Gas Report –Q1 2024

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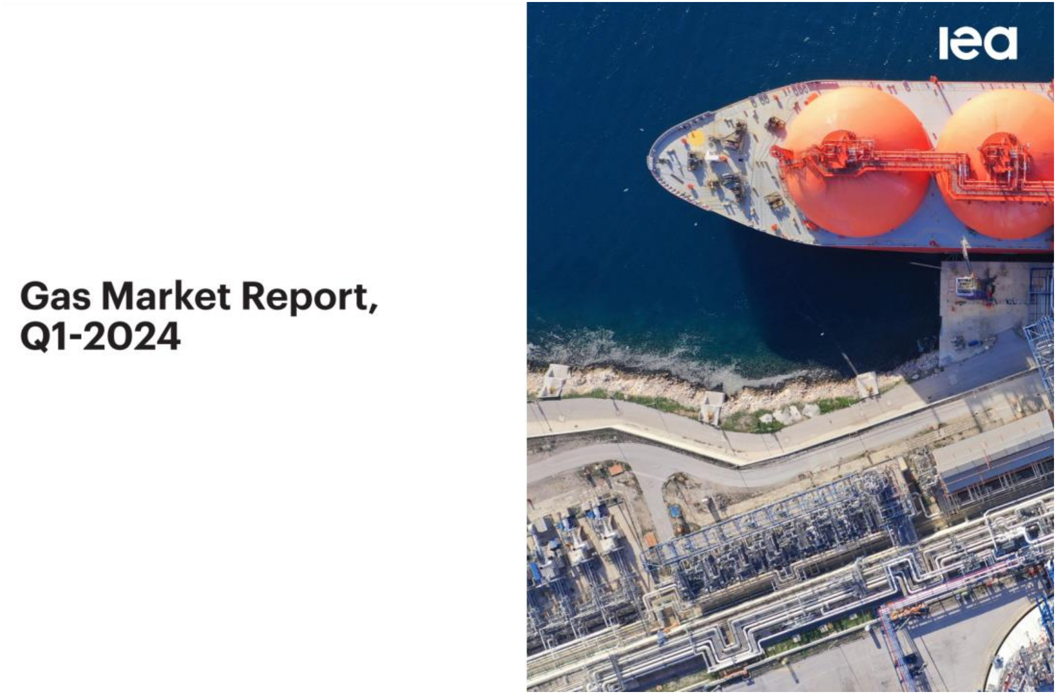
IEA Gas Report –Q1 2024

