

Oil and Gas News Briefs

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Cheniere gives go-ahead to add sixth train at Sabine Pass

(Reuters; June 3) - U.S. liquefied natural gas producer Cheniere Energy said June 3 it will build a sixth liquefaction train at its Sabine Pass LNG export terminal in Louisiana. Cheniere also said it expects to make a positive final investment decision as early as 2020 to add capacity at its Corpus Christi LNG export terminal in Texas. Gas use is growing rapidly worldwide as countries, such as China, seek to wean their industrial and power sectors off dirtier-burning coal. Cheniere is the biggest supplier of U.S. LNG.

Cheniere said it has given Bechtel, the lead contractor on its LNG terminals, notice to proceed with construction of Sabine Train 6. Cheniere said it has a \$2.5 billion contract with Bechtel and expects the unit to enter service in 2023. To fund a portion of Sabine 6 and a third LNG loading berth at the terminal, a Cheniere subsidiary entered into five-year, \$1.5 billion senior secured credit facilities with 29 banks and financial institutions.

The sixth liquefaction train will boost the annual capacity at Sabine Pass to almost 30 million tonnes of LNG, putting it behind only Qatar for the world's single-largest liquefaction facility. Sabine Pass shipped its first cargo in 2016 and has been expanding since then. At Corpus Christi — which already will have 13.5 million tonnes of capacity from three large-volume trains — Cheniere is developing the terminal's third stage to include up to seven smaller liquefaction trains, boosting the total to 23 million tonnes.

Cheniere will buy gas from Apache at prices linked to LNG market

(Reuters; June 3) - Cheniere Energy said June 3 it would buy nearly 140 million cubic feet of gas a day for 15 years from Apache's Permian assets using a price mechanism linked to the liquefied natural gas it ends up selling and not the typical U.S. natural gas benchmark. The deal is the first sign that Cheniere, by far the largest U.S. LNG seller, may move away from its signature LNG pricing mechanism in future offtake agreements with LNG buyers by decoupling from the Henry Hub price used for U.S. gas trading.

"Producers want this because it will give them better realizations than what they will see in the North American market," Anatol Feygin, chief commercial officer at Cheniere, told reporters after an investor meeting in New York. Gas use is growing rapidly around the world as countries seek to wean their industrial and power sectors off dirtier coal. But in North America, Feygin said, domestic demand is "unlikely to grow meaningfully," while production — especially associated gas output from oil wells — keeps increasing.

Under its current LNG sales contracts, Cheniere buys U.S. gas as feedstock for its LNG plants in Texas and Louisiana. It then sells LNG to long-term buyers that pay about 115 percent of the Henry Hub price plus a liquefaction fee of around \$3 per million Btu. This protects Cheniere from fluctuating U.S. gas prices and covers its cost to transform gas into LNG. By striking the agreement with Apache to buy gas at an LNG-indexed price, Cheniere is giving itself flexibility of a different pricing structure, industry sources said. It is another sign that U.S. LNG producers are expanding the ways they attract buyers.

Start-up delayed at LNG terminal in Savannah, Georgia

(S&P Global Platts; June 4) - Kinder Morgan is again delaying start-up of its Elba Island LNG export terminal in Georgia as it continues to experience unspecified problems during commissioning, a spokeswoman said June 4. The company did not say how long the delay would last. Before the recent issues were disclosed in early May, officials had expected to begin producing LNG by the end of April with in-service targeted for May 1.

Kinder Morgan's terminal near Savannah is utilizing Shell's Movable Modular Liquefaction System, with a total output capacity of 2.5 million tonnes per year. The small-scale liquefaction trains are largely assembled off-site and allow for relatively easy disassembly and redeployment should market conditions change. The 10 units being installed at Elba mark the first time this specific technology is being deployed in the U.S.

"Start-up of Elba has been delayed due to additional common commissioning issues that are systematically being addressed on the first of the 10 liquefaction units," said Shell spokeswoman Katherine Hill. "We will issue a press release when we have resolved the issues and are in service." The \$2 billion project adds liquefaction and export to the unused 41-year-old LNG import terminal.

Japanese trading companies will take 10% stake in Arctic LNG-2

(High North News; Norway; June 6) - Mitsui and Mitsubishi, two of Japan's largest trading companies, will acquire a combined 10 percent stake in the Arctic LNG-2 project, completing Russian gas producer Novatek's search for investors. The deal is supported by the Japan Oil, Gas and Metals National Corp. (JOGMEC), an independent government corporation. The final agreement will be signed, likely in the presence of Russian President Vladimir Putin, during the G20 summit in Osaka later this month.

