

## MNI Gas Weekly: Israel-Iran Remains Key Gas Driver

By Lawrence Toye & Daniel Dawson (18/06/2025)

### Executive Summary:

- **Israel-Iran War Sparks Concern in Global Gas Markets**
- **European Gas Benchmarks** have surged on global LNG supply risks amid the Israel-Iran conflict.
- Asia's **LNG market** is expected to remain strong as Middle East risks and summer procurement combine.
- In the **Middle East & Africa**, Egypt is looking to cut its gas consumption as Israeli flows are suspended.
- **Henry Hub** has risen this week amid global gas supply risks and warmer weather on the East Coast.
- In the **Americas**, Argentina's Enarsa awarded all eight cargoes in its recent tender.

## Israel-Iran War Sparks Concern in Global Gas Markets

Israel's ongoing attack on Iranian military and nuclear infrastructure is bullish for global gas and LNG prices in the near term, with the impact on prices proportional to the level of escalation.

- US President Donald Trump has not yet decided whether the US could join Israel in carrying out attacks on Iran's nuclear and military programs, White House officials told the Wall Street Journal.
- US President Donald Trump has demanded Iran's "unconditional surrender", saying, "We now have complete and total control of the skies over Iran."
- Israel suspended production at the 12 Bcm/y Leviathan and 6.5 Bcm/y Karish gas fields as a precaution. These fields are key sources of gas flows for Egypt and Jordan.
- So far, Iran has refrained from attacks on gas infrastructure within the Persian Gulf, while attacks on Iranian energy infrastructure have been confined to its domestic capabilities.
- Israel struck Iran's South Pars field infrastructure on June 14, forcing a part suspension of production, Bloomberg reports.
- Israel attacked the Phase 14 processing plant forced the shut down of a production platform at the field, according to Tasnim news agency. 12 mcm/d of output is affected, Tasnim reported. Iran claims to have shot down drones over South Pars June 17.
- The field accounts for two-thirds of Iran's domestic gas production. Iran's gas is mainly used for domestic consumption.

### Israeli Gas

Israel may resume natural gas supplies to Egypt as early as Thursday Energy Minister Eli Cohen said according to Bloomberg reports on Wednesday.

- Israel shut Leviathan production on June 13 following air strikes on Iran – stopping supplies to Egypt.
- Egypt subsequently said it was considering alternatives imports for fuels. Egypt is a net LNG importer to try and avoid power blackouts, especially as it faces soaring summer heat in recent years.
- Israel will still prioritize supplies to the local market over exports, Cohen said.
- Earlier Reuters headlines citing Cohen said that Israel gas exports would resume in the coming hours or days but said they required IDF permission. News of potential imminent gas return from Israel resulted in TTF pressure as headlines emerged. (See our coverage on pg.2)

## TTF Price Move on June 18



Chart Source: Bloomberg

09:43:33  
 - "ISRAEL ENERGY MINISTER COHEN SAYS ISRAEL'S ENERGY SECTOR IS OPERATING NORMALLY" - rtrs  
 09:51:37  
 - "ISRAEL ENERGY MINISTER COHEN SAYS PERHAPS GAS EXPORTS WILL RESUME IN COMING HOURS OR DAYS" - rtrs  
 • Sharp move lower for TTF on the headlines.

The MNI Commodity Service flagged the first headline at 9.43am London (BST) (see orange arrow on TTF chart above) ~3 mins before the TTF price drop. The headline suggested that gas operations may be included after field closures since Friday.

- The subsequent headline ~8 minutes later confirmed the news that has resulted in the swift TTF move lower as supply fears eased. (see green arrow)

#### Market Watches for Impact on Straits of Hormuz

A key concern would be that escalation could lead to Iran closing the Straits of Hormuz, a chokepoint for around 20% of LNG supply. Qatar alone is around 18.8% of global LNG exports.

- However, this scenario is still deemed unlikely given that the Straits have remained open during previous conflicts; use of US bases in Gulf countries for attacks on Iran could raise the likelihood of closure.

