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Analysis

Last year marked another record for LNG, with global imports rising by a “vigorous” 13% to hit 354.7 mt in 2019, according to the latest annual report from GIIGNL [1], but the Covid-19 pandemic casts doubts on whether momentum will be sustained throughout 2020.

International

The price of crude unravelled [2] last week after the OPEC oil cartel deferred an emergency meeting from Monday to Thursday. Late on Thursday, reports emerged that Saudi Arabia and Russia were exploring a tentative truce in their crude price war [3] as part of a deal involving the OPEC+ alliance that could see 20 million barrels/d removed from global oil supply.

ExxonMobil has hacked one-third off its 2020 capital expenditure [4] in response to the oil price crash and rapid demand destruction precipitated by the Covid-19 pandemic, outdoing recent swingeing cuts by its Big Oil rivals.

Africa

Mauritania / Senegal – BP has declared force majeure on its lease with Golar LNG to delay completion of the Tortue FLNG project [5] for a year until 2023, citing “business impacts due to Covid-19” – prompting a terse response from Golar.

Mozambique – The workforce building the Total-led Mozambique LNG project has been hit by an outbreak of Covid-19 [6], with the Mozambique government placing 35 workers in quarantine after an employee of the French major tested positive for the virus.

Asia Pacific

China – The country looks set to import its first volumes of US LNG since April 2019 [7], according to shipping data showing four cargoes heading to Chinese ports – the first of which is set to arrive later this month.

Japan – Australian LNG exporter Woodside has joined a consortium of Japanese firms, including the world's largest LNG buyer JERA, to undertake a study examining large-scale exports of hydrogen as ammonia to decarbonise coal-fired power [8] generation in Japan.

Europe

France – France's energy regulator CRE has rejected requests from several power suppliers to declare force majeure on power purchase contracts

[9] with state utility EDF.

Engie subsidiary Elengy is tendering capacity at its Fos Cavaou LNG terminal [10] in the south of France, after creating additional primary regasification capacity via debottlenecking.

Turkey – Canadian explorer Valeura Energy is searching for a new partner for deep gas exploration in Turkey's Thrace Basin [11] after Equinor quit the project earlier this year.

UK – The government has admitted it acted unlawfully in granting BP a permit [12] to drill for oil in the North Sea, after officials rubber-stamped the oil major's Vorlich field drilling application with no public scrutiny.

Middle East

Israel – Pressure is building on Delek Group to find ways to cover loan repayments that are looming in the months ahead, after the Israeli gas-focussed conglomerate's credit rating was downgraded [13] due to the growing likelihood of a default.

Qatar – Qatar Petroleum has delayed first gas from a planned expansion [14] of the Ras Laffan LNG plant, CEO Saad al-Kaabi told Reuters last week, citing delays in commercial bids from contractors requesting more time due to the Covid-19 pandemic.

North America

US – The country is set to return to being a net importer of crude oil by Q3'20 [15] and remain so until the end of 2021, according to the US Energy Information Administration's latest forecast, which also shows US oil and gas production peaked in Q1'20.

The Texas Railroad Commission has been bombarded by conflicting views of the merits and pitfalls of curtailing state-wide oil production [16], ahead of today's meeting to discuss the issue.

Continental Resources has become the first major US shale player to announce production cuts [17] in response to the demand destruction caused by the Covid-19 pandemic, with the firm trimming its production by 30% in April and May.

US stocks bounced last week [18] after Bernie Sanders ended his campaign, making his centrist rival former VP Joe Biden the "presumptive nominee" in the Democrats' fight to usurp US president Donald Trump in the November 2020 election.



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