

MNI Gas Weekly: Gas Bearish Despite Arrival of Winter

By Lawrence Toye, Daniel Dawson, & Zach Simon (03/12/2025)

Executive Summary:

- **European Gas Benchmarks** fell further amid above-normal December temperatures.
- Asia's **LNG market** fell to an eight-week low on muted demand and high inventories.
- In the **Middle East & Africa**, Aramco completes the first phase of Jafurah gas plant project.
- **Henry Hub** touched three-year highs on colder weather and record-setting feedgas.
- In **the Americas**, Mexico's Fast LNG Onshore project was denied a critical pipeline permit.

European Natural Gas

Bearish pressure on TTF front month seen in November has extended into early-December, with a relatively warm weather forecast in the first half of the month weighing on pricing. As a result, TTF front month headed to its lowest level since April 2024 this week.

- Front month TTF prices traded between €27.515/MWh and €29.605/MWh this week, compared to €28.975/MWh and €31.27/MWh over the previous week.
- Temperatures in NW Europe are forecast near normal in the coming days and rising into the coming weekend before easing back slightly late in the two-week period. CWE wind generation is set to increase from Dec 5 to a high on Dec. 8
- NW European LNG sendout was 241mcm/d yesterday compared to an average of 248.7mcm/d over the previous week, Bloomberg shows.
- European gas storage was down to 74.95% full on Dec. 1, according to GIE data, with near normal withdrawals on the day. The previous five-year seasonal average is 85.4% full.
- Norwegian pipeline supplies to Europe are down another 9.5mcm/d on the day at 319mcm/d today amid a unplanned 8mcm/d outage at Troll due to process problems. Gassco shows total unavailable capacity of 50.4mcm/d today falling to 28.4mcm/d on Dec. 4 and 8.6mcm/d on Dec. 6.
- Algeria gas flow to Italy at Mazara is estimated at 55mcm/d today compared to an average of 50.5mcm/d during the last week, Bloomberg shows.
- Kremlin aides said no progress was made towards ending the war in Ukraine following US envoy Steve Witkoffs visit to Moscow on Tuesday.

European Council Finalizes Russian Gas Phaseout

The European Council said on Wednesday it reached an agreement with the European Parliament on phasing out Russian gas imports by 2027 as the bloc looks to try to end its decades long dependency.

- Today's agreement ensures a gradual but permanent end of Russian gas imports the EU Commission said with LNG imports phased out by 31 December 2026 and pipeline gas by 30 September 2027. Member States may extend this deadline until 31 October 2027 in case their storage levels are below the required filling levels.
- For short-term supply contracts concluded before 17 June 2025, the prohibition of Russian gas imports will apply from 25 April 2026 for LNG and 17 June 2026 for pipeline gas.
- For long-term contracts for LNG imports concluded before 17 June 2025, the prohibition will apply from 1 January 2027, in line with the 19th sanctions package.

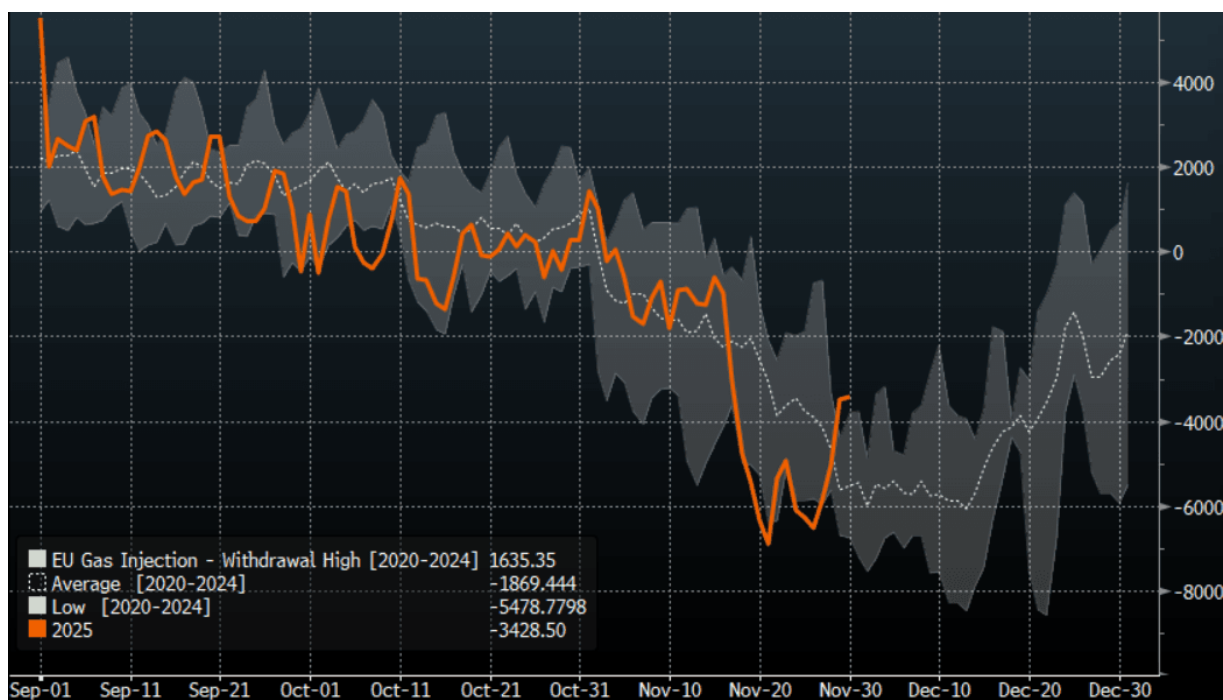
- Pipeline gas imports under long-term contracts will only be allowed until 30 September 2027. In the event Member States face difficulties to fill the required storage levels, the import ban for pipelines would only apply as of 1 November 2027.
- Amendments to existing contracts will be permitted only for narrowly defined operational purposes and cannot lead to increased volumes or price

