RystadEnergy

Condensed report

Northern Summer Fundamentals

No elbowing required so far

Contents

Higher prices in 1H 2025, Europe's weaker contango reduces storage incentives

In 1H25, natural gas and LNG prices were higher across key markets. TTF prices were lifted by Europe's restocking demand and East Asian LNG prices followed suit. Henry Hub prices were buoyed by cross-sectoral demand growth in 1Q 2025 and increasing feedgas demand from Plaquemines phase 1 and Corpus Christi stage 3.

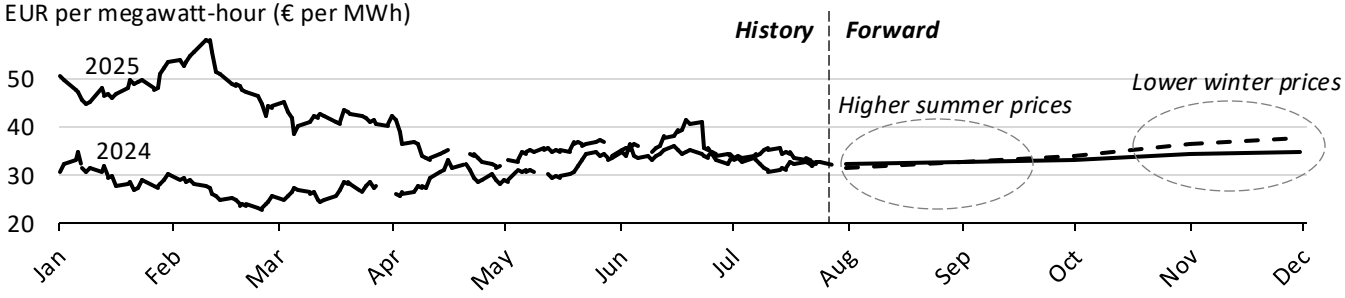
While Henry Hub prices are structurally higher than last year, prices in Europe and Asia have regressed towards July 2024 levels. On 24 July, TTF front-month prices were 7.1% higher YoY whereas East Asian LNG prices were 2.9% lower.

Notably, the forward curve structure differs from previous years, especially in Europe. The European Union's ambitious 90% November storage target temporarily created an atypical forward curve backwardation between summer and winter. Ultimately, the storage target revision restored the familiar contango structure but the August-January spread is only $2.63 per MMBtu compared to $6.25 this time 2024, not enough to render storage at all EU facilities economical.

	USD per MMBtu	YoY change
TTF	11.15	+7.1%
East Asia	11.88	-2.9%
HH	3.09	+46.2%

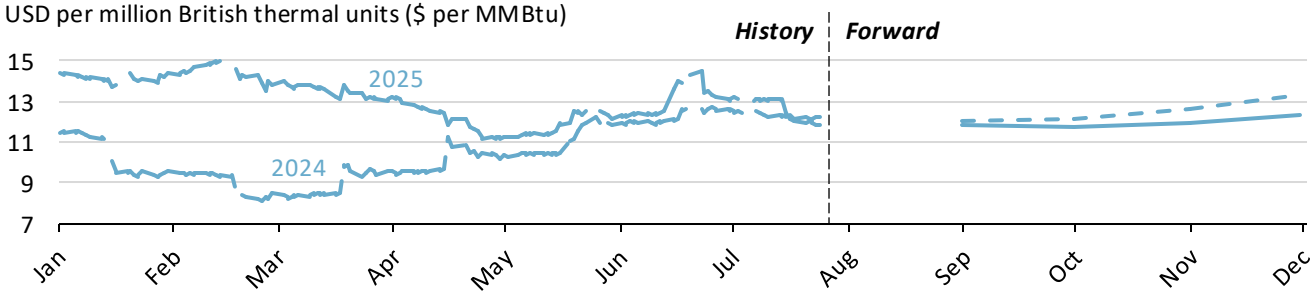
TTF prices*

EUR per megawatt-hour (€ per MWh)



