

MNI Gas Weekly: China, Russia Reinforce Gas Relationship

By Lawrence Toye, Daniel Dawson & Zach Simon (03/09/2025)

Executive Summary:

- **European Gas Benchmarks** are rangebound as European fundamentals appear supportive overall, with curtailed Norwegian supply partly offset by higher LNG inflows.
- Asia's **LNG market** is facing pressure from persistent weak spot buying interest amid sufficient inventories, while the market digests a novel Arctic LNG 2 cargo delivery to China and China-Russia gas deals.
- In the **Middle East & Africa**, Nigeria's NLNG has signed various upstream gas supply agreements in order to help close the ongoing shortfall in upstream gas supply.
- **Henry Hub** regained some ground overall amid lower production, despite cooler weather forecasts.
- In the **Americas**, companies are vying to construct a new regasification facility in Colombia as the nation faces a growing gas supply deficit.

European Natural Gas:

TTF front month has remained rangebound between €31.4/MWh and €32.7/MWh in recent days as European fundamentals appear supportive overall, despite peak Norwegian seasonal maintenance, while the market continues to monitor limited signs of progress towards a Ukraine peace agreement.

- Front month TTF prices traded between €31.035/MWh and €33.36/MWh this week, compared to €31.605/MWh and €33.905/MWh over the previous week.
- Temperatures in NW Europe are forecast to fall further below normal into the coming weekend before recovering back to near or just above normal mid-month.
- Norwegian pipeline supplies to Europe are today at 238.4mcm/d, Bloomberg shows. Gassco shows total planned outages of 118mcm/d today and holding between 111mcm/d and 131mcm/d until Sep. 18.
- NW European LNG sendout is estimated at the highest since July 10 at 211mcm/d on Sep. 1 compared to an average of 181mcm/d over the previous week, Bloomberg shows.
- European gas storage is up to 78.08% full on Sep. 1 compared to the previous five-year average of 85.0% full, according to GIE. Net injections rose back above normal over the weekend after a fall below late last week.
- SEFE Failed to allocate more Rehden gas space on Thursday, with 3 TWh offered.
- Deutsche Energy Terminal GmbH's (DET) second LNG terminal in Wilhelmshaven is reported to have commenced commercial operations as of August 29, following a successful commissioning phase.
- Reuters reports the EU is considering imposing stricter requirements on companies importing natural gas, requiring them to show proof of where the gas was produced.
- Russian LNG exports in August hit their lowest level in 2025, reaching 1.92m tonnes, down 9% m/m and 31% y/y, according to Kpler.
- Russia's gas flows to Europe via Turkstream decreased by 2% in August vs the month prior according to Reuters calculations.

3-Day Strike Underway at Dunkirk LNG Terminal

Workers started a three-day strike over pay at Fluxys' Dunkirk LNG terminal late on Monday evening, Reuters reports.

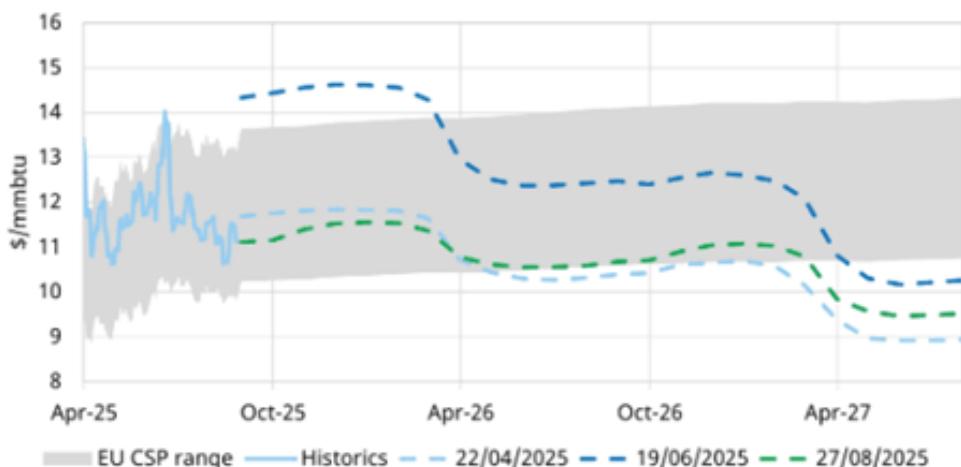
- The Dunkirk LNG terminal is the second largest in continental Europe and the only terminal directly connected to two separate markets – Belgium and France.
- It accounts for about 20% of both countries' annual gas consumption, Reuters says.
- The flow rate of the terminal has been affected, a representative of the CGT union said on Tuesday, but no precise figures were given.
- The strike is initially planned to last three days, as workers demand higher pay and a decrease to the national energy tax.
- After the three days, the unions will hold a workers' council to determine whether to end or prolong the strike.
- Fluxys is expected to communicate the impact of the strike later on Tuesday.

