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Asia Summer 2026 LNG & Coal Outlook

Webinar: Weather, geopolitics & fuel switching dynamics

21 May 2026

Speakers:

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What we'll cover today

01 Hormuz disruption and LNG tightness

How Hormuz-related supply disruptions are affecting Asian buyers, where inventories provide a buffer, and what this means for regional LNG prices.

03 Coal market response and fuel switching

How stronger coal burn and gas-to-coal switching economics are reshaping APAC trade flows and limiting LNG demand growth in price-sensitive markets.

02 Weather and LNG demand outlook

How rising El Niño risk, hotter summer weather, and China hydro weakness could lift LNG demand, while higher prices drive demand destruction across price-sensitive Asian markets.

04 Cross fuel outlook and trading calls

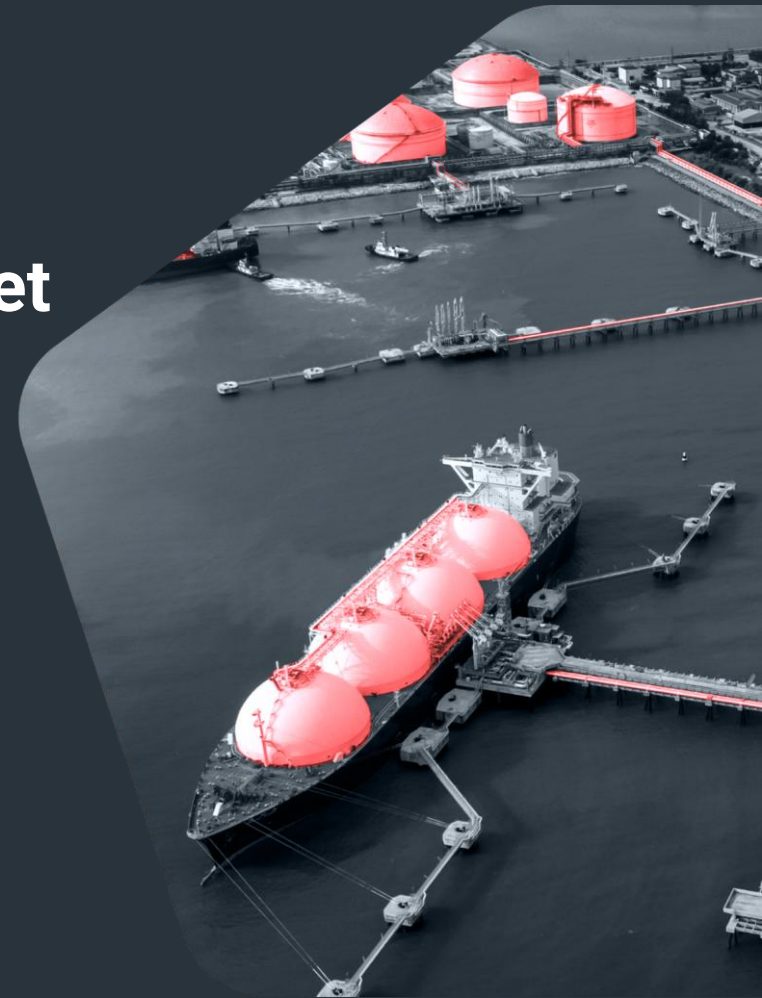
How LNG and coal prices could move this summer, with key trading calls, upside risks, and regional market takeaways.

Note: Summer is defined as April to September 2026

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Hormuz Disruption & LNG Market Tightness

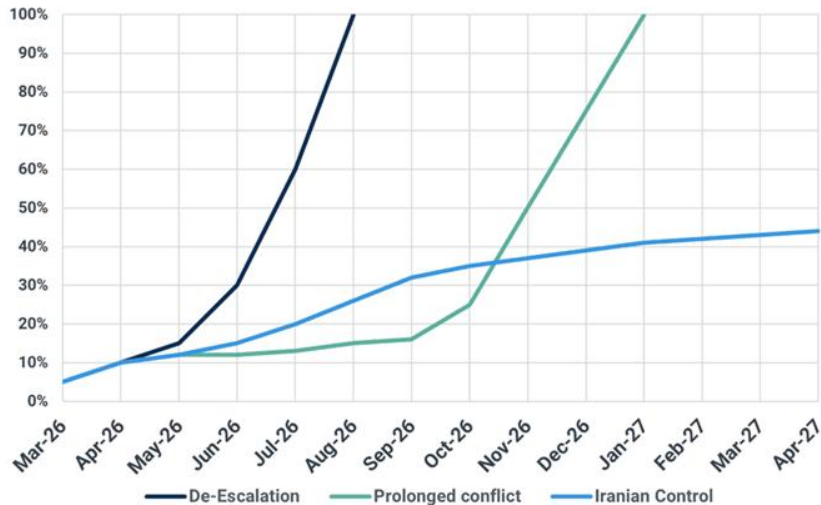
Hormuz-related supply risks continue to support Asian LNG prices



Kpler cross-commodity base case: De-escalation through Q2 2026

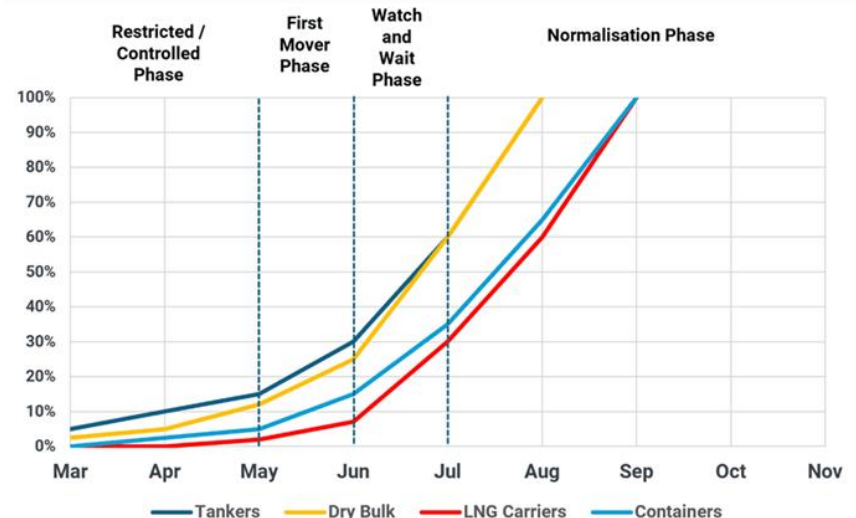
The rate of return will vary by vessel type – LNG vessels are more expensive, greater financial risk involved

Phased return of Hormuz transits for tankers (% of MEG export capacity)



Source: Kpler

De-escalation: Phased return of Hormuz transits (% of MEG export capacity)

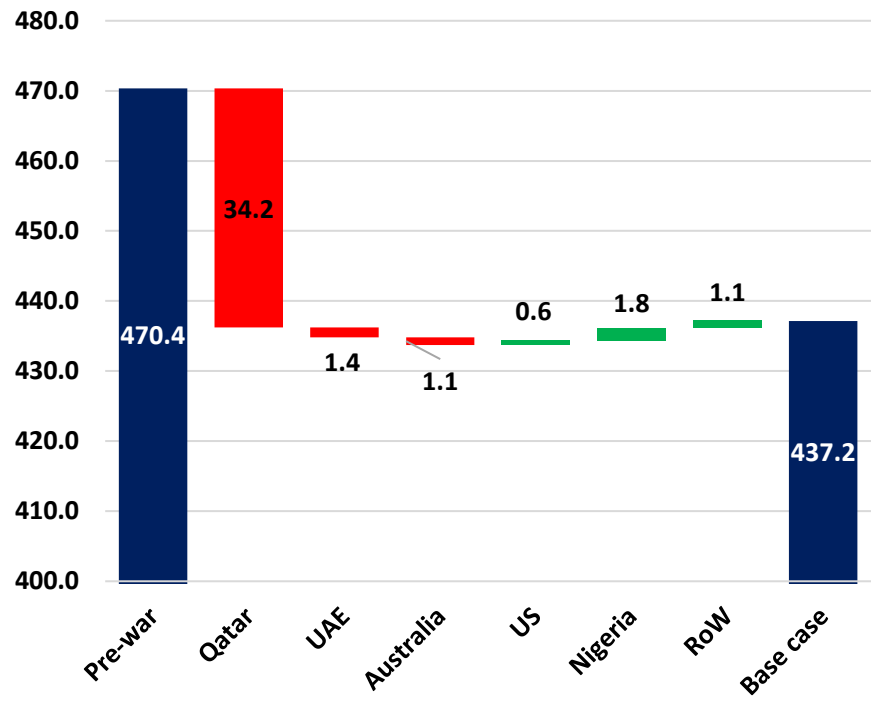


Source: Kpler

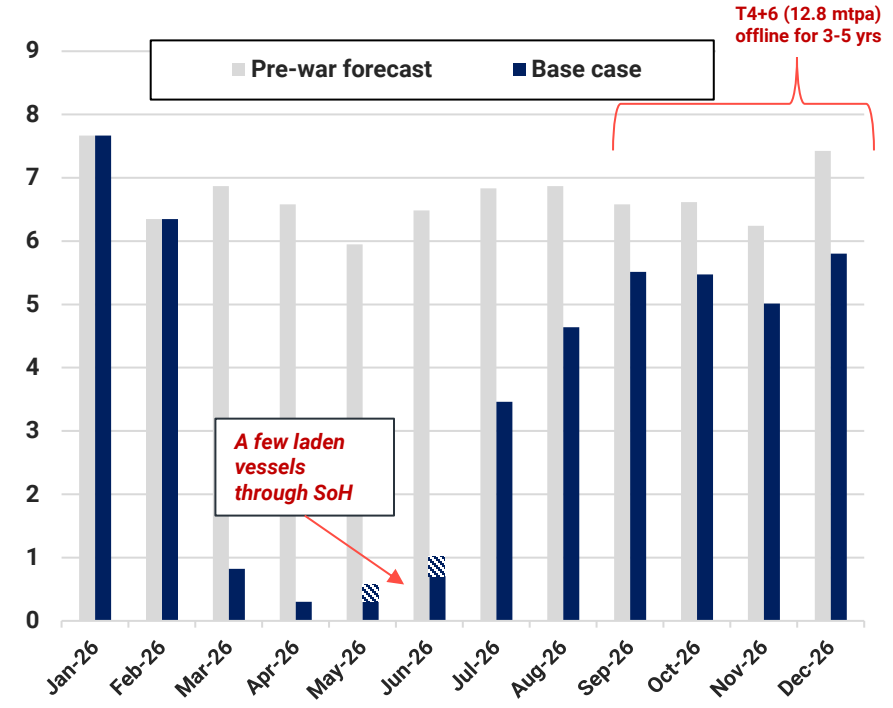
34 mt of Mideast Gulf supply removed from the 2026 balance

We expect QE to remain risk averse and not transit through SOH unless there is a permanent ceasefire

Change in 2026 LNG export forecast (mt)



