

## MNI Gas Weekly: Geopolitical Risk Premium Evaporates

By Lawrence Toye & Daniel Dawson (25/06/2025)

### Executive Summary:

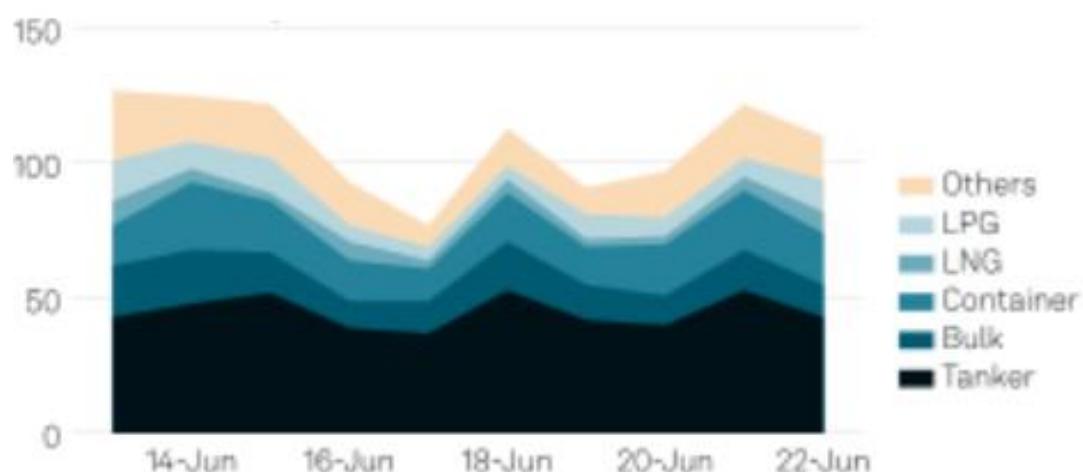
- An **Iran-Israel ceasefire** has sparked a sharp selloff in gas markets, as fears of disruption to Middle East supplies diminish.
- **European Gas Benchmarks** fell sharply as de-escalation of the Israel-Iran conflict slashed the risk premium.
- Asia's **LNG market** is softening after JKM surged above \$14/MMBtu
- In the **Middle East & Africa**, Mauritania and Senegal's GTA project had reached its commercial operations date.
- **Henry Hub** has tracked the wider sell off, while milder weather forecasts are adding further pressure.
- In the **Americas**, Colombia's Calamari LNG is looking for a partial cargo via tender

### Markets Fall as Persian Gulf Tensions Ease

Global gas markets have sharply retreated early this week as a ceasefire between Israel and Iran reduces concern for LNG flows out of the Persian Gulf and for output at Israeli gas fields.

- Following a US strike over the weekend on Iranian nuclear sites at Fordow, Isfahan, and Natanz, concerns mounted that Iran would respond with its own strikes.
- While these were widely expected to be targeted at US military bases, apprehension lingered of further escalation.
- There was also a remote chance that Iran could try and block the Straits of Hormuz, although it was never in their own self-interest to do so.
- The eventual attack was largely symbolic – a barrage of rockets fired at the US military base of Al-Udeid in Qatar. Prior warning was said to have been provided, and no injuries were reported, allowing the US with an off ramp by which they could de-escalate.
- A ceasefire between Israel and Iran has since followed, with concerns overflows of LNG through the Straits of Hormuz now abating.

Ship Transits at Strait of Hormuz (number of ships) - Source (Platts)



