



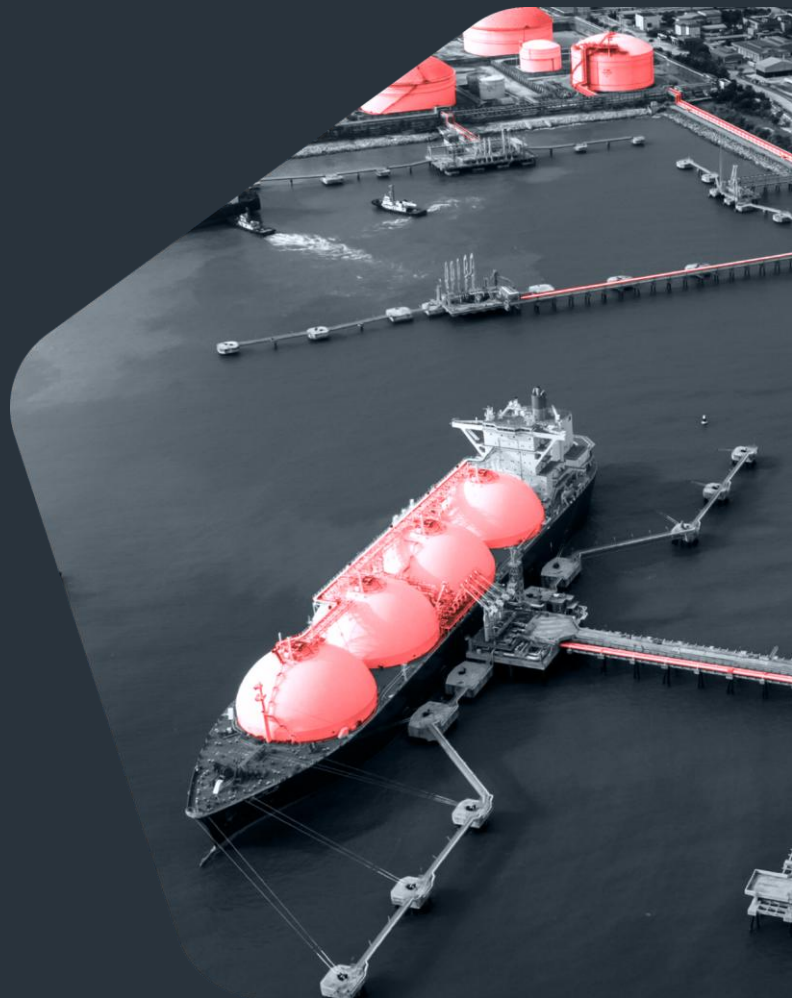
# Middle East conflict - Oil and gas market implications: A continuing assessment

Gas and LNG session

**Laura Page**  
Insight manager  
[lp@kpler.com](mailto:lp@kpler.com)

**Go Katayama**  
Principal analyst  
[gkatayama@kpler.com](mailto:gkatayama@kpler.com)

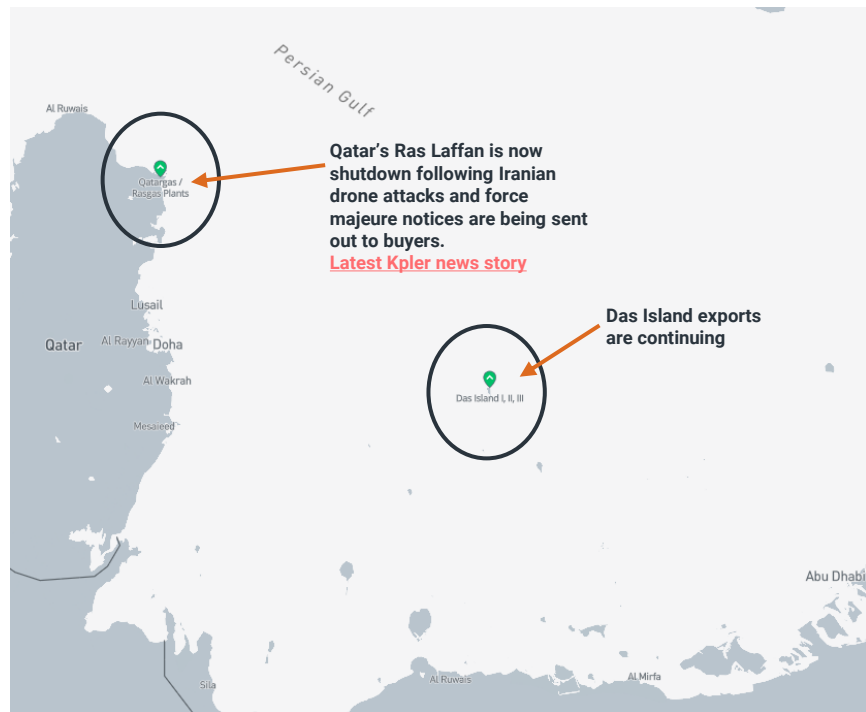
**Ronald Pinto**  
Principal analyst  
[rpinto@kpler.com](mailto:rpinto@kpler.com)



# The Persian Gulf is home to Qatar's Ras Laffan and UAE's Das Island plants

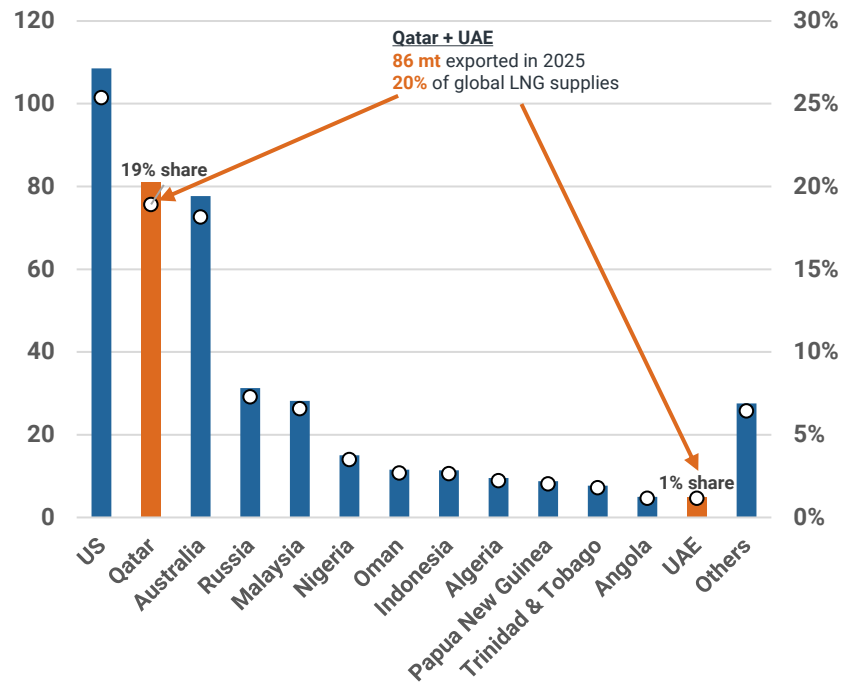
The liquefaction plants account for 20% of global LNG supplies; Qatar has shutdown production following a drone attack

## Liquefaction plants in the Persian Gulf



Source: Kpler

## LNG exports by country in 2025 (mt, left), share of global supply (%), right)



Source: Kpler

# Kuwait, Bahrain and the UAE have LNG import terminals

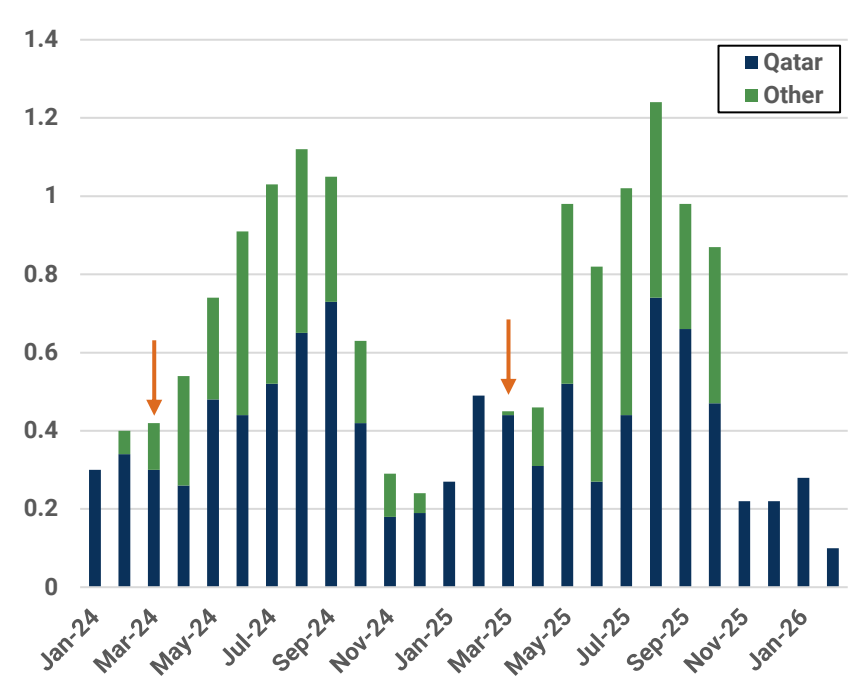
The region is in the off-peak season and gets two-thirds of its supply from Qatar, reducing security of supply risks

## Regasification plants in the Persian Gulf



Source: Kpler

## Regional LNG imports by origin country (mt)

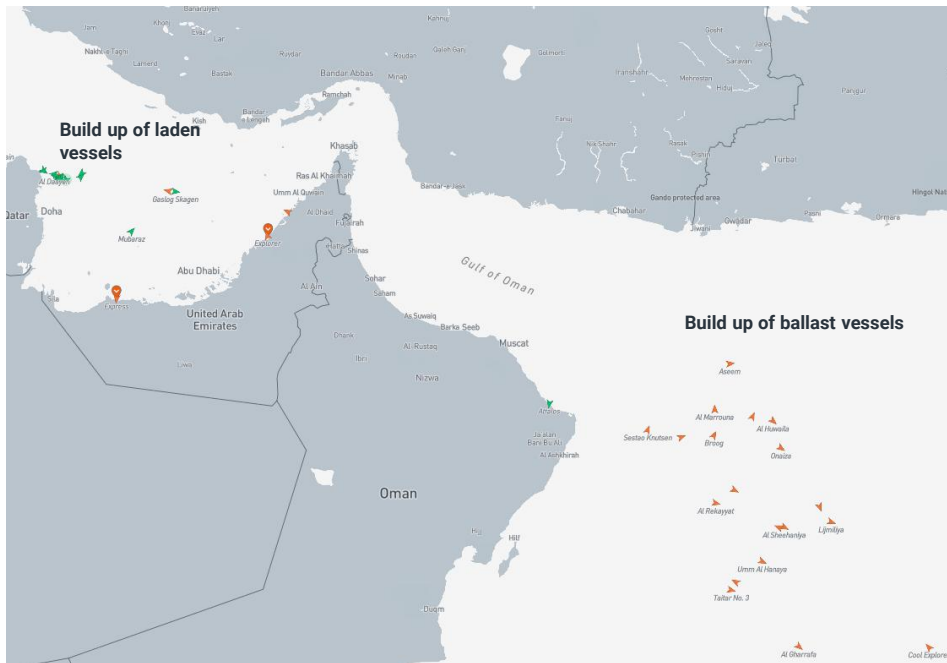


Source: Kpler

# No LNG vessel has crossed the Strait of Hormuz since 28th Feb 4pm GMT

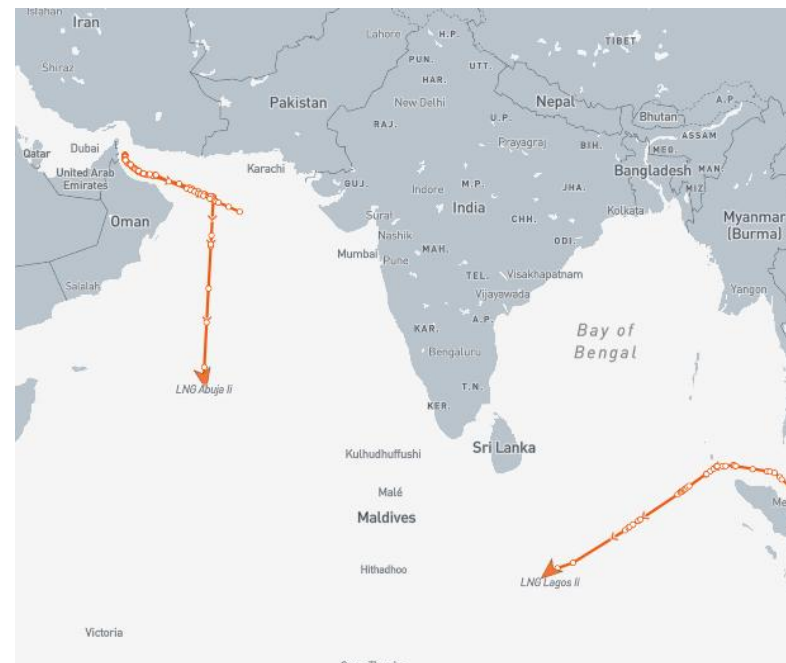
25 ballast vessels are currently waiting for the Strait of Hormuz, with at least 2 confirmed diversions; 9 being monitored

## Current LNG vessel positioning



Source: Kpler

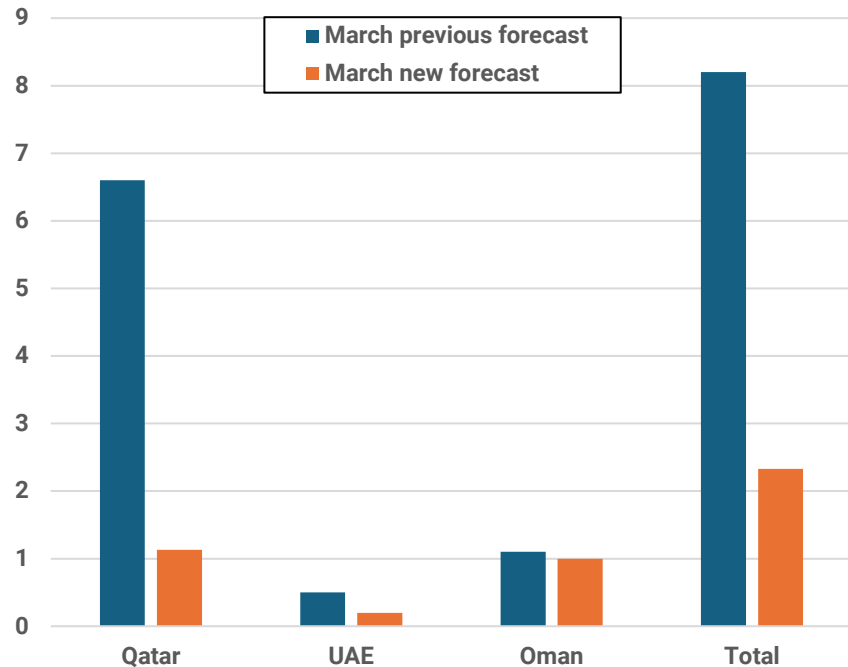
## Ballast LNG vessels moving away from the region



