



AGH Bulletin

No. 12/2023
Published on 23 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

Iran Plans To Create A Regional Natural Gas Hub

1. Iran is looking to set up a natural gas hub in the Persian Gulf and is cooperating with Russia, Qatar and Turkmenistan to that end.
2. The main location of the plan is Asaluyeh region, which is a port and energy hub in the southern Bushehr province in the Gulf.
3. The country will also continue its natural gas swap deals with neighbouring countries.
4. Iran is estimated to hold the world's second-largest natural gas reserves, second only to Russia, and ahead of Qatar, Turkmenistan and the United States. With 32 trillion cubic meters, Iran is second home to 16% of global natural gas reserves.
5. A lot of Iran's reserves are concentrated in the South Pars offshore field in the Persian Gulf, which it shares with Qatar and the total production for 2020 reached 234 billion cubic meters or a daily average

AGH Commentary

Should Iran decide to supply on term, it will be the first SPA for them in the industry. It will be interesting to discover in which market they targeted.

Qatar Signs 27-Year Gas Supply Deal With China's CNPC

1. Qatar has agreed to supply 4 million metric tons per annum (mmtpa) of LNG to China National Petroleum Corporation (CNPC) for 27 years.
2. The natural gas origins will be coming from North Field East Expansion Project, the world's biggest natural gas reserves and extends under the Gulf into Iranian territory. Qatar is raising its LNG production by 60%-plus to 126 million metric tons a year by 2027.
3. This will become the second LNG sale and purchase agreement between Qatar and China within the North Field East Expansion Project, seven months after a deal with the same terms was struck with China's Sinopec.
4. Both deals are the longest seen in the LNG industry.

Source: Free Malaysia Today, 20 June 2023

AGH Commentary

Asian markets mainly China are the main market for Qatar's LNG export which provides long term purchase commitment and strong financial payments.




ASIA GAS HUB
We build gas markets for tomorrow!

**Come and discover
how you can be a part of it!**

Energy Asia
Charting Pathways
for a Sustainable Asia

26 – 28 June 2023
Kuala Lumpur Convention Centre, Malaysia

SAVE THE DATE

BOOTH NO
P10
HALL 4

Natural Gas
20 + 6.2
+ Crude

REC JAN FEB MAR

Petrobangla To Sign 10- Year LNG Deal With Oman Trading International (OTI)

1. The deal is expected to be signed on Monday, 26th June 2023 in Dhaka. Under the new contract, Bangladesh will begin receiving an additional 0.5 million to 1.5 million metric tons per year of LNG from January 2026.
2. OTI could also supply 0.25 mtpa late in 2025. There is no details on the pricing rate as it is a confidential deal. Nevertheless, Petrobangla officials says the rate is very good in the current context of the global market.
3. This will be Petrobangla's second contract with OTI. It already has a 10-year contract for 1 million metric tons a year from 2019 to 2029.
4. Under the existing deal, the LNG is priced at 11.9% of the three-month average price of Brent crude oil plus a constant price of 40 cents per mmBtu.
5. It will be Bangladesh's second long term contract signed this year following a Petrobangla deal with Qatar Energy this month for the annual supply of 1.8 million metric tons of LNG, starting in 2026, for 15 years.

Source: Energyworld.Com, 19 June 2023

AGH Commentary

The deal must be good for Petrobangla in terms of price which is believed to be below market level.

Pakistan Fails To Secure LNG Cargoes In First Attempt In About A Year

1. Crises-hit Pakistan has failed to secure LNG from the spot market in its first attempt in about a year, as no supplier seems to budge to the cash-strapped nation's offer.
2. It was reported Pakistan LNG Limited (PLL) bid to purchase six shipments for October to December 2023 closed Tuesday, 20th June 2023 with no companies responding to the offer.
3. Many overseas banks were not accepting letter of credit (LCs) from Pakistani financial institutions to procure LNG shipments, making suppliers reluctant to offer cargoes.
4. The country is struggling with a depreciating currency, political turmoil, and an increased risk of a default on its foreign debt.
5. In addition, the International Monetary Fund (IMF) came down hard on the federal government's recently presented budget, a sign that June-end deadline to unlock funds won't be met. Source: Geo News, 20 June 2023

AGH Commentary

Pakistan's financial and political situation need to be stronger to attract LNG suppliers especially in current tight market.