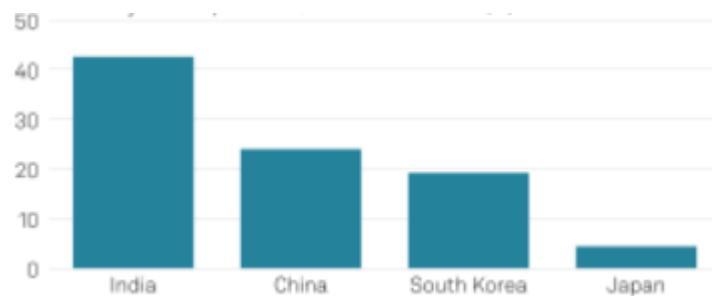
- Trump said June 25 that the Iran-Israel ceasefire is "going well". Asked on Iran's uranium enrichment plans, Trump says, "We will not allow that militarily...Iran is not going to have a bomb...the last thing Iran wants to do is enrich anything." He added that the US will have "somewhat of a relationship" with Iran.
- With the ceasefire in place, Qatari flows can continue as normal, while Israel's gas fields are likely to return. Two of the three were shut in as a precaution while the country was facing Iranian rocket attacks.

### Supply Returns to Normal

Israel is preparing to resume operations at Leviathan, its largest natural gas field following eased tensions with Iran according to a NewMed Energy filing.

- Furthermore, Energean has received notice from Israel's energy ministry to restart production and operations at its Energean Power FPSO at the 6.5 Bcm/y Karish field Karish field, according to a company statement.
- This will allow for additional export flows to Egypt and Jordan, helping ease the former's dependence on additional spot LNG. The fields had been shut since June 13.
- While there was no disruption to production from Qatar, concerns to shipping had disrupted some flows on the water passing the Straits of Hormuz. This concern should now be assuaged.
- LNG shipments from Qatar are forecast to rise to more than 1.7m mt in the week from June 23, according to Kpler, as supply risks ease and shipping normalises.
- Qatar LNG exports fell 0.43m mt to 1.26m mt in the week from June 16 - the lowest since mid-November. This is compared to 1.69m mt in the week starting June 9, BNEF showed.
- QatarEnergy had instructed vessels to remain outside the Strait of Hormuz until a day before loading on Tuesday June 17, a precautionary measure to minimise risks.

**LNG Buyers by Proportion of Total Imports of Qatari Origin - Source (Platts)**



### European Natural Gas:

TTF front month has fallen sharply this week following a de-escalation of the Israel-Iran conflict. The risk premium has mostly unwound, due to much reduced risk to global LNG supplies, while Israel's Leviathan gas field is preparing to resume operations, easing fears of increased competition for cargoes from Egypt.

- Front month TTF prices traded between €35.03/MWh and €42.44/MWh this week, compared to €35.665/MWh and €40.42/MWh over the previous week.
- Temperatures in NW Europe are forecast to rise further above normal into the weekend before cooling back closer to normal late next week.
- European gas storage is up to 56.59% full on June 23, according to GIE, compared to the previous five-year average of 66.2% full. Net injection rates edged lower but remained above normal.
- NW European LNG sendout recovered to 217mcm/d on Jun 23 after falling to 200mcm/d over the weekend, Bloomberg shows.
- Norwegian pipeline supplies to Europe are nominated at the highest since May 17 at 309.8mcm/d today, Bloomberg shows. Gassco shows total capacity reduction of just 11.6mcm/d today and 3mcm/d tomorrow.

### European Natgas Demand Fell 4% on the week

European natgas demand fell 4% on the week, driven by decreased residential consumption, particularly in Germany and the Netherlands, JPMorgan said in an analyst note.

- Total natural gas demand in NWE during the week of June 16-22 averaged 214 mcm/d, 4% below the previous week and a 16% decline y/y.
- Lower natural gas demand w/w was driven in particular by lower residential consumption in Germany and the Netherlands, where residential demand fell by 26% and 16% w/w respectively.
- In June so far, NWE gas demand has averaged 221 mcm/d, approximately 55 mcm/d below the bank's initial forecast for the month, with both residential demand and non-residential demand lagging estimates.
- Year-to-date demand is averaging 465 mcm/d, compared to 455 mcm/d the same period last year.
- The outperformance has been driven by heightened demand in February due to colder weather and less favourable renewables conditions.

### EU Agrees to More Flexible Storage Targets

The EU has agreed to give member states more flexibility with their gas storage targets after a deal was agreed on Tuesday evening.

