



The Short-Term Outlook for Natural Gas and Coal

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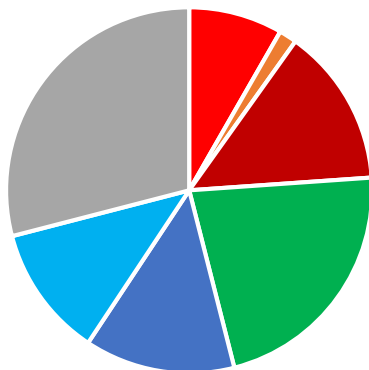
Recent IEA reports on the short-term gas and coal markets

- [Gas 2020](#) (June 2020)
- [Coal 2020](#) (December 2020)
- Quarterly Gas Market Reports ([Q2 2021](#) – April 15)
- [Global Energy Review 2021](#) (April 20)

Gas and coal have different geographic footprints

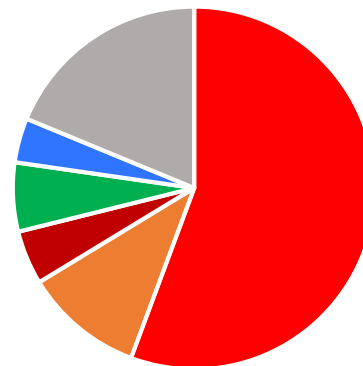
Regional share of global gas and coal consumption, 2020

Natural gas



■ China ■ India ■ Middle East ■ United States ■ Europe ■ Russia ■ ROW

Coal

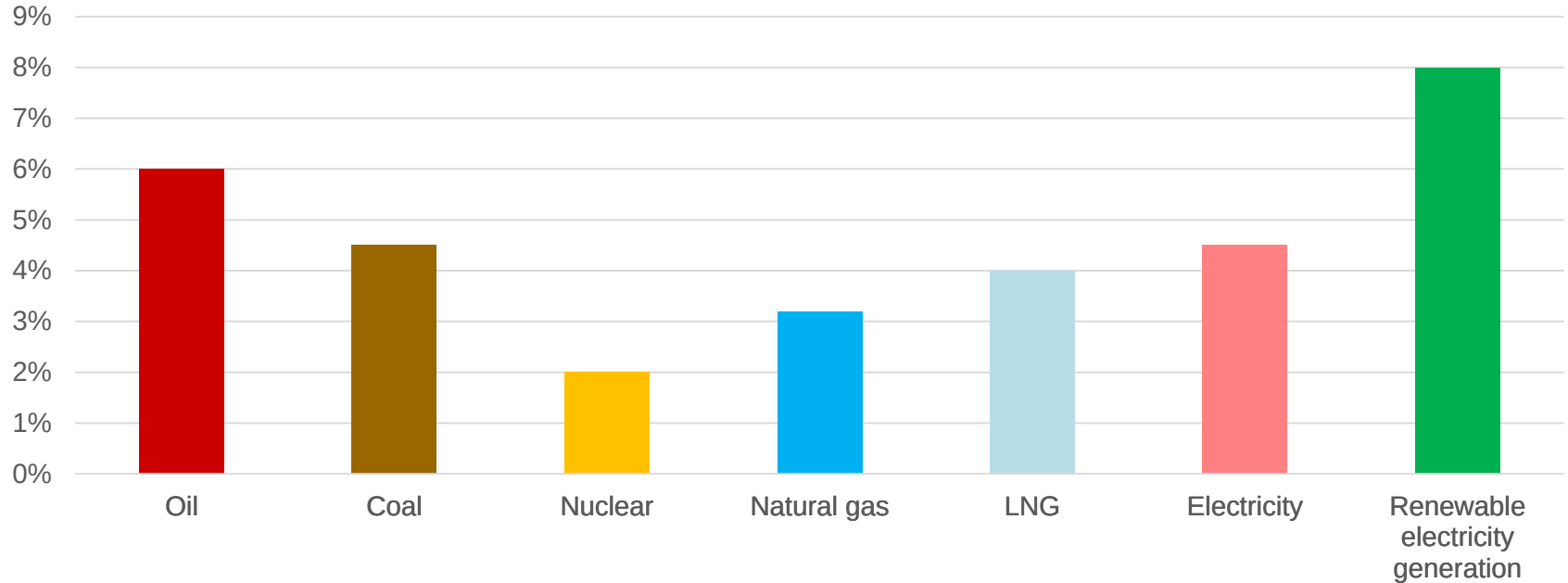


■ China ■ India ■ ASEAN ■ United States ■ European Union ■ ROW

Global gas demand is geographically diverse, whereas coal demand is now largely concentrated in Asia