European Gas Storage Withdrawals Fall Back Below Normal

European gas storage withdrawals have fallen back below normal levels in recent days as milder weather returned to the region after high draws seen from Nov. 17 to Nov. 27.

- The week to Nov. 27 showed an average net storage withdrawal of 6,210GWh/d but the level has fallen to around 3,800GWh/d on Nov. 29 - 30. The previous five-year average for the week to Nov. 30 shows withdrawals of 4,444GWh/d, based on GIE data.
- European gas storage was down to 75.35% full on Nov. 30, according to GIE data compared to the previous five-year seasonal average is 85.9% full and 85.41% this time last year.
- Based on the withdrawal rates from the last ten years from now until the end of March, the EU storage level would fall to an average of 30.5% of capacity at the end of the season with a range between 14.5% and 39.9%.
- Storage in Germany is at 168.6TWh (67.1% full), Italy at 176.4TWh (86.8%), Netherlands at 94TWh (65.2%), France at 103.1TWh (82%) and Austria at 77.7TWh (77.1%).
- A cold weather scenario for late Dec due to sudden stratospheric warming could push end of winter gas storage down to 28% full compared to the 10-year average weather scenario down to 31% full at end March, BNEF said.

European Gas Storage Net Injections - Source (GIE / Bloomberg Finance L.P)

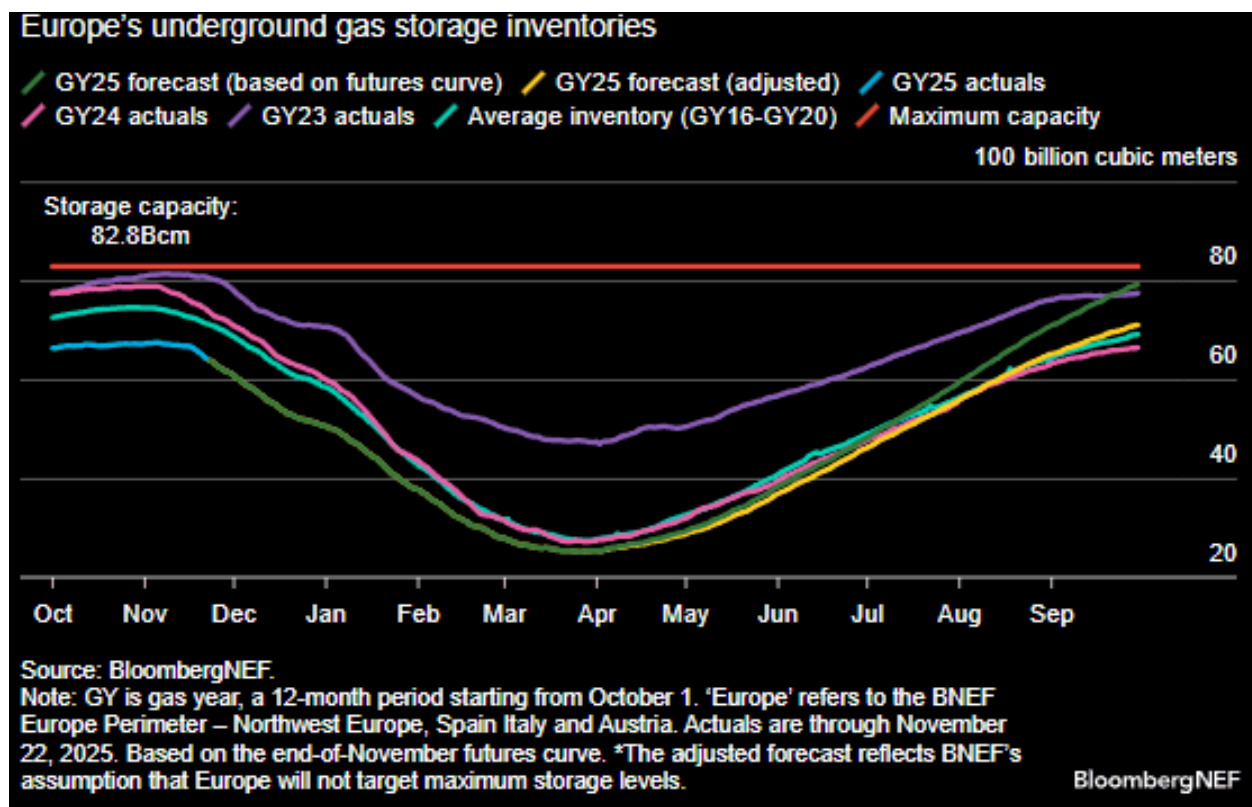


Europe Perimeter Gas Storage Forecast to End Winter at 31%: BNEF

Gas storage levels in European Perimeter (Northwest Europe, Italy, Spain and Austria) are forecast to end winter at 31% under 10-year average temperatures, although recent cold weather highlights the winter weather risk, according to BNEF.