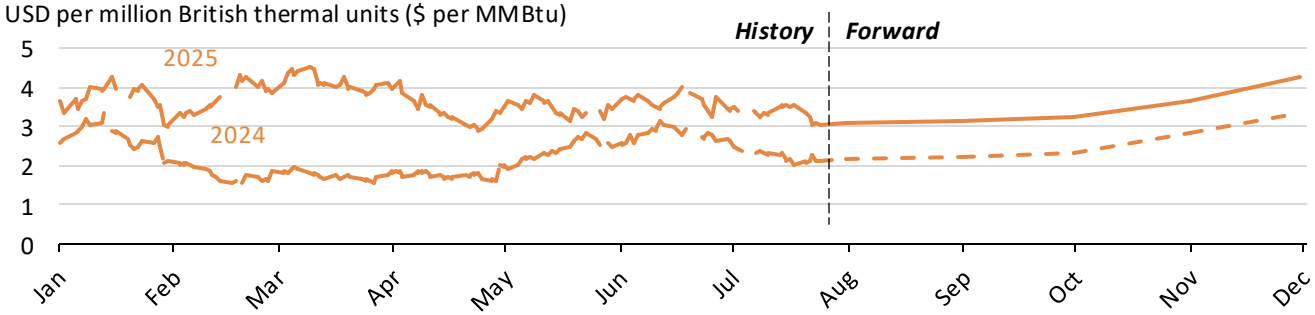
East Asia LNG prices*

USD per million British thermal units ($ per MMBtu)



Henry Hub prices*

USD per million British thermal units ($ per MMBtu)



*Historical front-month prices up to 24 July. Forward curves as per 24 July 2024 and 2025, respectively.
Source: Rystad Energy research and analysis; Refinitiv

1H25 production growth slowed by June outages but further ramp-up ahead

In the first half of 2025, global LNG production grew by 4.8 Mt or 2.3% compared to the same period last year.

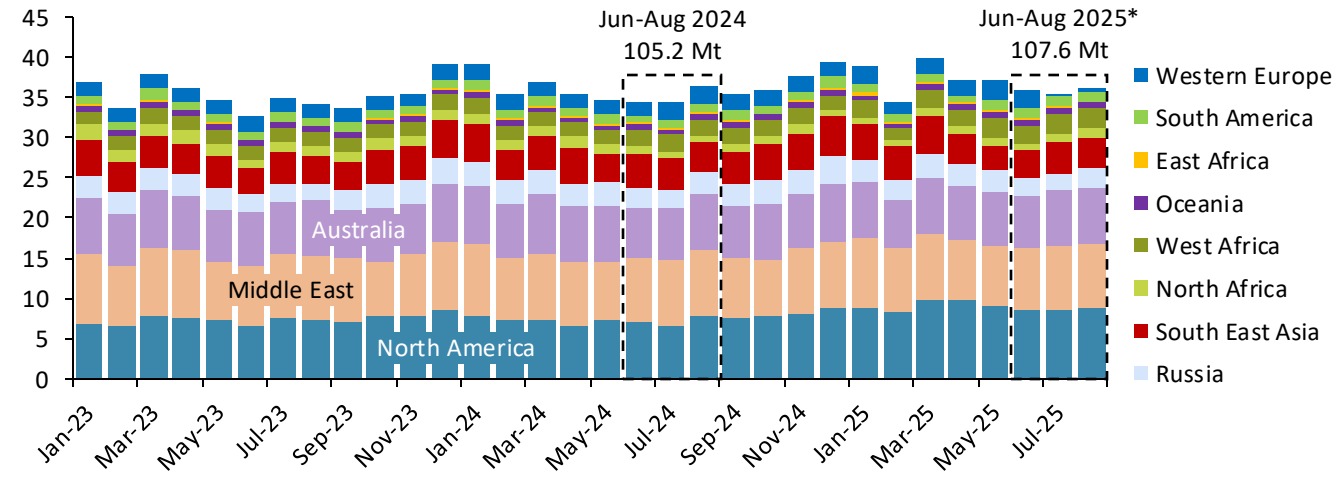
The main reason for the 1H increase was the start-up of Plaquemines LNG, which added 5.4 Mt while its active trains were running at 140% of nameplate capacity. Other noteworthy contributions came from Freeport LNG (+2.8 Mt) which faced major unplanned outages in 1H24, Corpus Christi LNG (+0.8 Mt) which continues to ramp up its Stage 3 expansion, and Tangguh LNG (+0.8 Mt) with its third train running steadily without reported outages.

The largest 1H reductions were observed at Snohvit LNG (-1.2 Mt) due to maintenance since April, North West Shelf (NWS) LNG (-1.2 Mt) which retired train 2 in late 2024, and Bontang LNG (-0.9 Mt) due to reduced feedgas availability. Egypt's 0.4 Mt decline is structural as the country is expected to use its natural gas domestically in the foreseeable future.