- European Parliament negotiators made a deal allowing for a 10-percentage point deviation from the goal of filling facilities to 90% ahead of the heating season.
- A further 5 percentage point variability could be used in the event of unfavourable market conditions.
- Regulations are set to last through 2027.
- The additional flexibility will apply to this year's goal once the final checks are passed.
- Member states will also have a wider two-month window to hit the target instead of a hard Nov. 1 deadline.

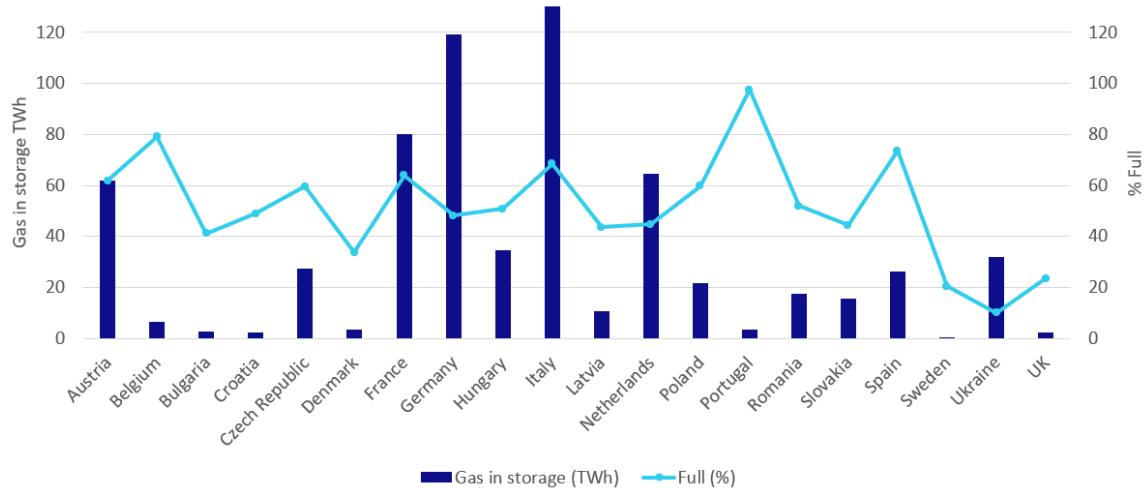
### EU Gas Storage Injections Remain Healthy

EU gas storage average net injection rates remain healthy this week supported by steady LNG imports amid muted demand in Asia. Injections have averaged 8.1% above the previous five-year average so far this summer.

- The average net injection rate was 3,975GWh/d in the last week compared to 3,815GWh/d the previous week and above the previous five-year average of 3,224GWh/d, GIE data shows.

- 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 87.1% of capacity at the end of the season with a range between 73.6% and 96.2%.
- European gas storage is up to 56.23% full on June 22, according to GIE, compared to the previous five-year average of 66% full.
- Germany stores continue to lag some European members with injections to some storage sites limited by narrow seasonal price spreads so far this year.
- Storage in Germany is at 119.1TWh (48.2% full), Italy at 138.8TWh (68.5%), Netherlands at 64.6TWh (44.8%), France at 80.3TWh (63.9%) and Austria at 62.1TWh (61.9%).

European Gas Storage Levels - Source (MNI/GIE)

