

## MNI Gas Weekly: Egypt Begins LNG Buying Bonanza

By Lawrence Toye & Daniel Dawson (28/05/2025)

### Executive Summary:

- **European Gas Benchmarks** have been rangebound, with volatility from Norwegian outages and US policy.
- Asia's **LNG market** finds support amid production issues in Malaysia and inter basin cargo competition.
- In the **Middle East & Africa**, Egypt received 14 offers for long-term LNG supply deals.
- **Henry Hub** is stable on the week due to milder temperatures and lower output.
- In the **Americas**, Argentina is planning to start exporting gas from Vaca Muerta to Brazil.

### European Natural Gas:

TTF front month has mostly traded rangebound between €35-38/MWh this week, albeit with significant volatility from unplanned Norwegian outages, potential US sanctions on Russia and US/EU tariff threats.

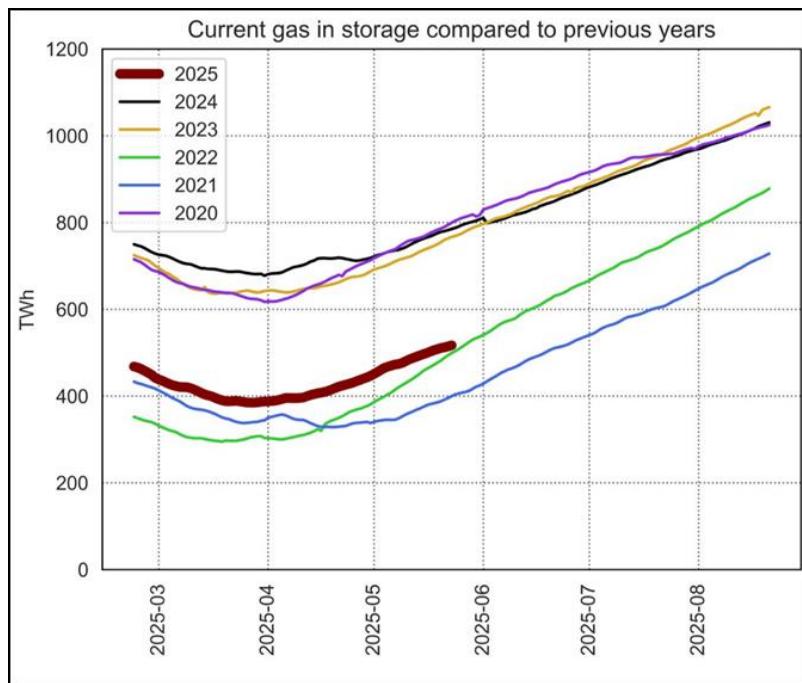
- Front month TTF prices traded between €35.42/MWh and €37.935/MWh this week, compared to €34.455/MWh and €37.815/MWh over the previous week.
- Temperatures in NW Europe are forecast above normal in the coming days but are expected to drop back towards normal in early-June.
- European gas storage was 46.58% full on May 26, according to GIE, compared to the previous five-year average of 57.85%. Net injection rates have trended near-normal in recent days, having fallen below normal through most of the second half of May.
- NW European LNG sendout rose to 232.4mcm/d on May 27, compared to around 220mcm/d in recent days.
- Norwegian pipeline supplies to Europe are at 277.7mcm/d today, up slightly from yesterday after a recovery from 249.7mcm/d on May 26. Supplies are still well below the ~310mcm/d seen in early-May.
- Gassco shows capacity reductions of 50.8mcm/d today before falling to 18.6mcm/d on May 31 before rising to 86.8mcm/d by June 6.
- CNN reports suggest that Trump could impose further tariffs on Russia in the coming days.
- TTF faced a brief sell-off on Friday after Trump called for a 50% tariff on the EU starting June 1 – marking a major escalation in trade negotiations. Besson softened the comments later in the day while the tariffs were officially delayed until July 9 on Monday.

### EU Needs LNG Import Boost to Hit Storage Target

Unless demand remains this low throughout the rest of the year, current levels of LNG sendout in Europe are likely to lead to storage levels at the start of November well below 80% of total capacity, according to GFB Insight.

