

MNI Gas Weekly: EU Gas Storage Remains a Concern

By Lawrence Toye & Daniel Dawson (04/06/2025)

Executive Summary:

- **European Gas Benchmarks** have recovered from last week's lows on maintenance in Norway and the US.
- Asia's **LNG market** continues to be hit by weak demand, although a warmer summer in South Korea could prove supportive.
- In the **Middle East & Africa**, Qatar's planned rise in export volumes could bifurcate the global LNG trade.
- **Henry Hub** is stronger on the week despite falling LNG feedgas flows.
- In the **Americas**, Brazil lead Latam's LNG imports in May.

European Natural Gas:

TTF front month faced pressure late last week amidst concerns over worsening US-China trade relations. These frictions could pressure global competition for LNG, though Norwegian maintenance and curtailed feedgas flows to US LNG export terminals have since added support.

- Front month TTF prices traded between €33.705/MWh and €37.125/MWh this week, compared to €35.42/MWh and €37.935/MWh over the previous week.
- Temperatures in NW Europe are still forecast near normal in the first week of the outlook before rising above normal from around June 10.
- European gas storage is up to 49.2% full on June 2, according to GIE compared to the previous five-year average of 60.0% full. Net injection rates have dipped on the day but remain above the previous five-year average.
- NW European LNG sendout edged down again to 210mcm/d on June 2 compared to an average of 234mcm/d over the previous week, Bloomberg shows. US LNG export terminal feedgas flows are still curtailed by Sabine Pass and Cameron maintenance.
- Norwegian pipeline supplies to Europe hold steady at 296.1mcm/d today, Bloomberg shows. Gassco shows planned outages of 43.8mcm/d today rising to 86.8mcm/d tomorrow.

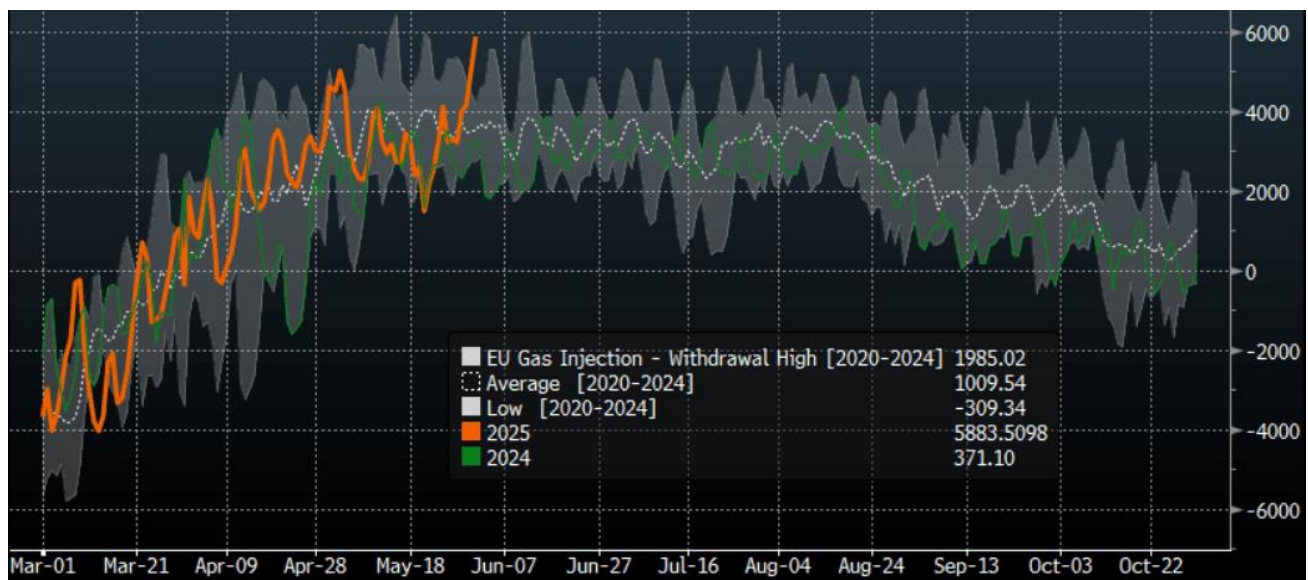
EU Gas Storage Injections at Highest Since June 2022

EU gas storage net injection rates have risen above normal in the last week and to the highest since June 2022 on June 1, GIE data shows. Injection rates so far this summer season are just over 3.1% higher than the previous five-year average.

