GAS

Medium-Term Market Report 2016

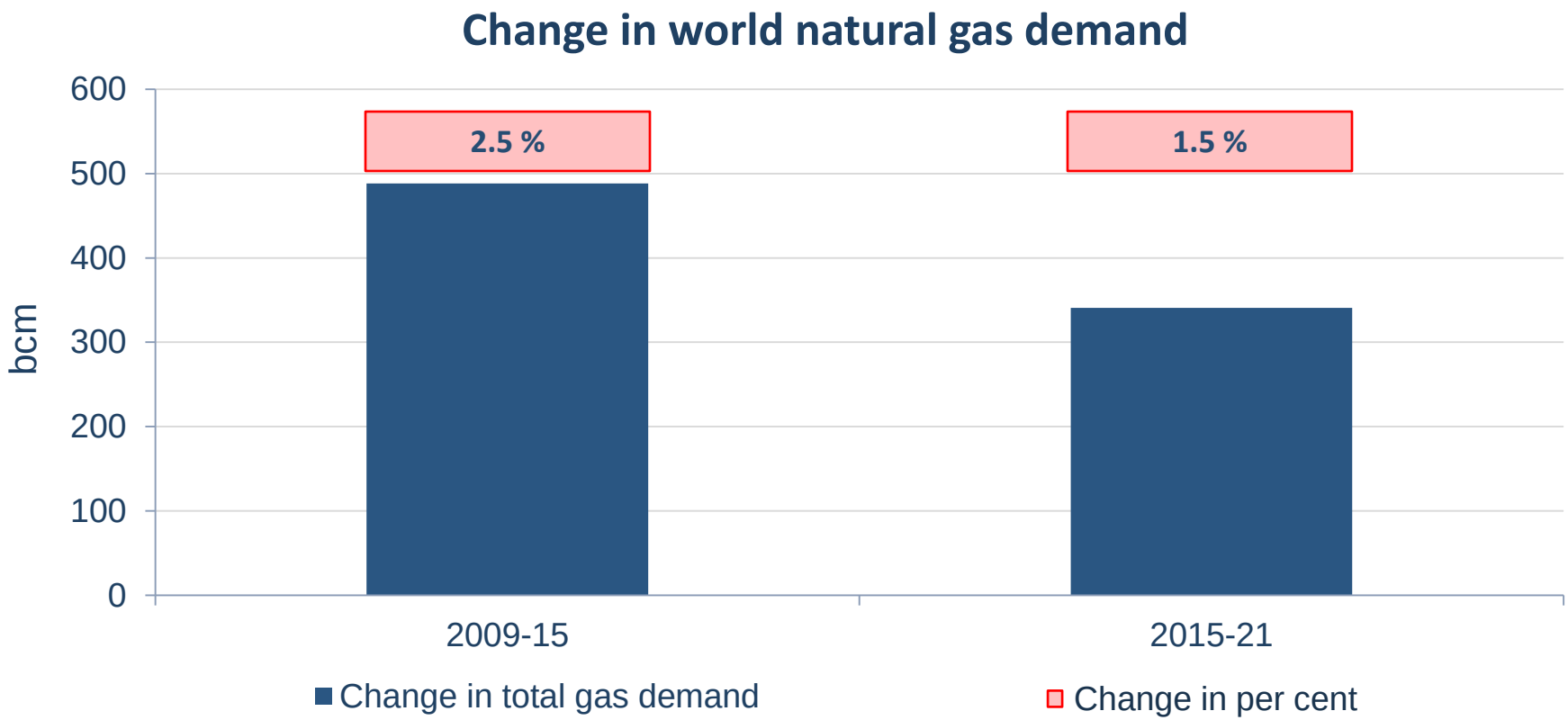
International Energy Agency
Secure
Sustainable
Together