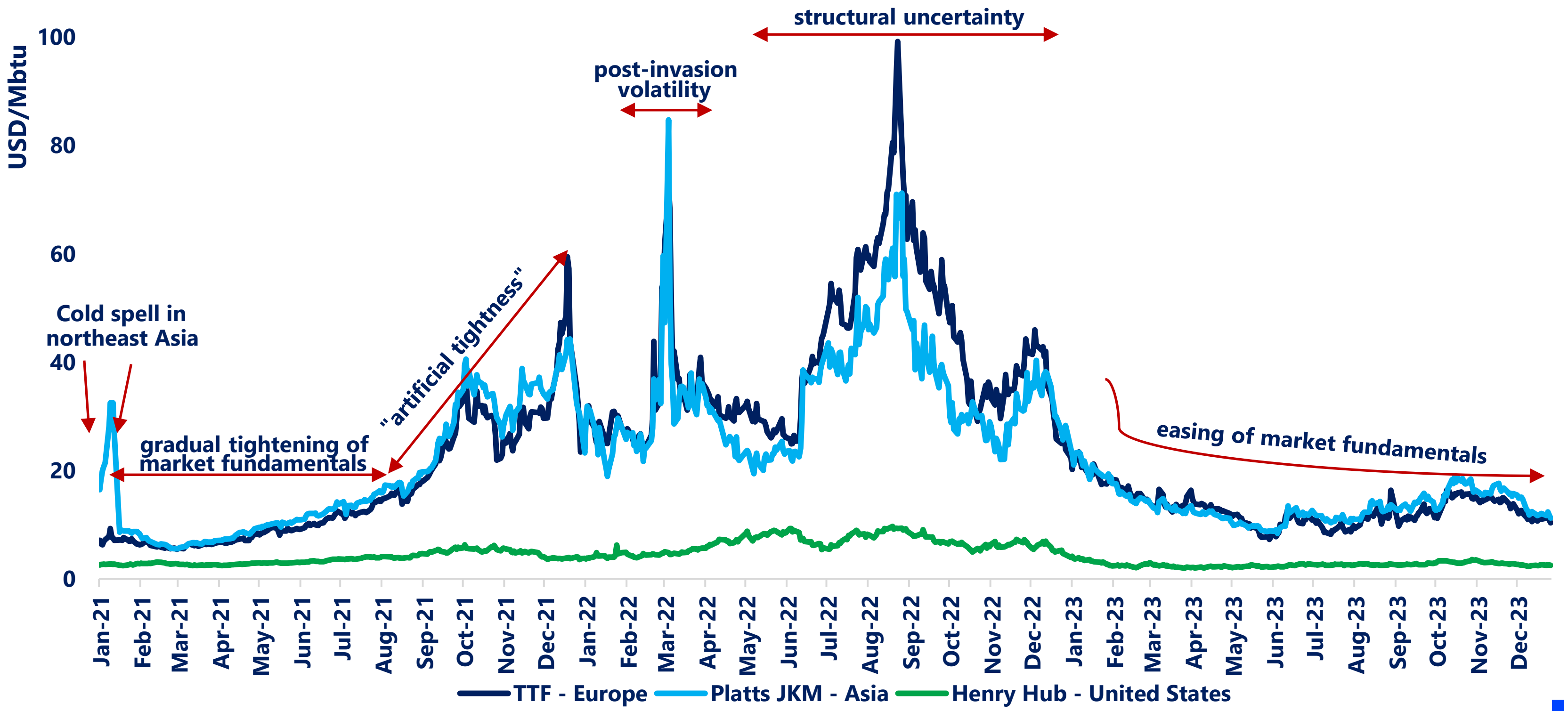


https://www.iea.org/reports/gas-market-report-q1-2024

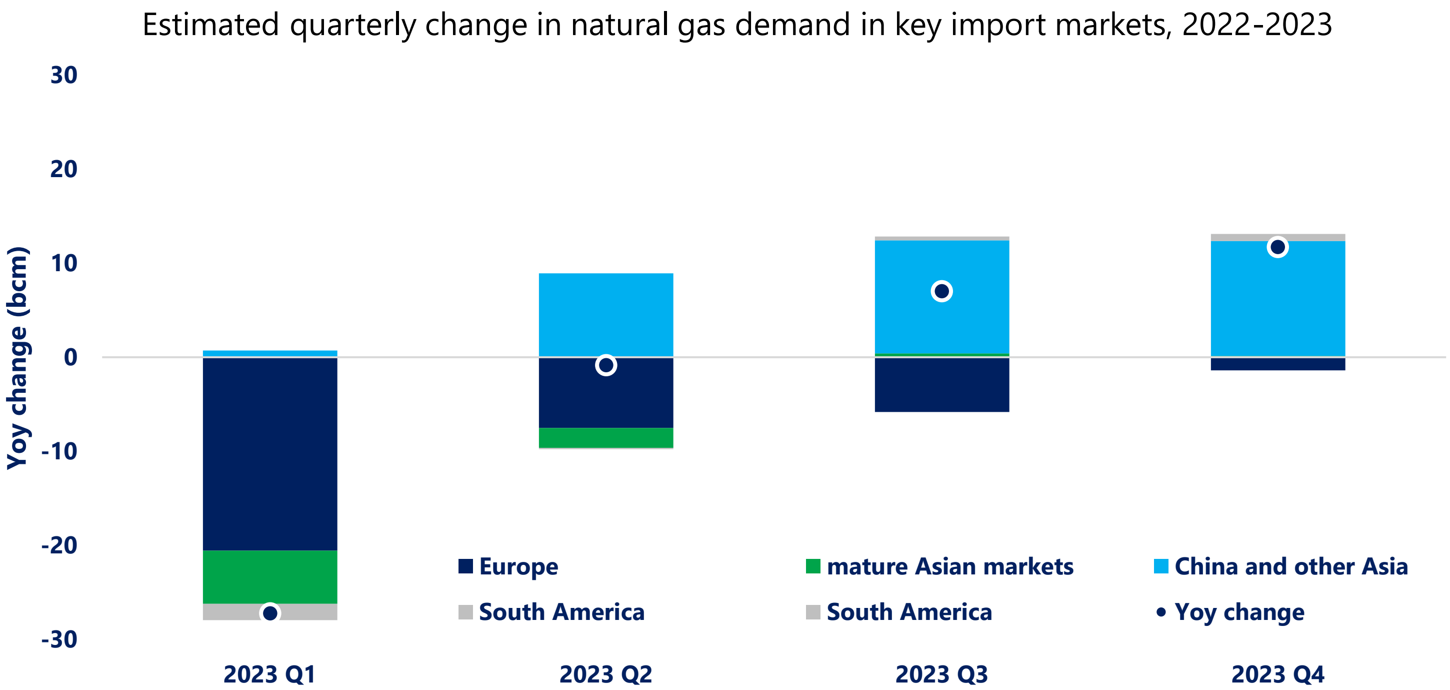
Recent gas market trends and global outlook

