

# GAS

## Medium-Term Market Report 2012

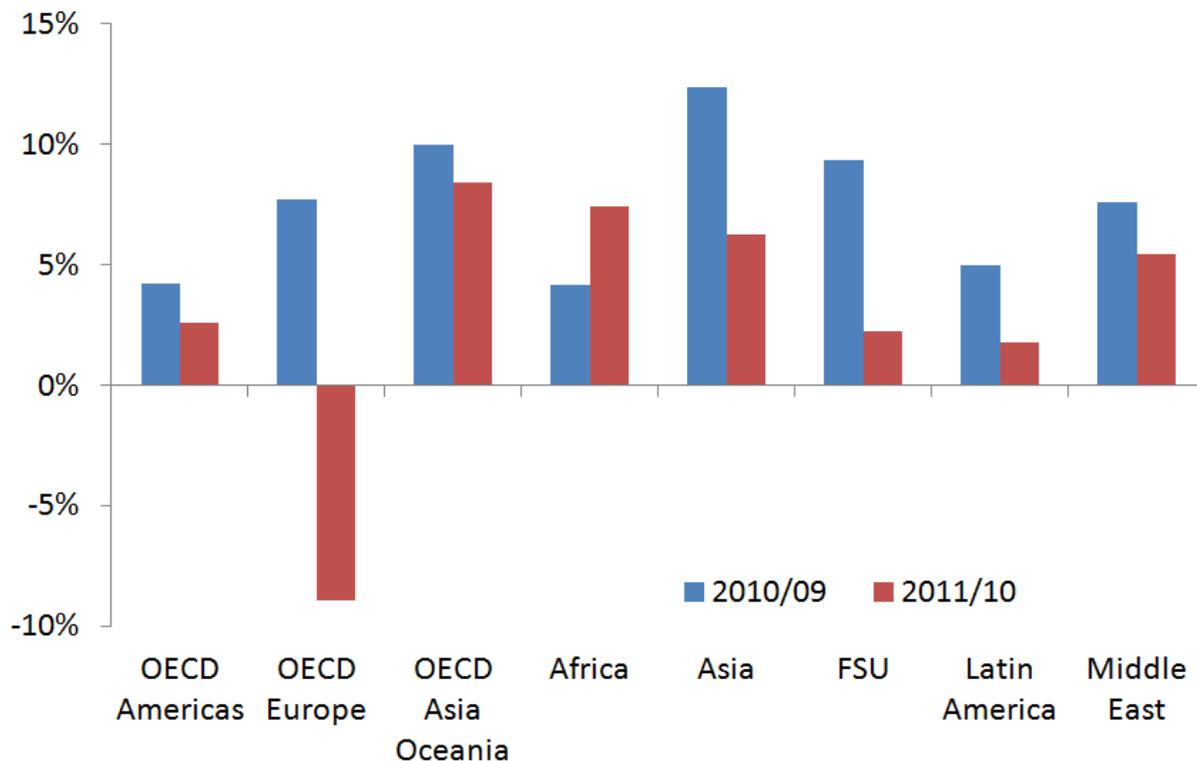
# Medium-Term Gas Market Report

Anne-Sophie Corbeau

**Market Trends and Projections to 2017**

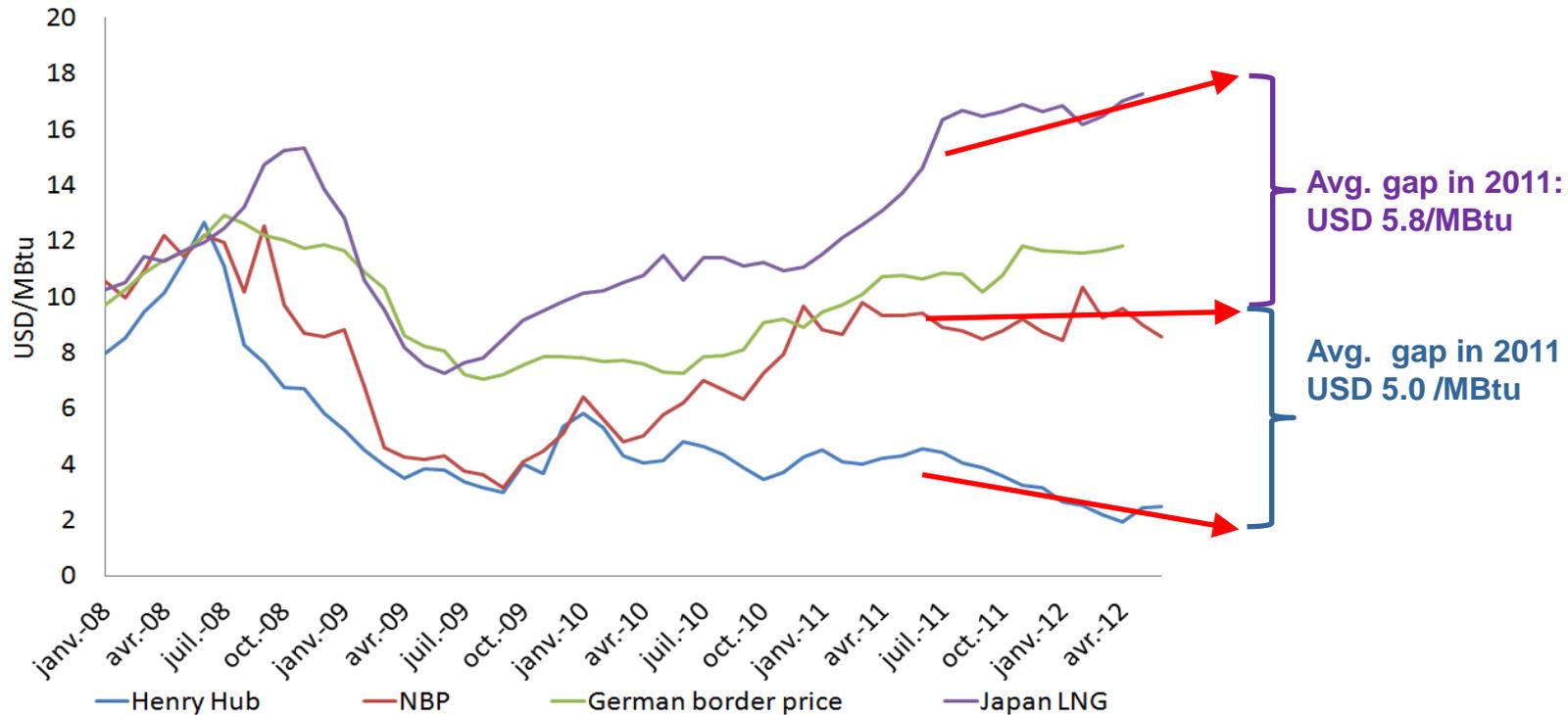
# Review of the year 2011

Relative demand changes, 2011 and 2010



- **World gas demand increased by a modest 2% in 2011**
  - Much lower than the record 7% in 2010
  - All regions, except Europe, saw a demand increase
- **Supply increased faster than demand**
- **But LNG markets were still tight in 2011**