HOME

Malaysia's Trade Surplus Expands 21.4% In May 2023

1. Malaysia's trade surplus rose 21.4% year-on-year (yoy) to RM15.42 billion in May 2023, registering a 37th consecutive month of double-digit growth since May 2020.
2. The Investment, Trade and Industry Ministry (Miti) said "exports showed signs of recovery" in May, posting a marginal contraction of 0.7% y-o-y to RM119.61 billion against double-digit decline in the previous month. This was supported by higher exports in petroleum products, electrical and electronic (E&E) products, machinery, equipment and parts, as well as processed food.
3. Exports to major trading partners, notably China, the United States and Japan recorded expansion.

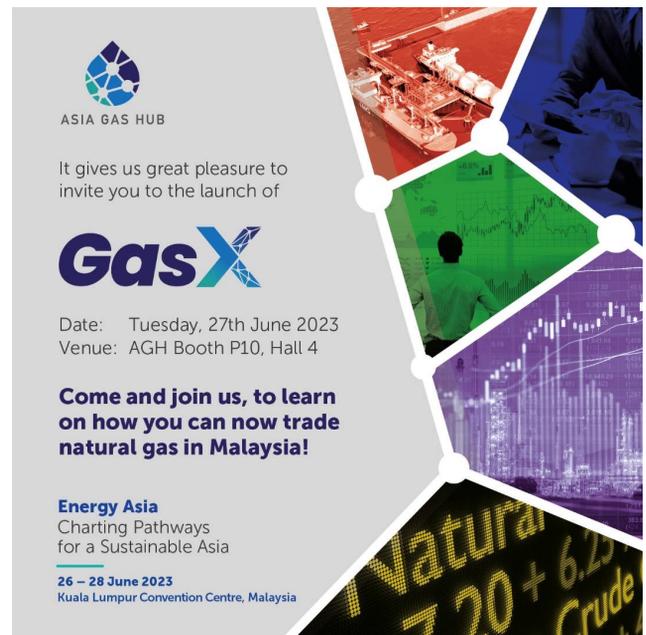
Source : The Malaysian Insight, 20 June 2023

AGH Commentary

Export of petroleum products including LNG continues to be a major contributor to the Malaysian economy

Asia Gas Hub launching GasX platform at Energy Asia 2023 conference

1. Asia Gas Hub shall be launching its digital gas trading platform GasX, as part of a larger overall strategy to open up the natural gas market in Malaysia.
2. The "first of its kind" platform in Malaysia aims to assist buyers and sellers of natural gas to post, negotiate and execute natural gas contracts for delivery off the Malaysian extensive natural gas pipeline system. This is hoped to be instrumental for the development of a more transparent, efficient, competitive and liquid gas market benefiting the users, and making Malaysia an even more attractive investment destination.
3. GasX is customized for Malaysia's gas market using COMET's newest technology, CG Hub.
4. The implementation of GasX will start from a 'demo' environment to allow the users to familiarize with the system before going into 'production/life' environment where an actual bid, offer and trading occurs.
5. Interested parties can register to access and try out GasX.
6. Contact us at info@asiagashub.com



The poster features the Asia Gas Hub logo at the top left. Below it, the text reads: "It gives us great pleasure to invite you to the launch of GasX". The GasX logo is prominently displayed in the center. Below the logo, the event details are listed: "Date: Tuesday, 27th June 2023" and "Venue: AGH Booth P10, Hall 4". A call to action states: "Come and join us, to learn on how you can now trade natural gas in Malaysia!". At the bottom, the "Energy Asia" logo is shown with the tagline "Charting Pathways for a Sustainable Asia" and the dates "26 – 28 June 2023" at the "Kuala Lumpur Convention Centre, Malaysia". The background of the poster is a collage of images related to the energy sector, including a gas rig, a person in a hard hat, and a financial chart.