Gas markets moved towards a gradual rebalancing in 2023

Evolution of key regional natural gas prices, 2021 – 2023

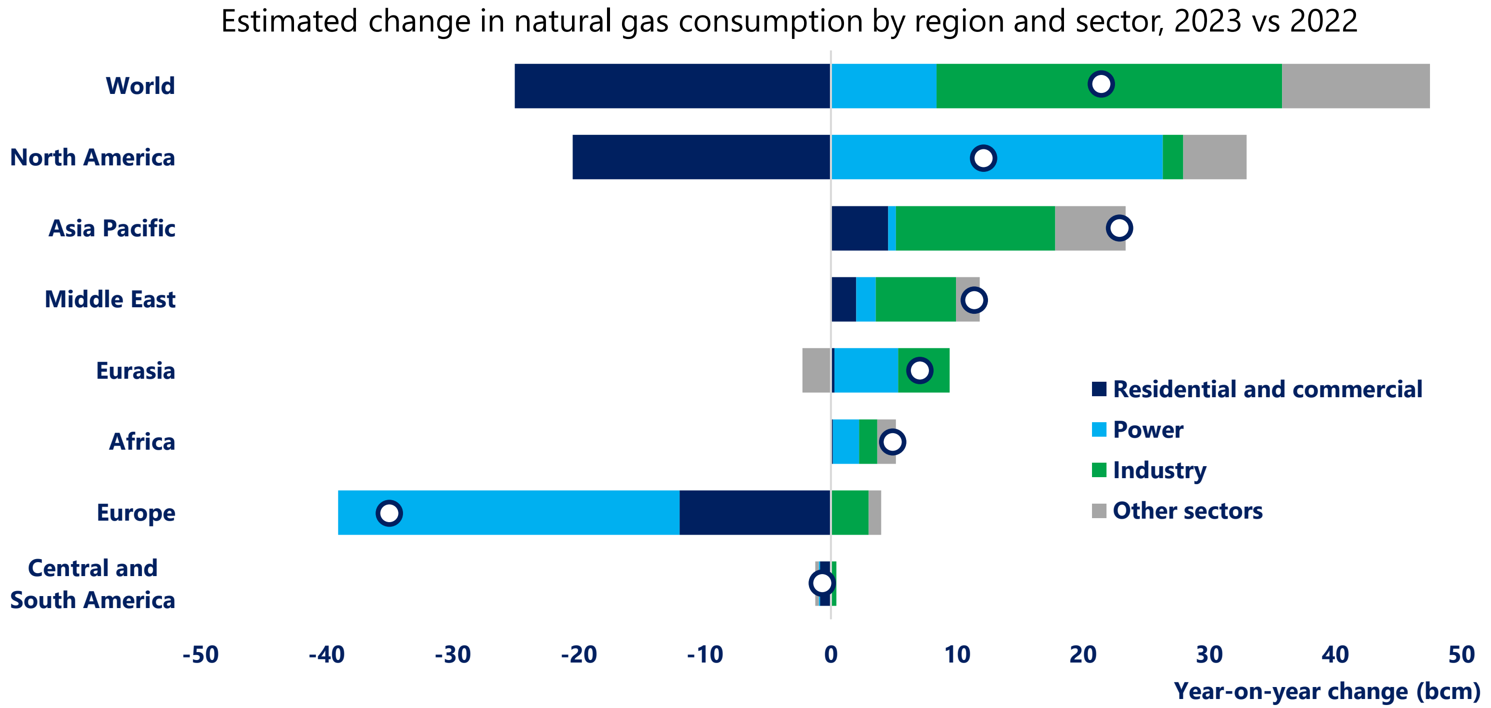


The demand side played a key role in easing up market tensions



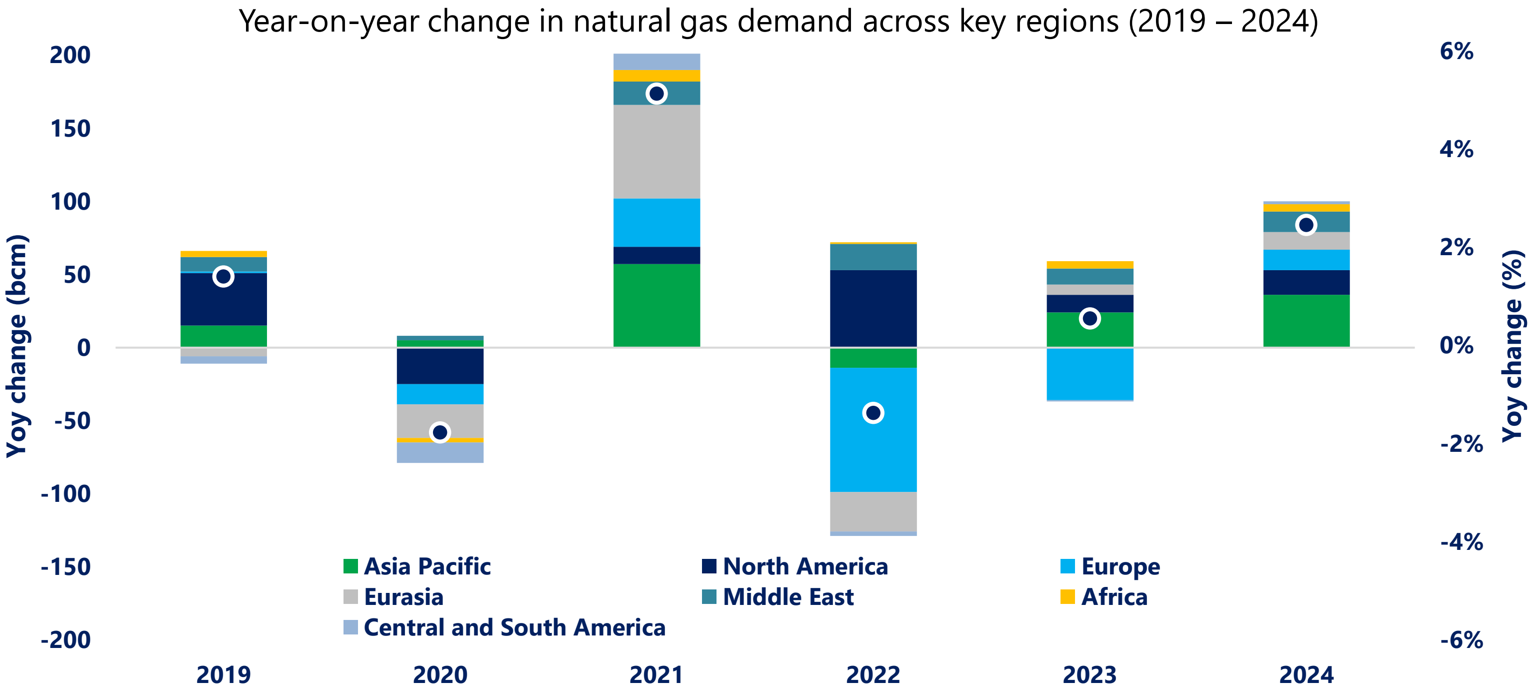
Lower gas demand in Europe and the mature Asian markets were key to rebalance the global gas market in 2023. Natural gas consumption returned to growth in H2 2023, partly supported by lower prices.

Global gas consumption grew marginally in 2023



Natural gas consumption grew by an estimated 0.5% in 2023, which was not enough to offset the losses incurred in 2022 when demand dropped by 1.5%.

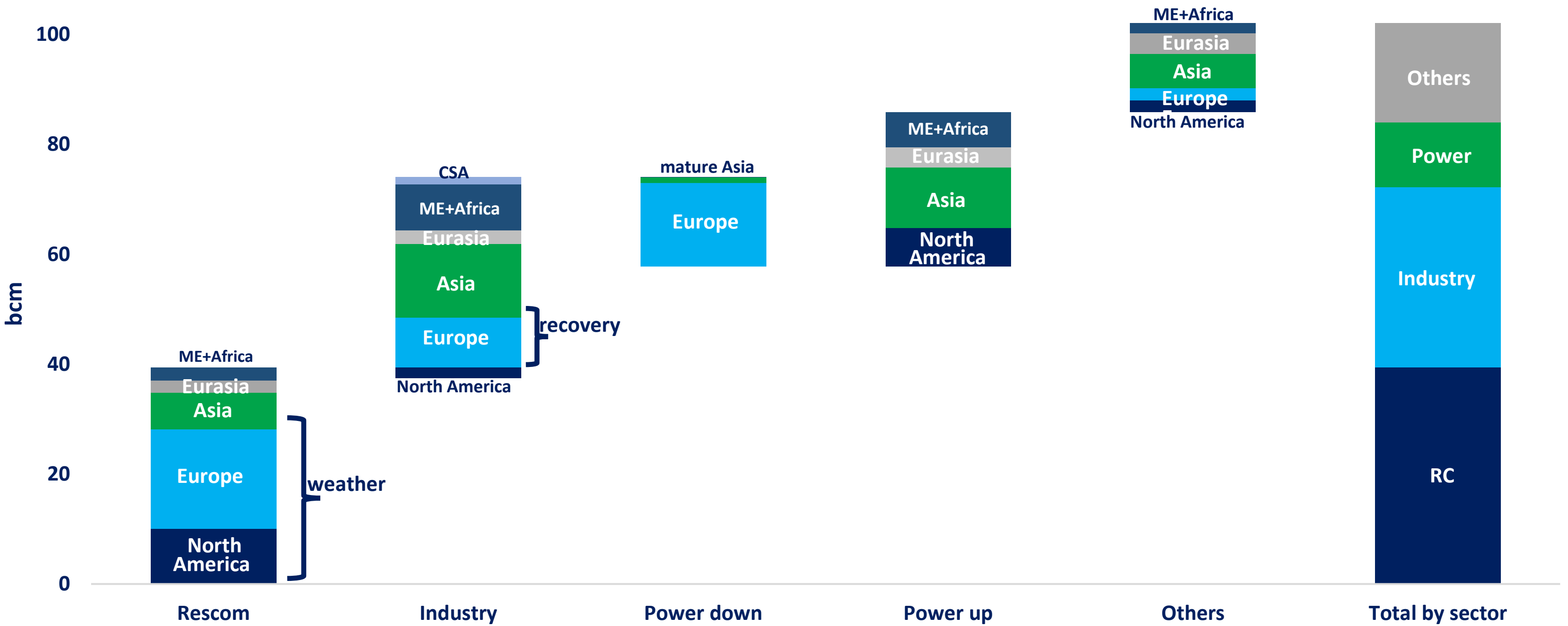
Gas markets are expected to return to growth in 2024…



Global gas consumption is expected to increase by 2.5% in 2024, with the Asia Pacific region alone accounting for 40% of incremental gas demand.

...but how much of this will be structural?

