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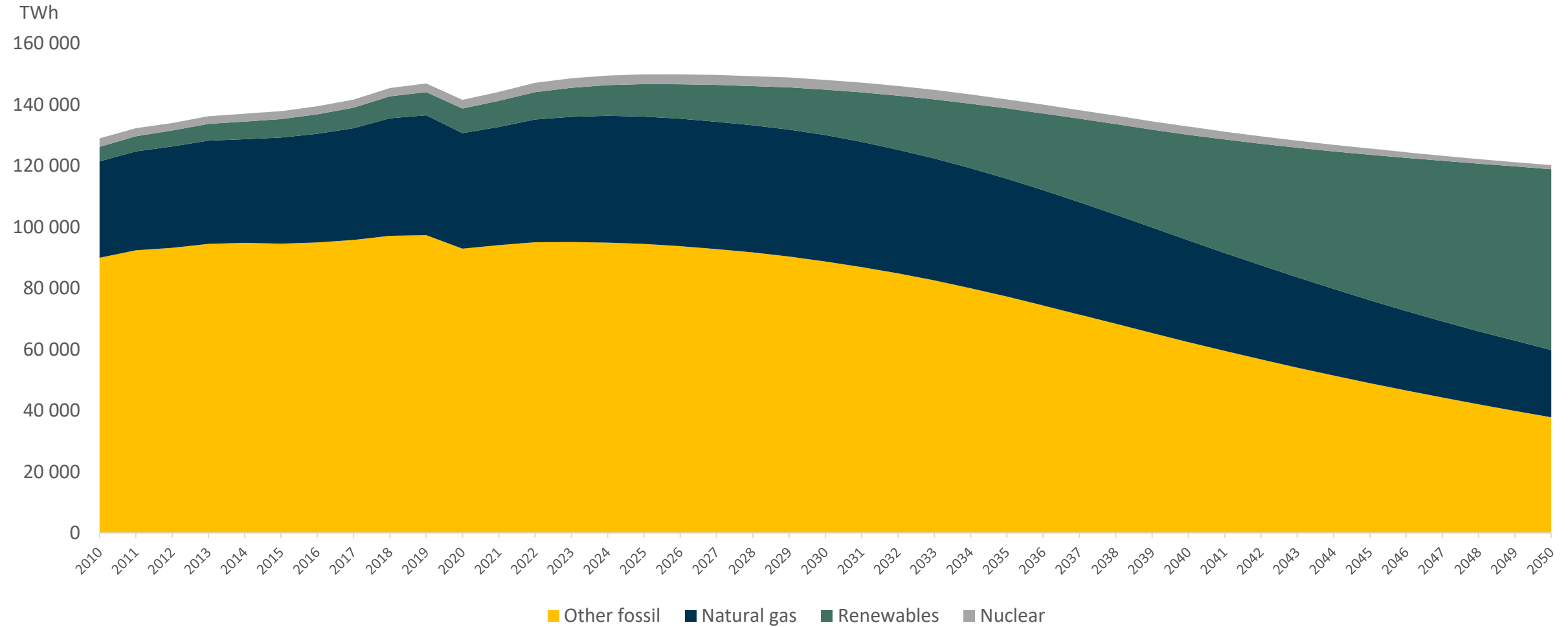
Global gas: Bracing for turbulence?

