

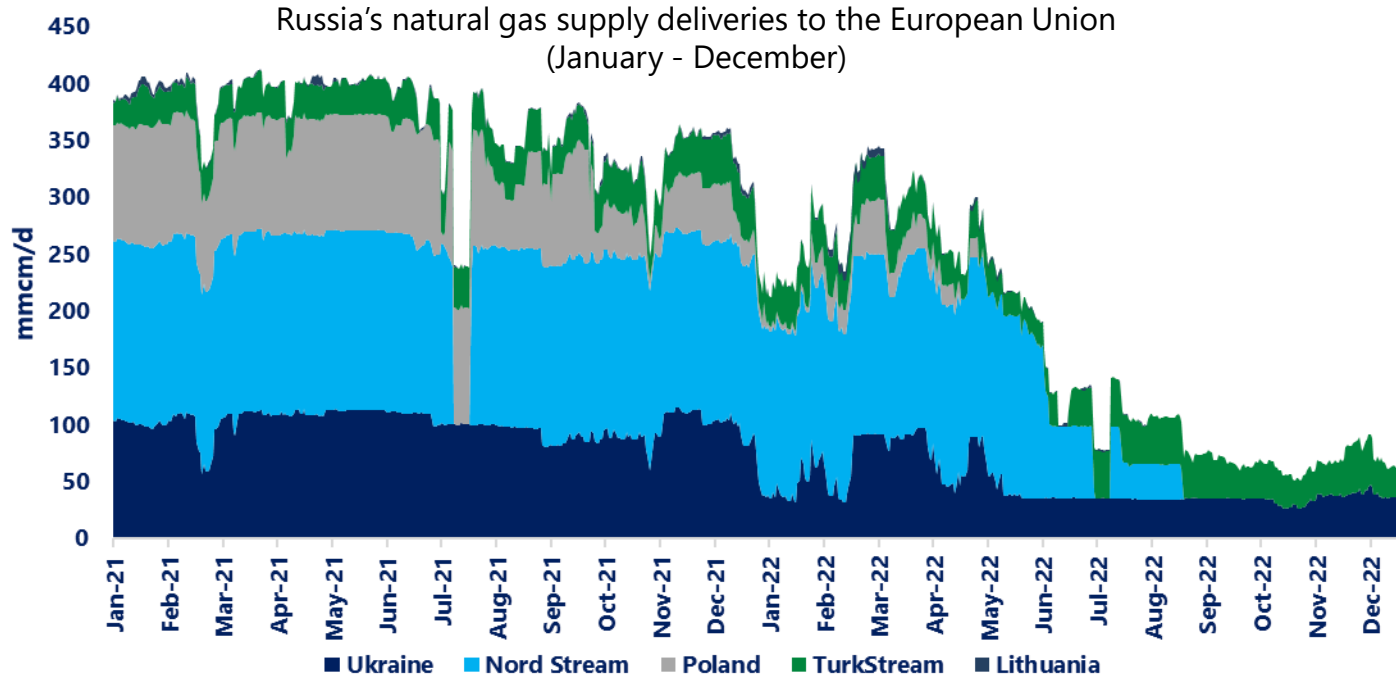


Towards a New Global Gas Market

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IEA Workshop on Gas Supply Security, 20 November 2023

