Gas Market Report, Q2-2026

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Abstract

This edition of the IEA's quarterly *Gas Market Report* provides a comprehensive review of developments during the 2025/26 heating season and a special spotlight on the effects of the war in the Middle East on international gas markets. Amid the major supply shock caused by the disruptions to shipping through the Strait of Hormuz and attacks on regional energy infrastructure, it examines the conflict's implications for gas supply and demand at both the regional and global levels. The report also analyses the consequences for storage, shipping and prices – providing critical insights on evolving market trends.

The loss of nearly 20% of global liquefied natural gas (LNG) supply due to the effective closure of the strait is distorting short-term gas market fundamentals, while damage from attacks on LNG liquefaction facilities in the Middle East is altering the medium-term outlook. The conflict is now expected to delay a significant amount of new LNG capacity that had been on track to come online in the second half of this decade. While gas producers are making efforts to increase supply, the demand side is set to play a key role in balancing the market – particularly in Asia, where fuel switching is already picking up alongside energy-saving measures.

The current energy crisis highlights the need to further strengthen the architecture of global gas supply security. The International Energy Agency (IEA) continues to support this process, including through the permanent Working Party on Natural Gas and Sustainable Gases Security (GWP).

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Executive summary

The Middle East conflict has disrupted gas market fundamentals and is changing the medium-term outlook

The war in the Middle East is sending shockwaves through energy markets. The easing of fundamentals in international natural gas markets in early 2026 was abruptly disrupted by the de facto closure of the Strait of Hormuz at the beginning of March, which has created unprecedented uncertainty.

The crisis has profoundly distorted short-term market fundamentals and is altering the medium-term outlook for natural gas. The loss, for the time being, of almost 20% of global LNG supply has caused strong price volatility, driving up natural gas prices in both Asia and Europe to their highest levels since the 2022/23 energy crisis and prompting an adjustment in natural gas demand. In the Middle East, attacks on the region's oil and gas infrastructure lowered gas supply availability for domestic markets. Furthermore, damage to LNG liquefaction infrastructure reduced the outlook for global LNG supply over the medium term and is expected to delay the effect of the unfolding LNG wave – a central theme of the IEA's latest medium-term outlook.

Natural gas markets continued to rebalance during the 2025/26 heating season amid strong LNG supply growth

Global LNG trade grew by 12% year-on-year (or 29 bcm) through the October-February period, supported by a series of new liquefaction projects, notably in North America, and stronger output from selected legacy exporters. The Plaquemines LNG plant in Louisiana alone accounted for almost half of the incremental LNG supply through this period and played a key role in the easing of market fundamentals. Consequently, natural gas prices in Asia and Europe continued to soften October-February amid improving LNG supply availability. In Europe, TTF prices fell by 24% in the first two months of 2026 year-on-year, while in Asia, Platts JKM prices declined by 27% compared with their levels last year.

Colder weather conditions together with lower natural gas prices supported stronger gas demand across Asian markets, with preliminary data suggesting that consumption increased by 2% y-o-y during the October-February period. In contrast, natural gas consumption fell by nearly 1% in Europe, with increased electricity generation from renewables weighing on gas burn in the power sector. Despite lower natural gas demand, Europe's LNG imports rose to an all-time high over the 2025/26 winter, solidifying LNG's position as a structural source of baseload supply in the region amid lower piped gas imports and declining domestic output.

The 2025/26 heating season witnessed several cold spells, **which resulted in near-record-breaking demand spikes** across key markets in the northern hemisphere. This includes Winter Storm Fern in the United States, Storm Goretti in Europe and the East Asia cold wave in China. These events highlight the critical

importance of gas supply flexibility for energy security, including in markets that are increasingly reliant on weather-sensitive renewable power generation.

Global LNG production flipped from double-digit growth to contraction following the closure of the Strait of Hormuz

The Middle East crisis represents a major supply shock to global gas and LNG markets. Global LNG production fell by 8% (or 4 bcm) y-o-y in March. Loadings from Qatar and the United Arab Emirates dropped by 9.5 bcm compared with last year. This steep decline was partly offset by higher LNG output from new projects in North America and Africa. Importantly, global LNG deliveries fell less steeply than loadings, declining by just 2% (or 1 bcm) y-o-y in March, since the full impact of the disruption takes time to materialise due to shipping time. LNG deliveries fell by 10% y-o-y (or more than 3 bcm) in the first 20 days of April.

Suppliers are taking steps to boost LNG deliveries. In the United States, the Department of Energy authorised the Plaquemines LNG plant in mid-March to increase its exports by 13% (or 4.6 bcm/yr) to both free trade and non-free trade agreement countries. The Elba Island LNG plant was authorised in early April to increase its exports by 22% (or 0.8 bcm) to non-free trade agreement countries. In early April, Australia and Singapore issued a Joint Statement on Economic Resilience and Essential Supplies to support the flow of essential goods including LNG.

Asian and European spot prices soared in March to their highest monthly average since January 2023, reflecting the rapid tightening of supply fundamentals. In Europe, TTF month-ahead prices averaged USD 18/MBtu in March, while Platts JKM traded close to USD 21/MBtu. In addition, the market uncertainty created by the sudden loss of almost 20% of global LNG supply has led to strong short-term price variability. The volatility of TTF month-ahead prices rose to 160% in March, their highest monthly level of volatility since September 2023, while volatility on JKM soared close to 300%, its highest level since March 2022. The spread between JKM and TTF prices flipped from a European premium of USD 0.9/MBtu in January-February to an Asian premium averaging USD 2.8/MBtu in March. This encouraged the diversion of flexible LNG cargoes from Europe to Asian markets. Both TTF and JKM prices moderated in April compared with their March levels and fell to their lowest since the start of the conflict by mid-April, following the ceasefire agreement reached between Iran and the United States.

Natural gas demand fell in key LNG import markets in March, driven by a combination of weather-related factors, higher prices and demand-side policy measures. A number of Asian countries are undertaking demand-side and fuel-switching measures to reduce the use of natural gas. The duration of the effective closure of the Strait of Hormuz is a key uncertainty that will affect global gas demand in 2026. Each month without LNG cargoes transiting the strait results in around 10 bcm of LNG supply loss, leading to a downward revision of demand prospects in key importing regions. Preliminary data suggests that Europe's natural gas consumption

fell by around 4% (or 2 bcm) y-o-y in March. This was primarily driven by lower gas use in the power sector amid a strong increase in wind and hydro power generation.

The Middle East conflict alters the medium-term outlook and delays the start of the LNG wave by at least two years

The LNG supply losses from Qatar and the United Arab Emirates are expected to total around 20 bcm for the March-April period. Furthermore, the restart and ramp-up of LNG liquefaction plants could take several weeks, resulting in output being around 10 bcm lower than under regular operations. In addition to the disruption of LNG flows via the Strait of Hormuz, the damage caused to Qatar's LNG liquefaction infrastructure has reduced the outlook for global LNG supply growth over the medium term and is expected to delay the effect of the unfolding LNG wave by at least two years. The damage caused by attacks on Qatar's LNG facilities could reduce the country's LNG output by nearly 70 bcm by 2030, assuming a repair period of four years. In addition, delaying the North Field East expansion project could reduce LNG supply by close to 20 bcm over the 2026-2030 period.

The Middle East conflict has already caused the loss of around 120 bcm of cumulative LNG supply for the period 2026-2030 when considering the combined effect of the near-term supply disruptions and the medium-term implications for supply. The losses resulting from the Middle East conflict account for around 15% of the expected global LNG supply over the 2026-2030 period and, as such, will ultimately be offset by the start-up of new liquefaction facilities through the medium term. The impact on growth is largely concentrated through 2026-2027 and, as such, delays the market easing effects of the LNG wave by at least two years.

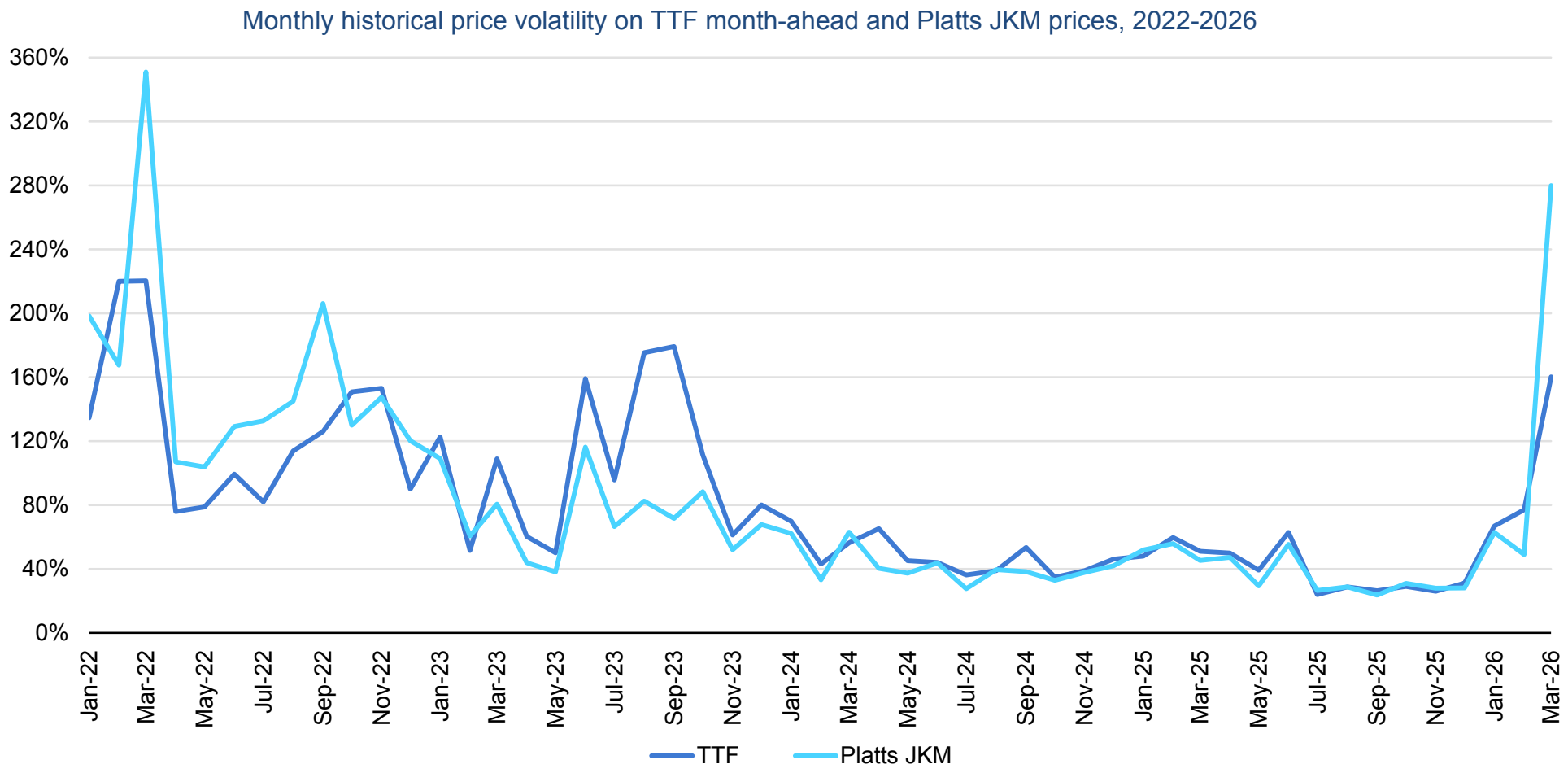
The current crisis emphasises the need to strengthen the architecture of global gas supply security

The effective closure of the Strait of Hormuz profoundly disrupted global gas and LNG markets. The impacts of the supply losses are partly mitigated by the strong increase in non-Qatari LNG supply, including the start-up of new LNG liquefaction plants for which investment decisions were taken several years ago.

The current crisis highlights the need for continued adequate investments across the gas and LNG value chains and other sources of energy (including electricity) to strengthen supply security and support balanced growth. The heightened price volatility also highlights the advantages that a diversified portfolio of long-term contracts can bring, mitigating short-term price variability both for buyers and sellers through sophisticated pricing formulae.

Strengthening the architecture of global gas supply security requires closer international cooperation between producers and consumers. The International Energy Agency (IEA) supports this dialogue through its Gas Working Party and the LNG Producer-Consumer Conference organised jointly with Japan's Ministry of Economy, Trade and Industry.

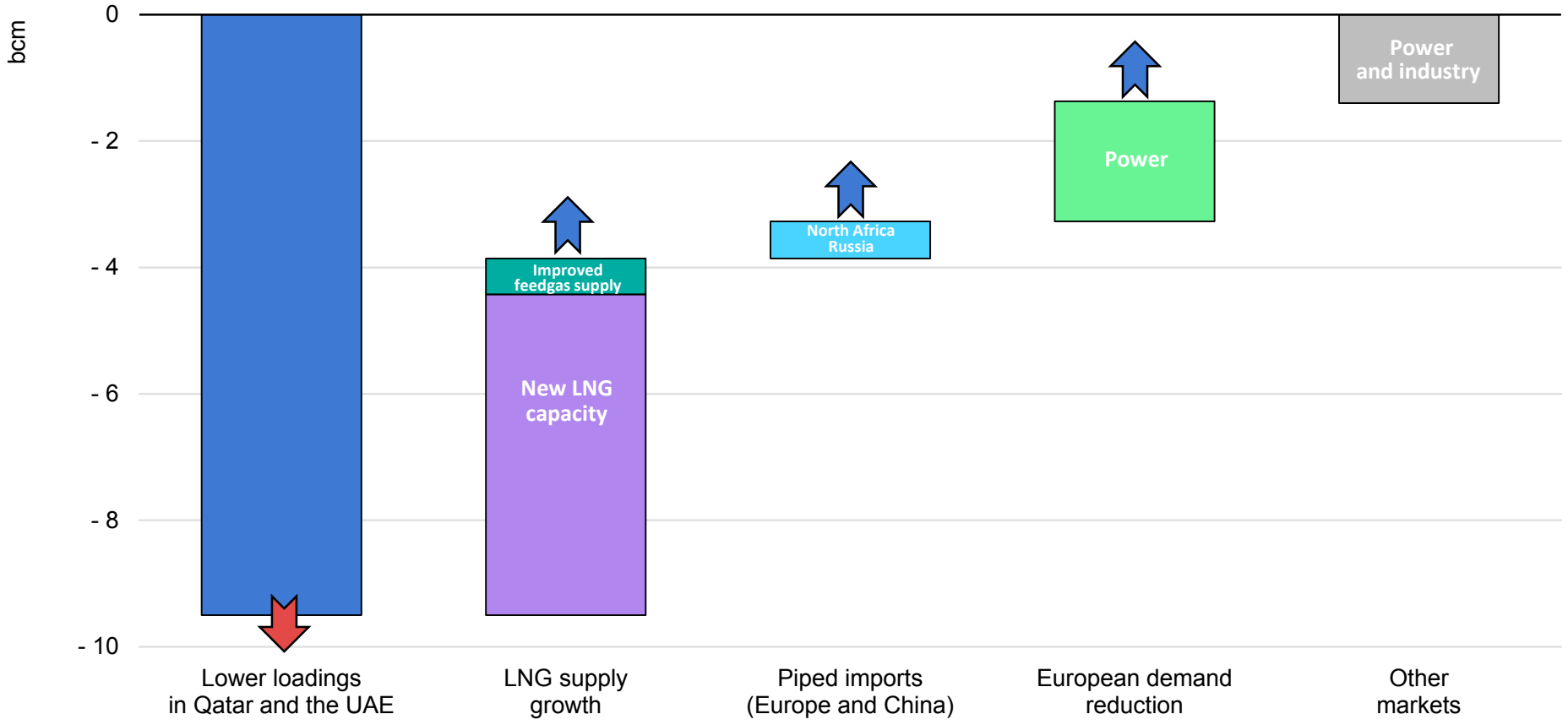
Natural gas price volatility soared across Asian and European markets



Sources: IEA analysis based on CME (2026), Dutch TTF Natural Gas; S&P Global (2026), Platts Connect.

Both supply and demand-side factors helped to balance the global gas market in March 2026

Selected supply and demand factors influencing price formation since the closure of the Strait of Hormuz



Note: UAE = United Arab Emirates.

Sources: IEA analysis based on ENTSOG (2026), Transparency Platform; ICIS (2026), LNG Edge.

Gas market update

Natural gas demand continued to expand over the 2025/26 heating season

This section of the Quarterly Gas Report provides an overview of global gas and LNG market developments in the period 1 October 2025 to 31 March 2026, which typically marks the heating season (or gas winter) in the markets of the northern hemisphere. A special regional focus is provided on Asia, Europe and North America.

Improving LNG availability softened market fundamentals before the closure of the Strait of Hormuz in March

Global LNG supply increased by around 12% (or 29 bcm) y-o-y during October-February. This strong growth was largely supported by the ramp-up of new LNG liquefaction projects in North America and Africa. The Plaquemines LNG facility alone accounted for almost half of incremental LNG supply during this period. Improving LNG availability provided downward pressure on Asian spot LNG and European hub prices, which fell by 25% y-o-y during the October-February period. Lower natural gas prices supported stronger gas demand growth in key Asian LNG importing markets over this period.

LNG supply growth came to a halt in March after the closure of the Strait of Hormuz, which effectively reduced the combined LNG production of Qatar and the United Arab Emirates by close to 10 bcm for the month. Global LNG deliveries fell by 2% (or 1 bcm) y-o-y in March, as the full impact of the disruption takes time to materialise due to shipping time. Asian spot LNG and European hub prices soared by 95% and 55% respectively month-on-month and in March reached their highest average level since January 2023.

Natural gas demand patterns varied across key regions during the 2025/26 heating season

Preliminary data suggest that **natural gas demand returned to growth in Asia** and increased by around 1.5% (or 7 bcm) during the 2025/26 heating season. This growth was entirely concentrated in the October-February period, before the closure of the Strait of Hormuz. In the People's Republic of China (hereafter "China"), colder weather together with higher gas use in industry and the power sector supported stronger gas demand. Still, the country's LNG imports continued to decline, falling by 6% y-o-y over the heating season. Following the closure of the Strait of Hormuz, demand-side measures and fuel-switching policies were announced in Asian markets in March to reduce gas consumption across the power and certain industrial sectors.

Natural gas consumption in North America remained broadly flat over the 2025/26 gas winter. In the United States, natural gas demand in the residential and commercial sectors declined marginally amid milder temperatures on average. Higher natural gas prices weighed on gas burn in the power sector, especially in Q4 2025. In contrast, natural gas use in industry and the energy sector continued to expand over the winter season, partially offsetting the declines recorded in buildings and the power sector.

Natural gas consumption in OECD Europe declined marginally over the 2025/26 gas winter, with preliminary data suggesting that demand fell by an estimated 0.5% (or 1 bcm) y-o-y. Despite several cold spells hitting the European market, natural gas use in buildings declined over the heating season. In addition, stronger renewable power output reduced gas burn in the power sector, while the sharp increase in gas prices in March reduced the cost-competitiveness of gas-fired power plants vis-à-vis coal-fired generation. In contrast, natural gas consumption in industry increased by an estimated 1.5% y-o-y during the 2025/26 heating season. This growth was entirely concentrated in the October-February period, while higher gas prices weighed on industrial gas use in March. First estimates indicate that natural gas demand grew by around 2% y-o-y in **Eurasia** during the 2025/26 gas winter amid colder weather conditions in the Russian Federation (hereafter "Russia").

A winter of storms: Cold spells highlight the key role of gas flexibility in ensuring heat and electricity supply security

The 2025/26 heating season witnessed several cold spells, which resulted in near record-breaking demand spikes across key markets in the northern hemisphere. In the United States, **Winter Storm Fern** drove up natural gas demand to its highest seven-day rolling average on record at 4.6 bcm/day during 24-30 January. While daily demand rose to near all-time highs, sub-zero temperatures led to well-head freeze-offs and production declines. Consequently, Henry Hub spot prices soared to an all-time high of USD 30.72/MBtu, which supported all-time high storage draws, totalling over 10 bcm during 23-30 January. In Europe, **Storm Goretti** drove up natural gas demand by more than 33% between 1 and 5 January amid a combination of freezing temperatures and lower wind power generation. Underground storage draws met around one-third of total natural gas demand in this period. In China, the **East Asia cold wave** drove up daily gas deliveries via the PipeChina network to an all-time high of 1.1 bcm on 21 January 2026. Higher supply levels were met through a combination of increased production, LNG send-out, storage operations and linepack management. In **Russia**, a late January cold wave drove up daily natural gas demand to a new all-time high of over 1.8 bcm on 25 January.

