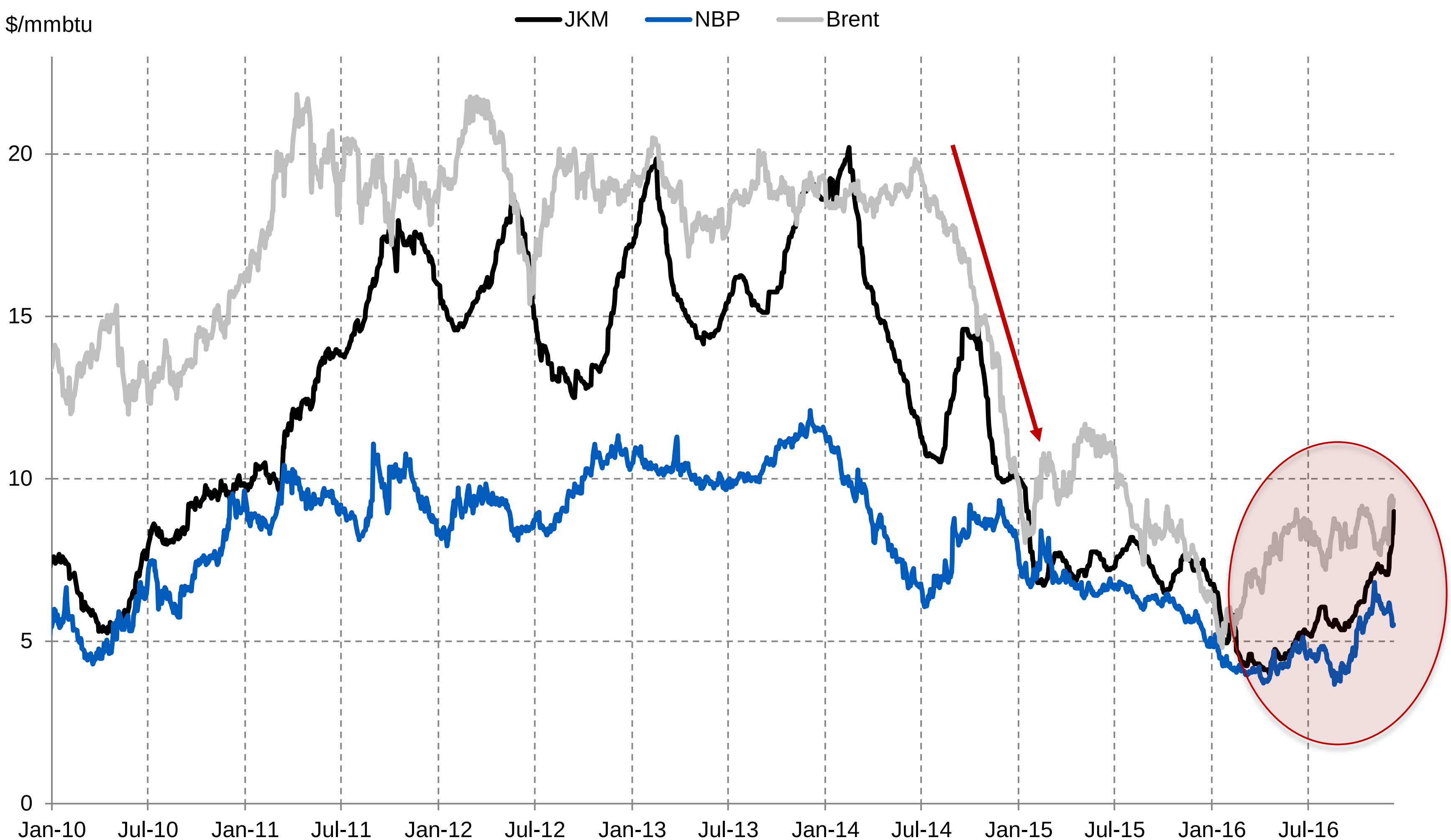
Are there consequences to global gas trading in looser markets?

