Argus Global Gas Markets

Gas and LNG markets, projects and infrastructure

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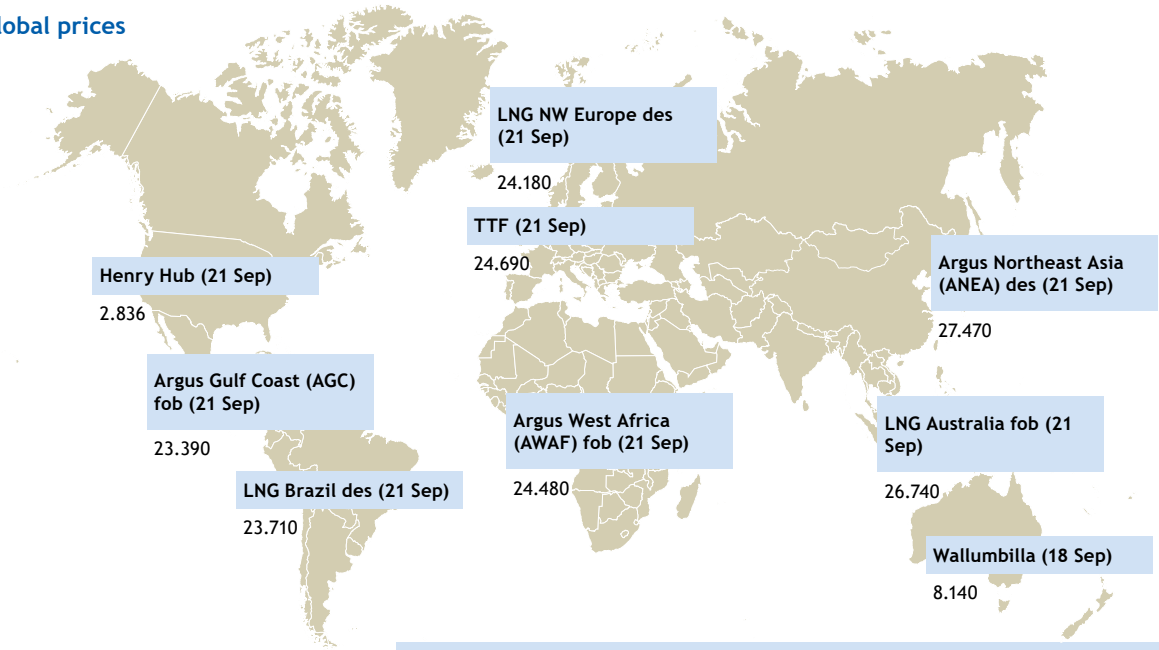
Key global prices

$/mn Btu



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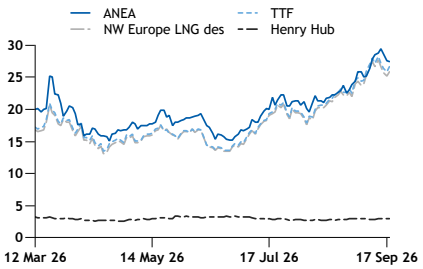

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Executive summary

With US president Donald Trump reiterating his belief that a deal with Iran could only be possible after November's US midterm elections, the gas market is increasingly bracing for the possibility that LNG exports from the Mideast Gulf may remain severely curtailed throughout the winter and potentially into 2027 (*p3*). Meanwhile, Qatar has ruled out a diversification strategy that would reduce its reliance on the strait of Hormuz, but this could be a risky bet (*p2*). In the longer term, uncertainties over Middle East supplies could support investment decisions in other projects, particularly in the Asia-Pacific basin — ExxonMobil's proposed takeover of Papua LNG could support its longer-term LNG growth ambitions in the region (*p16*).

Europe faces a particularly challenging season, with gas inventories at record lows for the time of year, raising concerns over supply adequacy in the event of prolonged cold weather (*pp4-5*). European demand is expected to be weak this winter, with forecasts pointing to a very high chance of above-normal temperatures. But low hydro stocks and uncertain French nuclear availability pose upside risks to consumption and prices (pp6-7).

China is unlikely to emerge as a major source of additional spot LNG demand, as rising domestic output, stable pipeline imports and new Russian supplies are likely to offset modest demand growth (*pp10-11*). But in spite of the higher prices, LNG demand has continued to rise in southeast Asia (*pp12-13*), while India's fertiliser sector has driven a wave of high-priced LNG purchases amid declining domestic production (*p14*). Japan is strengthening LNG security through more flexible contracting and shipping strategies (*p15*).

Next month, Brazil will head to the polls to elect a new president, with potentially crucial repercussions on the country's gas market reforms (*pp8-9*).

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EDITORIAL

Qatar is choosing to put all its eggs in one basket despite proposals from neighbouring countries to help shift its focus away from the strait of Hormuz

Bet on the strait

Qatar appears to be largely ruling out a diversification strategy that would reduce its reliance on the strait of Hormuz in the future. But its decision to put all its stakes on a diplomatic resolution that would bring about business as usual may be put to test in the coming months.

"We are only going to be using the strait," Qatar's energy minister and chief executive of state-owned QatarEnergy, Saad Sherida al-Kaabi, told the Qatar Economic Forum in New York on 20 September. The country has received proposals and offers to build gas pipelines through neighbouring countries — to ports in Syria, Saudi Arabia, the UAE or Oman — as part of a strategy aimed at reducing its dependency on the strait. But Doha has ultimately decided not to go down this route, mainly because of the already advanced stage of the LNG expansion projects under way. "We have decided not to do pipelines. The decision was based on commercial and technical [factors]," al-Kaabi said.

His comments were made in response to a claim made earlier this month by US Treasury Secretary Scott Bessent, who argued that within two years the strait of Hormuz will be "a worthless piece of water" because of projects by Mideast Gulf states to diversify exports from the region by pipelines. "Maybe this is his view. [But] I think this is completely wrong," al-Kaabi said, pointing at the amount of trade that happens in Hormuz even beyond oil and gas.

Qatar's decision not to engage in diversification projects may have been forced by the advanced stage of its expansion projects. The first liquefaction train of its 32mn t/yr North Field East (NFE) LNG expansion project is on track to start operations in the first half of next year, al-Kaabi said, adding that all liquefaction trains involved in NFE, the 16mn t/yr North Field South and the equally sized North Field West expansion projects are already under construction, although their timelines hinge on the status of the strait.

But the decision also represents a bet that a diplomatic process can bring about a return to a pre-war, business-as-usual state of affairs in the not-too-distant future. Whether deliberately or not, it also acknowledges the reality that, as long as the US-Iran conflict is simmering, Hormuz bypass infrastructure would face the same risks as the vessels passing through the strait. That realisation is yet to sink in, despite the recent Houthi attacks on Saudi oil infrastructure. For all its advocacy of new pipelines, the US has yet to offer any support to Riyadh to prevent further attacks. But Qatar's neighbours have still put forward proposals to expand their capacities to bypass Hormuz for their oil exports.

The fate of any diplomatic process to resolve the issue is still far from certain. US and Iranian envoys met on the sidelines of the UN General Assembly in New York on 22 September, marking the first direct diplomatic dialogue between the two countries in three months. But both sides continued to send mixed signals.

In his address to the UN, Trump reiterated his claim that a deal with Iran could happen after the US midterm election on 3 November. "I believe we'll make a deal right after the election because it does not make sense for them not to," Trump said. "They are waiting to see how I do in the midterm election. But what they don't realise is that I am not running. I did that already... and I'll be here for two-and-a-half years."

Trump's remarks sought to dispel the idea that popular discontent over high fuel prices in the US could exert pressure on the White House. But there is no evidence that Tehran might be more open to negotiations once the US election is in the rear-view mirror. Furthermore, Trump's apparent endorsement of a plan to temporarily block diesel exports from the US, in a bid to shield US consumers from the impact of the crisis, might further stiffen Washington's position.

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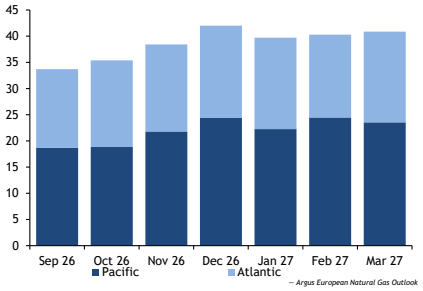
LNG SUPPLY

Global LNG supply crunch looms over winter

The closure of Hormuz could continue into 2027, further exacerbating the supply imbalance between the Atlantic and Pacific basins, write Annemarie Pettinato and Antonio Pecciccia

Global LNG supply ***mn t***



The chances of a swift resolution of the US-Iran standoff in the Mideast Gulf have all but evaporated, raising the prospect that global LNG supply could remain significantly curtailed until at least the end of 2026, and possibly the whole winter.

Seven months after the outbreak of the US-Israel war with Iran that resulted in the effective closure of the strait of Hormuz, the likelihood of a swift reopening of the crucial waterway appears increasingly distant. US president Donald Trump on 22 September reiterated earlier claims that a deal with Iran could only be possible after the US midterm elections on 3 November, raising the prospect that the strait could remain closed at least throughout the rest of the year. Assuming a deal could be reached and implemented in early December, global LNG supply could total 231mn t over October-March, in line with the same period last year, according to the September issue of *Argus European Natural Gas Outlook*.

This scenario projects a drop in global supply to 110mn t in the fourth quarter from 118.2mn t a year earlier, and an equivalent rebound on the year in the first quarter of 2027 — based on Qatari production ramping up gradually in December and achieving full production at its operational trains in January. LNG exports from the now-64.2mn t/yr Ras Laffan could "get back to normal operations within a couple of weeks" once the strait of Hormuz reopens, state-owned QatarEnergy's chief executive, Saad Sherida al-Kaabi, said this week. This excludes the two liquefaction trains with total capacity of 12.8mn t/yr that suffered extensive damage in a mid-March strike, which will take three years to repair, al-Kaabi said.

But while Trump has sought to dismiss expectations that the looming November elections could exert pressure on the White House, there is still scant sign that a diplomatic resolution could have better odds after the US polls are closed, raising the prospect that the strait could remain closed well into 2027. Assuming no meaningful resumption of LNG transit flows through Hormuz, global LNG supply could drop to 215mn t this winter from 232mn t a year earlier. This projection includes Qatari exports in line with the April-June average throughout most of the winter, before peak power sector gas demand from Kuwait drove a rebound in LNG deliveries within the Gulf in the third quarter. LNG loadings from the UAE are instead assumed in line with the July-September average.

Both scenarios assume that some LNG cargoes would continue to leave the Mideast Gulf through "dark transits" or specific deals with Iran, as observed over the summer. That said, Mideast Gulf exports have fallen to 1.6mn t so far this month from around 2mn t/month in June-August. In a sign of renewed tensions between the two sides, Iran's Islamic Revolutionary Guard Corps listed 11 LNG vessels as "non-compliant". Despite this, several non-compliant vessels controlled by Abu Dhabi's state-owned Adnoc have continued to undertake dark transits.

Gold rush

The closure of Hormuz has exacerbated a supply imbalance between the Atlantic and Pacific basins that had been mounting in recent years, with the fast growth in US liquefaction capacity. Continued growth in North American LNG output could further add to this imbalance. Only one out of three trains at the US' 18.1mn t/yr Golden Pass export facility has been brought on line, and it is operating below capacity. Exports from Canada and Mexico are also set to rise this winter, with the 14mn t/yr LNG Canada and 3.25mn t/yr Energia Costa Azul LNG terminals expected to reach full capacity.

But more Russian LNG is likely to flow to the Pacific basin in the first quarter, once the EU's Russian LNG ban comes into force. Exports from the 17.4mn t/yr Yamal LNG facility hit 5.2mn t in the first quarter of 2026, almost entirely to Europe.

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EUROPE

Europe faces risky winter with record-low gas stocks

There is still time to build inventories but possible supply constraints pose a threat to stocks, writes Alejandro Moreano

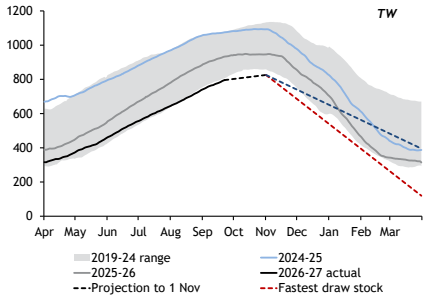
The EU is set to start the winter with record-low gas stocks after a sluggish injection season, even though inventories are already within the derogated EU targets. But a cold winter could leave sites depleted by the end of the season.

The EU held 795TWh in underground storage on 22 September, 159TWh below the three-year average and equivalent to around 70pc of capacity, data from the GIE transparency platform show. A tight global gas market, caused by the war in the Middle East, led the European Commission to encourage member states to reduce their EU fill level targets by 10 percentage points. With EU-wide and country-specific derogations factored in, the bloc has already surpassed its aggregate 67.2pc target, which countries are meant to hit between 1 October and 1 December. But sites are at record lows for the date, having started the injection season already below average levels, even before slower LNG deliveries over the summer further curbed stockbuild.

Firms still have more than a month to inject gas into storage sites and increase fill levels ahead of the core winter season. Injections matching the three-year average for 23 September-31 October would raise EU stocks to 72.9pc of capacity on 1 November. If the November-March stockdraw equals the fastest in the past five years — winter 2024-25 — EU storage would hold 115TWh on 1 April, at 10pc of capacity, marking a record low for the date. The slowest stockdraw, consistent with winter 2022-23, would leave stocks much higher at 392TWh on 1 April, at 34pc of capacity, which would still be the lowest since 1 April 2021. But limited scope for increased pipeline gas imports and early competition with Asian buyers may curb injections until November.

Even in the event of a mild winter, the coming season may resemble winter 2024-25 more than previous years, because of possible looming supply constraints. The draw in winter 2024-25 was quick because of weak LNG receipts in autumn, a halt of Russian gas transit via Ukraine at the turn of the year and cold spells in January and February. This year, the continued standoff between the US and Iran in the Mideast Gulf raises the prospect that LNG shipments through the strait of Hormuz could remain all but halted throughout the winter.

Fill level scenarios



To intervene or not to intervene?

Germany — the EU's largest storage holder and gas consumer — is lagging behind in its stockbuild, despite EU stocks having already surpassed the fill level target

Germany — the EU's largest storage holder and gas consumer — is lagging behind in its stockbuild, despite EU stocks having already surpassed the bloc's fill level target. German sites were 57pc full on 22 September, holding 140TWh — a historical low for the date. The country may face a challenging winter if the government does not directly intervene to aid the remaining stockbuild by 1 November. Germany is bound to a combined 70pc fill level target by the start of November, and German law allows market area manager THE, with approval from the economy and energy ministry, to intervene to support the stockbuild.

Direct government intervention could take the form of tendering for gas supply and injecting it into storage, mirroring actions taken in 2022. But Berlin does not see the need for any "government support measures", the government told *Argus* last week. As the deadline approaches and injections lag behind the pace needed to reach the target, the government remains silent on intervention.

Market participants polled by *Argus* thought the government took steps towards state intervention last week, when state-owned gas importer and storage operator Sefe said it intended to fill its booked capacity for storage year 2026-27. But the company told *Argus* that it had made an "independent" decision to fill the contracted storage capacity, and had not received any "instruction from the Federal Ministry for Economic Affairs and Energy to fill gas storage facilities". In

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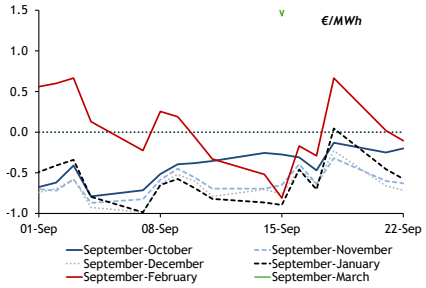
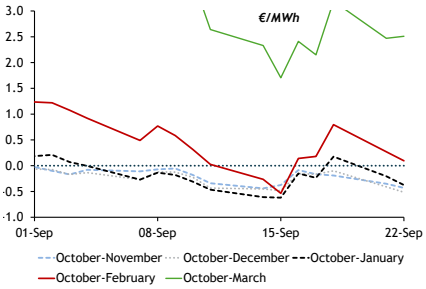
EUROPE

THE Sep spreads to winter contracts



THE Oct spreads to winter contracts



any event, the decision is unlikely to significantly quicken the German stockbuild, as injection constraints and unprofitable spreads may hamper the firm's plans.

THE launched two balancing tenders on 21 September for the first quarter of 2027 to ensure security of supply. Successful bidders must be ready to inject gas into the grid if called on by THE. The tenders cover a theoretical maximum of 24TWh, falling well short of market expectations of 80TWh. The tenders are also unlikely to accelerate the stockbuild because it is more economically attractive for firms that already have capacity in storage to bid for the volumes.

For Germany to reach its storage target, net injections would need to average 814 GWh/d until 1 November — more than four times the three-year average of 147 GWh/d for 23 September-1 November. But slim price incentives could deter firms from quick stockbuild. September and October spreads to the individual winter months are normalised, which in theory could encourage injections, but storage spreads have significantly narrowed in recent days, reducing the incentive.

Storage operators' association INES has called on the government to intervene, mainly by subsidising marginal costs of injections to encourage a sustainable stockbuild. The association also said that anything less than a 77pc fill level at the start of winter may fall short of stocks needed to meet demand, even if temperatures are in line with seasonal norms this winter.

Backwardation in near curves at most European hubs — with fourth-quarter 2026 prices at a premium to the first-quarter 2027 contract — further limits the incentive for firms to preserve stocks until later in the winter. Unless such spreads invert, firms across the region may be encouraged to bolster withdrawals in the first half of the winter. That said, some may still be able to preserve stocks without missing out on profitable deals by increasing LNG deliveries early in the winter. But in Germany, high regasification costs make LNG terminals uncompetitive against many neighbouring markets.

Lagging behind

The Netherlands is facing a similar issue to its neighbour, as the fill level is expected to be capped once state-owned EBN completes its filling task, and unprofitable spreads encourage early withdrawals.

Dutch grid operator Gasunie has said the country will not meet its 80pc fill target for this winter, and the government announced earlier this month that it would implement the 10-percentage-point extra derogation into its EU target, effectively bringing it down to 64pc, or 92TWh. Sites held 75TWh as of the morning of 21 September, and state-owned EBN has around 20TWh left of its 80TWh filling mandate, which would bring the country's fill level above the EU range.

But with the sharp TTF backwardation, injections could grind to a halt after EBN completes its mandate in October, and firms could even be encouraged to withdraw gas and profit from elevated prompt prices once EBN finishes injecting. The country's Bergermeer site, where capacity is mostly booked by commercial firms, already recorded net withdrawals over four days in mid-September. An early withdrawal trend from other sites could leave stocks extremely depleted by the core winter season.

LNG could alleviate some of the Dutch balance if sites experience an early withdrawal season. But in the event of a cold snap with high heating demand, LNG cannot provide supply as flexibly and promptly as underground storage. Low fill levels ahead of winter in these countries could reconfigure gas flows in the continent, especially if stocks are depleted early and Dutch and German consumers pull supply away from neighbouring markets.

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EUROPE

Gas use set to drop in winter, but risks stand

Temperatures are forecast to be higher but there could still be large deviations in European demand, write Victoria Dovgal, Maxim Krukov and Iris Petrillo

European gas demand could drop on the year this winter if temperatures are in line with or above seasonal norms, as lower residential consumption and reduced gas-fired generation could add to an uncertain outlook for industrial gas use. But weak hydro stocks, heavier French nuclear maintenance and the risk of prolonged disruption to Middle Eastern gas and fertiliser supplies still pose upside risks.

