

MARKET COMMENT

Six suppliers offer into Argentina

Offers into Argentina's buy tender for 10 cargoes for deliveries from May to December were understood to be relatively limited, and South American buyers are likely to re-issue another tender for the cargoes near end-2013.

At least seven cargoes were heard offered into the tender, with the majority of those offers clustered around the prompt windows in May, June and July.

The cargoes were offered by six sellers: BP, Shell, Russia's Gazprom, US-based investment bank Morgan Stanley, Brazil's Petrobras and Houston-headquartered Exceleerate Energy.

The tender, which closed on Tuesday, was expected to yield results on Friday, but confirmation as to how many cargoes were awarded has yet to emerge.

Argentina's state-run gas company ENARSA and its procurement agent Yacimientos Petroliferos Fiscales (YPF) were seeking volumes as prompt as one cargo in May, one in June, and three in July, which were expected to be awarded first. The remaining cargoes in the 10-slot tender – one each in August, September, November and two in December – will likely re-issued.

Offers were received on comparable levels to previous tenders, which have averaged about \$13.00/MMBtu premium above the US Henry Hub futures settlement, sources in the country said.

"YPF will be looking for weaker prices, but \$13.00/MMBtu [premium to US Henry Hub] would have good support," said a trading source in the Americas.

However, other market sources were more sceptical that offers at those levels could be received, given the recent slowdown in northeast Asia and perceived lengthening of the supply of prompt cargoes.

Malaysia's state-run oil and gas company PETRONAS and Switzerland-based commodities trader Vitol, which were participants of the most recent Argentina tender, were understood not to have submitted offers.

European reloads head to Argentina

Two more vessels are expected to arrive at Argentina's Bahia Blanca for the rest of April that were awarded in previous tenders.

The 177,000cbm *Ben Badis* is expected into Bahia Blanca on 23 April, ship tracking information showed. The vessel lifted a reload cargo from the Sines terminal in Portugal.

The Vitol-controlled *Ben Badis* [» Page 2](#)

SPOT LNG – EAST ASIA INDEX (EAX) \$/MMBtu				
Location	May '13	Day on day diff	Jun '13	Day on day diff
EAX	14.869	-0.150	14.950	-0.200

Methodology: The ICIS Heren Regional Indices are calculated averages of the DES assessments for each country within the region. The individual assessments used for each monthly index are published in the SPOT DES ASSESSMENTS table on page 2 of this report. Five half-month inputs are provided for the EAX, in addition to the two full front month indices. See table below. The ICIS Heren Regional Indices are a continuation of the ICIS Heren Pool Price series, published since 8 June 2010. The methodology is unchanged, except for the roll date moving forwards to the 16th of the month. Regional Indices for other locations are published at the bottom of this page. [Full methodology document.](#)

SPOT LNG – EAST ASIA HALF MONTH INPUTS \$/MMBtu										
	1H May 2013	Day on day diff	2H May 2013	Day on day diff	1H Jun 2013	Day on day diff	2H Jun 2013	Day on day diff	1H Jul 2013	Day on day diff
EAX	14.862	-0.150	14.875	-0.150	14.925	-0.200	14.975	-0.200	15.700	-0.100
Japan	14.950	-0.150	14.950	-0.150	14.950	-0.200	15.000	-0.200	15.750	-0.100
South Korea	14.800	-0.150	14.800	-0.150	14.900	-0.200	14.950	-0.200	15.650	-0.100
China	14.800	-0.150	14.850	-0.150	14.900	-0.200	14.950	-0.200	15.650	-0.100
Taiwan	14.900	-0.150	14.900	-0.150	14.950	-0.200	15.000	-0.200	15.750	-0.100

EAST ASIA SPOT BIDS AND OFFERS \$/MMBtu				
Bid/Offer	Delivery Period	Price	Origin	Destination
Bid	June	14.250	TBC	Japan/ South Korea
Offer	June	15.200	Atlantic basin	Japan
Offer	July	16.000	Atlantic basin	Japan