Rystad Energy forecasts overall summer production from June to August to grow slightly even though a record-high capacity was affected by outages and maintenance activity in June at sites including Cameron LNG, Sabine Pass, Sakhalin LNG, and Snohvit LNG. Looking ahead, supply growth can be expected from LNG Canada, which shipped its first cargo in June, Plaquemines LNG, and likely Nigeria LNG (NLNG) due to improved feedgas access.

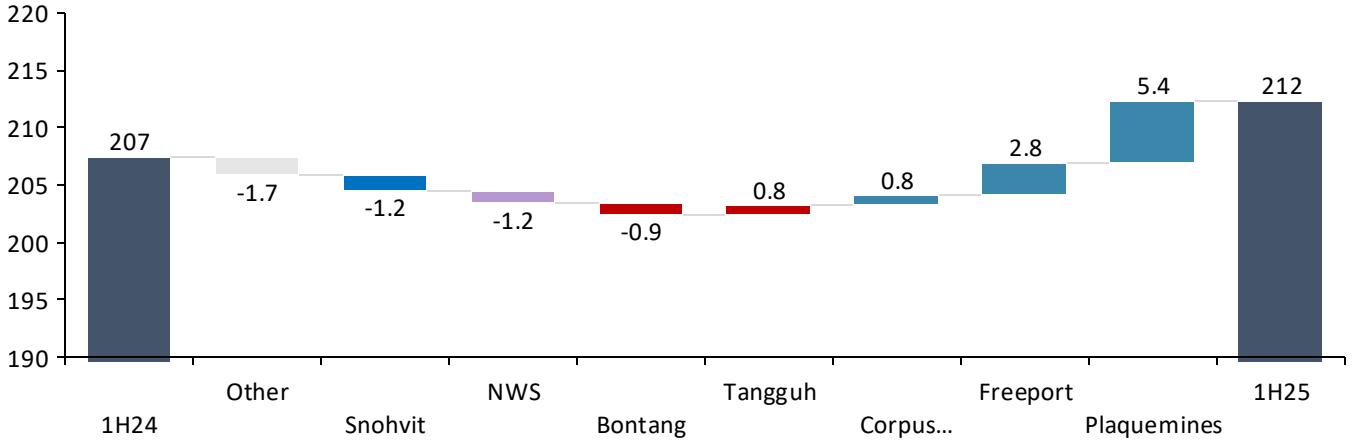
LNG production by region

Million tonnes (Mt)



Global LNG production changes, 1H 2024 vs 1H 2025

Million tonnes per annum (Mtpa)



*July and August 2025 estimated.

Source: Rystad Energy LNG Trade Tracker, Rystad Energy GasMarketCube

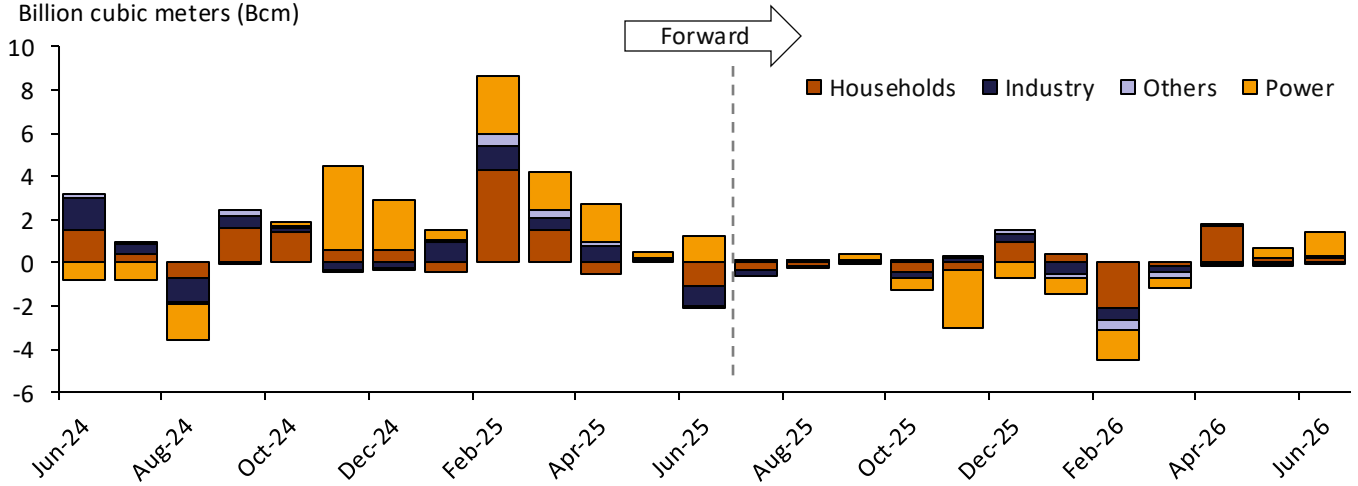
European weather extremes drive gas demand, as industry nears growth territory