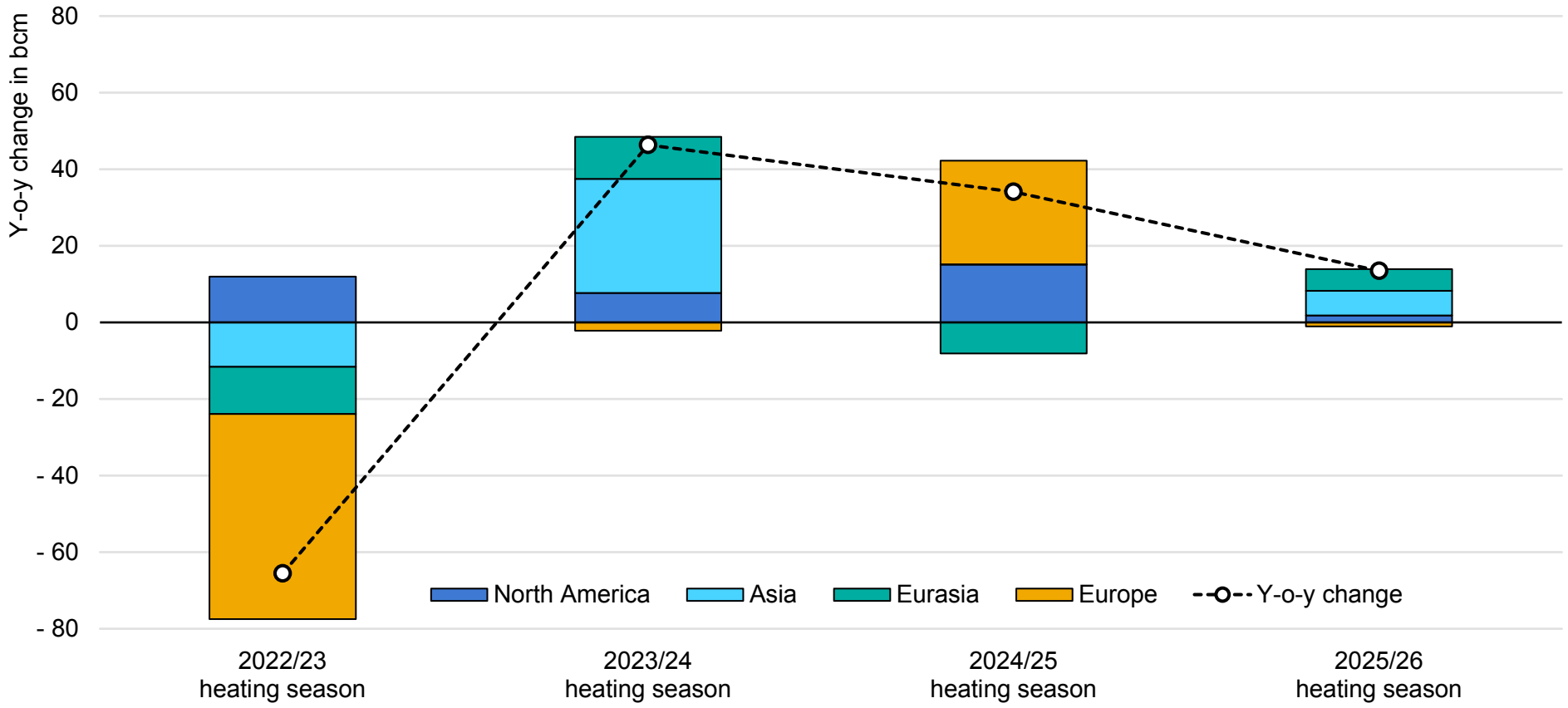
These events highlight the critical importance of gas supply flexibility for energy security, including in markets that are increasingly reliant on weather-sensitive renewable power generation.

The demand outlook is set to be revised downwards

The IEA's previous short-term outlook expected global gas demand to increase by nearly 2% in 2026 amid improving LNG supply availability and demand largely driven by Asian markets. Considering the market uncertainty caused by the closure of the Strait of Hormuz, this edition of the Quarterly Gas Report does not include a short-term forecast, but provides a thorough review of the short-term implications of the conflict. The duration of the closure of the Strait of Hormuz is a key uncertainty that will affect global gas demand in 2026 and lead to a downward revision of our previous forecasts.

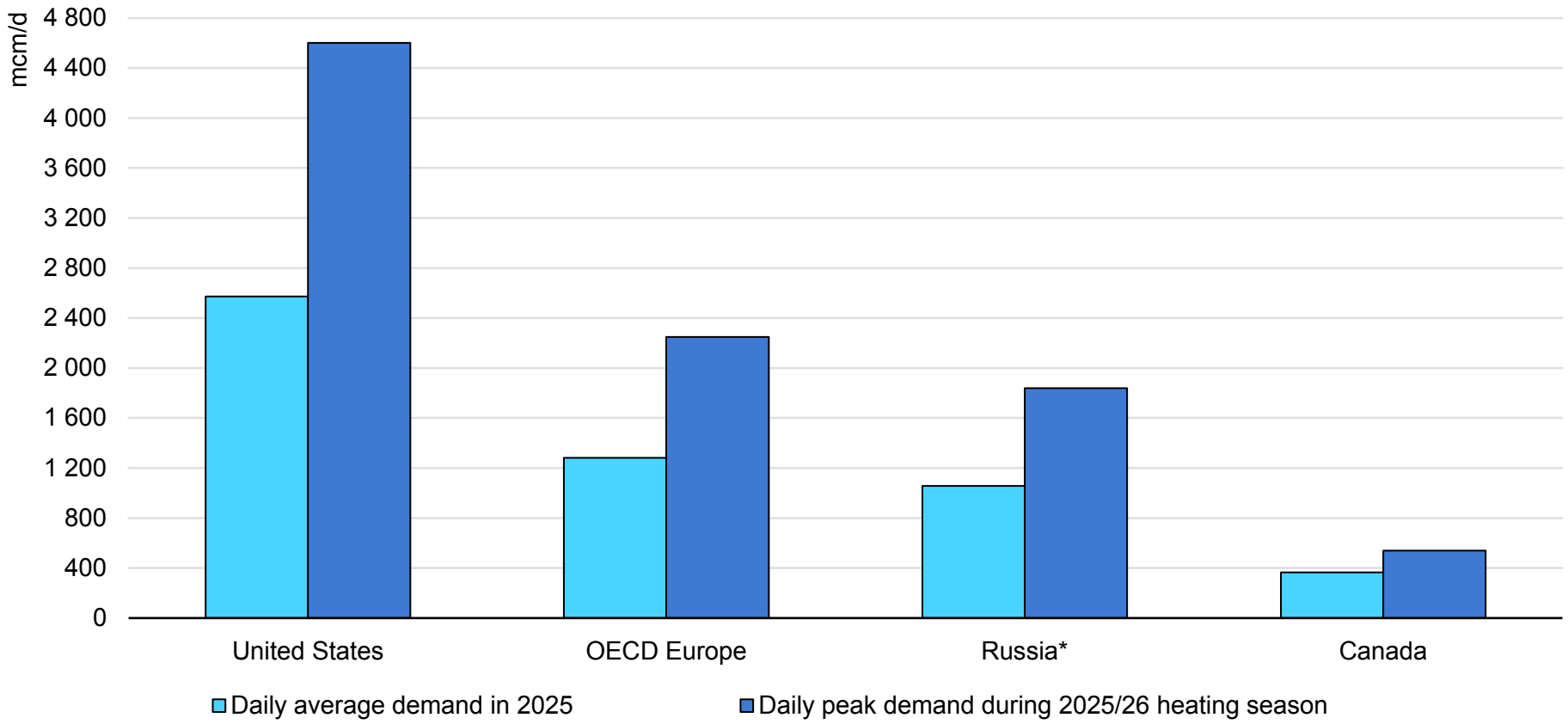
Asia and Eurasia supported gas demand growth during the 2025/26 heating season

Estimated year-on-year change in natural gas demand in selected regions during heating seasons, 2022/23-2025/26



Winter cold spells highlight the value of gas supply flexibility

Daily average demand in 2025 and peak natural gas demand during the 2025/26 winter across selected natural gas markets



*Volumes supplied through the Unified Gas Supply System of Russia.

Asian and European gas prices soared in March 2026 to their highest since the 2022/23 crisis

Natural gas prices in Asia and Europe continued to soften during January-February amid improving LNG supply availability. However, the closure of the Strait of Hormuz immediately drove up both Asian spot LNG and European hub prices to their highest levels since the 2022/23 energy crisis. Prices moderated significantly in April following the announced ceasefire, although they remained well above their pre-crisis levels. In the United States, Henry Hub prices surged to an all-time high in January 2026 amid Winter Storm Fern, before softening to below last year's levels during February-March.

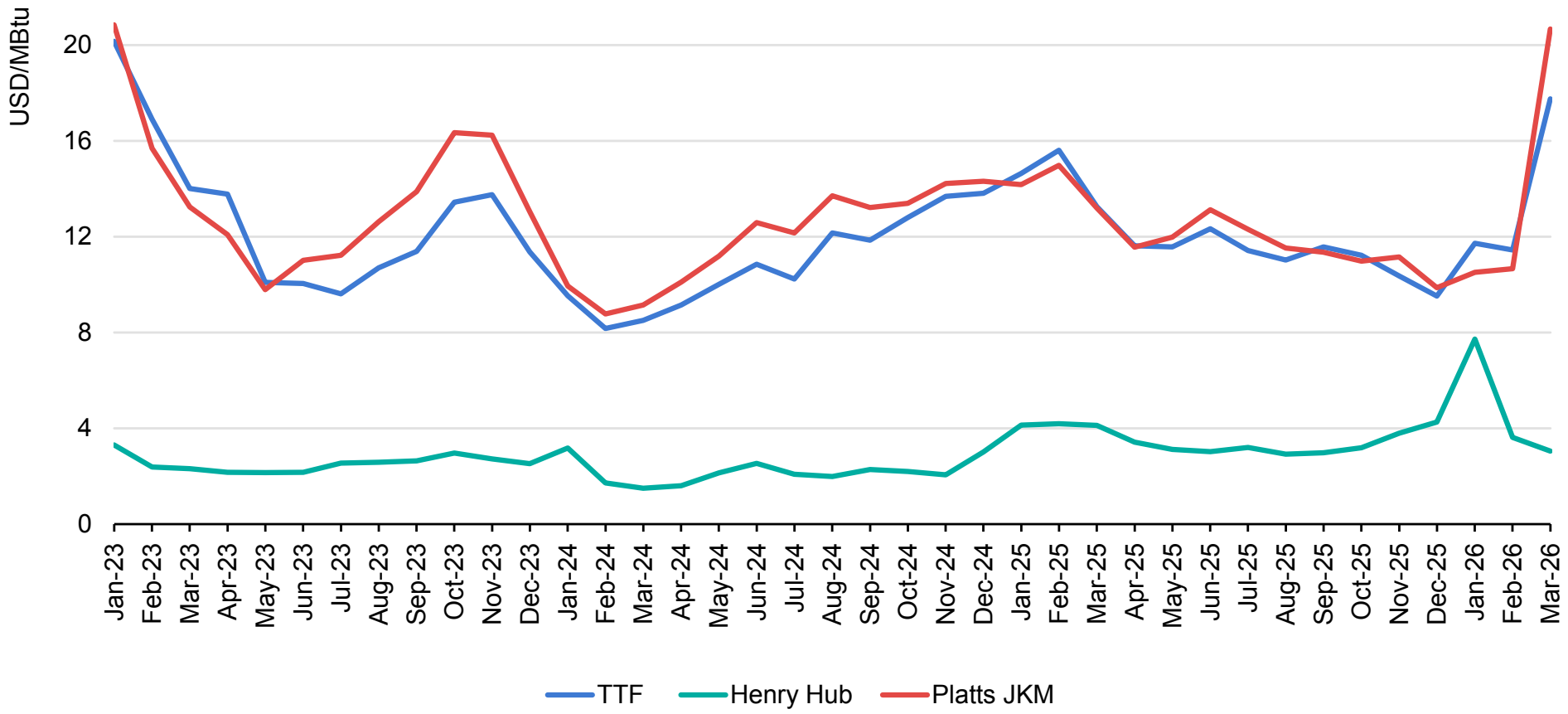
In **Europe**, TTF spot prices fell by 23% y-o-y in January-February to an average USD 11.6/MBtu amid strong LNG inflows and higher renewable power generation. TTF prices then surged during 2-3 March – the first two trading days after the closure of the Strait of Hormuz – and rose by 34% y-o-y in March to an average of USD 18/MBtu, their highest monthly level since January 2023. The market uncertainty created by the sudden loss of almost 20% of global LNG supply has supported strong short-term price variability. The volatility of TTF month-ahead prices rose to 160% in March, their highest monthly level of volatility since September 2023.

In **Asia**, Platts JKM prices followed a similar trajectory. Asian spot LNG prices declined by 27% y-o-y in January-February to an average of USD 10.6/MBtu. Improving LNG supply availability together with relatively weak Asian demand provided downward pressure on natural gas prices. Platts JKM prices then more than doubled in the first two trading after the closure of the Strait of Hormuz, rising by 55% y-o-y in March as a whole to an average of USD 20.7/MBtu, their highest monthly level since January 2023. JKM prices have displayed a stronger short-term variability than TTF due to the greater direct exposure of Asian markets to the disruption caused by the closure of the Strait of Hormuz. Volatility on JKM soared to close to 300%, its highest level since March 2022. The **spread between JKM and TTF prices** flipped from a European premium of USD 0.9/MBtu in January-February to an Asian premium averaging USD 2.8/MBtu in March. This supported the diversion of flexible LNG cargoes from Europe to Asian markets. **Oil-indexed LNG prices** oscillated in an estimated range of USD 10-12/MBtu, averaging around 10% below their Q1 2025 levels. The impact of higher oil prices is expected to become more pronounced in the latter part of the year, as they filter through the gas contract price formulae with a typical lag of five to six months.

In the **United States**, Winter Storm Fern drove up Henry Hub spot prices to an all-time high of USD 30.72/MBtu on 23 January amid soaring demand and plummeting dry gas output (due to well-head freeze-offs). For the full month of January, Henry Hub prices averaged USD 7.7/MBtu – their highest monthly level since September 2022. Milder temperatures provided downward pressure on Henry Hub for the remainder of Q1, trading 20% below last year's levels at an average of USD 3.3/MBtu.

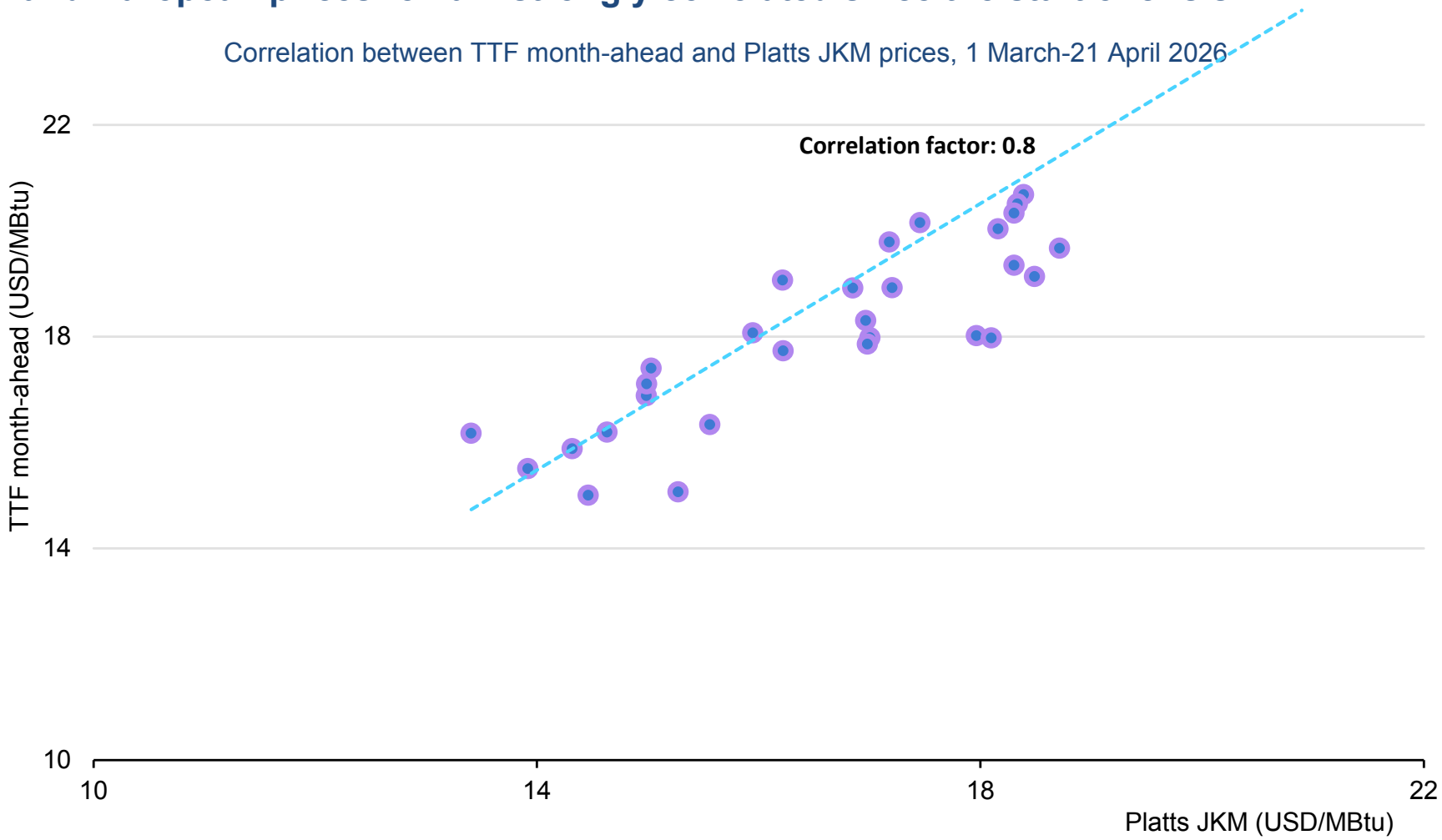
Asian spot LNG prices traded well above European hub prices in March 2026

Main spot and forward natural gas prices, January 2023-March 2026



Sources: IEA analysis based on EIA (2026), Henry Hub Natural Gas Spot Price; Powernext (2026), Spot Market Data; S&P Global (2026), Platts Connect.

Asian and European prices remain strongly correlated since the start of crisis



Sources: IEA analysis based on CME Group (2026), Dutch TTF Natural Gas Month Futures Settlements; S&P Global (2026), Platts Connect.

New projects boost LNG supply, but Hormuz closure impact is already visible and growing

Global LNG trade grew by about 9.5% y-o-y (or 28 bcm) over the 2025/26 winter period (October-March), supported by a series of new liquefaction projects, notably in North America, and stronger output from selected legacy exporters. However, the closure of the Strait of Hormuz to LNG vessels in March began to constrain supply growth over this period as Qatari and UAE production – equal to about 20% of global supply – was isolated from the market. The full volumetric effect of the Hormuz closure is set to spill into April as cargoes that loaded before the war continued to reach their destinations through much of March.

On the import side, Europe, Asia and Africa all took in more LNG y-o-y. While this was a reversal in trend for Asia compared with full-year dynamics in 2025, the region has also been the most affected by the closure of the Strait of Hormuz as cross-basin competition for volumes has increased and March deliveries in Asia fell y-o-y.

New liquefaction projects drive significant supply growth

North American LNG supply grew by about 35% y-o-y (or 24 bcm) over the winter period, accounting for nearly 90% of net global incremental supply. Key behind the y-o-y growth were Plaquemines LNG's two trains and the Corpus Christi expansion in the United States, as well as LNG Canada's two trains.

The African continent also contributed to the supply upside, although dynamics diverged across individual exporters. Tortue FLNG off Senegal and Mauritania started operations in the second quarter of 2025, providing about 2 bcm of incremental supply this past winter. The start-up of the Congo Nguya FLNG in early 2026 also added three cargoes to the supply upside from new projects.

Additional volumes from Africa, however, came from legacy producers. Nigeria LNG boosted output by about 2 bcm y-o-y (or 10%) to its highest level since winter 2020/21. This growth extends a progressive recovery in output that started in 2024 following a 35% drop in output between 2020 and 2023. Egypt, which switched from being a net exporter to a net importer in the second half of 2024, exported eight cargoes totalling close to 1 bcm this past winter period, compared to none in the previous winter. This was despite simultaneously importing record volumes of LNG. Algerian exports, conversely, continued to decline, falling by close to 1 bcm y-o-y. In total, African LNG exports rose by 14% y-o-y (or 3.5 bcm).

Asia provided over 3 bcm of supply upside as all exporters in the region increased output y-o-y. Cyclone-related outages in Australia at the end of March had relatively little impact on deliveries for the month as most of the affected capacity was quickly brought back online. However, lingering outages due to sustained damage – notably at Wheatstone LNG (13.5 bcm annual capacity) – are set to affect available supply in April, adding to market tightness from the Middle East supply shock.

Russia also added over 1 bcm of incremental supply y-o-y as more volumes from Arctic LNG 2 reached the market through deliveries to China despite the project remaining under western sanctions.

Impact of the Strait of Hormuz closure

Ahead of the closure of the Strait of Hormuz, Middle East LNG supply was relatively flat y-o-y as growth in Qatar and Oman compensated for lower UAE output. However, March deliveries from the region were down by 5.5 bcm y-o-y (45%) as the Hormuz closure was preventing new Qatari and UAE loadings from exiting the Persian Gulf by the end of February. As a result, delivered supply from the region was down by 8% y-o-y for the full winter.

While the March closure of the Strait of Hormuz led to the effective shut-in of about 10 bcm of liquefaction capacity – from the Ras Laffan (Qatar) and Das Island (UAE) facilities – the full impact of the capacity closure on delivered volumes spilled into April as cargoes loaded before the start of the war continued to be delivered during much of March. Any subsequent month of closure of the strait, however, would have a full effect of an approximately 10 bcm reduction in LNG supply.

