

MNI Gas Weekly: EU Doubles Down on Dumping Russian Gas

By Lawrence Toye & Daniel Dawson (07/05/2025)

Executive Summary:

- **European Gas Benchmarks** have risen on supply disruptions and EU plans to phase out Russian gas.
- Asia's **LNG market** has fallen to a new one-year low as demand remains lethargic.
- In the **Middle East & Africa**, Qatar is looking to boost its supply contracts with Japanese buyers.
- **Henry Hub** could face some pressure amid healthier stockpiles and planned turnarounds at LNG facilities.
- In the **Americas**, Latam LNG imports rose nearly 37% month-on-month in April

European Natural Gas:

TTF front month has seen significant gains after reaching its lowest levels since April 2024 late last week. Norwegian maintenance and lower feedgas flows to US LNG export terminals added risks to recently strong injections in Europe. Meanwhile, a proposal by the European Commission seeking to ban Russian spot gas contracts by end-2025, and all Russian gas imports by end-2027 was supportive.

- Front month TTF prices traded between €31.585/MWh and €35.245/MWh this week, compared to €31.195/MWh and €34.355/MWh over the previous week.
- Temperatures in NW Europe are forecast to gradually rise in the coming week and back above normal from this weekend.
- European gas storage was up to 41.41% full on May 5, according to GIE, compared to the previous five-year average of 51.1% with net injections back near normal.
- NW European LNG sendout was at 247mcm/d on May 5 compared to an average of 236mcm/d over the previous week and 175mcm/d in the first week of May 2024, Bloomberg shows.
- Norwegian pipeline supplies to Europe are 280.2mcm/d today, Bloomberg shows. Gassco shows total planned outages of 68.2mcm/d until May 8 before reducing to 25.2mcm/d on May 9.

The European Commission Unveils Its Roadmap to Phase Out Russian Fossil Fuels

The European Commission has unveiled its roadmap for the phase out of Russian fossil fuels by the end of 2027, Reuters reported on May 6.

- The EC will in June propose legal measures to phase out the EU's imports of Russian oil and gas by the end of 2027, Reuters reports.
- The EC will also propose in June a ban on Russian gas imports, both pipeline and LNG, under new deals and existing spot contracts by the end of 2025.
- European Energy Commissioner Jorgensen has said at a press conference that Russian gas contract terminations will be done via force majeure, and not via sanctions.
- The EU has defined gas spot contracts as those under one year in duration.
- Lawyers have said previously that it would be difficult to invoke force majeure to quit "take-or-pay" contracts with Gazprom without exposing those buyers to financial penalties or arbitration, Reuters says.
- EU countries will be required under the proposal to produce national plans for phasing out Russian oil and gas.
- Slovakia and Hungary still import more than 80% of their oil from Russia.

- New EU legislation needs the approval of the European Parliament and a reinforced majority of EU member states.
- The roadmap is in line with previously reported drafts.
- Slovakia on May 7 says it rejects the European Commission's plans to phase out Russian gas and other energy imports Prime Minister Robert Fico said on Wednesday.
- The "roadmap for ending imports of Russian energy that in this form is unacceptable for the Slovak government" he said.

Germany Lowers Legally Binding Gas Targets

Germany will lower the legally binding gas storage targets with cavern storage facilities down from 90% to 80% and porous reservoirs to 45%, according to an economy ministry press release cited by Bloomberg. The change is to ease speculation and pressure on stockpiling ahead of the next heating season.