- This suggests that the pressure for Europe to ramp up LNG imports later in the year continues to mount, GFB added.
- Last week's reduction in Norwegian supply pushed European storage injections further down, with daily injection rates falling to about half of the levels recorded at the start of May,
- This is despite low demand continuing to support European market balances.
- Unseasonably low consumption has largely offset lower supply from Norway -keeping projected total LNG imports for 2025 stable since the start of May.

## European Gas Storage - Source (GFB)



## Falling Gas Prices Risk EU Restocking from LNG Competition: Goldman

Europe can secure enough LNG to refill storage ahead of next winter at current prices but would face competition for supply should prices fall further, according to Goldman Sachs.

- “We think that prices have to stay at current levels, or slightly above, in order to kill LNG demand outside of Europe,” Samantha Dart said.
- “If LNG gets too cheap this summer, you tend to see other buyers picking it up.”
- New LNG supply - driven by the US and Qatar - will create an oversupply from 2027 which will become larger over the rest of the decade.
- “We think having cheap natural gas for a few years can plant the seeds for additional demand growth,” she said.

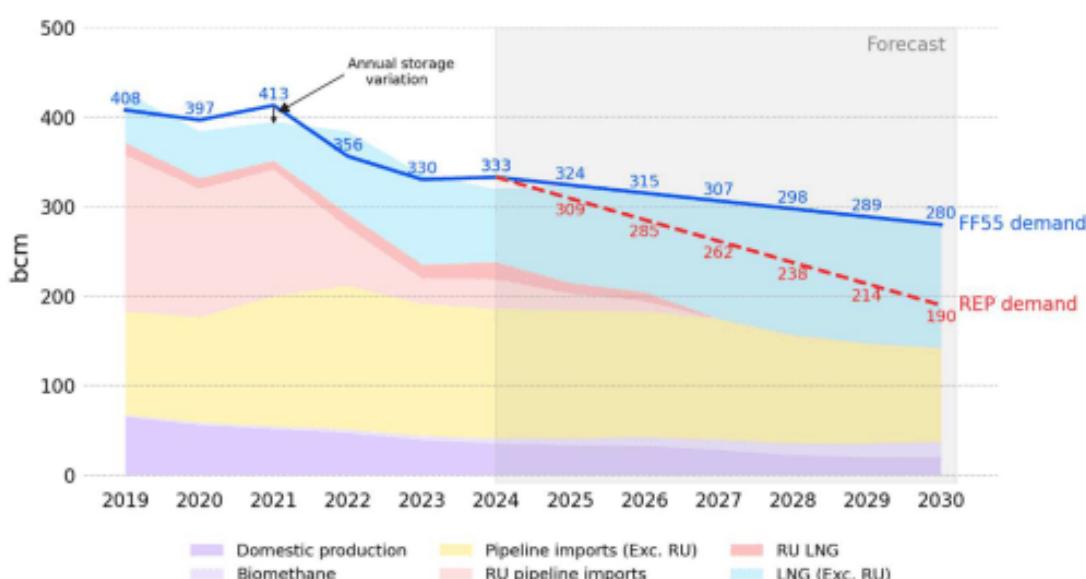
## EU Trade Off Between Securing LNG Supply and Uncertain Demand

The EU faces a trade-off between securing LNG to ensure stabler pricing while maintaining flexibility to avoid over-contracting amid uncertain demand, according to ACER.

- To manage future risks, the EU needs to accelerate decarbonisation efforts to reduce structural gas demand and secure additional LNG through flexible contracts.
- Improving coordination and effective data-sharing between Member States and the EC would enable better decarbonisation monitoring and guide LNG procurement.
- LNG is becoming an increasingly important source of flexible supply as Europe moves away from Russian fossil fuels. LNG terminals ensure backup during winter demand peaks, support storage refilling, diversify supply sources and serve landlocked regions.

- LNG's share of the EU's total gas supply rose from 23% in 2020 to around 40% in 2024 to remain the world's largest LNG importer at 112 bcm.
- The US supplied nearly 50% of EU LNG imports, while Russian LNG to EU increased 22%, despite sanctions.
- The EU purchased 30 bcm of LNG on the spot market, more than any other major importer. Over 45.5 bcm of spot LNG trades with delivery were reported to ACER.
- EU faces up to 90 bcm of demand uncertainty between Fit for 55 and REPowerEU scenarios, leading to 30 bcm in additional LNG demand by 2030 and prolonged reliance on the spot market.

