THE OXFORD INSTITUTE FOR ENERGY STUDIES

State of European Gas Markets

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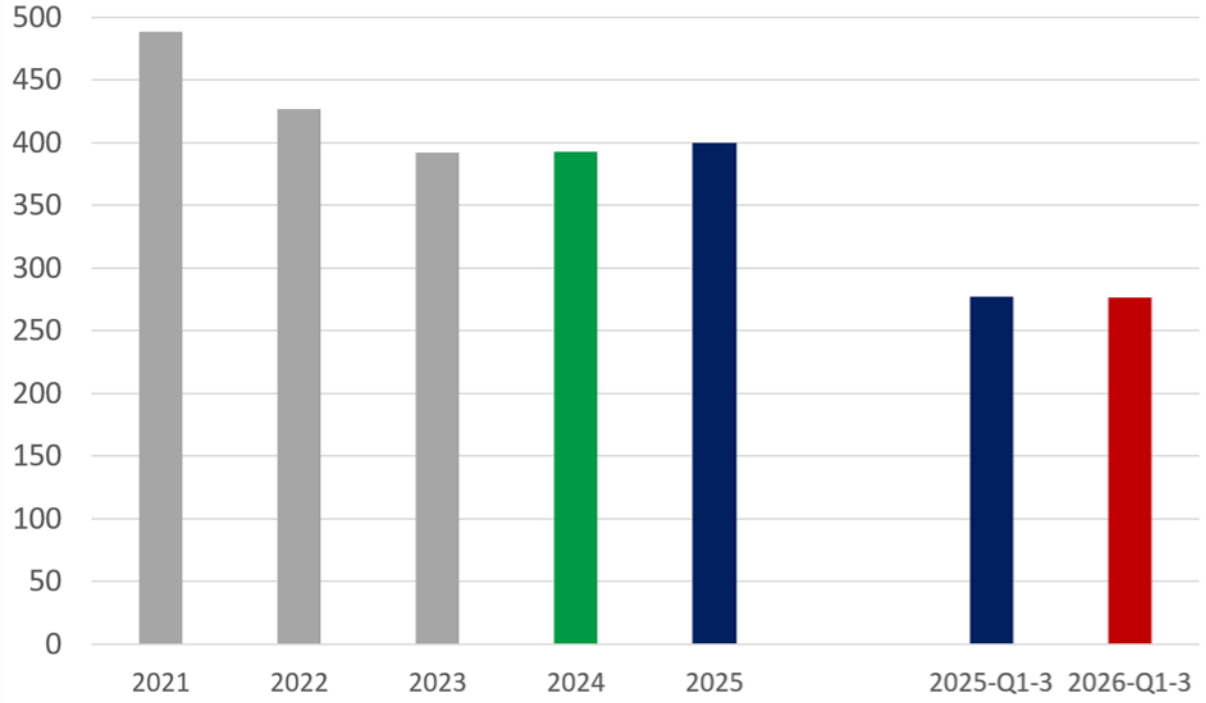
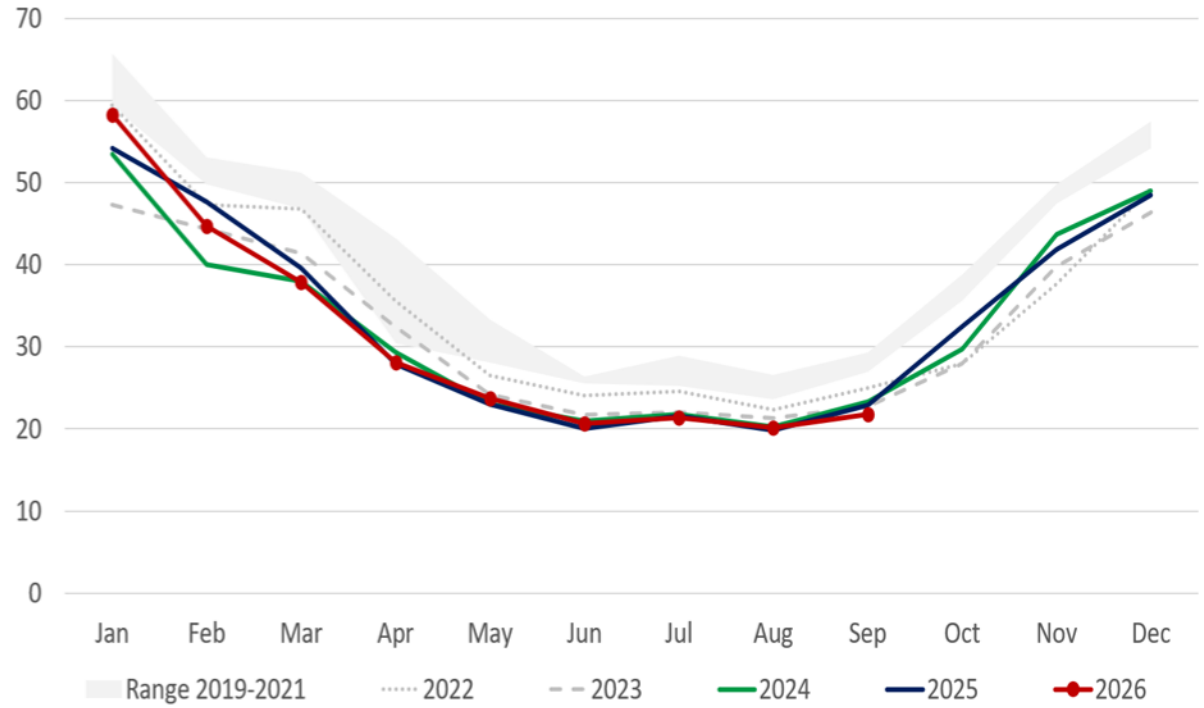
Gas demand remains well below pre-2022 crisis levels, but also resilient amid higher gas prices in 2026

Sources: A. Honoré (OIES). Data calculated by this author using raw data from various sources, including data from IEA, Eurostat, ENTSOG Transparency Platform, and TSOs. Graph by the author.