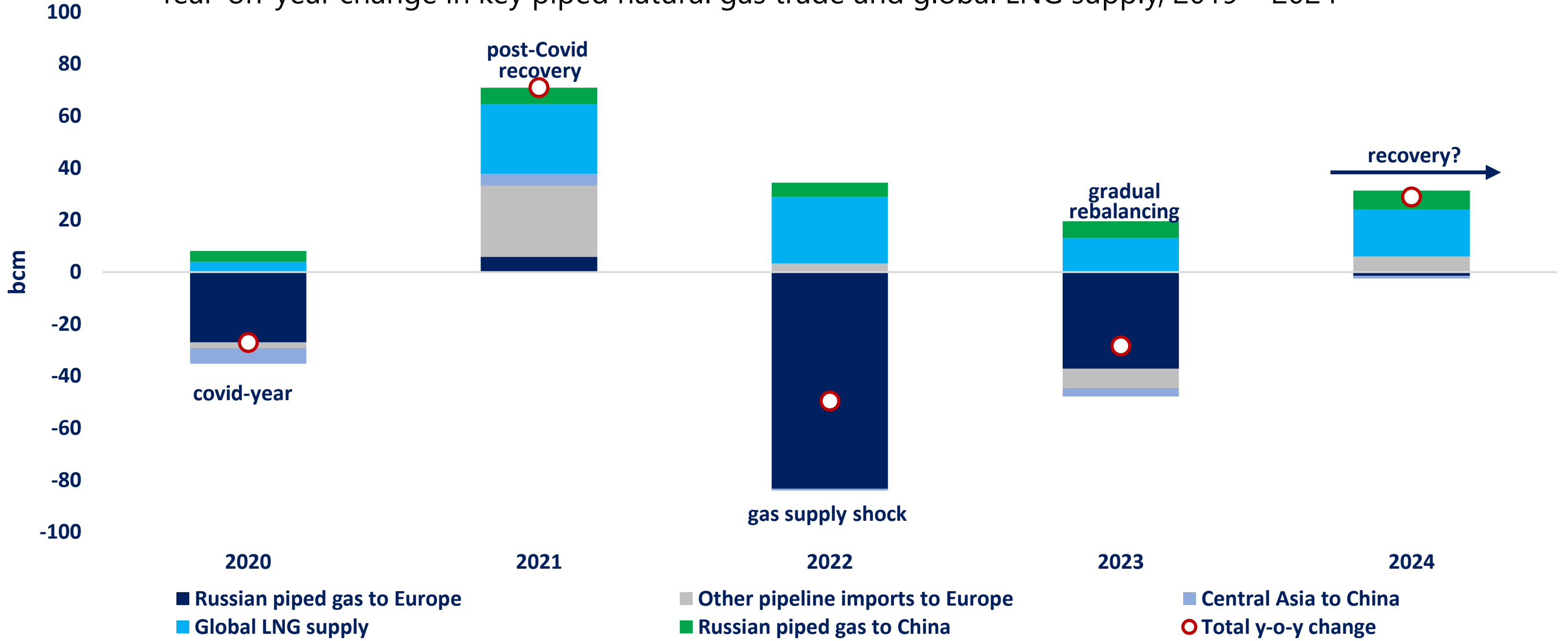
Year-on-year change in natural gas demand by sector and by region (2024 vs 2023)



Assumed return to average weather conditions and continued recovery from the 2022 gas supply shock, drives almost half of the demand growth expected in 2024.

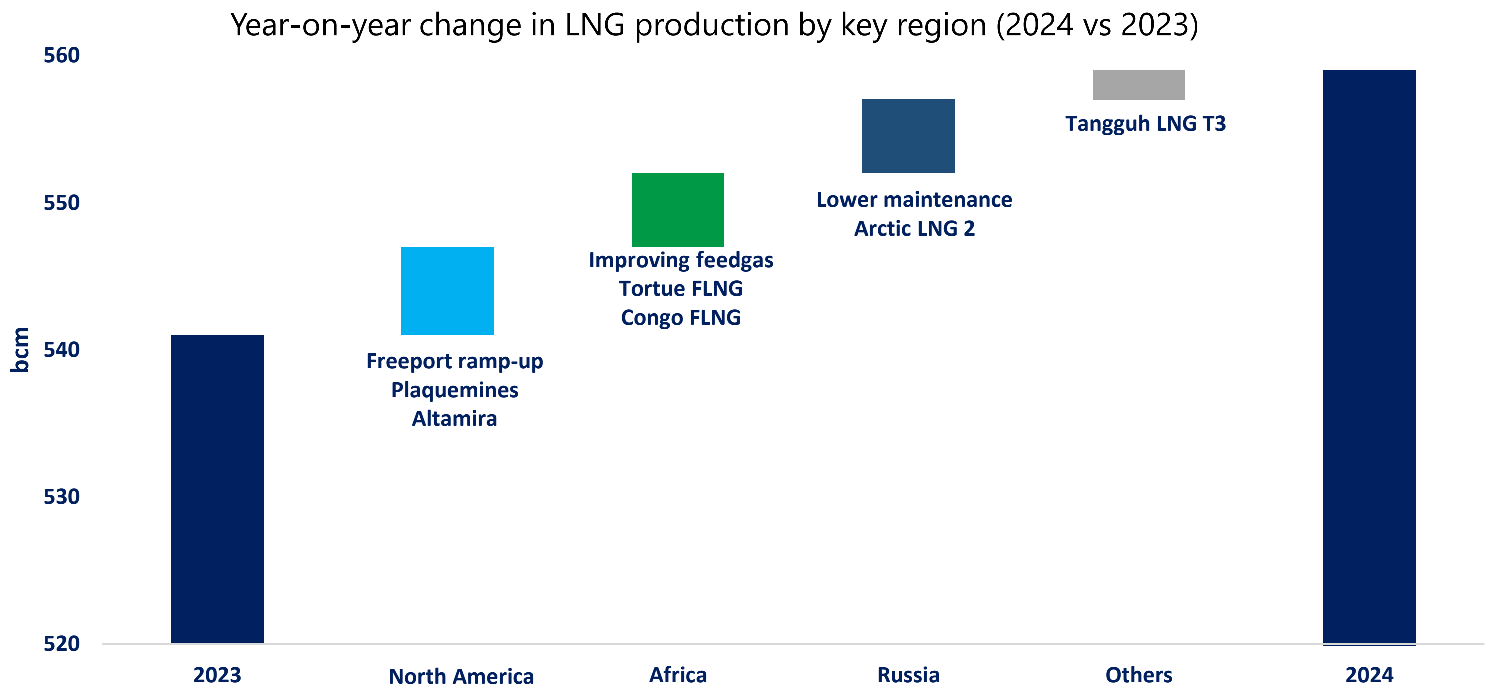
Global gas trade is moving towards a gradual recovery…

Year-on-year change in key piped natural gas trade and global LNG supply, 2019 – 2024



