



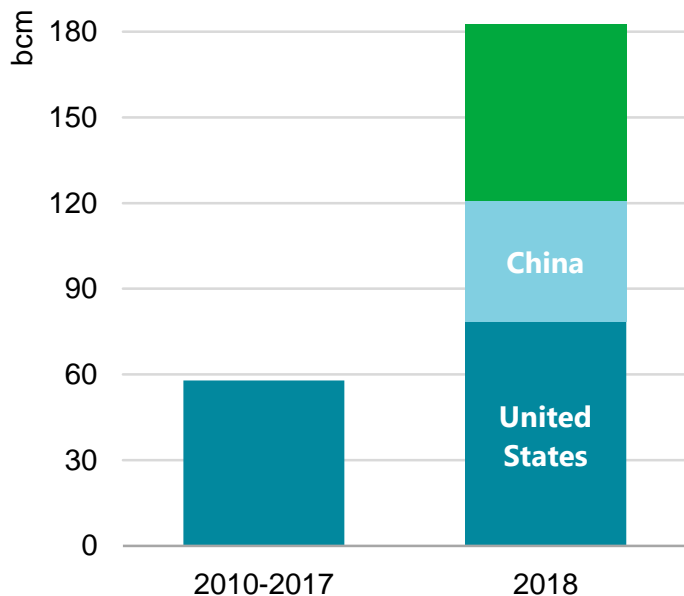
# **Gas 2019 market report**

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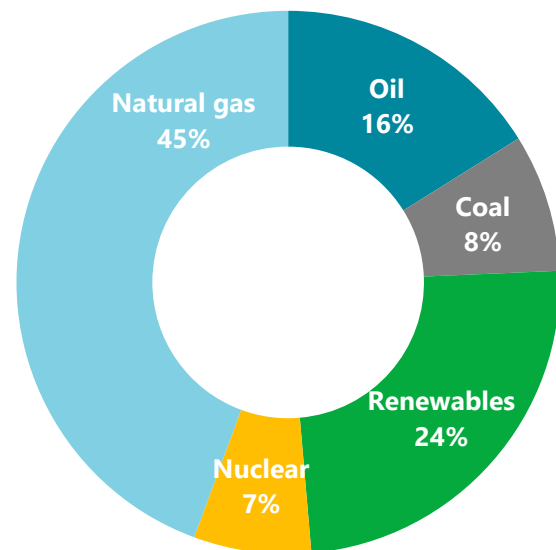
CIEP-NOGEPa Gas Day – The Hague – 12 September 2019

# 2018 was another golden year for natural gas

Average annual change in natural gas demand, 2010-18



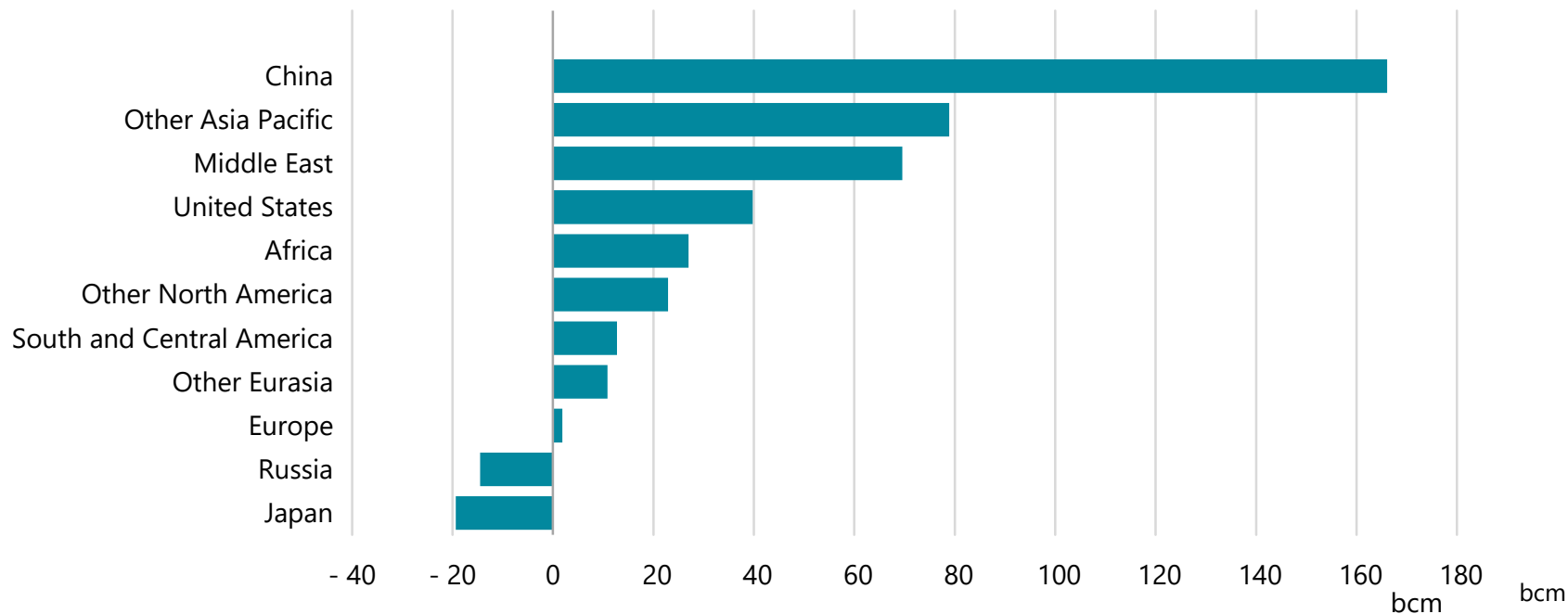
Energy demand growth by fuel in 2018 (%)