Accelerating LNG Supply Growth Reflected in TTF Forward Curves

Accelerating LNG supply growth moving into 2026 is being reflected in TTF forward curves, according to Timera Energy.

- TTF and JKM forward curves have given up gains from the Middle East risk premium in June, with curves back to similar levels to April.
- Near term uncertainty is causing some volatility in the front of forward curves.
- However, expectations of new supply are causing pronounced curve backwardation and acting to dampen price movements into 2026-27, Timera says.
- Asymmetric upside risk remains across winter from cold weather or supply delays / disruption in Europe.
- That said, if the LNG market sails through winter without any tightening events, there could be a steeper drop into next summer than currently reflected in forward curves.
- The scale of price reversion across 2026-27 will be driven in large part by Asian LNG demand responsiveness.

TTF Forward Curve Evolution - Source (Timera Energy)

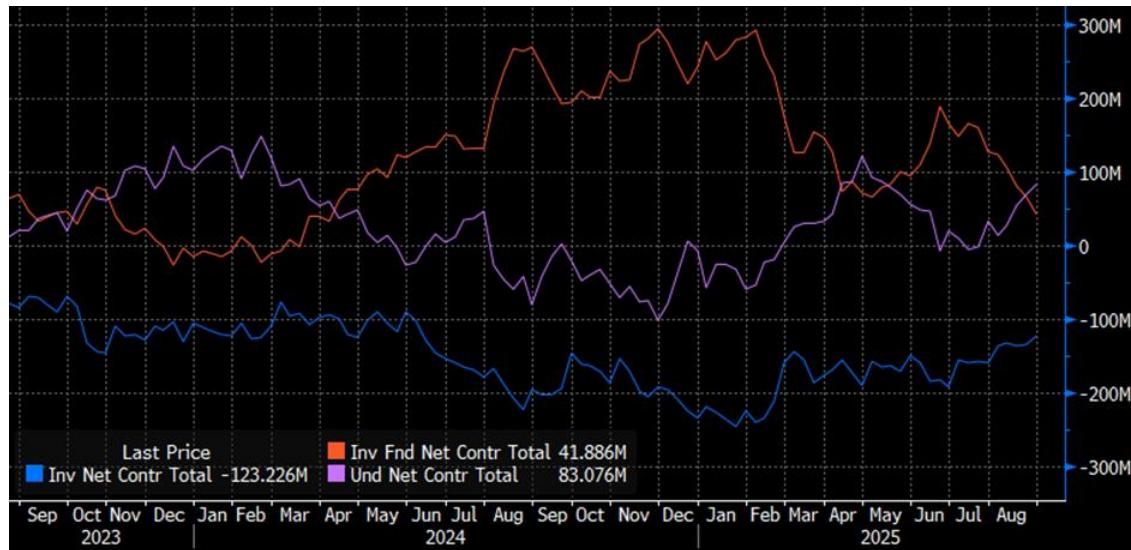


Funds Cut TTF Net Longs for Seventh Week

Investment funds reduced net long ICE TTF futures positions for a seventh consecutive week in the week to Aug. 29 to - the lowest since April 2024.