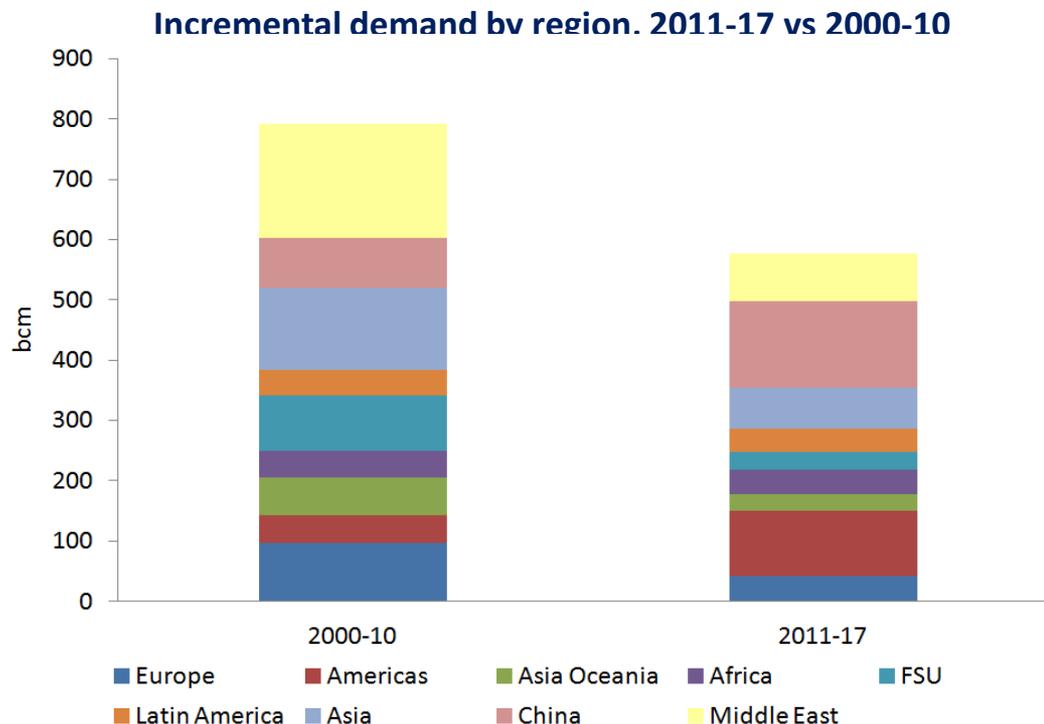
# Regional gas prices are drifting further apart



Source: ICE, EIA, IEA, German Customs, Japanese Customs, McCloskey

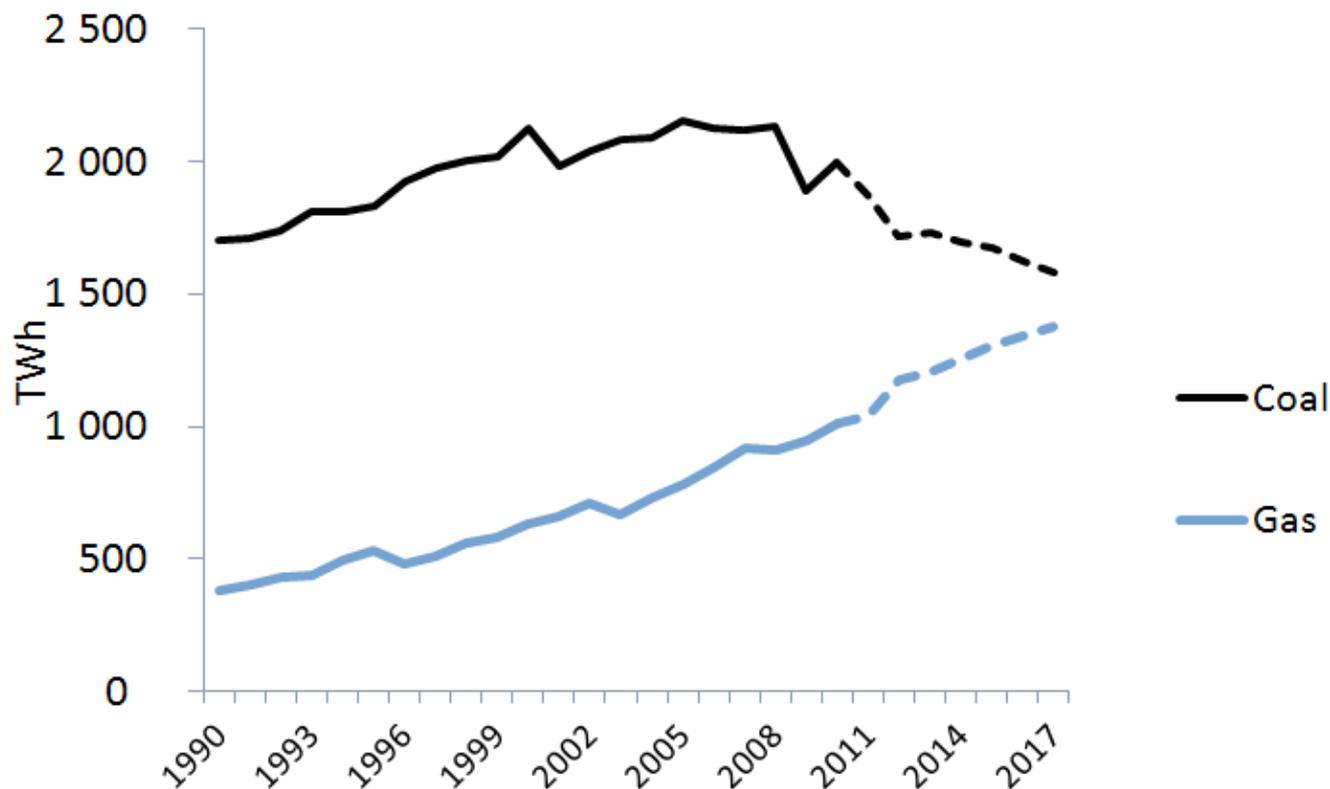
- **There are widening disparities between regional gas prices, which are increasingly determined by their respective regional dynamics**
  - Asian prices follow oil prices moves
  - North America is totally disconnected from other regions