Annual gas demand in Europe (bcm)



Monthly gas demand in Europe (bcm)



- Gas demand in Europe (EU-27 + UK) remains well below pre-2022 crisis level (-89 bcm vs 2021 or -18%)
- No signs of structural recovery post 2022, nor signs of dramatic decline in 2026… for now
- Essentially flat for the past 3 years, most yoy differences in Q1 and, in lesser extent, in Q4 (seasonal demand)
- Resilient (-0.1% in 2026) considering geopolitical turmoil and higher prices => fluctuations driven by weather (temperatures, wind, hydro).

New normal shows lower gas demand overall in all the sectors…

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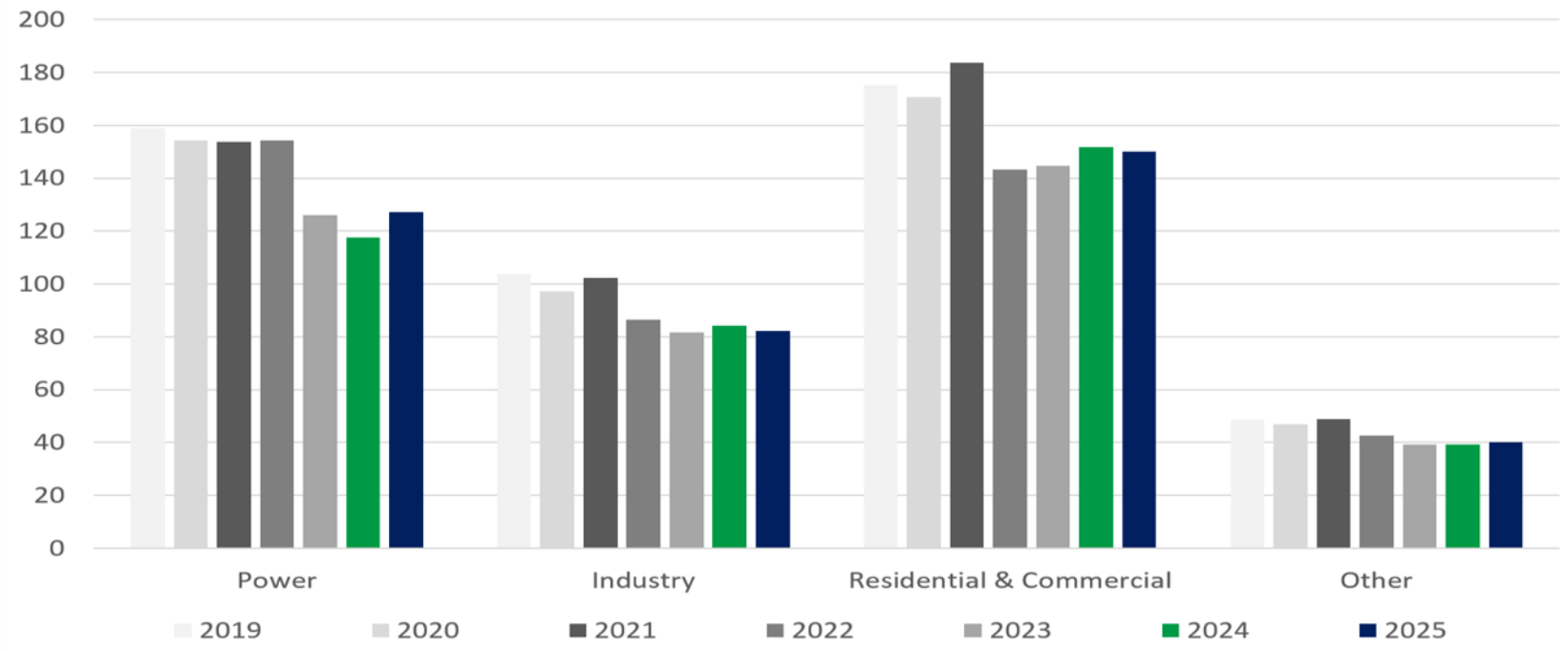
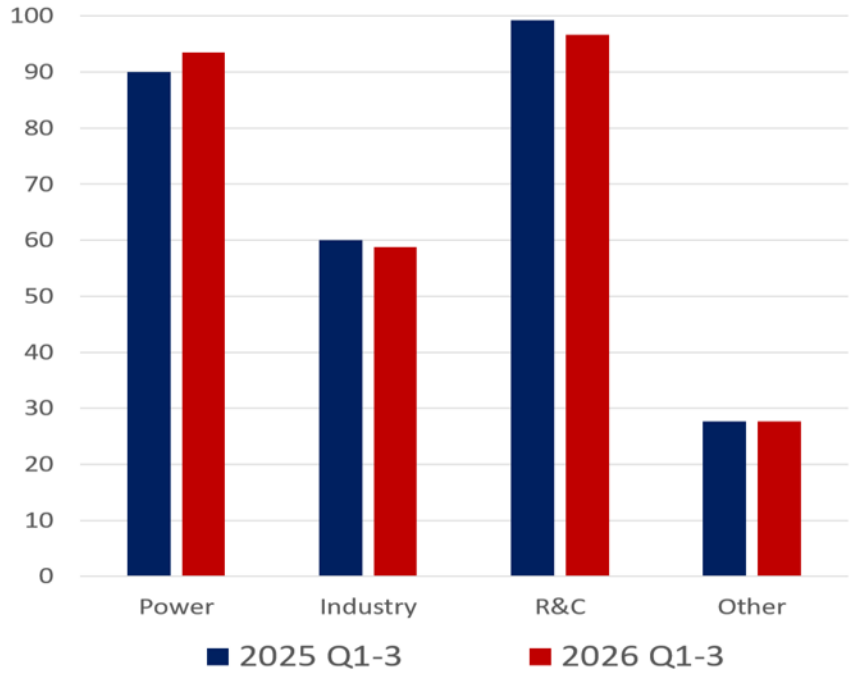
Sectoral gas demand in Europe, 2019 to 2025 (bcm)



