

LNG Pricing dynamics and Market Developments

Baltic Energy Forum – 23rd November 2017

Content

- What did we claim the last time around (2014)
- LNG in context
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- Summary

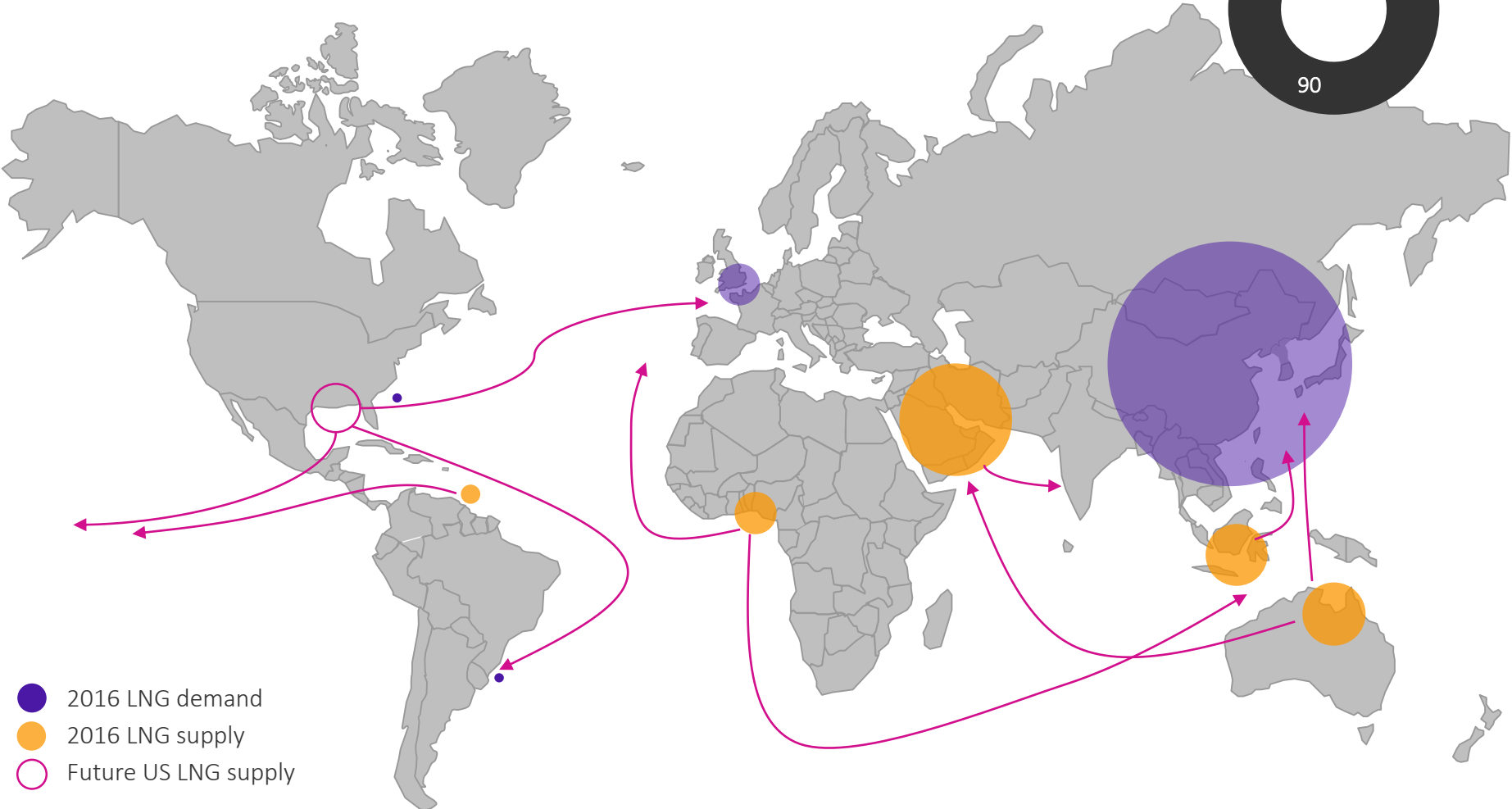
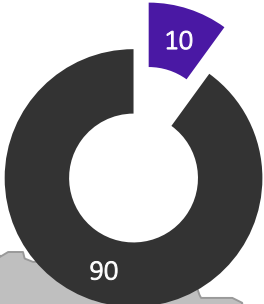
What did we say in November 2014?