- The average net injection rate in the week to June 1 rose to 4,105GWh/d compared to 2,625GWh/d the previous week and back above the previous five-year average of 3,504GWh/d, GIE data shows.
- European gas storage is up to 48.86% full on June 1, according to GIE compared to the previous five-year average of 59.7% full.
- 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 86.6% of capacity at the end of the season with a range between 71.6% and 96.5%.

- Storage in Germany is at 101.4TWh (41% full), Italy at 122TWh (60.3%), Netherlands at 52.6TWh (36.5%), France at 70.2TWh (55.9%) and Austria at 54.5TWh (54.4%).
- The TTF Q325-Win25 spread has been holding between about -€1.25/MWh and -€0.95/MWh since late April.

European Gas Storage Injections - Source (GIE/Bloomberg)

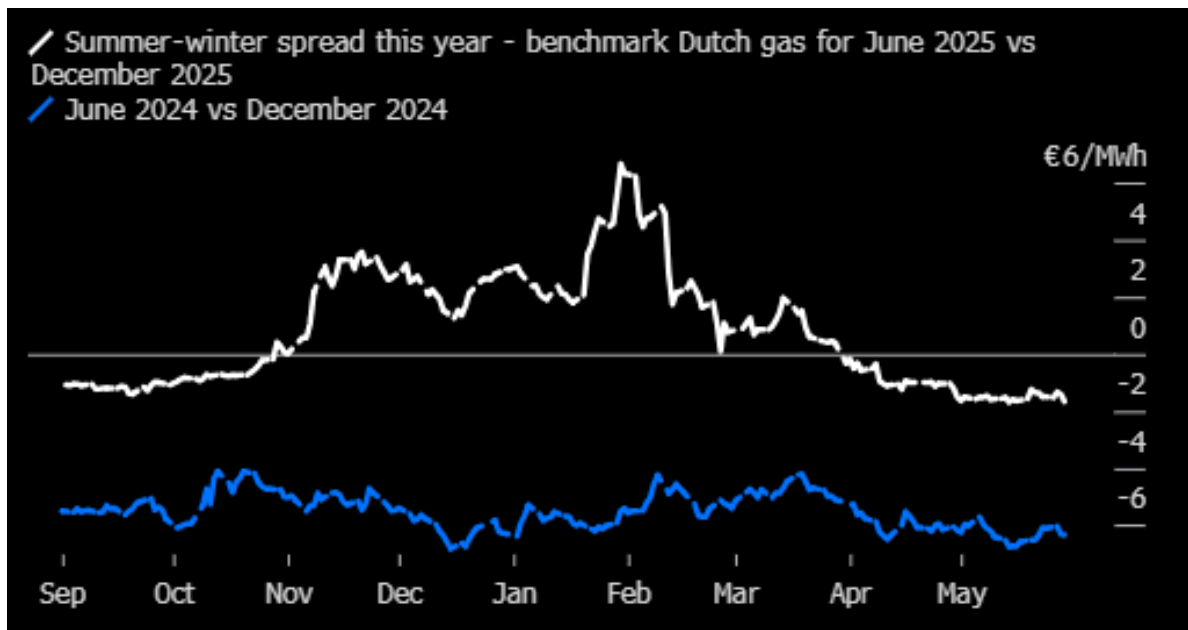


Some EU Gas Storage Facilities Stubbornly Empty

Several European gas storage facilities remain unusually empty two months into the official stockpiling season, Bloomberg reports.

- Some operators of gas storage sites haven't been able to auction capacities at cost-covering prices this year, due to an insufficient gap between summer and winter TTF contracts, Bloomberg says.
- In the near-term, risks are that prices could spike later this year if not enough gas is accumulated ahead of winter, or if the weather turns unexpectedly cold.
- Germany is lagging peers such as France or Italy in refilling inventories. Meanwhile, the UK's Rough facility has not received any bookings, while the Dutch Bergermeer site has seen slower capacity bookings lately.
- Germany's Rehden has remained stubbornly empty, raising concerns that the government will have to step in to support filling.
- The facility's operator has not disclosed its price expectations for Rehden but said at the end of a recent round that offers outstripped what was allocated, signalling it may be waiting for higher prices.
- Some offers that were accepted at the site were around €3/MWh, traders told Bloomberg.
- Germany's gas market manager, Trading Hub Europe, has said it would only intervene in stockpiling at the end of summer if needed.

