	▼ 8.91	39.20
Jan 24	▼ 8.50	37.41	▼ 9.04	39.78
Feb 24	▼ 8.38	36.88	▼ 8.82	39.82
Mar 24	▼ 8.05	35.42	▼ 8.60	37.41

LOCAL HIGHLIGHTS – Domestic Forecast for MRP & LNG Import Parity as of 28 April 2023



Source: AGH Market Analysis

Month	Import Parity - MRP Spread	Change	APAC Term Ave - MRP Spread	Change
May-23			-4.26	▼ -3.30
Jun-23	-1.49	▼ -5.91	-4.68	▼ -3.32
Jul-23	4.77	▼ -5.46	-2.51	▼ -3.19
Aug-23	8.14	▼ -5.44	-2.82	▼ -3.09
Sep-23	13.45	▼ -3.99	-3.15	▼ -2.96
Oct-23	20.67	▼ -2.39	-1.56	▼ -2.68
Nov-23	31.78	▼ -0.18	-1.87	▼ -2.69
Dec-23	37.00	▲ 0.36	-2.08	▼ -2.58
Jan-24	40.21	▲ 3.39	-0.28	▲ 0.66
Feb-24	41.20	▲ 3.74	-0.63	▲ 0.58
Mar-24	28.32	▲ 4.52	-0.78	▲ 0.67

Source: AGH Market Analysis

Commentary

For the first time this year, June's import parity has dropped below MRP due to weakening LNG spot demand in Asia Pacific.

MRP = Malaysia Reference Price used for domestic market

LOCAL HIGHLIGHTS – Peninsular Gas Utilities (PGU) Gas Volume Updates as of 28 April 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'gaganu	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
Pahang	CUF Gebeng MS	125.84	130496.08
	Gambang CG	0.49	508.13
	Gebeng CG	29.51	30601.87
	Gebeng 2 CG	68.6	71138.2
	PCMSB 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	

Source: PETRONAS Gas Berhad



IBR Base Average Tariff of GMD Natural Gas Distribution System

Year	2023	2024	2025
Rebate RM/GJ/Day	0.038	N/A	N/A
RM/GJ/Day	1.535	1,573	1.573

IBR : Incentives Based Regulation

GMD : Gas Malaysia Distribution (owner & operator of gas distribution line)

GJ : Gigajoules

RM : Ringgit Malaysia

LOCAL HIGHLIGHTS – Peninsular Gas Utilities (PGU)

Gas Volume Updates as of 28 April 2023 (cont'd)

There is no change in available capacity from last week

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

Source: PETRONAS Gas Berhad

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 Rumput 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		

IBR Tariff for Peninsular Gas Utilization

Year	2023	2024	2025
RM/GJ/Day	1.061	1.063	1.063

IBR Tariff for Regassification Facilities

Facilities	RGTSU	RGTP
RM/GJ/Day	3.455	3.165

IBR : Incentives Based Regulation

GJ : Gigajoules

RM : Ringgit Malaysia

RGTSU : Regas Terminal Sungai Udang, Malacca

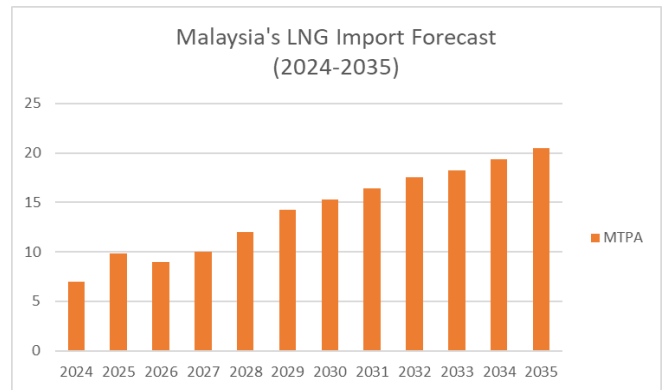
RGTP : Regas Terminal Pengerang

FUN FACTS

1 LNG Import Demand Forecast

Malaysia's LNG Import to increase up to 20 Million Tonnes Per Annum (MTPA) in 2035, with most of the incremental imports stemming from third-party LNG players.

Source: Roland Berger



2 ChatGPT Let's ask...

Should Malaysia become an LNG storage hub for Asia?

The decision for Malaysia to become an LNG storage hub for Asia depends on various factors such as the country's energy policies, infrastructure, demand for LNG, and competition from other countries in the region.

Malaysia is already a significant player in the LNG industry, and its natural gas reserves are expected to last for several decades. The country has already invested heavily in building LNG infrastructure, including the Bintulu liquefaction plant, which is one of the largest in the world.

Malaysia's strategic location in the Asia-Pacific region and its well-developed infrastructure could make it an ideal hub for LNG storage and distribution. Additionally, the country has the potential to offer competitive pricing due to its low operating costs and a relatively stable political environment.

However, there are also challenges to Malaysia's ambitions to become an LNG storage hub. One of the biggest challenges is competition from other countries in the region, such as Singapore and China, which are also investing heavily in LNG infrastructure.

Furthermore, the demand for LNG is expected to increase in the coming years, but it will depend on factors such as the transition towards cleaner energy sources and the global economic outlook.

Overall, becoming an LNG storage hub for Asia could bring significant economic benefits to Malaysia, but the decision should be based on a thorough assessment of the country's energy policies, infrastructure, and competition in the region.

Source: <https://chat.openai.com/chat?model=gpt-4>

END OF REPORT