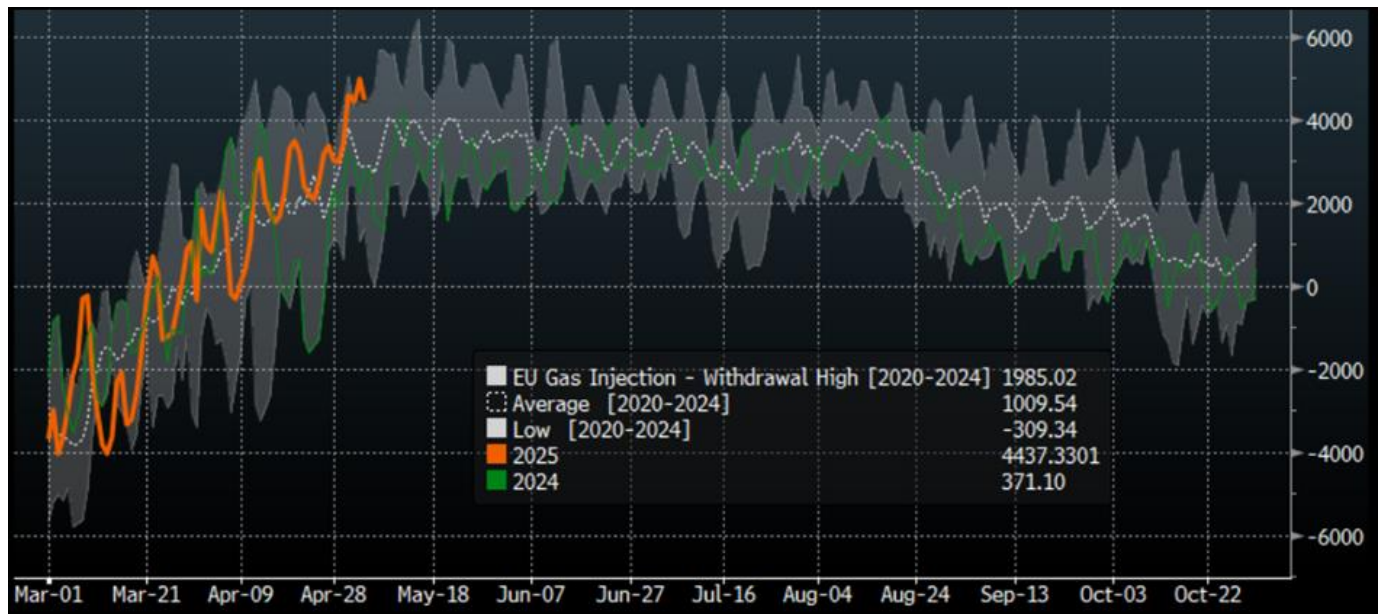
- The ministerial ordinance does not require parliamentary approval.
- Four porous reservoirs sites near the Swiss and Austrian borders have targets of 80% due to the importance of supply in those countries.
- Germany's overall storage capacity target would be around 70% full by Nov. 1.
- Europe remains vulnerable to tight supplies, despite recent easing of prices partly driven by the potential impact of US tariffs on global demand.
- European lawmakers will vote on their common position on the gas storage regulation on May 8, opening the way for negotiations with member states. It follows the EU Parliament industry committee's vote in favour of reducing the EU's gas storage target to 83%.
- State-sponsored storage filling via Germany's Trading Hub Europe GmbH "is not appropriate" and "would unnecessarily increase costs for gas consumers," the economy ministry added.

EU Gas Storage Injections Strong in Early May

EU gas storage injections rates remain well above normal after rising to their highest since 2022 on May 3.

- The average net injection rate in the week to May 4 rose to 3,964GWh/d compared to 2,693GWh/d the previous week and the previous five-year average of 3,015GWh/d.
- The TTF Q325-Win25 spread is holding steady after widening further in late April to the largest winter premium since September at -€1.05/MWh today.
- Based on the withdrawal rates from the last ten years from now until the end of October, the EU storage level would build to an average of 88.3% of capacity at the end of the season with a range between 73% and 100%.
- Storage in Germany is at 85.2TWh (34.6% full), Italy at 100.8TWh (49.9%), Netherlands at 38.4TWh (26.6%), France at 56.8TWh (45.4%) and Austria at 49.2TWh (49%).

EU Gas Injections - Source (Bloomberg)



TTF Price Outlooks

The World Bank natural gas index is forecast to rise sharply in 2025 and remain steady in 2026, according to its Commodity Markets Outlook.