Seasonal forecasts point to a high probability of above-normal temperatures across much of Europe, which could weigh on demand for natural gas and electricity. If heating degree days are in line with the five-year average and their relationship with demand mirrors the 2025-26 winter, residential and commercial gas demand would be about 7.1 TWh/d across eight of Europe's largest gas-consuming countries — the UK, Germany, the Netherlands, Italy, France, Belgium, Poland and Hungary, where daily local distribution zone (LDZ) data are available. This would be around 3pc below the 2021-26 five-year average of 7.3 TWh/d, showing a lasting reduction in gas demand as households and businesses switch technologies, such as to heat pumps, and adjust consumption habits in response to higher energy costs.

But weather could produce much larger deviations from this baseline. If temperatures match those recorded during the coldest heating season of the past five years, LDZ demand would rise to 7.6 TWh/d. By contrast, temperatures in line with the mildest of the past five winters would reduce demand to 6.7 TWh/d.

Energy-efficiency improvements implemented since the 2022 energy crisis could further reduce residential consumption. About 2.9mn domestic heat pumps were sold across 21 European countries in 2025, up from 2.6mn a year earlier, according to the European Heat Pump Association (EHPA). Heat pump sales grew by a further 17pc to 575,000 units in the first quarter of 2026 from 494,000 units a year earlier in a smaller pool of 11 European countries for which quarterly data are available, according to the EHPA. Installation typically takes six months to two years, meaning some units will begin operating this winter.

European winter power demand has risen... every year since 2023. But this trend may reverse in the event of a mild winter

Price signals will also shape demand. Retail gas tariffs reflect market trends in most EU countries, and higher costs could encourage households to curb consumption and optimise heating use. But consumers in countries such as Hungary, Poland and Romania, where household gas prices remain partially regulated or capped, are less exposed to wholesale market fluctuations.

Change of power

European gas-fired generation may also fall this winter, as more favourable coal economics and continued growth in renewable capacity reduce gas' share of the power mix. This may outweigh the effects of low hydro stocks and potentially heavier French nuclear maintenance this winter.

European winter power demand has risen by an average of 2.2pc every year since 2023, Fraunhofer ISE data show. But this trend may reverse in the event of a mild winter this year. The European Centre for Medium-Range Weather Forecasts projected on 1 September that temperatures in October-January had a roughly 60pc chance of being above seasonal averages in most of Europe. But continued electrification, including heat pump installation, could still produce a slight rise in power demand even if temperatures are broadly in line with seasonal norms.

The share of gas in European thermal generation rose in each of the past four winters, reaching 57.7pc, or 54.8GW, last winter from 46.8pc in 2021-22, as governments moved away from coal, Fraunhofer ISE data show. That trend may slow or reverse, as sharply higher gas prices have made coal generation considerably more commercially attractive. In Germany, one of Europe's largest remaining coal users, the clean dark spread was €49.05/MWh higher than the clean spark

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EUROPE

spread for the winter on 22 September, assuming a 40pc-efficient coal plant and a 55pc-efficient gas plant. But Europe's remaining coal fleet can only displace gas to a limited extent. Installed coal-fired capacity stood at 98.9GW at the end of 2025, significantly below the 192.2GW of installed gas capacity.

Rising renewable capacity could also cut gas-fired output. Germany, Spain, Italy, the UK and France have added at least 10.7GW of onshore and offshore wind capacity over the past 12 months. Assuming an eight-winter average load factor for each technology, this would add around 4GW of generation. Solar capacity has grown much faster, with 51.3GW added in the five countries. But solar's eight-winter average load factor is just 7.1pc, implying that the additional capacity would contribute only around 3.6GW.

Weak hydro generation could partially offset the higher wind and solar output

Weak hydro generation could partially offset the higher wind and solar output. Hydro stocks across the region at the end of August stood at their lowest for that time of year since 2022 — 8.1pc below the 2021-25 average and 12.6pc lower than last year. French nuclear output may also fall short of last winter. Current maintenance schedules indicate 10.8GW of capacity will be off line this winter, below the 13.5GW realised last winter. But schedules are routinely revised upwards. In mid-September last year, only 7.6GW of cuts were planned for winter 2025-26, and a similar revision this year would take outages well above last winter's level.

The base case for gas-fired generation is to average 51GW this winter, below last year's 54.8GW. But depending on renewable and coal-fired output, hydro availability, and French nuclear outages, it could fall anywhere in the range of 41-58GW, even before accounting for the effect of temperature, *Argus* analysis shows.

Industrial gas demand may prove more resilient to higher prices this winter relative to 2022, although gas-intensive sectors could be more vulnerable.

Combined industrial gas use across Europe's seven largest gas consumers — Germany, Italy, the UK, Spain, France, the Netherlands and Belgium — edged down to 2.74 TWh/d last winter from 2.82 TWh/d over October 2024-March 2025. This was slightly above the 2.68 TWh/d recorded in winter 2022-23, when price spikes drove a historic downturn in industrial demand. But a repeat of the 18pc year-on-year fall recorded in 2022-23 is unlikely. Front-winter gas contracts at European hubs are trading about three times lower than four years earlier as of 7 September, while electrification and renewable deployment have reduced some industries' sensitivity to gas prices. The 2022 crisis may have also permanently removed some of the most price-sensitive production capacity.

The 2022 crisis may have also permanently removed some of the most price-sensitive manufacturing capacity

Chemical bothers

The chemical sector remains the most exposed to high prices as gas is used both as an energy source and as feedstock. European ammonia plants typically require 32mn-36mn Btu of gas to produce 1t of ammonia and the continent's aggregate production capacity was about 18.4mn t/yr in 2025, according to engineering and technology company KBR. These assumptions leave an estimated 86-97TWh of gas consumption exposed if elevated prices persist through the winter. Agrofert — an ammonia producer with European capacity totalling 2.78mn t/yr — is already considering reducing output because of cost pressures. Imports were $100-200/t cheaper than producing domestically as of early September.

But alternative ammonia and fertiliser supplies are more constrained than in 2022, as the Middle East disruption affects a major source of supply. This could make it harder for European consumers to replace domestic production cuts with imports. Steelmakers may be better protected. Import restrictions introduced this year, such as the carbon border adjustment mechanism and post-safeguard trade-defence measures, have supported domestic market share and profitability.

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BRAZIL

Gas agenda overshadowed in presidential plans

Both candidates are currently focusing their attention on driving up oil and gas production, write Lucas Parolin, Marcos Mortari and Maria Frazatto

Energy has not emerged as a prominent topic in Brazil's 2026 presidential race, but policy differences may become clearer after the vote through the new president's early appointments and decisions. This may be crucial for natural gas, a key subject of the ongoing regulatory debate.

The upcoming election is of paramount importance for the increasingly polarised country. President Luiz Inacio Lula da Silva — vying for a fourth, non-consecutive term — and challenger Flavio Bolsonaro — the son of former president Jair Bolsonaro, who is currently under house arrest for a coup attempt conviction — are leading the race within the polls' margin of error. Together, the two account for more than 70pc of voting intentions — a 17 September poll from Datafolha has Lula with 39pc of the vote in the first round and Bolsonaro at 36pc. If no candidate wins more than 50pc of votes in the first round on 4 October, Brazilians will head to the ballot boxes again on 25 October to vote on a run-off. The poll projects that Lula would secure 46pc of the votes in a run-off, versus Bolsonaro's 44pc.

Neither have placed energy as a priority in their campaigns. Only a few paragraphs were devoted to energy policy in the candidates' platforms — a pattern seen in several recent election cycles. Instead, voters' attention has been mostly turned to labour issues and an investigation related to fraud allegations at a failed lender with possible links to major political figures, including Flavio Bolsonaro and a judge seen as a Lula ally.

Brazil has taken significant steps toward developing its gas market, attracting new investments and participants across different segments of the value chain

Both candidates promise to keep driving oil production up — which consequently means increasing gas production, as more than 90pc of the country's output is oil-associated. But the two candidates' plans for the sector diverge substantially. Energy research firm Epe expects Brazil's crude production to peak at 5.1mn b/d in 2032, up from current production estimated at nearly 4.5mn b/d, according to hydrocarbons regulator ANP data. Gross gas production would similarly peak at 309mn m³/d in 2033, up from about 215mn m³/d at present, according to ANP. Net production, after deducting own consumption, flaring, losses, and reinjection, is expected to reach 127mn m³/d in 2035, compared with the current 66mn m³/d effectively made available to the market.

Since the new gas law came into force in 2021 under Jair Bolsonaro's administration, Brazil has taken significant steps toward developing its gas market, attracting new investments and participants across different segments of the value chain. Despite the ideological differences between the two governments, this process continued under Lula's administration, which oversaw a series of regulatory advances. These include discussions on third-party access to LNG, gas processing and transport infrastructure, new transportation tariffs, a proposed gas release programme and the federal government's own natural gas auctions. These initiatives shared a common objective of encouraging new entrants into the market, fostering competition and curbing prices for buyers.

Compare and contrast

Lula's platform keeps state-owned Petrobras at the centre of Brazil's energy strategy. The incumbent president pledges to expand investments in upstream oil and gas, refining and LNG logistics, while maintaining natural gas and biomethane as key transition fuels to support industrial development and power system reliability. His proposals also call for further expansion of gas transportation and distribution infrastructure, stronger regional gas integration and the reinforcement of local content requirements.

"The role of natural gas and biomethane as complementary sources to renewable energy will continue to be encouraged, enhancing energy security,

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BRAZIL

increasing power system flexibility and strengthening the competitiveness of the Brazilian economy," Lula's platform states. "The new Brazil we seek to build will advance energy security and the energy transition in parallel."

By contrast, Bolsonaro frames energy policy around market competition and private investment. His programme focuses on continuing the gas market liberalisation initiated under his father's administration — with a focus on regulatory stability, lower energy costs and infrastructure expansion driven by private capital. One of his key energy proposals is to simplify electricity bills and lower power costs, which he argues would attract investment in data centres and artificial intelligence projects. "Brazil is producing growing volumes of natural gas from the pre-salt fields, but part of that supply is being wasted due to insufficient gas transporting infrastructure, even as the country continues to import costly gas from abroad," Bolsonaro's plans state. "We will support the expansion of gas gathering and transportation networks, allowing currently disconnected states to be integrated into the grid and helping lower energy costs for industry and households."

Reducing gas reinjections into oil fields had been a key policy pledge of Lula's energy minister Alexandre Silveira when he took office in 2023. But progress on tackling the issue has been slow, despite the commissioning of additional gas pipelines intended to deliver more associated gas from Brazil's pre-salt fields to consumers. The country's gross natural gas production was 65.4bn m^3 in 2025, but as much as 35.6bn m^3 — or 54pc — was reinjected into oil fields. This share has even widened compared with the 50pc of gas supply that was reinjected in 2022. The proposed regulatory changes on third-party access to processing and transport infrastructure could allow a greater share of domestic production to reach the market, some participants say. But producers argue there are also technical reasons related to pre-salt production that partly explain high reinjection rates in the country. That said, the proposed third-party access rules to gas infrastructure are mostly focused on reducing prices for domestic users through increased competitiveness, meaning they may not translate into higher supply, the government says.

Flavio Bolsonaro and his team have not explicitly called for Petrobras' privatisation, and have gone as far as calling the firm a 'strategic asset to Brazil'

Bolsonaro also backs the development of unconventional gas resources through hydraulic fracturing (fracking), arguing that greater domestic supply would strengthen energy security and industrial competitiveness. The measure, supported by oil and gas producers, is currently being challenged in the courts. Lula does not address the controversial matter in his plan.

Father and son

Bolsonaro's administration sought to reduce Petrobras' role, selling assets and opening the market to more competition. Petrobras' average share of natural gas sales in the country has shrunk to 59pc in 2025, according to ANP data, down from 100pc in 2018 — the year when Jair Bolsonaro took office, before the opening of Brazil's gas market began.

His son's plan does not indicate that he would take the same route, but instead sets a goal of providing "total energy security at the lowest possible price for the consumer". Flavio Bolsonaro and his team have not explicitly called for Petrobras' privatisation, as his father did before, and have gone as far as calling the firm a "strategic asset to Brazil".

But Adolfo Sachsida — his campaign's economy co-ordinator and a former energy minister under Jair Bolsonaro — is a vocal supporter of that idea, which raises questions over the company's future under a new Bolsonaro administration. Flavio Bolsonaro has also recently vowed to revoke the temporary oil export tax — set by Lula's administration in the context of fuel price hikes related to the Middle East war — arguing that it has reduced output and investment.

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CHINA

An increase in gas demand growth in winter is highly dependent on weather conditions as the country's industrial sector remains subdued

China may have limited spot LNG demand this winter

Slower growth in China's gas consumption coupled with a continued increase in domestic production and the planned commissioning of a new pipeline from Russia are set to curb the country's LNG demand this winter. This could reduce reliance on spot LNG purchases, at a time when a prompt return to the market of Middle East LNG supplies appears increasingly unlikely.

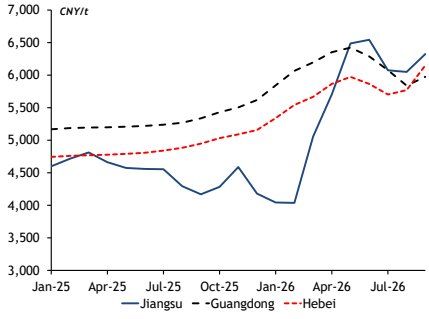
China's gas consumption is expected to increase moderately this winter. The country's National Energy Administration (NEA) expects total gas demand to reach 435bn m³ in 2026, up by around 1.8pc from a year earlier, according to July's *China Natural Gas Development Report 2026*.

A similar growth in overall demand during the upcoming winter would bring consumption up by around 4bn m³ in October 2026-March 2027, compared with a year earlier. But demand has instead fallen slightly so far this year, and a return to growth this winter remains highly dependent on weather conditions. China consumed 213.1bn m³ of gas in October 2025-March 2026, down by 0.3pc on the year, largely as a result of higher-than-average temperatures. Forecasts for another warmer-than-normal winter this year could weigh on growth in city-gas consumption. A strong El Nino weather event, typically associated with forecasts for above-normal temperatures, is expected to peak during autumn and winter 2026-27, according to the China Meteorological Administration. The World Meteorological Organization similarly expects the phenomenon to strengthen further, with a near-100pc likelihood that it will persist through to February.

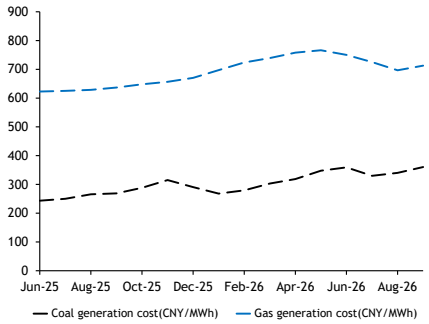
That said, brief cold snaps could still produce significant spikes in heating demand. Every 1°C drop in average temperatures across major heating demand regions in northern China can increase nationwide gas consumption by roughly 20mn m³/d, market participants estimate. Unexpected cold snaps remain a key upside driver to gas demand, particularly in southern China, where limited district heating infrastructure means higher heating demand is often met through increased electricity consumption, supporting gas-fired generation.

Outside the city-gas sector, other demand indicators remain weak. China's gas consumption fell by 2.6pc on the year to 138.63bn m³ in April-July, after the end of the heating demand season.

China truck-loaded LNG prices



China coal vs gas generation costs



Going to pot

Industrial demand, the largest source of non-heating gas consumption, remains subdued amid a weak global economy. The ceramics sector is a case in point. Ceramic exports fell by 0.9pc on the year in January-July, including a sharp 14.5pc contraction in July. And demand could weaken further in the coming months — operating rates at ceramic producers in east and south China have fallen below 50pc, well below the typical 60-70pc seen in previous years, with high inventories of finished products weighing on production growth, market participants say. The ceramic sector is highly sensitive to LNG prices, with gas accounting for roughly 28-35pc of production costs. Although domestic LNG prices have not risen as sharply as international benchmarks, they remain well above year-earlier levels (*see chart*).

Gas-fired generation is also unlikely to rise substantially. The share of nuclear and renewable output in China's generation mix has expanded steadily in recent winters — to 34pc in October 2025-March 2026 from 32pc a year earlier and 28pc in 2021-22. Nuclear and renewable energy account for more than 60pc of China's installed power capacity, as of the end of July.

And within thermal generation, coal-fired output remains significantly more competitive on a cost basis. Gas-fired generation costs were much higher than coal-fired generation costs in south China over the past 15 months (*see chart*).

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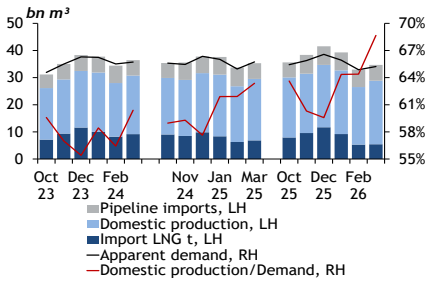
CHINA

China winter gas balance



China's LNG imports returned to year-on-year growth in May and remained higher on the year for three consecutive months

As a result, coal continues to dominate thermal power generation while natural gas is increasingly operating as a peaking source rather than a major source of incremental energy demand. Its utilisation rates have fallen to 20-25pc in recent months, from historical levels of 28-30pc, according to market participants.

Even if Chinese gas consumption were to increase this winter at a rate in line with the July projections from the NEA, a continued ramp-up in domestic production and a planned increase in pipeline supplies from Russia in the second half would likely be more than enough to meet the incremental demand, reducing the risks associated with spot LNG supplies.

Domestic supply is continuing to increase in line with Beijing's objective of raising the share of domestically produced gas during 2026-30, although the growth rate has slowed in recent months. The country's natural gas production reached 154.3bn m³ in January-July, up by 1.2pc on the year, but down from a 6pc increase observed a year earlier. But even at the slower rate, the additional production could cover around a third of incremental demand. Moreover, the share of domestic production in total gas supply has increased steadily over the previous three heating seasons (*see chart*). China produced 262.1bn m³ of natural gas in 2025, accounting for around 60pc of total gas supply.

And China's gas supply could receive a boost from January 2027, when the 12bn m³/yr China-Russia Far Eastern route is scheduled to begin deliveries, likely offsetting any increase in downstream demand during the peak heating season. Existing pipeline supplies from central Asia, Myanmar and Russia are likely to remain stable.

China has also substantially expanded its storage capacity in recent years, increasing its ability to meet unexpected demand spikes. Underground storage capacity reached 54bn m³ in 2025, while working gas volumes rose to 31.5bn m³. Storage sites are expected to be fully injected before the winter, while LNG terminals operated by companies with supply obligations are targeting inventories of around 70pc of tank capacity. These targets are broadly unchanged from previous winters, despite heightened geopolitical risks stemming from tensions in the Middle East.

Getting things strait

Global LNG supply has remained curtailed since the outbreak of the US-Iran war resulted in the effective closure of the strait of Hormuz at the beginning of March, and continued tensions in the area are fuelling concerns over LNG availability and spot price volatility over the coming winter season.

But the impact of such disruptions on China has been easing. China's LNG imports returned to year-on-year growth in May and remained higher on the year for three consecutive months, supported by higher inflows from Australia, Malaysia, and Oman. China's LNG imports in January-July were down by only 4.6pc on the year, despite earlier concerns over potentially larger supply disruptions. Around 30pc of China's LNG imports typically originate from the Mideast Gulf.