IEA Medium-Term Gas Market Report 2016

Market Analysis and Forecasts to 2021

© OECD/IEA 2016

Growth in global gas demand slows

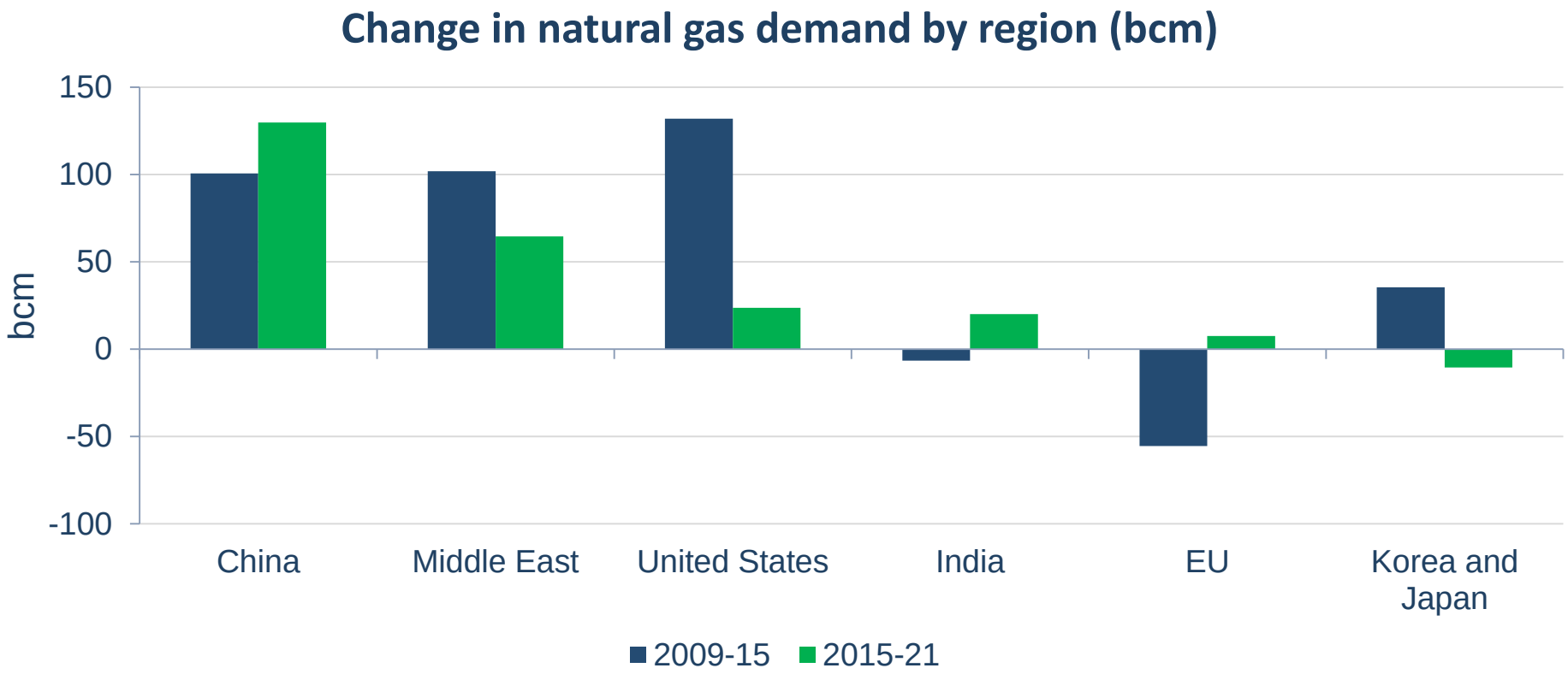


Growth in gas demand slows as it faces greater competition in the power sector; yet it is the only fossil fuel that does not suffer a decline in its share of the energy mix

© OECD/IEA 2016

China drives increase in global gas demand, as the United States takes a back seat