- TTF front month has been bouncing between about €31.4/MWh to €32.7/MWh so far in September following a net decline through August. Total European storage is approaching pre-winter target levels as curtailed pipeline supply from Norway due to maintenance is partly offset by higher LNG imports. Muted demand in Asia has eased pressure on global pricing and assisted stronger than initially expected European storage injections this summer.
- Investment Firm net position increased by 10.8m to -123.23m
- Investment Funds net position fell by 22.96m to 41.89m
- Commercial Undertaking net position increased by 12.69m to 83.08m

TTF Futures Positioning - Source (Bloomberg Finance L.P.)



APAC:

October JKM prices were assessed at \$11.012/MMBtu on Aug. 29, a 66.6-cent/MMBtu drop w/w, weighed by persistent weak buying interest for spot cargoes among Northeast Asian end-users. JKM is expected to be rangebound in the week of Sep. 1-5, according to Platts.

- Winter restocking was deemed too early to kickstart, with demand for winter deliveries expected to pick up in October.
- Current inventory levels across the region are sufficient to meet current downstream demand, dampening spot buying interest.

- The DES Northwest Europe Market for August was assessed at \$10.282/MMBtu on Aug. 29, with the JKM/NWE spread marked at 73 cents/MMBtu, widening slightly by 6 cents/MMBtu w/w.
- The market was closely watching the movement of the Arctic Mulan, a sanctioned Russian LNG carrier, that departed from a Tieshan terminal in the Port of Beihai in southern China on Aug. 29.
- Meanwhile, Japan continues to face unprecedented heatwaves, with the country expected to experience temperatures that will be higher than the 30-year average over Aug. 30-Sep. 29.
- In a Aug. 25 auction, a CNOOC LNG cargo for October delivery was sold to Guanghui Energy at approximately \$11/MMBtu.
- Remaining cargoes for October deliveries were unsold given limited interest due to an oversupplied domestic market.
- China may register gas demand growth of just 2% to 3% this year, owing to weak consumption from the ceramics and glass industries, according to a report from China's National Energy Administration cited by Bloomberg.
- Spot LNG prices in Asia are currently around \$11/MMBtu, traders told Bloomberg, and a drop into the \$10 range is likely to spur more buying from the region.
- LNG stockpiles held by Japanese utilities decreased by 7.8% to 2.01m tons in the week to Aug. 31 from a week earlier, according to trade ministry data.
- The JKM front-month swap ranged between \$10.854/MMBtu and \$11.576/MMBtu in the week to Sep-02, compared to a range of \$4.515/MMBtu and \$11.756/MMBtu the week prior, according to Bloomberg.
- Indonesia is accelerating preparations for the operation of the onshore LNG refinery in the Masela Block, Maluku province, which has now entered FEED phase, Xinhua reports, with production targeted for 2029.
- CNPC plans to expand the number of LNG tankers in its fleet to 25 by 2030, about four times the current fleet size, according to Caixin.

Arctic LNG 2 Cargo Appears to Unload in China

The Arctic Mulan vessel appears to have unloaded a cargo of LNG from the sanctioned Arctic LNG 2 project, Bloomberg said.

- The ship's draft has been updated to show 8.7m after departing compared to 9.8m previously, suggesting a discharge of LNG.
- The delivery would be the first ever commercial sale from Russia's Arctic LNG 2 project after struggling to find buyers for the sanctioned cargoes since initial startup last year.
- Regular purchase of cargoes from Arctic LNG 2 could add to the upcoming wave of new global LNG supply. The sanctioned project is a key export hub for achieving Russia's goal of tripling LNG production by 2030 and penetrate new gas markets around the world.
- The US has so far not suggested a tightening of measures against buyers of Russia LNG as it seeks to drive the Ukraine peace progress forward.

