

MNI Gas Weekly: TTF Remains in Contango as Supply Concerns Ease

By David Lee & Daniel Dawson (23/04/2025)

Executive Summary:

- **European Gas Benchmarks** have traded in a tight range, with global LNG supplies in focus.
- Asia's **LNG market** remains at multi-month lows amid weak Chinese imports.
- **Maintenance activity** and unplanned outages are set to weigh on near-term LNG supply.
- **Henry Hub** has fallen back following strong and stable production against faltering demand.

European Natural Gas:

TTF front month has traded within a relatively tight range of between ~€34.0 /MWh and ~€36.0/MWh across the past week, with global LNG supplies in focus after various outages in Asia. Ongoing summer storage refill risks and reports around EU plans to phase out Russian gas purchases have meanwhile been weighed against demand pressure from a US-China trade war and above average net injections into EU gas storage.

- Front month TTF prices traded between €33.93/MWh and €35.93/MWh this week, compared to €32.545/MWh and €36.42/MWh over the previous week.
- Temperatures in NW Europe are forecast to hold just above normal this week before warming further above normal over the coming weekend and into the start of May.
- European gas storage was up to 37.04% full on April 20, according to GIE, compared to the previous five-year average of 47.6% - while net injection rates are holding above normal.
- European LNG sendout was 417mcm/d on April 21 compared to an average of 391mcm/d over the previous week, Bloomberg shows.
- Norwegian pipeline supplies to Europe are steady at 330.1mcm/d today. Gassco shows capacity reductions of 6mcm/d this week but they are expected to gradually rise with field maintenance from April 26.
- EU gas storage injections rates have risen to the highest so far this season and above the previous five-year average with European supply supported by healthy LNG imports.
- Maintenance activity and unplanned outages at various LNG export facilities are set to weigh on near-term LNG supply, according to Kpler.

EU Discussing Ban on Russian Spot Gas Purchases

The European Union is preparing to discuss a ban on spot purchases from Russia as part of its roadmap to phase out Russian fossil fuels, Bloomberg reports this week.

- Reuters reports meanwhile that the European Commission is seeking to 'forbid new contracts' with the aim of cutting European companies' spot purchases of Russian LNG.
- Spot sales account for a small share of the EU energy market, Bloomberg says, but banning them would be a 'first step' towards limiting purchases from Russia.
- 31% of the 31.8 bcm of Russian LNG imported to the EU in 2024 was done via spot trades, according to the IEEFA.
- The measure could be one of a number of options due to be presented on May 6.

- The aim is to explore solutions to cut short-term reliance on Moscow and allow companies to terminate long-term contracts, according to Bloomberg.
- The FT previously reported that the EC was studying the possibility of declaring force majeure on long-term Russian gas contracts to avoid paying penalties to Moscow as part of its upcoming roadmap.

EU Officials Against Outright Ban of Russian LNG

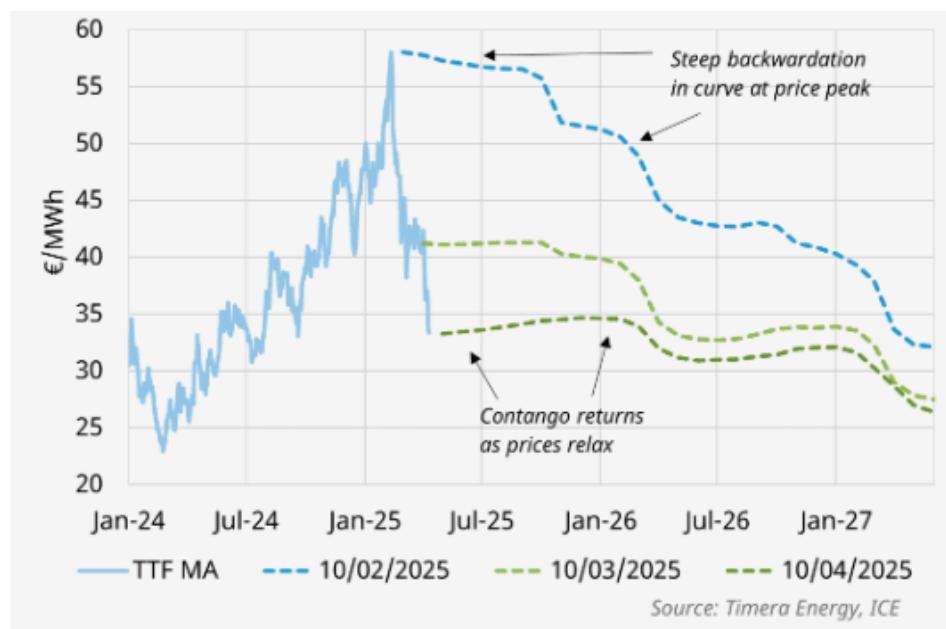
European officials have dropped the idea of a ban on Russian LNG imports because of resistance from some governments and uncertainty around alternative sources, Reuters reports citing EU officials.