LATEST GLOBAL SPOT TRANSACTIONS \$/MMBtu				
Transaction date	Delivery Period	Price	Origin	Destination
1-5/04/2013	01-31/05/2013	TBC	TBC	Taiwan
15/01/2012	11/04/2013	\$15.50	Point Fortin	Escobar
15/01/2012	28/03/2013	\$15.50-16.00	Point Fortin	Bahia Blanca
02/04/2013	19/04/2013	\$14.10-14.40	Bonny	Dabhol
24/12/2013	07/04/2013	\$15.50-16.00	Point Fortin	Bahia Blanca

SPOT LNG – REGIONAL INDICES \$/MMBtu				
Location	May '13	Day on day diff	Jun '13	Day on day diff
Mediterranean (MDX)	11.161	0.009	10.881	-0.004
NW Europe (NEX)	10.342	0.015	10.232	-0.009
Iberia (IBX)	11.737	0.034	11.647	0.000
South America (SAX)	15.443	-0.033	15.567	-0.033

Methodology: The ICIS Heren Regional Indices are calculated averages of the individual DES assessments for each country within the region. The methodology is the same as for the EAX and these indices are also a continuation of the Pool Price series, published since 8 June 2010. The individual assessments used for each monthly index are published in the SPOT DES ASSESSMENTS table on page 2 of this report. [Full methodology document.](#)

Markets/Shipping

SPOT DES ASSESSMENTS						\$/MMBtu		
Location	May '13	Day on day diff	EAX Spread	NBP Spread	Jun '13	Day on day diff	EAX Spread	NBP Spread
Japan	14.950	-0.150	0.081	4.438	14.975	-0.200	0.025	4.652
South Korea	14.800	-0.150	-0.069	4.288	14.925	-0.200	-0.025	4.602
China	14.825	-0.150	-0.044	4.313	14.925	-0.200	-0.025	4.602
Taiwan	14.900	-0.150	0.031	4.388	14.975	-0.200	0.025	4.652
India	14.150	-0.150	-0.719	3.638	14.350	-0.050	-0.600	4.027
Dubai	11.012	0.035	-3.857	0.500	10.822	0.000	-4.128	0.499
Kuwait	14.200	-0.200	-0.669	3.688	14.450	-0.100	-0.500	4.127
Turkey	11.450	-0.027	-3.419	0.938	11.250	-0.022	-3.700	0.927
Greece	11.462	0.035	-3.407	0.950	11.172	0.000	-3.778	0.849
Italy	10.570	0.020	-4.299	0.058	10.220	0.010	-4.730	-0.103
Spain	11.712	0.034	-3.157	1.200	11.622	0.000	-3.328	1.298
Portugal	11.762	0.034	-3.107	1.250	11.672	0.000	-3.278	1.348
Netherlands	10.344	-0.024	-4.525	-0.168	10.346	-0.024	-4.604	0.023
Belgium	10.211	0.018	-4.658	-0.300	10.251	-0.012	-4.699	-0.073
France	10.406	0.034	-4.462	-0.105	10.218	0.000	-4.732	-0.105
Britain	10.406	0.034	-4.462	-0.105	10.115	0.000	-4.835	-0.208
US East	12.580	0.060	-2.289	2.068	12.270	0.010	-2.680	1.947
US Gulf	12.480	0.060	-2.389	1.968	12.170	0.010	-2.780	1.847
Chile	14.980	-0.040	0.111	4.468	15.120	-0.040	0.170	4.797
Brazil	14.930	-0.040	0.061	4.418	15.020	-0.050	0.070	4.697
Argentina	16.420	-0.020	1.551	5.908	16.560	-0.010	1.610	6.237

The EAX spread value represents the individual DES assessment for the contract minus the EAX price for corresponding period. The NBP spread represents the individual DES assessment for the contract in question minus the ICIS Heren benchmark NBP assessment published in European Spot Gas Markets on the day prior to publication.

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berthed Sines on 1 April after visiting Nigeria LNG (NLNG) for what is thought to be a cool-down and partial load.

The *Ben Badis* spent six days at Sines in what is considered to be another partial loading aboard the ship to balance the LNG specification for the vessel's final destination, given Argentina's preference for gas with a lower percentage of ethane for Bahia Blanca.

This could have been feasibly done at Sines, given that inventory levels at the Portuguese terminal rose from 194,500cbm on 27 March to 322,190cbm on 29 March, according to Gas Infrastructure Europe (GIE) data, following the arrival of an Egyptian-sourced cargo.