Gas demand jumped by 4.6% in 2018, accounting for nearly half of overall demand growth. The United States and China led the growth.

# Fast growing Asian markets drive future gas demand

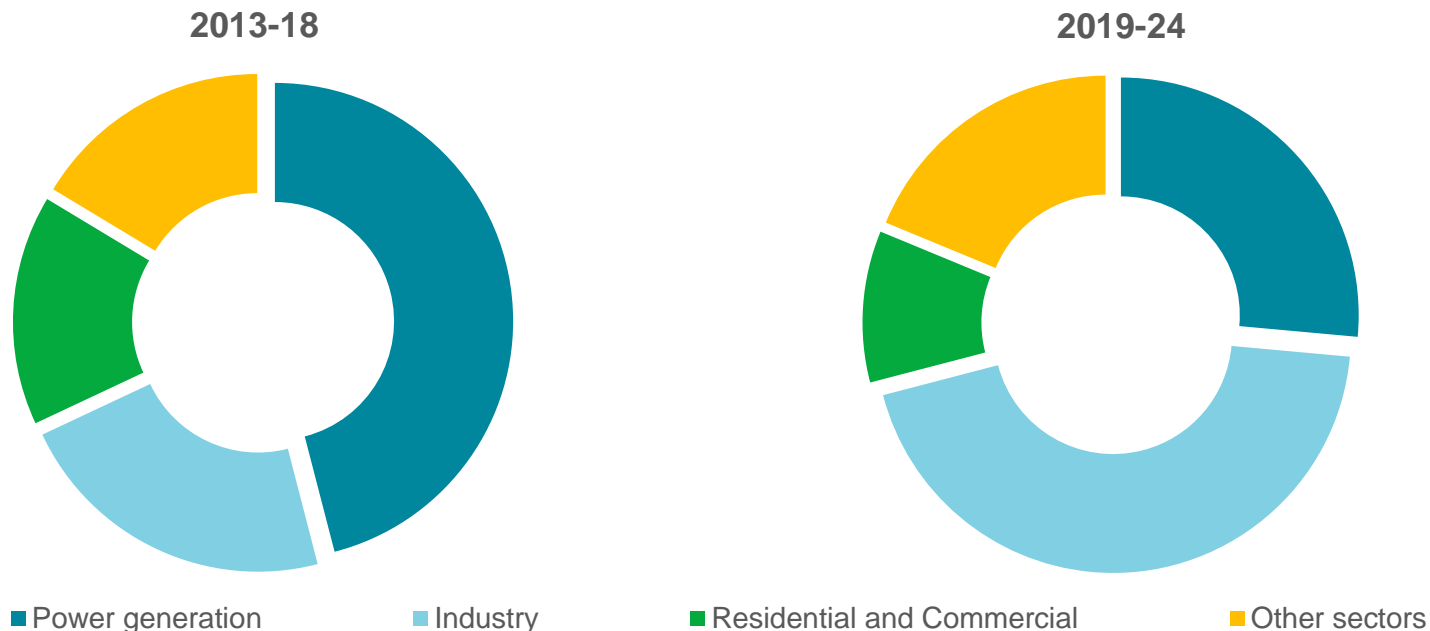
World natural gas consumption growth for selected countries and regions, 2018-24