TTF Summer-Winter Spread - Source (Bloomberg)



Gazprom's Flows to Europe Rose 10% in May

Gazprom's average daily natural gas supplies to Europe via the TurkStream pipeline increased by 10.3% on the month in May, Reuters reported.

- Russian gas exports via TurkStream rose to 46.0mcm/d in May from 41.7mcm/d in April, according to ENTSOG data cited by Reuters. Exports were 47.2mcm/d in May 2024.
- Total Russian gas supplies to Europe via TurkStream stood at around 7.2bcm in the first five months of 2025, compared to 6.6bcm during the same period a year earlier.
- Russia supplied about 63.8 bcm of gas to Europe by various routes in 2022, compared to around 32 bcm in 2024, Reuters says. At its peak in 2018-19, Russian flows to Europe reached 175-180 bcm.
- Gazprom's average daily natural gas supplies to Europe via the TurkStream pipeline increased by 10.3% m/m, Reuters reports.

PSV Regains Premium Over TTF

Italy's natural gas price premium over the European TTF benchmark is rising amid an expected heat wave to offset steady renewable generation and easing storage concerns late last week, according to Bloomberg.

- Italy's PSV day ahead price was about €3/MWh above TTF on June 3.
- Cooling demand is expected to rise to the highest since Sept. 1 next week, according to data from Atmospheric G2.
- Gas storage in Italy is up to 60.25% full compared to 41.0% in Germany for June 1, GIE data shows.

- The Italian gas premium is “overdone” and likely to average about €1.3/MWh in Q3, said Daniela Miccoli at Energy Aspects. Imports from the south and north are expected to remain stable this year and storage concerns have eased due to subsidies, she added.

Italian Gas Spot Premium vs TTF - Source (Bloomberg)



Vertical Corridor Operators Agree to Lower Transit Fee

Gas grid operators from five countries comprising the Vertical Corridor from Greece to Ukraine have agreed to a unified low-cost gas transit fee, energypress reports.

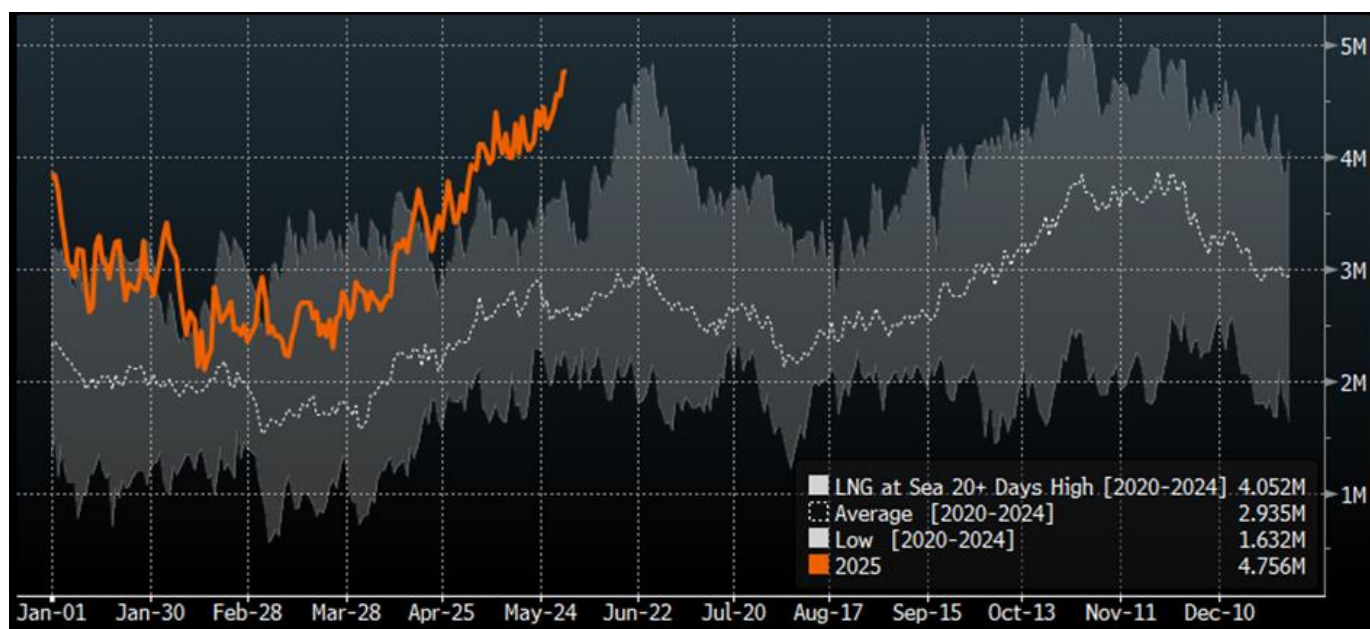
- The agreement will enhance the attractiveness of the southern gas route, which channels LNG from Greece northwards by significantly lowering transportation costs.
- Sources told energypress that the agreed fee reduction along the corridor ranges between 20 and 25 percent. Questions remain about whether this cut will be sufficient to make the route fully competitive.
- Until now, Ukraine has avoided the southern corridor due to elevated tariffs, opting instead for imports via Slovakia and Hungary.
- Data from Ukraine’s GTSOU shows that transporting gas from Greece’s Revithoussa LNG terminal to Ukraine costs over €10/MWh, rising to €13/MWh from the Alexandroupolis FSRU.
- In contrast, alternative supply routes used by Ukraine come at significantly lower rates, ranging between €3.9/MWh and €6.7/MWh, energypress reports.