While the consequences of the Middle East supply shock are global, the upfront logistical and supply impacts have thus far been disproportionally shouldered by Asian and Middle Eastern LNG importers. In 2025, about 85% of combined Qatari and UAE volumes went to Asian buyers, with Pakistan, Bangladesh, India and Singapore each relying on these volumes for over half of their LNG imports. Bangladesh and India – among the more price-sensitive markets of the region – saw their March LNG imports fall by 11% y-o-y and 16% y-o-y, respectively, contrasting with an overarching growth trend in earlier winter months. In Pakistan, which relied almost exclusively on Qatar for its LNG imports in 2025, March LNG imports fell by nearly 70% y-o-y. China, which counted on Persian Gulf volumes for nearly one-third of its LNG imports in 2025 and was the single largest importer of volumes from the region, saw its March LNG imports drop by 30% y-o-y (2 bcm), compounding already weak import dynamics. However, total Asian LNG imports fell by only 6% y-o-y (2 bcm) in March, as some individual markets were either less exposed or able to secure alternative supply.

LNG importers in the Persian Gulf (Kuwait, Bahrain and the United Arab Emirates) also rely strongly on Qatari supply and will remain cut off from alternative LNG supply as long as the Strait of Hormuz remains closed. With LNG imports into these markets peaking in the summer months, the severity of the supply impact would increase with the duration of the Hormuz closure.

How long the Hormuz closure lasts and the destructive impact of strikes on energy assets is inherently uncertain. However, the time needed to bring back online lost LNG production after the reopening of the strait is likely to be counted in weeks as crews return to facilities, any damage (at production and export facilities) is assessed and repaired, and liquefaction trains are once again cooled, brought back online and ramped up to full production.

Incremental LNG supply has no trouble finding a home

Y-o-y incremental LNG supply in winter 2025/26, at about 28 bcm, was six times higher than the volumes added in the previous winter period, enabling LNG import growth across Europe, Asia and Africa simultaneously.

Lower Russian pipeline gas flows into Europe, lower storage levels in the European Union at the start of winter and greater EU-Ukraine pipeline exports led to a much stronger pull on the LNG market from Europe. Winter LNG imports for the region grew by about 19% y-o-y (or 17 bcm).

Prior to March, winter LNG imports into Asia grew by about 4% y-o-y, but ended the winter up by just 2.6% (or 5 bcm) as the early impacts of the Hormuz closure were acutely felt by some markets in the region. More mature markets in Asia grew their LNG imports by close to 5 bcm y-o-y, with the Middle East supply shock leaving a far less noticeable impact on March deliveries. The region's emerging LNG importing markets (including India and excluding Pakistan) maintained growth despite March's dynamics, leading to a combined 3.5 bcm y-o-y increase in incremental imports for the winter. In contrast, China and Pakistan were the only two markets to see a decline in imports, 6% y-o-y (or nearly 3 bcm) and 19% y-o-y (or about 1 bcm), respectively, heavily influenced by March's supply fundamentals.

Egyptian LNG imports nearly tripled y-o-y, growing by about 5.5 bcm as a result of a tight domestic balance. Middle Eastern LNG imports fell by 20% y-o-y (or nearly 1 bcm).

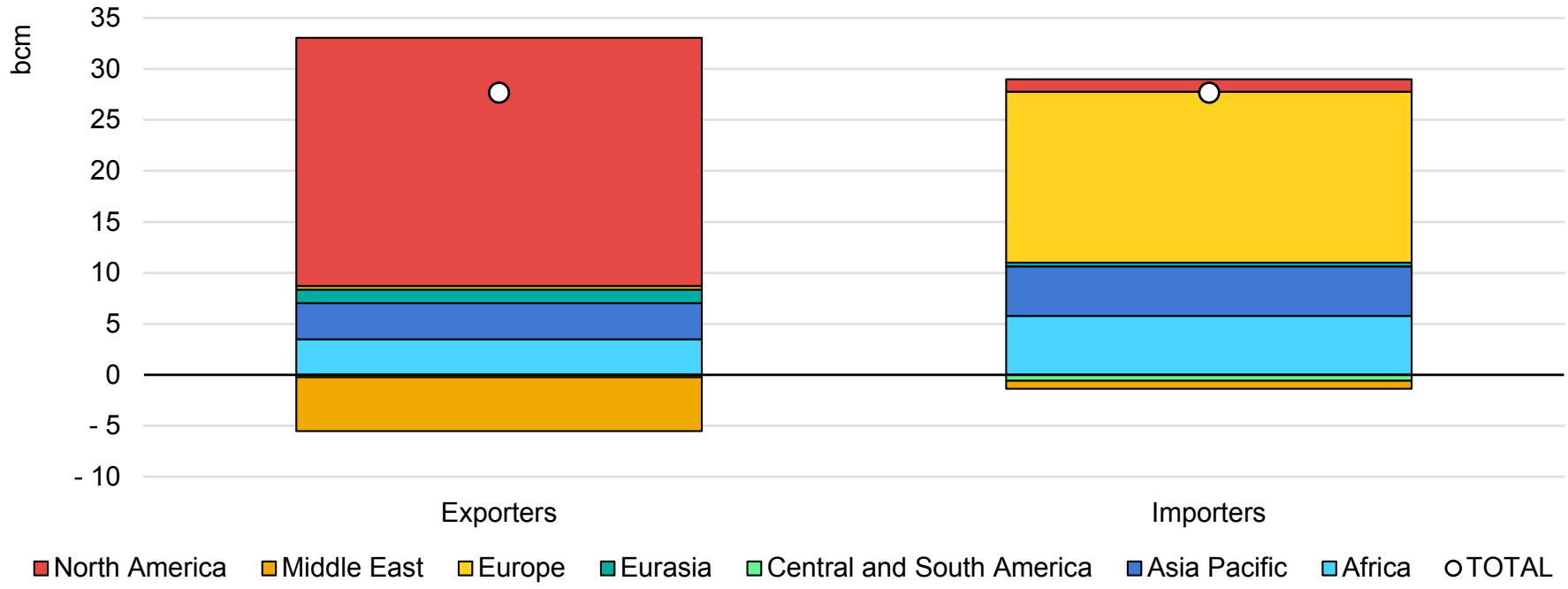
Heightened competition for available LNG cargoes

Virtually all Qatari and UAE LNG volumes that had loaded before the start of the war had been delivered by the end of March, with the typical flow of deliveries from the region slowing to a trickle as the month progressed. As long as the Strait of Hormuz remains closed, cross-basin competition for available cargoes is set to remain high, illustrated by the doubling of spot LNG and gas prices in Europe and Asia between the end of February and the end of March.

High spot prices impact the global market, affecting buyers looking to replace lost Hormuz volumes as well as buyers with a high exposure to spot volumes (as opposed to longer-term purchase agreements). Nevertheless, price elasticity of demand for LNG is highly uneven across importing markets, suggesting that a prolonged supply shock will continue to affect some markets more than others in terms of access to LNG.

North America drove incremental LNG supply while Europe led demand-side pressure

Incremental LNG supply by exporter and importer, winter 2025/26 vs. winter 2024/25



Sources: IEA analysis based on ICIS (2026), LNG Edge.

LNG shipping disruption in the Strait of Hormuz drives freight volatility and reshapes arbitrage

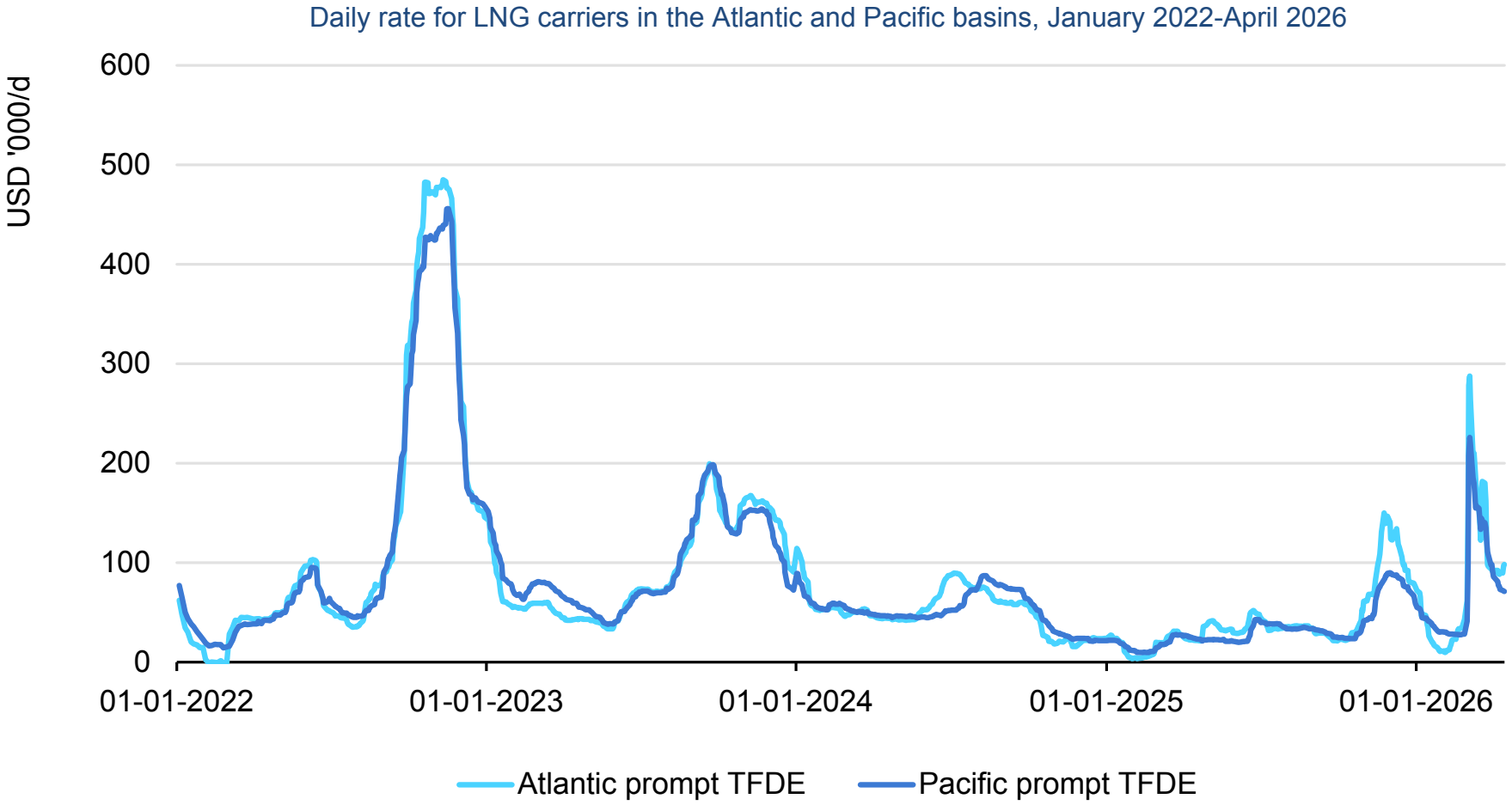
LNG spot charter rates during the period October 2025-March 2026 differed markedly from the exceptionally weak conditions observed a year earlier. In October 2025, monthly average rates were still lower than in October 2024, declining by around 15% in the Atlantic Basin and up to 45% in the Pacific. From November 2025 to February 2026, rates returned to more typical seasonal levels, standing well above the depressed levels of winter 2024/25. While the previous winter was characterised by persistently weak freight conditions amid ample vessel availability, the subsequent winter saw greater volatility linked to seasonal demand and operational and geopolitical constraints, including limited Red Sea transits and longer voyage routings. Structural fleet oversupply nonetheless continued to constrain the durability of rate strength.

However, in March 2026 following the effective closure of the Strait of Hormuz, the global LNG shipping market reacted sharply, shifting from initial short-term interruption to a phase of more sustained structural disruption and tighter market conditions. Spot LNG freight rates soared in early March, driven by the sudden disruption to Middle Eastern supply. The disruption to LNG exports from the Persian Gulf has increased average voyage distances. With Qatari LNG supply limited in March, Asian buyers have sourced additional volumes from the Atlantic Basin, notably from North America (up 200% or 1.6 bcm y-o-y) and West Africa (up 540% or 0.9 bcm y-o-y). This shift has increased tonne-mile demand and extended vessel turnaround times.

This, combined with vessel delays, rerouting and commercial constraints, tightened effective fleet availability in the prompt market, resulting in record day-on-day freight rate increases on 4-5 March. In the Atlantic, spot LNG freight rates increased by USD 116 500 day-on-day to USD 278 250/day, the largest daily increase on record and the highest level since December 2022. The Pacific benchmark rose by USD 108 750 to USD 207 500/day. These increases reflected both strong demand for vessels to serve long-haul replacement flows and a sharp rise in the premium for prompt availability. In mid-March, rates corrected sharply following the release of approximately ten Qatari-controlled vessels positioned outside the Persian Gulf, east of Hormuz, into the spot market. Average spot LNG freight rates in March 2026 were around three times higher than the average level observed in March over the 2021-2025 period.

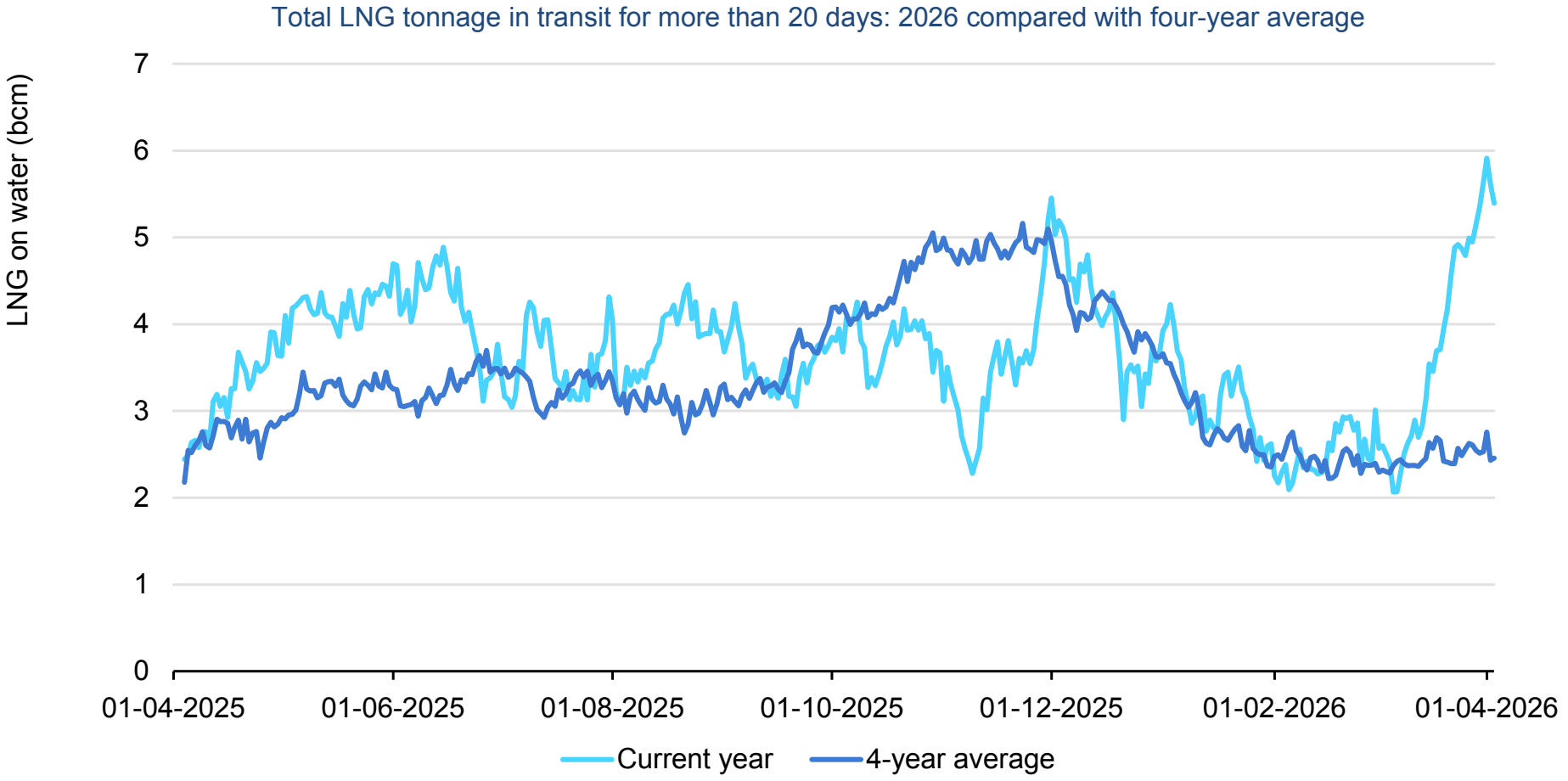
Fleet availability remains a counterweight to the tighter prompt market. A wave of new LNG carriers has kept plenty of vessels on the water, helping rates soften once the initial scramble for prompt ships faded. Forward prices until March 2027 have also normalised, signalling expectations of looser conditions beyond the immediate disruption.

LNG freight rates surged sharply after the start of the Middle East conflict



Note: TFDE = tri-fuel diesel electric vessel.
Source: IEA analysis based on Spark Commodities, as of 15 April 2026.

LNG cargoes at sea beyond 20 days nearly doubled in March 2026 versus the four-year average



Note: Averages are calculated from the four years of data prior to the current year's data.
Source: IEA analysis based on ICIS (2026), ICIS LNG Edge.

Strong growth in US dry natural gas production supports record flows to LNG exporters

US dry natural gas production opened 2026 with y-o-y growth of 4.2% in Q1, extending the positive momentum of 2025. Strong feedgas demand from LNG export facilities, combined with cold spells in the northeastern and southern United States, created a pronounced demand-side pull on the domestic market. January production was partially constrained by Winter Storm Fern, which led to around 2.1 bcm of lost production across the three major basins – losses that would otherwise have added roughly 0.7 percentage points to quarterly y-o-y growth. As temperatures normalised in February, production rebounded and remained elevated during the latter half of the quarter. Looking ahead, US dry natural gas output is expected to continue rising as expanding LNG export capacity drives higher feedgas needs and strengthens domestic market fundamentals.

Winter Storm Fern production impacts

While not as disruptive as 2021 Winter Storm Uri – during the worst point of which daily production of Texan natural gas almost halved alongside state-wide power outages – 2026 Winter Storm Fern triggered substantial freeze-offs across all three major gas basins in late January. Fern's impact was more geographically extensive and longer-lasting than Uri's, despite bringing less extreme temperatures, with daily freeze-offs peaking at 17 bcf/d – only slightly below the record level of 18 bcf/d during Uri.

The Permian Basin, where equipment and operations winterisation is not widespread given a generally temperate southern climate, again saw the largest absolute production losses, with an estimated cumulative production loss of around 1 bcm over the period of the storm. Output fully recovered only a few days into February.

Haynesville, by contrast, was spared the worst of the cold front, with temperatures dropping below freezing for only three days, resulting in less than 0.5 bcm of estimated lost production due to freeze-offs. In the more northerly Appalachian Basin – where seasonal freeze-offs are common – this year's January conditions were more severe and prolonged, causing close to 1 bcm of lost production.

Storm Fern again underscored the vulnerability of US gas production to extreme cold events, which have become a recurring phenomenon. The combination of weather-related production shut-ins and elevated heating demand pushed Henry Hub to an all-time daily high of USD 30.72/MBtu – 29% above the previous high set during Winter Storm Uri in February 2021. This price spike highlights how sharply constrained supply became during the storm, limiting producers' ability to respond to high price signals with timely incremental output. Nevertheless, once extreme temperatures lessened, producers were able to recover quickly from the effects of the storm, contributing to positive quarterly growth.

Permian Basin

The Permian Basin remained the main driver of US supply growth in early 2026, achieving a substantial 9.8% y-o-y growth in Q1 despite experiencing significant freeze-offs in late January. As an associated gas play, Permian natural gas output was supported by a 4.4% y-o-y increase in oil production in Q1 2026. Improved oil market dynamics for the Permian could offer a degree of support to gas output in the latter half of the year, particularly if operators commit additional capex to increased drilling, combining with improving drilling efficiencies and rising gas-to-oil ratios in the resource basin to keep gas production on a growth path.

However, rising offtake constraints from the basin are increasingly curbing gas production growth. The Waha Hub price collapse in October 2025 – triggered by simultaneous maintenance on both the eastern and western pipeline corridors – underscored the limited spare capacity in gas takeaway pipelines from the Permian Basin. This quarter saw Waha prices averaging USD -1.27/MBtu in Q1 2026, compared with an average of USD 1.77/MBtu over the same period last year. Some relief is expected only in the second half of the year as the Blackcomb and Gulf Coast Express pipelines come online, together adding roughly 26 bcm/yr of new takeaway capacity from the Waha Hub to the Gulf Coast. However, with abundant associated gas in the region, this new capacity is expected to quickly reach high utilisation, leading pipeline bottlenecks to continue acting as a constraining element in Permian Basin dynamics.

Appalachian Basin

Appalachian Basin dry gas production growth slowed in the first part of 2026, gaining just 0.8% y-o-y in Q1 2026. Colder-than-average winter conditions in the northeast led to widespread freeze-offs, with the largest effects from protracted winter conditions around storm Fern, leading January production to fall by 1.7% y-o-y.

Given the basin's abundant low-cost resources and improved drilling activity since a late-2024 low point in rig count, infrastructure constraints remain the primary brake on production growth. Output expanded throughout 2025 following the October 2024 commissioning of the Mountain Valley Pipeline. However, with this additional offtake capacity now nearing full utilisation, Appalachian flows could be approaching their upper limits of pipeline egress in the short term.