EU Long Term Gas Scenarios - Source (ACER)



## APAC LNG

Asian LNG prices rose for a third consecutive week, according to Reuters - boosted by renewed demand, weak production in Malaysia, and Egypt's hunt to secure significant volumes.

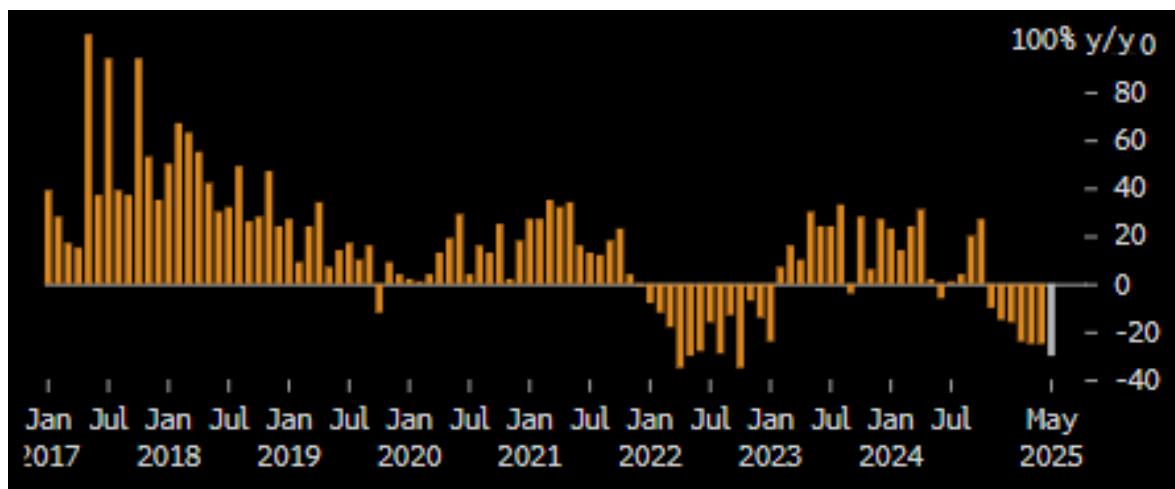
- LNG prices in North Asia averaged \$12.40/MMBtu, up from \$11.75/MMBtu the week prior, sources told Reuters.
- The JKM front-month swap ranged between \$12/MMBtu and \$13.138/MMBtu in the week to May-27, compared to a range of \$11.44/MMBtu and \$12.959/MMBtu the week prior, according to Bloomberg.
- "The market has been on a rising trend since its recent lows at the start of the month, though overall it remains a long way down from its mid-February highs," ICIS's Alex Froley, told Reuters.
- Froley added that the rise in buying from Asian buyers like Bangladesh and Taiwan, coupled with Egypt's renewed LNG appetite.

**China**

China's imports of LNG are on track to fall 30% on the year in May, as Beijing sources cheaper alternatives.

- LNG deliveries into China for May are seen around 4.6m mt, according to Kpler data, the seventh consecutive month of year-on-year declines, Bloomberg said.
- China's demand for LNG has faltered in recent months, with domestic production and pipeline imports from Russia and Central Asia more competitive.
- Extreme heat in parts of China is serving as a prelude to summer when weather is likely to place an unprecedented burden on the country's power network, boosting natural gas demand, Bloomberg said.
- The National Energy Administration expects peak electricity demand to be about 100 GW higher on the year in summer 2025, with a large part of the consumption coming from air conditioning units.
- Despite lacklustre demand at present, China signed several long-term LNG deals during the World Gas Conference in Beijing, according to Bloomberg.
- The five-to-ten-year LNG contracts are indexed against Henry Hub prices, as a fall in crude oil prices led to elevated implied slopes, Platts said.
- BNEF forecasts Chinese LNG imports in 2025 to fall 11% on the year to 60m mt.

