Will LNG Beat Oil in 2012?

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According to the world's biggest shipping hedge fund, tankers carrying liquefied natural gas are projected to earn record rates in 2012 as it surpasses returns from oil and coal shipping vessels and demand for gas climbs to an all-time high.

Andreas Vergottis, the Hong Kong-based research director at Tufton Oceanic (OCEHEDU) Ltd. told Bloomberg that LNG tankers earned around $140,000 a day at the end of 2011, and in 2012 will rise to as much as $200,000 a day for winter demand in the UK—this rise will account the highest profits on record for Golar LNG Ltd. and Teekay Partners LP.

Vergottis' research says that LNG's high-growth and profit industry looks to be even hotter than 2011's, with not a single cloud in sight for at least two years. Sanford C. Bernstein & co, New York-based research firm, estimates that demand for LNG could expand up to 7.5% in 2012 to 258 million metric tons, primarily by aid of Japan, India, and China.

Going green?

The industry well-knows that gas cuts half of the CO2 emissions compared to coal, and the trend is on point as nations like the UK, South Korea, and Japan pay more attention to pollution, especially Japan following the Fukushima disaster. Japan is now the biggest importer of LNG accounting for 32% of LNG imports worldwide, after 89% of their nuclear capacity was closed, and eliminated a surplus of tankers.

In line with LNG's demand increase, 2011 saw a 90% decrease in the world's largest oil tanker rates to a meager $1,214 per day, according to the Baltic Exchange data. The globe's oil tanker fleet is the biggest in three decades, and the glut of oil ships has decimated its demand. Even coal and iron ore ships rates were cut in half in 2011, compared to 2010.

The stats are in, and the race is on.

LNG Later: According to the Paris- based International Energy Agency, LNG's global energy demand will likely rise to 23% by 2032 from the current 21%

Oil Later: IEA's research shows oil's global energy demand is expected to decline to 27% from 33% in the same time frame, showing a foreboding fall for the oil industry.