



# AGH Bulletin

**No. 11/2023**  
**Published on 9 June 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

### **QatarEnergy signs 15-year LNG supply agreement with Bangladesh**

1. The long-term LNG sale and purchase agreement (SPA) was signed between QatarEnergy Trading with Bangladesh Oil, Gas and Mineral Corporation (Petrobangla) to supply about 1.8 mtpa of LNG, starting in 2026.
2. With this new SPA, QatarEnergy reaffirms its position as the LNG supplier of choice for its partners in the South Asia LNG market and the largest LNG supplier to Bangladesh by a large margin. Qatar currently delivers more than 3.5 mtpa of LNG to Bangladesh on spot supply basis.
3. It is also QatarEnergy's second to Asia since it started selling the gas expected to come on stream from the North Field expansion project which will raise liquefaction capacity to 126 mtpa by 2027, from 77 million currently.

Source: LNG Industry, 5 June 2023 & Reuters 1 June 2023

#### **AGH Commentary**

Securing long term supply for expansion capacity is good strategy to avoid possible oversupply in the market.

### **Indonesian government to ban LNG exports to meet domestic needs**

1. The ban however, would not affect the ongoing export contracts but that the policy would apply for contract renewals.
2. Indonesia has been exporting LNG for many years and has been considered as old-time players in the industry.

Source: The Jakarta Post, 30 May 2023

#### **AGH Commentary**

Based on the country's LNG production and supply volume profile, the decision by Indonesian government will not affect the LNG regional market.

### **Canadian gas venture to start generating cash flow in 2025**

1. PETRONAS says its multi-billion-dollar natural gas venture in North Monterey in Canada's British Columbia offered opportunities for the company and its partners there given that it boasted one of the largest natural gas resources in Canada, which is 53 trillion cubic feet (Tfc).
2. PETRONAS made its foray into Canada in 2011 and had so far spent about C\$14 billion on the venture through wholly-owned Petronas Energy Canada Ltd, originally acquired its main producing assets in Canada from Progress Energy over a decade ago.
3. PETRONAS had been working on its own LNG plant at Prince Rupert but opted not to proceed, deciding instead to participate as a partner in the Royal Dutch Shell plc-led LNG Canada plant at Kitimat.
4. PETRONAS owns a 25% stake in LNG Canada, the North American country's first major LNG project which includes a gas liquefaction plant and facilities for storage and export of LNG including marine facilities.

Source: The Strait Times, 7 June 2023

#### **AGH Commentary**

Based on market demand, distance location and price, Asia Pacific particularly Japan is the best market for LNG Canada export.

## HOME

### **PETRONAS cautious on FY2023 after 1Q profit grew just 2% y-o-y**

1. PETRONAS said it anticipates lower profitability for 2023 after the national oil firm's profit after tax (PAT) for its first quarter ended March 31, 2023 grew only 2% to RM23.8 billion from RM23.4 billion a year earlier.
2. The group's revenue for 1QFY2023 expanded 16% to RM90.4 billion from RM78.2 billion due to improved sales volume and favourable foreign exchange impact. Revenue growth, however, was partially offset by lower average realised prices major products.
3. PETRONAS said it is expecting lower profitability for the year as oil and gas prices are expected to moderate due to continued economic uncertainties.

Source : The Edge, 7 June 2023

#### **AGH Commentary**

Similar like PETRONAS, other oil and gas companies are expecting lower profitability due to economic uncertainties.

### **Taufik likely to stay on as PETRONAS president**

1. PETRONAS president and group chief officer Tan Sri Tengku Muhammad Taufik Tengku Aziz is likely to continue leading the national oil firm.
2. Speculation has been rife that there might be a change of the guards at PETRONAS when Taufik's contract ends.
3. Taufik's appointment came in June 2020, when the world was engulfed by the Covid-19 pandemic, which disrupted the steady recovery of oil prices, dragging it to the sub-zero territory.
4. Taufik has a big task to fulfil – energy transition – which is something his predecessors did not have to grapple much with, besides striking a balance between meeting the national oil firm's social agendas and making sure PETRONAS' sovereign rating remain intact.

Source: The Edge, 7 June 2023

#### **AGH Commentary**

PETRONAS set to remain under the same leadership and stay its course in facing the upcoming years where global energy market is predicted to be uncertain.