China accounts for over 40% of global gas consumption growth. All sectors contribute to growth, with industry taking the lead in most markets.

# Industry surpasses the power sector to lead growth

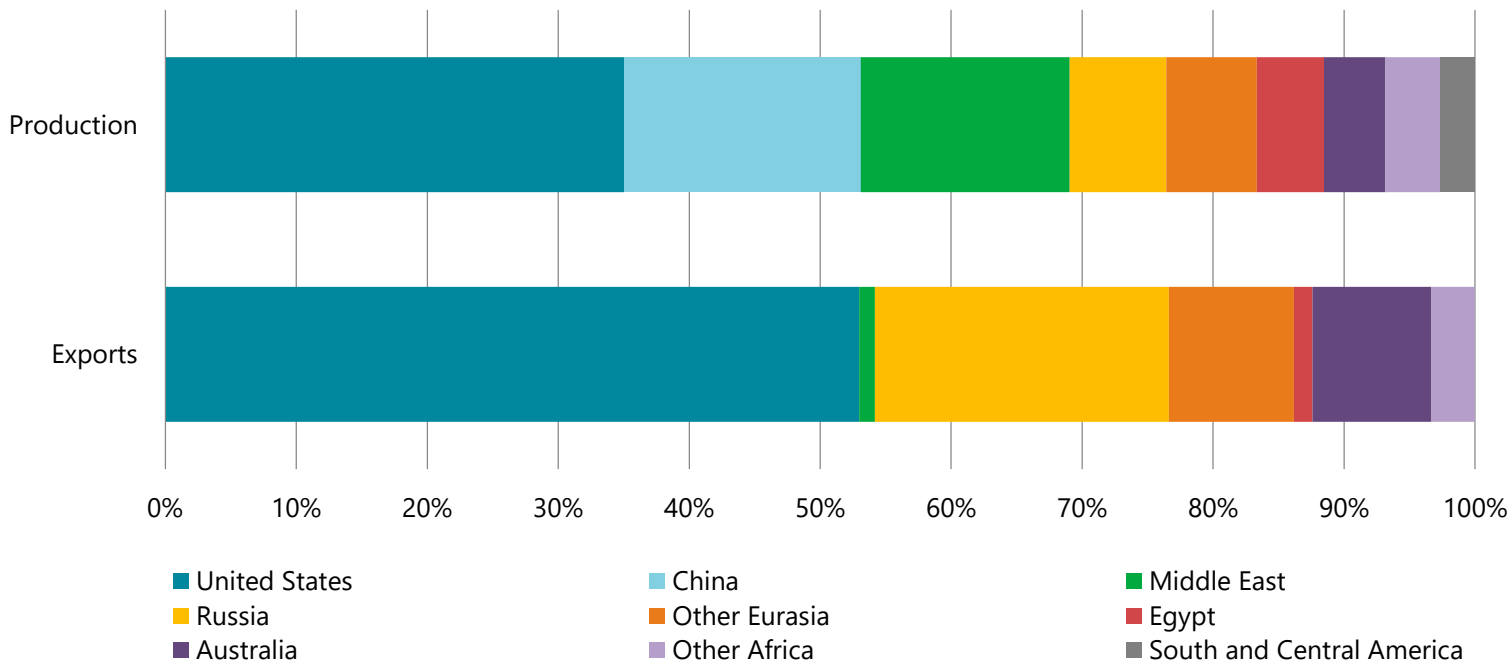
Natural gas consumption growth by sector (%)



Industry accounts for over 40% of the growth in global gas demand to 2024 mainly on greater use for petrochemicals and fertilizers.