- The EU is set to release a road map on May 6 outlining a path to end imports of Russian fossil fuels by 2027.
- One official told Reuters that the EU Commission did not want to risk losing Russian LNG through sanctions and thereby surrender its negotiating power with the US.
- President Trump has said several times he wanted the EU to buy more US gas, and EU officials see that as a possible negotiation tool to get the US to drop tariffs on the EU, Reuters says.
- The EU is also wary of creating a new dependence on the US, its third-largest supplier after Russia and Norway, according to Reuters.

TTF Flips to Contango

The steep TTF backwardation seen in February, has flipped into contango across the forward curve to ease concern of seasonal storage capacity owners and improves Europe's security of supply, Timera Energy said.

TTF Front-Month and Futures Pricing - Source (Timera Energy)



- The move earlier this month has restored the usual price shape of cheaper summer vs winter and the intrinsic value for gas storage capacity to significantly improve summer injection economics.
- TTF gas prices have seen a sharp fall following a late winter rally to €58/MWh in Feb.

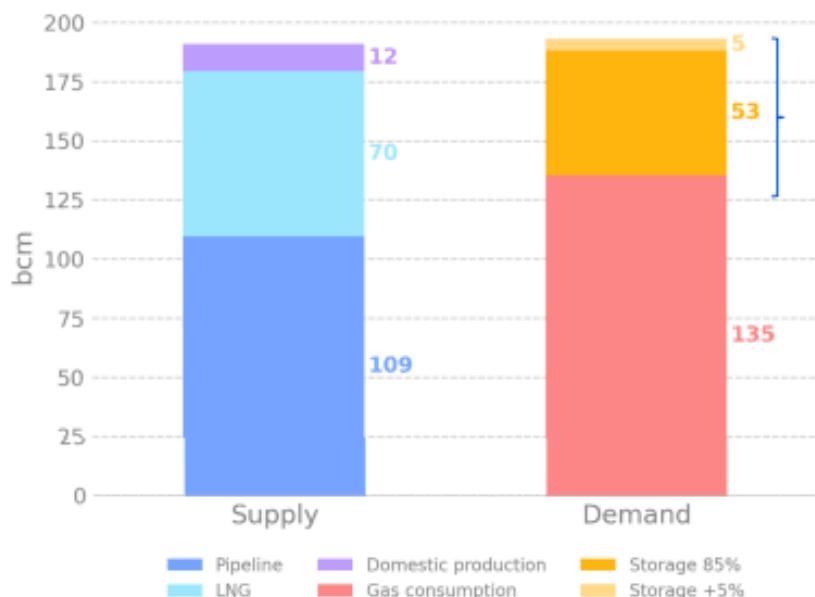
- The price surge has unwound on warmer / windier weather, potential storage mandates relaxing, financial players liquidating gas positions, and US announcements of tariffs.
- US tariffs on Asian countries have created a deficit in gas demand in industrial and manufacturing sectors enabling Europe to attract marginal LNG cargoes at lower prices.
- Strong backwardation had created challenges for storage operators as some capacity auctions for the year failed to clear, such as in Germany in January 2025.
- The TTF Q325-Win25 spread remains in negative territory on April 23 at around -€0.6/MWh, after falling to around -€0.8/MWh last week, Bloomberg shows.

EU 90% Storage Targets May Require 20% Higher LNG Imports

Meeting 90% storage targets will only be feasible with LNG imports 20% higher than in 2024, and with pipeline supplies at high levels, ACER says.

