

Australian Government
Department of Industry,
Innovation and Science

Office of the
Chief Economist

Global and Australian LNG outlooks and implications for risk

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Australia's LNG exports are growing

Global LNG demand, 2005 to 2020

Source: Department of Industry, Innovation and Science (2016) Gas Market Report 2015

Australian LNG production capacity, 2010 to 2020

Source: Department of Industry, Innovation and Science (2016) Resources and Energy Quarterly, March quarter 2016

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Price volatility and market uncertainty will characterise the LNG market in the medium term

Global LNG supply, 2010 to 2030

Source: Department of Industry, Innovation and Science (2016) Gas Market Report 2015

Global natural gas and oil prices, 1995 to 2015

Source: Department of Industry, Innovation and Science (2016) Gas Market Report 2015

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Investment and exploration slowing; likely to remain subdued

Exploration

Capital expenditure

Employment

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An increased role for floating LNG?

Source: Shell - a digital impression of Prelude FLNG

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Key messages

- 1 Australia is experiencing a period of unprecedented growth in LNG exports, concurrent with period of transition in global LNG demand as it increases in scale, diversification and liquidity.
- 2 Despite the forecast of strong demand growth, new supply from Australia and elsewhere is expected to lead to a prolonged period of excess capacity and low prices, with no new projects expected in the medium term.
- 3 Low LNG prices have had a large impact on investment and exploration, and will continue to dampen offshore activity.
- 4 In the longer term, floating LNG technology could transform LNG development and impact on offshore risks.

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