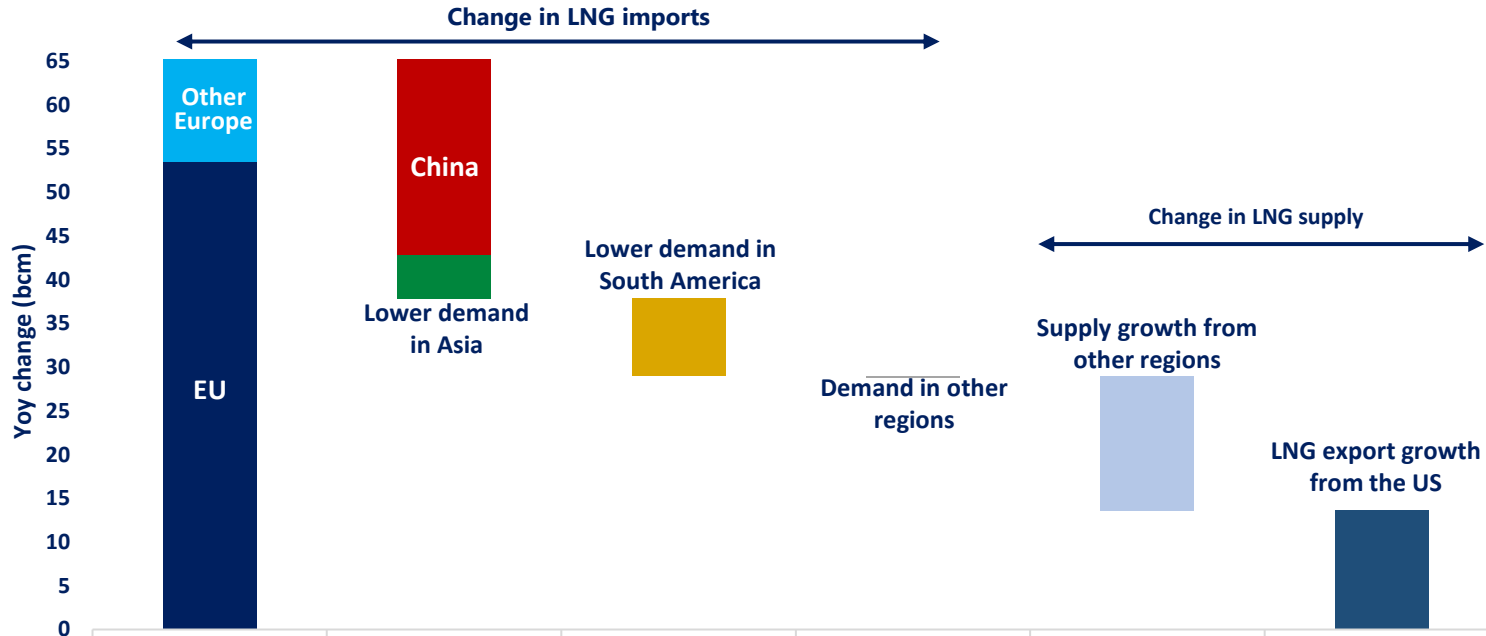
The gas supply shock of 2022...



Russia more than halved its piped gas supplies to the European Union in 2022, putting an unprecedented pressure both on the European and global gas markets.

...led to a profound reconfiguration of LNG flows

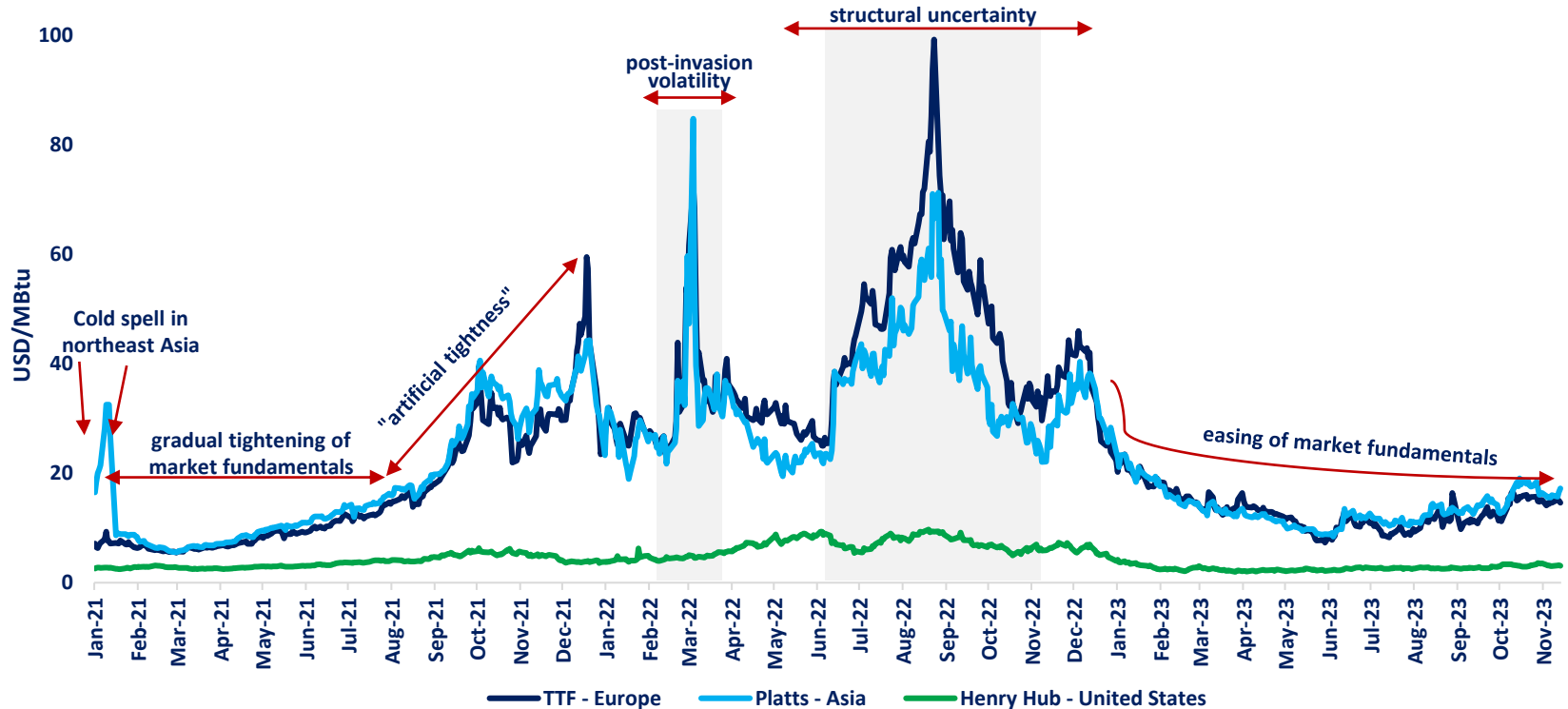
Y-o-y change in global LNG exports and imports by key region, 2021-2022



