

Prices stable amid lack of end-user buying



LONDON (Reuters) – Liquefied natural gas (LNG) prices in Asia held largely steady this week, taking a breather after recovering from a significant dip in March.

LNG for delivery in northeast Asia in June is estimated at \$5.60 per million British thermal units (mmBtu), the same level as last week.

The July price is seen at a slight contango – a market structure in which prompt prices are below later-dated prices – and is estimated at \$5.65 mmBtu.

Demand kept coming from trading and portfolio companies who are optimizing their positions in the Far East. Deals for June cargoes were done between \$5.50-5.60 in the Platts market on close (MOC) window this week.

Several companies are in talks to optimize their July positions as well, an LNG trader said.

One is the trading arm of Russian producer Novatek, which is

looking to buy a cargo in the Pacific basin to cover a July delivery position in Asia, two market sources said.

A lack of end-user demand kept prices from rising however, with some buyers offering to sell cargoes. China's PetroChina was offering a cargo in the Platts MOC window for late June delivery.

A spot cargo offered from Malaysia's Bintulu for early June loading likely didn't find a buyer, a shipping market source said.

In Europe, Spain's delivery prices are increasing on the back of higher gas demand in the country, two trade sources said.

Offers rose to above the level of the Dutch gas hub benchmark price as sellers see Spain having to compete for cargoes with other markets, one of the sources said.

There were several spot cargo offers in Europe. Novatek is selling a late May delivery cargo to northwest Europe from the Yamal plant, two sources said.

PetroChina, another offtaker from Yamal, has offered three cargoes for June delivery to Europe, one industry source said.

Front-month gas prices in the Netherlands and Britain fell by around 20 cents to around \$4.63 and \$4.24 per mmBtu respectively.

There were two diversions of cargoes from Europe to Mexico in the past week, indicating more attractive prices in the recent tenders of Mexican utility CFE compared to Europe.