Medium-Term Market Report 2016

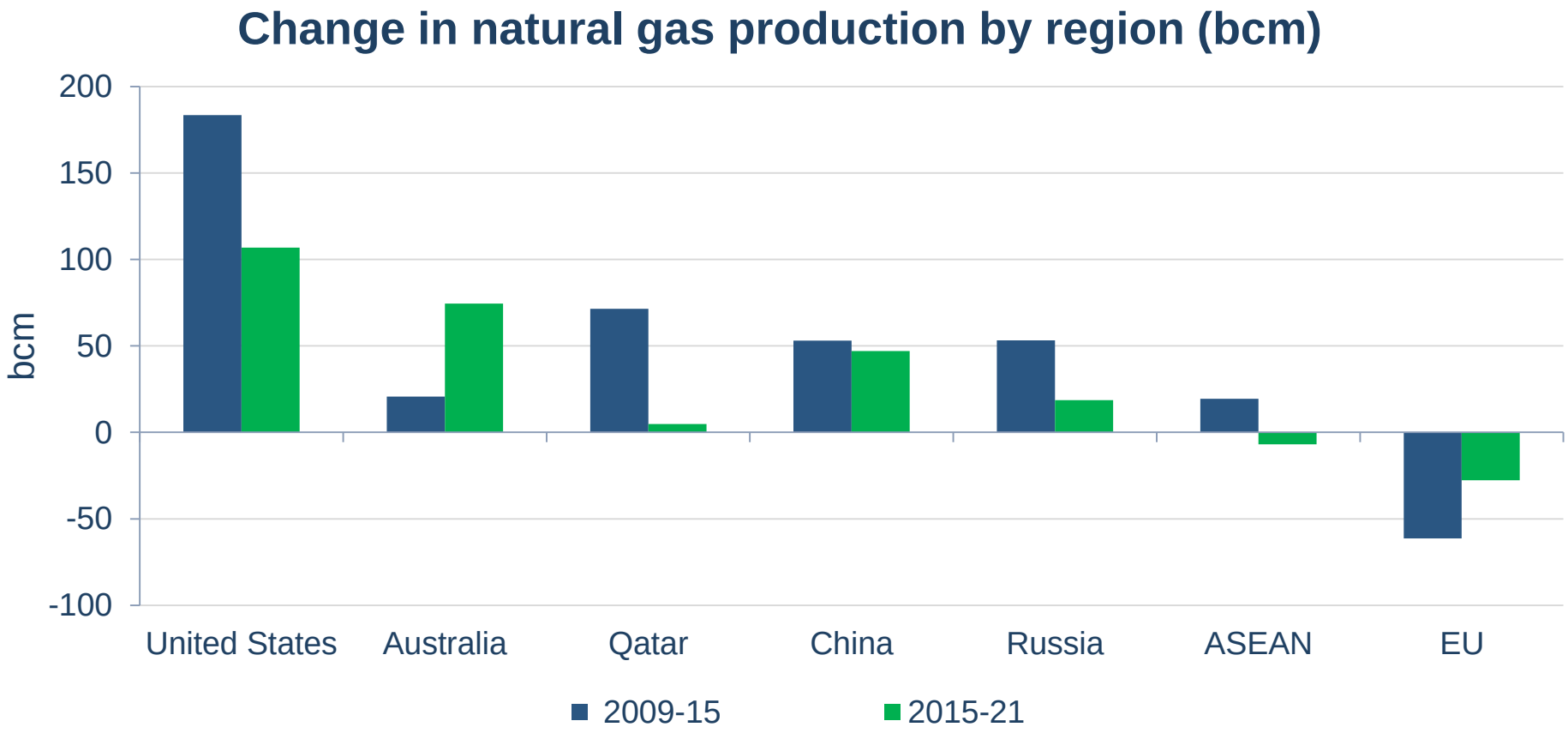


US gas demand growth slows sharply, driven by stagnation in the power sector; EU gas demand gradually recovers on coal & nuclear power plant retirements