- One reason for a worst-case scenario closure of the Straits of Hormuz being deemed unlikely is its impact on China, a strategic ally of Iran.
- Qatar is now China's largest LNG supplier, accounting for 33.4% of its total imports across Jan-April, Platts said. Qatari exports would be blocked by a closure of the Straits of Hormuz.
- China currently receives around 15.9m mtpa of LNG from Qatar and 800k mtpa from the UAE on long-term contracts.
- Overall, the biggest direct risk in this scenario is to supplies heading to Asia. It would force APAC buyers to find alternatives.
- Any disruption to these flows would boost Asian demand for cargoes from Australia, while Russian LNG could see some limited growth in interest.

### **Qatar Looks to Limit Risks to LNG Carriers**

Sources at QatarEnergy told Bloomberg that it does not expect delays to shipments following its precautionary directive to wait outside the Strait of Hormuz until a day before loading.

- However, a Reuters scoop claimed June 18 that QatarEnergy is instructing its tankers to wait outside the Strait of Hormuz before loading due to the risks from missiles in the region.
- Furthermore, The LNG vessel Hlaitan - en route to Qatar after leaving India earlier this month - turned around as it approached the Strait of Hormuz, Bloomberg said.

### **Neighbouring Countries Could Face Impacts**

The most directly affected countries to date vis a vis gas flows are Egypt and Jordan, with their imports from Israeli gas fields drying up.

- While both countries may seek to cut down on consumption and seek alternative feedstocks like fuel oil, boosting LNG buying may be inevitable.
- Egypt and Jordan have 8.5 Bcm/y of spare regasification capacity should Israeli flows be disrupted, adding about 1.5% to 2025 global LNG demand, JP Morgan said.
- JP Morgan noted also that Iran is a significant exporter of natural gas to neighbouring countries. Should flows be disrupted, Turkey may need to turn to the global LNG market for alternative volumes.
- Turkey imported 7 Bcm of Iranian natural gas in 2024. This could add the equivalent of 1% to estimates 2025 global LNG demand.
- While Iranian imports of gas from Iran had ground to a halt due to sanctions, wider escalation in the Persian Gulf may scupper its intent to install an FSRU to import LNG cargoes to cover summer power shortages. If this were stopped, blackouts would be inevitable.
- Aside from Iran, a wider expansion of the war could impact output in neighbouring Azerbaijan, which exported 25.2 Bcm of natural gas in 2024, with 90% going to Europe and Turkey. JP Morgan added.
- In a scenario where these buyers were forced to find alternative supplies – it would add 4% to global LNG demand, the bank said.

## European Natural Gas:

TTF front month has surged over the past week to its highest since April 3 amid fears of disruption to LNG supply due to conflict in the Middle East, with the market particularly sensitive to any potential signs of disruption at the Strait of Hormuz. Meanwhile, currently curtailed Israeli gas flows to Egypt could add to competition for spot LNG cargoes, though that risk has seemingly eased on Wednesday.

- Front month TTF prices traded between €35.665/MWh and €39.845/MWh this week, compared to €34.44/MWh and €36.85/MWh over the previous week.
- Temperatures in NW Europe are still forecast to remain above normal throughout the two-week outlook.
- European gas storage is up to 54.05% full on June 16, according to GIE, compared to the previous five-year average of 64.2% full. Net injection rates dipped on the day back to near normal levels.
- NW European LNG sendout was steady at 224mcm/d on June 16 compared to an average of 235mcm/d so far in June, Bloomberg shows.
- Norwegian pipeline supplies to Europe are today nominated up to 278.7mcm/d, the highest since June 4, Bloomberg shows. Gassco shows unavailable capacity of 58.7mcm/d today falling to 45.7mcm/d by June 20.
- France's Fos Cavaou LNG import terminal on the south coast near Marseille is out for maintenance; no ships are due at the jetty from June 14 to July 7, according to ICIS analyst Alex Froley.
- EU gas demand is expected to fall by 7% to 302bcm by 2030 as renewables and electrification increase, according to Ember analysis of EU member states' national energy plans.
- Gazprom's TurkStream is now coming back to full flows after annual summer maintenance according to ENTSOG data.
- Israel has said that the US is helping it with defence, but speculation is growing that it will become directly involved in the conflict. President Trump has demanded that Iran surrender and that his patience with Iran is "wearing thin".