GLOBAL HIGHLIGHTS – LNG & Natural Gas

Snapshot as of 23 June 2023

ASIA PACIFIC/INDIA

1. Spot LNG prices in Asia rose for the first week since mid-December in the seven days to June 16, jumping to USD13.50 per MMBtu, and closed at USD12.27 per MMBtu yesterday, 22 June 2023 for the front month of August.
2. Higher natural gas price in Europe are filtering through to Asia, even though demand for spot cargoes remain muted, especially in top importer China and Japan, largely as a result of its ample inventories and weak demand from local gas-used industries.

AGH Commentary

Asian LNG prices has been tracking Europe's gas benchmark, Dutch TTF. European players are paying high premium to buy cargoes due to concerns over shortage of supplies.

Source: Industry and Reuters, 20 June 2023

EUROPE

1. Gas prices at the Dutch TTF hub turned bullish since the 2nd week of June. This is mainly due to reports on plans to close production at the Dutch Groningen gasfields in October, and ongoing maintenance at the Norwegian Troll and Oseberg gas fields, which followed an extension to an outage at the Nyhamna gas processing plant.
2. Gas prices had hovering in a Euro30-50/MWh range over the last two weeks and was closed at Euro34.10/MWh or USD9.10/MMBtu or RM42.32/MMBtu yesterday, 22nd June.

AGH Commentary

Concerns over disruptions of natural gas supply has caused Europe's gas prices to soar.

Source: Reuters, 08 June 2023

Freight Charges Selected Region as of 23 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 23 June 2023

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	-	-	▲ 9.10	42.32	▲ 2.62	12.17
Aug	▲ 12.35	57.44	▲ 9.16	42.61	▲ 2.71	12.62
Sep	▲ 12.84	59.72	▲ 9.60	44.65	▲ 2.70	12.56
Oct	▲ 14.35	66.72	▲ 10.93	50.85	▲ 2.80	13.03
Nov	▲ 16.94	78.77	▲ 13.39	62.30	▲ 3.16	14.70
Dec	▲ 18.05	83.97	▲ 14.30	66.50	3.59	16.68
Jan 24	▲ 18.33	85.23	▲ 14.43	67.11	3.84	17.84
Feb 24	▲ 18.62	86.61	▲ 14.41	67.01	-	-
Mar 24	▲ 16.06	74.67	▲ 14.15	65.83	-	-
Apr 24	▲ 16.65	72.81	▲ 13.61	63.31	-	-
May 24	▲ 15.86	73.75	▲ 13.41	62.38	-	-

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	▼ 61.68	-	-
Jul	▼ 61.83	-	▼ 65.45
Aug	▼ 61.68	▼ 57.64	▼ 64.65
Sept	▼ 61.46	▼ 57.72	▼ 64.15
Oct	▼ 61.10	▼ 57.71	▼ 64.79
November	▼ 60.74	▼ 57.67	▼ 63.45
December	▼ 60.39	▼ 57.50	▼ 63.10
Jan24	▼ 60.17	57.33	▼ 63.10
Feb24	▲ 59.95	▼ 57.17	▼ 62.42
Mar24	59.43	56.97	▼ 62.14
Apr 24	▲ 59.24	56.76	▼ 60.23
May 24	▲ 59.07	56.56	▼ 61.68

Source: CME Group Market Data, ICE Energy Report

GLOBAL HIGHLIGHTS – LNG & Natural Gas

Outlook as of 23 June 2023 (cont'd)