2026 Qatar LNG export forecast (mt)



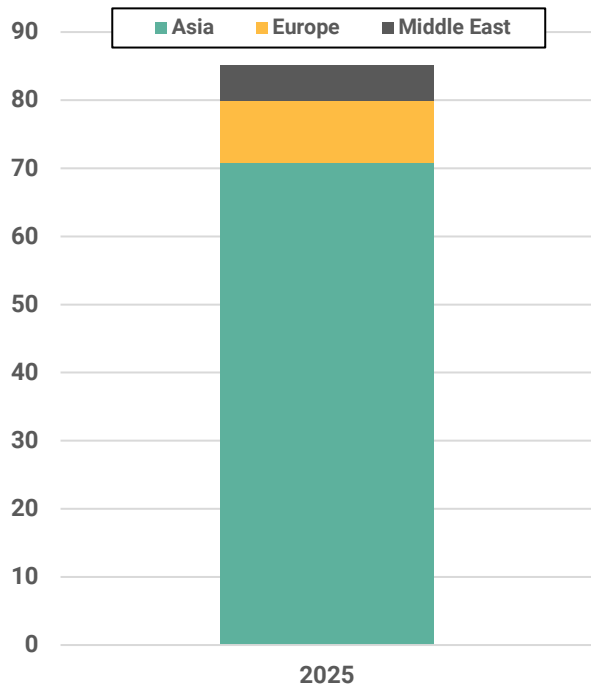
Source: Kpler Insight. Pre-war refers to the February 2026 LNG monthly report, base case refers to the May 2026 edition.
 RoW = Rest of the World
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Source: Kpler Insight. Pre-war refers to the February 2026 LNG monthly report, base case refers to the May 2026 edition

Asia is by far the most vulnerable to the Middle East supply loss

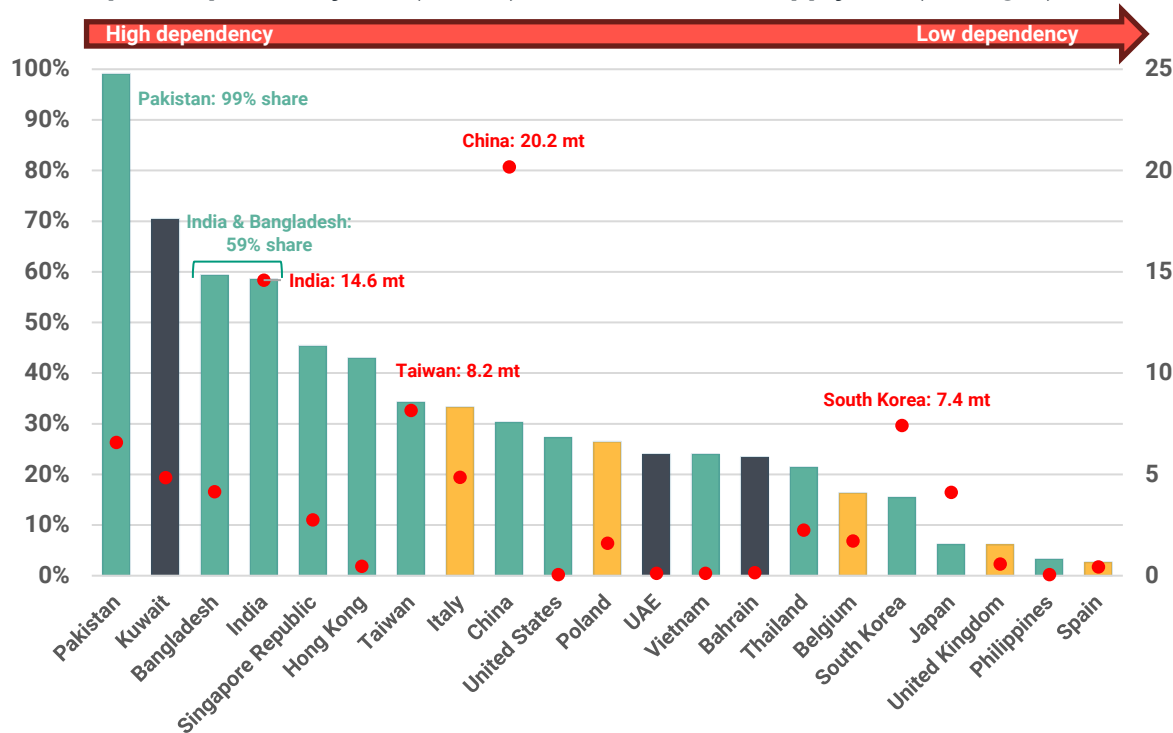
China, India, Japan and Korea import the most volume, but South Asia has a high dependency on Qatari LNG

Imports from Qatar and UAE by region in 2025 (mt)



Source: Kpler

LNG import dependency bar (% , left), volume of LNG supply dot (mt, right)

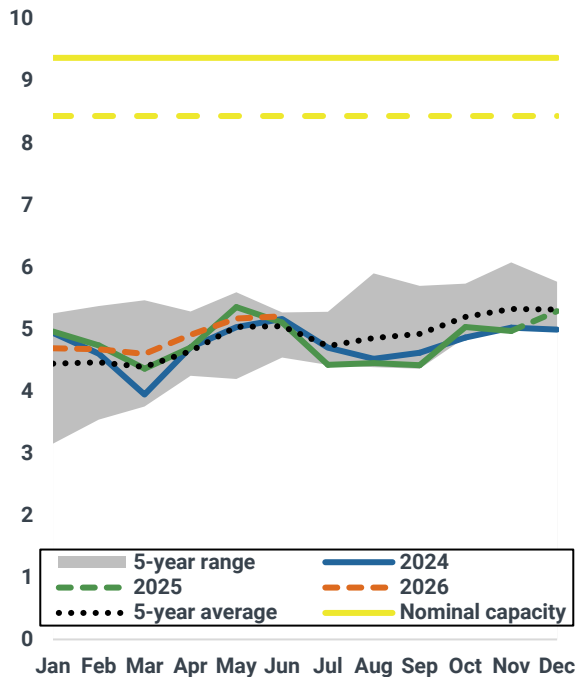


Source: Kpler. Green bars represent Asian countries, yellow bars represent European countries, and grey bars represent other countries in the Middle East

NE Asia is expected to buffer Hormuz disruptions through inventory draws

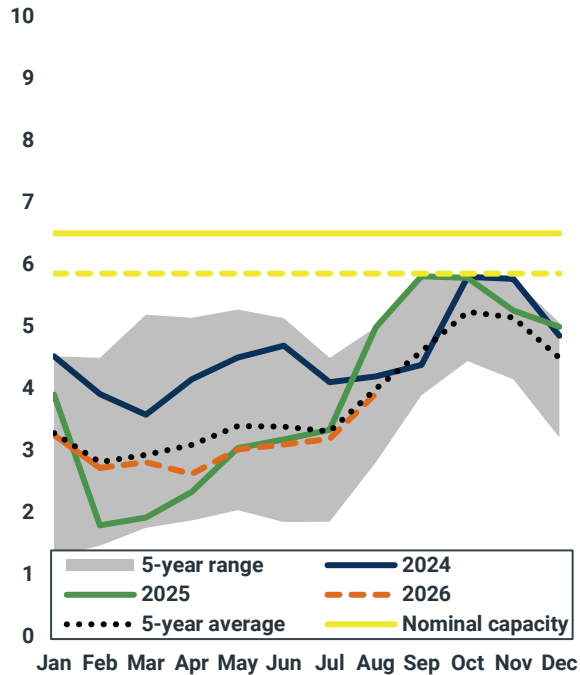
Below-average Chinese inventories and deeper drawdowns support late Q2 & early Q3 gains in Asian LNG prices

Implied Japan LNG inventory (mt)



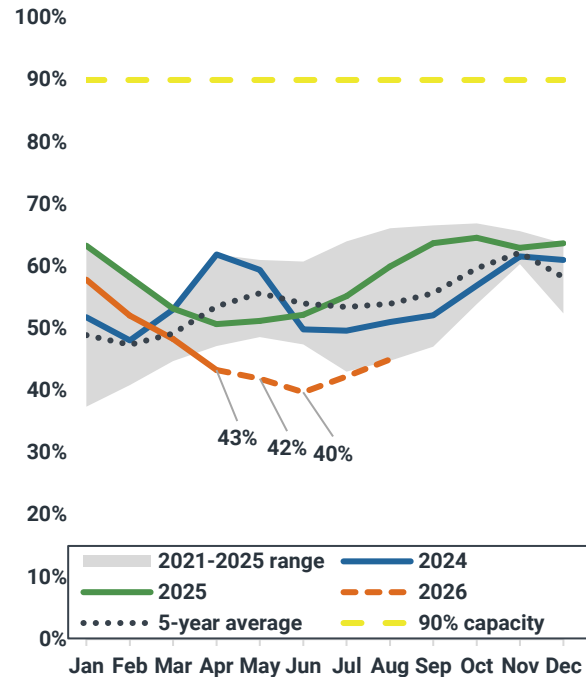
Source: METI, Kpler Insight

Implied Korea LNG inventory (mt)



Source: KESIS, Kpler Insight

Implied China LNG inventory (% full)

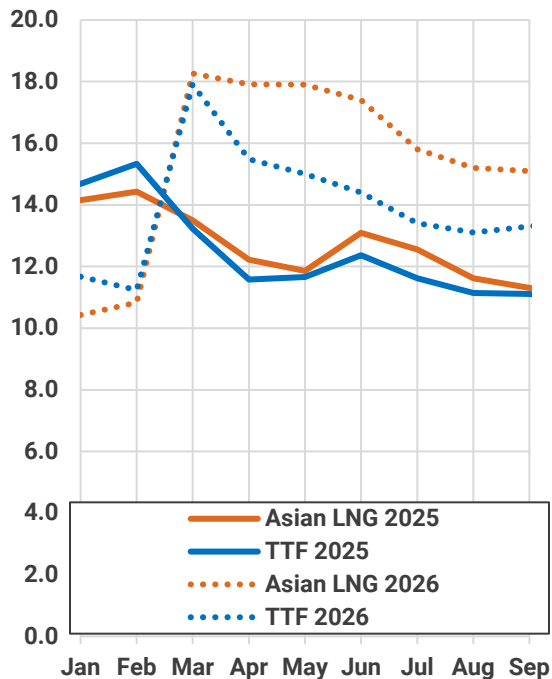


Source: Kpler Insight

Asian LNG-TTF premium signals tight summer LNG market

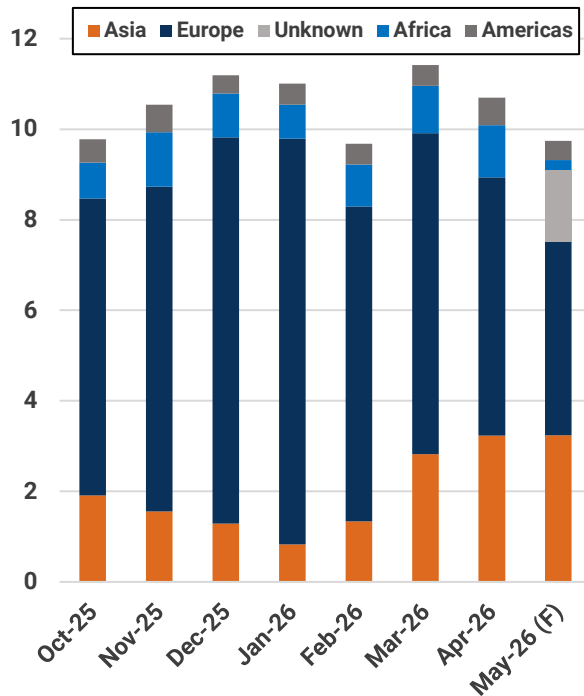
Hotter weather, supply constraints, Hormuz shipping risks, and competition with Europe are expected to support higher LNG prices and drive demand destruction in more price-sensitive Asian markets

LNG and natural gas prices (\$/mmbtu)