Joint EU and UK gas consumption in the first half of 2025 stood 15.9 Bcm higher year-on-year. Cold weather and periods of low renewable electricity generation resulted in high gas demand for heating and power at the start of the year. Gas-for-power demand continues to stay elevated, driven by lasting heat across Europe and the need for cooling. Gas-fired generation in June stood 18.3% higher than the previous year, consuming 8 Bcm of gas. For the second half of the year, Rystad Energy expects gas-for-power demand to settle between elevated levels from 2H24 and the mild demand numbers of 2H23. We forecast household heating demand in 2026 to dip year-on-year, especially compared to outlier months such as February 2025.

Industry consumption also slightly rebounded in 1H25, standing 4.2% (2.5 Bcm) above the year-ago period. Hamburg Commercial Bank thereby estimated Eurozone manufacturing Purchasing Managers' Index (PMI) closing in on the expansion threshold value of 50, marking 49.5 in June. While this marks the softest contraction level in 34 months, we note increasing production levels for the fourth consecutive month. Foreseeing the manufacturing PMI enter expansive territory in the next two quarters, we expect industrial gas demand to mirror the brightening economic outlook for 2026, characterized by heightened defense and infrastructure spending across Europe.

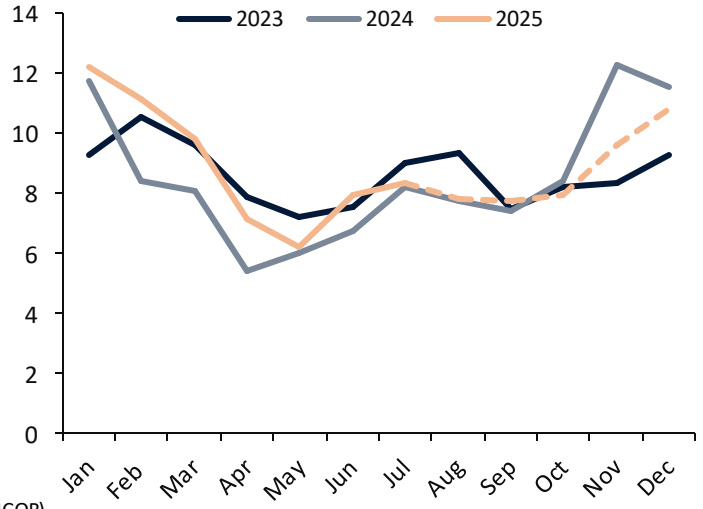
European gas demand (EU27+UK) year-on-year change by sector, monthly

Billion cubic meters (Bcm)



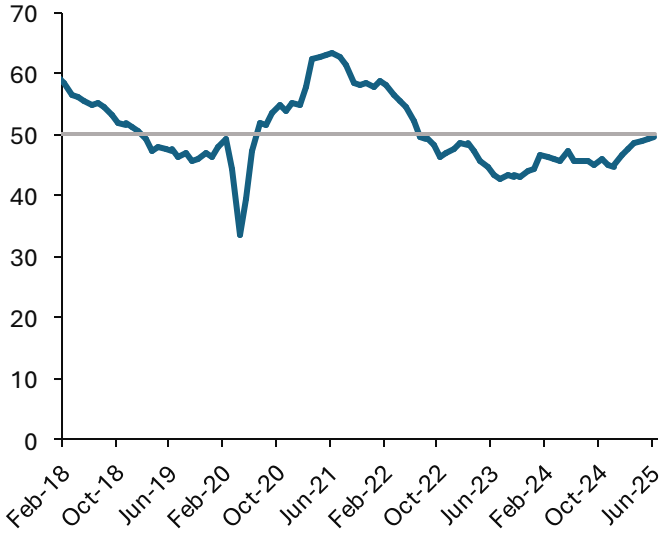
Gas consumption in power generation in Europe

Billion cubic meters (Bcm)



Eurozone HCOB manufacturing PMI*

Index, 50 = no change over previous month



*Released by S&P Global and Hamburg Commercial Bank (HCOB)

Source: Rystad Energy Gas & LNG Tracker; Rystad Energy Gas & LNG Trading Fundamentals; Refinitiv