**Year-on-Year Change in China's Monthly LNG Imports - Source (Bloomberg)**

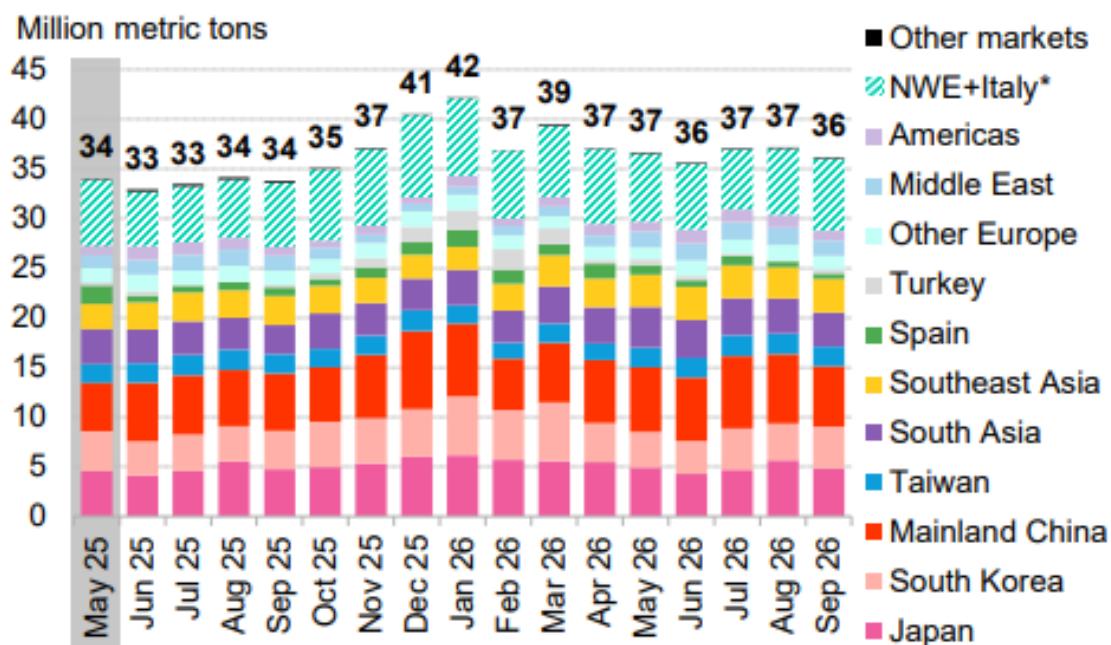
**Global LNG Imports Below Forecast: BNEF**

Actual global LNG imports in May were down 1.4% (0.5m mt) on BNEF's forecast published in the last Global LNG Monthly, at 34.0 mt.

- The difference largely stemmed from China's imports coming in 0.7m mt below expectation amid a continued weak economy and tariffs weighing on industry and power demand.
- Global LNG imports in June could be up 6% on the year at 32.9m mt, BNEF said.
- This includes the impact of ongoing trade tensions between the US and various countries, a factor set to lower industry and power sector demand. BNEF's base case assumes current tariff levels last until September.

- Mainland China is set to bear the brunt of the tariff impact on gas due to higher tariff levels than other markets.

Global LNG Demand Forecast - Source (Bloomberg)



## Supply

Two terminals at Petronas' Bintulu LNG facility in Malaysia are undergoing maintenance causing exports to slow this month.

- Petronas is aiming to expand its natural gas sales into markets such as China and Vietnam, while also looking to secure more long-term supply from North America and emerging markets, Reuters said.
- The quantity of LNG on tankers that have not unloaded for at least 20 days rose to 4.51m mt as of May 25, up from 4.16m mt the prior week.
- LNG stockpiles held by Japanese utilities increased by 9.09% on the week to May 18 to 2.16m tons, according to data released by the trade ministry cited by Bloomberg. Stockpiles were 2.06m tons around this time in 2024 and 2.47m tons in 2023.
- Russia's Arctic LNG 2 facility is facing operational delays, with its first train shut down and LNG tanks full due to difficulties finding buyers amid international sanctions, Platts said. the shut in comes as the second train at Arctic LNG 2 began LNG production on May 19.
- Indonesia's natural gas production should outstrip demand in 2026 or 2027, Energy Minister Bahlil Lahadalia said at a press conference cited by Bloomberg.

