

# ICIS global outlook: out-of-crisis mode / false dawn?

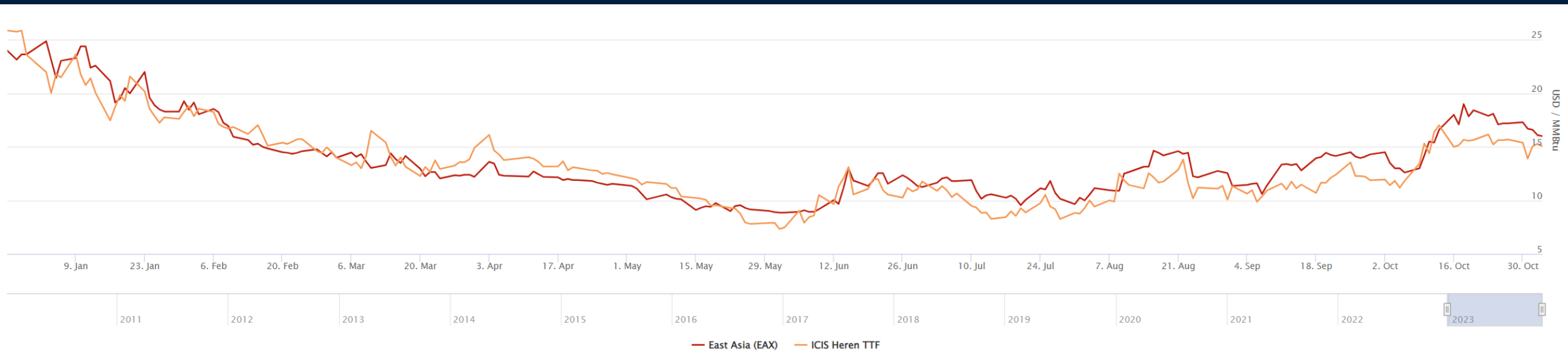
Alex Siow, Lead Asia Gas Analyst



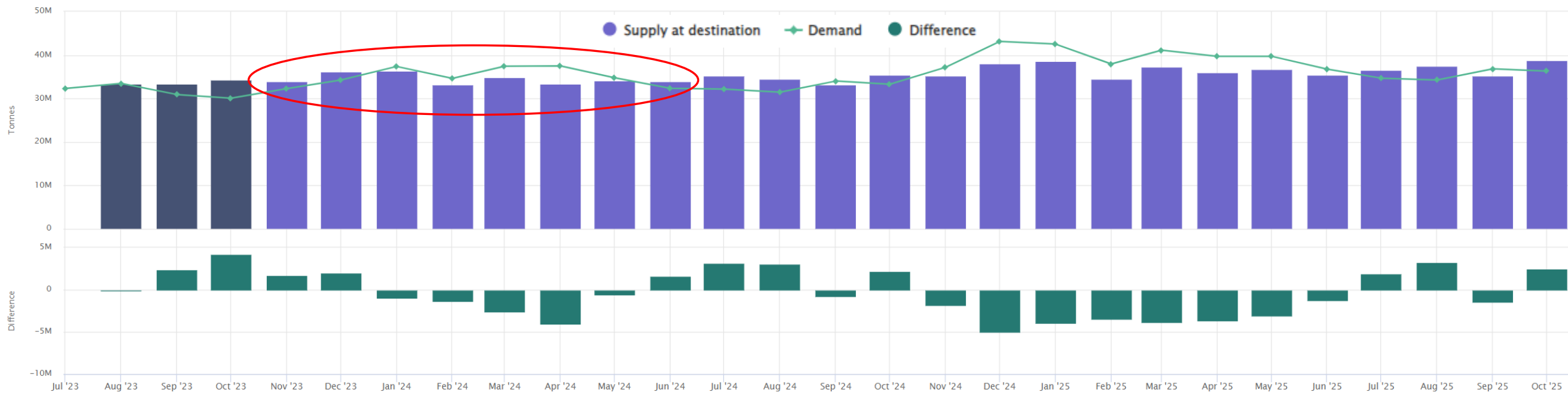
# Agenda

- 01 Spot price movement
- 02 Global fundamentals: Are we balanced?
- 03 Basin tightness: Winter-23 and beyond
- 04 TTF price forecast: Higher or lower?
- 05 Spot availability and delivery

# TTF-EAX: Likely going into negative throughout winter



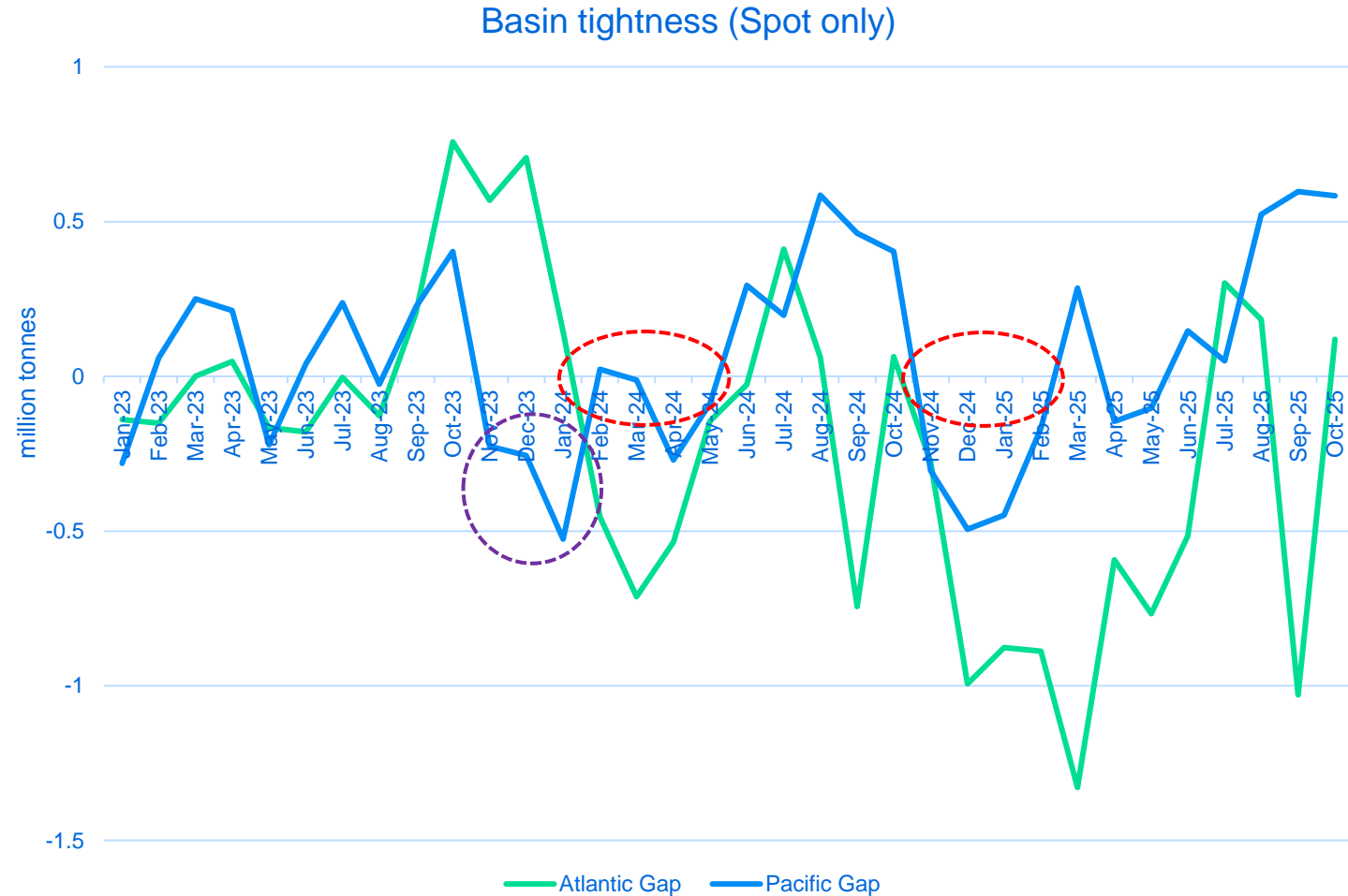
# ICIS global balance: An over-supplied winter, but a tight H1 2024



# Near-term spot tightness in Feb-May 24 due to Europe demand



- Red circle shows the near-term spot tightness (Spring & winter 24').
- TTF-EAX continues to stay negative until Feb-24, when Asia demand falters (purple circle)
- Atlantic will be short by 500k-700k tonnes (7-10 cargoes) of spot cargo monthly during Feb-May
- By winter-24 to H1 2025, this spot cargo shortage is estimated up to 1mT per month