Mixed outlook on East Asia's power alternatives

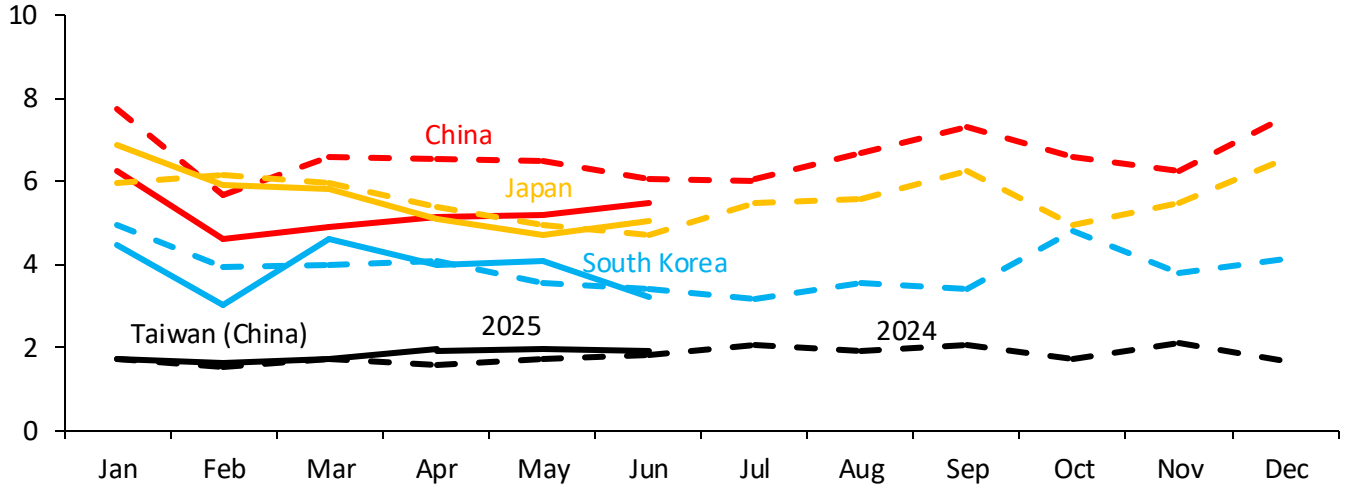
Nuclear availability in Japan and South Korea grew by 7% or 2.2 GW in the summer period from June to August 2025 from the same period in 2024.

Japan's nuclear capacity is bolstered by two restarted nuclear power plants (NPPs), but this is partially offset by maintenance work at multiple sites in Western Japan. Despite seven NPP units facing planned maintenance this summer, South Korea still has 1.4 GW of additional available capacity in the summer period of 2025 compared to 2024.

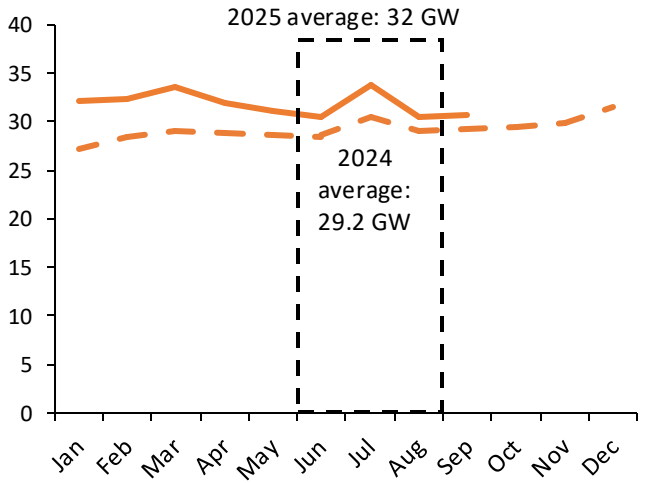
Summer gas demand in China hinges mainly on temperatures and hydroelectric generation. Fluctuations in hydropower from China's Southwest, which also supplies a large share of South China's electricity, directly influences run rates of local gas-power units. In 2Q25, China's hydropower output fell by 10% or 40.3 terawatt hours (TWh) from 2Q24 due to lower water levels in the main hydro hubs. Meanwhile, heatwaves began sweeping across China from May, leading to a 12.6% or 8.7 TWh year-on-year climb in gas power output in 2Q. Coal power generation in the same period rose 2.7% or 31.6 TWh to help offset the hydropower drop.

China's hydropower output is likely to drop again in July from the year-ago period. Key indicators – including inflows, outflows, and water levels at China's largest hydropower plant the 'Three Gorges station' – point to lowered output in July. This, coupled with above-average temperatures, is likely to support gas-for-power demand in the summer ahead.