Nadia Martin Wiggen, Director at Svelland Capital
Dusseldorf, April 2025



To transform: Renewables, cleaner fossils, and demand destruction

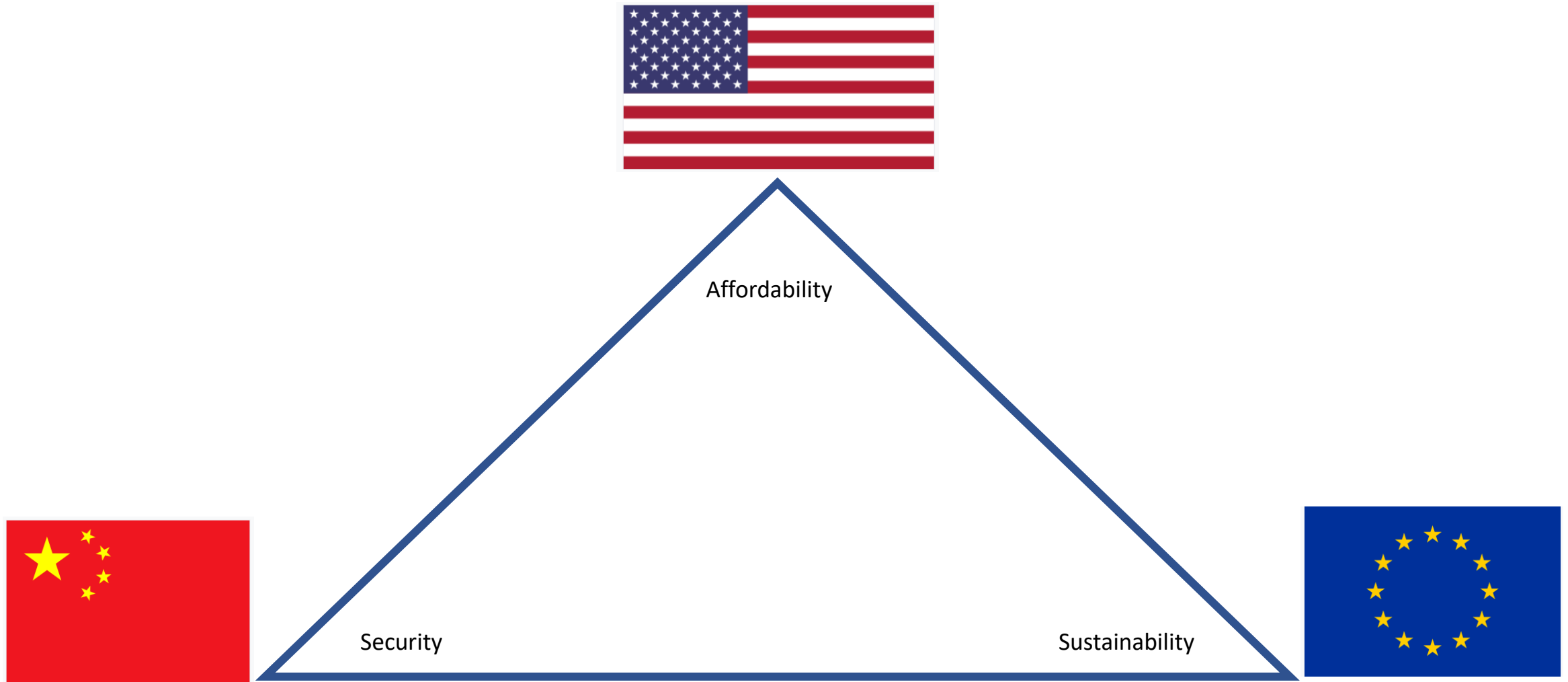
Energy demand in a 1.8 degree scenario



For illustrative purposes only
Source: Rystad Energy scenario

The world is transforming

Prioritizing the energy transition: Affordability, security, and sustainability



Prioritizing the energy transition: Affordability, security, and sustainability

Transformation



Affordability



Security

Security

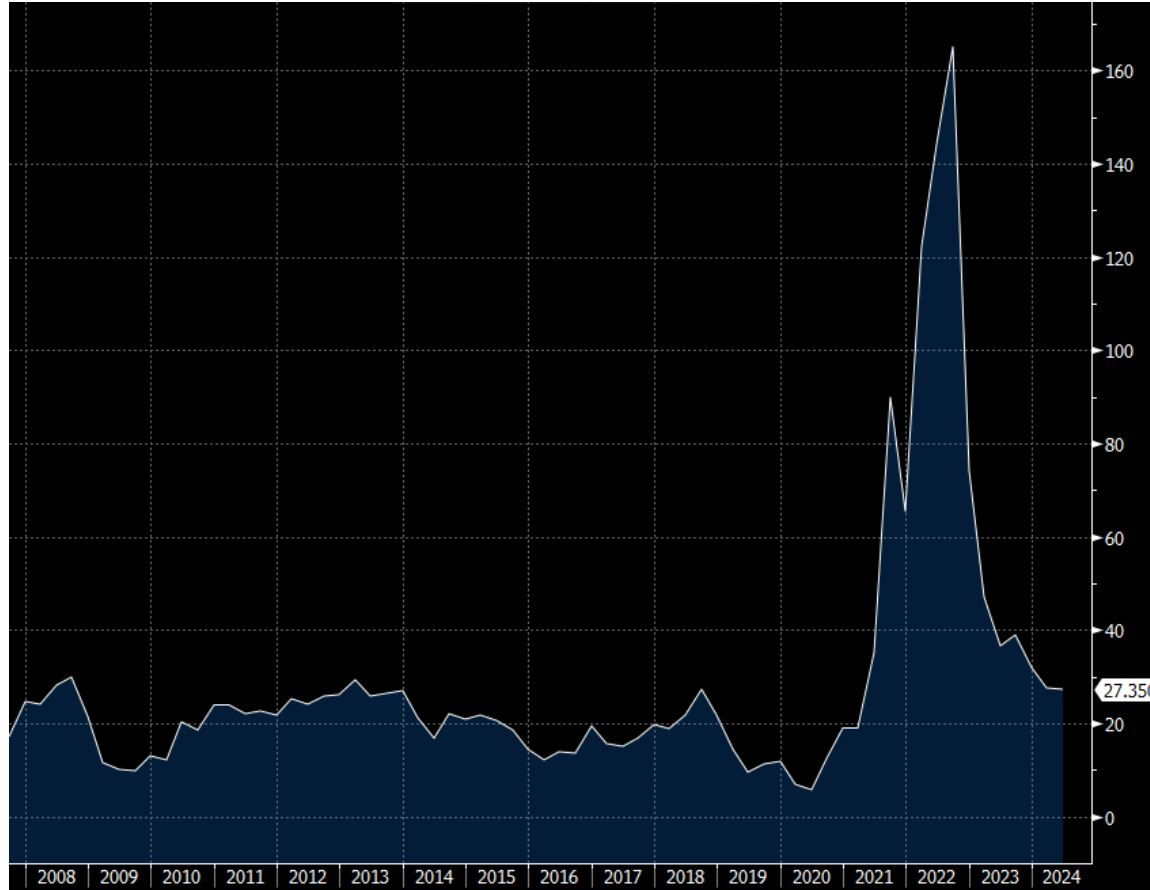
Sustainability



Price shocks also drive demand destruction and substitution

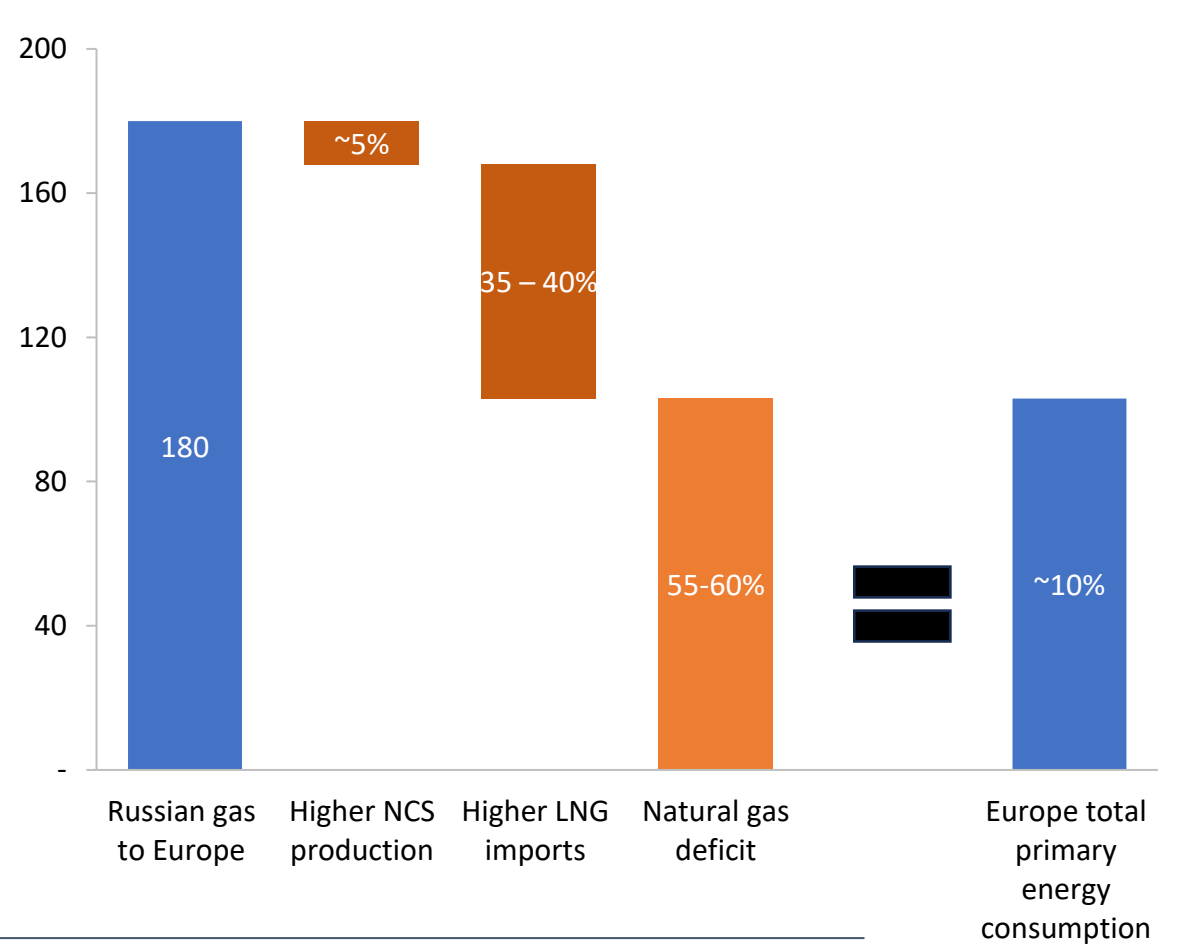
TTF natural gas price, 2008-2024

EUR/MWh



The European need to replace Russian gas in 2022

bcm



Source: Bloomberg

Commodities are cyclical: Prices over and undershoot

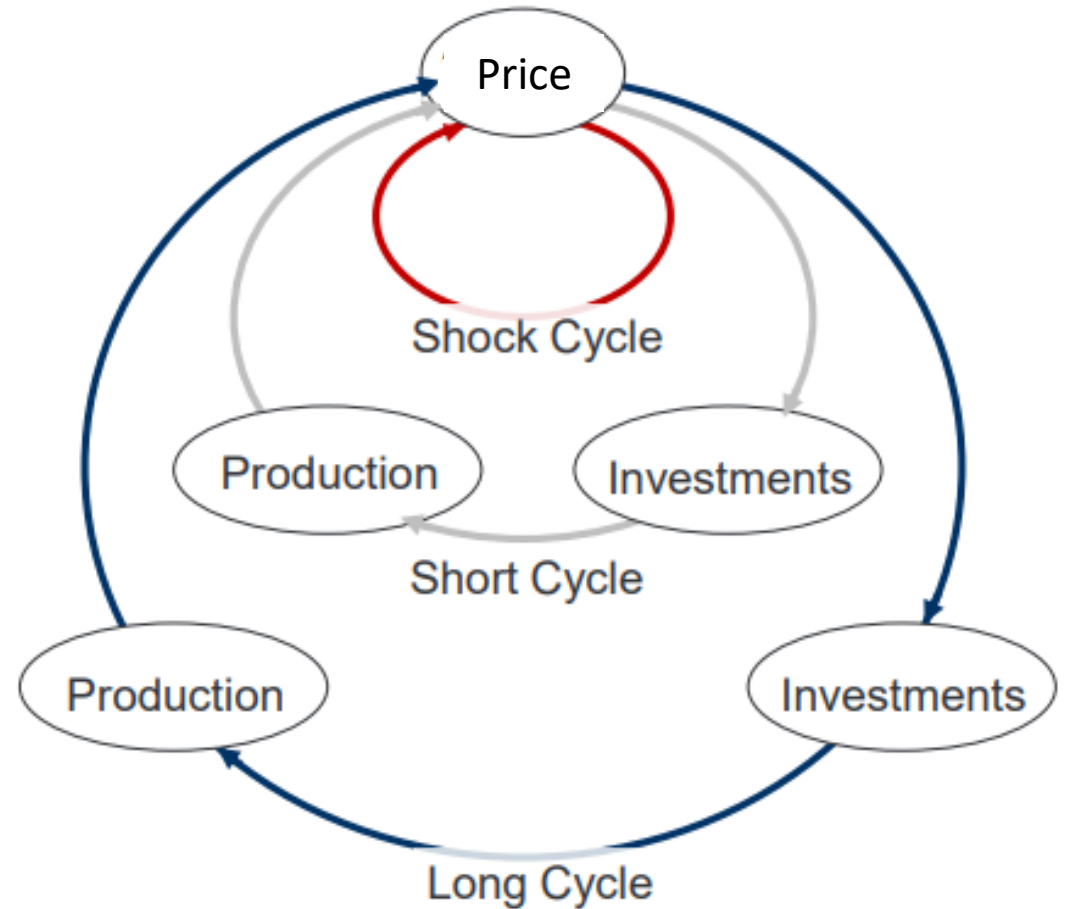
Brent oil price, 2000-2024

USD/bbl



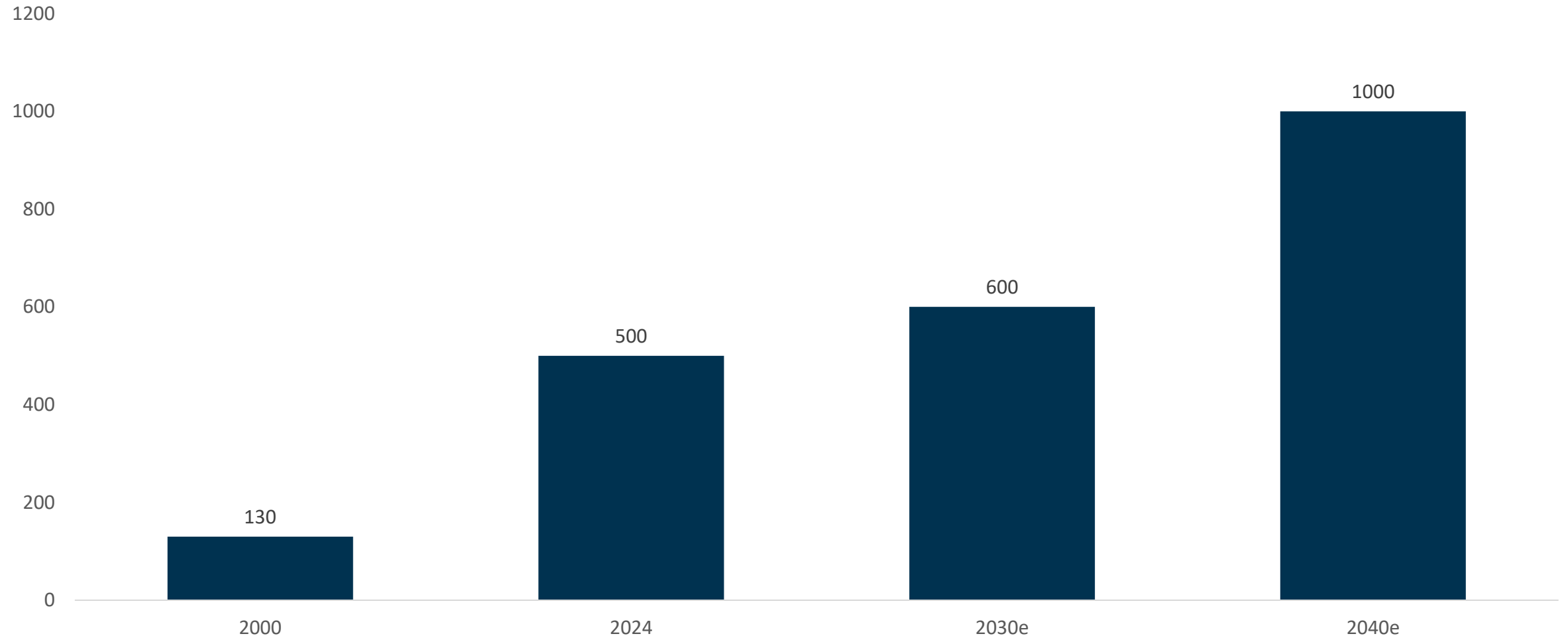
Source: Bloomberg

Price shocks break trends in production and investment



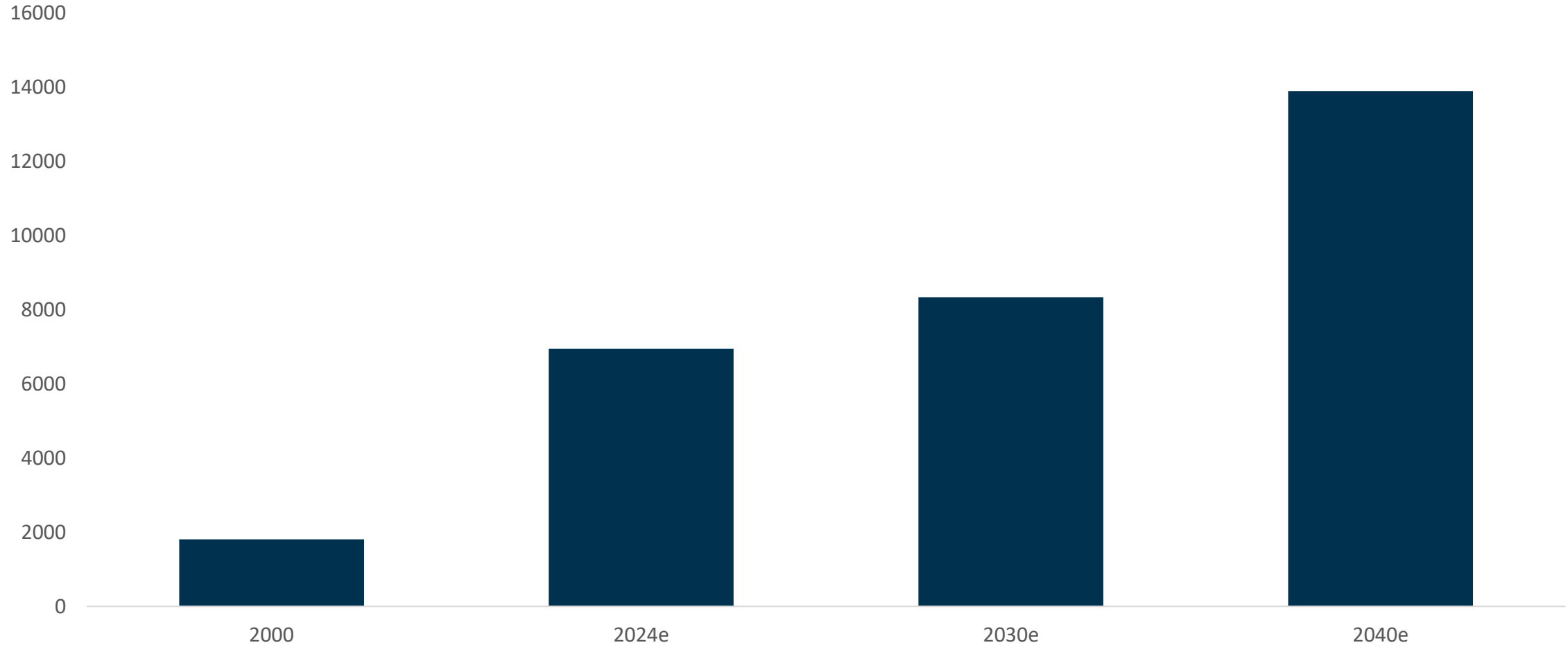
The global LNG market to explode

Projected global LNG output, MT



Reaching 14000 TWh by 2040

Projected global LNG output, TWh



Gas & LNG markets

European natural gas prices

TTF, EUR/MWh



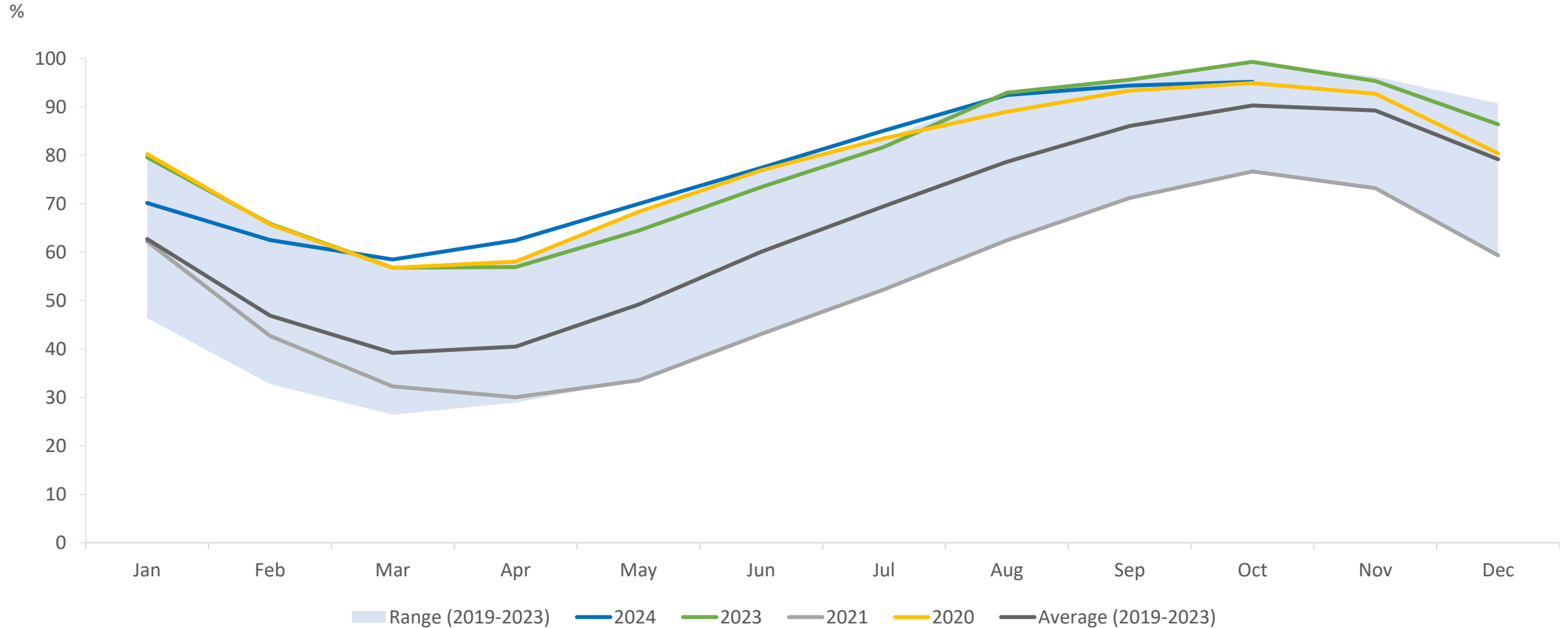
European natural gas prices are higher than last year

