

MNI Gas Weekly: APAC Market Starts to Heat Up

By Lawrence Toye & Daniel Dawson (16/07/2025)

Executive Summary:

- **European Gas Benchmarks** have weakened after Trump's 50-day deadline for secondary tariffs on Russia.
- Asia's **LNG market** is finding support as heatwaves boost cooling demand
- In the **Middle East & Africa**, Egypt's third LNG import terminal is set to start operations.
- **Henry Hub** has found further support this week from rising cooling demand and robust LNG feedgas.
- In the **Americas**, Mexico is reconsidering developing unconventional gas resources.

European Natural Gas

TTF front month has largely reversed all of the gains on Friday and Monday in the run-up to Trump's 'major statement' on Russia, with the market easing on clarity around a 50-day deadline on 100% secondary tariffs.

- Front month TTF prices traded between €34.195/MWh and €36.32/MWh this week, compared to €32.9/MWh and €34.945/MWh over the previous week.
- Temperatures in NWE are forecast above normal throughout the coming two-week forecast.
- NW European LNG sendout is estimated at 188.1 mcm/d on July 14, down from 214.3 mcm/d on July 10, but still well-above the previous five-year average of 126.5 mcm/d.
- European gas storage is up to 63.24% full on July 14, compared to the previous five-year average of 72.21%, according to GIE, with net injections just above normal.
- Norwegian pipeline supplies to Europe are today nominated at 298.9 mcm/d, down 16 mcm/d d/d, Bloomberg shows, with planned Gassco outages of 82.2 mcm/d today before easing back to 14.8 mcm/d over the following few days.
- Germany's SEFE is ready to sell Rehden gas space at short notice, Bloomberg reports citing an emailed statement. An auction on Tuesday failed to allocate any space.
- Rabobank forecasts TTF at €37.50/MWh in Q3 25, €38.50/MWh in Q4 25, and €36.00/MWh in Q2 26.

EU Offers Slovakia Assurance on Proposed Ban on Russian Gas

The European Union has assured Slovakia that it would take measures to soften the impact of a bloc-wide ban on Russian gas supplies from 2028 after PM Fico demanded safeguards, Bloomberg reports.

- The EC has said it would address the risk of price spikes and cross-border tariffs in addition to providing legal help and funding, according to a letter delivered to a Slovak leader.
- The EU will clarify how an emergency brake in response to price spikes would be triggered, the letter said. The block will also find a way to tackle tariffs on oil & gas deliveries as a way to reduce costs.
- The letter said the EC would consider a review of the situation in 2027, or after a peace agreement between Russia and Ukraine, to assess whether the measures remain justified.
- Fico said he is prepared to negotiate guarantees in response to the letter. He requested a postponement of a Tuesday vote on the sanctions package.

