

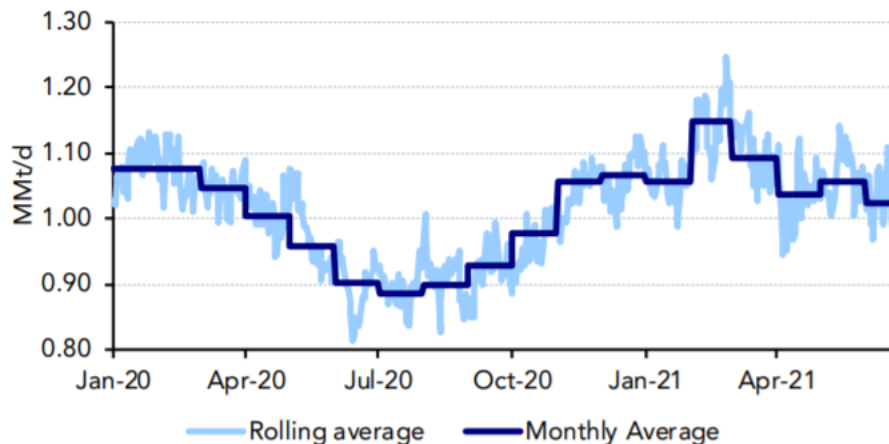


LNG Market Outlook

Global LNG supply growth to slow substantially after 2021

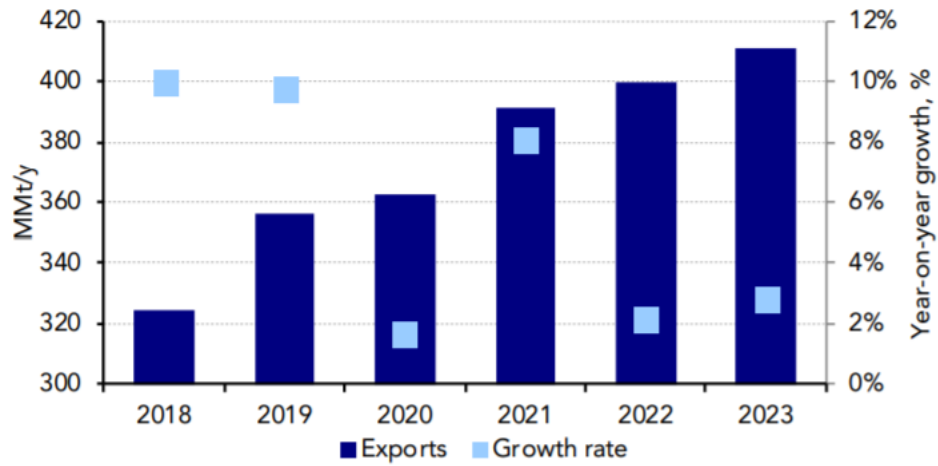
Global LNG supply and demand is trending slightly lower for the first 22 days of June compared to May; however, the decrease is very small, only 3%. Even with this slight decrease, overall export levels are 13% higher than the same time last year when the huge numbers of cancellations were reflective of weak demand. Today's market is the polar opposite of last year's. Supply is strong because demand is very high. Demand in Asia remains strong with JKM prices pulling volumes away from a European market where storage is extremely low. Demand for gas in Europe is high due to extremely high carbon and coal prices.

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



Beyond today's market, this month is the first month we are rolling out the 2023 forecast. The middle graph shows the supply outlook. What is most important to note about the forecast is how limited supply growth will be in the coming years. In 2021, most of the growth is due to the shift in the market from long to tight, not due to new projects coming up. Beyond 2021, higher utilization at existing projects will be the main way that supply increases. Outside of Venture Global's US project starting up, there are no capacity additions expected until late-2023. Egypt has the potential for additional exports, Yemen could possibly see production restart and Prelude is still plagued with operational issues which could be resolved. But those additions to the market are incremental at best.

Global LNG export forecast



On the demand side, Southeast Asia will see the largest growth in demand. This will be dominated by Thailand’s increasing demand with increases coming from Malaysia and Indonesia as well. Demand in the Philippines is expected to ramp up starting in 2023; however, Vietnamese demand will be starting up in late-2024 at the earliest. China will be the country with the largest growth followed by India where demand growth potential is high, limited by infrastructure and connection issues mostly inside the country. To balance the increasing demand in the rest of the world, demand in Europe, the most flexible LNG market, is expected to decrease.

Demand change 2023 minus 2021