- End of September 2026 storage forecast has been revised to 86%.
- Current futures suggest storage could reach 96% by summer 2026, but such high levels are not expected. Summer 2026 prices are likely to face downward pressure to boost demand outside Europe, particularly in Asia.
- Ukrainian gas import needs are estimate at 4bcm this winter assuming no further damage to domestic production infrastructure.
- Norway gas supply for summer 2026 is forecast 2.6% higher year on year at 275mcm/d amid lighter maintenance announced by Gassco.
- Forecast LNG imports in Asia, particularly in South Korea, Thailand, and Pakistan, have been revised downwards, supporting European supplies, especially during the summer.

European Gas Storage Scenarios - Source (Bloomberg Finance L.P.)



Gazprom Gas Supply to Europe Steady at 54.3mcm/d in Nov

Gazprom average daily natural gas supplies to Europe via the TurkStream were 54.3mcm/d in November and in line with the previous month, according to Reuters calculations based on Entsog data.

- Russian gas to Europe via TurkStream was 16.3bcm in Jan-Nov compared to 15.2bcm during the same period of 2024.
- Gazprom's total pipeline gas exports to Europe in January-November last year totalled 29.2 bcm including gas transit via Ukraine which ended at the end of 2024.
- A continuation at the current pace with see total flows around 18 bcm this year and 44% lower than in 2024 and compared to a peak of more than 175-180 bcm per year in 2018-2019.
- The EU plans to phase out the remaining gas imports by the end of 2027, when a ban on imports under long-term contracts takes effect.

Market Unsettled by Tight Seasonal European Gas Spreads

European LNG and natural gas spreads between seasons and quarters have tightened, diverging from historical norms, Platts said.

- Market sentiment remains unsettled as mixed supply and demand signals shape expectations for next year.
- Summer 2026 and Winter 2026 prices assessed by Platts are at their lowest levels since early 2024, with the Summer–Winter spread significantly narrower than in 2022 and 2023. Inter-quarter spreads show a similar pattern.
- Key projects include the US Golden Pass facility and Qatar's North Field East expansion, both expected to add sizeable, uncontracted volumes from late 2026. Additional supply from U.S. sites such as Plaquemines is already influencing the market.
- Lower European storage levels at the start of Winter 2025 and strong early-season withdrawals add further ambiguity. Traders note that any hint of LNG project delays could widen spreads again.
- Bearish fundamentals, mild weather and geopolitical optimism are pushing current prices lower, flattening the forward curve.
- Some market participants warn that widening US–European price divergence could prompt summer cargo cancellations.

Narrow or Inverted Seasonal Spreads Risk European Storage Site Closure

Narrow and at times inverted seasonal spreads risks closure of European slower-cycling storage sites due to limited uptake of capacity and profitability, Argus said.

- TTF summer-winter spreads for gas year 2026-27 and 2027-28 have improved in recent months but remained narrow at -€0.97/MWh and at -€1.25/MWh.
- Fast-cycling sites retain a comparative advantage in their capacity to help cover peak demand, capturing value from short-term price differentials.
- Centrica has repeatedly called for regulatory support to "upgrade and redevelop" the 16.5TWh Rough storage site in the UK to prevent closure given its low profitability. Rough has a 1.25 churn rate, below the 8.46 average rate in the UK.
- The 45TWh Rehden storage site has struggled to sell storage capacity for the second year in a row with only 30% sold ahead of this winter. The site has a the fourth-lowest churn rate in Germany at 1.75 compared to the 4.9 average. "There are currently no plans to close UGS Rehden," Sefc said.

- In October, Breitbrunn applied for approval to decommission the 11.5TWh site on 31 March 2027 after struggling to sell capacity.
- The Breitbrunn churn rate is the slowest cycling site in Germany at just 1.48.
- Bayernugs intends to close its 4.1TWh Wolfersberg storage site while the Uelsen, Inzenham-West, Frankenthal and Schmidhausen storage sites in Germany are potentially at risk with churn rates below 2.
- Any storage closure must receive government approval beforehand and could allow governments to use the remaining cushion gas as emergency stocks.

APAC LNG

Asia spot LNG prices hit a two-month low last week on continued muted demand on continued muted demand and high inventories, Reuters said.

- The average LNG price for January delivery into north-east Asia was \$10.90/MMBtu, down from \$11.66/MMBtu last week, industry sources estimated.
- The JKM front-month swap ranged between \$10.491/MMBtu and \$11.068/MMBtu in the week to Dec-02, compared to a range of \$10.851/MMBtu and \$11.848/MMBtu the week prior, according to Bloomberg.
- "Weather is going to dictate movements as temperatures have fluctuated but haven't been consistently low enough to generate provincial buyers back to the spot market," said Toby Copson, managing partner at Davenport Energy.
- Prices in Asia are expected to remain bearish next week amid high inventories, weak Korean gas-for-power demand and muted spot activity, according to a Kpler analyst cited by Reuters.
- US tariffs are keeping China and South Korea's industrial activity muted, which means Asian LNG demand should stay downbeat, Bloomberg Intelligence analysts noted.
- Korea Gas requested some LNG suppliers delay shipments originally scheduled for December into the first quarter next year, according to Bloomberg sources. The request is aimed at managing its supply as Kogas is facing strong inventories the sources said.
- However, the price decline is providing an opportunity for buyers in India, with some activity emerging from Indian Oil Corp and Gail India.
- The total estimated quantity of LNG on tankers that have not unloaded for at least 20 days increased 40% over the last week to 4.67m mt as of Nov. 30, according to Bloomberg.

