The Real Source of the U.S.'s LNG Success

Liquefied natural gas (LNG) is an integral part of the oil industry.

In order for most countries to get their natural gas fix, they import it in its liquefied form – the ideal method for shipping and storage over long distances where pipeline transport is unfeasible.

And energy demand in the form of natural gas is skyrocketing all over the globe – and it will continue to do so for the foreseeable future...

With the U.S. as the top LNG producers, and one of the top LNG exporters.

It's estimated that the value of LNG exports to foreign countries from the U.S. will double its current amount to $12 billion in 2019.

In addition to that, the amount of American export terminals is expected to triple in the same time frame, doubling U.S. export capacity.

And industry experts are predicting that U.S. LNG exports will meet 10% of overall demand by 2020.

As countries around the world grow in population and require more energy, it will become more and more vital that we have this resource to produce and export.

There's no place that will drive demand, however, more so than Asia...

Asia's LNG Dominance

Asia has been dominating the global demand for LNG for several years now.

It's no surprise, because as of October 2018, 4.5 billion people – 59.2% of the global population – live there.

As far as LNG imports go, Japan, South Korea, Taiwan, China, and India are the largest importers in Asia, and through 2030, they will help Asia account for about 86% of the world's total LNG demand growth.

Now, Japan has typically been the largest importer in Asia for energy resources – it beat China by 45.3 million tons in 2017 – but that is quickly changing as China begins its move from its dependence on coal.

However, with the tariffs between China and the U.S., the talking heads on TV will tell you that the U.S. LNG export business will suffer.

However, I know better.

The U.S. LNG industry is nowhere near suffering. It will still see Asia as a viable market for exports, what with Japan and South Korea's additional significant demand – which imported 83.5 million tons and 35 million tons of LNG in 2017, respectively.

China is still going to be relying on imports from other countries, including the U.S...

The Chinese Company Leading the Charge

And one company leading the way over there happens to sit right in our ***Energy Advantage*** Model Portfolio.

Based in Beijing, China Petroleum & Chemical Corp. (SNP), also known as Sinopec, is one of the earlier additions to the portfolio.

These days, because China's natural gas market has been understandably tightened over the summer, Sinopec's gas sales rose 13.4% in its efforts to tackle the country's gas shortages.

Which is no small feat, as the company's distribution network covers all provinces, autonomous regions, and municipalities directly under the Chinese government.

Recently, it's been working to ramp up receiving ports for imported LNG, aiming to double the country's receiving capacity by 2024.

Sinopec will add new terminals to China's east coast, which will give the country a total capacity of 26 million tons per year – up from nine million currently.

Now, this pick has had a roller-coaster of a year, but with the announcement of new terminals, I'm confident in its continued upward trend.

This year, Sinopec has seen a peak gain of 38.5%, and is working on a recovery after a small setback at the beginning of October.

Despite that, Sinopec is one of the top winners of the ***Energy Advantage*** portfolio, and I will be keeping a very close eye on it.