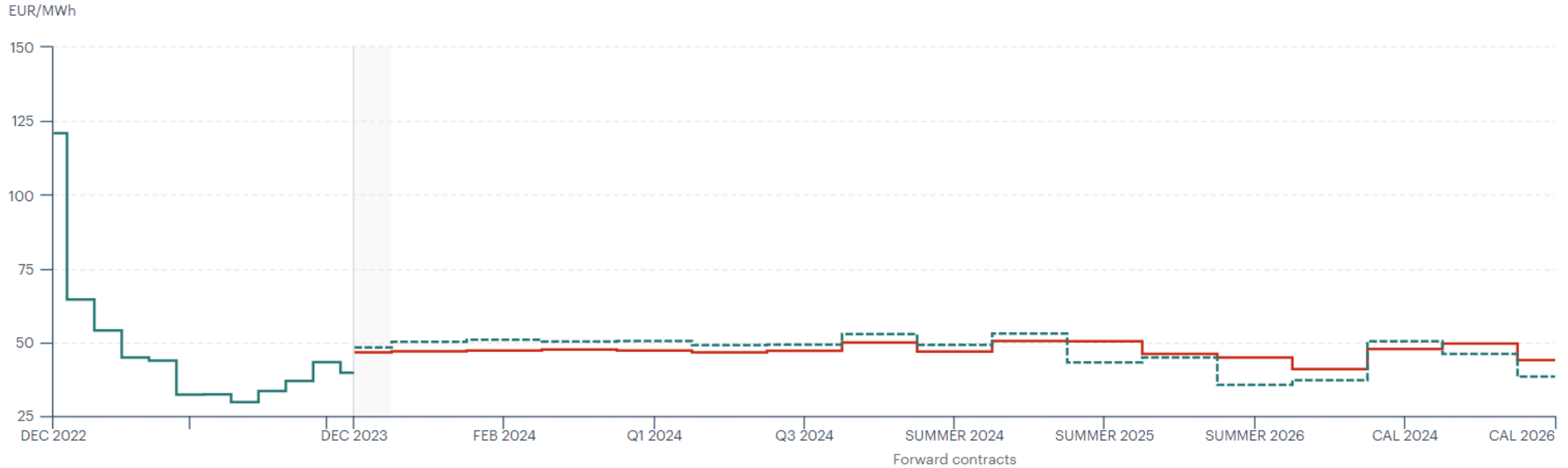
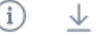


Based on ICIS Nov-23 forecast numbers, overlaid with YTD flow pattern.  
e.g. In June-23, Atlantic supplied 31.8% of global supply but imported 33% of global demand

