

European LNG & Gas Market Outlook

Andreas Schröder, *Head of Energy Analytics*

19 April 2023 @Montel German Energy Day Düsseldorf



Claim 1: Demand saving is key

Claim 2: Spot LNG to Europe

Claim 3: Elevated prices level 2023/24

Claim 1: Demand saving is key

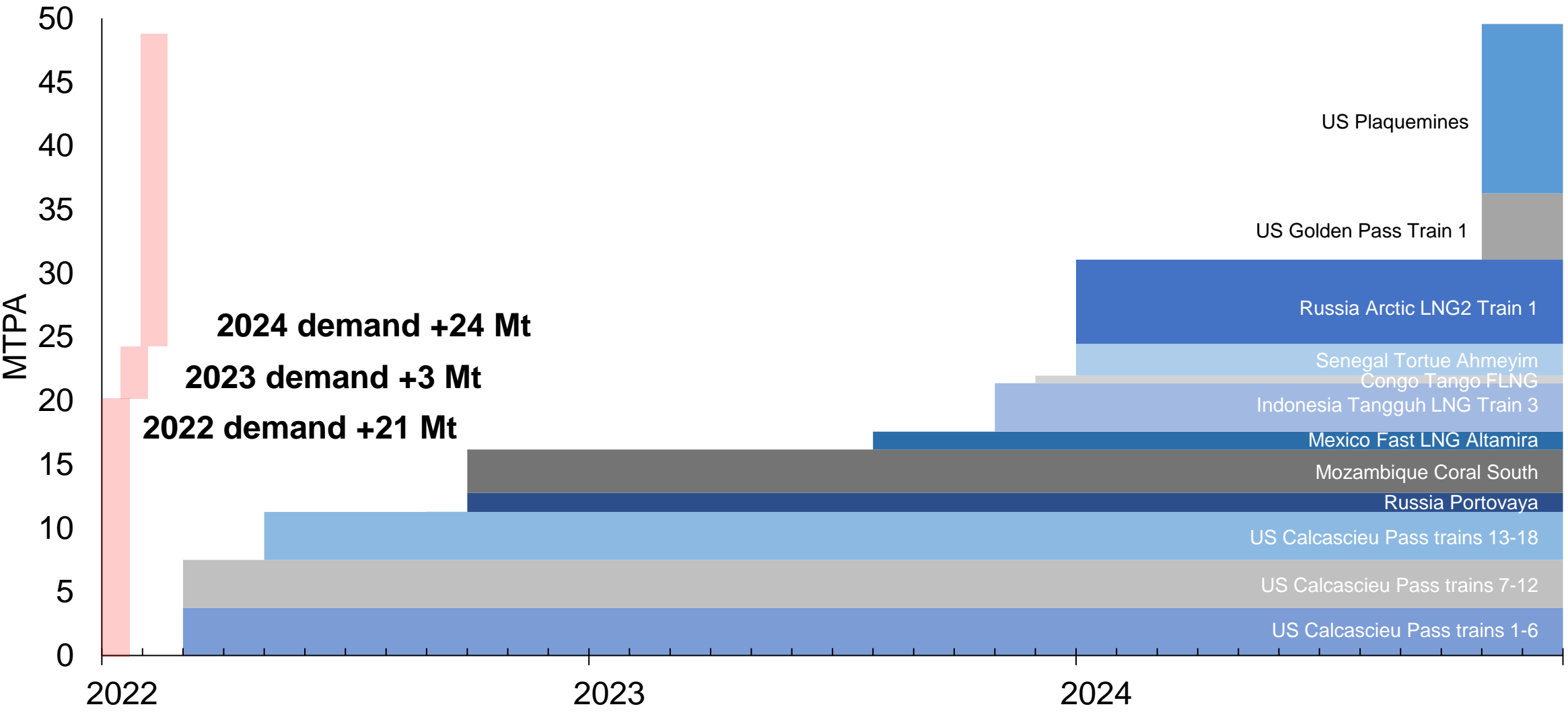
Claim 2: Spot LNG to Europe

Claim 3: Elevated prices level 2023/24

Global LNG supply remains bottleneck 2023-2024



Annual liquefaction capacity additions (mtpa)



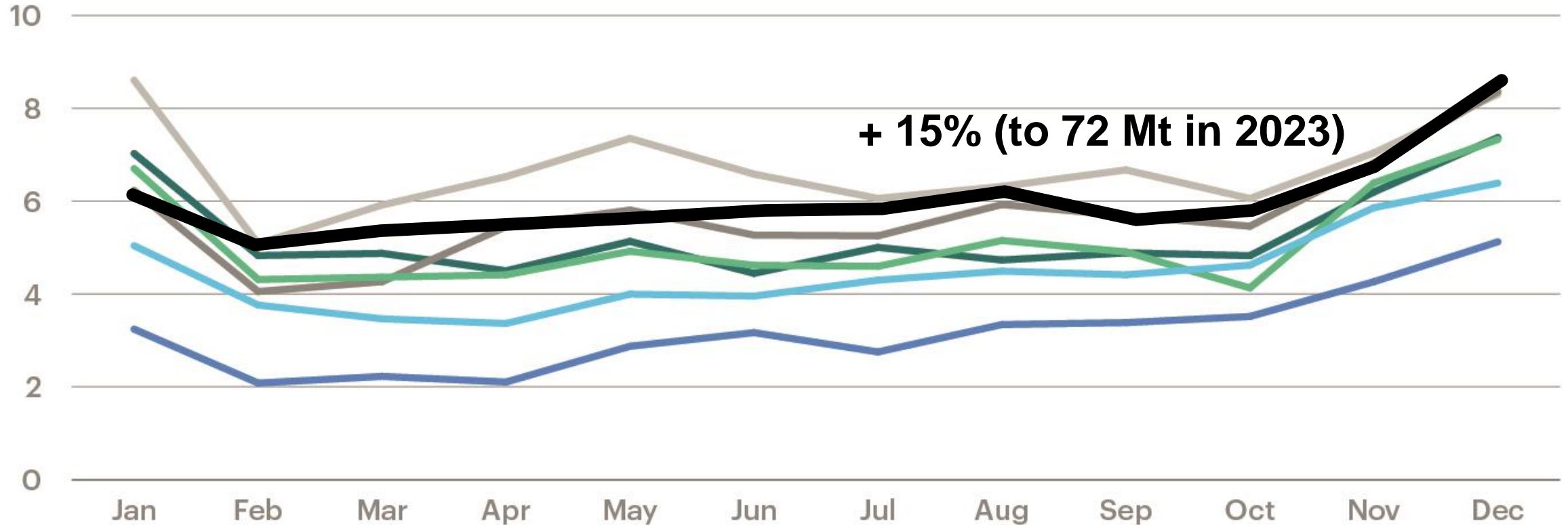
China's LNG imports to reach 72 Mt but limited spot buying