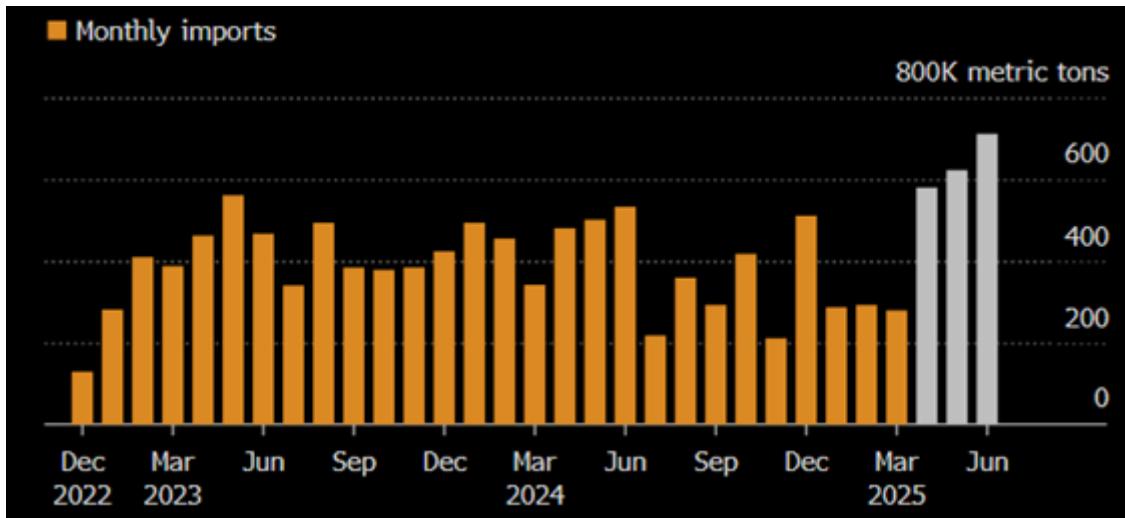


### Record German LNG Imports

Germany's LNG imports are at a record pace, but large amounts are being exported, leaving Germany's storage levels stubbornly low, Bloomberg reports.

- Flows into the nation's four floating terminals have surged in recent months, with large amounts heading to Austria and the Czech Republic, and onwards to Hungary and Ukraine.
- Ukraine's gas import demand has surged this year owing to damage at its production facilities.
- Deutsche Energy Terminal, which runs three of the LNG terminals in Germany, said the market had bought all of its offered capacity, indicating strong demand.
- The demand will help to ease fears that Europe has overbuilt its LNG import capacity.
- "If there is a cold winter or a problem in the system... Europe will certainly have enough capacity to cover the demand," Thomas Thorkildsen, chief commercial officer at Hoegh Evi said, cited by Bloomberg.
- Germany's gas storage is 48.16% full, according to GIE data, compared to a previous five-year average of 68.66%.

## German LNG Imports - Source (Bloomberg Finance L.P.)



## Germany's SEFE Plans Next Rehden Auction

Germany's SEFE is set to auction 5TWh of gas storage capacity at Rehden on Thursday.

- Germany's Rehden has remained stubbornly empty, raising worries the government will have to step in to support filling.
- Rehden is just 2.18% full currently, according to GIE data.
- 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.

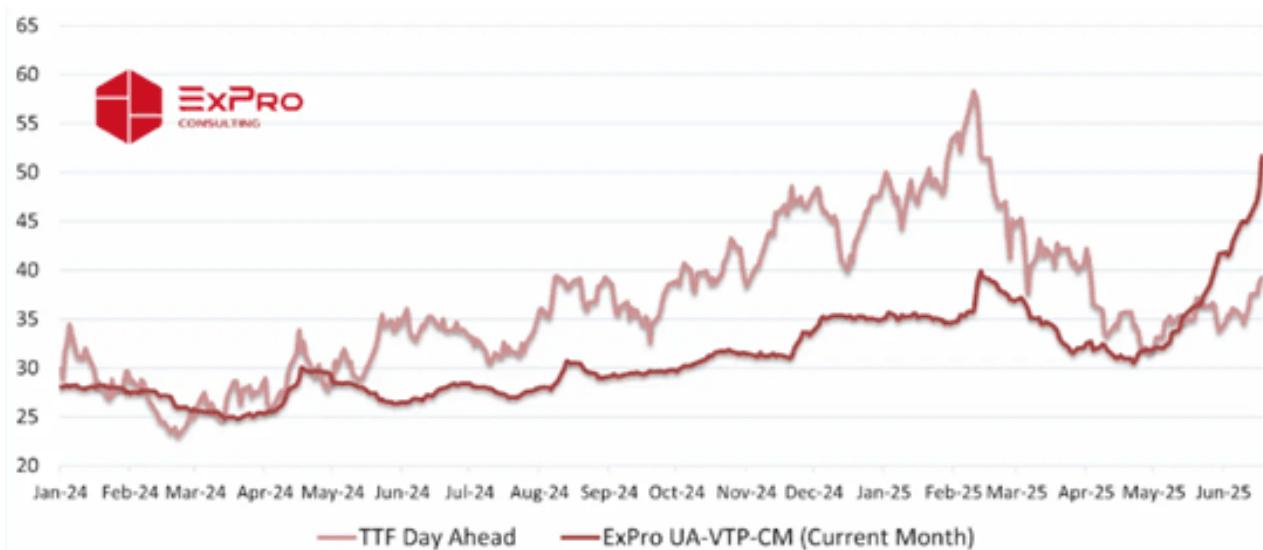
## Ukraine Natgas Prices Rose to Highest Since November 2022