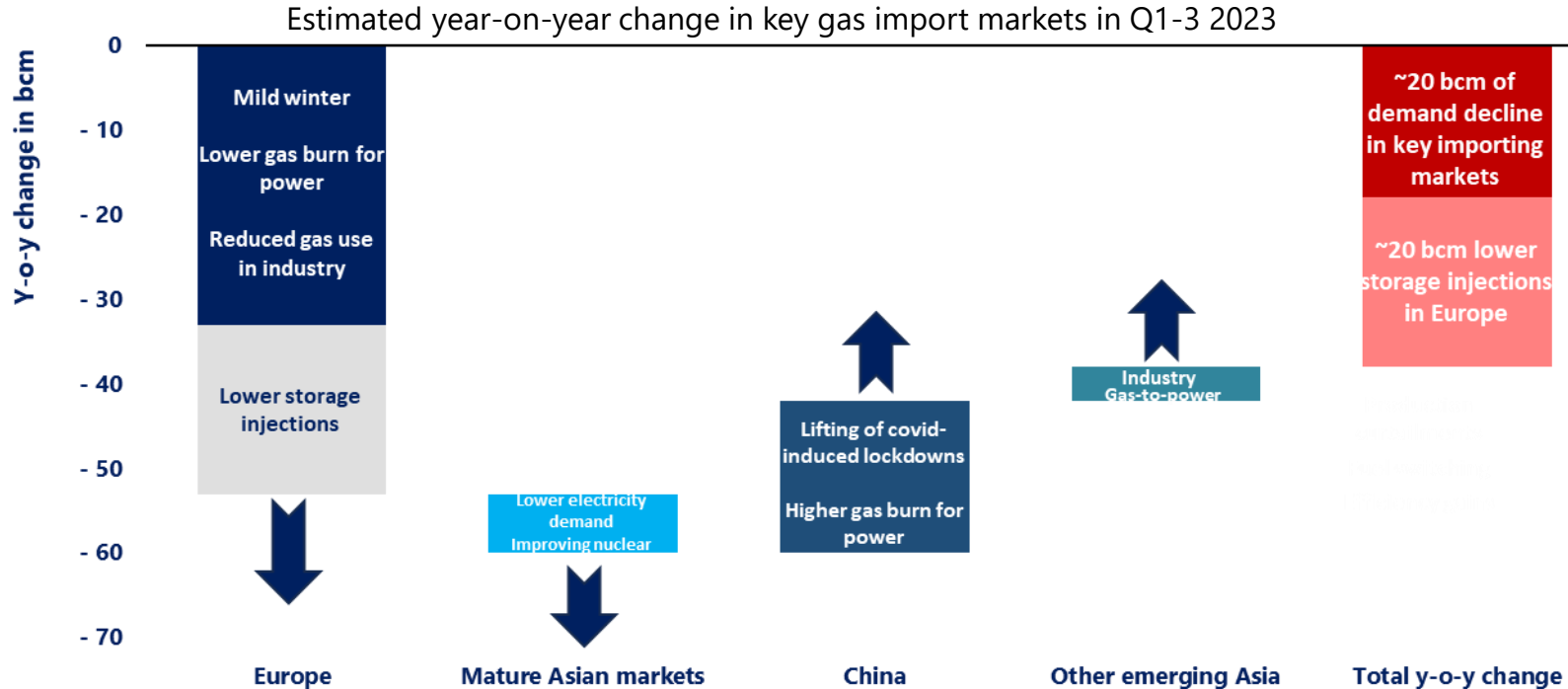
The 2022 gas supply shock led to a readjustment of global LNG flows: while European LNG imports increased by 60% in 2022, Asian LNG imports declined by 7%, primarily driven by lower inflows to China.

