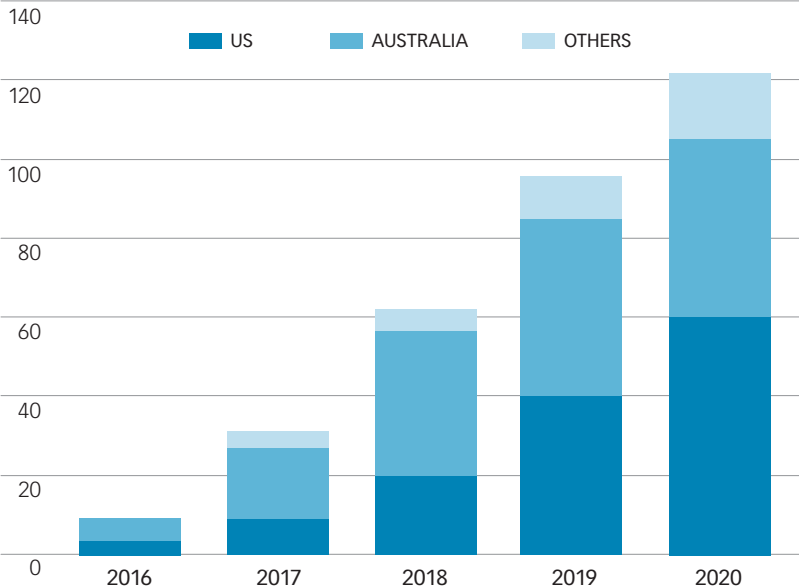


Times of change

LNG projects under construction

(MMTPA)



Japan, China and Singapore are vying to create LNG pricing products that will gain acceptance among market players.

Japan in Sept 2014 launched an LNG futures contract on the Japan over-the-counter exchange (JOE), settled against Rim Intelligence Co.'s daily pricing index. But the country's lack of pipeline connectivity with other markets, low volumes of flexible LNG, and lack of LNG price transparency and liquidity have contributed to limited spot LNG trading activity on JOE. China launched the Shanghai Oil and Gas Exchange on July 1, 2015, which will trade both pipeline gas and LNG. China's diversified natural gas market, with expanding pipeline infrastructure and gas-on-gas competition, may offer a more liquid Asian natural gas price index, but high levels of government regulation make it less attractive as a regional benchmark.

Singapore's Exchange in June 2015, launched the Singapore SGX LNG Index Group (Sling). The index will provide a price for LNG cargoes from Singapore to different destinations reflecting regional spot prices, but trading volumes to date have been very low. SGX will launch a future and a swap on Jan 25 based on Sling.