

# Platts: Spot LNG Prices for May Delivery Dropped 11.8% on Low Demand

On a Year-Over-Year Basis, May LNG Prices Rose Nearly 1%

PR Newswire  
SINGAPORE

SINGAPORE, April 17, 2014 /PRNewswire/ -- Prices of liquefied natural gas (LNG) for May delivery to Asia fell 11.8% to an average \$15.559 per million British thermal units (/MMBtu) as the market continued to cool off ahead of the summer peak demand season, according to the latest Platts Japan/Korea Marker (JKM) for month-ahead delivery. The data reflects the daily Platts JKM for May assessed between March 17 and April 15, expressed as a monthly average.

The Platts JKM for May was 0.6% higher than the May 2013 average of \$15.464/MMBtu. But May prices this year decreased at a faster rate than in the previous year. The May 2014 JKM started the assessment period at \$16.05/MMBtu and closed the period at \$14.80/MMBtu. In 2013, the May JKM started the month at \$15.95/MMBtu before ending at \$14.95/MMBtu.

"The current demand picture is looking quite similar to what we saw a year ago, as buyers seem to have covered most of their requirements by term contracts, which is leaving very little demand for incremental volumes from the spot market," said Stephanie Wilson, managing editor of Asia LNG at [Platts](#), a leading global energy, petrochemicals and metals information provider and a premier source of benchmark price references. "The combination of high inventories and weak appetite for buying spot cargoes resulted in buyers bidding well below offer levels. Sources have indicated that buyers are reluctant to lock in deals in a falling market, as prices last year bottomed out at \$14.15/MMBtu on May 15 for June delivery."

"This year, there are also additional supplies from Angola LNG while the new Papua New Guinea LNG project could add to the supply further out in the summer," Wilson added.

Meanwhile, prices of thermal coal and fuel oil - possible competing fuels to LNG - were also lower. On a month-over-month basis, thermal coal prices were down 9.3% for the March 17 to April 15 assessment period, while fuel oil prices were down 6.0%.

Platts Spot JKM and Substitute Fuel Prices (Monthly Averages)\*

	May-14	May-13	April-14	Year-On-Year Change %	Month-On-Month Change %
JKM (\$/MMBtu)	15.559	15.464	17.636	0.6	-11.8
Qinhuangdao coal (\$/MMBtu)	3.723	4.055	4.105	-8.2	-9.3
180 CST fuel oil (\$/MMBtu)	15.434	16.129	16.420	-4.3	-6.0

Source: Platts

\*Referred to as month-ahead, the figures in the table are monthly averages of daily values assessed by Platts from March 17th to April 15th. The Platts JKM rolls on the 16th of each calendar month

The Platts JKM is an assessment of LNG prices for spot cargoes delivered to Japan and South Korea, based on the most recent trades and/or bids and offers from buyers and sellers in the open market prevailing at the close of the trading day. The monthly JKM assessments are month-ahead delivered prices and are an average of the daily JKM price assessments reported by Platts.

For more information on [natural gas](#) or the [methodology used by Platts](#) in its power assessments, visit the Platts website [www.platts.com](http://www.platts.com).

Platts' monthly reports on Asia LNG prices and market developments are typically published shortly after the 15(th) of each month.

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