# TTF price forecast: Just shy of \$18/mmbtu in H1 2024



Gas Price Forward Curve



Legend ^

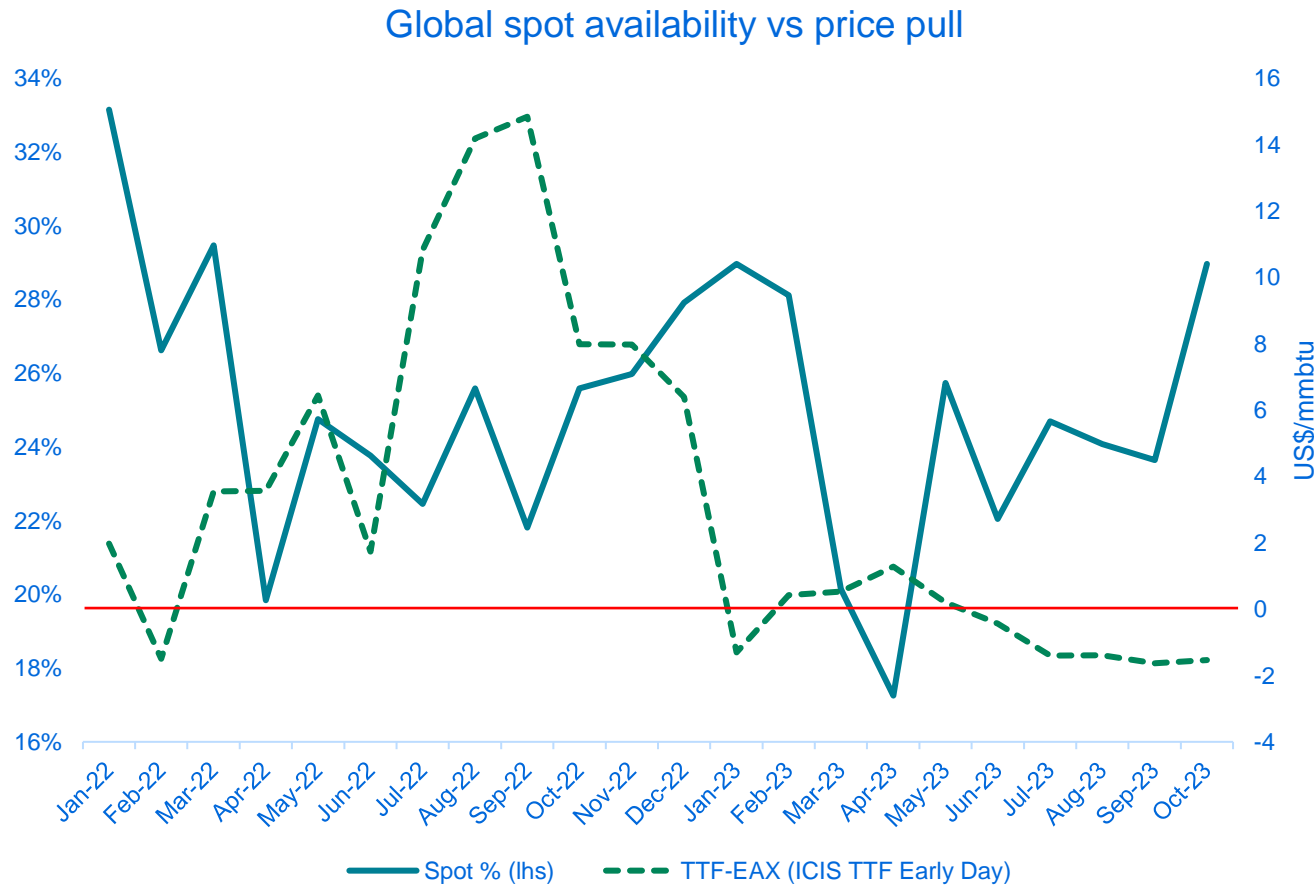
— Monthly Day-Ahead Price

— ICIS Forecast

- - - OTC/Exchange Price

Source: ICIS Gas Foresight

# Spot availability averaged 24% this year



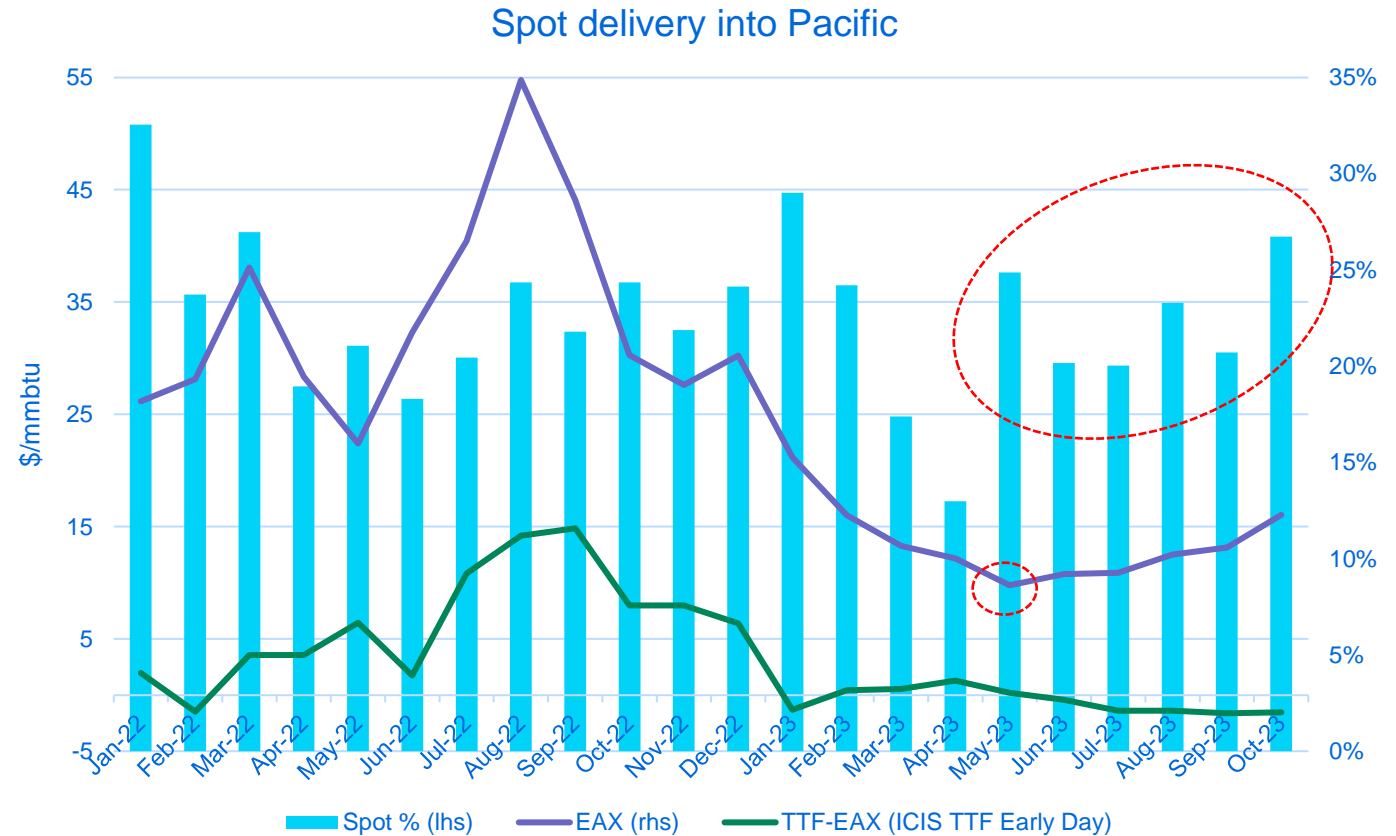
- Demand weakness in February, spot availability lowest in April
- Spot cargoes were mostly going to Europe last year, H2 2023 is pulling towards Asia
- Spot availability (demand) is not reactive to spot prices due to continued tightness in the global market



# Asia price responsiveness



- Very strong spot demand rebound seen in May-23 when EAX went below \$10/mmbtu
- China, South & SE Asia responded
- Average H2 spot delivery into Pacific has been trending higher this year. We expect this to continue into winter

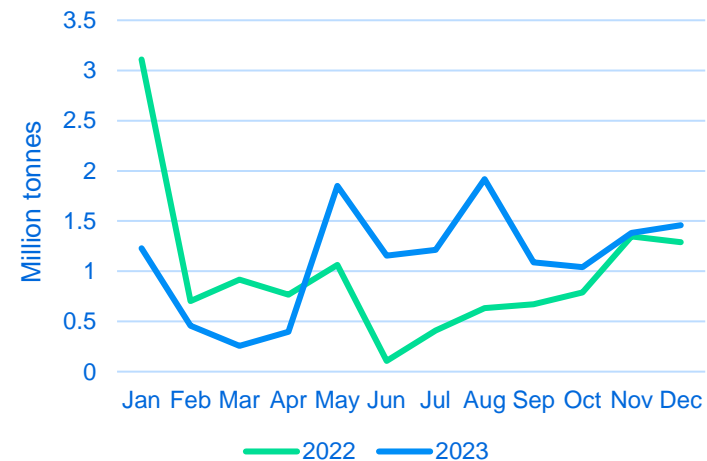




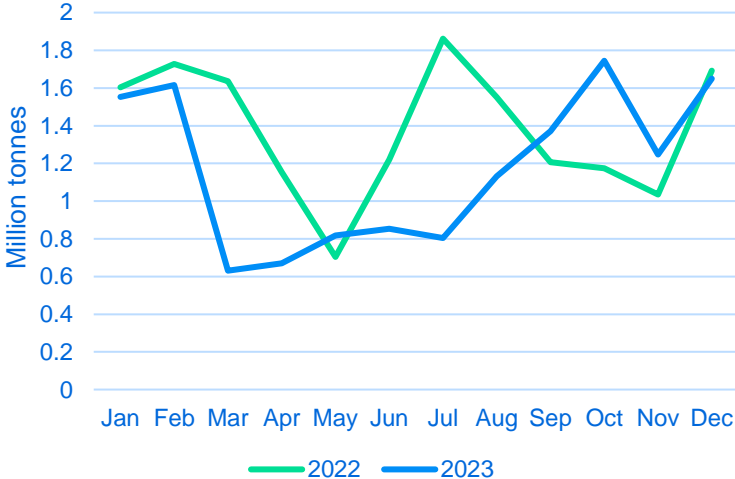
# Bearish spot into the winter



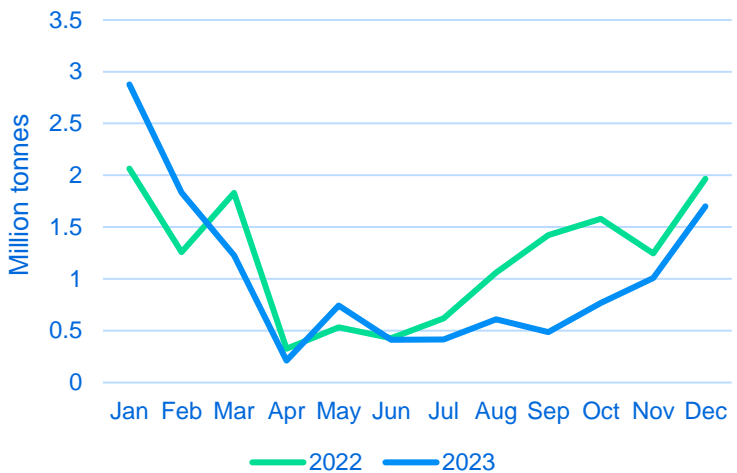
China



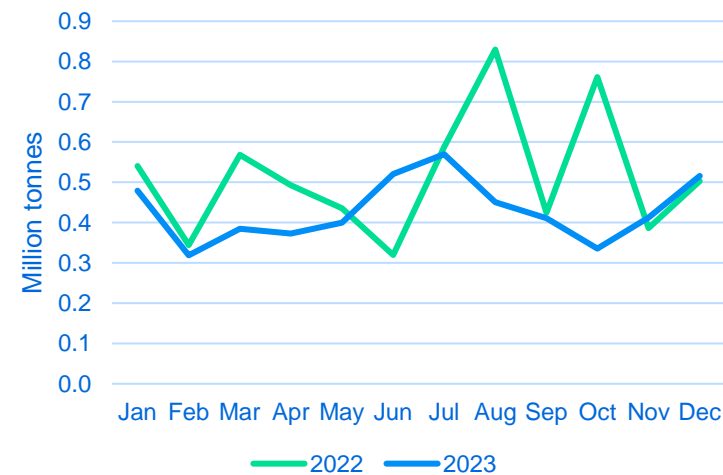
Japan



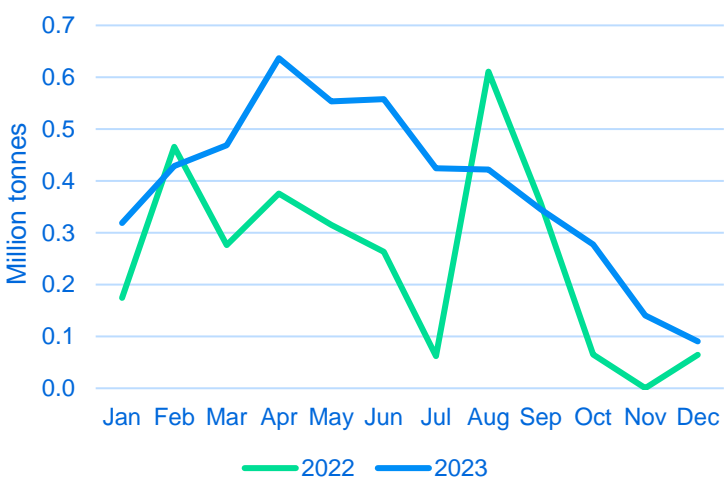
South Korea



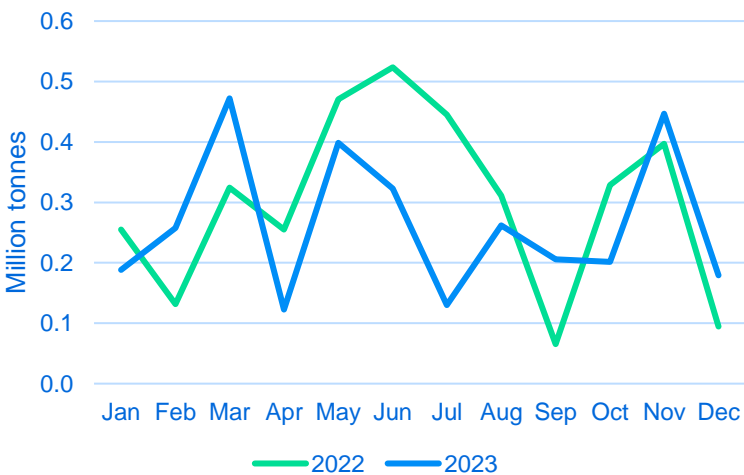
Taiwan



Thailand



India





ICIS LNG Outlook: Exiting crisis mode or false dawn?