### Rabobank Raises TTF Price Forecast

Rabobank maintains its TTF price forecast for Q2 at €36/MWh and slightly raises its forecasts for Q3 to €37.50/MWh given the anticipated higher spot LNG demand from Egypt during the quarter.

- Further price upside is tied to escalation in the Middle East and an actual disruption to Qatari supply, though this is not the bank's baseline scenario.
- Prices would spike above €100/MWh for TTF gas in the event of a Strait of Hormuz closure, Rabobank says.
- Regarding Israeli gas field closures, prolonged outages and higher Egyptian LNG import demand would sustain TTF gas price levels in the high €30s/MWh over the coming months, according to Rabobank.
- Regarding the EC's plan to ban new Russian gas contracts, the bank says this would "certainly raise TTF gas prices from 2026" as Europe outbids others for LNG flows, but higher price levels would not be sustained as the market adapts.

## EC Formally Proposes Phase Out of Russian Gas

A legislative proposal put forward by the European Commission on Tuesday provides a stepwise phase-out of pipeline gas and LNG originating in or exported directly or indirectly from Russia.

- It includes measures to facilitate the halt of Russian oil imports by the end of 2027.
- The proposal is designed to preserve EU's energy supply security while limiting any impact on prices and markets.
- Russian gas imports under new contracts would be prohibited as of 1 January 2026. Imports under existing short-term contracts will be stopped by 17 June 2026, except those for pipeline gas delivered to land-locked countries. Imports linked to long-term contracts will be allowed until the end of 2027.
- Long-term contracts for LNG terminal services for customers from Russia or controlled by Russian undertakings will also be prohibited so terminal capacity can be redirected to alternative suppliers.
- Member States will be required to present diversification plans with precise measures and milestones for the phase out.
- Provisions to enhance the transparency, monitoring, and traceability of Russian gas within EU markets will support the effective implementation of the import ban.
- Negotiations will take place over the final deal with some countries unsure about the feasibility of the proposal, including if buyers can invoke force majeure and avoid fines.

## The EU Should Be Open to Russian Gas: Austrian Minister

The EU should be open to resuming Russian gas imports if a Russia / Ukraine peace deal is reached, according to Austria's junior minister in charge of energy, Elisabeth Zehetner cited by Reuters.

- Zehetner emphasised the need to reconsider the ban if there is a peace deal, but no other member states had called for the same, according to EU diplomats from a closed-door meeting of EU energy ministers.
- Her office issued a clarification on June 17 that Austria supports a proposed ban on Russian gas imports. "In the long term ... the EU should keep its options open in order to reassess the situation after the end of the war so that it can continue to configure its energy supply securely and cost-effectively in the future."
- EU Energy Commissioner Dan Jorgensen said on June 16 it would be "a very unwise decision" to resume Russian gas imports in the future.
- The European Commission proposed that the EU bans all new Russian gas contracts based on trade law, in a move to circumvent any potential veto from Hungary and Slovakia.
- Existing short-term contracts, pipeline gas and LNG imports from Russia would be terminated from 2026, while long-term contracts would come to an end on January 1, 2028, the summary said.

## JPMorgan Now Sees Increased Russian Gas Flows to Europe in 2026

Increased Russian gas flows to Europe remains a matter of "when" rather than "if", JPMorgan says in an analyst note, with flows now anticipated in 2026.

- The bank had previously assumed 15 Bcm/y of increased Russian gas flows to Europe starting in Q3 2025 but now describes this as 'overly ambitious'.
- The view for increased flows is rooted in a belief that there is little to no chance of Russia agreeing to a ceasefire without regaining access to at least part of the European gas market.

- The bank still forecasts NWE comfortably achieving an 83% storage target by end-October, with the net impact of its change to Russian flows to Europe offset by more robust LNG and Norwegian supplies.
- Meanwhile, June is seen to be hotter than normal but stronger renewables output in Asia is likely to temper the impact on the LNG market overall.
- Nevertheless, JPMorgan expects an 11% y/y increase in Chinese LNG imports from June to December, accounting for potential upside from upcoming weather uncertainty.

### Germany Examining Feasibility of Strategic Gas Store

Germany is examining whether it should create a strategic store of gas, according to sources cited by Bloomberg. Sources cited by Reuters later in the day said there were no plans to create a strategic gas reserve.