# The United States leads production and exports growth

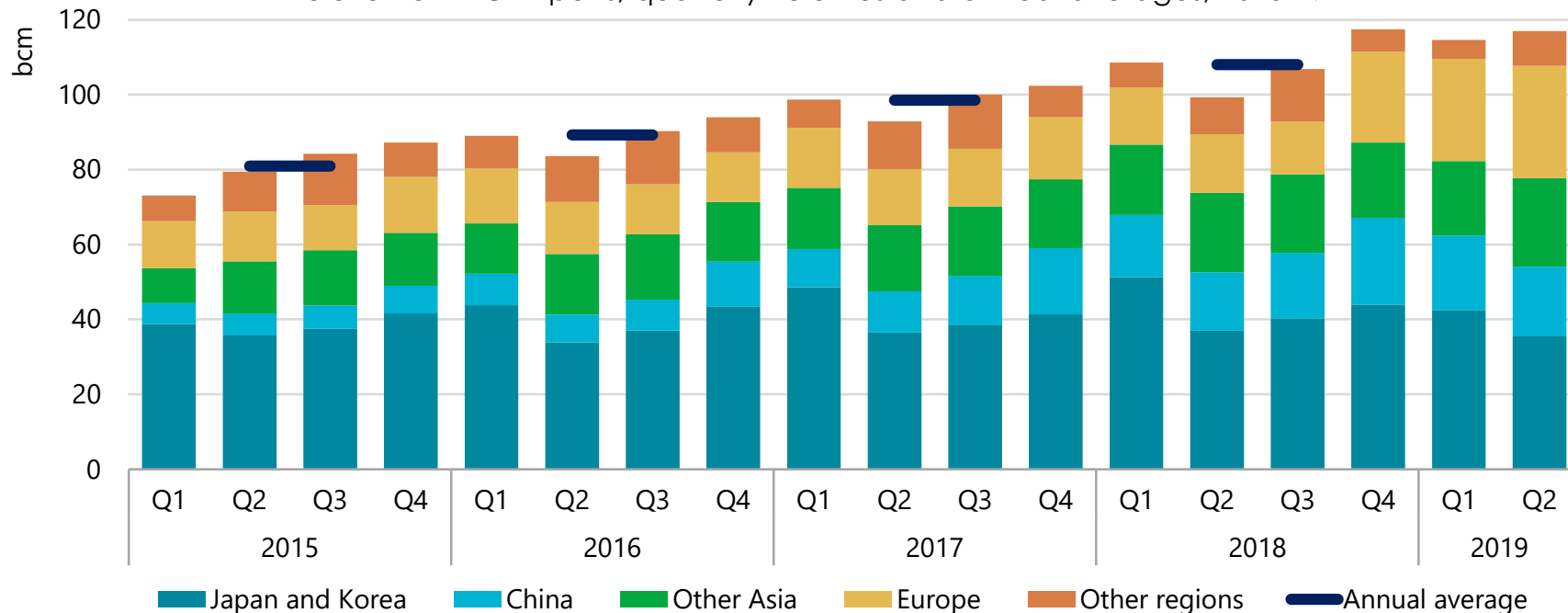
Contributors to net natural gas production and export growth, 2018-24



The United States and China account for over half of total production increment to 2024. US and Eurasian exports dominate LNG and pipeline trade growth.