Further large-scale infrastructure expansion remains uncertain. Major new pipeline projects have yet to be sanctioned or have encountered renewed delays – most notably the revitalised Constitution Pipeline, which faced new legal challenges in February. A handful of minor expansions are currently under construction, but these will provide only marginal relief to infrastructure constraints. However, in-basin gas-to-power demand, supported by electrification trends and data-centre development, could provide space for additional production growth.

Haynesville Shale

Haynesville production growth softened in the first quarter of 2026, rising 0.2% y-o-y in Q1, contrasting with y-o-y growth of 3% for the March-December 2025 period. Because of the basin's relatively high production costs, the domestic natural gas price environment plays a large role in incentivising incremental output. Rig activity in the basin has expanded significantly since early 2025 lows: March 2026 rig count was nearly double the level of a year earlier and at the highest level seen since mid-2023, signalling strong producer confidence in domestic gas market fundamentals. Unlike other major US gas basins, Haynesville pipeline infrastructure remains relatively unconstrained. However, production remains highly sensitive to price signals, with operators historically willing to defer well completions – and therefore incremental supply – if economic conditions deteriorate.

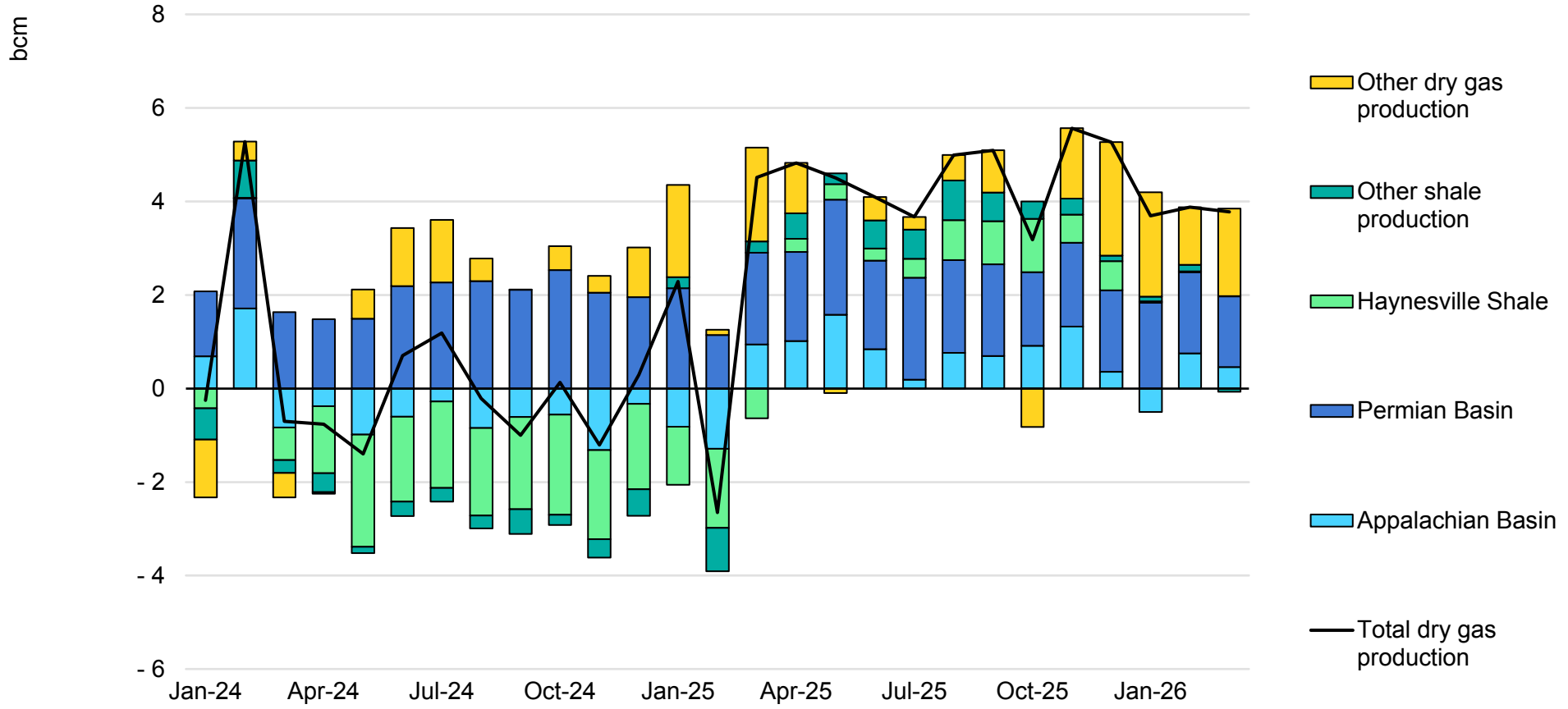
LNG export trends

As in 2025, accelerating LNG export growth continued to drive up US feedgas requirements: LNG exports in Q1 2026 were up by 22% y-o-y, driven by Plaquemines LNG trains 1 and 2 and the Corpus Christi expansion trains 1-4. Ramp-up of the latter project's trains 5-7, Golden Pass LNG, and Mexico's Costa Azul project (using piped gas from the United States) are expected to continue driving feedgas demand growth in 2026.

Despite global LNG spot prices approximately doubling from late February to early March, US natural gas supply fundamentals remained mostly unaffected. With existing liquefaction plants already operating at very high utilisation, the US market remains largely insulated from global price spikes. LNG export growth is set to follow the typical ramp-up schedules of new plants, with only modest upside potential to the output of legacy plants if minor maintenance were to be deferred.

US dry gas production sustained growth through harsh Q1 winter weather

Estimated year-on-year change in dry natural gas production by basin in the United States, 2024-2026



Note: February and March 2026 include estimated data.

Source: IEA analysis based on Energy Information Administration (2026), Natural Gas.

Europe's LNG imports rose to an all-time high during the 2025/26 heating season

OECD Europe's primary natural gas supply increased by an estimated 4% (or around 10 bcm) y-o-y during the 2025/26 heating season. The strong increase in LNG imports offset the declines recorded in piped gas imports and in OECD Europe's non-Norwegian gas production.

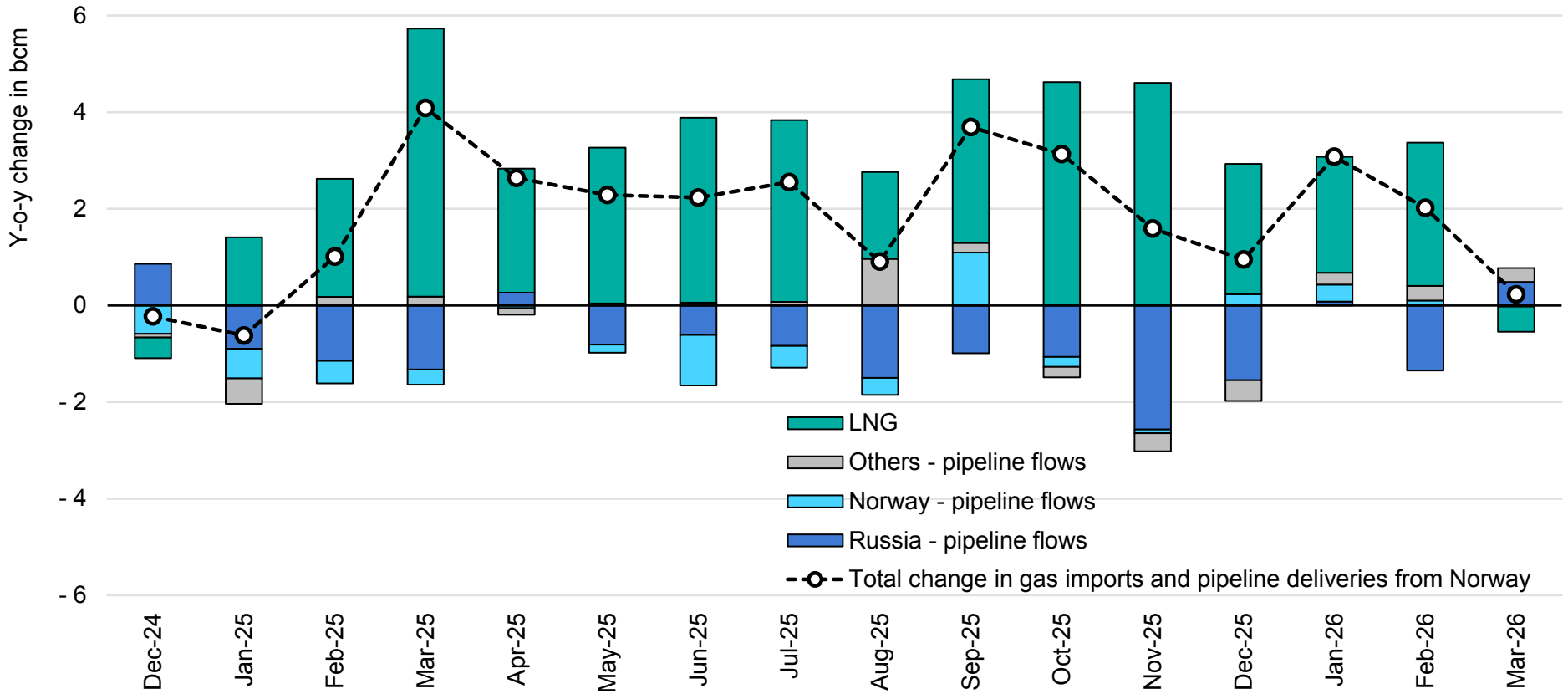
Europe's **LNG imports** rose by close to 20% (or 17 bcm) and reached an all-time high of 104 bcm during the 2025/26 heating season. This growth was largely concentrated in the October-February period when LNG imports grew by 25% y-o-y. Stronger domestic demand and lower piped gas imports kept European LNG netback prices at a premium compared with key Asian markets during the first five months of the heating season. These dynamics changed in March following the closure of the Strait of Hormuz. Asian spot LNG prices displayed a premium of USD 2.8/MBtu compared with European hub prices, which incentivised diversions of flexible LNG cargoes towards Asian markets. Consequently, Europe's LNG imports fell by 3% y-o-y in March, with declines largely concentrated in the second half of the month. The share of LNG in Europe's primary natural gas supply rose from 35% in winter 2024/25 to over 40% in the 2025/26 heating season. The United States alone accounted for more than 60% of the total LNG deliveries to Europe during the 2025/26 gas winter.

Norway's piped gas deliveries to the rest of Europe rose by 0.6% (or almost 0.5 bcm) y-o-y during the 2025/26 heating season. This was largely supported by stronger gas deliveries to Continental Europe (up by 2.5%), while deliveries to the United Kingdom declined by nearly 5%. **Non-Norwegian domestic production** fell by 2% (or 0.55 bcm) y-o-y during October-January. Natural gas output in United Kingdom dropped by around 6% (or 0.7 bcm) y-o-y amid the deteriorating production rates of the ageing fields in the North Sea. In addition, natural gas production continued to the decline in the Netherlands and fell by 7% (or 0.25 bcm) y-o-y. These declines were partially offset by strong production growth recorded in Denmark and Türkiye. In Denmark, domestic production increased by more than 40% (or 0.32 bcm) y-o-y on the back of the redeveloped Tyra field. In Türkiye, natural gas output grew by over 15% (or 0.16 bcm) y-o-y, with growth driven by the ramp-up of the Sakarya field.

Russia's piped gas supplies to the European Union fell by more than 20% (or 2.5 bcm) y-o-y in the 2025/26 heating season. The decline was most pronounced in Q4 2025, reflecting the y-o-y impact of the end of gas transit via Ukraine. Exports to Türkiye fell by 30% (or 3.7 bcm) y-o-y during October-February. The share of Russian piped gas in Europe's gas demand fell to an estimated 7% in the 2025/26 heating season, from 8.5% during the previous winter. Piped gas supplies from **North Africa** declined by 5.5% (or 0.9 bcm) y-o-y, while gas exports from **Azerbaijan** to the European Union increased by 0.5% (or 0.05 bcm) y-o-y through the winter.

Europe’s LNG imports declined in March 2026 for the first time since December 2024

Estimated year-on-year change in monthly European natural gas imports and deliveries from Norway, December 2024-March 2026



Sources: IEA analysis based on ENTSOG (2026), Transparency Platform; Eurostat (2026), Energy statistics; ICIS (2026), LNG Edge.

Asia's natural gas demand grew by an estimated 2% during the 2025/26 heating season

Preliminary data suggest that **natural gas demand returned to growth in Asia** during the 2025/26 heating season, increasing by around 1.5% (or 7 bcm) y-o-y. This growth was entirely concentrated in the October-February period, before the closure of the Strait of Hormuz. Disruption to LNG flows prompted the adoption of demand-side measures and fuel-switching policies across Asian markets during March to mitigate the impact of the supply shortfall. The region's LNG imports fell by 6% (or 2 bcm) y-o-y in March, largely driven by China which saw its LNG inflows plummeting by 30% y-o-y to their lowest monthly level since May 2018.

China's natural gas demand in the October to February period grew by over 3% y-o-y (or about 6.5 bcm), driven by both weather factors and continued improvement in market fundamentals that emerged earlier in 2025. Demand from the city gas segment accounted for about half of this growth, with heating demand boosted partially by a January cold spell. The expansion of distribution networks also acts as a longer-term factor behind city gas demand growth, pushing demand in both the winter peak and summer trough periods upward. Transport demand – which accounts for a smaller share of the city gas segment – is also expected to have contributed to the upside thanks to rapid expansion of the LNG-fuelled truck fleet in 2025, even as improving economics of other alternative fuel trucks (e.g. electric) represent an emerging downside risk for demand. In total, city gas demand grew by about 5% y-o-y in this period. The industrial sector accounted for about one-fifth of y-o-y upside demand over this period, growing by about 2% y-o-y. Despite headwinds in 2025, manufacturing and broader economic fundamentals ended 2025 on an upward trend. Gas use in power generation also grew by around 3%, but accounted for only around 15% of the total upside.

As the Chinese gas market has expanded and underground storage capacity has grown, so has the importance of storage infrastructure in balancing the market. Winter storage withdrawals were approximately 25% higher y-o-y this past winter. Domestic production, which accounts for approximately 60% of Chinese gas demand, grew by about 5% y-o-y in the winter period, driven by conventional resources. Pipeline imports also increased by about 3% y-o-y over this period, with incremental Russian deliveries compensating for a decline in Central Asian flows and stable imports from Myanmar. Finally, Chinese LNG imports fell by about 6% y-o-y for the full winter period, extending LNG demand weakness from the whole of 2025. The combination of a well-supplied market and tightening LNG fundamentals from the Strait of Hormuz closure led Chinese offtakers to resell a record amount of cargoes in this winter period.

Japan's natural gas demand increased by an estimated 3.5% y-o-y during the October-February period, partly supported by colder weather conditions. Japan's dependence on LNG imports from the

Middle East is only 6%, which is low compared with other Asian countries. However, companies such as Tokyo Gas are taking measures to mitigate the rise in natural gas prices caused by tight supply, including the resale of LNG from non-Middle Eastern sources to other countries in Asia. In addition, in response to the impact of the closure of the Strait of Hormuz, the Japanese government decided in March to lift operational restrictions on coal-fired power plants. As a result, it is estimated that approximately 0.5 million tonnes of LNG can be conserved annually. Unit 6 of the Kashiwazaki-Kariwa Nuclear Power Plant, which was restarted in January 2026, is expected to commence commercial operations in mid-April, further weighing on gas use in the power sector.

Korea's natural gas demand remained broadly flat during the October-February period. LNG sourced via the Strait of Hormuz accounted for around 15% of Korea's primary gas supply in 2025. In response to the supply disruption, the government is planning to increase coal-fired power generation by easing regulatory restrictions, with the aim of reducing reliance on gas-fired power. In addition, the restart of the Kori nuclear reactor Unit 3 is scheduled for early April as part of efforts to stabilise the country's power supply. The newly built Unit 3 of the Saeul nuclear power plant is also scheduled to begin operation around mid-2026, which could further reduce the call on gas-fired power generation.

India's natural gas remained constrained, increasing by only 2% y-o-y in the October-February period and reflecting strong price sensitivity in key consuming sectors. Gas use in power generation rose by around 3% y-o-y, supported by rising electricity demand and the need to meet peak load requirements, despite the rapid penetration of cheaper renewables and the continued dominance of domestic coal. In contrast, gas consumption in industry declined by around 2% y-o-y, as gas remained less competitive relative to alternative fuels, with some industrial users temporarily switching to naphtha, fuel oil or LPG. Demand in the citygas segment increased by approximately 10% y-o-y, supported by the ongoing rollout of distribution networks and rising end-use consumption.

In 2025, **LNG sourced via the Strait of Hormuz accounted for almost 30% of India's primary gas supply** and for almost 60% of the country's total LNG imports. In response, the Government of India invoked the Essential Commodities Act, 1955, and issued the Natural Gas (Supply Regulation) Order 2026, establishing a framework for prioritised and rationed gas allocation. Under the Order, Priority Sector I — including domestic piped natural gas (PNG) for households and compressed natural gas (CNG) for transport — continues to receive full supply. Fertiliser manufacturing plants, recognised as critical for agricultural productivity and food security, are allocated around 95% of their average consumption, while other industrial and commercial consumers receive around 80%. As a result, natural gas deliveries to some sectors have already been cut by 10-30%, prompting fuel switching among industrial users to alternatives such as naphtha, fuel oil and diesel. Overall, sectoral prioritisation and fuel switching are expected to cushion the impact of supply disruptions while maintaining deliveries to critical users.

First estimates indicate that **Emerging Asia**'s natural gas demand remained broadly flat through the October-February period and started to decline in March amid deteriorating LNG supply availability. Demand-side measures and fuel-switching policies have been gradually implemented across the region's key LNG import markets to limit the supply shortfall after the closure of the Strait of Hormuz. Overall, the region's net LNG imports increased by 9% during the October-March period y-o-y, broadly offsetting the production declines recorded in some of the region's producers.

Thailand's natural gas consumption increased by 3% y-o-y during the October-February period, primarily driven by stronger gas use in the power sector (up by 4%). LNG sourced via the Strait of Hormuz accounted for around 7% of Thailand's primary gas supply in 2025. In mid-March, Thailand's Energy Regulatory Commission instructed power plant operators to increase the share of coal in the country's power mix in order to maintain stable electricity tariffs and to reduce the use of natural gas. The commission has also ordered the Electricity Generating Authority of Thailand to restart two decommissioned units at the Mae Moh coal-fired power plant with a combined capacity of 0.6 GW.

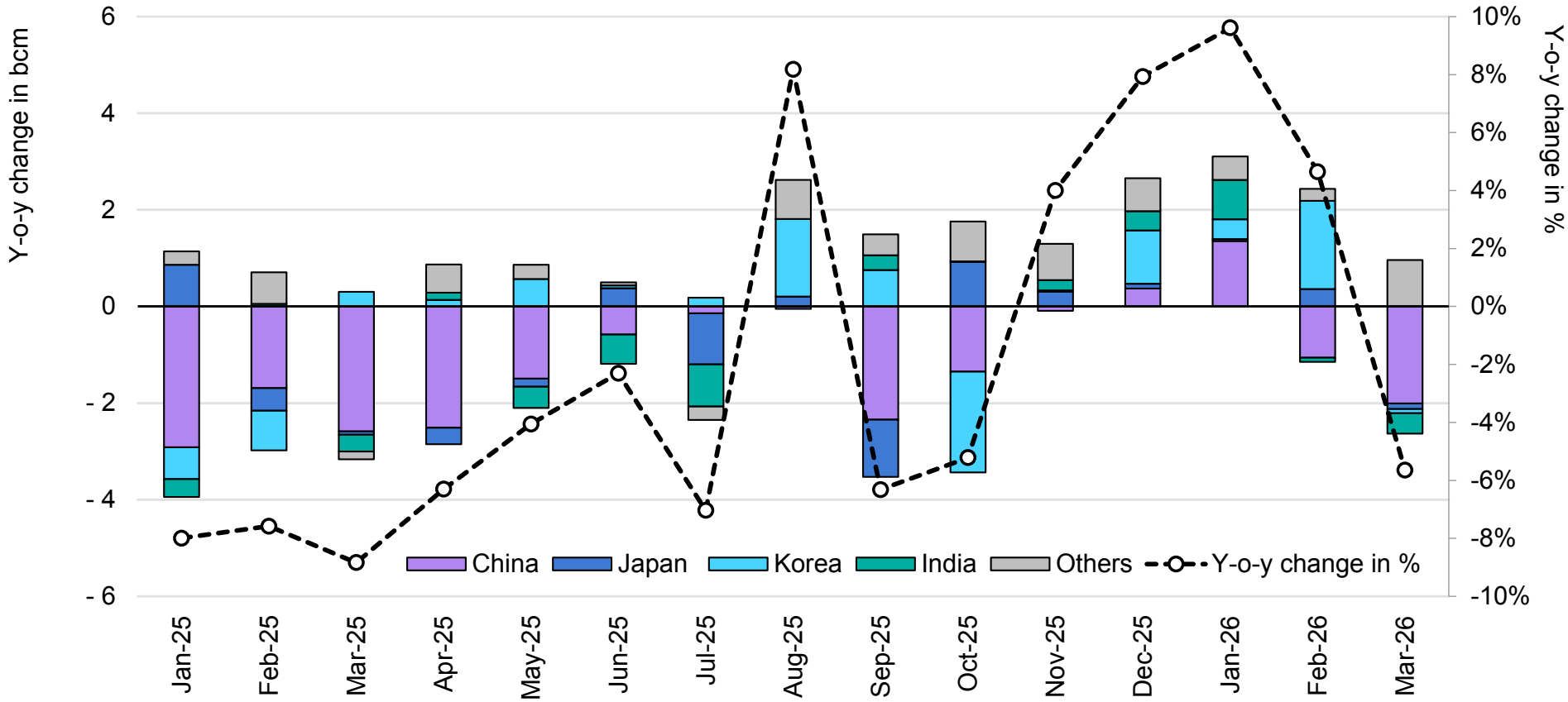
In **Indonesia**, natural gas consumption increased by around 4% y-o-y during October-January, while demand remained broadly flat in **Malaysia** in the same period. Disruption of LNG supply via the Strait of Hormuz has had limited impact so far on the Indonesian and Malaysian natural gas markets, a reflection of both countries being major natural gas producers with limited import requirements.