Market tensions moderated significantly since their 2022 highs

TTF and Asian spot LNG prices (2021-2023)

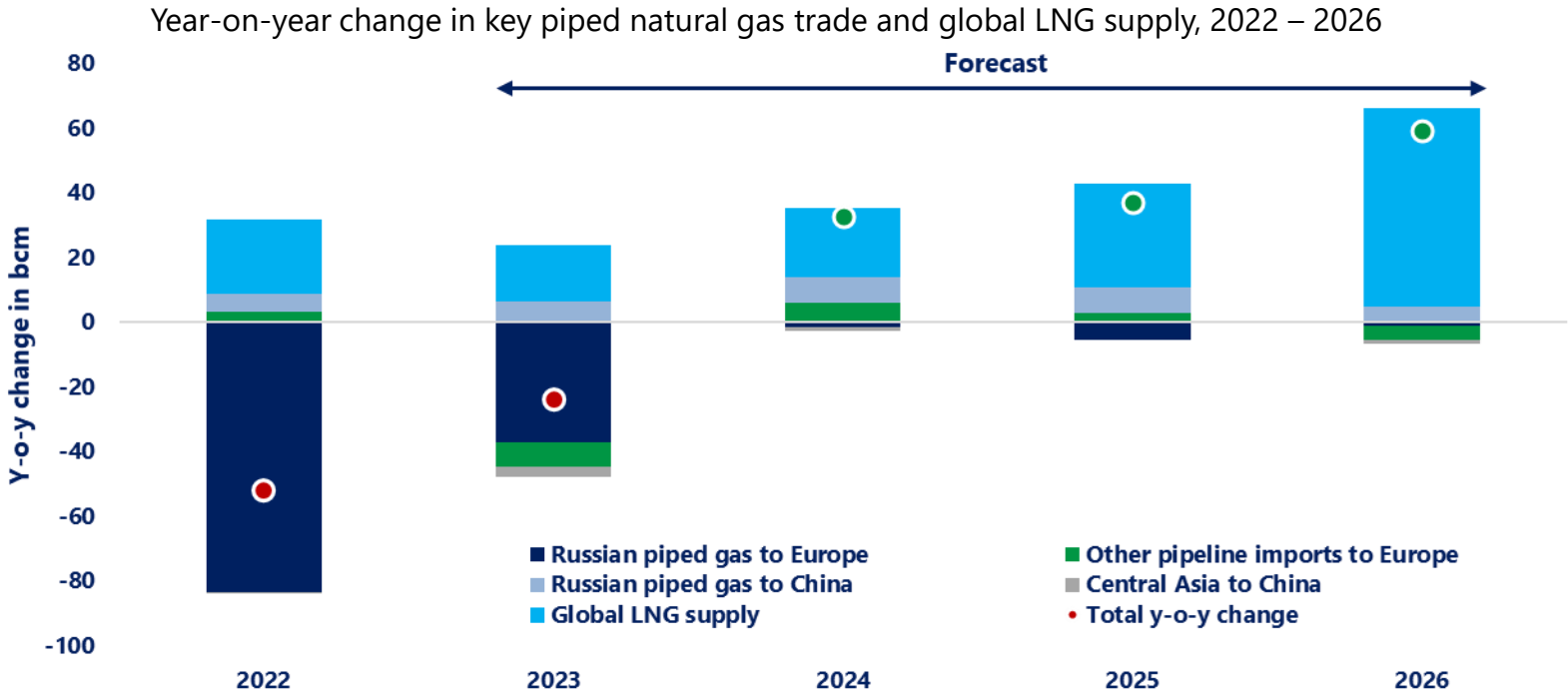


...primarily driven by the demand side



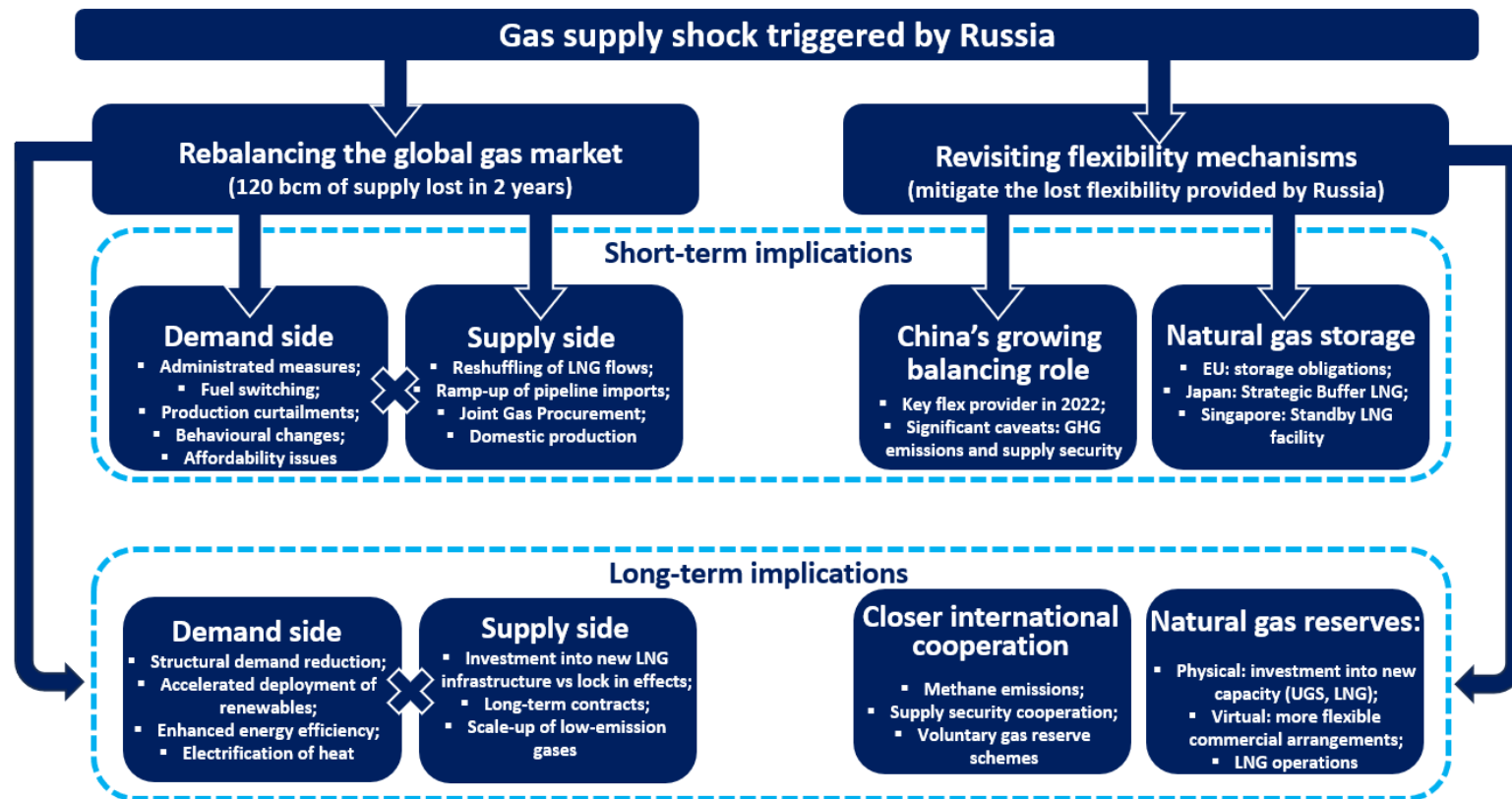
Demand growth in China and emerging Asian markets was more than offset by the demand reductions in Europe and the mature