



AGH Bulletin

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World News

Saudi Aramco considering LNG exports

1. The world's biggest oil company is investing billions in gas production as the kingdom has some of the world's biggest gas reserves but barely exploited them in the past.
2. Much of Saudi Arabia's additional gas will come from Jafurah, one of the world's largest untapped fields.
3. It aims to spend tens of billions of dollars developing it and has started discussion with investors in midstream projects such as pipelines. It was reported that Sinopec and TotalEnergies SE are among companies considering investing in those projects.
4. Still, even if Aramco doesn't export LNG from Saudi Arabia, it's keen on investing in foreign terminals including in the United States and Australia. Talks and discussion with global partner have started since March this year.

Source: The Star, 11 May 2023

AGH Commentary

Aramco is joining LNG exporters bandwagon, after discussion over tough blue hydrogen investment.

Democrats press President Biden administration on climate impact of LNG buildout

1. The 44 Democratic lawmakers has urged the Council on Environmental Quality, a White House office, to "include greater scrutiny on the entire LNG supply chain", as it finalizes guidance on greenhouse gas emissions and climate change under bedrock U.S environmental law. The lawmakers asked for the scrutiny "from wellhead, through export outside the United States, to combustion".
2. As the U.S vies for the top LNG spot, administration officials have been holding talks with global energy companies and foreign officials about potential ways to certify emissions reduction of natural gas.
3. As Europe cuts gas purchases from Russia after its invasion of Ukraine, the Biden administration has approving export of LNG from projects, a step in opening potential projects.
4. The lawmakers said U.S agencies decide on LNG projects based on a public interest determination made during the previous administration fails to incorporate drilling emissions of methane, a potent greenhouse gas, which makes LNG export worse than coal.

Source: Reuters, 11 May 2023

AGH Commentary

More LNG projects are being worked on by the U.S's LNG producers for export

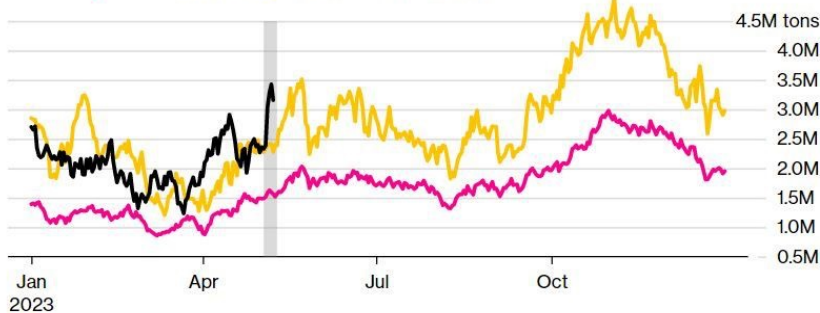
World News

A record number of LNG carriers have been drifting at sea for a long time

LNG Ships at Sea Near Season Record as Demand Dwindles

Fuel volumes topped 3.4 million metric tons earlier this week

2023 6-year average Top end of 6-year range



Source: Ship-tracking data compiled by Bloomberg

1. The instability of the global LNG market will continue for the time being. Next phase could be the one impacting LNG exporters as floating tanker volume remains at almost double the six-year average.
2. The volume of LNG that has stayed on the water for more than 20 days topped 3.4 million metric tons, the highest recorded level for this time of years since 2017.
3. It's also close to the all-time high reached in late May 2020, when the pandemic hit global markets.
4. The trend indicates there's more gas available in the market than current demand. Similar levels of on-water storage are usually visible closer to winter and not in spring, when country should build up inventories.
5. The average speed for the global LNG vessel fleet has also declined.

Source: Eastern Herald, 11 May 2023

AGH Commentary

More LNG will be stored in LNG fleet should the situation remains

Home

Hartalega to decommission Bestari Jaya plant, likely giving rise to RM347m impairment.

1. The decommission exercise at its Bestari Jaya production facility, taking off four production plants with 40 production lines from its capacity by year end.
2. The glove maker said in a stock exchange filing 8 May 2023, that further provision for retrenchment costs and contract obligation expenses amount to about RM70m is expected for FY2024.
3. The company said it had put in place measures to support affected employees during the exercise, which is expected to take about six months
4. Given the competitive business environment, the company is of the view that it is more strategic and viable in the long term to consolidate operations to the group's Next Generation Integrated Glove Manufacturing Complex (NGC) facility in Sepang.
5. Compared with NGC facility, the Bestari Jaya facility is less efficient and restricted by older technology, as well as generating higher energy and labour costs, in addition to higher maintenance costs due to the age of the facility. While the NGC facility has the capacity for future expansion, as it continues to progress strategically in line with the prevailing market supply and demand dynamics.
6. The company expects a reduction in operating cost and depreciation once the decommissioning exercise is completed.

