

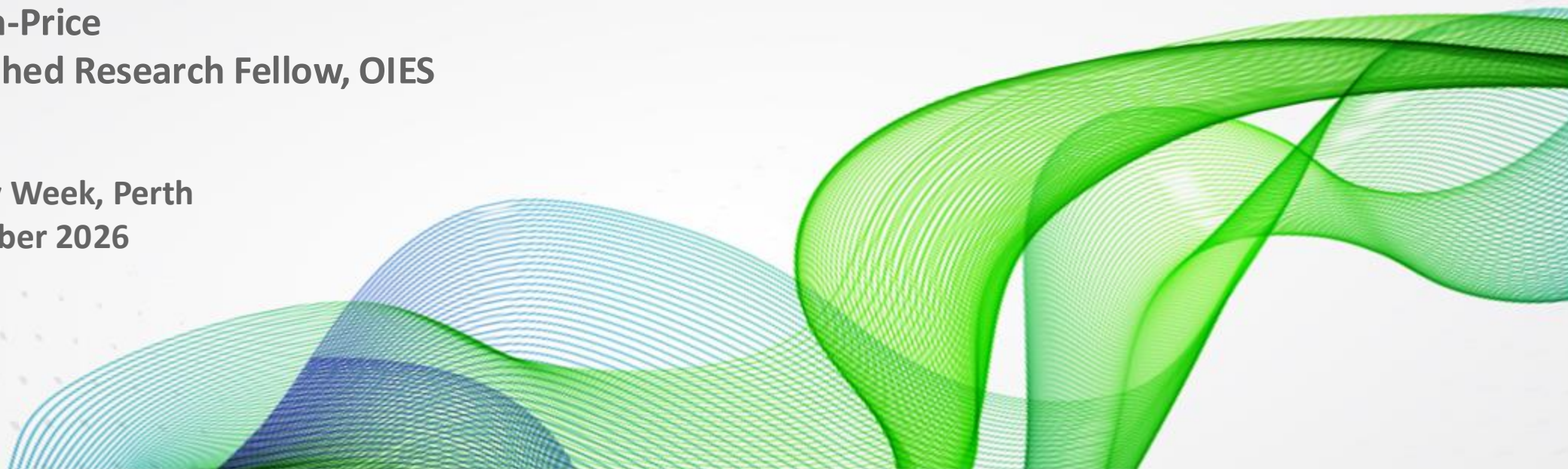


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Navigating global gas volatility to strengthen WA's LNG and domestic market position

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Supply and price shocks – a new normal since 2021

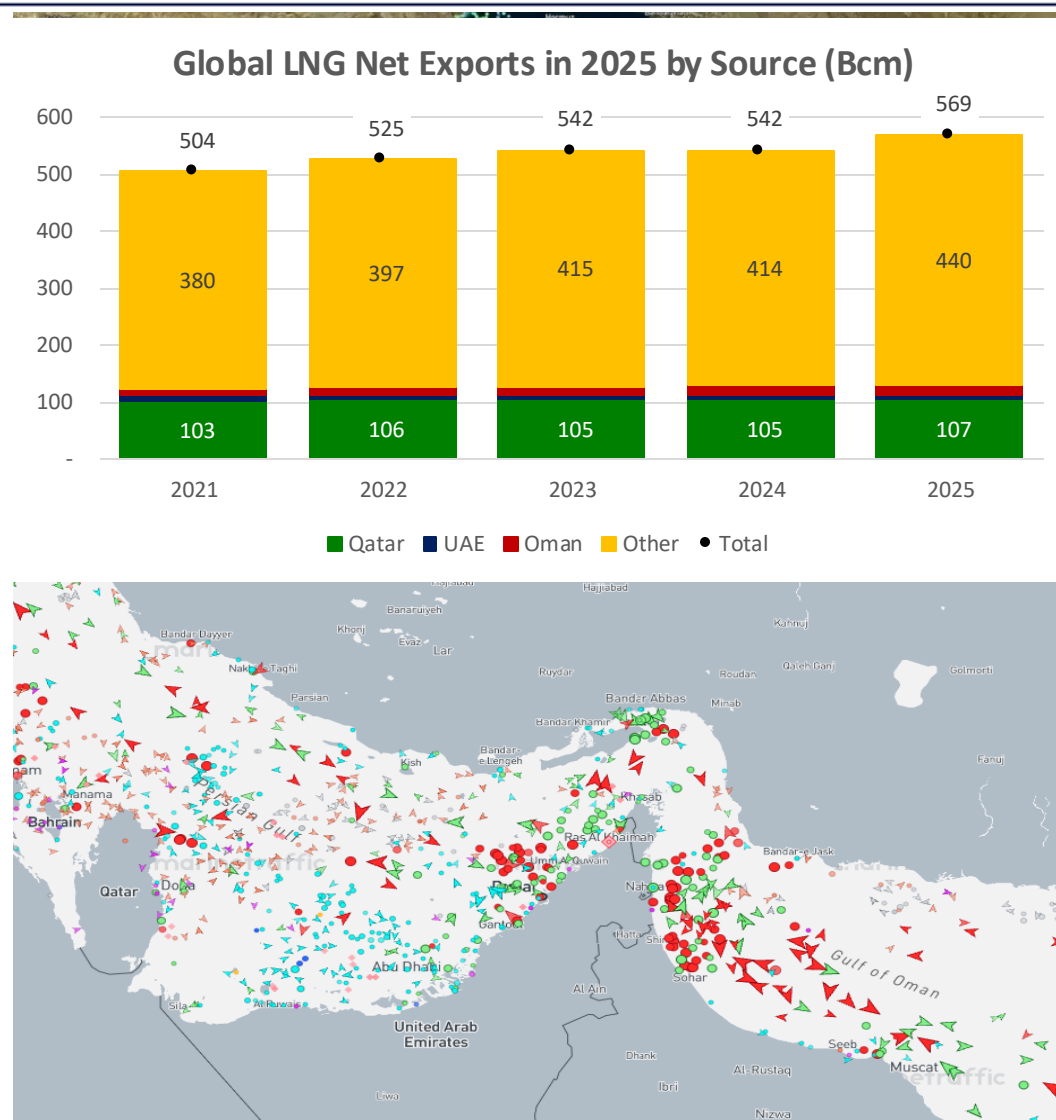
- Two major gas supply shocks sparked by Russia's 2022 invasion of Ukraine and this year's US-Iran war mean gas price volatility is the new normal.
- Price volatility capped by new wave of LNG supply through 2030 but higher prices will undermine global gas demand medium term.
- LNG represents just 13% of total global gas demand. New wave also helps explain limited price upside versus 2022.
- Pre-Hormuz, we were running \$6 scenarios as the new LNG wave arrived. Will the crisis simply defer that oversupply and lower prices or is a geopolitical risk premium a permanent feature?