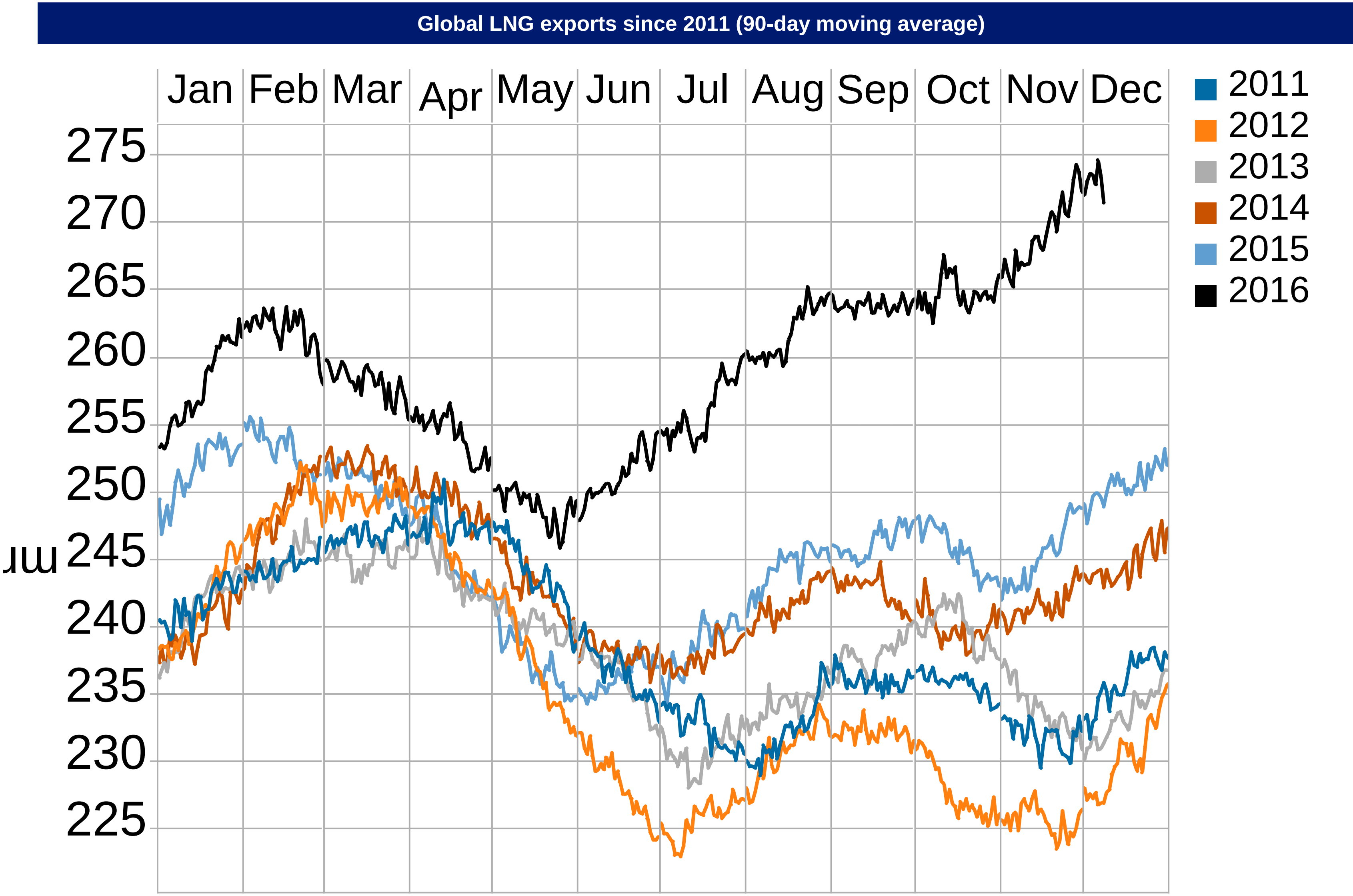
IEA-IEF-OPEC Symposium
14 December 2016

Falling oil caused premature gas price convergence

