

This abstract will be presented during LNG2023 conference on 10-13 July in Vancouver, Canada among many other innovative projects, ideas and outlooks. LNG2023 will provide a unique platform for the global LNG industry and key stakeholders to discuss, debate, and showcase the latest industry developments and opportunities.



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THE IMPACT OF HIGH SPOT LNG PRICES ON THE LNG MARKET

The global liquefied natural gas (LNG) market has undergone significant transformation over the past year. The record high spot LNG prices in 2022, which surpassed \$70/MMBtu in August 2022, resulted in the reconfiguration of LNG trade flows, gas supply shortages, gas demand destruction, energy security concerns and slowdown in the energy transition. It remains to be seen whether these developments will result in temporary or structural changes in the market. Europe has overtaken Asia to become the premium market for LNG due to the tight price spreads between both markets, with LNG from the Atlantic basin having a higher netback from Europe compared to Asia. As such, LNG cargoes from the Atlantic basin, particularly from the U.S., were redirected away from Asia to Europe. The influx of LNG cargoes in Europe and high spot LNG prices have led to a sharp reduction in LNG imports in Asian countries, particularly those with a high exposure to the spot LNG market. This has in turn led to gas shortages in some Asian countries, such as Pakistan and Bangladesh, which contributed to gas-to-coal and gas-to-oil switching. The gas shortages heightened energy security concerns and pushed LNG importers to seek medium to long-term contracts. Finally, the partial switch away from gas to higher polluting fuels is expected to slow the progress in the energy transition to a low carbon future. These are some of the impacts of the high spot LNG prices on the LNG market that will be covered.

To view the full conference agenda, visit <https://www.lng2023.org/lng-programme-overview>