

Five steps to the establishment of a liquid LNG market

1

Expansion of spot transactions

- ▶ Japanese players after the Fukushima earthquake, and new importing countries expand spot transactions.



2

Development of spot indices

- ▶ From price assessment to quote-driven/ dealer-driven spot price.



3

Emergence of derivatives

- ▶ Establishment of reliable spot market promotes derivatives growth.
- ▶ Increase of JKT (Japan-Korea-Taiwan) swaps is a sign.



4

Collapse of price mechanism

- ▶ Collapse of closed market practices.
- ▶ Increase of HH-linked deals is a sign.



5

Establishment of a liquid future market

- ▶ Support increasing liquidity in LNG futures market.
- ▶ Progressive efforts in Japan and Singapore.



Establishment of a liquid LNG market