News Release Archive

# Platts JKM(TM) for August-delivered LNG down 2.7% from previous month

**Northeast Asian price decline slows to 34.9% year over year**

PR Newswire
SINGAPORE

SINGAPORE, July 22, 2015 /PRNewswire/ -- Prices of spot liquefied natural gas (LNG) to northeast Asia averaged $7.395 per million British thermal units (/MMBtu) for August, according to latest Platts Japan/Korea Marker (Platts JKM(TM)) data for month-ahead delivery.

The figure reflects the daily JKM assessment published byPlatts, a leading global energy, petrochemicals and metals information provider and a premier source of benchmark price references, between June 16 and July 15, expressed as a monthly average.

The marker slid 2.7% month over month, with demand from end-users in northeast Asia extremely slow, despite the fact that August is traditionally the peak month of the summer buying season due to increased power generation.

"A slew of supply tenders from liquefaction projects in Asia largely capped the potential gains on the JKM early in the month," said Stephanie Wilson, managing editor of Asia LNG at Platts. "But traders and suppliers with short positions absorbed the bulk of these volumes."

The August JKM opened the trading month at $7.20/MMBtu, the lowest level seen for August since 2010, before making the bulk of its 50 cent gain in the second half of the assessment period. This was largely driven by interest to either optimize or backfill short positions from traders and suppliers. This pushed the marker to close at $7.70.

This is the sixth consecutive month that JKM prices have been range bound between $7-8/MMBtu since declining from the $9-10/MMBtu level seen over January and February delivery.

Year over year, the JKM was down 34.9%, the slowest decline of 2015 so far, with August 2014 average prices at $11.365/MMBtu.

"New and existing buyers with emerging demand requirements in the Atlantic basin once again created opportunities for portfolio sellers and traders looking to optimize their deliveries by the end of the month, which pushed bids for the last few remaining cargoes higher," said Wilson

Prices struggled to move beyond the $7.70/MMBtu mark in northeast Asia, however, as recent declines in the crude oil markets also provided a natural ceiling to prices.

Meanwhile, the price of possible competing fuel thermal coal also decreased 21.2% year over year, while fuel oil was also down 44.7% from the same month in 2014 as crude oil rebounded.

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

| | Aug-15 | Aug-14 | Jul-15 | Year-On-Year Change % | Month-On-Month Change % |
|---|---|---|---|---|---|
| JKM ($/MMBtu) | 7.395 | 11.365 | 7.600 | -34.9 | -2.7 |
| Qinhuangdao coal ($/MMBtu) | 2.847 | 3.613 | 2.888 | -21.2 | -1.4 |
| 180 CST fuel oil ($/MMBtu) | 8.732 | 15.796 | 9.690 | -44.7 | -9.9 |

Note: UK and US front month futures roll at the end of each calendar month. JKM rolls on the 16th of each calendar month.
Source: Platts data

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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CONTACT: Global, EMEA: Alex Brog, +44 207 176 7645, alex.brog@platts.com, Global, Americas: Kathleen Tanzy, + 1 917 331 4607, kathleen.tanzy@platts.com, Asia: Kimitsu Yogachi, +65 6530 6596, kimi.yogachi@platts.com

Web Site: http://www.platts.com

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