Sectoral gas demand in Europe, 2025 to 2026 (bcm)

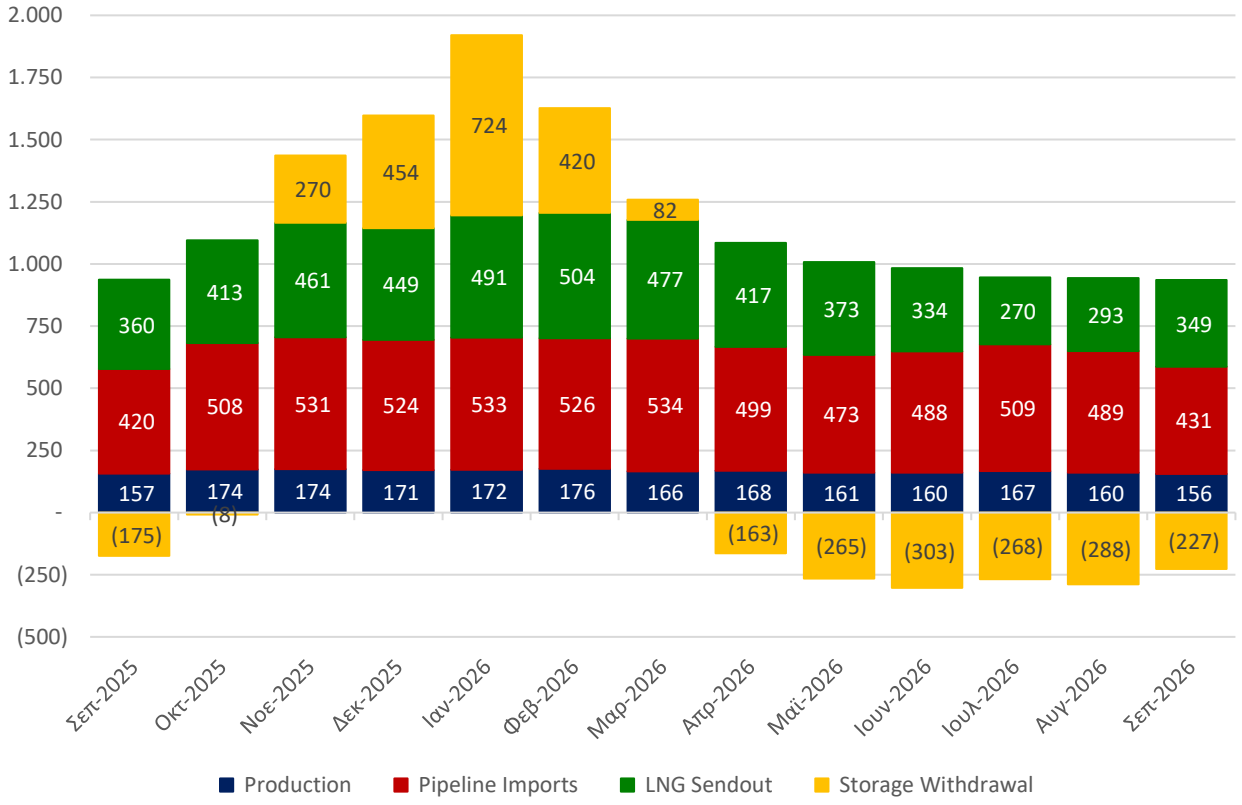


- Demand destruction in industrial and commercial sectors during the 2022 crisis
- Impact of the energy transition in the power sector
- Changes, some structural changes, mean price-demand response is now more limited in the short-term (weeks/months)
  - Gas for power even up in 2026, despite rising gas prices

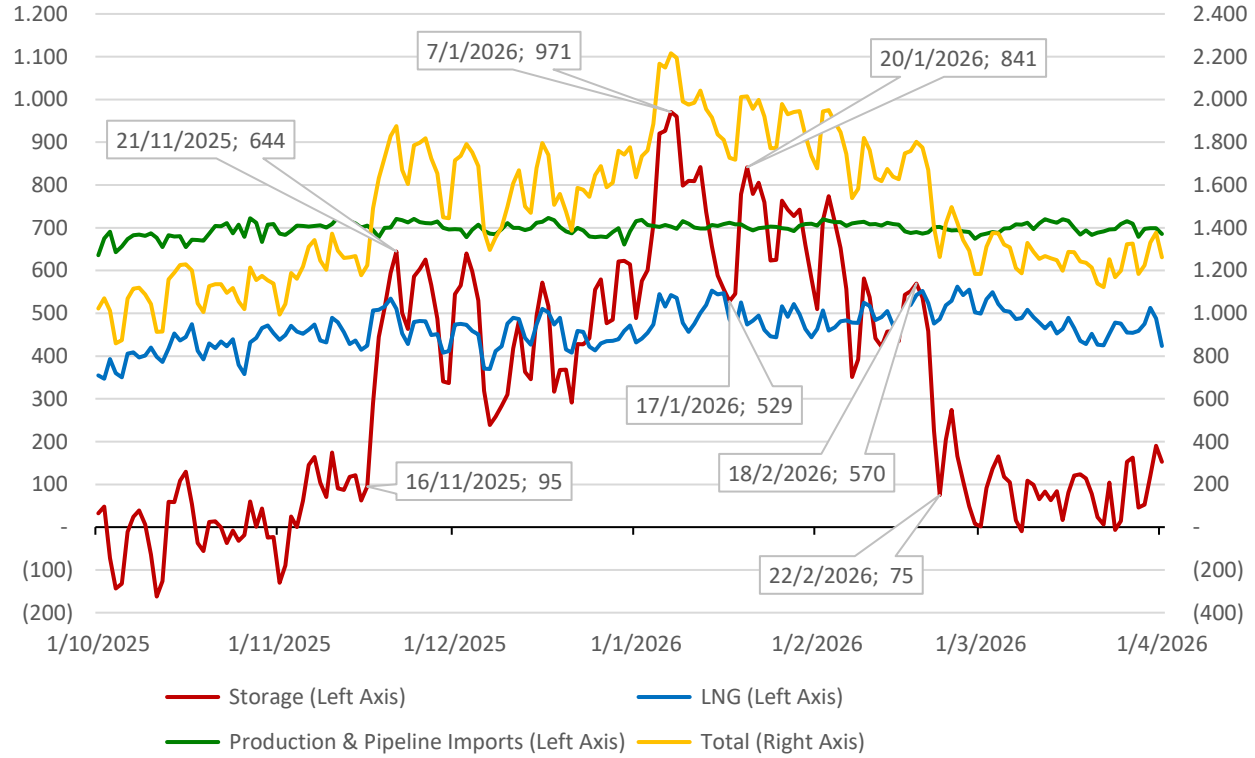
The Role of Gas Storage in Total European Supply