- Germany will need the highest level of storage injections, followed by the Netherlands, Italy and France, ACER says.
- ACER also sets out a balanced view on storage targets.
- It says revising targets would set a risky precedent, undermining trust in regulations, and that higher prices are necessary to attract gas this summer.
- However, ACER says a 90% storage target is less critical in 2025 than it was in the past, with demand 20% lower since 2022. Lowering the target would also ease the price spread and reduce summer 2025 prices, according to ACER.
- If commodity support is necessary, “it should be better implemented through tenders rather than fully covering the summer-winter spread. The latter approach risks being more directly reflected in market prices,” ACER says.
- The EU Parliament and EU Council have both set out proposals that would reduce EU gas storage targets, with potential for new legislation to take effect this year.

EU Projected Supply-Demand Balance Summer 2025 (1 April to 1 November) - Source (ACER)



APAC LNG:

The JKM front-month swap ranged between \$11.318/MMBtu and \$12.433/MMBtu in the week to Apr-22, compared to a range of \$10.938/MMBtu and \$12.77/MMBtu the week prior, according to Bloomberg.

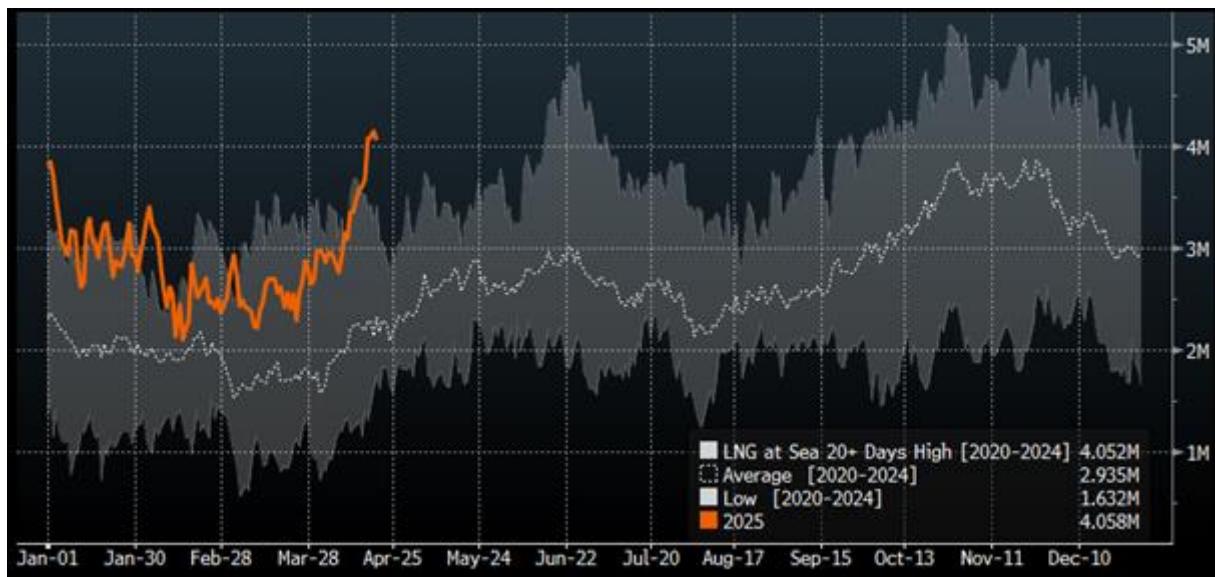
- China's LNG imports fell 24.5% year on year to 4.97m tons in March while Q1 imports fell 21.2% to 15.51m tons, according to customs data cited by Reuters.
- A total of 11 ballast LNG vessels are waiting near the Bintulu export plant in Malaysia after two cargoes were shipped from the facility over the weekend, according to Bloomberg ship-tracking. On April 18, Petronas said operations were set to resume.
- The Santander Knutsen LNG vessel appears to be leaving Egypt's Idku with a higher draught, suggesting it could have loaded a cargo, according to ICIS analyst Alex Froley.
- CNOOC has agreed to buy 0.5 mtpa of LNG from ADNOC for five years starting in 2026, Reuters reports.
- China's Zhenhua Oil has agreed a five-year deal to buy up to 12 LNG cargoes a year from ADNOC starting in 2026.
- ENN Natural Gas has agreed a deal for the supply of 1 mtpa for 15 years from ADNOC.
- Goldman Sachs expects Chinese LNG imports to decline this year, according to analyst note.
- The Vivit Americas LNG tanker has changed its course, as expected away from China, signalling to Futtsu in Japan instead, according to ICIS.
- Taiwan is set to increase LNG imports to meet rising demand for gas-fired power generation, Argus said.
- Taiwan intends to focus on increasing U.S. LNG purchases as part of tariff negotiations, Taiwan's President Lai Ching-te said on Tuesday according to Reuters.
- The US LNG arb is now open to Asia for the first time in 7 months, according to Spark Commodities on April 22, citing strengthening JKM-TTF spread.

