

Platts JKM(TM) for May-delivered LNG Showed First Monthly Gain since November

Northeast Asia prices dropped 52.6% from year ago despite month-over-month rebound

PR Newswire
SINGAPORE

SINGAPORE, April 20, 2015 [/PRNewswire/](#) -- Prices of spot liquefied natural gas (LNG) to northeast Asia for May delivery remained under pressure, falling 52.6% year over year to average \$7.380 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 March 16 and April 15 expressed as a monthly average.

Despite the steep year-over-year decline, the average May JKM showed an increase of 1.4% from April's \$7.279/MMBtu - the first gain in month-over-month average prices since November. This suggested that the JKM could have bottomed following a steady downtrend, as the marker lost more than 30% since the start of the calendar year.

"The U.K. National Balancing Point (NBP) onshore gas market is seen to be providing a floor to Asian spot prices," said Stephanie Wilson, managing editor of Asia LNG at Platts. "Sellers with offtake in the Atlantic continue to deliver those cargoes into European markets around \$6-7/MMBtu DES and backfill requirements in the Asia Pacific basin with spot cargoes. JKM could continue to mirror movements in the NBP until the arbitrage opportunity between the two basins opens again."

Rising NBP values had been cited as a key bullish factor on JKM for April- and early May-delivery. But as the NBP weakened, the JKM also fell almost 8%, or \$0.65, to \$6.975/MMBtu by the end of the assessment period. Near the beginning of the assessment period, the spread between the JKM and NBP had been as wide as \$1.24/MMBtu, effectively opening an arbitrage opportunity, before narrowing to \$0.21 on April 15.

With ample cargoes on contract and high inventories to cover demand, northeast Asian buyers' appetite for spot cargoes remained weak. Spot purchases were mainly observed to be from opportunistic buyers interested in low-cost prompt cargoes.

As few northeast Asian buyers remained by the end of the assessment period, the focus had shifted to India, where importers were seeking prompt cargoes for May delivery. This provided support to prices in the country, with India became the premium market in the last few days of the trading month. The DES West India assessment closed at \$7.00/MMBtu April 15, while JKM was assessed at \$6.975/MMBtu and NBP closed at \$6.764/MMBtu.

Meanwhile, the price of possible competing fuel thermal coal decreased 15.4% year over year, while fuel oil was down 46.0% year over year. Both showed more than a 7% decline in month over month comparisons.

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

	May -15	May -14	Apr -15	Year-On-Year Change %	Month-On-Month Change %
JKM (\$/MMBtu)	7.380	15.559	7.279	-52.6	1.4
Qinhuangdao coal (\$/MMBtu)	3.15	3.72	3.40	-15.4	-7.4
180 CST fuel oil (\$/MMBtu)	8.33	15.43	9.04	-46.0	-7.8

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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