Data sources: ENTSOG Transparency Platform; Eurostat; Gas Infrastructure Europe (AGSI & ALSI); National Gas Transmission (UK); Kpler LNG Platform

European Gas Supply by Source (MMcm/d)



European Daily Gas Supply by Source in Winter 2025/26 (MMcm/d)

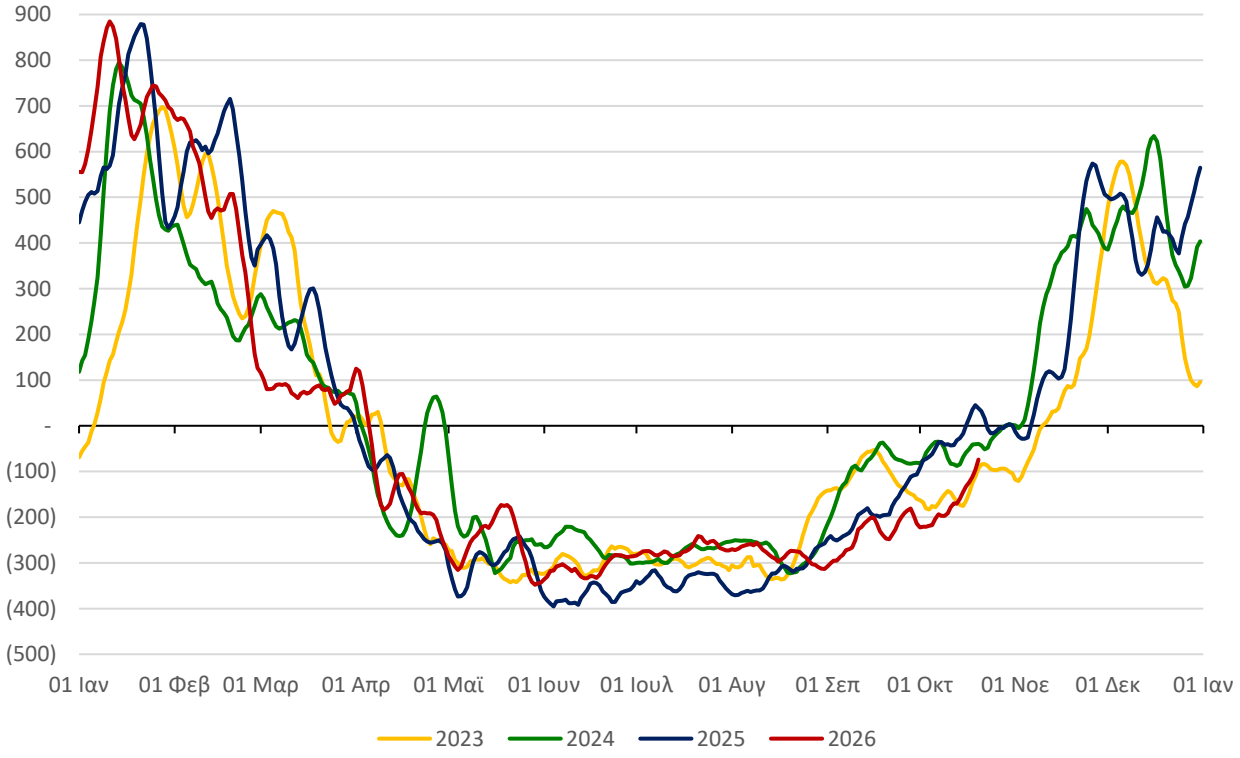


- The net withdrawals from storage in winter (even on a monthly, rather than daily, basis) far outweigh the ramp-up in production, pipeline imports, and LNG sendout compared to the summer months – but limited or negative seasonal price differentials do not incentivise summer storage injections
- Volatile demand will be met by drawing on storage stocks, even as those stocks are depleted over winter
- **The greater the extent of stock depletion, the greater the impact on month-1 prices during winter and forward summer prices re: restocking**