TTF, EUR/MWh



Inventories “suggested” we were prepared for winter

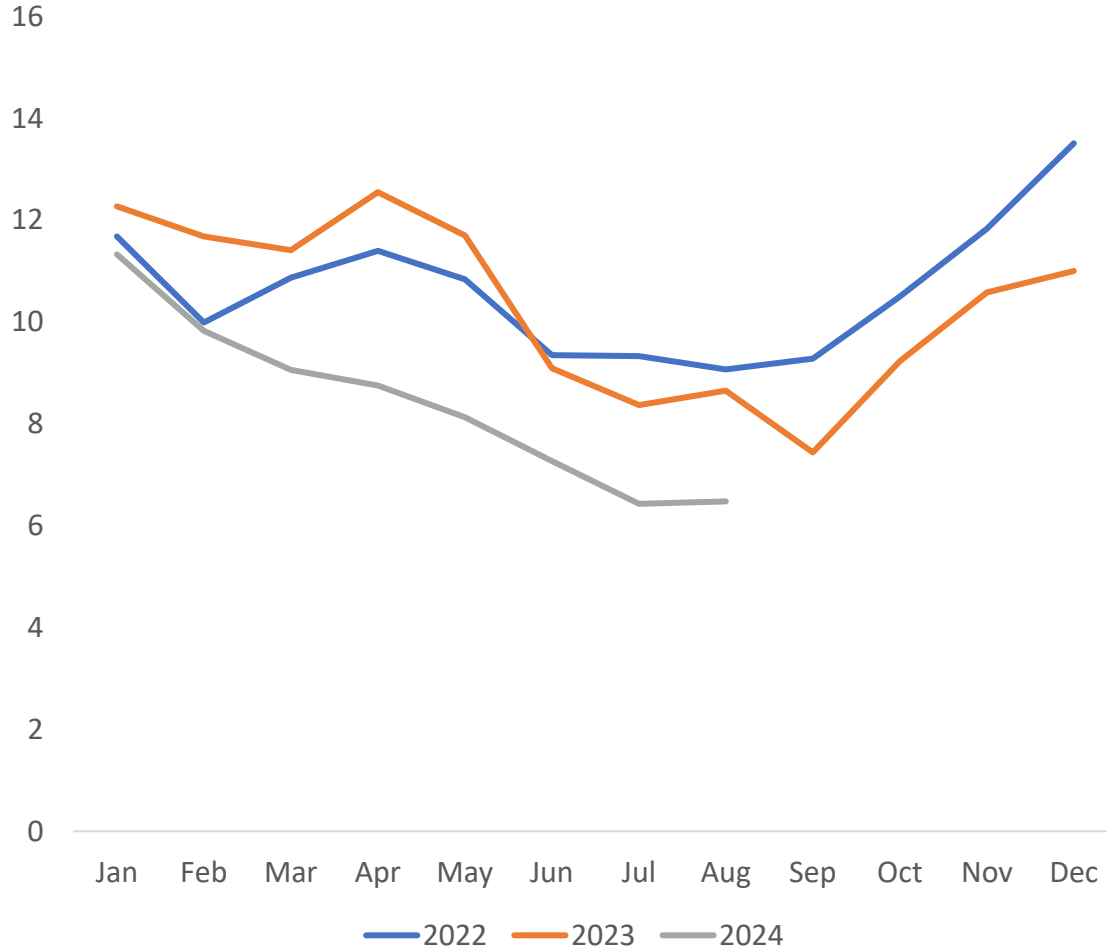
European natural gas storage



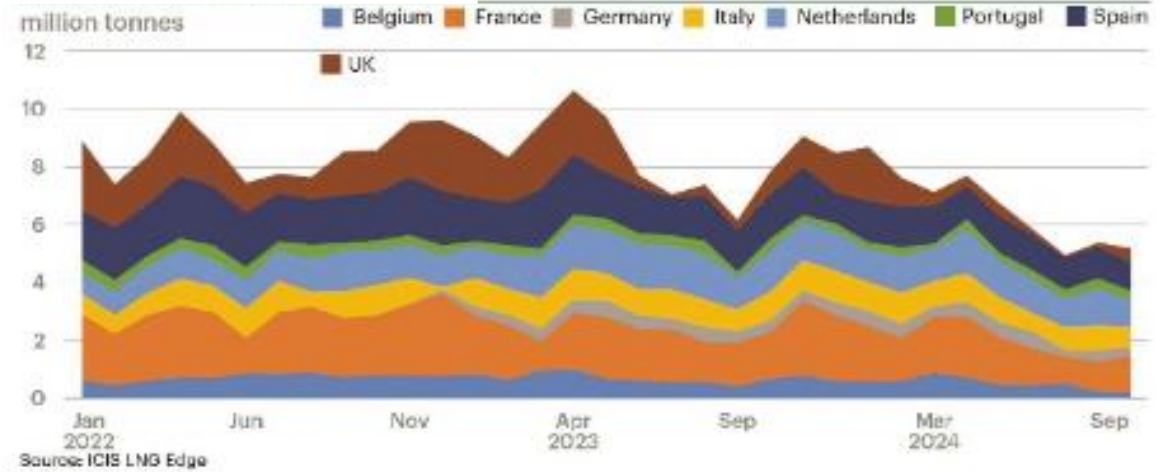
For illustrative purposes only.
Source: Bloomberg as of 28 March 2025

Despite much fewer cargo deliveries

LNG deliveries to Europe, mt

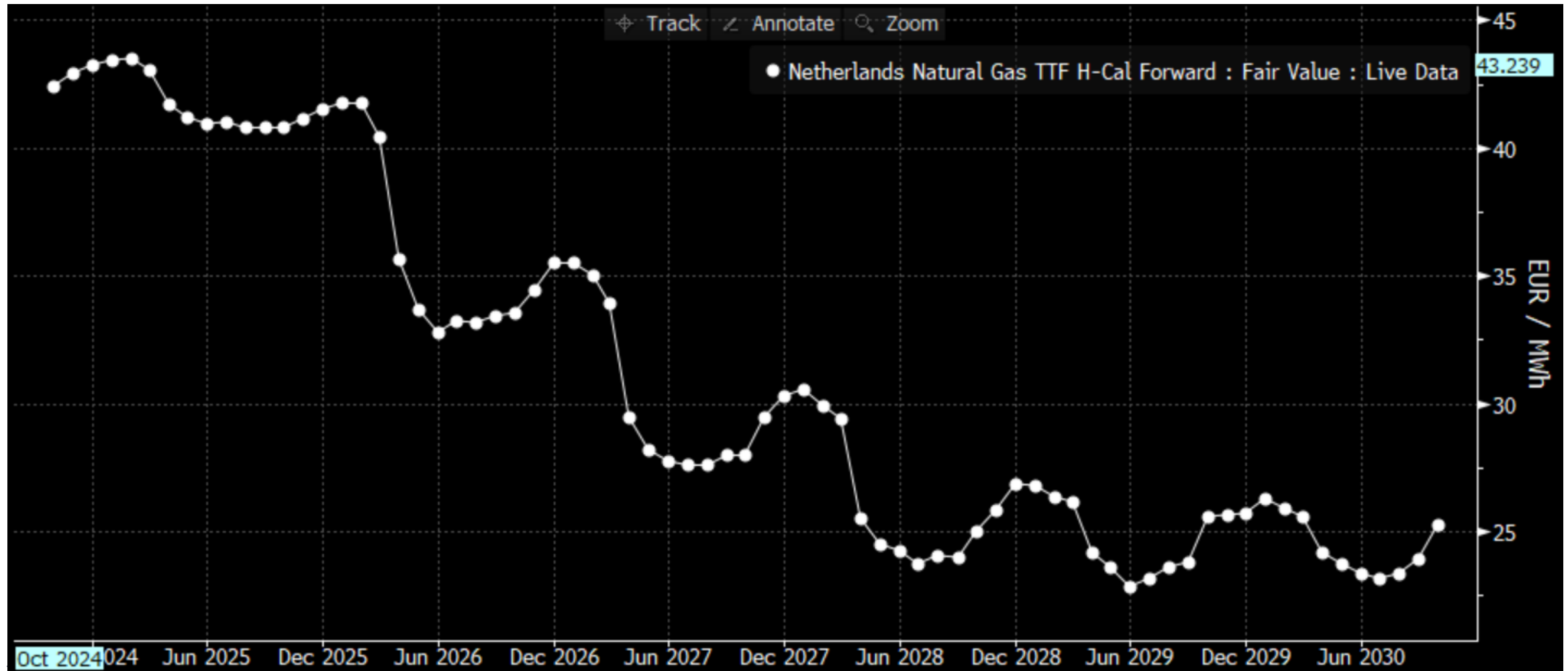


LNG imports to European countries



TTF contango was too shallow for floating storage

TTF forward curve (EUR/MWh)