Pakistan's natural gas consumption declined by an estimated 8% y-o-y during the October-March period. This was partly driven by weaker gas burn in the power sector, which declined by 6% y-o-y in Q4 2025. Pakistan is among the markets most significantly affected by the disruption of LNG supply via the Strait of Hormuz. In 2025, Qatar accounted for 25% of Pakistan's primary gas supply and for 98% of the country's LNG imports. Pakistan's LNG inflows plummeted by 67% y-o-y in March after the closure of the Strait of Hormuz. Consequently, demand-side measures have been introduced (including a four-day working week), while natural gas supplies to gas-intensive industries, such as fertiliser production, have been reduced. Natural gas consumption in **Bangladesh** declined by an estimated 4% y-o-y during the October-March period, partly due to lower gas burn in the power sector. In 2025, LNG sourced via the Strait of Hormuz accounted for just over 20% of Bangladesh's primary gas supply and for 60% of its total LNG imports. The country's LNG inflows fell by 10% y-o-y in March 2026. Natural gas supplies have been reduced to power plants and fertiliser producers amid the deteriorating supply fundamentals since the start of March.

The IEA's previous Quarterly Gas Report projected Asia's natural gas demand to increase by more than 4% (or almost 35 bcm) in 2026, largely supported by improving LNG supply availability. The disruption of LNG flows via the Strait of Hormuz is profoundly altering this demand outlook. Each month of closure results in around 10 bcm of LNG supply loss, leading to a downward revision of demand prospects in key importing markets.

Asia's LNG imports fell by 7% in March 2026, largely driven by China

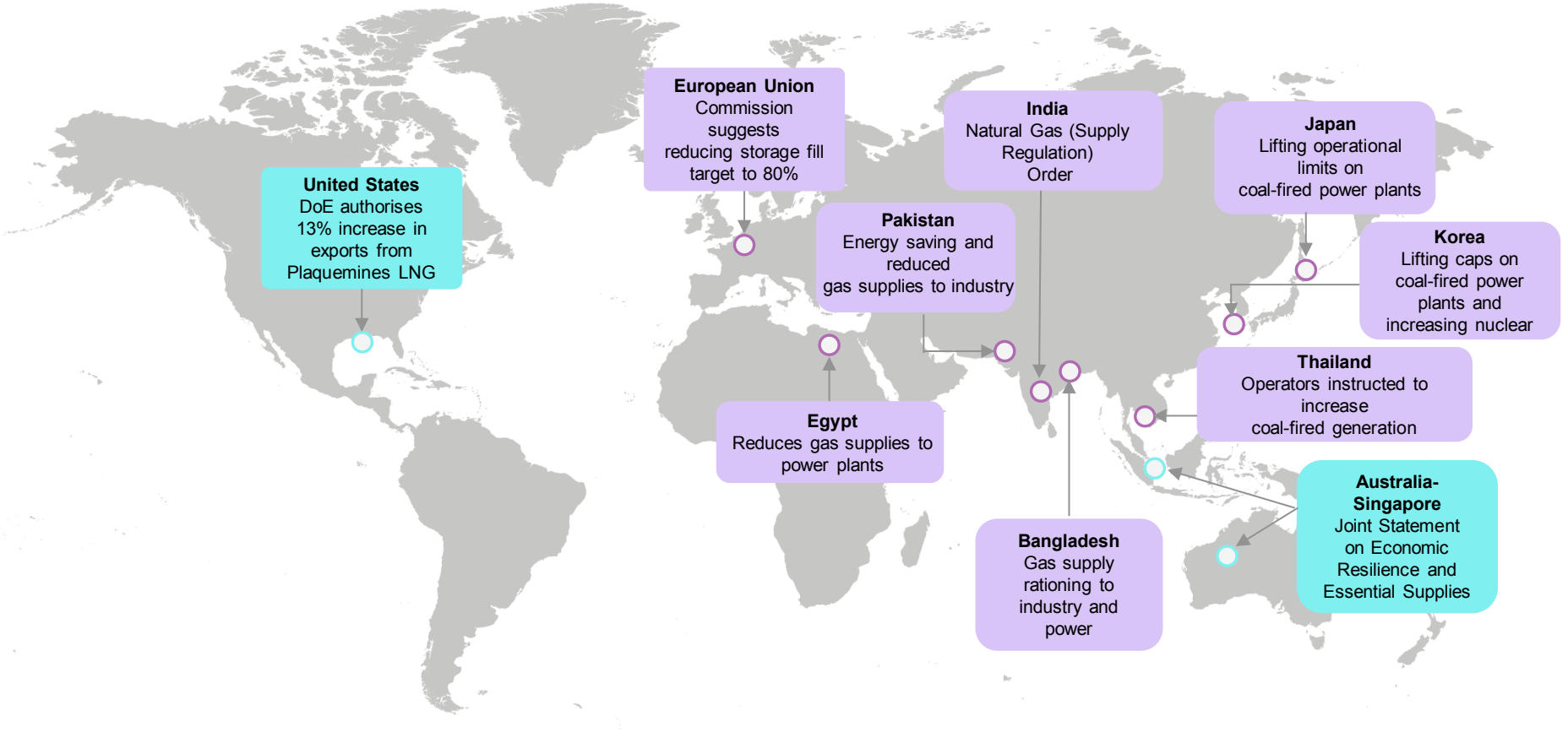
Estimated year-on-year change in Asia's monthly LNG imports by key markets, January 2025-March 2026



Note: Others include Bangladesh, Indonesia, Malaysia, Myanmar, Pakistan, the Philippines, Singapore, Thailand and Viet Nam.
Sources: IEA analysis based on ICIS (2026), LNG Edge.

Asian markets adopted demand-side and fuel-switching measures in March 2026

Selected supply- and demand-side measures announced since the closure of the Strait of Hormuz



Note: DoE = Department of Energy. Blue = supply-side measures; Purple = demand-side measures.

India protects household and transport gas demand amid tightening LNG supplies

Natural Gas (Supply Regulation) Order, 2026

Priority allocation framework

Priority sector	Sectors covered	Allocation	Key condition
I	Domestic piped natural gas (PNG) Compressed natural gas (CNG) for transport LPG production Pipeline fuel	100% of the past 6-month average gas consumption*	Fully protected (no additional end-use restriction)
II	Fertiliser plants	95% of the past 6-month average gas consumption*	Restricted to fertiliser production; PPAC certification required
III	Tea industries Manufacturing on national gas grid	80% of the past 6-month average gas consumption*	Allocation principles set by PPAC and the Industry Committee
IV	City gas distribution (CGD) industrial and commercial consumers	80% of the past 6-month average gas consumption*	Allocation principles set by PPAC and the Industry Committee (CGD I&C)
Non-priority/curtailment candidates	Petrochemicals Power plants	Full/partial curtailment	First to be curtailed to maintain Priority I-IV supply
	Oil refineries	65% of the past 6-month average gas consumption*	

* Subject to operational feasibility.
Note: PPAC = Petroleum Planning and Analysis Cell of the Indian Ministry of Petroleum and Natural Gas.
Source: Ministry of Petroleum and Natural Gas (2026), Official Gazette notification, 9 March 2026, GAIL-PPAC coordination mechanism as specified in the Order.

Natural gas demand remained broadly flat in North America during the 2025/26 winter

North American natural gas consumption during the 2025/26 winter remained close to the levels seen during the previous heating season, while winter cold spells supported strong short-term demand variability. Natural gas demand in the residential and commercial sectors remained broadly flat, despite severe cold spells in January 2026. Higher natural gas prices weighed on gas burn in the power sector. Natural gas use in industry and the energy sector continued to expand over the winter season, partially offsetting the declines recorded in buildings and the power sector.

First estimates indicate that natural gas consumption in the **United States** remained broadly flat during the 2025/26 winter season. This relatively stable picture hides the impact of **Winter Storm Fern** on the North American gas market in late January 2026. The winter storm drove up natural gas demand to its highest seven-day rolling average on record, reaching 4.6 bcm/day during 24-30 January, largely driven by buildings and the power sector. While daily demand rose to near all-time highs, sub-zero temperatures led to well-head freeze-offs and production declines. US dry gas production fell by 8% during 24-30 January compared with the seven-day average preceding the winter storm. The declines were the steepest in the Permian Basin (down by almost 20%).

As a consequence of soaring demand and plummeting dry gas output, Henry Hub spot prices rose to an all-time high of USD 30.72/MBtu on 23 January, while local gas hubs in the northeast surged to triple digits during the winter storm. High spot natural gas prices incentivised all-time-high storage draws, totalling over 10 bcm during 23-30 January. Underground storage sites played a key role in ensuring heat and electricity supply security during Winter Storm Fern.

While Fern caused a steep increase in natural gas demand, its impact was short-lived and on average the 2025/26 winter season was milder than the previous one. Heating degree days declined by 1% compared with the 2024/25 winter season, which naturally reduced space heating requirements. First estimates indicate that gas demand in the **residential and commercial sectors** declined by around 0.5% (or almost 1 bcm) y-o-y.

Gas-to-power demand in the United States declined by an estimated 1% (or nearly 1.5 bcm) y-o-y during the 2025/26 heating season amid stronger renewables power output and price-driven gas-to-coal switching. Preliminary data indicate that renewable power generation grew by a strong 7.5% y-o-y, largely driven by higher hydro and solar power output. Tighter market fundamentals drove up natural gas prices, with Henry Hub prices rising by nearly 30% compared with their previous heating season levels. This strong increase in natural gas prices eroded the cost-competitiveness of gas-fired power generation vis-à-vis coal-fired power plants. Gas-to-coal switching was especially pronounced in Q4 2025, when coal-based generation grew by 10% y-o-y while

gas-fired power output declined by 3% y-o-y. Consequently, the share of natural gas in power generation declined from 39% during the 2024/25 winter to 38% in the 2025/26 heating season.

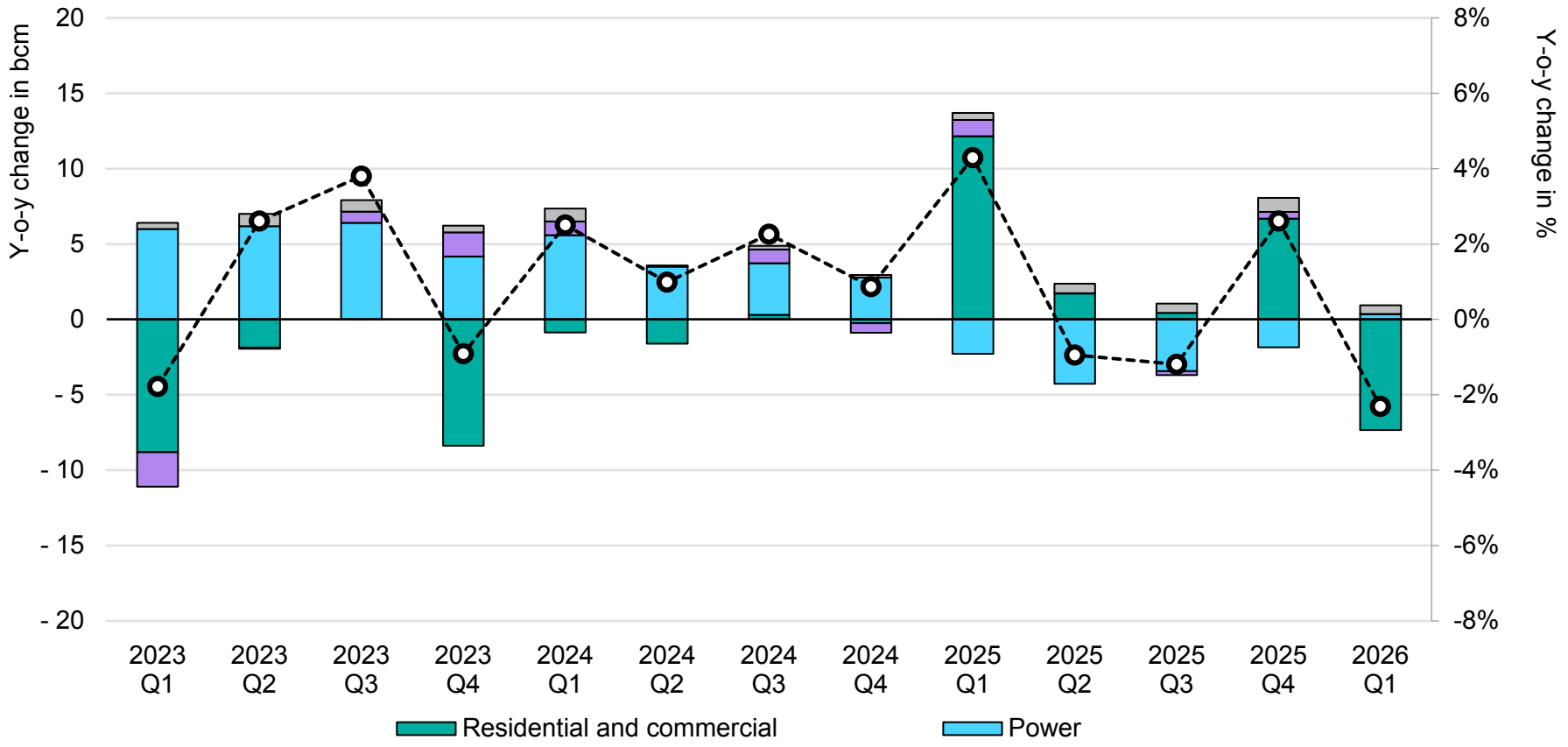
Natural gas demand in **industry and the energy sector** increased by an estimated 1% (or 2 bcm) y-o-y, broadly offsetting the losses recorded in buildings and the power sector. This increase was partly supported by stronger gas use in the country's rapidly growing LNG liquefaction fleet.

In **Canada,** natural gas demand rose by an estimated 3% (or 2.5 bcm) y-o-y during the 2025/26 heating season. Colder weather conditions prompted higher gas use in the residential and commercial sectors, which increased by 9% y-o-y in Q4 2025. Combined gas demand in the industrial and power sectors rose by 3% y-o-y during the same period, largely supported by stronger gas-fired generation. **Winter Storm Fern** drove up daily natural gas demand in Canada to a new all-time high of 540 mcm/d on 24 January 2026. Record high natural gas demand was met through a combination of stronger domestic gas output and higher storage withdrawals.

In **Mexico,** natural gas consumption increased by an estimated 1% (or 0.5 bcm) y-o-y during the October-March period, primarily driven by stronger gas-fired power generation. Mexico's piped gas imports from the United States rose by more than 3% y-o-y during October-January, driven by a combination of stronger demand, declining domestic natural gas production and higher LNG exports (relying on US-sourced feedgas).

Stronger gas use in industry and the energy sectors provided support for gas demand in the United States during the 2025/26 heating season

Estimated year-on-year changes in quarterly natural gas demand in the United States, Q1 2023-Q1 2026



Sources: IEA analysis based on EIA (2026), Natural Gas Consumption by End Use.

European natural gas consumption declined marginally in the 2025/26 heating season…

Natural gas consumption in OECD Europe fell by an estimated 0.5% (or 1 bcm) y-o-y during the 2025/26 gas winter. Preliminary data suggest that natural gas use in buildings declined over the heating season, while stronger renewable power generation reduced gas burn in the power sector. In contrast, lower natural gas prices supported higher gas demand across industry in the October-February period.

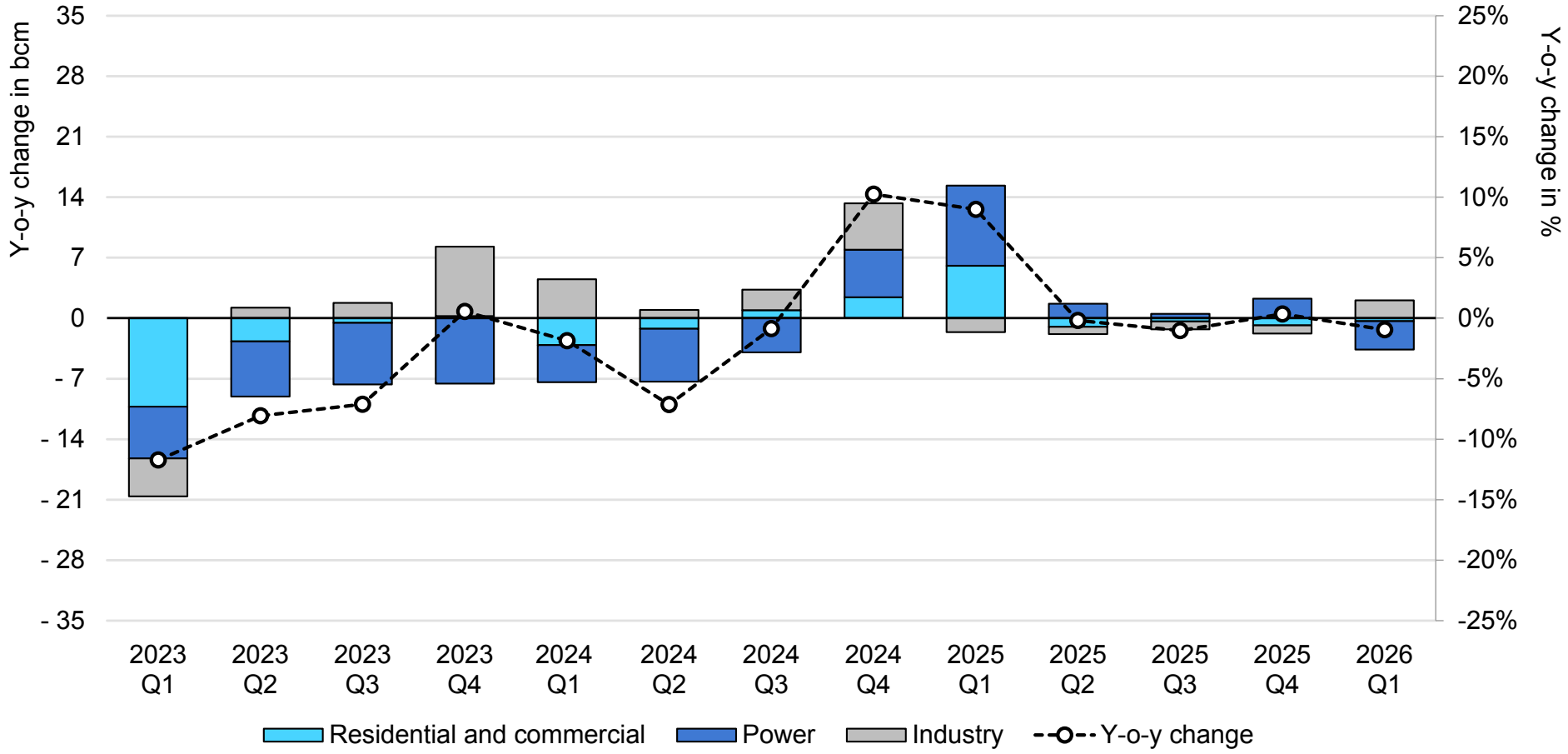
Distribution network-related demand declined by an estimated 1% (or 1 bcm) y-o-y during the 2025/26 gas winter, despite several cold spells hitting the European market. In January 2026, **Storm Goretti** led to a sharp increase in natural gas use both in buildings and the power sector. Daily natural gas consumption surged by more than 33% between 1 and 5 January to reach its highest level since January 2022. Gas demand in the residential and commercial sectors grew by more than 20% during this period, reflecting higher space heating requirements. In addition, gas burn in the power sector more than doubled between 1 and 5 January. This was driven by a combination of stronger electricity demand (including for space heating purposes) and lower wind power generation, which plummeted by 50% between 1 and 5 January. The flexibility provided by the gas system played a key role in ensuring heat and electricity supply security during the January cold spells. Underground gas storage withdrawals almost doubled during 1-7 January, with total draws reaching close to 1 bcm/day and meeting around one-third of total natural gas demand in this period.

Gas-to-power demand declined by around 1.5% (or over 1 bcm) y-o-y during the 2025/26 heating season. While the cold spells in January sharply increased the call on gas-fired power plants, this was more than offset by the lower gas-fired power generation in the remainder of the heating season. Stronger renewable power output (up by around 7% y-o-y) particularly weighed on natural gas use in the power sector. In addition, the steep increase in European hub prices in March eroded the cost-competitiveness of gas-fired power plants vis-à-vis coal-fired generation. The share of natural gas in the European Union's fossil fuel-based thermal mix fell from an average of 60% in February to 52% in March, while the coal's share increased from 40% to around 48% during the same period.