Russia could also become a larger source of LNG supply to China. Market participants expect some LNG originally intended for Europe from the 17.4mn t/yr Yamal project to be redirected to Asia after Europe stops accepting Russian LNG from January 2027. They estimate that 5-6 Yamal LNG cargoes a month could reach China this winter. No official confirmation has been provided, but these volumes represent potential supply upside.

With rising domestic production, stable pipeline imports and new Russian supply likely to offset most demand growth, China is unlikely to become a major source of incremental spot LNG demand this winter. Unless prolonged and widespread cold snaps significantly boost heating demand, Chinese spot LNG purchases are likely to remain limited.

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SOUTHEAST ASIA

LNG demand may continue to rise this winter

The region's demand has risen despite conflict-related disruption, mainly driven by Thailand's power sector consumption, writes Joey Chan

Southeast Asia's LNG demand could continue to rise this winter after showing some degree of resilience to higher prices in recent months. But that resilience could be put to the test if LNG prices rally further in the coming months.

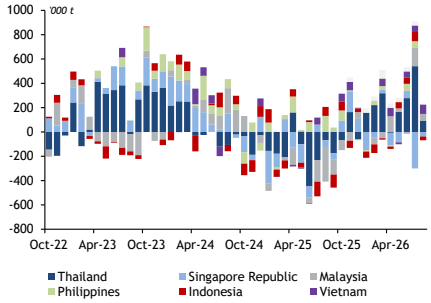
Overall LNG demand from southeast Asia could rise to around 12.5mn t in October 2026-March 2027, assuming it rises in line with the 11.5pc increase recorded last winter, when the region absorbed 11.2mn t, ship-tracking data from Kpler show. The region's LNG demand has continued to rise at an even faster pace in recent months, in spite of repeated rallies in spot LNG prices since the start of the Iran war and the resulting closure of the strait of Hormuz in late February. LNG deliveries to the region rose consistently throughout March-August compared with a year earlier, at an average rate of 19pc.

Demand growth has mainly been driven by Thailand, which accounts for about half of the region's imports. The country's power sector gas demand has been particularly strong since the end of last year, driven by steady growth in overall power demand and a decline in coal-fired generation. Power demand rose by 5pc to 141TWh in January-July, from 134TWh a year earlier, the most recent data from the country's Energy Policy and Planning Office (Eppo) show. But gas-fired output jumped by 14pc on the year — to 84.9TWh from 74.5TWh — over the same period, while aggregate power output from coal and lignite plants plunged by a third — to 13.3TWh from 19.8TWh. The country imported about 7.8mn t of LNG in January-July, up from 6.26mn t a year earlier, according to Global Trade Tracker data.

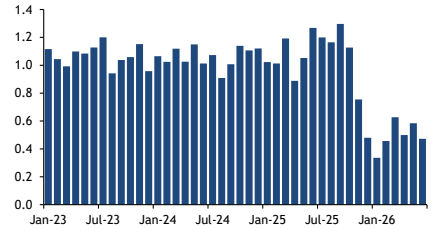
Thailand's coal-to-gas switching in recent months contrasts with major gas consumers across northeast Asia, which have instead bolstered coal-fired generation in a bid to keep in check their reliance on expensive LNG imports. This was likely driven by lignite production issues at the Mae Moh mine, which have resulted in Thailand's lignite production plummeting since November *(see graph)*. The Electricity Authority of Thailand said earlier this year that mine operations would be partially restored by July, followed by full restoration in November. Thailand may be able to switch back to higher usage of coal later in the winter if this timeline is confirmed. Should coal-fired generation realign with 2025 levels in the first quarter of 2027, it could displace approximately 450,000t of LNG demand, assuming an average efficiency of 50pc across the gas-fired fleet.

Higher gas demand from the power sector and industry has far outstripped the increase in Thailand's domestic gas production, leading to an increased reliance on imported LNG. Thailand produced 3.05bn ft³/d (31.4bn m³/yr) of gas over January-July, up from 2.95bn ft³/d a year earlier, according to the Eppo.

SE Asia LNG imports, y-o-y change



Thailand lignite production *t*



No appetite for demand destruction

LNG demand from emerging markets in the region, such as Vietnam and the Philippines, may also continue to ramp up in the coming months, after proving resilient to higher LNG prices so far in 2026. The Philippines imported 1.43mn t of LNG in January-August, up from 1.28mn t a year earlier and 838,000t over the same period in 2024, data from Kpler show. And deliveries to Vietnam more than doubled to 594,000t from 296,000t over the same period.

The two countries have traditionally been more price-sensitive than Thailand, and could be deterred from LNG procurement if spot LNG prices continue to climb higher — particularly as the peak Asian winter demand season draws closer, and continued tensions between the US and Iran have all but erased hopes of Middle Eastern LNG supply returning to the market this winter.

But with few alternatives, the impact of high LNG prices on the Philippines' LNG imports could be limited. The Philippines ramped up coal imports in the

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SOUTHEAST ASIA

immediate aftermath of the war breaking out, following government directives to mitigate fuel disruptions, but its reliance on gas-fired generation has remained strong.

By contrast, Vietnam may have scope to reduce LNG imports over the upcoming winter, following the commissioning of new coal-fired generation capacity. State-owned utility EVN's 701.5MW Quang Trach thermal power plant project completed a trial at its coal-fired no.1 unit on 13 August, achieving full capacity. The plant was expected to start commercial operations late in the third quarter or early in the fourth quarter of this year. The country's coal-fired thermal power output rose to 93.4TWh in January-June from 84.6TWh in the first half of 2025, according to EVN. Additional output from the new unit could reduce the country's LNG demand by around 240,000t, assuming it runs at an average 60pc load factor throughout the winter and displaces gas-fired plants with a 50pc efficiency.

EGYPT

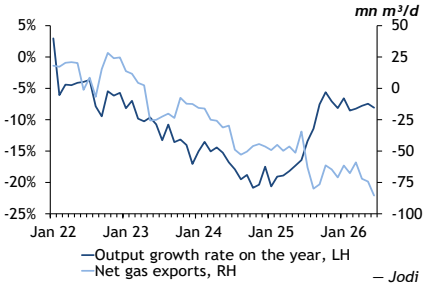
Egypt to up winter LNG imports on growing gas deficit

Increased pipeline capacity from Israel could reduce the need for more LNG cargoes as Egypt's gas consumption continues to rise, writes Irfan Jaafar

Egyptian LNG demand is set to keep rising this winter to bridge the gap between declining upstream output and steady domestic demand growth. But the prospect of a rebound in pipeline flows from Israel could limit the extent of the increase.

Egypt's LNG demand more than doubled to nearly 8.8bn m³ in October 2025-March 2026 from 3.5bn m³ a year earlier, Joint Organisation Data Initiative data show. This was driven by stronger overall demand, a continued decline in upstream production and faltering pipeline imports from Israel. Aggregate gas consumption rose by 8pc on the year last winter and has continued to grow at even faster rates so far this year, including a 30pc jump in June. Upstream production has remained consistently on a downward path since February 2022, although the decline rate has slowed to 8pc in recent months from a peak of 21pc in January 2025 — possibly stemming in part from recent drilling by domestic and international firms. Pipeline imports from Israel were also sharply down on the year last winter, even before the outbreak of the Iran war almost completely halted them in March.

Egypt's gas balance



Egypt may need to increase LNG imports further to as much as **11.5**bn m³ this winter, *Argus* estimates, assuming domestic consumption keeps rising at the average 8pc rate observed over July 2025-June 2026, upstream output continues to decline at the 8pc rate recorded over the same period, and pipeline flows are in line with the October 2025-February 2026 average, before the disruptions stemming from the conflict in March.

But a recent increase in pipeline capacity could reduce the need for additional LNG. The completion of debottlenecking works at Israel's Ashdod-Ashkelon gas interconnection has raised export capacity through the East Mediterranean Gas pipeline from the country's Leviathan field to Egypt by 2bn m³/yr to 6.5bn m³/yr, upstream producer NewMed said in July — equivalent to an additional flow rate of 5.5mn m³/d, which could displace around 10 LNG cargoes over the six-month period. A further 11.3mn m³/d of additional capacity through the Arab Gas pipeline may be available later this year, which could further reduce Egypt's winter LNG demand by an equivalent of 21 cargoes.

But conversely, any further disruption to Israeli production could again curtail pipeline exports, forcing Egypt to turn to the spot LNG market for supply at an average of four cargoes per month in the event of a complete halt. This could test Egypt's LNG import capacity, which is about 2bn m³/month at present but may rise by 300mn m³/month once the 138,000m³ *Energos Winter* floating storage and regasification unit returns from maintenance in the fourth quarter.

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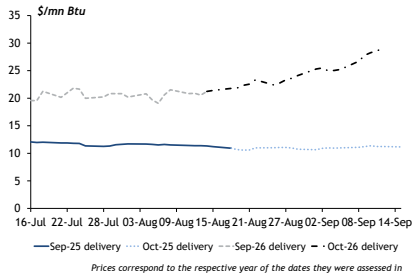
INDIA

Fertiliser demand boosts high-priced LNG buying

Falling domestic production has further increased India's reliance on expensive spot purchases, write Rituparna Ghosh and Irfan Jaafar

W India LNG Sep, Oct delivered price



Strong demand from fertiliser producers ahead of the winter planting season has driven a string of high-priced spot deals from Indian state-owned LNG importers.

Seasonal demand linked to the upcoming sowing season has supported procurement activity, with tenders for late-September and October cargoes indicating that fertiliser producers are building feedstock inventories despite high spot LNG prices. State-run buyers including IOC, BPCL, Gail and GSPC have all purchased September and October-arrival cargoes in recent weeks. These cargoes were heard being booked at delivered LNG prices into western India ranging from the low-$26s/mn Btu to above $28/mn Btu, according to market participants. Such prices only reached as high as $12.07/mn Btu for the same months of delivery a year earlier. Indian importers have sought as many as 10 spot LNG cargoes for September and October this year, up from seven a year earlier, *Argus* records show.

The main driver behind the increase in LNG procurement is the need to secure feedstock supply under India's Empowered Pool Management Committee (EPMC), which manages natural gas allocation to domestic fertiliser plants. The EPMC has issued additional LNG tenders since March following the outbreak of conflict in the Middle East, aiming to support domestic production of urea, ammonia and other key agricultural inputs. Gas use in India's fertiliser sector held steady at 51mn m³/d in April-June, oil ministry data show. But LNG's share of feedstock consumption rose to 86pc this year from 83pc in the corresponding period of 2025, highlighting the sector's growing dependence on imported supplies.

Gas is the primary feedstock for urea and ammonia production. Ammonia is also a key raw material for the critical DAP and NPK fertilisers. Disruptions to global ammonia supply and a persistent sulphur shortage stemming from the effective closure of the strait of Hormuz have increased the importance of domestic fertiliser production, further supporting gas demand from the sector.

Falling domestic gas output has further increased India's reliance on high-priced spot LNG purchases, particularly as long-term supplies from the Middle East remain constrained. Before the outbreak of the US-Iran war, Qatar accounted for around 46pc of India's annual LNG imports, leaving the country highly exposed to supply disruptions affecting the Gulf producer. India's gas output fell by 3pc on the year to 92mn m³/d in July, extending a downward trend that started in July 2024 after a period of mostly strong growth, the latest oil ministry data show. Output from Reliance Industries (RIL) and BP's KG-D6 deepwater block in the Bay of Bengal also fell to 24.8mn m³/d during the same period, down by 7pc on the year and 19pc lower than a peak of 30.6mn m³/d recorded in January-March 2024, despite substantial investment aimed at increasing output from the block.

With tighter LNG supply availability in the Pacific basin, much of the recent high-priced purchases consist of Omani cargoes

Oman down

With tighter LNG supply availability in the Pacific basin, much of the recent high-priced purchases consist of Omani cargoes, which are slightly cheaper under the India-Oman Comprehensive Economic Partnership Agreement (CEPA). The CEPA reduces customs duty on LNG imports to zero from 2.5pc.

Muted northeast Asian demand coupled with stronger European procurement as importers seek to meet storage targets ahead of winter has cut the Asian LNG price premium over the Dutch TTF, reducing incentives for suppliers to divert Atlantic basin cargoes to the Pacific market. West African LNG cargoes have increasingly been offered into Europe instead of Asia, further constraining supply in the Pacific basin. About 42pc of west African cargoes totalling 1.35mn t have headed to Europe so far in September, up from 33pc over the same period in August and 22pc a year earlier, ship-tracking data from Vortexa show.

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JAPAN

Tokyo seeks market-based security beyond stockpiles

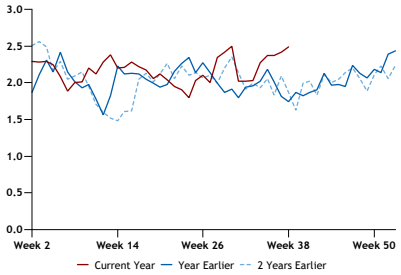
Japan is looking to strengthen its supply chain while also increasing its shipping fleet, writes Motoko Hasegawa

Japan is looking to bolster its LNG supply security through market-based measures rather than large-scale physical gas storage, as the resource-poor country seeks a realistic way to ensure stable supply at a time of lingering disruption risks and uncertainty over the future role of nuclear power.

From leveraging underground storage and LNG tank capacity to flexible LNG contracting, the IEA, which co-hosted the LNG Producer-Consumer Conference in Tokyo with Japan's trade and industry ministry (Meti), rules no option out. Tokyo sees strengthening security within the LNG market as one of the most practical near-term approaches, given the costs and lead times associated with expanding storage infrastructure, a Meti official said after the conference on 11 September.

For Japan, deepening market liquidity by diversifying supply sources and buyers could enhance security by further facilitating swaps, cargo redirection and emergency supply arrangements. Meti is encouraging more adaptable LNG term contracts to ensure reliable supply and improve resilience against disruptions and seasonal demand fluctuations, although it has not set a target for procurement under such contracts. Japanese firms currently handle 100mn t/yr of LNG, well above domestic demand of 65mn t/yr, another Meti official said previously.

Japan power utilities' LNG stocks ***mn t***



To ensure its readiness, Japan is strengthening ties with Malaysia, which it sees as a reliable LNG supplier outside the strait of Hormuz. State-owned energy agency Jogmec signed its first emergency LNG supply agreement with Malaysia's state-owned Petronas at the conference, enabling direct LNG purchases when Japanese buyers are unable to secure cargoes, with contract volumes and duration undisclosed. Tokyo seeks similar agreements with other countries, the official said.

Alongside efforts to strengthen supply security, Japan is also looking to foster demand elsewhere that could stimulate supply, expand the volume of LNG handled by Japanese companies and enhance energy security through greater participation in the LNG market. Japan will promote LNG supply chains, not only in Asia but also in Europe, Meti minister Ryosei Akazawa said. As part of those efforts, Meti plans to support the development of Montenegro's first LNG import terminal and gas-related infrastructures under a memorandum of co-operation signed with the Montenegrin government on 11 September.

To reinforce such chains, Japan has launched a full-scale effort to revive domestic LNG shipbuilding after failing to build LNG carriers at home since 2019 because of intensifying competition from South Korea and China. Maintaining domestic shipbuilding capability is increasingly seen as strategically important because of growing concerns that Japan could struggle to secure LNG shipping in a sustained crisis. It envisages the construction of 3-5 LNG carriers a year from 2035.

Unclear nuclear

The government's strong backing reflects expectations that LNG will remain essential to ensuring a stable power supply as weather-dependent renewable energy grows and artificial intelligence-driven electricity demand rises. The need for LNG is further underscored by continued uncertainties over the restart of nuclear units still shut in over safety concerns 15 years after Japan's Fukushima nuclear disaster, and the pace of deployment of next-generation reactors.

Japan has 33 nuclear reactors, of which only 15 units are operating with a combined capacity of 14.6GW. Tokyo aims to raise nuclear power's share of electricity generation to 20pc in the April 2040-March 2041 fiscal year, from 8.5pc in 2023-24. Meeting that goal would require an additional 10.5-12.8GW, equivalent to 56-69pc of the remaining idle capacity. Four reactors totalling 3.6GW are under safety review, while the remainder have yet to begin the process.

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PAPUA NEW GUINEA

Papua LNG takeover supports ExxonMobil growth push

The takeover would expand ExxonMobil's presence in Asia-Pacific as the prospect of a return of Mideast Gulf supply becomes more distant, write Evelyn Lee and Tom Major

ExxonMobil's proposed takeover of the 5.6mn t/yr Papua LNG project could support the US major's expanded LNG growth ambitions, while placing the development under the operator of infrastructure on which it will partly depend.

ExxonMobil has been targeting a sharp increase in its LNG sales over the rest of the decade, as it expects global gas demand to rise around 8.5pc to 165 quadrillion Btu in 2030 (4.8 trillion m^3) from 2025 levels, according to its 2026 Global Outlook data. Its planned takeover of Papua LNG could increase the firm's exposure to the Asia-Pacific market, which it sees growing faster than any other region — by around 17pc over the period, compared with 14pc in Africa and 10pc in the Middle East.

The firm is preparing to assume operatorship from TotalEnergies and raise its stake in the Papua LNG project to 34.1pc. TotalEnergies will sell a 9.1pc interest to its project partners, reducing its holding to 20pc while retaining access to 1.5mn t/yr of LNG for its global portfolio, the firm says. Australia's Santos will hold 21pc, Japanese refiner Eneos 2.4pc, and Papua New Guinea's Kumul Petroleum and state-owned MRDC a combined 22.5pc. The takeover would expand ExxonMobil's presence in Asia-Pacific by adding another sizeable development alongside the existing 6.9mn t/yr PNG LNG facility, which it operates.

The Papua LNG project was previously held up by projections of an LNG surplus in the late 2020s and rising project costs, but these appear to have been surmounted in the wake of the US-Iran war. With the prospect of a major boost in LNG supplies from the Mideast Gulf being pushed further into the future, Papua LNG is part of just a handful of LNG projects with easy access to the growing Asian market. Australia's 5mn t/yr Pluto train 2 is under construction and scheduled to load its first cargo in the fourth quarter, while the proposed 11.4mn t/yr Browse project in Australia remains at an earlier development stage. Indonesia's proposed 9.5mn t/yr Abadi LNG project broke ground last July, targeting a final investment decision (FID) in 2027, while recent discoveries could bring back on line some previously mothballed trains at the country's Bontang LNG terminal.

Meanwhile, Papua LNG's developers have managed to cut the project's estimated cost by $4bn to improve its prospects of reaching FID. The savings, achieved through project optimisation and the rebidding of construction packages, reduced the estimated cost to around $14bn, although this remains above an earlier estimate of $11.8bn. The revised plan relies more on existing infrastructure, with 1.6mn t/yr of Papua LNG's output to be processed through PNG LNG. The remaining 4mn t/yr would be liquefied through three new electrified trains. Papua LNG's engineering, procurement and construction (EPC) contracts are now ready for approval, TotalEnergies says.

The operatorship transfer does not remove Papua LNG's remaining regulatory, political and construction risks

Lie of the land

The operatorship transfer does not remove Papua LNG's remaining regulatory, political and construction risks. Consultations with affected landowners are expected to conclude this month, an important step to limit the risk of disputes. Papua LNG partners have finalised amendments to the project's fiscal agreement signed in 2019 with the government, but the proposed EPC contract awards still require approval by the co-venturers before FID, TotalEnergies says. Port Moresby has urged the developers to reach FID by 15 December and agreed to investment incentives of around $1.95bn, prime minister James Marape says.