# A regional perspective: Europe, Japan, India, China

Joachim Moxon, Senior LNG Analyst

# Europe: ICIS 2023-24 Winter Outlook



Risk	Impact		Likelihood	
Cold winter	Bearish		Bullish	Unlikely  Likely
Mild winter	Bearish		Bullish	Unlikely  Likely
Slow gas/power demand recovery	Bearish		Bullish	Unlikely  Likely
Fast gas/power demand recovery	Bearish		Bullish	Unlikely  Likely
European gas supply	Bearish		Bullish	Unlikely  Likely
European power supply	Bearish		Bullish	Unlikely  Likely
Asian demand shock	Bearish		Bullish	Unlikely  Likely
LNG supply shock	Bearish		Bullish	Unlikely  Likely

# The impact on gas of a cold European winter



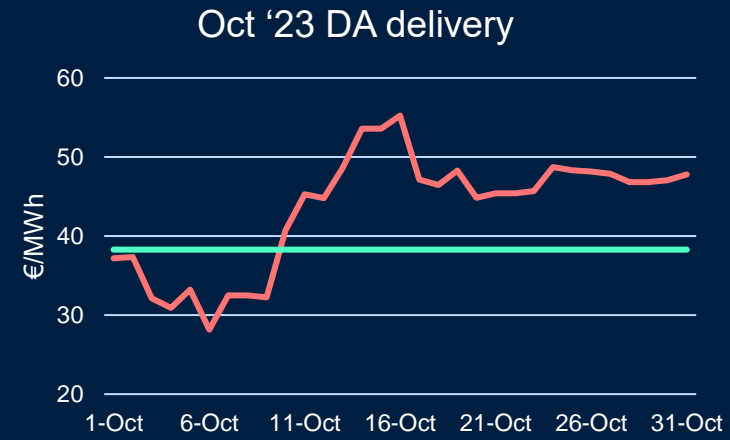
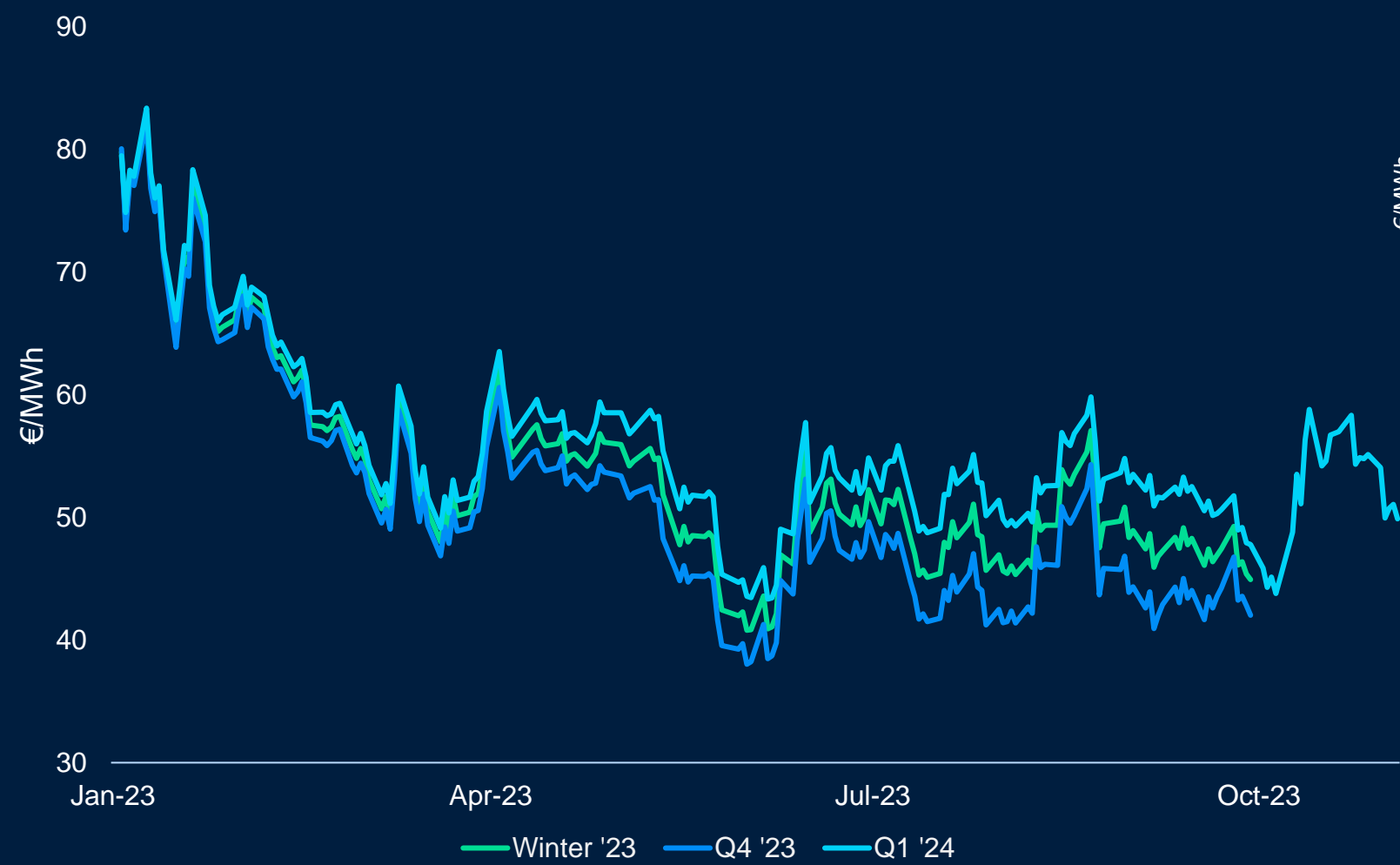
## German Comm-Res Gas Demand

- During 2017-2021, Nov/Dec +7%, -8% range to normal
- During 2017-2021 Jan/Feb +22%, -18% range to normal
- Given we expect German Comm-Res to be **-16%** in normal weather scenario this winter, accounting for worst case +22% weather factor, this nets out at **103%** of historic normal demand
- Industry weather factor can reach +14%