LNG Traders Steering Clear of Chinese Terminal That Took Sanctioned Cargo

Some LNG traders will steer clear of conducting business with the Beihai import facility after it took a US-sanctioned Russian shipment, in an effort to avoid any potential retaliation from Washington, Bloomberg reports.

- At least three non-Chinese companies advised their trading desks to not dock their vessels at the Beihai import facility, Bloomberg sources said.

- The move is to ensure ships don't inadvertently take in blacklisted fuel or deliver to a terminal that could later be sanctioned, they added.
- The Beihai terminal received a cargo last week that originated from Arctic LNG 2, a Russian export plant that has been sanctioned by the US.

Arctic LNG 2 Seeking to Deliver 30 Cargoes Before Year-End

Arctic LNG 2 remains committed to delivering more than 30 cargoes before year-end, according to sources cited by Calypso Commodities' Mehdy Touil, despite ongoing technical and operational hurdles.

- Train 1 is running at around 55% capacity and has shown a degree of stability through the summer, with shipments now leaving about once a week, Touil said.
- By contrast, Train 2 is still struggling, with efforts to operate even one string hindered by persistent electrical issues.
- A transformer swap is planned before year-end, and additional power generation modules are expected in November, which should allow attempts to bring both strings online.
- A shortage of skilled manpower is compounding difficulties, with staff shifting to other LNG ventures, including Gazprom's Ust-Luga project.
- Shipping remains a challenge. The first cargo has only recently been delivered to PetroChina, highlighting ongoing challenges around fleet capacity and hesitant buyers.
- Loadings are expected to slow heading into winter with only one Arc7 carrier currently in service.

Gazprom and CNPC Deals Lack Supply Agreement for Power of Siberia 2

Gazprom and CNPC signed a range of gas agreements in Beijing, further reinforcing the gas relationship between China and Russia, though there is still no gas supply agreement supporting Power of Siberia 2, IEA analyst Greg Molnar notes.

- Three key deals were made:
 - Raising deliveries via the Power of Siberia pipeline from 38 bcm/y to 44bcm/y.
 - Increasing Far East pipeline deliveries from 10 bcm/y to 12 bcm/y (the pipeline is set to start operations in 2027 and ramp-up through 2030).
 - A Memorandum of Understanding on the construction of the Power of Siberia 2 pipeline. This is a 50 bcm/y mega-pipeline project.
- However, "without a legally binding gas supply contract, no one is going to build a 3000 km long, 50 bcm/y pipeline," Molnar said.
- It is also worth noting that Gazprom did not make any official announcement on their website, besides a high-level statement on the new strategic relationship with CNPC.

Middle East, ISC & Africa:

India will raise its LNG import capacity to 66.7m t/y by 2030 from the existing 52.7m t/y, Argus reports citing oil minister Hardeep Singh Puri.

- It is expected to reach the target with the addition of two more plants, the minister added without providing further details.
- There are a total of eight LNG import terminals operating in India.
- Petronet LNG's 17.5m t/y Dahej import terminal has the highest capacity utilisation at 92% as of June, while the rest remain in the range of 20-30%.
- Petronet LNG is set to commission an additional 5m t/y capacity at Dahej by the end of the year.
- Its 5m t/y Gopalpur terminal project is expected to be completed by 2028.
- Gail's 5m t/y Dabhol LNG terminal is expected to double its capacity by 2030, having completed construction of the breakwater facility that will help the firm operate throughout the year.
- H-Energy is seeking a 6m t/y FSRU to be delivered in October 2025-February 2026 in Jaigarh.
- Swan Energy is also likely to commission its 5m t/y Jafrabad FSRU this year.

Egypt's petroleum ministry said on Friday that two new wells in the deepwater West Delta have gone online, adding about 60 mcf/d of natural gas to the country's output.