APAC LNG

JKM is expected to remain rangebound during the week of June 2-6, Platts said, with the market closely watching the second round of peace talks between Russia and Ukraine.

- Asian spot LNG prices have trended downwards as end-user buying activity remains limited.
- The JKM front-month swap ranged between \$11.752/MMBtu and \$12.666/MMBtu in the week to June 3, compared to a range of \$11.97/MMBtu and \$13.138/MMBtu the week prior, according to Bloomberg.
- July JKM prices were at \$12.034/MMBtu on May 30, down 73.4 cents/MMBtu on the June JKM price from May 26, Platts said.
- Sources told Platts there is ample supply on the water, with more expected to arrive in Asia next month due to the previously open arbitrage window.
- The quantity of LNG on tankers that have not unloaded for at least 20 days rose to 4.76m mt as of June 1 compared to 4.44m mt a week ago. The volume is 31.8% more than a year earlier and well above the previous five-year average of around 2.66m mt.

LNG at Sea 20+ Days - Source (Bloomberg)



China

China remains well-supplied with both LNG and pipeline gas for the summer months, capping spot interest, Platts reported.

- China's LNG demand is still weak heading into summer - traditionally a peak consumption period - amid subdued downstream demand and ample alternatives, Platts said.

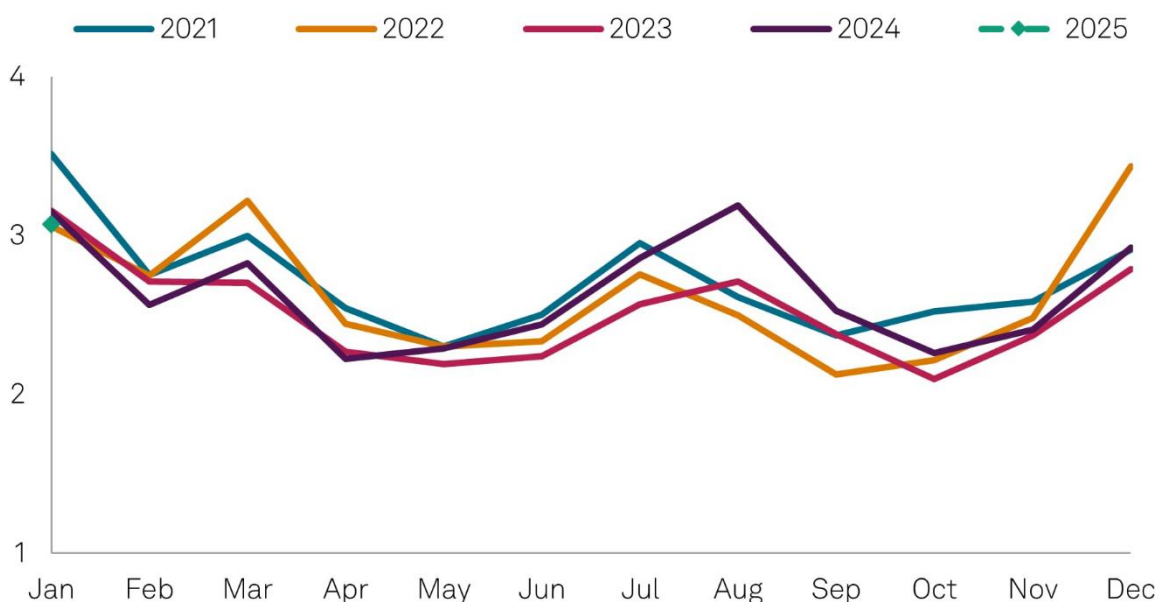
- Typically, Chinese buyers begin spot LNG purchases in May; as of late-May, only Zhejiang Energy has made a spot purchase for June delivery.
- Milder temperatures have dampened demand, while powergen consumption is low amid cheaper alternatives. Industrial demand is also sluggish.
- Spot LNG remains uncompetitive compared to pipeline gas in China, with buyers unwilling to pay above \$10.50/MMBtu – the price for pipeline gas. By comparison, JKM is around \$12.5/MMBtu.

Japan & South Korea

Forecasts for high summer temperatures in South Korea is bullish for JKM as peak seasonal cooling demand should deplete gas inventories in pull in more spot volumes, Platts said.