Novatek in 2017 successfully launched its first liquefied natural gas project, Yamal LNG, with investments from France's Total, China National Petroleum Corp. and China's Silk Road Fund. For its next endeavor, Arctic LNG-2, with an annual production capacity of 19.8 million tonnes, Novatek has been looking to diversify its partners while retaining at

least a 60 percent stake in the development estimated at \$25 billion. Novatek expects to make a final investment decision this year and start operations by 2023.

Novatek has been courting financing from Saudi Arabia, South Korea, and Japan. "Russia has sought to diversify investors in the Arctic LNG-2 project as it saw the risk of solely depending on China, and has lobbied Japan and Saudi Arabia to join," said Aki Tonami, Associate Professor of International Relations and Economics at the University of Tsukuba, Japan. France's Total took a 10 percent stake in the project last year with Chinese investment following earlier this year at 20 percent. It appears the final 10 percent stake will go to Mitsui and Mitsubishi, beating out interest from the Middle East.

Novatek signs gas marketing joint venture with Sinopec

(S&P Global Platts; June 5) – Russian gas producer Novatek has signed a preliminary deal to create a joint venture with China's Sinopec and Russian bank Gazprombank to market LNG and pipeline gas to end users in China, Novatek said June 5. The company operates the Yamal LNG plant in northern Russia. China National Petroleum Corp. (CNPC) holds a 20 percent stake in the plant, along with China's Silk Road Fund at 9.9 percent. Yamal's production capacity is 16.5 million tonnes per year.

Novatek, Russia's leading LNG producer, is also partnering with CNPC and China National Offshore Oil Corp. (CNOOC) in developing the Arctic LNG-2 project, at 19.8 million tonnes per year with the Chinese companies each holding a 10 percent stake. "Creating a joint venture to trade LNG and gas in the domestic market of China not only facilitates sales of LNG produced, but also opens up opportunities for investments in the development of the end-customer segment in one of the largest and the fastest-growing gas and LNG markets in the world," Novatek CEO Leonid Mikhelson said.

The heads of agreement was signed during Chinese President Xi Jinping's official visit to Russia. Novatek expects to increase its LNG production capacity target to 70 million tonnes per year by 2030, up from a previous target of 57 million. The company is looking at building a third liquefaction and export terminal in the Arctic.

First LNG from Prelude 'imminent,' says Shell

(Reuters; June 4) - Shipment of the first liquefied natural gas cargo from the long-awaited Prelude floating production project in Australia is "imminent," operator Shell said June 4. Prelude — the world's biggest floating LNG production unit and the biggest maritime vessel ever built — is designed to produce 3.6 million tonnes of LNG per year, along with more than 45,000 barrels a day of condensate and liquefied petroleum gas.

The start-up of LNG production from Prelude would correspond with new project start-ups in the United States and could further saturate the tumbling global LNG market with oversupply. Shell, which owns 67.5 percent of Prelude, anchored about 125 miles offshore, did not elaborate on how quickly the project would ramp up production.

Shell decided to go ahead with the project in 2011. After long delays, it introduced gas to the 1,600-foot-long Prelude a year ago as part of the cooling process before start-up. Shell had hoped to start generating cash flow from Prelude in 2018. It exported the first condensate in March this year. Japan's Inpex, Taiwan's CPC Corp., and Korea Gas hold the rest of the shares in the Prelude project. Shell has not publicly disclosed the final cost of Prelude, though news reports put it at between \$12 billion and \$20 billion.

Prelude close to its first LNG export cargo, but offloading is tricky

(The West Australian; June 4) - The 1,600-foot-long Prelude floating gas liquefaction, storage and offloading facility is close to exporting its first LNG, almost two years after it arrived in Australian waters from its South Korea shipyard — during which it has had several problems bringing vessels alongside. Shell director of gas and new energies Maarten Wetselaar told investors June 3 that Prelude had been producing LNG for more than a week and that the first shipment of LNG was imminent.