Source: Bloomberg

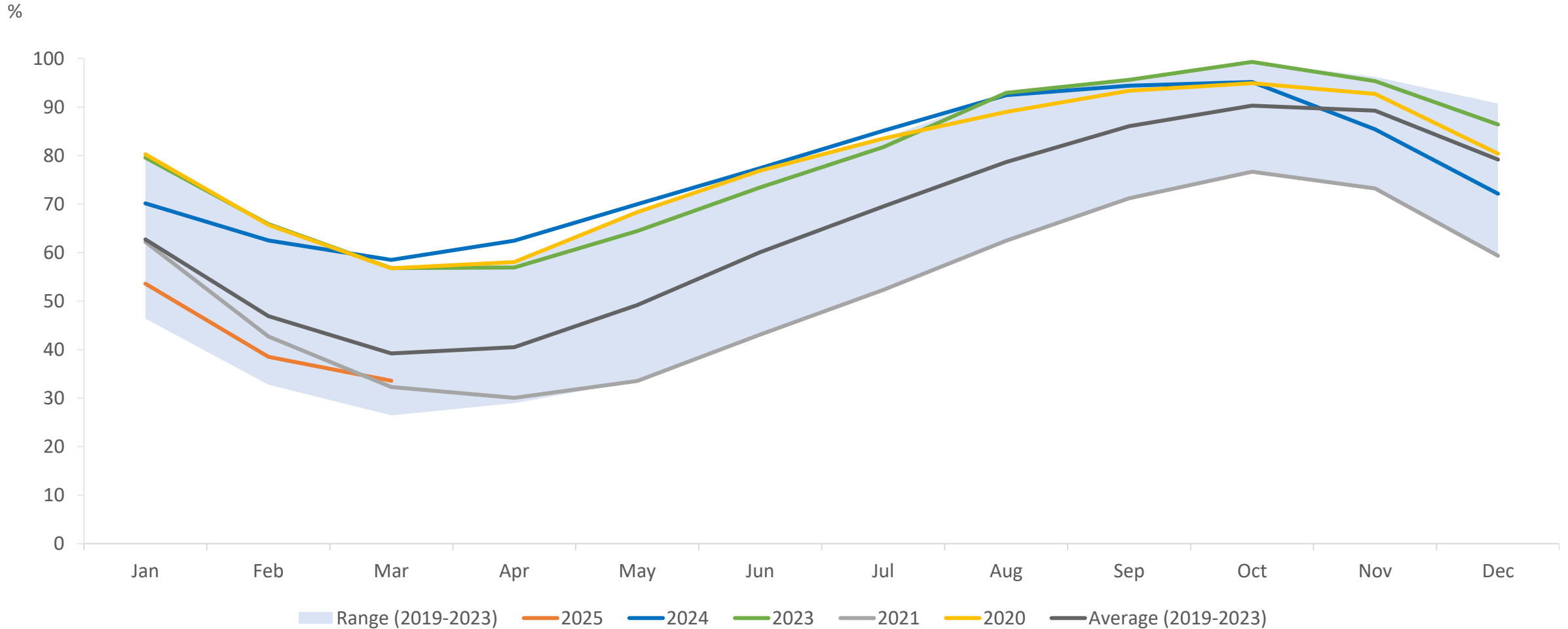
But prices spiked as storage drew

TTF, EUR/MWh



European tank storage low vs. recent history

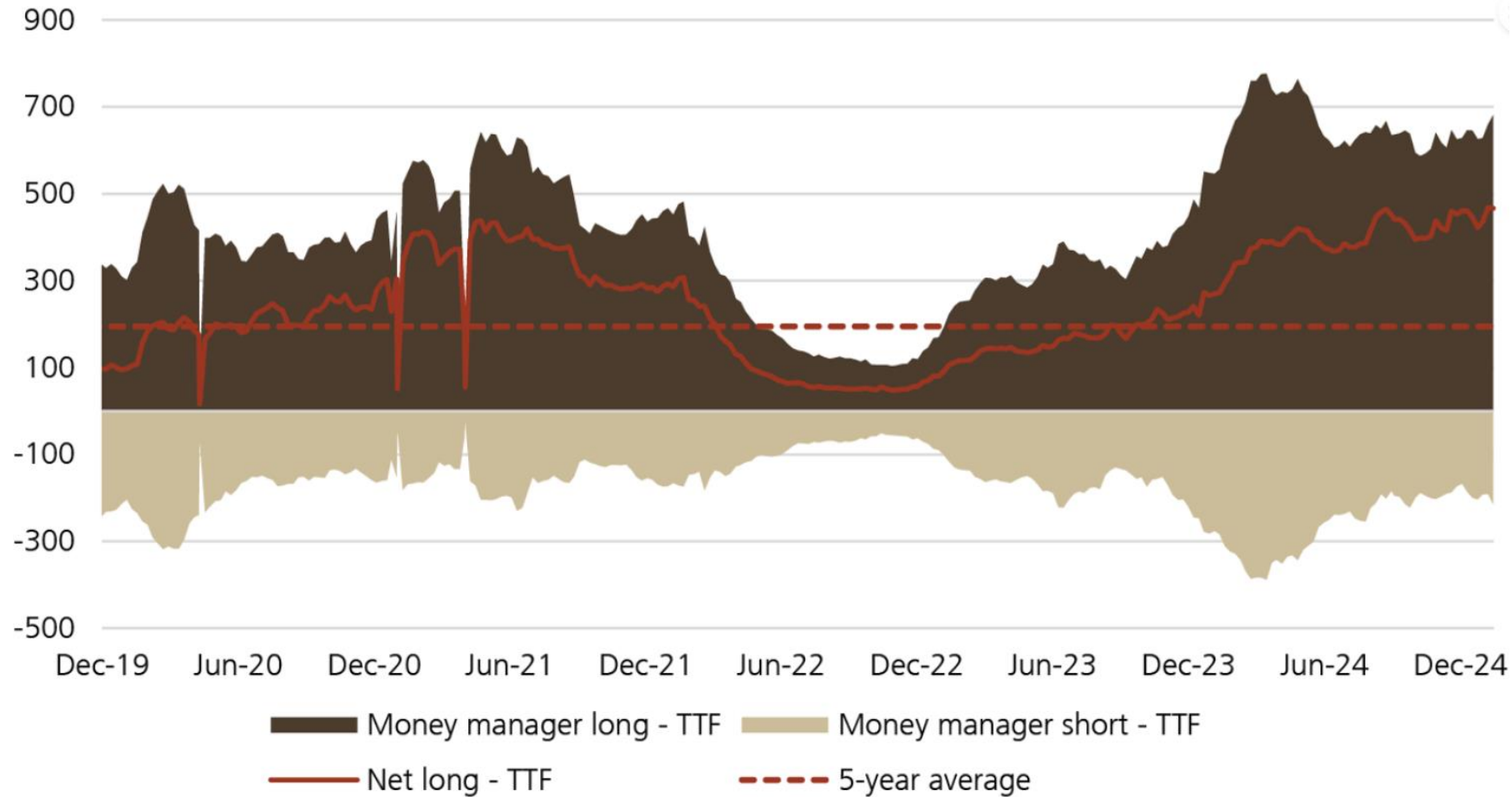
European natural gas storage



For illustrative purposes only.
Source: Bloomberg as of 28 March 2025

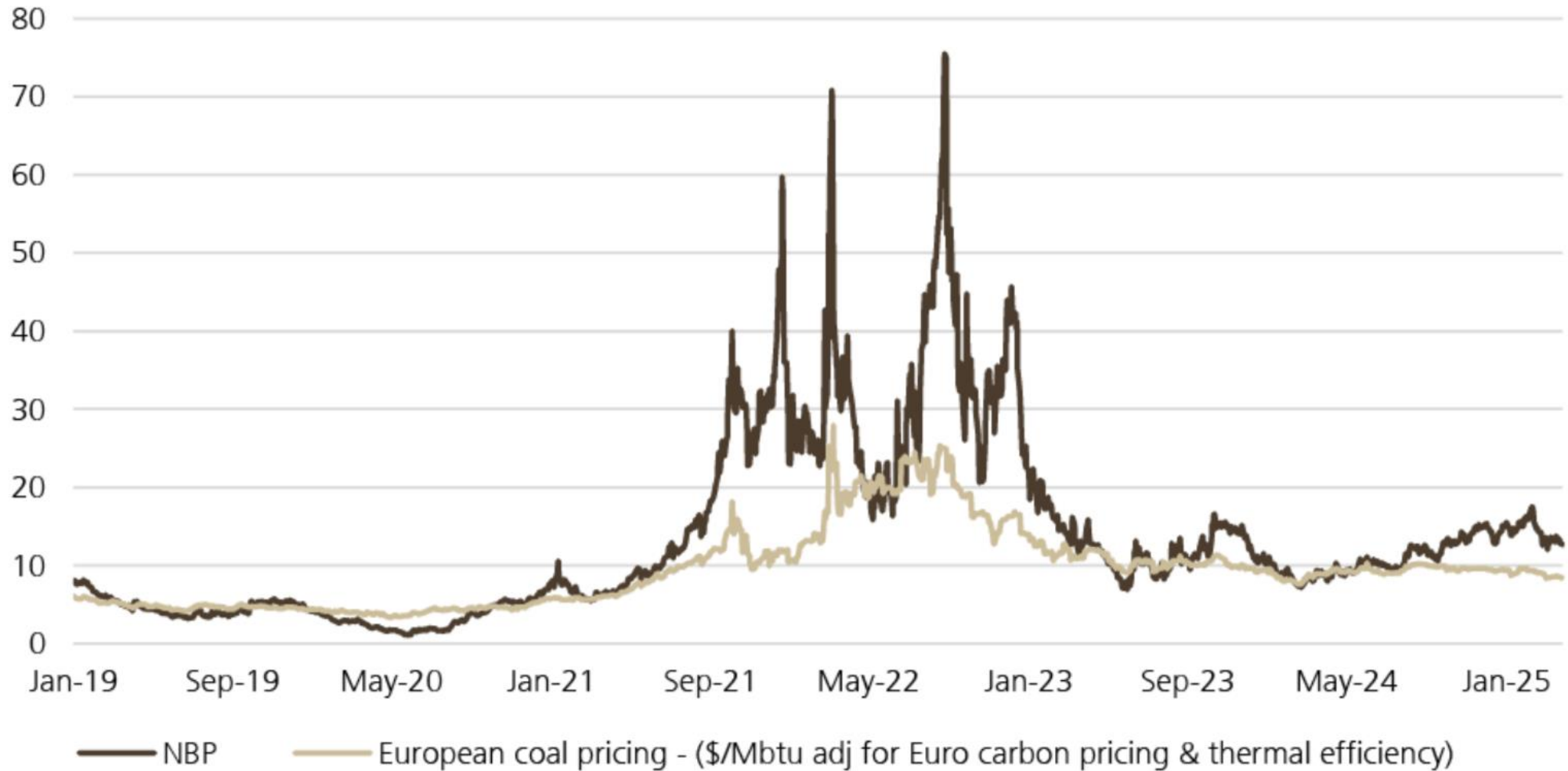
Speculative net lengths boomed into this winter

Money managers' positions, thousands of contracts



Coal is a cheaper feedstock again

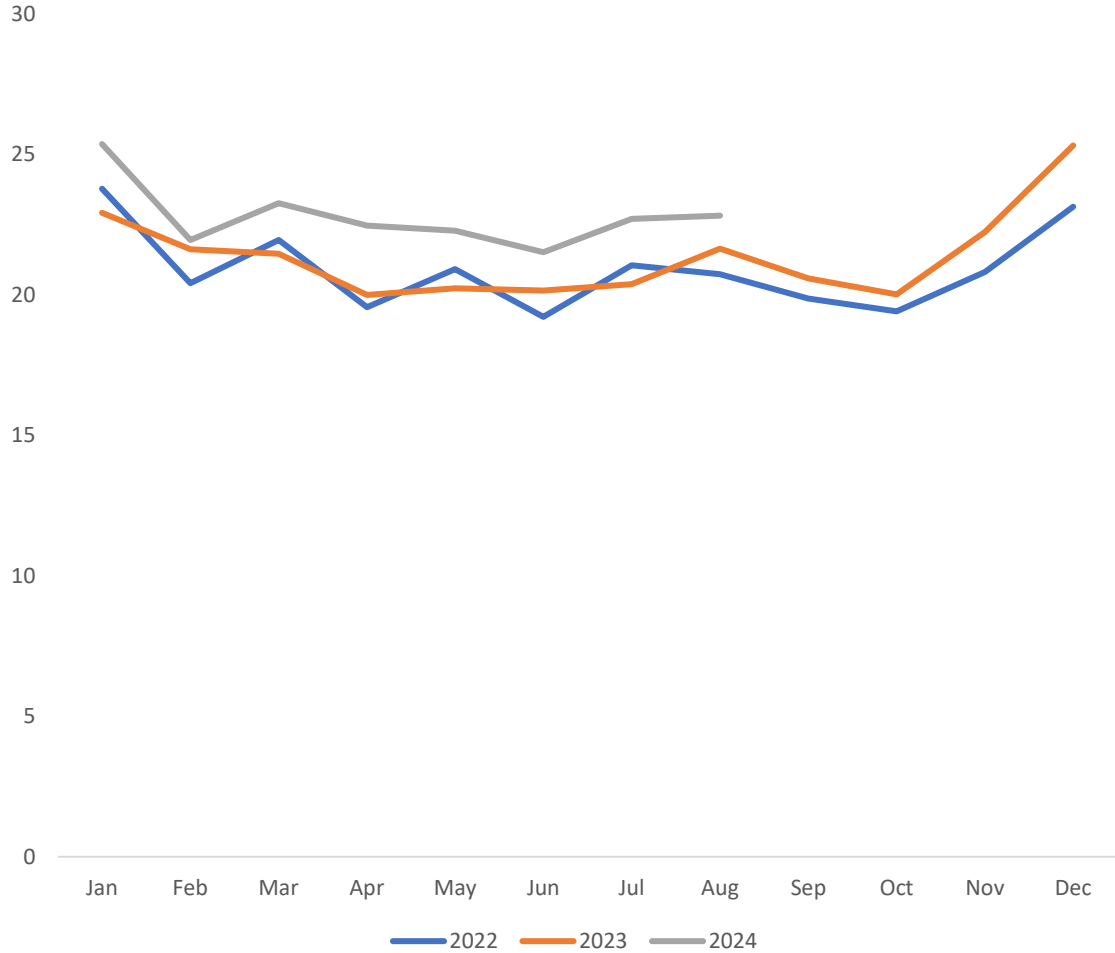
UK Nat Gas (NBP) vs. Coal, USD/Mmbtu



Source: UBS, Eikon, Svelland Capital

LNG cargoes favored Asia over Europe

LNG arrivals to Asia, mt

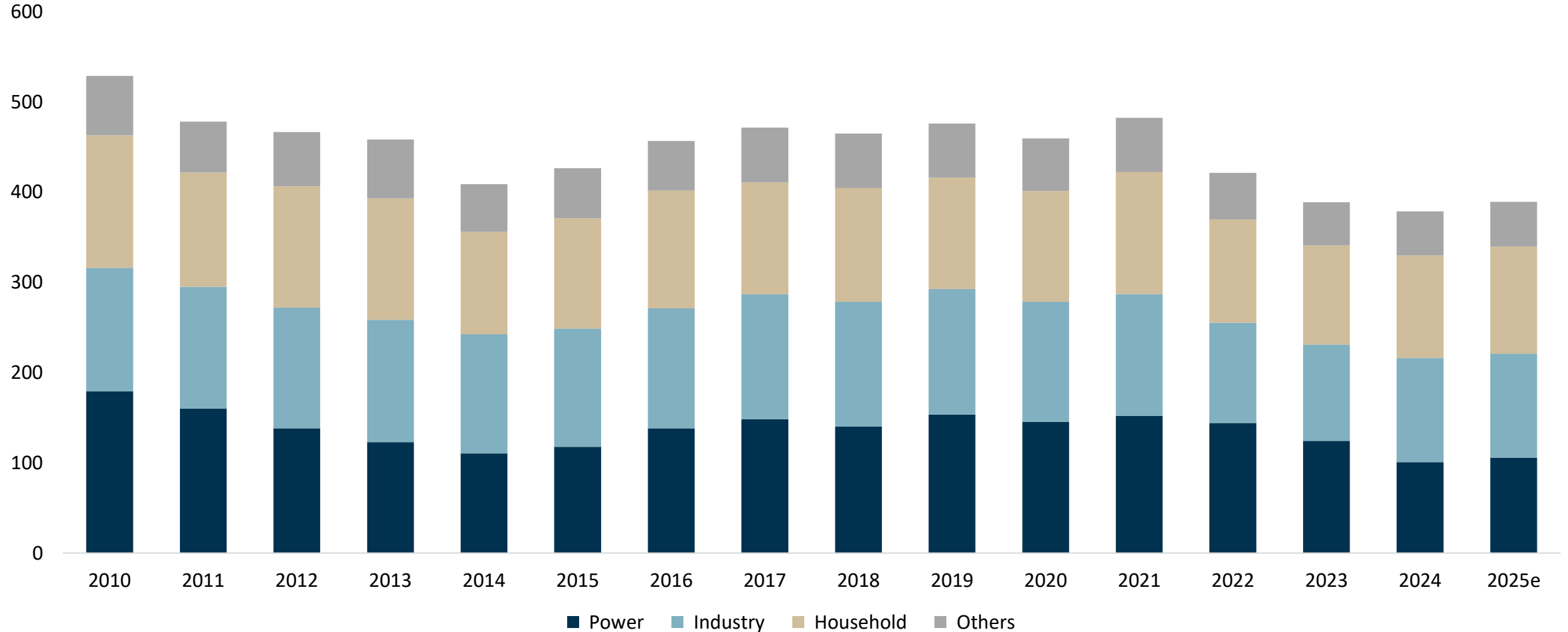


LNG arrivals to Europe, mt



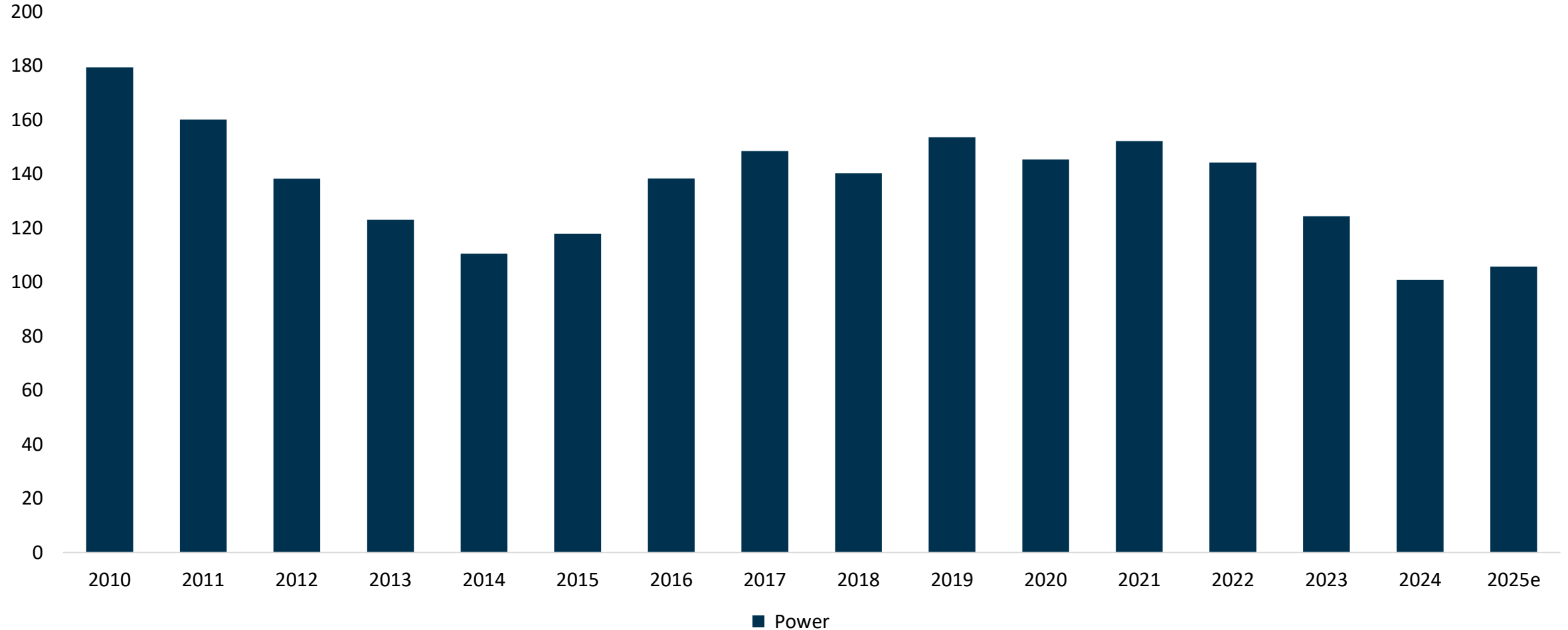
For illustrative purposes only, OPEC+ maintains current level of cuts through H1'24
Source: FGE, Svelland

European gas demand growing again



As demand for power generation rebounds

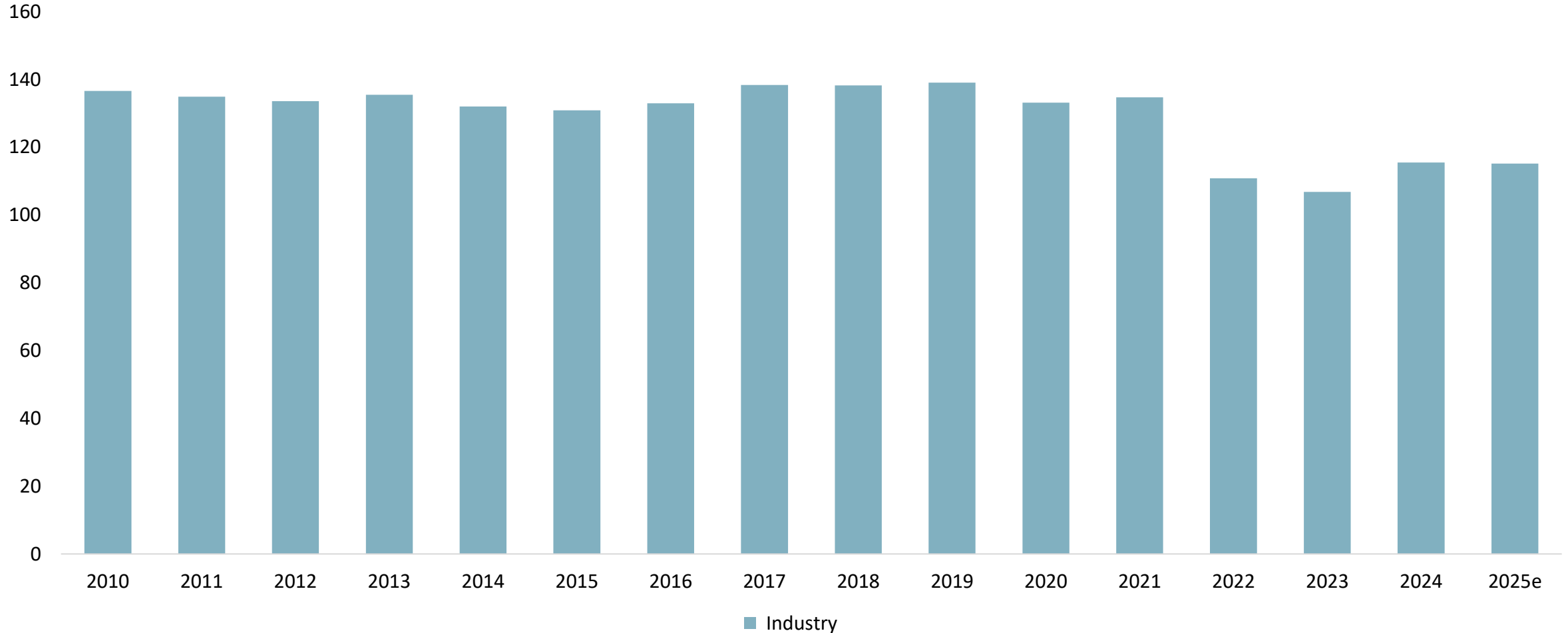
TTF (EUR/MWh) and Henry Hub Nat gas (USD/mmbtu)