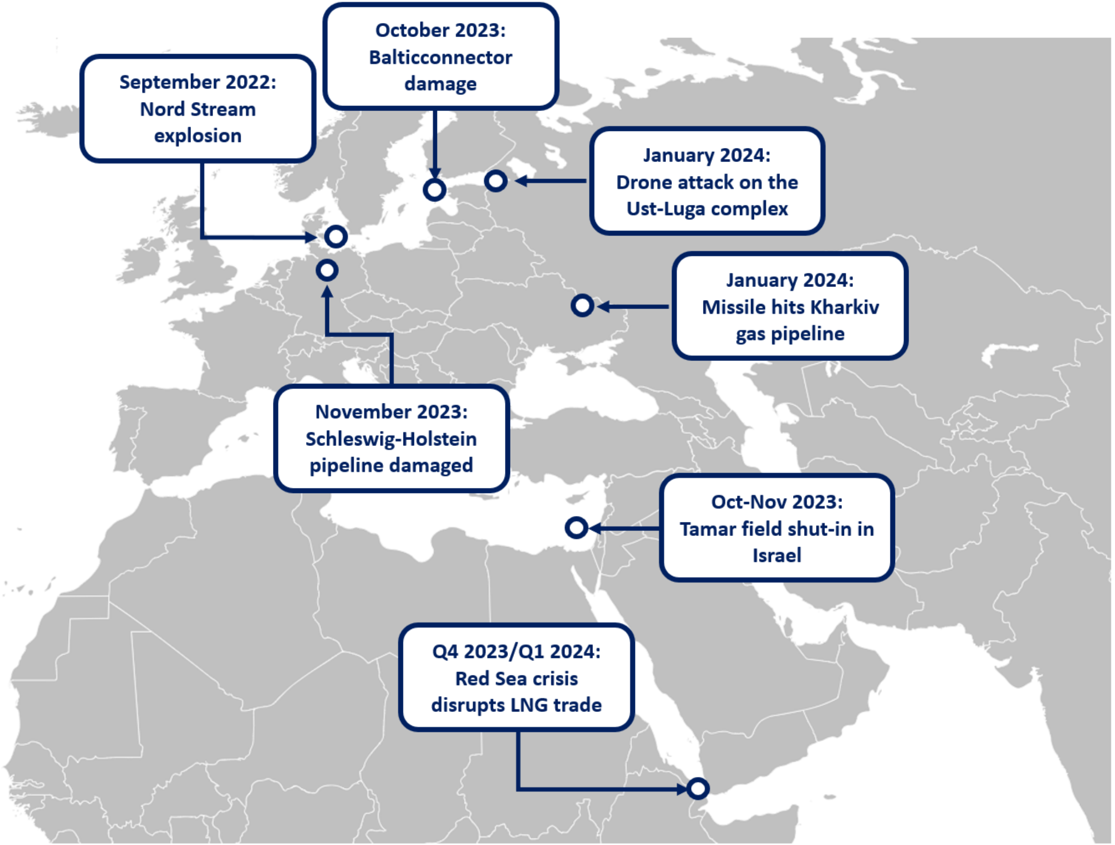
After two years of tightening, global gas trade is expected to expand in 2024, enabling stronger demand growth in key Asian and European import markets.

…although LNG supply growth is expected to remain limited



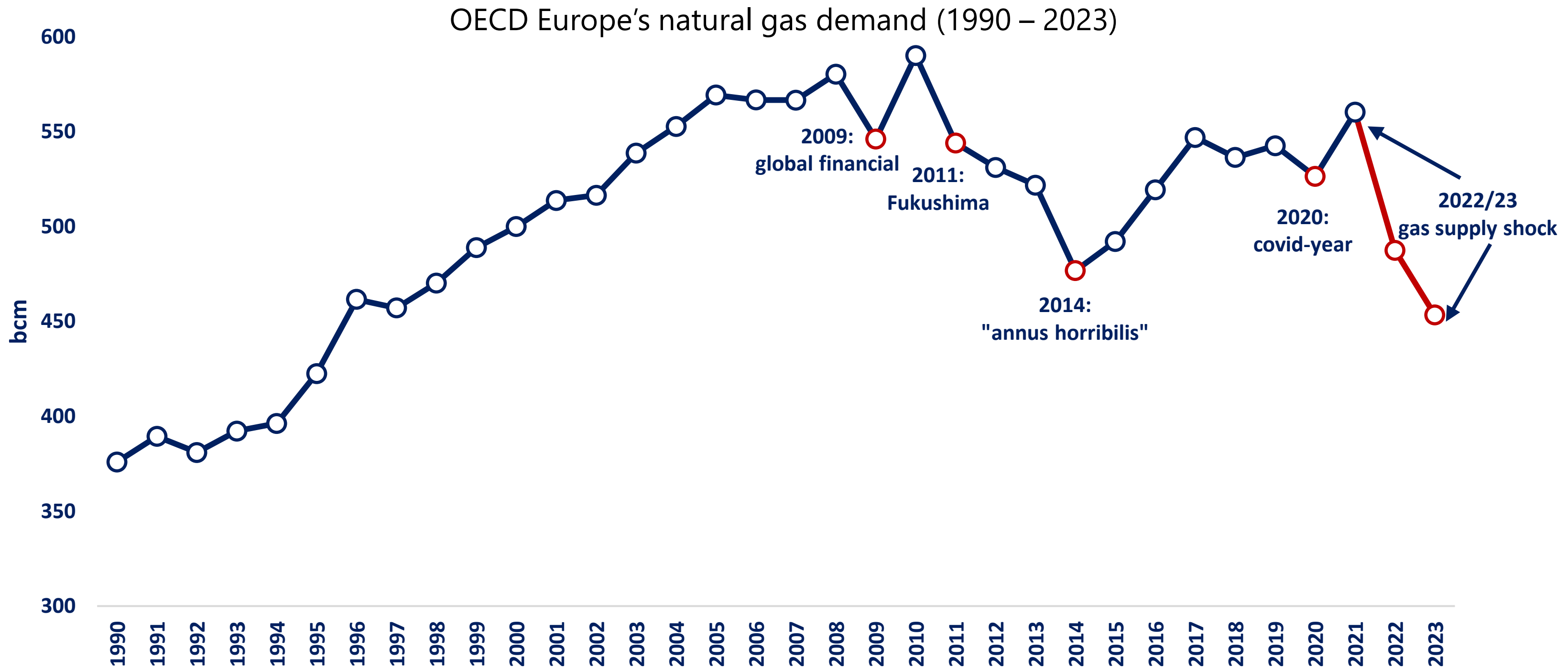
Global LNG supply is set to increase by a mere 3.5% in 2024 –well-below the 8% growth rate experienced between 2016-20. Incremental supply is primarily driven by the US, Africa, Indonesia and Russia.