Hormuz crisis – an existential threat to Qatar/UAE LNG supply

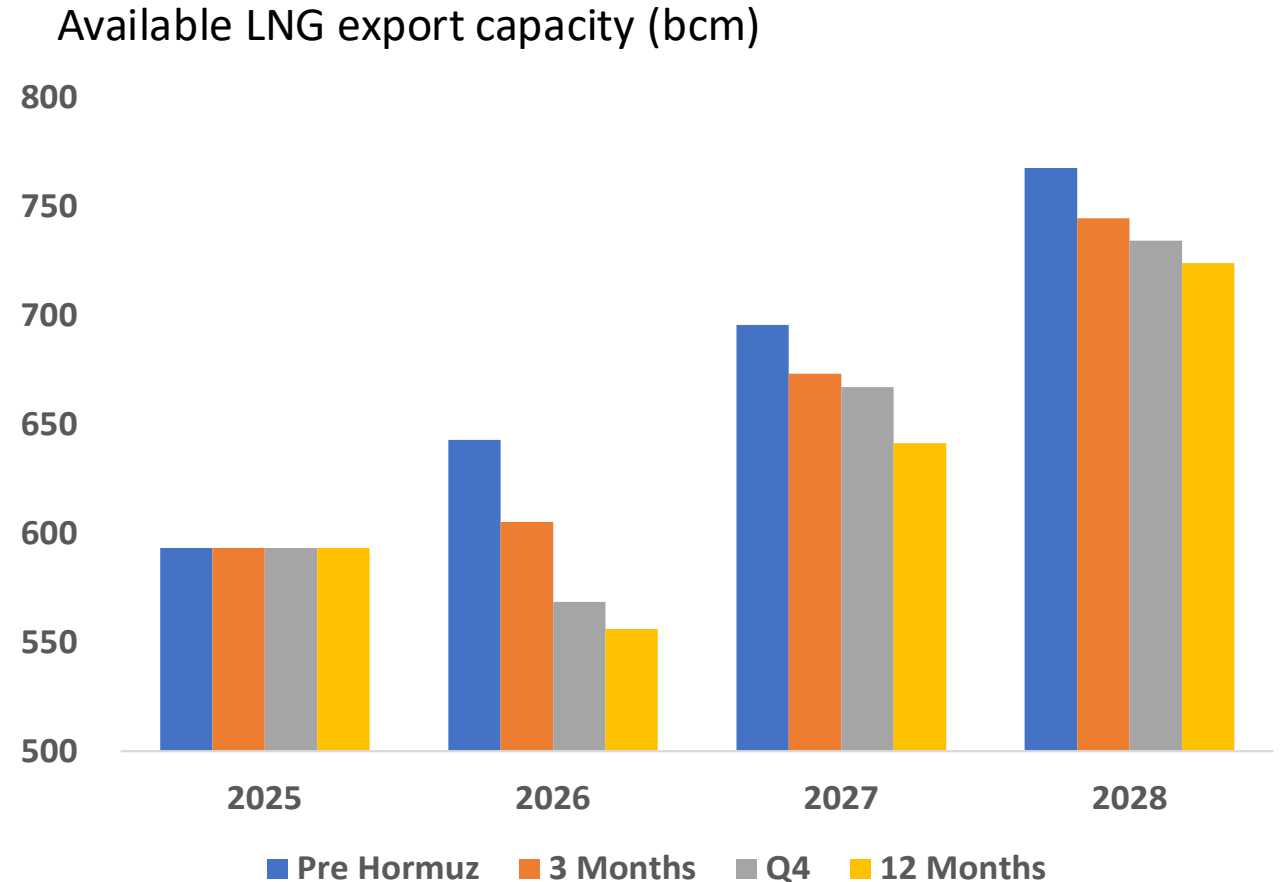
- **Hormuz closure rumbles on** with little prospect of serious US-Iran diplomatic engagement. US military threats ineffective but Iran risks overplaying its hand.
- Watch for greater **GCC-Tehran engagement** as key to durable compromise. More Iranian control over navigation appears inevitable.
- Unlike oil, **restart of Gulf LNG challenging** unless full supply chain and offtake assured. Kuwait is main centre for Gulf LNG demand.
- **Qatar expansion timing** now in question as reputational damage undermines contracting.





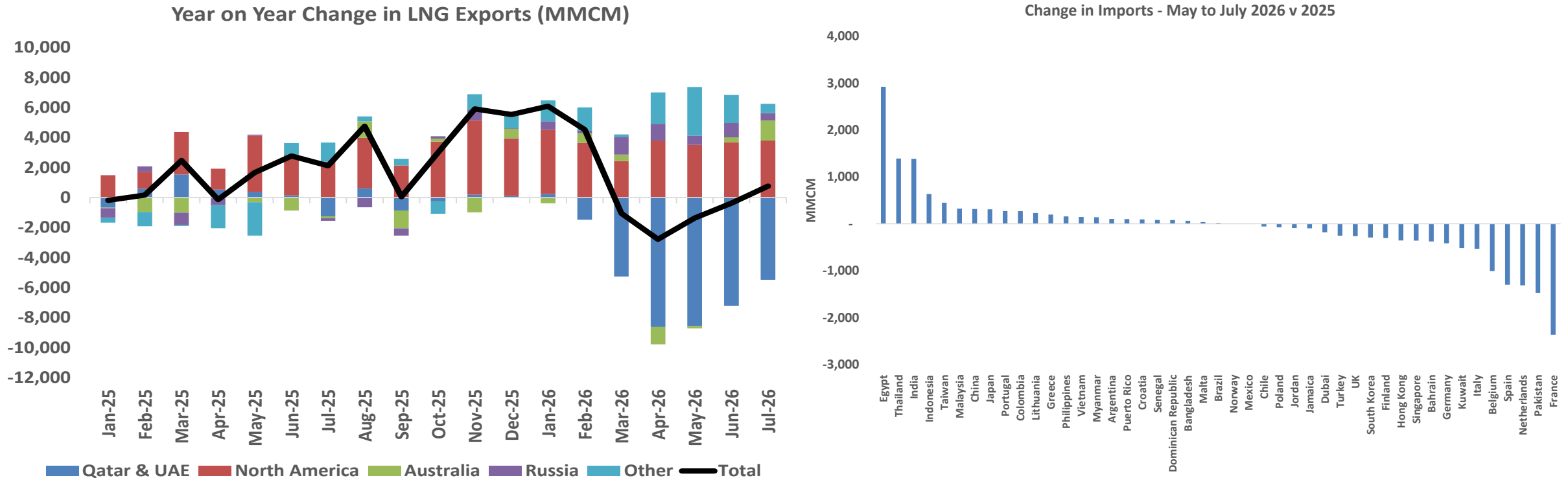
Our Hormuz scenarios were binary – is a messy compromise coming?

- **Blown through our optimistic scenario:** Assumed LNG restarts by 1 June, deliveries by 1 July. Global LNG capacity still expands 12 bcm in 2026. Average 2026 price \$13.50 per MMBTU
- **Autumn restart unlikely** Hormuz September reopening means cargoes moving by mid-November. Global LNG capacity falls 24 bcm vs 2025. Average 2026 price \$21 per MMBTU.
- **One year shutdown:** Gulf LNG out until end-Feb 2027. Capacity down 37 bcm in 2026, average price \$34 per MMBTU in 2026.





LNG exports and imports in 2026



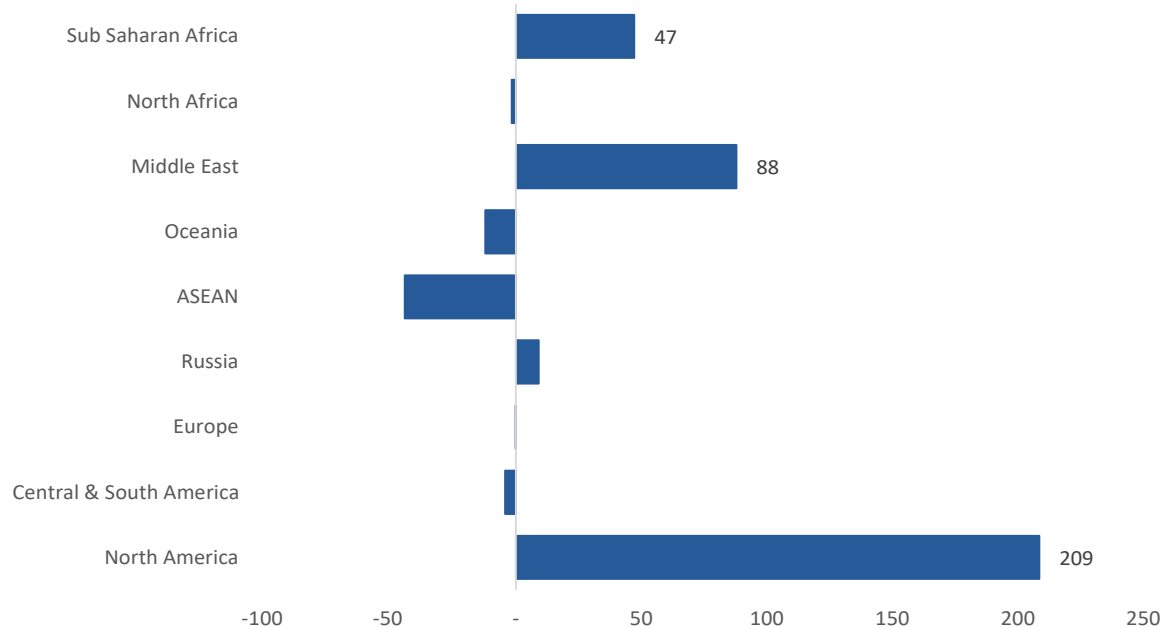
Source: Kpler

- Slight recovery in Gulf LNG exports since April and growth from North America, Australia and West Africa means YOY growth in July.
- Most Europe imports have fallen during the crisis – as reflected in the lower storage injection rate, while some Asian buyers have boosted imports.
- Takeaways are mixed: that Asian demand has stayed resilient where alternative gas to power options are limited . Europe has simply slowed refills.