markets of Asia, which in turned eased market tensions in Q1-3 2023.

The next LNG wave could ease market fundamentals



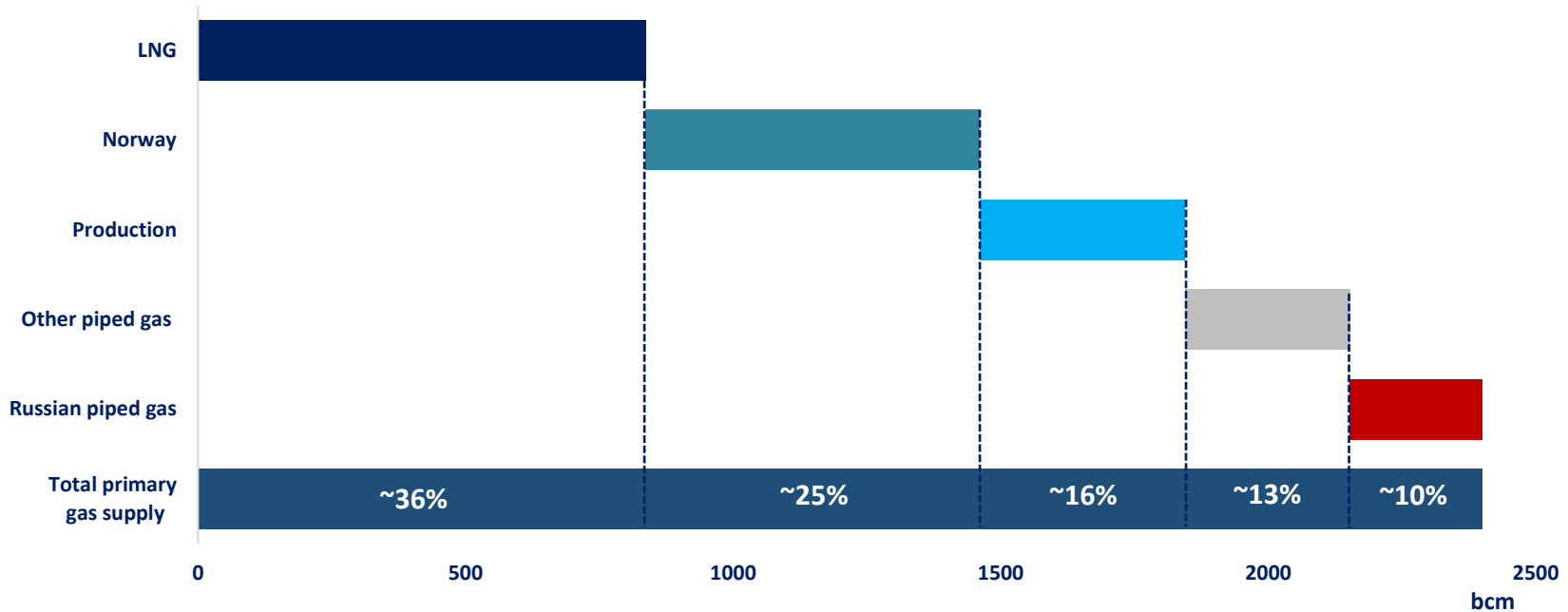
Global LNG supply is expected to expand by 25% between 2022-26 -with 70% of the increase concentrated in 2025-26. This strong growth could ease market fundamentals in the second half of the decade.