# Middle Eastern LNG exports revised down by 5.8 mt in March to 2.3 mt

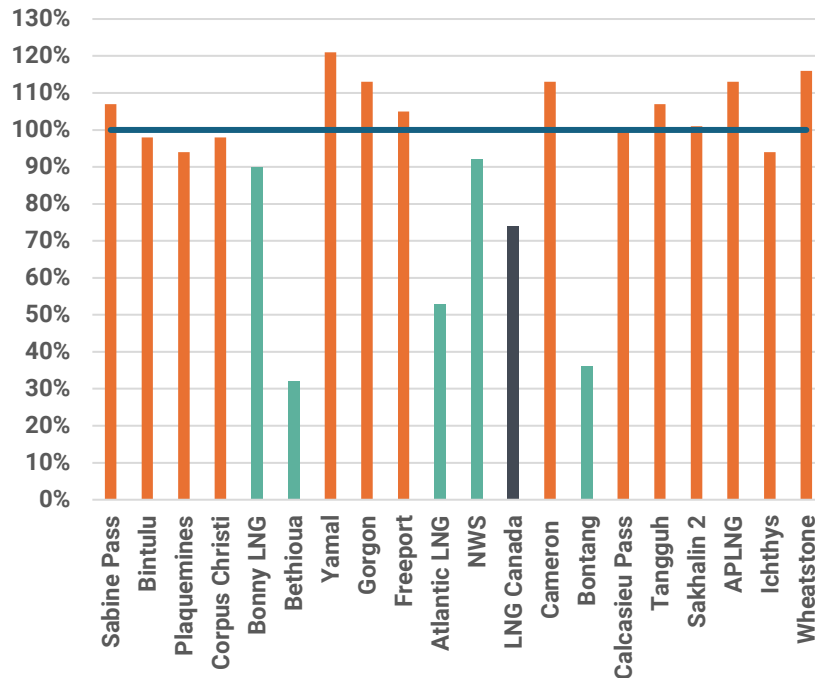
Other liquefaction plants will not be able to offset all of this lost supply, with key plants running at high utilisation rates

Change in Middle East LNG export forecast for March (mt)



Source: Kpler Insight

Top 20 liquefaction plants - utilisation rates for the past 30 days (%)

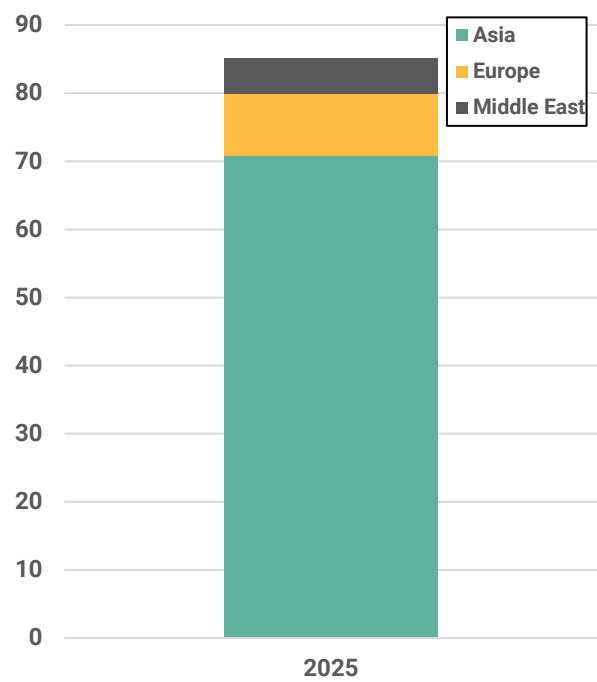


Source: Kpler. Plants highlighted in green face feedgas constraints, while LNG Canada is ramping up production.

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

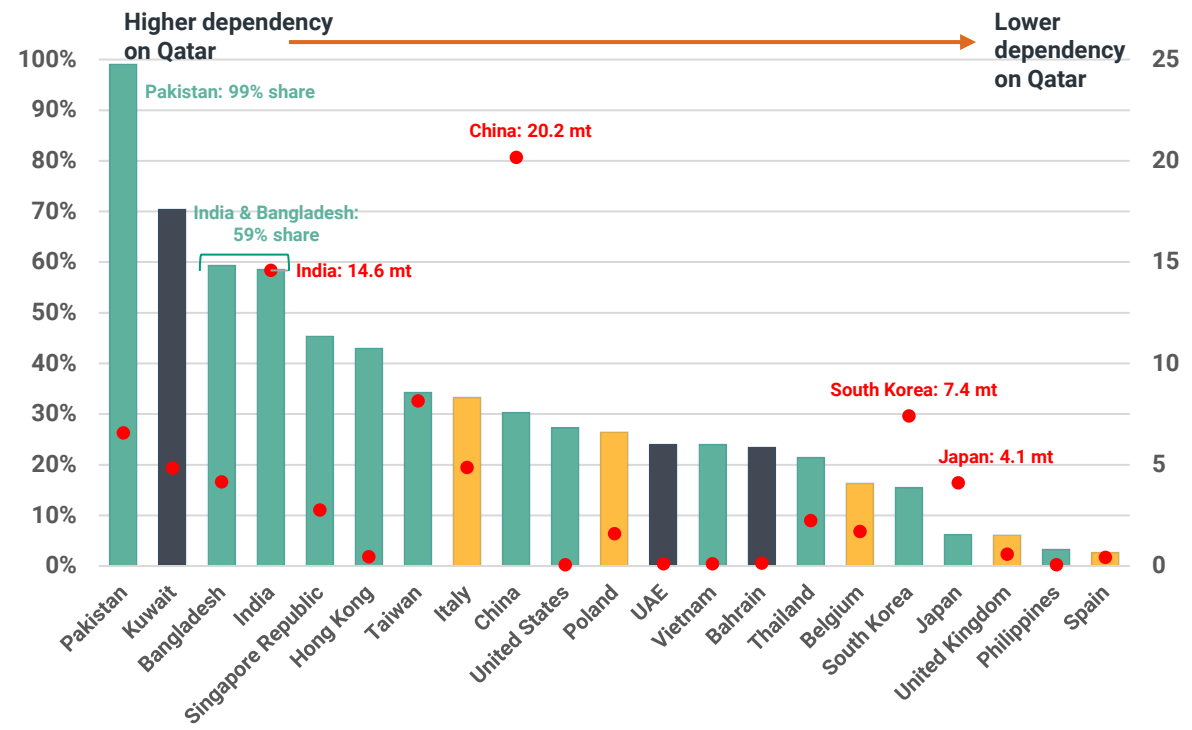
China, India, Japan and Korea import the most volume, but South Asia has a high dependency on Qatari LNG

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



Source: Kpler

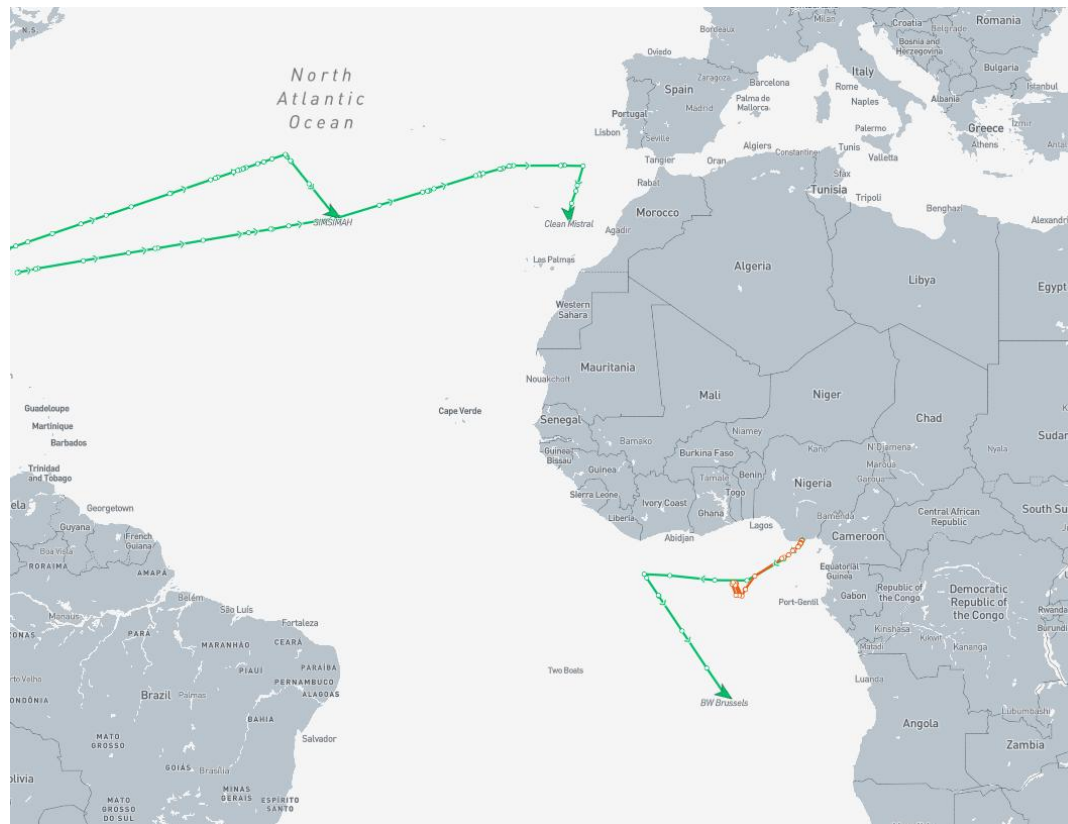
LNG import dependency bar (% , left), volume of LNG supply dot (mt, right)



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

# LNG vessels are beginning to divert from Europe to Asia

A wide arbitrage is opening up for May delivered prices

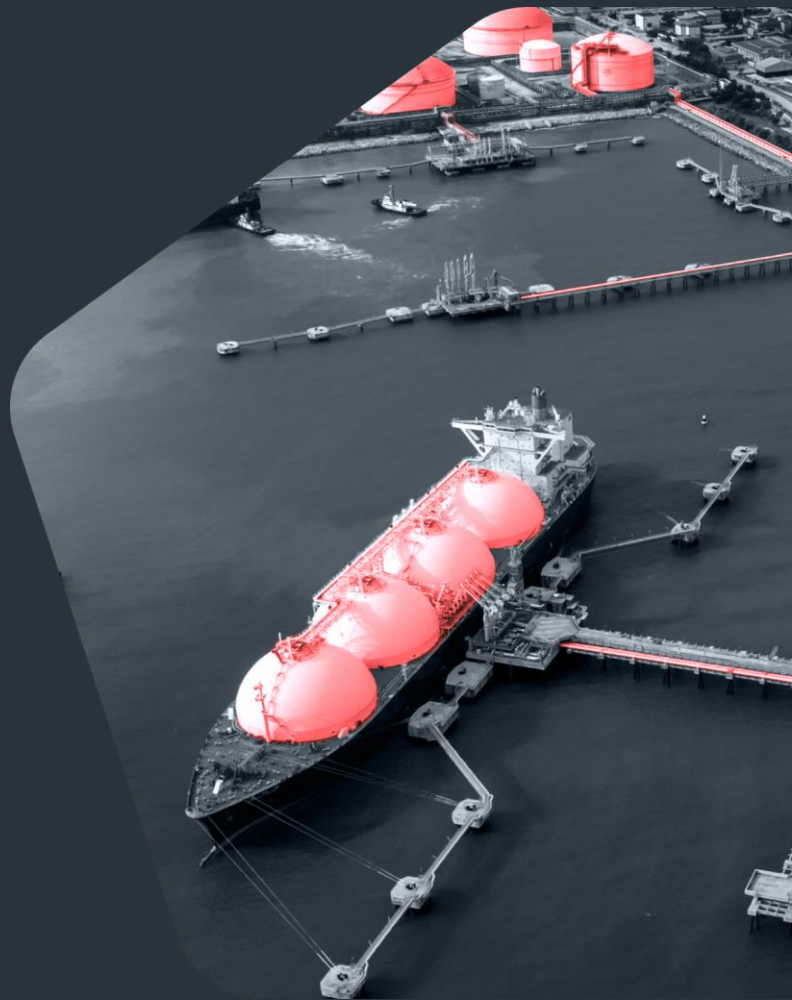


Source: Kpler

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# Asian LNG market demand response

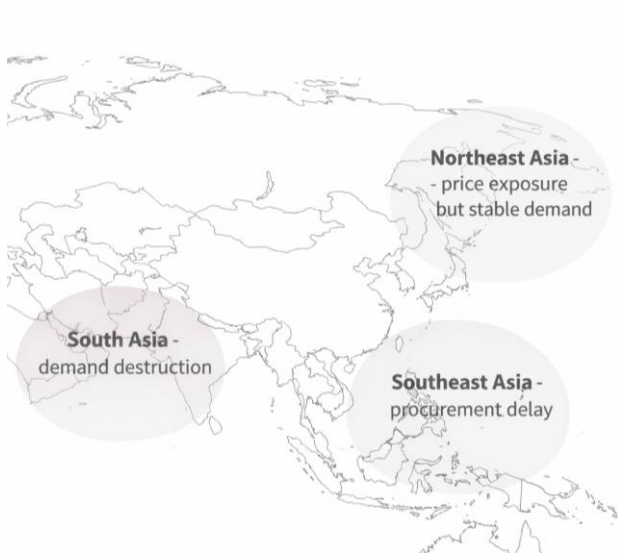
Regional demand adjusts through price signals and demand destruction



