

GLOBAL LNG-Asian spot prices down over 30 pct since start of year



LONDON, March 8 (Reuters) – Asian spot prices for liquefied natural gas (LNG) dropped this week for the eleventh week in a row, and have now lost more than 30 percent in value since the start of the year.

Prices for April delivery to northeast Asia are estimated at \$5.70 per million British thermal units, \$0.30/mmBtu below last week. That is the first time prompt prices have fallen below \$6.00/mmBtu since early August 2017, according to Reuters data.

Prices for May delivery are estimated to be slightly higher than for April, largely due to the very weak prompt price, LNG traders said.

In China, a return of industrial demand after the Luna New Year helped to draw LNG stocks down slightly, sources said.

Inventories in Japan and South Korea were still high.

Spot trade in the Far East was almost non-existent this week, sources said. But there were plenty of deliveries related to long-term contracts or earlier purchases.

In the first eight days of March, 18 cargoes were supplied to China, eight more than in the same period in February, half of which the country was on holiday, Refinitiv Eikon data showed.

In Japan and South Korea, the delivery pace was largely stable in the first week of March, compared with February.

Europe, India and Latin America remain the focus for LNG suppliers.

Shipments of U.S. LNG have gathered pace in March and Europe is likely to receive more U.S. LNG volumes this month.

There are a number of offers from U.S. suppliers for late March deliveries to Europe at a significant discount to the price at the TTF, the Dutch gas hub, an LNG trader said.

The Dutch front-month price declined by around \$0.30/mmBtu this week too. But there could be an uptick next week.

“Our balance forecasts indicate tighter conditions both in the UK and on the Continent next week which should provide support to gas prices next week,” Refinitiv analysts said in a weekly note.

“The main drivers are colder weather and outlook for lower LNG sendout.”

In India, prices are around the same level as in the Far East, sources said.

“At some point India will target the TTF level; right now they pay a small premium to that,” an LNG trader said.

India’s Gujarat State Petroleum Corp (GSPC) and Torrent Power

issued new buy tenders this week.

“India will continue buying, LNG is cheap and they have space for more supply,” an industry source said.

GSPC did not award its 12 cargo tender for delivery over April 2019 to March 2020 due to higher-than-expected offers, however, traders said.

In Latin America, Argentina’s IEASA issued a new tender on March 1 for 14 cargoes for delivery from May to September. This is a second tender from IEASA this year. Up to nine cargoes from the previous 12-cargo one were awarded to BP, Cheniere and Trafigura, with the other three being re-tendered, a trade source said.

Oversupply on the market is evident as none of the outages or maintenances this year have provided support for prices.

Train 6 at the Qatargas III project at Ras Laffan has been on maintenance in the past two weeks, which is likely a planned one, sources said. There was no impact on Qatar’s exports, one of them added.

Neither a delay in transshipment of Yamal LNG cargoes at Norway’s Nonningsvag this week due to rough weather, nor an explosion on the oil pipeline leading to Nigeria’s Bonny terminal had any price impact either. (Reporting by Ekaterina Kravtsova; Editing by Mark Potter)