

Asian LNG prices slip but traders expect demand to pick up for winter



Asian spot prices for liquefied natural gas (LNG) slipped this week tracking a fall in European gas prices though traders anticipate prices to bottom out soon ahead of peak winter demand.

Spot prices for September delivery to Northeast Asia LNG-AS are estimated to be about \$4.60 per million British thermal units (mmBtu), down 10 cents from last week, trade sources said.

Prices for cargoes delivered in August are estimated to be \$4.20 per mmBtu, down 20 cents from last week, they added.

Traders are likely waiting for the European gas prices to come down before taking a position on LNG, a Singapore-based industry source said.

“The LNG market is quiet but the gas market is not and many

LNG buyers are just waiting on the sidelines for the gas market to cool down before they come in to buy," the source added.

Both the Dutch month-ahead and British month-ahead contracts have fallen 20 percent in the past week after a two-week long period of rises on expected supply flows due to outages in Norway and short-covering.

September contracts, which are not front-month yet, have also fallen over the week to around \$4.10 per mmBtu for the British price and \$3.85 for the Dutch, widening the spread between spot Asian LNG and the European hubs considerably.

Despite that, many traders say the spread is not wide enough and nor is there the kind of Asian demand to kick-start arbitrage from the Atlantic to the Pacific Basin.

Still, traders expect demand to pick up ahead of winter.

"There have been transactions above \$5 this week, but European (gas) hubs are very volatile, and that is reflected by traders into optimisation," a Singapore-based LNG trader said.

Angola LNG offered a cargo for August to September delivery to as far as Singapore in a tender that closes next week while Russia's Novatek has offered a cargo for mid-September loading from Rotterdam's Gate terminal in the GLX platform, industry sources said.

In term contracts, four companies are vying for a massive LNG tender by Pakistan to buy 240 cargoes for a period of 10 years, sources said.

Indonesia's Tangguh LNG plant may have offered two cargoes a month for loading or delivery over October to December into Northeast Asia earlier this month though it was not immediately clear if it had sold the cargoes.

Japan's Nippon Steel may have bought a cargo for delivery in

September at about \$4.60 per mmBtu, an industry source said.

Royal Dutch Shell's LNG tanker 'Barcelona Knutsen' has loaded a cargo at Peru LNG and is now crossing the Pacific Ocean to deliver a cargo into China in the first half of August, data intelligence firm Kpler said on Thursday.

This will make it the fourth LNG cargo to be delivered from Peru to China so far this year, up from just one cargo last year, Refinitiv Eikon shipping data showed.

Source: Reuters (Reporting by Jessica Jaganathan, additional reporting by Sabina Zawadzki in LONDON; editing by Gopakumar Warriar)

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