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# LNG in Q3 '16: Demand in Asia and Middle East staves off long market

THE THIRD QUARTER OF 2016 SAW LNG PRODUCTION GROWTH GATHER PACE, SPEARHEADED BY OUTPUT BUILDING UP FROM LNG TRAINS IN AUSTRALIA AND THE US. GLOBAL LNG PRODUCTION IN Q3 '16 WAS UP 7.3% YEAR ON YEAR, INCREASING BY 4.6 MT FROM Q3 '15 TO REACH 66.6 MT. IN THE FIRST NINE MONTHS OF THE YEAR OUTPUT WAS UP 10.5 MT (5.7%) TO 194.8 MT. AT THE START OF 2016, THE EXPECTATION WAS THAT, AS LNG PRODUCTION INCREASED, SUPPLIERS WOULD FIND THEMSELVES HAVING TO DELIVER CARGOES TO THE LIQUID MARKETS OF NORTHWEST EUROPE, IN THE ABSENCE OF HIGHER VALUE ALTERNATIVES. THIS, FORECASTERS SAID, WOULD PUT PRICES AT EUROPEAN TRADING HUBS UNDER PRESSURE, WITH A KNOCK-ON EFFECT ON ASIAN SPOT PRICES. HOWEVER, ROBUST DEMAND IN CHINA AND INDIA, AS WELL AS A FAST INCREASE IN IMPORTS INTO NEW MARKETS IN THE MIDDLE EAST AND NORTH AFRICA (MENA), ENDED UP SOAKING UP CARGOES INSTEAD, WITH IMPORTS INTO THE FLEXIBLE MARKETS OF NORTHWEST EUROPE – THE UK, NETHERLANDS AND BELGIUM – DOWN YEAR ON YEAR IN THE FIRST NINE MONTHS OF 2016.



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