



GAS REPORT 49 2011

*“While we are postponing,
Life speeds by”*

December 9th, 2011

VLGC

The Baltic Index keeps dropping; another US\$ 7.26 this week, ending at US\$ 54.929. This brings the time charter equivalent below a million per month, on a modern vessel. There are still too many VLGCs against a quiet market with absence of fresh cargoes. The number of vessels trading West of Suez has come down to 23. With fewer vessels on storage, the MEG/West voyages have proven to be relatively short and another two new buildings delivered over the past weeks on one side and declining export volumes from The Middle East Gulf on the other side, is not helping owners.

NH3

As expected, ammonia prices dropped below US\$ 500 this week basis Fob Yuzhnyy and this will put further pressure on the January Tampa contract prices that will be negotiated the next week. The low Yuzhnyy Fob price have made the product attractive East of Suez, resulting in trader CIFIC chartering the Clipper Neptun to lift Yuzhnyy tonnes to cover contractual commitments in India

HANDY

Spot activity was muted also this week. One vessel has been worked on and off in North West Europe but as of today nothing had been concluded. In terms of spot fixtures, Petredec's Desert Orchid was fixed for a two port load in Europe bound for the Far East following her LPG voyage for Statoil. PDVSAs 3 option 3 month time charter requirement is still not covered, though both Petredec and AP Moller-Maersk are rumoured to be out firm. Rates are rumoured to start with an eight, further augmenting the underlying strong fundamentals in this segment.

COASTER

Colder weather across Northern Europe this week has not yet resulted in more activity. Position lists are flush with available tonnage, both owner tonnage and relets, and rates have reflected this. Recent fixtures return well below USD 200,000pcm on a time charter equivalent. Several ports in the region are experiencing delays due to bad weather. Although colder weather is now forecasted in many parts of Europe, speculations are that a prolonged spell is required for requirements to start matching vessel availability.

LPG

In the North West Europe market, propane buying interest focused on late December deliveries while demand for prompt tons remained muted. Butane demand emerged from the blending sector at 93-94% of naphtha.

In the Middle East Gulf, sentiment firmed on the back of stronger crude early in the week, but came under pressure again as crude faltered towards the end of the week. Activity picked up somewhat following the release of the CP for December. Qatar and Abu Dhabi had spot cargoes to sell for January loading, but buying interest was limited.

The spike in crude early in the week improved sentiment in the Asian market with a run up in propane prices. However, physical supply remained ample. The sentiment reversed along with slipping crude prices towards the end of the week. Butane maintained a US\$ 50 pmt premium over propane.

The US NGL's market reacted to supply disruptions and crude gains. Butane prices in particular rose sharply due to already tight supplies. Softer crude prices and some normalization of supplies brought prices down towards the end of the week.

LNG

In the US, NYMEX softened to US\$ 3.42/mmBtu from US\$ 3.61 last week. In the UK, the day-ahead price firmed to 59.60/therm, equivalent to US\$ 9.35/mmBtu compared to 56.25p/term last week.

The U.S. Department of Energy has received an application from Dominion Cove Point LNG requesting long-term, multi-contract authorization to export up to 7.82 million metric tons per year of LNG to any country with which the United States does not have a free trade agreement.

Dominion Cove Point LNG is requesting this authorization to act as an agent for others who hold title to the LNG pursuant to long-term contractual agreements with the other parties. Dominion Cove Point LNG is located on the Chesapeake Bay and it is one of the nation's largest LNG import terminals.



Demand for energy will rise through 2040 as global economic output doubles and prosperity expands across a world where population will grow to nearly 9 billion people, Exxon Mobil Corporation states in its “The Outlook for Energy: A View to 2040”. Natural gas will continue to be the fastest-growing major fuel, and demand will increase by about 60 percent from 2010 to 2040. Growth is particularly strong in the Non OECD countries in the Asia Pacific region, where demand for natural gas is expected to triple over the next 30 years.

Höegh LNG announced that it has entered into binding Heads of Agreement with Perusahaan Gas Negara (PGN) for the provision of a Floating Storage and Regasification Unit (FSRU) offshore Belawan, near the city of Medan, in North Sumatra, Indonesia.