That cargo was supplied on board the 160,000cbm *Lobito*, which took Idku volumes into Sines on 28 March, according to ship data. The vessel was understood to have been on a short one-voyage sub-charter with Vitol at the time.

Terminal inventory levels then fell by 182,930cbm, while only 106,440cbm was sent out onto the Portuguese national transmission grid, according to GIE data, suggesting the *Ben Badis* had taken a 76,490cbm reload cargo from Sines.

Vitol is not scheduled to deliver an April cargo to Bahia Blanca, according to a source

in Argentina. The trading company was awarded 30% of the volumes for Escobar and two cargoes in the latest tender, although the exact delivery windows are not known.

Sellers hold back in northeast Asia

Trading activity remained thin in northeast Asia as sellers continued to hold back on June and July offers into the region.

One firm offer from a supplier with access to Atlantic Basin volumes was heard for June delivery into Japan at \$15.20-15.30/MMBtu, although, with buyers understood to be relatively comfortable with their existing term supply positions and stock levels, the gap between bids and offers has yet to close, sources said.

With June spot price expectations now at least \$1/MMBtu below long-term contract price levels, participants said that some Japanese utilities that have delivery flexibility may come back into the market for June volumes but were in no rush to transact as they believe the absence of any clear bullish factors in the spring market would bring about a further decline in prices.

While demand remains tepid in Japan with Kyushu Electric Power and Kansai Electric Power understood to have filled gaps some procurement gaps with string deals, Japanese

FOB RELOAD ASSESSMENTS		\$/MMBtu
	May '13	Day on day diff
Zeebrugge	13.05	-0.05
US Gulf	13.23	0.06

SPOT FOB ASSESSMENTS		\$/MMBtu
Location	Price	Day on day diff
Middle East	13.990	-0.200
North Africa	14.710	0.000
Nigeria	15.070	0.000
Far East	14.410	-0.150
Trinidad	15.050	0.000
Northeast Asia	14.560	-0.150
Australia	14.040	-0.150
Northern Europe	13.400	-0.020

trading sources said that Chubu Electric Power and Tokyo Electric (TEPCO) could attempt advantage and secure June cargoes.

Kuwait's 2013 import season opens

State-owned Kuwait Petroleum Corp (KPC) brought its first cargo into its Mina Al Ahmadi floating storage regasification unit (FSRU) at the end of last week, according to ship data.

The Qatar-sourced cargo delivered by Shell aboard the 155,000cbm *Trinity Arrow* is thought to be part of a mid-term agreement between the two counterparties. The Anglo Dutch major has been contracted to supply KPC with up to nine cargoes over its summer import season since 2009.

There has been speculation that KPC may opt to take advantage of falling prices and procure spot cargoes at the start of its buying season. That call to market, however, is not considered to have been awarded and KPC is not currently looking at front month spot procurement above and beyond its two mid-term deals, sources said.



Markets/Shipping

NBP COMMENT

The **NBP Day-ahead** natural gas contract fell to its lowest close since 19 February on Friday, with the market confident that a weather-driven fall in demand justified the loss.

With a significant switch to storage injection expected over the weekend, the prompt closed at a discount to the front month for the first time since late January.

With crude oil diving and the NBP seasons generally following suit, the front month May contract stood out, closing up. With little indication of any changes in market fundamentals for next month, traders put the increase down to buying on the ICE exchange.

"It looks like a fund bought a load of May '13 and sold the front winter on ICE," one trader said after volumes traded on the two contracts on the exchange doubled from Thursday to Friday.

Traders will closely monitor flows from South Hook after they rose by 20mcm/day to 50mcm/day on Friday – the terminal's largest intra-day change of the month to date – with a further two vessels scheduled to berth there by 18 April. The facility has recorded a mid-month increase in flows several times, including April last year.