# LNG drives global gas trade development

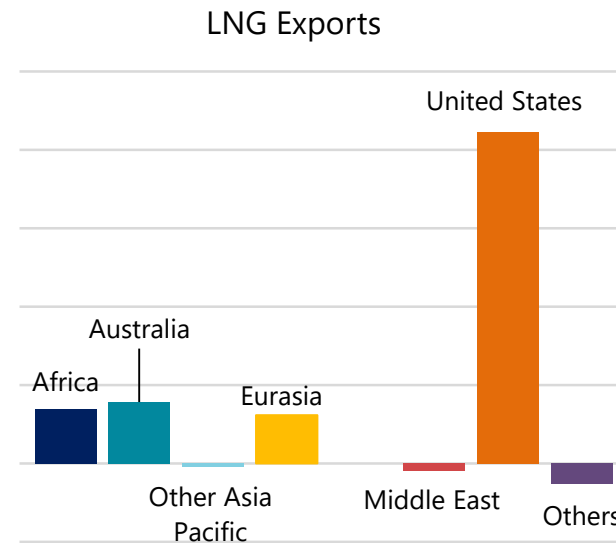
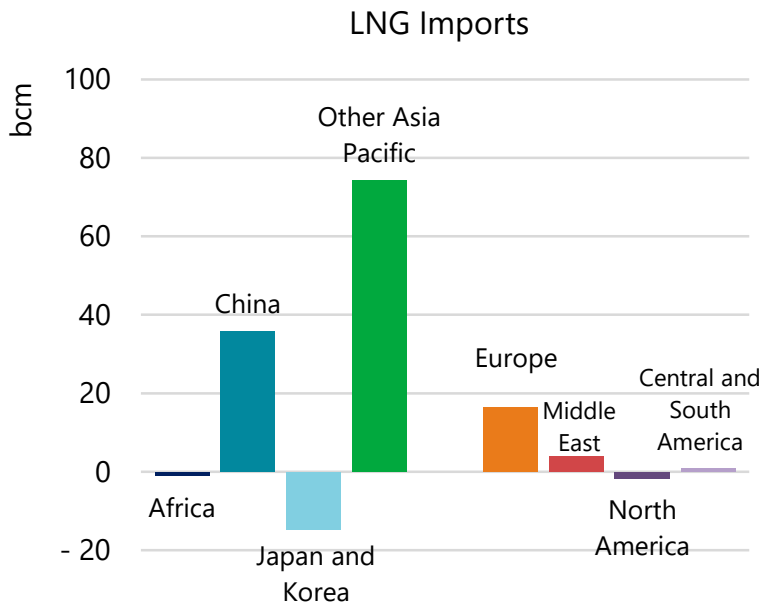
Evolution of LNG imports, quarterly volumes and annual averages, 2015-19



Global LNG trade grew at an average 10% pa in 2016-18, with strong contribution from emerging Asia, as well as Korea and Europe (in late 2018).

# The United States and China become #1 LNG seller & buyer in 2024

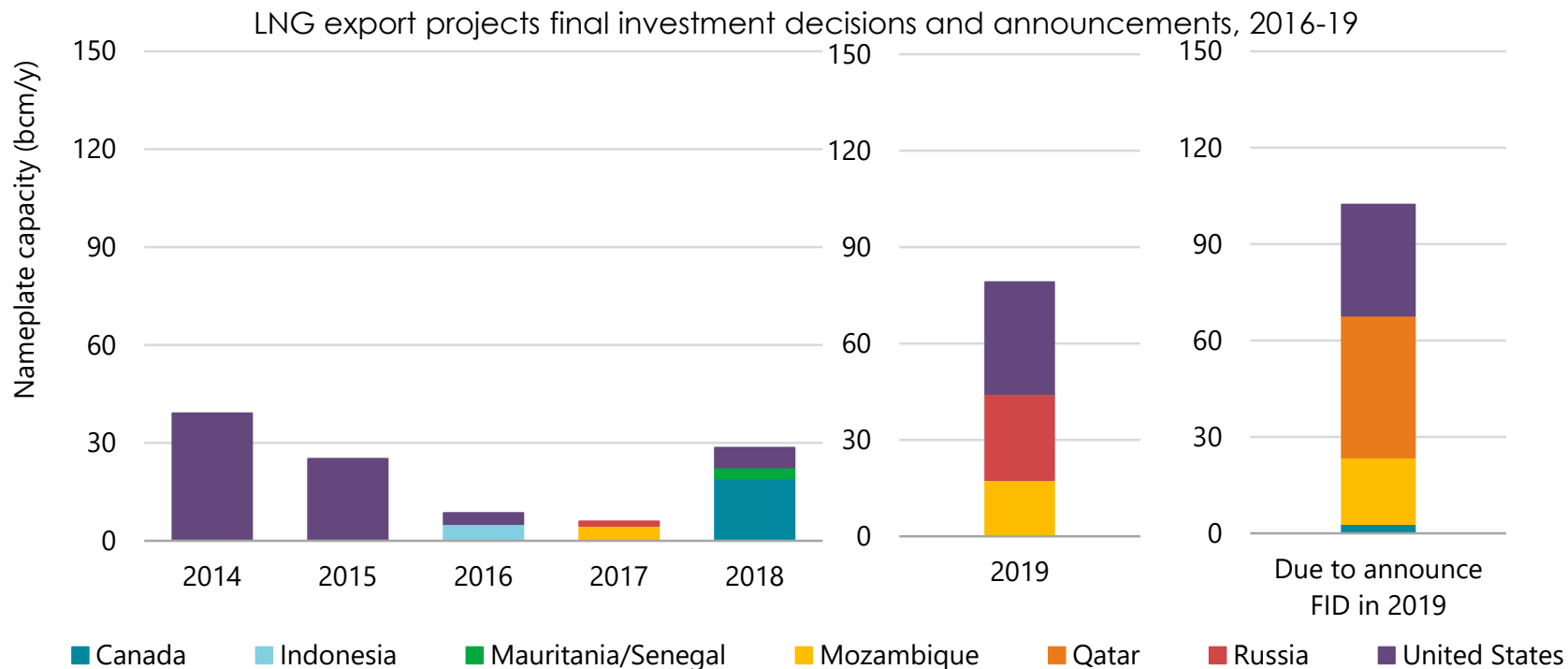
World LNG trade for a selection of importers and exporters, 2018-24