The HoA is based on the use of Höegh LNG’s first FSRU newbuilding due for delivery at the end of 2013

and under construction at Hyundai Heavy Industries. The HoA is further based on a 20 year charter party agreement, which is the first agreement of this length in the FSRU market.

Taiwan, Asia’s third biggest importer of liquefied natural gas, imported 11.22mt of LNG in January-November period up 8% compared to the same period last year, according to Taiwan’s Bureau of Foreign Trade data.

Fixtures

SPOT							
Vessel	CBM	MT	CARGO	LOAD/DISCH	LAYCAN	RATE USD	CHARTERER
VLGC							
Ronald N	74'	44'	LPG	West Africa/ Opts	24th	RNR	Geogas
LGC							
Clipper Neptun	59'	40'	NH3	Yuzhnyy/India	9-11 Dec	90	CIFC
Sub 25'000							
Gas Legacy	3'5	1'6	Prop	Port Jerome/ Brest	9-11 Dec	RNR	Exxon
Elisabeth	3'5	1'6	Isobut	Kaarstoe/ Le Havre	9-11 Dec	RNR	CSS SA
Ocean Primus	4'3	2'	Prop	Riga/ Gdansk	8-10 Dec	RNR	Sibur
Lady Hilde	3'4	1'8	But	Tees/ Opts	14-16 Dec	RNR	British Gas
Desert Orchid	22'	12'	C4s	Ara+Aliaga/Far East	15-17 Dec	Abt 3 mill LS	Kolmar
Elisabeth	3'5	0.75'	Isobut	Kaarstoe/ Antwerp	18-20 Dec	RNR	CSS SA
TIME CHARTER							
VESSEL	CBM	BUILT	TRADE	DELIVERY	PERIOD	HIRE US\$	CHARTERER
BW Nantes	58'	2003	LPG	10 Dec	30 days	RNR	Petredac
Courcheville	28'	1989	LPG	12 Jan	6 months in d/c	RNR	SHV
Donau	30'	1985	LPG	12 Jan	6 months in d/c	RNR	SHV



Rates

The Baltic Exchange LPG index				
44'LPG Ras Tanura/Chiba		Last Week	This Week	Trend
Weekly Baltic average	(US\$/pmt)	63,81	57,76	Softening
Baltic TC Equivalent	(US\$/pcm)	1 261 343	1 058 919	Softening
	(US\$/pd)	41 464	34 810	Softening

12 months Time Charter - Indicators				
	Last Week (US\$/pd)	This Week (US\$/pd)	This Week (US\$/pcm)	Trend
3.200 cbm S/R	9 040	9 040	275 000	Steady
3.500 cbm P/R - East	7 890	7 890	240 000	Steady
3.500 cbm P/R - West	8 711	8 711	265 000	Steady
5.000 cbm P/R	10 191	10 191	310 000	Steady
6.500 cbm S/R	14 793	14 793	450 000	Steady
10.000 cbm ETH	19 724	19 724	600 000	Steady
20.000 cbm S/R	23 833	23 833	725 000	Steady
35.000 cbm	27 120	27 120	825 000	Steady
60.000 cbm	26 298	26 298	800 000	Steady
82.000 cbm	32 051	32 051	975 000	Steady

Product & Prices

	Propane usd/pmt	Change from last week	Butane usd/pmt	Change from last week
NWE				
FOB Seagoing Small	795,00	2,52 %	770,00	3,12 %
CIF Seagoing Small	840,00	3,51 %	816,00	2,70 %
US Mt Belvieu				
Non-LDH	747,19	-0,96 %	879,53	3,08 %
NWE Propane Swaps				
Q1 forward	838,25	3,37 %		
Q2 forward	773,25	3,65 %		
MEG				
Contract Price	770,00	0,00 %	820,00	0,00 %
Japan CFR	831,50	1,08 %	861,50	-1,28 %
NG and Crude				
NG, NYMEX	3,42	-5,53 %	usd/mmbtu	
WTI, Crude - Spot	98,81	-1,51 %	usd/bbl	
				Various Sources (average values)

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