China LNG imports

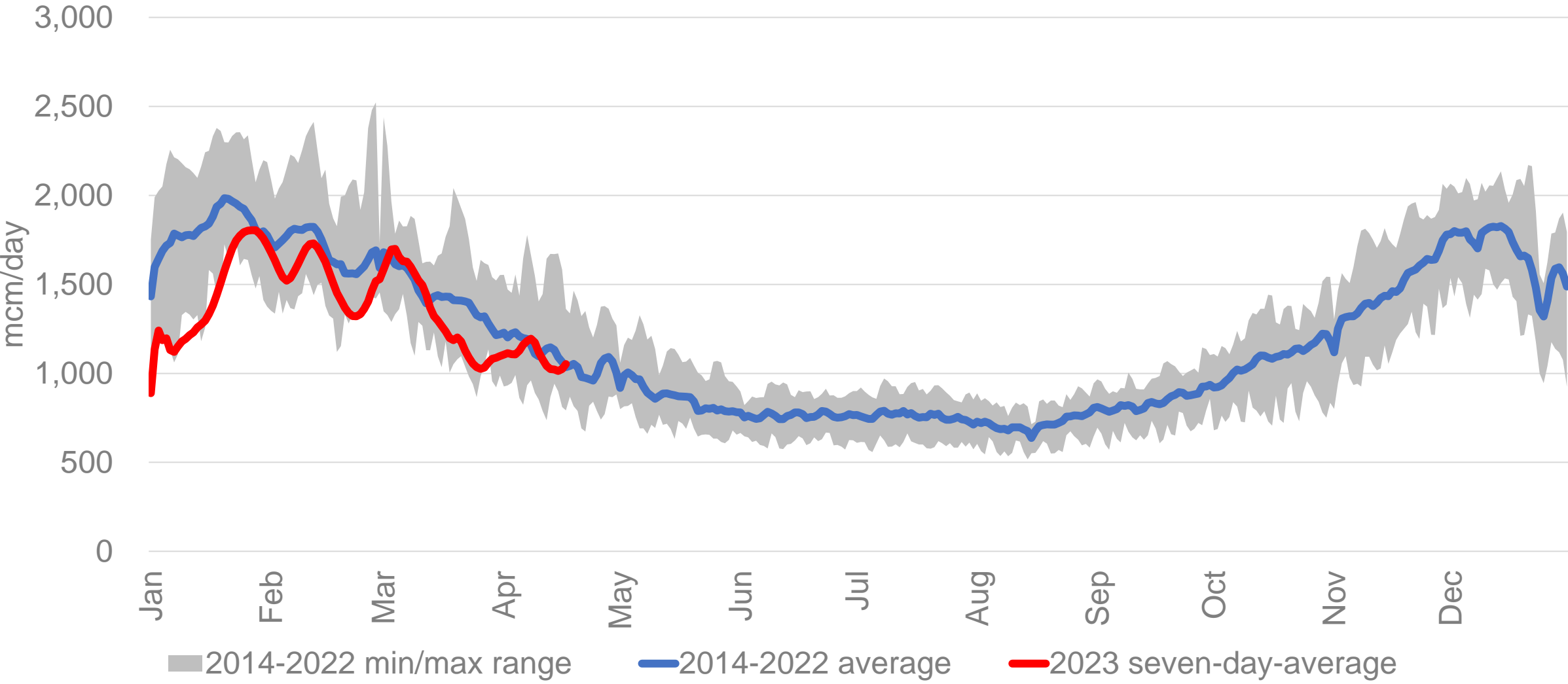
million tonnes

— 2017 — 2018 — 2019 — 2020 — 2021 — 2022 — 2023



Source: ICIS LNG Edge

European gas demand starts into 2023 at 13% below average

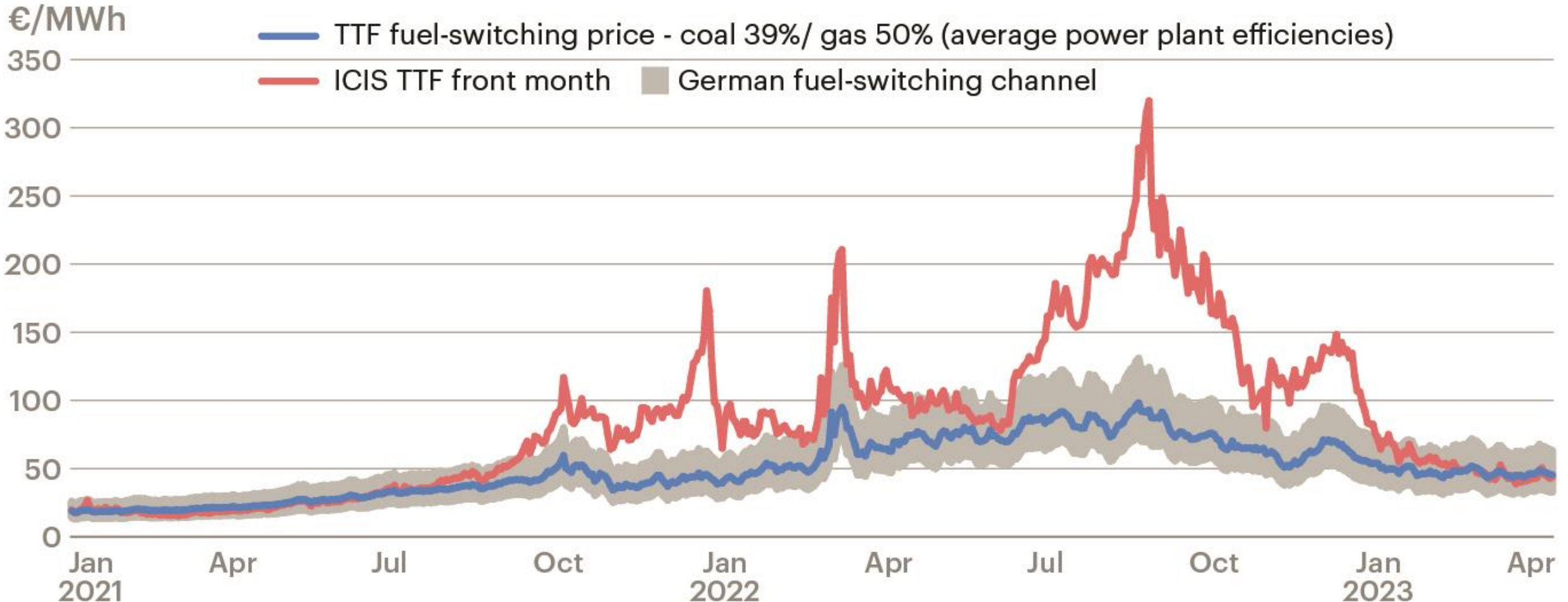


Source: ICIS based on TSO data, updated 18 April 2023

Gas prices dipping into power sector fuel switching range



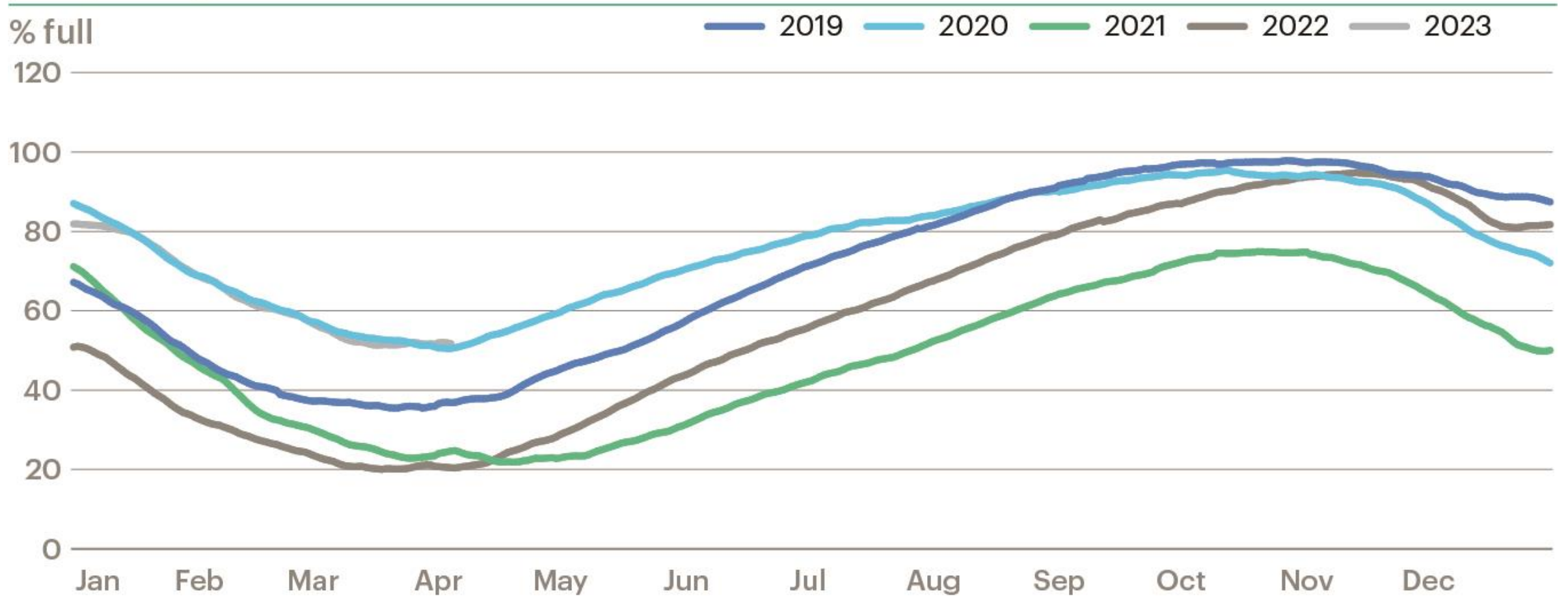
Front month coal-to-gas switching incentives