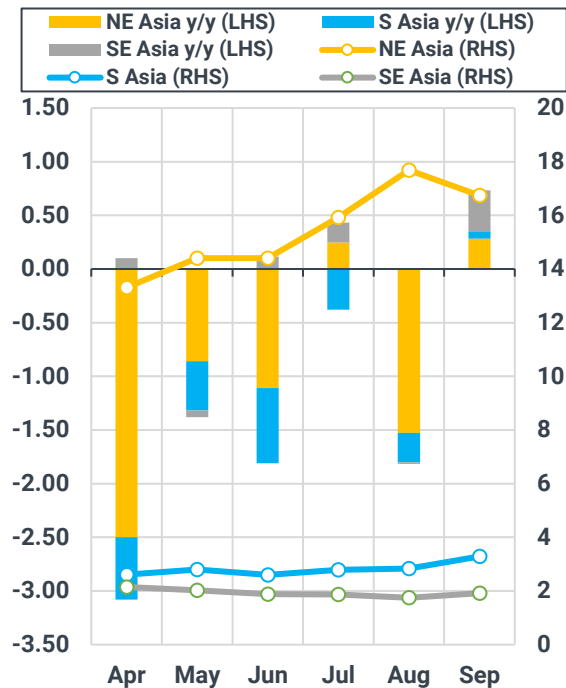
Source: Kpler Insight

US LNG exports by dest. continent (mt)



Source: Kpler

Asian LNG demand in Apr-Sept 2026 (mt)

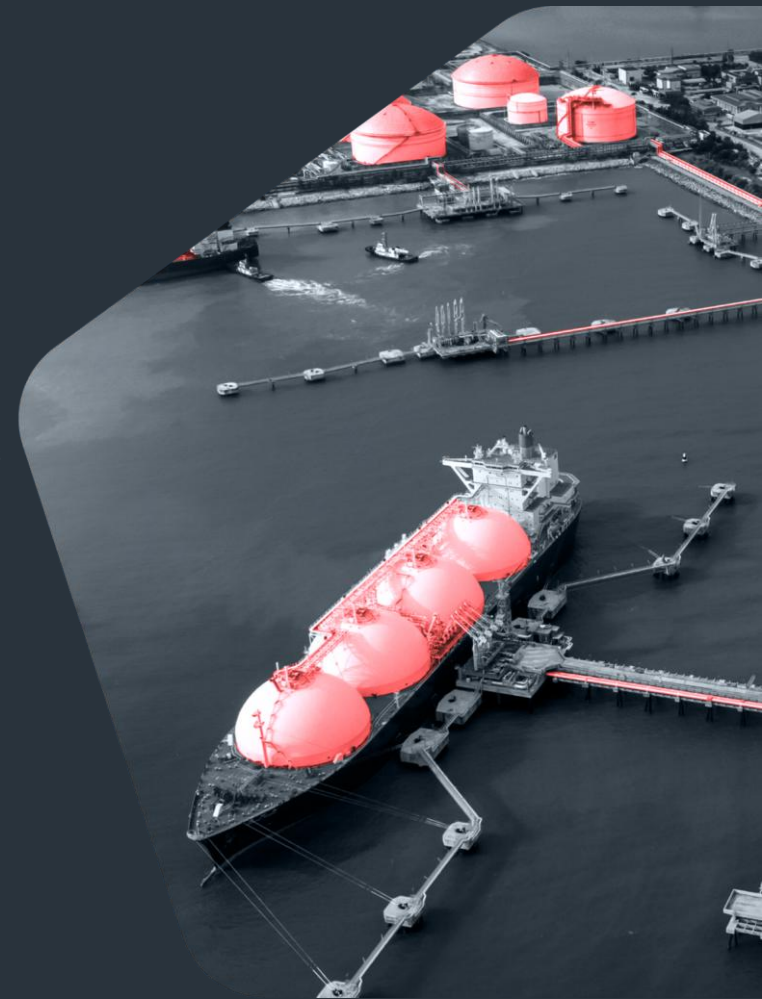


Source: Kpler Insight

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Weather and LNG demand outlook

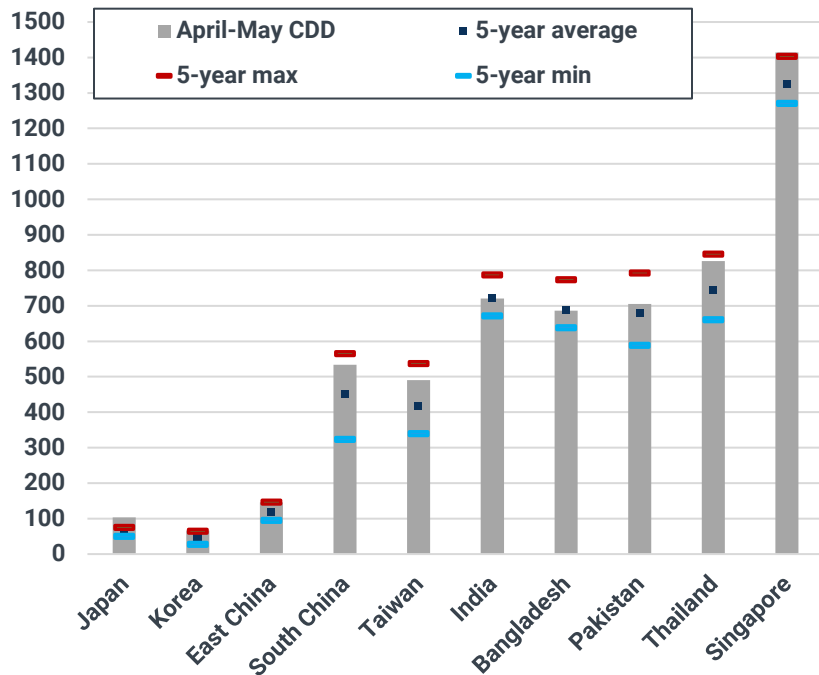
Hotter weather is supporting LNG demand, but higher prices and supply risks are driving demand destruction across price-sensitive Asian markets.



Northeast and Southeast Asia see the largest El Niño impact on cooling demand

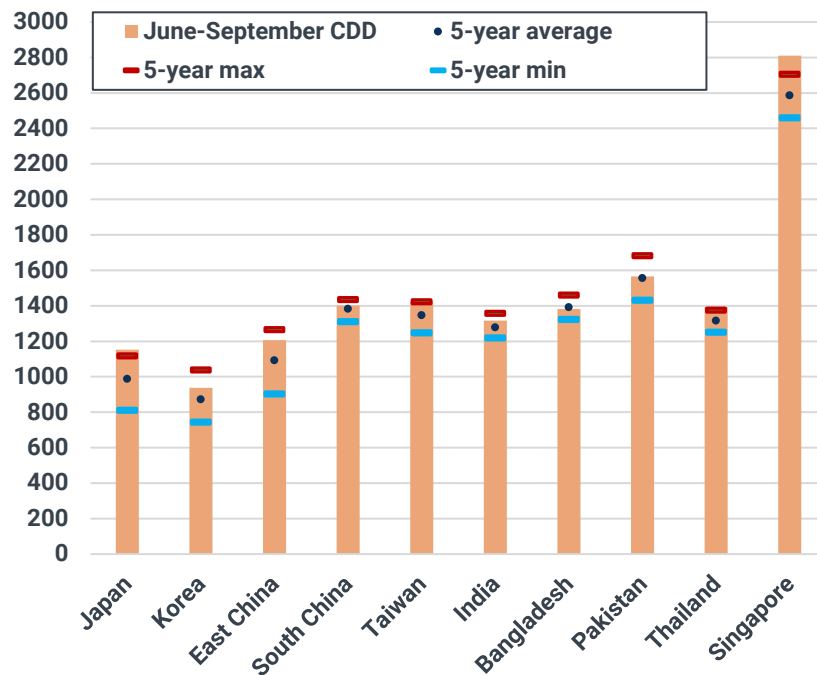
CDDs projected near 5-year highs across much of Asia, with largest upside in Japan, South China, Taiwan, and Southeast Asia

April-May Cooling Degree Days by region (degree-days)



Source: Meteostat, Kpler Insight

Projected Jun-Sept CDD by region (degree-days)

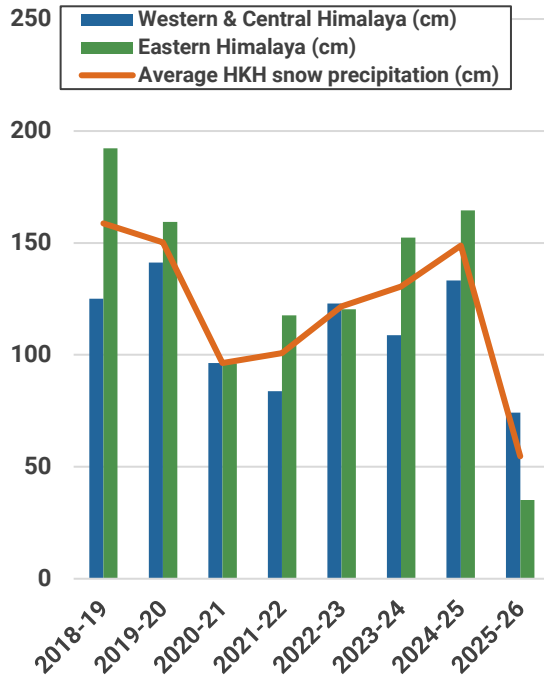


Source: Meteostat, Kpler Insight. Note: CDD views are derived based on different country-level meteorological agency forecast.

China's hydropower expected to turn softer y/y in Q2, but ramp up in Q3

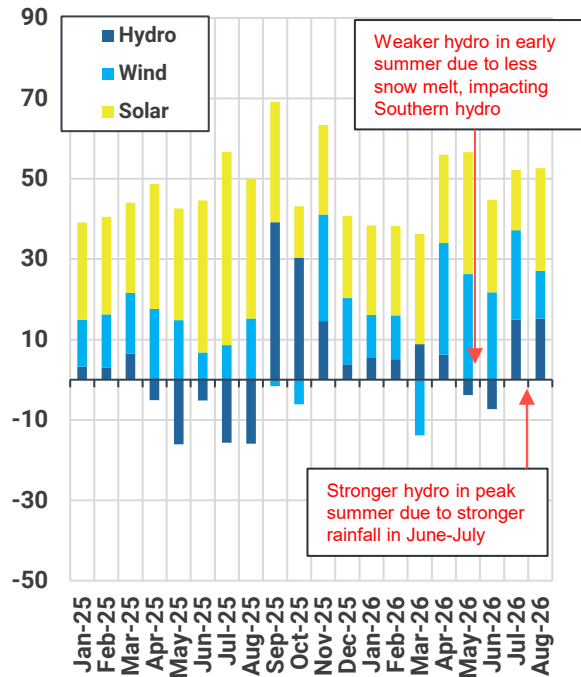
Less snowfall in past winter weigh on early summer hydro; heavier rainfall in Q2 could boost hydro in peak summer

HKH cumulative snowfall over Oct – March (cm)



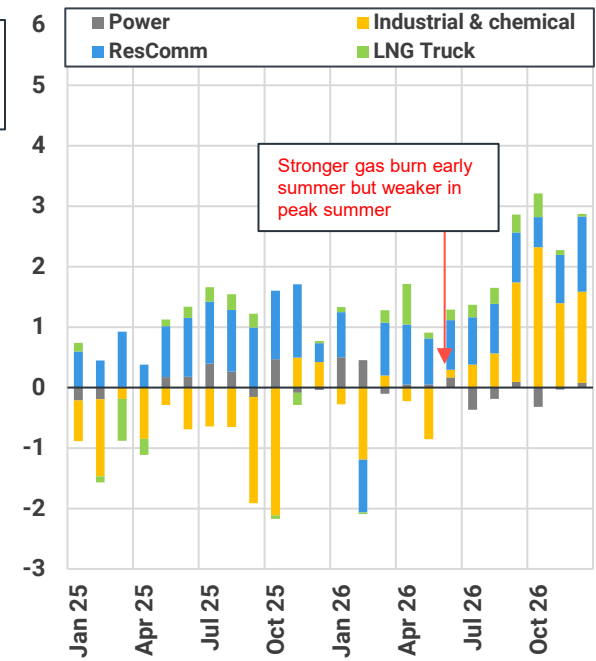
Source: Meteostat, Kpler Insight.