- LNG the connector of the global gas markets
- Market in continual transition as total market grows
- Growing importance of North American LNG supply
- *LNG to return to Europe*

New LNG supply region

Changing global trade patterns

Global gas market (%)



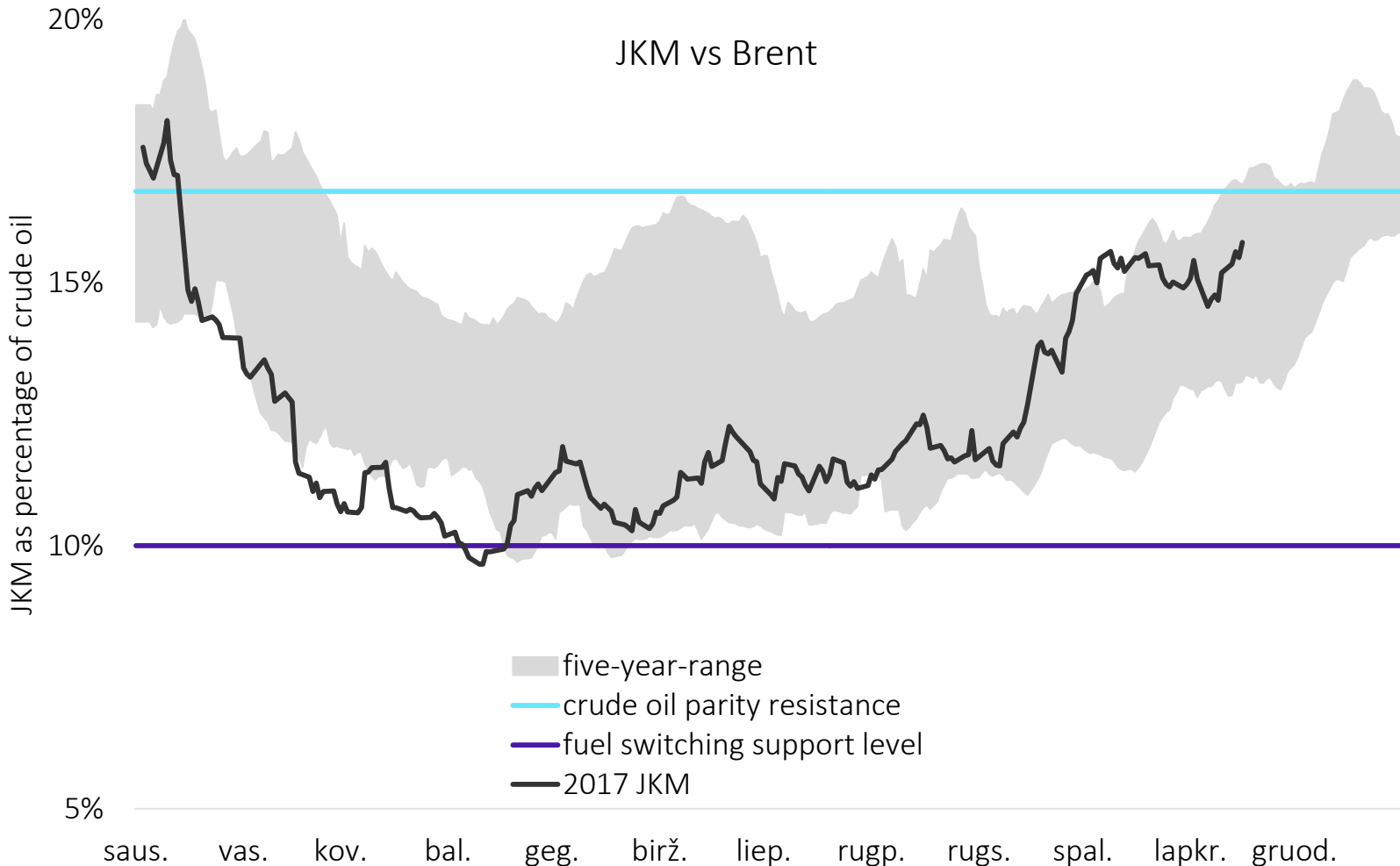
- 2016 LNG demand
- 2016 LNG supply
- Future US LNG supply

