

Platts JKM(TM) for October-Delivered LNG Dropped 5.9% from Month Ago

Year-Over-Year Decline of 41.2% for October-Delivered Liquefied Natural Gas

PR Newswire
SINGAPORE

SINGAPORE, Sept. 28, 2015 [/PRNewswire/](#) -- Prices of spot liquefied natural gas (LNG) to northeast Asia averaged \$7.538 per million British thermal units (MMBtu) for October, according to latest Platts Japan/Korea Marker (Platts JKM(TM)) data for month-ahead delivery.

The figure reflects the daily JKM assessment published by [Platts](#), a leading global energy, petrochemicals and metals information provider and a premier source of benchmark price references, between August 17 and September 15, expressed as a monthly average.

The marker, which fell 5.9% month over month, started the assessment period at \$7.95/MMBtu, but weakened over the course of the month to be assessed at \$7.00/MMBtu on September 15, as supply concerns from the previous month eased following multiple sell tenders from projects in the Asia Pacific region.

Although the market was moving into the traditional peak winter season, demand among northeast Asian buyers remained weak owing to high inventories in tank and moderate temperatures. Demand among portfolio sellers and traders -- who had previously provided some support to prices -- was also lackluster, as most short positions had now been covered. Arbitrage opportunities between the two basins had also narrowed on tighter spreads between the Platts JKM and U.K. onshore National Balancing Point (NBP) gas prices.

"High inventories continued to result in weak demand from South Korea, Japan, and Taiwan," said Stephanie Wilson, managing editor of Asia LNG at Platts. "In Japan, Kyushu Electric was unable to take delivery of a cargo due to high inventories, while in Taiwan, CPC, the only North Asian buyer to have shown sustained demand for additional LNG in 2015, was recently heard to be looking to defer contractual volumes due to high stocks."

Furthermore, Chinese downstream demand is also weak, with state-owned LNG buyer CNOOC issuing a supply tender, the first sell tender from a traditional northeast Asian LNG consumer, said Wilson. "Demand is looking uncharacteristically soft leading up to winter," Wilson said.

On the supply side, there were numerous sell tenders from the majority of Asia Pacific projects, as sellers found it difficult to market extra volumes. Tenders from Australia, Indonesia, Papua New Guinea, and Russia were issued during the month.

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

Meanwhile, the price of possible competing fuel thermal coal also decreased 21.1% year over year, while fuel oil was also down 60.0% from the same month in 2014.

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

	Oct-15	Oct-14	Sep-15	Year-On-Year Change %	Month-On-Month Change %
JKM (\$/MMBtu)	7.538	12.826	8.007	-41.2	-5.9
Qinhuangdao coal (\$/MMBtu)	2.67	3.38	2.79	-21.1	-4.3
180 CST fuel oil (\$/MMBtu)	6.07	15.17	7.35	-60.0	-17.5

Note: U.K. and U.S. front-month futures roll at the end of each calendar month. Platts 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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