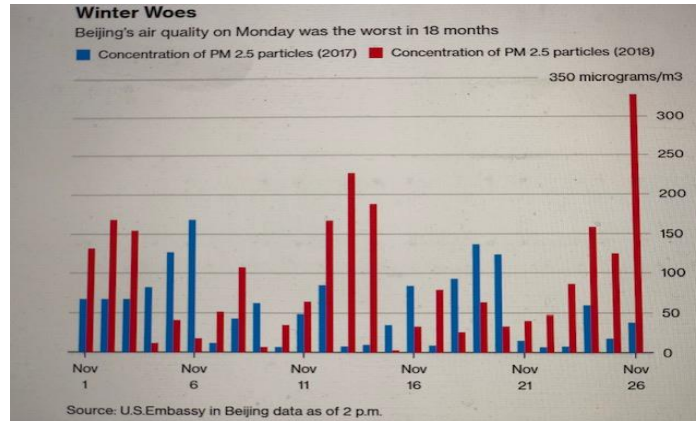


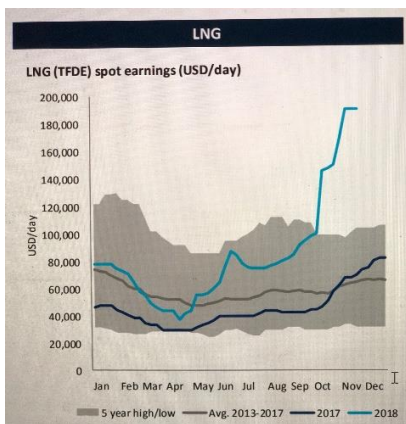
HEADS UP FLNG – BEIJING AQI AT 18MTH HIGH

Beijing air quality today was the worst in 18 mths, as the authorities are grappling with a slow economy, according to the US Embassy Beijing data.



Last year's hard curbs on industrial emissions seem to have softened in response to a weakening economy and uncertainty over trade tensions.

Meanwhile, LNG tanker equities have sold off in response to crashing oil prices as traders fear weakening shipping rates on the heels of the Asia oil-linked arbitrage. However, shipping rates have continued to strengthen, with TFDE 160`cbm up another 10pc amidst a more than 30pc crash in oil prices. With only 7 vessels available until January, the near term outlook for rates continues unabated. The old relationship between the arbitrage and willingness to pay for shipping capacity seems to be breaking down as the underlying demand for LNG is simply too strong.



Source: Clarksons, Bloomberg

The Beijing AQI today is a useful reminder of the vast need for clean fuel in China. Air pollution is responsible for 1,1m deaths annually according to research from the University of Hong Kong, with an economic impact of around 267bn yuan in the form of early deaths and lost food production. That is 0,7pc of GDP(!). Replacing coal with LNG is the quickest and easiest way to deal with the problem. The breakdown in the oil/arbitrage/shipping cost relationship is happening for a reason.

The Harpoon Report

Hunting for value

At current indicative 12m charter rates FLNG NO is worth north of NOK 20/shr. Buying opportunity.



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