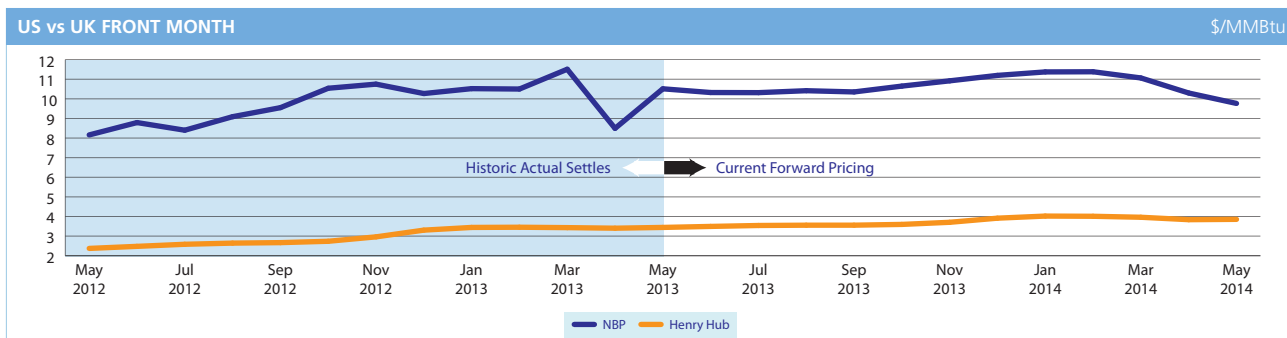
NYMEX COMMENT

NYMEX natural gas futures finished up for the third straight day, boosted by the strong short-term demand outlook from the Midwest region due to continued colder-than-average temperatures and dwindling gas inventories.

The May '13 front month contract settled for 12 April up just over \$0.08/MMBtu at \$4.22/MMBtu, setting a new 2013 high for the second consecutive day. The contract began the day rising and remained at least \$0.04/MMBtu above Thursday's close throughout the session. Contracts on the forward month curve also settled up, by between \$0.03/MMBtu and \$0.10/MMBtu.

Changing weather forecasts for the next two weeks have improved the demand outlook for the Midwest region, while ongoing nuclear power plant outages are increasing gas demand for power generation purposes.

These factors combined have taken gas stocks to their lowest level since May 2011. The 14 billion cubic feet (bcf) storage withdrawal reported in Thursday's weekly report increased the inventory deficit to over 800bcf compared to last year.



Location	Price	Diff
ICIS Heren NBP May '13	10.512	0.034
ICIS Heren NBP Jun '13	10.322	0.000
ICIS Heren Zeebrugge May '13	10.527	0.019
ICIS Heren Zeebrugge Jun '13	10.462	-0.012
ICIS Heren Japan Import May '13	16.442	0.000
ICIS Heren Japan Import Jun '13	16.208	0.000
Latest Published JCC Feb '13	19.253	0.000
NYMEX Henry Hub May '13	4.222	0.083
NYMEX Henry Hub Jun '13	4.261	0.082
ICIS Brent May '13	17.839	-0.202
ICIS Brent Jun '13	17.837	-0.233
NYMEX WTI May '13	15.786	-0.384
NYMEX WTI Jun '13	15.842	-0.387

	Price	Day on day diff
Atlantic prompt	103000	0
Pacific prompt	103000	0
Atlantic long-term	90000	0
Pacific long-term	85000	0

	IFO 380		IFO 180		MDO	
	Price	Day on day diff	Price	Day on day diff	Price	Day on day diff
Singapore	621.00	-5.00	631.50	-5.50	882.00	-5.00
Rotterdam	586.50	-8.00	611.00	-7.50	n/a	n/a
Fujairah	623.00	-3.50	669.50	0.00	na	n/a
Houston	604.00	-2.50	679.00	-2.50	n/a	n/a

Source: Bunkerworld

Ship name	Effective control	Availability window	Period	Size cbm	Location	Tanks
Sonangol Etosha	Angola LNG	Prompt	Short-term	160,000	Pacific Basin	Warm
Malanje	Angola LNG	Prompt	Short-term	160,001	Pacific Basin	Warm
Sonangol Sambizanga	Angola LNG	Prompt	Short-term	160,000	Atlantic Basin	Cold
Soyo	Angola LNG	Prompt	Short-term	160,000	Atlantic Basin	Cold
Wilpower	Awilco	Prompt	Open	125,660	Pacific Basin	Warm
Golar Viking	Golar	Prompt	Open	140,000	Atlantic Basin	Cold
Sohar LNG	Oman LNG	Prompt	Open	137,248	Pacific Basin	Cold
Pacific Eurus	TEPCO	Prompt	Short-term	135,000	Pacific Basin	Cold
Arwa Spirit	Yemen LNG	Prompt	Short-term	165,000	Pacific Basin	Cold
Stena Blue Sky	Stena LNG	June	Open	142,903	Atlantic Basin	Cold

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Taiwan's CPC in the market between June and October

Taiwan's incumbent LNG buyer CPC is still probing the market for a single June cargo and is expected to require one or two cargoes per month between July and October to supplement its contractual uptake, market sources said.

