



LNG Market Outlook

LNG market enters period of extreme weakness

June was set to be a weak month after more than 30 cargo cancellations out of the US, but as the shiptracking numbers come in for the month, the extent of the weakness is becoming clear. European imports are tracking much lower than they have been in recent months, consistent with our forecast.

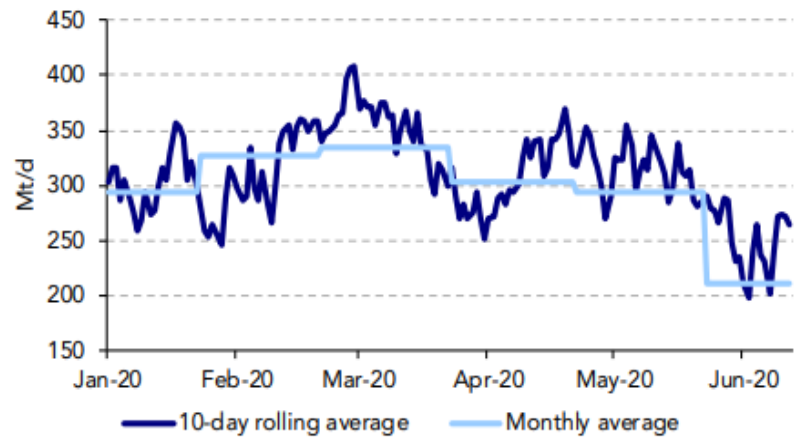
Month-to-date average daily imports are at 294,000 t/d, down from the peak of 334,000 t/d in March. Imports into most other countries are down as well. India seems to be one of the strongholds in the LNG market; however, the country does not have enough natural gas demand to absorb anywhere near the number of excess cargoes available.

Roughly 40 US cargoes were cancelled for July. On top of that, Cameron's Train 3 is still having operational issues, so cargoes from there are not able to be scheduled regularly. Preliminary number for August indicates 40-45 cancellations; however, the cancellation deadline was on the June 20, so information is still coming out. US export potential is 80-85 cargoes per month, so the cancellations represent roughly half of US capacity.

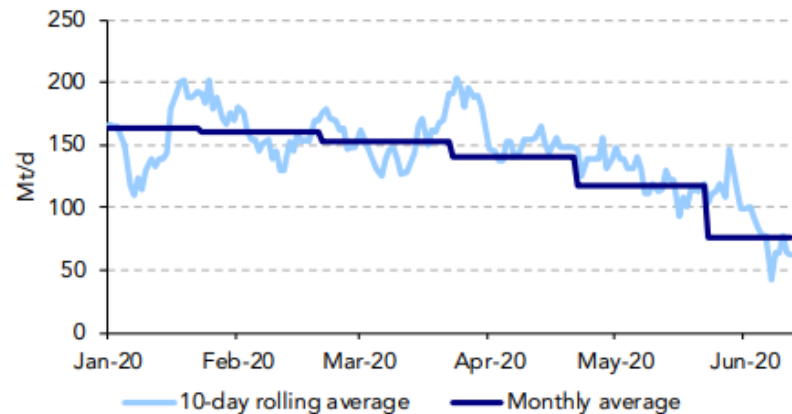
US exports are averaging roughly one cargo per day for June through the 21st. At this rate, June exports will be substantially lower than in June of last year, only slightly higher than 2018 figures. Despite the cancellations, floating storage and slow steaming are increasing as some cargoes look to find a home or to try to take advantage of higher forward prices.

The forecast for global LNG imports is shown in the bottom graph, highlighting the weakness in the current market. Low import levels are expected to continue through October. Although Europe is taking fewer cargoes given the US cancellations, the region's storage levels are still expected to max out later in the year. Sometime in August or September depending on the utilization of Ukrainian storage. In 2021, overall demand is expected to increase as economies begin to recover from the recession, but it is not until 2022 that some strength may emerge in the global markets.

European year-to-date imports



US year-to-date exports



Global LNG demand forecast