## January-24 Germany extreme cold example

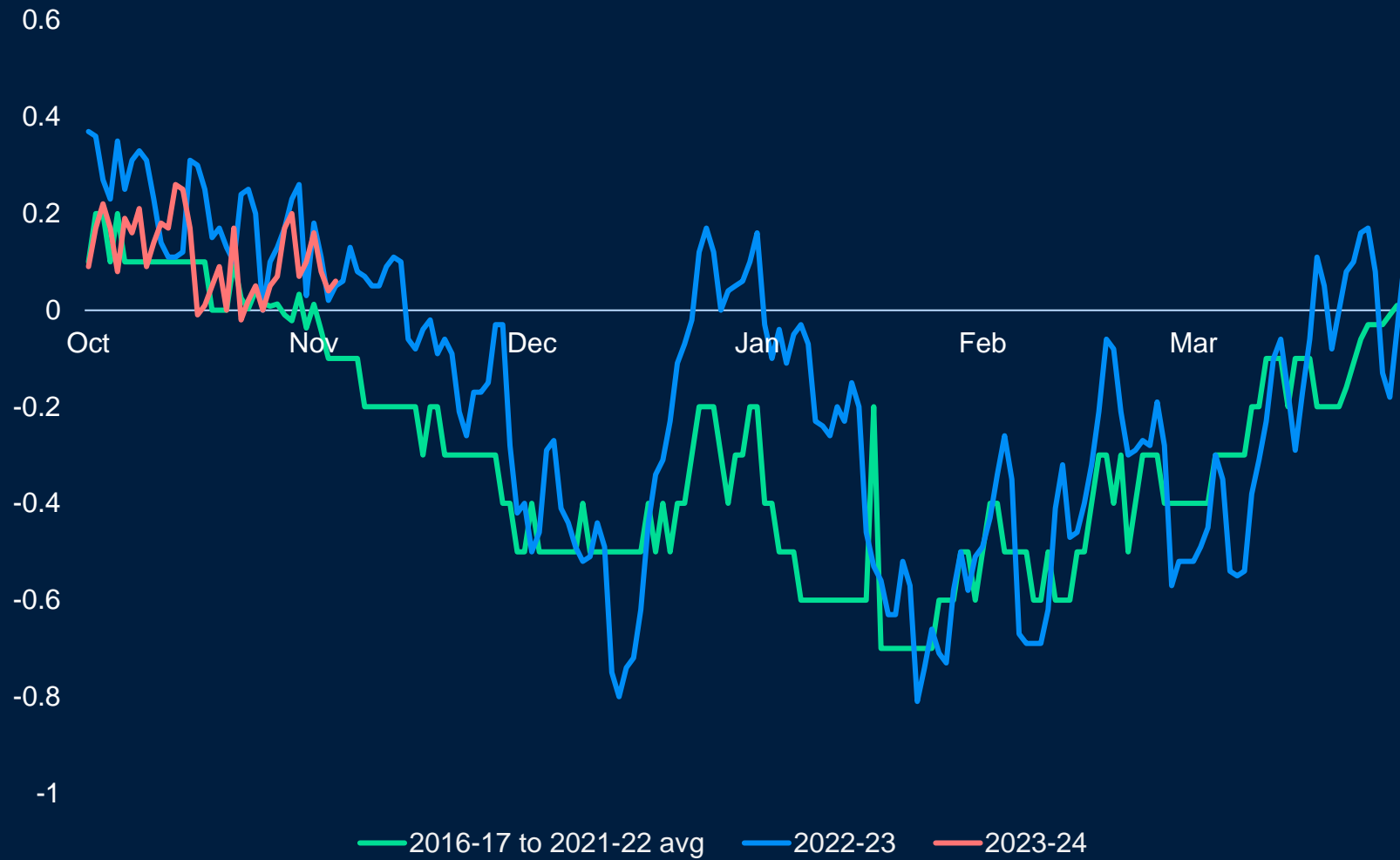
TWh	Ind	Res-Comm	Pwr	Total	Vs history
Normal 2017-2021 January	55.6	66.8	9.2	131.6	
Normal January with Demand Savings	41.1	56.1	9.2*	106.4	-19%
Cold January ResComm with Demand Savings	41.1	68.5	9.2*	118.8	-10%
Cold January ResComm & Ind with Demand Savings	46.9	68.5	9.2*	124.6	-5%

# TTF: Volatile summer but winter contracts closing at lower end of range



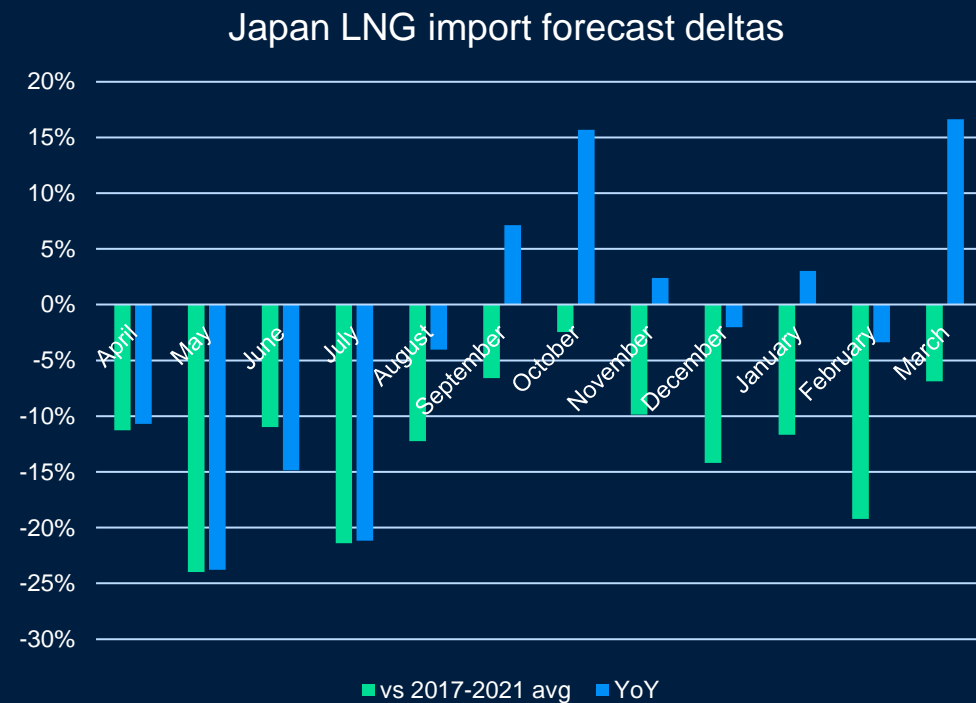
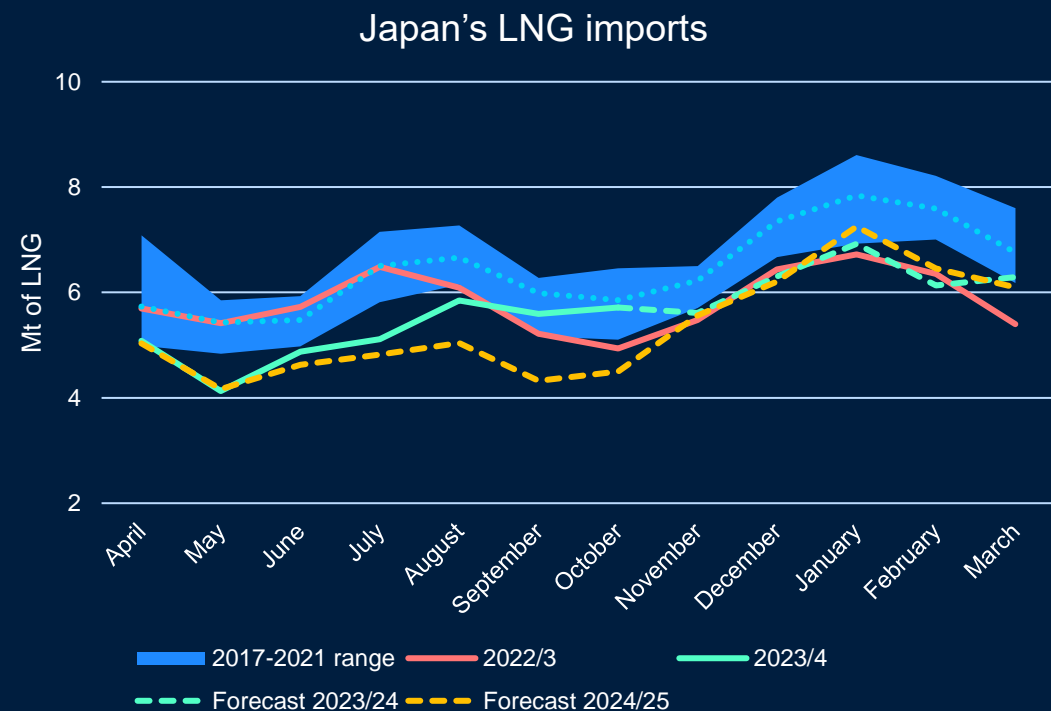
bcm	Oct '22	Oct '23
Russian pipe	2.05	2.6
Norway pipe	9.7	9.15
African/Azeri pipe	3.9	3.8
EU/GB production	6.1	5.1
LNG sendout	11.8	10.4