China and emerging Asia will account for almost 85% of the increase in LNG imports. US exports surge while Australia reaches a plateau and Qatar prepares for expansion\*.

\* Considering operating liquefaction plants, projects under construction or with FID as of early June 2019

# Will 2019 mark the beginning of a new LNG investment cycle?

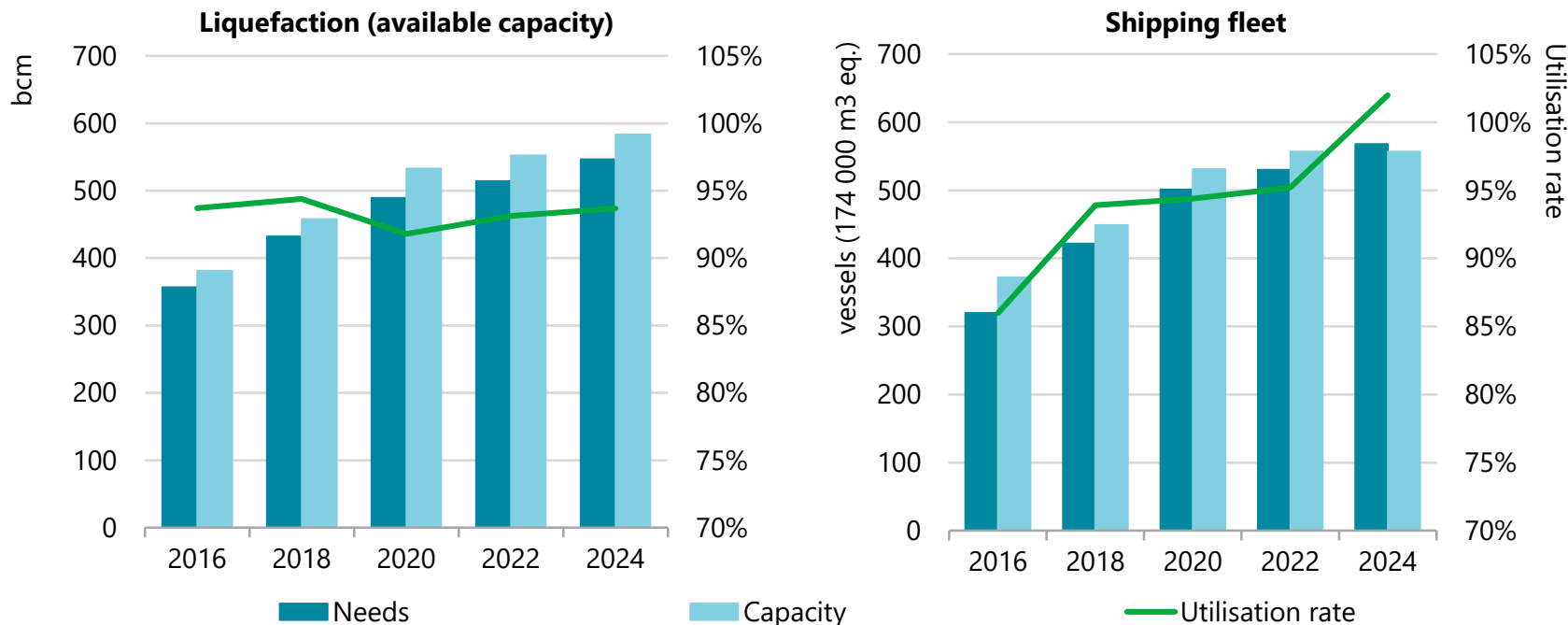