A November FID would test whether ExxonMobil can convert its existing infrastructure and operating experience in Papua New Guinea into another source of LNG growth. Its planned 34.1pc stake could give the firm around 1.9mn t/yr of Papua LNG volumes to market, assuming its offtake corresponds to its equity stake.

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IN BRIEF

EU weighs market-first energy crisis security law

The European Commission is seeking to ensure a stronger market-based response to energy crises in draft legislation that would also merge the EU's electricity and gas security regulations. The commission argues that combining the two frameworks would improve preparedness and help address spillover risks between gas and power markets. Continue reading >>

German THE launches two gas balancing tenders for 1Q27

German gas market area manager THE has opened two separate bidding rounds for long-term balancing of high and low-calorie gas to ensure security of supply over the first quarter of next year. The tenders cover a theoretical maximum of 24TWh if THE called every contracted megawatt hour for every hour across the maximum permitted call days in both tenders combined. Continue reading >>

Canada extends tax credit to pipelines, LNG

The Canadian federal government announced the extension of a major tax credit to cover investments in equipment for oil and gas pipelines and LNG export terminals. The Productivity Mega Deduction builds on the Productivity Super-Deduction announced in the 2025 federal budget. Continue reading >>

Planned Saskatchewan data centre power need quadrupled

Bell Canada and the government of Saskatchewan, Canada, have expanded expected power demand from a planned data centre from 300MW to 1,200MW, bringing total proposed capital investment for the project to C$50bn ($35bn). The additional 900MW will be secured through a dedicated gas-fired project funded wholly by Bell and operated by an unnamed partner. Continue reading >>

Commonwealth LNG developer to nearly double capacity

US gas producer Caturus plans to expand the Commonwealth LNG export terminal in Louisiana with 7.8mn t/yr (1bn ft^3/d) of new capacity, the developer announced. The five-train expansion would nearly double production at the terminal, where private equity fund Kimmeridge-backed Caturus reached a final investment decision on the initial project in May. Continue reading >>

FERC extends in-service deadline for Magnolia LNG

The US Federal Energy Regulatory Commission extended the deadline for Glenfarne to place its proposed 8.8mn t/yr Magnolia LNG by five years until April 2031. The Louisiana project filed for the extension in January, while it still lacks a key export licence and has not sold any offtake. Continue reading >>

Work to start on Colombia's Amazonica LNG project

Colombian investors are set to start building a new 150mn ft^3/d (1.5bn m^3/yr) LNG terminal ahead of reaching financial close with Japan's Mitsubishi bank, terminal developer Amazonica's president Alberto Consuegra said. Detailed engineering, orders of critical equipment, and main construction activities are set to begin before December, Consuegra told *Argus*. Continue reading >>

ExxonMobil sees Trinidad drilling next year

ExxonMobil expects to start drilling offshore Trinidad and Tobago in late 2027 or early 2028. The US firm signed a production-sharing contract last year, which was amalgamated into the TTUD-1 megablock. It expects seismic data processing to be completed by the end of this year. Continue reading >>

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GLOBAL GAS MARKET OVERVIEW

KEY PRICE MOVEMENTS

- The Dutch TTF front-month contract fell to $24.69/mn Btu on 21 September from $24.95/mn Btu on 8 September
- The Argus Northeast Asia LNG front-month price dropped to $25.59/mn Btu on 23 September, the lowest since 9 September
- The Argus Round Voyage rate for two-strokes travelling between the US Gulf coast and northeast Asia (ARV6) rose to $45,000/d on 21 September, up from $20,000/d two weeks earlier
- Nymex futures for October delivery inched lower to $2.84/mn Btu on 21 September from $2.92/mn Btu on 8 September

Global prices ease but transit and storage risks remain

Global gas prices broadly fell over the past fortnight amid signals of a reopening of diplomatic channels between the US and Iran, which eased expectations of further conflict escalation. But restricted LNG traffic through the strait of Hormuz and low European stocks supported freight rates and winter risk premiums.

Global gas prices fell sharply on 21 September, after US president Donald Trump signalled on 20 September that he would "probably" be open to diplomatic talks. Prices fell further in morning trading on 22 September after reports that Iran had offered to reopen the strait of Hormuz within seven days, provided that the US eased military pressure. Iranian sources later denied such claims, prompting a slight rebound in prices. Later on 22 September, representatives from the two countries held their first direct diplomatic talks in three months on the sidelines of the UN General Assembly in New York. Northeast Asia-delivered spot LNG prices fell to a two-week low on 23 September as traders reduced long positions.

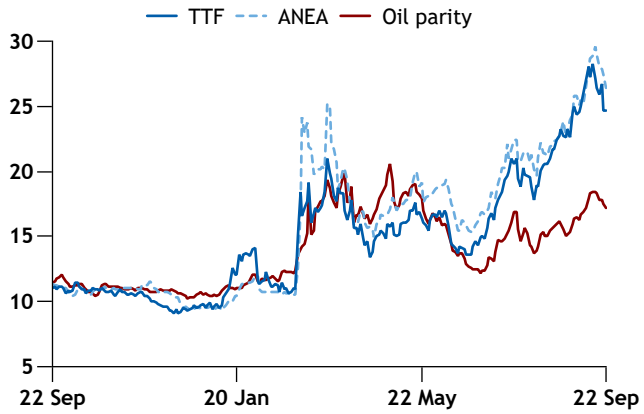
But uncertainty over vessel movements through the waterway continued to support risk premiums. At least five vessels operated by state-owned QatarEnergy completed transits during 9-23 September, with Qatar shipping 669,500t of LNG via the strait in September to date, data from shipping analytics firm Kpler show. But transit volumes remained well below pre-war levels, with Qatar having shipped around 4.81mn t over the same period a year earlier.

Freight rates have also been supported by expectations of higher winter loadings and uncertainty over vessel availability. Charterers are increasingly seeking longer-term vessel commitments, market participants said, with some recent negotiations including options to convert single-voyage fixtures to multi-month charters, rather than relying on more standard 10-15 day extensions.

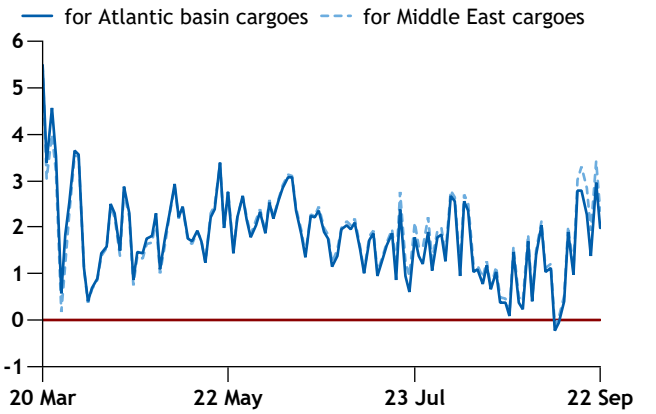
That said, lower prices have yet to stimulate additional spot LNG demand in northeast Asia. Cooler weather has reduced regional power demand this month, with average generation in South Korea falling to 69.4GW during 1-22 September from 72GW a year earlier, real-time data from Korea Power Exchange show. The Chuseok holiday is expected to further reduce demand over the remainder of the month, with the government projecting a low of 47.3GW on 25 September, Seoul announced earlier this month.

European gas prices also moved lower, but below-average storage levels limited the drop. EU stocks were 70pc full on 22 September, compared with 82pc a year earlier, data from the GIE transparency platform show. Germany's market manager Trading Hub Europe launched a tender on 21 September for a long-term balancing option covering the first quarter of 2027.

TTF, ANEA vs oil parity *$/mn Btu*



ANEA vs NW Europe LNG des arbitrage *$/mn Btu*



The spread for Atlantic basin cargoes compares the ANEA half-month 2 des with NW Europe half-month 1 des. The spread for Middle East cargoes compares both prices for the same delivery period, half-month 1

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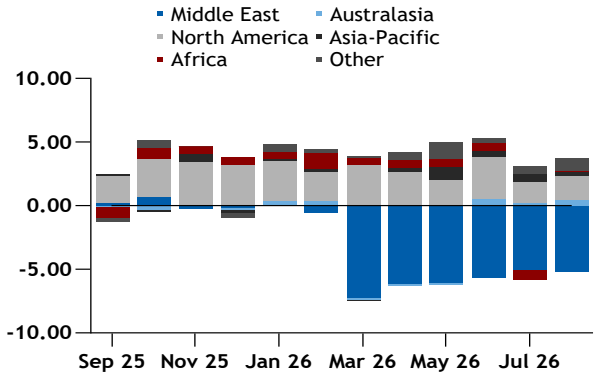
LNG TRADE FLOWS

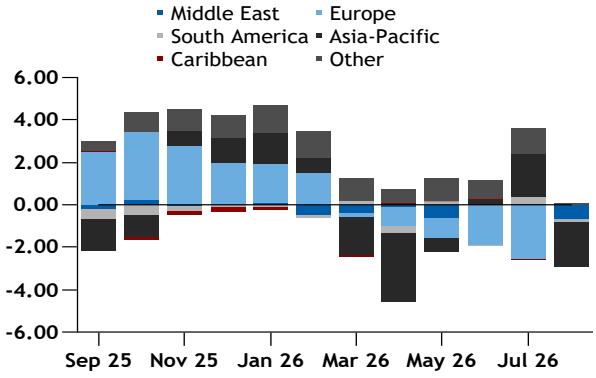
LNG exports, yoy change

mn t



LNG imports by region, yoy change

mn t



Qatari shortfall weighs on Aug loadings

Global LNG loadings in August fell by 1.92mn t on the year as the US-Iran war is still disrupting LNG exports from Qatar's 64.2mn t/yr Ras Laffan terminal in the Mideast Gulf. But loadings still rose on the month as stronger shipments from the US, Russia and Australia offset lost Qatari volumes.

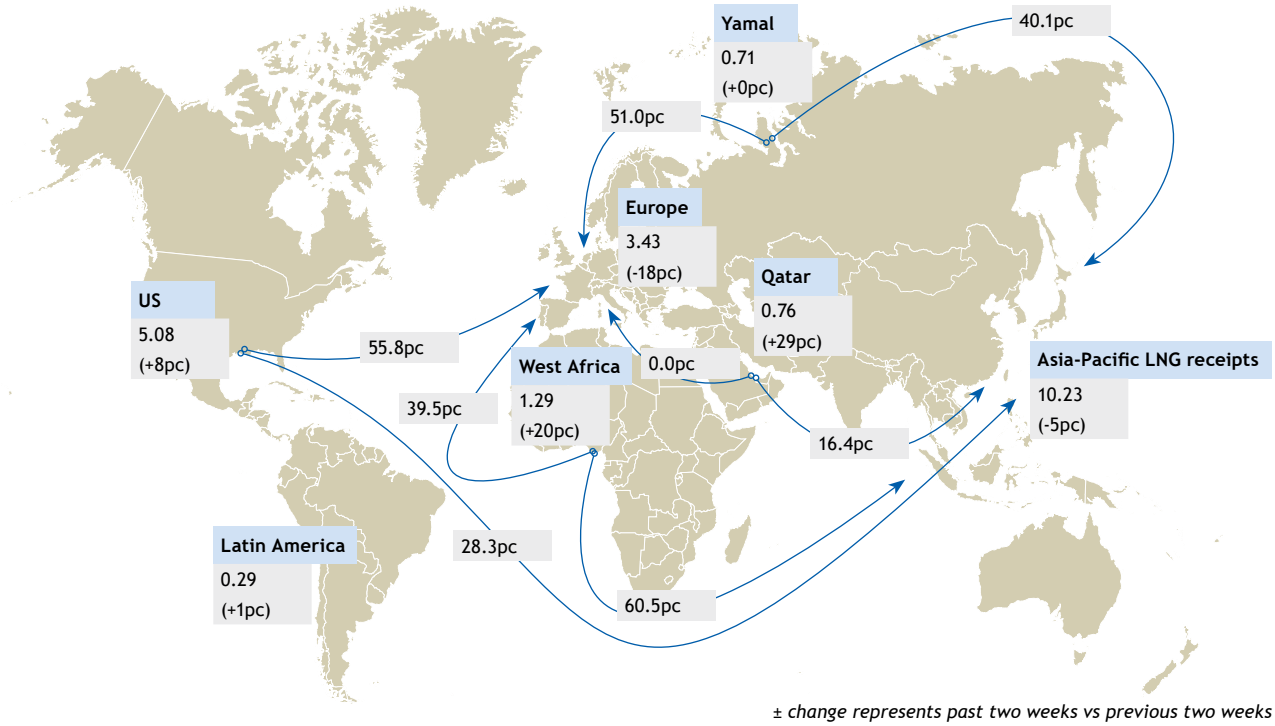
Global loadings totalled 33.53mn t in August, compared with 33mn t in July and 35.46mn t in August last year, Vortexa data show. Qatari loadings remained low at 1.7mn t in August, compared with 6.83mn t a year earlier, according to Vortexa data. State-owned QatarEnergy steadily loaded its ships at Ras Laffan last month, although few have been able to deliver.

Russian loadings rose on the year, supported by more output from the 9.6mn t/yr Sakhalin 2, which loaded 742,200t, more than double July's volume following works, as well as quicker exports from the US-sanctioned 19.8mn t/yr Arctic LNG 2 terminal. Sakhalin 2 was off line for annual maintenance from mid-June to mid-July.

Total US loadings rose slightly on the month to 10.4mn t in August from 10.3mn t, and up by more than 1mn t from 9.14mn t a year earlier. Loadings were weighed on by planned maintenance at the 28.9mn t/yr Corpus Christi and 17.3mn t/yr Freeport terminals, but stronger output from other US terminals offset the losses. Cheniere carried out maintenance on the 2.75bn ft³/d (28.4bn m³/yr) Corpus Christi pipeline on 19-23 August. Freeport also carried out works, taking one of its three liquefaction trains off line from 10 July through to late August.

Latest estimated gas imports and exports

mn t



± change represents past two weeks vs previous two weeks

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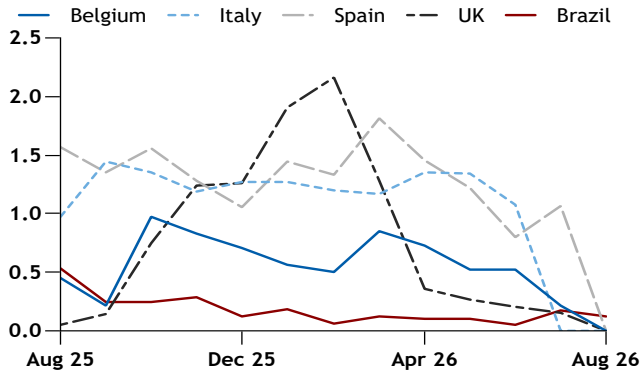
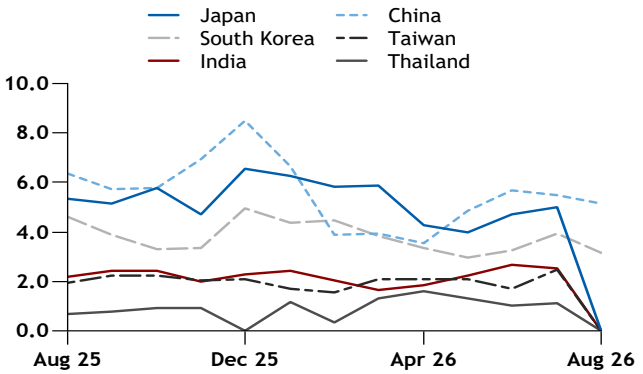
LNG TRADE FLOWS

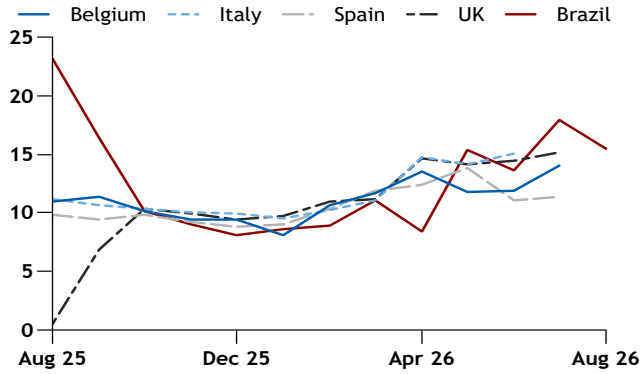
Atlantic basin LNG import volumes (customs data) *mn t*



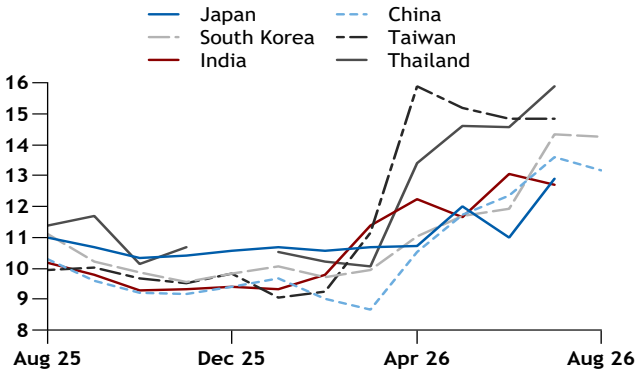
Asia-Pacific LNG import volumes (customs data) *mn t*



Atlantic basin LNG import prices (customs data) *$/mn Btu*



Asia-Pacific LNG import prices (customs data) *$/mn Btu*



Declared LNG import volumes *'000t*

Importer	Mar	Apr	May	Jun	Jul	Aug
Northest Asia						
China	3,946	3,535	4,859	5,676	5,497	5,160
Japan	5,869	4,269	3,960	4,718	5,014	0
South Korea	3,818	3,359	2,952	3,256	3,919	3,152
Taiwan	2,094	2,065	2,079	1,712	2,481	0
South and southeast Asia						
India	1,634	1,861	2,236	2,659	2,511	0
Pakistan	10	0	11	14	10	10
Bangladesh	247	806	807	919	685	0
Thailand	1,291	1,586	1,297	1,020	1,096	0
Europe						
UK	1,277	363	264	208	152	0
Netherlands	1,294	1,415	1,373	1,559	972	0
Belgium	846	723	523	518	211	0
Germany	988	694	698	658	509	0
Poland	586	375	469	528	450	0
Lithuania	0	0	0	0	0	0
France	0	0	0	0	0	0
Spain	1,817	1,454	1,219	804	1,063	0
Portugal	130	489	202	329	324	0
Italy	1,172	1,348	1,343	1,075	0	0
Croatia	189	129	203	195	121	0
Greece	598	101	236	137	304	0
Turkey	0	0	0	0	0	0
Latin America						
Brazil	124	102	101	51	173	127
Argentina	2	0	79	374	323	168
Chile	134	145	192	139	244	110