China

Chinese LNG imports will fall by about 15% to 65m mt this year, meaning China may lose its position as the world's biggest buyer of LNG to Japan, according to BNEF.

- Prior to a surge in spot prices in 2022, China had been expected by BNEF to get to 100m mt of imports by 2026, but analysts have repeatedly downgraded their outlooks since.
- China's peak electricity load and peak daily gas consumption are both forecast to reach record highs in winter, an official from the National Development and Reform Commission said.
- The upcoming winter heating season is expected to last more than two months and longer than usual, the NDRC official added.

- The country is sufficiently prepared with energy supplies and power plants have 230m mt of coal stocks, enough for 35 days, NDRC said.
- Gazprom set a fresh record for daily gas flows to China via the Power of Siberia link on Dec. 1, the company said via Telegram.

South and Southeast Asia

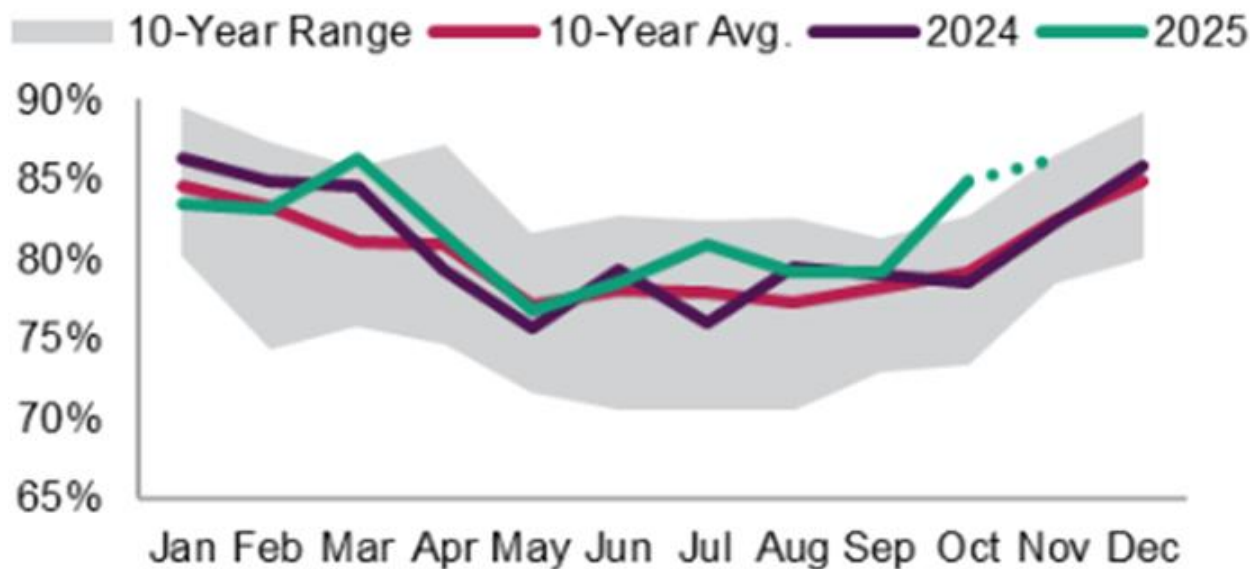
Indonesia's state-owned PLN expects to secure most of the 103 LNG cargoes required for next year, a senior official at PLN told Platts. PLN's 2026 LNG requirement of 103 cargoes is up from 90 in 2025.

- Meanwhile, Indonesia's PGN is said to have secured 14 of the 19 LNG cargoes it expects to need in 2026, according to a company official on Nov. 17.
- LNG spot buying interest from India and Thailand will likely ease next year and remain opportunistic as more than 12m mt of new contract volumes begin to flow, BNEF said. The countries have seen an uptick in spot LNG demand in recent weeks as prices dipped to affordable levels.
- Indian buyers awarded at least seven cargoes in November. India's total contracts will rise close to estimated demand for next year as 5.6m tons a year of new contracts commence in 2026.
- Bangladesh has maintained its spot-buying into December, with two cargoes awarded and with an inquiry for a third.
- Vietnam also purchased a cargo at \$10.50/MMBtu for November and another for December delivery in anticipation of the startup of its first LNG power plant.
- Myanmar's military government said that LNG-fired power plants in Yangon region's two townships have started running full-scale trial operations.

Global LNG Liquefaction Utilisation Rates Near Top of 10-Year Range

Global natural gas liquefaction utilization rates were at the top of the ten-year range in November amid winter seasonality and stronger Atlantic Basin production, according to Platts.