# Medium-term gas demand forecasts, 2011-17



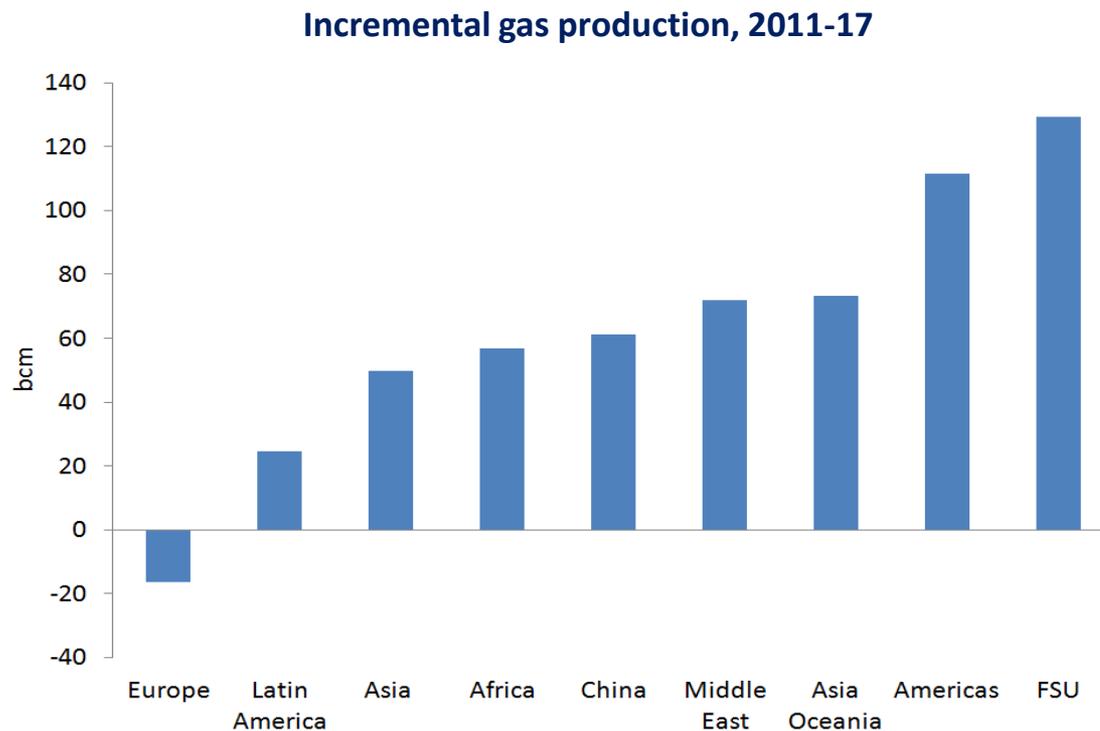
- **World gas demand is expected to rise by 17% over 2011-17**
- **69% of the incremental demand over 2011-17 is projected to come from the non-OECD region**
  - One quarter of incremental demand comes from China alone
  - Another 25% comes from other Asian countries and the Middle East
  - North America represents 20% of global demand increase, while Europe does not even reach 2010 levels by 2017