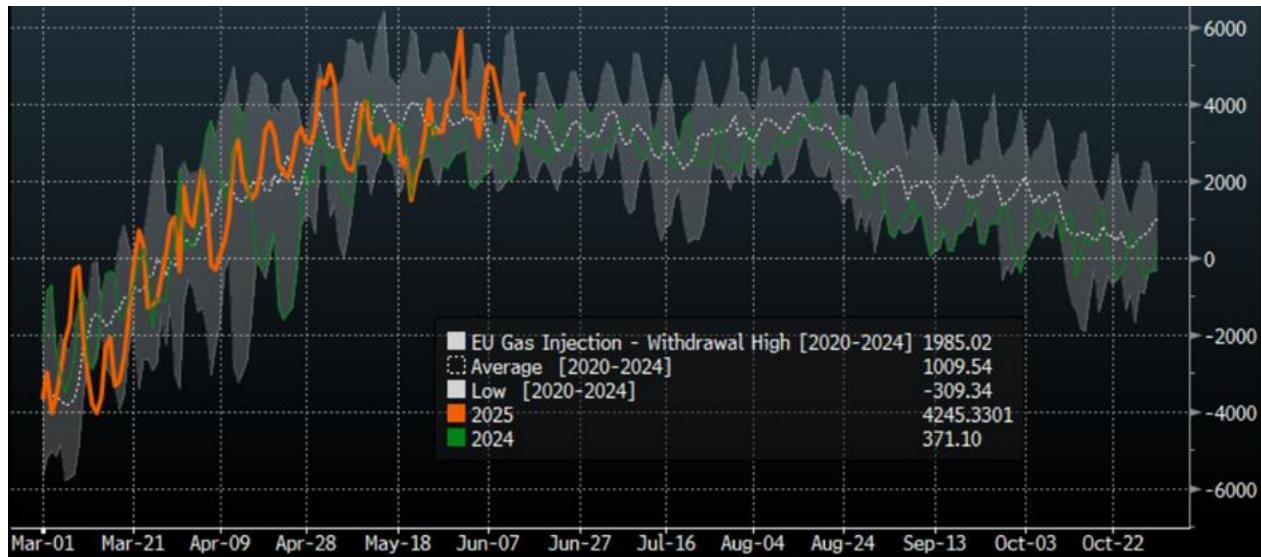
- The economy ministry has commissioned experts to look into the feasibility of state-owned gas storage, Bloomberg's sources said.
- A government spokesperson told Bloomberg that the ministry is tendering for a broad study of the gas market and that a strategic storage is just one aspect within that.
- Some EU members, including Italy and Austria, already have state-controlled strategic gas reserves that aren't freely available for the rest of the market to use.
- State reserves cover about 11% of the bloc's total storage capacity on average, according to ENTSOG.
- One site that has been briefly discussed as a strategic resource for Germany but is now seen as less suitable is Rehden. Other options like cavern storage are easier to fill and more economic, a source told Bloomberg.
- Gas that is kept on a short-term basis in the nation's terminals for importing LNG could also be used as strategic reserve.

### Above Normal European Gas Storage Injections Continue

EU gas storage average net injection rates dipped slightly in the week to June 15 but remain above the previous five-year average. The EU is looking to conclude talks on flexible gas storage on June 24, meaning targets could apply to this year after final sign off.

- Net injections have averaged 5.9% above the previous five-year average so far this summer.
- The average net injection rate was 3,801GWh/d compared to 4,063GWh/d the previous week and the previous five-year average of 3,388GWh/d, GIE data shows.
- European gas storage is up to 53.76% full on June 15, according to GIE, compared to the previous five-year average of 64% 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 86.8% of capacity at the end of the season with a range between 72.9% and 96.15%.
- Storage in Germany is at 113.3TWh (45.8% full), Italy at 133.5TWh (65.9%), Netherlands at 60.6TWh (42%), France at 77.2TWh (61.4%) and Austria at 59.7TWh (59.5%).

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



## APAC LNG

JKM is expected to remain strong for the week of June 16–20, driven by geopolitical tensions and seasonal demand, Platts said.