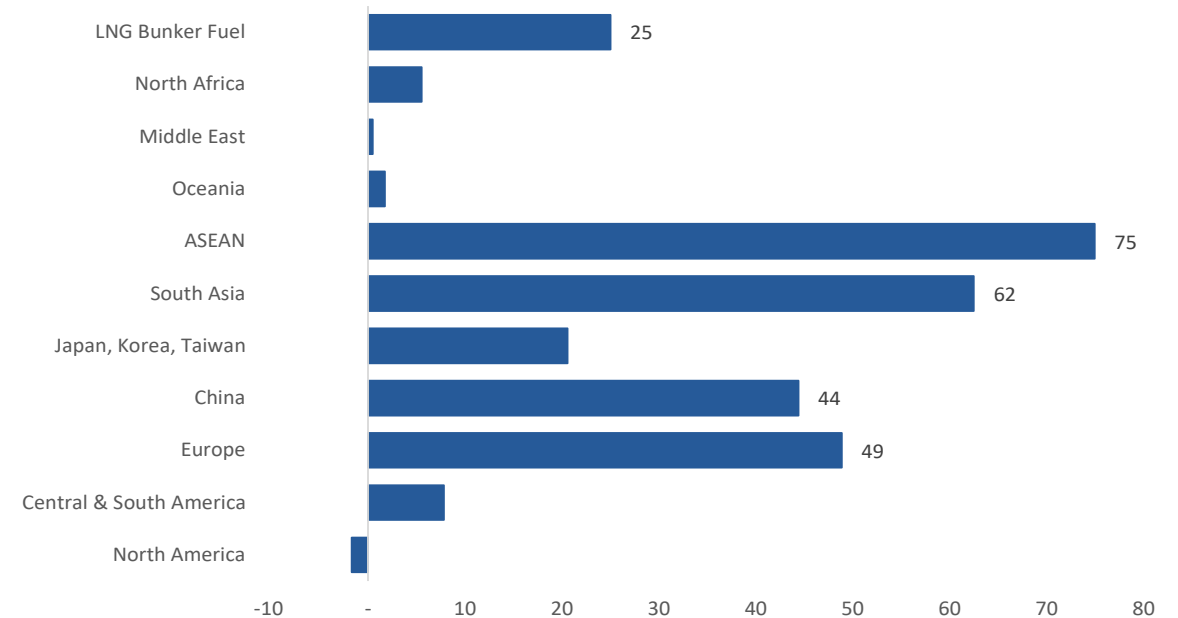


LNG exports and imports to 2035

Change in LNG Exports 2025-2035 (Bcm)



Change in LNG Imports 2025-2035 (Bcm)

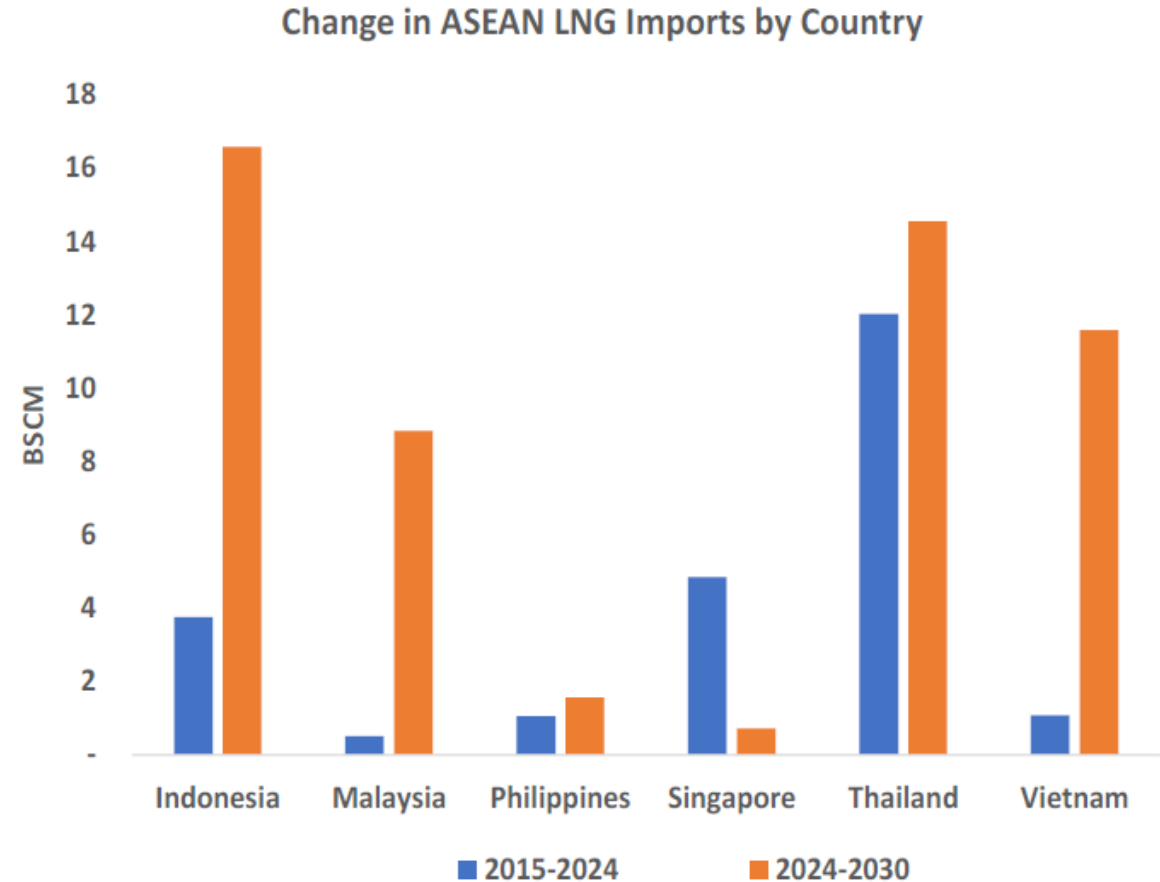
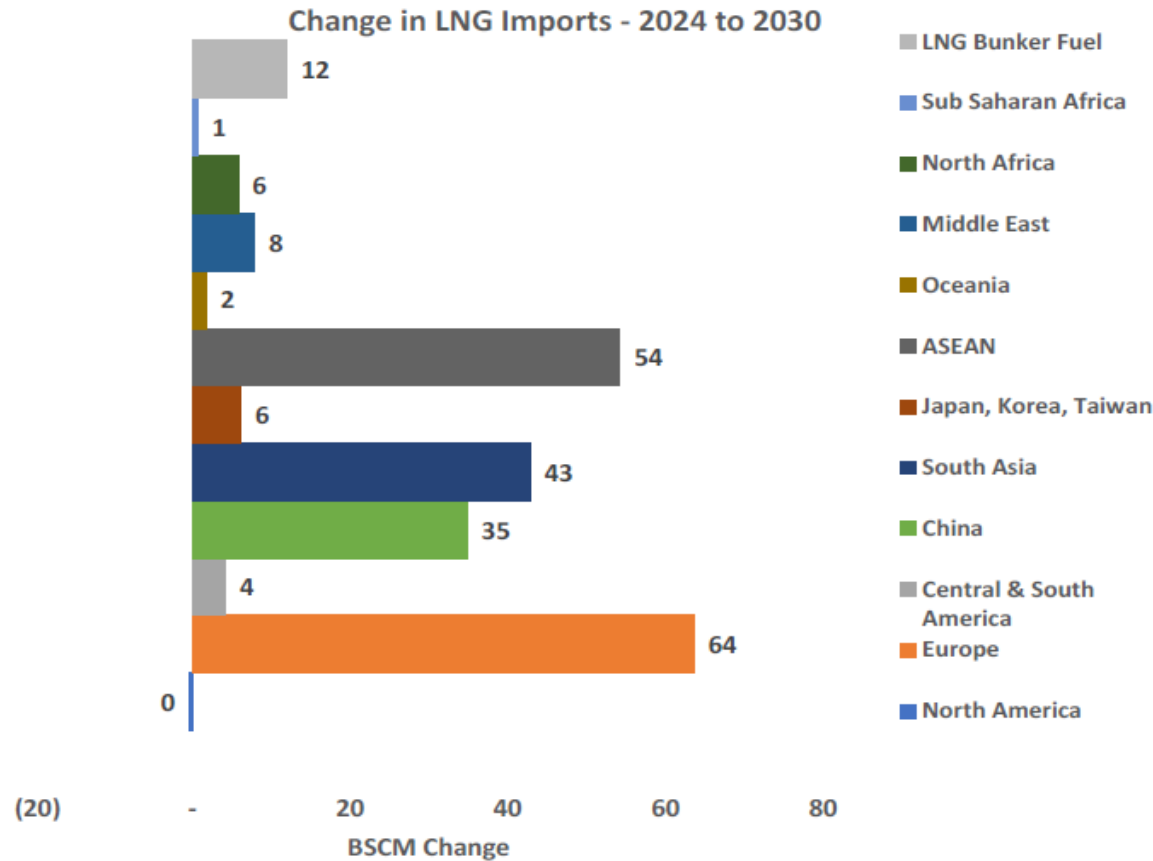