The Spanish LNG carrier Valencia Knutsen, which was moored off Darwin for some days, has moved to the vicinity of Prelude, almost 300 miles northeast of Broome, according to vessel tracking site Marine Traffic. The Valencia Knutsen, helped by three other vessels, briefly maneuvered alongside Prelude on June 3 before pulling away. To transfer LNG from Prelude, a carrier must berth alongside as the two vessels bob about in the sea and the Prelude “weathervanes” around its mooring turret.

More common floating oil production facilities offload to a tanker a safe distance away through long flexible hoses and avoid the difficulties of two vessels being alongside each other. Shell vice president for Prelude Rob Jager said in May that Prelude's role as an open-sea port was probably the most unique and underrated aspect of the facility. Sophisticated modeling of how the two vessels would move under the influence of wind, waves and currents was ongoing, he said.

Anadarko awards Mozambique LNG construction contract

(Oil & Gas Journal; June 5) - Anadarko Petroleum has awarded an engineering, procurement, and construction contract to CCS JV, a joint venture of U.S.-based McDermott International, Italy's Saipem, and Japan's Chiyoda, for the Mozambique liquefied natural gas development. The scope includes engineering, procurement, and

construction for all components of the onshore LNG development, which includes two liquefaction trains with a total nameplate capacity of 12.88 million tonnes per year.

The onshore LNG plant — Mozambique's first — will support the Golfinho-Atum gas field, which lies entirely within Offshore Area 1 where Anadarko and its partners have discovered 75 trillion cubic feet of recoverable gas resources. CCS JV previously provided front-end engineering and design services for the development. McDermott and Saipem have established an office in Milan where a team will lead the project management in advance of sharing on-site construction responsibilities.

Work at the site is expected to begin after Anadarko takes a final investment decision, expected later this month. Anadarko operates Offshore Area 1 with a 26.5 percent working interest. Partners include energy companies from India, Japan, Thailand, and Mozambique. It is unlikely to be Anadarko running the project, however. Occidental Petroleum last month bought Anadarko, in one of the biggest oil deals of the past decade, after a close-fought battle with Chevron. As part of the deal, Occidental will sell Anadarko's African assets, including the LNG project in Mozambique, to France's Total.

Permian Basin gas flaring averaged 661 million cubic feet per day

(Reuters; June 4) - Natural gas flaring and venting in the top U.S. oil field reached an all-time high in the first quarter of the year due to the lack of gas pipelines at a time of increased focus on environmental concerns about methane emissions. Producers burned or vented an average 661 million cubic feet per day in the Permian Basin of West Texas and eastern New Mexico, the field that has driven the U.S. to record oil production, according to a new report from global consultancy Rystad Energy.

The Permian's first-quarter flaring and venting level is more than double the production of the U.S. Gulf of Mexico's most productive gas facility, Shell's Mars-Ursa complex, which produces about 260 million cubic feet of gas per day. A lack of pipelines and pipeline outages drove the first quarter numbers to a new record. "It's very persistent issue with infrastructure," said Artem Abramov, head of shale research at Rystad.

Natural gas that emerges alongside crude oil is often treated as a byproduct. Crude can move by pipe, train, or truck, but gas can only move by pipeline, and construction at the Permian has not kept up with output. The Permian is expected to flare more than 650 million cubic feet per day until the second half of the year when the Gulf Coast Express pipeline comes online, Abramov said. The Gulf Coast Express is designed to transport up to 2 billion cubic feet of gas per day. "It will be a temporary solution," said Abramov. "We don't have any other major project coming online until late in 2020."

[Shell forecasts global LNG market will grow 4% a year to 2035](#)

(S&P Global Platts; June 4) - Shell expects the global LNG market to grow 4 percent a year to 2035 and the company plans to "grow with it," maintaining its lead in the market, CEO Ben van Beurden said June 4. Speaking at a management day in London, van Beurden said the company had a 22 percent share of global LNG sales in 2018, and a trading operation that allows "serious" optimization of multiple supplies to match buyers.

Global LNG imports in 2018 totaled 314 million tonnes, according to an industry group. Shell sees the market doubling by 2035. "The gas market and LNG in particular will continue to grow," van Beurden said, adding that by 2035 more than 70 percent of energy demand growth will be met by gas and renewables. China and India would drive a lot of that growth with their preference for gas over coal in power generation, he said.

Shell's head of integrated gas, Maarten Wetselaar, said the increasing demand for LNG in the short term is expected to be well met by additional liquefaction capacity coming online this year. "But we still expect a supply shortage to develop in the early to mid-2020s as demand continues to grow," Wetselaar said. On pricing, Shell's LNG sales were predominantly oil-indexed with a 3- to 6-month time lag on oil prices with the remaining third of sales linked to gas trading hub prices or spot-market sales.