Y/y change in renewables generation (TWh)



Source: NBS, NEA, Kpler Insight

China sectoral gas demand y/y changes (bcm)

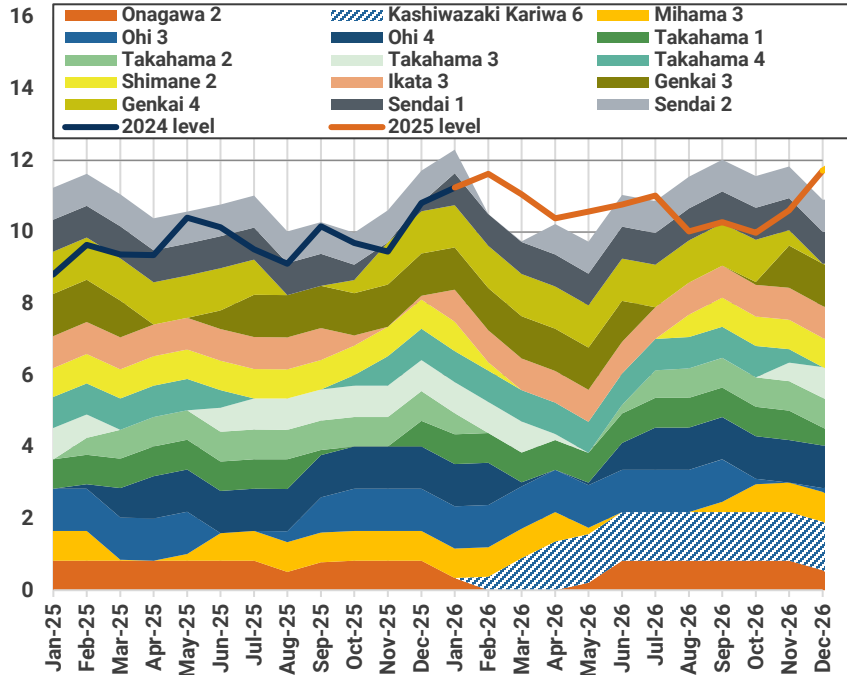


Source: Kpler Insight

Lower y/y nuclear availability drive higher coal-fired baseload in Japan and Korea

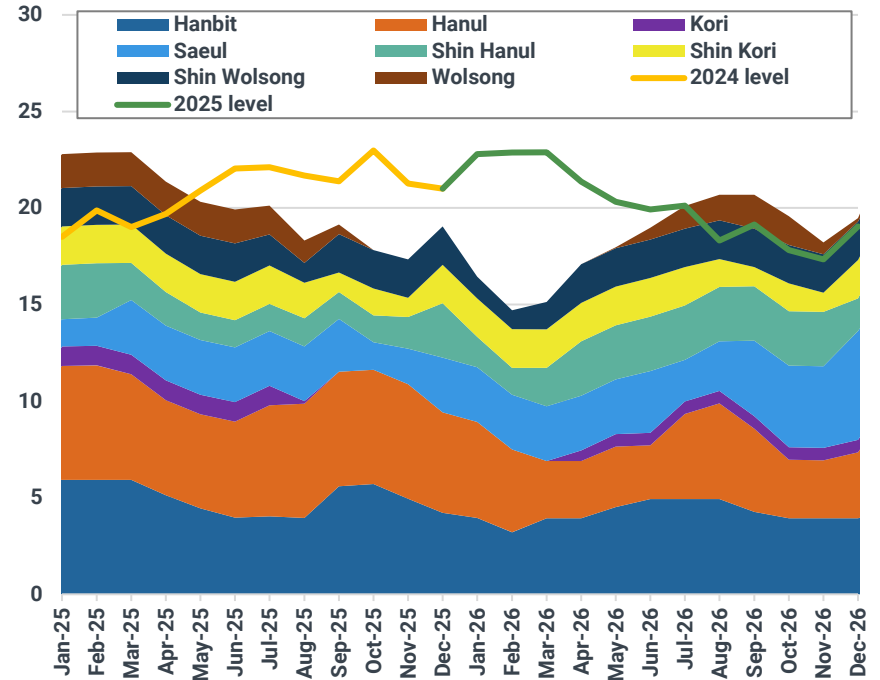
Early summer nuclear restart could lift nuclear availability and cap further coal and gas demand upside

Japan's monthly nuclear availability (GW)



Source: METI, HJKS, Kpler Insight

Korea's monthly nuclear availability (GW)

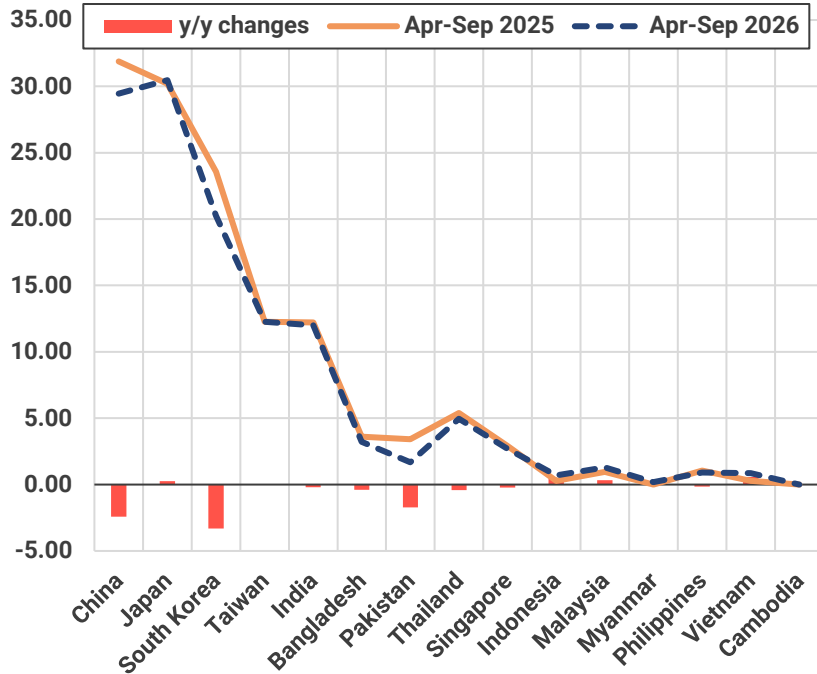


Source: KHNP, Kpler Insight

Asian summer LNG demand at 121 mt in 2026 (-7 mt y/y)

High LNG prices and stronger alternative generation offset stronger cooling demand in China, Korea and Pakistan

Summer Asian LNG demand by country (mt)



China: 2.4 mt y/y reduction

- Non-power gas demand destruction
- Stronger renewables in Q3

Korea: 3.3 mt y/y reduction

- Stronger coal-fired generation
- Reliance on LNG inventory drawdowns

Pakistan: 1.7 mt y/y reduction

- Gas demand destruction
- Stronger hydro and coal generation

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Coal market response and fuel switching

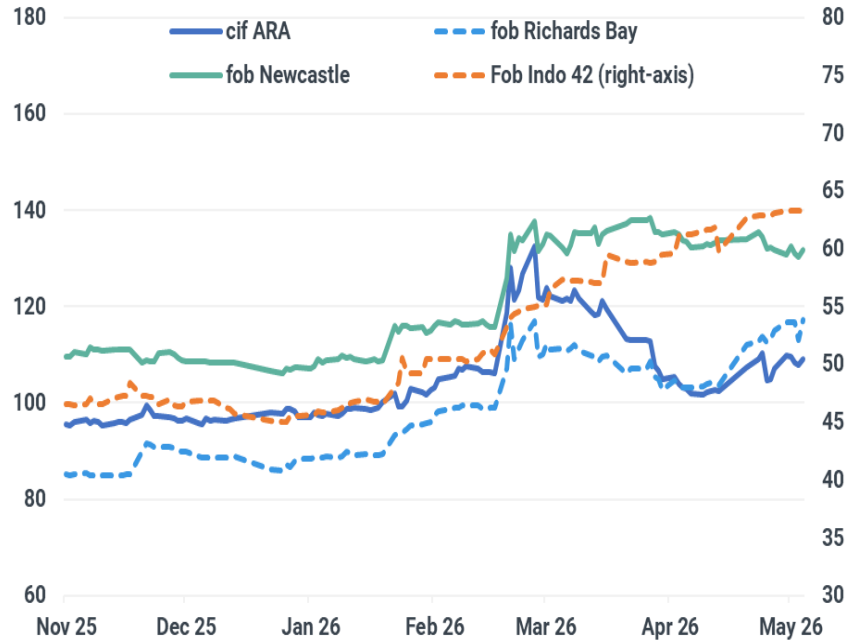
Coal demand is set to rebound after demand shrank in



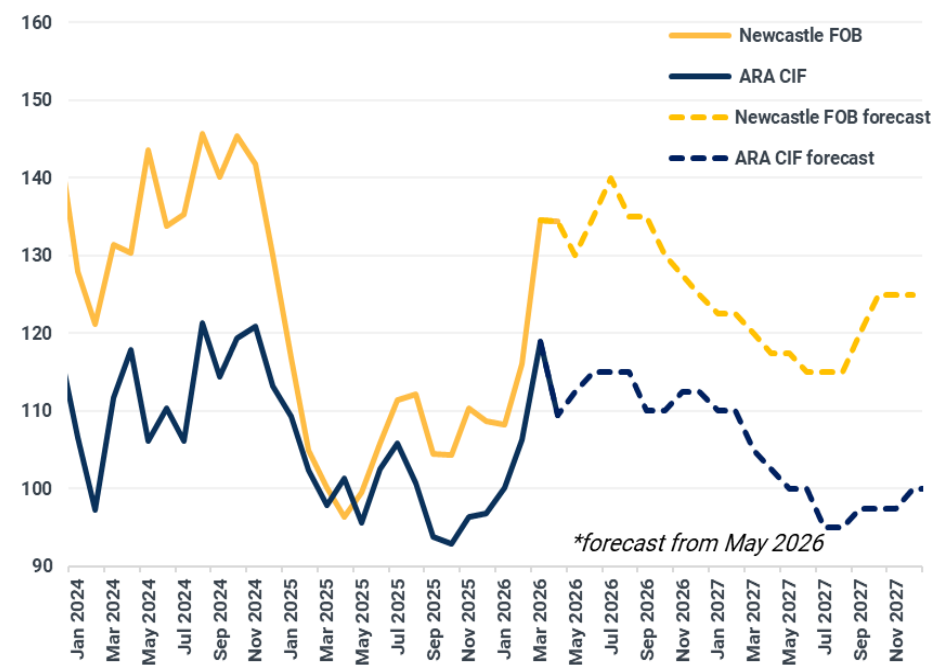
Coal prices trend higher since the start of the conflict

Asia-Pacific market outperforms Atlantic basin, cif ARA-fob RB premium turns into a discount

Benchmark front-month paper coal prices (\$/t)



Cif ARA , fob Newcastle price forecasts (\$/t)