European gas storage at near-record levels



European gas stocks

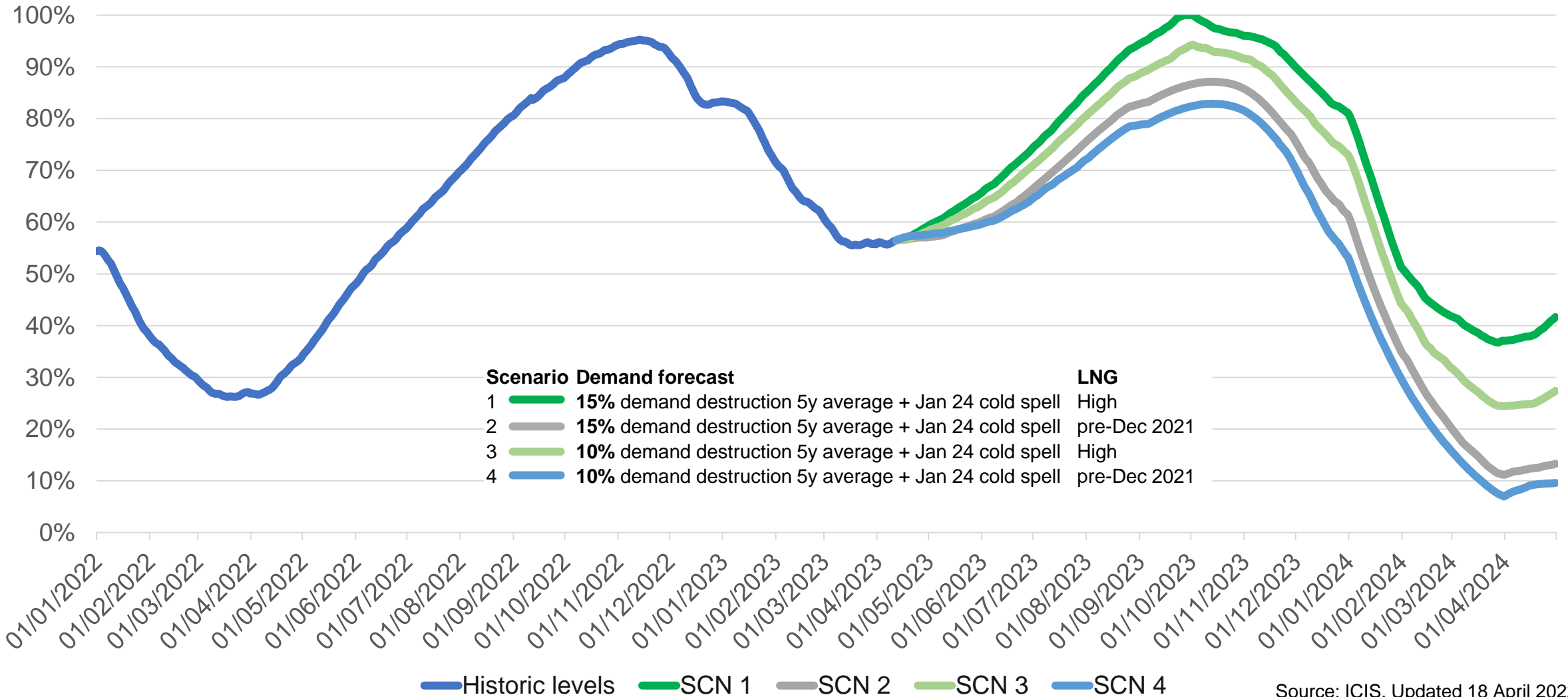


Source: ICIS

Demand savings & LNG determine European storage stock

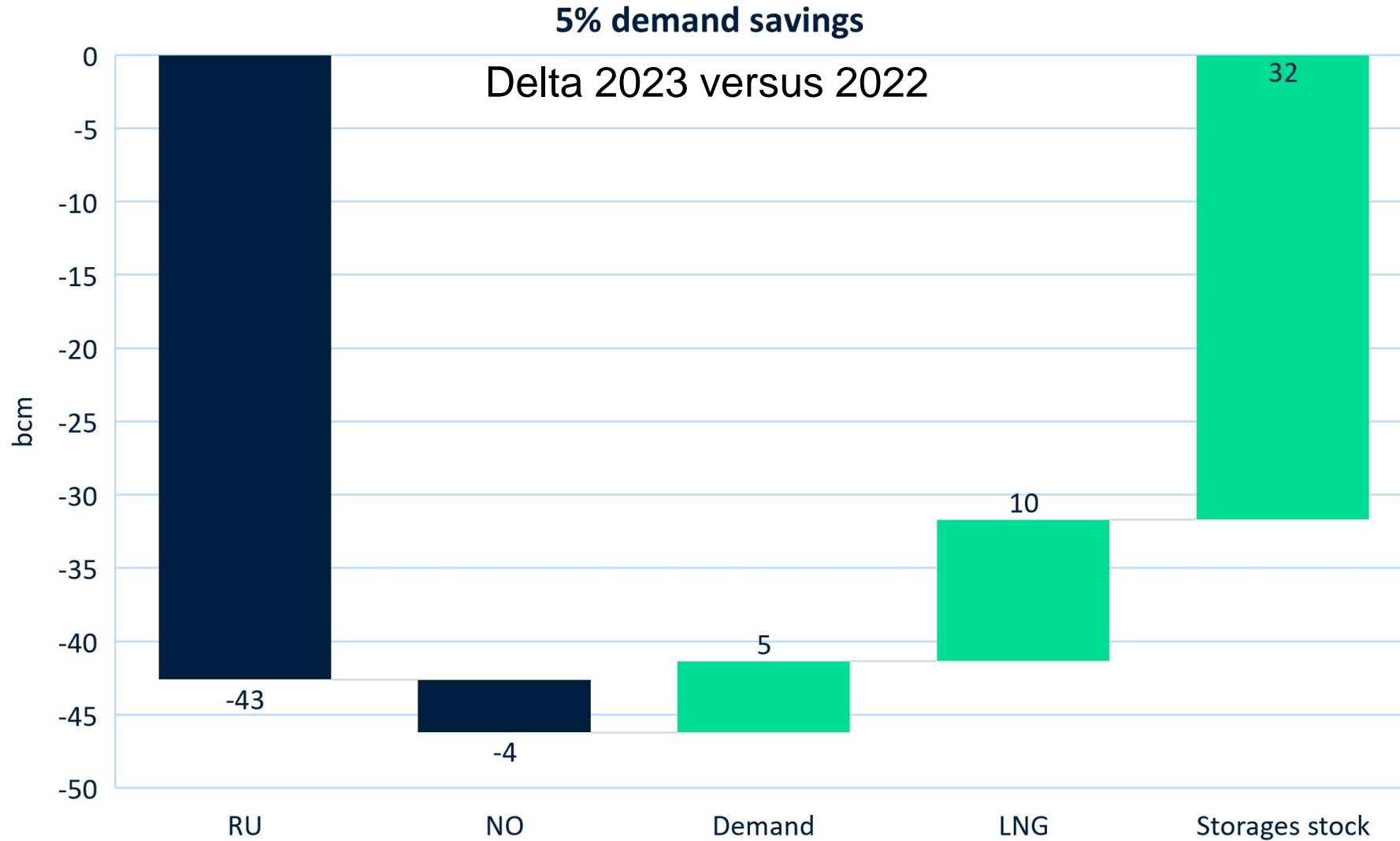


Storage stock scenarios Europe (EU+GB)