Source : The Edge, 9 May 2023

AGH Commentary

A normal operational cost cutting exercise by upgrading facilities and technology by the company. The exercise will not affect the company's gas consumption pattern at its production facility.

Malaysia to lift export ban on renewable energy in accelerated transition plans

1. Malaysia, which currently generates just over 1% of its electricity annually from renewable sources, banned its export in Oct 2021 in the hope of developing the local industry.
2. The latest decision as part of efforts to develop its clean power industry and boost generation from non-fossil sources.
3. Reversing the ban will help firms build renewable power generation capacity on a larger scale and take advantage of high demand from neighbouring Singapore. Nevertheless, no details on when the export ban will be lifted.
4. The government aims to increase the proportion of renewable energy supply to 70% of its total capacity by 2050 in a bid to create new economic opportunities and attract foreign investment. The current installed capacity is 25%.
5. Th expanded capacity would allow surplus renewable capacity to be traded with neighbouring countries.

Source: Reuters 11 May 2023

AGH Commentary

A swift strategy to attract foreign energy traders and companies to invest.

GLOBAL HIGHLIGHTS – LNG & Natural Gas

Snapshot as of 12 May 2023

Asia Pacific/India ¹

- 1) Asian spot LNG prices hit a 23-month low on Thursday on mild weather and weak restocking demand in Far East.
- 2) The average LNG price for June delivery into northeast Asia maintain as per week 5th May at USD\$11Mmbtu, the lowest since June 2021.
- 3) Prompt buying activity, however, is only seen in South Asia and Thailand from the previous week that are roiling from an early heatwave which will support demand for gas fired power generation, but has not been enough to stem the decline of the price.
- 1) In addition to India and Thailand's buys tender, Vietnam is set to join the LNG market as a buyer for the first time, issuing a tender seeking a commissioning cargo for its first import terminal, the 1MTPA Thi Vai LNG.
- 2) The 1st cargo size is 50,000 to 70,000 tones to test run the terminal.

AGH Commentary

LNG spot prices are likely to recover in Asia from September onwards delivery due to winter demand.

Europe ²

- 1) Same like Asia Pacific, Northwest Europe (NWE) LNG spot price hit a 23-month low maintain as per previous week (week of 5 May), sliding below USD10/MMBtu for the first time since June 2021.
- 2) S&P Global Commodity Insight assessed its daily new LNG market price benchmark for cargoes delivered in June on DES basis at USD9.747/MMBtu on 4 May, a USD1.7 to TTF gas price.
- 3) Sparks commodities assessment was at USD9.842/MMBtu, with a USD1.81/MMBtu discount.
- 4) Argus assessed the NEW DES price at USD9.45/MMBtu, a USD2.02 discount to TTF gas price.
- 4) Europe has 60% full inventories ahead of summer. As such, no prompt buying activity is expected in near term.
- 5) Dutch TTF Gas Index is traded at €34.875/MW per hour for front month of June as of 11 May, down from € 38.627/MW per hour as of 26 April.

AGH Commentary

High inventories in Europe is slowing down spot purchase activities up to winter

Sources:

¹ Industry

² Reuters, 11 May 2023

GLOBAL HIGHLIGHTS – LNG & Natural Gas Outlook as of 12 May 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	-	-	-	-	-	-
June	▼ 11.06	49.38	▼ 11.19	49.93	▼ 2.19	9.78
July	▼ 10.83	48.34	▼ 11.31	50.50	▼ 2.35	10.47
Aug	▼ 11.32	50.54	▼ 11.69	52.19	▼ 2.43	10.85
Sep	▼ 12.36	55.18	▼ 12.46	55.60	▼ 2.43	10.85
Oct	▼ 13.65	60.90	▼ 13.95	62.25	▼ 2.53	11.29
Nov	▼ 16.41	73.23	▼ 17.08	76.23	▼ 2.97	13.25
Dec	▼ 18.31	81.70	▼ 18.53	82.72	▼ 3.46	15.46
Jan 24	▼ 18.57	82.88	▼ 18.84	84.09	▼ 3.72	16.60
Feb 24	▼ 18.56	73.07	▼ 18.82	84.01	▼ 3.64	16.22
Mar 24	▼ 16.37	70.62	▼ 18.50	82.59	▼ 3.32	14.84