Bad Romance: gas infrastructure and geopolitics



Focus on Europe

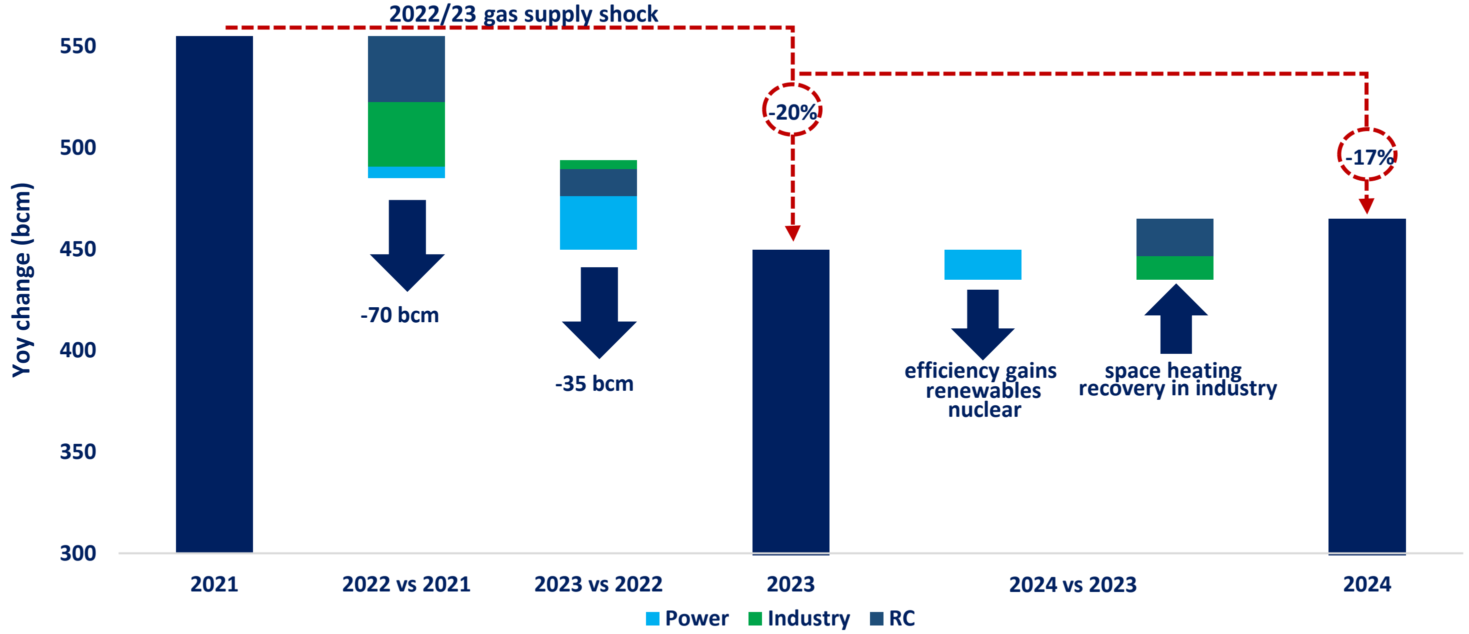
European gas demand fell to its lowest level since 1995…



Europe's natural gas consumption contracted by 20% (or 100 bcm) since 2021 due to the combined effect of demand destruction, mild winter weather, gas-saving measures and the rapid rise of renewables.

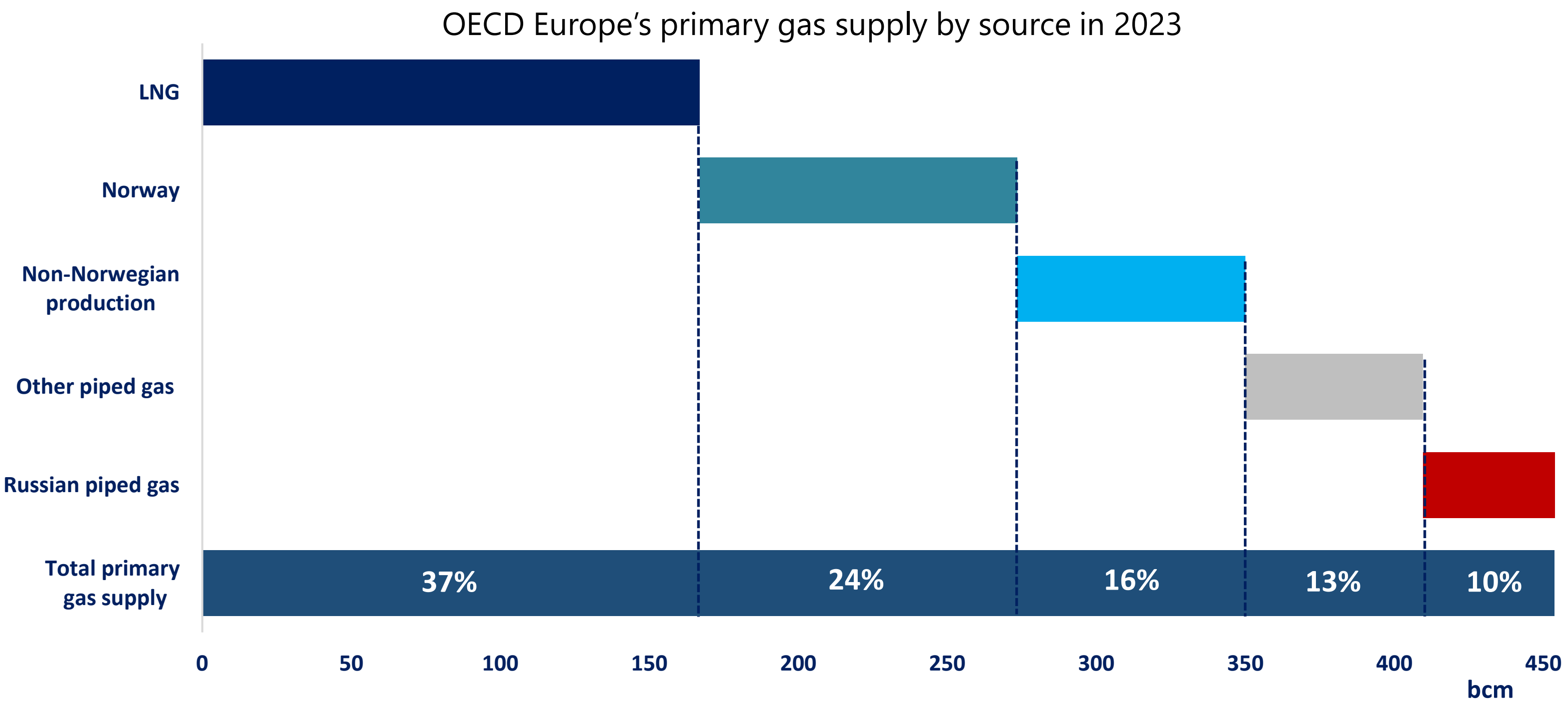
…and there is limited scope for recovery