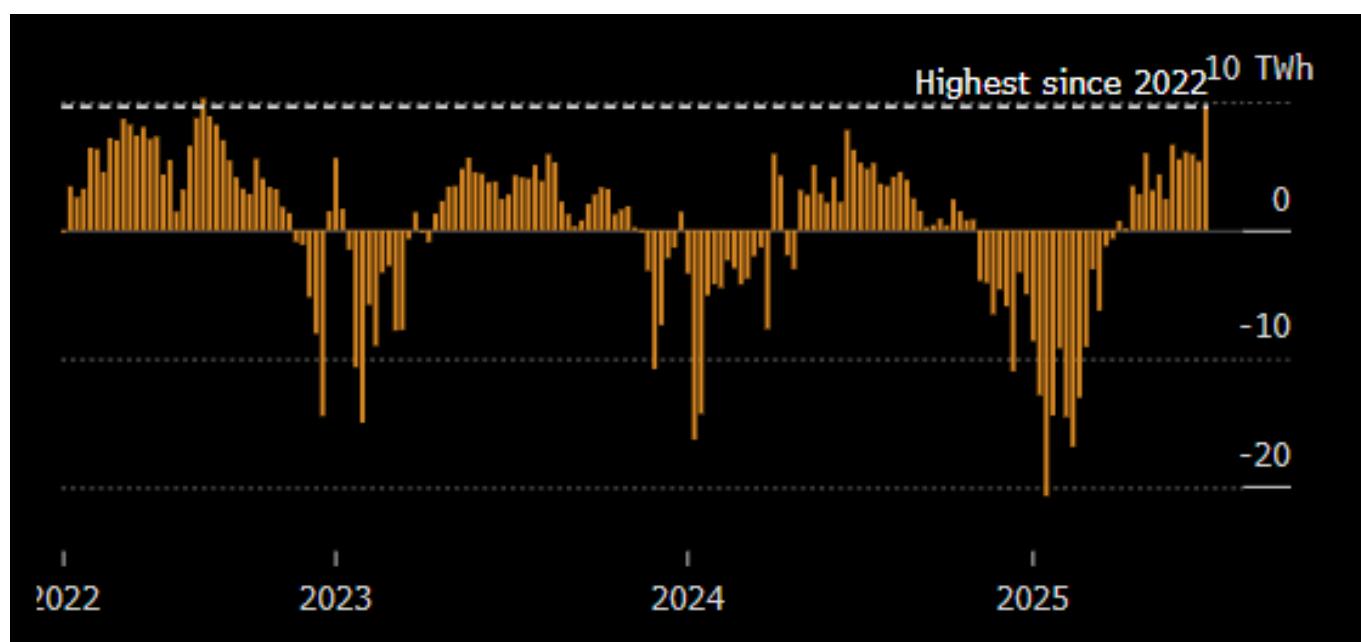
- "The best solution would be to grant Slovakia an exemption allowing it to fulfil its contract with Russia's Gazprom until it expires in 2034," Fico said.
- Slovakia has been blocking the adoption of the EU's latest sanctions package against Russia since June, insisting that the commission first provide guarantees to offset the potential negative impact of the separate proposal to halt Russian gas imports.

Traders Ramp Up German Natgas Injections

Traders have ramped up bookings at German natural gas storage sites, marking a sharp turnaround from low inventories and an unprofitable market structure for refilling earlier this year.

- Traders added nearly 10 TWh to storage in the first week of July, the biggest seven-day increase since 2022.
- Ten traders speaking to Bloomberg said they see reduced risks for German stockpiling efforts, with six saying it's likely German and European Union storage targets will be exceeded by Nov. 1.
- "People are more relaxed," said Mirko Ivanda, co-head of power and gas at Onyx Commodities Switzerland, pointing to ample LNG imports.
- If Germany continues at the current pace, inventories will be 83% full by Nov. 1, according to BNEF estimates.
- A drop in summer gas prices helped to make storing gas more profitable. Most storage sites in Germany would likely be profitable with spreads of around €2 to €2.50/MWh.
- The country's largest site Rehden saw its largest booking so far this year in an auction last Tuesday, before two unsuccessful auctions since.

German Natgas Storage Weekly Net Change - Source (Bloomberg Finance L.P.)

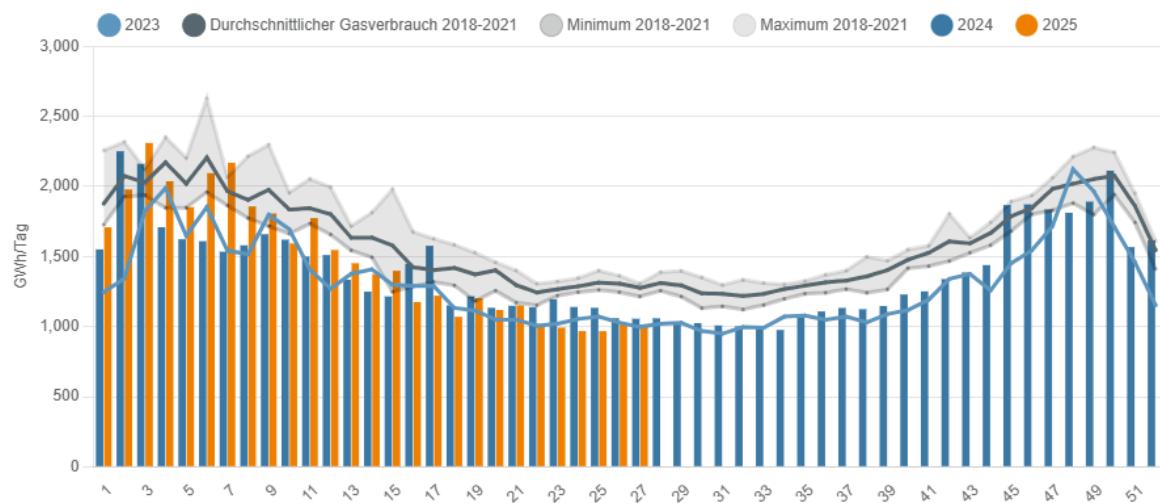


German Gas Demand Held 22.6% Below Average First Week of July

German natural gas consumption in the week to Jul 6 fell by 1.7% on the week and was 22.6% below the 2018-21 average, Bnetza data showed. Industrial demand fell by 0.7% on the week while demand from households and small businesses fell 7.3%.