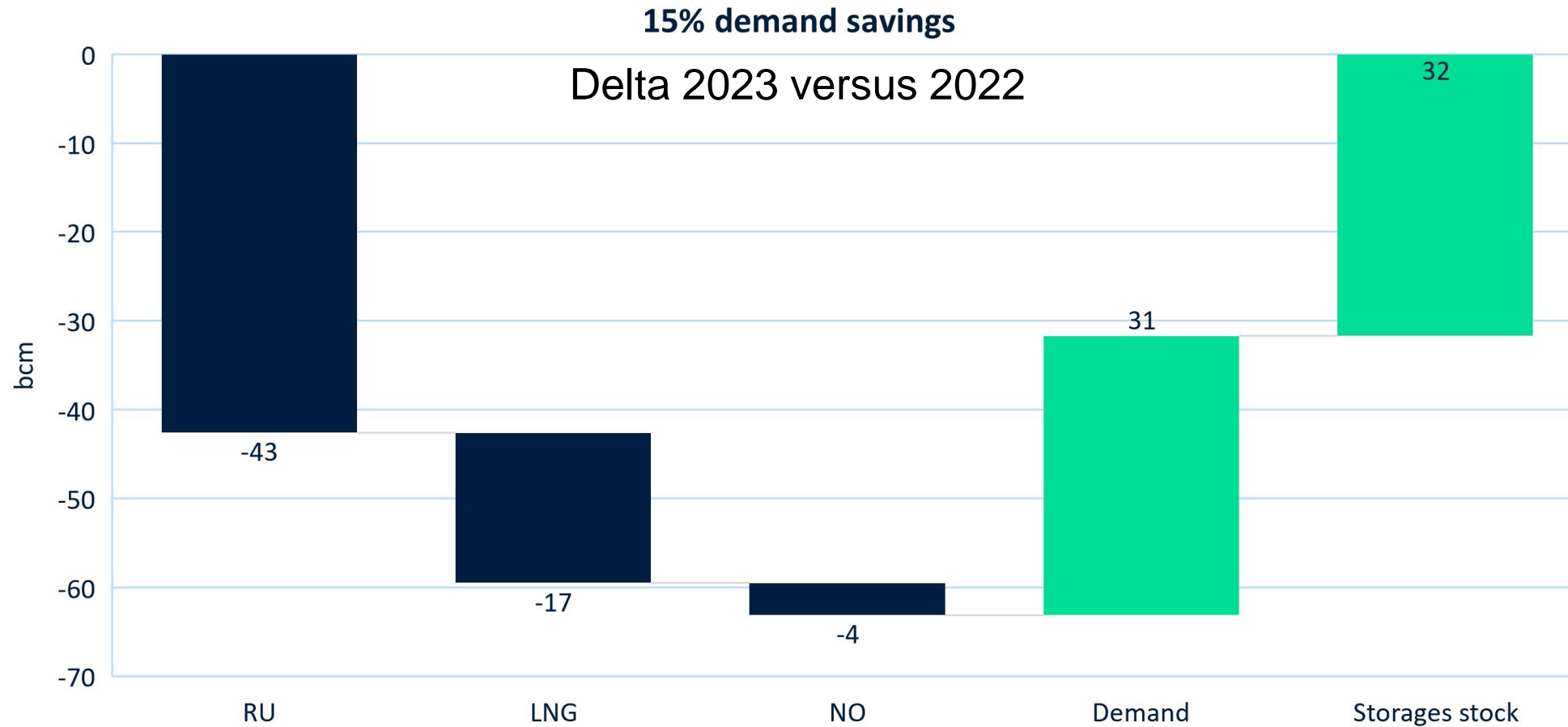
Source: ICIS, Updated 18 April 2022

Additional LNG needed if EU demand savings are weak



Source: ICIS, 2023.