- Total LNG import growth between 2025 and 2035 was expected to be 290 bcm, of which 25 Bcm is growth in LNG as bunker fuel.
- LNG export growth follows the rise in export capacity, so North America tops the list, accounting for over 70% of the total rise in LNG exports of 290 bcm, followed by the Middle East – Qatari expansions – and Sub-Saharan Africa – largely Mozambique and Nigeria. **Qatar supply and growth now at risk.**
- For LNG imports, **ASEAN has the most significant increase** (75 bcm) as production declines and demand grows. **China's LNG imports peak around 2032 at 160 bcm**, declining to 134 bcm by 2035 (44 bcm growth in 2025-35).
- **Europe sees a growth of 49 bcm** as production and pipe imports decline. South Asia shows strong growth as prices stimulate demand



ASEAN LNG Imports

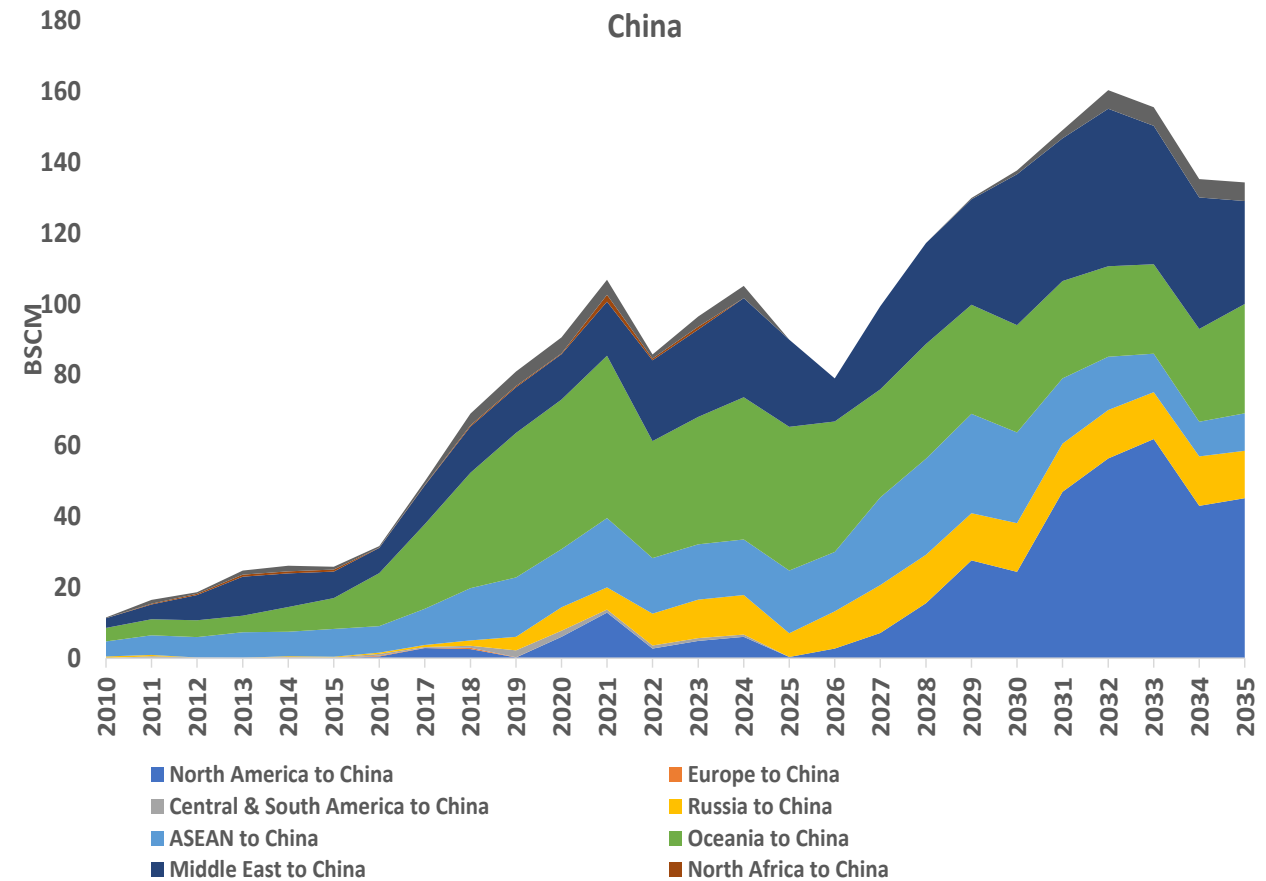
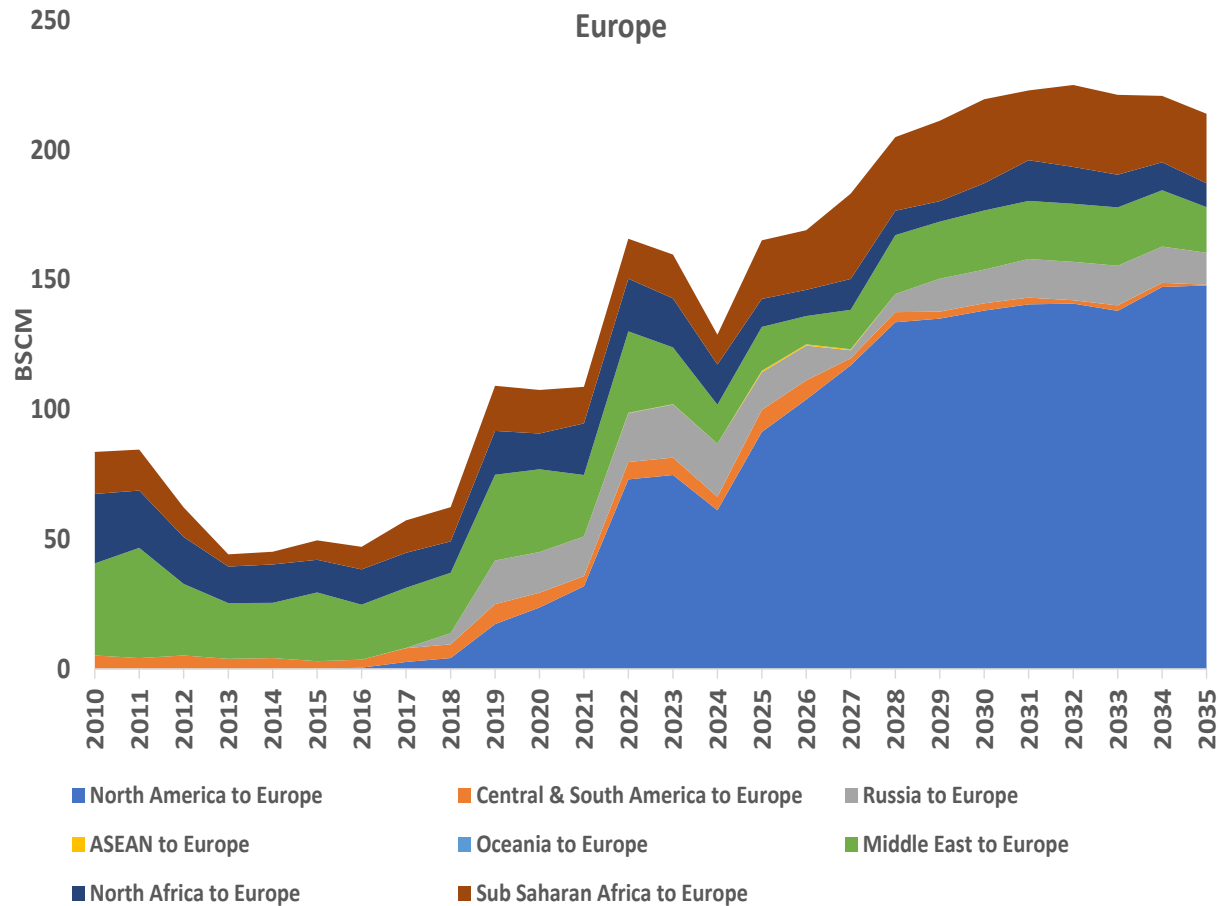
Data source: NexantECA World Gas Model, IEA