- The July JKM hit \$13.444/MMBtu June 13, up 69.2 cents week on week, Platts added.
- The JKM front-month swap ranged between \$12.359/MMBtu and \$14.066/MMBtu in the week to Jun-17, compared to a range of \$12.158/MMBtu and \$12.895/MMBtu the week prior, according to Bloomberg.
- Furthermore, Egypt remains a key driver of spot LNG demand, with continued purchases through tenders.
- The widening price gap between European and Asian LNG markets has opened the most attractive arbitrage opportunity in three months, prompting US suppliers to redirect cargoes east, Platts said.

## NWE/JKM Spread - Source (Platts)



## Asian Demand

Looking at Asian demand, buying remained limited due to high prices, but summer-driven procurement is increasing.

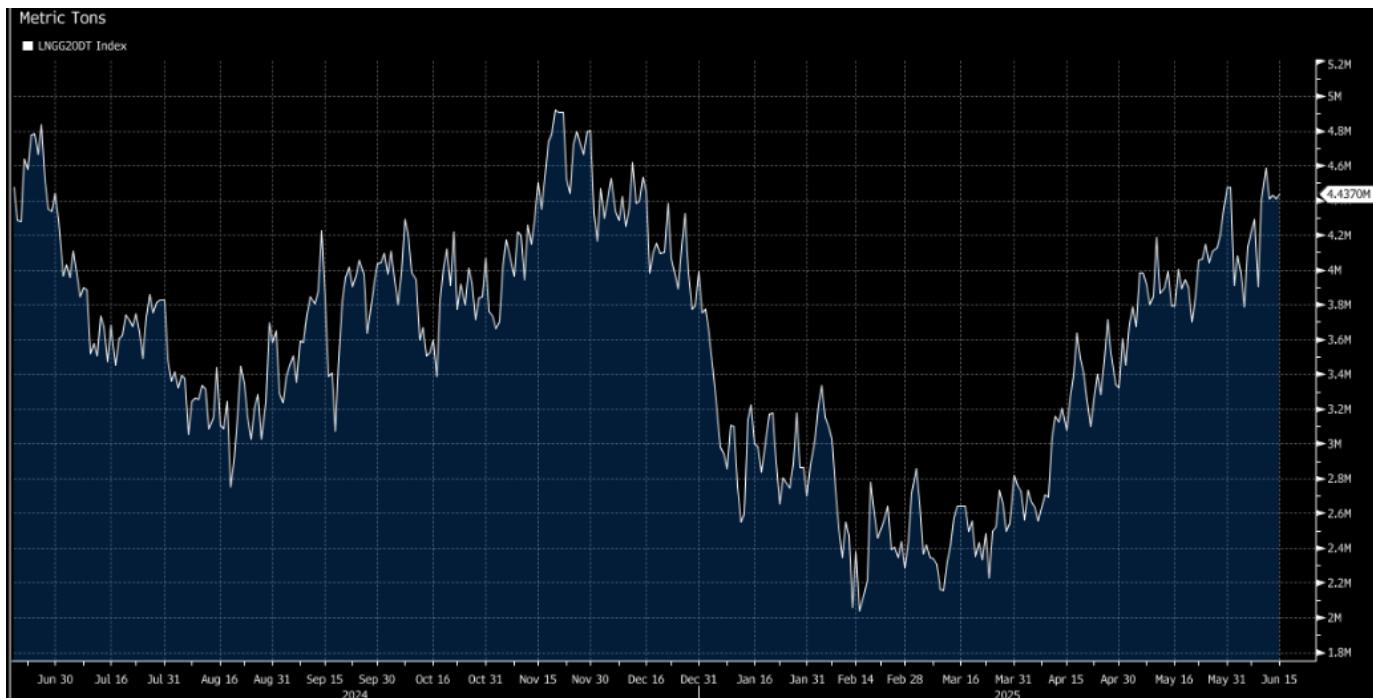
- Chinese firms have secured July cargoes, while South Korea's Kogas bought two and is seeking more for August.
- China's CNOOC purchased several LNG cargoes on a DES basis for July delivery late last week, according to Bloomberg sources. The cargoes are in addition to a previous purchase of a July delivery cargo on June 10 at the low \$12/mmbtu level.
- However, China's imports of power generation fuels, including LNG, are expected to fall in 2025, Kpler said.
- China's LNG imports fell in May as pipeline supplies increased again in the month, according to General Administration of Customs data cited by Bloomberg.
- China imported 4.84m tons of LNG in May, down 25.6% from a year earlier and compared to 4.64m tons in April. Year to date LNG imports also fell 23.2% on the year to 25.04m tons.
- In Japan, the country is expected to increase demand as temperatures rise, though buying activity has yet to ramp up, Platts added.
- In South Asia, activity remains subdued among Indian importers as long-term contracts remain cheaper than spot prices.
- In Southeast Asia, Petronas plans to develop Malaysia's third LNG regasification terminal, the firm's chief executive Tengku Muhammad Taufik said on June 17, cited by Argus. The need for a third regasification terminal in peninsular Malaysia comes on the back of expectations of rising demand, Taufik said.
- There are two import terminals operational in the peninsular – the 3.8m mtpa Melaka and the 3.5m mtpa Pengerang import facilities.