A New Global Gas Market is emerging



LNG: a new baseload supply for Europe

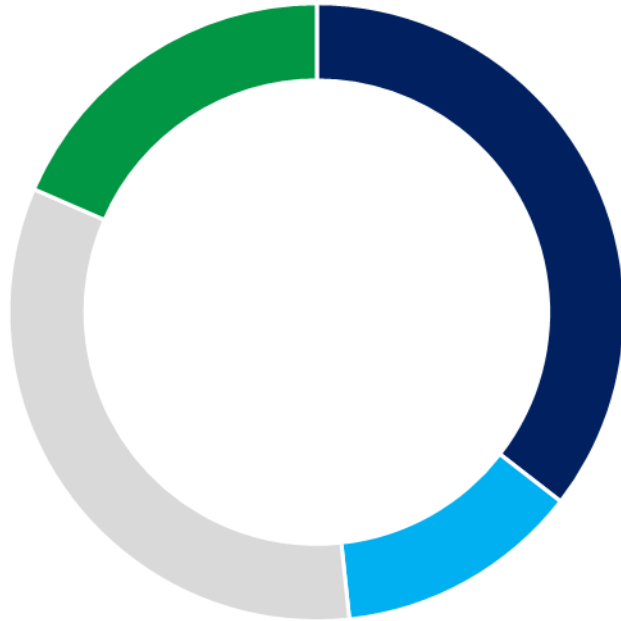
OECD Europe's primary gas supply by source (2022 – 2026)



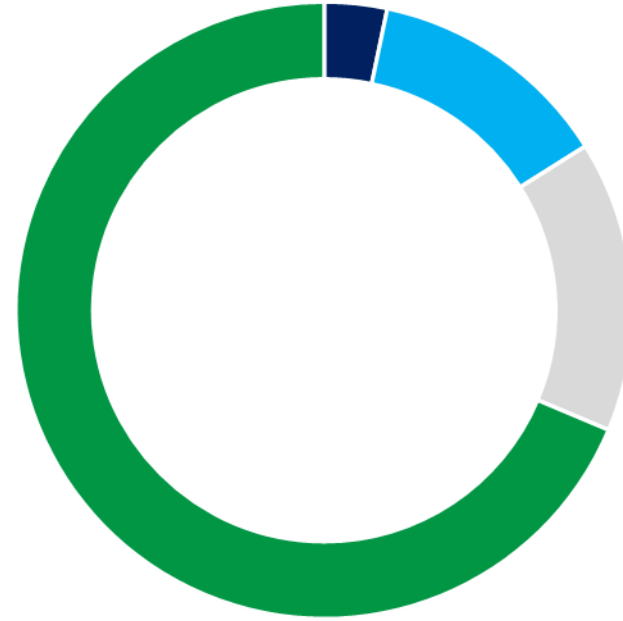
The role of LNG in the European market drastically shifted to become effectively a new baseload supply. The share of LNG in Europe's total primary gas supply is forecast to average above 35% in the medium-term.