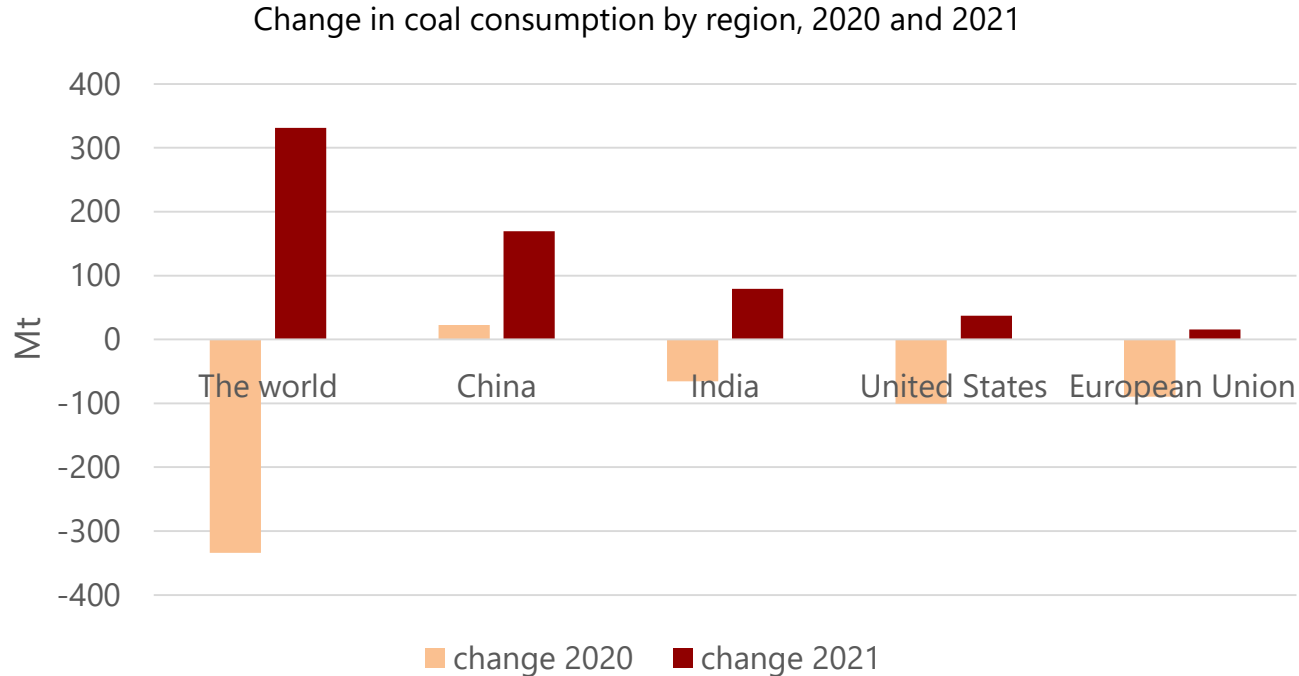
Demand for both fuels will recover in 2021