- Average temperatures from June- August in Korea are expected to be higher than usual, with only a 10% chance of lower-than-normal temperatures.
- Furthermore, South Korea's new President Lee Jae-myung's push to expand the role of renewables in the country's power mix is expected to boost LNG demand to ensure a stable electricity supply, industry officials said June 4, cited by Platts.
- Moreover, Japan could see an early arrival of summer, which could boost end-user demand among end-users, sources told Platts.
- LNG stockpiles held by Japanese utilities increased by 4.63% on the week to June 1 to 2.26m mt, according to data released by the trade ministry cited by Bloomberg. Stocks are above the five-year average for the end of May of 2.18m mt and 2.1m mt for the end of June.

South Korea Gas Demand Forecasts vs Previous Years - Source (Platts)



South Asia

LNG gas spot prices for India fell to the high \$11/MMBtu level as milder-than-expected summer weather curbed demand for the fuel, Bloomberg said.

- India's Gail is seeking to sell its contractual LNG cargo that's already on the water, a signal of ample supply and easing demand in South Asia, Bloomberg said. Gail had issued a prompt tender offering LNG to Europe or the Middle East.
- Gail is likely looking to sell the volumes due to healthy inventories and lower-than-expected temperatures in India, traders told Bloomberg.
- Gujarat State Petroleum Corp. purchased an LNG cargo for delivery in the second half of June at \$11.79/MMBtu via a tender that closed on Monday, according to traders cited by Bloomberg.
- India's Torrent Power announced a long-term sales and purchase agreement with BP Singapore for the supply of up to 0.41m mt of LNG annually from 2027-2036, Platts said.
- The LNG will be used to operate Torrent's 2,730 MW gas-based power plants, helping to meet India's rising electricity demand, support peak loads, and complement renewable energy sources.

Southeast Asia

In Southeast Asia, Thailand has bought two LNG cargoes for July delivery in the past week, the first spot market purchases in months as utilities restock for hot weather, Bloomberg reports.