Natural gas consumption in industry increased by an estimated 1.5% y-o-y during the 2025/26 heating season. This growth was entirely concentrated in the October-February period, with lower natural gas prices supporting the recovery in industrial activity. Estimated industrial gas consumption increased by 1% y-o-y in Belgium and Italy and expanded by around 5% in the Netherlands during October-February. First data suggest that industrial sector gas demand remained broadly flat in March, as higher natural gas prices began to negatively affect activity across gas- and energy-intensive industries.

…amid lower gas burn in the power sector

Estimated year-on-year change in quarterly natural gas demand in OECD Europe, Q1 2023-Q1 2026



Sources: IEA analysis based on Enagas (2026), Natural Gas Demand; ENTSOG (2026), Transparency Platform; EPIAS (2026), Transparency Platform; Trading Hub Europe (2026), Aggregated consumption.

Early winter storage conditions feed through to end-of-winter stock levels

Natural gas storage levels ended the 2025/26 winter season in contrasting positions across different markets. While European storage fill lagged typical levels throughout the entire season, above-average pre-winter levels in the United States helped meet a severe winter storm without compromising end-of-winter levels. Combined LNG stocks in Japan and Korea trended slightly below average throughout the winter.

In the European Union, underground gas storage levels fell to their lowest point since 2022. Storage fill ended the winter at just 28% full compared with 34% full at the end of winter 2024/25, reflecting a weaker storage position that dated back to the start of the season. Ahead of winter 2025/26, EU storage fill reached only 83%, well below the over 95% levels reached in the three previous years. This left a y-o-y pre-winter storage deficit of about 14 bcm.

Weaker stockdraw y-o-y in the first part of the winter reduced the y-o-y deficit to around 11 bcm (15%) by the start of 2026, but a series of cold snaps in the first quarter of 2026 again widened the y-o-y deficit in mid-January and again in mid-February. However, by the second half of February, stockdraw slowed noticeably as heating demand eased across Europe. By the start of March, the y-o-y deficit had fallen to 9 bcm (22%), further declining to about 7 bcm (18%) by the start of April.

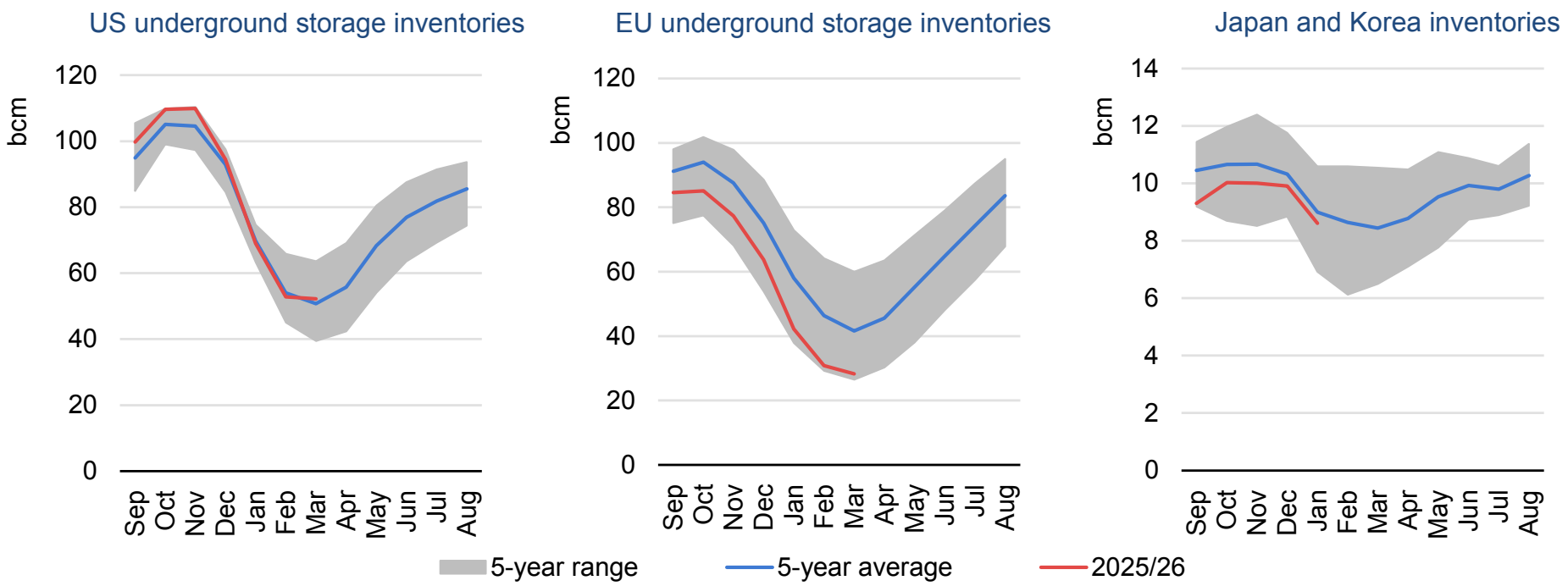
However, despite the gradual improvement in the y-o-y storage deficit, the European Union faces a tougher injection season ahead. Reaching last year's pre-winter peak would require about 7 bcm (13%) of incremental injections compared with last year; reaching the 90% storage fill target would require about 14 bcm (26%) of incremental injections.

Ukrainian storage ended the winter well above the levels of the past two years, with total withdrawals only half of what they were in the previous winter thanks in part to increased pipeline imports from the European Union. Withdrawals remained softer than usual in the early part of winter and subsequently turned to injections a few weeks earlier than in recent years. By the start of April, storage levels were about 4 bcm (500%) higher y-o-y.

In the United States, storage levels started the winter above the five-year average and close to their highest-ever levels. Despite strong withdrawals early in the season, storage fill oscillated around the five-year average during the rest of winter. Salt cavern storage saw steep withdrawals in January as Winter Storm Fern led to demand spikes and well freeze-offs (notably across the Permian Basin). Still, softer than normal withdrawals in the western part of the country helped US gas in store close the winter in line with the five-year average.

Japanese LNG stocks remained above the five-year average in January, while Korean stocks trended at their lowest levels since 2021. Combined stocks ended January just below recent averages.

Summer storage filling requirements diverge considerably across key markets



Sources: IEA analysis based on EIA (2026), Weekly Natural Gas Storage Report; GIE (2026), AGSI+ Database; JODI (2026), World Gas Database.

Spotlight on the Middle East

The Middle East conflict has profoundly disrupted regional and global gas markets

The Middle East plays a central role in global energy and food supply security. The region accounts for nearly 30% of global oil output and 18% of global gas production, almost 25% of LNG supplies and around one-third of global urea exports. This special section puts a spotlight on the Middle East and the effects of the Iran war on natural gas and LNG markets.

The Middle East conflict represents a major supply shock to regional and global gas markets

The conflict in the Middle East has profoundly disrupted regional and global gas markets. The closure of the Strait of Hormuz led to a complete half of the Gulf's LNG exports, while attacks on the region's oil and gas infrastructure further reduced gas supply availability for domestic markets. Preliminary estimates indicate that Middle Eastern natural gas output fell by around 25% y-o-y since the start of the conflict.

The Strait of Hormuz plays a critical role in global LNG trade. With the exception of deliveries to Kuwait, the entirety of LNG exports from Qatar and the United Arab Emirates needs to transit the Strait of Hormuz – with no alternative routes to supply LNG to the global market. In 2025, almost 20% of global LNG trade (equating to around 110 bcm) transited via the Strait of Hormuz. Almost 90% of the volumes that exited the Persian Gulf via the Strait of Hormuz were destined for Asia, accounting for more than 25% of the region's total LNG imports. Bangladesh, India, Pakistan and Chinese Taipei are particularly exposed to supplies passing through the Strait of Hormuz. Europe's direct exposure is more limited compared to Asia. Less than 10% of the LNG transiting the Strait of Hormuz was destined for Europe in 2025 and it accounted for less than 3% of the region's natural gas demand. However, the effect of the disruption is felt across all LNG import markets due to the increasingly globalised nature of regional gas markets.

The effective closure of the Strait of Hormuz has led to the complete halt of LNG exports from Qatar and the United Arab Emirates since the beginning of March. This translates into a loss of around 20 bcm of LNG supply during March-April. **Qatar** halted the production of LNG on 2 March 2026 due to military attacks on its LNG liquefaction facilities. Furthermore, **Israel** preventively shut its Karish (6 bcm/yr) and Leviathan fields on 2 March, which led to the reduction of piped gas exports to Egypt. Both fields restarted operations by mid-April. To compensate for the shortfall, Egypt increased its LNG imports by 180% y-o-y during March and the first twenty days of April, which further tightened global gas market fundamentals.

In addition to impacts on gas and LNG exports, **the conflict severely disrupted natural gas supplies to local markets** due to a combination of attacks on production and oilfield shut-ins affecting associated gas output. In **Iran**, several gas processing plants in Assaluyeh were damaged on 18 March. The plants treat sour gas

from the offshore South Pars gas field. According to first estimates, this could affect around 12% of Iran's natural gas production (or nearly 100 mcm/d). The Assaluyeh complex suffered another attack on 6 April, with no information disclosed on the impact on natural gas supply. In the **United Arab Emirates (UAE)**, the Shah field and the Habshan gas processing facility have suffered several attacks since the start of the conflict. The Shah complex alone accounts for one-fifth of the country's natural gas production processing capacity (around 35 mcm/d). In addition, crude oil production shut-ins in **Saudi Arabia, Iraq and Kuwait** have reduced associated gas production, although no data have been disclosed by the operators on the lost production levels.

The Middle East conflict altered Qatar's medium-term LNG supply outlook and is delaying the LNG wave

Iran's missile attacks on Qatar's Ras Laffan complex on 18-19 March **damaged two LNG liquefaction trains** with a combined capacity of 12.8 mtpa (17.5 bcm/yr). According to QatarEnergy, it will take three to five years to repair the damaged LNG facilities. This could translate into a cumulative loss of 50-90 bcm of LNG supply between 2026 and 2030. In addition, the conflict is likely to **delay the start and the ramp-up of Qatar's LNG expansion projects**. The North Field East project (44 bcm/yr) was expected to start operations in H2 2026 and to ramp up during 2027-2028. According to QatarEnergy, the project could be delayed by more than a year, further altering the short- and medium-term outlook. Qatar's North Field South (22 bcm/yr) was expected to start operations in 2028, with no updates on the timeline.

The Middle East conflict has already caused the loss of around 120 bcm of cumulative LNG supply for the period 2026-2030 (equating to around 15% of the global cumulative incremental LNG supply over this period), when considering the combined effect of the short-term supply disruption and the medium-term implications for supply. Around 20 bcm of LNG supply has been lost since 2 March due to the disruption of trade flows through the Strait of Hormuz. The restart and ramp-up of LNG liquefaction plants could take several weeks according to various industry estimates, resulting in output around 10 bcm lower compared with regular operations. The damage caused by Iran's attacks to Qatar's LNG facilities could reduce the country's LNG output by nearly 70 bcm by 2030, assuming a repair period of around four years. In addition, delaying the North Field East expansion project could reduce LNG supply by around 20 bcm over the 2026-2030 period.

Asian and European natural gas prices soared to their highest level since the 2022-2023 energy crisis

Price signals play a crucial role during supply shocks as they allow for an efficient allocation of scarce resources while also incentivising fuel switching across end-use sectors.

In Europe, **TTF month-ahead prices** surged by 70% in the first two trading days after the closure of the Strait of Hormuz, while Asian **Platts JKM prices** more than doubled in the same period.

Prices have displayed **highly volatile patterns** since then and remained well above their pre-crisis levels. TTF month-ahead prices averaged USD 18/MBtu during March, while Asian spot LNG prices stood at USD 21/MBtu – their highest monthly levels since January 2023. Asian and European gas prices moderated to an average of USD 17/MBtu and USD 15.5/MBtu in the first twenty days of April, respectively.

The **spread between JKM and TTF** prices flipped from a European premium of USD 0.9/MBtu during January-February to an Asian premium averaging USD 2.8/MBtu in March. This supported a diversion of flexible LNG cargoes from Europe to Asian markets, which are more directly affected by the closure of the Strait of Hormuz. Following the all-time-high that LNG imports reached in January-February, **Europe's LNG imports started to decline** in the second half of March and plummeted by 7% y-o-y in the first twenty days of April 2026.

The Middle East crisis leads to a significant downward revision of short-term demand projections

The **IEA's previous short-term outlook** expected global gas demand to increase by nearly 2% in 2026 amid improving LNG supply availability and largely driven by Asian markets. The Middle East crisis profoundly alters this outlook considering its impact both on local and import markets.

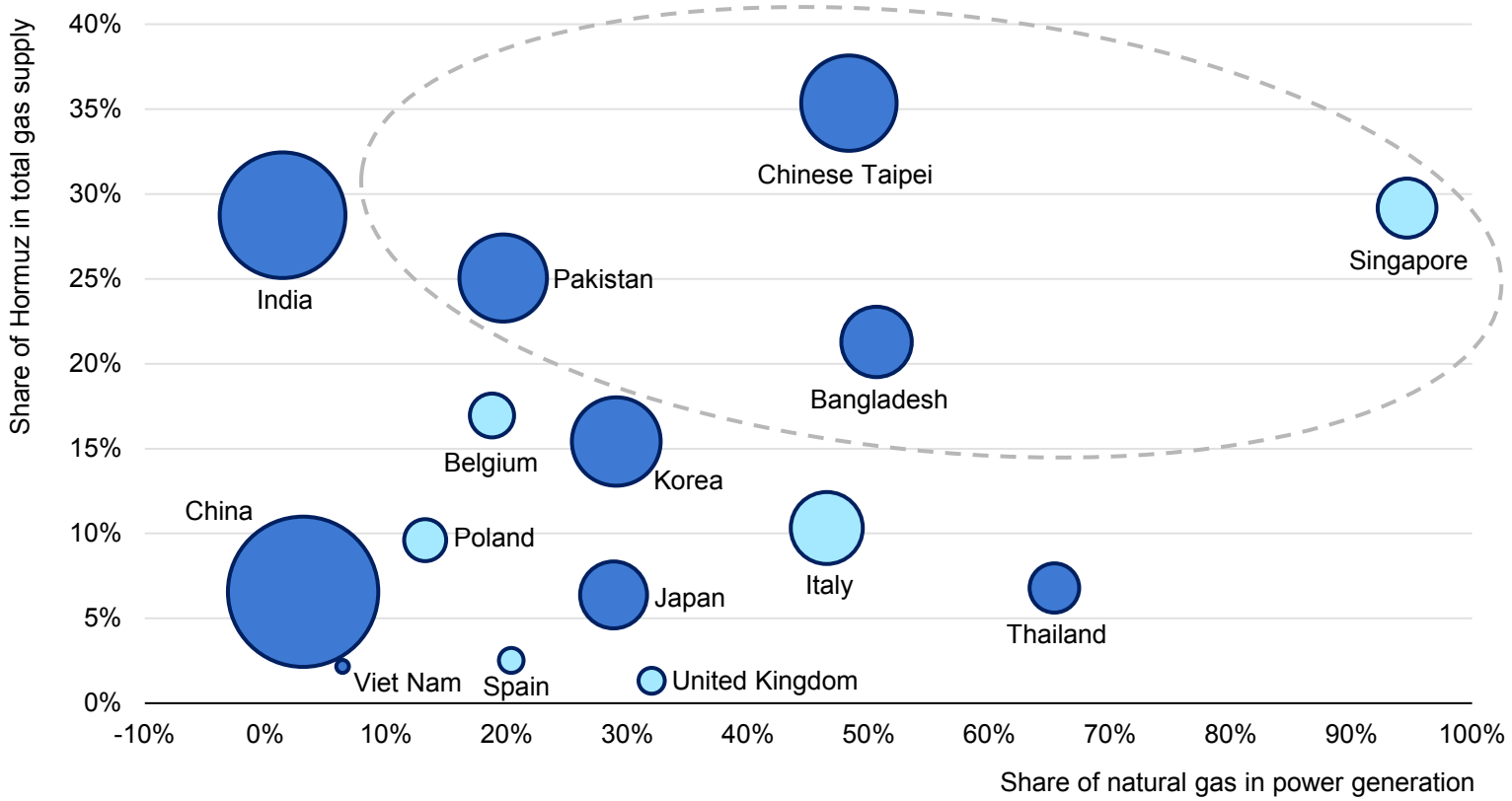
Natural gas demand in the Middle East has grown at an average rate of 5% per year in the past two decades, largely supported by the region's growing population, an expanding industrial base and oil-to-gas switching dynamics in the power sector. Considering the severe supply disruptions to local markets, the region's natural gas demand is set to experience its first annual decline since 1991. The demand reduction is expected to be concentrated in the power, industrial and energy sectors.

In LNG import markets, demand-response will be key to balancing the global gas market. The strong increase in Asian and European prices is already incentivising **gas-to-coal switching** in the power sector. The share of natural gas in the European Union's fossil fuels-based thermal mix fell from an average of 58% in February to around 52% during March. In Asia, Japan and Korea lifted administrative restrictions on coal-fired power generation, while Thailand ordered the restart of retired coal-fired power plant units. Preliminary estimates indicate that gas-to-coal switching, including in China, could reduce gas burn in the power sector by 60-65 bcm on an annualised basis. In addition, **production curtailments in gas- and energy-intensive industries** are also being reported. In Bangladesh and Pakistan, gas supplies were reduced to fertiliser producers, while India has invoked emergency measures to divert gas from non-priority sectors to key users (such as households).

Prolonged supply disruption could have adverse effects on the global economy and hence could also negatively affect natural gas demand in non-LNG import markets.

Asian markets are more directly exposed to the LNG supply disruption via the Strait of Hormuz

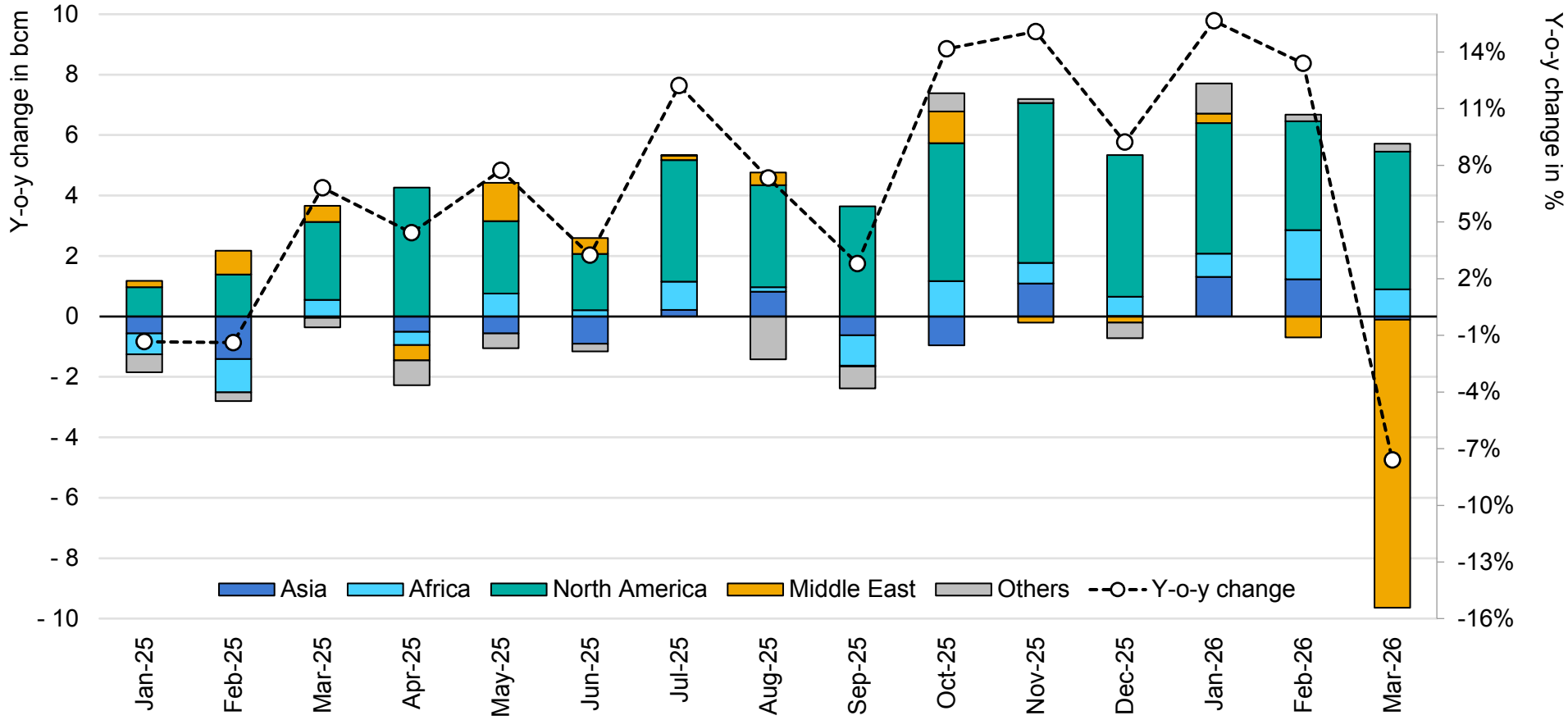
LNG supplied via Strait of Hormuz as a share of natural gas demand in key import markets and the share of gas-fired power generation in their power mix in 2025



Notes: The size of the bubble indicates the volume of LNG imports via the Strait of Hormuz. Dark blue bubbles refer to Asian markets and light blue bubbles to European markets.
Source: IEA analysis based on ICIS (2026), LNG Edge.