[Energy researcher gives Oregon LNG project a one-third chance](#)

(The Daily Sentinel; Grand Junction, CO; June 2) - Oregon energy researcher and consultant Robert McCullough has been keeping an eye on the controversial Jordan Cove LNG proposal in his home state. "We were watching the hubbub around Jordan Cove and I said, 'You know, nobody really believes this is going anywhere. Why don't we write down why?'" Calgary-based Pembina Pipeline is trying to develop the project in Coos Bay, Oregon. It is waiting on its federal review, customers, and financing.

Portland-based McCullough Research recently distributed a 10-page report to its clients questioning the project economics and giving it just a one-third chance of reaching the operational stage. "Our analysis indicates that Jordan Cove will have a significant cost disadvantage compared to its competitors — approximately 25 (percent)," the report said. "In the end, it's all going to be who can offer the lowest tolling (liquefaction) fee, and these guys clearly are not going to win that contest," McCullough said.

Jordan Cove is of interest to the Colorado gas industry, which hopes the export terminal could provide a market for its gas. McCullough agrees that Jordan Cove has an advantage over U.S. Gulf Coast LNG, which has a longer trip to Asia, but those larger projects enjoy economies of scale. And Shell's LNG Canada project under construction in British Columbia has direct access to cheap gas from Western Canada, whereas the price Jordan Cove pays for gas will be determined by the rate at the gas trading hub at Malin, Oregon — and that price is influenced by the fact it serves California markets.

Oregon LNG opponents tell investors to give up on project

(The World; Coos Bay, OR; June 4) - Last week, 35 organizations in Oregon, many of which are conservation and climate groups, released a report on the proposed Jordan Cove Energy Project. They sent the report, titled "Jordan Cove Risky Business," to investors and potential investors in the coastal liquefied natural gas export terminal in an attempt to convince them that the project is not worth their time or money. The report was sent to top bankers of project developer, Calgary-based Pembina Pipeline Corp.

The report argues that as global energy markets evolve, the Jordan Cove LNG export terminal looks ever more at risk of becoming a stranded asset. Most of the report highlights local opposition to the project and the immense amount of regulatory work required. "After over 14 years, and three different attempts at this proposal, Jordan Cove LNG is still at square one for permission to construct this project in Southern Oregon," said Hannah Sohl of Oregon-based community organization Rogue Climate.

"Our communities will do all it takes to ensure our climate, safety, lands, and waterways are protected and that Jordan Cove LNG never gets the green light to build," Sohl said. In response to the report, the developer said the market for liquefied natural gas is still a viable investment opportunity. The Federal Energy Regular Commission has scheduled public hearings for the week of June 24 in Oregon to gather comments on its March draft environmental impact statement for the project at Coos Bay.

Canadian scientists ask governments to reject LNG project in Quebec

(Canada's National Observer; June 3) – More than 150 Canadian scientists have signed a strongly worded letter, urging the federal and provincial governments to reject a proposed liquified natural gas project in Quebec. "In this era of climate change and biodiversity collapse, we believe that scientists have a duty to take a stand on major projects that would affect the future of our civilization," said the letter, published June 3.

The proposed C\$9 billion export project includes a 465-mile pipeline to connect with lines coming from Western Canada, through northern Ontario, to deliver gas to an 11-million-tonne-per-year liquefaction plant in Saguenay, Quebec, about 125 miles north of Quebec City. LNG carriers would go out to the Atlantic via the St. Lawrence River. The venture is led by Gazoduq for the pipeline and GNL-Québec for the LNG terminal.

The project "would facilitate the daily extraction in the Canadian Prairies of 44 million cubic meters of gas (1.55 billion cubic feet) ... 2.6 times the daily consumption of Quebec," the letter said. "From its extraction to the exit point of the liquefaction plant, it would produce more than 7.8 million tonnes of greenhouse gas per year." Add in the emissions during production, transport and burning of the gas, and it equals "the CO2 emissions that 382,377,919 cars would generate on average over a one-year period."