- Industrial gas consumption decreased to 1,014GWh/d in the week, to 20.5% below the 2018-21 average and compared to 1,056GWh in 2024. Gas consumption from electricity generation is also included in the data.
- Demand from households and small businesses was down to 165GWh/d last week, 33.2% below the 2018-21 average and compared to 271GWh/d in 2024.
- German gas demand stood 22.6% below the 2018-21 average the week prior.
- Natural gas inventories in Germany were up on the week to 55.17% full on Jul 09 compared to 51.29% a week ago, GIE data shows. Injection rates have held above the previous five-year average since July 5.

German Industrial Gas Consumption - Source (Bundesnetzagentur)

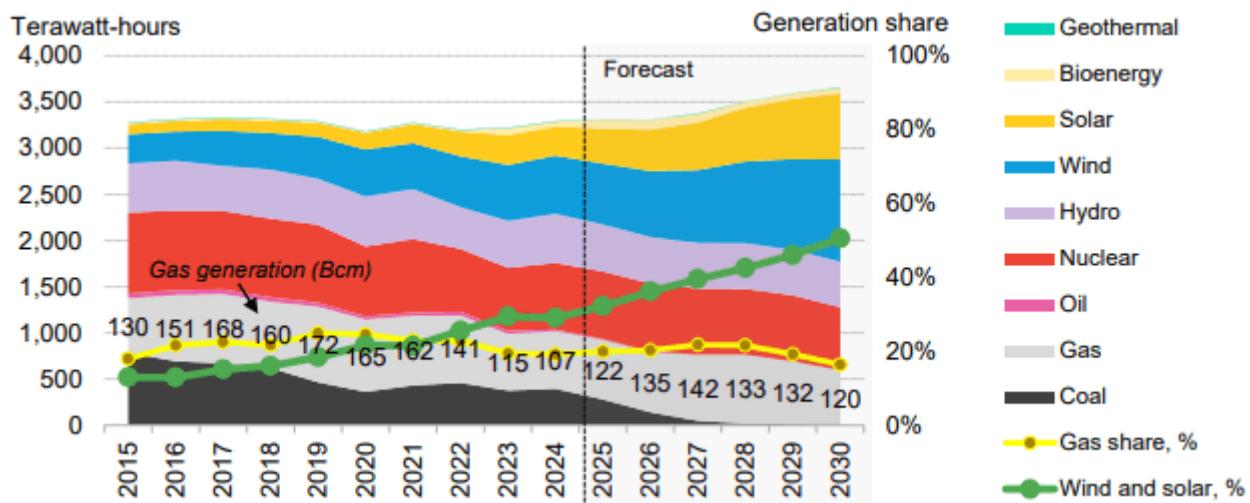


European Gas Power Demand to Peak in 2027

European gas-fired power generation is set to increase until 2027 to peak at 142bcm, accounting for a share of 22%, before declining again according to BNEF.

- Gas-to-power demand is seen at 122bcm/yr in 2025, at 135bcm/yr in 2026, at 142bcm/yr in 2027, before dropping to 120bcm/yr by 2030 – equal to a share of 16%.
- Total European gas demand is also set to peak in 2027 at 401bcm.

European Power Generation Mix - Source (Bloomberg Finance L.P.)