Declared LNG import prices *$/mn Btu*

Importer	Mar	Apr	May	Jun	Jul	Aug
Northest Asia						
China	8.64	10.52	11.72	12.36	13.58	13.18
Japan	10.67	10.71	11.99	10.98	12.90	
South Korea	9.94	11.02	11.69	11.92	14.32	14.24
Taiwan	11.14	15.86	15.19	14.85	14.82	
South and southeast Asia						
India	11.37	12.23	11.65	13.03	12.68	
Pakistan	141.35		230.26	283.70	337.50	355.37
Bangladesh	10.53	10.05	9.81	8.91	13.44	
Thailand	10.05	13.39	14.60	14.58	15.90	
Europe						
UK	11.22	14.70	14.17	14.42	15.17	
Netherlands	11.18	11.32	11.30	10.34	8.96	
Belgium	11.70	13.52	11.76	11.87	14.01	
Germany	10.88	16.35	15.17	14.57	15.28	
Poland	0.00	0.00	0.00	0.00	0.00	
Lithuania						
France						
Spain	11.88	12.38	13.79	11.06	11.42	
Portugal	11.25	9.36	7.60	8.97	8.44	
Italy	11.07	14.80	14.10	15.03		
Croatia	11.74	16.55	14.35	14.16	14.92	
Greece	10.33	10.93	14.12	15.53	16.08	
Turkey						
Latin America						
Brazil	11.11	8.41	15.35	13.65	17.94	15.49
Argentina	11.20	17.39	15.70	18.03	15.68	21.09
Chile	8.35	9.40	6.69	7.15	10.22	5.91

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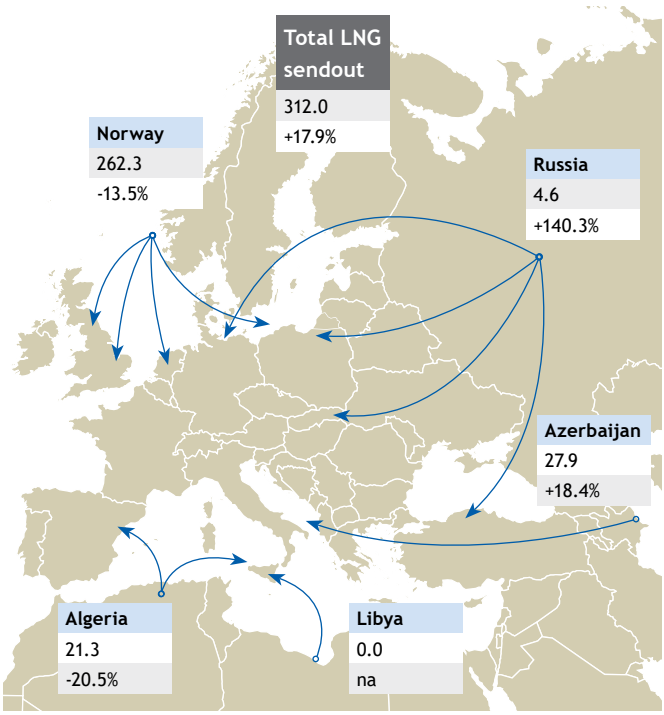
EUROPE

Supplies from key routes (month to date) *mn m³/d*



German actions could boost stockbuild

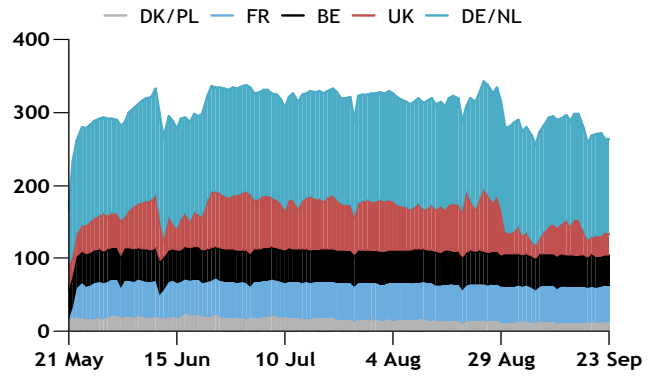
Prospects of a more extended closure of the strait of Hormuz and fierce competition from Asia for uncommitted LNG cargoes pushed European prices to multi-year highs in the past two weeks, but German storage measures and the easing of Norwegian maintenance could aid injections in the coming weeks.

TTF front-month prices exceeded €80/MWh on three occasions over the past fortnight, peaking at €83.53/MWh on 14 September, their highest since December 2022. Prices have since retreated this week to the low €70s/MWh on profit-taking and hopes for a diplomatic breakthrough in the Hormuz crisis after Iran's president arrived in New York for the UN General Assembly on 22 September.

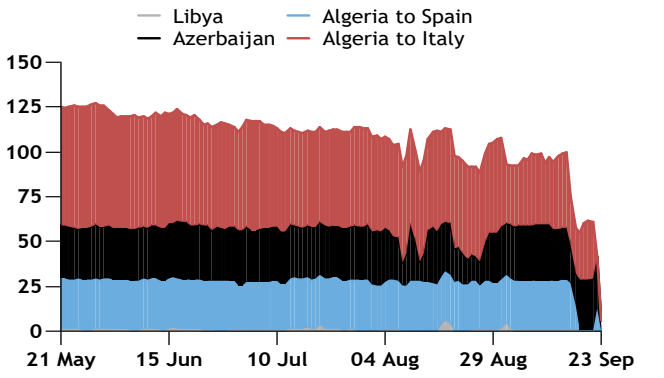
But the Middle East conflict broadly continued over the past two weeks without signs of an imminent resolution, extending market expectations of Mideast Gulf LNG supply disruptions into 2027. Strong buying interest from Asia — including South Korea, Bangladesh, India, Vietnam and Thailand — for winter delivery LNG cargoes pushed prices higher in Europe, which must compete to secure enough LNG to offset its thin storage buffer heading into the winter.

Against this backdrop, Germany — the bloc's largest storage holder — took action to support its stockbuild, which

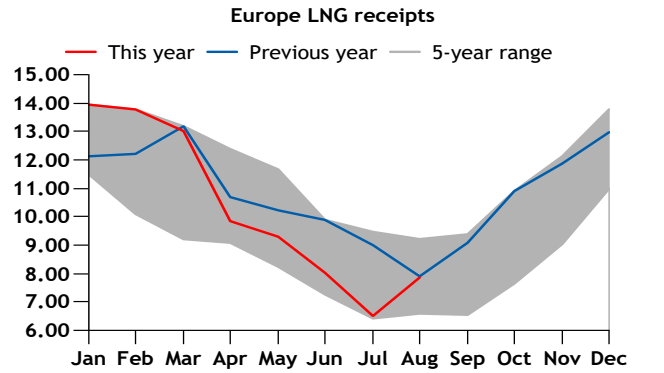
Norway pipeline supply to Europe *mn m³/d*



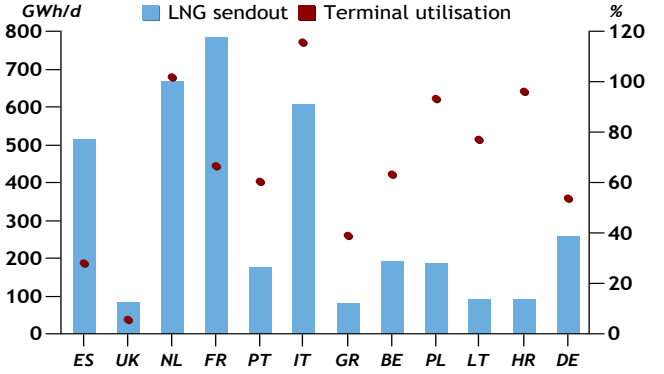
Supply to EU from southern routes *mn m³/d*



Europe LNG seasonality chart *mn t*



LNG sendout and terminal utilisation



In the first half of the month the graph will show the figures for the full previous month, whereas in the second half of the month the graph will show month-to-date figures

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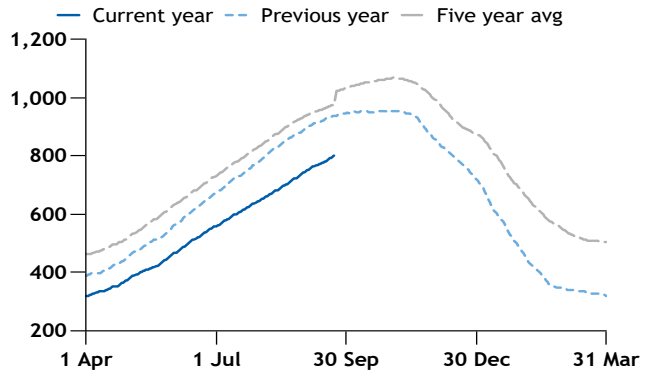
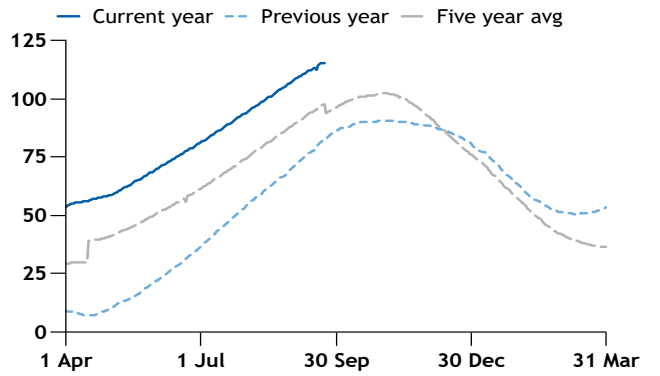
EUROPE

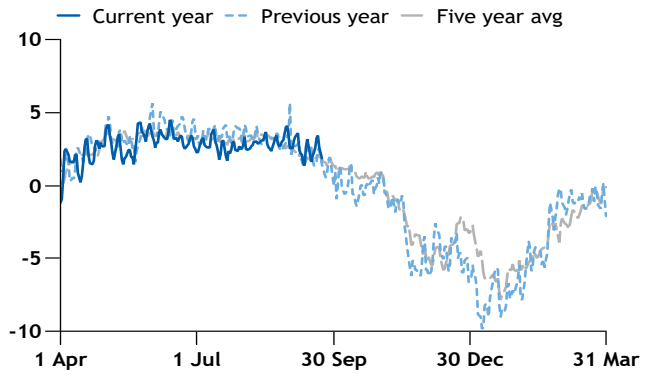
Total EU + UK gas stocks *TWh*



Ukraine stocks *TWh*



EU + UK storage movements *GWh/d*



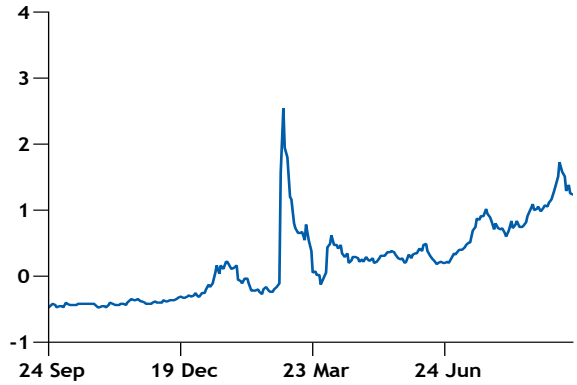
has until now been left to market economics. As these have been unfavourable for much of the summer, German stocks are only around 57pc full, compared with 86pc in Italy and 80pc in France, where more regulated approaches were adopted early on.

State-owned Sefe announced on 16 September that it would fill its booked storage capacity. With around 18TWh of unfilled booked space across its sites, equivalent to roughly 7pc of Germany's total storage capacity, the move alone could close almost half of the gap to the country's 70pc storage target by 1 November. Sefe denied acting on instructions from Germany's economy ministry.

Germany's market area manager Trading Hub Europe (THE) followed on 21 September by launching 24TWh of long-term options (LTOs) for the first quarter of 2027. Under the mechanism, THE pays suppliers for the right to call on gas if needed, encouraging market participants to retain inventories through winter. Although the scheme may not directly increase injections, it should reduce the risk of shortages during a late-season cold spell.

Easing maintenance at Norwegian fields could support stronger injections. Dutch imports from Norway fell to 402 GWh/d on 14-21 September, from 590 GWh/d earlier in the month and 621 GWh/d in August, as the TTF was frequently the lowest-priced destination hub after the UK market. Capacity cuts for planned works are scheduled to drop sharply after peaking at 146mn m³ on 23 September.

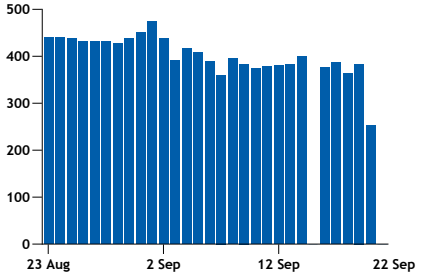
TTF summer-winter spread *$/mn Btu*



Aggregate EU, UK and Ukraine inventories and storage movements *TWh*

Month	Initial stocks	% of capacity	Net withdrawals (injections)	1 year earlier	5-year average
Apr 26	373	25.5	-1,700.1	399	1,255.3
May 26	436	29.8	-3,019.9	464	1,254.0
Jun 26	533	36.5	-3,238.3	579	1,253.8
Jul 26	640	43.8	-3,169.3	710	1,253.5
Aug 26	742	50.8	-3,365.2	839	1,253.0
Sep 26	853	58.4	-1,928.0	963	1,251.9

Ukraine net storage movements *GWh*



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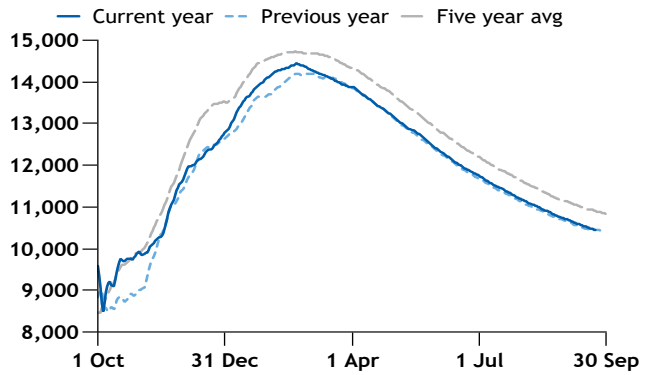
EUROPE

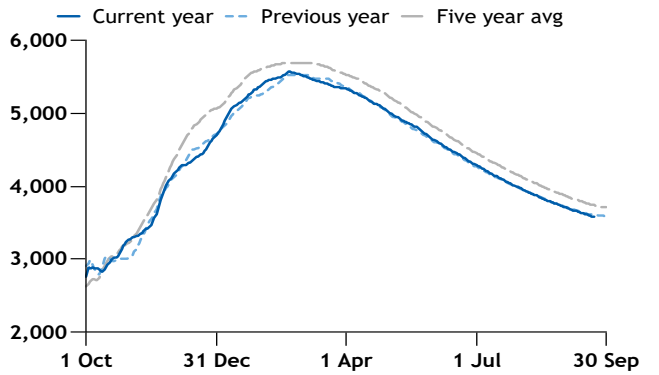
European demand by country, month to date										*GWh/d*
	Belgium	France	Germany	Italy	Netherlands	Poland	Portugal	Spain	UK	Total
Local distribution	88.8	168.0	272.5	322.5	152.8	256.9	49.2	na	521.5	**1,832.2**
Industrial	86.7	215.2	na	323.0	na	na	22.0	na	22.1	**669.0**
Power sector	83.4	55.4	na	773.1	na	na	34.5	368.9	272.3	**1,587.6**
Total consumption	**258.9**	**888.4**	**1,280.2**	**2,837.0**	**500.6**	**363.6**	**105.8**	**1,289.9**	**815.9**	**8,340.4**
±% year earlier	**-8.2**	**-12.2**	**-13.9**	**4.9**	**-10.0**	**-14.4**	**-13.3**	**8.0**	**-21.4**	**-5.4**

Aggregate demand *GWh/d*



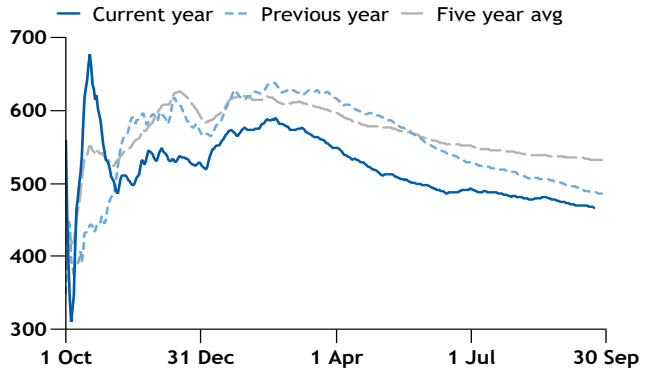
includes data on Spain, UK, Netherlands, France, Portugal, Italy, Poland, Germany, Romania, Hungary, Czech Republic, Belgium, Bulgaria, Croatia

LDZ demand *GWh/d*



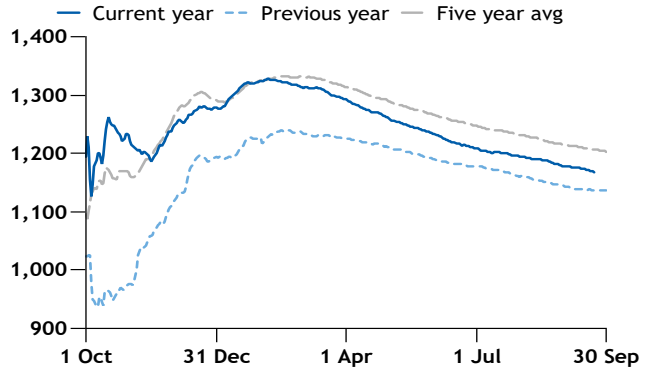
includes data on UK, Netherlands, France, Portugal, Italy, Poland, Germany, Romania, Belgium, Hungary

Power sector gas demand *GWh/d*



includes data on Spain, UK, France, Portugal, Italy, Belgium

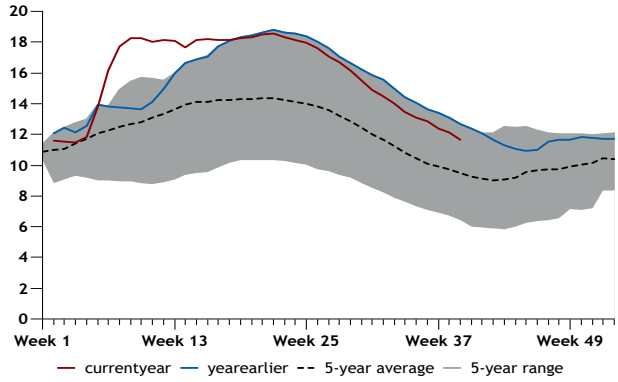
Industrial demand *GWh/d*



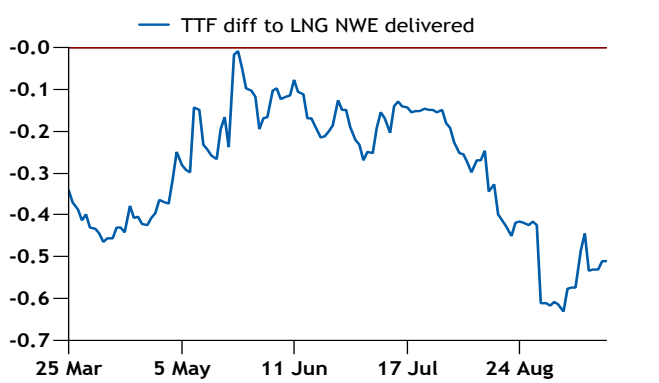
includes data on UK, France, Italy, Portugal, Belgium