- ASEAN LNG import growth does a lot of the heavy lifting to soak up the LNG wave
- Indonesia and Malaysia – demand growth plus replacing domestic production, Thailand – replacing domestic production, Vietnam – demand growth



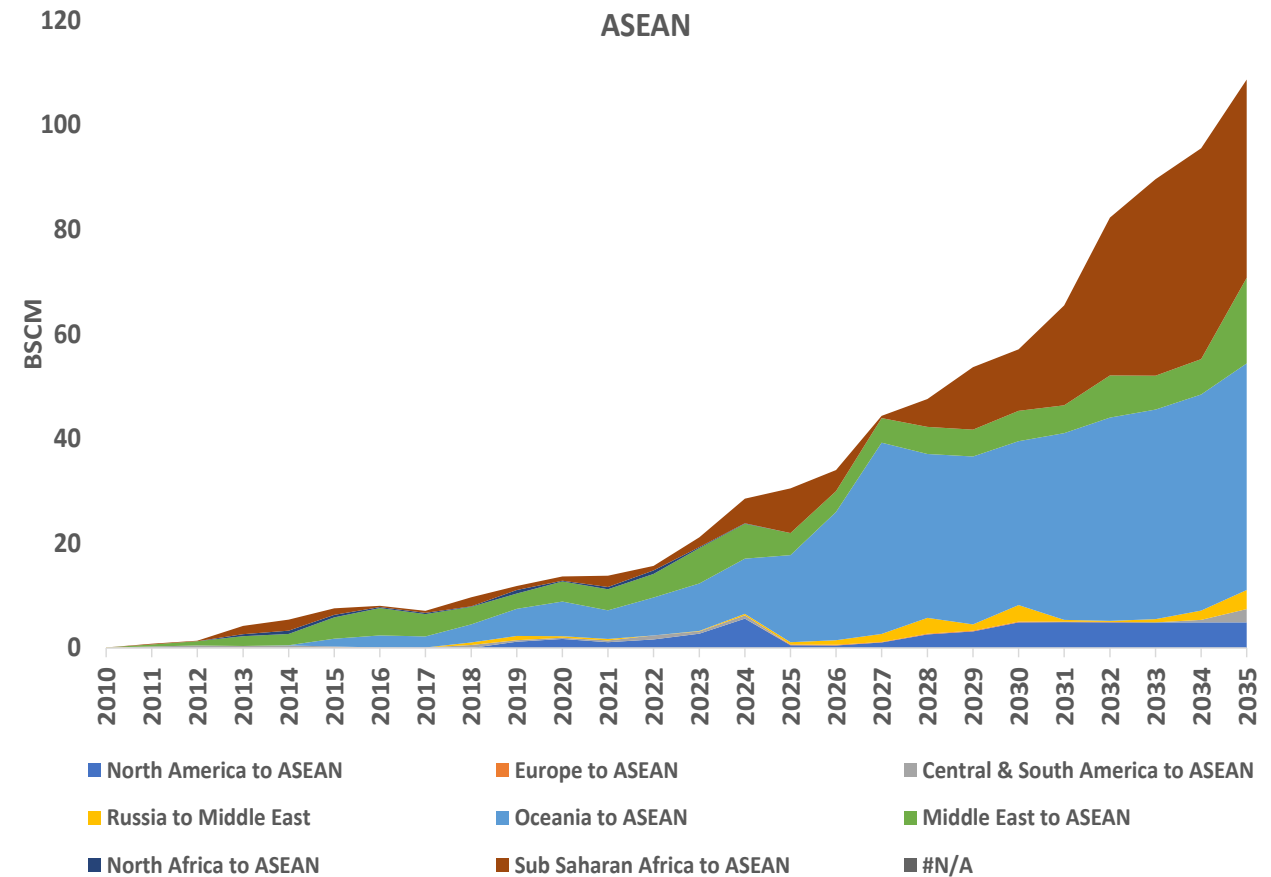
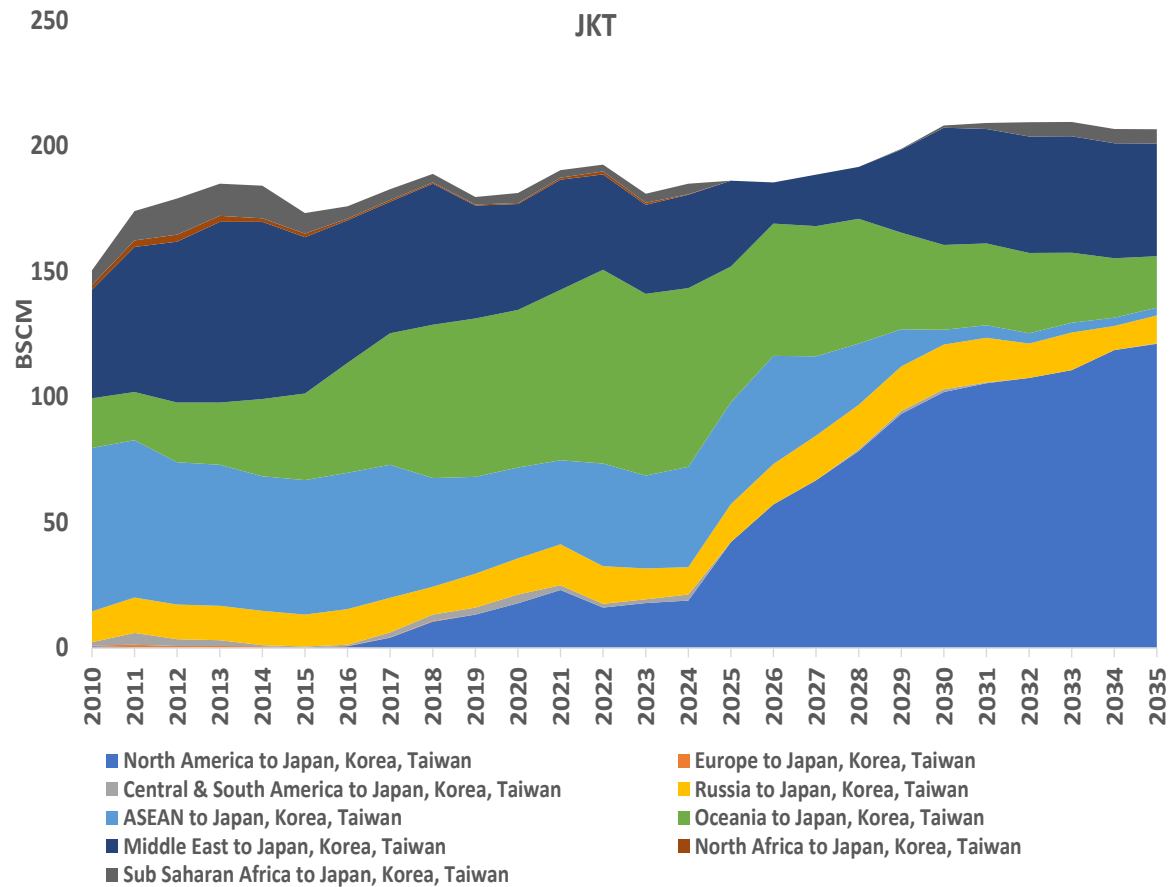
Sources of LNG imports



- US LNG dominates European imports, with growth from Sub-Saharan Africa
- Qatar is the largest exporter to China, followed by Australia. Recovery in North American LNG from 2027