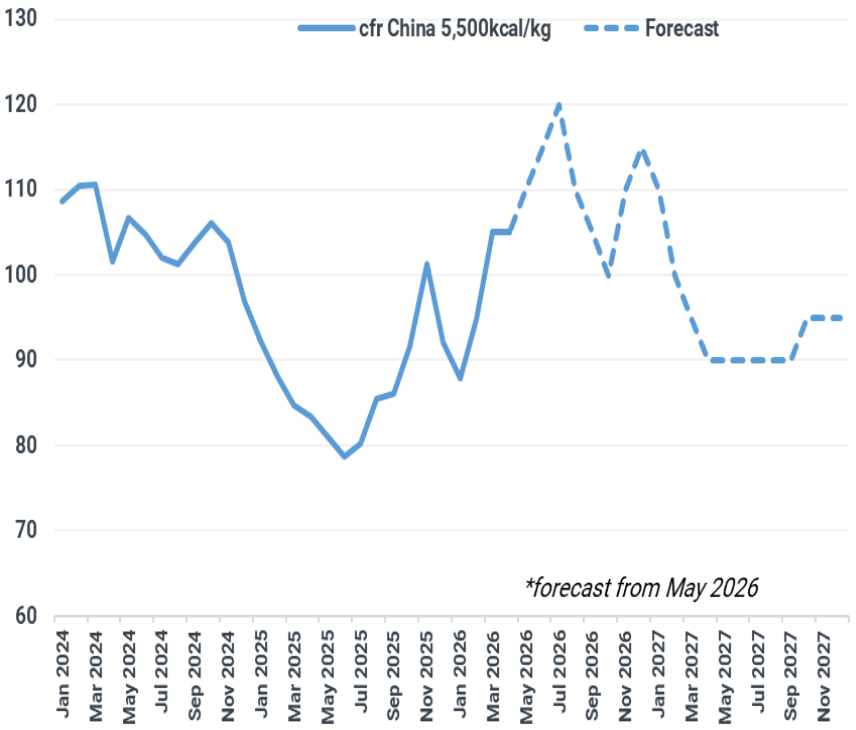
Source: Kpler, Enverus



Asia-Pacific coal prices to trend higher

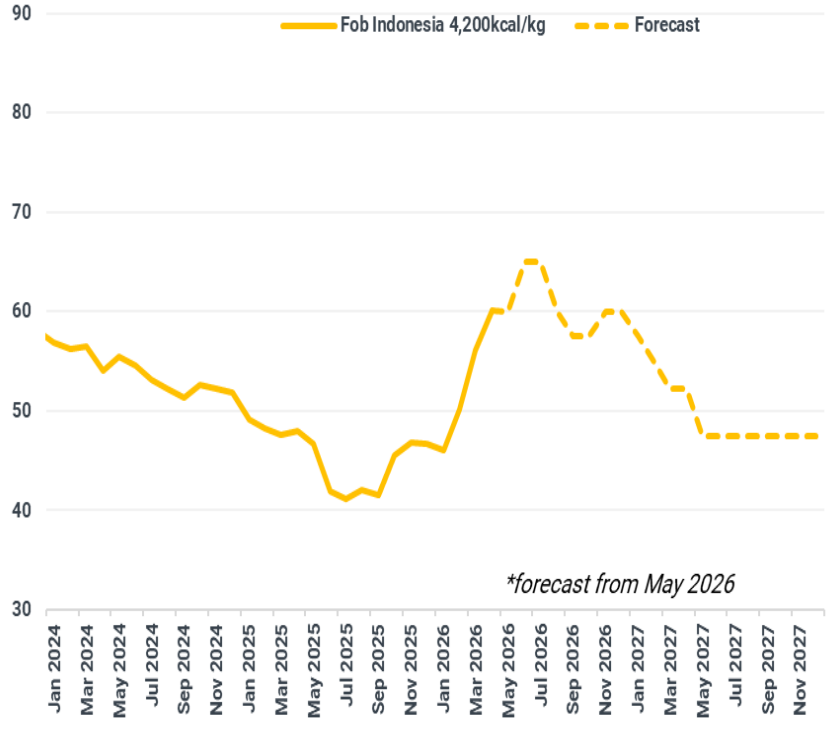
China's summer demand to keep prices elevated for the remainder of 2026

South China coal price forecast (\$/t)



*forecast from May 2026

Fob Indonesia price forecast (\$/t)



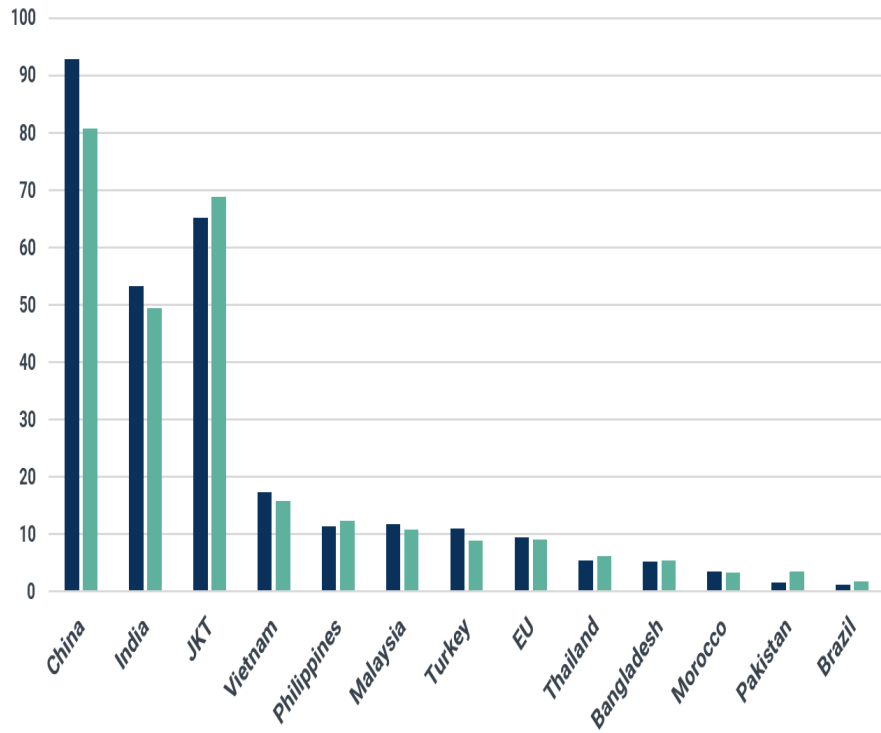
*forecast from May 2026

Source: Kpler Insight, Enverus, SXcoal

LNG-exposed buyers lift coal imports as gas supply tightens

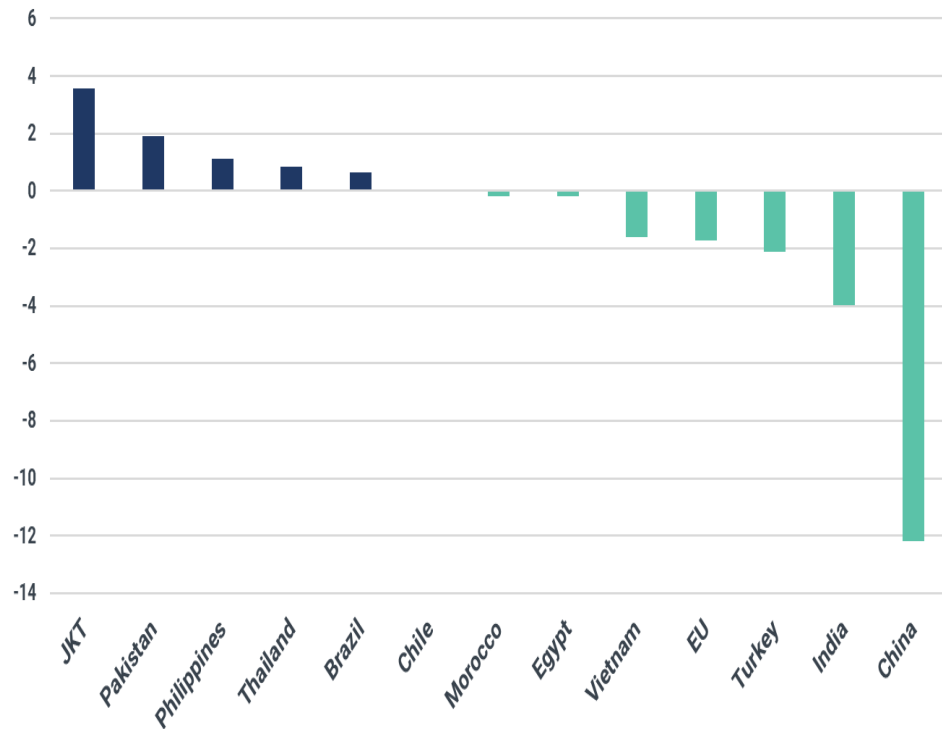
China, India coal imports lower y/y in early 2026

YTD seaborne thermal coal imports 2025 vs 2026 Jan-Apr (Mt)



Source: Kpler

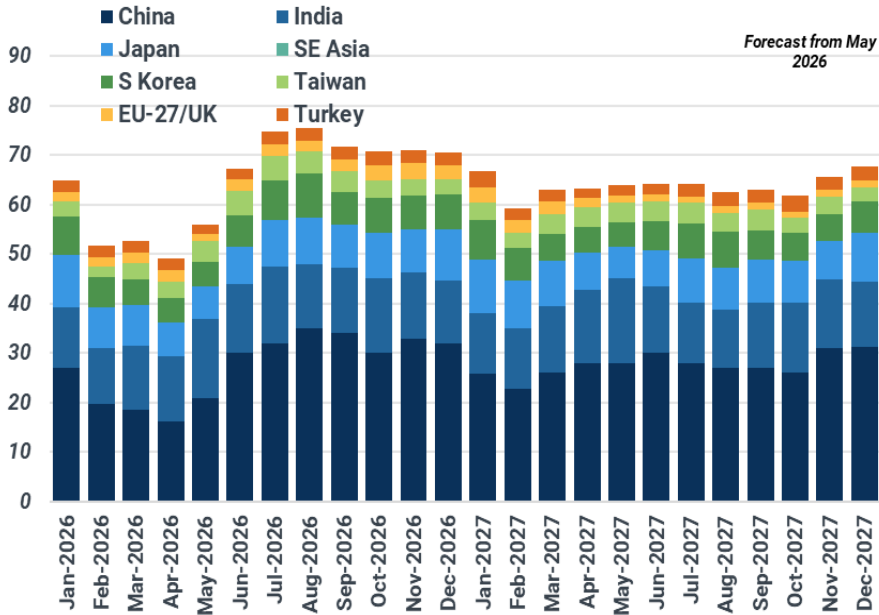
Seaborne thermal coal imports y/y Jan-Apr 2026 (Mt)



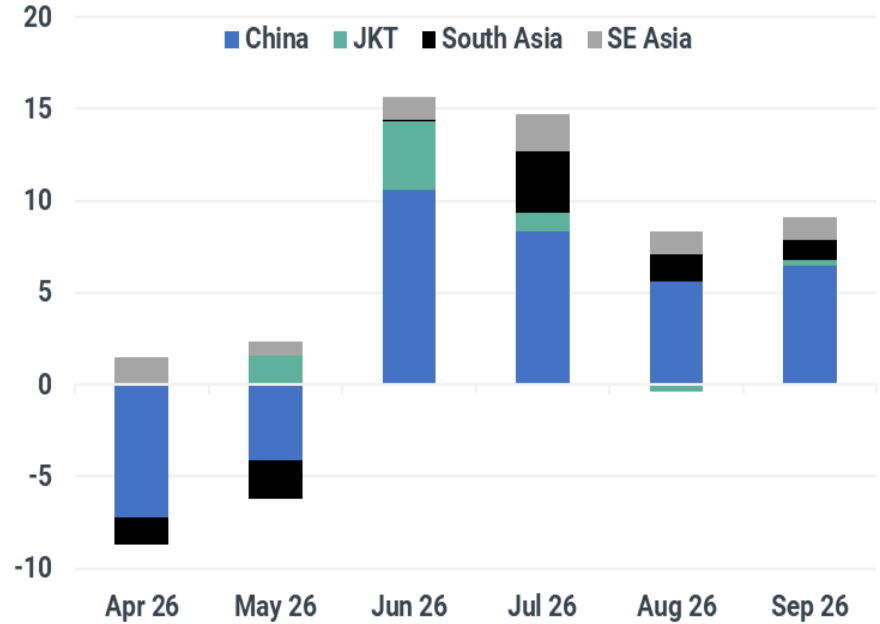
Seaborne coal market to return to growth in 2026