OECD Europe's natural gas demand (2021 – 2024)



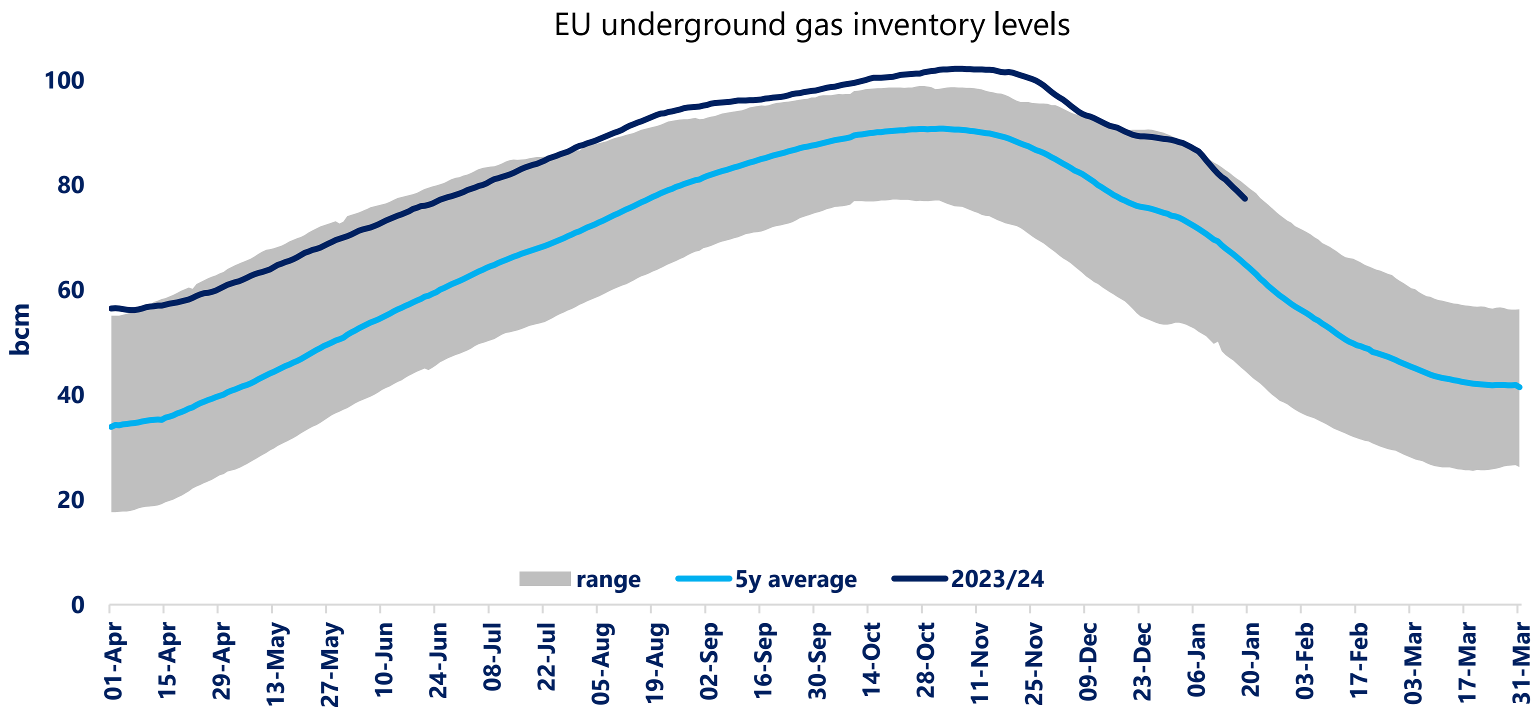
European gas consumption continued to decline in 2023 amidst lower gas burn for power and mild weather. Demand is expected to increase by a mere 3% in 2024 and remain well-below its pre-crisis levels.

LNG solidified its role as Europe's new baseload supply



The share of LNG in Europe's gas supply rose to an all-time high of 37% in 2023.
A modest recovery in demand is expected to increase marginally Europe's LNG imports in 2024.

High storage levels provide safety buffer for the rest of the winter

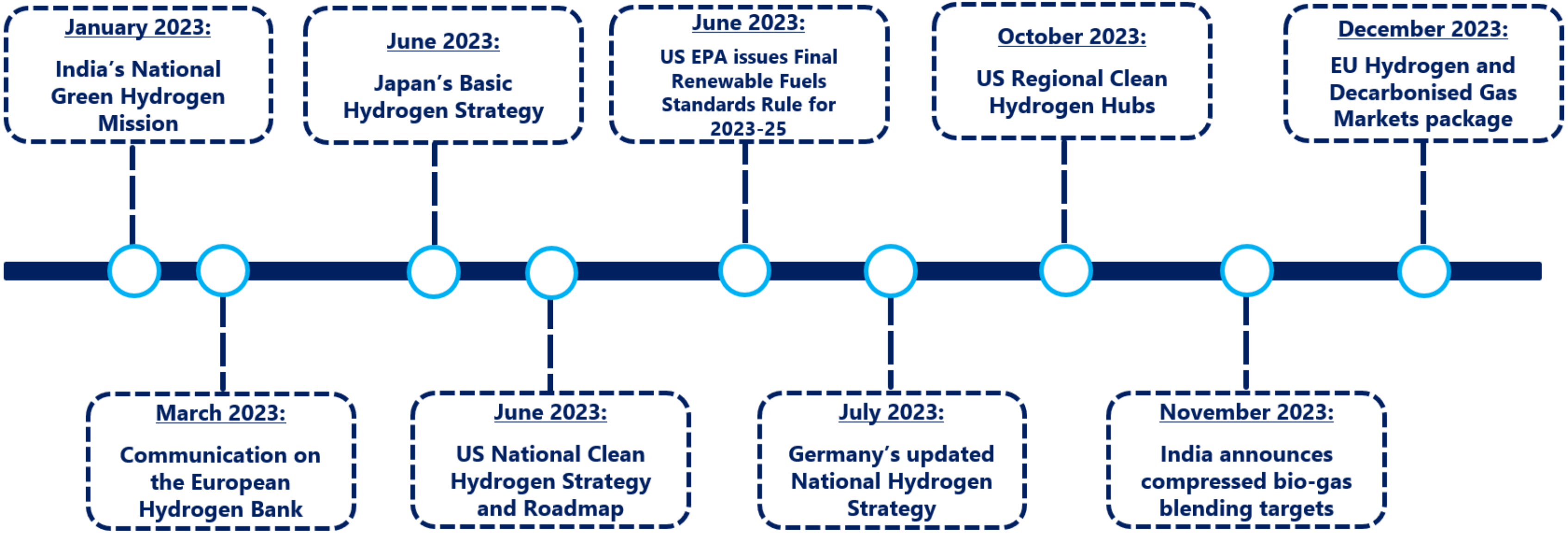


EU storage sites are almost 75% full –standing 20% above their five-year average. High inventory levels provide safety buffer for the remainder of the heating season and can ease market tensions in 2024 summer.