Change in energy demand, 2020-2021



Gas and coal recover in 2021 while LNG forges ahead

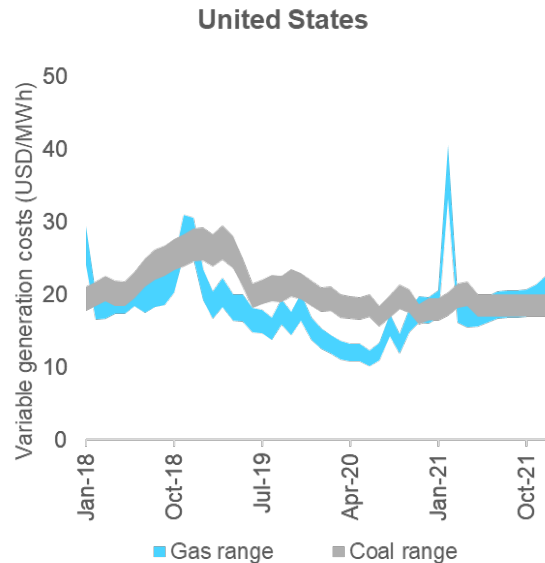
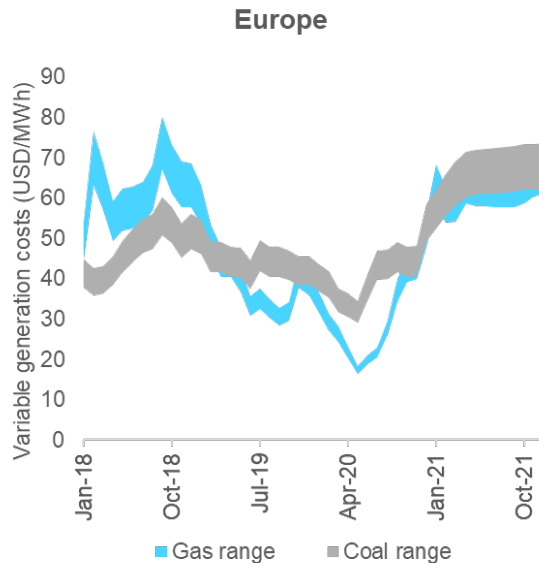
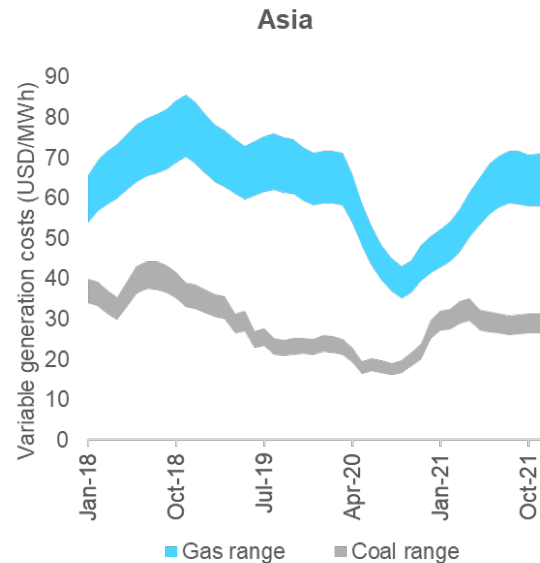
Coal rises in all regions in 2021



Asian economic growth, a colder winter, and gas to coal switching support coal demand

Coal output is sensitive to gas price

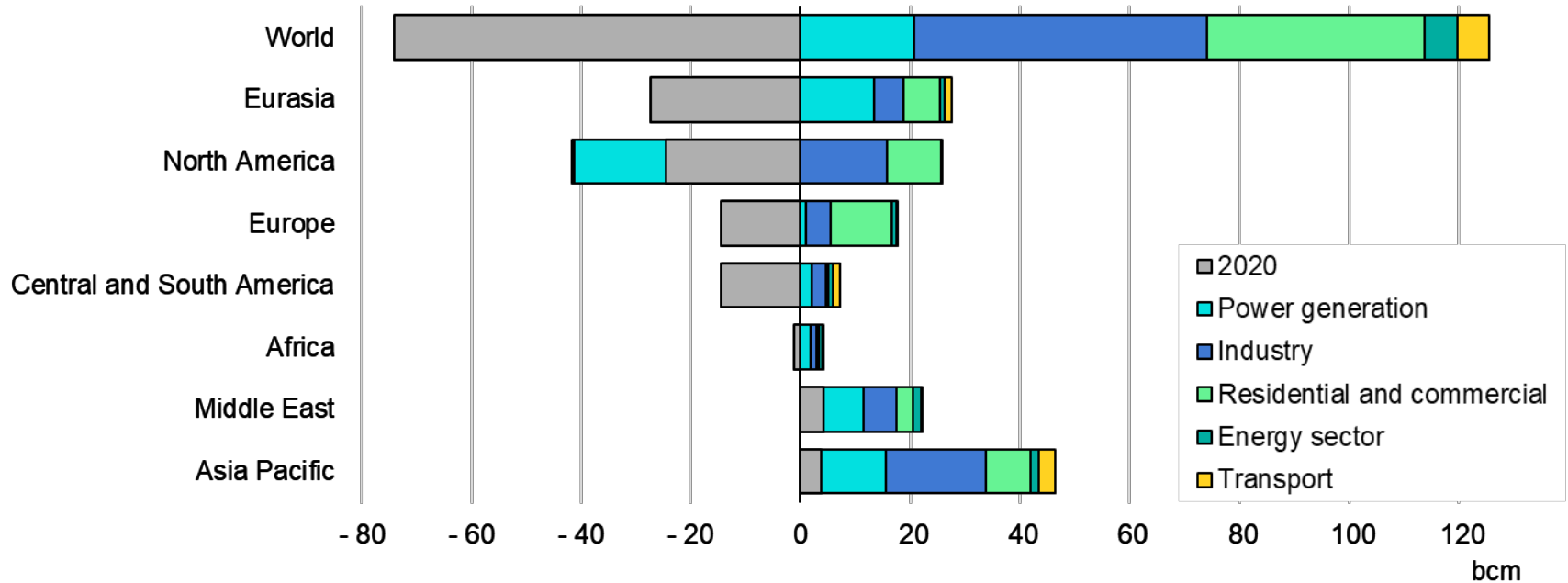
Fuelling costs of coal (38-45% efficiency) and gas (45-55% efficiency) 2018-2024