Source: IHS Waterborne, Statoil MA



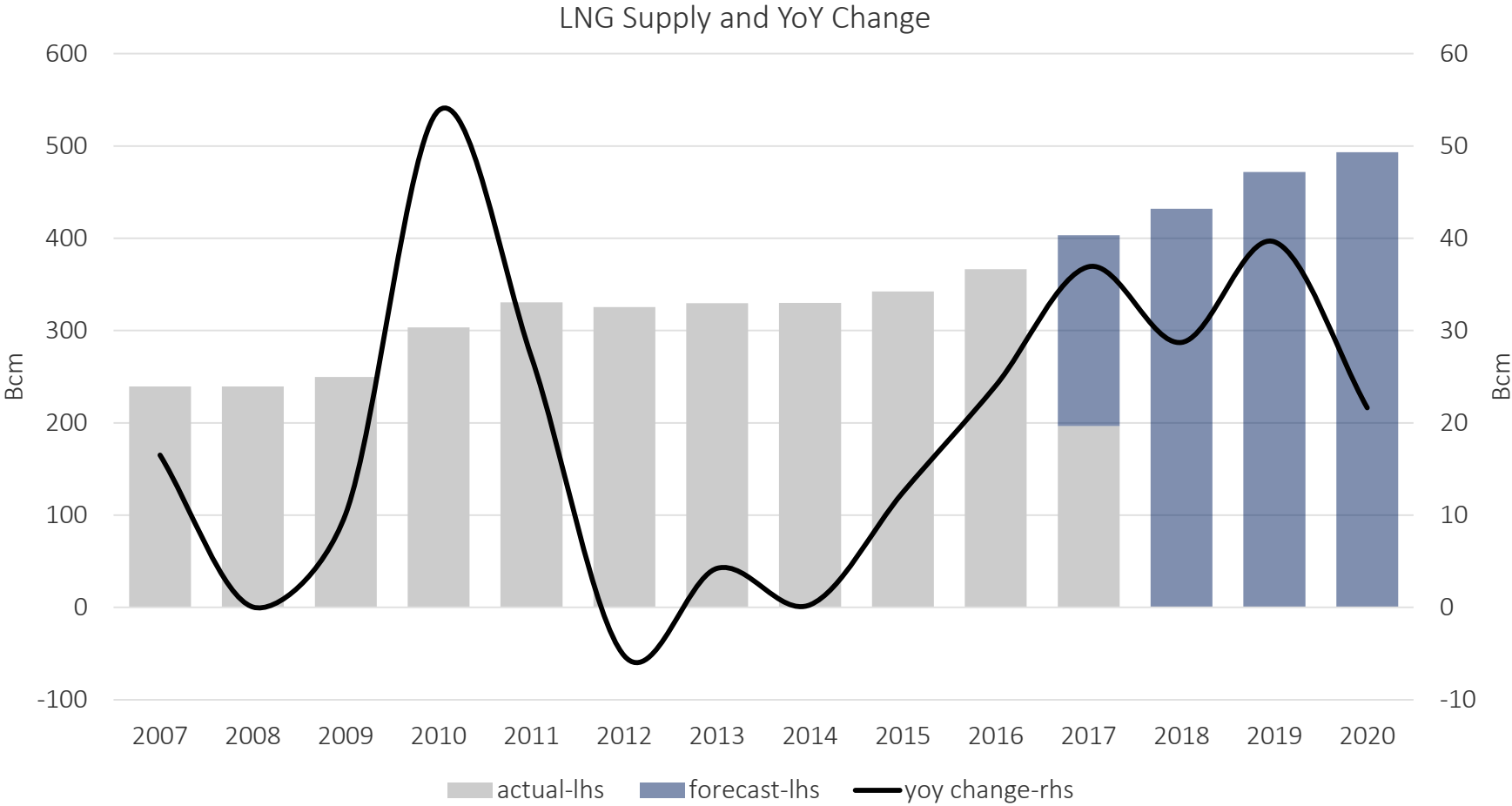
LNG and the crude oil market

Crude primary, fundamentals secondary

