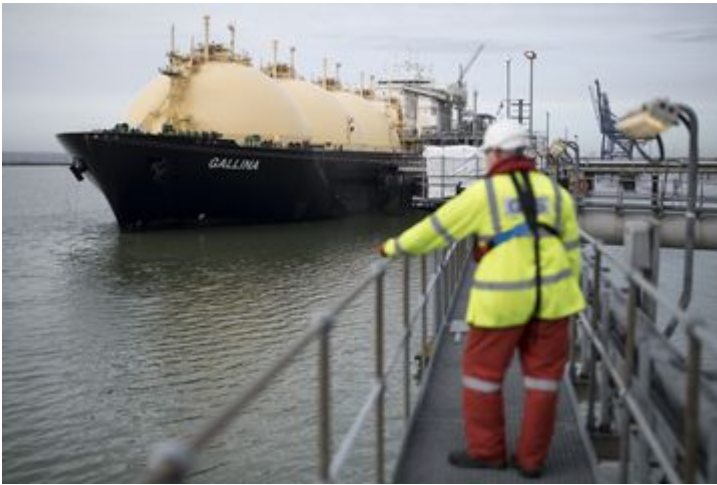


Britain Is Brimming With Natural Gas



Britain's appetite for natural gas usually declines in the summer, but this season is different with a record number of LNG tankers due to land this month.

The incoming cargoes show no sign of slowing, and will keep the pressure on benchmark prices already trading below their five-year seasonal average. That's good news for factories and households as Brexit clouds the nation's economic outlook.

"We can expect a significant pressure on prices this summer," said Murray Douglas, a research director for European gas at Wood Mackenzie Ltd. "The global LNG market is strong, we will still have a lots of LNG turning from the Asian to the European markets and we still see lots of LNG deals" and approvals for new projects.

Cargoes are heading to the U.K. and other northwest European nations because thanks to the extensive infrastructure and traded hubs they can absorb any global surplus as well as handle a growing worldwide production boom. Britain is still taking imports of the super-chilled commodity even after its gas export pipeline shut for repairs this month.

LNG prices in Asia, the biggest consumer of the fuel, have

also been too low to spur traders to ship cargoes east. Cooler weather is also supporting demand in the U.K.

While Asian LNG spot prices have regained their traditional premium over European hubs, Atlantic basin suppliers such as the U.S. and west Africa are still sending most of their cargoes to Europe, their nearest liquid market. Longer term, more plants are due to start producing LNG and a number of projects from Mozambique to Russia are nearing investment decisions this year.

U.S. President Donald Trump may use Europe's increased appetite for LNG to promote his country's fuel in the region when he visits the U.K. in June, according to Leslie Palti-Guzman, president and founder of consultant GasVista LLC in New York. In addition, the European Union and the U.S. will hold a forum in Brussels on May 2 to discuss bringing natural gas originated from shale fields in the U.S. to nations from Germany to Greece.

U.K. shipments are mainly sourced from the biggest exporter Qatar, as well as countries such as Nigeria and Norway, but the U.S. is becoming a bigger supplier. Britain is now among the top-10 importers of American LNG this year.

"This surge in U.K.-U.S. trade flow will bode well with the June visit of President Trump to the U.K., who has repeatedly used U.S. LNG as a tool in trade negotiations," Palti-Guzman said by email. "The U.K. will be able to trumpet the increase in U.S. LNG imports to reinforce its trade relationship with the U.S., especially post-Brexit."

Since March, Norway has reduced its overall gas shipments by about 16 percent for pipeline maintenance, cutting flows into the U.K.'s key Easington terminal by more than 80 percent. Meanwhile, the main U.K. export route, the Interconnector pipeline between England and Belgium, closed for repairs last weekend until May 1, cutting off a key transit route for flows

into mainland Europe.

“April looks like being a record high import month for LNG into the U.K., and the Interconnector being offline means the U.K. market has no way of shipping gas back to the continent via pipeline,” said Alun Davies, director of Europe power and gas at IHS Markit.

– *With assistance by Kevin Varley*