Rise of gas prices from historically low levels supports a 2021 recovery of coal generation in US and Europe

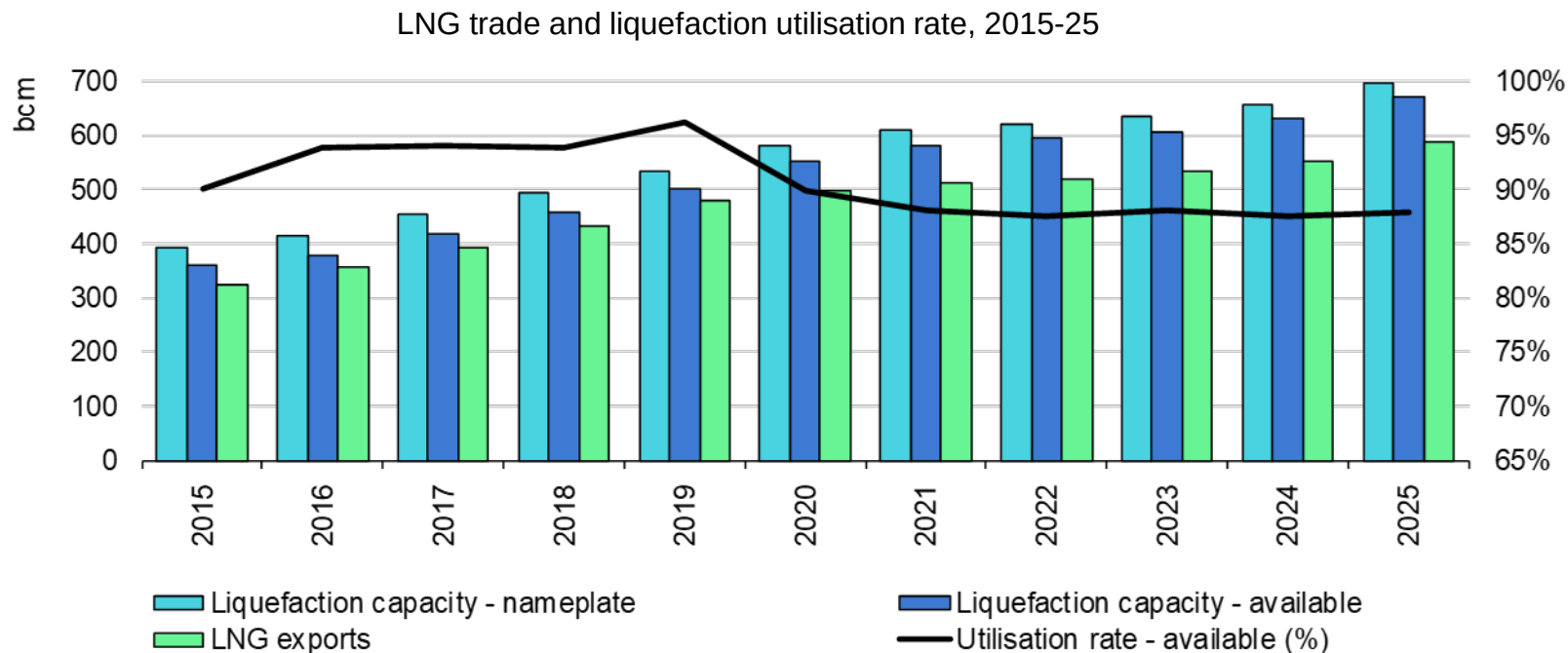
Gas demand rises in all regions and sectors