Less LNG needed if EU demand savings are strong



Claim 1: Demand saving is key

Claim 2: Spot LNG to Europe

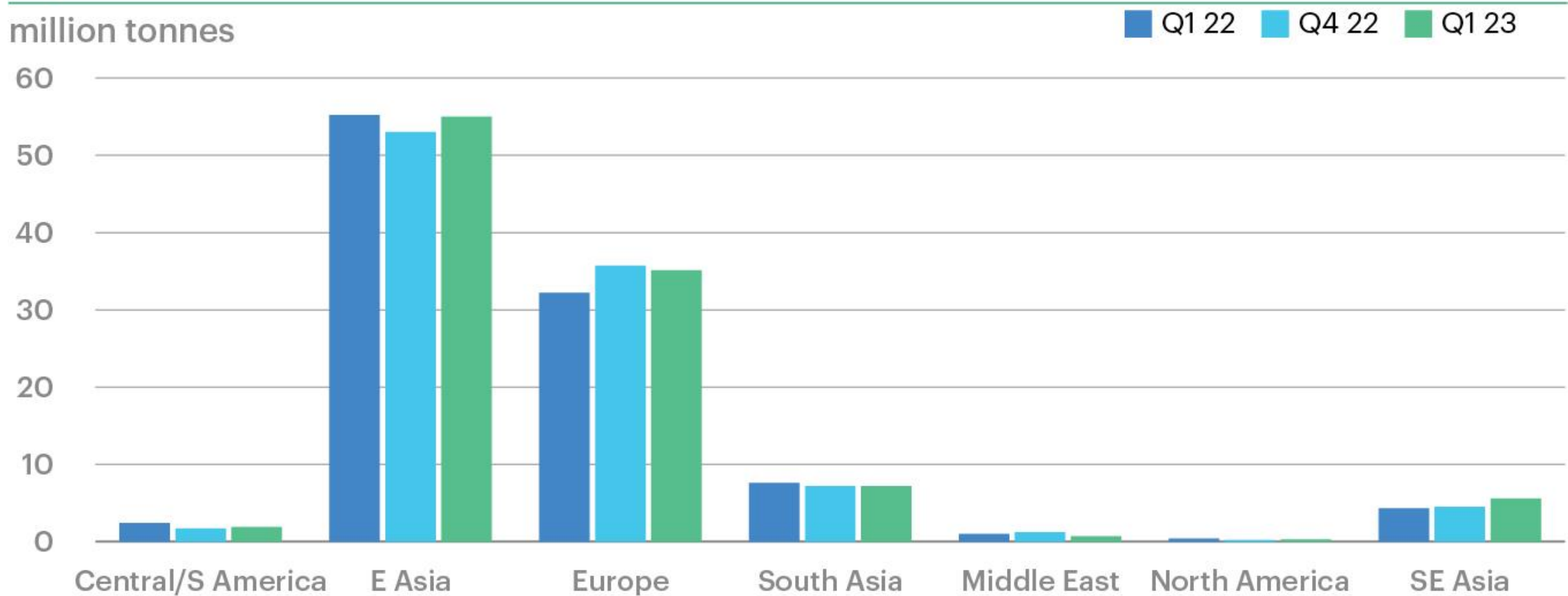
Claim 3: Elevated prices level 2023/24

Continued strong LNG in Europe, East Asia muted



Imports

million tonnes

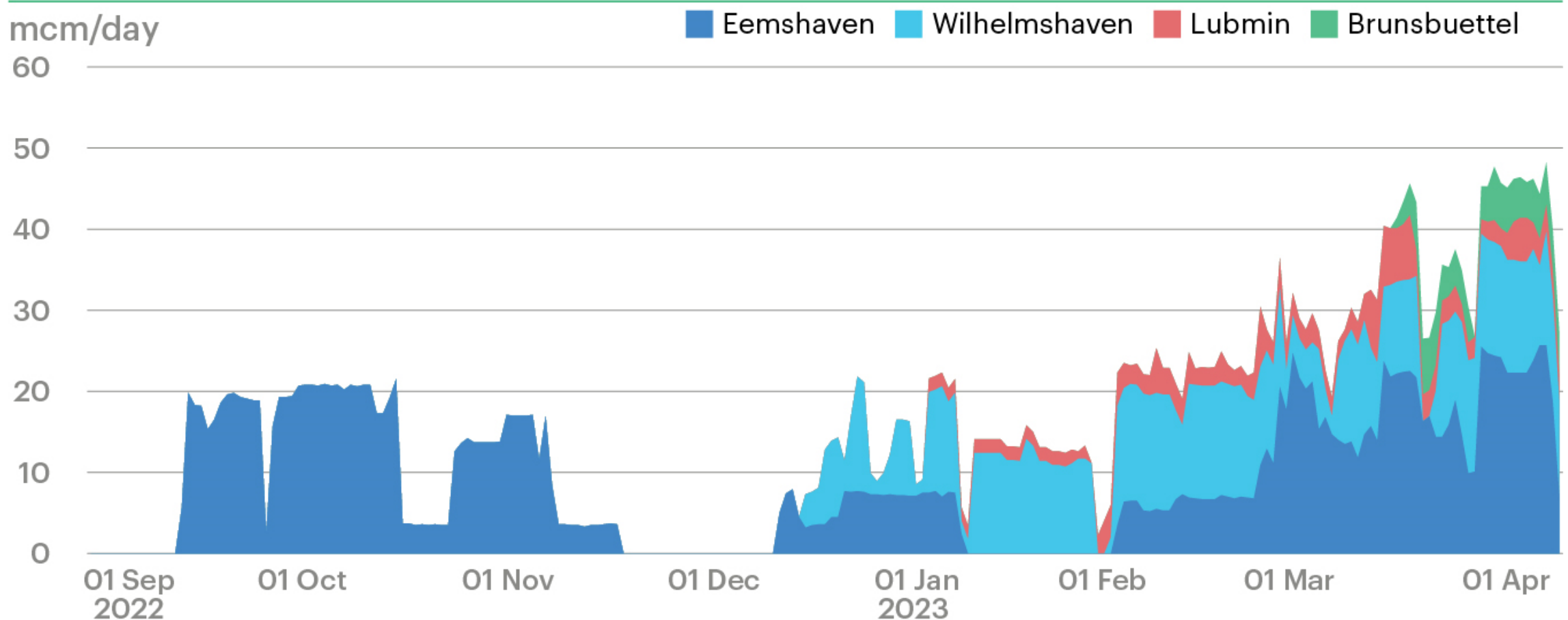


Source: ICIS LNG Edge

New terminals send-out strong over first quarter 2023

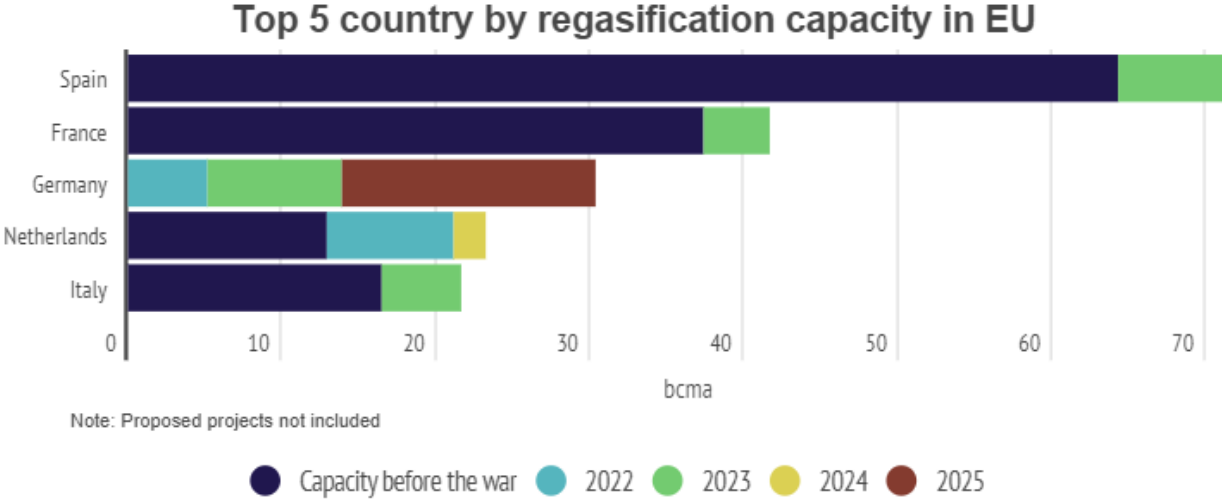
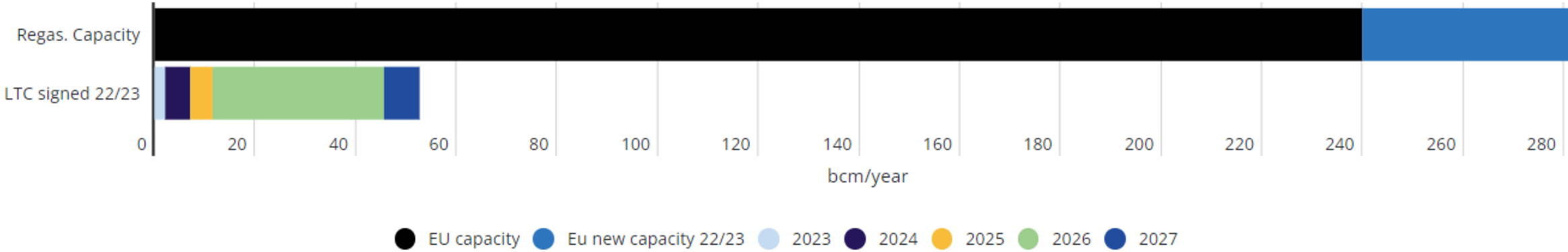