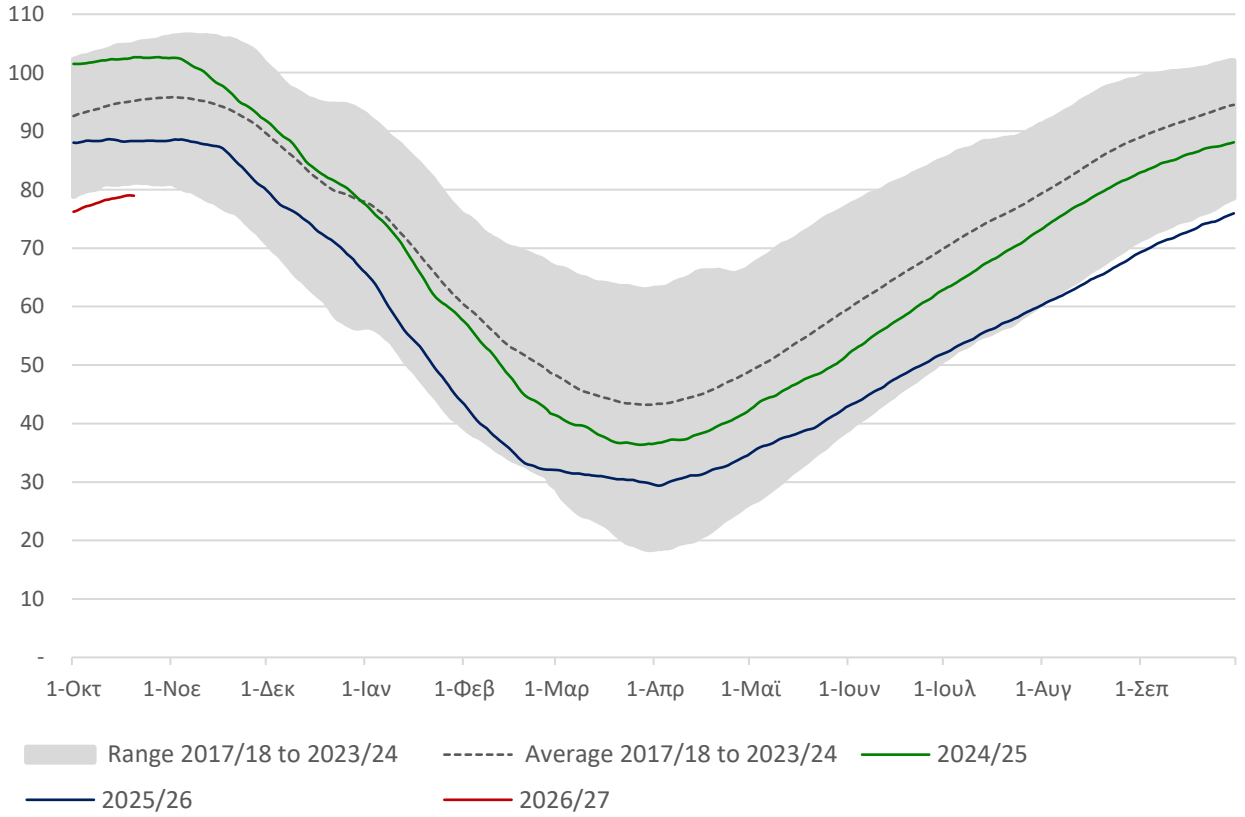
European Gas Storage

Data sources: ENTSOG Transparency Platform; Eurostat; Gas Infrastructure Europe (AGSI & ALSI); National Gas Transmission (UK); Kpler LNG Platform

EU-27 Net Storage Withdrawal - 7-Day Rolling Average (MMcm/d)



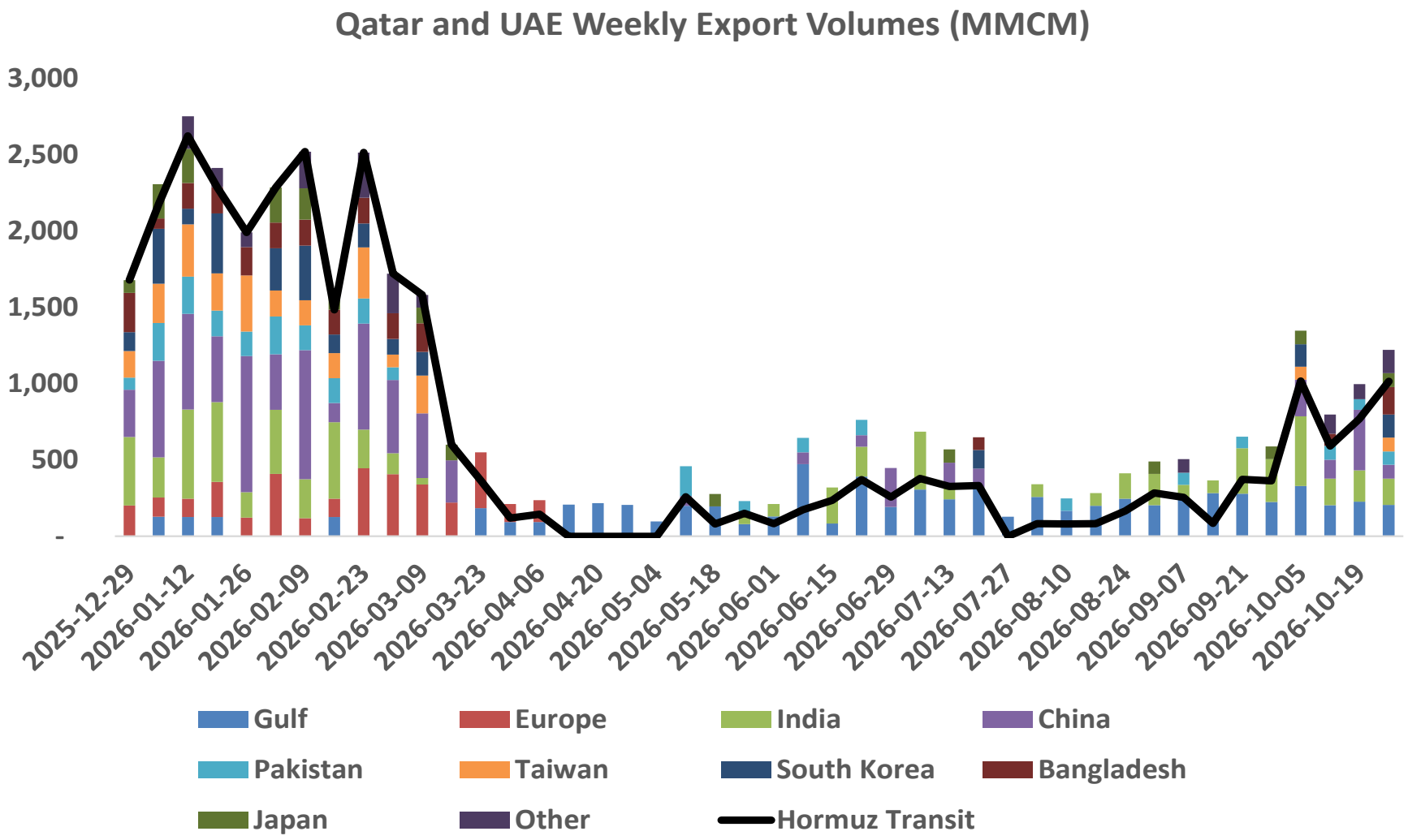
EU-27 Gas Storage Stocks (Bcm)