Crude oil, Asian and European gas prices since 2010

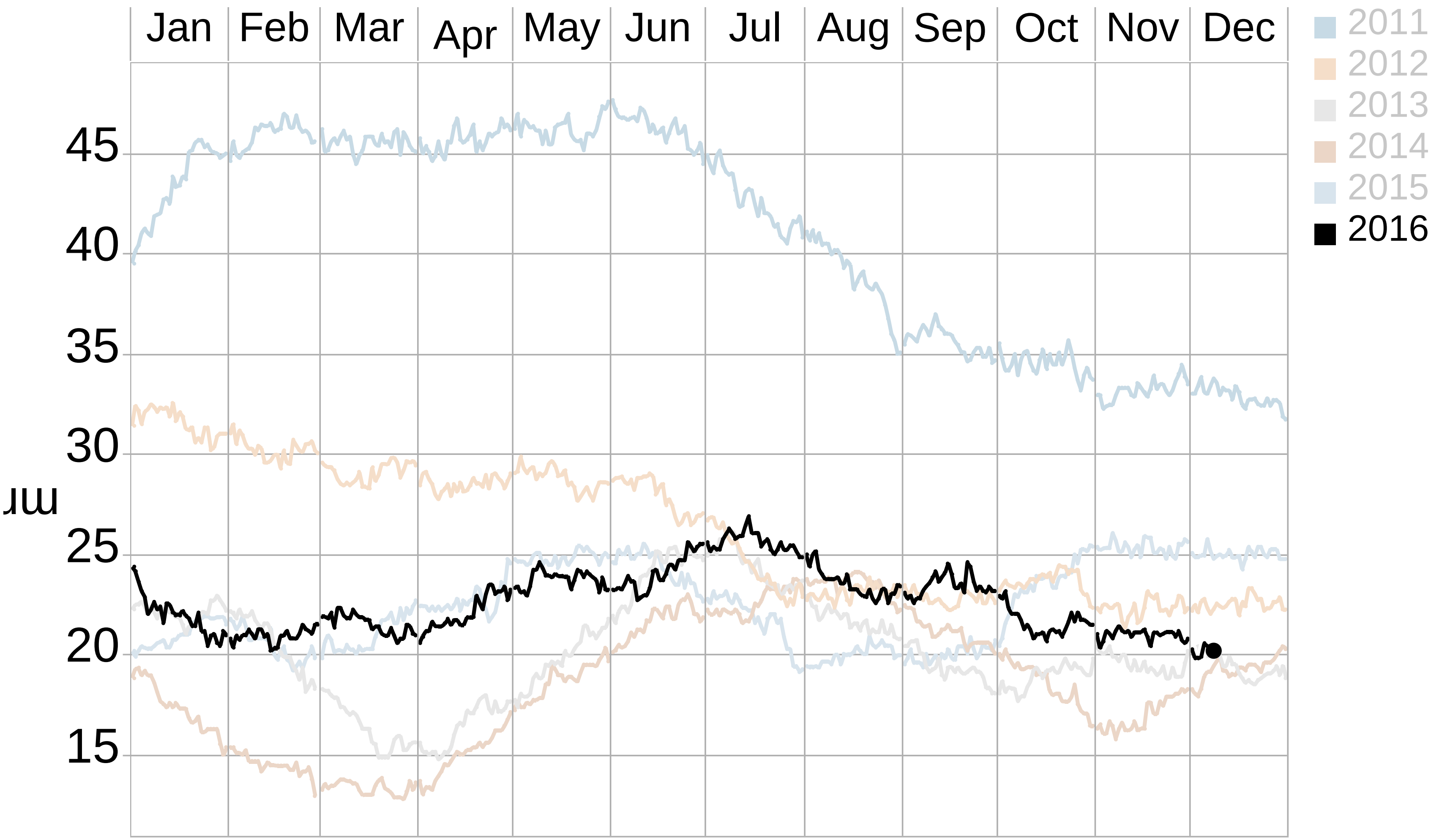