## Supply

The proportion of US LNG cargoes heading to Asia has risen sharply in recent months, growing from ~10% in March to ~30% during May, as the Asian-European LNG spread widens, according to Timera Energy.

- LNG stockpiles held by Japanese utilities fell by 8.55% on the week to June 15 to 2.14m mt, according to data released by the trade ministry cited by Bloomberg. Stocks are below the five-year average for the end of May of 2.18m mt but above the end of June average of 2.1m mt.
- Stockpiles were 2.14m tons around this time in 2024 and around 2.38m tons in 2023. Cargoes on the water.
- The total estimated quantity of LNG on tankers that have not unloaded for at least 20 days increased 3.3% to 4.44m mt in the week to June 15, Bloomberg said.

## LNG on the Water- Source (Bloomberg)



## Middle East War Could Accelerate PoS 2 Deal

Russia-China gas talks over the Power of Siberia 2 pipeline are set to accelerate amid turmoil in the Middle East, Reuters said.

- Beijing may finalise the Power of Siberia 2 pipeline deal by the year-end as a means to hedge its Middle East energy risks. The pipeline would give it further diversification of gas supply.
- Putin's September China visit is expected to cement deeper energy and trade ties despite Western sanctions, Reuters said.
- The project would carry up to 50 bcm from Russia-China, less than the now abandoned Nord Stream 1 pipeline from Russia-Germany.

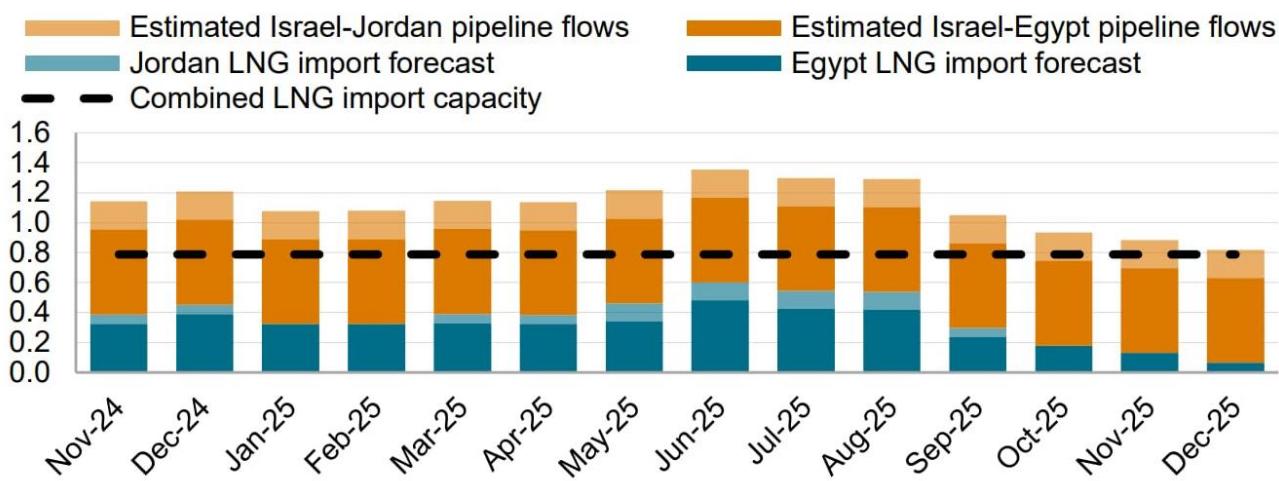
## Middle East & Africa:

Egypt is halting fuel flows to industries 'until more LNG becomes available,' and seeking more fuel oil for power generation, sources told Bloomberg. This comes after Israel shut in two gas producing fields last week.

