

Press Release

ICIS LNG swap trade picks up

London, 1 August 2012 - The world's first cleared LNG swap product traded again on Tuesday, following the first trade on 16 July. The swap settles against the [ICIS East Asia Index \(EAX\)](#), which assesses the value of spot LNG delivered into the key markets of the region.

This second deal shows momentum building in LNG derivatives trade. The global LNG market is starting to grow and mature, attracting more companies and moving from purely physical trading into financial trading.

"Having a cleared product available for LNG, which settles on a reliable physical price index like the EAX is starting to bring new companies into the market," said Louise Boddy, Head of Gas and Power at [ICIS](#).

"LNG spot prices are volatile and at the same time, price discovery is becoming more robust. These factors make the development of derivatives products both possible and desirable."

The latest cleared swap deal was done for October at \$13.90/MMBtu. The deal was voice-brokered by Tradition and has been cleared by CME Europe.

Throughout the last six weeks there has been a busy two-way market every day on the EAX swap for September, October, November and Calendar Year 2013. The spreads on the contracts have narrowed significantly since the first trade took place on 16 July.

The price on the physical spot market in East Asia has been falling sharply since June, when Japanese utility Kansai Electric Power restarted two nuclear reactors. Prices continued to fall in July, losing a further 10.8% in value. LNG buyers in East Asia now have high inventories because relatively mild temperatures this summer have coincided with increased supply of spot cargoes from Australia, Nigeria and Indonesia.

For further details and comment please contact:

Karin Hausmann

Marketing

+44 207 911 1929

karin.hausmann@icis.com

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About ICIS

[ICIS](#) has been providing LNG spot market information to the global industry since 2005 and was the first publisher to assess LNG spot prices, when Heren Energy launched weekly Asian assessments in 2007. ICIS assessments and indices have been the most widely used price benchmarks in Europe since gas and power markets started to trade in the 1990s. Our specialist LNG coverage goes further than any other in bringing transparency to the still growing LNG markets. Our LNG reports are tightly focused on LNG spot trade, providing readers with daily assessments and indices for all of the world's major LNG delivery and reload locations, bid/offer and deal information, shipping information and online news.

ICIS is also the world's largest petrochemical market information provider, with over 600 employees across 12 global locations. It is a division of Reed Business Information, owned by global publishing house Reed Elsevier PLC. The ICIS business is built on providing companies in global commodities markets with trusted pricing data and high-value news and analysis, enabling them to make better-informed trading and planning decisions.