The global liquefaction surge has already started

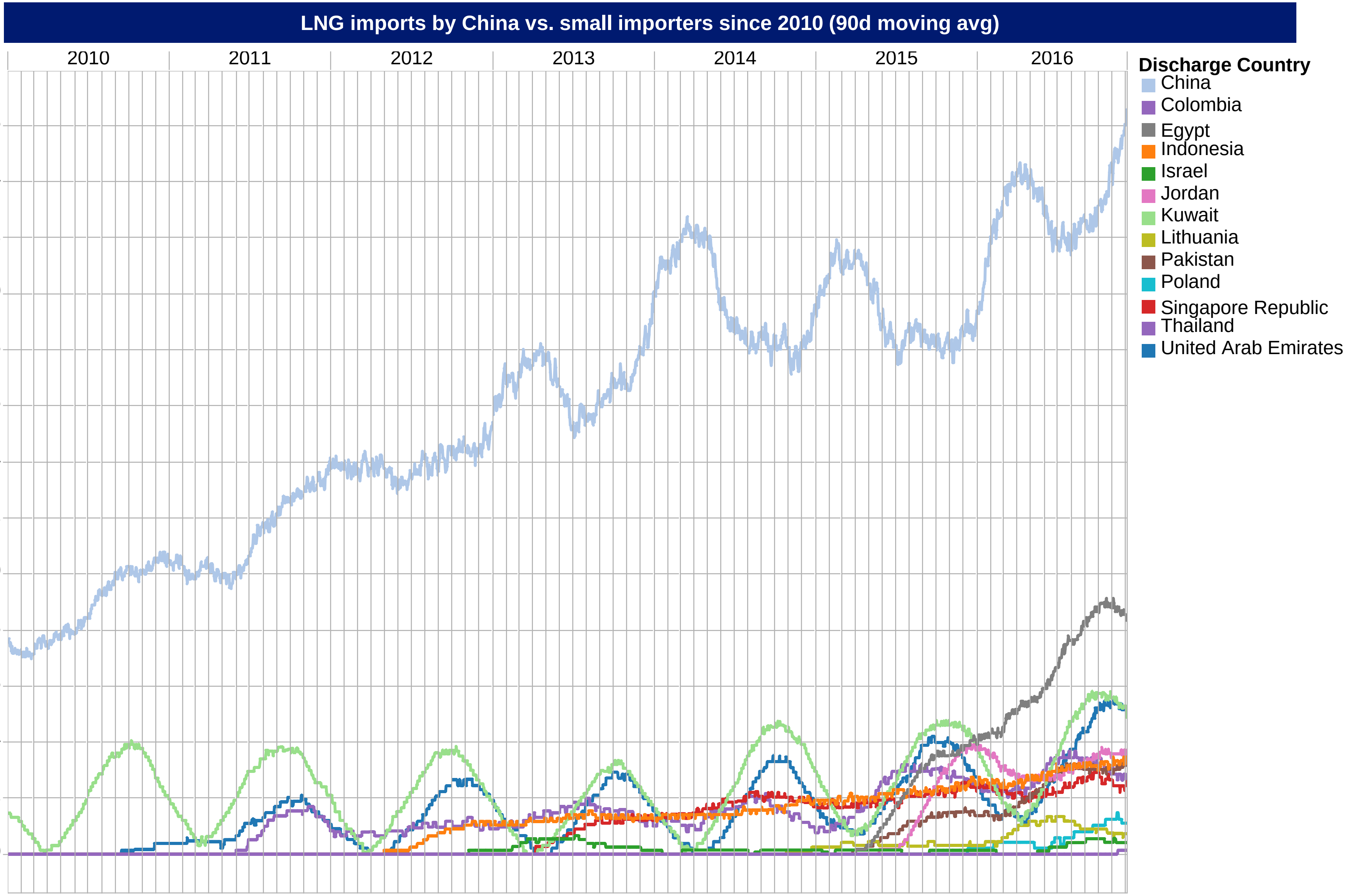


But the LNG market is not yet loose