- From mid-April to late August 2026, daily net storage injections were smaller y-o-y, illustrated more clearly in the 7-day rolling average
- Net storage injections in September 2026 higher than in 2023-2025, plus 2.9 Bcm in 1-20 October
- If Europe ends winter with c.20 Bcm in storage, this implies need for c.60 Bcm to get back to 80 Bcm of stocks by start of winter 2026/27
- This is notably higher than the 49 Bcm injected between 1 April and 20 October 2026 – availability of LNG will be crucial for restocking

Qatar and UAE Export Volumes

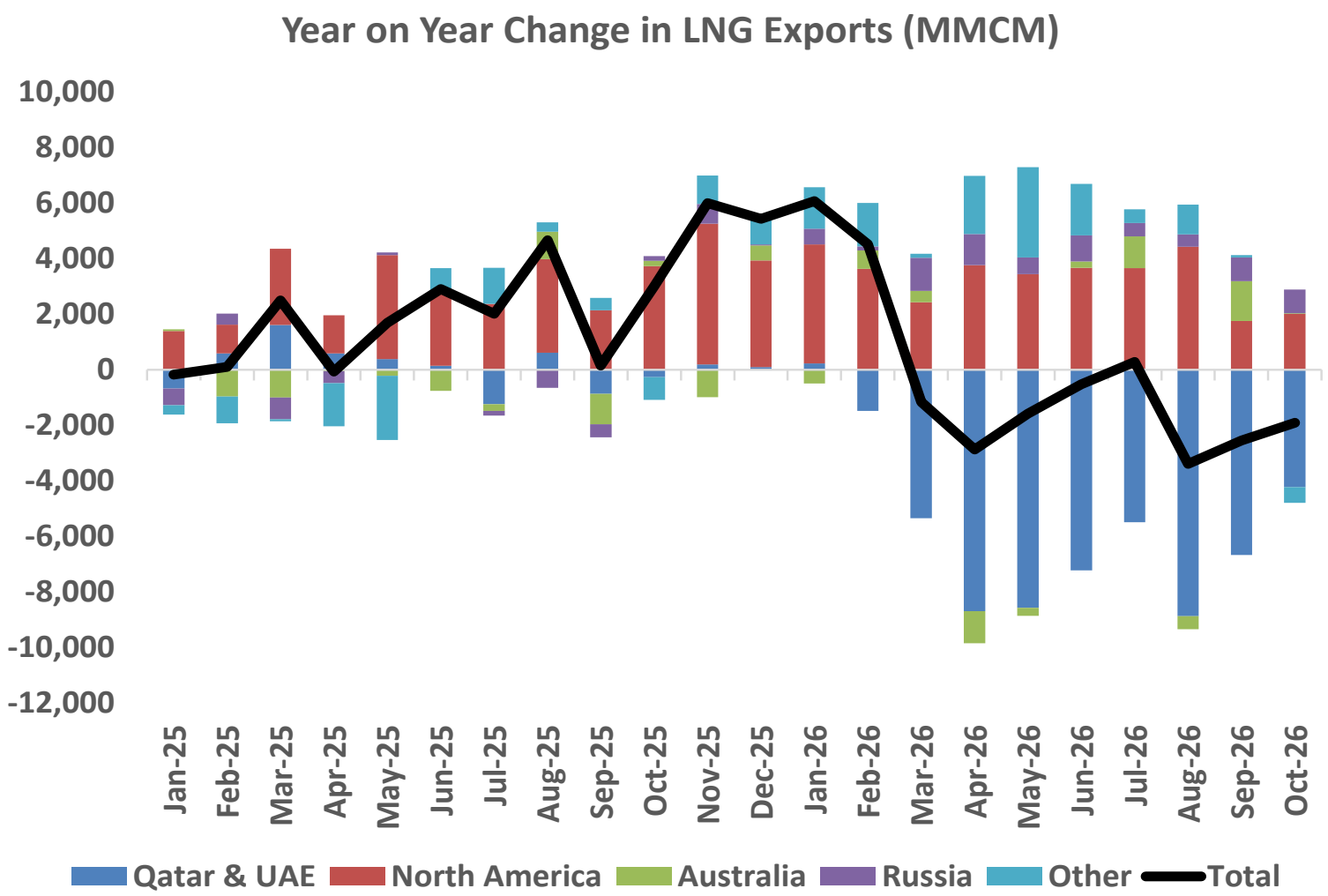
Source: Kpler, OIES



- After sharp drop at beginning of March, volumes stayed low through early June
- Since then, volume picked up with over 50% of volumes staying in Gulf through early September and half the rest to India and Pakistan
- Since early September 80% of volumes have transited Hormuz…
- …but total volumes didn't pick up until October. Since mid-June volumes were averaging 600 mmcm a week – triple the volume from start of war to mid-June – before rising to 1,000 mmcm a week in October
- Sustained volumes to China, India and Pakistan in October
- No volumes to Europe since mid-February