Source: UBS, Svelland Capital

Outlook for industrial gas demand flat

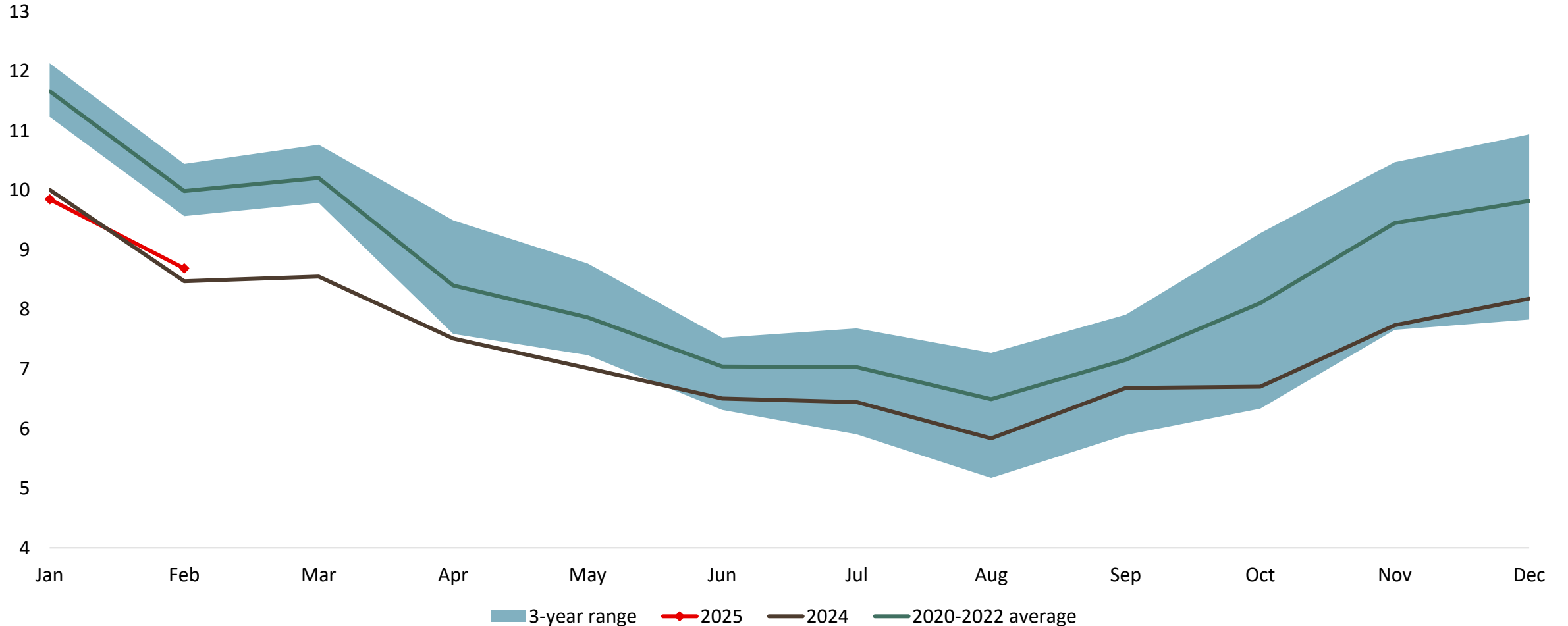
TTF (EUR/MWh) and Henry Hub Nat gas (USD/mmbtu)



Source: UBS, Svelland Capital

Seasonally demand falls... before accounting for tariffs!

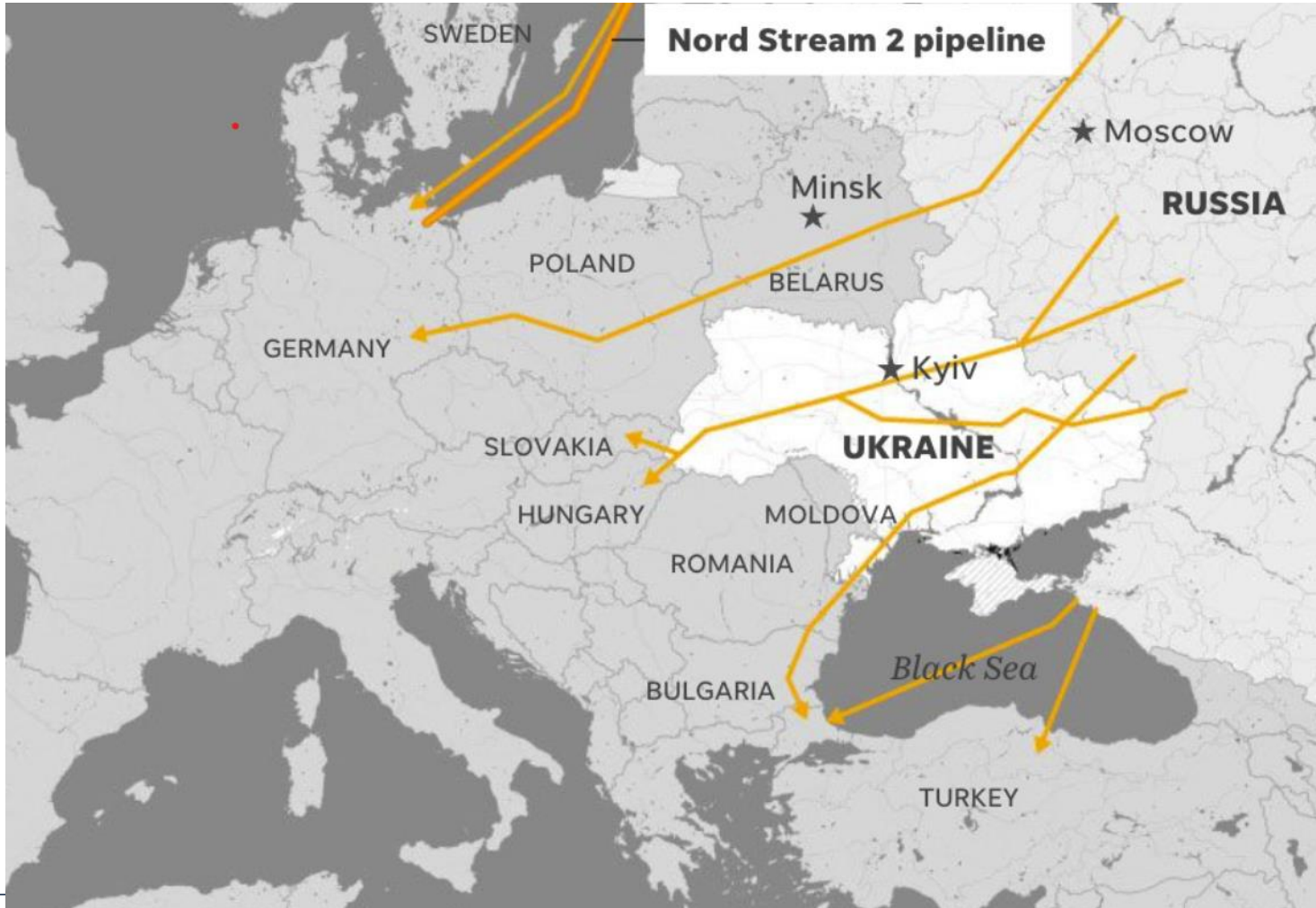
TTF (EUR/MWh) and Henry Hub Nat gas (USD/mmbtu)



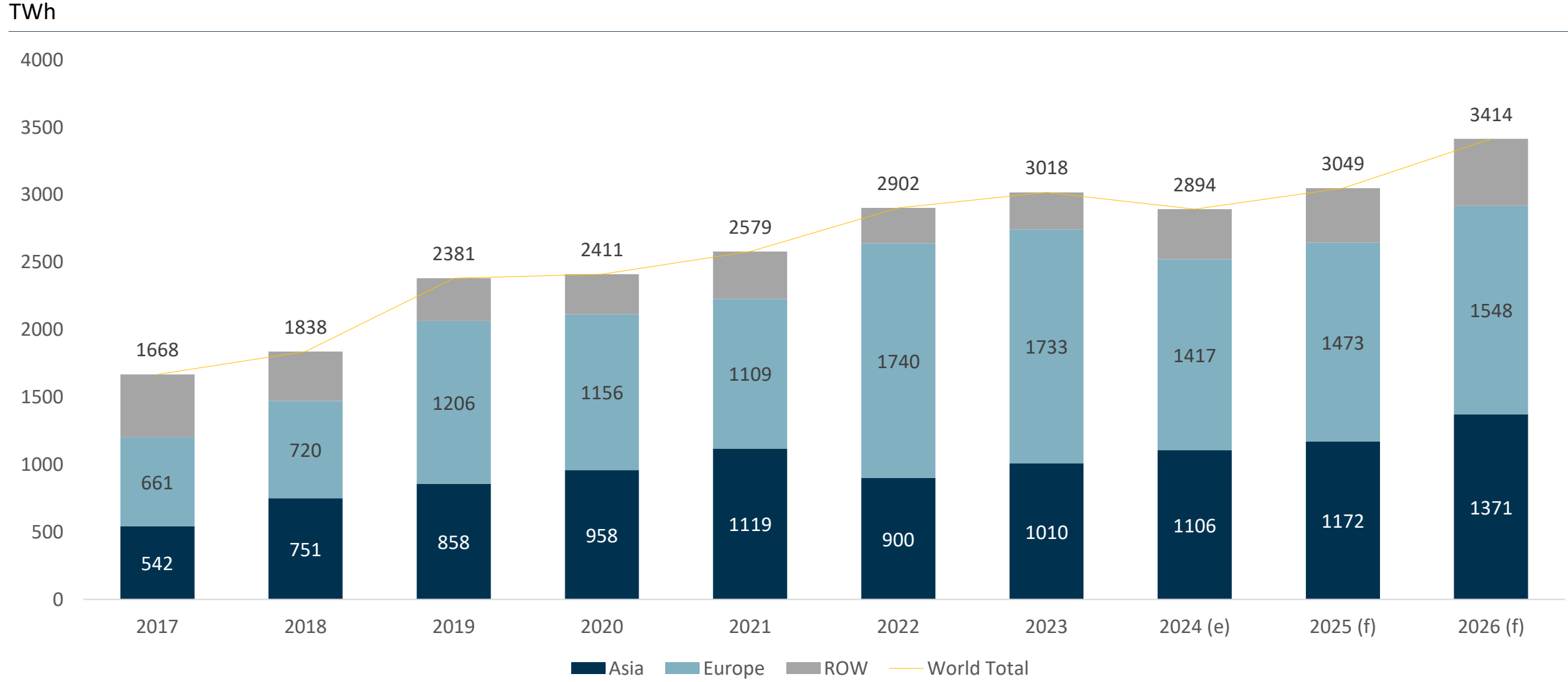
No extra Russian piped gas to Europe in 2025

