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October
2022

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LNG Market Outlook

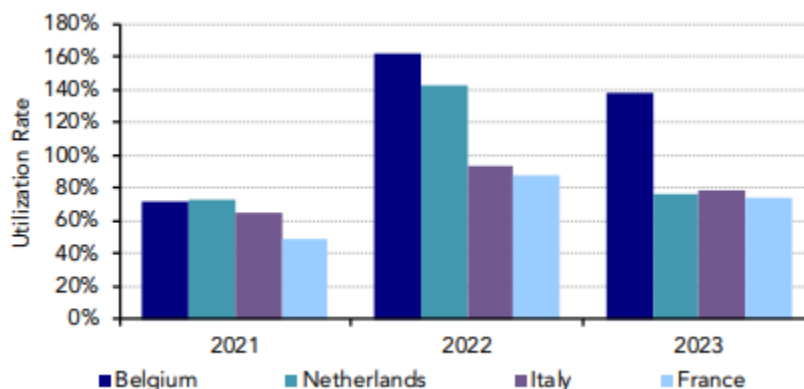
European LNG Imports Hit Infrastructure Constraints

Dozens of LNG ships are waiting to unload off the coast of Northwest Europe and the Mediterranean illustrating infrastructure bottlenecks. A brief analysis on travel time from anywhere in the world to Europe increased from an average of about 12 days in 1H 2022 to 25 days in September, mostly likely due to increased waiting times at European ports.

According to shiptracking data, there are currently 59 vessels on the water waiting for the signal to move into port or sailing towards Europe. Regasification capacity currently presents the largest constraint in Europe with takeaway capacity following closely behind.

The graph below demonstrates historical, current and expected regasification utilization rates. Belgium and the Netherlands are operating above nameplate capacity at 160% and 140%, respectively. France and Italy have been operating near total capacity at 90% and above. The average regasification utilization rate in Europe has risen from 54% in 2021 to 90% in 2022.

European Annual Regasification Utilization Rate

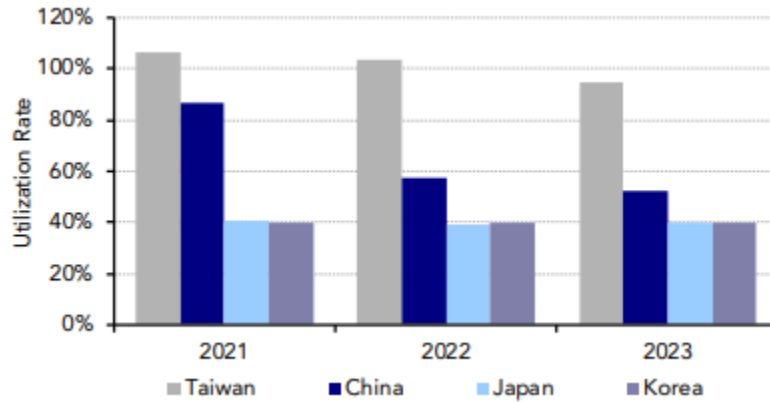


Conversely, regasification utilization rates in Northeast Asia have fallen as Northeast Asian buyers remained mostly out of the market in 2022. China's regasification utilization rate has dropped the most in Northeast Asia from about 90% in 2021 to 60% in 2022.

China's regasification capacity is forecast at about 108 MMt/y in 2022 – up from 92 MMt/y in 2021. Without the expansion, Chinese regasification utilization would be around 70% for 2022. Taiwan operated at about 110% of capacity in 2021.

LNG imports for Taiwan have been relatively strong this year compared to the rest of Northeast Asia putting the utilization rate for Taiwan at about 105%. The utilization rates for Korea and Japan are only slightly down in 2022.

Northeast Asia Annual Regasification Utilization Rate



Global LNG supply is forecast to increase from about 402 MMt/y in 2022 to 421 MMt/y in 2023. Exports from the US are expected to see the most growth in 2023, climbing from 79 MMt/y in 2022 to 86 MMt/y in 2023 as new projects increase supply.

Without the outage in Freeport, the US would have likely been the global leader in exports this year. Australia is forecast to be the leader in LNG exports in 2022 at 81.6 MMt/y

2022 vs 2023 Export Forecast Comparison