## LNG at Sea 20+ Days - Source (Bloomberg)

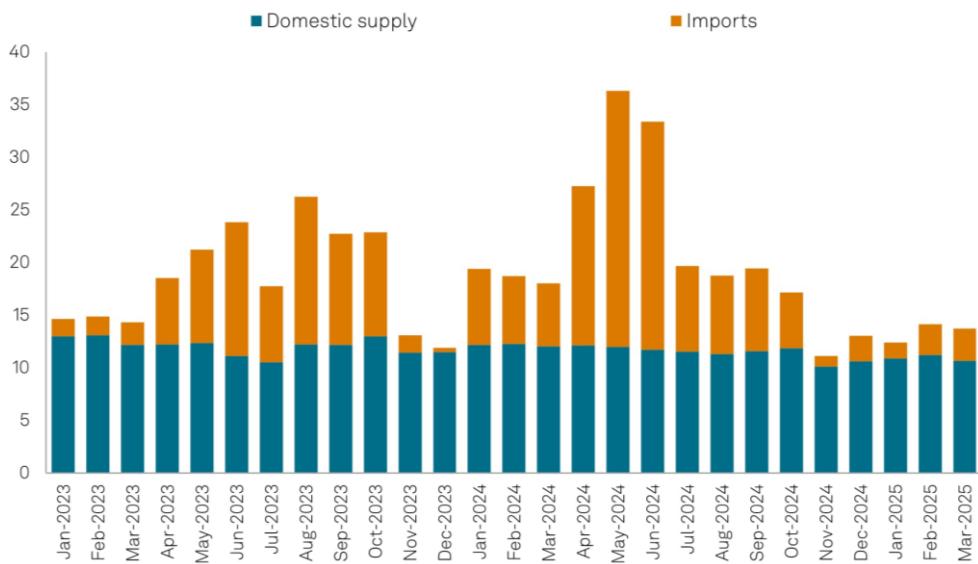


## South Asia

The early onset of India's monsoon season is likely to hit its LNG demand, as above-normal rainfall brings cooler weather and reduces power demand, Bloomberg and Platts forecast.

- While electricity generators are still on standby for high demand, the cooler weather will likely reduce the need for spot LNG buying, BNEF said.
- High Asian gas prices are also putting impacting a price sensitive market, which should leave summer 2025 demand 2% lower on the year.
- India's GAIL issued an LNG swap tender, offering two US-loading cargoes in exchanged for two cargoes on a DES India basis, sources told Reuters. The tender closes May 28.
- In Bangladesh, a spot LNG tender saw one cargo awarded to Gunvor for delivery on July 2-3 at \$12.22/MMBtu, Platts reported.
- Bangladesh has now secured two spot LNG cargoes for July, with another tender for a July 11-12 delivery still open until May 25.