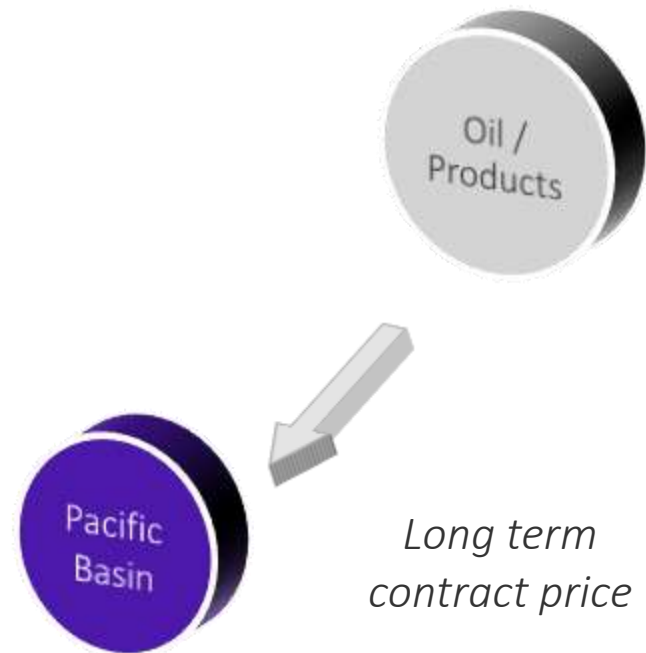


Cycle of new supply

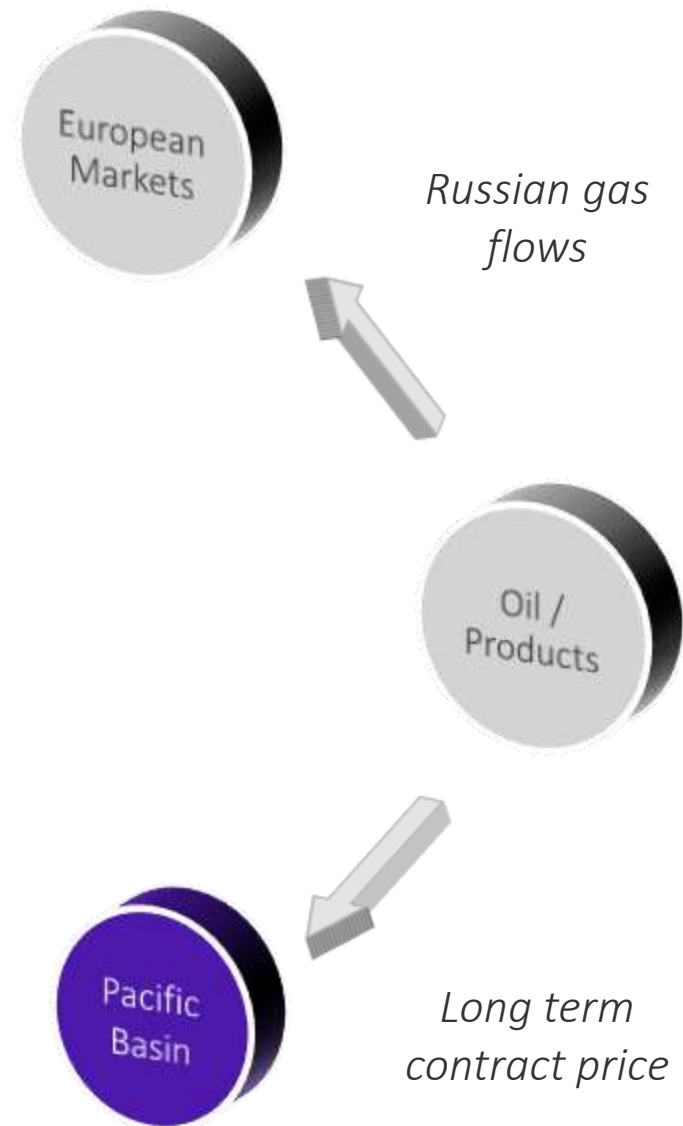
US LNG enters global market