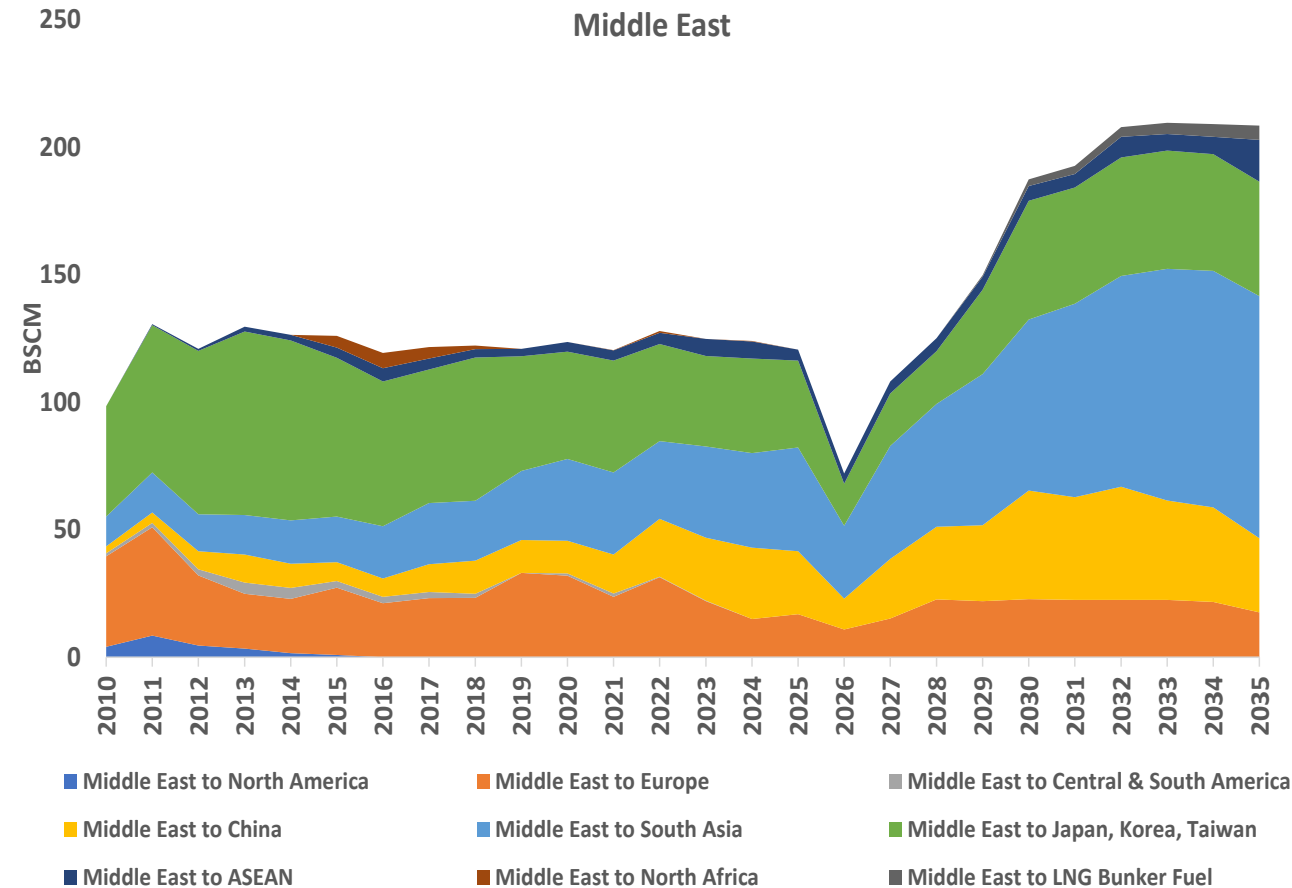
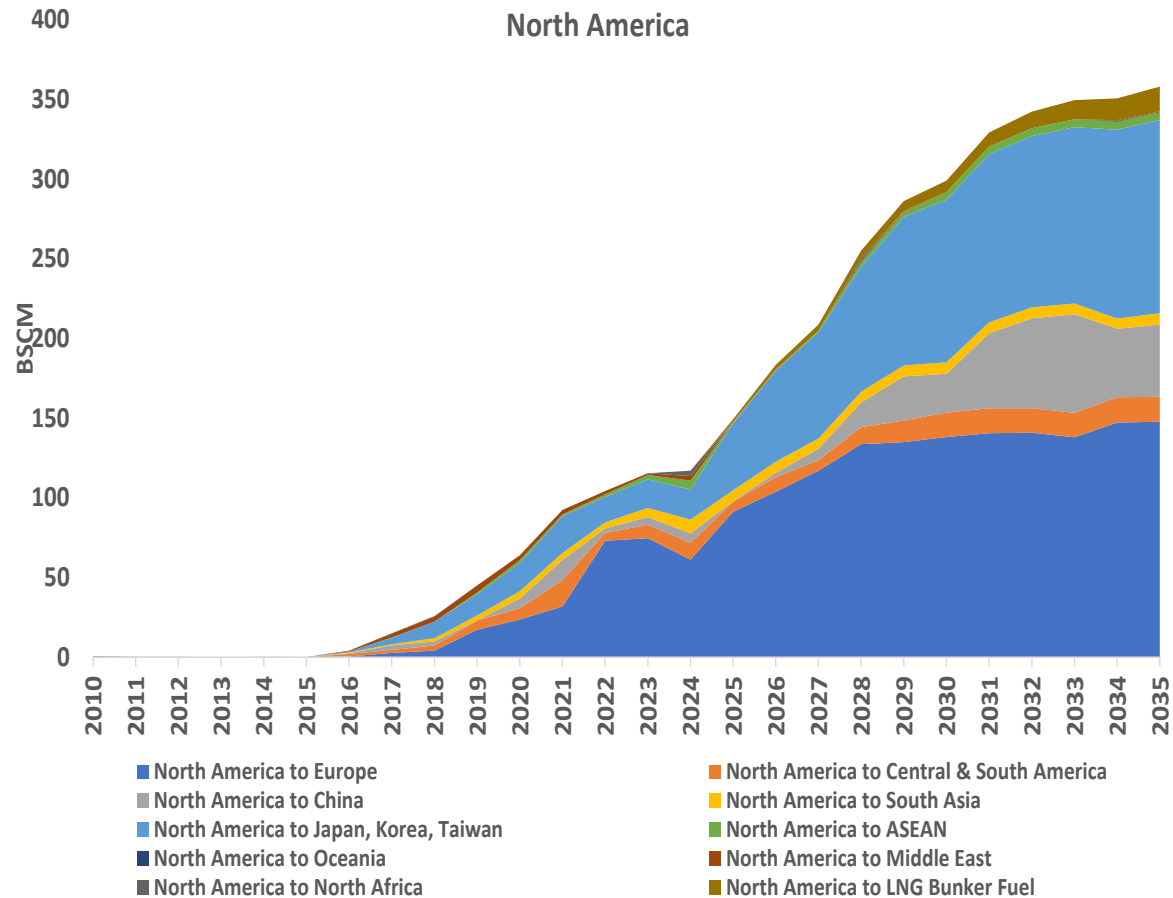
Sources of LNG imports



- North American LNG squeezes out Australian LNG in JKT
- ASEAN dominated by Oceania, Middle East and Sub-Saharan Africa



