

Developments in Energy Data-Transparency – Dawn of a New Era?

Reza Haidari Director, North America Natural Gas Research/Forecasting

JODI Conference - London October 2017



Thomson Reuters:

We are the leading source of intelligent information for the world's businesses and professionals, providing customers with competitive advantage. We deliver this must-have insight to the financial and risk, legal, tax and accounting, intellectual property and science and media markets, powered by the world's most trusted news organization.

Supply Chain & Commodities Research Group (SCCR):

Supply Chain & Commodities Research is part of Research and Insight, which includes IFR (fixed income, capital markets and investment banking news and commentary) and Compliance & Regulation. SCCR is comprised of analysts from three acquired companies: Point Carbon, Lanworth, and GFMS. A Global Oil Research team has since been formed organically. Together we provide analytic insight into the oil, natural gas, power, carbon, agricultural, and metals global markets. Our core mission is turning data overload into market knowledge that empowers commodities professionals to make better decisions.



A Data Revolution for US Gas: From Mets Yelling Across Trading Floors...!







Historical Weather Scenarios Impact on Withdrawal EOS Storage

- Looking back at historical actual weather scenarios only 4 out of the last 36 winters gets us close to 5-year avg (1999, 2001, 2011, 2015).
- Average of last 7 years winters (since 2010), results in 1,050 Bcf EOS with current production, thus needing +4 Bcf/d of production starting Nov 1 – a highly aggressive production growth scenario.



Source: Thomson Reuters Research & Insights



... To Real-time Translations of Supply-Demand Impacts





Eikon Chart





Supply-Demand Fundamentals: An Integrated Approach

Various timeframes from a multitude of sources normalized: 5 min data, hourly, daily, weekly, monthly, quarterly



THE US – A WAVE OF NEW LNG CAPACITY*

Fully flexible in terms of destination and off-take



Potential projects: Sabine Pass Train 6, Freeport Train 4, Corpus Christi Train 3, Lake Charles 1, Golden Pass 1-3, Magnolia (Total of ~ 60 bcma)

*Under construction

Source: Thomson Reuters Research & Forecasts



Competitive Global LNG Market

- China LNG demand skyrocketed 33% last year to 35.6 bcm (26.3 mtpa) and already up 45% this year
- Set to overtake S. Korea soon as 2nd biggest importer behind Japan
- China demand: 70 Bcm (52 mtpa) by 2020 (Japan: 112 bcm)?
- Global supply increasing 300 450 bcm (50%) over 2015 – 2020.
- Global Supply Gut until 2021-22
- Who will feed the Asia hungry market? Australia/US/ME?
- Will ME LNG get displaced from Asia to Europe and LatAm?
- How will Russian pipeline gas compete with global LNG for Europe/China?
- Will Europe act as sink for incremental global supply LNG?

Price war in Europe and Asia?





JODI Data Impact on LNG

How will JODI-Gas impact rapidly evolving natural gas and LNG trading strategies?

- JODI-GAS does not impact trading strategies but creates a timely standard of quality for analysis supporting trading decisions
- Provides a benchmarking tool against AIS data
- M-1 time lags improves upon annual IEA or BP Energy Outlook global benchmarks
- Covers gaps in data currently not available from gov't, such as Japanese's gas inventory
- Increase in spot trades based on gas-on-gas hub competition versus long-term oil-linked contracts means analysts will need country-level supply-demand gas/LNG data
- JODI provides country-level supply-demand data so analysts can best determine tightness/looseness of the S/D balance around the world and marginal cost of production – helps to forecast most likely source and destination LNG



Conclusions

- Jodi Oil and Gas provide an important supply-demand benchmarking source for energy markets
- Many sources of market data create "noise" for analysts and traders
- Rather than try to compete with secondary and tertiary distributors, JODI should and is striving to become the gold standard for global energy markets
- JODI can achieve this by excelling in creating standards (units of measurement), accuracy (data cleansing), communication (term definitions, revisions)
- Instead of being a market-moving dataset, it should be the <u>market-clarifying</u> dataset against which all other higher frequency, modeled, alternatively-sourced data should be measured.



Thank you for your attention !

Contact: reza.haidari@tr.com



Developments in Energy Data-Transparency – Dawn of a New Era?