New terminal send-out



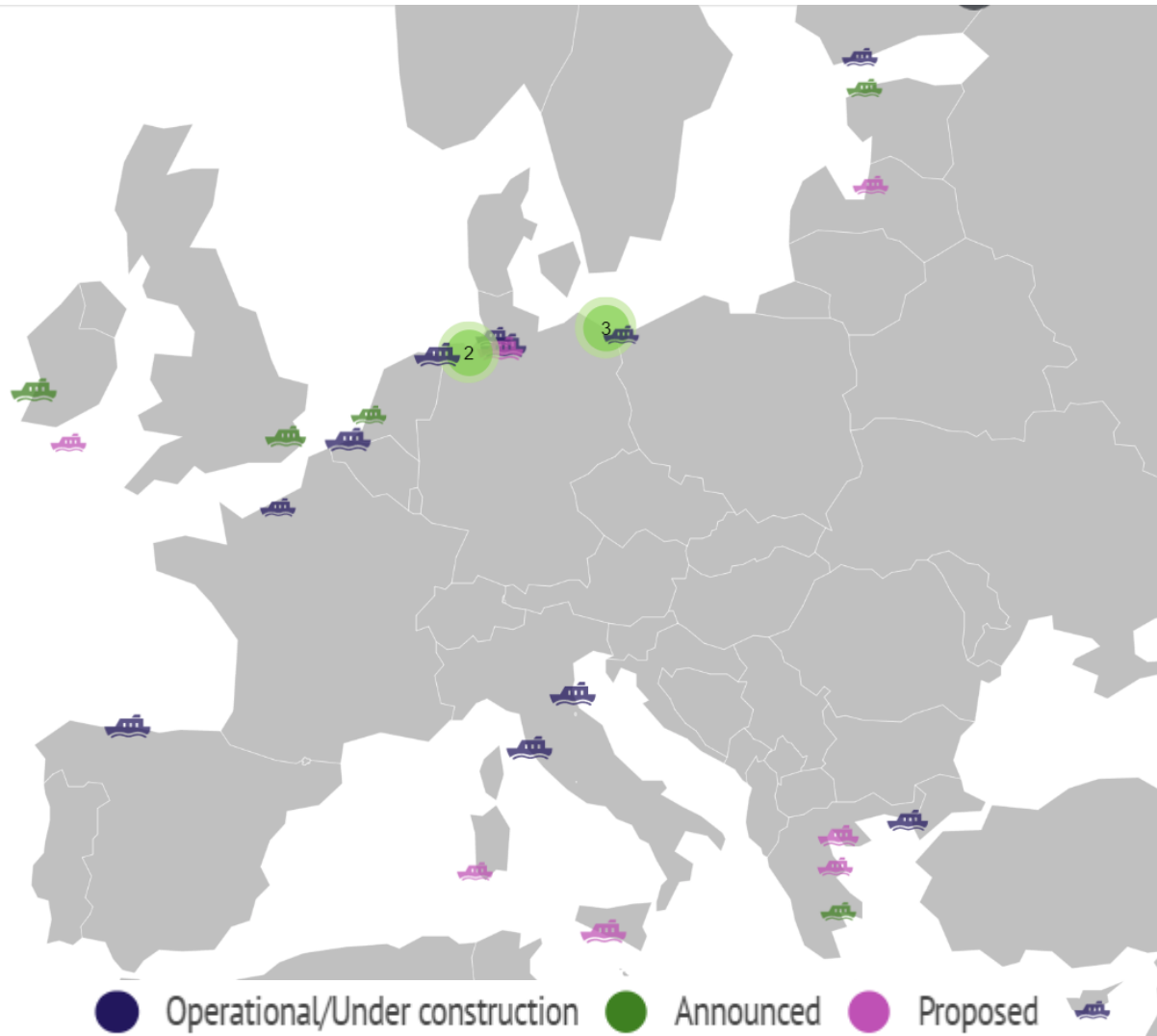
Source: operators

New LNG regasification terminals in Europe need contracts



New LNG regasification terminals for Europe

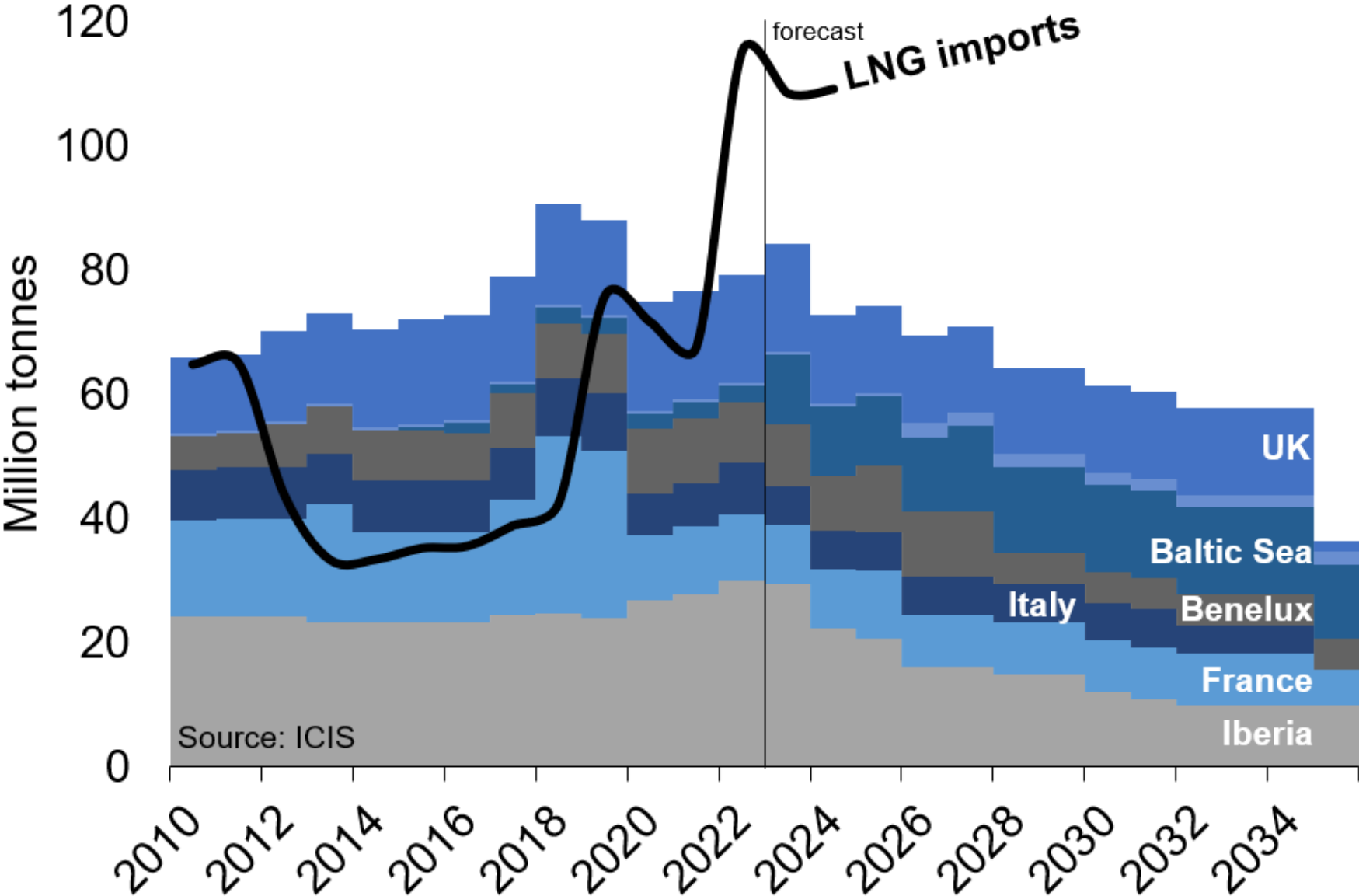
New Operational and Under Construction terminals



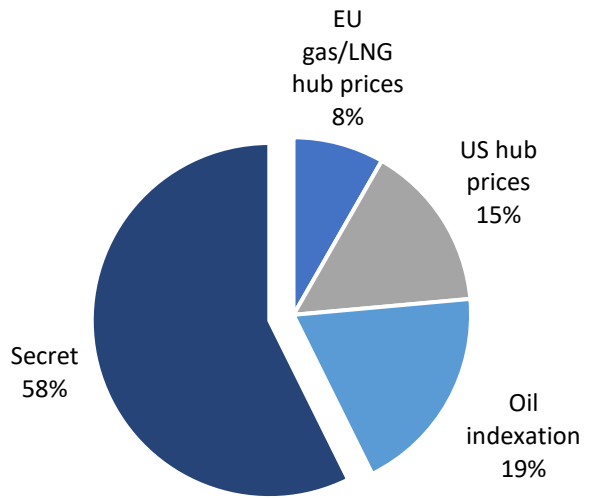
Regasification Capacity (bcma)

Eemshaven	8.3		2022	FSRU
Stade	5		2024	FSRU
Wilhelmshaven	5		2022	FSRU
Lubmin (Deutsche Regas)	5.2		2023	FSRU
Lubmin	5		2024	FSRU
Brunsbüttel	3.5		2023	FSRU
Piombino	5.2		2023	FSRU
Ravenna	5		2024	FSRU
El Musel	7.4		2023	Terminal
La Havre	4.3		2023	FSRU
Swinoujście	2.7		2023/2024	Expansion
Cyprus	2		2023	FSRU
Zeebrugge	6.7		2024-2026	Expansion
Alexandropolis	5.5		2023/2024	FSRU
Inkoo	4.8		2023	FSRU

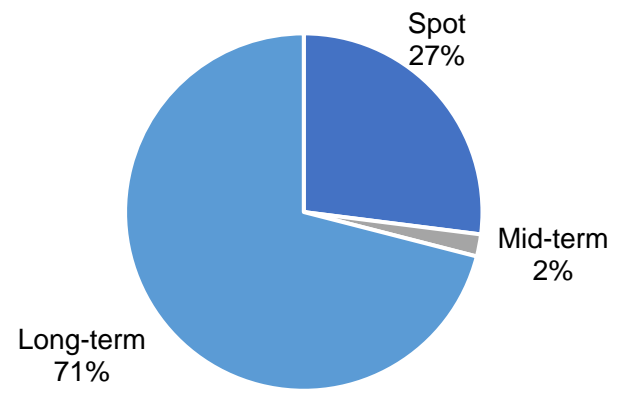
Contracted LNG not enough to cover EU imports