# Big picture: Asian LNG demand balances through price elasticity

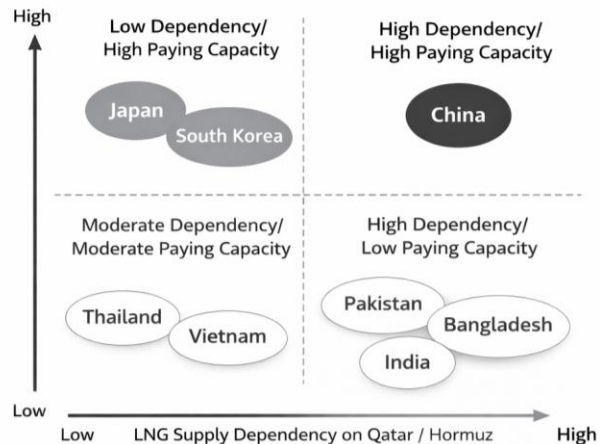
Hormuz disruption would tighten LNG supply, trigger price and physical supply led demand destruction in South Asia

## Three regional demand channels - market response



Source: Kpler Insight

## Asian LNG market Hormuz risk shock absorption framework (paying capacity vs LNG supply dependency on Hormuz)



Source: Kpler Insight

## How LNG markets in Asia could rebalance

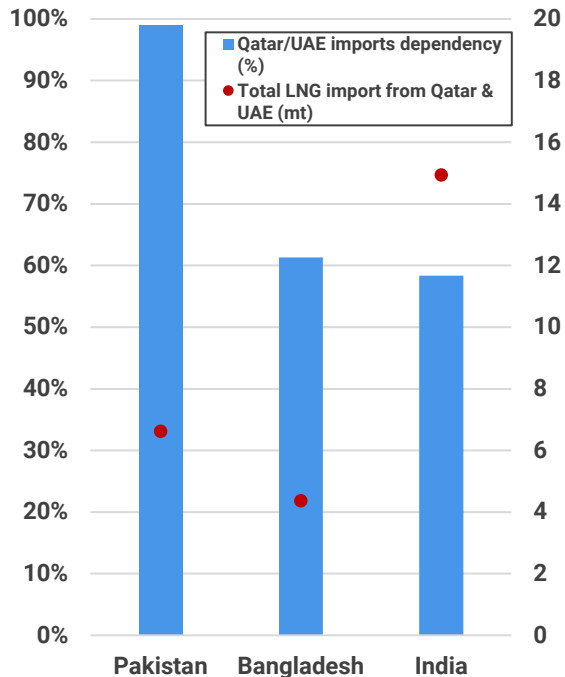
- Hormuz disruption
- Loss of Middle east supply
- Existing liquefaction plants ramp up
- Atlantic cargo diversions to Asia
- Higher spot LNG prices
- Demand destruction in South Asia

Source: Kpler Insight

# South Asia expected to bear the bulk of prompt month LNG demand reduction

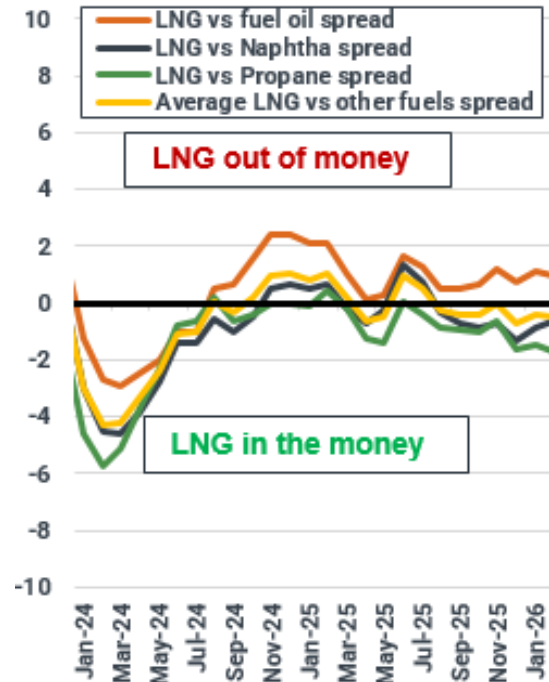
Driven by spot LNG price sensitivity, limited storage, heavy reliance on LNG for power gen and limited portfolio diversification

### S Asia LNG import dependency to Qatar and UAE in 2025 (% left, mt right)



Source: Kpler Insight

### India historical price sensitivity LNG vs other fuels (\$/MMBtu)



Source: Kpler Insight

### 2026 S Asia LNG demand forecast at various spot LNG prices(mt)

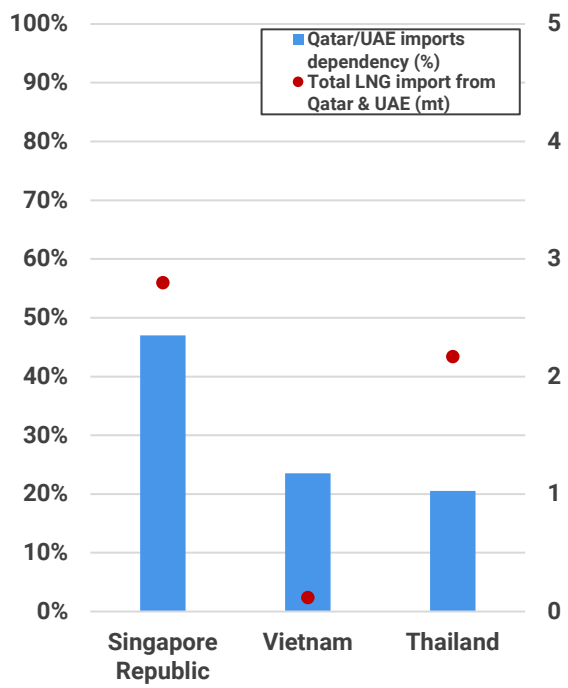


Source: Kpler Insight, Base case assumes \$10/MMBtu spot LNG price

# Southeast Asia responds through procurement flexibility

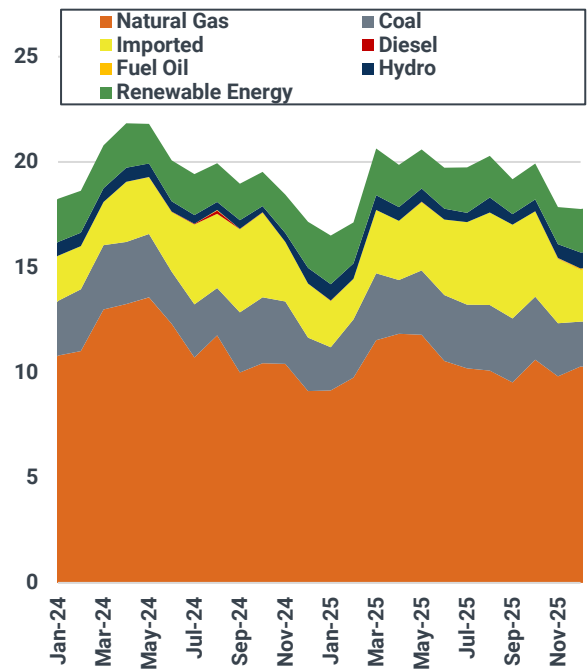
Spot LNG tenders likely delayed or canceled due to higher price sensitivity

SE Asia LNG import dependency to Qatar and UAE in 2026 (% left, mt right)



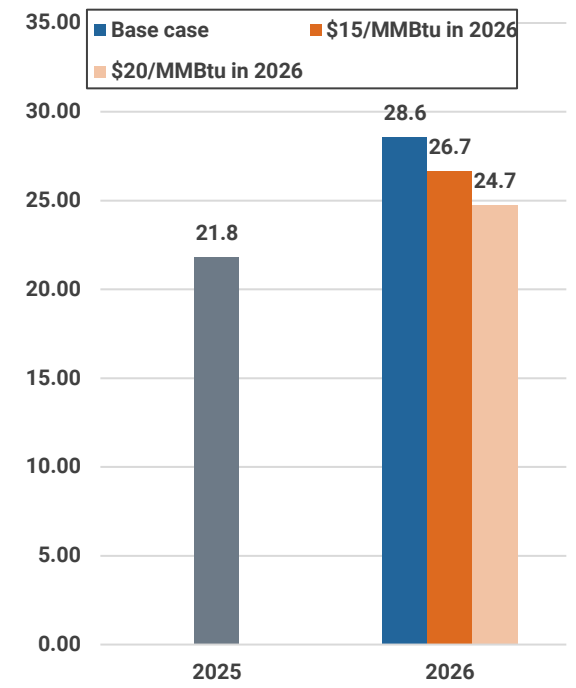
Source: Kpler Insight

Thailand monthly power generation by fuel source (TWh)



Source: EPPO, Kpler Insight

2026 Selected SE Asia LNG demand forecast at various LNG prices (mt)

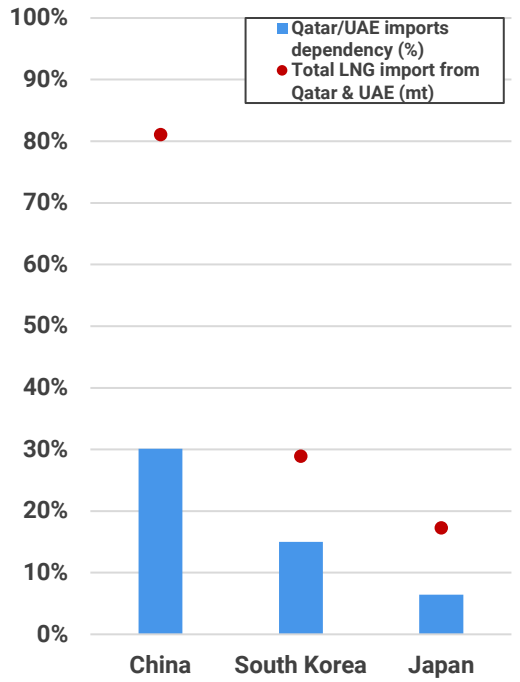


Source: Kpler Insight. SE Asia here includes Thailand, Singapore, Malaysia, Myanmar, Philippines and Vietnam. Base case assumes \$10/MMBtu spot LNG price

# Northeast Asia is buffered but drives the price floor

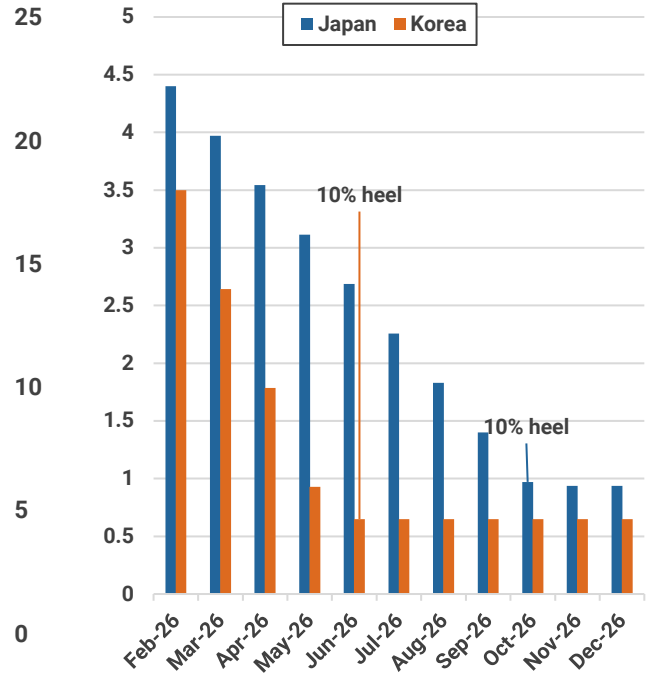
We expect minimal immediate LNG demand destruction, storage, portfolio optimization, contract flexibility expected

NE Asia LNG import dependency to Qatar and UAE (% left, mt right)



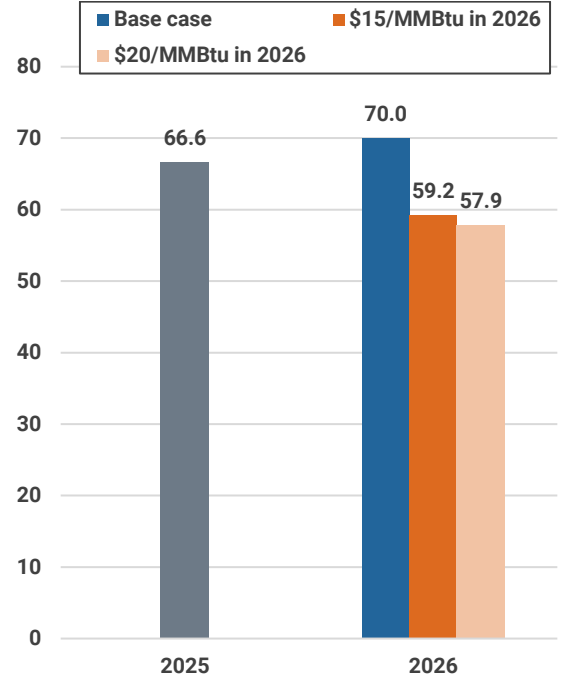
Source: Kpler Insight

LNG inventory provides structural buffer in Japan and Korea (mt)



Source: METI, KESIS, Kpler Insight, assumes Hormuz flow halt. 10% heel level is based on total storage capacity.