Click here to download European gas demand data

Spanish hydroelectric stocks *TWh*



NW Europe LNG des-TTF spread *$/mn Btu*



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EUROPE

HIGHLIGHTS

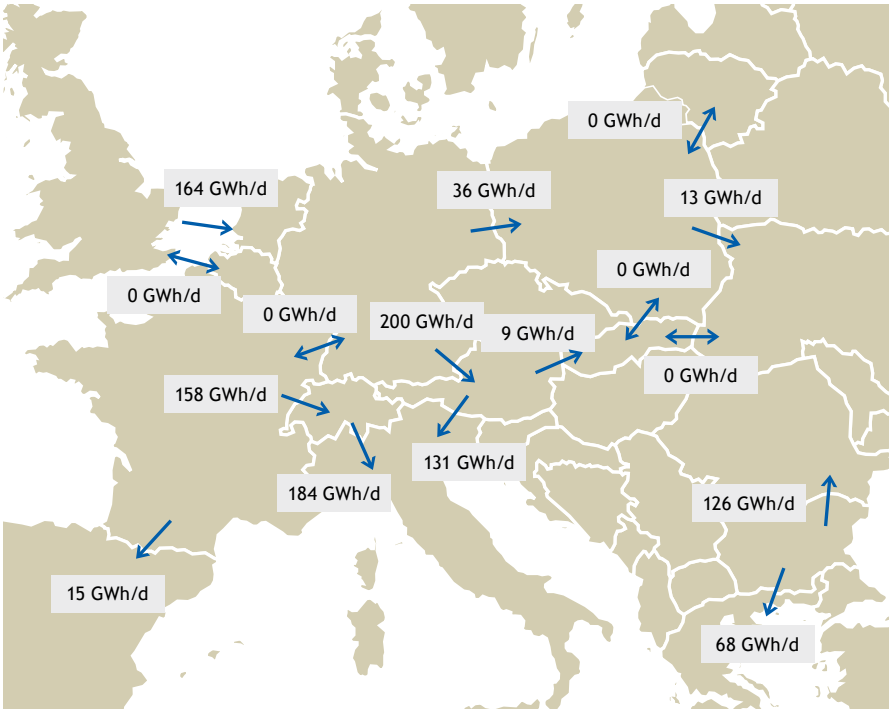
- The end of works on the UK-Belgium Interconnector boosted UK exports to the continent to 255 GWh/d on 21-22 September from 150 GWh/d earlier in the month

- Norway lifted its exports to Germany to 1.17 TWh/d over 14-23 September, from 990 GWh/d earlier in the month, as OGE finished works at its Emden entry point

- France net imported from Belgium on 15 September to make up for a force majeure at Dunkirk

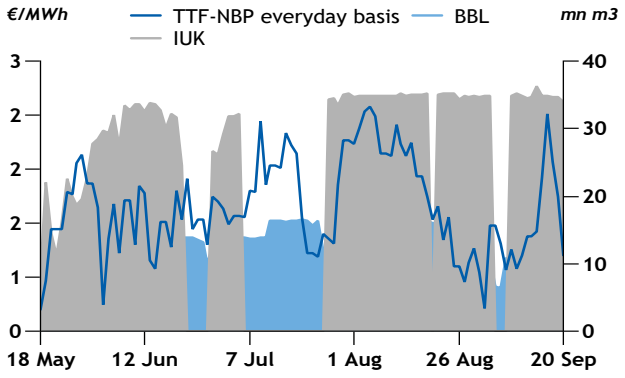
- French flows to Switzerland resumed as maintenance finished at Oltingue, raising flows to 201 GWh/d over 12-23 September

Cross-border flows (month to date)



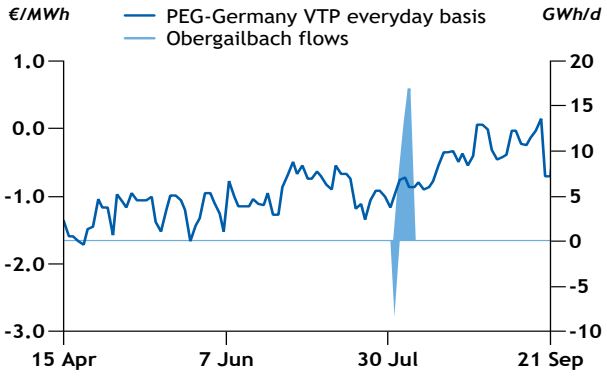
UK-EU gas flows

mn m³



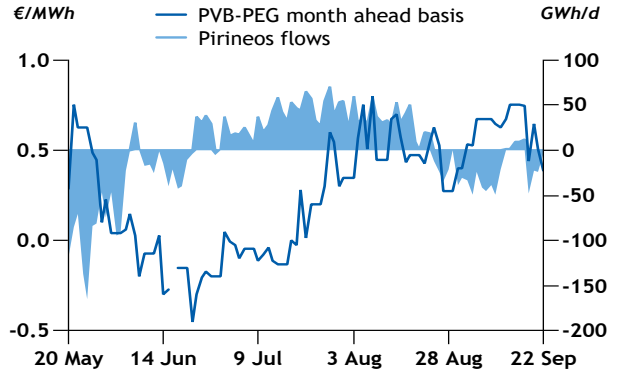
Germany-France gas flows

GWh/d



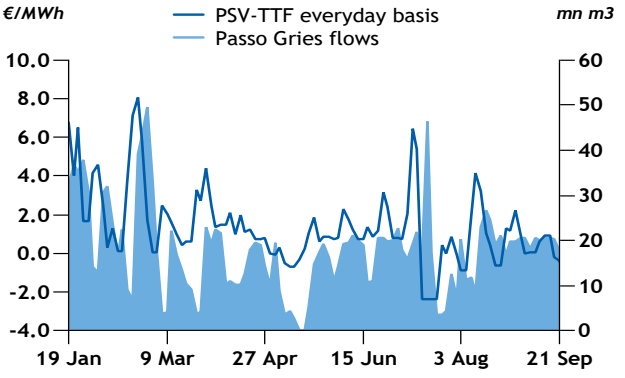
France-Spain gas flows

GWh/d



Switzerland-Italy gas flows

mn m³



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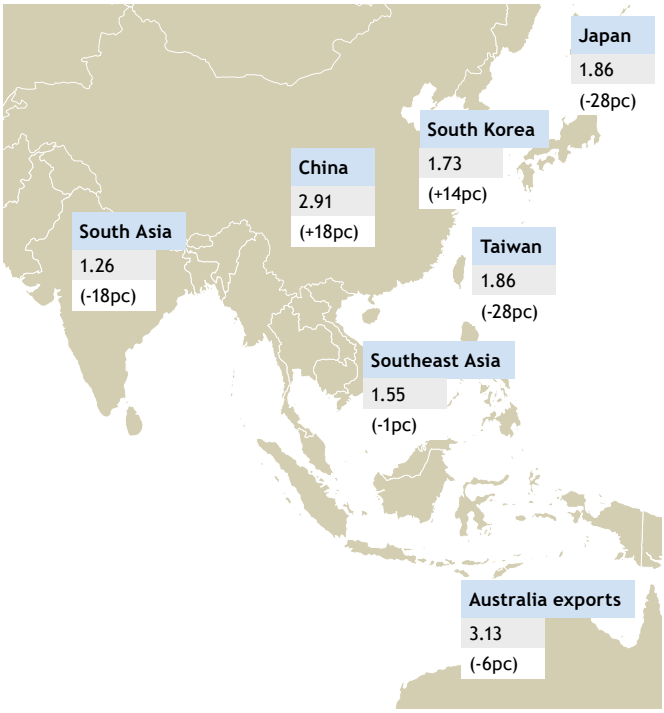
ASIA-PACIFIC

LNG deliveries to Asia-Pacific

mn t



Japan's Sep-to-date LNG imports fall

LNG deliveries to Japan fell sharply on the year in September to date, as weaker gas-fired output reduced utilities' fuel requirements.

LNG deliveries to Japan dropped by 21pc on the year to 3.02mn t over 1-22 September, data from shipping analytics firm Kpler show. Deliveries were also below the 3.62mn t imported over the same period in August, indicating that Japan's peak summer power demand has passed.

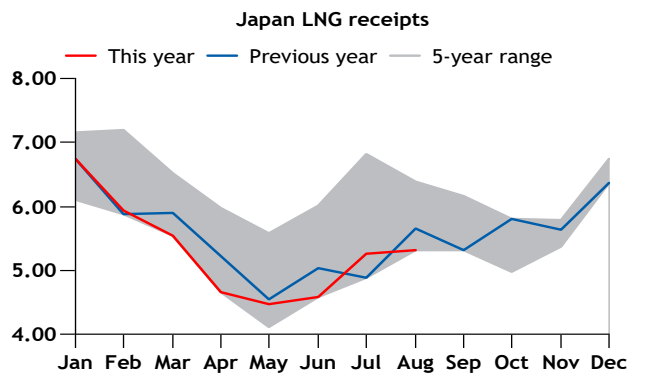
Gas-fired generation fell by 5.11TWh, or 28pc, on the year to 13.46TWh during 1-22 September, data from national grid operator Occto show. The drop was concentrated in the Tokyo and Chubu regions, where gas-fired output dropped by 3.34TWh and 1.15TWh, respectively.

Total power generation fell by 13pc on the year to 37.9TWh over the same period, likely reflecting cooler weather this year. Daily temperatures in Tokyo were around 2.11°C below the seasonal norm during 1-22 September, compared with around 2.5°C above the norm a year earlier, Speedwell weather data show.

Despite weaker power demand, coal-fired output remained broadly stable, dropping by 302GWh on the year to 17.3TWh in September to date, or lower by just 1.7pc. Nuclear output also remained flat at 5.46TWh.

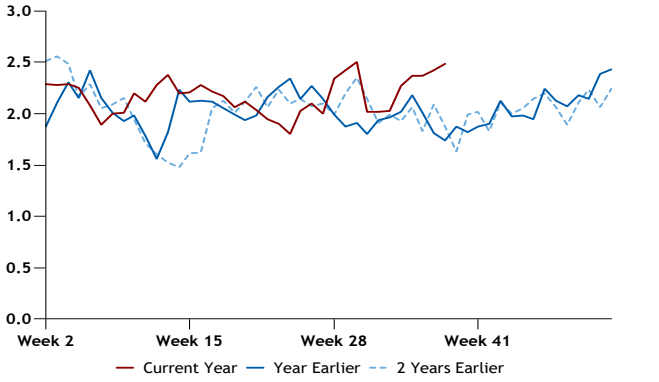
Japan seasonality chart

mn t



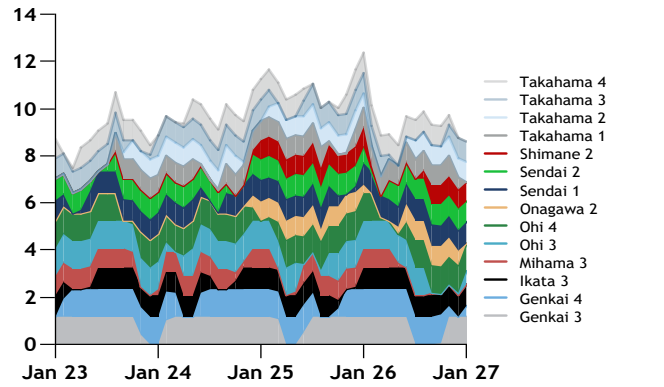
Japanese LNG stocks

mn t



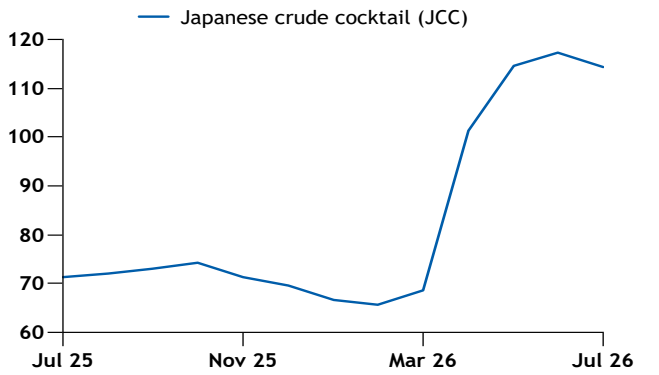
Japan nuclear availability

GW



Japanese Crude Cocktail (JCC)

$/bl



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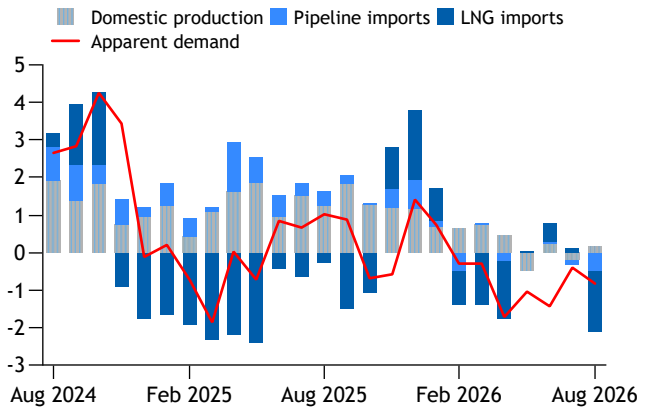
ASIA-PACIFIC

China supply balance

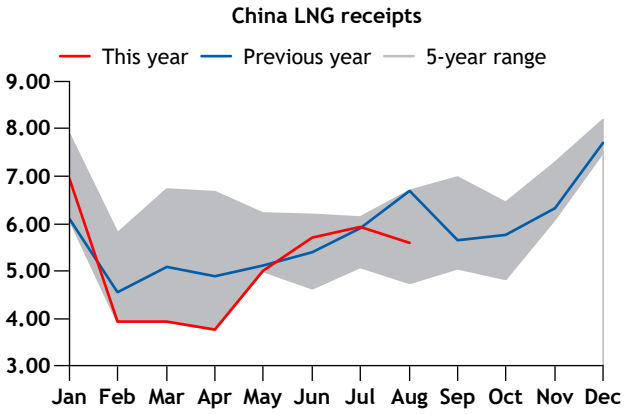
bn m³



Click here to download data on Chinese domestic production, pipeline imports and LNG receipts

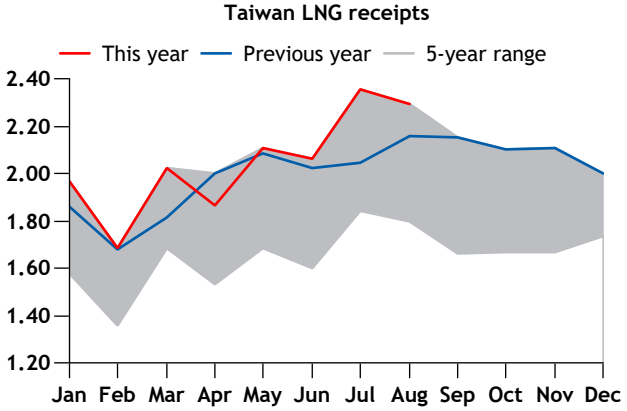
China LNG seasonality chart

mn t



Taiwan LNG seasonality chart

mn t



China's Aug imports fall nearly 19pc

China's LNG imports dropped by 1.2mn t on the year to around 5.2mn t in August, customs data show, as the country continues to avoid the spot LNG market and elevated prices this year.

The drop in LNG imports of 18.7pc is far steeper than the fall in overall gas imports of 12.9pc, customs data show. Piped gas imports also fell by 340,000t on the year, or 6.2pc, the largest such fall since December 2022.

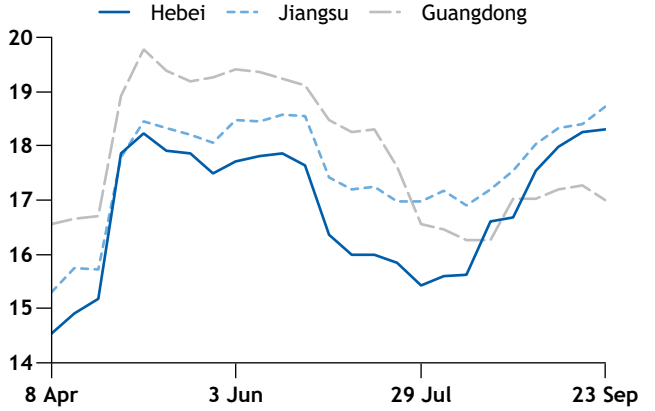
The average price of China's pipeline imports was $8.03/ mn Btu, based on prevailing exchange rates and standard energy unit conversion rates, whereas its average LNG price was $13.35/mn Btu, a difference of more than $5/ mn Btu. The average cost of LNG was in line with oil-linked prices. The 12.5pc oil-linked price on a three-month average with one-month lagged for August was $12.76/mn Btu, implying an approximate 60¢/mn Btu fixed shipping fee.

Indicative long-term US Gulf coast fob prices are much lower, as they are indexed to the US' Henry Hub, and averaged a price of $6.39/mn Btu in July — accounting for the one-month lag in delivery to Asia. Even assuming a higher freight cost of over $2.50/mn Btu, it would be more profitable to receive US cargoes than oil-linked ones with the active 25pc tariff, a combination of the baseline 10pc tariff and an additional levy of 15pc on US LNG specifically. But oil-linked contracts were likely signed on a des basis, giving firms limited scope to divert or turn away cargoes, whereas US LNG is typically contracted on a fob basis, pushing firms into accepting their oil-linked cargoes and selling on their fob cargoes based on contractual terms.

Chinese firms are likely to swap their US supply later in the winter to avoid the 25pc tariff if they need their term cargoes for winter demand, market participants said. State-owned Sinopec and CNOOC hold a combined 6mn t/yr from the US' 27.2mn t/yr Plaquemines terminal, which is set to begin commissioning in October-November.

China domestic trucked LNG price

$/mn Btu



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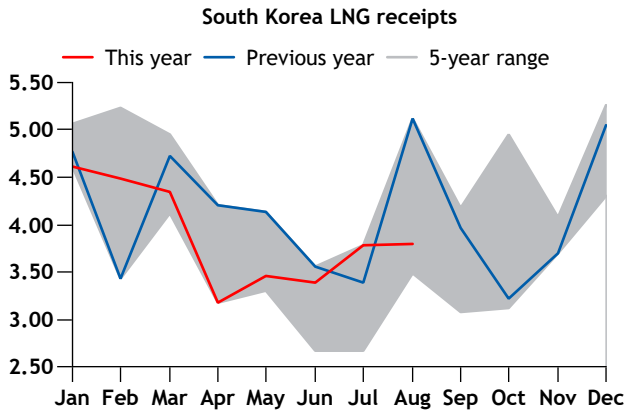
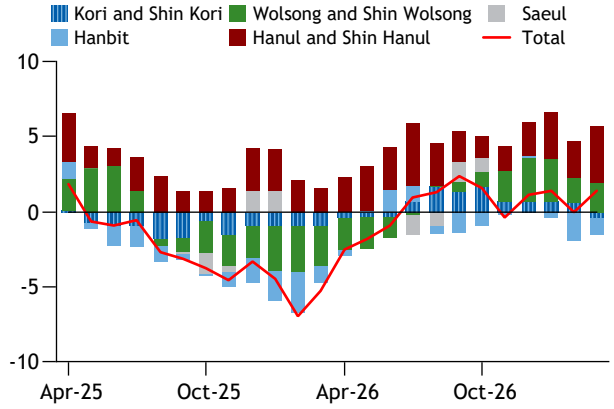
ASIA-PACIFIC

South Korea LNG seasonality chart *mn t*



South Korea nuclear availability y-o-y change *GW*



S Korea's gas-fired output drops in Sep

South Korea's gas-fired output fell sharply in the first three weeks of September, as weaker power demand and firmer nuclear availability reduced the need for thermal generation.