EU27 contract pricing



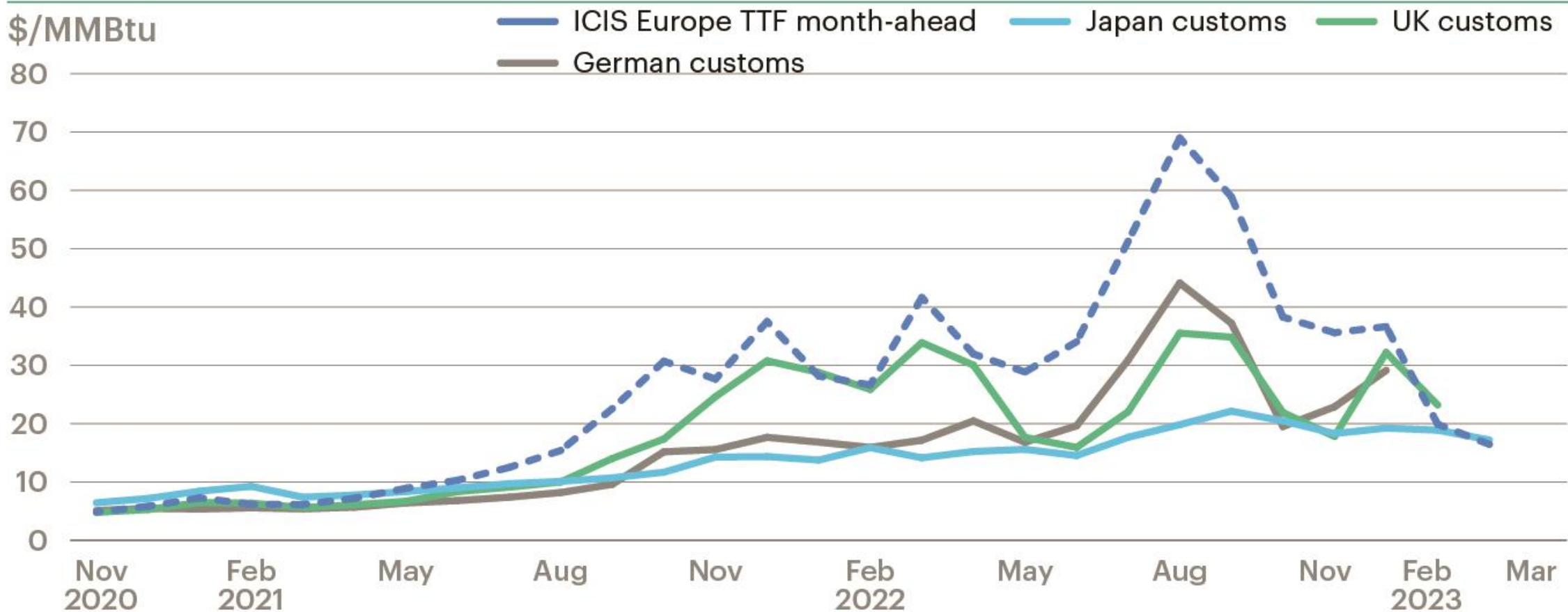
Global LNG trade 2022



Long-term contracts can offer shelter from spot spikes



Import prices



Source: ICIS, customs

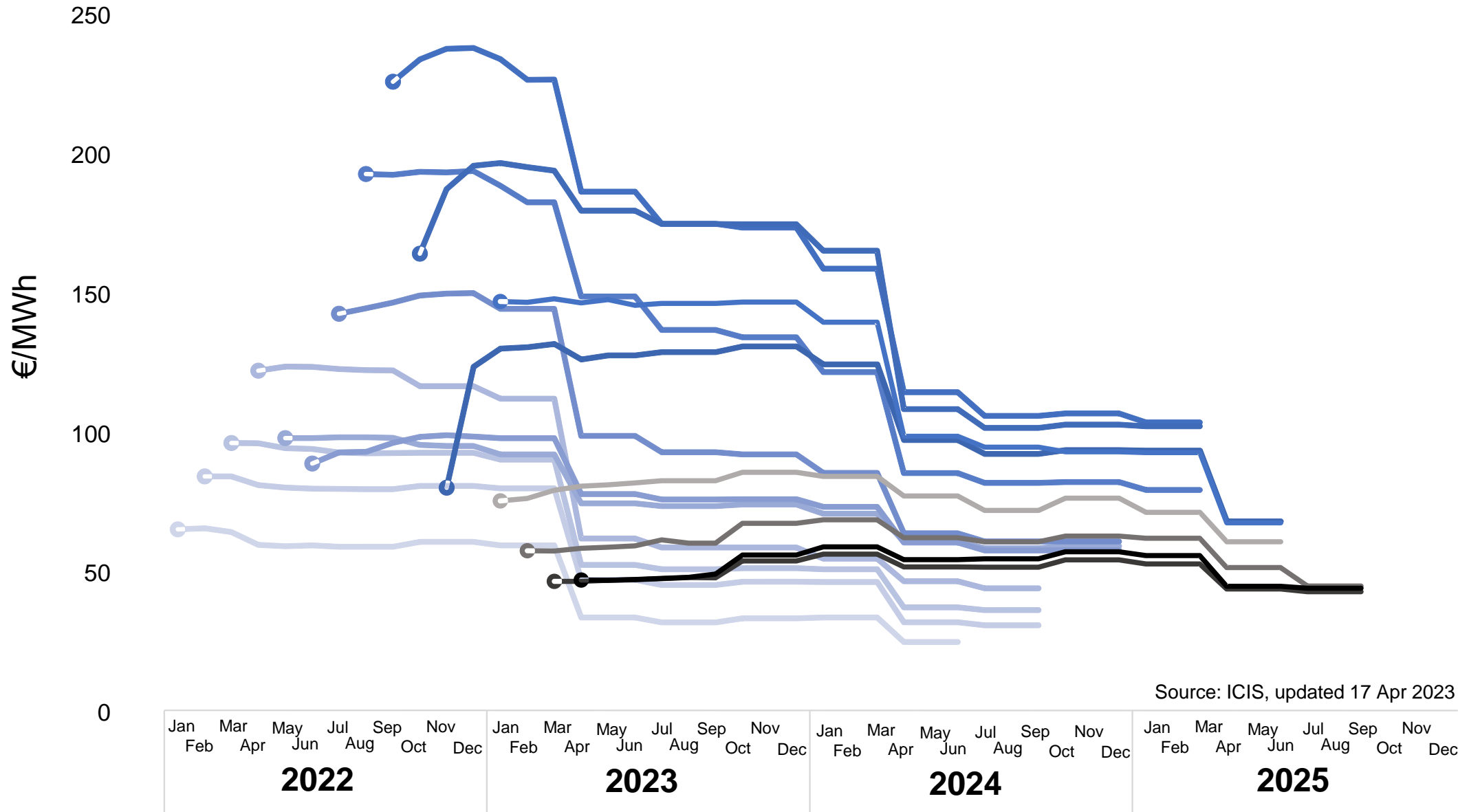
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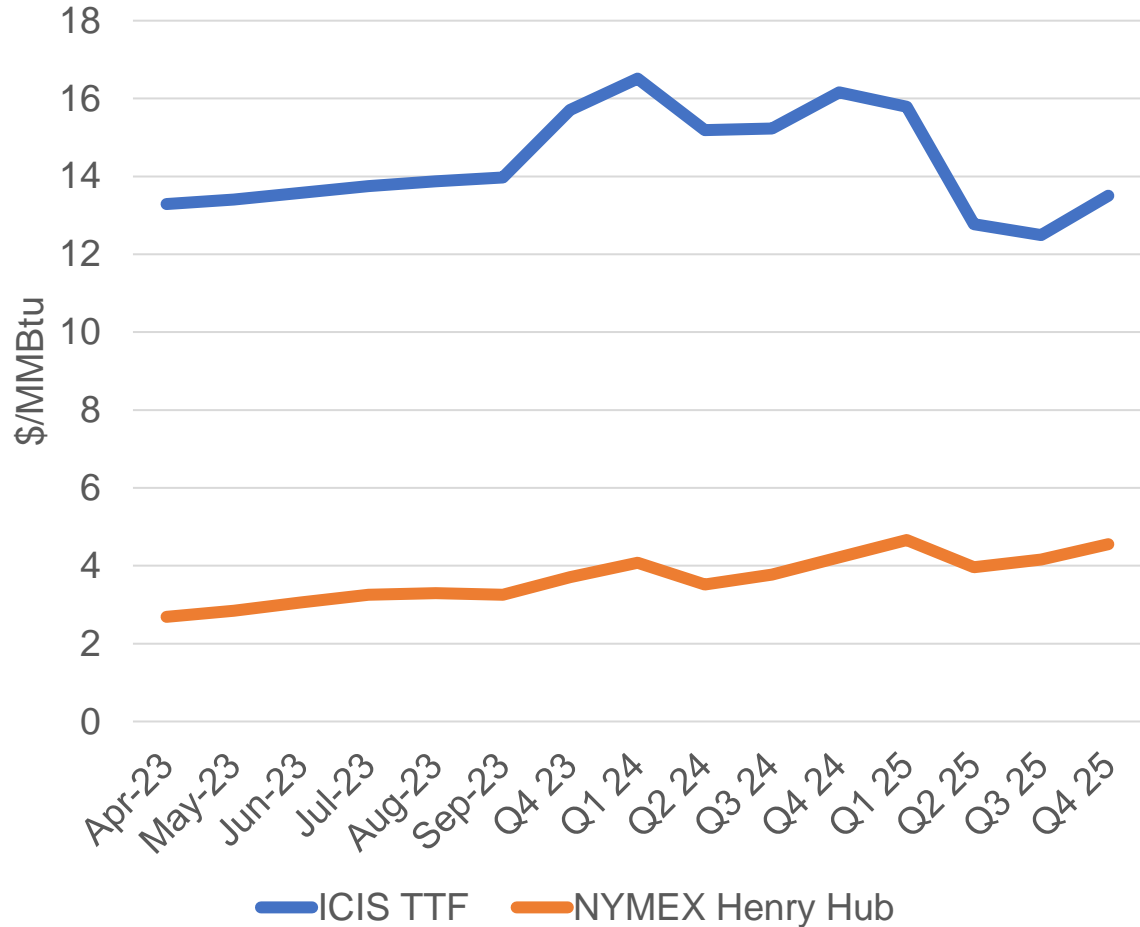
Claim 3: Elevated prices level 2023/24