Ukrainian natural gas prices rose sharply on Wednesday June 18, exceeding €51.6/MWh (including VAT), the highest price since November 24, 2022, according to ExPro Consulting.

- This reflects the commercial market prices and does not include volumes supplied under Public Service Obligations (PSO), such as gas delivered to households, heating producers and electricity generators.
- For these categories, Naftogaz Group companies supply gas at a fixed price in line with government regulations.
- Gas prices in Ukraine have been increasing since early May 2025. Since the beginning of June alone, prices have climbed by 26%.
- The rally in Ukrainian gas prices is largely driven by rising prices in European hubs, with TTF exceeding €40/MWh on Wednesday in reaction to geopolitical risks.
- Another key factor is persistently high demand in Ukraine. Industrial consumers are actively purchasing gas for the next month and for storage ahead of the 2024-25 heating season.

- Meanwhile, supply has declined after the Cabinet of Ministers required Ukrnafta to sell its domestically produced gas to Naftogaz to cover PSO customers.
- Ukrainian gas is trading at a roughly €12/MWh premium to TTF prices, which will likely encourage private companies to import natural gas into Ukraine.

Ukraine Natgas Prices - Source (ExPro Consulting)

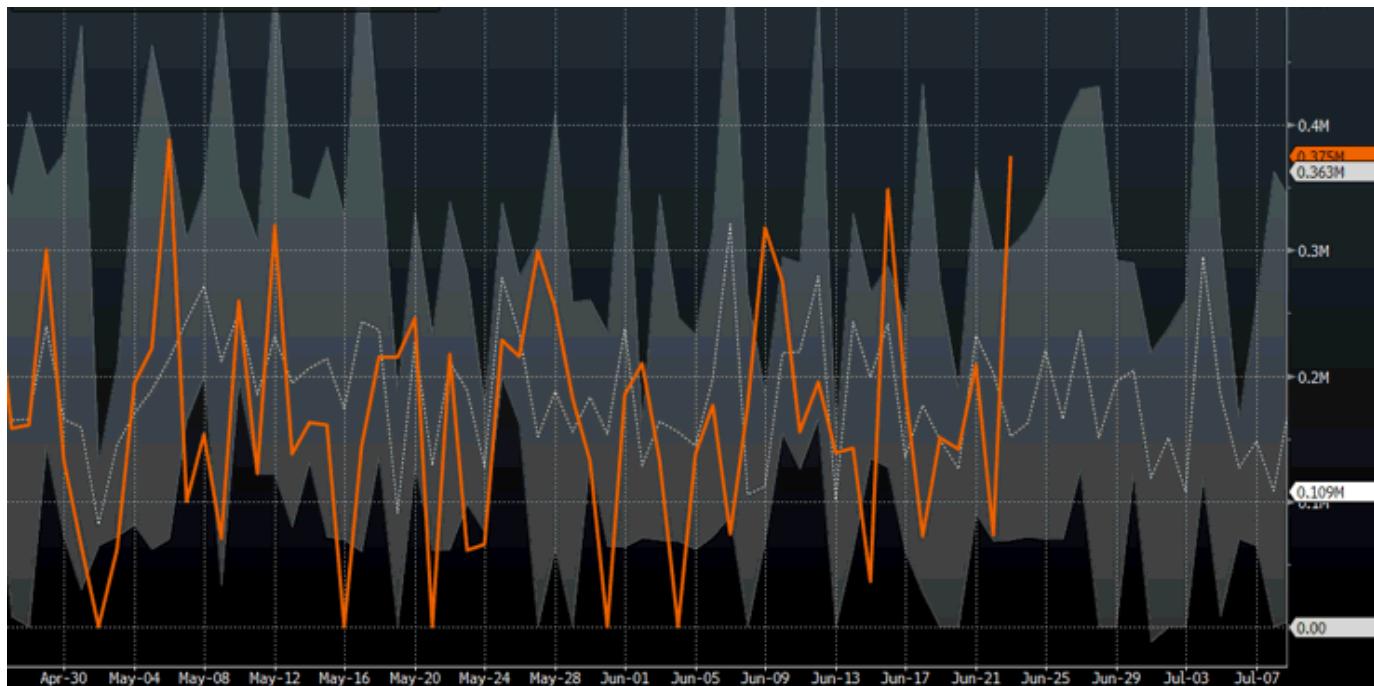


## APAC LNG

JKM had been on the rise last week, but with the de-escalation in the Middle East, Asian prices might expect to find some pressure.

- On June 20, Platts assessed August JKM at \$14.692/MMBtu, a \$1.25/MMBtu weekly rise. However, Bloomberg reported that prices are now back down to low \$13s/MMBtu as of June 25.
- The JKM front-month swap ranged between \$12.826/MMBtu and \$14.988/MMBtu in the week to June 24, compared to a range of \$0.527/MMBtu and \$14.066/MMBtu the week prior, according to Bloomberg.
- Northeast Asian buyers remain cautious before buying additional spot volumes amid adequate regional supply, Platts said.