The EU's exposure to the spot market is set to increase

EU natural gas supply by source (2021)



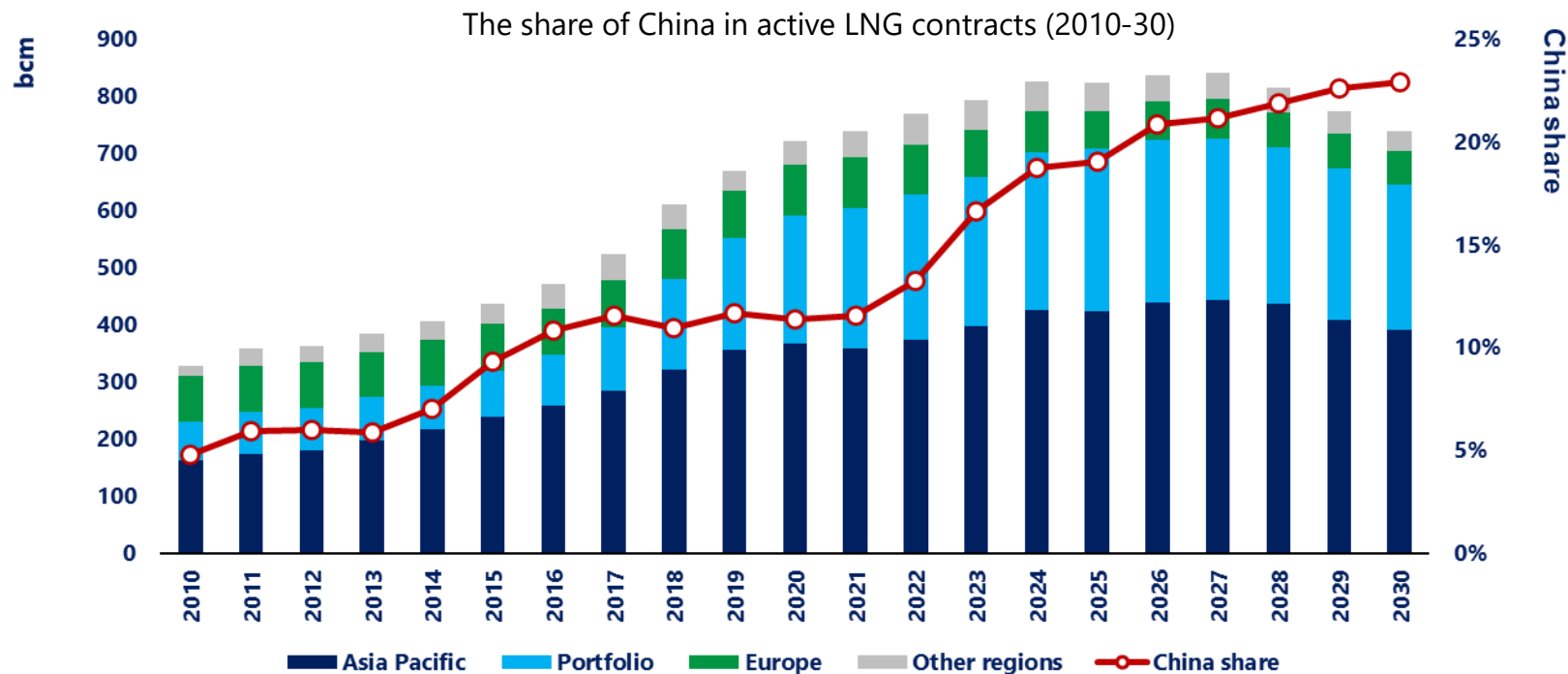
EU natural gas supply by source (2030)



■ Russian LTC ■ Domestic production ■ Other LTC supply ■ flexible LNG/spot

The share of spot volumes is expected to increase to more than 70% by 2030 – if expiring contracts are not renewed and no new contracts are signed.

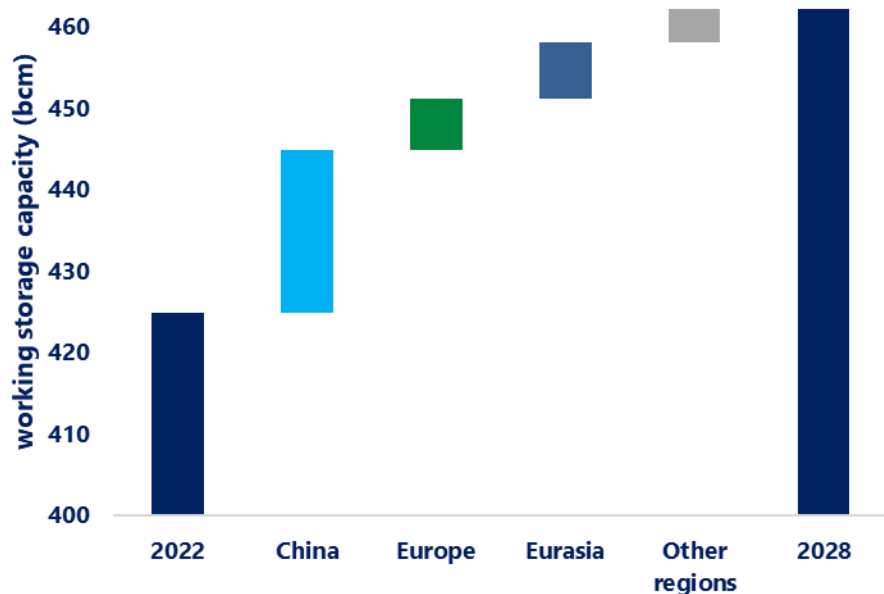
China is set to reinforce its position in LNG trading



China alone accounted for 30% of all LNG SPAs signed in the past five years. As a result, China's share of active LNG contracts is expected to rise from 12% in 2021 to close to 25% by 2030.