## India's Gas Supply for Power Generation (mcm/d) - Source (Platts)

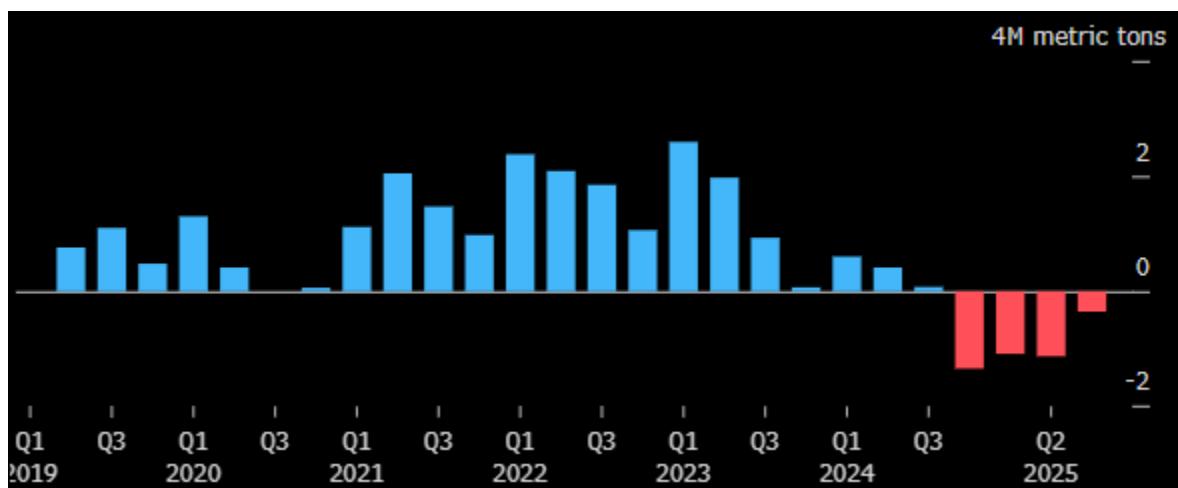


## Middle East & Africa:

Egypt is in talks with companies such as Aramco, Trafigura, and Vitol to supply it with LNG until 2028, Bloomberg sources said this week. This would establish it as a long-term gas importer.

- EGAS received 14 offers to for supply deals ranging from 18 months to three years. This included around 110 cargoes for H2 2025, 254 for 2026, and 130 in H1 2027, Bloomberg said.
- Offers were submitted at between TTF plus 80-95 cents/MMBtu with payment deferred up to 180 days. The contracts are set to be awarded this week.
- Securing longer-term contracts means the country would not be reliant on the more volatile spot market to acquire cargoes.
- The scarcity of gas in Egypt has been worsened by lower pipeline inflows from Israel's Leviathan field, attributed to scheduled maintenance.
- The planned maintenance at Israel's Leviathan gas field had led Egypt to curb flows to industrial, MEES said.
- Egypt relies on Israel gas for 40-60% of imported supply (15-20% of consumption). Israeli gas prices are indexed against oil, which has fallen, while LNG prices typically index against gas hubs.
- Sources said Israeli gas is pricing as low as \$6/MMBtu, while LNG is nearer \$14/MMBtu. Consequently, Israel wants higher prices, towards \$7.50/MMBtu, sources told Reuters.

**Egypt's Quarterly Balance of LNG Flows** - Source (Bloomberg)



### Egypt's Second FSRU Arrives

As part of Egypt's plan to boost its LNG import capacity, FSRU the Energos Power has arrived at Alexandria port in Egypt, the country's oil ministry said in a statement, cited by Bloomberg.

- Energos Power adds to an existing import vessel at Sumed Port in Ain Sokhna.
- Egypt has also ordered a further two FSRUs which will take its total to four. The two other FSRUs contracted by EGAS are yet to arrive.

## **Qatar Sees Slight Delay to LNG Expansion**

Qatar's LNG expansion startup has been pushed back slightly to mid-2026, MEES said.

- This marks a slight delay from the planned Q1 2026 start up, but the first volumes will be a seismic development as the country raises output beyond 77m mtpa.
- QatarEnergy's expansion project has three phases which should bring domestic capacity to 142m mtpa by 2030, making it the second largest LNG supplier.
- QatarEnergy also has a 70% stake in the 18m mtpa Golden Pass project in the USA, due to start in Q1 2026.
- Qatar's strategy is to supply Asian markets, while the US takes an ever-growing share of European volumes, MEES said.

## **Bahrain Begins LNG Imports**

Bahrain has officially started importing LNG to meet rising summer demand, with the first cargo produced last week and a second shipment expected in the coming weeks, according to Bapco Energies CEO Mark Thomas, cited by Platts.