# Storage injections continue despite tight market



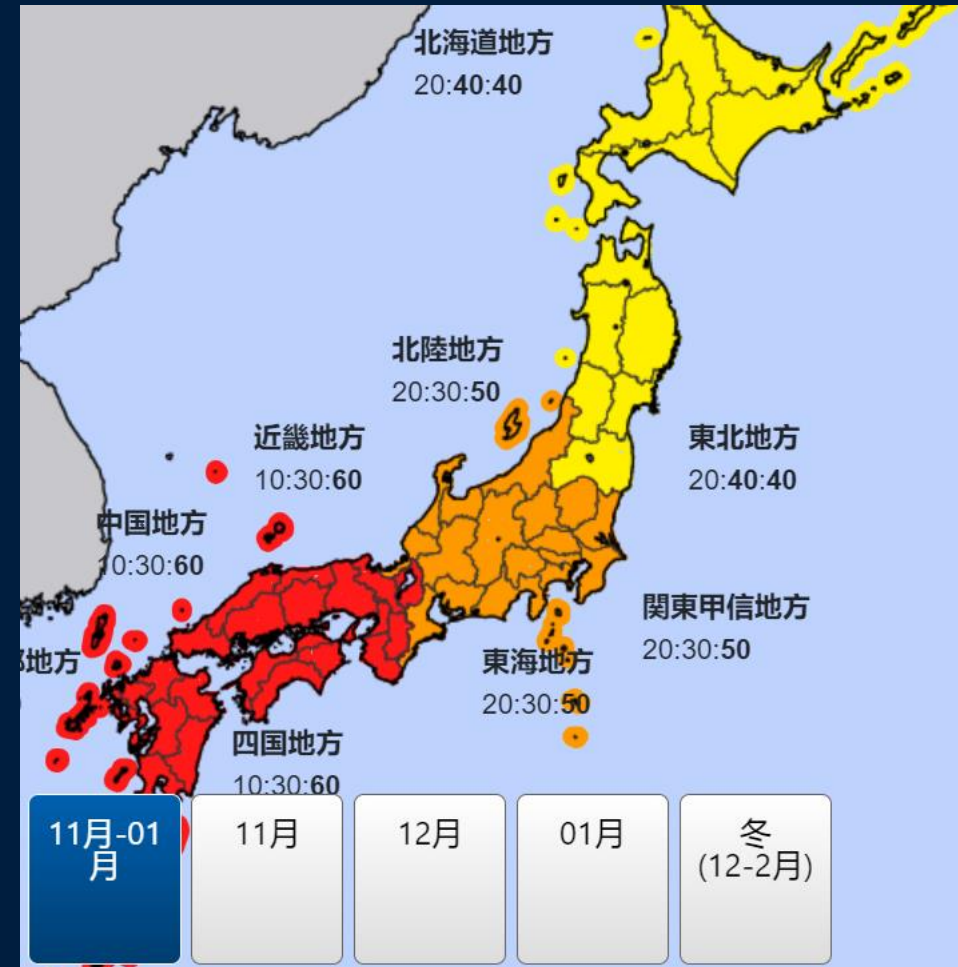
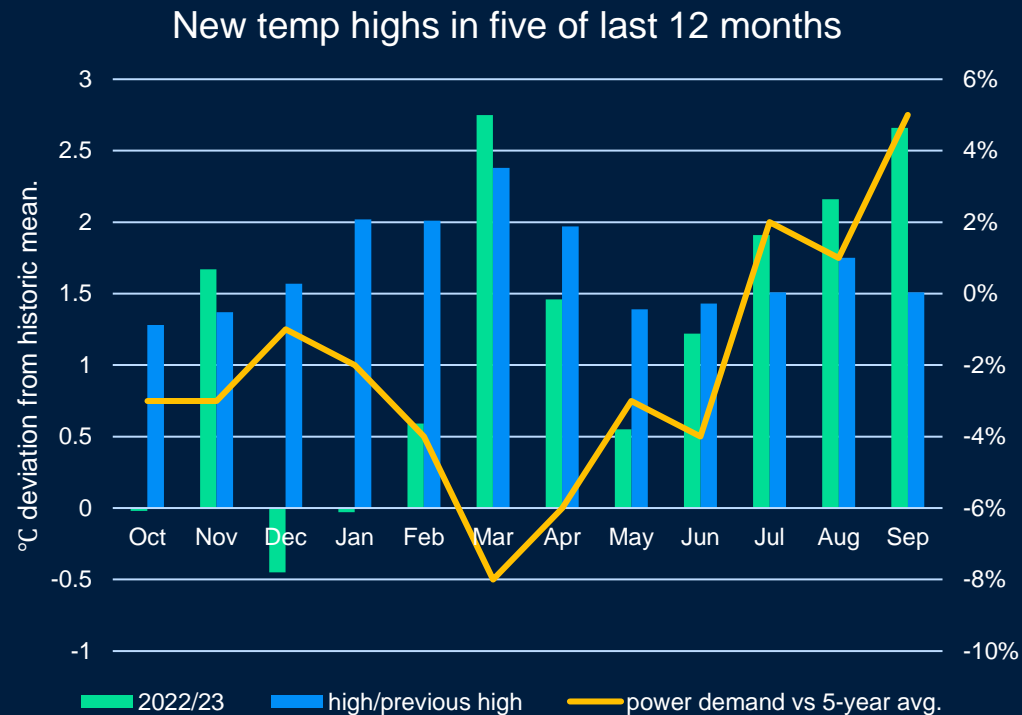
- Last winter's storage injections continued to mid-November
- Unusual shift back to injection mode in late Dec '22 and early Jan '23
- Repeating the pattern in 23-24?

# Japan: From hot summer to mild winter





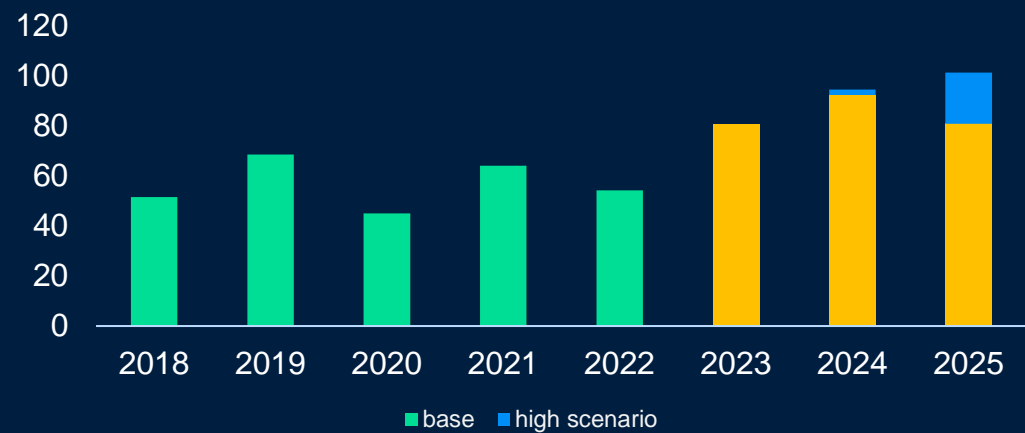
# El Niño + weak power demand = bearish winter



# Strong nuclear, weak coal



Nuclear has further upside potential



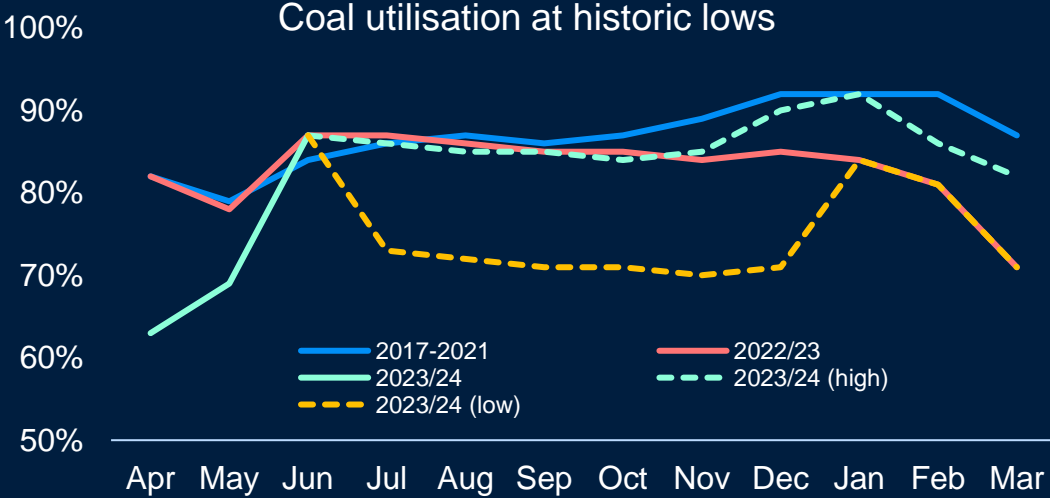
**Nuclear:**

Two restarts planned in 2024  
Another restart in 2025?  
Beyond 40-year licenses granted?