2026 Chinese LNG demand forecast at various spot LNG prices (mt)

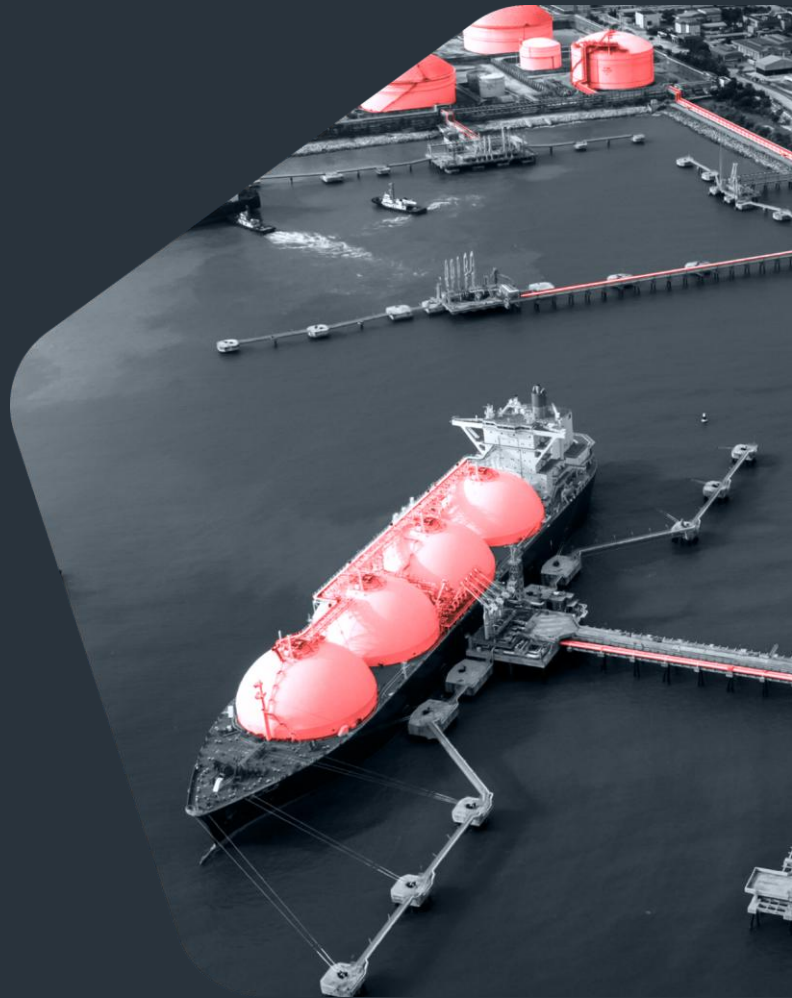


Source: Kpler Insight, Source: Base case assumes \$10/MMBtu spot LNG price

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## Europe, and neighbouring markets

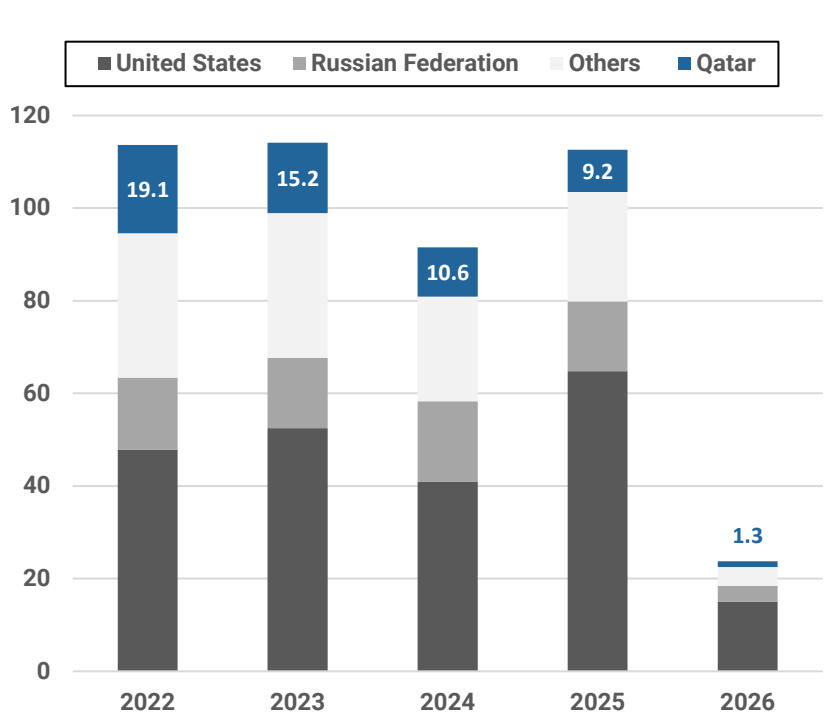
Less exposed, largely affected



# Qatari supply represented "only" 8% of total EU + UK LNG imports in 2025

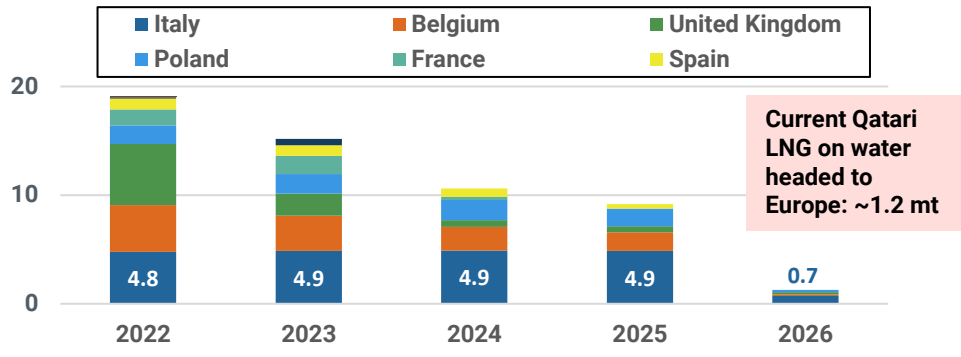
Heterogeneous exposure, shared supply concerns. Europe could lose ~1.4 mt of Qatari supply between April and May

### Annual EU-27 + UK LNG imports by source (mt)



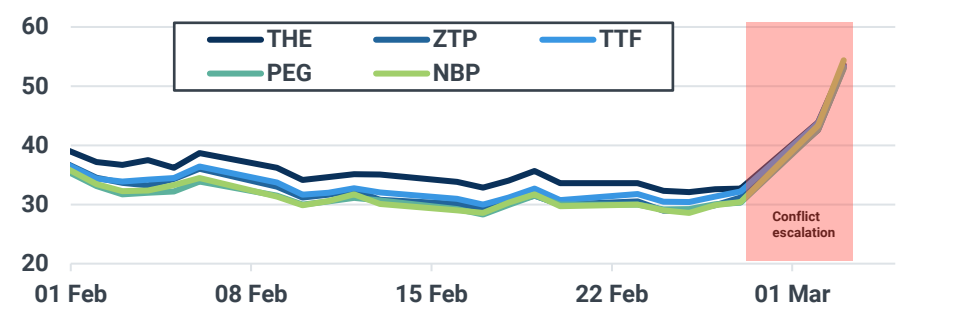
Source: Kpler

### Annual EU + UK imports of Qatari LNG by destination country (mt)



Current Qatari LNG on water headed to Europe: ~1.2 mt

### Day-ahead prices in selected EU gas hubs as of 3 March (€/MWh)



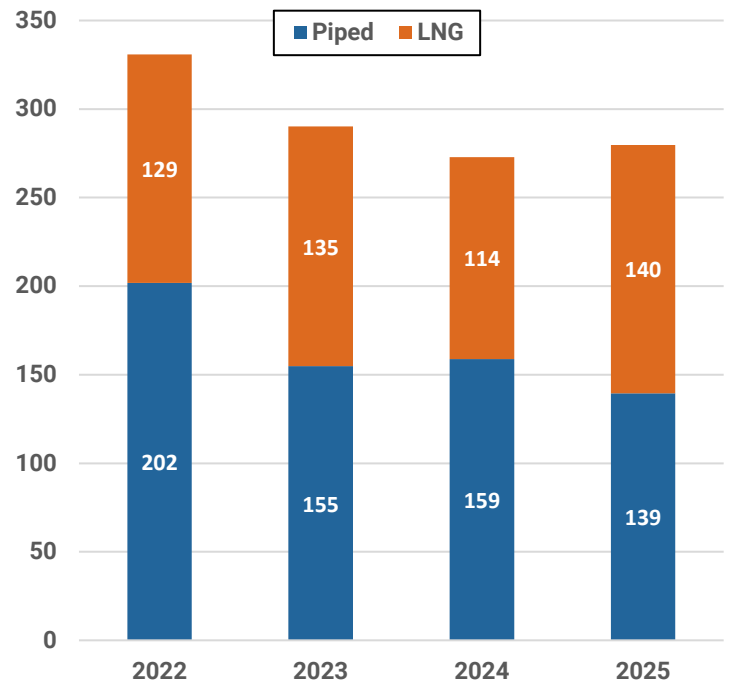
Conflict escalation

Source: Kpler Insight, GIE, EEX

# Increased reliance on LNG and lower UGS stocks drive the reaction

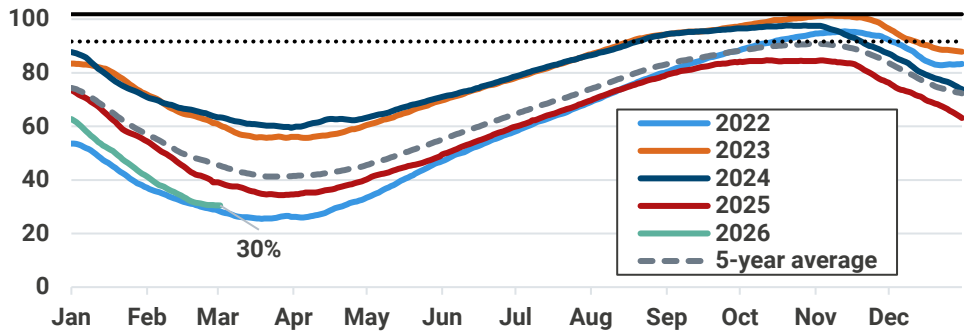
Higher restocking needs in summer 2026 and increased competition for LNG supply fuel the fears

### EU-27 net pipeline & LNG imports (bcm)

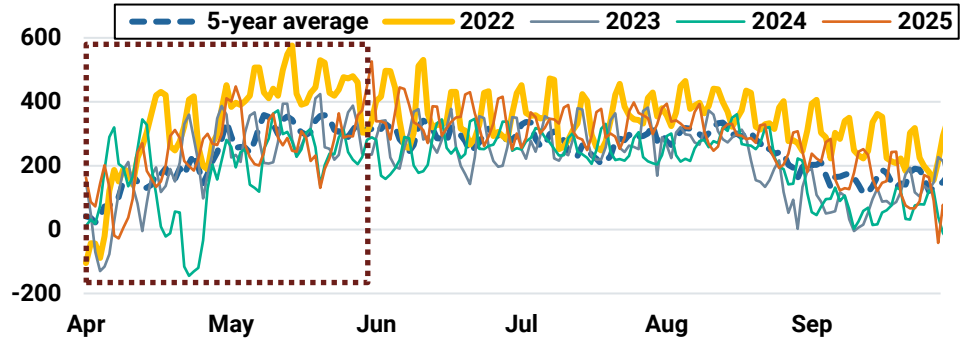


Source: European gas product, Kpler Insight

### EU-27 UGS inventories by year (bcm)



### EU-27 daily net UGS April-Oct injections by year (mcm)

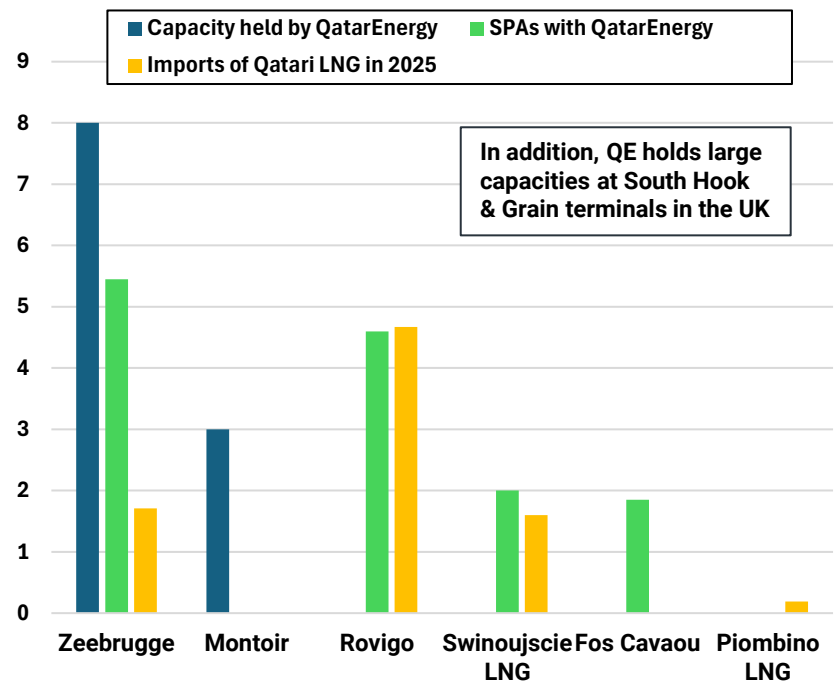


Source: Kpler Insight, GIE

# Qatar's footprint in Europe goes beyond DES contracts

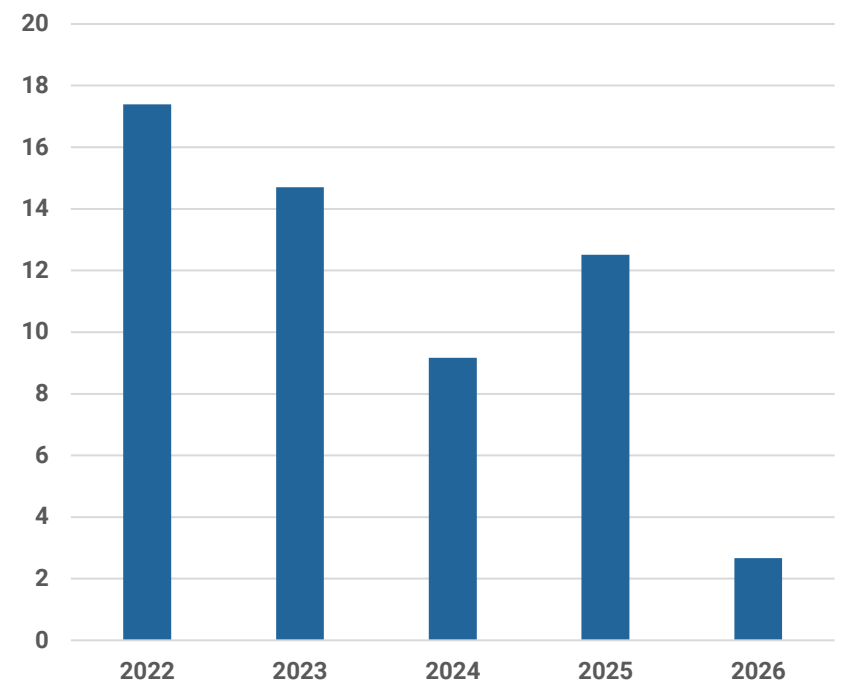
Qatari entities hold capacity at key European regasification terminals and charter non-Qatari supply into the continent