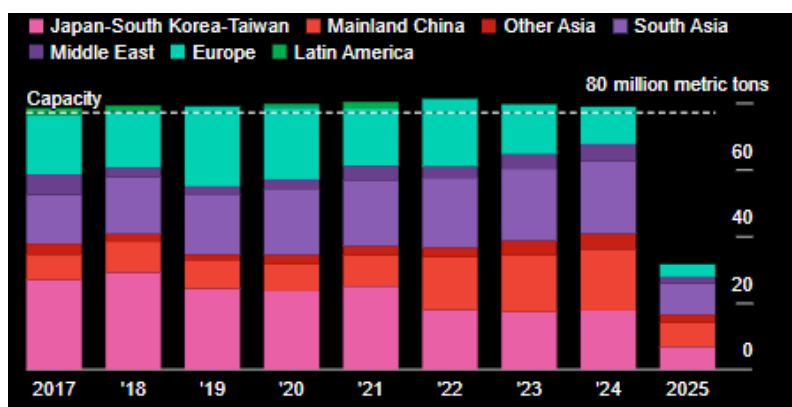
- Vietnam's Cai Mep LNG terminal received a commissioning cargo from Russia on May 25, according to data from LSEG and Kpler cited by Reuters.

Middle East & Africa:

Qatar's LNG supply expansion is set to heighten the split in the global LNG trade, with US volumes increasingly supplying Europe and Latam, and Middle East cargoes heading to Asia, Bloomberg said.

- Qatari volumes flowing into Europe have been on the decline, with just 14% of Qatari supply heading west in 2024, dropping down to 12% by May 2025.
- By comparison, a quarter of Qatar's volumes went to Europe over the period 2017-2022.
- Around one third of Qatar's additional 32m mt from the North Field East expansion is still uncontracted, BNEF said.

Qatar's LNG Export Volumes - Source (Bloomberg)



Iraq's LNG Import Plans in Doubt

Iraq's plan to import LNG this summer is stalling due to concerns over the price of securing an FSRU, MEES said.

- The window for summer deliveries is narrowing, meaning that the prospects of importing LNG into Iraq look remote.
- Resorting to LNG imports at such short notice ahead of summer with peak demand was always a risky strategy, MEES said, adding that its failure will likely result in electricity blackouts in the coming months.
- Iraq's electricity struggles have been worsened by the US ban on payments for Iranian electricity imports, driving all four lines feeding electricity from its neighbour offline.

Israel Pipeline Expansion to Face Delays

In Israel, a dispute over the planned 600 mmcf/d Nitzana link to boost Israeli pipeline gas exports to Egypt threatened to cap future gas flows, MEES said.

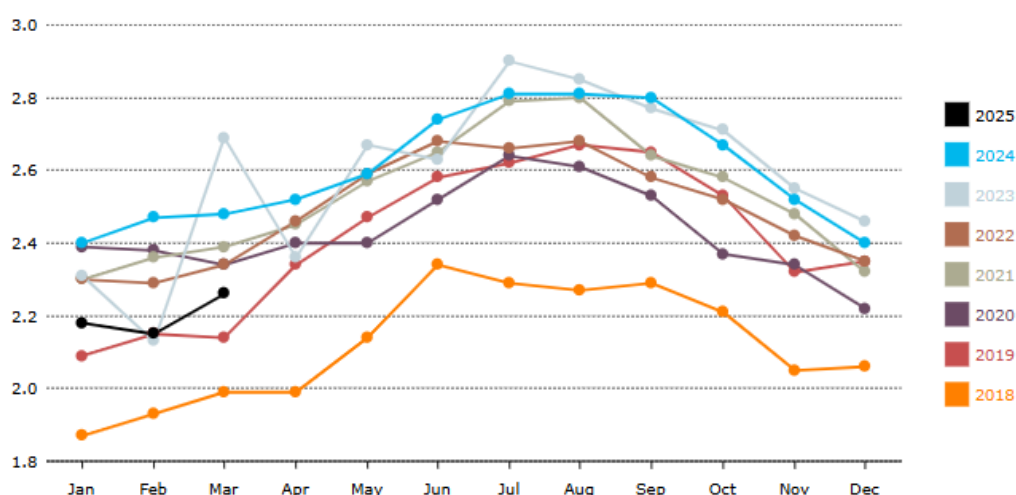
- The plan aims to connect Israel's southern gas network to Egypt's in the Sinai and was announced in 2023 and was due to commence in 2025.
- However, a disagreement over volume allocations and cost burdens between partners such as Chevron is delaying the start up.
- The Nitzana link is now expected to start in H1 2028, NewMed Energy said.

Bahrain to Import 6 Cargoes in 2025

Elsewhere in the Middle East, Bahrain plans to import six LNG cargoes in 2025 amid a drop in gas production, MEES said.

