



Market Commentary for January 22, 2018

NATURAL GAS

Henry Hub

Day change: **\$0.039, up 1.2%** | Settle \$3.224 | Feb 2018

TTF

Day change: **\$0.130, up 2.0%** | Settle \$6.649 | Feb 2018

- Seeing spot: We're not surprised that the number of JKM LNG swaps cleared through exchanges quadrupled last year to 50,236 lots, or around 170 cargoes, up from 12,717 lots in 2016...
- ...as destination flexible volumes from the U.S. and new supplies from Australia, Papua New Guinea and Africa increased the number of spot transactions...
- ...and the number of participants in the JKM derivatives market increased to ~45 participants compared with 20-30 at the start of 2017
- And speaking of destination flexible LNG, Oman and BP signed a seven-year deal for 1.1 mtpa on an FOB basis
- Food for thought: Chinese fertilizer production dropped 7% from a year ago to the lowest level since February 2015 as the state diverted natural gas supplies from gas-based fertilizer plants to home heating to fight smog
- U.S. LPG exports to Japan nearly hit a record high of 3.59 million bbls in the week to January 5, the second highest level since January 2016
- Should have put a blanket over the pipes? Sources say freezing weather may have disrupted water supply to Sabine Pass, which appears to be suffering from an outage as feedgas flows fell to 630 mm³/d from 3.2 bcf/d last week

OIL

Brent

Day change: **\$0.42, up 0.6%** | Settle: \$69.03 | Mar 2018

WTI

Day change: **\$0.42, up 0.2%** | Settle: \$63.49 | Feb 2018

- Dollar index down today
- Saudi Arabia reiterated commitment to "continue cooperation" on OPEC supply cuts beyond 2018
- Libya's NOC reported production from the As-Sarah oil field has restarted, bringing another 55,000 bpd of oil supply online
- BAML analysts think peak oil demand is just 12 years away as they expect electric vehicles will represent 40% of all car sales by 2030
- EnCap Flatrock Midstream raised \$3.25 billion to invest in midstream oil and gas companies



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