Global LNG production flipped from double-digit growth to contraction in March 2026

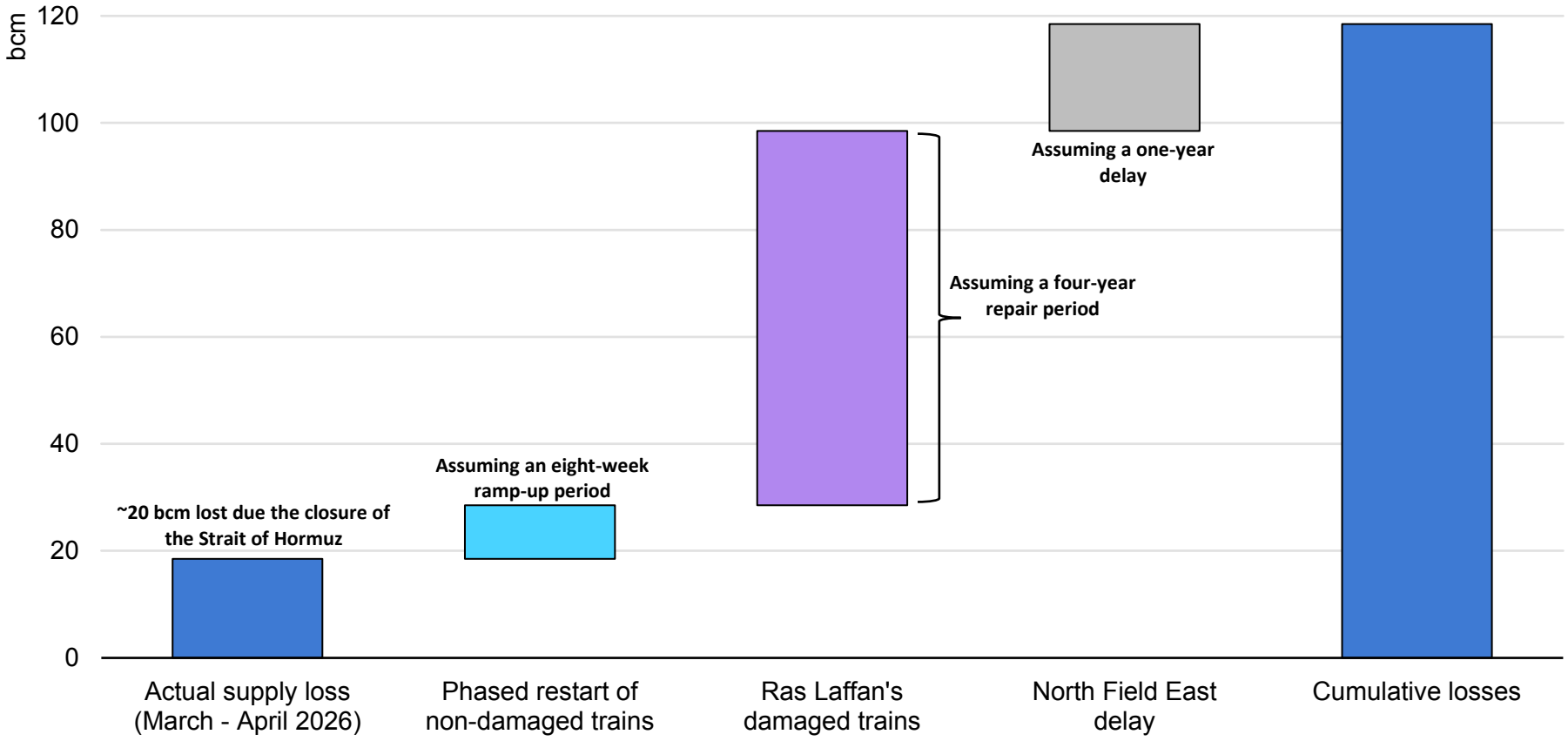
Estimated year-on-year change in global LNG loadings by key supplier region, January 2025-March 2026



Source: IEA analysis based on ICIS (2026), LNG Edge.

The Middle East conflict leads to a loss of over 120 bcm of cumulative LNG supply in the 2026-2030 period

The cumulative impact of the Middle East conflict on global LNG supply, 2026-2030



Sources: IEA analysis based on public statements and industry estimates.

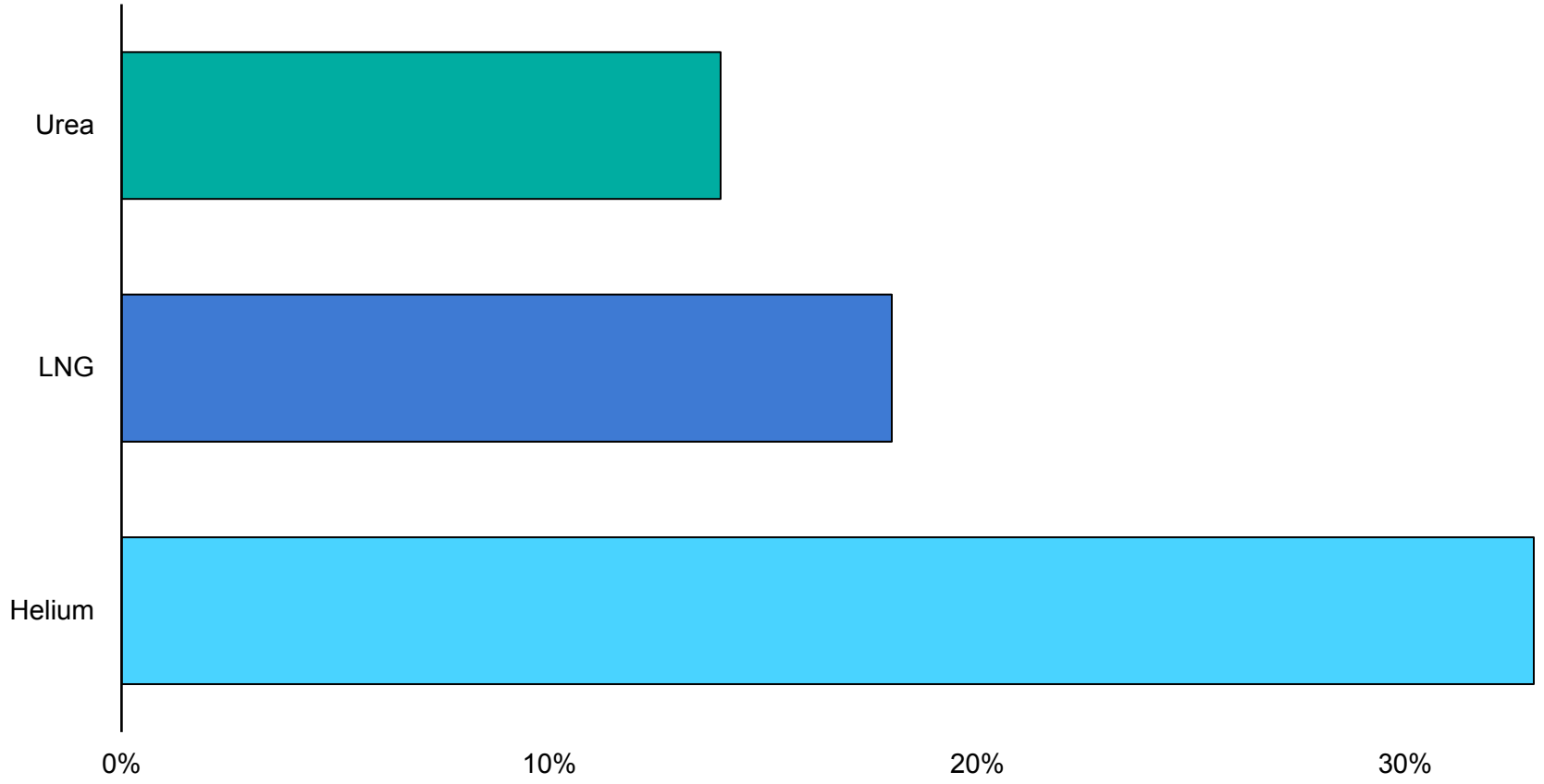
The Middle East conflict alters Qatar's medium-term LNG supply outlook

Qatar plays an essential role in regional and global gas supply security. It is the **Middle East's second-largest natural gas producer** after Iran, with production of just over 165 bcm in 2025. Qatar's large gas and LNG industry is based on the **North Field**, the world's largest non-associated natural gas field (its continuation into Iran's territorial waters is known as South Pars). Around two-thirds of Qatar's natural gas output is exported as LNG, making it the **world's second-largest LNG producer** after the United States. In 2025, Qatar's LNG exports stood at 110 bcm, of which 105 bcm had to transit via the Strait of Hormuz. The country's **Ras Laffan complex** includes 14 liquefaction trains with an overall capacity of 77 mtpa (105 bcm/yr). Around 90% of Qatar's LNG exports were destined for Asian markets and less than 10% were delivered to Europe in 2025. In addition, Qatar exports just over 20 bcm of natural gas via the **Dolphin pipeline** to the United Arab Emirates (18 bcm) and Oman (2 bcm). Natural gas plays a crucial role in Qatar's energy system and industrial sectors, accounting for 95% of the country's electricity mix and for 70% of the total energy used in industry. Qatar also plays a **key role in global food supply security**. The country is one of the world's largest urea exporters; with production capacity of 5.6 mtpa, Qatar alone accounts for around 14% of global supply. In addition, Qatar accounts for approximately one-third of global helium production – a rare gas essential for semiconductor manufacturing. All these products need to transit the Strait of Hormuz.

The Middle East conflict has profoundly disrupted Qatar's natural gas industry. QatarEnergy stopped the production of LNG on 2 March 2026 due to military attacks on its LNG liquefaction facilities at Ras Laffan. It is estimated that more than 18 bcm of LNG output has been lost since the start of the conflict. In addition, QatarEnergy halted the production of certain downstream products including urea, polymers, methanol and aluminium on 3 March 2026. Iran launched missile attacks on Qatar's Ras Laffan complex on 18-19 March, which damaged the **Pearl GTL** (gas-to-liquid) plant and **two LNG liquefaction trains** with a combined capacity of 12.8 mtpa (17.5 bcm/yr). According to QatarEnergy, it will take three to five years to repair the damaged LNG facilities. Hence, this could translate into the cumulative loss of 50-90 bcm of LNG supply between 2026 and 2030. According to industry estimates, it could take around eight weeks to restart Qatar's undamaged LNG liquefaction trains, resulting in the loss of around 10 bcm compared with regular operations. It remains unclear how the conflict will affect the timeline of Qatar's two **LNG expansion projects**. The North Field East project (44 bcm/yr) was expected to start operations in H2 2026 and to ramp up during 2027-2028. According to QatarEnergy, the project could be delayed by more than a year, further altering the short- and medium-term outlook. Qatar's North Field South (22 bcm/yr) was expected to start operations in 2028, with no updates on the timeline.

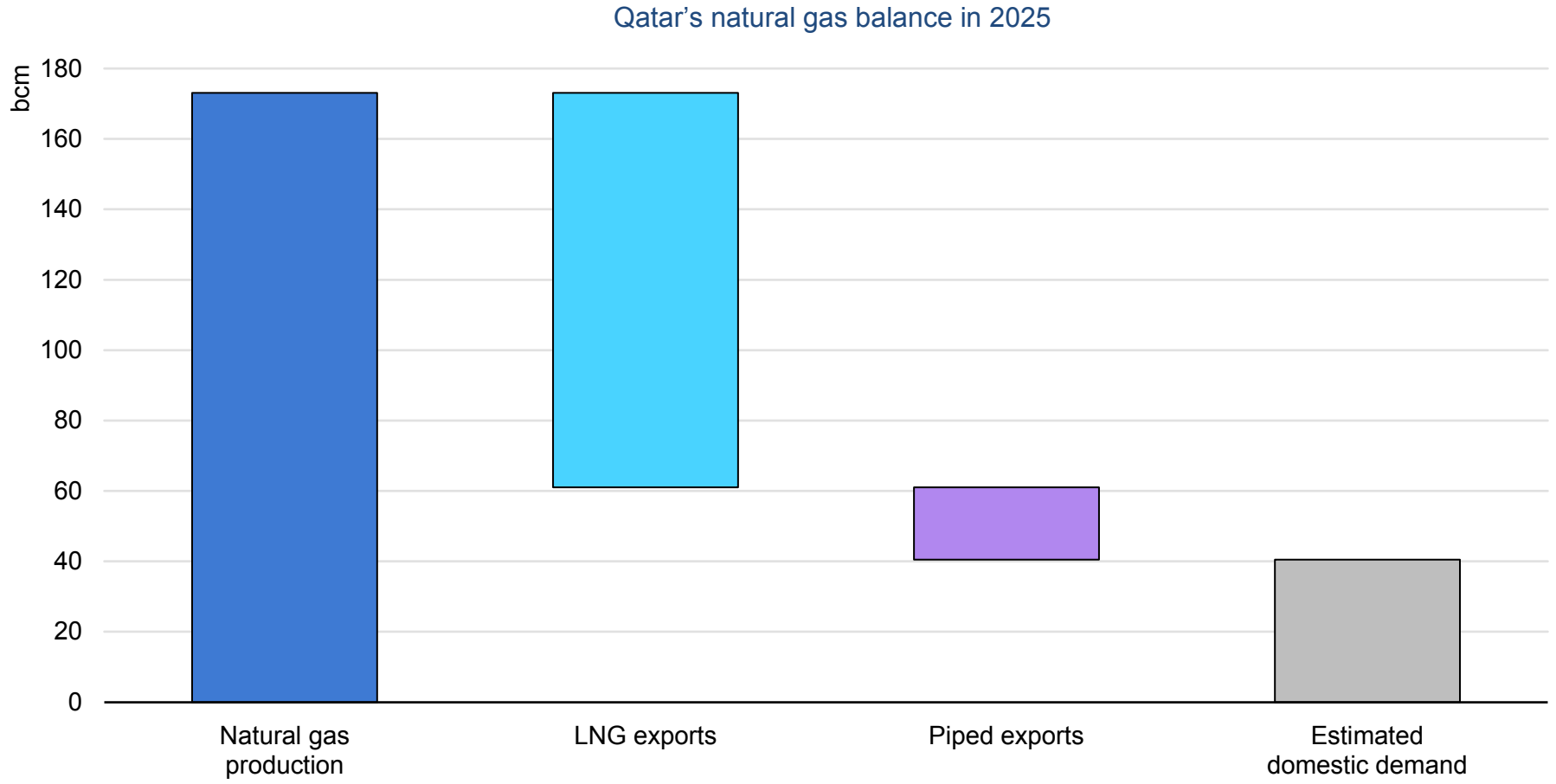
Qatar plays an essential role in global supply chains

Qatar's share of the global supply of selected commodities, 2025



Sources: IEA analysis based on ICIS (2026), LNG Edge; QAFCO (2026), Qatar Fertiliser Company; USGS (2026), Helium Statistics and Information.

Around 75% of Qatar's natural gas production was exported in 2025



Sources: IEA analysis based on GECF (2026), 2026 Edition of the GECF Annual Gas Market Report; ICIS (2026), LNG Edge; JODI (2026), JODI Gas World.

Oil production shut-ins weigh on natural gas supply in the Middle East

The conflict in the Middle East highlights how crude oil production is connected to the extraction of associated natural gas. It is estimated that around half the natural gas in the Middle East (excluding Iran and Qatar) is produced in association with oil. Since the start of the conflict at least 13 mb/d of liquids production has been shut in by early April. Disruption to oil flows through the Strait of Hormuz is forcing Middle Eastern oil producers to curtail or shut in production as domestic storage is filled to its limit. In addition, attacks on oil and natural gas infrastructure are further reducing the region's natural gas production capacity.

Iran

Iran is the largest producer of natural gas in the Middle East and third-largest in the world, surpassed only by the United States and Russia. Iran's natural gas output was reported at 276 bcm in 2024. The supergiant offshore **South Pars gas field** (shared with Qatar, where it is known as the North Field) is the cornerstone of Iran's gas-based economy. The field was developed in 24 phases and currently accounts for more than 70% of Iran's total natural gas output. Iran's economy is heavily reliant on natural gas – it comprises more than 70% of the primary energy mix. In 2024, Iran consumed about 260 bcm of gas, with power generation, industry, and residential and commercial users each accounting for roughly 30% of total demand. Although Iran mainly produces natural gas for the domestic market, it has been a significant exporter to Iraq and Türkiye, supplying an estimated 8 bcm and 7 bcm to the two countries in 2024, respectively.

There is limited information on the impact of the conflict on Iran's natural gas market and industry. On 18 March, **several gas processing plants in Assaluyeh** were damaged. The plants treat sour gas from the offshore South Pars gas field. According to first estimates, this could have affected around 12% of Iran's natural gas production (or nearly 100 mcm/d), further tightening supply-demand fundamentals in the country. Pipeline exports to Iraq were immediately halted, which led to power shortages there. Gas flows had resumed by 21 March at about 5 mcm/d and reportedly increased to about 18 mcm/d a few days later, albeit remaining well below the contracted levels of 50 mcm/d. Pipeline flows to Türkiye have not been affected, according to the Energy Ministry.

The Assaluyeh complex suffered a second attack on 6 April 2026. No official information was disclosed about the facilities that were struck. According to local media, two power and desalination plants were targeted. This caused widespread electricity supply disruption across the complex. Depending on the damage to the facilities, this could reduce Iran's natural gas demand both for power generation and (indirectly) for the production of petrochemical products.

Saudi Arabia

Saudi Arabia is the third-largest natural gas producer in the Middle East. The country produced close to 120 bcm of natural gas in 2025, all of which was consumed domestically, with more than two-thirds used for power generation.

Saudi oil production was curtailed by an average of 3.1 mb/d in March 2026 following the closure of the Strait of Hormuz. Production shut-ins occurred primarily in response to export capacity constraints, rather than direct attacks on upstream facilities. The oilfields shut in at various stages of the conflict (including Safaniya, Manifa, Zuluf and Marjan) together produce associated gas in the order of 5 bcm annually, some of which is also likely to have been curtailed during production shut-ins. The Tanajib gas plant, which started operations at the end of 2025 with a raw gas processing capacity of 27 bcm, is designed to produce associated gas from Marjan and Zuluf. Due to curtailment of its feedgas supply, the production increase at Tanajib is now likely to be lower than expected in 2026.

The first phase of the Jafurah unconventional gas project, with annual production capacity of 2.6 bcm, also came online shortly before the crisis. There have been no reported disruptions affecting this project, and its incremental supply could at least partially offset the loss of associated gas output from shut-in oilfields in 2026.

United Arab Emirates

The United Arab Emirates is a key gas player in the Gulf region and beyond, with 7.5 bcm/yr of installed liquefaction capacity (Das Island) and a further 13 bcm/yr of capacity (Ruwais LNG) previously planned to reach the market in 2028. Its LNG export capacity has been cut off from the global market with the closure of the Strait of Hormuz.

While the existing Das Island liquefaction plant avoided declaring force majeure in March, output was significantly curtailed as its volumes had no way of reaching the global market through the Strait of Hormuz and spare LNG storage tank capacity dwindled.

On 16 March, the onshore Shah gas field was hit by a drone strike, causing a fire and leading to an immediate halt in production. Shah is among the world's largest sour gas fields and has the capacity to process about 20% of the country's gas production, primarily serving the domestic market. The Habshan gas complex, which processes more than half of the country's domestic gas supply, sustained three separate attacks in mid-March and early April, when debris from intercepted missiles caused fires that led to the suspension of operations.

Despite attacks on natural gas production and processing infrastructure, there are no reports on unmet domestic demand in the United Arab Emirates. Similarly, there are no reported impact on flows through the sub-sea Dolphin pipeline. The pipeline links Qatari

offshore gas production with key demand sites in the United Arab Emirates (e.g. power and water desalination plants) and Oman.

Kuwait

Kuwait's domestic energy sector relies heavily on gas, which accounted for more than 50% of its primary energy supply and nearly two-thirds of the electricity mix.

Kuwait was forced to curtail oil exports and shut in crude production due to limited storage capacity following the effective closure of the Strait of Hormuz. Oil production losses (including output from the Neutral Zone shared by Kuwait and Saudi Arabia) in March are estimated at over 50%, while daily production levels were down by nearly three-quarters as of early April. The majority of Kuwait's annual natural gas production of around 20 bcm is associated gas from the Greater Burgan area. While firm data on the impact of oil production shut-ins on domestic gas supply are not available, the country's heavy reliance on natural gas suggests that gas output was likely less affected than oil.

In addition to domestic production, Kuwait imported around 10 bcm of LNG in 2025, mainly from Qatar. LNG imports declined by 55% y-o-y in Q1 2026, although Kuwait still received two cargoes from Qatar in March (and another four through 23 April), indicating that limited flows inside the Gulf may continue despite the closure of the Strait of Hormuz. Such flows could be supported in the near term by close to 1.5 bcm of LNG currently stranded on loaded LNG tankers near Qatar. However, this volume would cover only around one month of peak summer demand between May and September.

Iraq

As a net importer of natural gas from its Gulf neighbours, Iraq has been directly affected by the energy supply shocks emerging from the war in the Middle East. Pipeline gas imports from Iran were temporarily halted following strikes on Iran's South Pars field, creating knock-on effects on an already fragile gas and electricity supply situation.

Faced with a widening gas supply gap since about 2017 as a result of growing gas-fired power generation demand and stagnant domestic production, Iraq increasingly turned to pipeline gas imports from Iran. More recently, Iranian gas is estimated to account for around 40% of Iraqi gas supply, with deliveries typically ramping up over the summer months when power demand is highest.