- This comes as Egypt seeks to boost domestic gas supplies. It has recently flipped from a net gas exporter to a net gas importer – adding pressure to European competition for supplies.
- On Tuesday, the Egyptian petroleum ministry said three new wells were being drilled to boost production from the country's largest gas field, Zohr, in the Mediterranean.

Nigeria's NNPC has signed a gas supply agreement with NLNG, along with five other upstream gas suppliers for the delivery of 1.9 Bcf/d of natural gas, The Punch reported.

- The 20-year agreements, including options for extension, were signed on August 22.
- The 1.29 Bcf/d of feed gas to NLNG will be increased gradually, with the deal designed to close the ongoing shortfall in upstream gas availability.
- NLNG has highlighted that the agreement will improve the availability of feed gas, allowing it to meet commercial commitments.

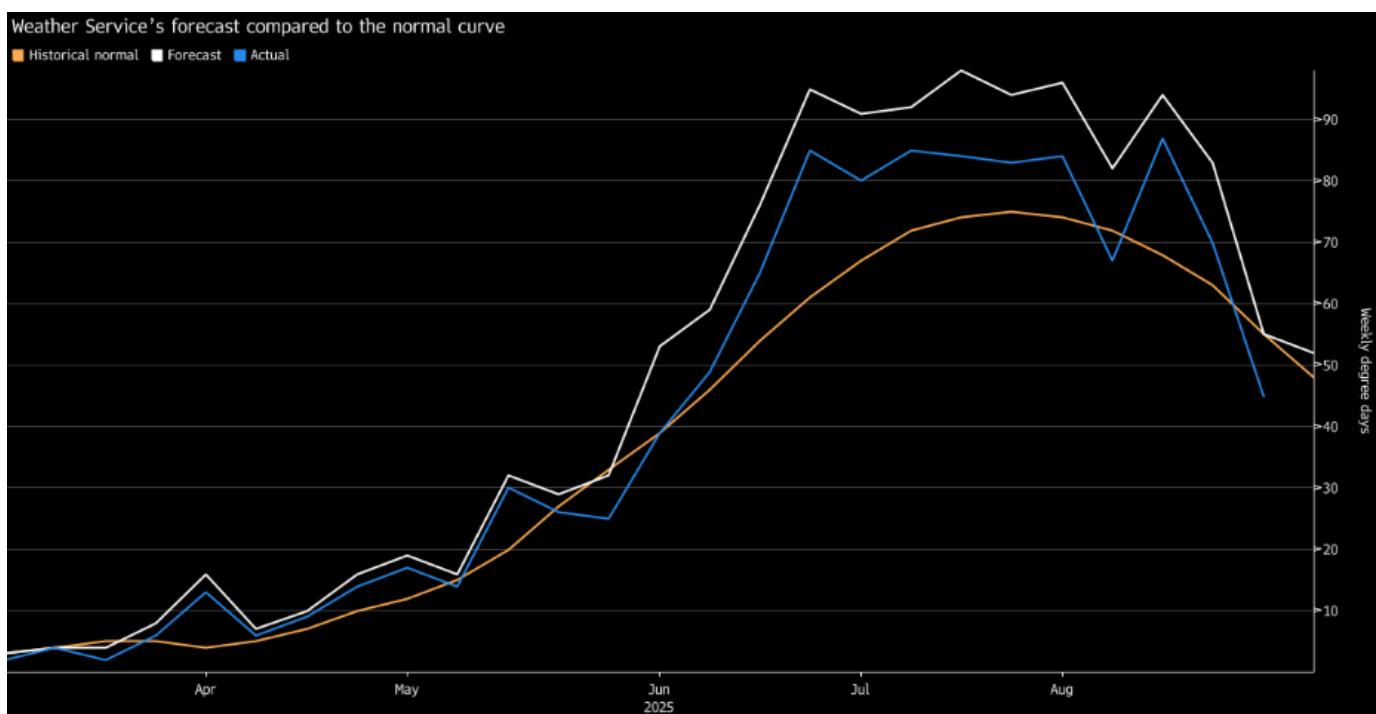
US Natural Gas:

Henry Hub front month reversed its recent trend of decline over the past week, seeing some support from lower production, despite cooler-than-normal weather forecasts.