© OECD/IEA 2016

Growth in gas production is led by the United States and Australia

Medium-Term Market Report 2016



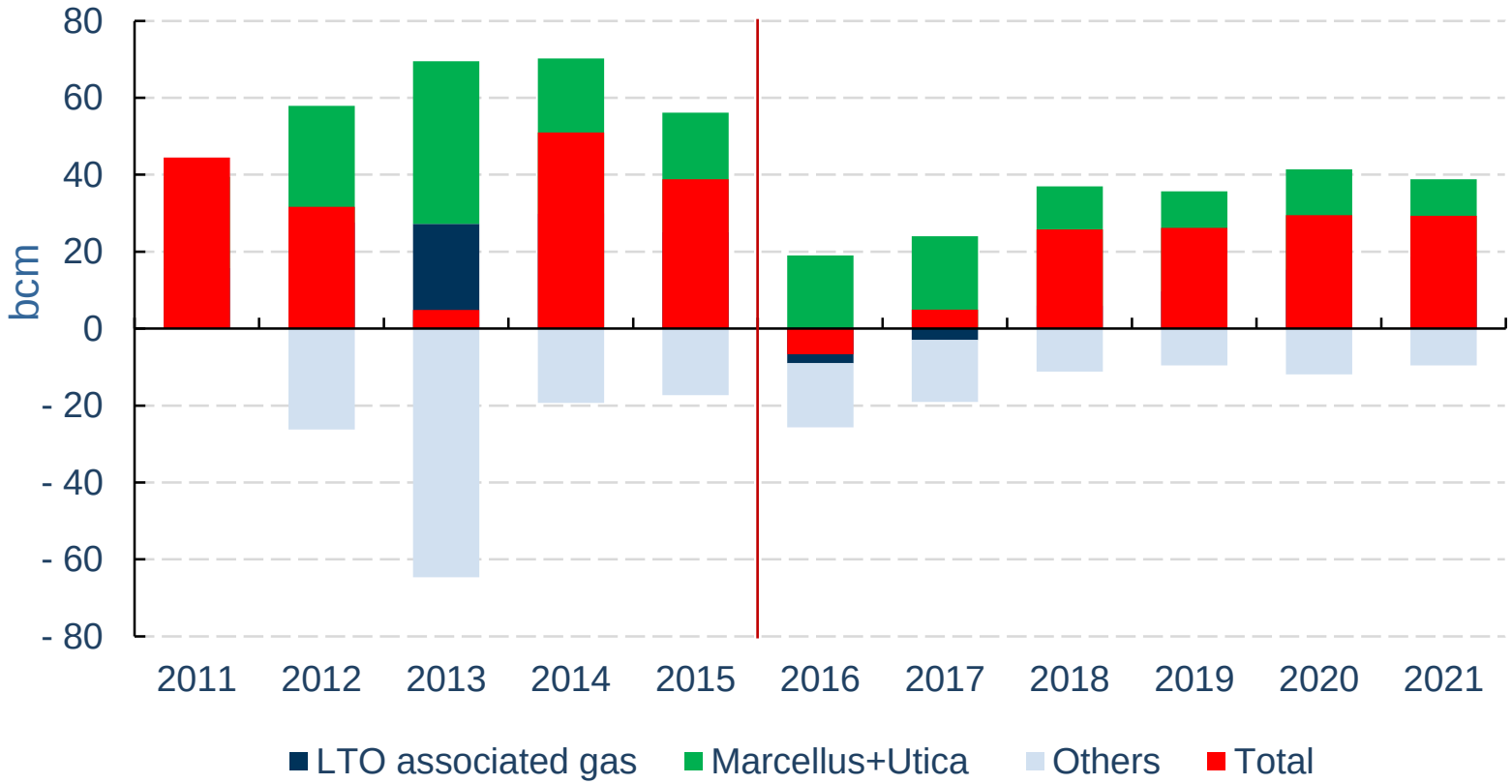
The United States & Australia rather than the more established exporters – Russia, Qatar & ASEAN – are the main source of production growth

© OECD/IEA 2016

US gas production stagnates in 2016 but a recovery is expected

Medium-Term Market Report 2016

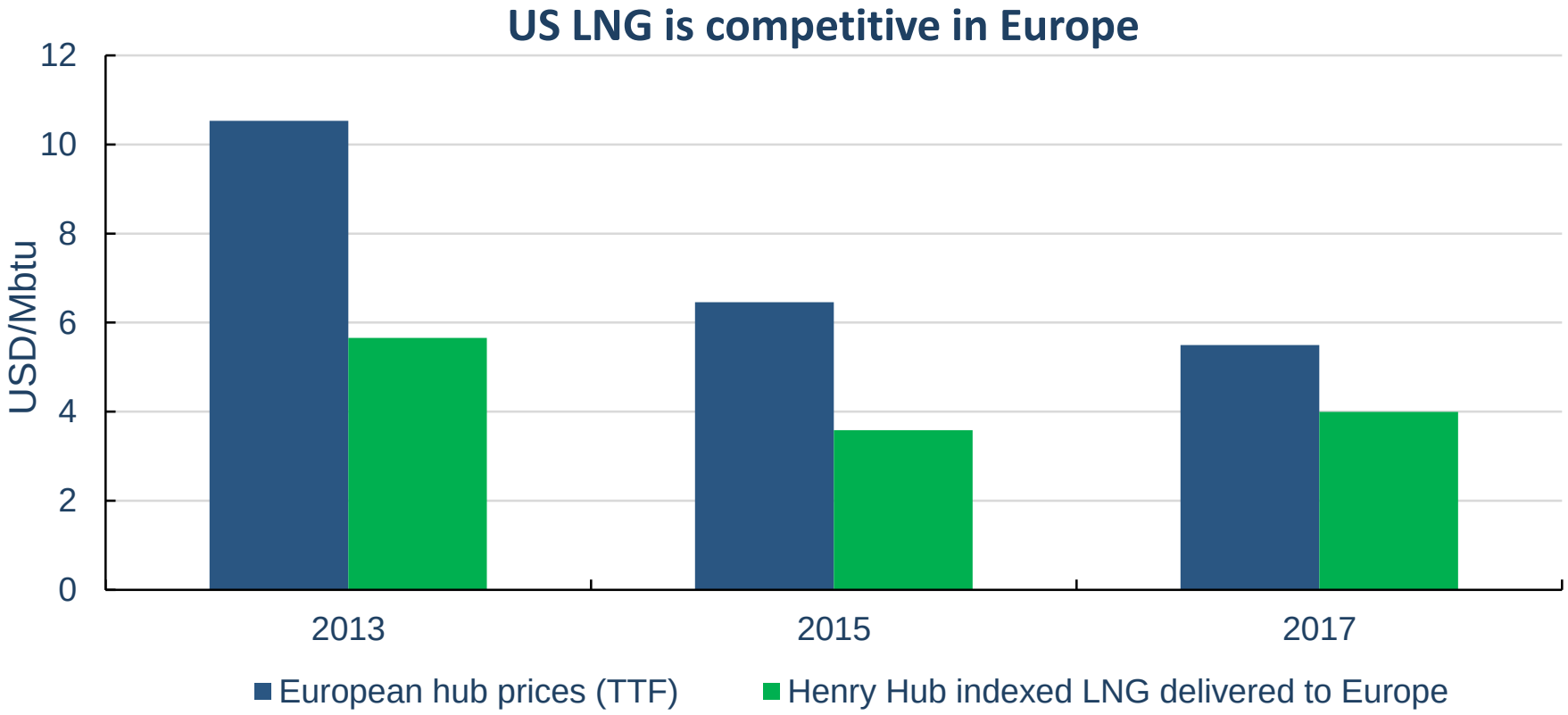
Change in US gas production, 2011-2021 (bcm)



