

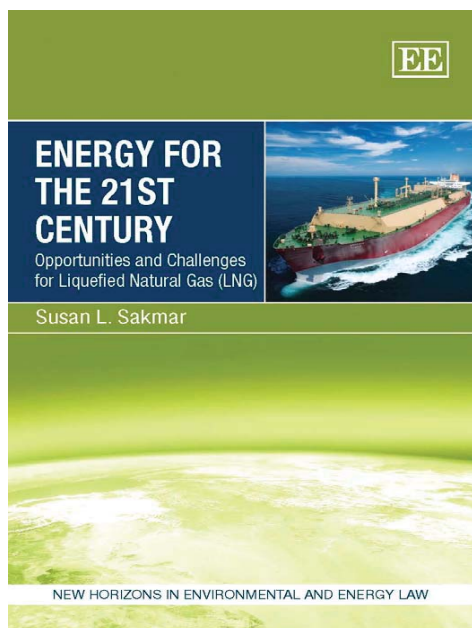
LNG Update: Global LNG Markets



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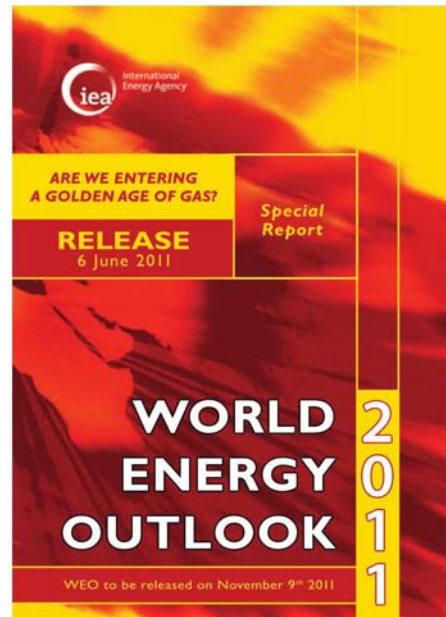
Introduction



- LNG has been the fastest growing segment of the energy business.
- Policy makers, regulators, and market participants need to better understand market dynamics.
- **The global gas market is challenging and dynamic and almost everyone gets it wrong!**

Golden Age of Gas Report

- China's 12th Five-Year Plan targets 8.3% share for gas in primary energy mix in 2015.
- Reduced growth of nuclear energy after Japan's Fukushima tragedy.
- Increased use of natural gas for transportation.
- Energy Poverty: Over 1.4 billion people still lack access to electricity.
- Widespread development of unconventional gas.
- Continuing expansion of LNG trade.



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The Golden Age Is Over?

Gas Gloom

Prices for gas delivered in Asia have slumped this year

Annual average gas prices, in dollars per million British thermal units



Source: Energy Aspects
THE WALL STREET JOURNAL.

- China gas demand and economy is slowing.
- Asia gas demand is down.
- Japan nuclear restarts.
- Global economy is sluggish (or worse).
- Coal is cheap!
- Renewables are in favor.

Hopes for 'Golden Age of Gas' Evaporate

Slumping prices and weak Chinese demand for gas casts a pall over the LNG industry

Wall Street Journal, Nov. 1, 2015

The Golden Age of Renewables?

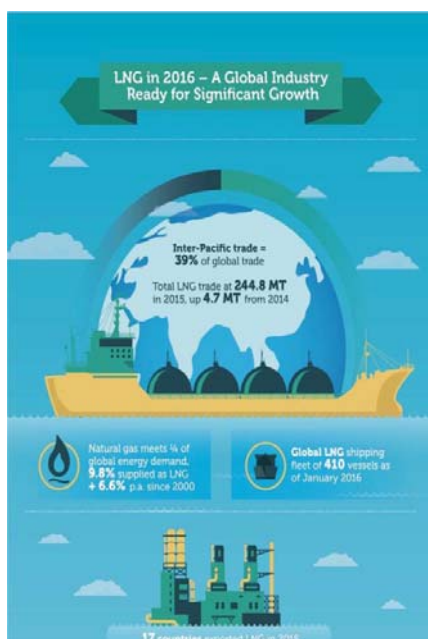
- IEA is hard at work on WEO 2016 (Nov. 2016) with in-depth feature on renewable energy.
- Will “inform policy makers about the challenges and opportunities for deployment of renewables for electricity and other uses.



Image: IEA WEO 2016 high-level Workshop April 29, 2016

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The Golden Age of LNG?



Source: IGU World LNG Report 2016

- LNG trade reached 244.8 MT in 2015, up 4.7 MT from 2014 and the largest year ever for LNG trade.
- Major expansion of LNG supply through 2020 means LNG can further increase market share.
- New markets in Egypt, Jordan, Pakistan and Poland benefit from near record-low prices.
- Global trade in LNG could exceed \$120B, making LNG the second most valuable commodity after oil! (Goldman Sachs 2015)

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