APAC LNG

JKM is expected to be well supported this week, amid heatwave-driven demand in North Asia and a closed arbitrage window

- The JKM front-month swap ranged between \$12.978/MMBtu and \$13.669/MMBtu in the week to Jul-15, compared to a range of \$12.137/MMBtu and \$13.177/MMBtu the week prior, according to Bloomberg.
- Elevated temperatures in several Asian countries are driving purchases of spot LNG, according to Rystad Energy cited by Bloomberg.
- Asian demand continues to stem from trading houses and portfolio players, although volumes suggest cargoes purchased by these entities are ending up in Japan and South Korea, they added.
- Furthermore, LNG importers in South Korea and Japan were seeking shipments for August as hot weather boosted gas-fired power generation in the two countries, traders told Bloomberg.
- Most of Japan will likely experience above-normal temperatures for the next month, according to Japan's Meteorological Agency.
- In Japan, power generation fuel inventories are projected to reach its minimum levels by July 27, based on OCCTO's monitoring for the July 26–Sept. 11 period.
- LNG stockpiles held by Japanese utilities fell 5.53% to 1.88m tons on July 13 from a week earlier, according to data released by the trade ministry cited by Bloomberg.
- With APAC's August trading is wrapping up, traders expect September demand to stay strong due to spillover and continued supply tightness.
- The arbitrage window from the US remains shut, but higher Asian prices may attract US cargoes for September, Platts added.
- China remained largely inactive in the spot market with its domestic still below JKM at around \$12/MMBtu.
- Asia's total LNG imports totalled 21.74m mt in June, around 65.6% of global imports. 71% of total LNG imports into Asia went to China, Japan, and South Korea.
- Rabobank forecasts JKM at \$12.35/MMBtu in Q3 25, \$12.74/MMBtu in Q4 25 and €12.12/MMBtu in Q1 26.

India's Gail Issues Large LNG Tender

Gail India is looking to sign a deal to procure as many as 110 LNG shipments to India from 2027 for between five-to-ten years, amid a government-led effort to use more fuel in the energy mix, Bloomberg reports.

- The first stage of the tender closes July 24, with the second stage closing Aug. 18.
- Reuters reports that Gail is looking to buy six cargoes of LNG in 2027, eight in the second year and one cargo per month from the third year onward.
- The move comes as India plans to more than double the share of gas in its energy mix by the end of this decade, even as infrastructure bottlenecks constrain expansion. Long-term contracts, meanwhile, can help importers reduce exposure to the volatile spot market.
- Gail is seeking a long-term deal after it started operating its Dabhol LNG terminal year-round after the installation of a breakwater, Reuters says. The facility can handle 5 mtpa of LNG.
- GAIL plans to increase the capacity of Dabhol to 6.3 mtpa by mid-2027 and to 12.5 mtpa by 2031-32.
- Gail India on Tuesday announced that it signed a 10-year LNG purchase agreement with Vitol starting from 2026, amounting to 1 mtpa, Bloomberg reports.
- Gail didn't award a tender seeking a cargo on a DES for August delivery to India this week due to high prices, Bloomberg said.

LNG Market Not Ready for Secondary Russia Levy Until 2027: BNEF

Trump's threat to impose 100% secondary penalties on buyers of Russian gas if Moscow fails to agree a peace deal with Ukraine in 50 days would erode the energy security of key US allies if carried out, BNEF said.

- Given the far-reaching consequences, BNEF considers it unlikely that further measures will be implemented.
- New LNG projects may replace Russian supply by the end of 2026, but until then, such a disruption risks shocking the global LNG market and spiking spot prices.
- Russia's two unsanctioned LNG plants produce around 30m mtpa - around 7% of global supply.
- If imposed, sanctions would likely drop Russian supply to zero, BNEF said.
- France, mainland China, Spain Belgium, Japan and South Korea are the top recipients of Russian LNG. Their economies would likely be hurt by 100% tariffs on US exports, meaning the costs of importing Russian gas would likely outweigh potential discounts for Russian LNG cargoes.