### Qatar-related regas capacity, SPAs, and LNG imports in the EU (mt)



Source: Kpler

### Annual LNG volumes chartered by QatarEnergy into Europe (mt)

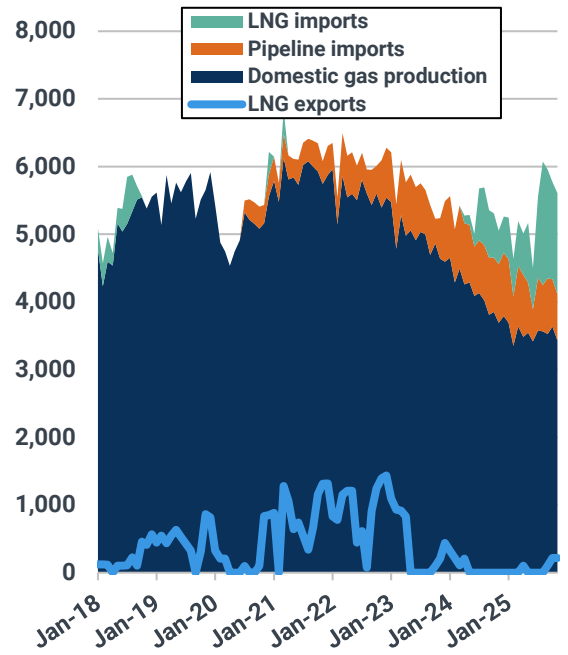


Source: Kpler

# Egypt announced that gas deliveries to customers would not be disrupted

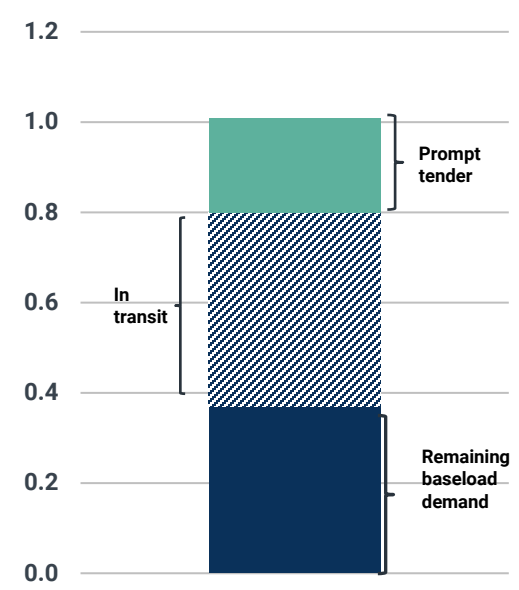
EGAS issued a prompt tender for 3 LNG cargoes, with Egypt also procuring 0.6 of fuel oil to bolster power generation

### Egyptian natural gas supply by source (mcm)



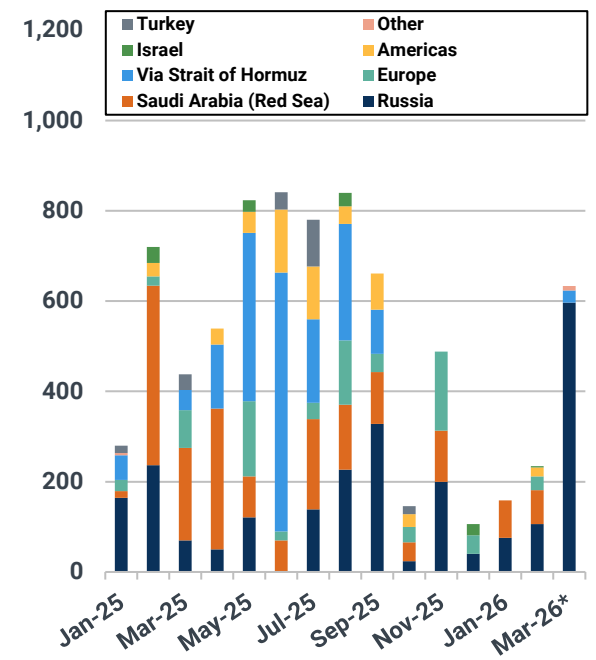
Source: JODI, Kpler Insight

### Forecast Egyptian LNG demand, March 2026 (mt)



Source: Kpler, Kpler Insight

### Egypt fuel oil imports (kt)



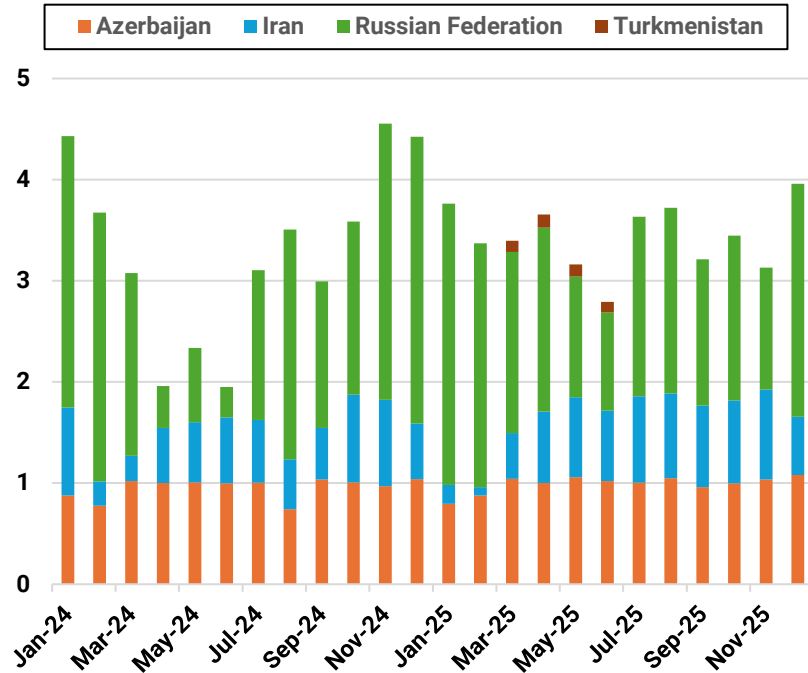
Source: Kpler

\*March volumes are currently in transit

# Limited potential upside for Turkish LNG imports: 0.3 mt in March

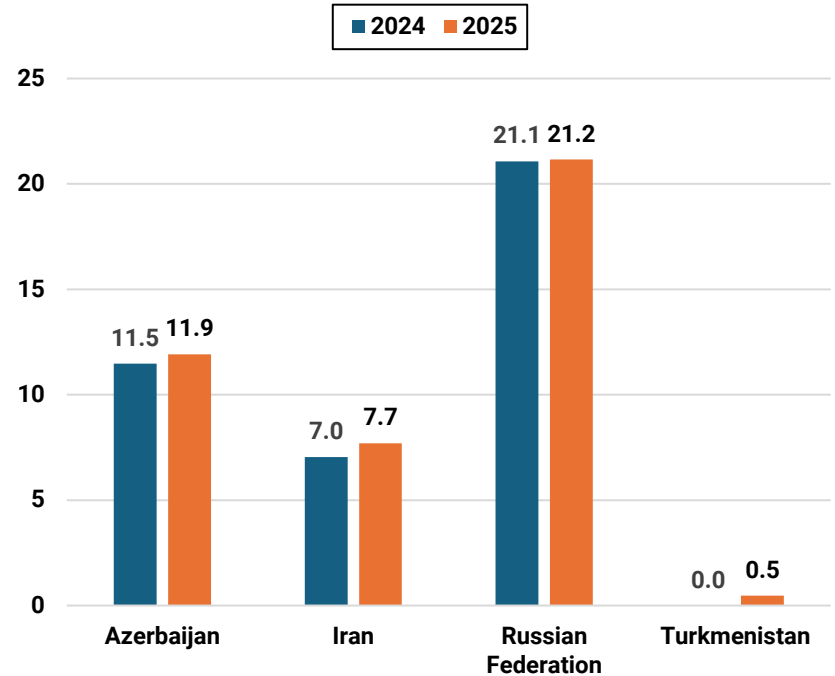
Pipeline imports from Iran tend to increase during the summer season

Monthly Turkish pipeline imports by country (bcm)



Source: EPDK, Kpler Insight

Annual Turkish pipeline imports by country (bcm)

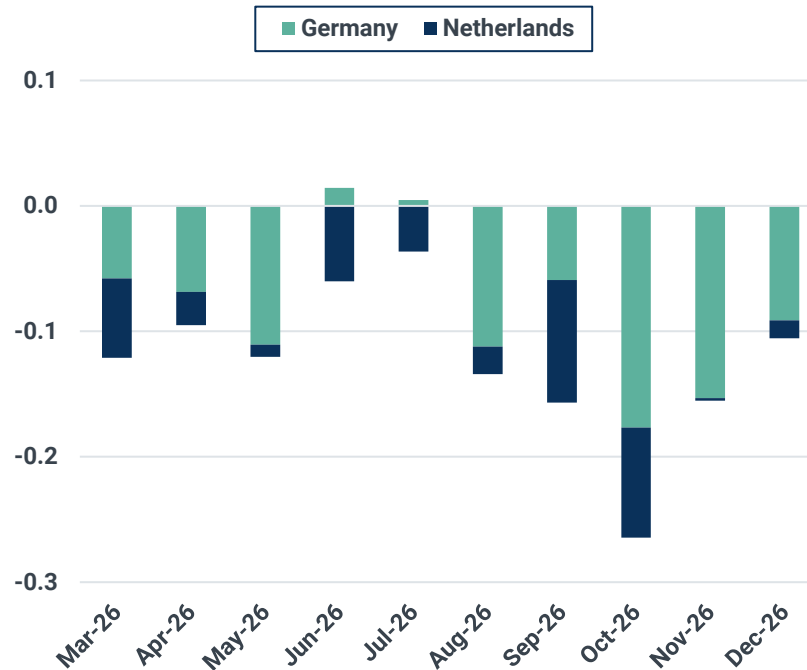


Source: EPDK, Kpler Insight

# TTF expected to rise amid supply loss and increased inter-basin competition

\$11.5/MMBtu average TTF in 2026 cuts NWE industrial demand by ~1.2 bcm through year-end compared to base case

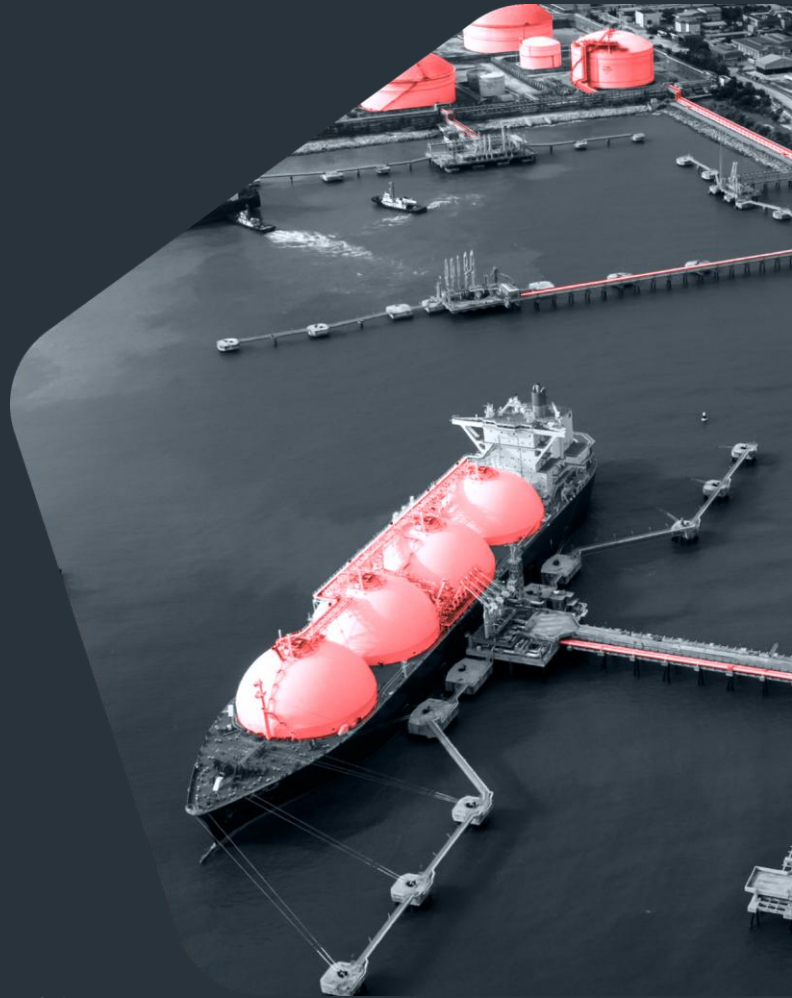
Monthly industrial gas demand change vs. base case (bcm)