- TTF is seen rising 6% in 2025 to \$11.6/MMBtu as the filling of severely depleted inventories is facilitated by lower demand for LNG from East Asia.
- TTF is then expected to fall by 9% on the year in 2026 to \$10.6/MMBtu amid rising global LNG supply.
- HSBC has lowered its TTF price forecast by \$1/MMBtu to \$12.5/MMBtu in Q2/Q3, Reuters reports. HSBC's average 2025 TTF price forecast is now \$13.10/MMBtu, from \$13.75/MMBtu previously.
- JPMorgan forecasts TTF at €40/MWh in Q2 and €45/MWh in Q3.

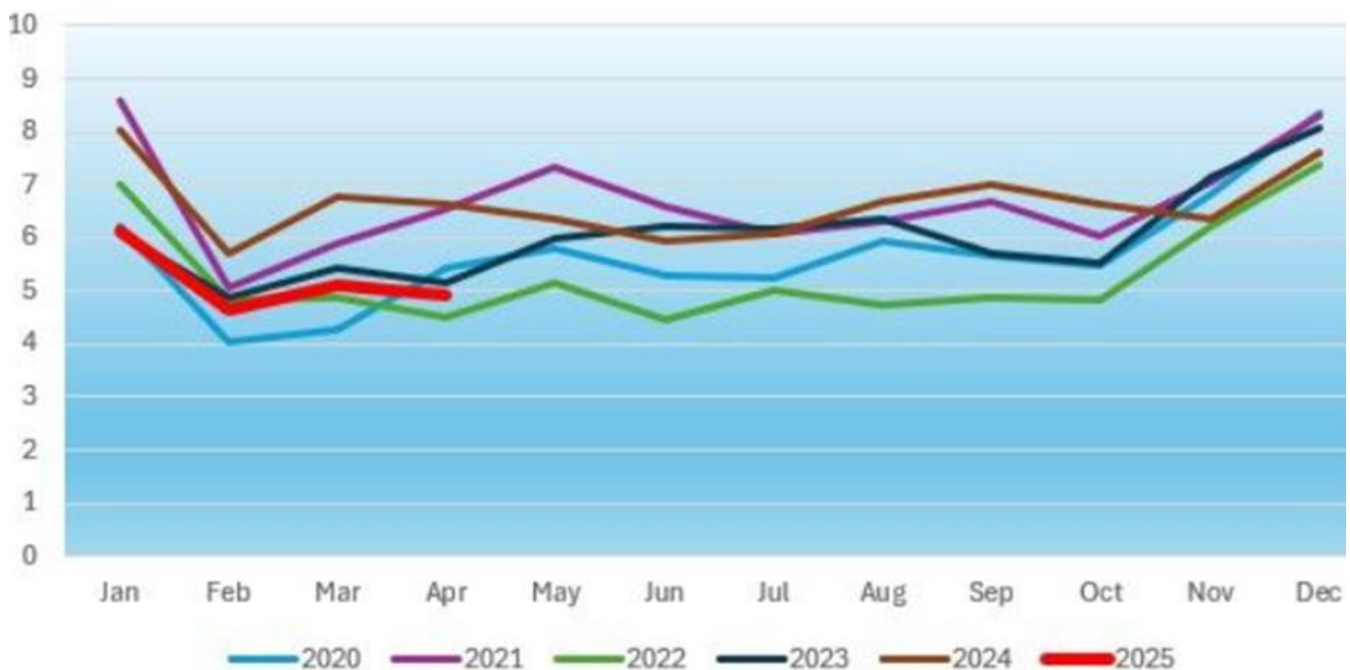
APAC LNG

Asia's spot LNG prices fell to a new one-year low amid weak demand and the potential impact of the ongoing trade war on long-term Asian gas consumption.

- The average June LNG price for delivery into Northeast Asia was \$11/MMBtu, its lowest level since May 2024 and down \$1.80/MMBtu on the week.
- The JKM front-month swap ranged between \$10.884/MMBtu and \$12.164/MMBtu in the week to May 6, compared to a range of \$10.903/MMBtu and \$12.433/MMBtu the week prior, according to Bloomberg.
- The Dec25 JKM-TTF spread is range-bound by US and Nigerian arbs, according to Spark Commodities, May 2.