Domestic gas production at some fields was temporarily suspended in early March for preventative security reasons, also leading to shortages in associated LPG. Following the March 18 Israeli strikes targeting Iran's South Pars gas field, Iranian gas flows to Iraq were immediately halted, taking more than 3 GW of Iraq's gas-fired power capacity offline and leading to power shortages. Gas flows are reported to have resumed by 21 March but to have remained intermittent since. While flows remained well below the potential 50 mcm/d outlined in a five-year gas supply agreement the

two countries signed in March 2024, it is understood that these maximum flow rates would normally be reached only in the high-demand summer period.

Attacks on Iraq's Basrah oil terminal and the closure of the strait also severely curtailed the country's ability to export oil. While little of Iraq's captured gas production is from oil-associated fields, much of it is associated with natural gas condensates. With an increasing share of these natural gas liquids destined for export in recent years, an inability to send these volumes through the Strait of Hormuz may act as a constraining factor on natural gas production if the domestic market is not able to absorb increased condensate volumes.

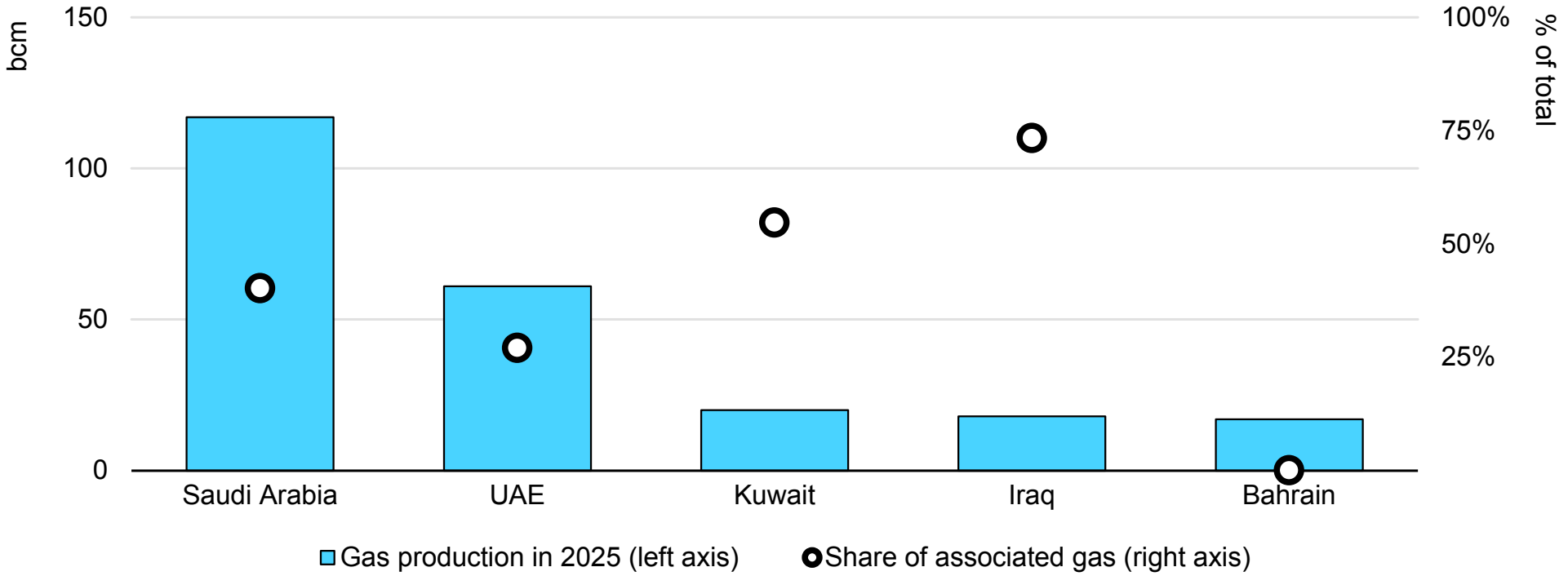
While Iraq aims to reduce its reliance on Iranian piped gas imports, replacing them through increased domestic production and the chartering of a floating storage and regasification unit (FSRU) in 2026, significant hurdles remain in achieving these objectives. The closure of the strait and the heightened security risks in the region present barriers to the arrival of the FSRU, originally slated for summer 2026. Implementing gas recovery systems to bring flared gas volumes to market has been touted as a priority, but will require significant investment to see meaningful improvements in the medium term. In the short term it is therefore likely that Iraq's gas supply will remain highly dependent on Iranian pipeline supplies.

Bahrain

Bahrain produced 17 bcm of gas in 2025, all of which was used domestically (about 75% for power generation). In addition, the country imported 0.9 bcm of LNG during the peak summer period of 2025. Bahrain has come under repeated attack from Iran during the conflict, and energy infrastructure (including a major refinery) sustained material damage. Oil and gas operations were reportedly suspended for brief periods during incoming attacks, although no damage to upstream or midstream gas facilities has been reported.

Key Gulf producers face uneven risk to associated gas production from oil supply curtailments

Estimated total gas production and share of associated gas in selected Gulf producers, 2025



Notes: UAE = United Arab Emirates. 2025 production figures and associated production shares are estimates. Bahrain's entire oil and gas output comes from a single field (Awali), although its gas production is sourced from distinct non-associated gas reservoirs.

Source: IEA analysis based on Rystad Energy.

Attacks on oil and natural gas infrastructure are weighing on Middle Eastern gas output

Selected oil and natural gas infrastructure affected in Iran, Iraq, Qatar, Saudi Arabia and the United Arab Emirates since the start of Middle East conflict

Country	Asset	Event
Iran	South Pars gas facilities	On 18 March, several onshore gas processing plants in the Assaluyeh industrial hub sustained airstrikes, with the associated production phases taken offline.
Iraq	Major onshore oil and gas fields	Through mid-April, several oil fields producing associated gas were shut in due to storage constraints (e.g. West Qurna-1, Rumaila), repeated attacks (e.g. Majnoon), or security concerns (e.g. Khor Mor).
Qatar	Ras Laffan LNG complex	On 4 March, QatarEnergy declared force majeure and halted LNG production at the Ras Laffan complex (with a nameplate liquefaction capacity of 105 bcm/yr).
Qatar	North Field East expansion	Construction activity on the 44 bcm/yr LNG capacity expansion project has been suspended, and expected completion has been delayed by over a year due to the conflict.
Qatar	Ras Laffan trains 4 and 6	On 18-19 March, trains 4 and 6 (with a combined capacity of 17.5 bcm/yr) sustained extensive damage in missile strikes.
Saudi Arabia	Major offshore oil and gas fields	Through mid-April, major offshore oil fields producing associated gas (e.g. Safaniya, Manifa, Zuluf, and Marjan) were shut in due to export constraints.
United Arab Emirates	Shah gas field	On 16 March, the Shah gas field (with 13 bcm/yr of raw gas processing capacity) suspended operations due to a fire caused by a drone attack.
United Arab Emirates	Habshan gas processing plant	The UAE's largest gas facility (with a raw gas processing capacity of 63 bcm/yr) suspended operations due to fires caused by intercepted attacks on 18 March, 3 April, and 8 April.

Lower Israeli natural gas production weighs on piped gas exports to Egypt

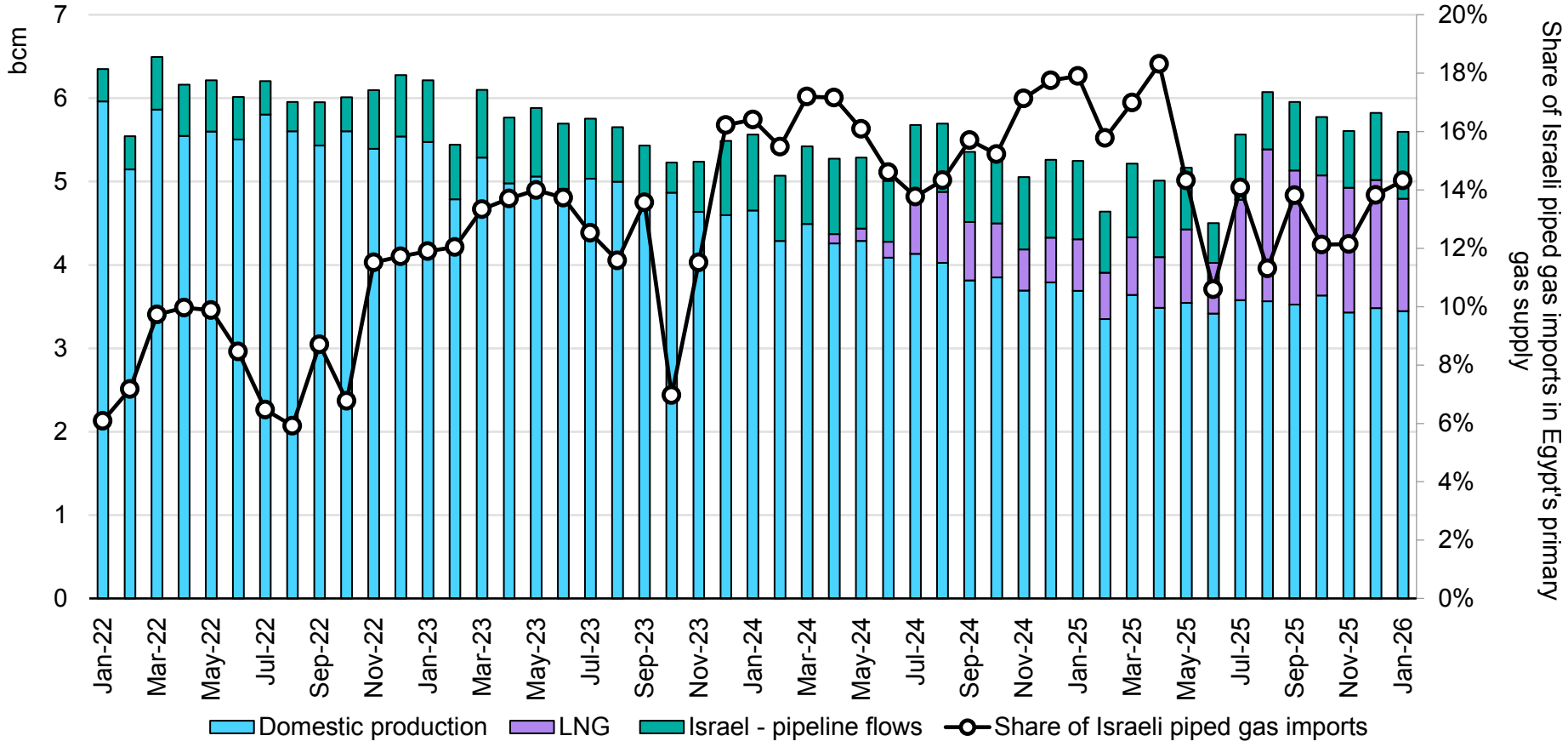
Israel produced nearly 27 bcm of gas in 2025 from the Leviathan (11 bcm), Tamar (10 bcm) and Karish (6 bcm) fields. Exports to Egypt and Jordan reached around 10 bcm and 3 bcm, respectively, with the remainder supplied to domestic consumers (around 85% of which was used in the power sector). Preliminary data indicate that export volumes increased slightly in the first two months of 2026 before dropping close to zero in March, following Israel's declaration of a state of emergency and the precautionary suspension of production at the Leviathan and Karish fields on 28 February. The Tamar field has remained operational, in line with the approach taken during the 12-day conflict in June 2025. On 6 March, Israel's energy minister issued emergency orders requiring suppliers to prioritise domestic gas use, with all available gas allocated first to households, followed by industrial users and power generators, and only surplus volumes permitted for export. The Leviathan field resumed normal operations on 2 April, and Israeli pipeline gas exports to Egypt were reported to have returned to pre-crisis levels shortly afterwards. The Karish field restarted operations on 9 April.

Israel's production capacity was undergoing significant expansion prior to the conflict. At Tamar, the first phase of an optimisation project was completed in February, increasing capacity from 10 bcm to 11 bcm, while the second expansion phase (to 16 bcm) was scheduled to begin in Q2 but is now likely to be delayed. At Leviathan, capacity expansion from 12 bcm to 14 bcm was also completed in February, but a key pipeline link required to increase export capacity has been delayed by months due to the conflict.

Egypt is Africa's largest gas consumer, with 59 bcm of gas demand in 2025. Natural gas plays a central role in the energy system, accounting for nearly 80% of power generation. As domestic production fell from around 70 bcm in 2021 to about 49 bcm in 2024, Egypt has become increasingly reliant on imports. Under normal conditions, Israeli piped gas accounts for around 45% of total imports, alongside LNG, mainly from the United States. Meanwhile, demand continues to rise, particularly during summer peak periods. Egypt's natural gas balance has been adversely affected since the start of the conflict. In March 2026, pipeline gas imports from Israel dropped close to zero, resulting in an overall decline of around 40% y-o-y in Q1. The associated supply shortfall was partially offset by rising LNG imports. They had already nearly quadrupled in 2025 compared with 2024 to reach almost 13 bcm; they then increased further by nearly 170% y-o-y (around 2.5 bcm) in Q1 2026. This rapid rise in LNG imports has been enabled by Egypt's accelerated deployment of four FSRUs since 2024, providing a combined annual import capacity of around 28 bcm. However, high spot LNG prices may limit further increases in LNG import volumes. Since the start of the conflict, Egypt's monthly energy import bill has more than doubled and its gas import bill has nearly tripled, amplified by the depreciation of the local currency against the dollar. This has increased pressure on public finances and prompted the government to introduce energy-saving measures, including reduced working hours and street lighting.

Israel plays an increasing important role in meeting Egypt's natural gas demand

Egypt's primary natural gas supply, January 2022-January 2026



Sources: IEA analysis based on JODI (2026), JODI Gas World.

Annex

Summary table

World natural gas consumption and production by region and key country (bcm)

	Consumption				Production			
	2022	2023	2024	2025	2022	2023	2024	2025
Africa	168	170	170	172	250	250	240	232
Asia Pacific	904	933	981	982	675	695	715	730
of which China	*373*	*402*	*429*	*438*	*218*	*230*	*245*	*260*
Central and South America	153	149	154	154	152	150	151	152
Eurasia	618	627	652	640	860	830	860	845
of which Russia	*487*	*495*	*521*	*506*	*672*	*638*	*685*	*663*
Europe	541	500	507	522	230	215	218	213
Middle East	585	618	624	639	715	740	760	780
North America	1 127	1 138	1 164	1 181	1 240	1 285	1 280	1 330
of which United States	*914*	*922*	*944*	*957*	*1 021*	*1 061*	*1 060*	*1 105*
World	**4 096**	**4 135**	**4 251**	**4 290**	**4 122**	**4 165**	**4 225**	**4 282**

Regional and country groupings

Africa – Algeria, Angola, Benin, Botswana, Cameroon, Congo, Democratic Republic of the Congo, Côte d'Ivoire, Egypt, Eritrea, Ethiopia, Gabon, Ghana, Kenya, Libya, Morocco, Mozambique, Namibia, Nigeria, Senegal, South Africa, Sudan, United Republic of Tanzania, Togo, Tunisia, Zambia, Zimbabwe and other countries and territories.[1]

Asia Pacific – Australia, Bangladesh, Brunei Darussalam, Cambodia, Chinese Taipei, India, Indonesia, Japan, Korea, the Democratic People's Republic of Korea, Malaysia, Mongolia, Myanmar, Nepal, New Zealand, Pakistan, the People's Republic of China,[2] the Philippines, Singapore, Sri Lanka, Thailand, Viet Nam and other countries and territories.[3]

Central and South America – Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Netherlands Antilles, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay, Venezuela and other countries and territories.[4]

Eurasia – Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, the Russian Federation, Tajikistan, Turkmenistan and Uzbekistan.

Europe – Albania, Austria, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus,[5,6] the Czech Republic, Denmark, Estonia, Finland, the Former Yugoslav Republic of North Macedonia, France, Germany, Gibraltar, Greece, Hungary, Iceland, Ireland, Italy, Kosovo,[7] Latvia, Lithuania, Luxembourg, Malta, the Republic of Moldova, Montenegro, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Republic of Türkiye, Ukraine and the United Kingdom.

European Union – Austria, Belgium, Bulgaria, Croatia, Cyprus,[5,6] the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, the Slovak Republic, Slovenia, Spain and Sweden.

Middle East – Bahrain, the Islamic Republic of Iran, Iraq, Israel,[8] Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, the Syrian Arab Republic, the United Arab Emirates and Yemen.

North Africa – Algeria, Egypt, Libya, Morocco and Tunisia.

North America – Canada, Mexico and the United States.

[1] Individual data are not available and are estimated in aggregate for: Burkina Faso, Burundi, Cape Verde, the Central African Republic, Chad, Comoros, Djibouti, Equatorial Guinea, Gambia, Guinea, Guinea-Bissau, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Niger, Reunion, Rwanda, Sao Tome and Principe, Seychelles, Sierra Leone, Somalia, Swaziland and Uganda.

[2] Including Hong Kong.

[3] Individual data are not available and are estimated in aggregate for: Afghanistan, Bhutan, Cook Islands, Fiji, French Polynesia, Kiribati, the Lao People's Democratic Republic, Macau (China), Maldives, New Caledonia, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga and Vanuatu.

[4] Individual data are not available and are estimated in aggregate for: Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Falkland Islands (Malvinas), French Guyana, Grenada, Guadeloupe, Guyana, Martinique, Montserrat, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Suriname and Turks and Caicos Islands.

[5] Note by the Republic of Türkiye.

The information in this document with reference to "Cyprus" relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. The Republic of Türkiye recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, The Republic of Türkiye shall preserve its position concerning the "Cyprus issue".

[6] Note by all the European Union Member States of the OECD and the European Union

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Türkiye. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

[7] The designation is without prejudice to positions on status, and is in line with the United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of Independence.

[8] The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD and/or the IEA is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Abbreviations and acronyms

ANP	National Petroleum Agency (Brazil)
AFTC	Alternative Fuels Tax Credit
ANP	National Petroleum Agency (Brazil)
BMC	Colombian Mercantile Exchange (Colombia)
CAPEX	capital expenditure
CBG	compressed biogas
CCUS	Carbon Capture, Utilisation and Storage
CME	Chicago Mercantile Exchange (United States)
CNE	National Energy Commission (Chile)
CO_2	carbon dioxide
CQPGX	Chongqing Petroleum Exchange (the People's Republic of China)
EIA	Energy Information Administration (United States)
ENARGAS	National Gas Regulatory Entity (Argentina)
ENTSOG	European Network of Transmission System Operators for Gas
EPC	engineering, procurement and construction
EPIAS	Energy Markets Operations Inc. (Republic of Türkiye)
EPPO	Energy Policy and Planning Office (Thailand)
EU	European Union
EUR	Euro
FCEVs	fuel cell electric vehicles
FID	final investment decision
FLNG	floating liquefied natural gas
FOB	free on board
FSRU	floating storage and regasification unit
FY	fiscal year
GHGs	greenhouse gases
GIE	Gas Infrastructure Europe
GMR	IEA Gas Market Report
GST	goods and services tax
HDDs	heating degree days
HH	Henry Hub
HoA	Head of Agreement
IEA	International Energy Agency
ICE	Intercontinental Exchange
ICIS	Independent Chemical Information Services
IEA	International Energy Agency
ITC	investment tax credit
JKM	Japan Korea Marker
JODI	Joint Oil Data Initiative
JPY	Japanese yen
LBG	liquefied biomethane
LCFS	Low Carbon Fuel Standard
LCV	light commercial vehicles
LEGWP	Low-Emission Gases Work Programme
LNG	liquefied natural gas
METI	Ministry of Economy, Trade and Industry (Japan)
MoU	Memorandum of Understanding
MME	Ministry of Mines and Energy (Brazil)

MVP	Mountain Valley Pipeline
NBP	National Balancing Point (United Kingdom)
NDRC	National Development and Reform Commission (the People's Republic of China)
NLNG	Nigeria liquefied natural gas
OECD	Organisation for Economic Co-operation and Development
ONS	National Electric System Operator (Brazil)
OSINERG	Energy Regulatory Commission (Peru)
PPAC	Petroleum Planning and Analysis Cell (India)
PTC	production tax credit
RNG	renewable natural gas
RFS	Renewable Fuel Standard
SAF	sustainable aviation fuel
SBL	Strategic Buffer LNG
SMR	steam methane reforming
SPA	Sales and Purchase Agreement
TAP	Trans Adriatic Pipeline
TFDE	Tri-fuel diesel electric
TFFS	Task Force on Gas and Clean Fuels Market Monitoring and Supply and Security
TTF	Title Transfer Facility (the Netherlands)
UGS	underground storage
USD	United States dollar
y-o-y	year-on-year

Units of measure

bcf	billion cubic feet
bcf/d	billion cubic feet per day
bcm	billion cubic metres
bcm_{eq}	billion cubic metre equivalent
bcm/yr	billion cubic metres per year
GJ	gigajoule
GW	gigawatt
kWh	kilowatt hour
MBtu	million British thermal units
Mt	million tonnes
Mt/yr	million tonnes per year
m^3/hr	cubic metres per hour
$m^3/yr/hr$	cubic metres per year per hour
m^3/yr	cubic metres per year
Nm^3	normal cubic metre
TWh	terawatt hour

See the IEA glossary for a further explanation of many of the terms used in this report.

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