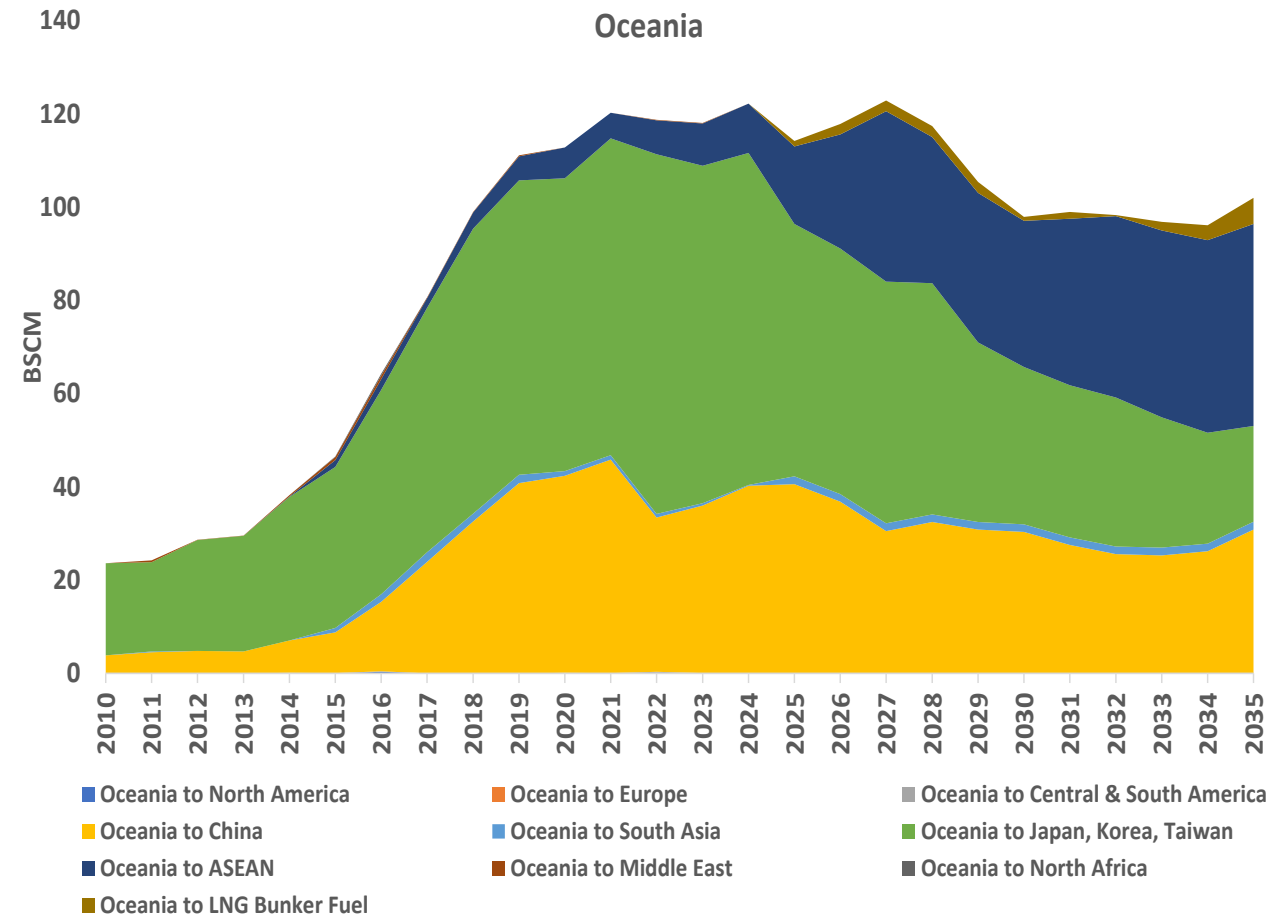
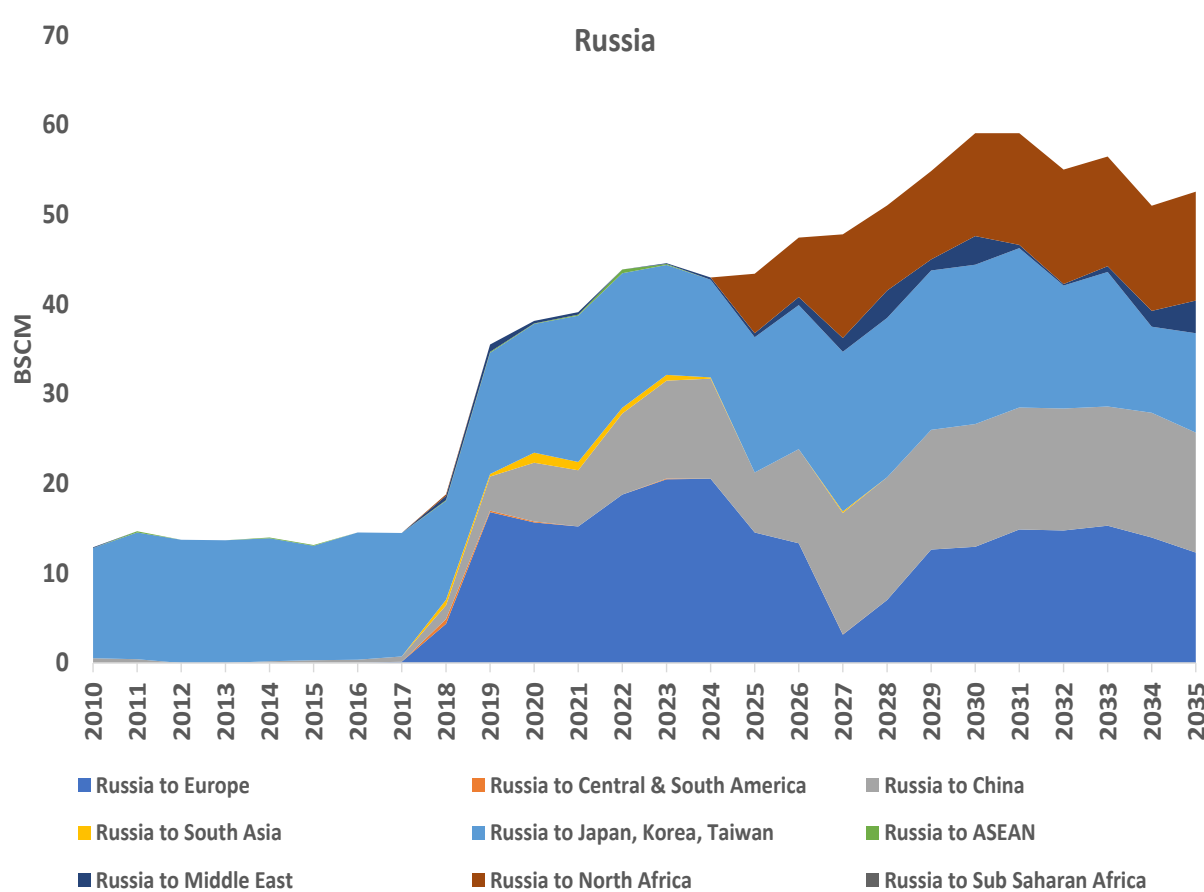
Destinations of LNG exports



- Europe and JKT are the primary North American destinations
- Middle East exports primarily destined for Asian markets



Destinations of LNG exports



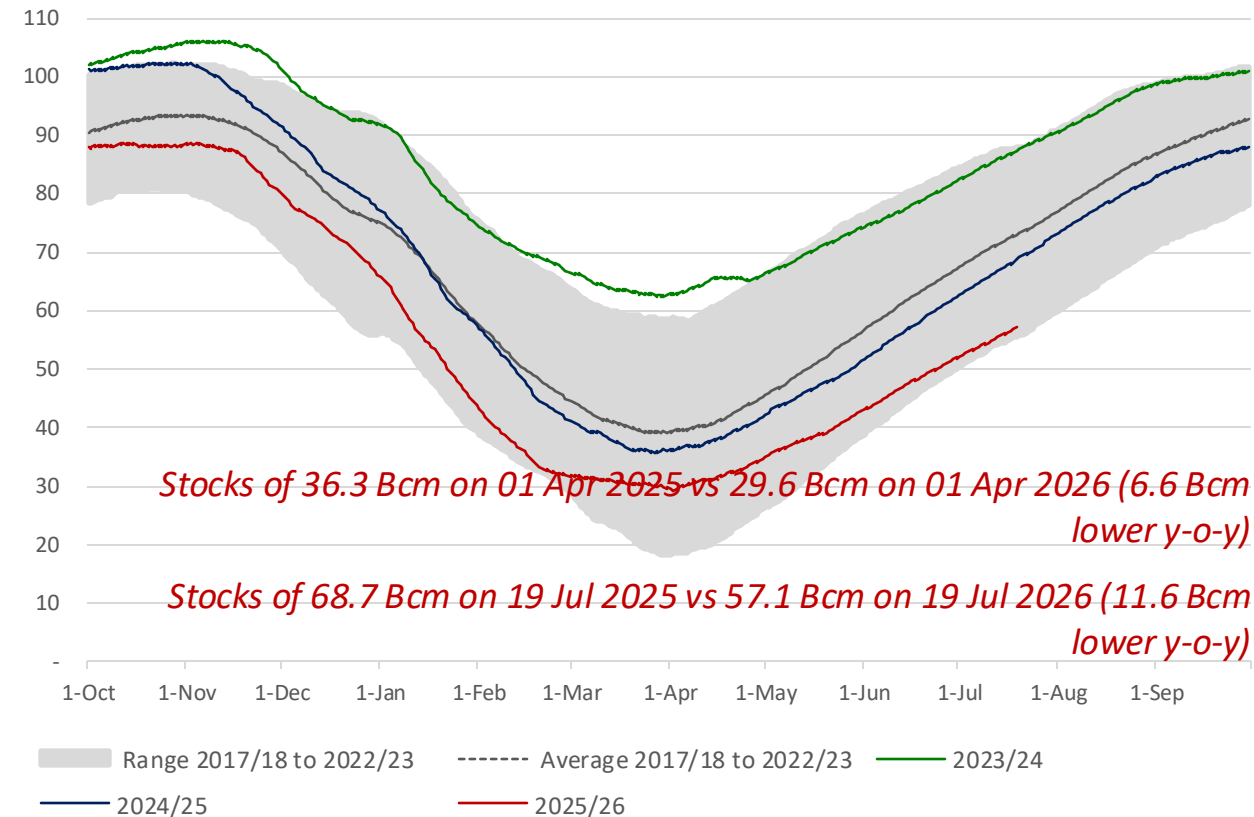
- Sakhalin project supplies China and JKT markets plus increasingly Yamal and Arctic 2 volumes
- Russia to Europe is to Turkey
- Oceania focussed on Asian markets, with volumes declining as contracts expire