- Rates averaged 4 percentage points higher than the 10-year average and 5 percentage points above 2024.
- The US is leading year-over-year supply increases due to a rapid ramp-up at Plaquemines and the new Corpus Christi midscale plant.
- Russia's Yamal LNG and Nigeria's NLNG have also recovered to normal levels after maintenance in August and September respectively and loadings from Algeria have increased.
- Asia-Pacific rates averaged higher than 2024 but remained largely in line with the 10-year average.
- Australia and Malaysia averaged higher on the year after Ichthys LNG and MLNG issues and outages in recent months.
- However Qatar's exports dipped, likely due to minor maintenance. Middle East utilization rates were about 92% for November, 6 percentage points below 2024 and about 2 percentage points lower than the 10-year average.

Global Liquefaction Utilisations (% of Nameplate Capacity) - Source (Platts.)

Middle East & Africa

The first phase of oil giant Aramco's Jafurah Gas Plant is complete, and production has begun with a capacity of 450 mmcf/d, the Saudi finance ministry said Dec. 2, cited by Al Arabiya.

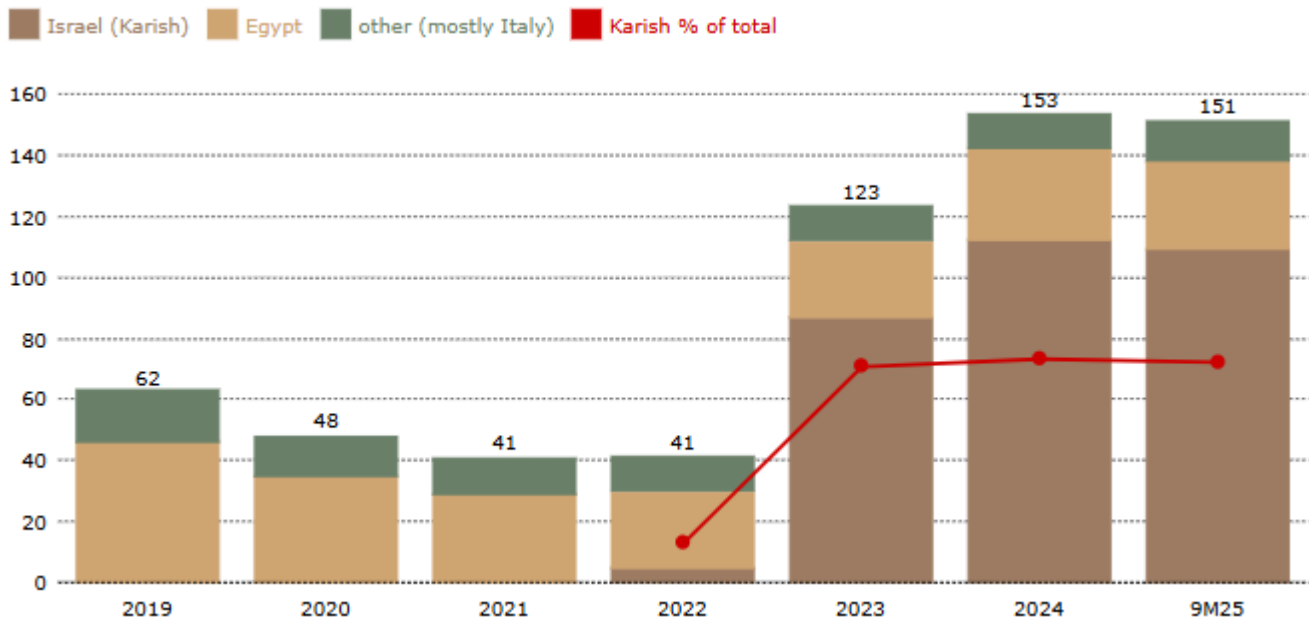
- In its 2026 budget statement, the ministry listed the milestone as an achievement reached in 2025.
- Jafurah is potentially the biggest shale gas project outside the US and is expected to reach sustainable production of 2 bcf/d by 2030.

Newmed Energy Extends Deadline for Israel-Egypt Contract

Newmed Energy has announced a 30-day extension to the deadline for fulfilling the conditions precedent in a \$35bn natural gas export deal from Israel's Leviathan project to Egypt to Dec. 31, according to Bloomberg citing a Tel Aviv Stock Exchange filing.

- Affiliate right holders in Leviathan, Newmed, Chevron and Ratio, are working to obtain the necessary export permit to Egypt.
- Newmed said that discussions continue and "within the ongoing discussions regarding the export permit, held with the Ministry of Energy, the Ministry of Finance, and the Leviathan Project rights holders, no agreement has yet been reached on an agreed wording."
- Leviathan will sell about 130 bcm of gas to Egypt through 2040, or until contract quantities are fulfilled. Supply will start at 20 bcm from H1 2026 with the remaining 110 bcm once an expansion project is completed.
- Also in Israel, Greek independent Energean is examining potential export routes for its Katlan offshore gas development, MEES reported. The project is due online in H1 2027.
- Egypt is the likeliest destination, but the company is also looking at Cyprus, MEES added.

Energean Gas Output - Source (MEES)



Iran Resumes Exports to Iraq

Iran resumed gas exports to Iraq Nov. 30 following a fortnight-long suspension due to maintenance, according to the Iraqi electricity ministry cited by Rudaw.