Low prices have impacted US gas production; but as market balances tighten & prices gradually recover, robust growth is set to resume

© OECD/IEA 2016

Greater competition is coming to the European gas market

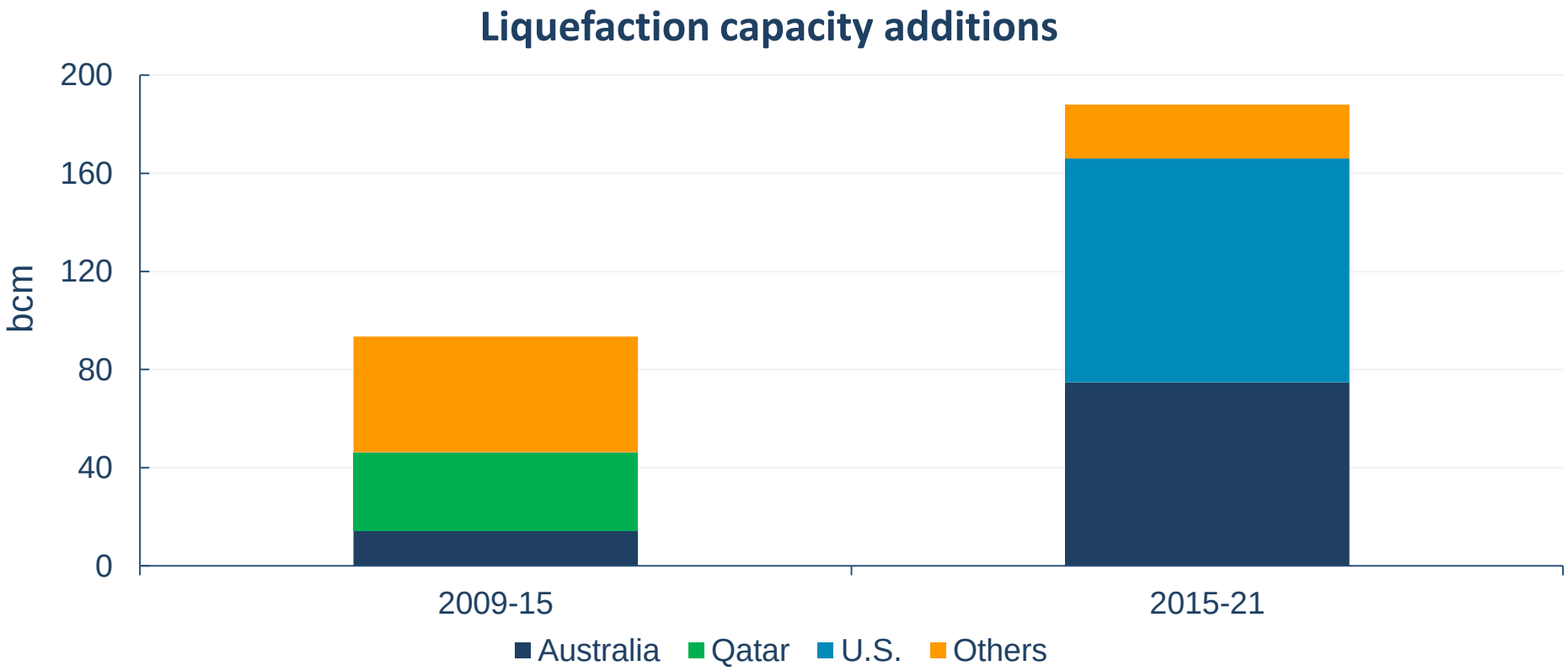


Oversupply in global LNG markets will intensify competition; flexible US LNG volumes are well-placed to compete in Europe

Nb: Based on cash costs and on forward curves as of June 7th 2016

© OECD/IEA 2016

Global LNG export capacity increases sharply

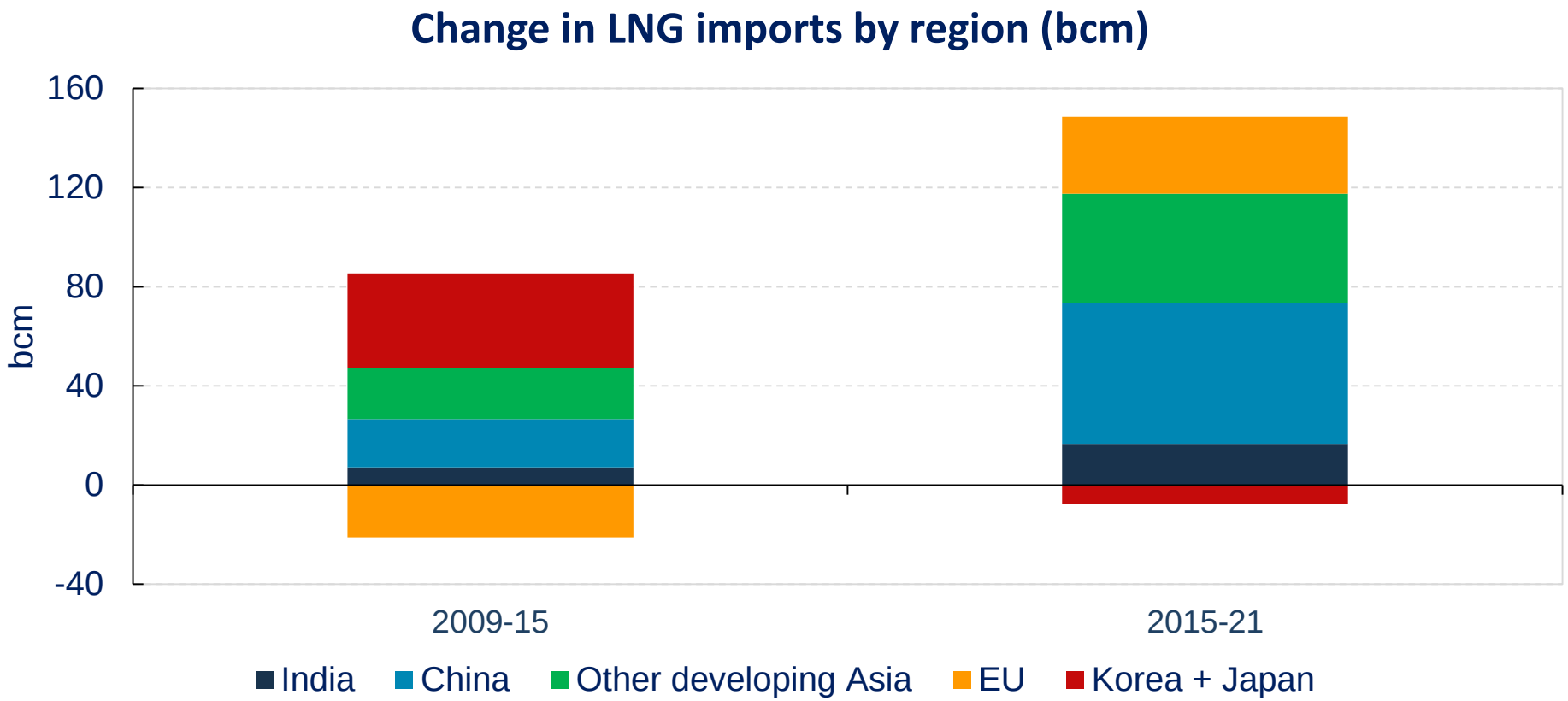


LNG capacity additions will be led by the US & Australia over the next five years; projects in Canada & East Africa could also move ahead if demand & prices recover

