



An investigation of the LNG market in China.

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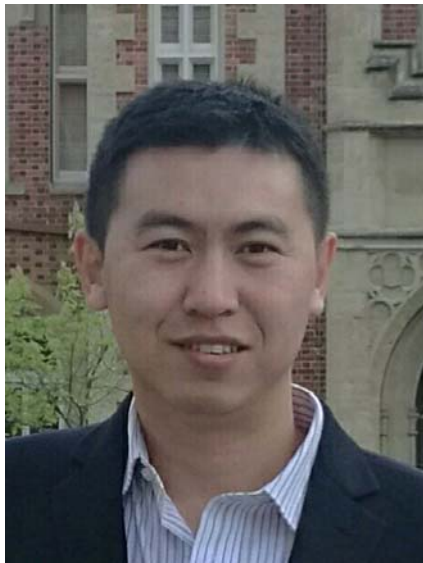
GROUP INTRODUCTION



Zhang Jinming



Ma Liangrong



Bao Liangliang



Pan Yao



Wang Yehong

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1. Global & Domestic LNG Supply and Demand,
2. The utilization of LNG in China,
3. The LNG market transaction in China,
4. Conclusion.

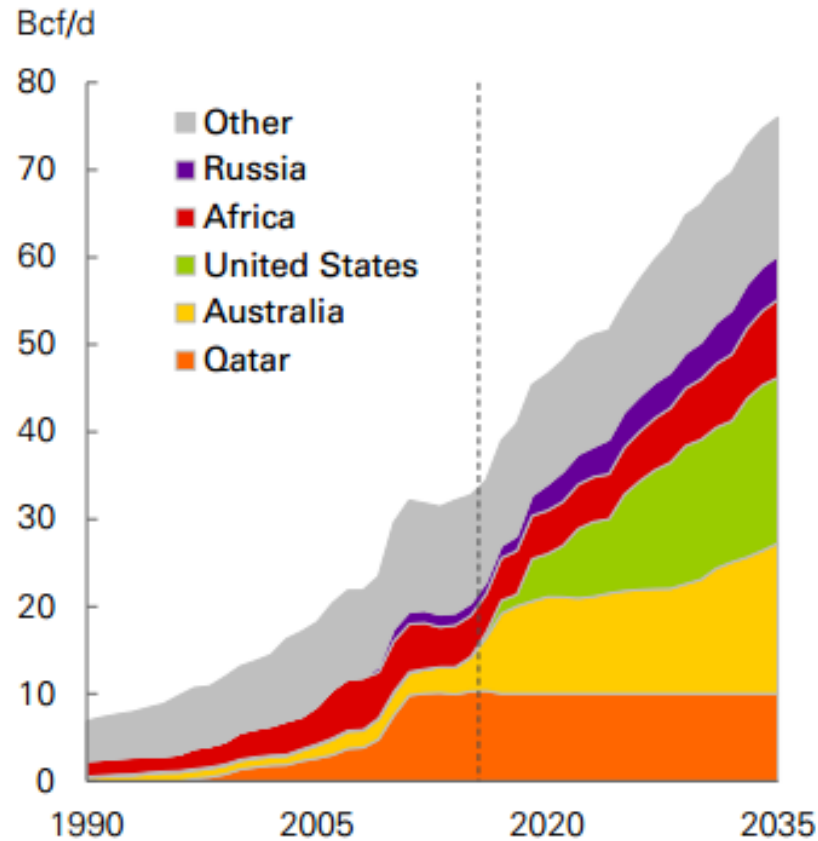
1.1 GLOBAL LNG SUPPLY AND DEMAND



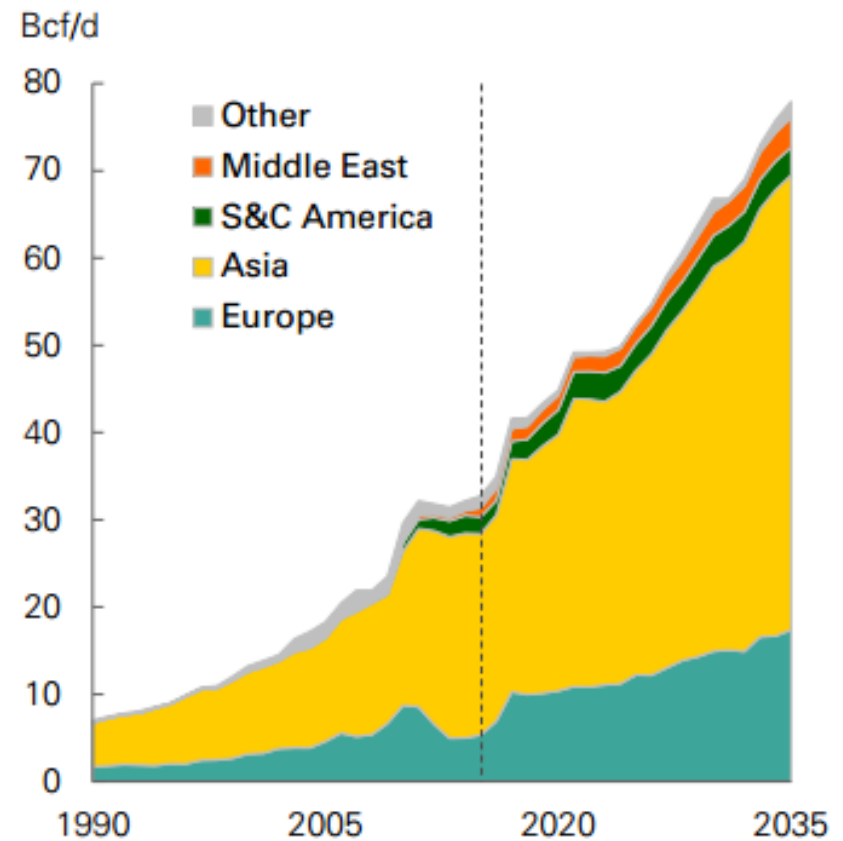
19 LNG Exporting Countries
0.34 trillion tonnes