- Henry Hub Front Month has traded between \$2.85/MMBTU and \$3.065/MMBTu this week, compared to \$2.622/MMBtu and \$2.906/MMBtu over the previous week.

- Lower 48 natural gas production averaged 107.96 bcf/d in the 10 days to Sep-02, compared to last week's 10-day average of 109.29 bcf/d.
- Natural gas deliveries to US LNG terminals averaged 15.18 bcf/d in the seven days to Sep-03, compared to the seven-day average of 15.51 bcf/d during the previous period.
- US cooling demand for the week ending Sep. 6 is forecast to be 3 cooling degree days (CDD) below the long-term normal, according to Bloomberg, citing the NOAA.
- The Forza Pipeline is holding a non-binding open season for 750,000 Dth/d to solicit interest in the proposed pipeline.
- On Friday, just before the holiday weekend, US Secretary of Energy Chris Wright granted Commonwealth LNG export approval for up to 1.21 Bcf/d of LNG to non-FTA countries.

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



Share of Gas in US Thermal Power Generation at Five-Year High

Share of gas in US thermal power generation hit a five-year daily high on August 26, according to BNEF

- Lower gas prices have made gas the source of choice over coal for US power generation and BNEF anticipates this trend to continue through the end of the summer.
- Gas's share of coal-plus-gas generation topped last year's record levels, reaching 74% on August 26.
- Compared to prices as of BNEF's August report, forward gas prices have softened, placing September in a position to see gas take a higher-than-expected share of the thermal gap.

Exxon Sees 20% Rise in Natgas Demand Over Next 25 Years

ExxonMobil predicts a 20% rise in natural gas demand over the next 25 years

- Gas demand should rise to about 500 bcf/d by 2050, driven by demand in developing countries and industrial use, supported by dropping LNG prices as exports from the US and Middle East ramp up.
- Exxon predicts that oil and natural gas will account for 55% of the global energy mix, down 1 percentage point from 2024 levels.
- The report serves as the basis for Exxon's long-term strategy and investment plans, said Reuters.

US LNG

US LNG exports reached an all-time high in August as plants exited planned maintenance programs and as the Plaquemines facility continued to increase output, Reuters reports.