Thermal coal imports are set to rebound after a slowdown with China's comeback

Thermal seaborne thermal coal imports in key countries (Mt)



Seaborne thermal coal demand forecast summer 2026 (Mt)

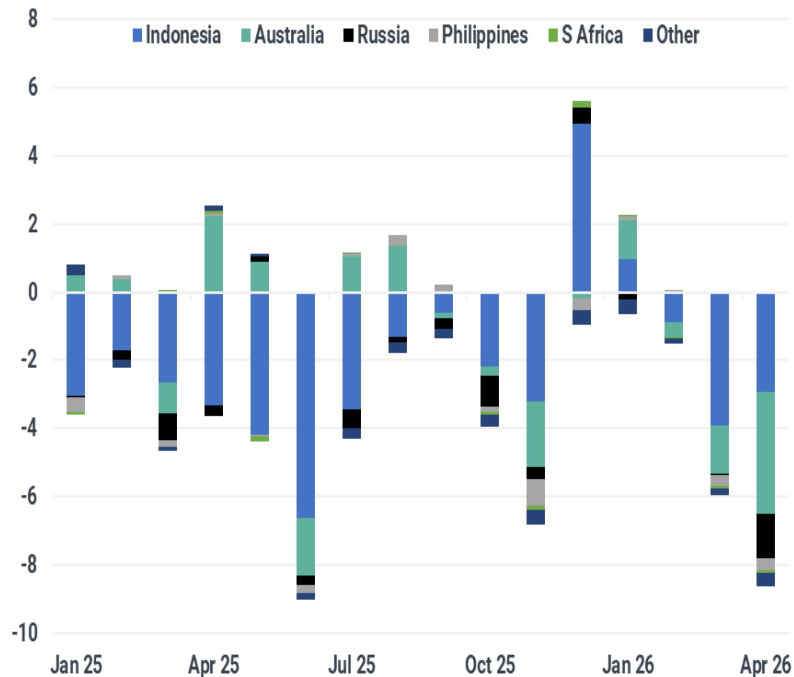


Source: Kpler Insight

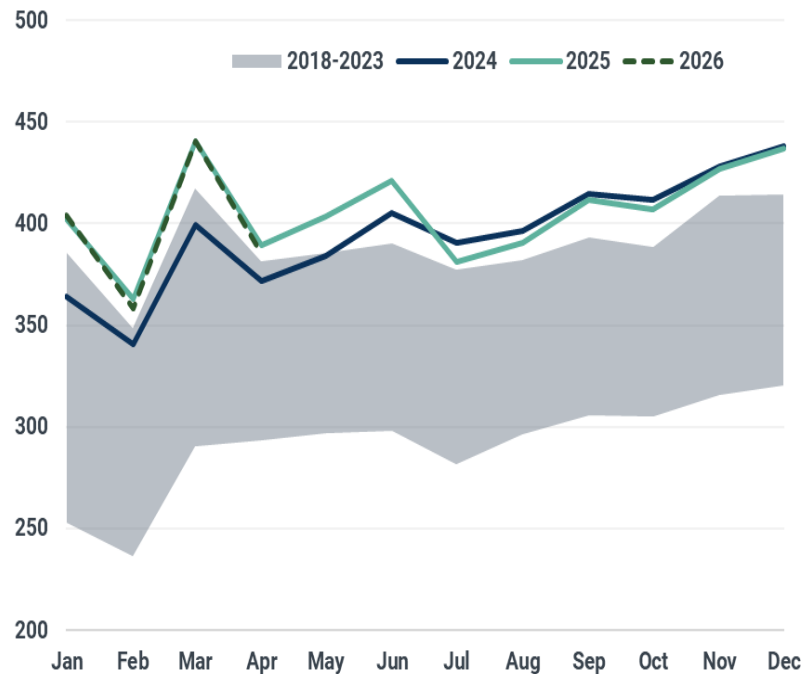
China's thermal coal receipts start 2026 on a weak note

Thermal coal imports trended lower in Jan-April, with production rebounding to 2025 levels

China monthly seaborne thermal coal imports y/y (Mt)



China monthly coal production (Mt)



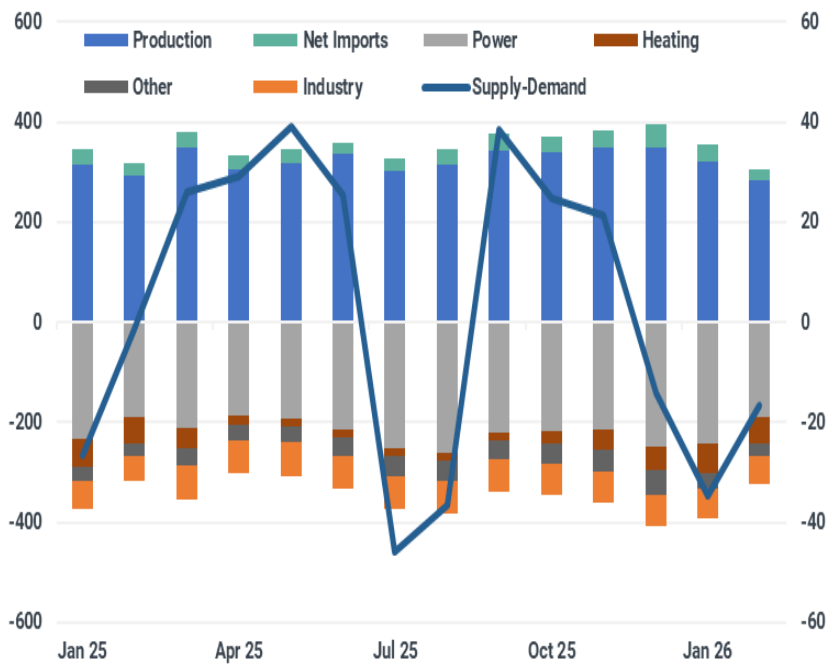
Source: Kpler

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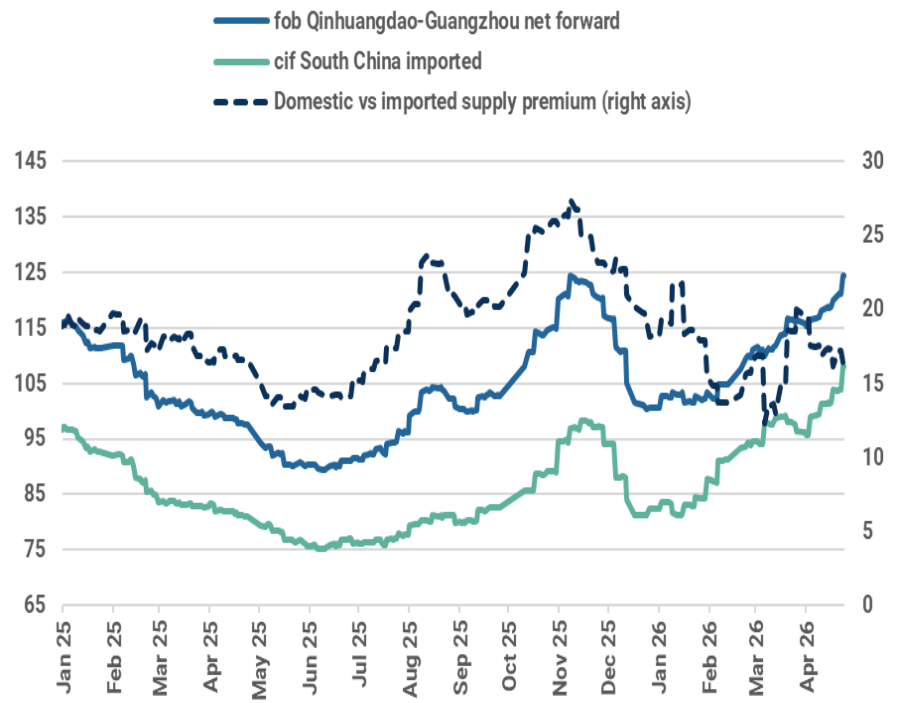
China is running coal supply deficit in 2026

Decline is not in line with firm fundamentals, once arb reopens with higher domestic prices imports will follow

China monthly supply/demand (Left axis), balance (Right axis) (Mt)



China imported vs domestic coal premium NAR 5,500kcal/kg (\$/t)



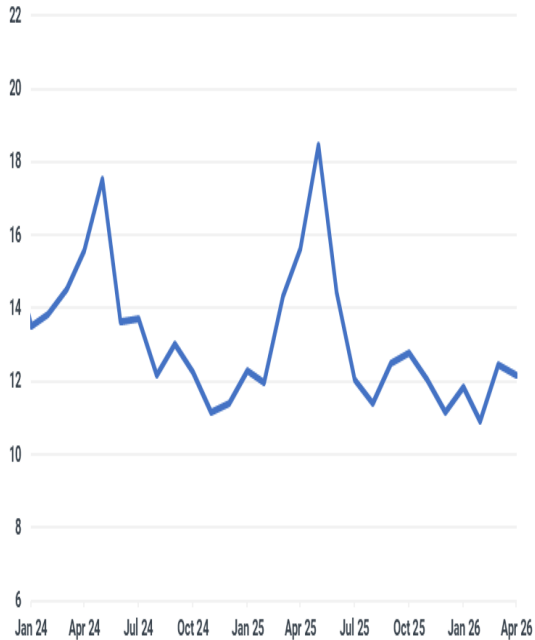
Source: Kpler Insight, China Customs, CCTD

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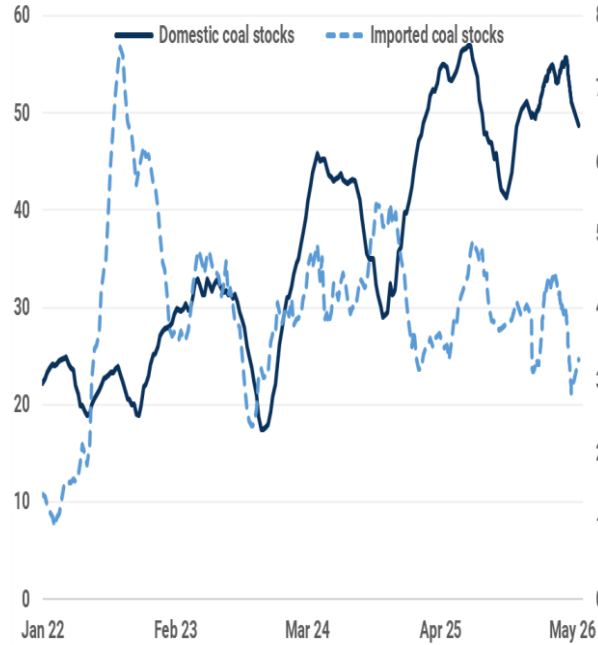
India's ample domestic coal supply weighs on imports

But heatwaves and monsoon slowdown will reduce supply availability in until October

