



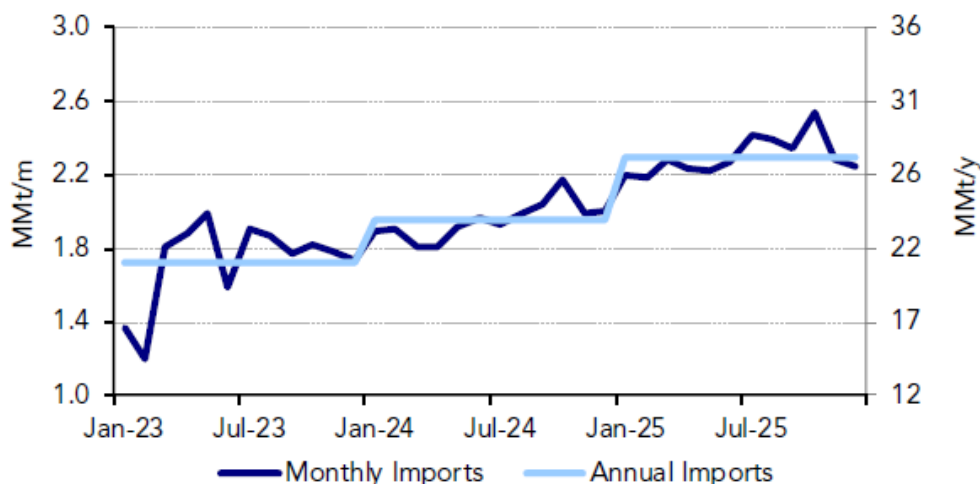
LNG and Coal Imports Rising in India

Rising temperatures played a major role in higher LNG imports in 2Q 2023 for India, but the monsoon season has set in, and temperatures have cooled off. However, low prices and the initiation of commissioning for the new Dhamra LNG import terminal are both factors that are forecast to keep India active in the LNG spot market in the near term.

LNG imports were off to a slow start to begin the year, averaging 1.3 MMt in January and February, but quickly rose to 1.8 MMt in March on lower prices and to prepare for extremely high temperatures forecast in 2Q. In 2Q, LNG imports rose to an average of 1.8 MMt/m and are on pace to reach 1.9 MMt in July.

LNG imports are forecast to increase by 8% in 2023 to 20.7 MMt, and then increase by another 13% in 2024 to 23.4 MMt, then an additional 18% in 2025 to 27.6 MMt as rising gas demand drives LNG imports higher.

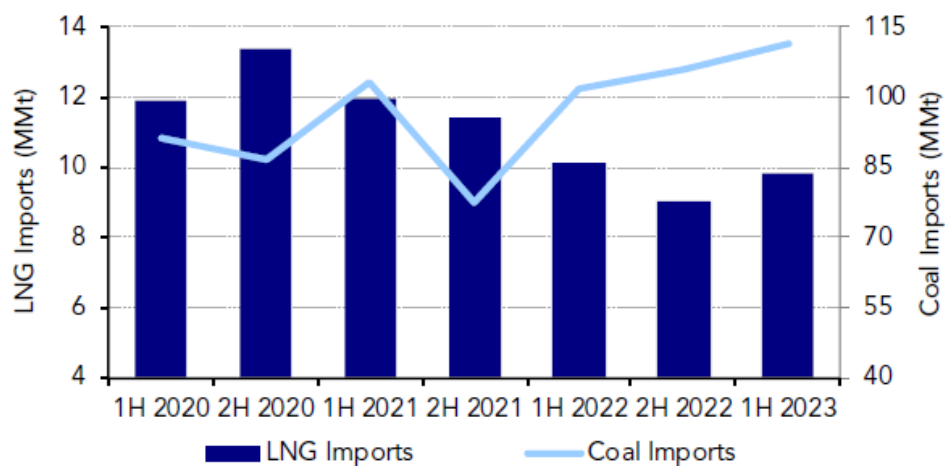
India LNG Import Forecast



Moreover, greater coal usage presents a downside risk to the forecast. Lower coal prices have led to higher coal imports for India since 2H 2021. In addition, domestic coal production has broken records in 2023 and domestic natural gas prices are capped at levels lower than LNG prices (between \$6.50/MMBtu and \$8/MMBtu depending on the age of the field where the gas is being produced).

This combination of factors has kept a lid on LNG import growth in 2023. However, the price cap may have the consequential effect of limiting the incentive to produce more gas as fields deplete or costs increase.

India Coal and LNG Import Comparison



Despite the rise in coal consumption, gas demand from the power and industrial sectors has increased in 2023 after a decline in 2022. Total gas demand is forecast to increase from 58 Bcm in 2022 to 61 Bcm in 2023. Demand from the fertilizer sector is expected to increase by 1.3 Bcm to roughly 20.5 Bcm in 2023, however the growth in 2023 is projected to be lower than in 2022.

Cost competitiveness between producing domestic ammonia and importing ammonia is tight, which weighs on gas demand from the sector. Natural gas demand is forecast to increase by 17% from 2023 to 2025 to reach 71.5 Bcm.

Annual Gas Demand Change in India by Sector