- Imports resumed at a volume of five million cubic meters, according to a spokesperson for the Iraqi electricity ministry.
- During the downtime, the ministry had resorted to using alternative local fuel to supply power stations, except for a few plants which rely exclusively on gas, in coordination with the oil ministry.
- Meanwhile, the KRG electricity ministry announced on Sunday that its power production had returned to normal after a drone attack on the Khor Mor gas field last week led to a partial blackout.

Mozambique LNG

The UK is set to withdraw a \$1.15bn loan to the Mozambique LNG project led by France's TotalEnergies according to the FT.

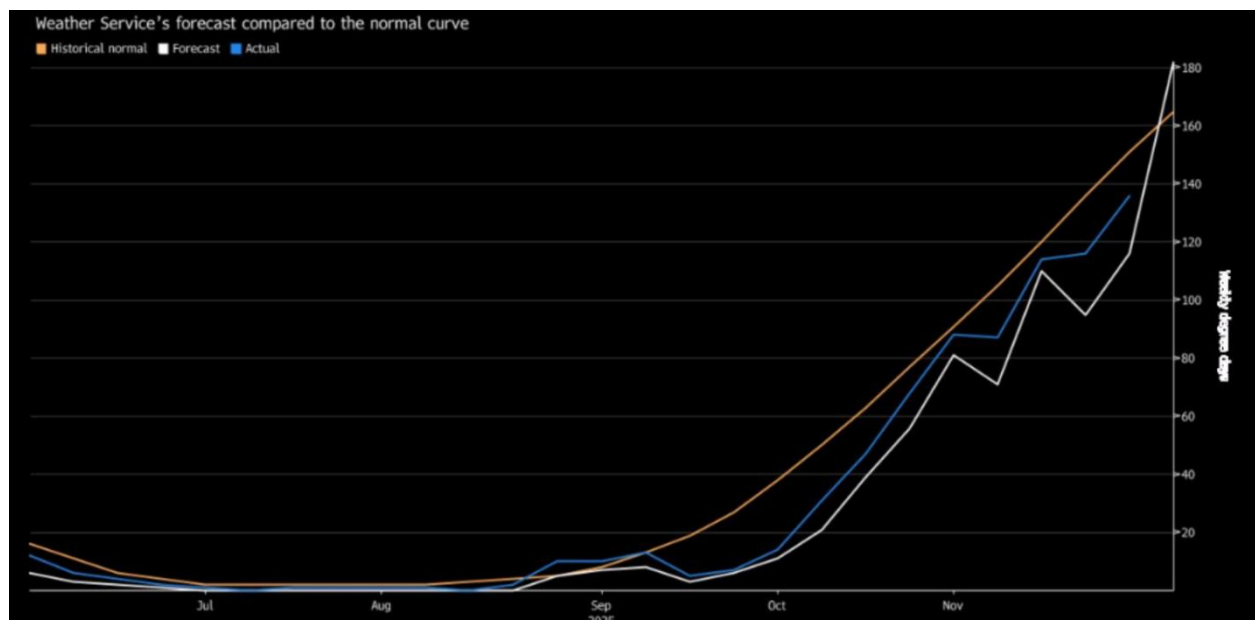
- Peter Kyle, the UK business secretary, is scheduled to make a statement on the project on Monday, with people familiar with the matter saying he will withdraw export finance for the project the FT reports. It comes against pressure from environmental and human rights groups.
- The withdrawal of UK funding comes as Total has been preparing to restart the project.
- TotalEnergies has signalled that any withdrawal of British funding is unlikely to stop the \$20bn project.
- "The Mozambique LNG partners have unanimously agreed to provide additional equity," replacing loans from the British and Dutch export credit agencies, TotalEnergies said Dec. 2. This represents around 10% of external financing.

US Natural Gas

Jan 26 became the front month this week as prices touched three-year highs on colder weather and record-setting feedgas flows, nearly 19 Bcf/d. Mixed weather forecasts kept prices volatile over the week as the contract resisted the \$5.00 price level in intraday trading on Dec 2.

- Res/comm demand surged WoW, up nearly 17 Bcf/d to 43.8 Bcf/d, according to BNEF data, in response to HDDs now above weekly averages. Supply has managed to keep pace, though, as production topped 114 Bcf/d on Nov 30.
- Henry Hub Front Month has traded between \$4.527/MMBTU and \$4.984/MMBtu this week, compared to \$4.267/MMBtu and \$4.675/MMBtu over the previous week.
- Lower 48 natural gas production averaged 113.2 bcf/d in the 10 days to Dec-02, compared to last week's 10-day average of 111.38bcf/d.
- Baker Hughes US rig count: Gas: 130 (+3).
- US heating demand for the week ending Dec 6 is forecast to be 19 heating degree days (HDD) above the long-term normal, according to Bloomberg, citing the NOAA. During the week to Nov 29, the US was 13 HDD below normal.

