Energy and commodity price benchmarking and market insights


illuminating the markets
The slow globalisation of gas
Liquefaction capacity to jump

Liquefaction capacity additions by year

- Algeria
- Angola
- Australia
- Brunei
- Canada
- Cyprus
- Equatorial Guinea
- Indonesia
- Iran
- Iraq
- Malaysia
- Mozambique
- Nigeria
- Papa New Guinea
- Russia
- Tanzania
- USA
Liquefaction capacity to outpace demand growth

![Liquefaction capacity additions by year graph](chart.png)

- **Liquefaction capacity additions by year**

  - **Bn m³**
  - **2013 to 2030**
  - **New liquefaction capacity**
  - **Demand growth**

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Liquefaction capacity to outpace demand growth

Cumulative new liquefaction vs demand growth
Liquefaction capacity to outpace demand growth
Global prices remain divided

The three-speed market persists

- Japan LNG
- Henry Hub
- NBP
Japanese import prices

Spot and long-term delivered prices by exporting country

Term: Abu Dhabi, Australia, Brunei, Indonesia, Malaysia, Oman, Qatar, Russia, US
Spot: Algeria, Belgium, Egypt, Equatorial Guinea, France, Norway, Nigeria, Peru, Spain, Trinidad, Yemen
Japanese import prices

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Europe
The collapse
Winter demand at historic lows

UK demand at lowest since at least 1998

Monthly average demand (mn m³/d)

Range 1998-2013  Winter 2013-14
German stocks unusually high after mild winter

Pc of total capacity

Jan Mrz Mai Jun Aug Okt Dez

2010 2011 2012 2013 2014
German stocks unusually high after mild winter

- 2010
- 2011
- 2012
- 2013
- 2014
- 2014 - projected at recent injection rate
German stocks unusually high after mild winter

- 2013
- 2014
- 2014 - projected at recent injection rate

8.4bn³
German stocks unusually high after mild winter

- 2013
- 2014
- 2014 - projected at recent injection rate

50mn m³/d
8.4bn³
The US
US spot prices and the winter of 2013-14
US spot prices and the winter of 2013-14
US spot prices and the winter of 2013-14
European shale gas
European shale reserves

Technically recoverable shale oil and shale gas resources: an assessment of 137 shale formations in 41 countries outside the United States - EIA - June 2013
European shale reserves

Technically recoverable shale oil and shale gas resources: an assessment of 137 shale formations in 41 countries outside the United States - EIA - June 2013
Such drilling is not happening in Europe
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Coal
Northwest European prices lowest since 2010

API 2 prices hover around $75/t
Northwest European prices lowest since 2010

API 2 hover around $75/t or €7/MWh
Coal price decline is global

The drop in prices is not limited to northwest Europe
US coal exports and global trade
Worldwide coal exports increasing

Supply from major exports rising

- Indonesia
- China
- Australia
- Russia
- Poland
- South Africa
- Canada
- United States
- Colombia

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Worldwide coal exports increasing

Rate of increase accelerated early in the decade
Coal exports: 2007

- US: 24mn t
- Colombia: 68mn t
- South Africa: 65mn t
- Russia: 77mn t
- Indonesia: 122mn t
- Australia: 112mn t
Coal exports: 2013

US: 44mn t
Colombia: 75mn t
South Africa: 72mn t
Russia: 109mn t
Indonesia: 330mn t
Australia: 188mn t
Coal exports: 2007

6mn t

33mn t

22mn t
Coal exports: 2013

46mn t

23mn t

5mn t
Northwest European prices lowest since 2010

API 2 prices hover around $75/t
What could change this situation?
The US exports less?
The US power supply mix is price sensitive

The surge in gas-fired power output was temporary

Coal

Gas

TWh

Sep 2008  Sep 2009  Sep 2010  Sep 2011  Sep 2012  Sep 2013
The US power supply mix is price sensitive

Power output

Gas prices

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The US power supply mix is price sensitive
India buys more?
The importance of India
The rupee

Weakness of the rupee effectively lowers Indian buying

INR, monthly average


INR/USD
The rupee

Weakness of the rupee effectively lowers Indian buying
The rupee

Weakness of the rupee effectively lowers Indian buying
Producer investment cycles?
Will overcapacity come out of the market?

Price and historic export growth

- Export growth rate
- API2 annual average
Conclusions
Any questions?
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