- Prior to the Israeli strikes on Iran, Egypt agreed to a range of long-term LNG purchases over 2.5 years that could bring in as many as 290 cargoes over the period Bloomberg sources report. The sources report the suppliers include Saudi Aramco, Trafigura, Vitol, BGN, Shell and Socar.
- The cargoes are priced at a premium to the European gas benchmark of about 8-95 cents/MMBtu, sources said.

- Goldman Sachs revised its Egypt LNG import forecast higher for 2025 and 2026 in an analyst note cited by Bloomberg. The bank forecasts imports of 7m mtpa and 9m mtpa for 2025 and 2026 respectively, up from 5m mtpa and 4m mtpa previously.

#### Egypt & Jordan Gas Import Forecast- Source (Platts)

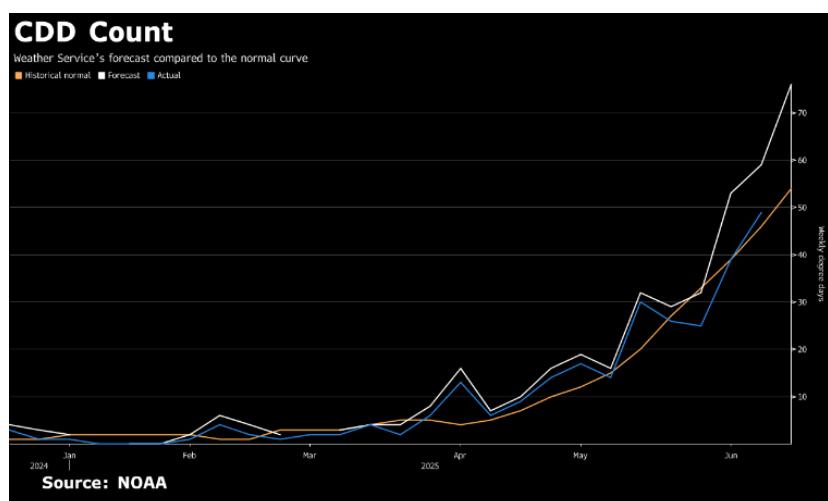


#### US Natural Gas:

Henry Hub front month has climbed this week to its highest levels since early April. US gas prices are following the trend in the global energy complex amid concerns for Middle East supplies. If Middle East gas flows were affected, it would boost demand for Gulf Coast LNG. Warmer temperatures across Eastern USA have also been supportive.

- Henry Hub Front Month has traded between \$3.466/MMBtu and \$3.896/MMBtu this week, compared to \$3.453/MMBtu and \$3.817/MMBtu over the previous week.
- US cooling demand for the week ending June 21 is forecast to be 23 cooling degree days (CDD) above the long-term normal, according to Bloomberg, citing the NOAA. During the week to June 14, the US was 4 CDD above normal.

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



- Lower 48 natural gas production averaged 106.16 bcf/d in the 10 days to June 17, compared to last week's 10-day average of 105.83 bcf/d.
- Baker Hughes rig count: Gas: 113 (-1) - up 15 rigs, or 15.3% on the year.

## US Gas Storage

The EIA weekly gas inventories for the week ending June 6 showed a build of 109 bcf.

- The seasonal five-year average shows a net build of 87 bcf. Stocks built by 77 bcf this time last year.
- Total stocks are up to 2707 bcf. This is 256 bcf below levels seen a year ago and 139 bcf above the previous five-year average of 2568 bcf.

## US LNG

Natural gas deliveries to US LNG terminals averaged 13.85 bcf/d in the seven days to June 18, compared to the seven-day average of 13.56 bcf/d during the previous period.