# Gas is catching up with coal in the US power sector



- Low gas prices are accelerating the penetration of gas in the power sector**
- Gas-fired generation to increase by over 300 TWh over 2011-17**
- Despite a certain number of obstacles playing in favour of coal**

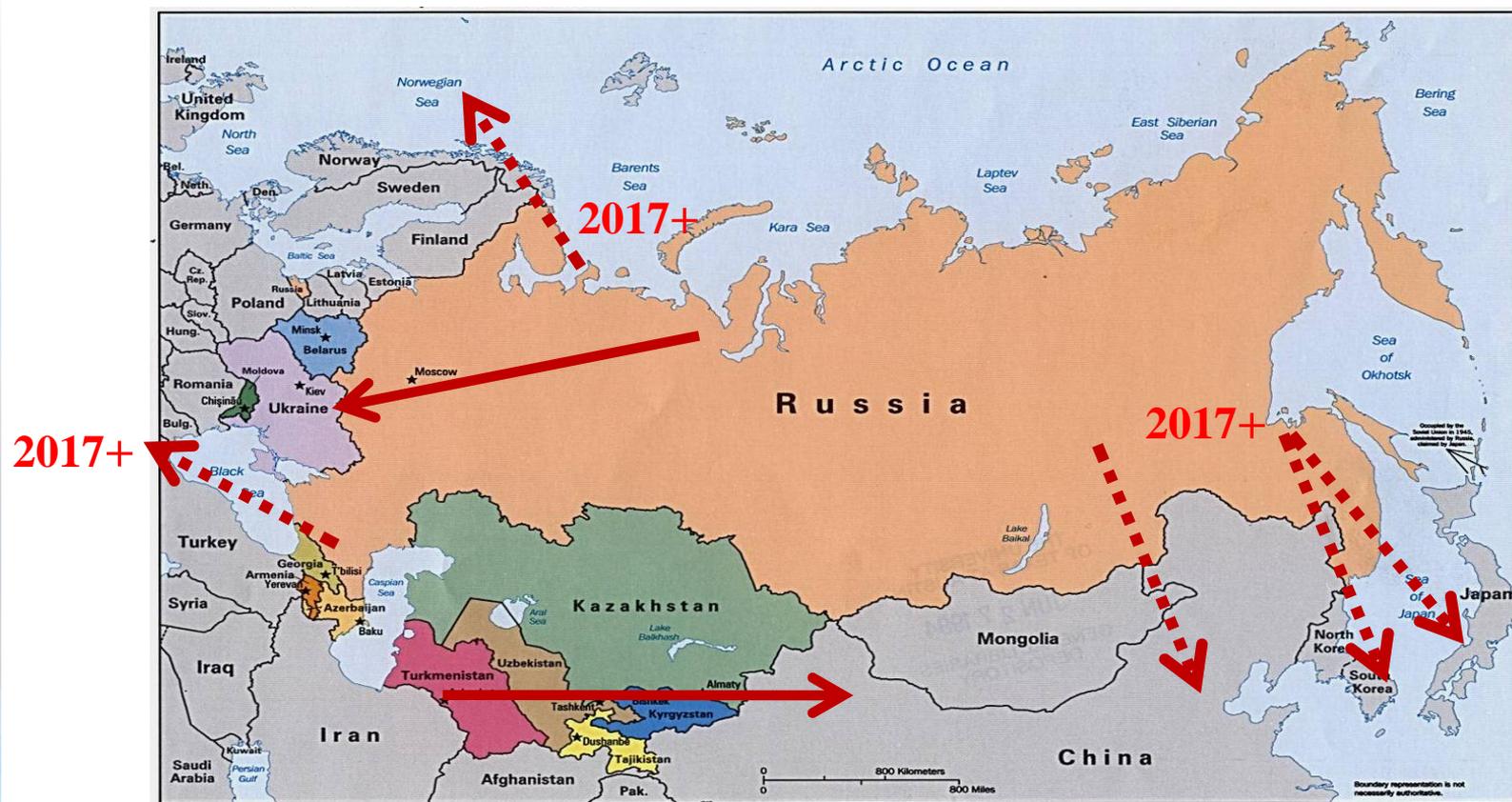
# FSU and North America are set to be the largest contributors to additional supply