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	▼ 65.86	-	-
May	▼ 59.82	-	▼ 68.52
June	▼ 59.79	▼ 56.89	▼ 64.45
July	▼ 59.36	▼ 56.89	▼ 62.04
Aug	▼ 59.02	▼ 56.73	▼ 61.32
Sep	▼ 58.65	▼ 56.45	▼ 60.85
Oct	▼ 58.26	▼ 56.18	▼ 60.42
Nov	▼ 57.90	▼ 55.84	▼ 62.14
Dec	▼ 57.66	▼ 55.21	▼ 61.73
Jan 24	▼ 57.44	▼ 55.28	▼ 61.35
Feb 24	▼ 56.99	▼ 55.07	▼ 61.06
Mar 24	▼ 56.82	▼ 54.43	▼ 60.80

Source: CME Group Market Data, ICE Energy Report

GLOBAL HIGHLIGHTS – LNG & Natural Gas

Outlook as of 12 May 2023 (cont'd)

Regional Coal Future Index

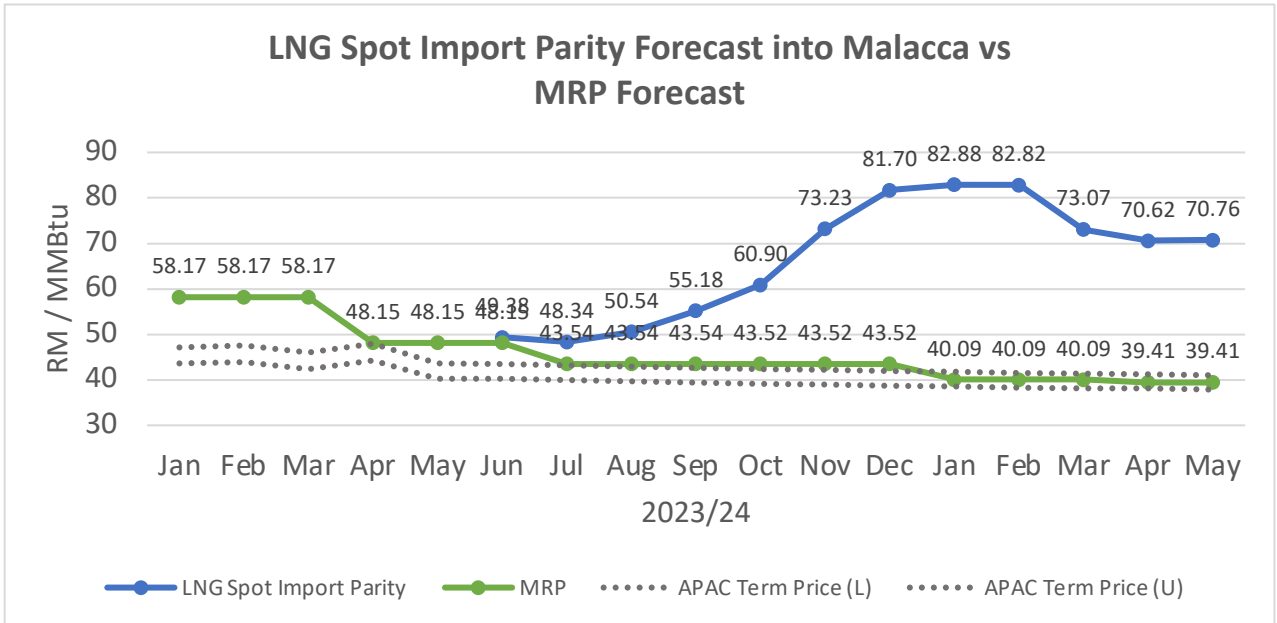
Month 2023	Indonesia Coal Index (ICI) 4		ICE Newcastle Coal Index	
	USD/ MMBtu	RM/ MMBtu	USD/ MMBtu	RM/ MMBtu
Apr	3.07	13.69	-	-
May	3.07	13.69	▼ 5.87	26.21
June	3.07	13.69	▼ 5.77	25.74
July	2.99	13.33	▼ 5.85	26.10
Aug	2.99	13.33	▼ 5.97	26.67
Sep	2.99	13.33	▼ 6.01	26.38
Oct	2.97	13.25	▼ 6.30	28.11
Nov	2.97	13.25	▼ 6.33	28.25
Dec	2.97	13.25	▼ 6.37	28.41
Jan 24	2.52	11.24	▼ 6.46	28.85
Feb 24	2.52	11.24	▼ 6.29	28.07
Mar 24	2.52	11.24	▼ 6.13	27.35

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	-	-	-	-
June	▼ 7.67	34.23	▼ 7.67	34.23
July	▼ 7.56	33.73	▼ 7.56	33.73
Aug	▼ 7.57	33.81	▼ 7.69	34.32
Sep	▼ 7.69	34.31	▼ 7.69	34.31
Oct	▼ 7.86	35.07	▼ 7.86	35.07
Nov	▼ 8.00	35.73	▼ 8.00	35.73
Dec	▼ 8.08	36.09	▼ 8.08	36.09
Jan 24	▼ 8.07	36.00	▼ 8.07	36.00
Feb 24	▼ 7.98	35.60	▼ 7.98	35.60
Mar 24	▼ 7.67	34.23	▼ 7.67	34.23