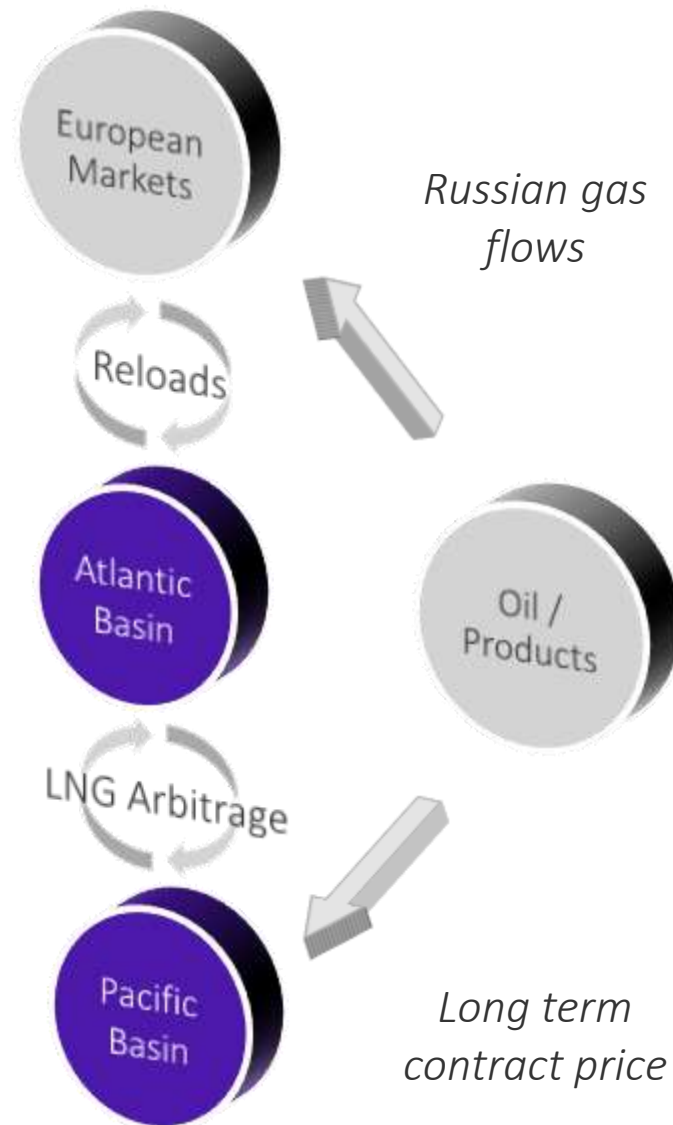
New “composite” price dynamics



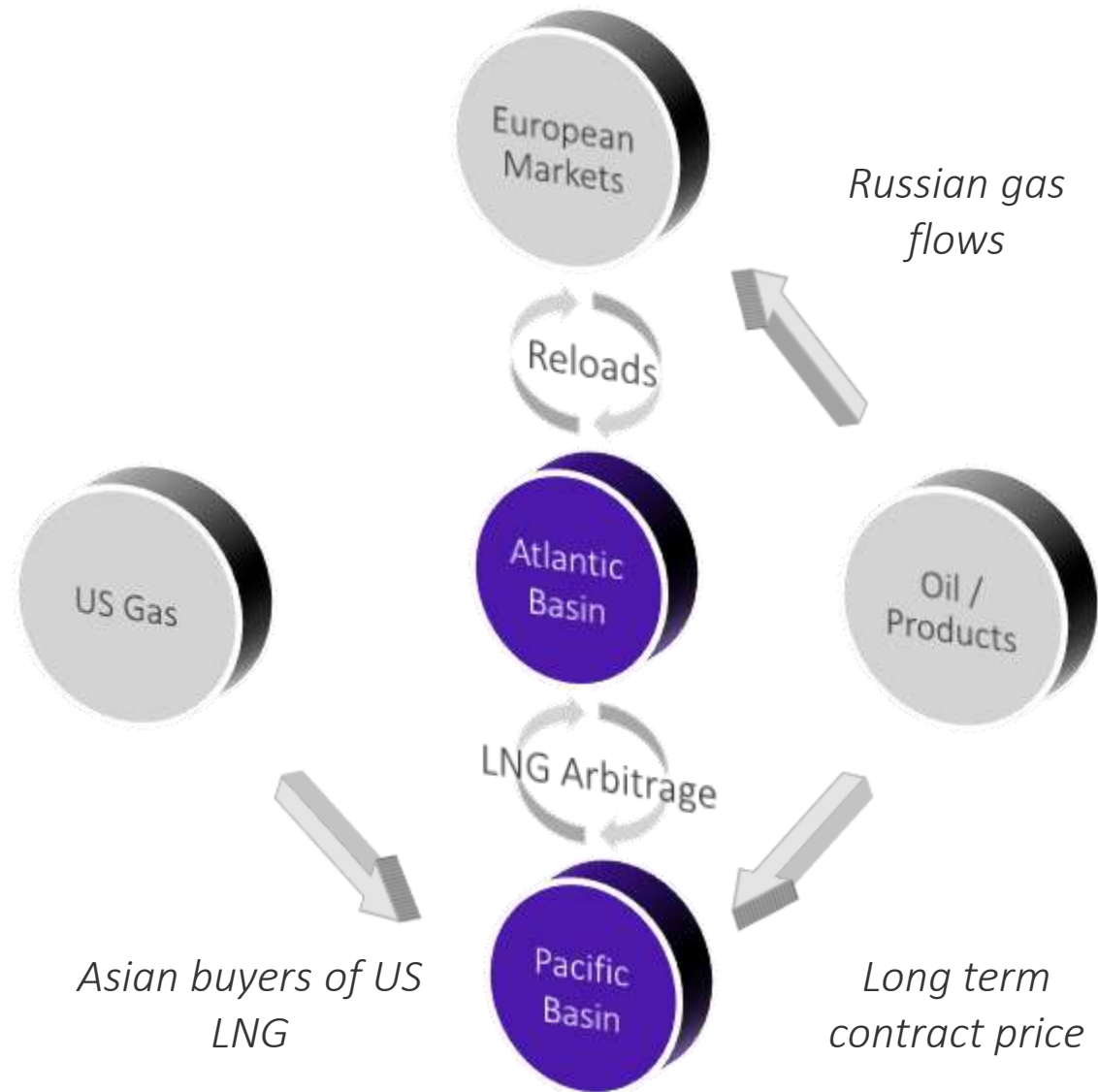
New “composite” price dynamics