- **FSU is growing fast, driven by incremental exports, notably to China**
- **North America's gas production meets booming domestic gas demand and some LNG exports**
- **China and Australia become significant gas producers**
- **European domestic production continues to decline**

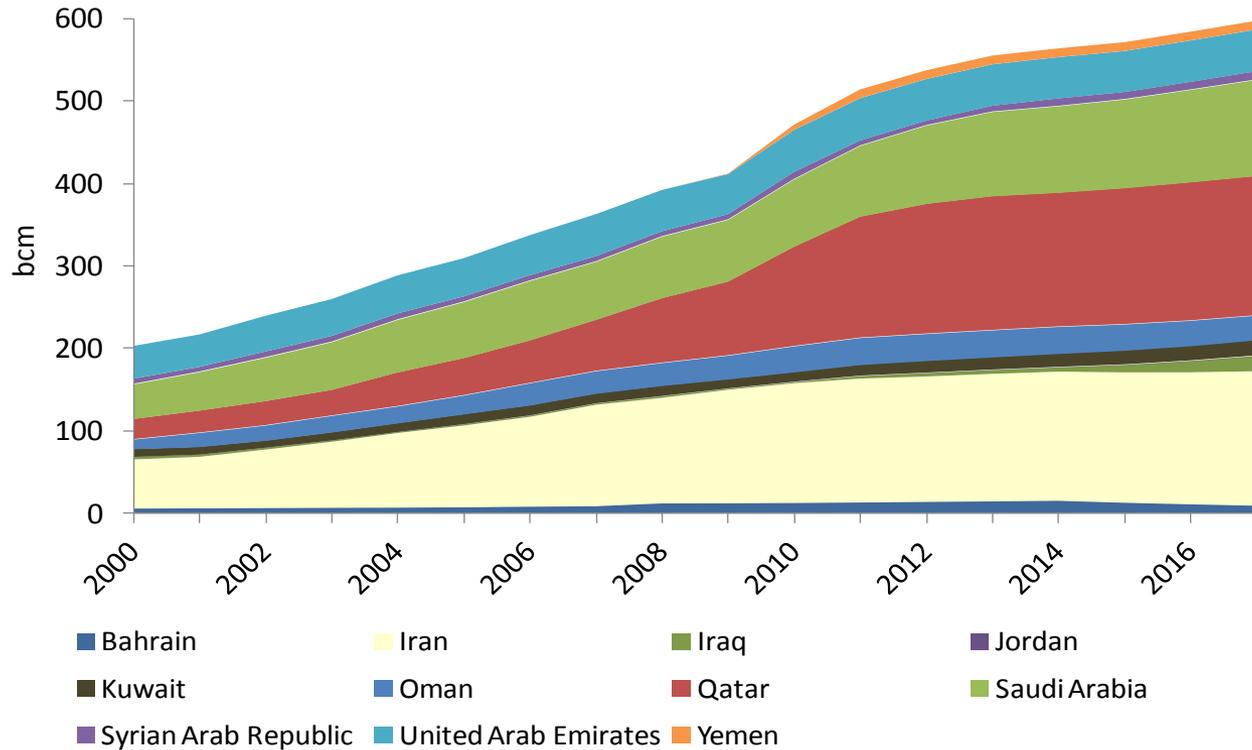
# Russia and the Caspian

*The interest is shifting to Asia*



- Yamal will start producing by end 2012 and has the potential to produce 115 bcm/y by 2017