Concentrated in Asia

LNG supply

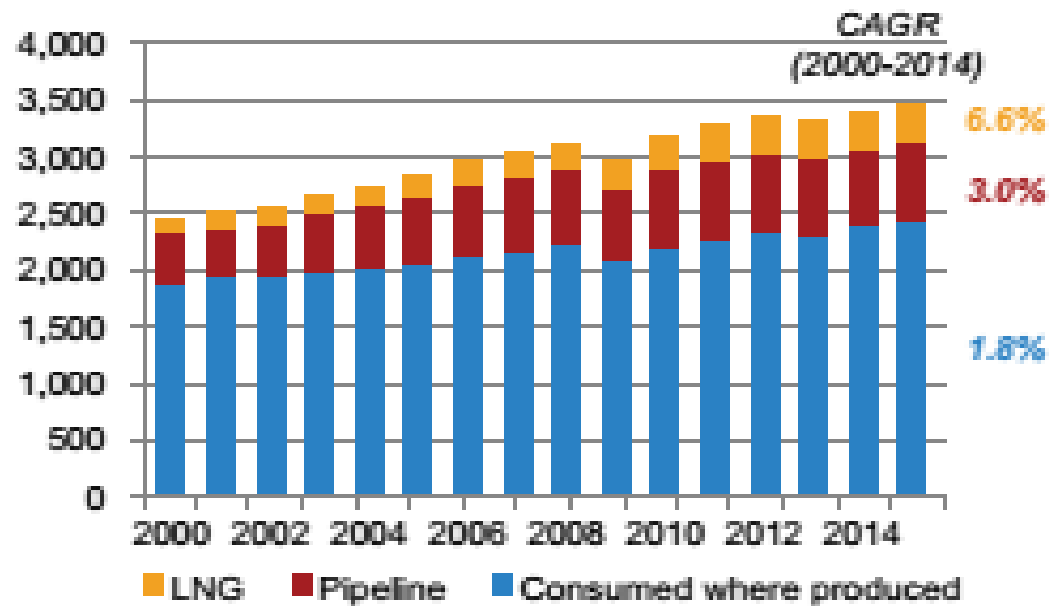


LNG demand



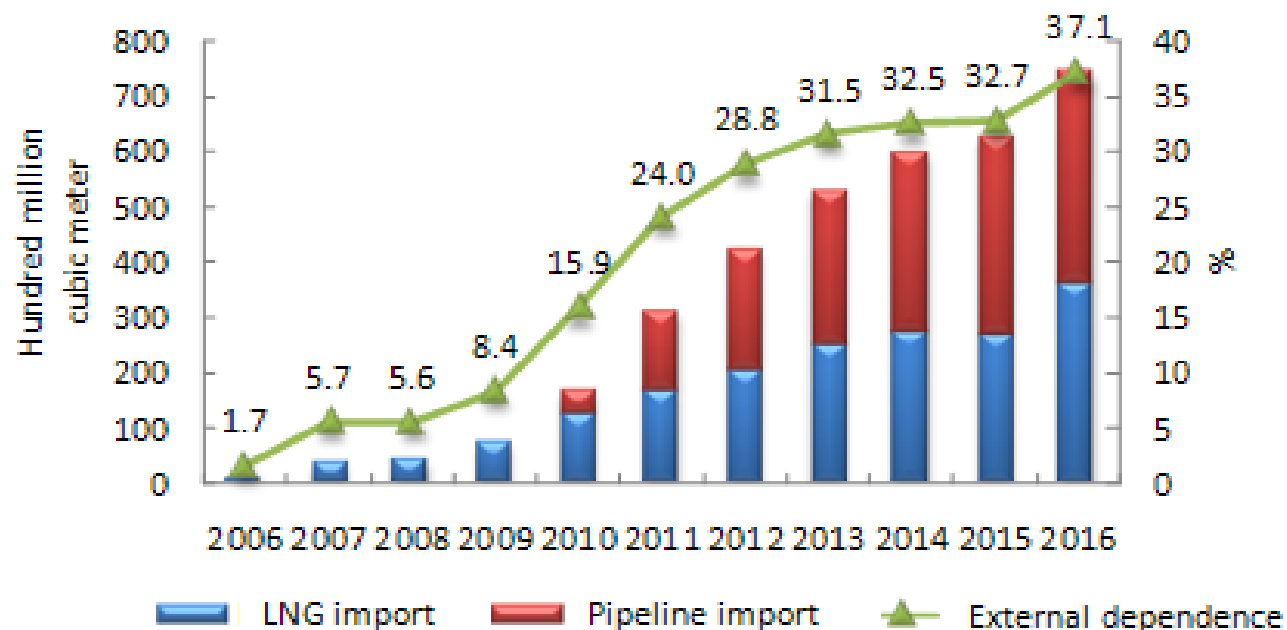
1.2 GLOBAL TRADE VOLUME OF LNG IN 2000-2015

- Natural Gas consumption leads the increase of LNG trade;
- An average increase of about 6%



1.3 IMPORT OF LNG IN CHINA IN 2006-2016

- 2006 began with the GDLNG,
- 2013 as the third largest importer,
- 2016 importing 26.6 MTPA with 13 terminals (54 MTPA),
- 30% into the liquid market.