- While the market remains subdued, Bloomberg reported that Chinese firms are purchasing LNG from the spot market, a reversal from months of inactivity, amidst a price slump. At least two shipments were acquired last week at the \$10/MMBtu level, Bloomberg added.
- China's LNG imports were 26% lower y/y in April, while Jan-April imports were down 23% y/y, according to ICIS analyst Alex Froley.
- Meanwhile, the share of China's own production and pipeline imports from Russia through the Power of Siberia pipeline has grown, while total gas demand is also slowing, Froley added.
- Chinese companies have long-term contracts for LNG cargoes from the US and elsewhere but can resell many of these to alternative destinations and have been doing so even before the introduction of tariffs, according to Froley.
- South Korean LNG buyers have been actively purchasing spot cargoes as prices in the Asia-Pacific region fall below \$11/MMBtu, Platts said. They secured at least four shipments between April 28 and May 2. Companies including Kogas, Posco, GS Energy, and Prism acquired cargoes for delivery in late May and June. Prices ranged from \$10.80- \$11.20/MMBtu.

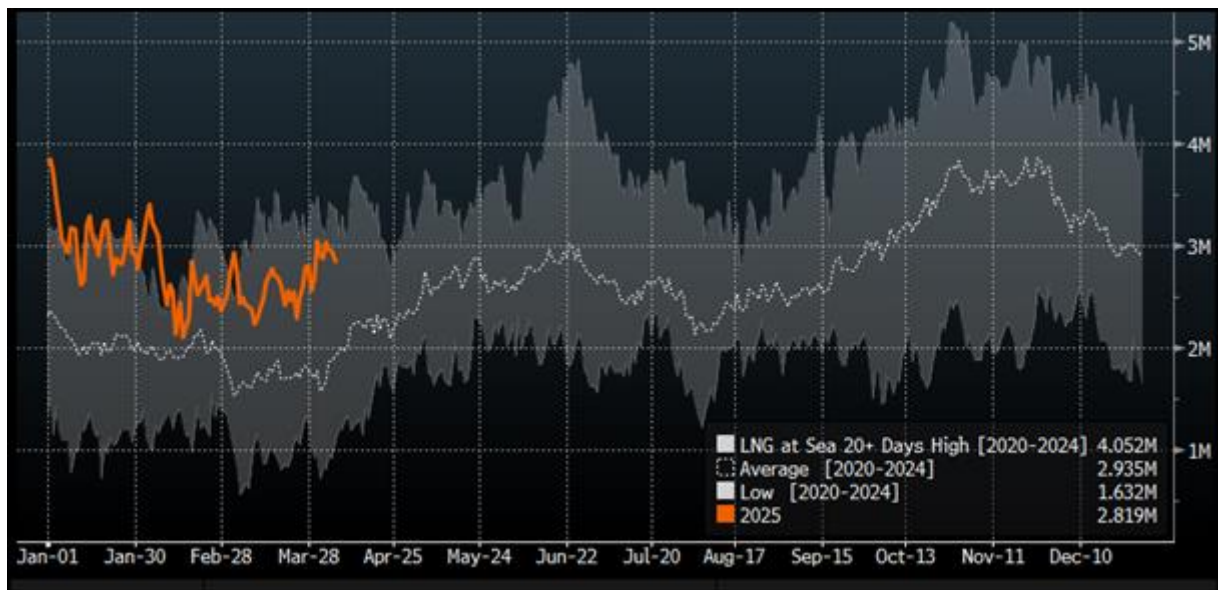
China LNG Imports (million mt) - Source (ICIS)



- On the supply side, Four LNG cargoes have changed course from Europe to Asia in the last two weeks as the arbitrage for deliveries eastward opened, according to Reuters. European prices fell below the Asian benchmark despite muted demand in Asia.
- Malaysia LNG, a Petronas subsidiary, restored normal operations at its Bintulu LNG complex after technical issues disrupted production earlier in April, sources told Platts April 30.
- Brunei LNG last week signed a long-term LNG Sales and Purchase Agreement with PetroChina International Singapore, according to a Brunei LNG LinkedIn post.