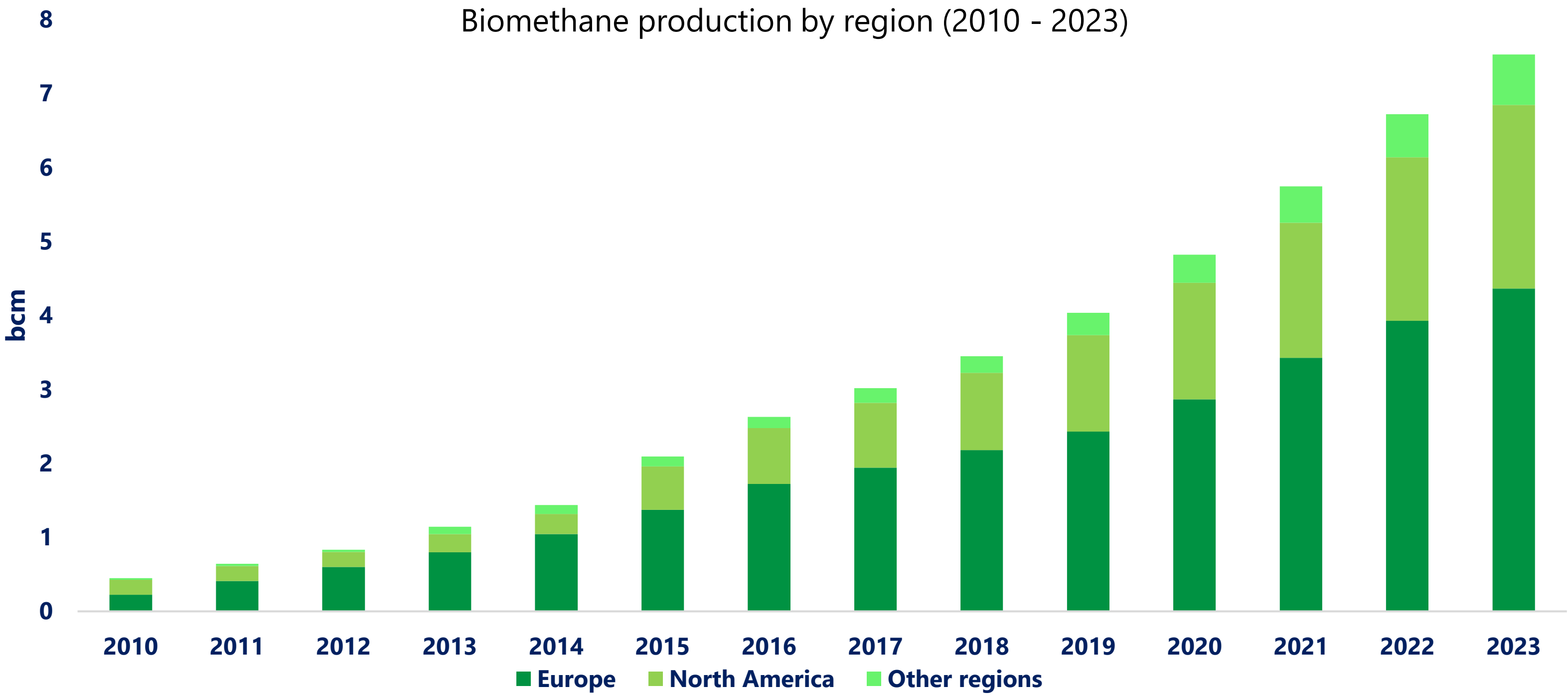
Low-emissions gases

Low-emissions gases benefit from strong policy momentum

Key policy developments on low-emissions gases in 2023



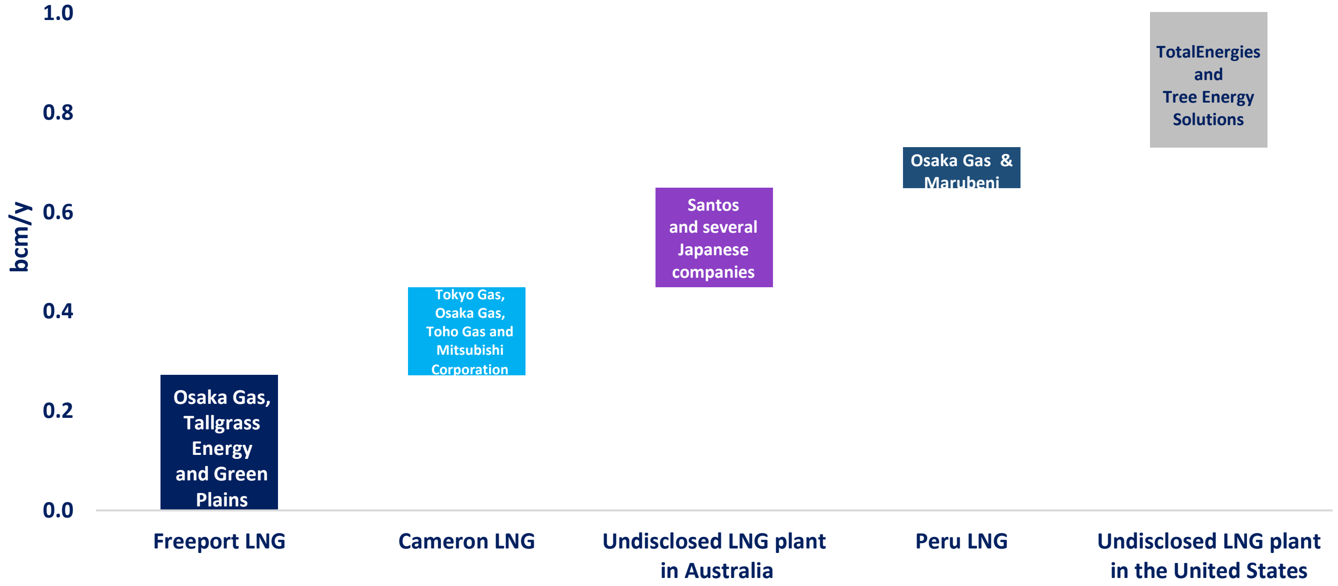
Biomethane continued to expand strongly in 2023



Global biomethane production increased by over 10% in 2023 to reach almost 8 bcm.
The United States and the European Union together accounted for 80% of incremental biomethane supply

Japan is developing international e-methane supply chains

Key planned e-methane import projects aiming to start-up by 2030



Japan is actively developing e-methane supply chains with LNG exporting countries. While no binding agreements have been reached yet, recent project proposals could enable 1 bcm/y trade by 2030.