Looking ahead, CPC's demand for the summer period has not been finalised, a source at CPC said, adding that spot requirements will depend on several factors including temperature forecasts, downstream consumption and alternative power generation.

Seasonally warmer temperatures and a rise in air conditioning demand tend to increase the country's use of gas during the summer season.

According to the one-month outlook by Taiwan's Central Weather Bureau (CWB), temperatures are likely to be at near-average levels through 3 May.

Energy consumption could increase, driven by an uptick in export trade, as Taiwan's total exports for March increased to \$27.23bn, up by 37.9% from February 2013 and by 3.3% from March 2012, according to statistics released by the country's Ministry of Finance on 8 April.

Taiwan's energy mix re-distributed

Falling electricity consumption has allowed Taipower to reduce the operating rates at its high-cost power generation plants, a company source said.

Three out of four oil-fired power generation units were taken off line at the beginning of April and could remain out of operation for most of the second quarter, the source said. They could be restarted in June, ahead of the peak summer demand, the source added.

"We have reduced our fuel oil [consumption] because, from the beginning of this year, we have maintained very low operating rates at our oil-fired units," he said.

The gas-fired and coal-fired units – the latter were taken off line at the end of 2012 for maintenance – are running at normal rates and are unlikely to be affected by the downturn in power consumption, while nuclear power production is stable.

The hydropower plants, which were taken off line in March because of a drought, have now been restarted following heavy rainfall earlier this month.

Taipower's LNG requirement for 2013 is estimated at around 7.8m tonnes, 60% of which is expected to be consumed between June and October. The utility accounts for 50-60% of Taiwan's total LNG consumption, estimated at more than 12mtpa. CPC is the sole provider of natural gas to Taipower.

CPC, CNOOC sign supply contract

CPC signed a master sales agreement with China National Offshore Oil Co (CNOOC) in the end-March/early April period that could see CNOOC divert volumes to Taiwan and vice versa.

Market sources understand this agreement is aimed at facilitating diversions of LNG cargoes and improving inventory flexibility at both sides of the strait. The parties involved have declined to comment on the time frame, prices or volumes to be supplied under the deal. A market participant said CNOOC has signed similar agreements with utility buyers in Japan and South Korea.



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Nigeria LNG feedgas pipeline to be restored in H2 April

Gas supply to the damaged pipeline that has limited production from the Nigeria LNG (NLNG) facility is expected to be restored the second half of April, a NLNG spokeswoman said on Friday.

Upstream feedgas supplier Shell Petroleum Development Company of Nigeria (SPDC) declared force majeure in early February when supply to the plant was disrupted by an attack to the GTS-2 pipeline.

NLNG announced a force majeure on its own LNG deliveries on 6 February.

The disruption initially resulted in a reduction of feedgas by around 45%, but SPDC has rerouted gas supply to the facility on Bonny Island, which has helped to ramp up NLNG's production rate to above 75%. However, full output has not yet resumed.

"NLNG will assess its own force majeure to its customers once this is achieved and the gas suppliers lift their force majeure," the spokeswoman said.

Separately, NLNG is conducting planned maintenance on one of its jetties, although this is not expected to affect exports.

Jetty-1 has been undergoing repairs on an ongoing basis and these are expected to be completed in June.

Jetty-2 has remained in full service, and will not be scheduled for maintenance this year, the spokeswoman said.

"These activities are conveniently scheduled and carried out whenever a slack is generated between the loadings of LNG and condensate cargo loadings, without impacting the commercial commitments," the spokeswoman added.

NLNG is jointly owned by Nigerian National Petroleum (49%), Royal Dutch Shell (25.6%), France-based Total (15%) and Italy's Eni (10.4%).

For more information on Trading LNG 2013, go to www.icisconference.com/lng



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