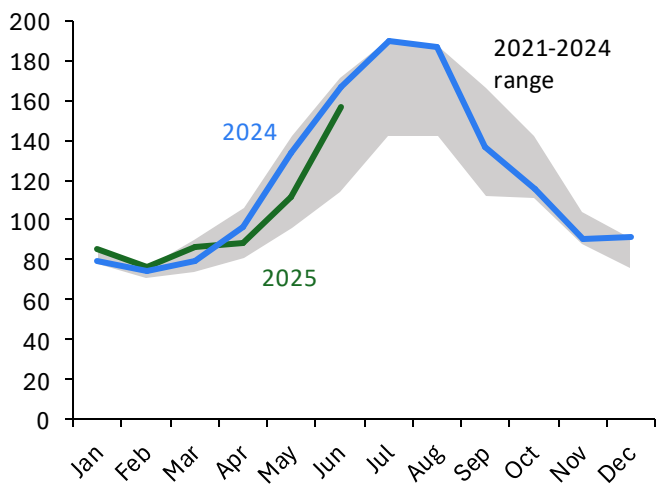
LNG imports to East Asia (2025 versus 2024)
Million tonnes (Mt)



Monthly avg. nuclear availability (Japan, South Korea)
Gigawatts (GW)



Monthly hydro generation in China
Terawatt-hours (TWh)



Source: Rystad Energy LNG Trade Tracker; Rystad Energy Gas & LNG Trading Fundamentals; Rystad Energy China Gas Solution

Gas prices recover, buoyed first by production discipline then strong feedgas growth

After seeing supressed gas prices for the majority of 2024, front-month prices at the Henry Hub recovered to an average of $3.67 per MMBtu so far in 2025. After a normalized winter season, Henry Hub has also held strong throughout the summer period, averaging $3.57 per MMBtu in June and July as feedgas growth outweighed expanding renewable power generation.

The recovery in gas prices, which started in the fourth quarter of 2024, was supported by production shut-ins in the Haynesville and Appalachia basins. Production declined by 140 MMcfd YoY in 4Q24 as operators feared another warm winter which they had experienced the previous two years. On the other hand, Permian growth remained strong on a year-on-year basis through the second half of 2024 as oil prices held steady above the $70 per barrel mark.

Despite notably strong supply growth recently, with monthly year-on-year growth averaging 4.8 Bcfd from March to June 2025, Henry Hub prices have remained in the mid-$3.0 per MMBtu range. We have seen a slow acceleration of growth from the Permian as oil economics have deteriorated in the past few months.

Rystad Energy expects Henry Hub prices to gradually increase in 2H 2025 and to hover around $4 per MMBtu in 1H 2026 as Golden Pass is expected to come online in early 2026 and feedgas growth will outpace production growth.