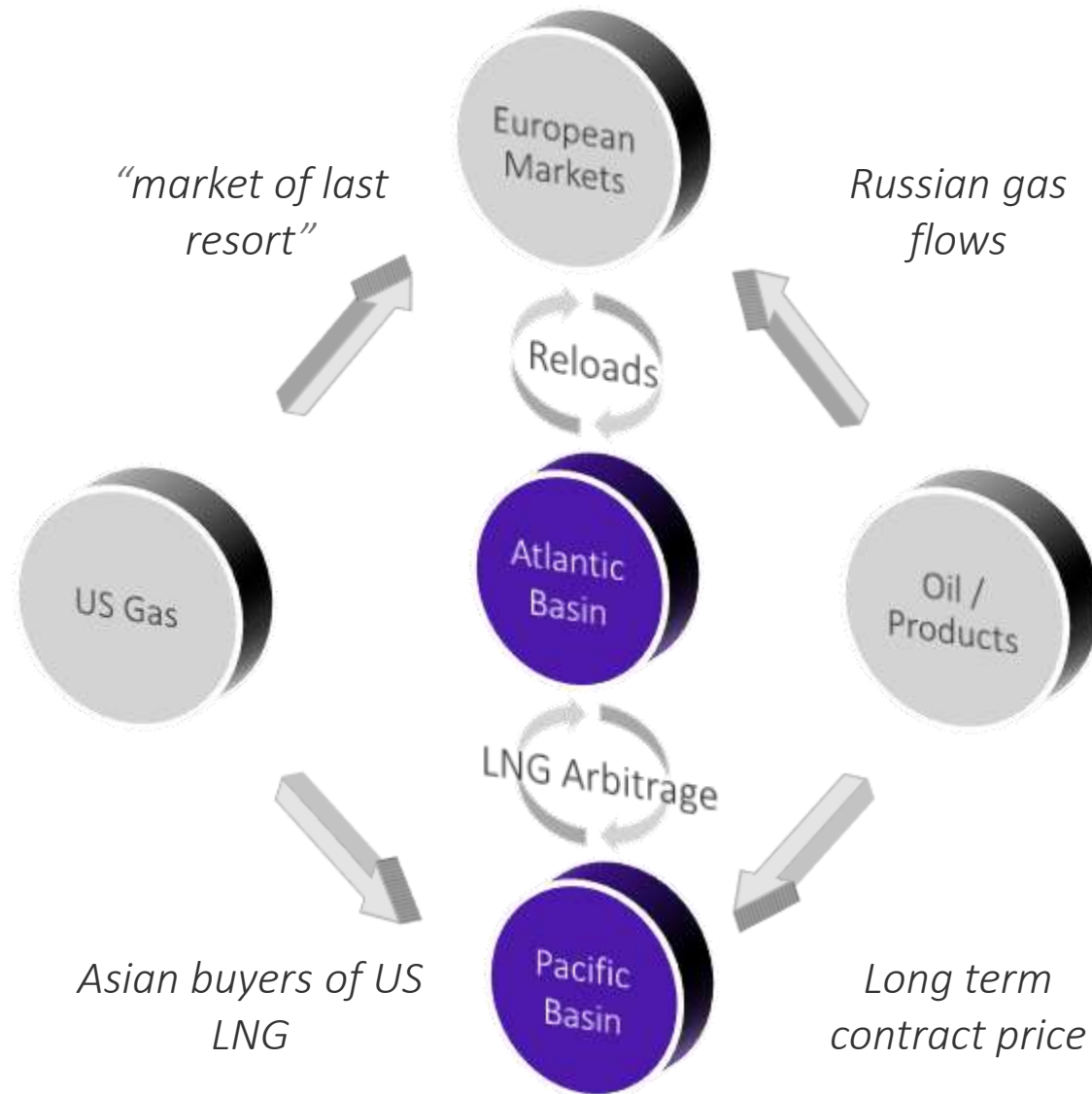
New “composite” price dynamics



New “composite” price dynamics



New “composite” price dynamics



Conclusions

- Current LNG pricing follows crude oil
- New liquefaction capacity forces change
- US Pricing to impact future LNG price formation



Statoil