- Bahrain's gas output fell 10% on the year to a six-year low of 2.20 bcf/d in Q1, a supply squeeze for the Kingdom which relies on natural gas for power generation and industrial use.
- Longer term, it hopes unconventional reserves will boost domestic output.

Bahraini Gas Output - Source (MEES)

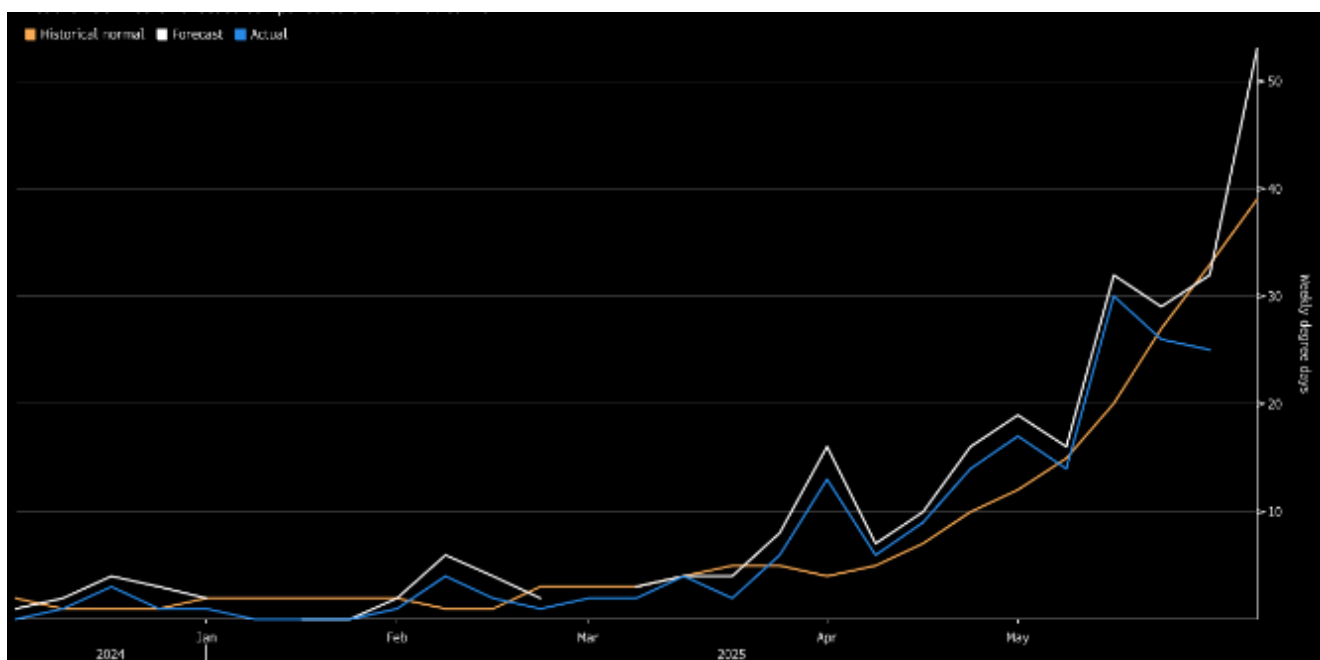


US Natural Gas:

Henry Hub has gained ground week on week, supported by forecasts of above normal cooling demand and lower production levels. This is despite a fall in LNG feedgas following maintenance at Sabine Pass.

- Henry Hub Front Month has traded between \$3.437/MMBTU and \$3.764/MMBtu this week, compared to \$3.152/MMBtu and \$3.511/MMBtu over the previous week.
- Lower 48 natural gas production averaged 105.93 bcf/d in the 10 days to June 3, compared to last week's 10-day average of 106.98 bcf/d.
- US gas rig count according to Baker Hughes: Gas: 99 (1) - up 1 rig, or 1% on the year.
- The EIA weekly gas inventories for the week ending May. 23 showed a build of 101 bcf.
- The seasonal five-year average shows a net build of 98 bcf. Stocks built by 84 bcf this time last year.
- Total stocks are up to 2,476 bcf. This is 316 bcf below levels seen a year ago and 93 above the previous five-year average of 2383 bcf.
- US cooling demand for the week ending June 7 is forecast to be 15 cooling degree days (CDD) above the long-term normal, according to Bloomberg, citing the NOAA. During the week to May 31, the US was 7 CDD below normal.
- In Canada, Alberta's wildfires that are 10 hectares or larger in size are within 10km of about 42k boe/d of gas output, according to Bloomberg citing the Alberta Energy Regulator.
- In the Desert Southwest and West Texas, EPNG's offline capacity due to maintenance is expected to range between 7.077-7.658 bcf/d across June 4-10.