- The victory for Australia's Labor party win in the country's election is bearish for LNG prices as it removed uncertainty around the opposition's proposed policy to divert LNG from contracts to the domestic market, Platts said.
- Australia's Woodside Energy is seeking a swift resolution to judicial review proceedings launched by Doctors for the Environment Australia (DEA) against the approval of the Scarborough gas field Environment Plan, Platts reported.
- The quantity of LNG on tankers that have not unloaded for at least 20 days rose to 2.82m mt as of April 6 compared to 2.67m mt a week ago. The volume is 16% less than a year earlier but remains well above the previous five-year average of around 1.9m.

LNG at Sea 20+ Days - Source (Bloomberg)



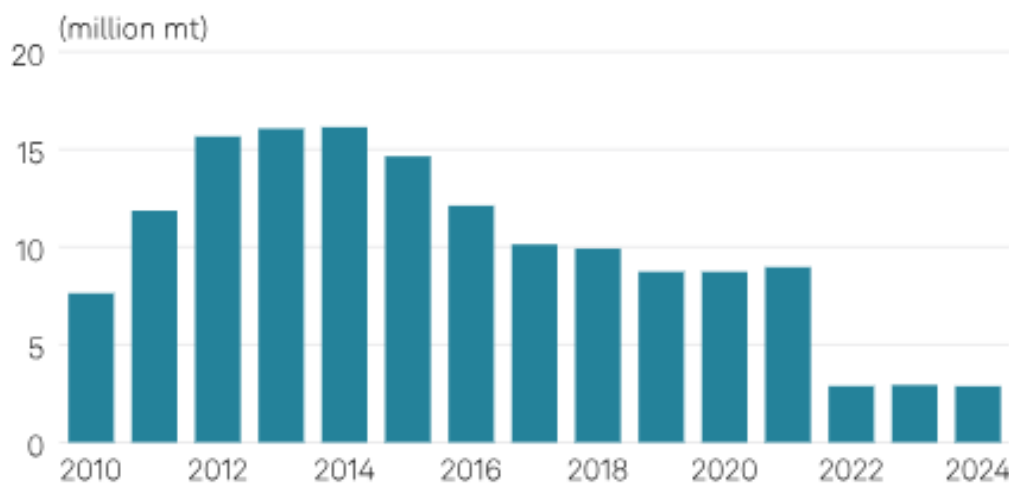
Middle East & Africa:

Qatar Energy is in talks with Japanese firms for a long-term deal to supply LNG from its North Field expansion project, trading sources told Reuters.

- Qatar has often pushed for longer duration contracts indexed against Brent, rather than natural gas indexes such as TTF, JKM, or Henry Hub. This has made them less popular than more flexible offering from US suppliers.
- JERA did not renew its long-term contract with Qatar for 5.5m mtpa, which expired in 2021.
- Qatar is planning to expand its LNG production capacity from 77m mtpa to 142m mtpa by 2030.
- Japan's current imports of LNG are around 66m mtpa, of which only 3m mtpa is from Qatar.
- In Africa, the first cargo from the Greater Tortue LNG project is heading to Singapore aboard BP-chartered British Sponsor, arriving May 15, Platts said.

- All four FLNG vessel trains are operational, ramping toward 2.45m mtpa contracted sales volume, with potential to exceed nameplate capacity (2.7m mtpa; testing at ~10% above), Kosmos said in a Q1 earnings call.

Japan's Annual LNG Imports from Qatar - Source (Platts)



- Kosmos added that second cargo lifting is underway and that full-year guidance of 20-25 cargoes remains unchanged.
- TotalEnergies hopes to resume work on the 12.8m mtpa Mozambique LNG project “by the middle of the year,” CEO Patrick Pouyanne said.
- Returning to the Middle East, Jordan's NEPCO has issued a Request for Proposal (RFP) for an LNG spot cargo delivery in May 2025 at Ain Sokhna, Egypt, or Aqaba, Jordan, Platts said. Bids must be submitted on May 5.