### **Fuel prices unchanged across the board**

1. The retail prices of RON97 and RON 95 petrol as well as diesel will remain unchanged for the week from 8 to 14 June.
2. RON7 remains at RM3.37 per litre, RON95 (RM2.05 per litre) and diesel (RM2.15 per litre). In a statement, the Ministry of Finance said the government decided to maintain the ceiling price of RON95 and Diesel as to protect consumer from the increase of global oil prices. The global market price for the two products has increased beyond the current ceiling price.

Source : The Star, 7 June 2023

#### **AGH Commentary**

Malaysia price is comparatively lower than market price. It seems the government is providing substantial fuel subsidies to maintain the ceiling price.

# GLOBAL HIGHLIGHTS – LNG & Natural Gas

## Snapshot as of 9 June 2023

### ASIA PACIFIC/INDIA

- 1) Sentiment over Asian spot LNG prices remain unchanged from last week as the price dropped from mid USD9.40-9.35 MMBtu (week 30th May), to USD9.10-USD9.25 MMBtu this week. Both indicated prices are for 2nd half July's deliveries.
- 2) Market sources indicated that demand from North Asian buyers are almost zero this week with no spot transaction was heard from Japan and South Korea.
- 3) While in China, an ongoing heatwave is boosting power demand for cooling, but tepid industrial demand and record high coal inventories is limiting spot LNG imports.
- 4) India has cancelled a purchase tender last week and this week due to low domestic industrial demand and Thailand has fulfilled its July's and 1st half August gas requirement.
- 5) However, Vietnam and Philippines are expected to purchase number of spot cargoes for 4th Quarter deliveries.

#### AGH Commentary

Sluggish demand in Asia is not only due to high inventories of LNG and coal, but weak industrial demand is also limiting the spot import.

Source: Industry

### EUROPE

- 1) The Dutch TTF front-month contract (July) ended yesterday (8th June) at 26.95€ MW/h, equivalent to USD7.35/MMBtu or RM33.94/MMBtu.
- 2) On the week 31st May, the contract was ended at 25.30€ MW/h, equivalent to about USD6.62 MMBtu or RM31.31/MMBtu
- 3) European gas price increased this week due to maintenance work at production and processing facilities at selected European terminal that reduced supply.

#### AGH Commentary

European gas price is expected to drop again when the maintenance work at the terminal completes.

Source: Reuters, 08 June 2023

### Freight Charges Selected Region as of 9 June 2023 (RM/Mmbtu)

Export Regions	Japan/Korea	Taiwan/China	Malacca
Qatar	4.02	3.56	3.00
Bintulu	1.99	1.29	0.23
Singapore	2.08	1.39	0.12
M'cca	2.31	1.62	N/A

Charter Hire Rate as of 09th June 2023 USD45,000/Day

Source : Industry, 2023

# GLOBAL HIGHLIGHTS – LNG & Natural Gas

## Outlook as of 9 June 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
July	▲ 9.24	42.66	▲ 7.35	33.94	▼ 2.32	10.70
Aug	▼ 9.36	43.25	▲ 7.61	35.17	▼ 2.40	11.07
Sep	▼ 9.80	45.25	▼ 8.07	37.25	▼ 2.41	11.11
Oct	▼ 11.01	50.85	▼ 9.16	42.32	▼ 2.53	11.68
Nov	▼ 13.16	60.78	▼ 11.17	51.58	▼ 2.97	13.73
Dec	▼ 14.33	66.20	▼ 11.93	55.11		
Jan 24	▼ 14.90	68.83	▼ 12.12	55.99		
Feb 24	▼ 14.52	67.05	▼ 12.11	55.92		
Mar 24	▼ 12.34	56.97	▼ 11.89	54.89		
Apr 24	11.89	54.92	11.49	53.07		
May 24	12.28	56.69	11.41	52.71		

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)
June	▼ 62.63		
Jul	▼ 62.39	▼ 58.46	▲ 65.19
Aug	▼ 62.13	▼ 58.59	▲ 64.95
Sept	▼ 61.75	▼ 58.51	▲ 64.57
Oct	▼ 61.31	▼ 58.15	▲ 64.13
November	▼ 60.90	▼ 58.04	▲ 63.69
December	60.59	▼ 57.68	▲ 63.25
Jan24	▼ 60.22	-	▲ 62.81
Feb24	▼ 59.68	▼ 57.01	▲ 62.45
Mar24	▼ 59.43	-	▲ 62.12
Apr 24	59.20	-	▲ 61.81
May 24	58.72		