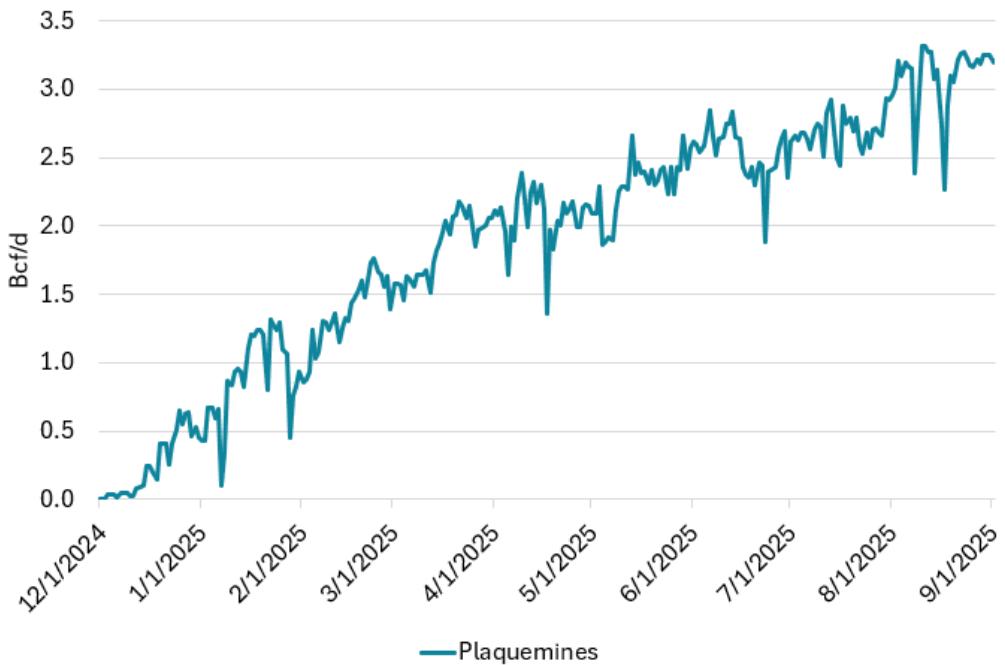
- August exports totalled 9.33m tons, beating the previous monthly record set in April of 9.25m tons and higher than the 9.1m tons in July, according to LSEG data.
- Plaquemines sold 1.6m tons in August, or 17% of total US exports.
- Plaquemines is still under construction but is expected to produce from all its 18 plants in September, potentially increasing output further, according to regulatory filings.
- Europe continues to be the biggest destination for US LNG exports with 6.16m tons, or 66% of the total, heading to Europe.
- That is up from 5.25m tons, or 58%, sold to the continent in July.
- Exports to Asia declined during August to 1.47m tons, down from 1.8m tons in July.
- Egypt in August bought nine cargoes of LNG that totalled 0.57m tons, or 6% of total US LNG exports in August.
- Shell's LNG Canada plant continued to increase exports from Train 1, with five shipments totalling 0.4m tons in August, up from 0.3m tons in July.

Plaquemines LNG Receives Regulatory Approval for Block 15 and 18

FERC provided approval for Plaquemines last week allowing the facility to continue commissioning towards full utilization.

- Block 15 was granted approval to introduce nitrogen gas and commission the block.
- Block 18 and Phase 2 Pretreatment Train B were granted approval to introduce hazardous fluids.
- The facility has 36 liquefaction trains in total across 18 blocks. In January 2023 the company filed with FERC to uprate the facility to 27.2 MTPA (3.6 Bcf/d) making each train 0.75 MTPA or (0.1 Bcf/d).
- Feedgas to the facility averaged 3.1 Bcf/d in August and had a single-day peak of 3.3 Bcf/d in the same month. These levels combined with 2 blocks still in commissioning suggests the facility is running above capacity and may run above nameplate once fully online.

Plaquemines Feed Gas Flows - Source (Bloomberg Finance L.P.)



Sempra Asks FERC to Start Construction at Port Arthur Phase 2

Sempra Infrastructure filed a request with FERC yesterday August 27 to review and approve starting construction on Port Arthur LNG Phase 2 on or before September 12, 2025, according to Kpler.

- “Port Arthur LNG Phase II is respectfully requesting the Commission to review and approve this information on or before September 12, 2025 to allow construction activities to commence,” according to the filing.
- The request follows two offtake agreements signed this week with EQT for 2 mtpa and ConocoPhillips for 4 mtpa last week.
- Total commitments from Port Arthur Phase 2 now total 12.5 mtpa of the 13mtpa nameplate capacity, according to Kpler calculations.
- Sempra expects to reach FID on Phase 2 before the end of 2025.

Sempra Announces Further Port Arthur Phase 2 Supply Contracts

Sempra Infrastructure and EQT Corporation announced a 20-year SPA for 2 mtpa of LNG offtake from the Phase 2 development at Port Arthur LNG.

- In July 2025, Sempra Infrastructure signed a definitive 20-year SPA with JERA Co., Inc. for 1.5 Mtpa of LNG offtake.
- Earlier this month, Sempra Infrastructure signed another 20-year SPA with ConocoPhillips for 4 Mtpa of LNG offtake from the proposed project.
- This brings total offtake agreements to about 7.5 mtpa, over half of Phase 2's nameplate capacity.