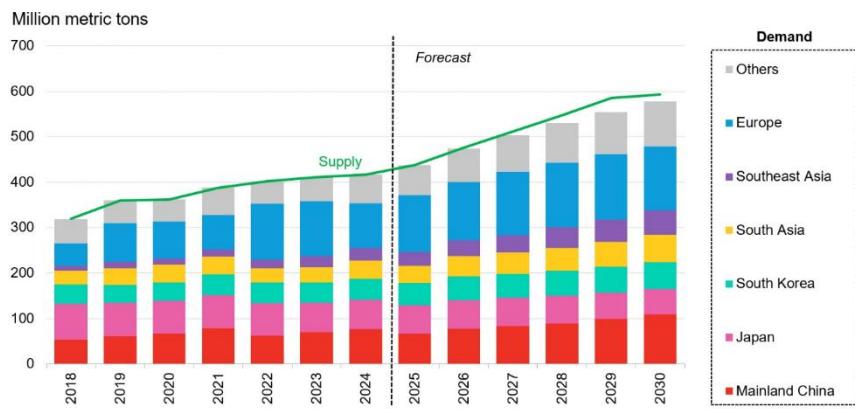
Possible Global LNG Supply Glut by 2027

A wave of LNG production set to come online in the coming years is likely to push the world into a supply glut and lower prices from 2027, BNEF said.

- Over 50m mtpa could be added every year before 2030, with a peak likely seen in 2029, BNEF analysts said.
- This could push Asia's JKM price to \$9/MMBtu by 2030.
- Momentum for projects has not slowed despite the looming oversupply, with US developers moving fast to capitalise on Trump's push to expand out US energy export infrastructure.
- There is the potential in Asia's industry sector, particularly in China and India, to absorb the excess barrels.
- China has seen LNG demand slump in the past year as it turns to other alternatives like piped gas. Nevertheless, the demand for LNG is likely to rise as pipeline import growth falters with no additional supply set to start post-2027.

- Northeast Asia's imports are seen growing 20% from 2024 to 252m mt by the end of 2030, led by consumption in China, BNEF said.

Global LNG Supply Demand Forecast - Source (Bloomberg Finance L.P.)

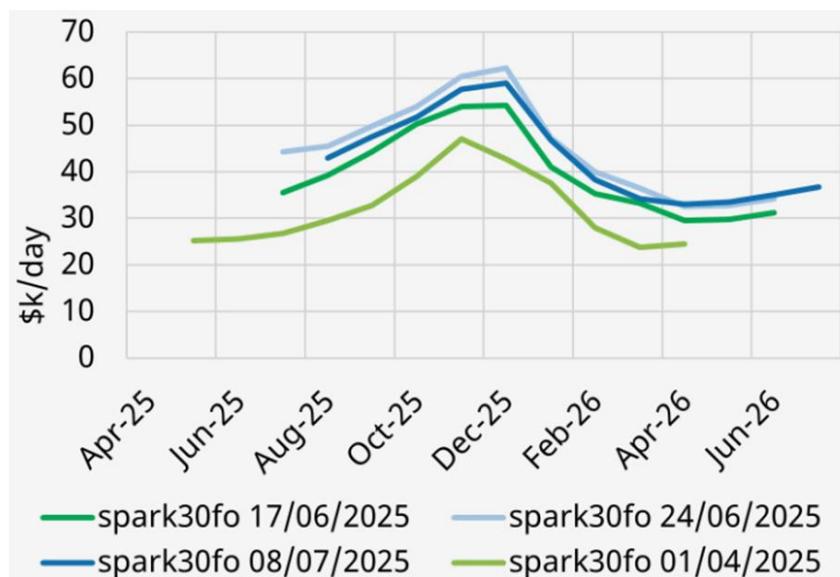


Freight Rates Elevated

LNG freight rates have remained elevated compared to early June even as global gas prices have fallen in the aftermath of a ceasefire between Israel and Iran, according to Timera Energy.

- Throughout 2025, freight forward curves have been trending upwards, supported by increased volatility in the gas market stemming from geopolitical conflicts and US tariffs.
- The JKM-TTF spread has widened since the start of June, bringing more Atlantic Basin cargoes to Asia and providing some support to freight rates due to a tightening of available tonnage.
- Despite recent firmness, the Spark freight forward curve remains seasonally flat and relatively low. This reflects a shipping overhang, as new vessel deliveries outpace demand in anticipation of the forthcoming unprecedented expansion in LNG export capacity.

LNG Freight Rates - Source (Timera/Spark Commodities)



Middle East & Africa:

Egypt continues to expand its LNG import capacity with the Energos Power now berthed at Damietta for cooldown ahead of its 16 July start at Ain Sukhna, according to Kpler.

- The Energos Power is set to become Egypt's third LNG import terminal.
- The Energos Eskimo FSRU is set to launch operations a day earlier, while a fourth FSRU, Energos Winter, is pending final charter approval.
- Egypt has also enhanced access to LNG via a recent sub-charter of Energos Force for Jordan.