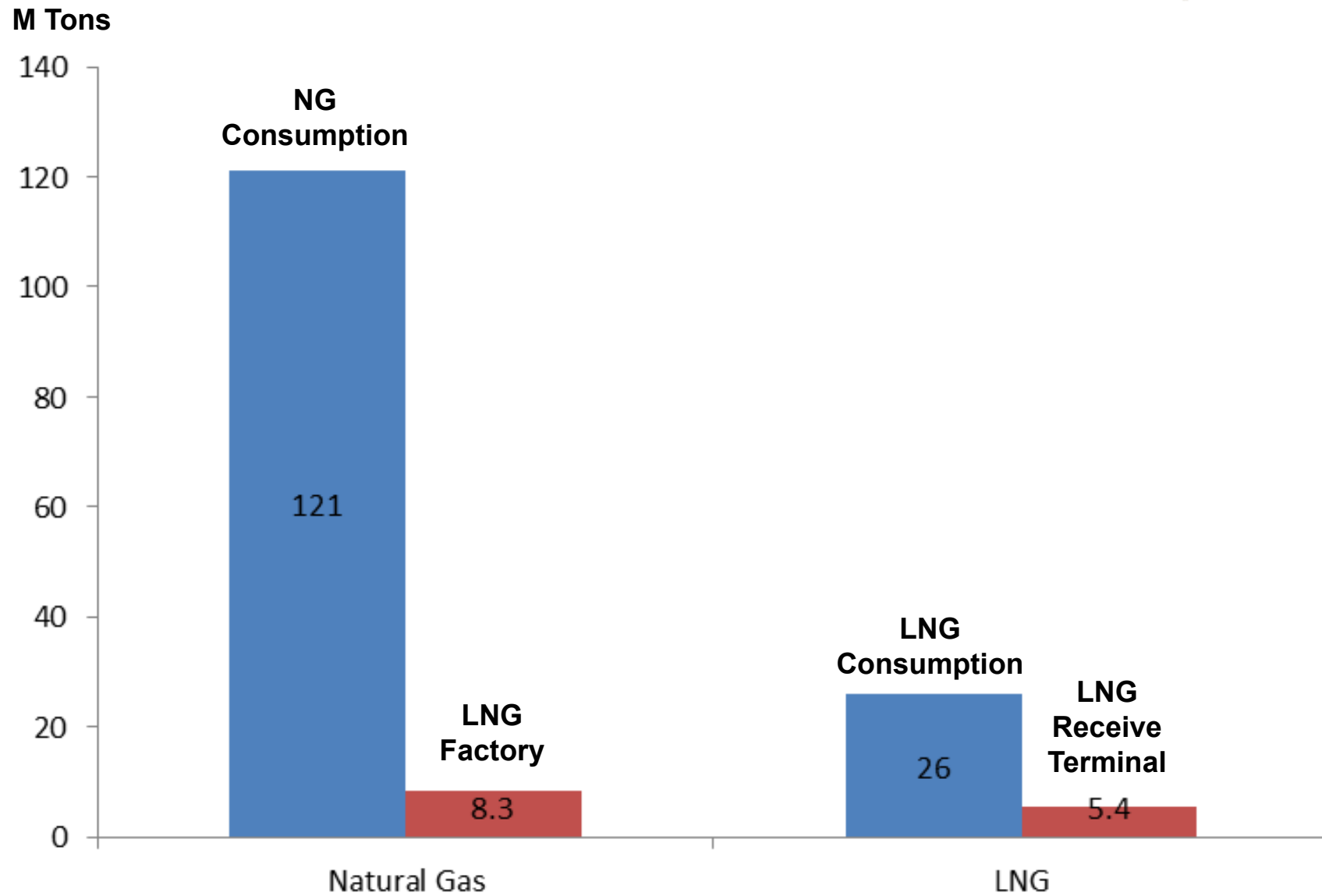


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