**Coal:**

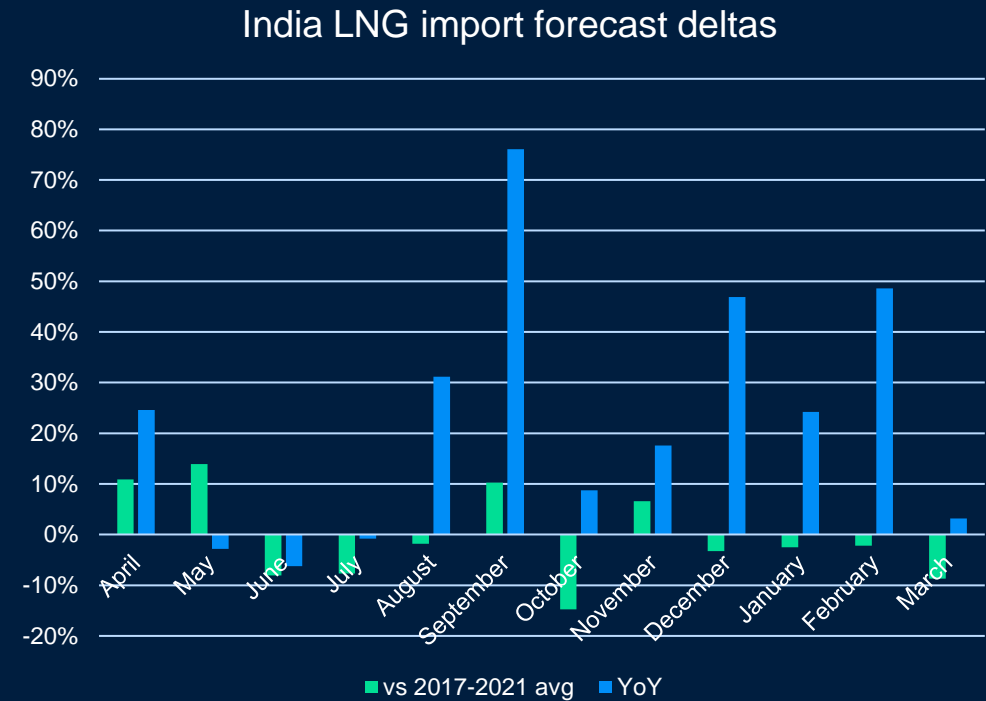
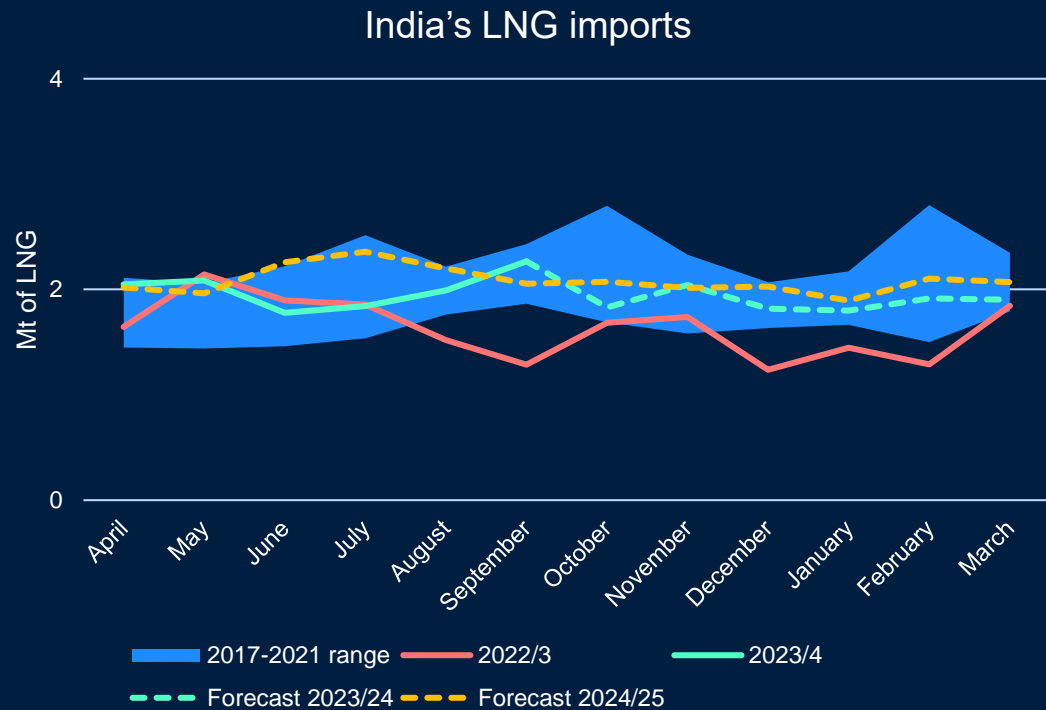
Utilisation to continue ~14pp below previous year?

Coal utilisation at historic lows



	Base '24	Base '25	High '24	High '25
Mt of LNG				
Nuclear LNG displacement	1.77	-1.75	2.1	1.05
Coal LNG displacement	0.6	-0.3	4.4	-0.05