Global UGS capacity is set to expand by 9% by 2028

Expected UGS capacity additions in key gas markets
(2022-2028)

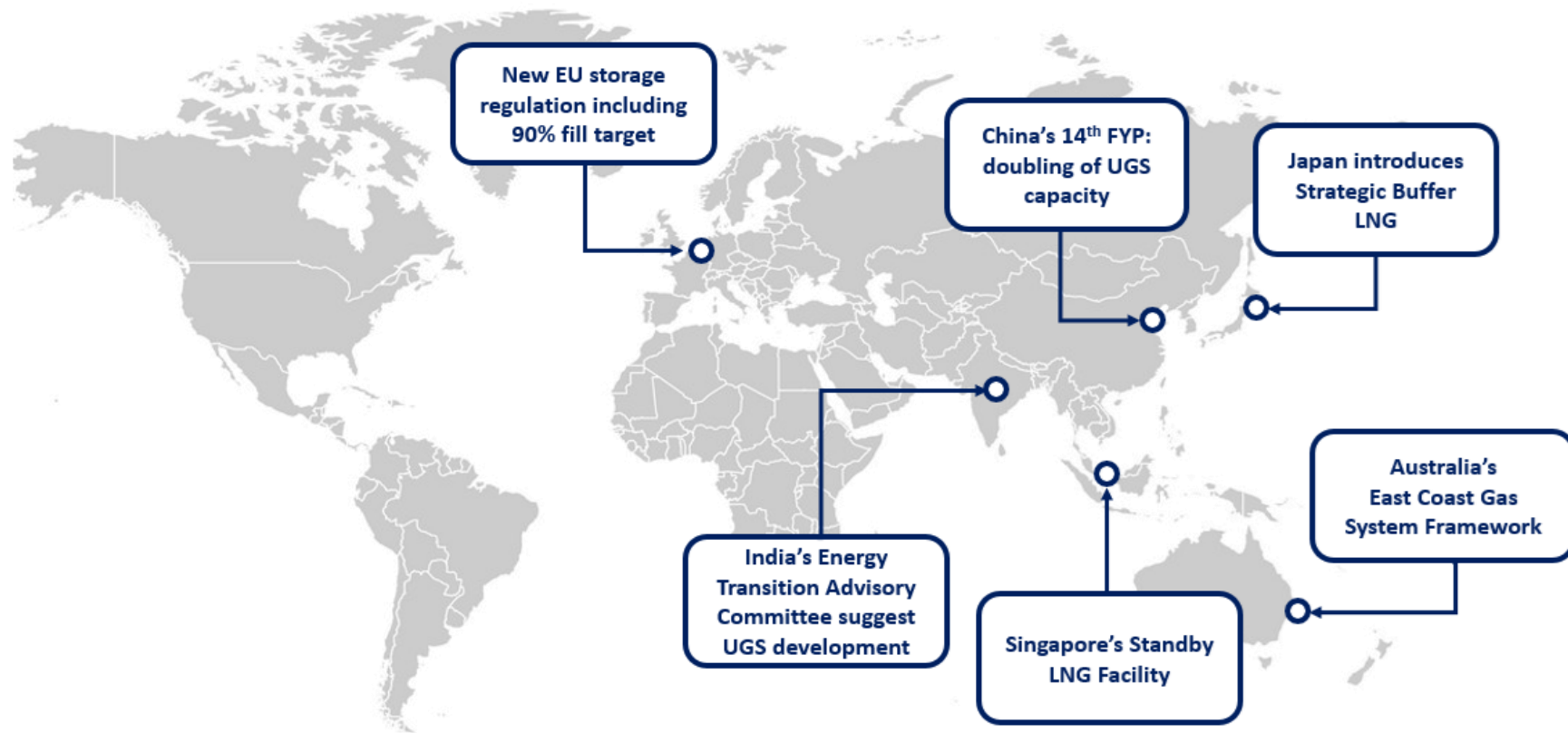


Expected UGS capacity additions by storage type
(2020-2028)



Global UGS capacity is set to expand by 9% by 2028, largely driven by China, Europe and Eurasia. Salt caverns are expected to account for nearly 25% of total capacity additions over the forecast period.

The 2022 gas supply shock put storage regulation in the spotlight



A closer dialogue between producers and consumers is necessary



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