- China and South Korea's summer procurement has slowed, while Japan is expected to resume buying following record heat last week.
- China's 30-day moving average for LNG imports was 174k mt/d June 23, around 6% below the five-year seasonal average, Bloomberg said.

## China's LNG Seasonal Average LNG Imports (mt/d) - Source (Bloomberg)



- LNG stockpiles held by Japanese utilities increased by 5.14% on the week to June 22 to 2.25m mt, according to data released by the trade ministry cited by Bloomberg. Stocks are above the five-year average for the end of June of 2.1m mt.
- LNG deliveries to Japan rose by 0.23m mt in the week to June 22 to 1.27m mt, according to BNEF. Cumulative monthly deliveries so far in June were 9% more than year ago levels.
- The widening spread between Asian and European prices suggested a possible arbitrage opportunity, although the East-West route via the Cape of Good Hope remained unfavourable, Platts added.

## Few Bright Spots for Regional Demand

Despite North Asia remaining subdued, there is some support from resilient spot demand from Egypt, Bahrain, and Bangladesh.

- In Bangladesh, Rupantarita Prakritik Gas is finalising a purchase of an LNG cargo on a DES basis for July 17-18 delivery at around mid-\$15/MMBtu range. This is from a tender which closed June 22.
- Meanwhile, Indian buyers continued to rely on cheaper long-term contracts and alternative fuels due to uncompetitive spot LNG prices.
- In Southeast Asia, the start of monsoon rains has lowered LNG demand.
- Global LNG arbitrage windows remain largely unchanged as the JKM-TTF spread remains relatively stable despite the more than 10% drop in TTF prices, according to Spark Commodities.
- Looking at supply, sanctioned LNG tanker appears to be heading toward Yamal LNG, according to ship-tracking data cited by Bloomberg.

- The vessel (Iris) is signalling its destination as Sabetta in northern Siberia; it is expected to arrive by June 26.