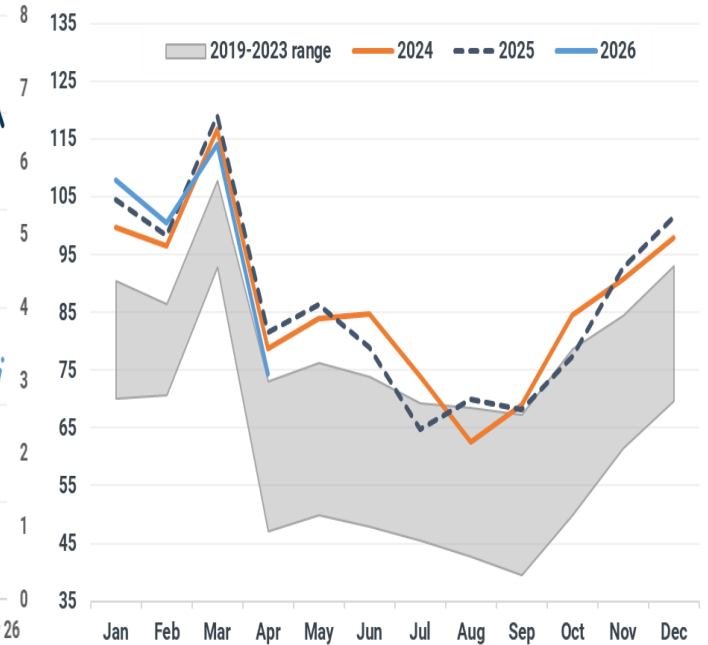
Thermal coal imports (Mt)



India coal inventories (Mt)



India coal production (Mt)

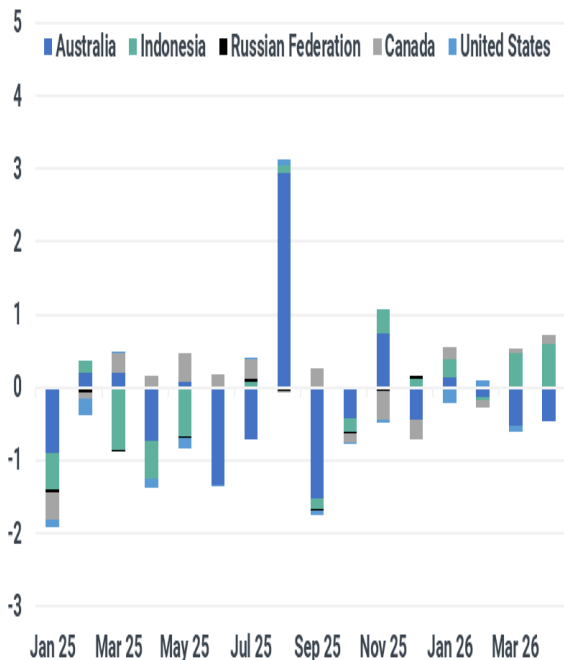


Source: India statistics office, NPP, Kpler

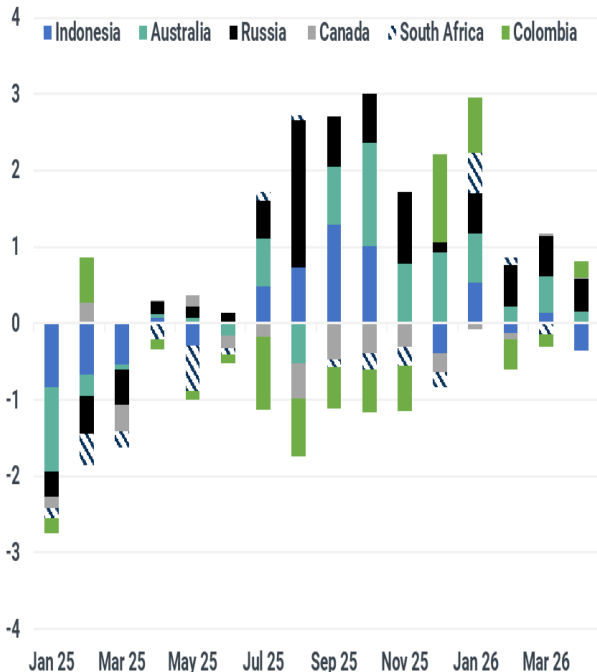
NE Asia: Japan and Taiwan holds firm, S Korean demand picks up

S Korea stands out as the growth market among Japan, Taiwan due to higher exposure to spot LNG

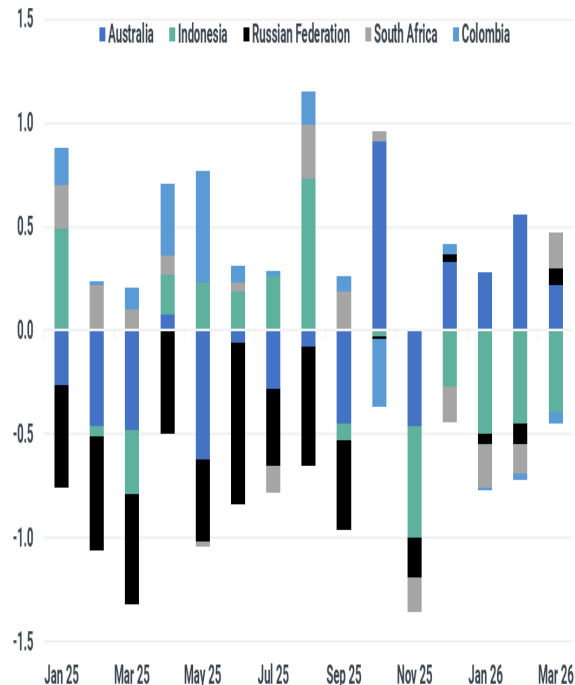
Japan thermal coal imports y/y (Mt)



S Korea coal imports (Mt)



Taiwan thermal coal imports y/y (Mt)

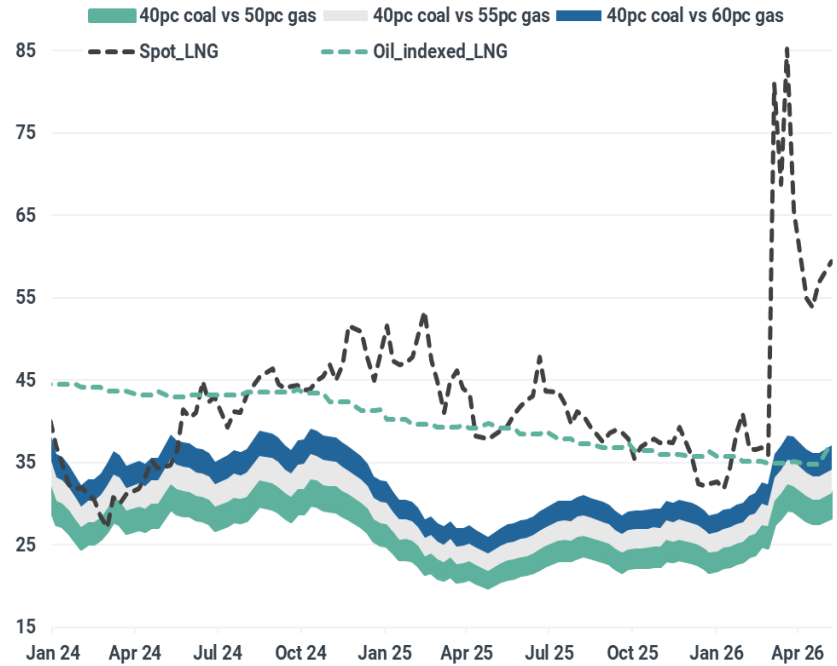


Source: Kpler

Coal gains competitive edge against gas in Japan

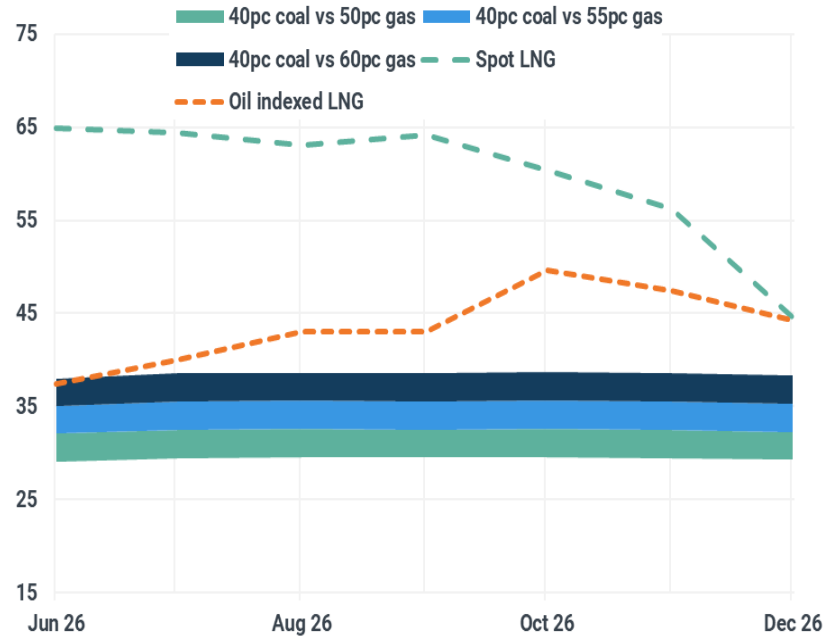
Spot LNG prices spiked well above coal switching levels, with oil-linked LNG also set to exceed coal from July 2026

Japan's coal vs gas fuel switching thresholds historical values (\$/MWh)



Source: Kpler Insight, Enverus, Argus

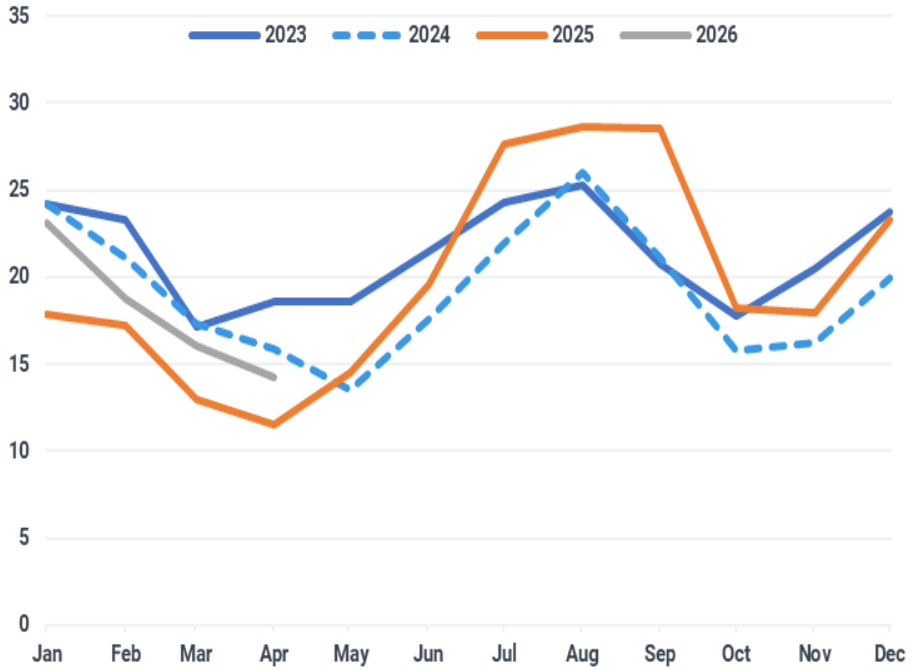
Japan's coal vs gas fuel switching thresholds forward prices (\$/MWh)