Source: Kpler Insight

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## Q&A



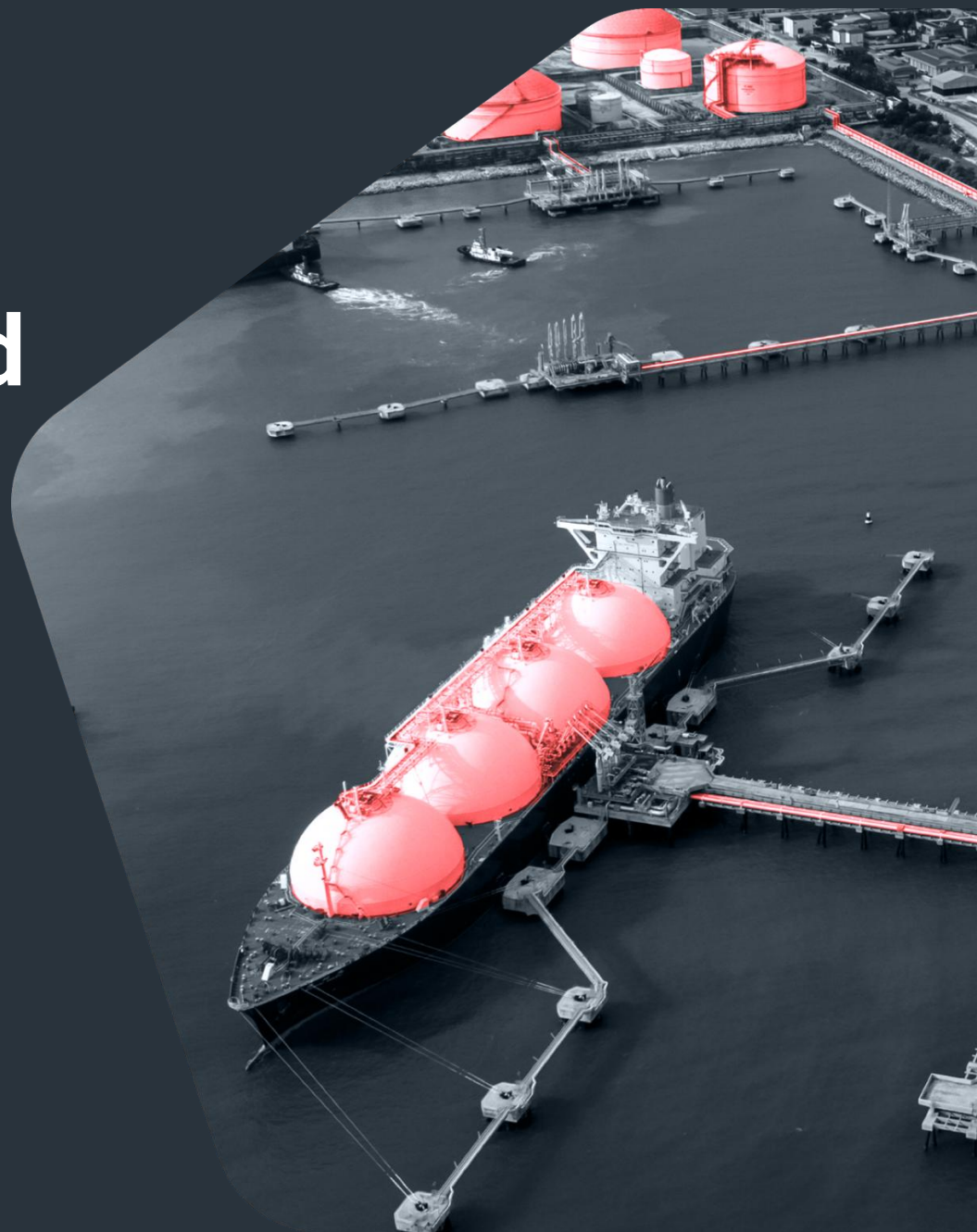
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# Middle East conflict - Oil and gas market implications: A continuing assessment

**Homayoun Falakshahi** – Head of crude oil analysis

**Andon Pavlov** – Director of oil and tanker research

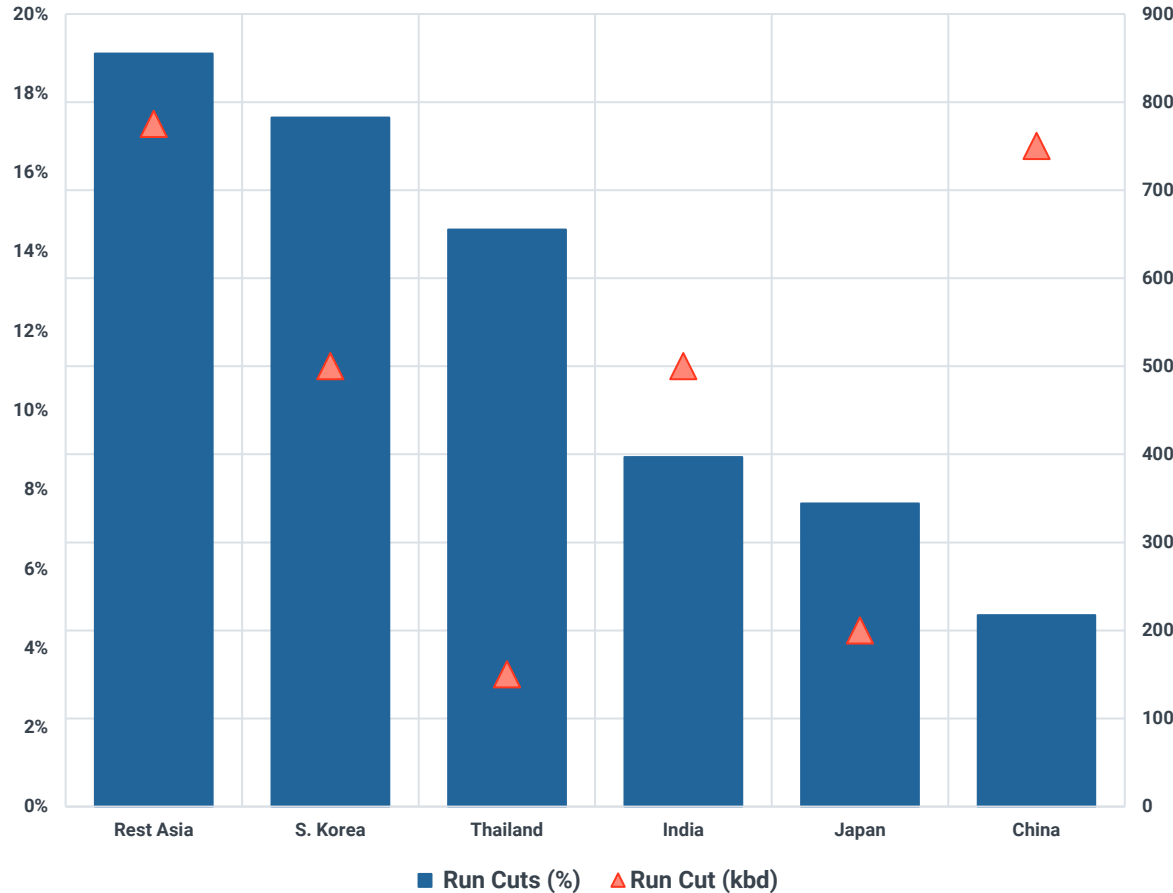
**Amena Bakr** – Head of OPEC+ analysis



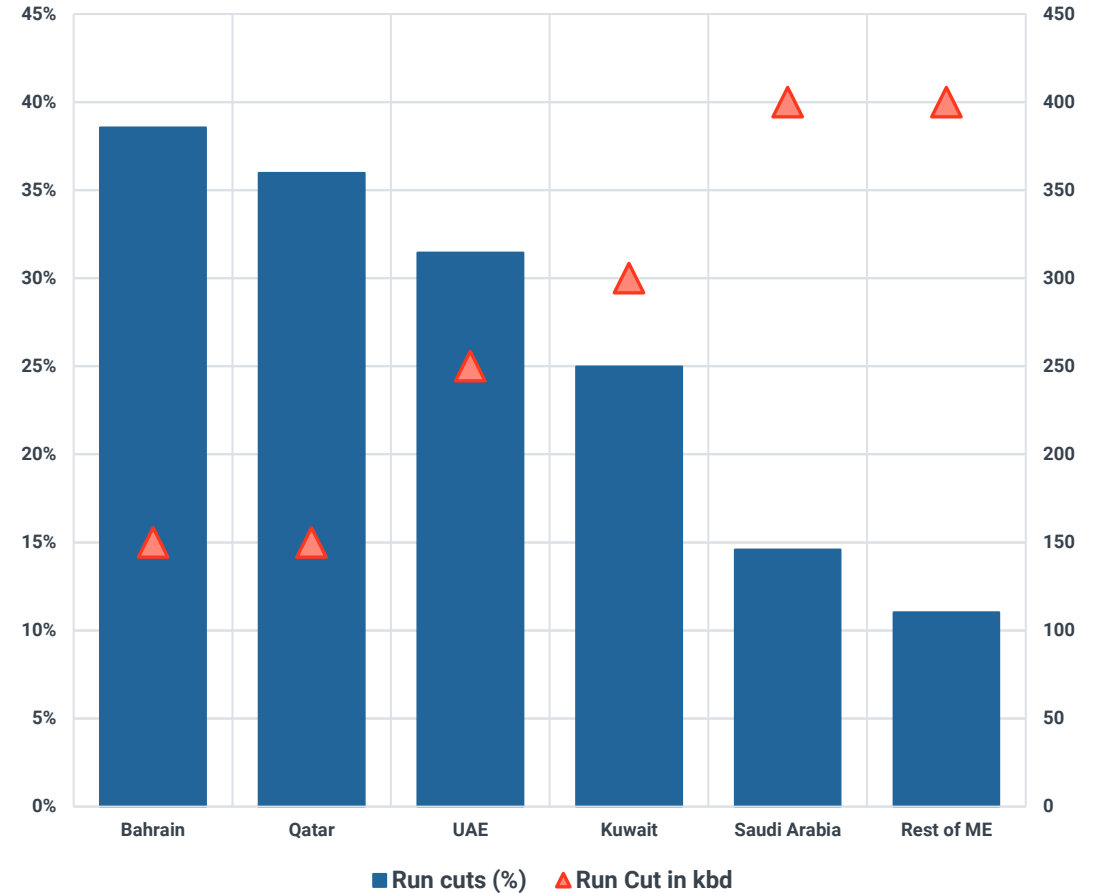
# Refinery Run Cuts Across Asia and the Middle East

Asia's exposure stems from reliance on MEG crude flows through the Strait of Hormuz, while Middle East refiners face ullage constraints amid limited product outflows

Potential and known refinery throughput cuts in Asia ( vs Feb)



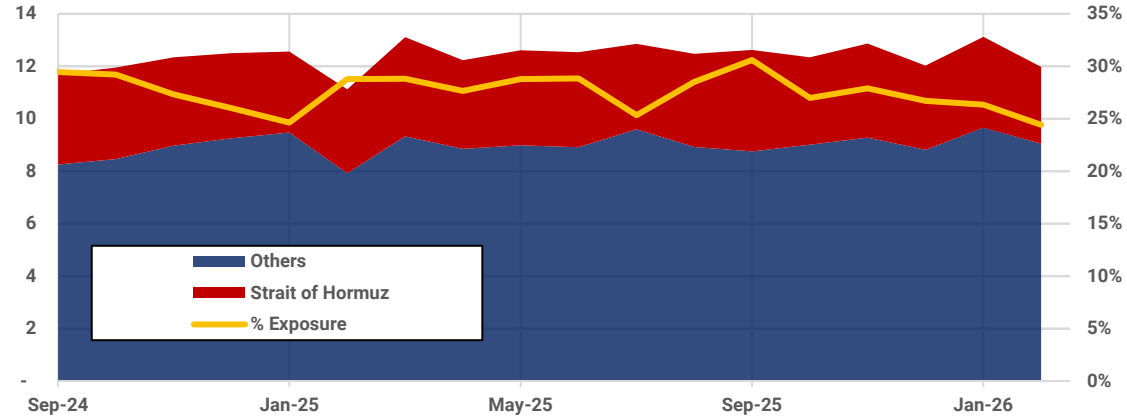
Potential and known refinery throughput cuts in the ME (vs Feb)



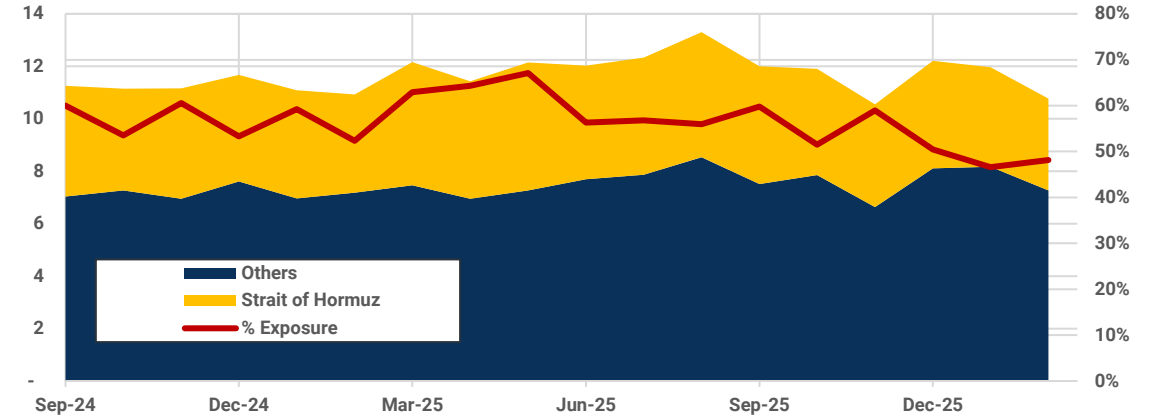
# Light ends: Market is disproportionately exposed to disruptions

Asia-Pacific has the heaviest reliance on the Mideast Gulf for petchem feedstock and LPG

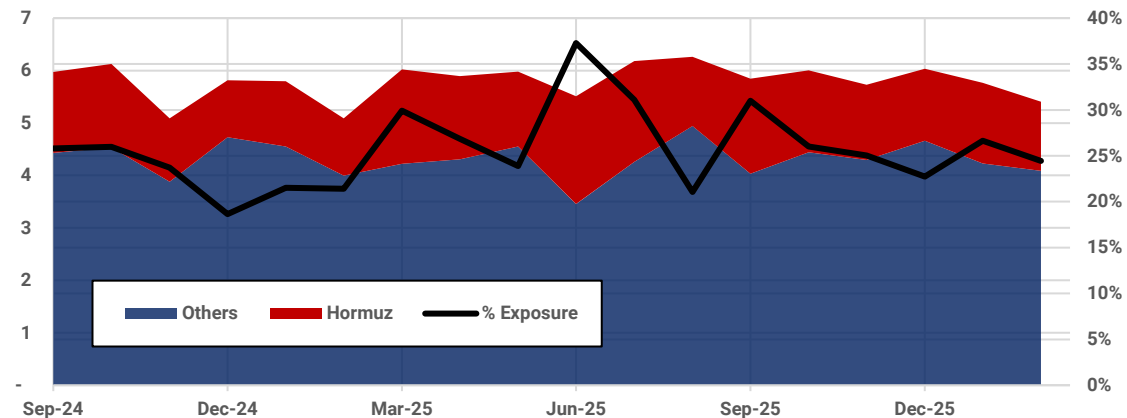
### Global LPG exports by route (Mt) vs % exposure