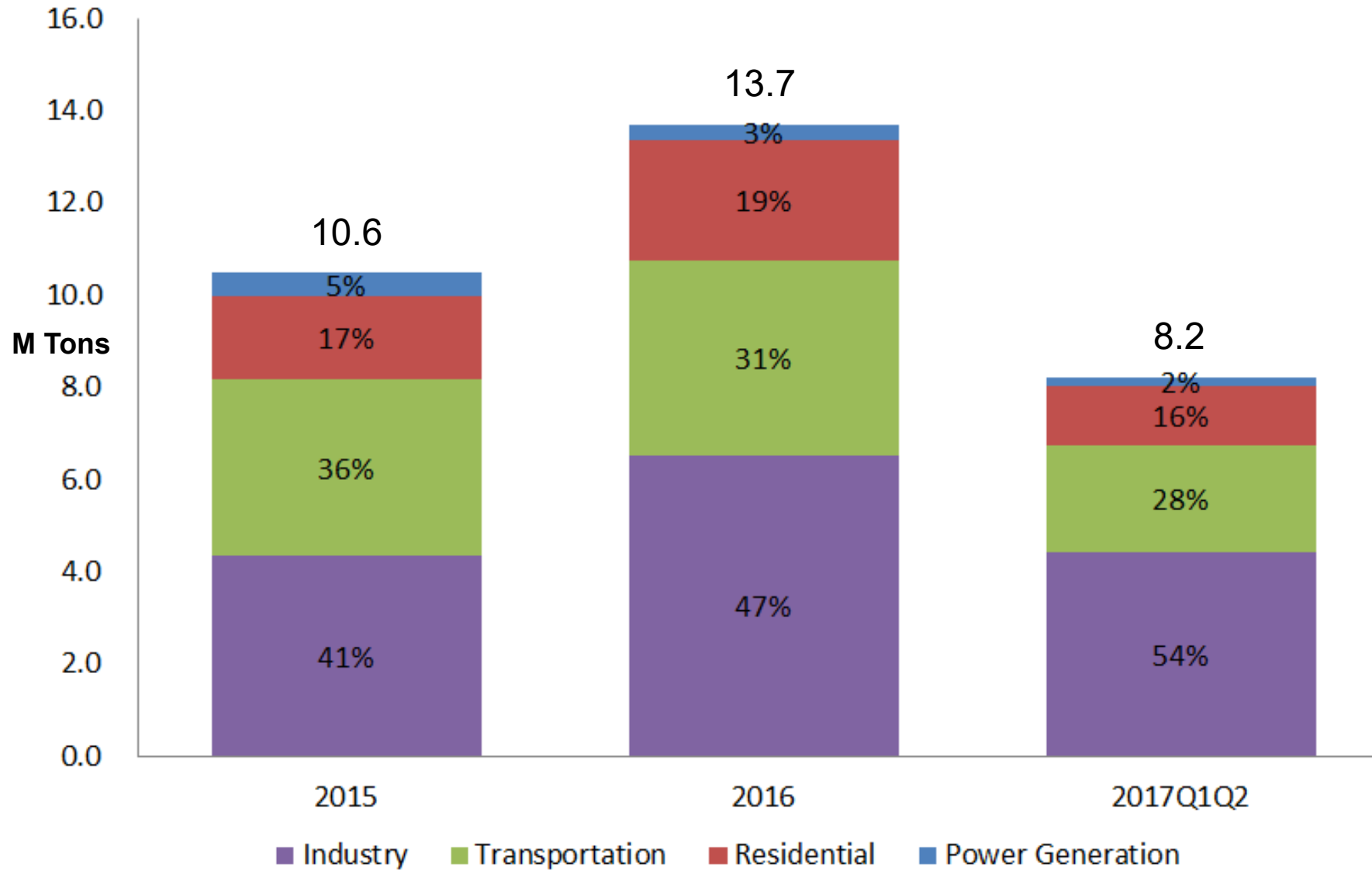


