

# Gas Market Report 2018

Dr. Fatih Birol, Executive Director, IEA
World Gas Conference, Washington DC 26 June 2018



# Context – Gas markets in the next five years

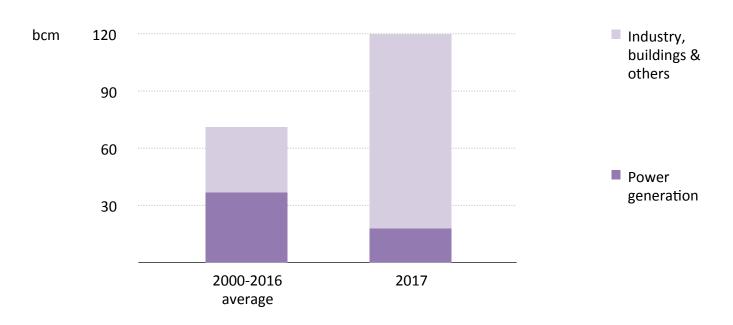


- Gas demand is in the fast lane, thanks to its flexibility & ability to ease environmental problems
- Global gas markets are being re-shaped by three major structural shifts
  - China becoming the world's largest natural gas importer
  - US gas production and LNG exports rising dramatically
  - Industry displacing power generation as the leading growth sector
- The gas industry's future remains bright, but it is not without challenges
  - Gas price competitiveness & market reforms in emerging markets
  - Curbing methane leaks along the value chain

## Natural gas – life in the fast lane



## Growth in global natural gas demand

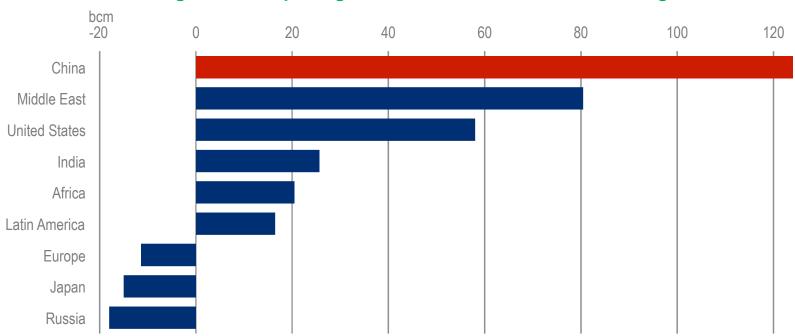


Industry & buildings have taken over from the power sector as the drivers of gas demand; China accounted for 30% of the increase in global gas demand in 2017

# China dominates world gas consumption growth



#### World natural gas consumption growth for selected countries and regions, 2017-23

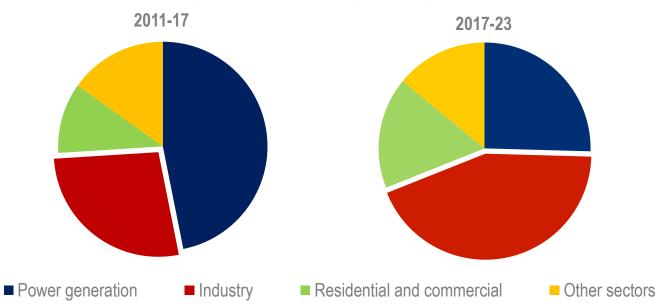


Global consumption passes the 4 tcm mark by 2022 China to account for almost 40% of growth driven by clean air policy target

# Industry surpasses power generation to lead growth





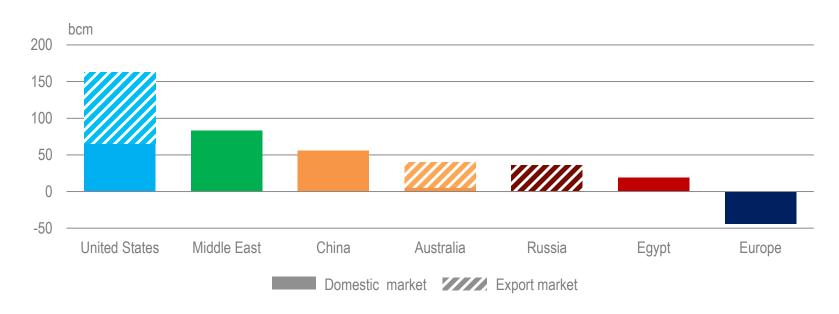


Industry accounts for over 40% of the growth in global gas demand to 2023, mainly on greater use for petrochemicals and fertilizers

## The United States takes the lion's share of the growth in global supply



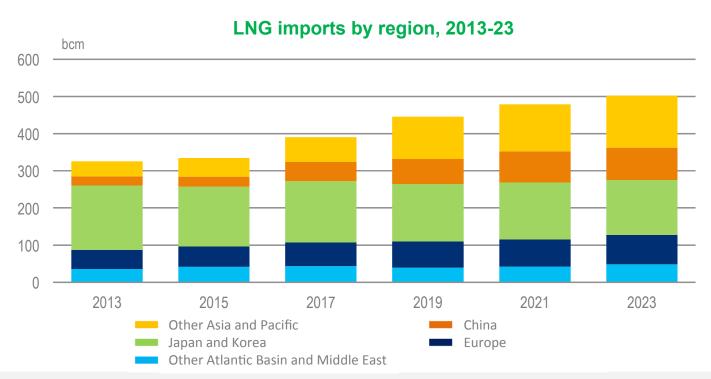
### Natural gas production growth for selected countries and regions, 2017-23



The United States accounts for almost 45% of global growth in natural gas production and 75% of growth in LNG exports

# Global LNG market reaches 500 bcm mark by 2023



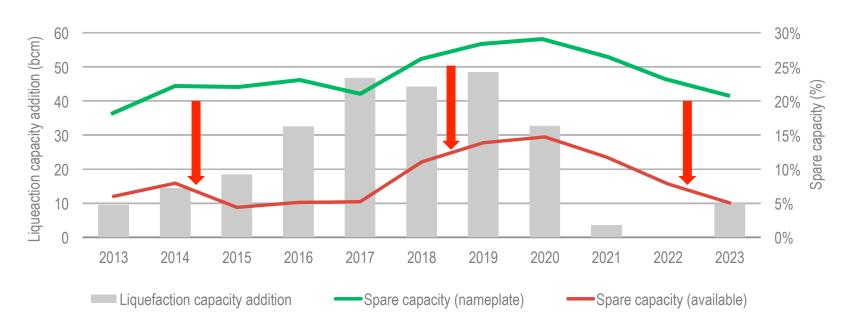


LNG trade passes 500 bcm mark by 2023, reaching almost 40% of global gas trade from around a third today; Developing Asian markets account for almost half of LNG market by 2023

# LNG market to tighten without new investment



#### LNG liquefaction capacity and utilisation, 2013-23



LNG liquefaction capacity is growing faster than demand, but new projects have ground to a halt

## Conclusions



- Global demand for natural gas to grow strongly over the next 5 years, led by China
- The United States to become a leading player in LNG markets, driven by a 2<sup>nd</sup> boom in US gas production
- LNG trade to expand by 30% over next 5 years, underpinning a shift to a more competitive, global natural gas market
- New investment will be required along the entire natural gas value chain to provide flexibility & security of supply
- For the future of gas to remain bright, prices need to stay competitive in emerging markets & industry needs to continue to improve its environmental performance