[Argentina starts loading its first LNG export cargo](#)

(Reuters; June 2) - Argentine oil company YPF said June 2 that it began loading the first shipment of liquefied natural gas for export from Argentina. The shipment includes about 700 million cubic feet of gas from the Vaca Muerta shale play, YPF said. "This is the first step of a process that YPF is leading to export and expand gas markets to the world," said Marcos Browne, executive vice president of gas and electric power for YPF. The company bought a floating liquefaction unit for its export operations.

LNG exports are expected to generate revenues of more than \$200 million a year, which represents 10 percent of the company's total fuel and energy exports, according to YPF data. YPF did not specify the destination of the shipment, which would be ready by mid-week, but said the cargo's sale was in the hands of U.S. LNG producer and marketer Cheniere Energy. Argentina is looking to export its surplus gas during the summer when local demand is lower, boosting the flow of dollars into the country.

About the size of Belgium, Vaca Muerta represents the world's second-largest gas reserve and the fourth-largest non-conventional oil reserve. The U.S. Energy Information Administration estimates the shale play's gas resource at more than 300 trillion cubic feet. Argentina will become the world's 21st LNG exporting nation.

[Trade fight could threaten booming U.S. gas exports to Mexico](#)

(Forbes columnist; June 2) - Last week, President Donald Trump announced plans to impose a 5 percent tax on all goods imported from Mexico unless "the illegal migration crisis is alleviated." The tariffs could rise to 25 percent by October. Whenever implementing new policies, the risk of unintended consequences is always present. My concern is the potential impact on our most important natural gas export market.

U.S. gas production has surged with the shale revolution. After hitting the lowest point in decades in 2005, gas production has risen nearly every year since, making the U.S. the world's top producer. A consequence is that U.S. export trade in gas has skyrocketed. In 2005 the U.S. exported about 700 billion cubic feet of gas, primarily to Canada and Mexico by pipeline. By 2018 that had jumped by a factor of five to 3.6 trillion cubic feet.

Most of this growth was in sales to Mexico, which imported 1.7 tcf of U.S. gas in 2018. To put that into perspective, pipeline exports to Mexico are now equivalent to 5.2 percent of total U.S. gas output. These exports are a boon to U.S. producers, as well as pipeline companies investing in infrastructure to move the gas south of the border. Gas demand in Mexico is projected to continue growing, and that demand will be primarily satisfied by U.S. gas, that is, unless Mexico retaliates and gas producers end up paying the sort of price farmers have paid as casualties in the U.S.-China trade war.

Cheniere sees China as a 'long-term investment,' past any trade war

(Houston Chronicle; June 3) - Liquefied natural gas producer Cheniere Energy is ready to wait out the U.S.-China trade war, but the 25 percent retaliatory tariffs imposed by China on U.S. LNG may already be taking a toll. The company sent 26 shipments of LNG to China in 2018, but only two through the first three months of this year, dropping China from Cheniere's third-biggest customer to its 13th.

CEO Jack Fusco said June 3 the company views China as a "long-term investment" that will outlast the trade dispute. "We don't aspire to tariffs," he said. "We are a company that is more prone to support free trade. But having said that, we're also very patient." A mild winter in Asia had already weakened demand, but the tariffs added pressure on the still young U.S. industry, putting it at disadvantage to competitors such as Australia and Qatar. The trade war with China comes at a time when Cheniere has signed a series of deals to support expansion projects at its export terminals in Louisiana and Texas.

Market watchers don't expect low LNG prices to cut into U.S. exports

(S&P Global Platts; May 31) - The United States is not widely expected to reduce liquefied natural gas exports in the short term despite the fact that weak pricing in Asia and Europe has seen nearly uneconomical netbacks to these key markets, according to European market participants. The benchmark price for LNG spot sales delivered into Southeast Asia was at \$4.267 per million Btu at the end of the week, the lowest price for the contract since April 2016, S&P Global Platts price data showed.

Pricing in Asia has softened in recent days as a combination of solid supplies into the region and weather forecasts that don't show any incoming heat wave continue to dampen demand for spot LNG sales. In addition, contracts for delivery into Europe in June and July have both broken cleanly below the \$4 mark in recent days. European hubs have been under pressure this summer on record-high LNG deliveries in addition to a large storage overhang carried through from the 2018-19 winter.

Nonetheless, market participants believe there is very limited scope for the U.S. to cut back its LNG exports. "It is unlikely," said Jean-Christian Heintz, head of LNG broking at SCB Brokers, adding that a shut-in is "technically challenging, no producer likes to shut down a (liquefaction) train as it involves a complex restart process. Commercially, it would not give a good signal, at a time when we expect new final investment decisions." Thierry Bros, a research fellow at the Oxford Institute of Economic Studies, said, "To stop, they must be certain to have no option ... and be certain of a negative margin."