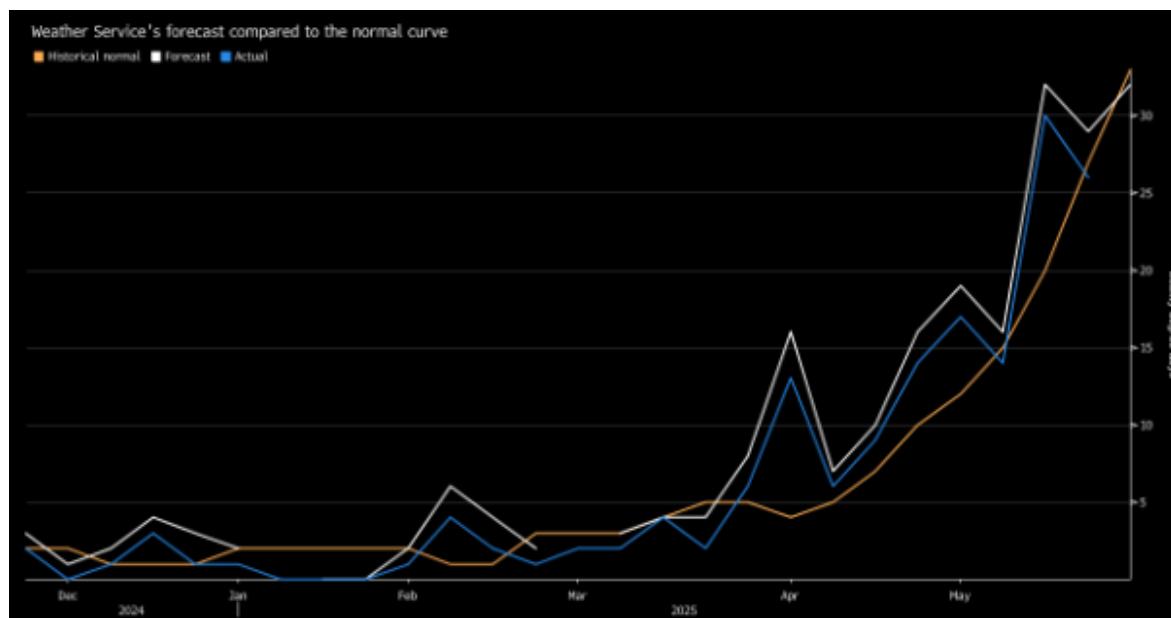
- Bahrain could become the region's third-largest LNG importer after Kuwait and Egypt, depending on domestic production levels.
- Bahrain's LNG imports are estimated around 400k tons this year, Kpler forecasts.
- Bahrain Energy Minister Mohamed bin Mubarak bin Dainah met with Russian Deputy Prime Minister Alexander Novak this week to discuss the potential supply of 1.5m mtpa of LNG, or about 20 cargoes, per year.
- The US Navy is a customer for about one-third of Bahrain's gas-fired power generation, a source told Reuters.

## **US Natural Gas:**

Henry Hub is looking rangebound on the week, as weather forecasts move toward normal and storage builds pick up pace. This is weighed against lower production levels and stronger exports to Mexico.

- Henry Hub Front Month has traded between \$3.214/MMBTU and \$3.513/MMBTU this week, compared to \$3.098/MMBTU and \$3.513/MMBTU over the previous week.
- US natural gas storage is on track to end the April-October summer injection season at a three-year low of 3.79 Tcf on Oct. 31, a Reuters' survey showed.
- Looking ahead, the Reuters survey estimates that stockpiles were on track to end the Nov. 2025-March 2026 winter withdrawal season at a four-year low of 1.445 Tcf March 31.
- US Gas rig count according to Baker Hughes: 98 (-2) - down 2 rigs, or 2% on the year. This is the lowest since mid-April.
- US cooling demand for the week ending May 31 is forecast to be in line with the long-term normal, according to Bloomberg, citing the NOAA. During the week to May 24, the US was also in line with normal.
- Lower 48 natural gas production averaged 106.9 bcf/d in the 10 days to May-27, compared to last week's 10-day average of 106.5 bcf/d.
- Natural gas deliveries to US LNG terminals averaged 14.65 bcf/d in the seven days to May-28, compared to the seven-day average of 14.73 bcf/d during the previous period.