Regional Coal Future Index

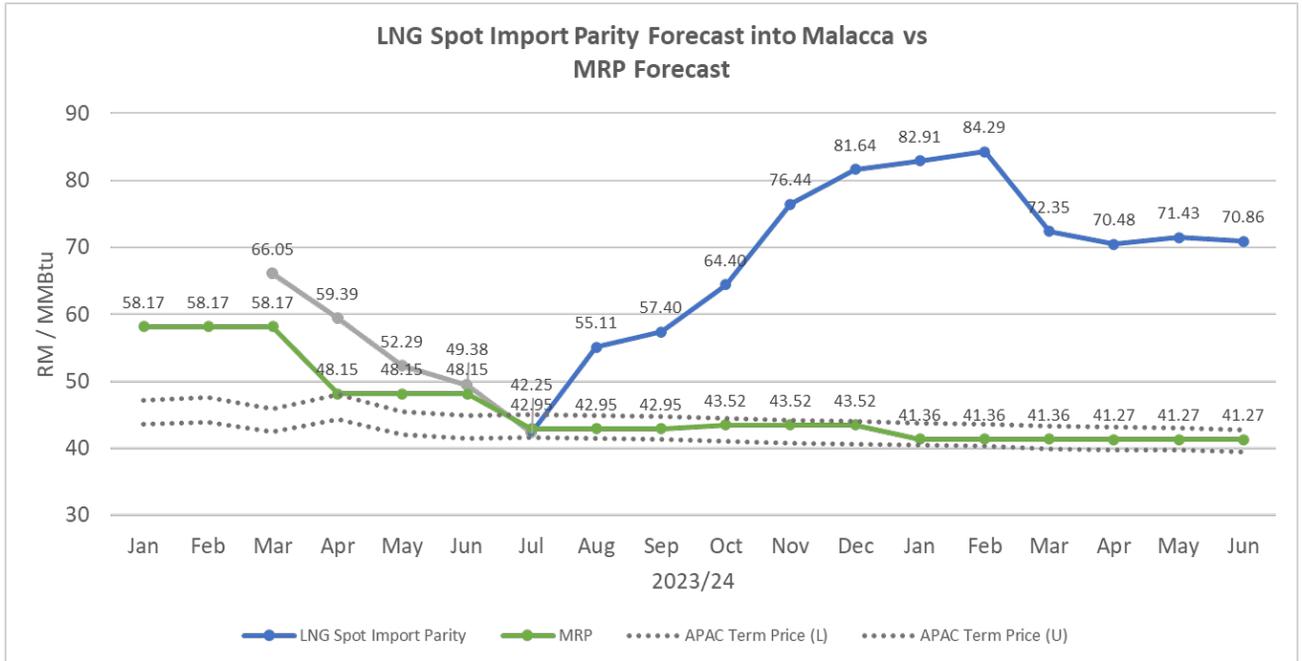
Month 2023	Indonesia Coal Index (ICI) 4		ICE Newcastle Coal Index	
	USD/ MMBtu	RM/ MMBtu	USD/ MMBtu	RM/ MMBtu
July	N/A	N/A	▼ 5.08	24.07
Aug	N/A	N/A	▼ 5.10	24.61
Sep	N/A	N/A	▼ 5.18	25.11
Oct	N/A	N/A	▼ 5.21	25.45
Nov	N/A	N/A	▼ 5.31	25.67
Dec	N/A	N/A	▼ 5.34	25.65
Jan 24	N/A	N/A	▼ 5.50	26.23
Feb 24	N/A	N/A	▼ 5.49	26.18
Mar 24	N/A	N/A	▼ 5.47	25.87
Apr 24	N/A	N/A	▲ 5.42	24.85
May 24	N/A	N/A	▲ 5.36	24.09

