

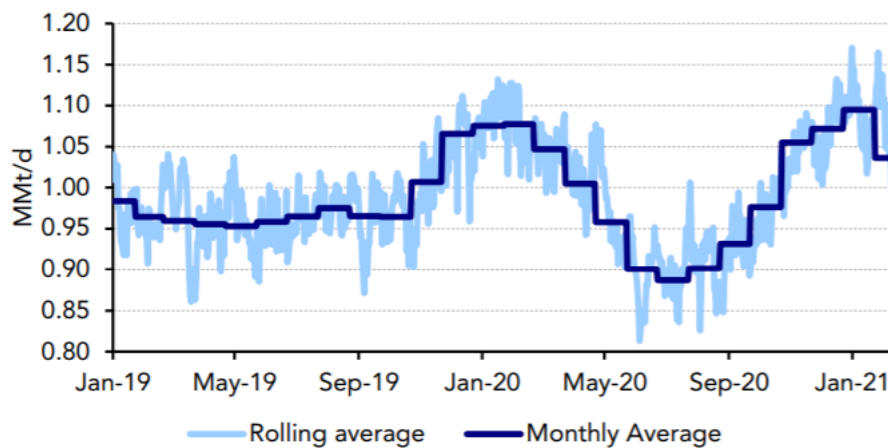


LNG Market Outlook

2021 supply forecast raised due to low storage levels

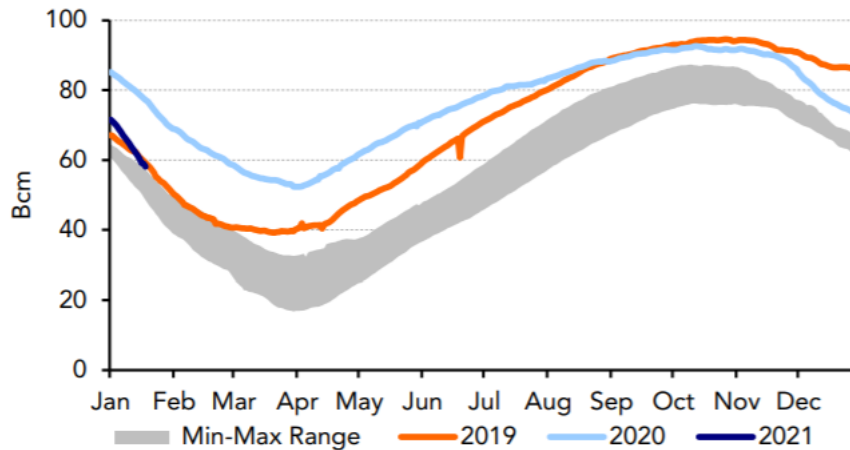
Cold weather in Europe and a cold snap in Texas combined with months of storage withdrawals in Europe and Asia have changed the outlook for the summer months for the global LNG market. Where excess supply had been forecast, Poten forecasts that almost no cancellations will be required to keep the market balanced this spring and summer. The revised forecast is shown in the top graph with 2021 imports expected to be 374 MMt compared to the previous forecast of 369 MMt. Much of this additional volume will be headed to Europe where storage withdrawals have been extremely high due to low LNG sendout and subdued pipeline flows (see Europe section following).

LNG export forecast comparison



Much of this increased supply will come from the US where the many cancellations seen in the summer of 2020 are not expected to be repeated (see US section following). In 2022, exports are forecast to continue growing as demand for natural gas continues to increase, especially in China, India and other developing LNG markets. Thailand will see continued growth as its domestic supplies shrink. Kuwait's gas-topower demand will heat up. In 2023, LNG exports will grow only by a small amount, however, as capacity expansions are forecast to be limited.

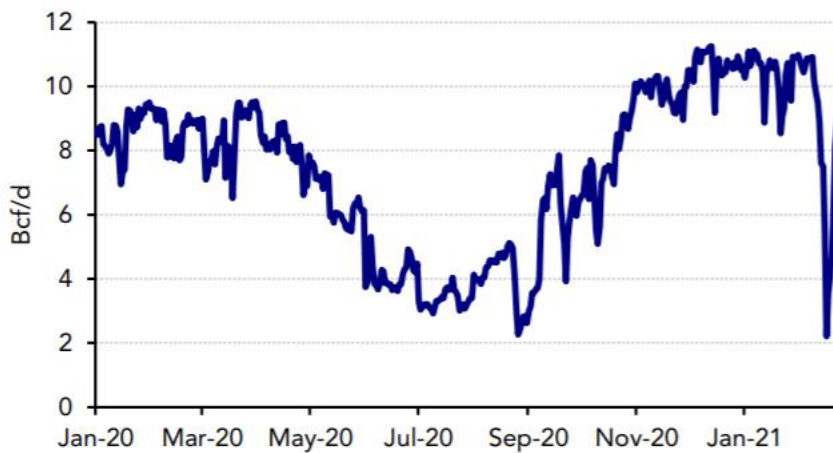
Global LNG exports - 10-day rolling average vs monthly average



Source: GSE

In February, however, the market was marked by a drop in exports (middle graph) as US feedgas rates dipped to their lowest level since 2020’s lean summer months following a winter storm and cold snap (bottom graph).

US LNG feedgas



Source: Reuters

Infrastructure in Texas is not winterized, so the cold weather left the entire supply chain vulnerable with drops in flows from wells, gas processing plants and into LNG plants. The last time the Texas Gulf coast saw temperatures this low was roughly 30 years ago, so this is not likely to be repeated. However, it is another knock on the reliability of Texas supply where hurricanes have already created supply issues in the past year.