



LNG in World Markets

Asia Flat as Heaviest US Cancellation Month Firms Atlantic

Asian spot price continued to trade sideways at low-\$2s/MMBtu for second-half July and early-August deliveries. There were some pockets of opportunistic buying in China and Japan at low levels of around \$2 to \$2.10/MMBtu while Indian buyers remain active in the spot market. Buying finally re-emerged from Pakistan where state-owned Pakistan LNG Limited (PLL) issued two separate tenders for one August and one September cargo.

China's Guangzhou Gas has bought an end-July delivery cargo at low-\$2s. Buying in India also remains steady, with Reliance Industries and Indian Oil Corp (IOC) seeking one end-July and one August cargo. Taiwan's CPC was heard to be seeking one cargo for August delivery. Suppliers were expecting Thailand's PTT to return in the spot market, although industry sources said that it is likely that the requirement could be for second-half August or September instead. Cargoes were offered by Sakhalin LNG, Nigeria LNG and Ichthys LNG. Ichthys LNG was heard to have awarded its latest July 17-21 cargo to Jera on an FOB basis.

Elsewhere, Sharjah's SNOC tender for three cargoes in summer 2021 and one cargo in summer 2022 for delivery at Dubai's Dusep terminal was heard to have shortlisted four sellers: Shell, Petronas, BP and Adnoc. SNOC is seeking Brent-linked offers.

TTF rallies to \$2/MMBtu

August gas prices at Europe's benchmark Title Transfer Facility (TTF) hub rallied to \$2/MMBtu due to weak LNG imports, low send-out and high gas-to-power demand, particularly in Germany and France, where utilization recovered toward pre Covid-19 levels. Mediterranean markets maintained a tight premium to TTF despite a stronger pace of deliveries over the past month due to premium pricing. A build-up of floating storage volumes in Asia-Pacific, around Japan, India and China,

shows demand bottlenecks emerging due to tank tops. This suggests Qatari supply, in particular, may swing back toward Europe in July.

Angola LNG sold a July 25-30 cargo to BP in the \$1.70/MMBtu range and Nigeria LNG sold a July 7-8 loading cargo to Gunvor at \$1.40/MMBtu and an August 4-5 cargo to Total at around \$1.60/MMBtu. Novatek sold an August-loading cargo for delivery to Spain at TTF plus \$0.15/MMBtu. Mexico's CFE was seeking two July cargoes for the Manzanillo terminal on July 6-7 and 19-20. Botas also sought nine cargoes for delivery from June to the end of September.

Southern Europe's premium to the north was attracting supply and left terminals elsewhere in Europe relatively sparsely used. Northwest European DES prices fetch a 5¢ discount to TTF whereas Mediterranean buyers can pay a 10¢ premium or higher.

Northwest Europe LNG imports



Cancellations from US projects in August are expected to reach 40-50 cargoes, with 28 of those cancellations coming out of the Cheniere projects, including two cargoes cancelled by Poland's PGNiG for the first time, but also from Freeport and Cameron. Early indicators suggest six cargoes have been cancelled from Freeport's August schedule, but the number could rise closer to the date given the relatively short notice

tolling customers need to give. Fifty cargoes may be the ceiling of cancellation potential.

Cameron exports have been relatively stable at 10-11 cargoes per month (which are distorted by train three start-up, to a degree) so far, and Cove Point loadings show zero variation compared to earlier in the year. The project continues to churn out six cargoes per month. Combined with new train cargoes and mid-single-digit shipments from Sabine Pass and Corpus Christi, cancelling more than 50 cargoes will be challenging. Exports hit a January high of 75 cargoes and the US projects' technical capacity is 80-85.

Furthermore, due to the contango in European gas into 3Q and 4Q, US lifters may see opportunities in lifting September loadings and slow-steaming or floating them down the curve. This may imply fewer than expected cancellations for September.

Mediterranean LNG imports