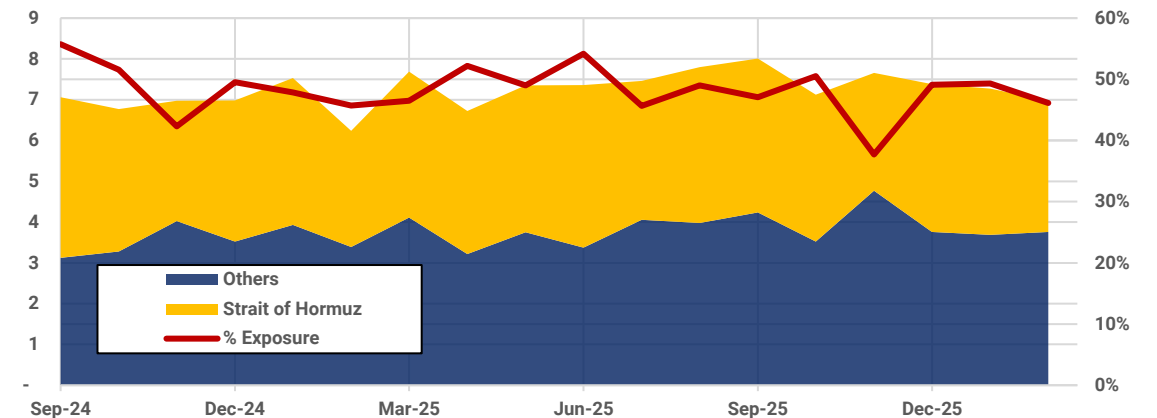
### Global naphtha exports by route (Mt) vs % exposure



### Asia-Pacific LPG imports by route (Mt) vs % exposure



### Asia-Pacific naphtha imports by route (Mt) vs % exposure



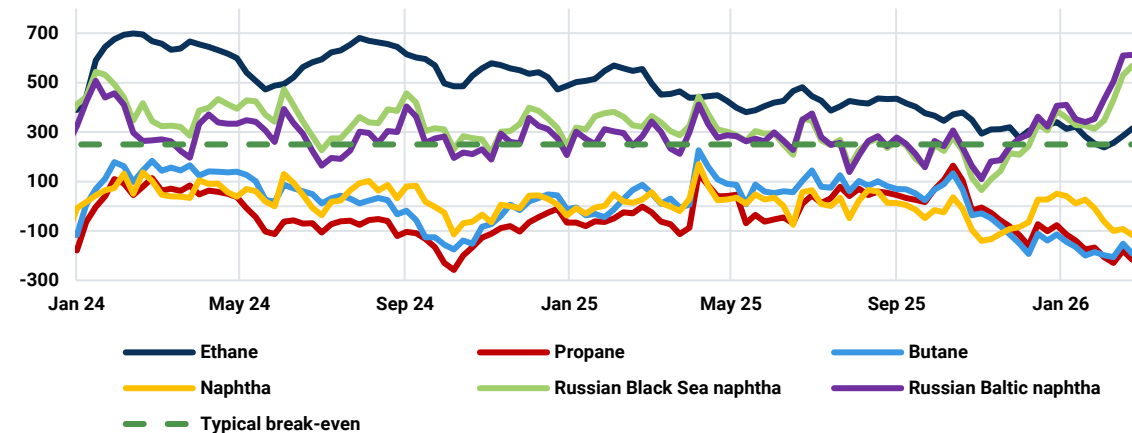
Sources: Kpler

Sources: Kpler

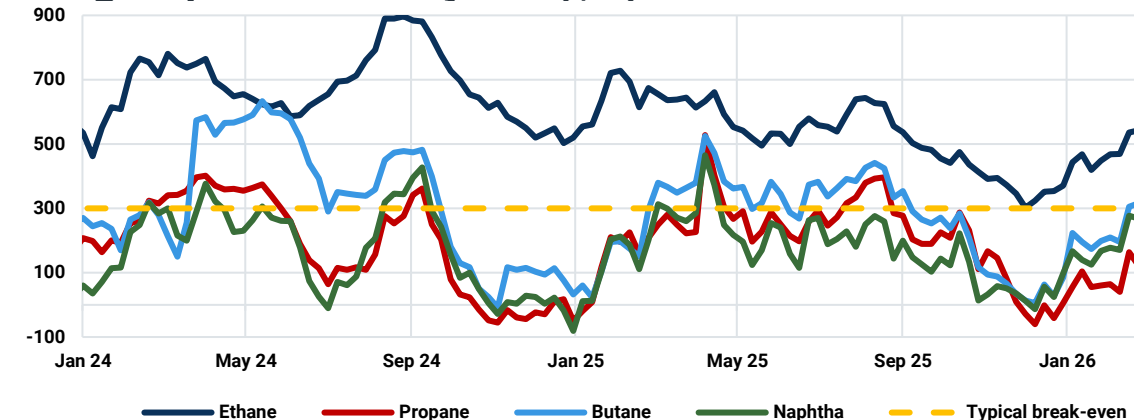
# Light ends: Tensions accelerate a long-acting trend in the markets

Cracker economics have been prompting capacity cuts for years

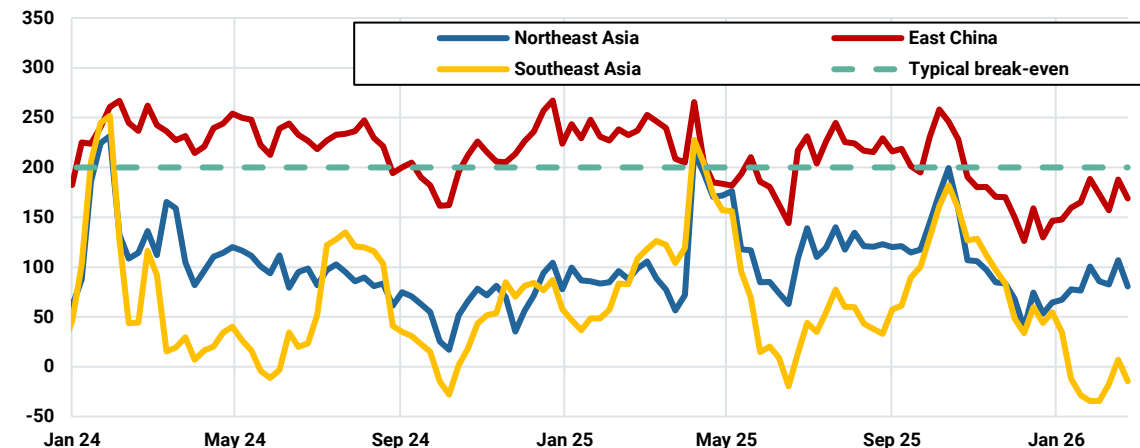
### Northeast Asian gross complex steam cracking margins per ton of ethylene (\$/t)\*



### Northwest European gross complex steam cracking margins per ton of ethylene (\$/t)\*



### Asian gross PDH margins per ton of propylene (\$/t)



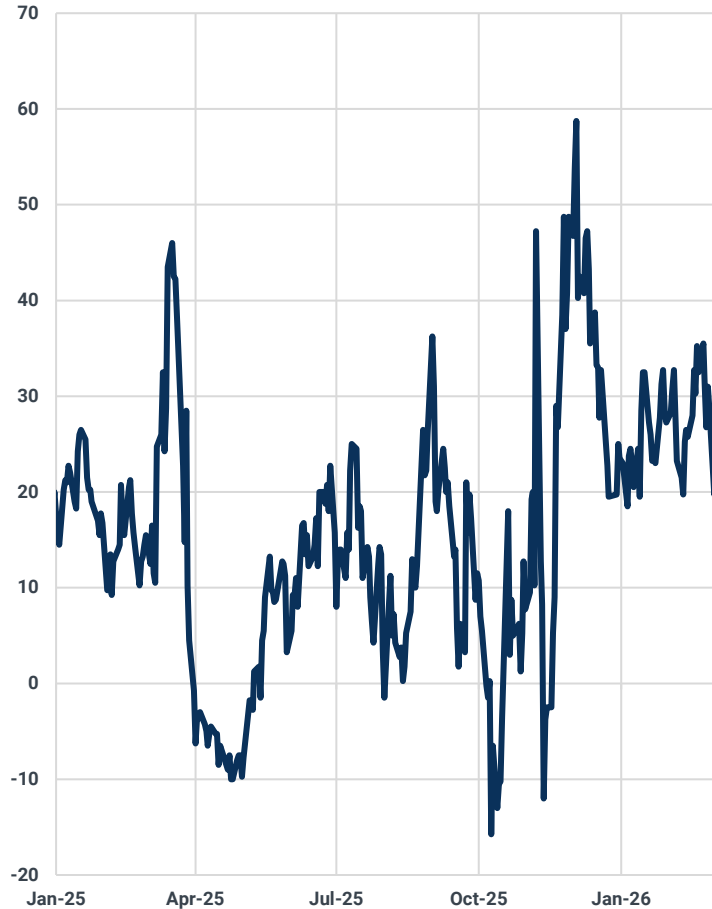
### Northwest European gross PDH margins per ton of propylene and polypropylene (\$/t)



# Gasoline: the Med is the most exposed WoS region

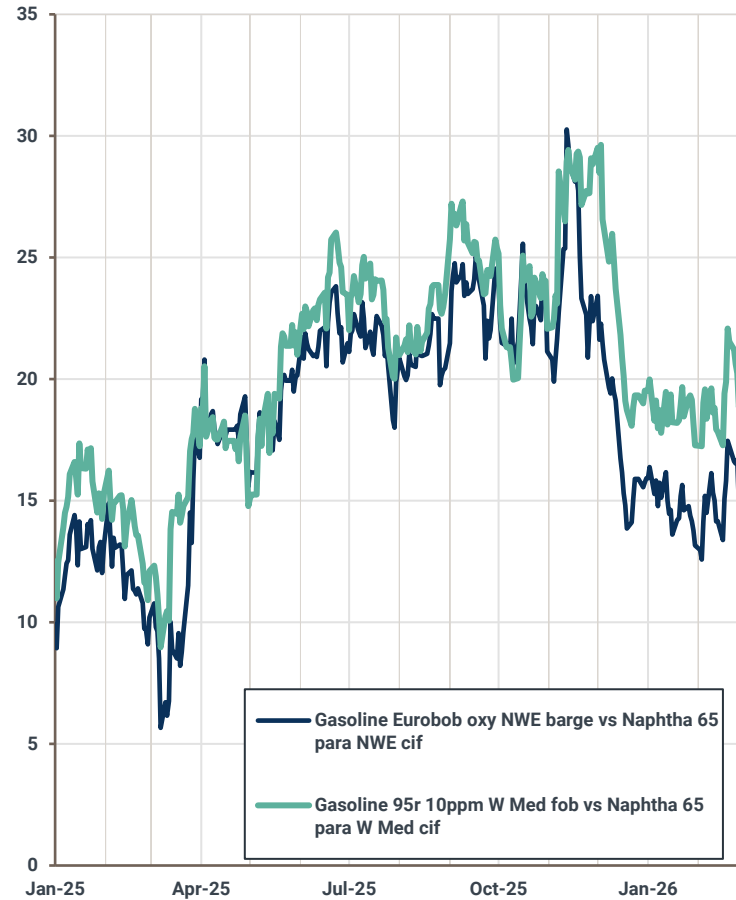
Tightening naphtha threatens octane blending component availability ahead of the summer demand season