## US CDD Count- Source (Bloomberg/NOAA)

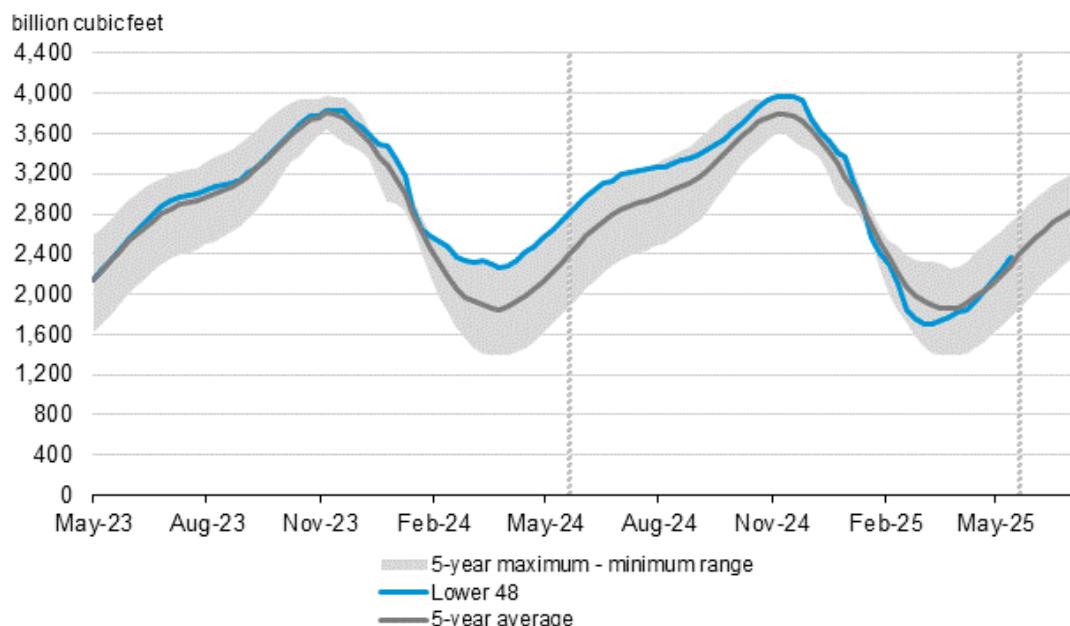


## US Inventory Data

The EIA weekly gas inventories for the week ending May. 16 showed a build of 120 bcf.

- The seasonal five-year average shows a net build of 87 bcf. Stocks built by 78 bcf this time last year.
- Total stocks are up to 2375 bcf. This is 333 bcf below levels seen a year ago and 90 above the previous five-year average of 2285 bcf.

## US Natgas Storage- Source (EIA)



## Venture Global Wins Final Approval for CP2

Venture Global won final approval from the US FERC to build its proposed 20m mtpa CP2 LNG export terminal in Louisiana, allowing it to move ahead with the first phase, Platts reported.

- Venture Global said earlier in May that it expected to reach an FID on the phase one by mid-year, following approval from the FERC.
- CP2 would have a nameplate capacity of 20m mtpa and a peak production of around 28m mtpa.
- The facility already has binding contracts for 9.75m mtpa.

## Latam

Argentina's YPF plans to export natural gas from Argentina's Vaca Muerta shale play to Brazil, Platts said.

- The request is for 1 mcm/d through early 2026, with the supplies transported via Bolivia's pipelines.
- Longer term, Argentina is aiming for a significant expansion in exports to Brazil, from 2 mcm/d in 2025 to 30 mcm/d by 2030.
- Domestically, Argentina's Enarsa issued a tender for a projected to expand the capacity of the Perito Moreno pipeline which moves gas from Vaca Muerta to Buenos Aires from 26 mcm/d to 40 mcm/d.
- In Brazil, the GNA II power plant is nearing commercial operations following a recent LNG delivery to its Açu port terminal.
- GNA II was originally set to start in January, but sources now expect operations to begin in early June, ahead of an earlier August forecast.
- LNG imports into Açu have surged by 230% this year, and further cargoes are expected as GNA II ramps up between July-November.
- Elsewhere in Brazil, Petrobras said that the FPSO Alexandre de Gusmão entered production on May 24 at the Santos Basin pre-salt, two months ahead of schedule. The platform has the capacity to produce 12 mcm/d of gas.
- Colombia's proven natural gas reserves dropped to the equivalent of 5.9 years in 2024, down from 6.1 in 2023, according to ANH, cited by Bloomberg.