Elsewhere in the region, Turkey may partner with Socar on gas exports to Syria, according to a statement by the Turkish energy ministry.

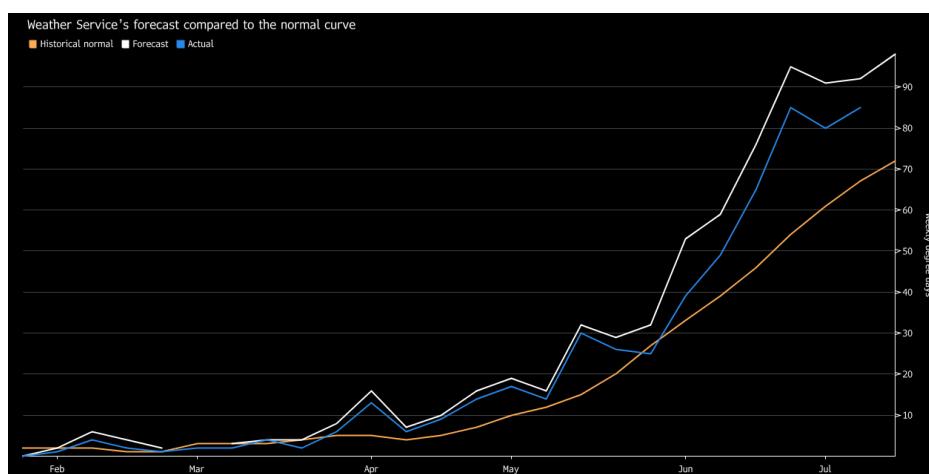
- Gas exports to Syria are to begin "soon," the statement says.
- In March, Bloomberg reported that Turkey could begin supplying gas to Syria as soon as this summer.
- Turkey was looking to increase interconnection capacities between neighbouring markets while also considering increased demand for gas in nations such as Syria or Iraq.

US Natural Gas:

Henry Hub has risen by around 5% this week, supported by continued warmer weather across the continental USA and a higher continued strong feedgas flows into US LNG terminals.

- Henry Hub Front Month has traded between \$3.191/MMBTU and \$3.542/MMBTU this week, compared to \$3.149/MMBTU and \$3.574/MMBTU over the previous week.
- Lower 48 natural gas production averaged 107.21 bcf/d in the 10 days to Jul-15, compared to last week's 10-day average of 107.52bcf/d.
- Baker Hughes US gas rig count: Gas: 108 (=) - up 5 rigs, or 4.9% on the year.
- US cooling demand for the week ending July 19 is forecast to be 24 cooling degree days (CDD) above the long-term normal, according to Bloomberg, citing the NOAA. During the week to July 12, the US was 14 CDD above normal.
- Rabobank forecasts Henry Hub at \$3.56/MMBTu in Q3 25, \$4.05/MMBTu in Q4 25 and \$4.10/MMBTu in Q1 26.

US CDD Count- Source (Bloomberg Finance L.P./NOAA)