## Middle East & Africa:

### GTA Reached Commercial Operations Date

The Gimi floating LNG production vessel at the BP-operated Greater Tortue Ahmeyim (GTA) project offshore Mauritania and Senegal has reached its commercial operations date, a significant milestone, Golar LNG said June 23, cited by Platts.

- This triggers the start of a 20-year lease and operate agreement for the vessel. GTA is one of Africa's deepest offshore developments, introducing Mauritania and Senegal as LNG exporters.

### Nigeria Looking at Developing FLNG

Nigeria's NNPC is accelerating the development of an FLNG facility in partnership with UTM Offshore, aiming to produce 2.8m mtpa, Platts said.

- The project, located in the Niger Delta, is seen as a step toward reducing gas flaring and boosting local employment.
- Nigeria already hosts the 22m mtpa Nigeria LNG (NLNG) plant on Bonny Island, with a seventh train under construction to raise capacity to 30m mtpa.
- However, NLNG has operated under force majeure since October 2022 due to flooding and pipeline attacks.

### Gasfin Markets Idle FSRU

Project developer Gasfin, in partnership with Germany's state operator DET, is marketing an idle FSRU, Energos Force, to Middle Eastern countries concerned about gas shortages amid rising geopolitical tensions, Platts said.

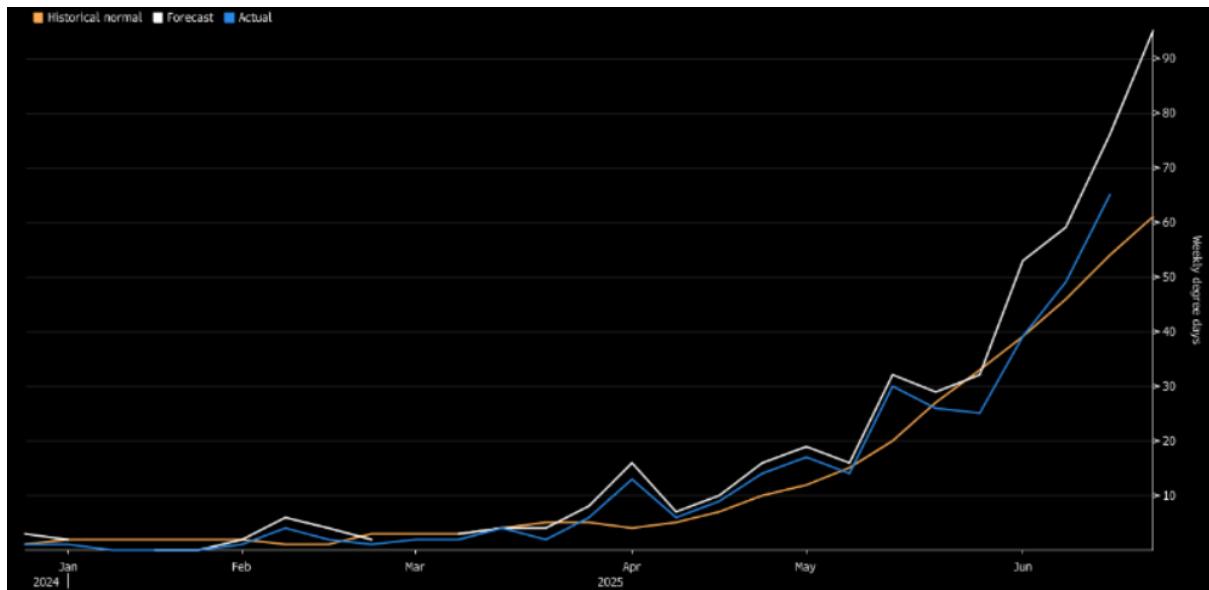
## US Natural Gas:

Henry Hub has erased gains late last week to be down around 8.5% since June 18. US natural gas has been under pressure amid a global sell off in energy prices following de-escalation in the Middle East, coupled with milder weather forecasts.