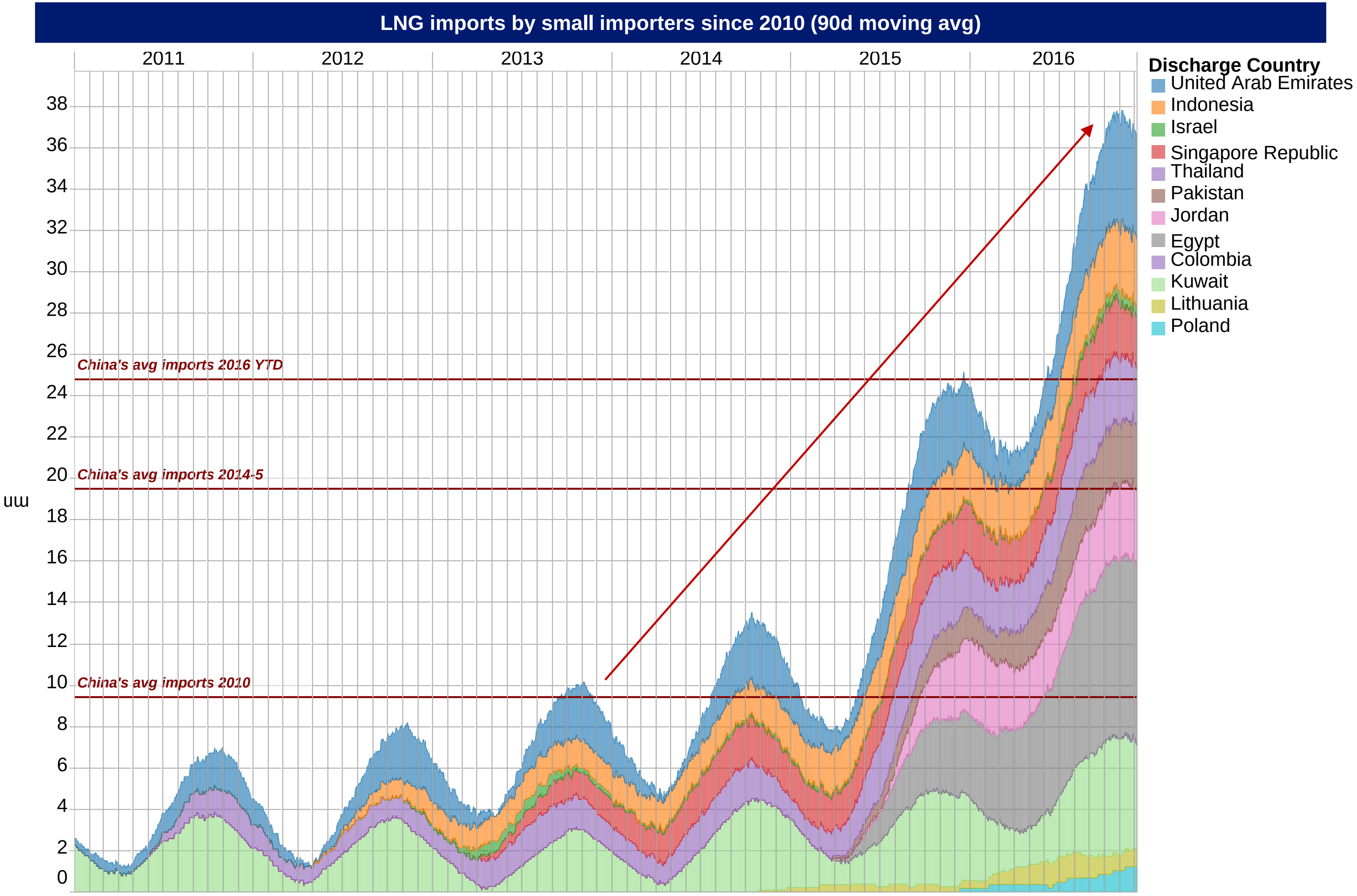
LNG imports to traded European markets (90-day moving average: UK, FRA, NLD, BEL, ITA)