US CDD Count- Source (Bloomberg/NOAA)



US LNG

Cheniere started annual work at top U.S. LNG plant, cutting output temporarily, Reuters reported. A short-term supply dip is expected as maintenance spans several weeks, Reuters added

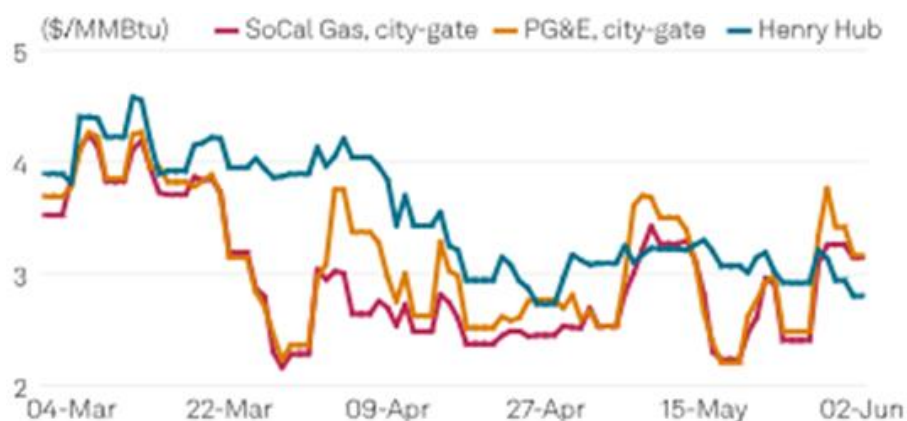
- Lower feedgas into the facility indicate that two trains have likely entered planned maintenance, Bloomberg said.
- Natural gas deliveries to US LNG terminals averaged 13.53 bcf/d in the seven days to June 4, compared to the seven-day average of 14.58 bcf/d during the previous period.
- Venture Global has launched site work on its planned CP2 LNG export terminal prior to the FID on the first 14.4 m mtpa phase of the project, the developer said June 3.
- Japan's Kyushu Electric has signed its first long-term LNG agreement with the US, securing a 20-year 1m mtpa FOB deal with Energy Transfer's Lake Charles project in Louisiana, Platts said
- NextDecade has signed a binding 20-year LNG supply deal with Japan's JERA for 2m mtpa from the proposed fifth liquefaction train at its Rio Grande LNG project in Texas, Platts said. The agreement is the first firm offtake contract for Train 5 and is priced based on the Henry Hub index on a FOB basis.

Cali Returns to Premium vs Henry Hub

Rising demand in the Western US has lifted California's natural gas markets back to a premium over Henry Hub, something forward traders are anticipating will continue for the rest of the year, Platts said.

- Bloomberg added that the current lower flows into the terminal indicate that two trains have entered planned maintenance.
- Prices through the Western region have been weak this summer amid strong supply, a mild winter, and strong storage inventories. Meanwhile, the ramp up of Plaquemines LNG has supported Henry Hub.
- However, Cali's prices have picked up as rising temperatures lift the power sector. Power demand has been 1 bcf/d above the five-year average over May 27-June 2. This is set to continue through June 17.

Spot Natural Gas Prices in California - Source (Platts)



Latam

Brazil led LNG imports to Latin America and the Caribbean in May, driven by the imminent startup of a new LNG-fired power plant, which significantly boosted import volumes, Platts said.

- Brazil imported 13.19 Bcf of LNG in May, up nearly 52% from 8.70 Bcf in April.
- Sources told Platts that two deliveries to Brazil's Açú terminal were destined for the final stage of operational testing on the adjacent GNA II power plant.
- LNG imports to Açú in May totalled 6.57 Bcf, up from 3.59 Bcf in April.
- Overall, Latin American and Caribbean LNG imports in May dropped nearly 11% from April amid a smaller number of importing countries.