Source: CME Group Market Data, ICE Energy Report

# GLOBAL HIGHLIGHTS – LNG & Natural Gas

## Outlook as of 9 June 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
June	N/A	N/A	▼ 4.91	22.67
July	N/A	N/A	▲ 5.21	24.07
Aug	N/A	N/A	▲ 5.32	24.61
Sep	N/A	N/A	▲ 5.43	25.11
Oct	N/A	N/A	▲ 5.50	25.45
Nov	N/A	N/A	▲ 5.55	25.67
Dec	N/A	N/A	▲ 5.55	25.65
Jan 24	N/A	N/A	▲ 5.67	26.23
Feb 24	N/A	N/A	▲ 5.66	26.18
Mar 24	N/A	N/A	▲ 5.59	25.87
Apr 24	N/A	N/A	▲ 5.37	24.85
May 24	N/A	N/A	▼ 5.21	24.09

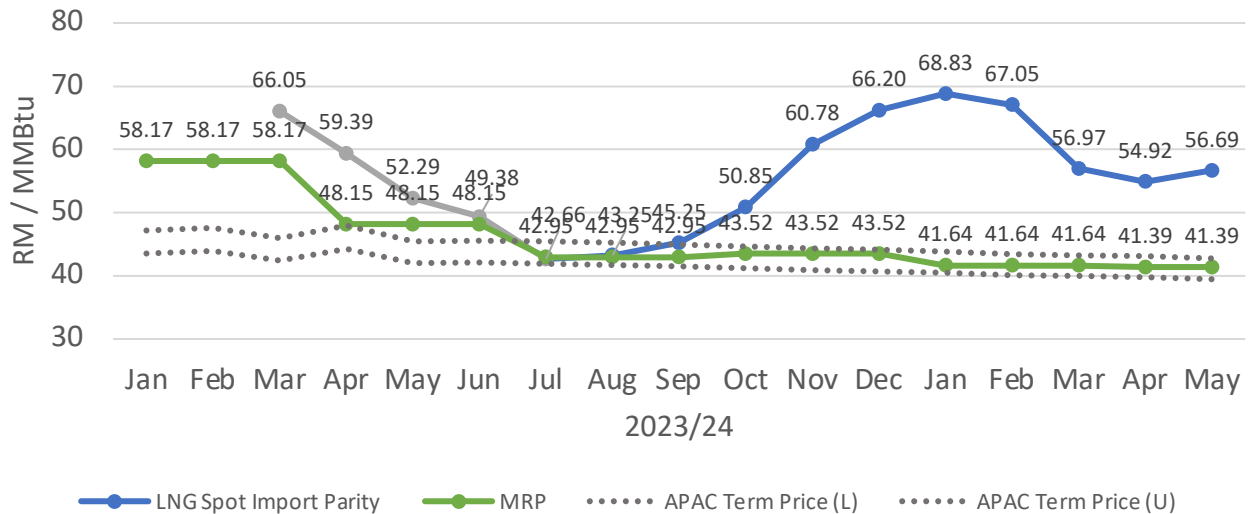
Sources: ICI, [www.cmegroup.com](http://www.cmegroup.com); ICE Newcastle Coal index, [www.barchart.com](http://www.barchart.com)

### 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
July	▼ 6.86	31.69	▼ 6.58	30.40
Aug	▼ 6.98	32.32	▼ 6.86	31.68
Sep	▼ 7.12	32.90	▼ 6.89	31.81
Oct	▼ 7.32	33.82	▼ 7.28	33.62
Nov	▼ 7.51	34.68	▼ 7.46	34.46
Dec	▼ 7.59	35.05	▼ 7.59	35.06
Jan 24	▼ 7.65	35.31	▼ 7.71	35.59
Feb 24	▼ 7.56	34.94	▼ 7.62	35.20
Mar 24	▼ 7.32	33.81	▼ 7.33	33.85
Apr 24	▼ 7.05	32.55	7.08	32.68
May 24	6.92	31.96	6.94	32.07
June 24	6.84	31.60	6.87	31.72

