

Platts JKM(TM) Prices for December-Delivered LNG Dropped 29.4% on Oversupply

Prices fell 13.4% month over month as recent uptick in demand lost momentum

PR Newswire
SINGAPORE

SINGAPORE, Nov. 17, 2014 /PRNewswire/ -- Prices of spot liquefied natural gas (LNG) for December delivery to Asia plunged 29.4% year over year to average \$12.490 per million British thermal units (/MMBtu), according to the latest Platts Japan/Korea Marker (Platts JKM(TM)) for month-ahead delivery. The data reflects the daily Platts JKM(TM) for December assessed between October 16 and November 14, expressed as a monthly average.

At \$12.49/MMBtu, the monthly average JKM for December delivery reached levels not seen since 2010, when the December JKM averaged \$9.549/MMBtu. In the years following the Fukushima disaster and subsequent loss of nuclear power in Japan, December JKM monthly average prices had been consistently above \$13.00/MMBtu.

The JKM lost \$4.425/MMBtu over the assessment period, recording the most volatile month in the history of the marker. After beginning the month at \$14.925/MMBtu on October 16, the December JKM closed at \$10.50/MMBtu November 14, a new low for 2014, as sentiment became increasingly bearish.

"The recent uptick in prices lost momentum over the trading month, as the winter contango* crunched. Sellers were less keen to take positions, and those holding them, particularly those with floating storage positions, began to undercut," 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.

"With inventories in Japan, South Korea and even India and China at high levels, many buyers have little appetite for incremental volumes and have taken to the sidelines of the market ahead of anticipated reductions," Wilson added.

The December JKM showed a 13.4% month-over-month decline as a result, bucking the trend of recent years in the run-up to the traditionally stronger winter demand season.

Meanwhile, the price of possible competing fuel thermal coal increased 3.0% month over month, while fuel oil fell 13.4% over the October 16 to November 15 assessment period.

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

	Dec-14	Dec-13	Nov-13	Year-On-Year Change %	Month-On-Mon
JKM (\$/MMBtu)	12.490	17.689	14.423	-29.4	
Qinhuangdao coal (\$/MMBtu)	3.524	3.862	3.420	-8.8	
180 CST fuel oil (\$/MMBtu)	12.235	15.881	14.124	-23.0	

Source: Platts

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

*Contango is the industry vernacular for the condition whereby prices for nearby delivery are lower than prices for future-month delivery.

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

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