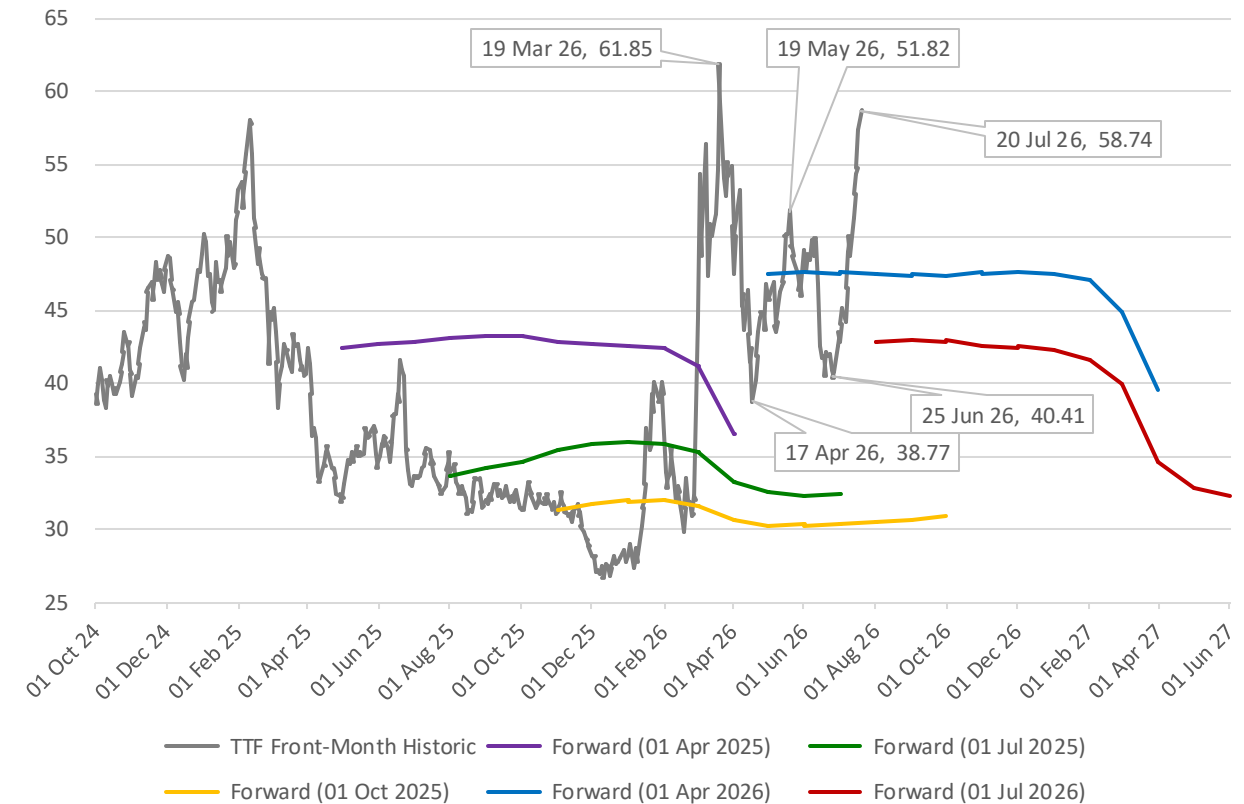
EU-27 gas storage, TTF price volatility, and forward curves

Data sources: Gas Infrastructure Europe (AGSI), Argus Direct [subscription required]

EU-27 Gas Storage Stocks (Bcm)



ICE TTF Front Month and Forward Prices (EUR/MWh)



- In summer 2025, debates over storage refill despite relatively flat TTF forward curve on 1 April. By 1 July 2025, forward prices for Jan 2026 showed premium of 2.24 EUR/MWh over Month-1 price for Aug 2025. By 1 Oct 2025, premium of Jan 2026 over Nov 2025 was less than 1 EUR/MWh. Yet stocks were replenished from 36.3 Bcm on 1 Apr 2025 to 88.6 Bcm on 1 Nov 2025, despite relatively unfavourable commercial conditions
- Conditions are even more unfavourable in summer 2026, so how will storage be replenished?



Projects to watch in 2026/27

Capacities below are Bcm per year,
based on the sum of quarterly capacities

Data source: Liquefaction capacities from Nexant ECA World Gas Model

- New liquefaction capacity:
 - Year-on-year increases at LNG Canada & Plaquemines
 - Corpus Christi (CCL) T1-4 (2025) & T5-7 (2026)
 - Launch of Golden Pass (2026) & Port Arthur (2027)
 - Rio Grande T1 & CP2 launches assumed for 2028
- Smaller projects:
 - Mexico: Altamira & Energia Costa Azul (ECA)
 - Australia: Pluto Train 2
 - Asia: Sabah (Malaysia), Genting (Indonesia)
 - Africa: Tortue (Senegal), Congo, Cap Lopez (Gabon)
- Delays to Qatar NFE expansion?
 - T1-3 assumed Q1-27; Q3-27; Q1-28
 - OIES (Fulwood) scenarios for different delay lengths
- Role of Arctic LNG 2?

	2024	2025	2026	2027
LNG Canada T1-2	-	2.86	16.17	18.31
CCL Phase 3 T1-7	-	3.44	11.59	13.64
Plaquemines	-	20.40	28.19	27.90
Golden Pass T1-3	-	-	2.65	15.02
Port Arthur T1	-	-	-	1.72
ECA LNG	-	-	-	1.80
Altamira FLNG T1-2	0.24	1.83	1.83	2.29
Pluto T2	-	-	0.34	5.53
Sabah ZFLNG	-	-	-	0.07
Genting FLNG	-	-	-	0.24
Tortue FLNG	-	1.76	3.61	3.61
FLNG Nguya, Congo	-	-	2.65	3.14
Cap Lopez	-	-	-	0.02
Arctic LNG 2 T1-2	0.11	1.93	4.37	6.97
Qatar NFE T1-3	-	-	-	7.60
Total	0.35	32.21	71.40	107.85



Key takeaways and questions

WA's LNG advantage and challenges

- A reliable, predictable source of supply
- Shipping routes avoid chokepoints
- Outlook for Hormuz resolution uncertain at best – real prospect for tight LNG market through 2028
- But oversupply now more likely late 2020s and into 2030s as demand growth undershoots
- New wave assumes huge US supply growth – is that nailed on?
- Will WA LNG remain resilient at \$6 LNG or below?

Key questions for discussion:

- How fragile are global LNG supply chains post-Hormuz?
- Does geopolitical risk damage long-term market size?
- How will price influence market development?
- How will energy transition play out for global gas?



Thank you!

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Paper

<https://www.oxfordenergy.org/publications/geopolitics-of-gas-the-limits-of-leverage/>

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