S&P Global Platts launches LNG assessment for Middle East

Platts Middle East Marker reflects growing importance of the Middle East as a LNG destination

LONDON, Jan. 16, 2017 /PRNewswire/ -- S&P Global Platts ("Platts"), the leading independent provider of information and benchmark prices for the commodities and energy markets, today announced the launch of a new Liquefied Natural Gas (LNG) price assessment for the Middle East region, The Platts Middle East Marker (MEM).

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Shelley Kerr, Global Director, LNG, S&P Global Platts said:"We are launching this new assessment in response to changes in market activity. The Platts Middle East Marker (MEM) price assessment is designed to reflect the growing importance of the Middle East as an LNG import destination rather than just exporter of cargoes. Our analysis indicates a greater tendency for new entrants in the region to use short term purchasing strategies, which is creating additional liquidity. This liquidity is further compounded by the participation of trading companies who are willing to take on the additional price and credit risk associated with these new buyers. Platts is firmly committed to helping the development of LNG markets by bringing increased transparency and our price assessments are based on a structured and clear process."

The Platts MEM complements the Platts Japan-Korea Marker, the leading LNG benchmark globally that was launched in 2009 in response to a growth in LNG spot market activity. It was the first daily assessment for spot LNG globally and is used as a pricing basis in short, medium and long term contracts as well as to settle financially traded LNG contracts.

The Platts MEM will cover the spot price of cargoes delivered into Middle East ports (in UAE, Egypt, Jordan, Kuwait) as well as in Pakistan, where over a period of two years, LNG imports have climbed from 5.9 billion cubic meters (bcm) of gas in 2014 to 28.6 bcm in 2016. Part of this has been driven by the use of floating storage and regasification units (FSRUs) in all five markets, which allowed each country to begin importing on short notice and also rapidly expand capacity by leasing another floating unit.

Egypt accounts for over one third of the volume going into the Middle East. The Egyptian port of Ain Sukhna will be used as the basis point for the marker, reflecting the tender based procurement strategy adopted by Egypt that is driving spot market trading activity. Deliveries into other ports will be normalized back to Ain Sukhna using an assessed freight deviation cost.

At the same time, demand outside of Egypt is expected to grow in other markets including Kuwait, which has committed to developing more import capacity, the UAE which will see more emirates importing LNG and in Bahrain which will begin imports before the end of the decade.

The Platts MEM will be assessed on a delivered ex-ship (DES) basis reflecting deliveries at ports in the Middle East capable of receiving cargoes with a minimum cargo size of 135,000 cubic meters. It will be published each business day and reflect market values prevailing at the close of markets at 16:30 London time, and will be available on the following Platts services: Platts Natural Gas Alert (NGA), Platts LNG Daily, Platts LNG Navigator and Platts Market Data.

About S&P Global Platts

At S&P Global Platts, we provide the insights; you make better informed trading and business decisions with confidence. We're the leading independent provider of information and benchmark prices for the commodities and energy markets. Customers in over 150 countries look to our expertise in news, pricing and analytics to deliver greater transparency and efficiency to markets. S&P Global Platts coverage includes oil and gas, power, petrochemicals, metals, agriculture and shipping.

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CONTACT: Global, Americas, Asia: Kathleen Tanzy, + 1 917 331 4607, kathleen.tanzy@platts.com, EMEA: Arnaud Humblot +44 207 176 6685, arnaud.humblot@platts.com and Alex Brog +44 207 176 7645, alex.brog@platts.com, Singapore: Platts (platts@ryancommunication.com)

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