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

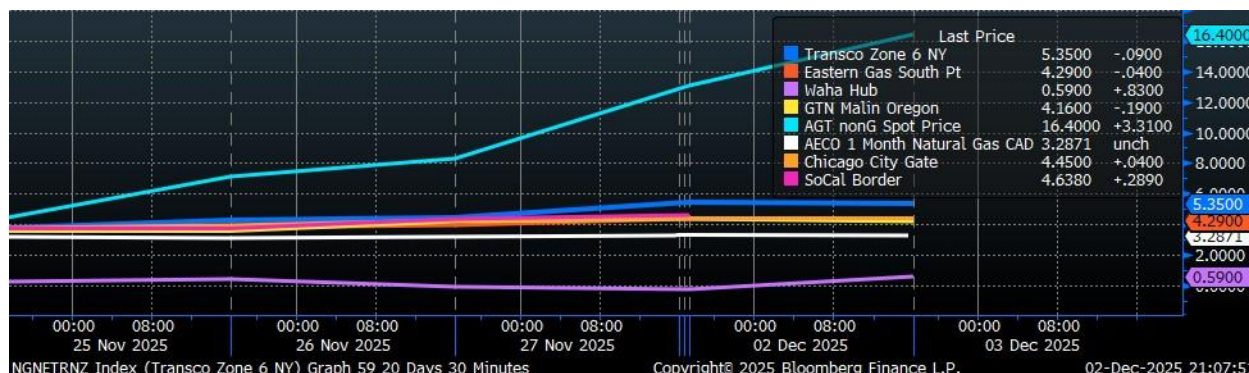


Regional Hubs

Regional benchmarks began to feel pressure from heating demand as cold weather set in the regions in the American northeast

- The Algonquin non-G spot price on Dec 2 was \$16.40/MMBtu as the region experienced cold weekend weather. Prices should soften as the weather forecasts now point to warming.

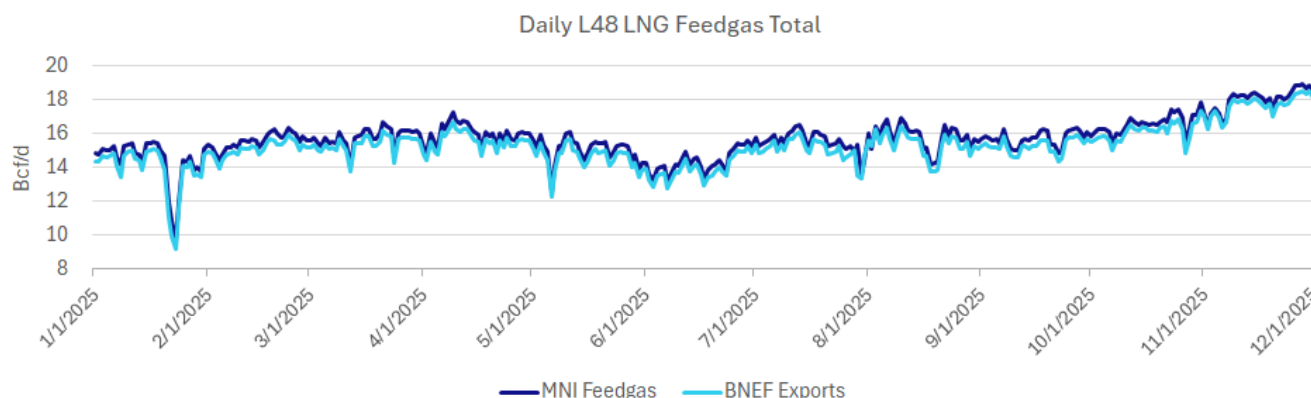
US Regional Hub Prices - Source (Bloomberg Finance L.P./NOAA)



US LNG

Natural gas deliveries to US LNG terminals averaged 18.08 bcf/d in the seven days to Dec-03, compared to the seven-day average of 17.79 bcf/d during the previous period.

Daily L48 LNG Feedgas Total- Source (Bloomberg Finance L.P./MNI)



Golden Pass

Golden Pass is expecting its cool-down cargo to arrive on Dec 3

- The Imsaikah carrying 64.1 kt (~3 bcf) of LNG completed its voyage from Qatar to the Gulf of Mexico, waiting to enter Sabine Lake and offloading its cargo at Golden Pass.
- The vessel is expected to offload about 50 kt (~2.4 bcf) of LNG.
- The cool-down cargo will move along the commissioning process but will not have any meaningful market impact until February 2026, which is when the facility is guiding first LNG.

Delfin LNG

Delfin LNG received a DOE extension to start exports until 2031, reported Kpler.

- DOE has amended Delfin LNG's long-term export authorization to Jun 1, 2031, granting the terminal a three-year make-up period to accommodate export volumes not originally included in the terms.