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2.1 SCOPE OF LNG MARKET



2.2 NATIONAL LNG CONSUMPTION STRUCTURE

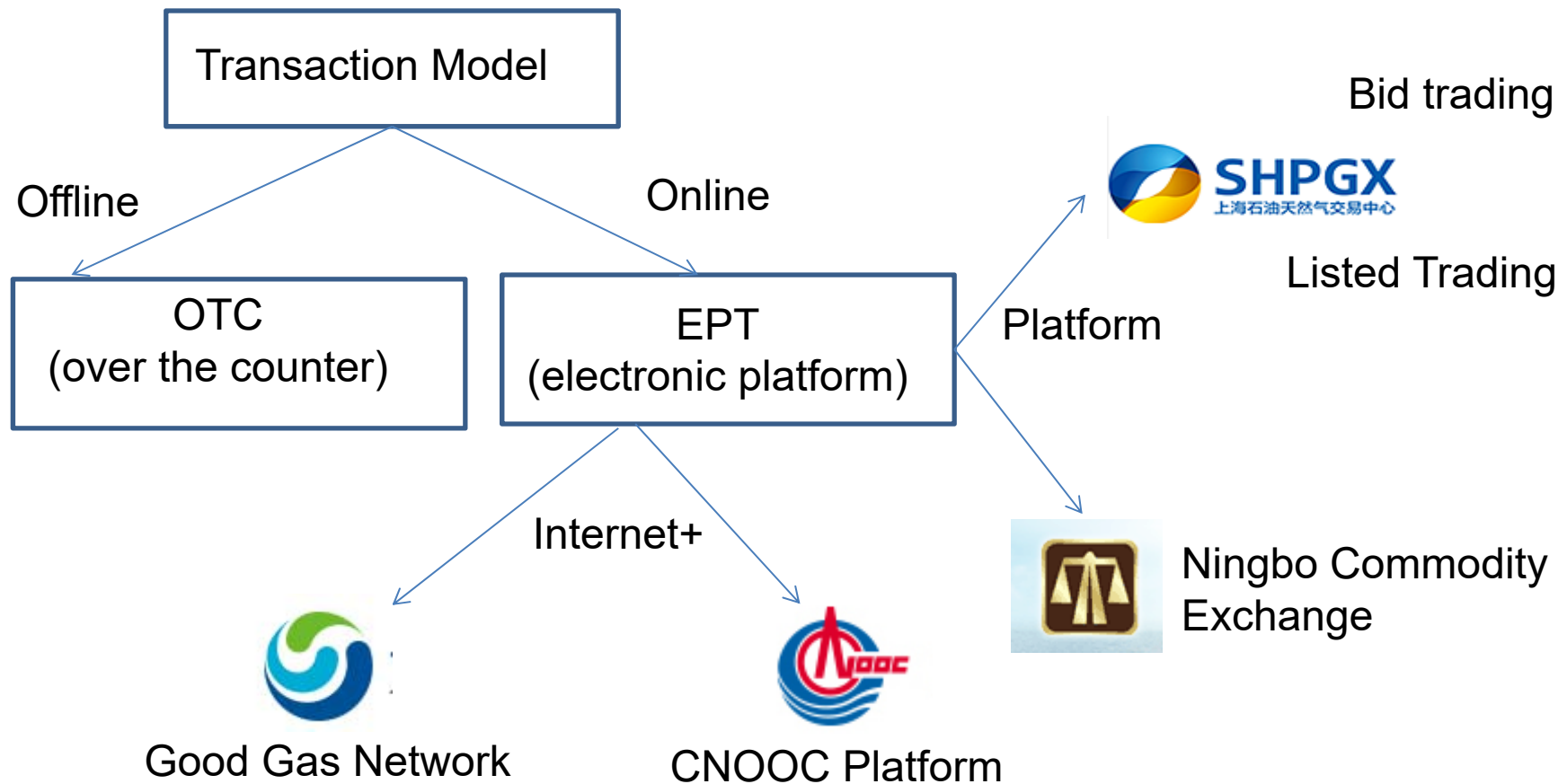




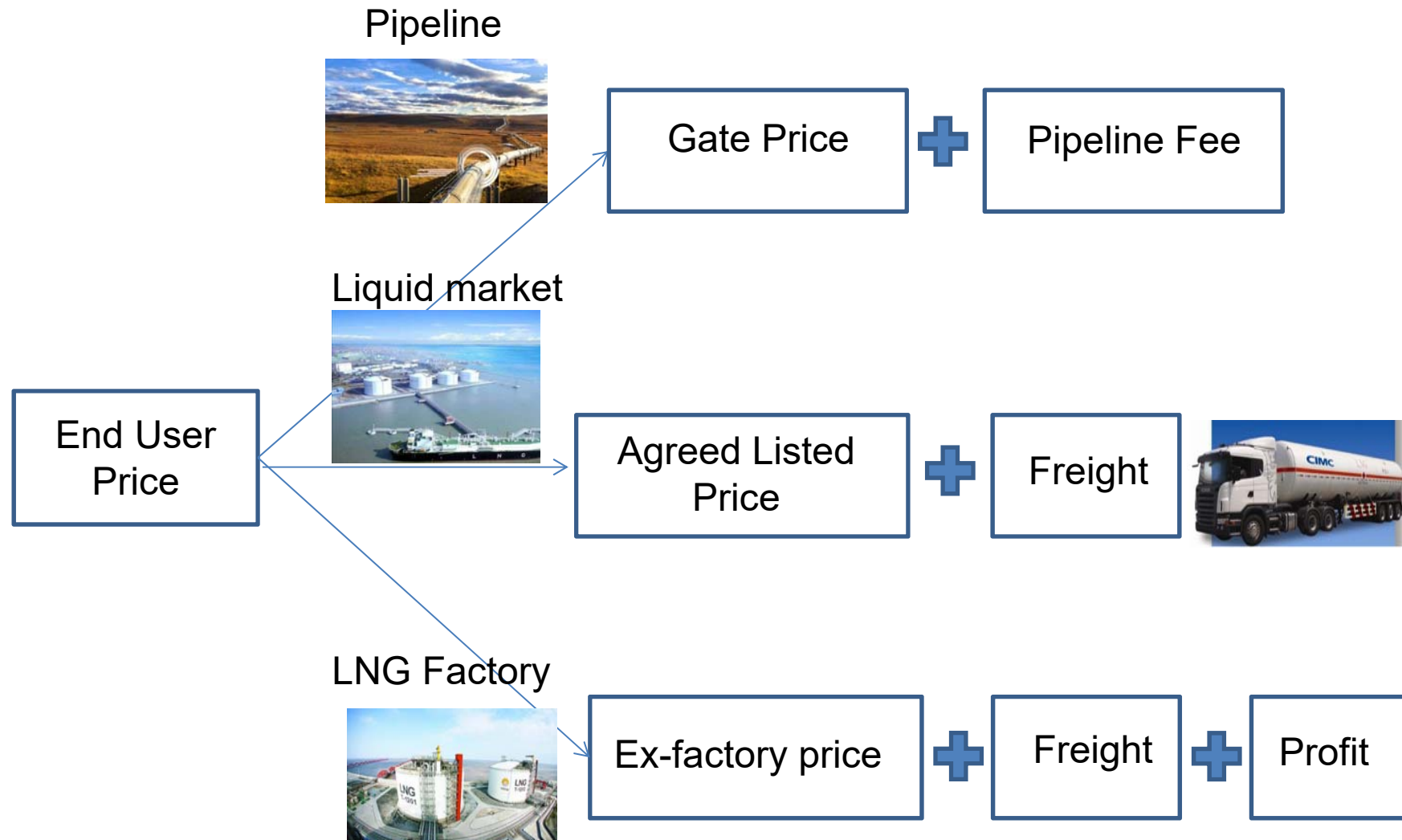
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3.1 LNG MARKET TRANSACTION MODEL IN CHINA

- OTC dominates currently,
- EPT grows rapidly, especially for the internet+ platform.



3.2 LNG MARKET PRICE SYSTEM



3.3 CHINA DOMESTIC LNG ARBITRAGE CONDITION IN AUG 2017

- Arbitrage open means making profits if the Price Difference covers the Freight, otherwise close.

Number	Direction	Price Difference (RMB/ton)	Freight (RMB/ton)	arbitrage
1	Inner-Northeast	965	831	open
2	Inner-East	680	1044	close
3	Inner -South	459	1246	close
4	Inner -Shandong	740	910	close
5	Shanxi-East	545	380	open
6	Shaanxi-Hubei	595	552	open
7	Shaanxi-Hunan	670	928	close
8	Shaanxi-East	590	870	close
9	Shaanxi-South	339	1113	close
10	Shaanxi-Shandong	620	780	close
11	Shandong-East	380	650	close

The arbitrage opens when the Price Difference is higher than the freight

3.4 LNG TRANSACTION VOLUME IN SHANGHAI TRADING CENTER

- From January to July in 2017, the LNG transaction volume was 633,900 tones (880 million cubic meters), an increase of about 73% over the same period last year.





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4. CONCLUSION

- 1) Before 2020, the global LNG market excess supply situation is expected to continue, the price would remain relatively low and the trade will be more flexible.
- 2) China's LNG supply capacity will grow rapidly in the future. The receiving capacity will reach 68 million tons per year and LNG imports are expected to exceed 50 million tons in 2020.
- 3) The future of China's LNG demand will continue to maintain rapid growth, the supply will be influenced by the resource price.
- 4) The future LNG trade will be more affected by the "Internet +" a new online trading model.



THANK YOU !

Q & A