Brent and Henry Hub price development

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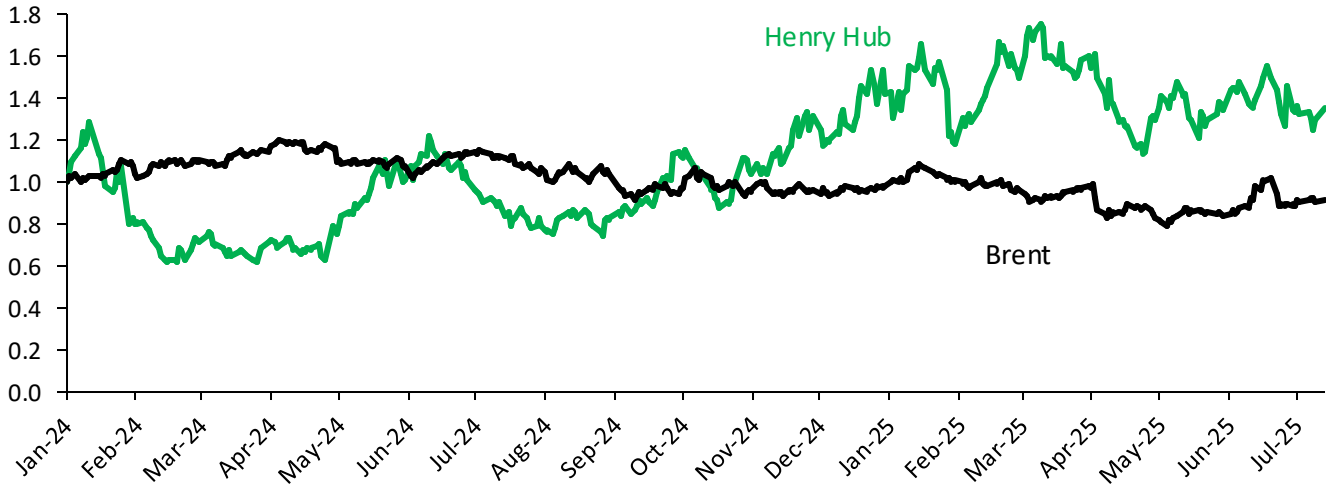
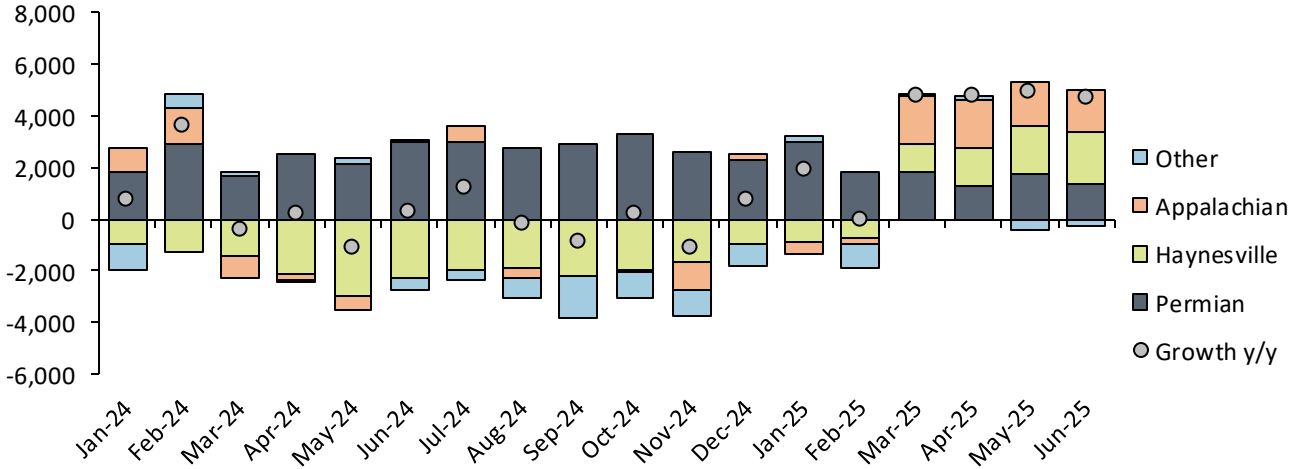


US dry gas production year-on-year change by geography

Million cubic feet per day (MMcfd)



Source: Rystad Energy North America Gas Market Fundamentals; Refintiv

Egypt aggressively ramps up regasification capacity for peak summer demand

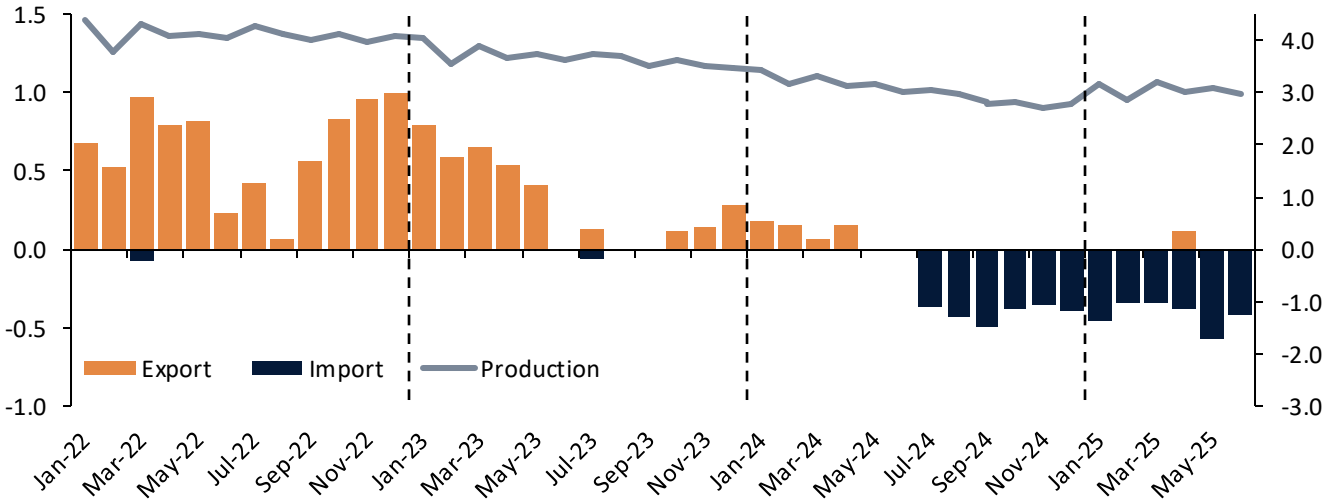
Egypt's domestic gas production has been steadily declining, forcing the country to pivot from being a net LNG exporter to a net importer in mid-2024. To meet rising power and industrial demand, Egypt began an aggressive regasification capacity buildout with the startup of the 5.8-Mtpa Hoegh Galleon floating storage and regasification unit (FSRU) at Ain Sokhna in July 2024. Egypt also sub-chartered Jordan's idle 5.8-Mtpa Energos Eskimo FSRU to help cover peak summer cooling demand. That vessel received its first cargo on 15 July, followed by the Energos Power at Ain Sokhna on 19 July. Two more FSRUs – the 3.5-Mtpa Energos Winter at Damietta and the 5.8-Mtpa Energos Force, to be shared with Jordan – are scheduled for early August. This fleet will expand Egypt's monthly regasification capacity to 1.73 Mt by the end of the summer.

