

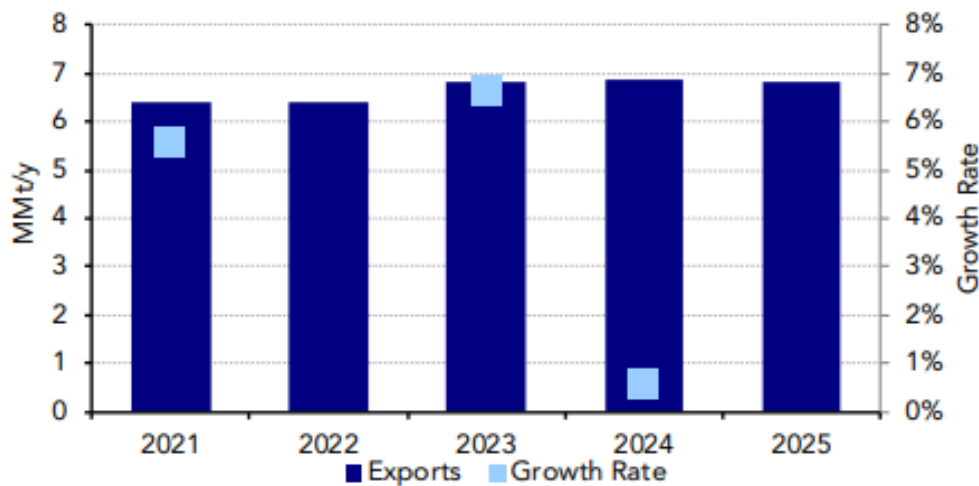


Rising Production to Lift Algerian Exports

LPG exports from Algeria through 3Q 2023 are flat compared with the same time frame last year, but exports are forecast to increase in 4Q lifting exports by 7% y-o-y to 6.8 MMt on rising domestic gas production. Exports are forecast to remain around that level through 2025 as Algeria remains a key supplier of LPG to the Mediterranean region.

Exports have averaged 550,000 t/m in 2023 and peaked at 660,000 t in August when new gas production began from three key fields that comprise Phase 2 of Algeria's southwest gas project. Due to the increase in production, LPG exports are forecast to increase to an average of 630,000 t/m in 4Q 2023, and 570,000 t/m in 2024 and 2025.

Algeria LPG Export Forecast

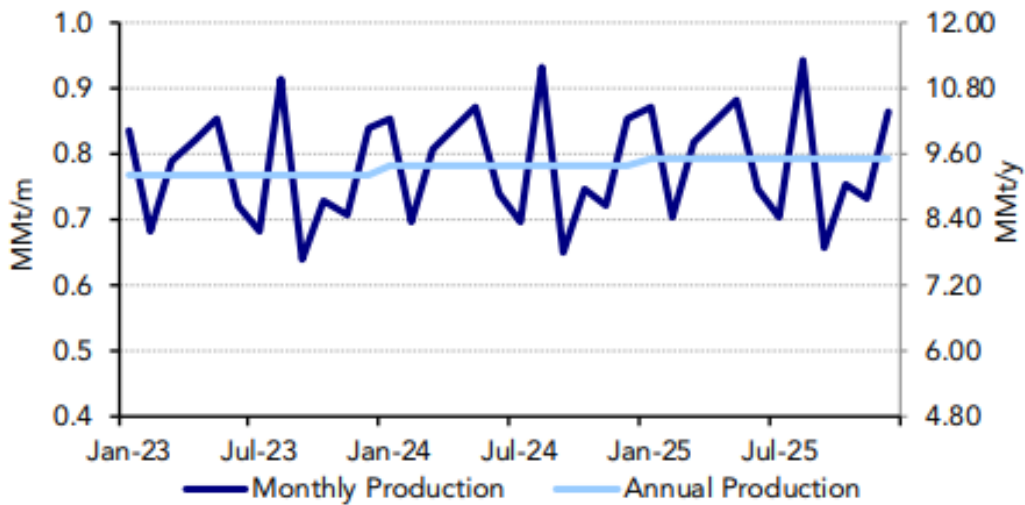


Domestic LPG production is forecast to increase to 9.2 MMt in 2023, 9.4 MMt in 2024 and 9.5 MMt in 2025, but could be higher if natural gas production is higher than expected. Sonatrach has stated they expect a 3.6 Bcm/y increase in gas production by next year.

Algeria has become a critical gas supplier to Europe due to the loss of Russian pipeline gas, and expanding gas production to meet the additional demand is a major focus for Sonatrach. Subsequent gas processing facilities will also need to be built out. An additional 5.1 Bcm/y of processing capacity has been added to the project, which will increase LPG output as well.

In addition to newly producing fields, the expansion of gas processing facilities has enabled Algeria to curtail flaring. All these factors are signaling that LPG production and exports from the country will rise in the near term.

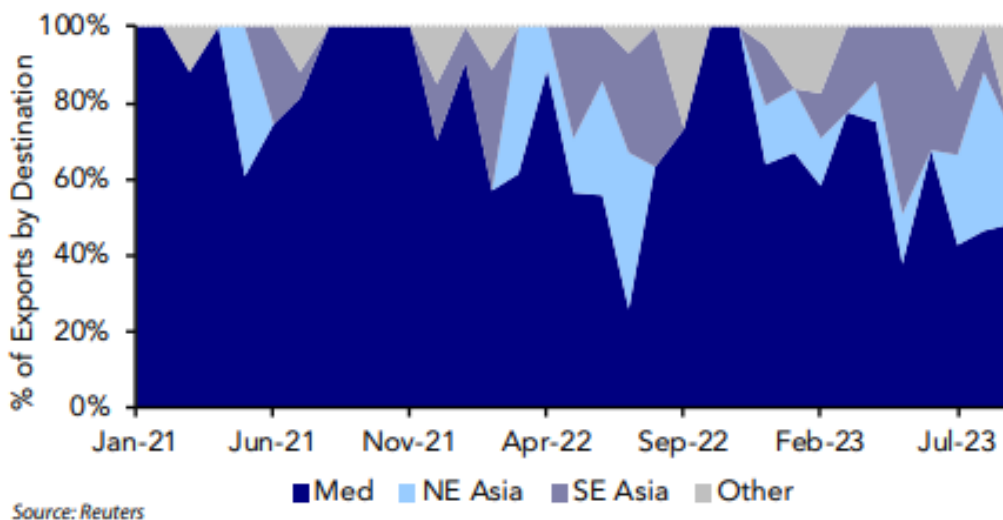
Algeria LPG Production Forecast



While Algeria remains a key supplier of LPG to the Mediterranean, LPG demand from the Mediterranean has remained flat and US supply to the region has increased taking some market share away from Algeria.

As a result, a larger percentage of Algerian supply has gone to Northeast and Southeast Asia this year. As share of total exports, shipments to the Mediterranean have declined from 70% in 2022 to an average of 60% this year. Conversely, the share of exports to Northeast Asia has increased 4 percentage points to 17%.

Algeria LPG Exports by Destination



Source: Reuters