# India: Recovering from weak base



# Fertilizer, City Gas and Power drive Indian demand growth

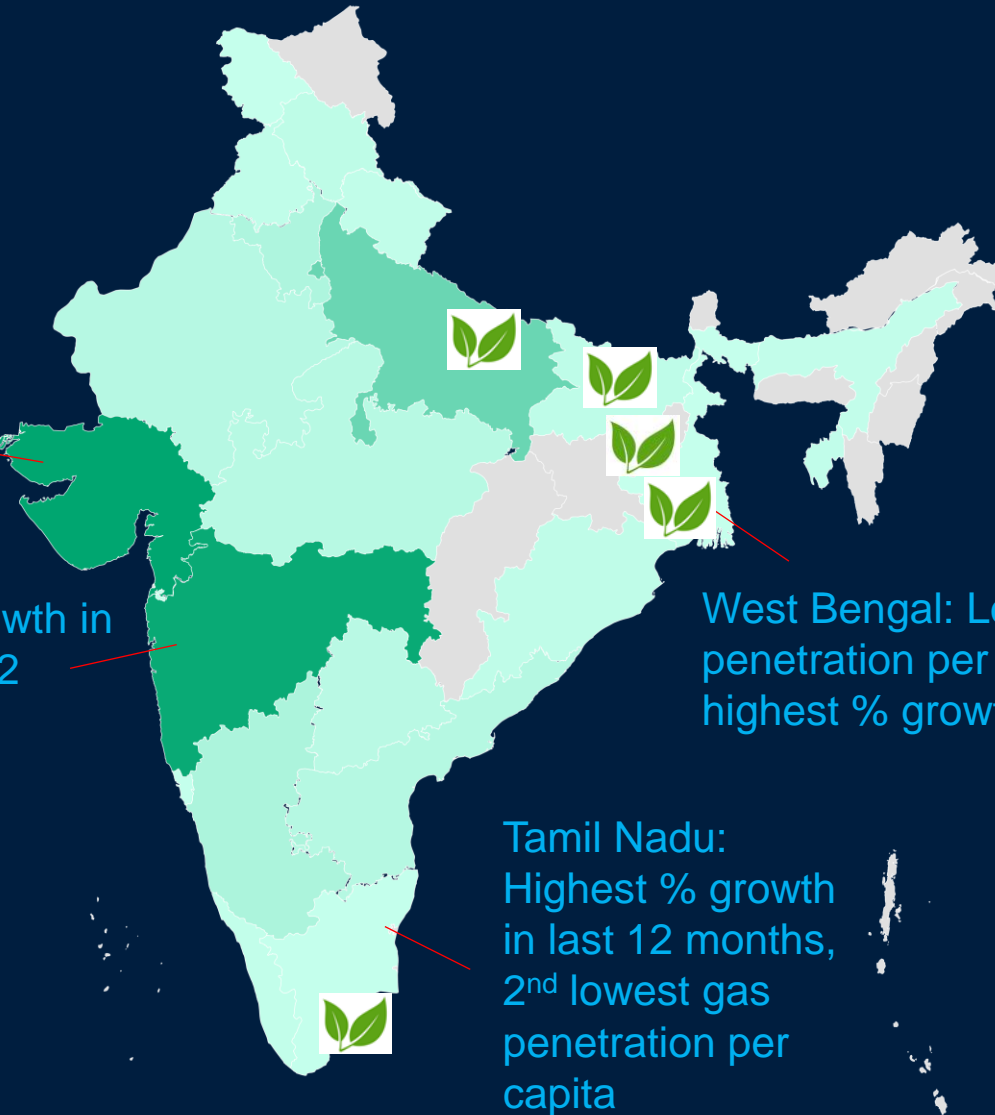


Gujarat: highest concentration of pipeline connection and CNG filling stations

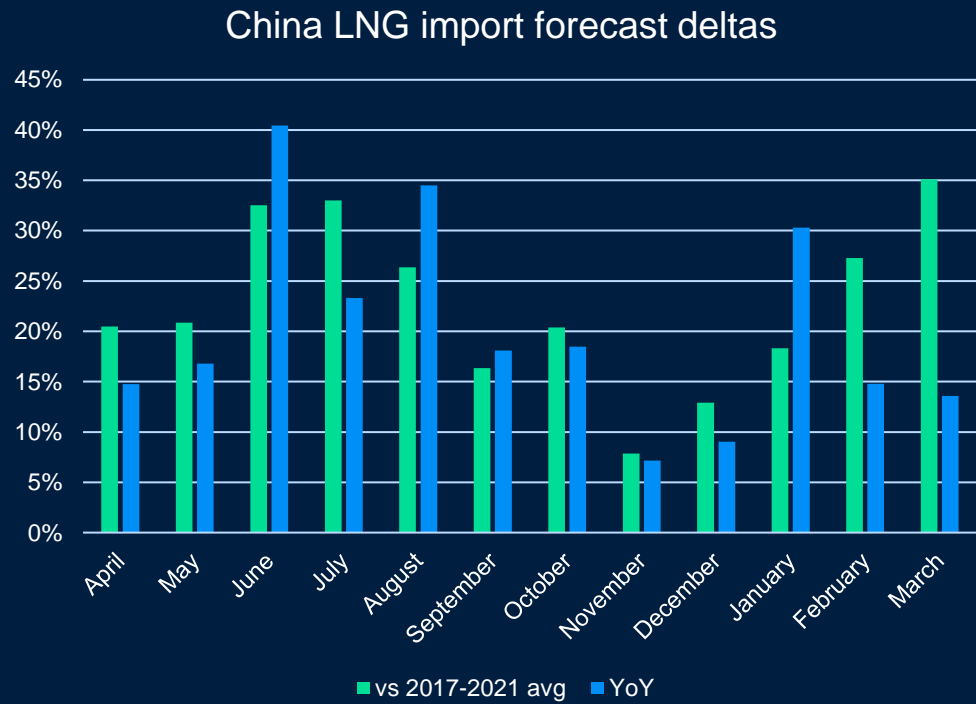
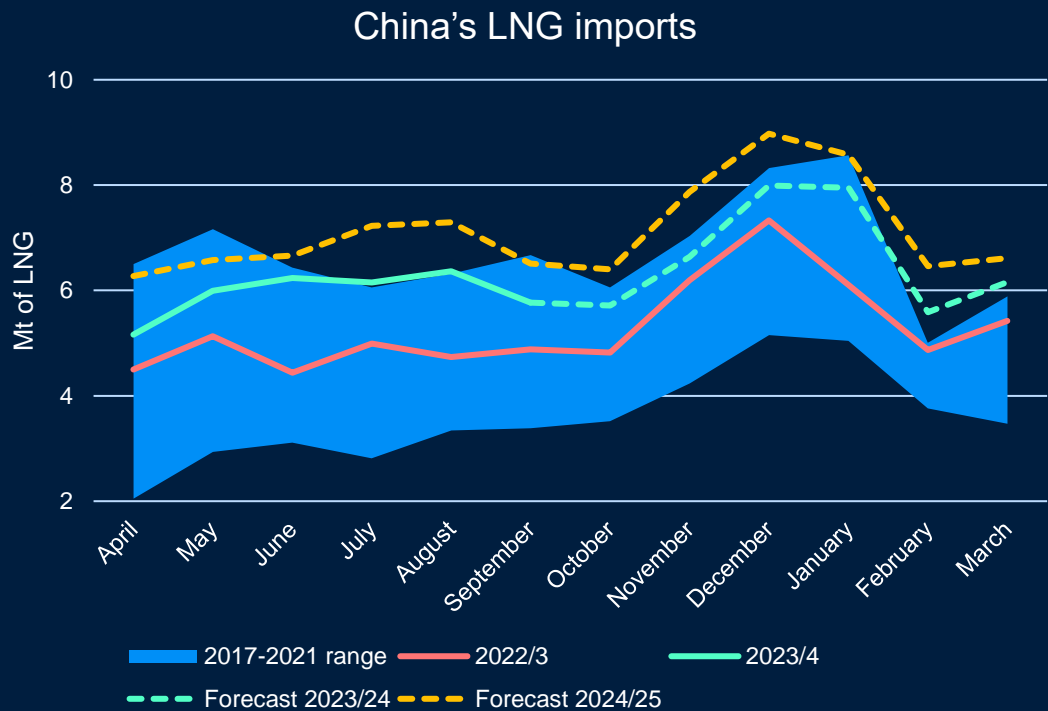
Maharashtra: Highest growth in new connections in last 12 months

West Bengal: Lowest gas penetration per capita, 2<sup>nd</sup> highest % growth in 12 months

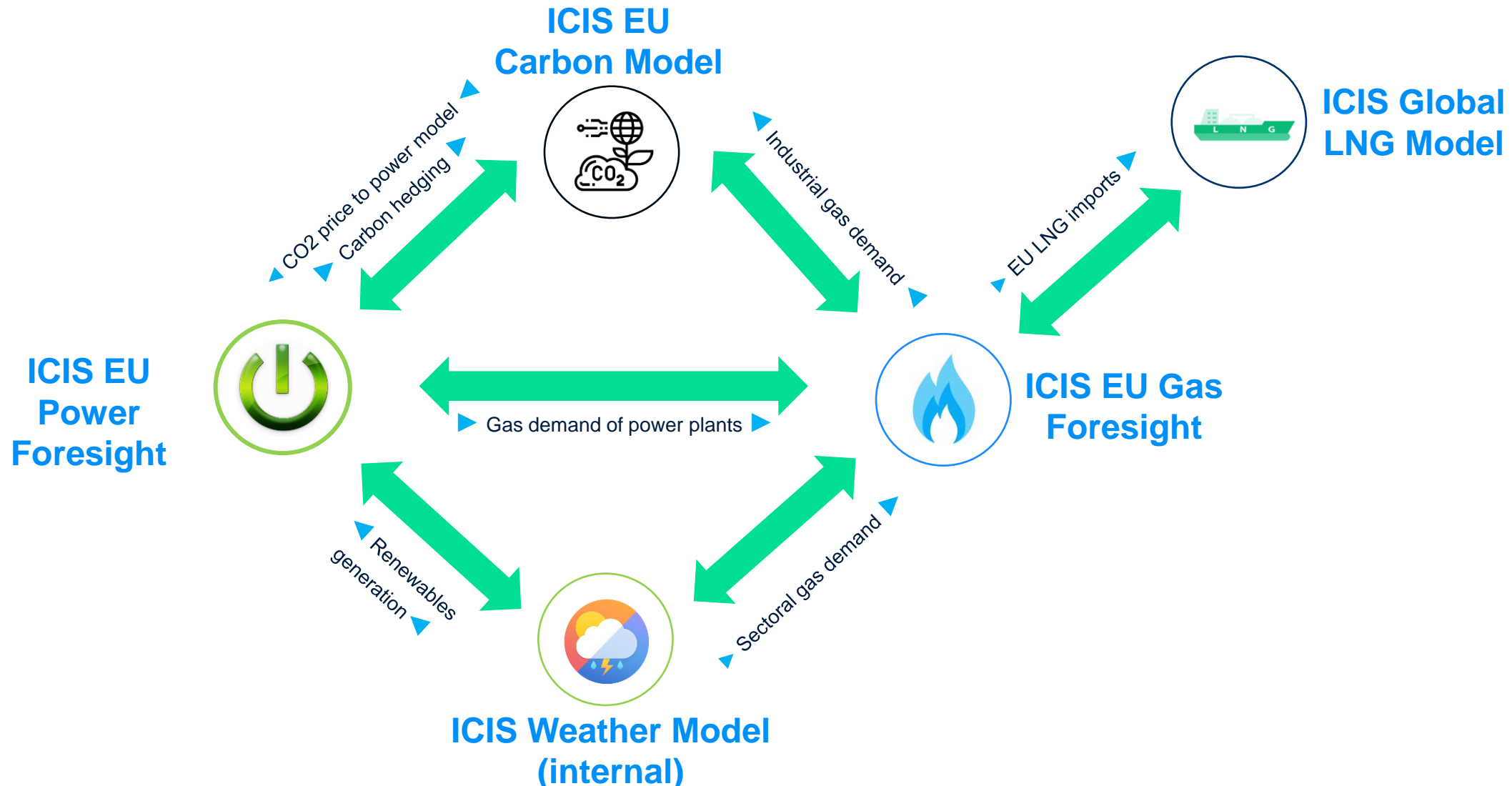
Tamil Nadu: Highest % growth in last 12 months, 2<sup>nd</sup> lowest gas penetration per capita



# China: Growth continues but tier-2 buying tempered by high prices



# Why ICIS Is Unique: Integrated Energy Foresight Modelling



# Thank you!



## Have a question?

Contact us



# More gas and LNG insights



ICIS Webinar

## Global gas into peak winter: perspectives on Q1-24

22<sup>nd</sup> November 2023

4:30pm to 5:30pm SGT

[More info](#)