The urgency of Egypt's expansion was underscored by the June 13-25 shutoff of Israel's Leviathan and Karish fields, which cut supplies via the EMG pipeline. Egypt lost around 16 MMcmd of gas, adding up to roughly 7-8 LNG cargoes had the halt lasted for a full month. With only the Hoegh Galleon FSRU operating at maximum capacity, Egypt lacked flexibility to offset the sudden loss, forcing immediate industrial curtailments while power generation was prioritized.

However, LNG imports are dollar-denominated. Egypt faces a chronic foreign currency shortage, with this summer's LNG bill projected near $9 billion for just three months, highlighting the financial strain of this regasification push.

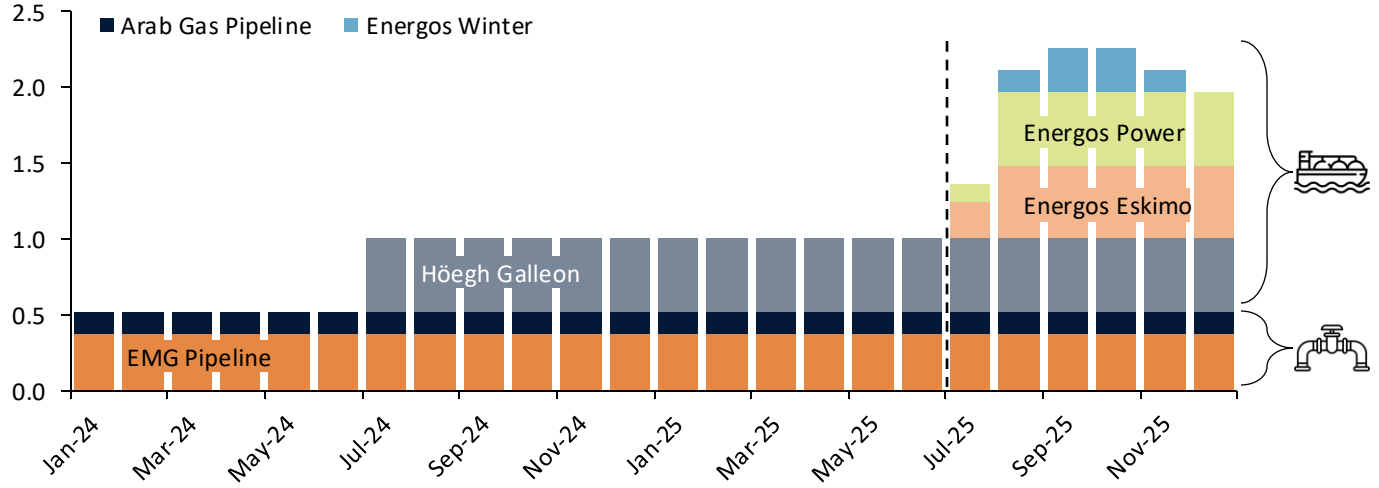
Egypt LNG flows (left axis) and natural gas production (right axis)

Million tonnes (Mt)



Egyptian import capacity

Million tonnes (Mt)



Source: Rystad Energy European Gas Flows Monitor; Rystad Energy LNG Trade Tracker

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RystadEnergy

Navigating the future of energy

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