LNG Exports (Delivered to Importers)

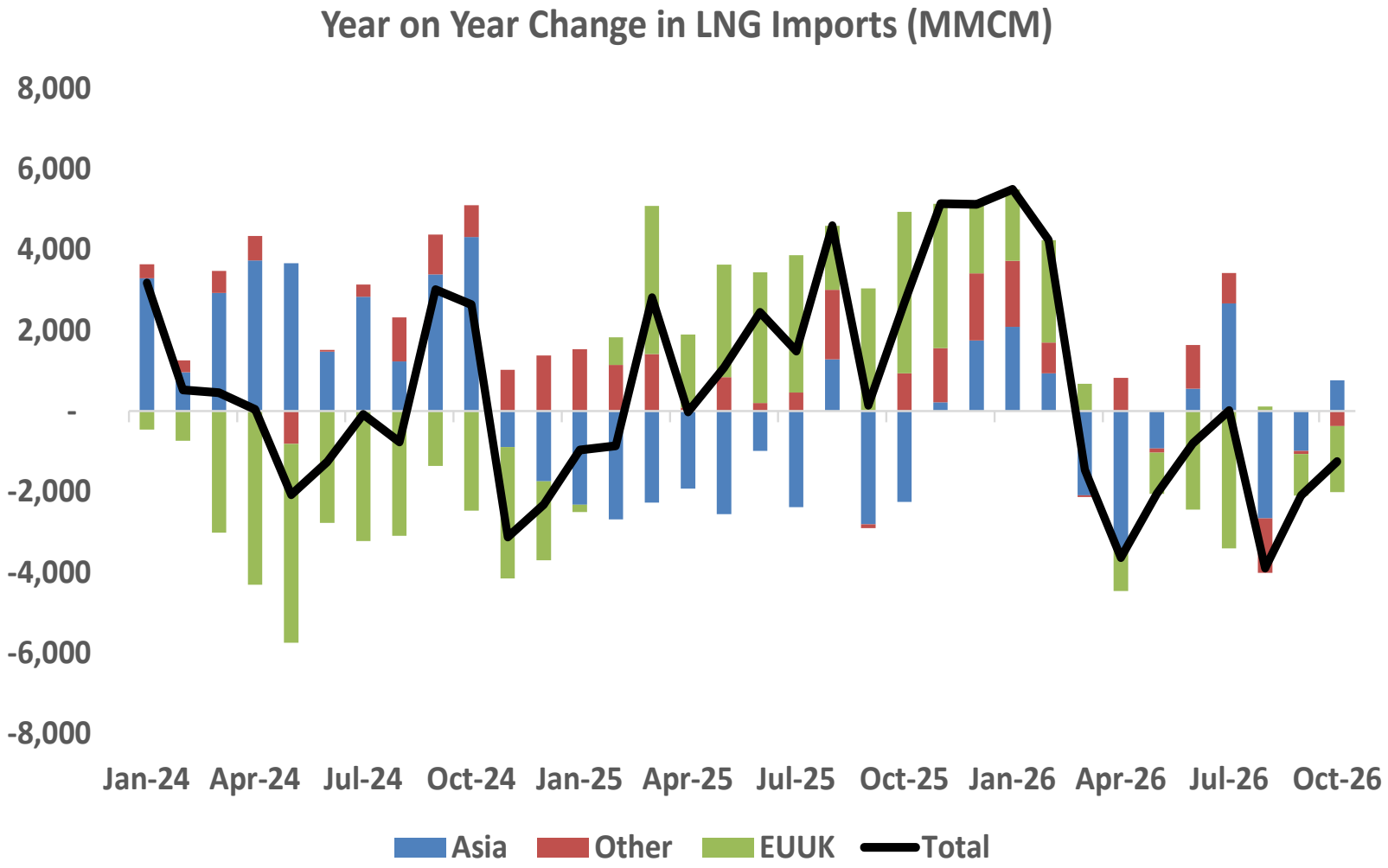
Source: Kpler



- The loss of Qatar and UAE supply has been offset, to a great extent, by increasing LNG supply from the rest of the world
- US LNG has grown strongly, plus new projects in Canada and Senegal
- Recoveries from maintenance and technical issues also in Malaysia, Nigeria, Norway and Oman
- Russia volumes higher with more from Arctic 2
- Since beginning of April, the net loss of LNG supply has been around 12.5 bcm, with Qatar+UAE down by 50 bcm, US up 15.5 bcm, Canada up 7 bcm, Russia up 5.5 bcm and rest up 7.5 bcm
- Since August flows through Hormuz have been much stronger
- In October, Qatar and UAE volumes were around 50% of the 2025 levels.