Change in gas demand per region, 2019-2021



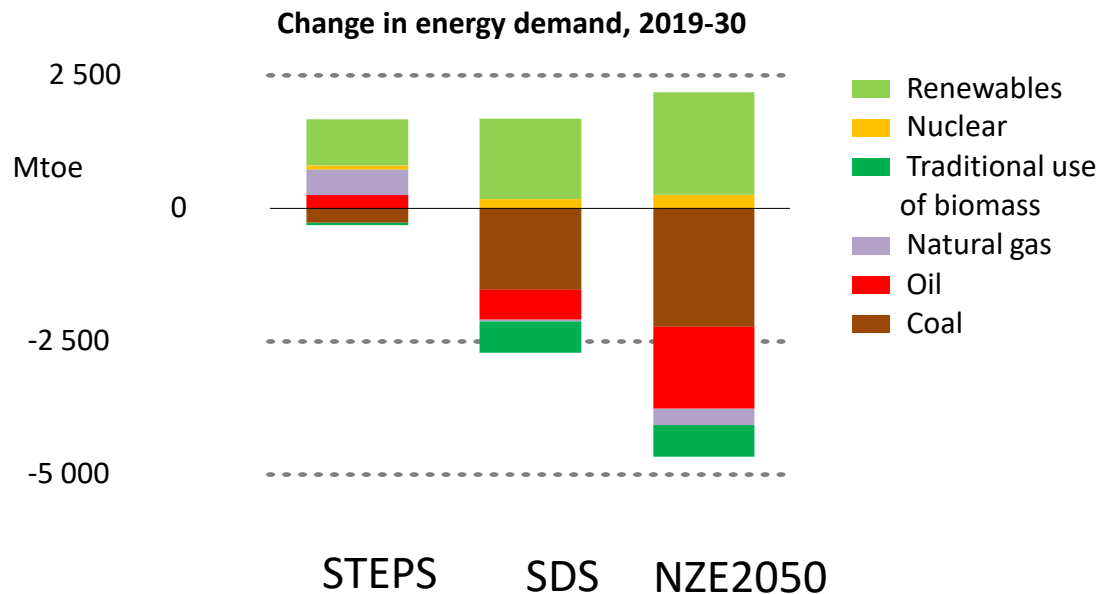
Gas demand is expected to recover globally, but subject to uncertainty and regional disparities.

LNG trade balance is unlikely to retighten before 2025



LNG trade is expected to increase at a slower rate than liquefaction capacity additions, thus limiting the risk of a tight market over the coming years

Net zero 2050 will require both gas and coal to be declining by 2030



Coal will need to reverse this year's trend quickly, and gas to peak in the next few years, for net zero 2050 to be achievable.

Key messages

- In 2020, gas and coal had similar fates: Coal demand drop in 2020 was the largest since the Second World War, gas the largest ever drop. Yet LNG remained resilient.
- In 2021, we expect both coal and gas to recover to 2019 levels thanks to strengthening recovery and more normal weather.
- While coal prices have firmed, gas prices in all regions have seen a strong recovery.
- Beyond 2021, we expect gas to return to trend growth increasingly fuelled by developing Asia and the Middle East. Coal declines slowly as developing Asia growth is not enough to offset continuing coal plant retirements. LNG demand grows much more quickly, but announced investments should be adequate.
- But strong reductions in coal consumption and a decline in gas demand will need to be evident by 2030 to achieve net zero in 2050.