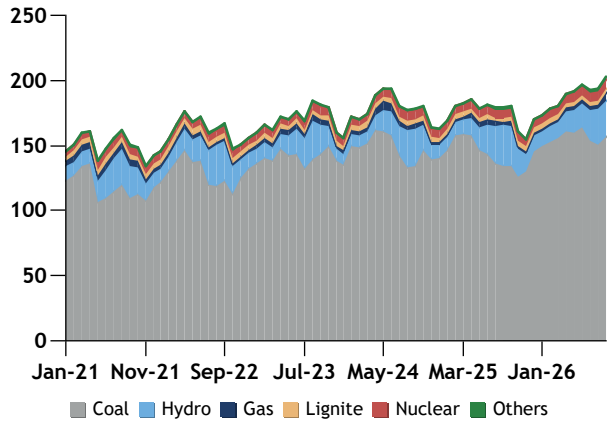
Gas-fired output dropped by 3.5GW, or by 20.7pc, on the year to 13.2GW over 1-20 September, according to real-time generation data from Korea Power Exchange (KPX). Daily power demand dropped by 2.9GW on the year to 69.4GW over the same period. The drop partly reflected cooler weather so far this month, with daily temperatures in Seoul being 0.9°C below the seasonal norm compared with 1°C above the norm a year earlier, Speedwell weather data show.

The drop in power demand coincided with higher nuclear availability. Nuclear output rose by 1.28GW on the year to 21.1GW, helping to reduce coal-fired output by 3.12GW to 23.9GW. That said, the drop in gas-fired output was steeper than the 11.5pc fall in coal-fired output, indicating that gas-fired plants bore a larger share of the adjustment as the system required less thermal generation.

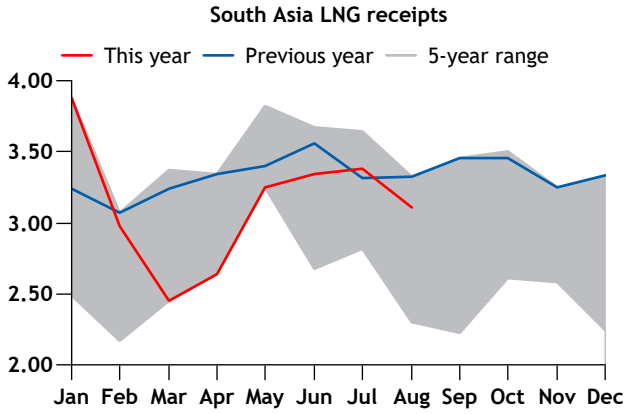
Elevated gas costs and the government's effort to preserve LNG stocks have reinforced the shift away from gas-fired generation. Ongoing uncertainty surrounding Mideast Gulf LNG supply and higher global gas prices have pushed up state-owned gas incumbent Kogas' domestic tariffs, with its power sector rate rising to a more-than-three-year high of 24,807 won/GJ ($19.26/mn Btu) in September.

But weaker gas-fired generation has not halted South Korea's winter procurement activity. Kogas was heard to have procured 14-20 spot LNG cargoes earlier this month, with delivery windows spanning November 2026 to January 2027. The company has been prioritising supply security and maintaining adequate LNG inventory levels, being sporadically active in the spot market to bridge a supply gap arising from disrupted Qatari LNG volumes.

India power generation mix *TWh*



South Asia LNG seasonality chart *mn t*



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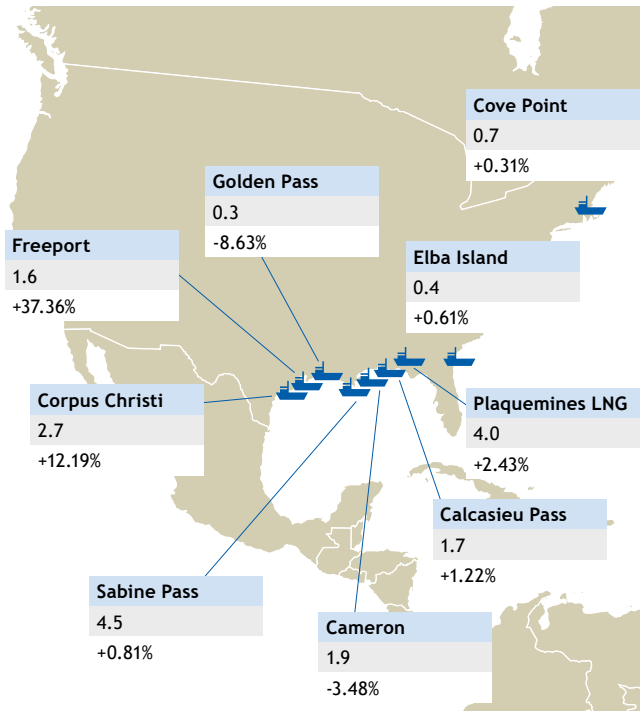
AMERICAS

Feedgas flows to US LNG terminals *trillion Btu/d*



EIA cuts 2027 US regional power outlook

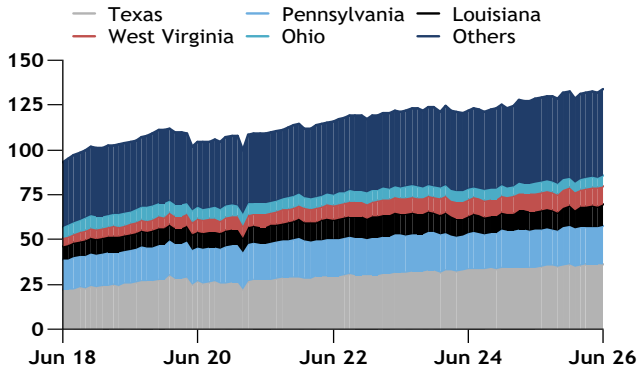
A substantial downward revision to US Energy Information Administration's (EIA) 2027 electricity sales forecast for the west-south-central region has reduced the potential gas demand associated with data centre and manufacturing growth.

The administration cut its forecast for electricity sales in the west-south-central region to 790TWh in 2027 in its latest short-term energy outlook, down from its projection of 829TWh in August. The region includes Texas, where the state government has paused connections for new data centre projects while it assesses proposed developments and their potential effect on the power grid.

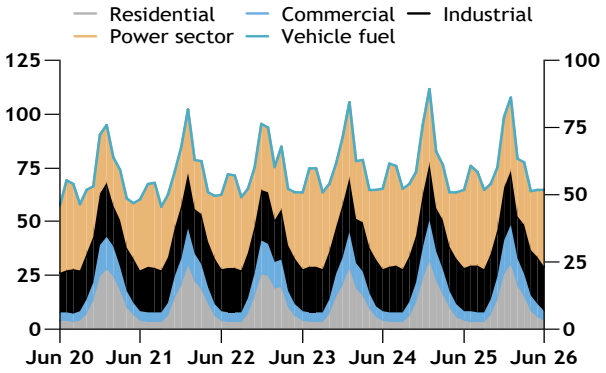
Had the 39TWh removed from the west-south-central electricity sales forecast been supplied entirely by gas-fired plants operating at 50pc-efficiency, they would have required around 6.53bn m^3 of gas, or 5.1mn t of LNG.

The EIA still expects total US electricity sales to rise by 2pc on the year to 4,135TWh in 2026 and by a further 2pc to 4,211TWh in 2027, driven by data centre development and increased manufacturing activity. The 2027 forecast is nevertheless 40TWh below its August projection, broadly matching a 39TWh downward revision for the west-south-central region, which is still projected to make the largest contribution to national electricity sales growth.

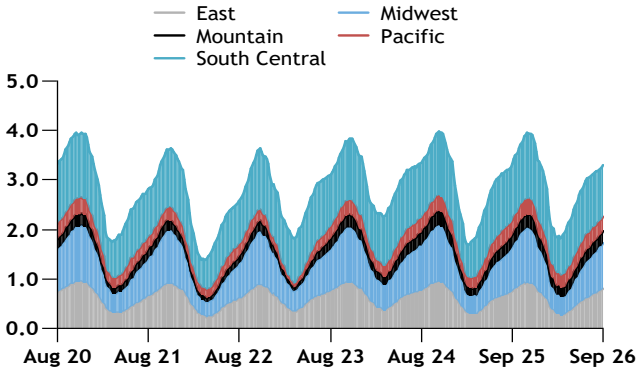
US production *bn ft³/d*



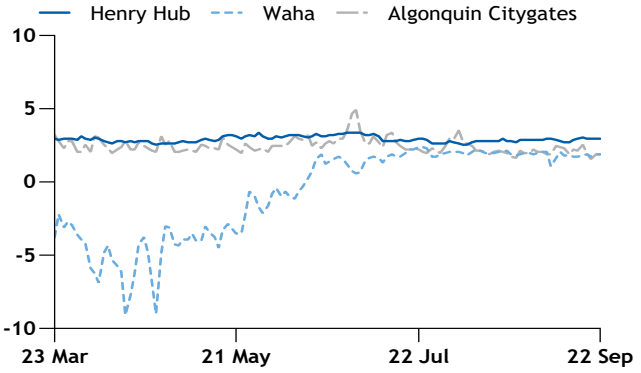
US demand *bn ft³/d*



US stocks *trillion ft³*



US domestic gas prices *$/mn Btu*



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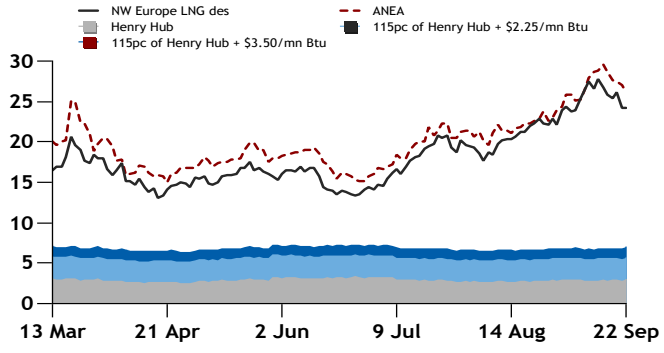
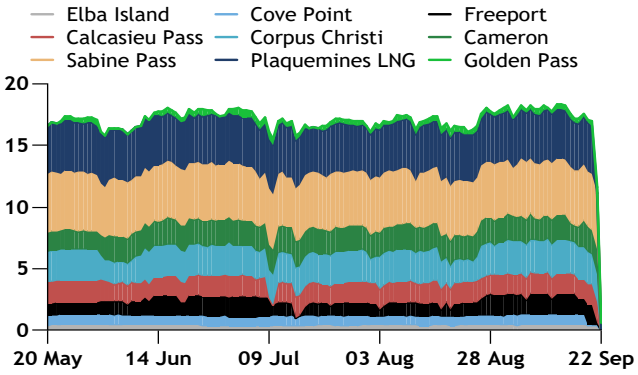
US storage movements, stocks							*bn ft³*
Region	**11 Sep**	**4 Sep**	**Implied flow**	**Year ago (12 Sep)**	**% change**	**Five-year average (21-26)**	**% change**
East	795	773	22	781	1.8	750	6.0
Midwest	934	908	26	920	1.5	896	4.2
Mountain	241	239	2	251	-4.0	221	9.0
Pacific	289	290	-1	297	-2.7	263	9.9
South Central	1,039	1,044	-5	1,174	-11.5	1,039	0.0
Total	**3,298**	**3,254**	**44**	**3,423**	**-3.7**	**3,170**	**4.0**

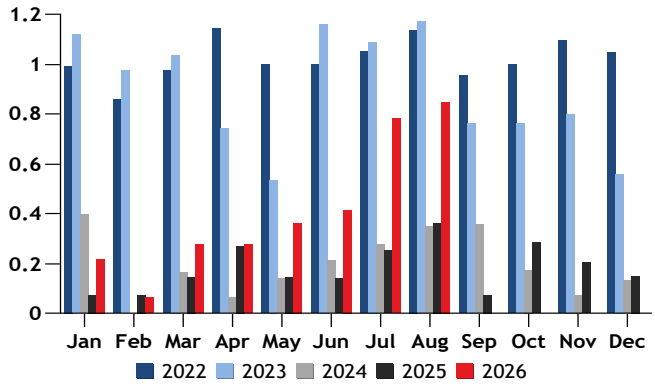
US long-term fob vs Europe, Asia spot des prices *$/mn Btu*



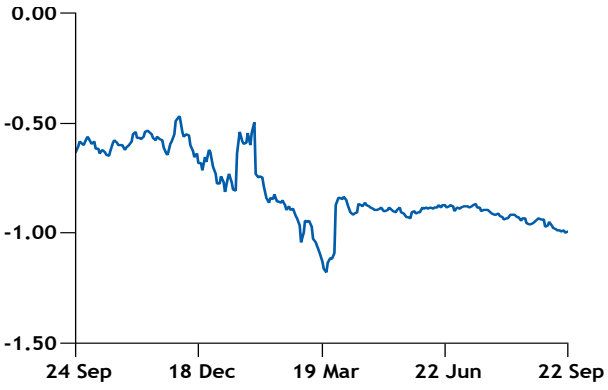
Feedgas flows to LNG plants *trillion Btu*



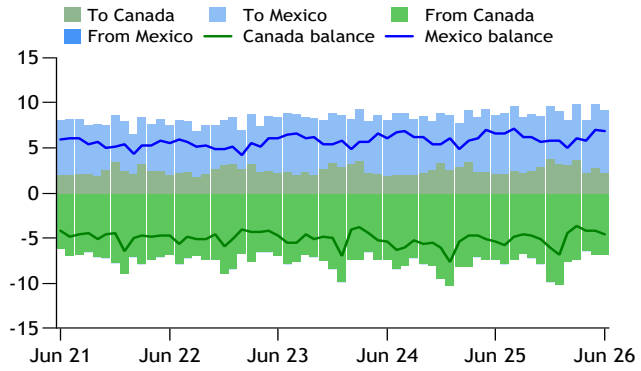
LNG tankers transiting Panama Canal *mn t*



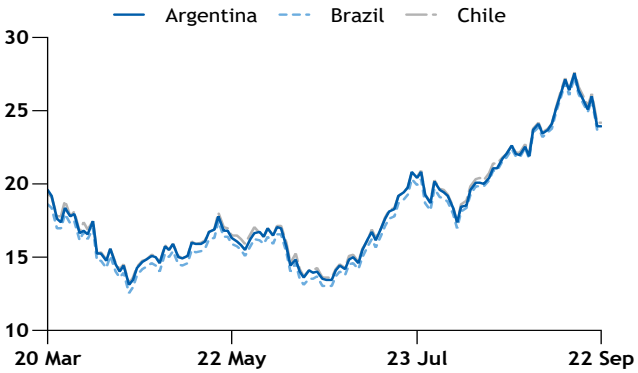
Henry Hub summer-winter spread *$/mn Btu*



US pipeline flows to Mexico *bn ft³/d*



LNG delivered to South America *$/mn Btu*



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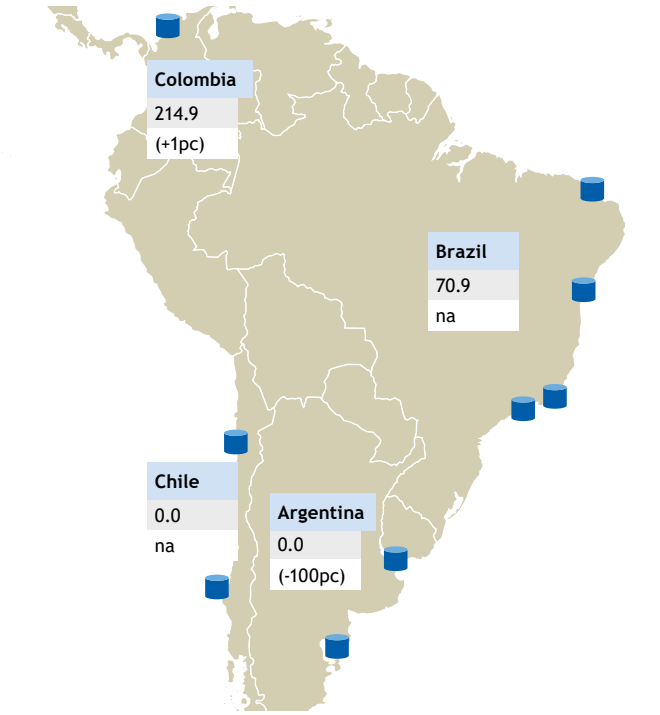
South America LNG receipts *'000t*



Brazil's gas-fired output drops in Aug

Brazil's gas-fired generation fell sharply on the year in August, as stronger renewable output reduced the need for thermal generation even as overall power demand increased.

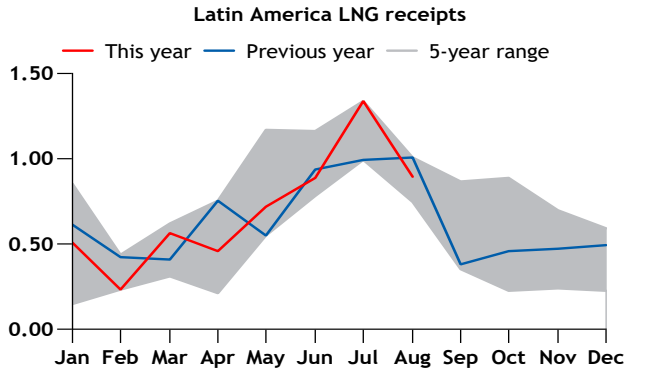
Gas-fired output totalled 2.93TWh in August, down from 4.35TWh a year earlier, data from Brazilian grid operator ONS show. Total power demand rose by 8pc on the year to 60TWh, while thermal output fell to 7.3TWh from 10.2TWh over the same period. This reduced thermal output's share of the power mix to 12pc from 18pc a year earlier.

Stronger renewable output met the additional electricity demand, limiting the call on thermal plants. Combined hydro, wind and solar output increased to 52.7TWh in August from 45.3TWh a year earlier. The 7.4TWh growth comfortably exceeded the 4.5TWh rise in total power demand.

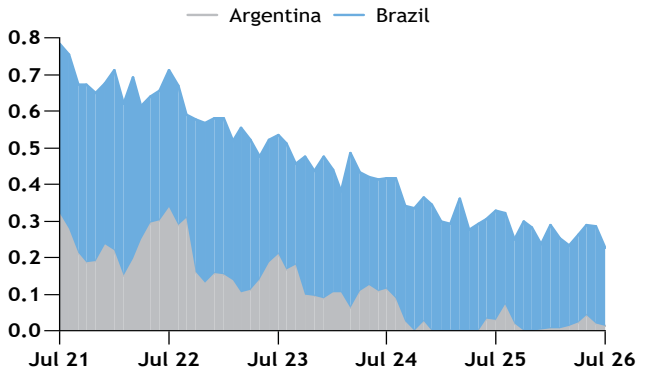
Hydro output rose by 19pc on the year to 31.6TWh, supported by improved hydrological conditions in southern Brazil and parts of the Parana basin, according to reports from national disaster monitoring agency Cemaden.

Total hydroelectric stocks across Brazil had stood at 187MW by the end of August, up from 181MW a year earlier, according to ONS data. Stored energy inched lower to 183MW by 17 September, although it was still above the 170MW a year earlier.