© OECD/IEA 2016

Developing Asia emerges as key engine of LNG import growth

Medium-Term Market Report 2016

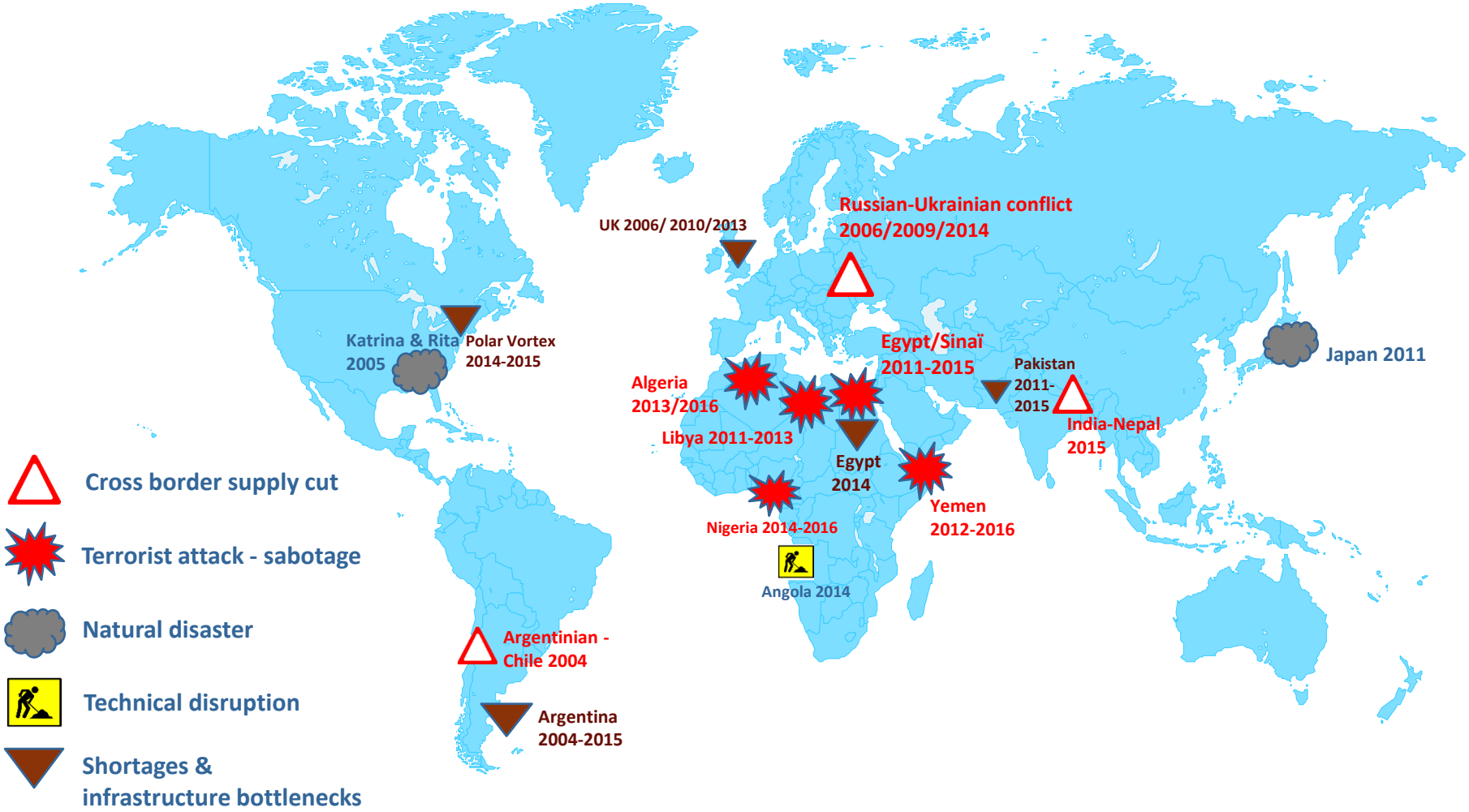


As imports from Japan & Korea are set to decline, the rebalancing of global markets will depend on the rate of expansion in China & other developing Asia