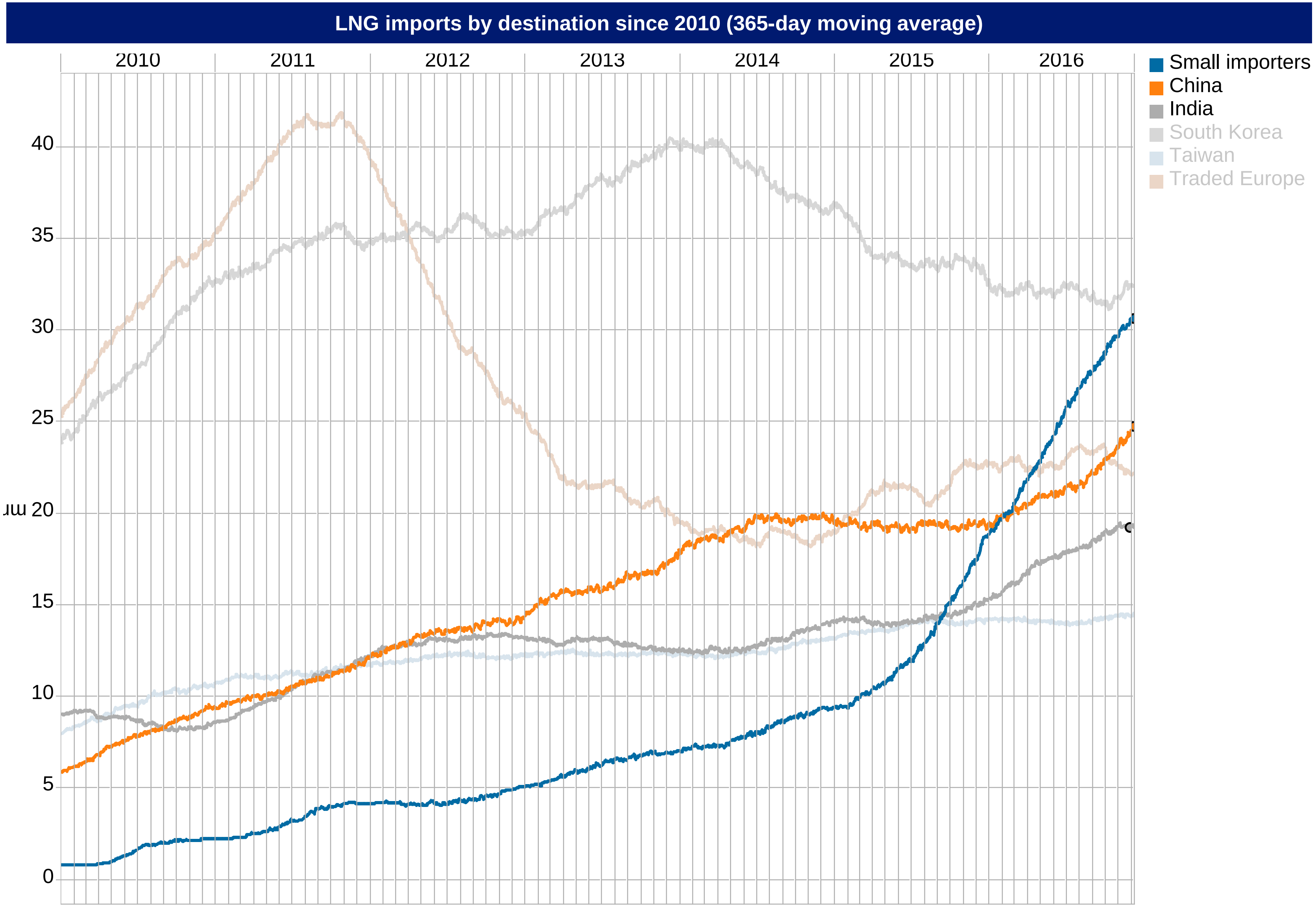
Small importers are individually tiny…



…but have cumulatively contributed huge demand growth

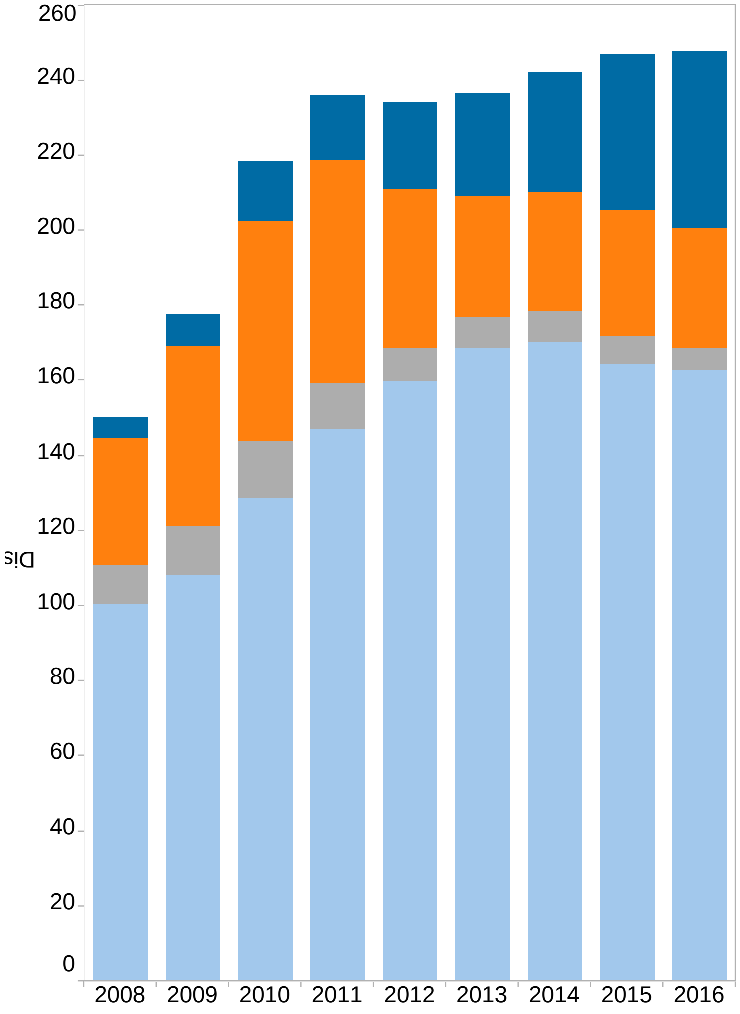


In three years, small importers have *added* 24 mmtpa of demand

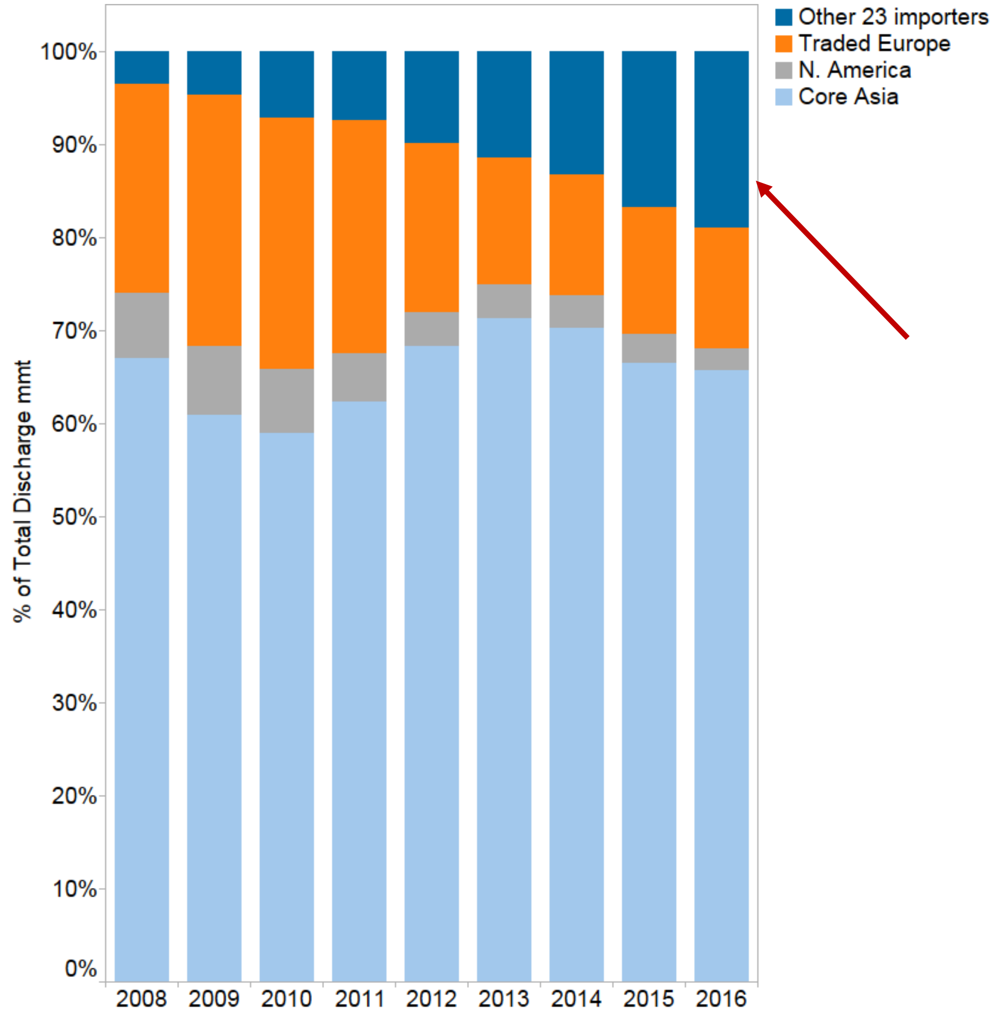


The “other” category has grown from 7% to 19% of the market

LNG imports by group since 2008



LNG imports as pct of global total since 2008



Key questions in a world of diversifying demand

1) Do new counterparties introduce a significant enough credit risk to impact the market?

2) Are demand forecasts becoming increasingly uncertain?

3) Do new frontier-market projects introduce an indirect oil-gas linkage?

4) Do new importers change relationship management and corporate governance dynamics?

5) Do new importers increase or decrease flexibility in the market?