- Henry Hub Front Month has traded between \$3.512/MMBTU and \$4.148/MMBTu this week, compared to \$3.466/MMBTu and \$4.002/MMBTu over the previous week.
- Lower 48 natural gas production averaged 105.58 bcf/d in the 10 days to June 24, compared to last week's 10-day average of 105.01bcf/d.
- US gas rig count from Baker Hughes: 111 (-2) - up 14 rigs, or 14.4% on the year. This is down from last week's near three-month high.
- Lower 48 natural gas demand has averaged 74.2 bcf/d in the 10-days to June 24, compared to the actual figure of 84.4 bcf/d on June 24.

- US exports of natural gas to Mexico averaged 5.67 bcf/d in the 10-days to June 24. Exports have been falling after hitting a record of 8.233 bcf/d May 21.
- US cooling demand for the week ending June 28 is forecast to be 35 cooling degree days (CDD) above the long-term normal, according to Bloomberg, citing the NOAA. During the week to June 21, the US was 13 CDDs above normal.

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



### US Gas Storage

The EIA weekly gas inventories for the week ending Jun. 13 showed a build of 95 bcf.

- The seasonal five-year average shows a net build of 72 bcf. Stocks built by 72 bcf this time last year.
- Total stocks are up to 2802 bcf. This is 233 bcf below levels seen a year ago and 162 above the previous five-year average of 2640 bcf.

### US LNG

Natural gas deliveries to US LNG terminals averaged 13.95 bcf/d in the seven days to June 25, compared to the seven-day average of 13.8 bcf/d during the previous period.

- Feedgas supply to the US Sabine Pass LNG export terminal has risen to the highest since May 28 at 3.82 bcf/d June 24, Bloomberg data shows, suggesting the facility is returning from maintenance. It is slightly lower today at 3.55 bcf/d.

**Sabine Pass LNG Feedgas Demand- Source (Platts)**

- On June 24, Cheniere announced an expansion of its Corpus Christi LNG export terminal, including the addition of two midscale trains (Trains 8 and 9), expected to boost supply by over 3m mtpa, Platts said.

**LNG Canada on Verge of Exports**

LNG Canada has produced its first LNG for export, a spokesperson told Reuters on Sunday, and loading may begin on June 29, according to Reuters sources.

- Empty LNG vessels are moving towards Kitimat, British Columbia, ahead of the startup, Bloomberg said last week.
- Shell plans first exports as soon as late June while on June 5 Petronas suggested the first cargo in a couple of weeks, Bloomberg said.

**Latam**

Colombia's Calamari LNG is looking to secure a partial cargo for delivery July 4-16, traders told Bloomberg. The tender closes on June 25.

- Elsewhere in South America, Argentina's Enarsa paid an average price of \$12.054/MMBtu for the eight cargoes it awarded in its latest LNG buy tender, Platts said.
- The cargo with the highest price was the one scheduled for delivery on July 12. It was awarded to TotalEnergies at \$12.406/MMBtu.
- The lowest-priced cargo, also awarded to TotalEnergies, was scheduled for delivery on July 31, at \$11.826/MMBtu.
- Enarsa is said to have updated its 2025 LNG import expectations upward due to delays in the conversion of the Northern pipeline, which would allow supplies to move north from Vaca Muerta, Platts said.

### **Mexico Pacific Seeks Export Deadline Extension**

Mexico Pacific has asked the US DoE for a seven-year extension to a deadline for the start of exports from the Saguaro Energies LNG project in Mexico's Sonora state, BNamericas reported.

- The company aims to import natural gas from the US and export it from the planned 15m mtpa Saguaro LNG facility.
- The facility will mainly target Asian markets as it avoids buyers from transiting the Panama Canal.
- The current permit sets the deadline for LNG exports to start at December 2025.
- Mexico Pacific said it would be unable to meet the deadline, hence the request for a seven-year extension to December 2032.
- The reasons cited included changes to presidential administrations in the US and Mexico and increased trade tensions between the North American neighbours.
- Investors will not support an FID unless there is an extension, Mexico Pacific said.
- The company is also requesting an increase in approved export volumes. That request has been pending since 2022, BNamericas said.