



LNG Market Outlook

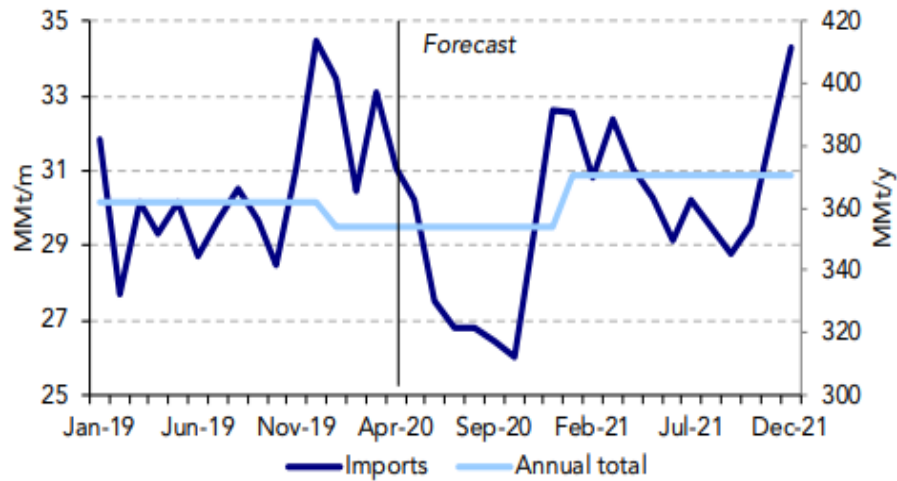
Global LNG demand forecast to fall 8 MMt from 2019

Due to the ongoing impact of the global Covid-19 pandemic and the lockdown of major global economies, LNG demand is forecast to fall 8 MMt in 2020 from 2019. This represents a dramatic shift for an industry that has been growing rapidly over the past several years, buoyed by sharp increases in demand and supported by new project start-ups in the US, Russia and Australia. The forecast for 2020 is 10 MMt lower than our February forecast, before the significant impact of the virus was understood.

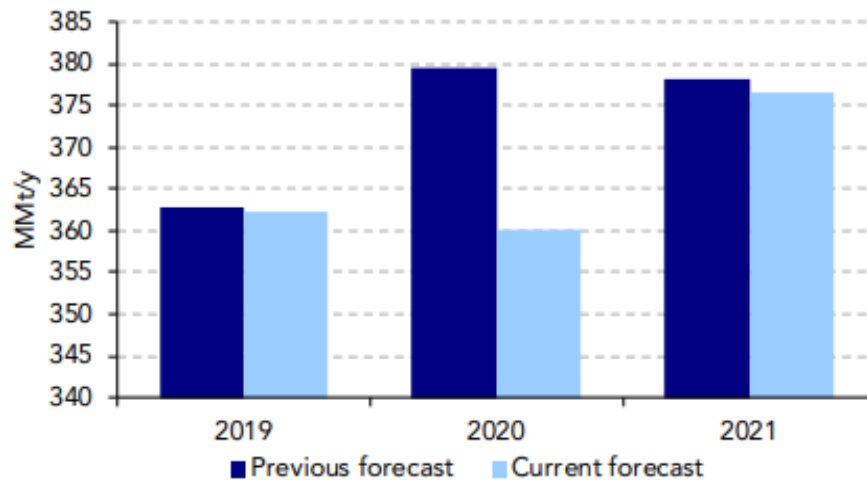
Nearly every country in the world is expected to see an impact from the pandemic but the largest impacts will be seen in Northeast Asia. Europe, too, is seeing an impact in demand with power and industrial demand being hit particularly hard. Southeast Asia is also starting to see effects.

On the supply side, maintenance at several plants is being delayed due to the increase in personnel required to perform such maintenance and concerns over the virus spread. In a tight market, this would be welcome; however, in today's market it simply adds to the length in the global market. Economics are poor from the US to both Europe and Asia leading to a wave of cargo cancellations for June. Another wave is expected in July.

Global LNG demand forecast

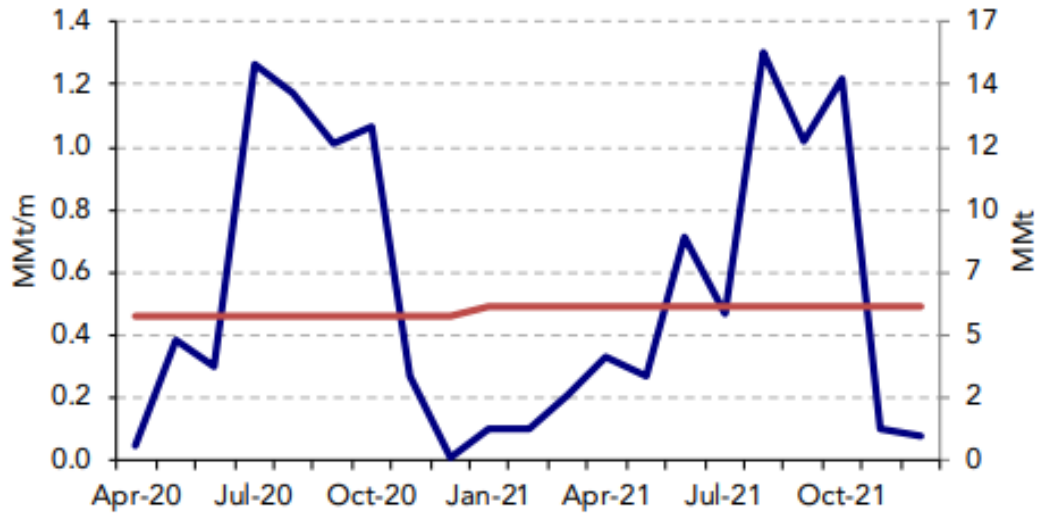


LNG supply forecast comparison



Cuts from locations outside the US may be required to keep the market balanced. The supply forecast has been lowered by 19.5 MMt. This figure is larger than for demand as we were previously showing an unbalanced supply market and, in this forecast, have reduced supply to try to give a sharper picture of how the market may play out.

LNG surplus outlook



Even with the rebalancing on the supply side, there is some additional surplus in the market. Europe will be unable to absorb additional LNG after the storage fills in late-July/early-August despite dramatic cuts forecast for US supply (October exports are forecast to be 2.4 MMt, roughly half of January's level). For the remainder of the year, roughly 5.5 MMt will have to be cut from locations outside the US. The largest surpluses will be seen between July and October before late autumn/winter demand starts up.