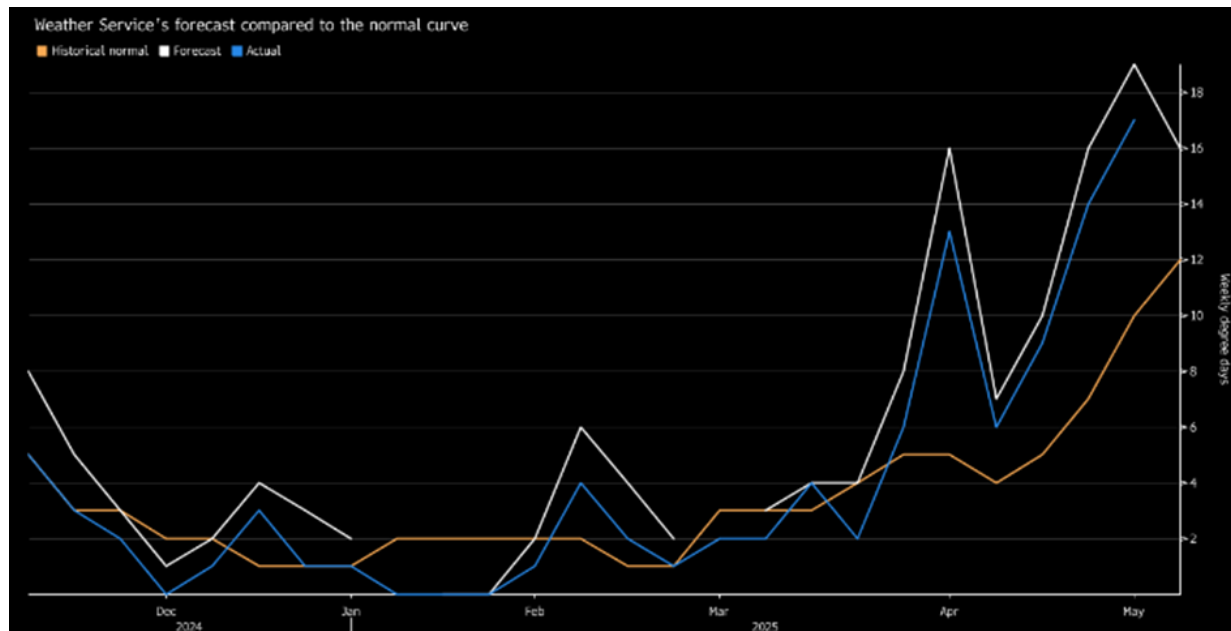
US Natural Gas:

Henry Hub front month has ticked up this week but are set to face some pressure from healthier stockpiles, lower shoulder season demand, and ongoing planned maintenance at LNG facilities during shoulder season.

- Henry Hub Front Month has traded between \$3.34/MMBtu and \$3.747/MMBtu this week, compared to \$2.858/MMBtu and \$3.457/MMBtu over the previous week.
- US Henry Hub spot prices for 2025 have been cut by 15 cents/MMBtu, or 3.6%, to \$4.12/MMBtu, according to the EIA in its May Short Term Energy Outlook. However, prices in 2026 are seen at \$4.80/MMBtu, up from \$4.60/MMBtu in the April outlook.
- A Reuters survey forecast Henry Hub to average \$3.93/MMBtu in 2025, a three-year high. It is then seen climbing further to \$4.23/MMBtu in 2026.
- The EIA weekly gas inventories for the week ending Apr. 25 showed a build of 107 bcf.
- The seasonal five-year average shows a net build of 58 bcf. Stocks built by 64 bcf this time last year.
- Total stocks are up to 2041 bcf. This is 435 bcf below levels seen a year ago and 5 above the previous five-year average of 2036 bcf.

- US gas rig count according to Baker Hughes: 101 (2) - down 2 rigs, or 1.9% on the year. This is the highest since March 28
- Lower 48 natural gas production averaged 105.76 bcf/d in the 10 days to May 6, compared to last week's 10-day average of 105.83 bcf/d.
- US dry natural gas production across 2025 has been revised down 0.4 bcf/d to 104.9 bcf/d, according to the EIA in its May Short Term Energy Outlook. Production in 2026 is expected to be 106.4 bcf/d, down 0.7 bcf/d from the April forecast.
- US natural gas consumption for 2025 has been raised by 0.1 bcf/d from April's forecast to 91.3 bcf/d, while 2026 consumption is at 90.7 bcf/d, up 0.2 bcf/d, the EIA forecasts.
- US cooling demand for the week ending May 10 is forecast to be 1 cooling degree days (CDD) above the long-term normal, according to Bloomberg, citing the NOAA. During the week to April May 3, the US was 5 CDD above normal.
- A 31-mile extension of Equitrans Midstream's Mountain Valley Pipeline has been granted emergency fast-track permitting by the US Army Corps of Engineers, a notice said May 2.