© OECD/IEA 2016

Gas security: No time for complacency

Medium-Term Market Report 2016

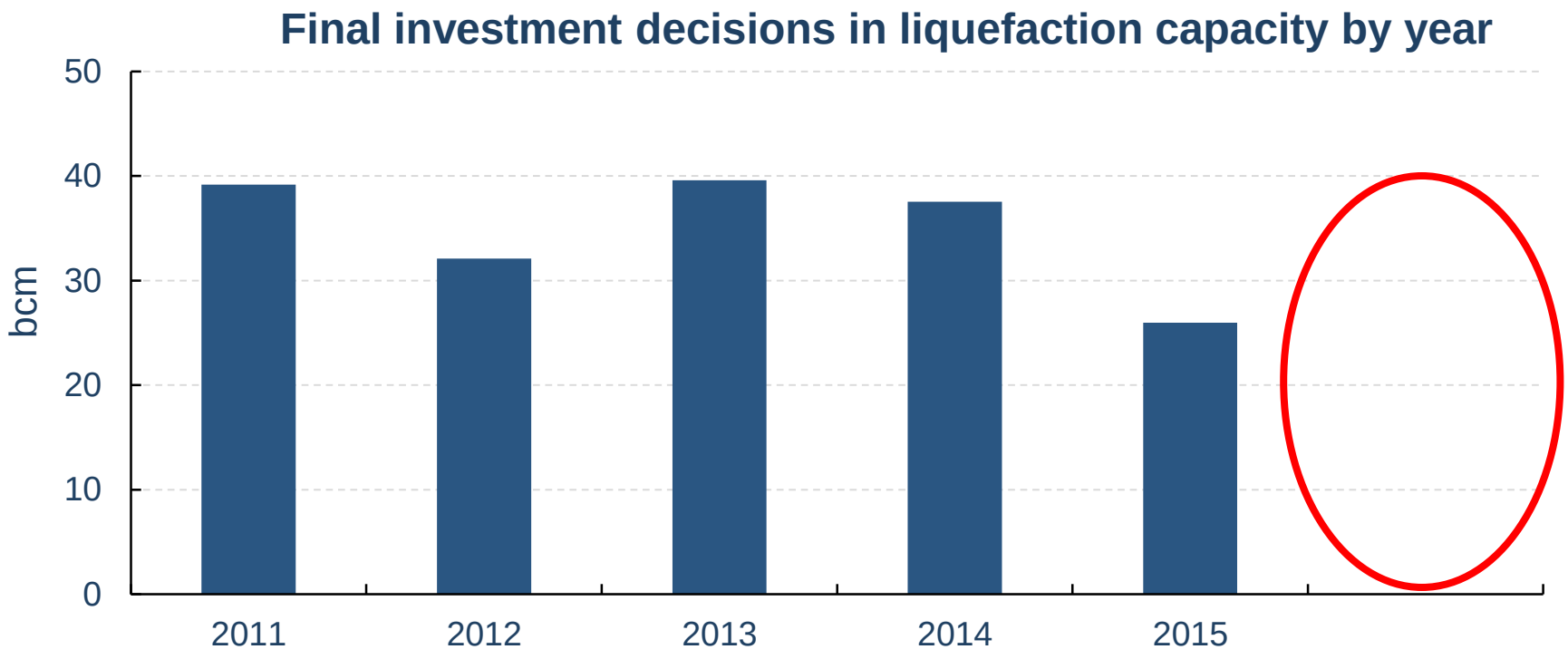


The amount of LNG capacity that is out of service has almost tripled over the past four years, highlighting security & investment challenges in key producer countries

© OECD/IEA 2016

Investment in new LNG export capacity has ground to a halt

Medium-Term Market Report 2016



The collapse in investment increases the risk of tighter markets in the next decade; concerns about gas supply security could quickly re-emerge

© OECD/IEA 2016

Conclusions

Medium-Term Market Report 2016

- **The gas landscape is changing: production growth is increasingly driven by the US & Australia; demand growth by developing Asia**
- **Traditional exporters will come under pressure as competition from new supply sources intensifies**
- **Global gas prices are set to stay under pressure as a huge amount of LNG export capacity is coming online just as demand slows**
- **Lower prices have triggered a collapse in new investment**
- **IEA is taking on a new mandate on gas security – low prices & well supplied markets give no cause for complacency**

© OECD/IEA 2016