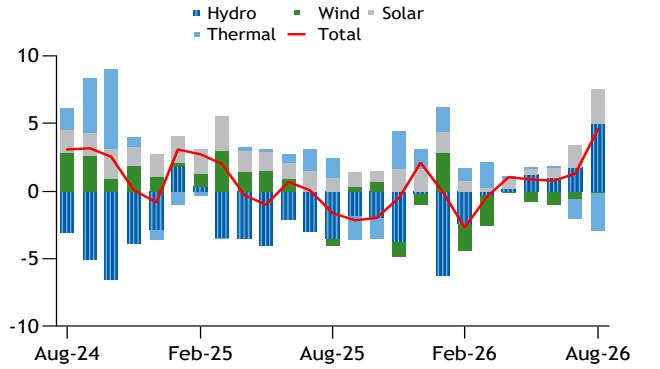
Latin America LNG seasonality chart *mn t*



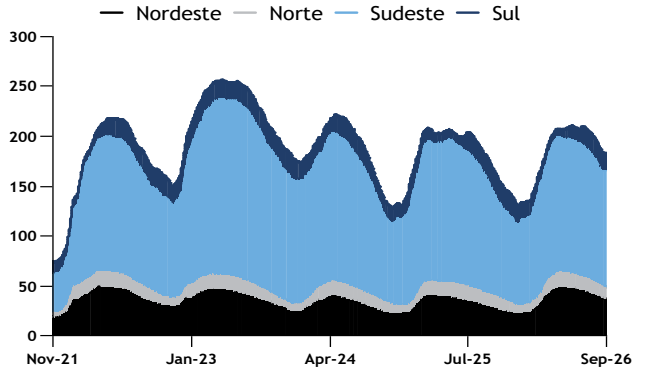
Bolivian flows to Argentina, Brazil *mn t*



Brazil power generation mix, yoy change *GWh*



Brazil hydroelectric stocks *MW/month*



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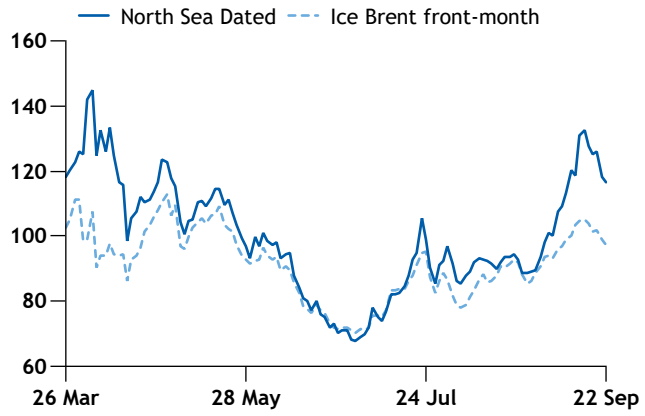
RELATED MARKETS

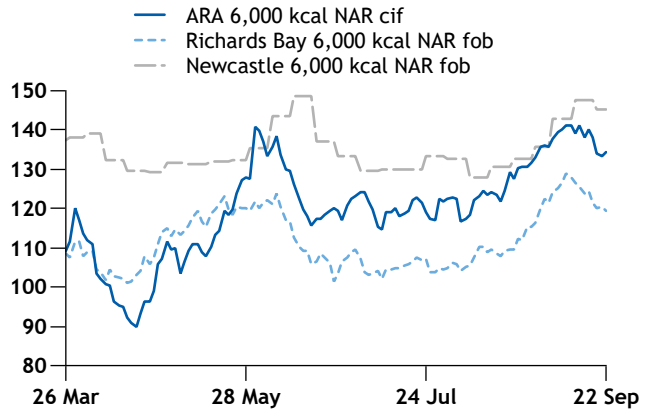
Crude prices

$/bl



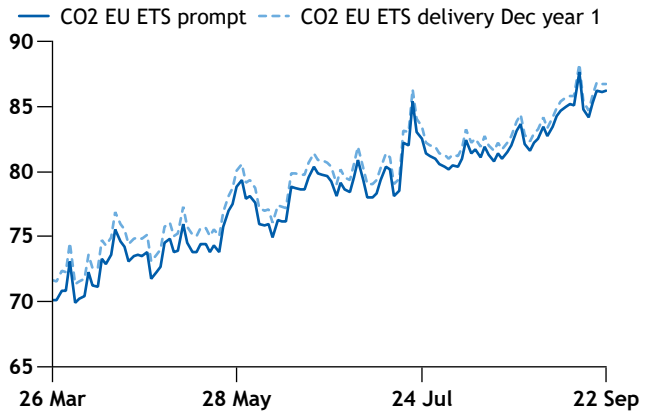
Coal prices

$/t



EU ETS

€/t



Crude prices rise on Aramco FM

Atlantic basin crude benchmark North Sea Dated and US marker WTI rose over the past fortnight after state-owned Saudi Aramco shut down its 7mn b/d East-West crude pipeline, following drone attacks originating in Iraq. Aramco will not supply October-loading term crude to some European refiners, market sources said, following disruptions to September-loading supplies. Meanwhile, Opec cut its oil growth demand forecast for this year but raised its projection for next year. Elsewhere, Ukrainian forces struck the Novorossiysk fuel oil terminal during a wider attack on the Russian Black Sea port, including the naval base there, according to Ukraine's military general staff. Dated added $10.43/bl over the previous fortnight to $118.17/bl on 21 September, while WTI rose by $2.75/bl to $95.78/bl over the same period.

Coal prices reach multi-year highs

Thermal coal prices remained elevated over the past two weeks, with many touching multi-year highs, while end users may have begun reducing their purchases at current levels. In China, benchmark NAR 5,500 kcal/kg cfr south China prices touched $128.50/t on 18 September, the highest since April 2023. Tight supply from Indonesia and utility demand ahead of the mid-autumn festival were keeping prices elevated, although cooler weather and increased rainfall limited the price increase. The effective closure of the Black Sea continued to reroute Russian cargoes to Baltic terminals, creating bottlenecks. This pushed fob Baltic pricing to $94.50/t last week, its highest since March 2023. The Black Sea closure also pushed delivered-Turkey pricing higher, with *Argus*' cif Turkey assessment for large cargoes rising above the $130/t mark, also for the first time since March 2023. Turkish utilities would likely turn to Colombian coal as a replacement for Russian supply, which could further tighten the Atlantic market.

Reverse fuel switching supports EU ETS

The front-year contract under the EU emissions trading system (ETS) has posted strong gains so far this month, pulling above earlier technical resistance at €85/t of CO_2 equivalent (CO_2e). The contract has tracked movements in European gas markets in recent weeks, with the profitability of gas-fired generation relative to more carbon-intensive coal-fired plants impacting compliance demand for carbon allowances from the power sector. The product may have found some additional support from last-minute buying ahead of the ETS' annual compliance deadline on 30 September. Liquidity has picked up since participants returned from the summer holiday period and responded to fresh developments in negotiations on the ETS review package. Around 23.8mn EU ETS December 2026 allowances have traded daily at the Intercontinental Exchange in September to date, compared with 15.5 mn/d in August.

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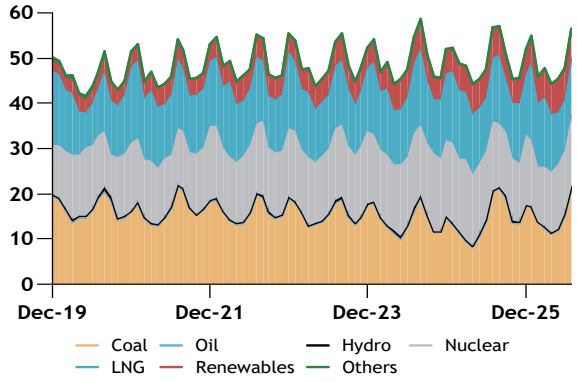
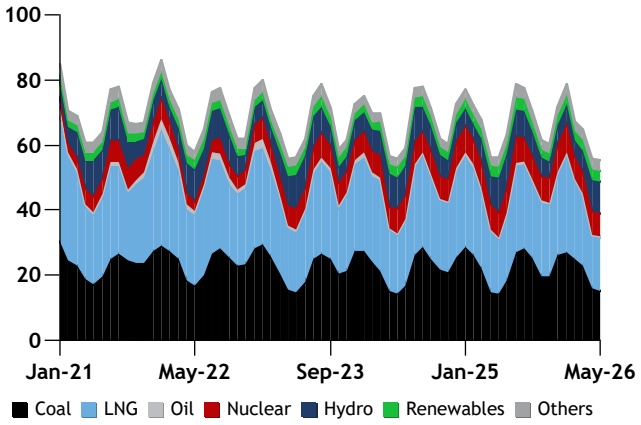
GLOBAL GENERATION ECONOMICS

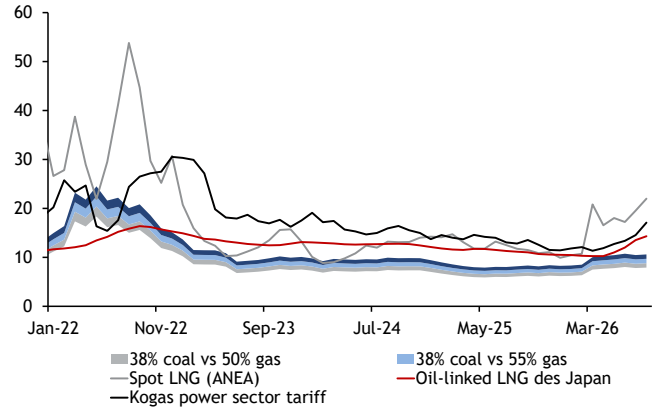
South Korea generation mix (Kepco) *TWh*



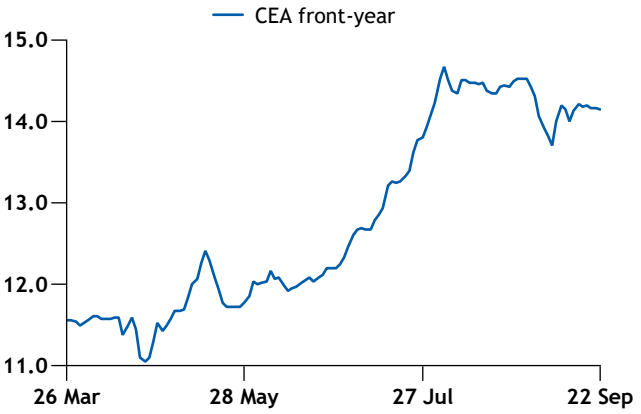
Japanese power generation mix *TWh*



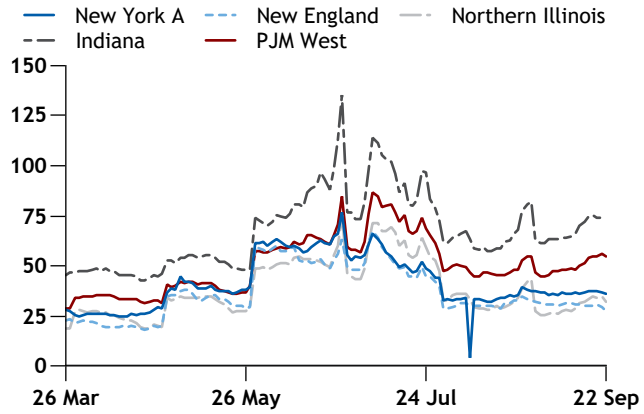
South Korea fuel switching *$/mn Btu*



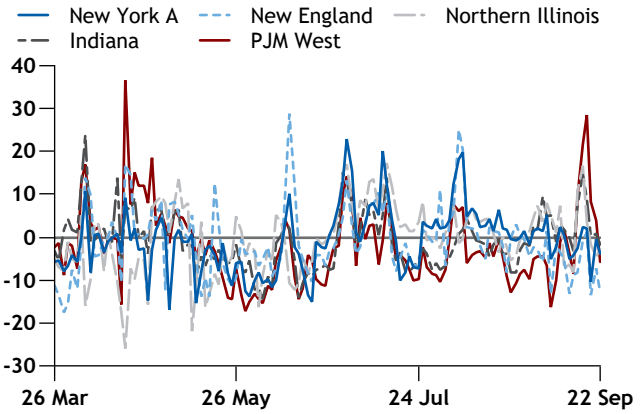
China carbon emission allowances *$/t*



US spark spreads *$/MWh*



US dark spreads *$/MWh*



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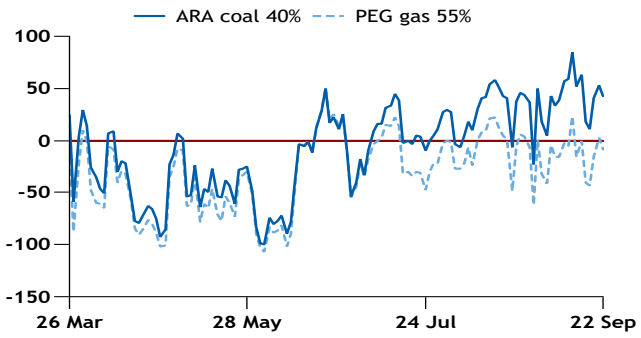
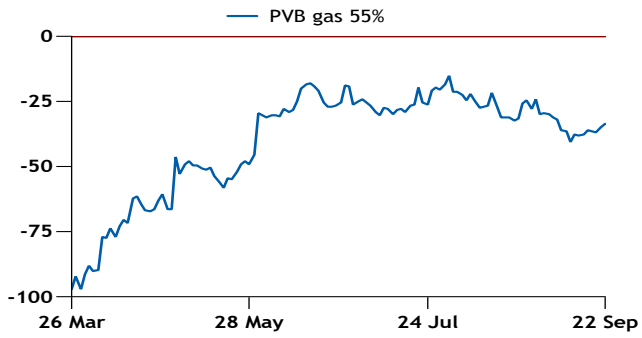
GLOBAL GENERATION ECONOMICS

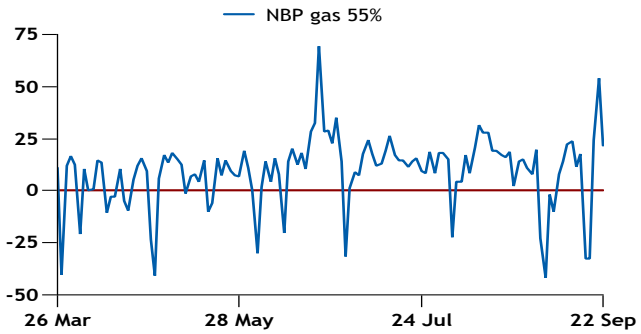
France ETS-adjusted spark spreads *€/MWh*



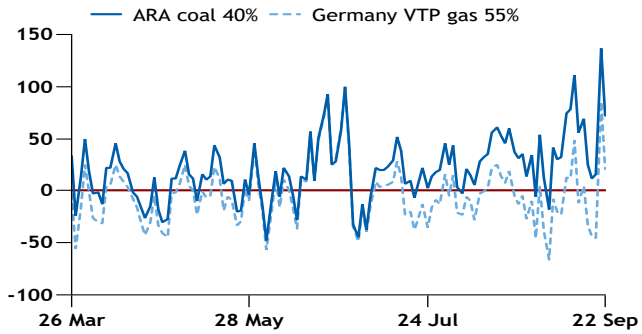
Spanish ETS-adjusted spark spreads *€/MWh*



UK sparks vs darks *£/MWh*

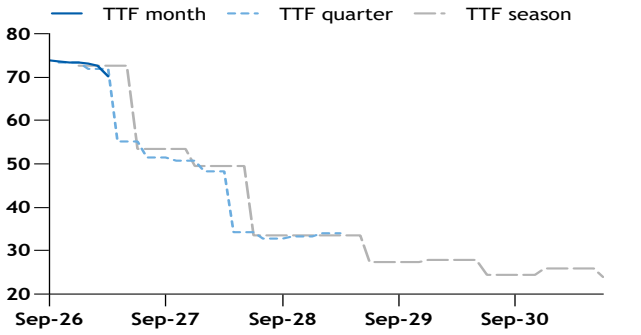


Germany sparks vs darks *€/MWh*

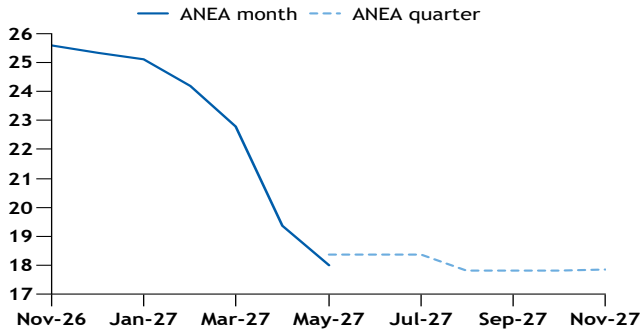


FORWARD CURVES

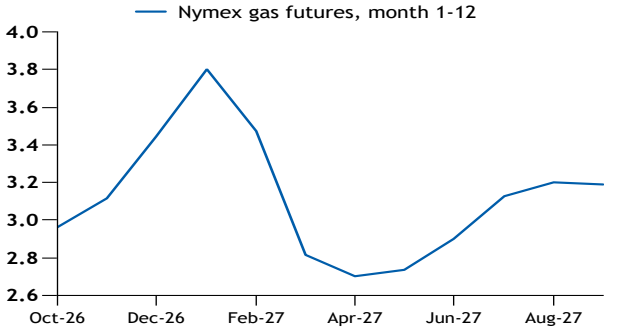
TTF *€/MWh*



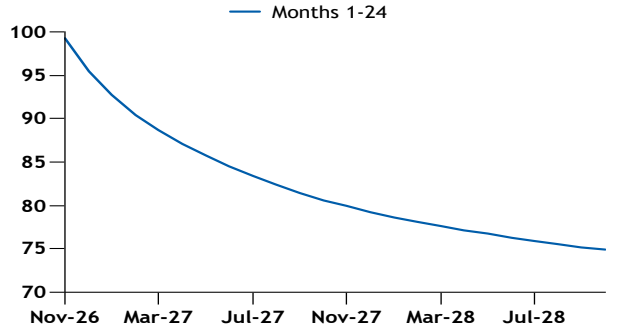
ANEA *$/mn Btu*



Henry Hub *$/mn Btu*



Ice Brent *$/bl*



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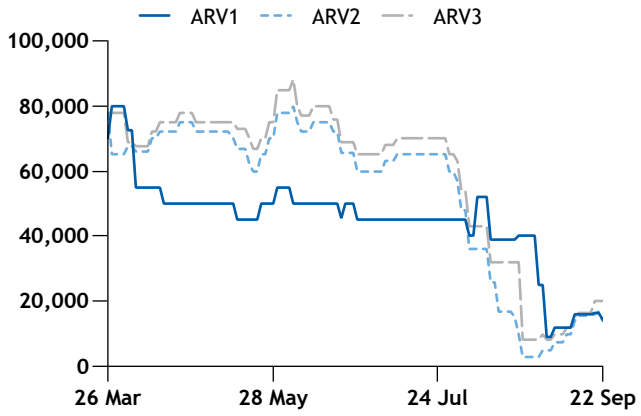
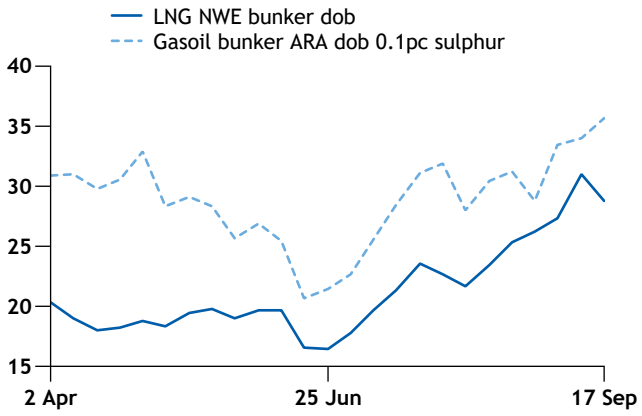
FREIGHT AND LNG AS MARINE FUEL

Argus Round Voyage (ARV) rates *$/d*



Marine fuels competition *$/mn Btu*



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