US CDD Count- Source (Bloomberg/NOAA)



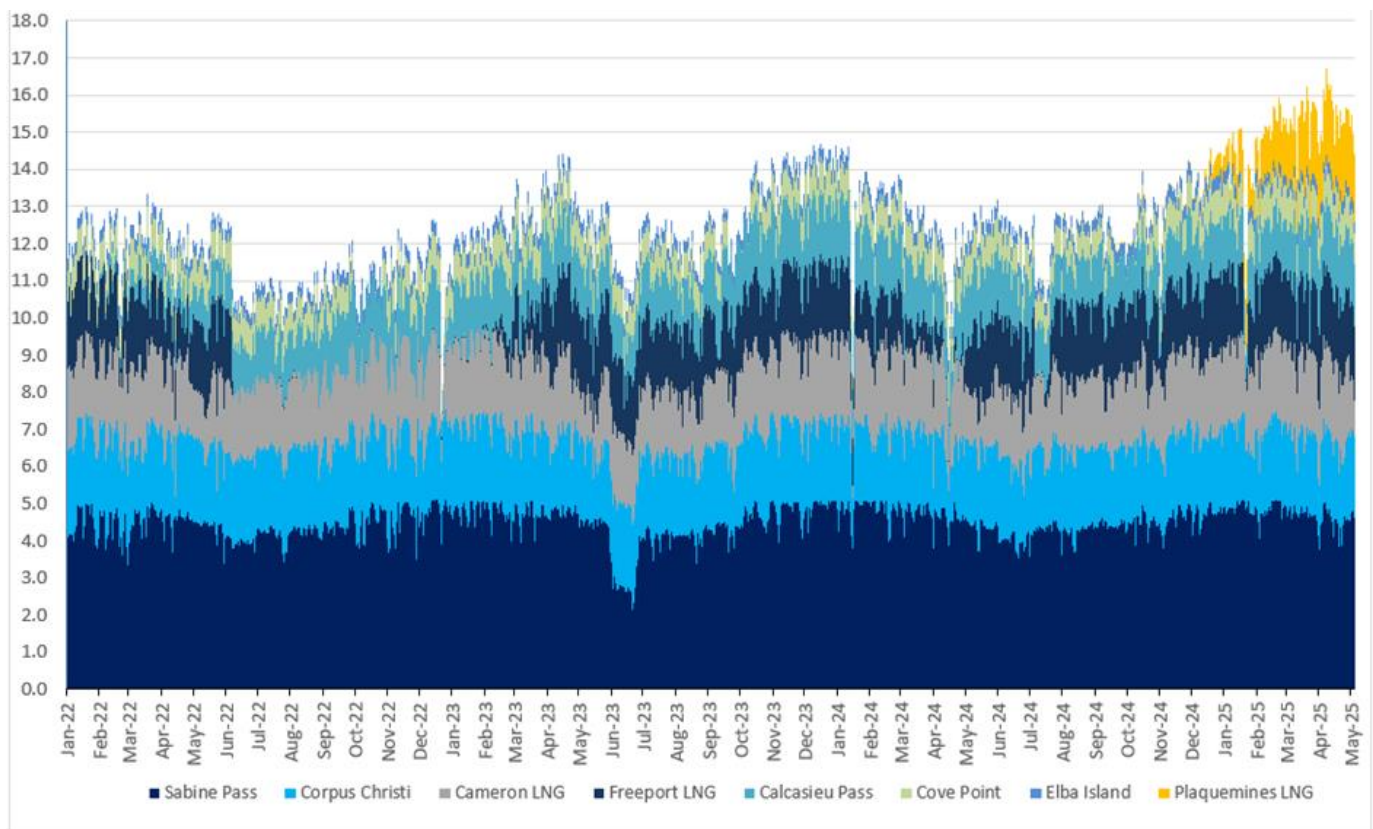
US LNG

Natural gas deliveries to US LNG terminals averaged 14.37 bcf/d in the seven days to May 7, compared to the seven-day average of 15.54 bcf/d during the previous period.