2018 and 2019 marked a return to LNG investment growth, with a strong list of additional projects announced to take FID in the course of the year.



# More investment will be needed in LNG capacity before 2024

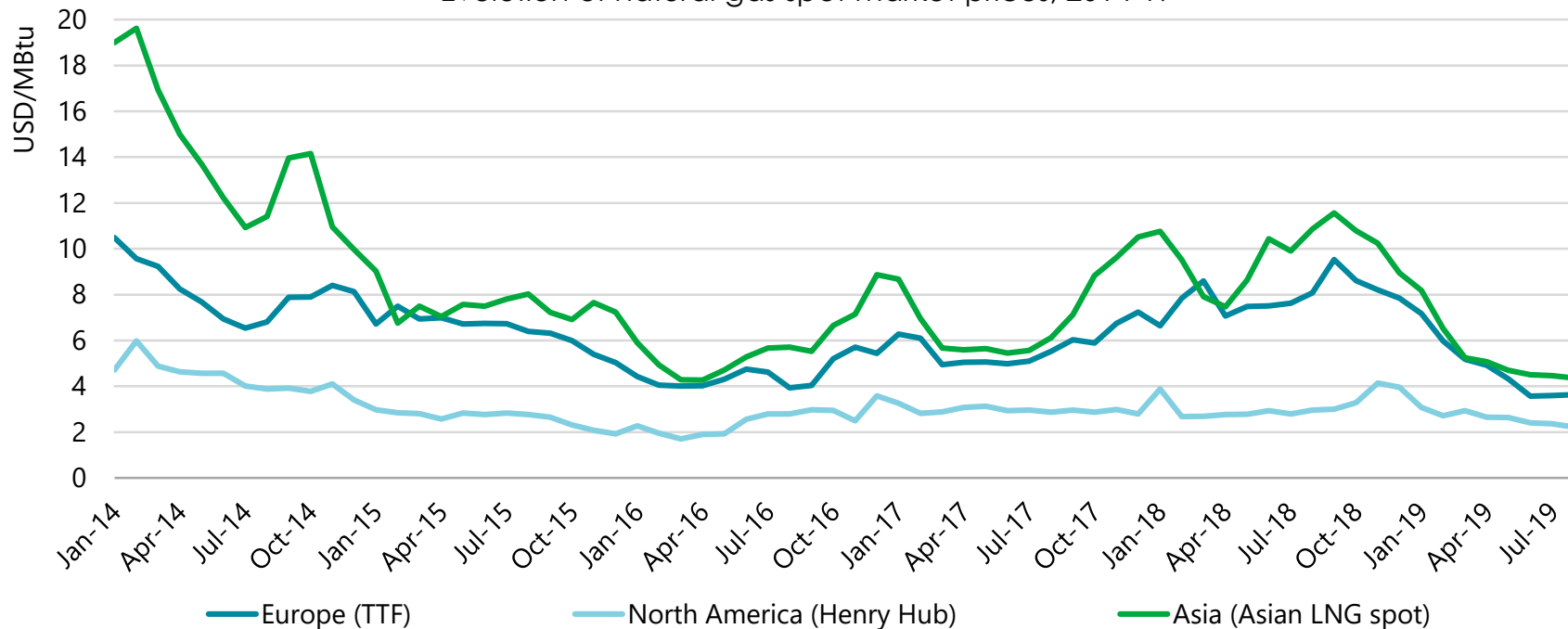
LNG liquefaction and shipping fleet utilisation rates, 2016-24



New investments in liquefaction and shipping will support LNG trade development but additional capacity will be required to ensure future growth.