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
July	▼ 6.64	30.87	▼ 6.36	29.58
Aug	▼ 6.79	31.60	▼ 6.49	30.17
Sep	▼ 7.00	32.57	▼ 6.73	31.30
Oct	▼ 7.21	33.52	▼ 7.95	32.34
Nov	▼ 7.39	34.37	▼ 7.20	33.47
Dec	▼ 7.52	34.98	▼ 7.35	34.18
Jan 24	▼ 7.53	35.01	▼ 7.55	35.11
Feb 24	▼ 7.51	34.93	▼ 7.54	35.06
Mar 24	▼ 7.23	33.63	▼ 7.27	33.80
Apr 24	▼ 6.93	32.22	▼ 7.03	32.69
May 24	▼ 6.78	31.52	▼ 6.91	32.15
June 24	▼ 6.70	31.18	▼ 6.84	31.79

LOCAL HIGHLIGHTS – Domestic Forecast for MRP & LNG Import Parity as of 23 June 2023



Source: AGH Market Analysis

Month	Import Parity - MRP Spread	Change	APAC Term Ave - MRP Spread	Change
Jul-23	-0.70	▼ -0.41	0.34	▼ -0.39
Aug-23	12.17	▲ 11.87	0.22	▼ -0.32
Sep-23	14.45	▲ 12.15	0.08	▼ -0.20
Oct-23	20.88	▲ 13.55	-0.75	▼ -0.15
Nov-23	32.93	▲ 15.66	-1.00	▼ -0.12
Dec-23	38.13	▲ 15.45	-1.25	▼ -0.14
Jan-24	41.54	▲ 14.35	0.75	▲ 0.24
Feb-24	42.92	▲ 17.51	0.60	▲ 0.47
Mar-24	30.98	▲ 15.65	0.23	▲ 0.28
Apr-24	29.21	▲ 15.68	0.20	▲ 0.15
May-24	30.16	▲ 14.85	0.08	▲ 0.36
Jun-24	29.59	▲ 14.29	-0.23	▲ 0.06

Source: AGH Market Analysis

Commentary

The drastic jump in import parity is due to the sharp rise in global LNG spot prices. This situation causes the spread with MRP to widen.

MRP = Malaysia Reference Price used for domestic market

LOCAL HIGHLIGHTS – Peninsular Gas Utilities (PGU) Gas Volume Updates as of 23 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'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 23 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

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

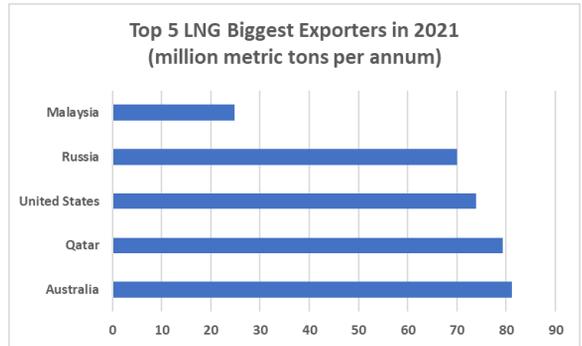
RGTP : Regas Terminal Pengerang

FUN FACTS

1 **Malaysia Retained 5th Largest Exporter of LNG In The 2022 World LNG Report**

In 2021, Malaysia retained previous year's position as the 5th largest exporter of LNG, after Australia, Qatar, United States and Russia.

Total LNG export from Malaysia in 2021 was 24.9 MTPA, slight increase from 23.9 MTPA in 2020. This constitutes about 6.7% of the total LNG traded globally.



Source: Malaysia's LNG Export in 2022 World LNG Report, 7th July 2022, Malaysian Gas Association (MGA), .

2 **ChatGPT** Let's ask...

Which Industry Uses Natural Gas The Most ?

The electric power industry is the sector that uses natural gas the most. Natural gas is commonly used in power plants to generate electricity due to its relatively low cost, cleaner burning properties compared to other fossil fuels like coal, and flexibility in power generation. Natural gas power plants are often used as a complement to renewable energy sources, as they can quickly ramp up or down to meet fluctuating electricity demand. Additionally, natural gas is also utilized in industries such as residential and commercial heating, manufacturing, and as a feedstock in the production of chemicals and fertilizers.

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

END OF REPORT