- Freeport LNG in Texas suffered a brief outage May 6, two sources confirmed with Reuters. The latest power readings at the Freeport plant indicate that two of its three production trains have restarted, according to data seen by Bloomberg.

- Freeport LNG received FERC approval on April 30 to begin cooling down its final offline LNG storage tank and related equipment at its Texas export facility, Platts said.
- Energy Transfer is nearing FID on its Lake Charles LNG project after an unnamed Japanese company agreed to buy 1mtpa of LNG from the proposed export facility, Reuters said.
- "[Golden Pass] continues to be progressing at the pace that we had anticipated. Look to have a first LNG by the end of this year. Potentially slipping into early next year, but right now, we think we're going to deliver it back end of this year." – Exxon CEO Darren Woods said.
- US LNG exports in Jan- April surged by over 20% on the year to 34.6m tons, according to Reuters citing Kpler data May 1. European purchases rose 49% year on year and accounted for 26.5m tons or 77% of the total.

US LNG Feedgas Supply (Bcf/d)- Source (Bloomberg)



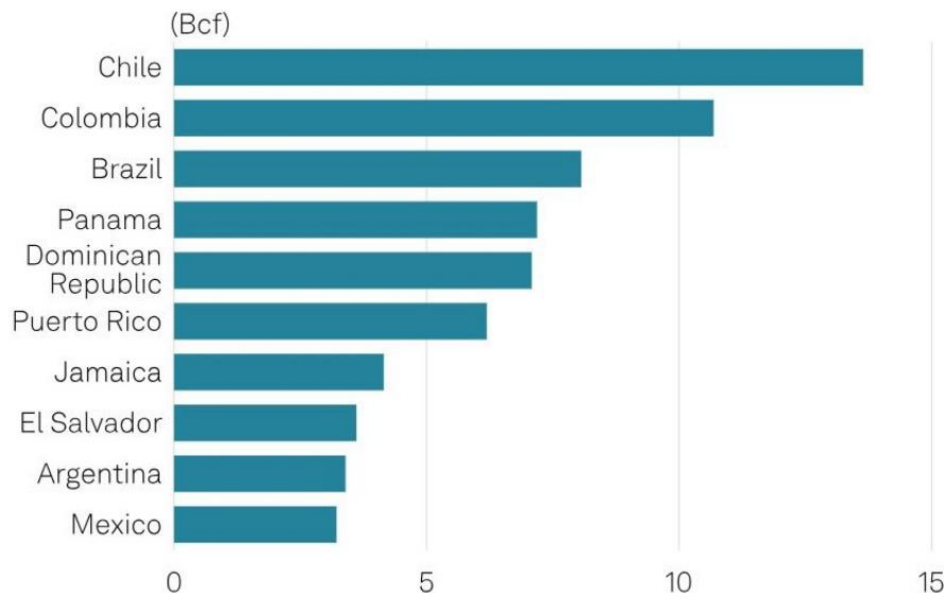
Latam

LNG imports into Latin America and the Caribbean rose nearly 37% on the month amid increasing demand in key countries and the return of seasonal imports into Argentina, Platts said.

- Chile was the largest importer, taking 13.64 bcf. A rise on 5.33 bcf since March and its highest monthly level since August 2024.

- The rise in Chile's demand was partly due to 9-day maintenance work on the gas pipeline system linking Argentina. This halted natural gas imports from its neighbour, leaving a deficit to be filled by LNG.

Latam LNG Imports in April- Source (Platts)



- In Argentina, Southern Energy, a consortium consisting of YPF, Pan American Energy, Pampa Energia and Harbour Energy has signed a 20-year agreement with equity partner Golar to deploy a second FSRU in Argentina, Bloomberg reported.
- Golar has assigned MKII to the project. This is still being built and is forecast to dock in Argentina in 2028. The two floating units combined will have a capacity for 6m mtpa of LNG exports.