- Traders told Reuters that LNG maintenance would likely continue through mid-June at Cameron and late-June at Sabine Pass.
- Japan's JERA has agreed to buy up to 5.5mtpa of LNG from US suppliers under 20-year contracts. The deals include purchases from NextDecade, Commonwealth LNG, Sempra Infrastructure and Cheniere Marketing, including some previously reported.
- Venture Global received approval from FERC to increase production at its Calcasieu Pass LNG terminal in Louisiana by 0.4m mtpa, raising peak capacity from 12.0m to 12.4m mtpa, Platts said.

## Latam

Argentina's state-run energy company Enarsa has awarded all eight LNG cargoes in its latest tender, with TotalEnergies securing seven cargoes for July delivery and BP receiving one for August, Platts said.

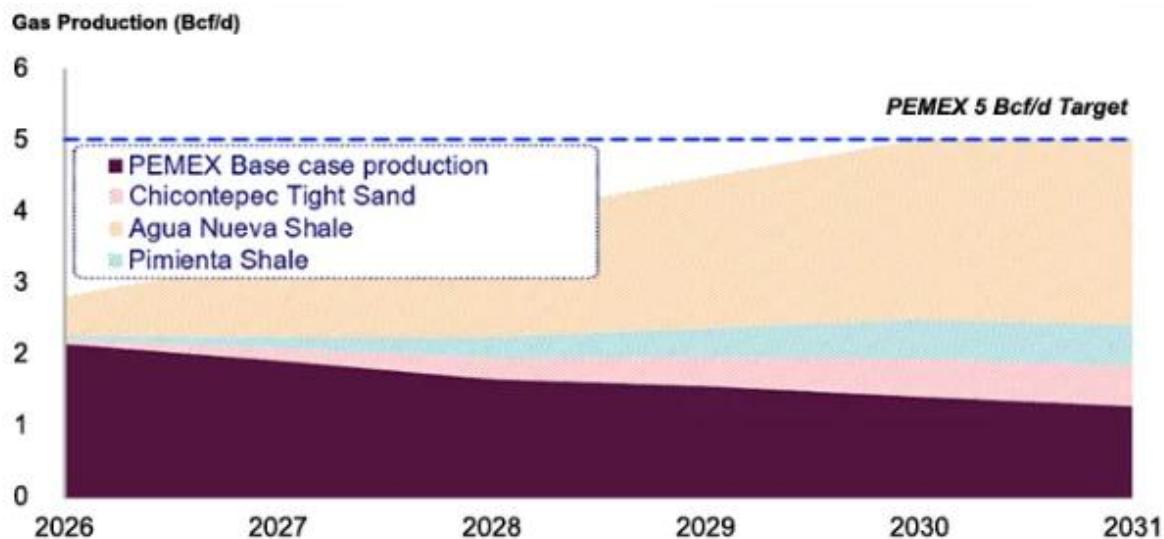
- Deliveries will be made to the Escobar terminal in Buenos Aires province, with dates ranging from July 6-Aug. 5.
- Enarsa had previously awarded two tenders this year to BP. The first, in March, was for six cargoes at an average price of \$13.666/MMBtu. The second, for eight cargoes, was awarded at \$11.477/MMBtu.
- This is expected to be Enarsa's final LNG tender of the year, unless colder-than-average temperatures are forecast for August.

## Mexico Could Turn to Fracking

In Mexico, the government has begun to explore the possibility of developing its vast unconventional oil and gas resources, Natural Gas Intelligence said. This comes as domestic production continues to decline.

- Natural Gas Intelligence reported that Mexico would follow the lead of Argentina by turning to horizontal drilling and fracking to unlock previously untapped reserves.

## Pemex Gas Production in Unconventional Growth Scenario- Source (NGI)



## Trinidad's LNG Exports Climb to 5-Year High

LNG exports from Trinidad and Tobago hit a near five-year high in May, Platts said.

- Exports hit 44.33 Bcf—up 42% from April and the highest monthly total since July 2020.
- The surge is likely due to stable domestic gas supply, with production handled by Atlantic LNG, the country's sole LNG facility.
- Separately, Shell announced an FID for its Aphrodite gas project offshore Trinidad, expected to begin production in 2027 to support Atlantic LNG operations.

## Trinidadian LNG Exports- Source (Platts)