Out of 1380 TWh pipeline capacity, only 210 TWh to flow through

Russian pipelines to Europe

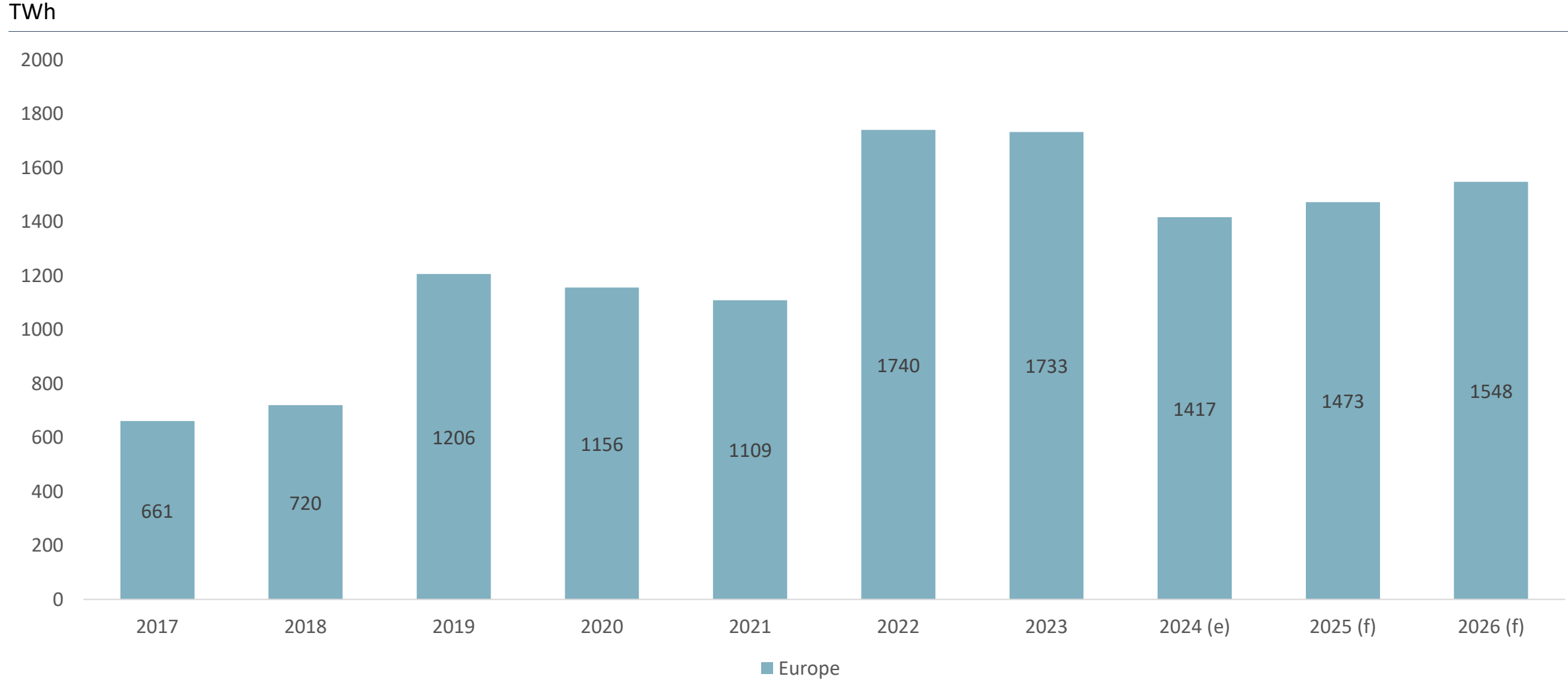


Forecasts for LNG imports still favour Asia



Source: Clarksons

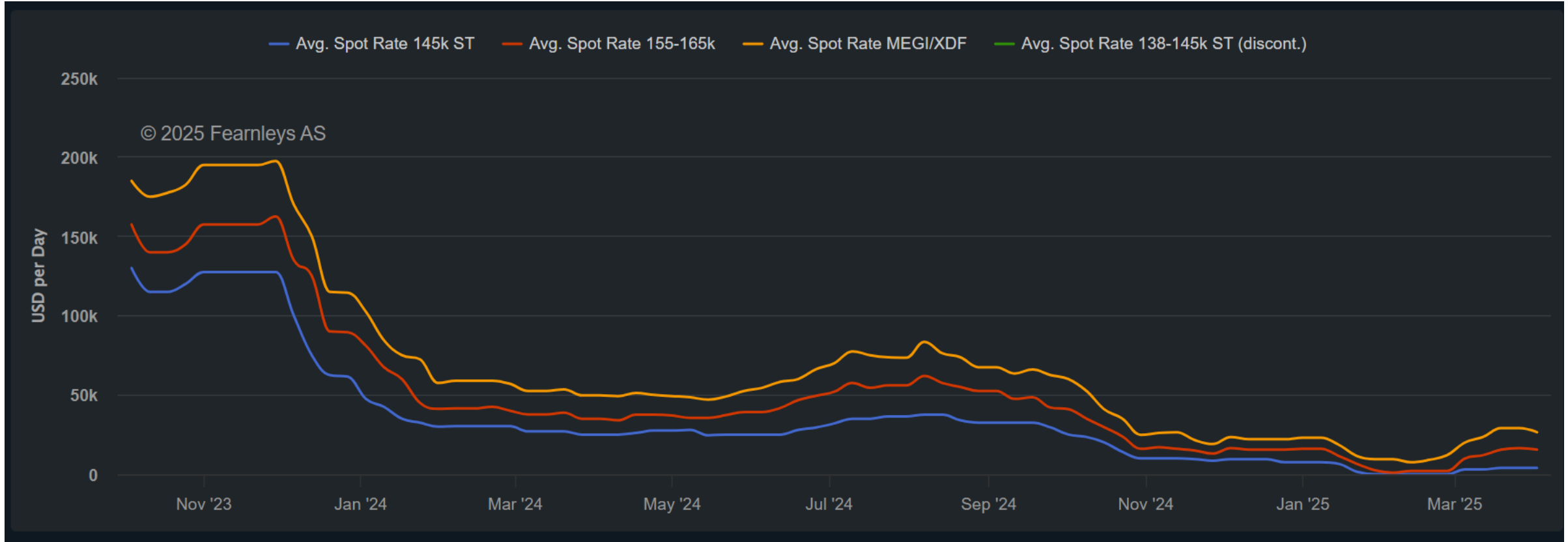
European LNG import expectations too low