Low LNG prices may prompt Japanese utilities to switch from coal

(Bloomberg; June 4) - With seasonal spot prices of liquefied natural gas the cheapest in a decade, some utilities in Japan, the world's biggest buyer of the fuel, are considering burning more gas instead of coal, according to people with knowledge of the plan. Japanese power generators have started discussions with traders about buying additional LNG cargoes on the spot market, the sources said. The plans, which would require lowering run rates at coal plants while raising them at gas-fired facilities, have not been finalized and would likely only be implemented through the rest of this year.

Utilities in Japan rarely switch from coal to gas because the work needed to reconfigure their generation mix requires sustained lower LNG prices. But an opportunity exists as the nation is sitting on sufficient gas inventories with tepid seasonal demand, and a rush of new global supply has driven down spot LNG prices. The potential short-term switch contrasts with deeper inroads for gas in the U.S., which has caused some coal plants to permanently shut, or Europe, where fuel swapping can be done relatively quickly.

The LNG Japan/Korea Marker, the benchmark for prices in Asia, has plummeted to \$4.26 per million Btu as of June 3, according to S&P Global Platts. Japan's power mix already includes a large amount of gas, which fired about 40 percent of electricity output compared with 30 percent for coal, according to industry data. And because of ongoing uncertainty over the future of its nuclear power sector, the country's gas importers have long-term contracts for more LNG than they can likely use.

Alberta appoints first-ever associate minister of gas

(Financial Post; Canada; June 4) - Alberta's battered gas producers, languishing in the shadows of the oil sands, can now take their grievances to Dale Nally. He is Alberta's first-ever associate minister of gas, working in Premier Jason Kenney's new government. Nally is tasked with helping the beleaguered gas sector recover after being hit by persistently low prices, scrapped export projects and a lack of market access. "They absolutely have felt like the second cousins to Big Oil," Nally said.

The appointment is a welcome signal for producers that government grasps the extent of their struggles, which have been exacerbated by volatile prices and resulted in many bankruptcies and, in some cases, the liability for thousands of wells being transferred to the province's Orphan Well Association for cleanup. For Nally, the big issue is resolving a fight between TC Energy (formerly TransCanada) and producers over a 2017 policy change limiting use of the Nova pipeline system during maintenance. The system moves the majority Western Canadian gas to export points.

"On the difficulty scale of 1 to 10, it's probably a 12," Nally said. Producers say TC's policy change causes prices in Alberta to collapse whenever there is maintenance on the system because they have trouble accessing storage and are forced to sell gas at

heavily discounted prices. TC Energy in late May started a new round of maintenance on its network and since then gas prices in Alberta have fallen 84 percent in just a week, from \$1.70 per 1,000 cubic feet on May 23 to 28 cents a week later. On June 3, Alberta hub prices averaged 90 cents, about \$1.53 under the U.S. benchmark price.

Global economic slowdown fears hit oil and gas prices

(Reuters; June 3) - Energy markets are being battered by spreading concerns that an economic slowdown will hit consumption of oil, natural gas and coal. Oil, the world's most used fuel, has seen prices fall by 20 percent from their 2019 peak in late April, with Brent crude oil futures threatening to fall below \$60 per barrel for the first time since January. Meanwhile, prices for thermal coal and liquefied natural gas, mostly used in power generation, have dropped to multi-year lows amid tepid demand.

The slumps come amid an economic slowdown and escalating global trade tensions, especially between the United States and China. "Fear of global economic growth slowing afflicts the entire energy complex," said Peter Kiernan, lead energy analyst at the Economist Intelligence Unit. "Calls in the market foreseeing a global recession have not helped sentiment," Australia-headquartered ANZ bank said in a note on June 4.

"The continued escalation in trade tensions and broad-based fall in manufacturing ... suggest that the downside risks to growth are becoming more prominent," said U.S. bank Morgan Stanley. In China, refiners are holding off placing new orders for crude oil imports in anticipation of lower prices once demand stalls further. And in Asia's LNG market, spot cargo prices were approaching \$4 per million Btu this week for the first time since April 2016, traders said. Prices are down 60 percent from their 2018 highs.