

# Platts JKM(TM) for April-delivered LNG fell 59.8% year over year on weak demand

Northeast Asian prices dropped 2.1% from previous month as UK NBP seen providing support

PR Newswire  
SINGAPORE

SINGAPORE, March 17, 2015 /PRNewswire/ -- Prices of spot liquefied natural gas (LNG) for April delivery to northeast Asia continued their downward slide, falling 59.8% year over year to average \$7.279 per million British thermal units (/MMBtu), according to latest Platts Japan/Korea Marker (Platts JKM(TM)) data for month-ahead delivery.

The figure reflects the daily JKM assessed published by [Platts](#), a leading global energy, petrochemicals and metals information provider and a premier source of benchmark price references, between February 16 and March 13 expressed as a monthly average.

The year-over-year drop was largely attributed to weaker-than-expected demand from buyers in northeast Asia, where both electricity generation and utility gas usage are down on fairly mild temperatures over the winter season, and slowing economic growth. The fall followed the record year-over-year plunge of 61.7% seen the previous trading month.

Month over month, the April JKM dipped a more marginal 2.1%, suggesting that the downward spiral in prices was beginning to lose momentum.

The JKM had opened the trading month at \$6.725/MMBtu on assessment date February 16 before beginning a steady uptick that saw the marker gain 97.5 cents over the period to close at \$7.70/MMBtu on assessment date March 13.

This was the first sustained period of increases for the JKM since the beginning of 2015, although the market remained in backwardation\*, as demand is expected to slow further with the advent of northern hemisphere spring and warmer temperatures.

The U.K. National Balancing Point (NBP) onshore gas market was seen to be providing some support to Asian spot prices, as NBP had been trading at a premium to JKM for the first half of the trading month.

"This afforded suppliers and traders the opportunity to deliver Atlantic-loading cargoes into the premium European onshore gas markets, while backfilling requirements in the Asian Pacific basin with cheaper spot cargoes," said Stephanie Wilson, managing editor of Asia LNG at Platts. "This effectively tightened availability of cargoes in the Asian spot market as traders and sellers bought spot cargoes from various liquefaction projects, driving prices higher."

At the beginning of the trading month, the NBP had been trading 40 cents above the JKM, but the spread narrowed as NBP prices slipped on warmer temperatures, while JKM trended higher as supply in the Asia Pacific basin tightened. The April JKM ended the trading month 80 cents higher than the NBP.

The effects of the higher NBP price were also felt in India, where importers looking to secure deliveries into the west of the country were forced to bid above other Asian buyers in order to attract cargoes from the Atlantic and Middle East.

Meanwhile, the price of possible competing fuel thermal coal decreased 11.5% year over year, while fuel oil was down 42.4% year over year.

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

	Apr-15	Apr-14	Mar-15	Year-over-Year	Change %	Month-over-	Month Change
					-----		-----
JKM (\$/MMBtu) -----	7.279	18.113	7.436		-59.8		
Qinhuangdao coal (\$/MMBtu) -----	3.403	3.845	3.562		-11.5		
180 CST fuel oil (\$/MMBtu) -----	9.039	15.691	7.905		-42.4		

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.

*\*Backwardation is the industry vernacular for the condition whereby prices for nearby delivery are higher than prices for future-month delivery.*

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