LNG Facility Maintenance and Outages

Maintenance activity and unplanned outages are set to weigh on near-term LNG supply, according to Kpler.

- Qatar's 77 mtpa Ras Laffan LNG - Exports are slowing, Kpler says, indicating planned maintenance could be taking place.
- Oman's 11.4 mtpa Qalhat LNG - Planned maintenance is currently taking place; the 3.8 mtpa train 3 came offline on April 15, but it is unclear how long the maintenance is set to last, Kpler says.
- Norway's 4.2 mtpa Hammerfest LNG - Offline for planned maintenance, which is scheduled to last until July 10, according to a regulatory filing.
- Australia's 8.9 mtpa Ichthys - Lower LNG output since late March after an issue with a faulty heat exchanger onboard its FPSO; maintenance to resolve the issue is scheduled for early May, which could temporarily lower utilisation further, Kpler reports.
- Malaysia's 29.3 mtpa Bintulu LNG - Noticeable decline in exports, Kpler says, but now showing signs of a slow recovery, according to Bloomberg.
- Algeria's 20.8 mtpa Bethioua facility - Noticeable decline in exports, Kpler says.
- 7.2 mtpa Brunei LNG - Suffered an unplanned outage on April 11, which is yet to affect LNG exports, according to Kpler.

LNG at Sea 20+ Days - Source (Bloomberg)



Vessel Indicates it Loaded Egyptian LNG

The Santander Knutsen LNG vessel appears to be leaving Egypt's Idku with a higher draught, suggesting it could have loaded a cargo, according to ICIS analyst Alex Froley.

- The ship's draught was 9.2m before going into Idku and 10.8m coming out but it is not known if a cargo loaded and could be some inaccurate signal data.
- Egypt's two LNG export facilities at Idku and Damietta have not loaded any cargoes since April 2024.
- A mild start to summer in Egypt is delaying need for higher LNG imports, leaving more available for Europe, Bloomberg reported earlier this month.
- Egypt has switched from an LNG exporter to an importer last year due to declining domestic gas production and rising cooling demand.

US Natural Gas:

Henry Hub Front Month has extended a trend lower throughout April so far, falling to a low of \$2.955/MMBtu on April 22 and the lowest since November.

- Technical analysis suggests the contract is over-sold, yet fundamentals support the price move lower with production remaining strong and stable and demand is markedly lower on the week.
- Money managers cut their bullish gas positions by 25.8k contracts last week, according to the CFTC. Net long positions were the least bullish in 10 weeks, continuing the trend lower. Net net long positions still outweigh shorts by 340k, suggesting there is still room to go lower if those positions are closed.
- Henry Hub Front Month traded between \$3.334/MMBtu and \$2.955/MMBtu this week, compared to \$3.829/MMBtu and \$3.216/MMBtu over the previous week.
- Out the curve, summer and winter 2025 are trading 1% and 0.4% lower respectively with Cal26 and 27 trading higher by 0.35% on average.
- Bidweek for May physical deliveries begins Thursday and Nymex HH settles on Monday.

- Lower 48 natural gas demand averaged 66.6 bcf/d in the week to April 22 down from 72.6 bcf/d the previous week.
- US cooling demand for the week ending April 26 is forecast to be 6 cooling degree days (CDDs) above the long-term normal, according to Bloomberg, citing NOAA.
- During the week to April 19, the US was 2 CDDs above normal.
- “National demand will be light to very light the next 15-days as near perfect temperatures rule the US w/ highs of 60-60s”, according to NatGasWeather
- The EIA weekly gas inventories for the week ending April 11 showed a build of 16 bcf.
- The seasonal five-year average showed a net build of 50 bcf. Stocks built by 46 this time last year.
- Total stocks are up to 1846 bcf. This is 480 bcf below levels seen a year ago and 74 below the previous five-year average of 1920 bcf.
- Storage build is estimated at 66 bcf, ranging from 52 to 81 bcf in a survey of 20 analysts for the upcoming release on April 24, according to Enelyst, which would put levels just 8 bcf below the 5yr average.