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Jane Chung

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* LNG imports to hit record high of 42.8 mln T -Refinitiv data

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* Strong demand for power generation has boosted LNG imports

* LNG imports to be lower in 2019 on increased coal, nuke power

* S.Korea's LNG imports: tmsnrt.rs/2QZQH5M

By Jane Chung

SEOUL, Dec 19 (Reuters) - South Korea's imports of liquefied natural gas (LNG) are set to reach an all-time high over 42 million tonnes in 2018 thanks to robust power generation demand, but next year's shipments are likely to ebb on increased coal and nuclear power.

South Korea, the world's No.3 LNG importer after Japan and China, typically takes between 33 million and 37 million tonnes of LNG a year, mainly for heating, power generation and cooking.

This year, a volume of 42.8 million tonnes of LNG is the expected intake, up 13.8 percent from 37.6 million tonnes last year, according to ship-tracking data from Refinitiv Eikon.

That would top 2013 LNG import levels of nearly 40 million tonnes, the country's customs data showed. That was the year South Korea faced a series of nuclear reactor shutdowns due to a safety scandal over faulty parts, which led to an increase in gas

power generation.

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“Gas usage for power generation sharply rose this year because the country’s nuclear utilization rate was the lowest so other power sources like gas had to fill the void,” said Shin Ji-yoon, an analyst at KTB Investment & Securities in Seoul.

In the six months of the year, an average of almost half of the country’s 24 nuclear reactors were offline for planned maintenance, according to Reuters calculations based on data from state-run Korea Hydro & Nuclear Power Co. As of now, six reactors are shut down.

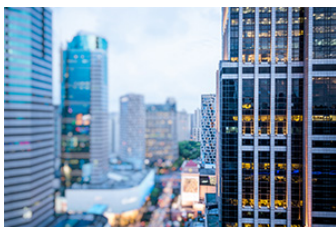
South Korea’s nuclear utilization rates dropped to just 63.6 percent for the first three quarters of 2018, the lowest rate ever, according to the Korea Hydro & Nuclear Power data.

LNG VOLUMES EXPECTED TO BE LOWER IN 2019

Coal and nuclear together produce about 70 percent of South Korea’s total electricity needs, although the country is trying to lower its dependence on those two fuels to shift its energy policy towards cleaner and safer energy in the long term.

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This year, gas power’s share of the country’s power supply mix outstripped nuclear-produced electricity over January-October, according to calculations on data from Korea Electric Power Corp (KEPCO).



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Gas-fired generation through October accounted for 26.7 percent of electricity produced, up from 20.3 percent last year, while nuclear made up 23.1 percent, down from 27.6 percent.

Looking ahead, South Korea's LNG demand growth for power generation is expected to hover around 1 percent in 2019, down from nearly 20 percent this year, robbed of room to grow as more coal and nuclear power plants are still coming online despite the plans for a long-term shift in policy, according to a report by state-funded think-tank Korea Energy Economic Institute.

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"We expect that (LNG) imports next year will be lower than this year but will still exceed 40 million tonnes," said Nicholas Browne, director of Asia-Pacific gas and LNG at Wood Mackenzie.

Reporting By Jane Chung; Editing by Tom Hogue

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BUSINESS NEWS DECEMBER 19, 2018 / 7:30 AM / UPDATED 10 MINUTES AGO

Wall Street set to open higher, Fed meeting eyed

Amy Caren Daniel

3 MIN READ



(Reuters) - Wall Street was set to open higher on Wednesday, with investors hoping the Federal Reserve will give them an early Christmas present by signaling fewer rate hikes given the turmoil in financial markets and rising fears of a recession.

Traders work on the floor of the New York Stock Exchange (NYSE) in New York, U.S., December 18, 2018. REUTERS/Brendan McDermid

The Fed is expected to raise rates for the fourth time this year when its two-day policy meeting ends at 2 p.m. ET (1900 GMT), but the focus will be on whether it still hints at three increases next year as it did in September.

Fed funds futures are pricing in only one more rate rise next year. The latest Reuters

poll showed economists expect two rate hikes, with the probability of a U.S. recession in the next two years jumping to 40 percent.

A turbulent couple of months have pushed all three major U.S. indexes more than 10 percent below recent highs, into what is known as correction territory, and that has sparked calls, including from President Donald Trump, for the Fed to hold fire.

“The Fed announcement is going to be a major catalyst. I expect trading to be quiet heading into the announcement,” said Scott Brown, chief economist at Raymond James in St. Petersburg, Florida.

“We’re due for a pick up in markets. If you get the Fed out of the way, at least in the near term, you don’t have any major hurdles for markets.”

At 8:33 a.m. ET, Dow e-minis 1YMc1 were up 139 points, or 0.59 percent. S&P 500 e-minis ESc1 were up 15.25 points, or 0.6 percent and Nasdaq 100 e-minis NQc1 were up 33.25 points, or 0.51 percent.

Adding to worries of an economic slowdown, FedEx Corp ([FDX.N](#)), seen as a bellwether for the global economy, slashed its 2019 forecast citing a weakening economy in Europe and slowdown in China. The stock tumbled 7.9 percent in premarket trading and dragged rival United Parcel Service Inc ([UPS.N](#)) down 4.1 percent.

Micron Technology Inc ([MU.O](#)) fell 8.4 percent after the chipmaker gave a tepid forecast exacerbating fears that a two-year chip boom was fizzling out and that weighed on other chipmakers.

Pfizer Inc ([PFE.N](#)) rose 1.4 percent after a deal to combine its consumer health business with GlaxoSmithKline Plc ([GSK.L](#)).

General Electric Co ([GE.N](#)) gained 4.8 percent after Bloomberg reported that the company has moved ahead with the planned IPO of its healthcare unit.

At 10 a.m. ET, data is likely to show existing home sales for November fell to 5.20 million units from 5.22 million units a month ago.

S&P 500 ends flat in choppy trade

Reporting by Amy Caren Daniel in Bengaluru; Editing by Shounak Dasgupta

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