# Towards a global convergence of natural gas prices?

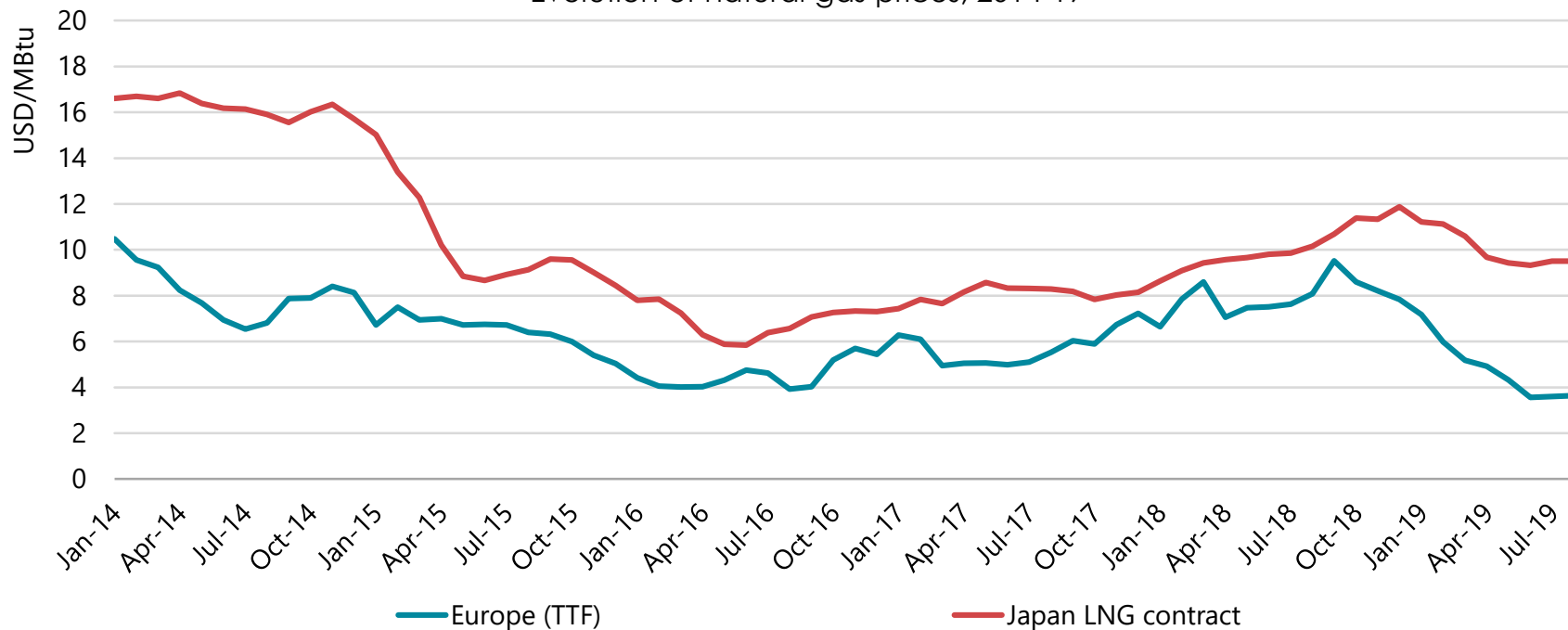
Evolution of natural gas spot market prices, 2014-19



Gas markets in major regions are closing the price gap thanks to the development of global LNG trade. The Asian spot market still faces a higher degree of price volatility.

# Towards a global convergence of natural gas prices?

Evolution of natural gas prices, 2014-19



Due to the persistence of oil-indexation Asian and European gas prices are not converging but rather diverging.

# Conclusions

- Natural gas demand will continue to grow in the medium-term, driven by emerging Asian economies – and led by China.
- Although production increases in many regions, most of additional exports will come from US LNG and Eurasian pipeline.
- LNG trade remains the main driver of gas market globalisation, and a major source of incremental supply for Asia and Europe.
- This growth is supported by a rebound in investment, but additional capacity development will be necessary before 2024.
- Asian and European spot prices are converging as global LNG trade expands, and the share of market-driven pricing is increasing in all regions.
- Current gas reforms in major emerging economies are a prerequisite to ensure competitive pricing and sustainable growth in the longer term.

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