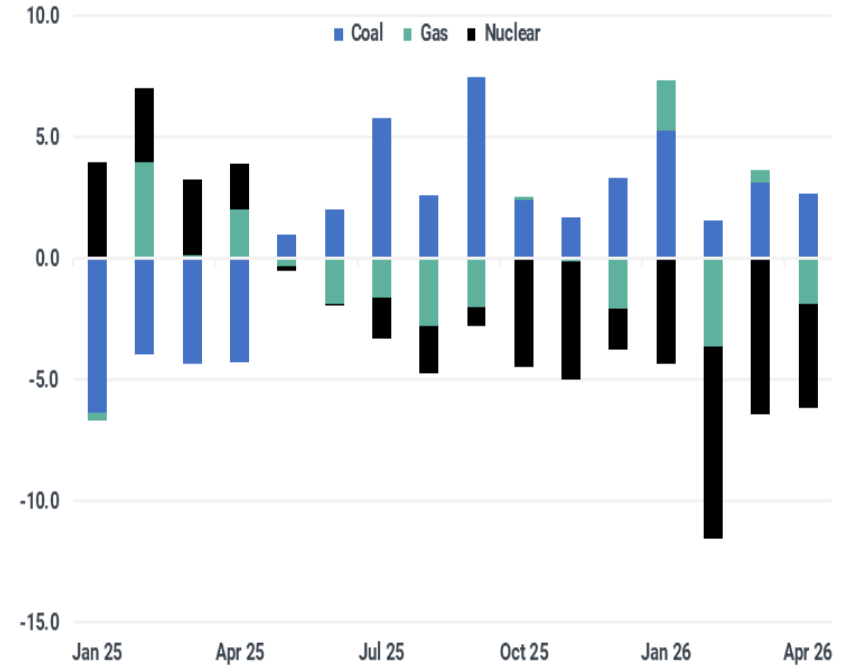
S Korea's coal burn potential to support Russian coal demand

Coal burn increase with gas-to-coal switching and nuclear shortfall

South Korea coal-fired generation (GW)



South Korea baseload power generation mix y/y (GW)



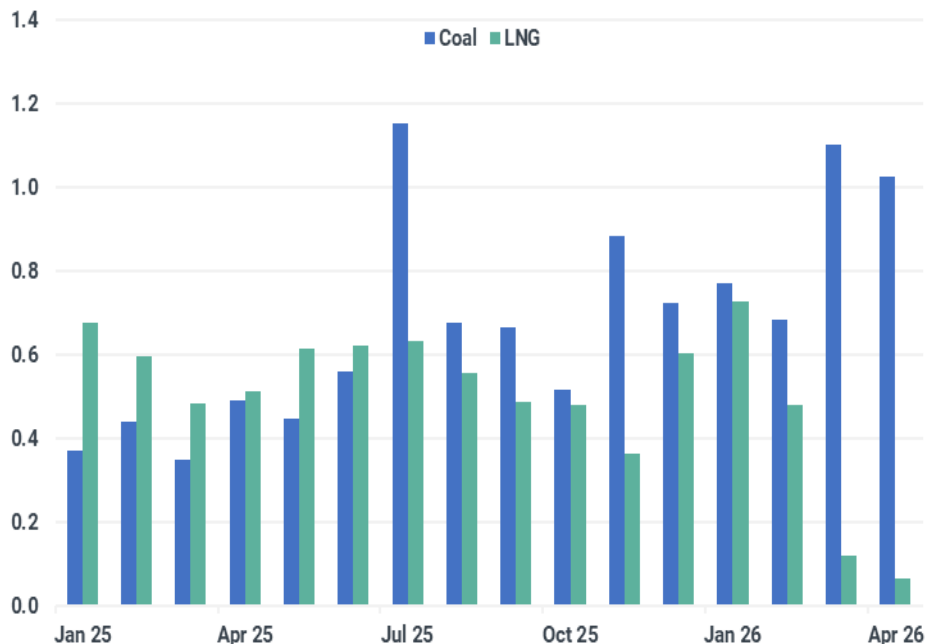
Source: KPX, KEPCO, Kpler Insight estimates (for March, April 2026)

Pakistan: Coal pivot and costly spot LNG fill the gap left by Qatari supply disruption

Coal generation boosted to prevent blackouts as the country is exposed to Hormuz LNG flow disruptions

- **LNG supply collapse:** Closure of the Strait of Hormuz has wiped out ~99% of Pakistan's long-term LNG imports.
- **Coal as primary baseload:** Coal-fired generation is now the country's main power source
- **Spot LNG as last resort:** State buyers are tendering for high-cost spot LNG cargoes to prevent grid collapse, accepting steep price premiums to keep the system online.

Pakistan coal vs LNG imports (Mt)

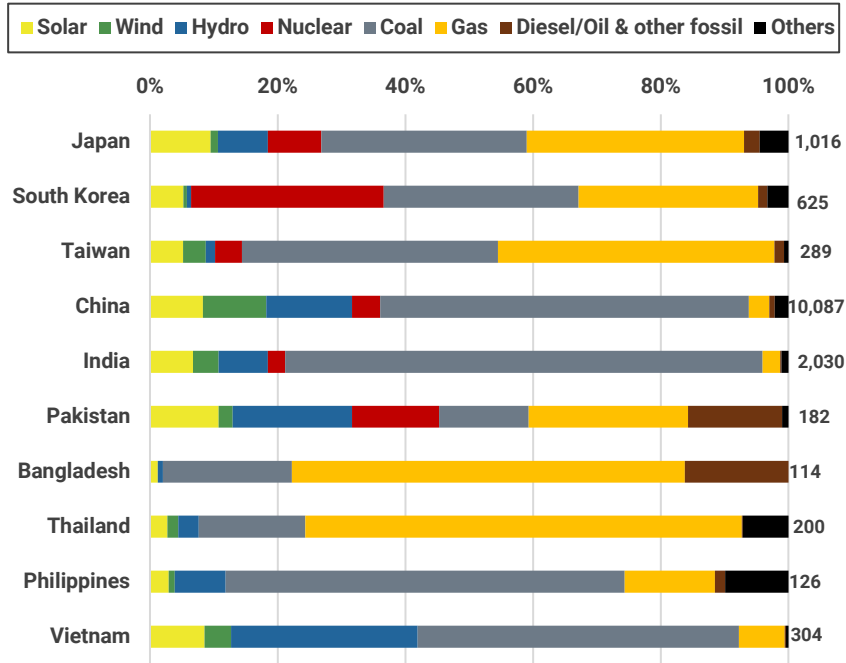


Source: Kpler

High LNG prices amid Hormuz disruptions drive limited coal switching in Asia

Thermal coal switching upside is limited by alternative fuel availability, coal flexibility, and peaking requirements

2024 Asian power mix (%) and gross generation (TWh)



Source: Kpler Insight. Data is as of 2024.

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Bucket	Countries	Power mix
Coal-dominant	China India	Very limited gas-to-coal switching , as gas is already small in the power mix. Renewables weigh on both gas and coal outputs.
Policy constrained	Taiwan	Limited gas-to-coal switching , constrained by coal-reduction policy and nuclear decommissioning.
Gas-heavy, limited coal	Thailand Bangladesh	Limited gas-to-coal switching , as gas dominates the power mix and coal backfill is limited.
Diversified, merit-order driven	Japan Korea	Modest gas-to-coal switching . Fuel spreads matter, but realized dispatch is strongly affected by fuel availability, demand seasonality and regional constraints.
Emerging LNG-flex systems	Philippines Vietnam	Modest gas-to-coal switching , but LNG/gas is increasingly important for peak demand, dry-season hydro risk, grid stability and coal outages.
Fuel-security stressed, oil-heavy	Pakistan	Strong gas-to-coal switching , as diesel-/oil-fired generation also exposed to oil-price spikes and became more expensive

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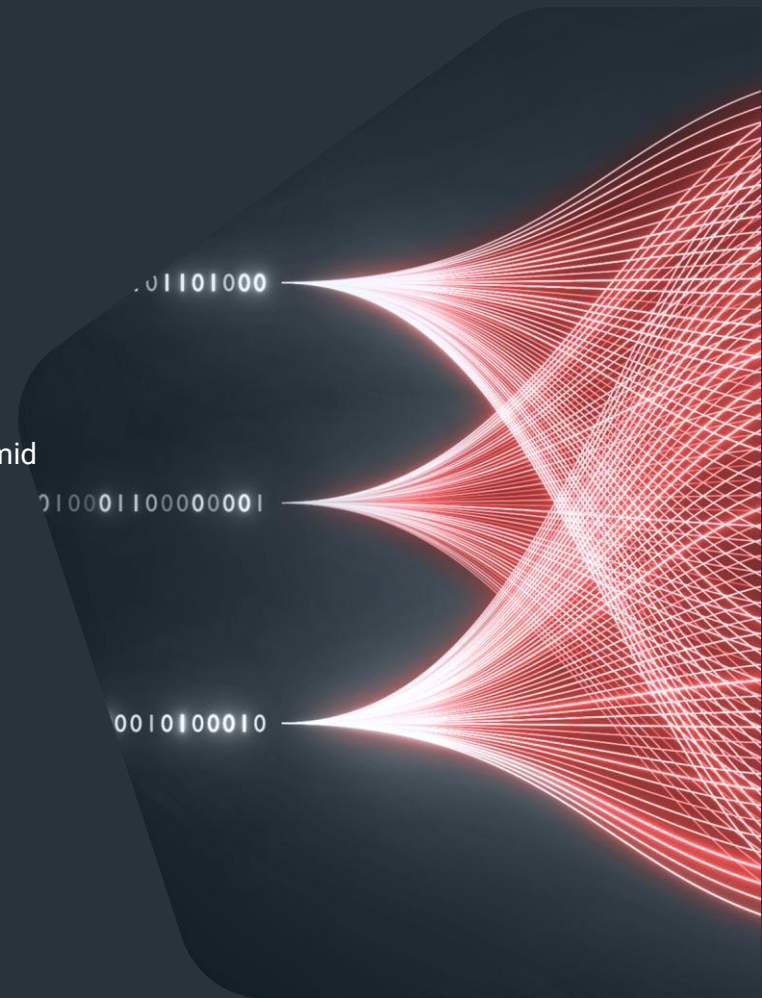
Cross fuel outlook and trading calls

LNG and coal markets are expected to remain supported through summer amid tight balances and supply risks.

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Summer 2026: Asia market calls

- Coal
 - **Prices: ▲ Bullish y/y** Maintain a long position in fob Newcastle and fob Indonesia coal markets. Cif ARA market set to remain firm but upside limited until winter restocking begins.
 - **Demand ▲ Higher y/y Supply - Flat y/y**, seaborne thermal coal market expected balance after 2025's oversupply and return to growth to 1,030Mt in 2026 (up 30Mt y/y) despite lower volumes in 1Q. China have the potential to turn things around. Production cuts unlikely to due to upside risks from geopolitical and weather alongside firm gas pricing.
- LNG
 - **Asian LNG prices: ▲ Bullish y/y**, with summer spot LNG prices expected to average ~\$17/MMBtu, up by ~\$5/MMBtu y/y.
 - **Supply: ▼ Lower y/y**, with Qatari LNG exports expected to decline by ~23 mt this summer despite supply growth from the US and Canada.
 - **Demand: ▼ Lower y/y**, with regional LNG demand projected at ~121 mt this summer, down by ~7 mt y/y due to demand destruction across Northeast Asia and South Asia.
- Key Risks
 - **Hormuz disruptions:** Extended disruptions could tighten LNG supply and freight markets, while faster normalization could loosen balances.
 - **Nuclear outages:** Extended outages in Japan and Korea could lift LNG demand, while faster restarts could reduce imports.
 - **India and China weather/hydro:** Heatwaves and weaker hydro generation could increase gas-for-power burn and LNG imports across both markets, while stronger monsoon and hydro output would reduce thermal generation demand and soften LNG consumption.

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Thank you!

Q&A