# LOCAL HIGHLIGHTS – Domestic Forecast for MRP & LNG Import Parity as of 9 June 2023

## LNG Spot Import Parity Forecast into Malacca vs MRP Forecast



Source: AGH Market Analysis

Month	Import Parity - MRP Spread	Change	APAC Term Ave - MRP Spread	Change
May-23				
Jun-23			-4.31	▼ -0.11
Jul-23	-0.29	▲ 2.56	0.72	▲ 0.49
Aug-23	0.30	▲ 0.71	0.54	▲ 0.54
Sep-23	2.30	▼ -1.48	0.28	▲ 0.54
Oct-23	7.33	▼ -2.73	-0.60	▼ -0.06
Nov-23	17.26	▼ -2.18	-0.89	▼ 0.00
Dec-23	22.68	▼ -4.26	-1.11	▼ 0.00
Jan-24	27.19	▼ -3.56	0.51	▲ 0.36
Feb-24	25.41	▼ -6.94	0.13	▲ 0.35
Mar-24	15.33	▼ -5.73	-0.04	▲ 0.33
Apr-24	13.53	▼ -7.28	0.05	▲ 0.02
May-24	15.30	▼ -7.24	-0.29	▲ 0.00

Source: AGH Market Analysis

### Commentary

July and August remains as ideal months for LNG importers to bring spot cargo to Malaysia as import parity prices are below the MRP level.

MRP = Malaysia Reference Price used for domestic market

# LOCAL HIGHLIGHTS – Peninsular Gas Utilities (PGU) Gas Volume Updates as of 9 June 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'ganganu	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 9 June 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

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

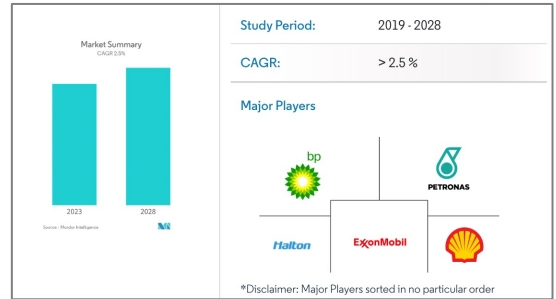
RGTSU : Regas Terminal Sungai Udang, Malacca

RGTP : Regas Terminal Pengerang

## FUN FACTS

### 1 Malaysia Oil & Gas Market Size

The Malaysian oil and gas market is expected to record a CAGR of slightly more than 2.5% during the forecast period. The upstream segment is likely to be the fastest-growing sector during the forecast period. A high number of discoveries in recent years and ongoing exploration activities are expected to provide a significant opportunity for players in the country's oil and gas market.



Source: Mordor Intelligence Research & Advisory. (2023, June). Malaysia Oil and Gas Market Size & Share Analysis - Growth Trends & Forecasts (2023 - 2028).

### 2 ChatGPT Let's ask...

#### What are major factors that can bring down the price of natural gas ?

Several factors can contribute to a decrease in the price of natural gas. Here are some key factors that can lead to lower natural gas prices:

1. **Oversupply:** An increase in natural gas production or a decrease in demand can lead to an oversupply in the market, causing prices to fall.
2. **Mild weather:** Warmer-than-average temperatures during winter or cooler-than-average temperatures during summer can reduce the demand for natural gas for heating and cooling purposes, leading to lower prices.
3. **Increase in renewable energy:** The growth of renewable energy sources like solar, wind, and hydroelectric power can reduce the demand for natural gas, resulting in lower prices.
4. **Economic slowdown:** A decrease in economic activity can reduce industrial and commercial demand for natural gas, leading to a drop in its price.
5. **Technological advancements:** Improvements in extraction methods, such as hydraulic fracturing and horizontal drilling, can increase the efficiency of natural gas production and lower production costs, which can result in lower prices.
6. **Stronger currency:** If the currency of a natural gas importing country strengthens against the currency of an exporting country, the importing country can buy more natural gas for the same amount of money, potentially lowering the price.
7. **Government policies:** Regulations and policies that promote energy efficiency, reduce natural gas consumption, or encourage the use of alternative energy sources can lead to decreased demand and lower prices.
8. **Competition from other energy sources:** When the prices of alternative energy sources like coal or oil decrease, it can put downward pressure on natural gas prices, as consumers and industries may choose these alternatives over natural gas. These factors can work together or individually to bring down the price of natural gas in the market. It's important to keep in mind that the natural gas market can be volatile, and prices can be influenced by a variety of factors that can change rapidly.

**END OF REPORT**