LOCAL HIGHLIGHTS – Domestic Forecast for MRP & LNG Import Parity as of 12 May 2023



Source: AGH Market Analysis

Month	Import Parity - MRP Spread	Change	APAC Term Ave - MRP Spread	Change
May-23			-6.27	▼ -5.31
Jun-23	1.24	▲ 2.73	-6.30	▼ -4.94
Jul-23	4.79	▲ 0.02	-1.99	▼ -2.66
Aug-23	7.00	▼ -1.14	-2.23	▼ -2.50
Sep-23	11.64	▼ -1.81	-2.49	▼ -2.31
Oct-23	17.39	▼ -3.29	-2.74	▼ -4.09
Nov-23	29.71	▼ -2.07	-2.99	▼ -4.05
Dec-23	38.19	▲ 1.18	-3.15	▼ -3.88
Jan-24	42.79	▲ 2.58	0.12	▼ -2.08
Feb-24	42.73	▲ 1.53	-0.19	▼ -2.12
Mar-24	32.98	▲ 4.66	-0.32	▼ -2.00
Apr-24	31.21	▲ 72.04	0.25	▼ -2.03
May-24	31.35	▲ 72.18	0.02	▼ -2.01

Source: AGH Market Analysis

Commentary

MRP is moving towards below Term Price starting July onwards due to bearish oil prices whereas Import Parity is moving higher due to uncertain freight cost.

MRP = Malaysia Reference Price used for domestic market

LOCAL HIGHLIGHTS – Peninsular Gas Utilities (PGU) Gas Volume Updates as of 12 May 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 12 May 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
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 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

Source: PETRONAS Gas Berhad

IBR : Incentives Based Regulation

GJ : Gigajoules

RM : Ringgit Malaysia

RGTSU : Regas Terminal Sungai Udang, Malacca

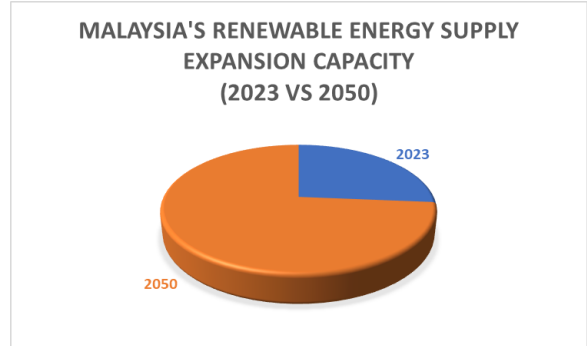
RGTP : Regas Terminal Pengerang

FUN FACTS

1 Renewable Energy Supplies

Malaysia to increase the proportion of renewable energy supply from current installed capacity of 25% to 70% of its total capacity by 2050. This is to create new economic opportunities, attract foreign investors and allow surplus renewable capacity to be traded with neighboring countries.

Source: Malaysia's Ministry of Economy



2 ChatGPT Let's ask...

There is possibility of a competition for LNG spot sales and deliveries between Asian and European buyers this incoming winter and this will shoot the price up. How is Malaysia affected from this situation?

If there is a competition for spot sales and deliveries between Asian and European buyers in the upcoming winter, it could have both positive and negative impacts on Malaysia's LNG industry.

On the positive side, if there is a surge in demand for LNG in Asia and Europe, Malaysia could benefit from higher LNG prices, as the country is a significant exporter of LNG. This could result in higher revenue for Malaysian LNG producers and the government, which could be used to fund further investments in the country's energy infrastructure.

On the negative side, if there is a significant increase in LNG prices due to competition between Asian and European buyers, it could increase the cost of LNG imports for Malaysia. This could lead to higher energy costs for consumers and businesses in the country, which could have a negative impact on economic growth and competitiveness.

Additionally, if LNG prices increase significantly, it could also reduce demand for LNG in some markets, as consumers and businesses may switch to alternative energy sources to reduce costs. This could result in a drop in demand for Malaysian LNG exports and lower revenue for the country.

Overall, the impact of a competition for spot sales and deliveries between Asian and European buyers on Malaysia's LNG industry will depend on various factors, including the extent of the competition, the level of demand for LNG, and the responsiveness of consumers and businesses to changes in LNG prices. However, Malaysia's significant role in the LNG market means that the country will likely be affected by any major changes in global LNG prices and demand.

END OF REPORT