Source: Clarksons

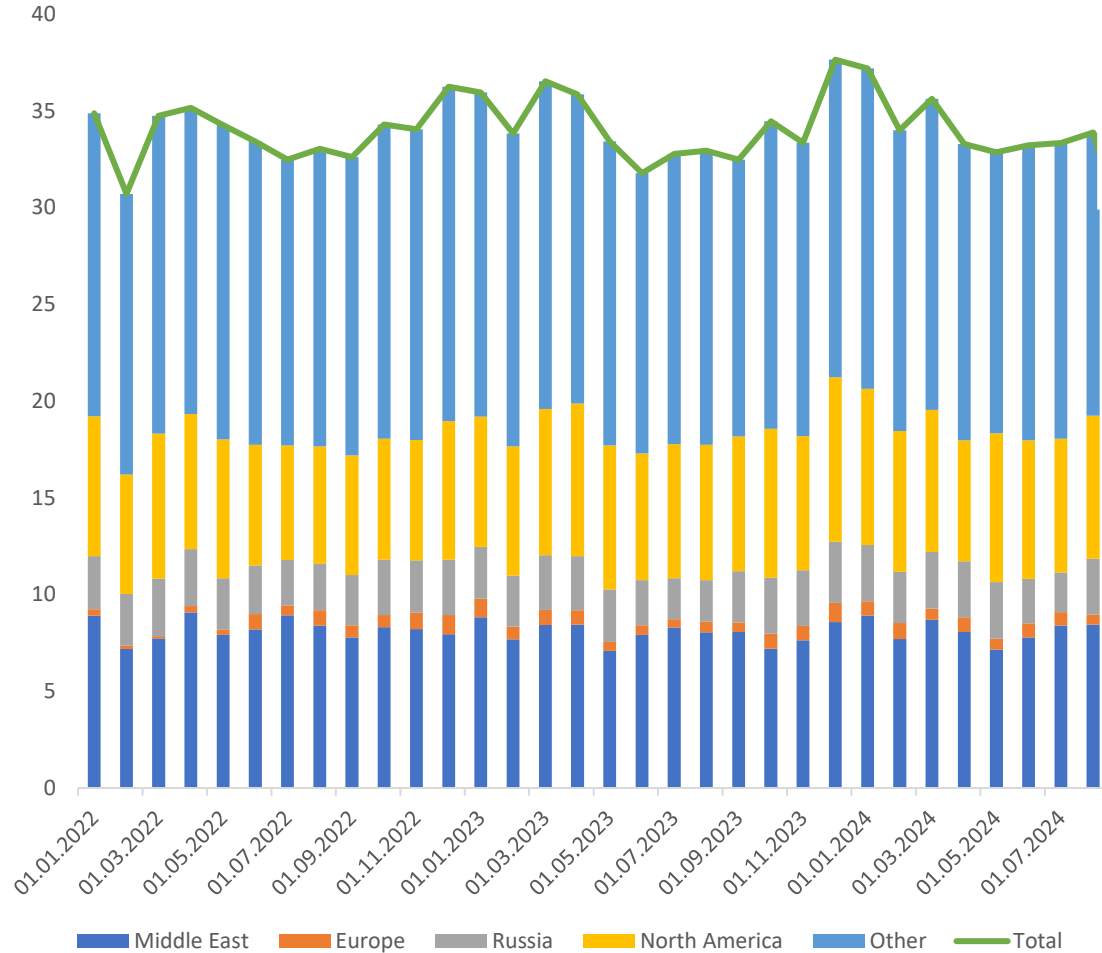
The call to action remains subdued

LNG spot rates, USD/day

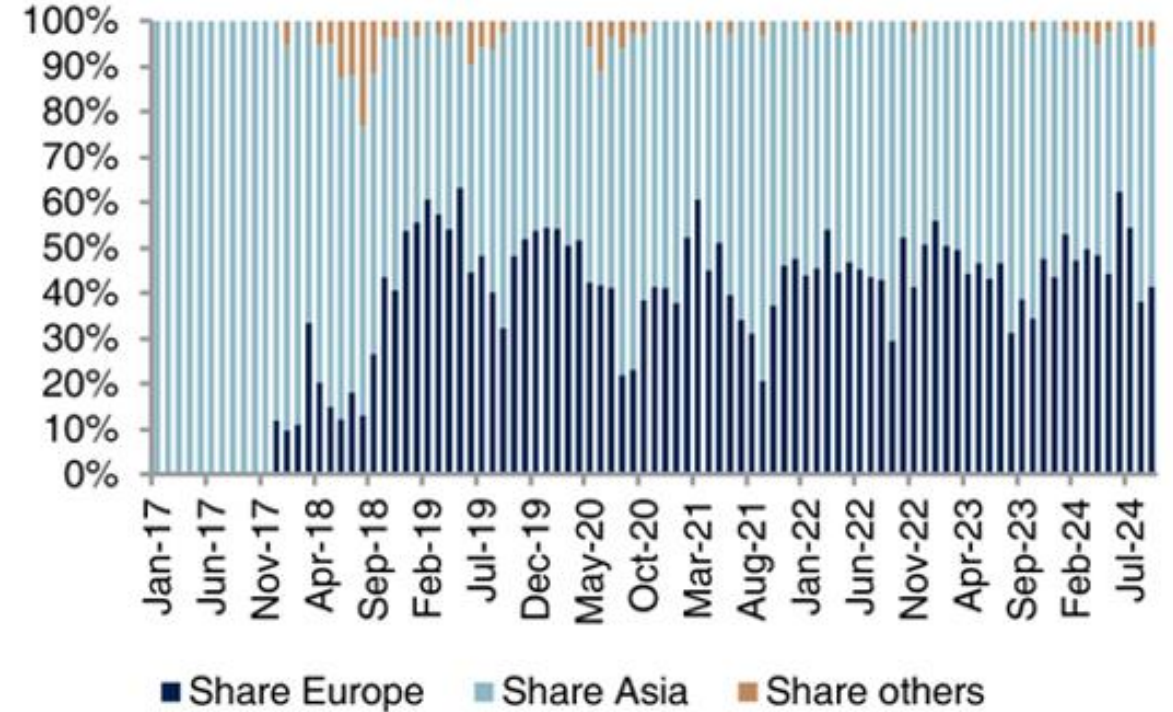


Russia's LNG exports to Europe should rise short-term

Total global LNG by exporter, mt

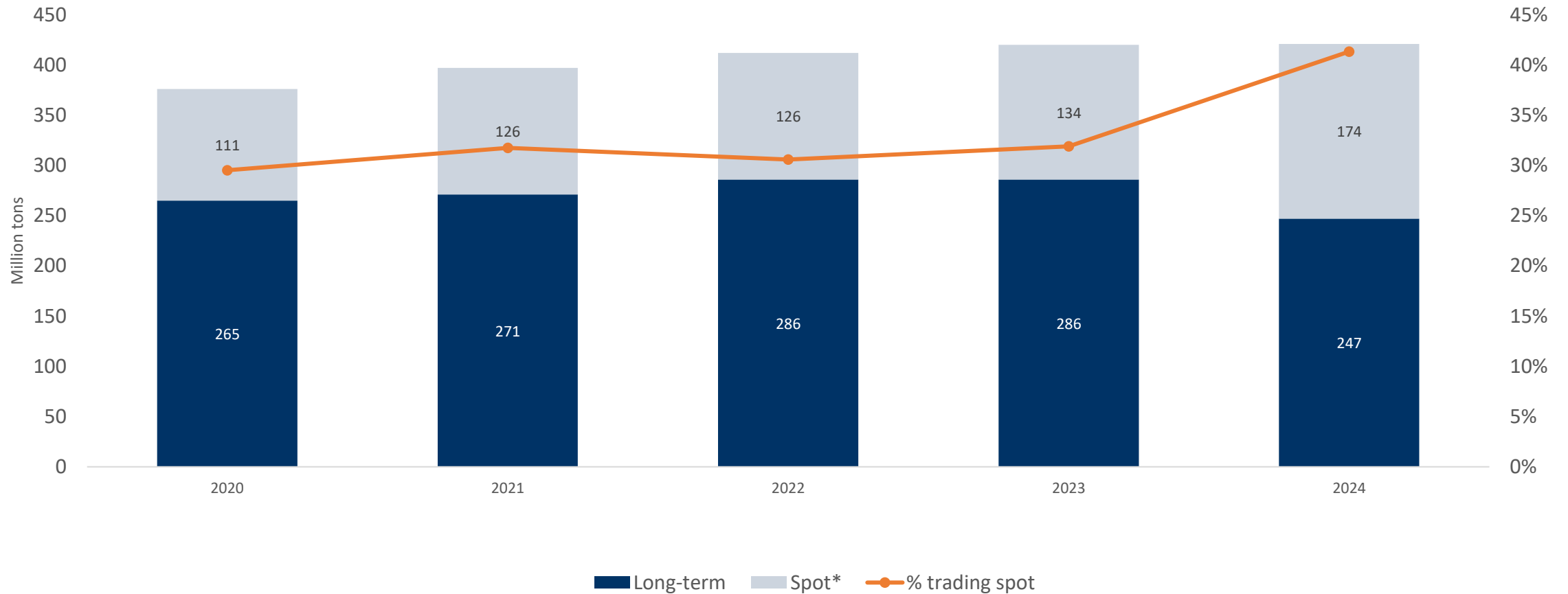


Russia LNG exports by importer, %

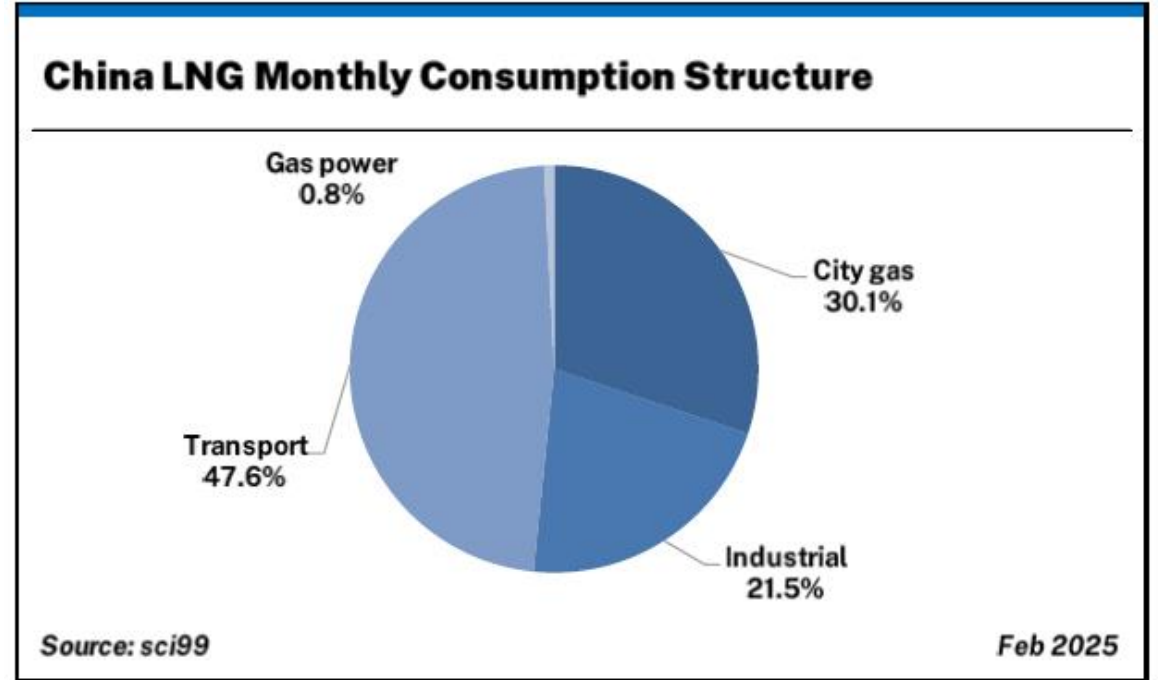
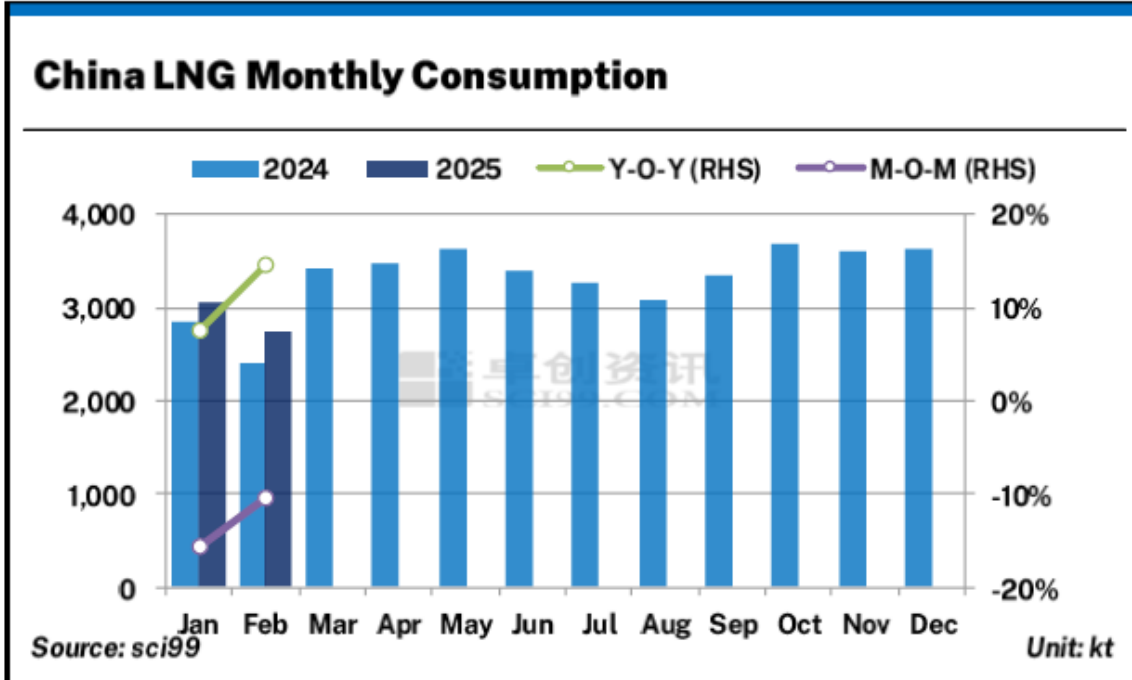


LNG spot market grew in 2024!

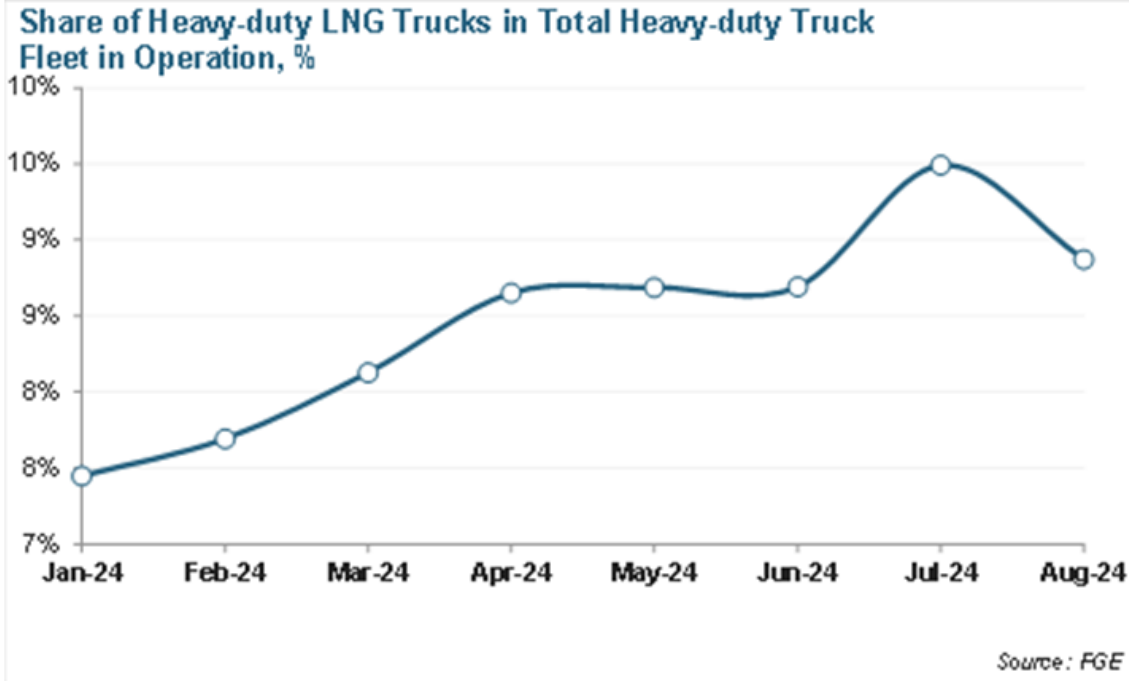
Global LNG exports, MT



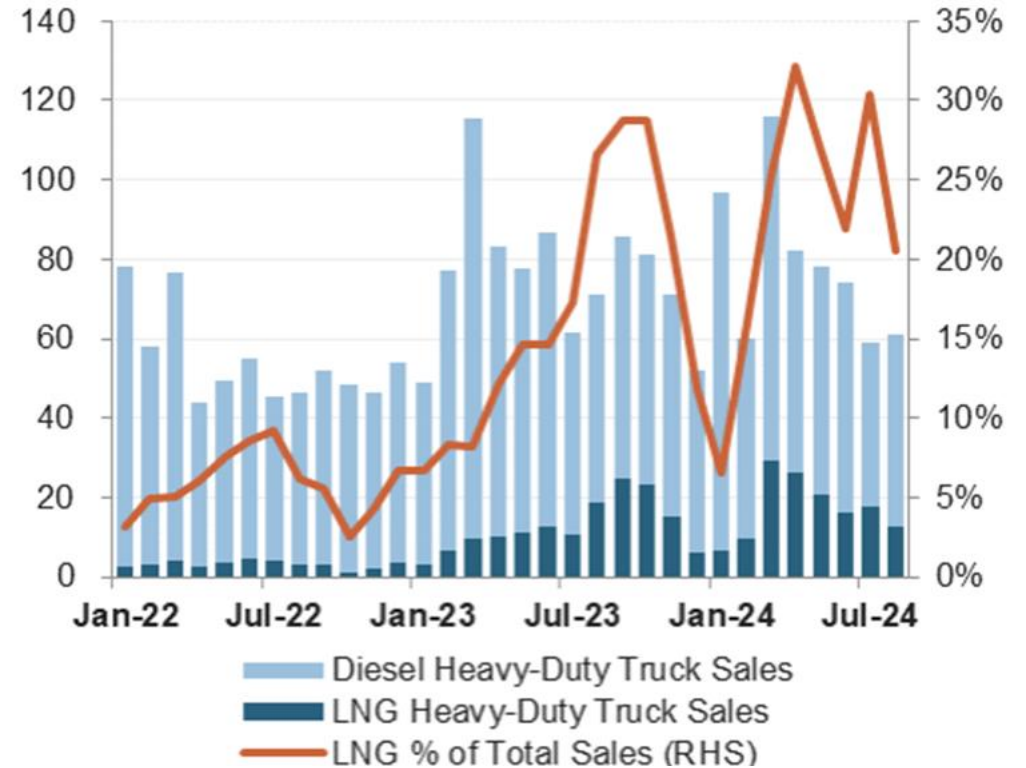
China's 2025 LNG consumption is up 18% y/y