- Port Arthur Phase 2 is expected to have two trains with a combined 13 mtpa of capacity, set to come online in 2027 and 2028 divided by trains.
- Sempra also filed a request with FERC to review and approve starting construction on Port Arthur LNG Phase 2 on or before September 12, 2025.

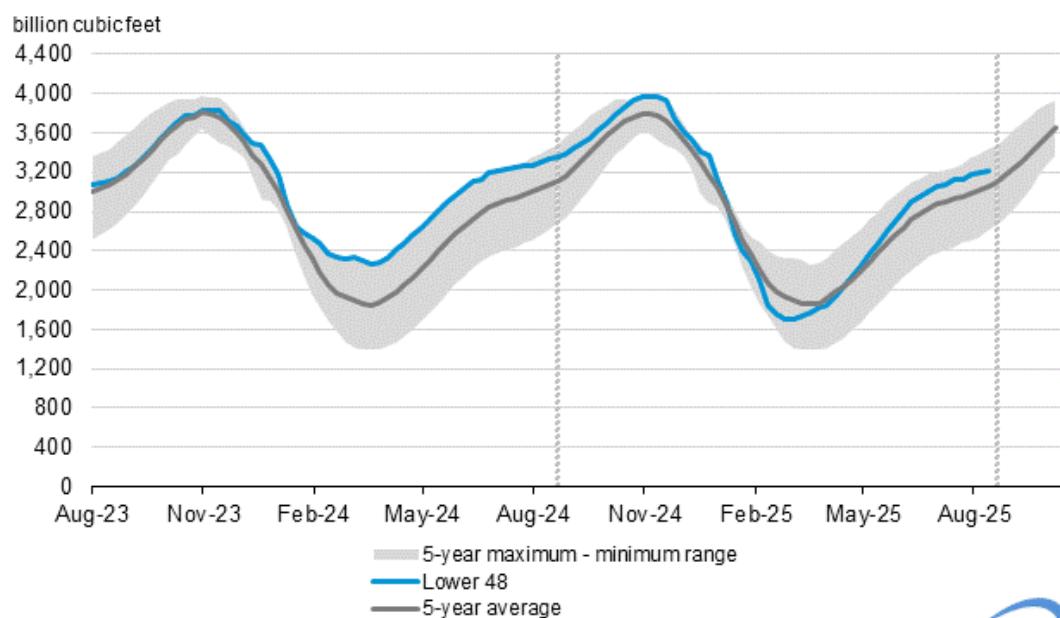
US Natgas Inventories

The EIA weekly gas inventories for the week ending Aug. 22 showed a build of 18 bcf. The seasonal five-year average shows a net build of 38 bcf.

- The inventory change survey averages prior to the release were (bcf): +27 (Bbg), +28 (WSJ), +26 (Reuters), and +27 (NGI)
- Total stocks are up to 3217 bcf. This is 112 bcf below levels seen a year ago and 154 above the previous five-year average of 3063 bcf.

US Gas Inventories - Source (EIA)

Working gas in underground storage compared with the 5-year maximum and minimum



Data source: U.S. Energy Information Administration



Latam

ExxonMobil is positioning itself to compete in Colombia's nascent natural gas import market through a planned regasification facility in La Guajira, *El Tiempo* reported.

- 45 years of gas self-sufficiency ended in Colombia in December 2024, with the nation now confronting a supply deficit equivalent to 7.6% of national demand in 2025.
- This has created urgent infrastructure requirements.
- Three major players are vying to construct the La Guajira regasification terminal, including Exxon, Ecopetrol, and TGI.
- The facility would process 250 mmcfd, complementing existing infrastructure at Cartagena (450 mmcfd) and the under-construction Buga terminal (60 mmcfd).
- Pricing dynamics favour La Guajira imports at approximately \$10/MMBtu, representing substantial savings compared to Cartagena's \$15-22 range.