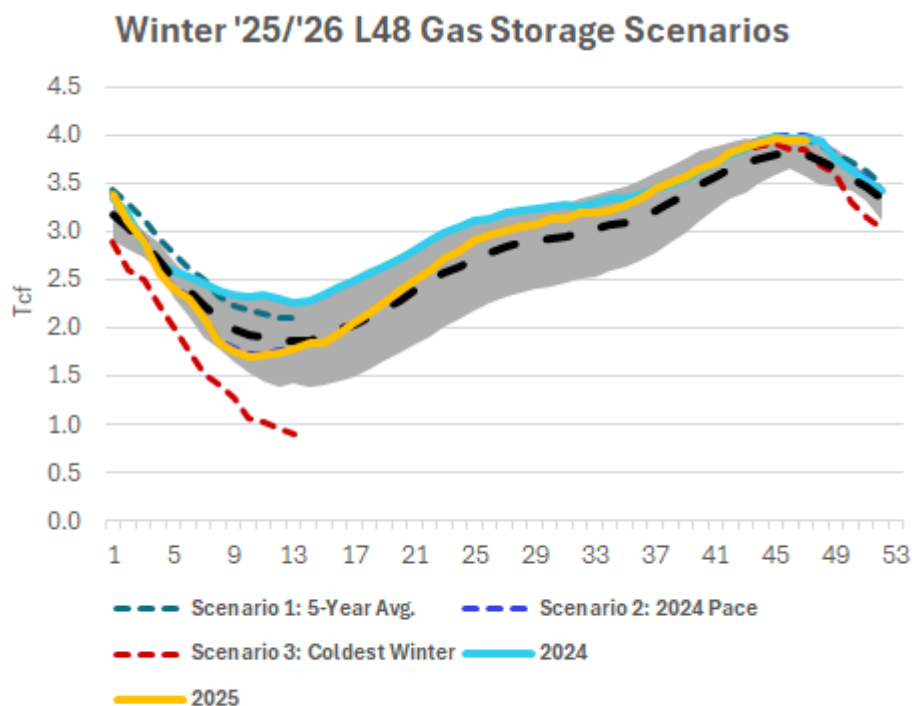
- Delfin remains authorized to export up to 657.5 billion cubic feet per year (13.5 mtpa) of LNG through December 31, 2050, with all other conditions unchanged.
- The company expects to reach a final investment decision by year-end, supported by long-term LNG offtake agreements with Chesapeake Energy, Hartree Partners, Centrica, Vitol, and Gunvor.

US Natgas Inventories

The EIA weekly gas inventories for the week ending Nov. 21 showed a withdrawal of 11 bcf. The seasonal five-year average shows a withdrawal of 25 bcf.

- The storage report was overestimated by Reuters by 9 (-2), overestimated by WSJ by 12 (+1), overestimated by BBG by 6 (-5), overestimated by NGI by 4 (-7).
- The Nov 21 withdrawal of -11 bcf was below the five-year average of -12 bcf, which dropped storage to 3,935 bcf, 146 bcf above the five-year average of 3,800 bcf.
- This is the second withdrawal of the season and exceeded survey expectations. So far, the withdrawal rate for the '25/'26 gas year is slightly below the five-year average.
- There was a sizeable injection into the South Central region at 13 bcf despite record-high LNG feedgas demand along the Gulf Coast. Yet Permian production keeps hitting all-time highs, now at 20.77 bcf/d, per BNEF.
- A strong withdrawal in the East is typical for this time of year at -13 bcf, brought on by cooler temperatures that swept through the region in late November.

US Gas Inventories and Storage Scenarios – Source (EIA, MNI)



Latam

Mexico's LNG Projects Face Headwinds

Mexico's National Energy Commission (CNE) denied New Fortress Energy's Mexico Fast LNG Onshore project a critical pipeline permit, citing technical inconsistencies in the application that did not meet regulatory standards, per Mexico Business News.

- This setback affects the onshore liquefaction component of NFE's expansion plans, putting the integration of its gas supply and land-based logistical planning on hold. It does not, however, affect the status of Fast LNG 1, NFE's FLNG already in operation and holding a valid US export authorization.
- The delay occurs as Mexico becomes a critical transit corridor for North American LNG as it tries to turn from dependent importer to a global hub with access to the Pacific and Atlantic Oceans.
- The facility was to be supplied with US gas via Sur de Texas pipeline.
- Mexico's President Claudia Sheinbaum also said Dec. 1 that her government is reviewing the potential environmental impact and current pipeline infrastructure around Mexico Pacific's proposed Saguaro Energia LNG export project in Sonora.
- Saguaro Energia LNG will also import shale gas from the US before liquefying and exporting it to Asian markets.
- Mexico Pacific has not taken an FID on the project and has asked the US DoE to grant a seven-year extension for its deadline to start exports.

Proposed LNG Projects In Mexico – Source (Inside Climate News)



Brazil Imports LNG Cargo

The LNG carrier BW Tulip arrived at Brazil's Barcarena LNG terminal on Dec. 2, matching the delivery window of a one-cargo buy tender previously reported by market sources, Platts said.

- The vessel, chartered by TotalEnergies, loaded at Freeport LNG on 20 November, according to Platts data.
- New Fortress Energy was said to have issued the tender for delivery between Dec. 1-2, though neither NFE nor TotalEnergies commented on the shipment or the tender.
- Barcarena has imported about 410,000 mt of LNG this year across seven cargoes, up from 310,000 mt in all of 2024.
- Staying Brazil, the country's natural gas production in October totalled 194.878 mcm/d, according to the country's oil regulator ANP. This represents a rise of 2.2% on the month and 22.5% year on year.

Centrica Signs Deal to Supply LNG to Honduras

Centrica Energy has signed a 15-year sale and purchase agreement to supply LNG to Honduras, according to a press release cited by Bloomberg.

- Starting in 2026, Centrica Energy will deliver approximately six LNG cargoes per year via ship-to-ship operations into the floating storage unit Bilbao Knutsen at Puerto Cortes.
- The deal marks Honduras' first LNG imports for power generation, the release said.