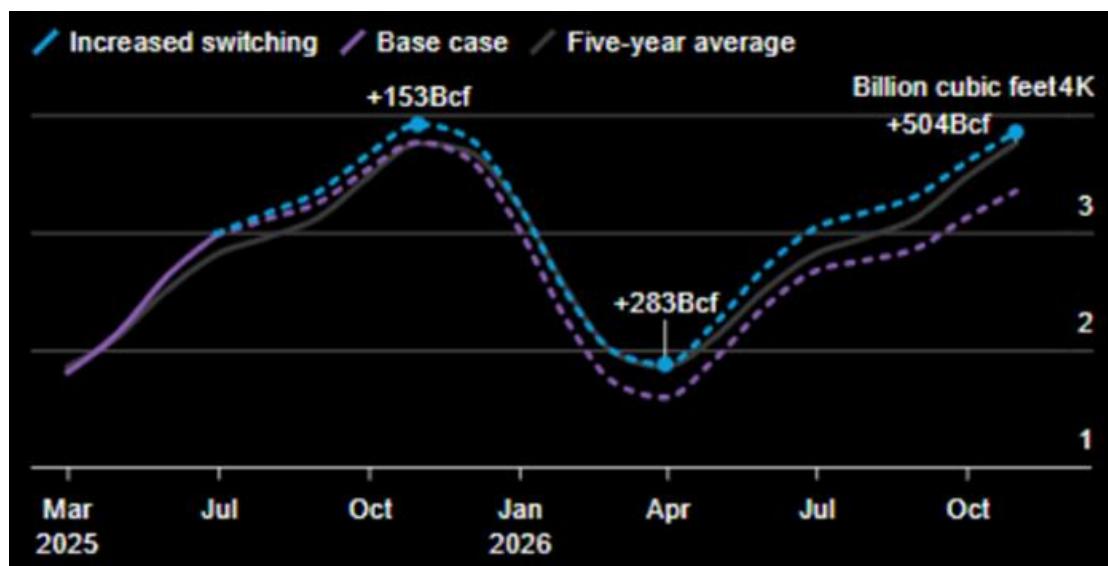
US Gas Storage

- The EIA weekly gas inventories for the week ending July 4 showed a build of 53 bcf.
- The seasonal five-year average shows a net build of 53 bcf.
- Stocks built by 61 bcf this time last year.
- Total stocks are up to 3006 bcf. This is 184 bcf below levels seen a year ago and 173 above the previous five-year average of 2833 bcf.

US Gas Storage Could Jump by 15% by 2026 on Coal Switch: BNEF

US gas storage volumes could jump by 15% by October 2026 as the share of natural gas in power generation declines, BNEF said.

- A 2% reduction in the share of natural gas in gas-plus-coal electricity generation could add 504 bcf to US natural gas inventories by the end of Summer 2026 versus BNEF's base case. This would lead to an oversupplied market, rather than an undersupplied one.
- To reflect the increased gas-to-coal fuel switching in the power sector, BNEF modelled a scenario in which gas loses a 2% share of the generation to coal versus its base scenario which estimates the average share of gas at 72% throughout the forecast range. This results in an average drop of 1 bcf/d in power sector gas consumption.
- Inventories in BNEF's base case reach 3,764 Bcf by end Summer 25, around 7 Bcf above the five-year average.
- In the increased switching scenario, inventories rise by 153 bcf to 3,917 bcf.

US Natgas Inventories Forecast- Source (Bloomberg Finance L.P.)

US LNG

Natural gas deliveries to US LNG terminals averaged 15.58 bcf/d in the seven days to Jul-16, compared to the seven-day average of 15.16 bcf/d during the previous period.

- US LNG exports constituted 7.937m mt in June, up 12.4% on the year and constituting around 24% of the global total of LNG exports, OilChem said.
- The number of US LNG export cargoes fell to 27 in the week to July 9 from 30 in the previous published data for the week to June 25, according to the EIA based on Bloomberg data. Total capacity of the vessels decreased to 104bcf from 113bcf. Eight cargoes departed from Sabine Pass, four each from Corpus Christi, Freeport and Plaquemines, three from Cameron, two from Calcasieu Pass and one each from Cove Point and Elba Island.

Latam

Mexico is cautiously reconsidering the development of its vast unconventional oil and gas resources, which make up around 60% of its potential reserves, Platts said.

- Despite past failures, recent comments from Pemex's CEO highlight a renewed fracking interest as conventional supplies decline.
- Key basins such as Burgos, Sabinas, and Tampico-Misantla offer significant geological promise, yet financial, legal, regulatory, and environmental challenges remain steep.
- Former President AMLO banned fracking, citing environmental concerns. While the new administration may explore legal workarounds, major barriers persist. Pemex's has a limited E&P budget, and the law dictates it must be the majority partner in any project.
- Nevertheless, Mexico's growing reliance on US gas imports is seen as a strategic vulnerability, and fracking may improve supply security.
- While unconventional production is being successfully deployed in more challenging projects in the likes of Argentina, Mexico risks lagging, Platts said.
- On July 11, Mexico's President Claudia Sheinbaum said the government will present "very soon" an integral business plan for Pemex.
- Pemex is struggling with high debts and falling output due to maturing oil fields. E&P investment and assistance from private service providers will be key to reversing this decline.
- The Mexican government announced reforms allowing private partnerships with Pemex, although the state-run energy firm would need to be the majority partner.

Mexico's Natural Gas Supply Outlook - Source (Platts)