LNG Imports

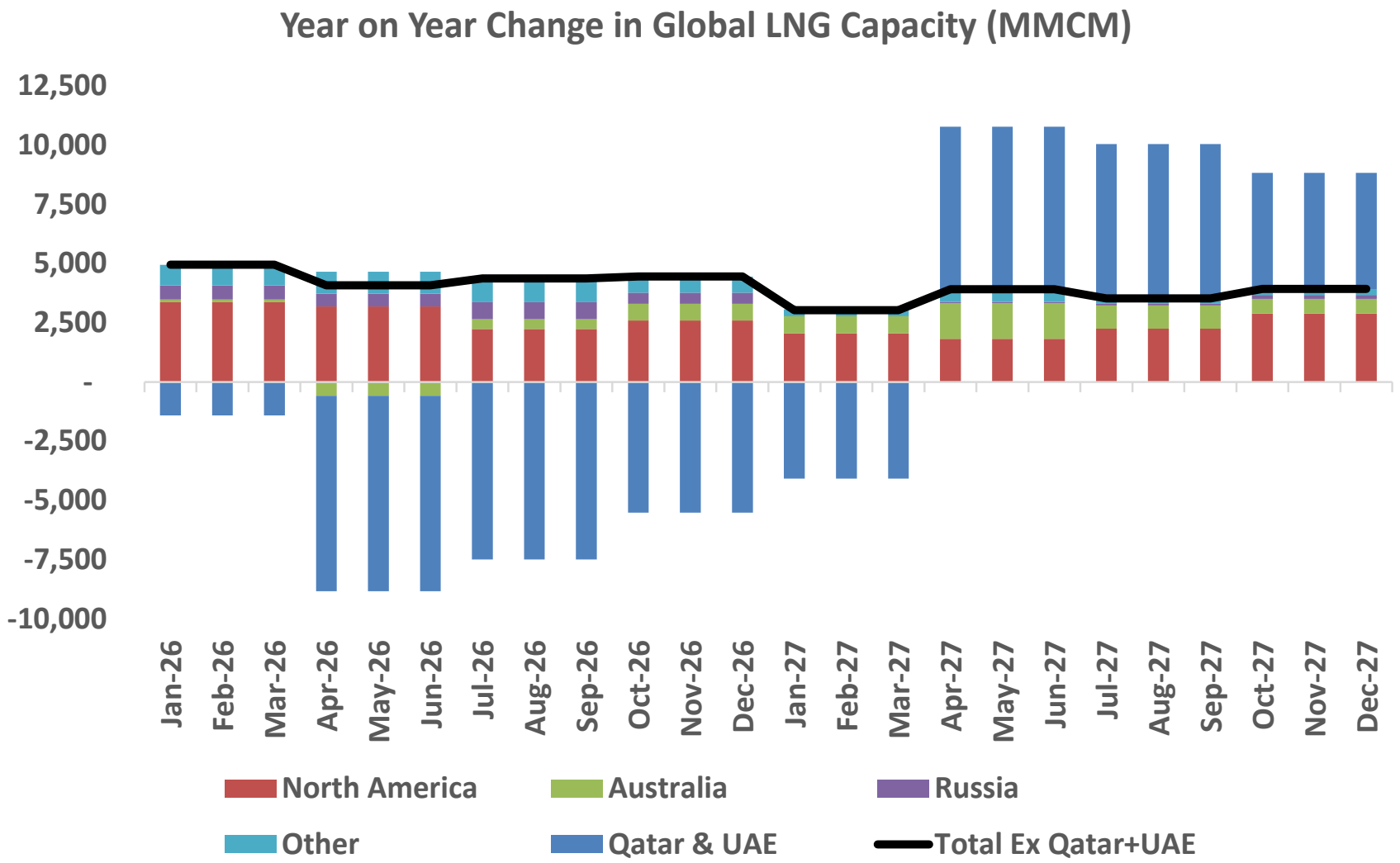
Source: Kpler



- Generally, Europe and Asia compete for LNG supply, around a rising trend in supply – rarely both grow at same time
- Total LNG demand loss, between April and October, is some 13.5 bcm
- EUUK down 10.5 bcm, Asia down 4 bcm, rest of world UP 1 bcm
- Rest of world growth is Egypt up 4 bcm offset by small falls elsewhere, particularly in the Gulf
- Asia is a mixed picture with China, Korea, Japan, Pakistan down sharply but Thailand, Malaysia, Indonesia, India and Taiwan up
- Much of the Asia fall was in August, as EUUK stabilised, particularly China, Korea and Pakistan, but September and October saw further EUUK weakness

LNG Export Capacity through 2027

Source: Kpler, OIES



- Assumes full volumes (absent damaged trains) from April 2027
- Strong growth in LNG export capacity through 2027 outside Qatar and UAE
- Ramp up of projects from this year including Golden Pass, Pluto, Congo, Corpus Christi, Energia Costa Azul
- New 2027 projects include additional Golden Pass, Altamira (Mexico), Malaysia, Indonesia, Gabon, Rio Grande, Port Arthur
- Outside Qatar and UAE additional capacity in 2027 estimated at some 43 bcm
- If Qatar and UAE reopened in full by Q2 2027 then additional capacity compared to 2026 would be around 85 bcm and 70 bcm above the 2025 level

Conclusions

- Europe demand has been relatively stable so far this year, with higher Q1 volumes followed by slightly weaker summer
- Europe gas demand essentially flat for last 3 years, after the large 2022 and into 2023 losses
- Europe supply from production, pipeline imports and LNG imports, to some extent relatively stable on a daily basis, with storage providing almost all the swing
- Storage ended the filling season with around 75% in storage, now beginning withdrawal
- Europe could end the winter with around 20 bcm in storage, based on normal winter, which would require significantly more injections in summer 2027 to get back to current levels
- Impact of Hormuz closure, on LNG supply, has been mitigated by rising supply from new projects, notably in North America
- LNG volumes to Europe down significantly, as well as to China, Japan, Korea and Pakistan, but other Asia and Egypt still growing
- If Hormuz fully reopens by April 2027 then likely see a big surge in LNG supply, alleviating Europe storage refill issues.

Thank you!

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