- Far East/East Siberian projects for China/Korea/LNG export await FID
- Turkmenistan is increasing exports to China (possibly to 65 bcm by 2020)
- FEED on Shah Deniz-II started in 2012, production might begin 2018

# Middle East production growth is slowing down

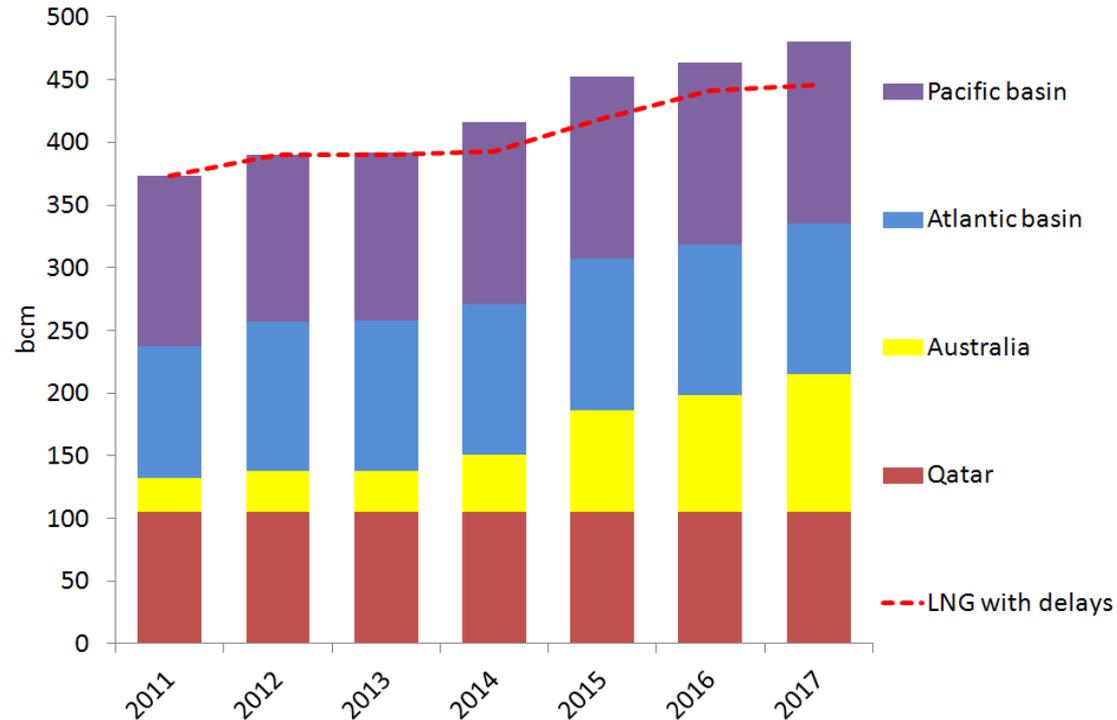


- Most countries are struggling to develop their production due to difficult fields combined with low gas prices
- Qatar is the exception
- Iraq is the wild card, but holds huge undeveloped resources and could easily use flared gas