YE 2024: Chinese LNG trucks 20% of heavy-duty fleet

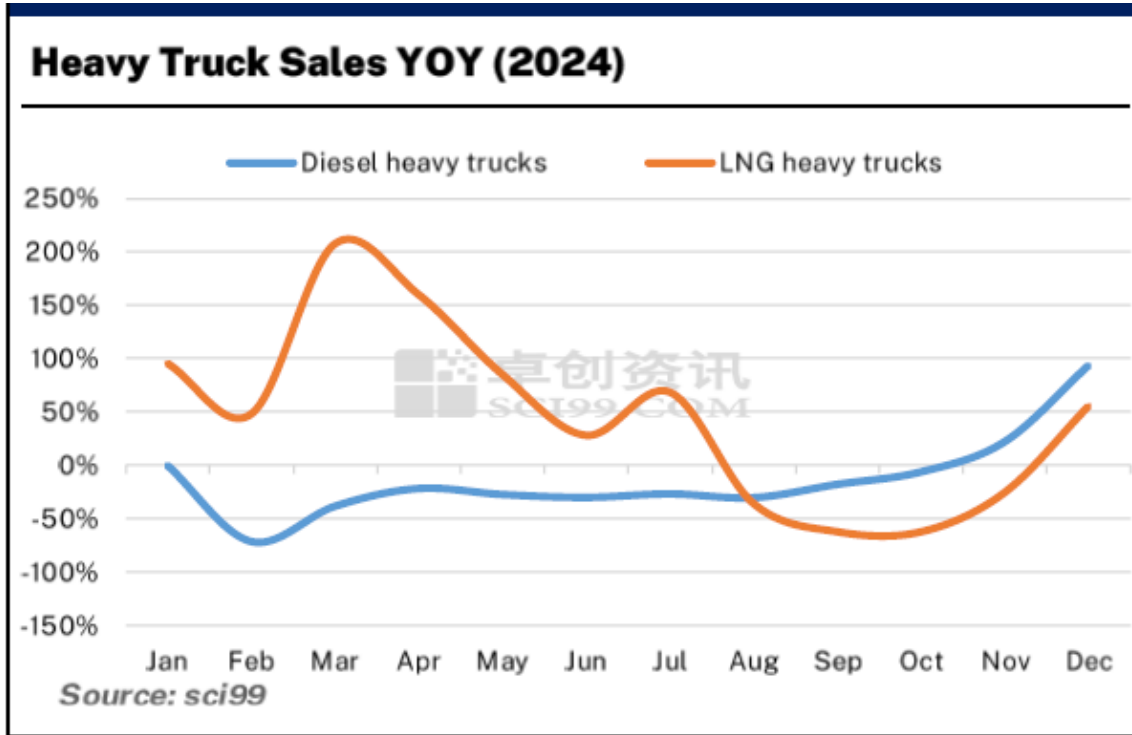


China Heavy-Duty Truck Sales by Fuel Type and Share of LNG, Thousand Units and %

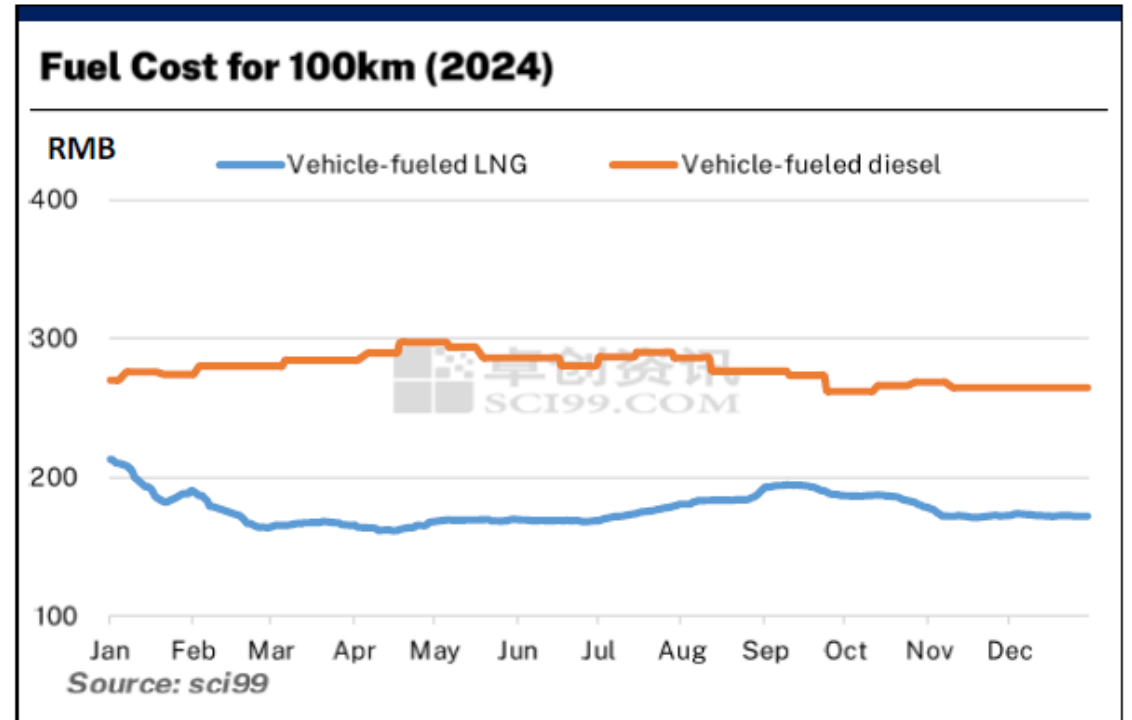


LNG truck sales disappointed H2'24 but should RISE in 2025

China's truck sales growth

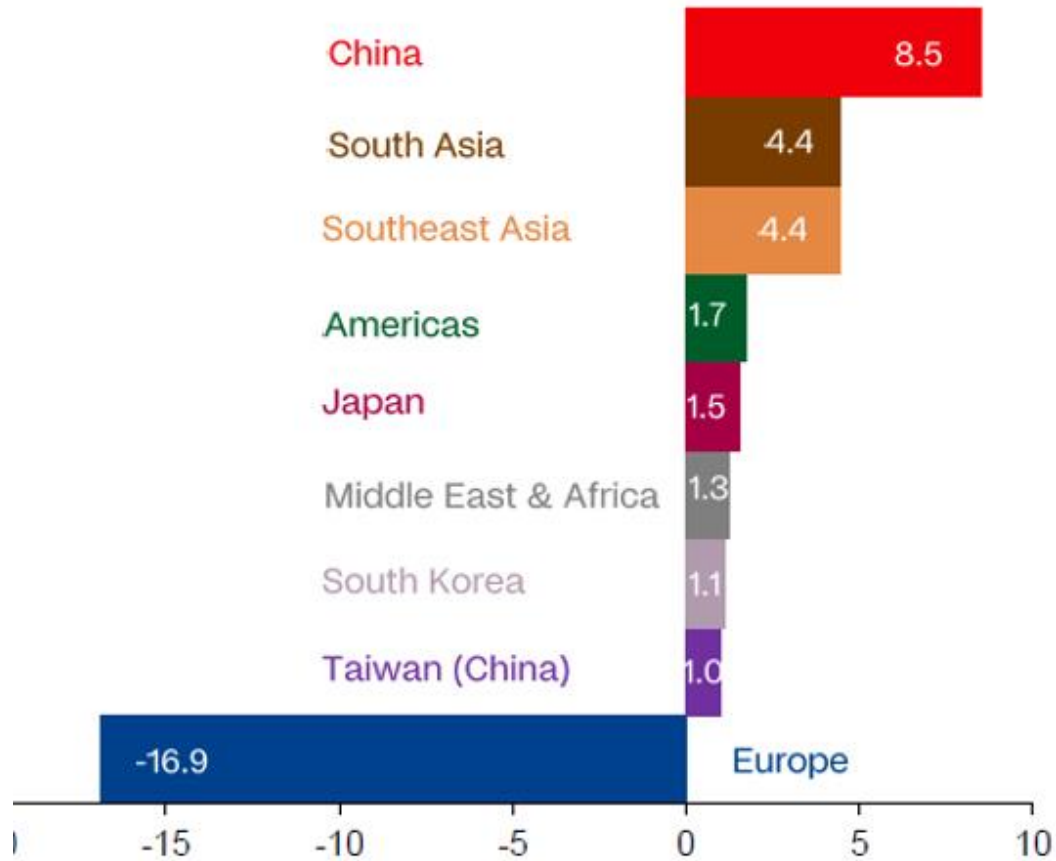


Fuel costs

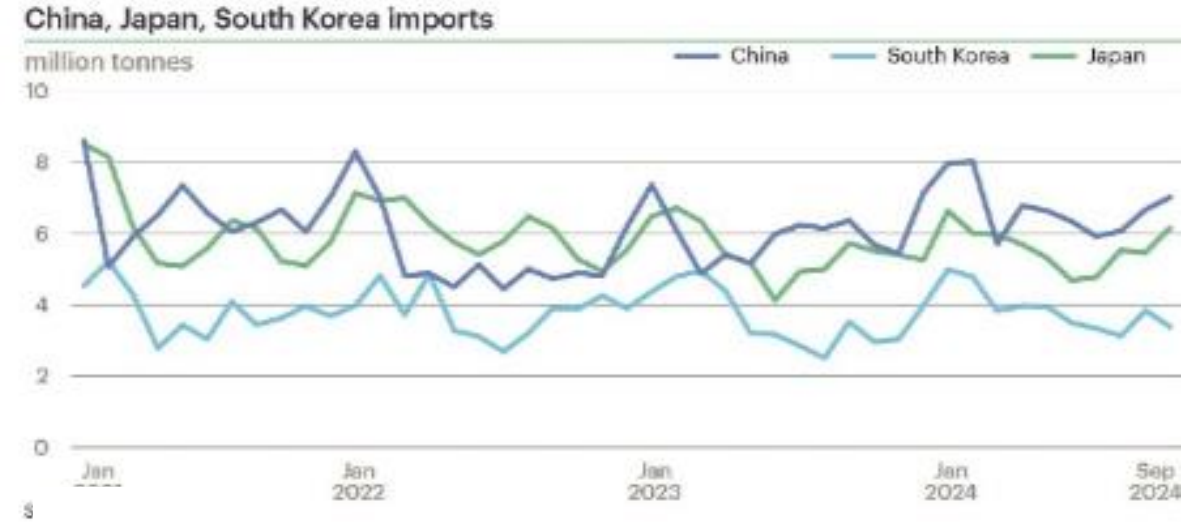


Asia ex-China contributes to LNG imports

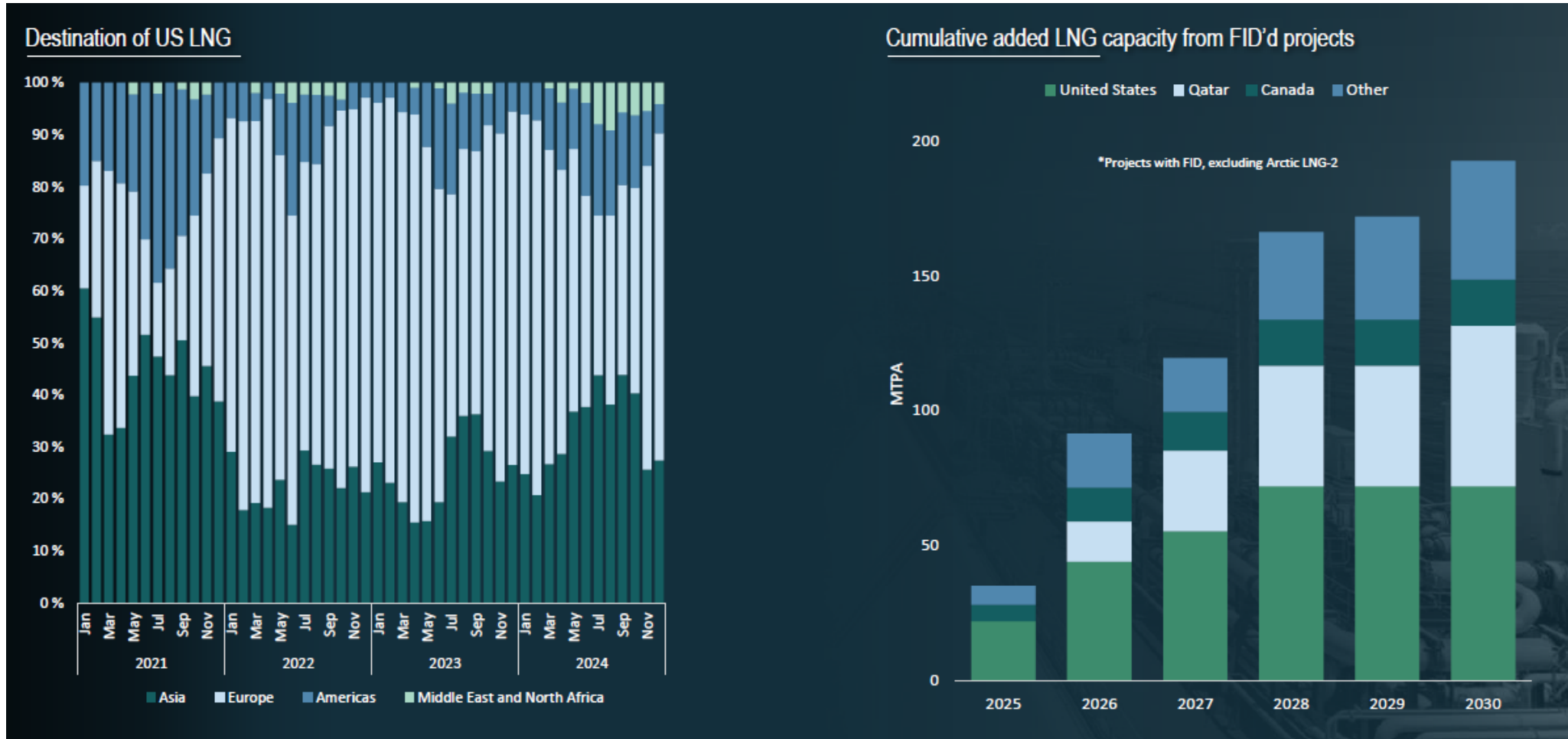
Q1'Q3'24 y/y import growth of LNG, mt



Main Asian importers of LNG



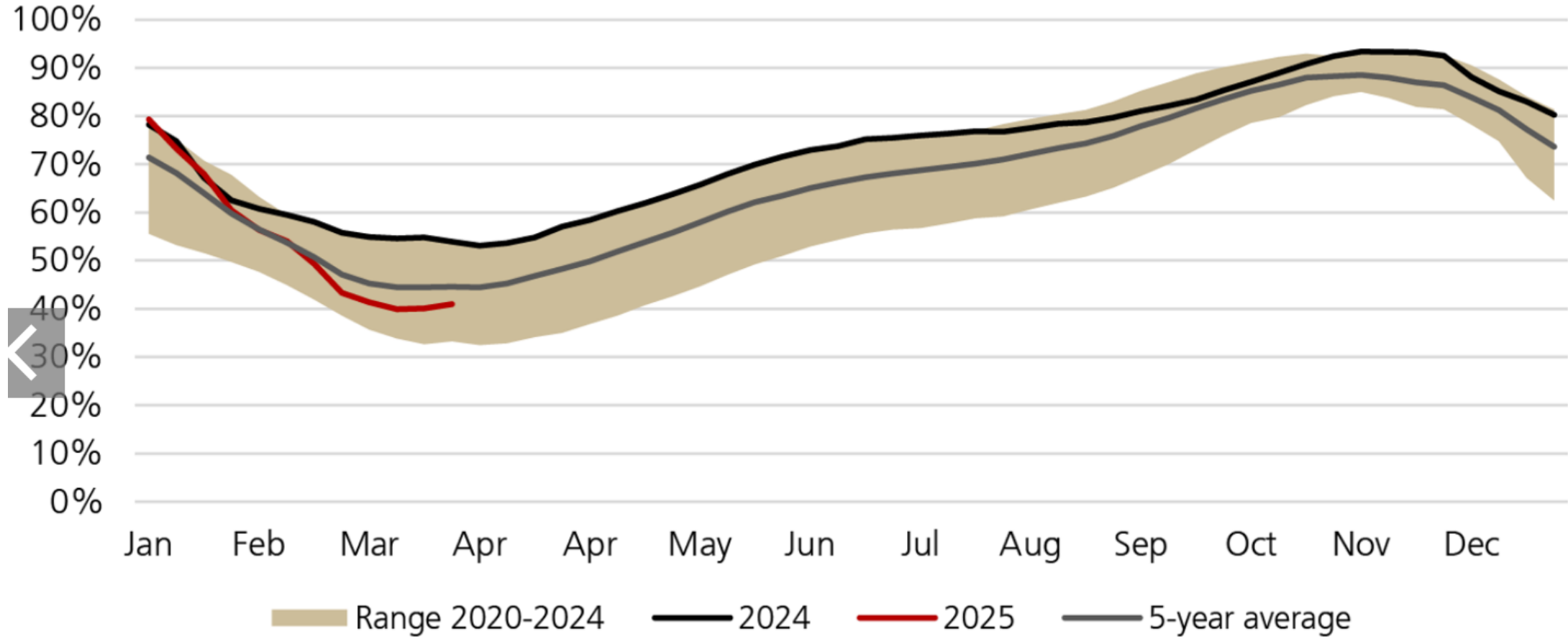
US LNG supply growth is critical



Source: Fearnleys

US gas storage below 5-year average

TWh



Source: UBS

US nat gas prices driven by LNG market

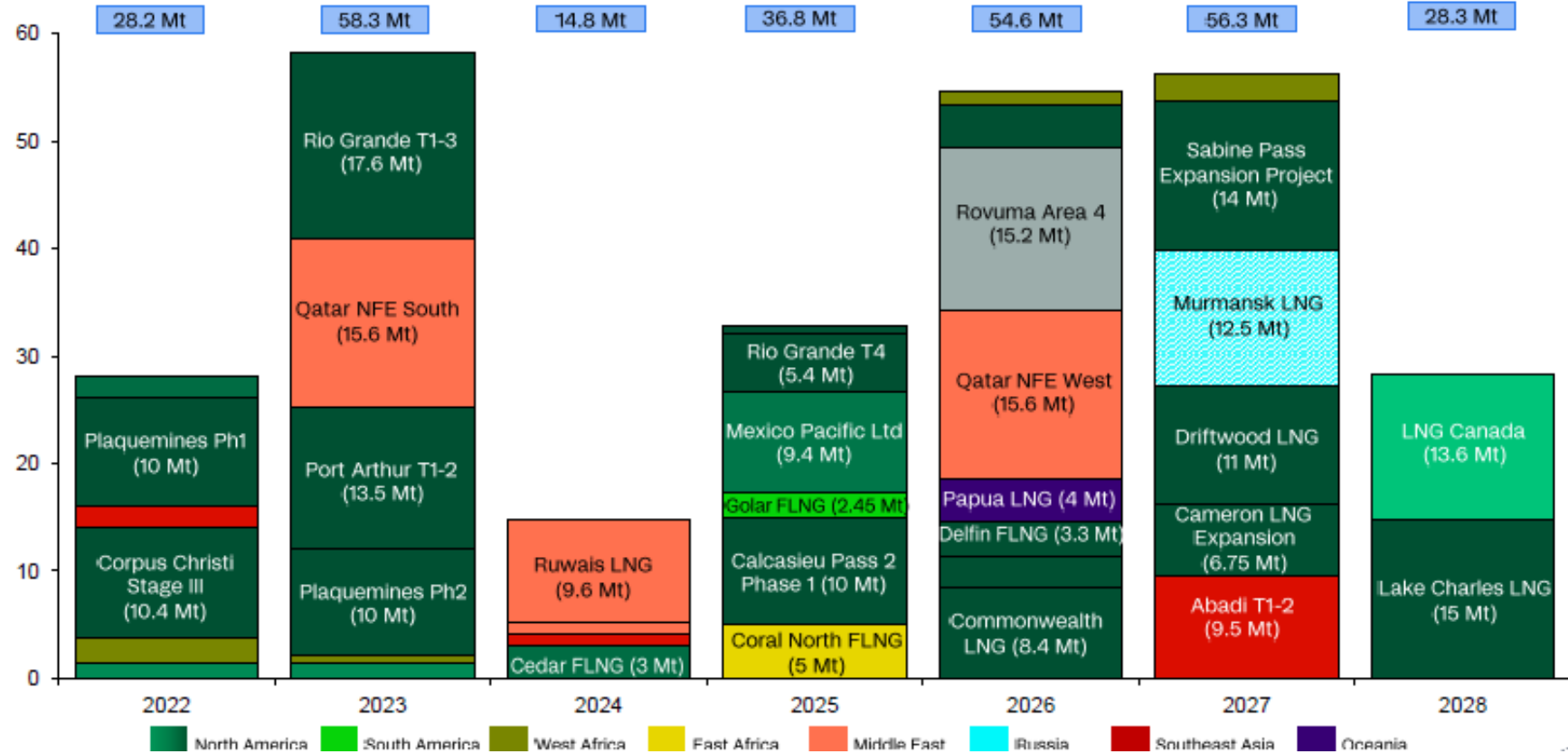
TTF (EUR/MWh) and Henry Hub Nat gas (USD/mmbtu)



US FIDs key for medium term supply

Upcoming liquefaction project to ease long-term supply constraints

Global LNG project capacity by FID approval year
Million tonnes per annum (Mtpa)



Source: Rystad Energy

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