Forward prices 2024 at elevated level



Natural gas prices: mid-term outlook



- Unlikely to see significant supply-side shocks
- Reduced market volatility expected
- Limited LNG supply coming online 2023-2024
- Large LNG production projects not coming online until 2025 onwards
- European prices unlikely to return to pre-covid levels until 2025
- US prices could find support from rising LNG export capacity

EU price cap: trigger conditions



EU gas price cap



Source: ICIS

EU price cap: dynamic bid mechanism



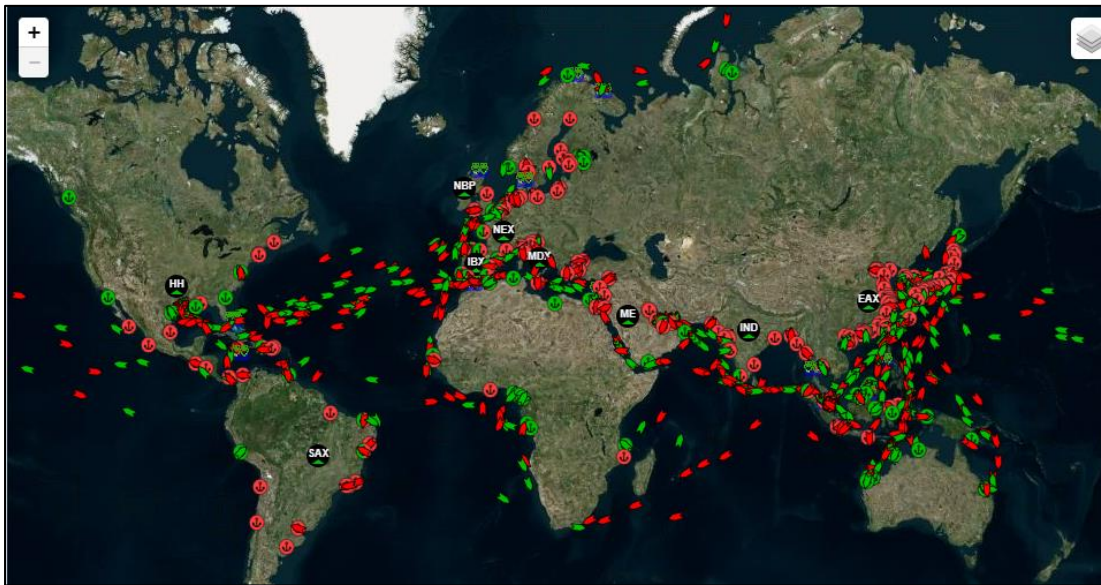
EU gas price cap



Source: ICIS

ICIS Gas and LNG reports

- Daily gas and LNG prices and news
- LNG Edge ship-tracking and forecasts
- New ICIS TTF Early Day price
- New DES Germany LNG assessment
- API data for voyage history and prices



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Lifting export
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takers more
granted and
EU funds on
plans, new
Daily of use

French LNG continued

Workers' strikes shutting terminals of Montoir, Fos C could last until the next inter on 14 March, stopping LNG activities until then, a spokesman-operator Energy told ICIS. This could keep up support and balance of Month (BOC) against the TTE, and tighten to Dutch TTF equivalents. The FEG Day-ahead and

French LNG strikes

French LNG prices assessment

European day-ahead gas prices

Market Comment: Spot LNG prices in Asia increase

Osman offers spot
India aims to swap
French strikes impact arrivals

Spot LNG prices across northeast Asia on 8 March have increased day on day, market sources said. Prices have shifted up for both front months.

Fundamentals remain weak across all markets in northeast Asia, while price movement is a volatility factor.

Cargo availability on the sell side is relatively high, according to a Singapore-based trader, with offers for early-April through May still available on the bilateral market.

The trader also said that two utilities in Japan are likely to absorb April volumes.

"Some demand in Asia is spurred by low prices at present. Those with capacity to absorb volumes into storage are likely to buy," the trader said. The same trader added that South Korean end-buyers are currently well-balanced and are unlikely to enter the market, even on the basis of current price levels.

The **ICIS LNG Asia Index (LAX)** has increased marginally for both front months.

OMAN, INDIA TENDERS

Middle East-based producer Oman LNG is offering a single cargo through a sell tender announced on 8 March. The cargo is offered on an FOB basis between 28-30 March, sources said.

The tender closes on 9 March. Earlier this week, sources said that Oman is likely to offer another cargo on an FOB basis in April over the coming weeks. The cargo is likely to find a customer in the Pacific basin.

The cargo is required for the Dabhol terminal and has offered a 21-31 May **9 month** contract.

and 8 March, ICIS LNG Edge data shows. Of these, four cargoes were sold on a spot basis and 11 under long-term contracts.

Traders said that in the short term, Oman is likely to offer at least two spot cargoes per month.

Indian state-owned utility GAIL has issued a 27-31 May DES cargo tender.

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CHARTER RATES

	Steam	Day on day diff	Data used	TIDE	Day on day diff	Data used	Two-Stroke	Day on day diff	Data used
Atlantic prompt	35000	0	I	55000	0	I	80000	0	I
Pacific prompt	45000	0	I	65000	0	I	95000	0	I
Mid-term	100000	0	I	150000	0	I	190000	0	I

SPOT LNG - HALF MONTH REPORT

	1st Apr 2023	Day on day diff	Data used	3rd Apr 2023	Day on day diff	Data used	5th Apr 2023	Day on day diff	Data used	7th Apr 2023	Day on day diff	Data used
EAX	14,250	0.250	I	14,300	0.250	I	14,450	0.250	I	14,500	0.250	I
Japan	14,250	0.250	I	14,300	0.250	I	14,450	0.250	I	14,500	0.250	I
South Korea	14,250	0.250	I	14,300	0.250	I	14,450	0.250	I	14,500	0.250	I
China	14,250	0.250	I	14,300	0.250	I	14,450	0.250	I	14,500	0.250	I
Taiwan	14,250	0.250	I	14,300	0.250	I	14,450	0.250	I	14,500	0.250	I
India	13,950	0.250	I	13,900	0.250	I	14,050	0.250	I	14,100	0.250	I

Data used key: I - Interpolation, S - Spread, F - Fundamentals, T - Interpolation/Extrapolation. The key codes represent the primary data type used to make the assessment.

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No Respite for European Gas

<https://www.icis.com/explore/resources/no-respite-for-european-gas/>

Thank you!

Dr Andreas Schröder
Head of Energy Analytics
andreas.Schroeder@icis.com



Paula Di Mattia Peraire
Gas Analyst
paula.dimattiaperaire@icis.com