# Future LNG production capacity

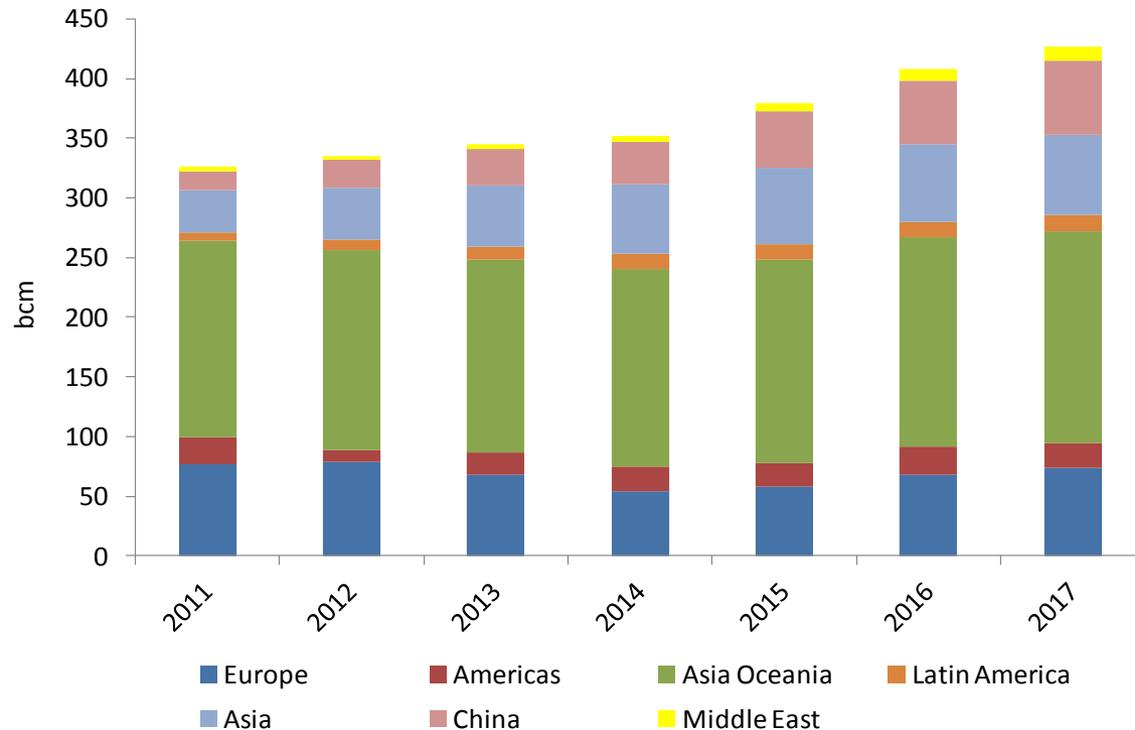
## *The rise of Australia and emergence of North America*

LNG export capacity, based on committed projects



- 114 bcm of LNG capacity coming over 2012-17 (FID taken)**
- Seven LNG projects under construction in Australia**
- North American projects expected to take FID soon**
- LNG capacity close to 500 bcm by 2017, ... if no delays**

# Evolution of LNG imports, 2011-17



- **Asia Oceania (Japan) remains the largest importer of LNG**
- **Rise of LNG imports in other Asian regions – China and Asia**
- **European LNG imports are relatively flat**
- **Latin America imports exclusively LNG**
- **The Middle East imports some LNG, as well as pipeline gas from Turkmenistan and Africa**

# Key messages

- **Natural gas demand is expected to increase by 576 bcm to reach 3937 bcm by 2017 (2.7%/y)**
  - 69% of demand will come from non-OECD countries
  - No Golden Age of Gas in Europe
  
- **FSU and North America are the largest contributors to global supply**
  
- **LNG trade expands by one-third over 2011-17**
  - LNG markets will be tightening over 2012-14
  - The next wave of LNG exports starts only at end 2014, driven by Australia and North America
  - China becomes the third largest importer

# Want to know more?



**The Medium-Term Gas  
Market Report 2012 can be  
purchased online at:**

**[www.iea.org](http://www.iea.org)**

**Thank you for your  
attention!**