### Med-North spread (\$/t)



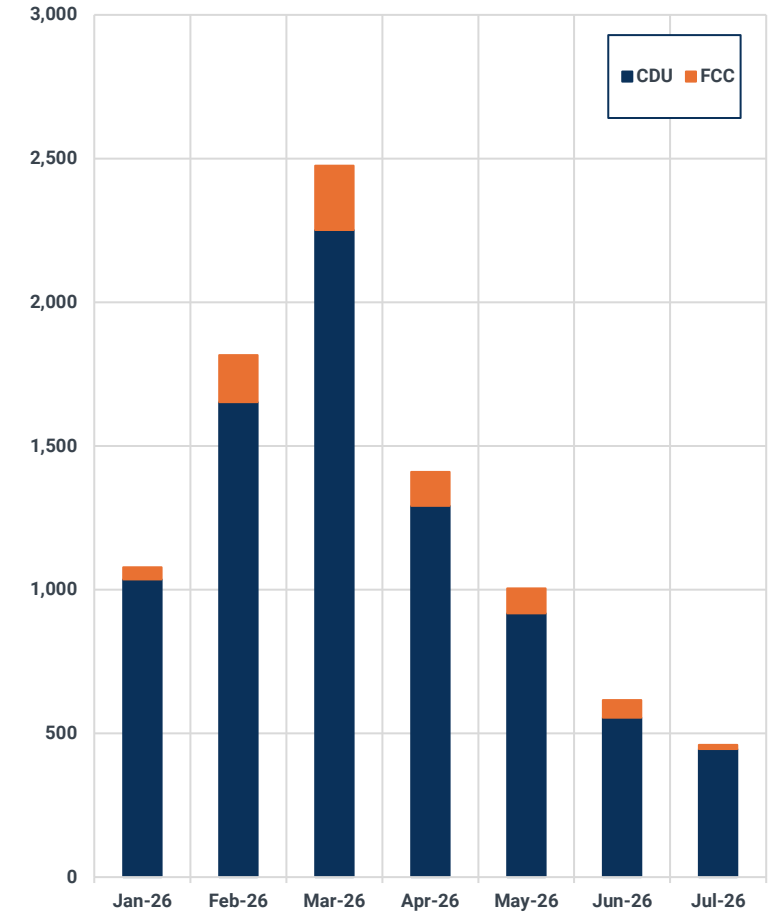
Source: Argus Media

### European reforming margins (\$/bb)l



Source: Argus Media

### European refinery maintenance (kbd)

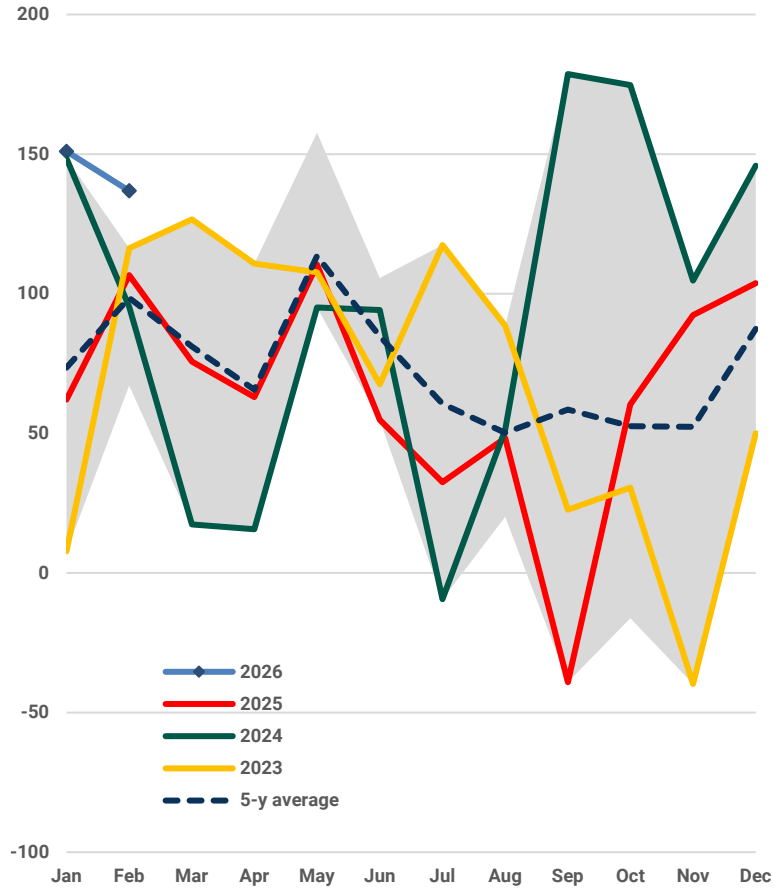


Source: IIR Energy

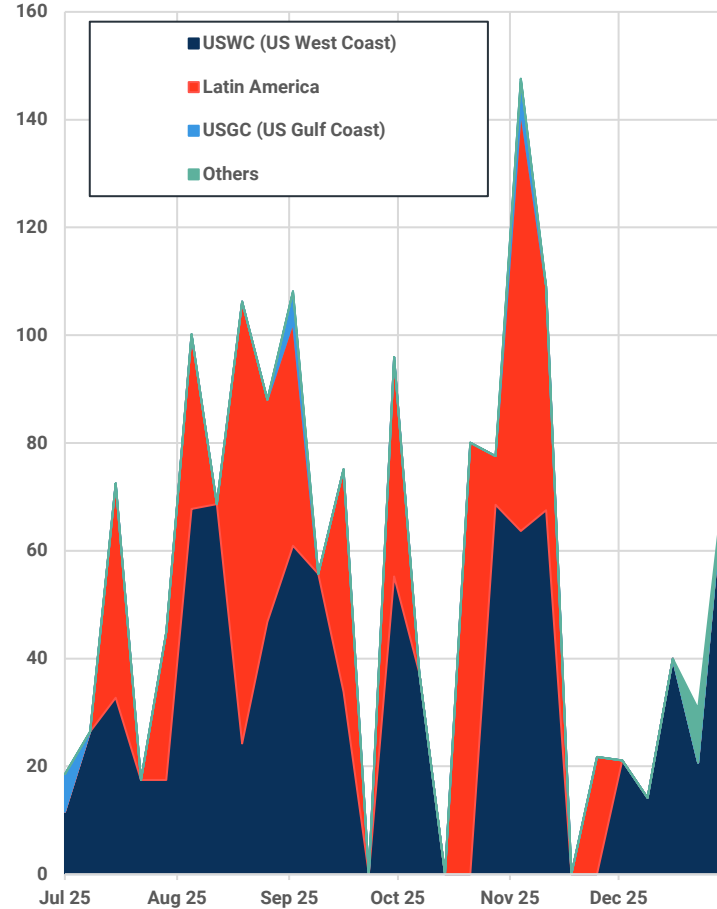
# Gasoline: Asia is likely to carry the brunt as China intends to minimize exports

China's decision removes the easiest way to rebalance the market, while feed tightness will bite runs in the future

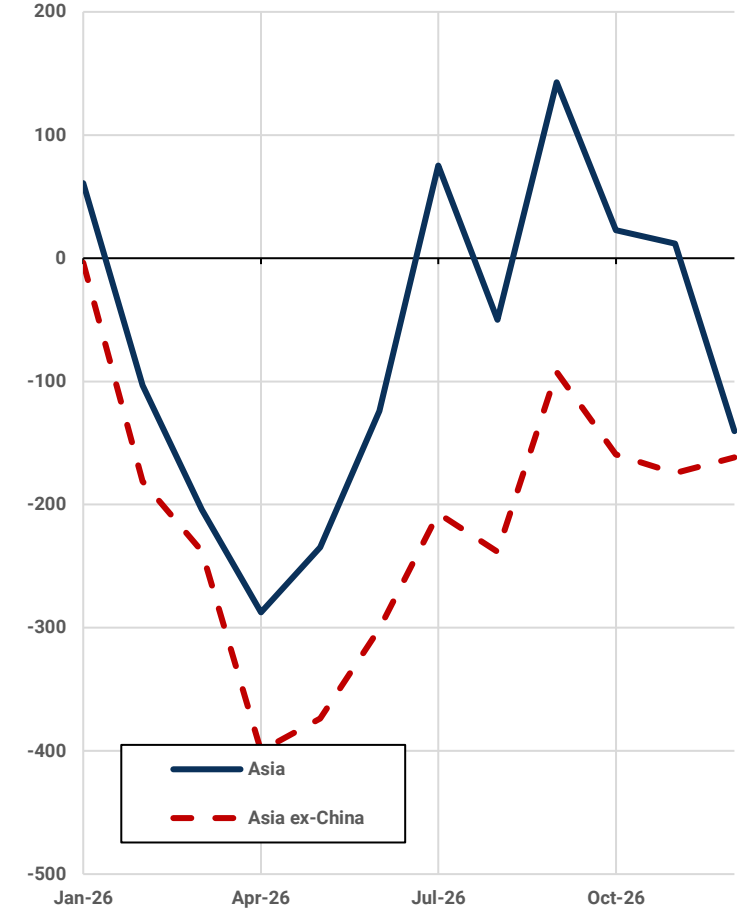
### India and Middle East net exports to Asia-Pacific (kbd)



### Eastern Asia monthly gasoline and blending comps exports to the Americas (kt)



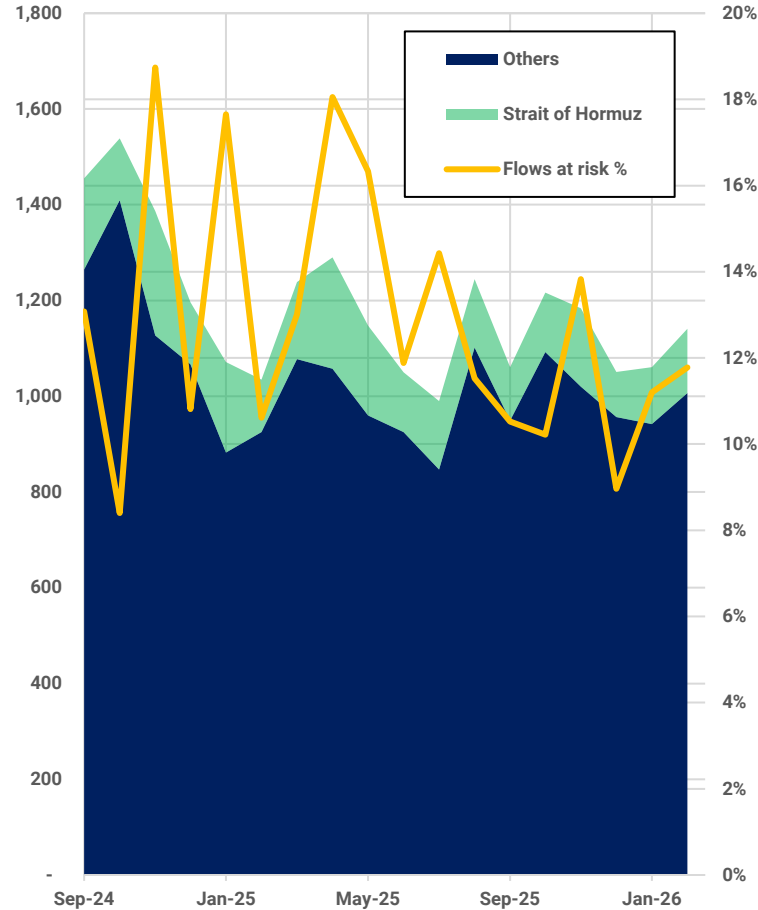
### Asia: gasoline balances (kbd)



# Gasoil/diesel: Mideast Gulf conflict has exposed NWE's import reliance

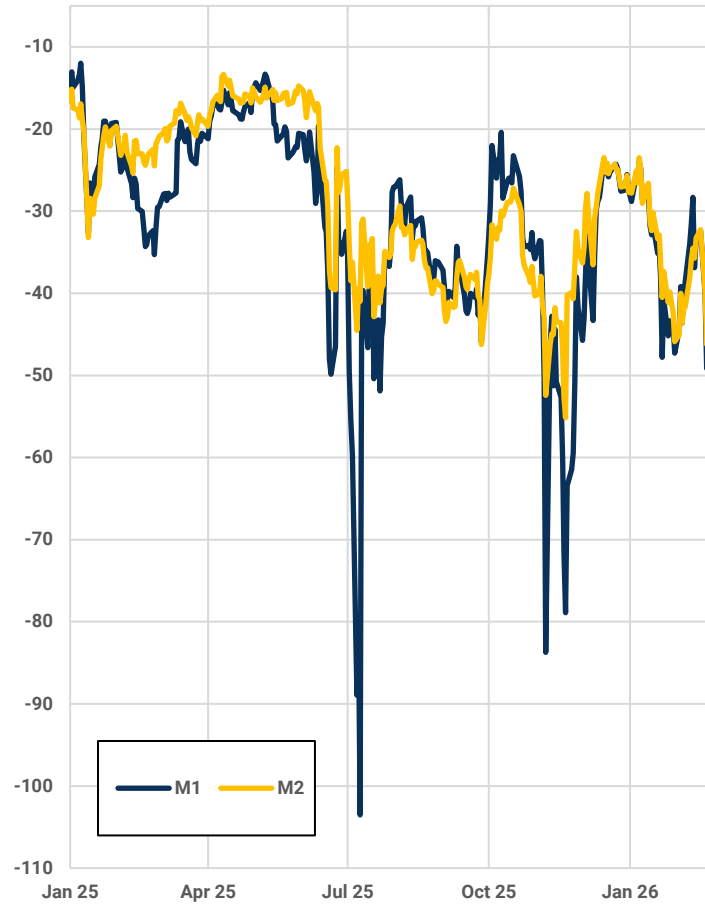
13% of all NWE import requirements transit the Strait of Hormuz

NWE gasoil/diesel imports by route (kbd) vs exposed flows %



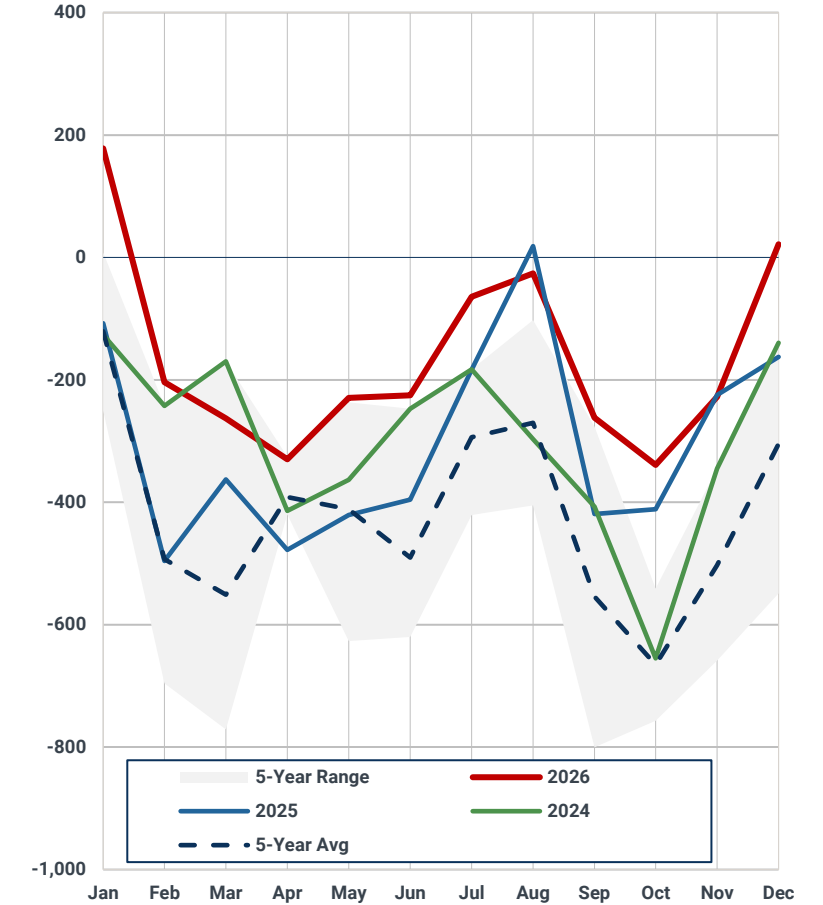
Source: Kpler

Gasoil E/W swap (\$/t)



Source: Argus

NWE: gasoil balance (kbd)

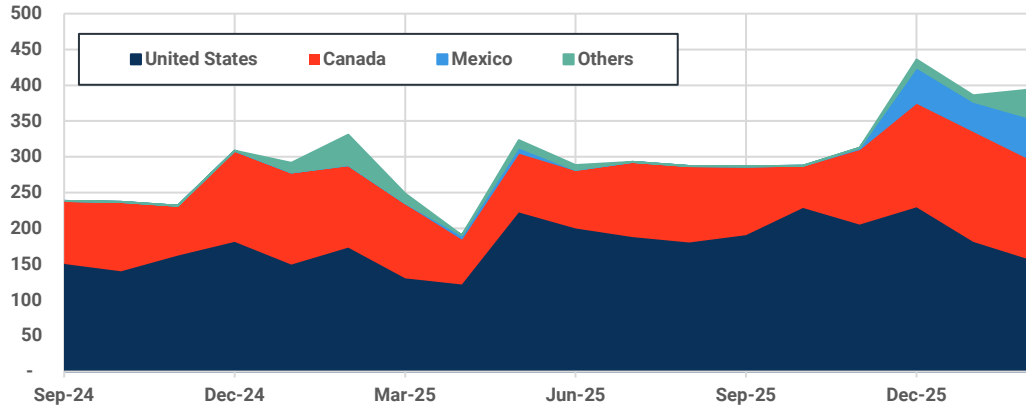


Source: Kpler

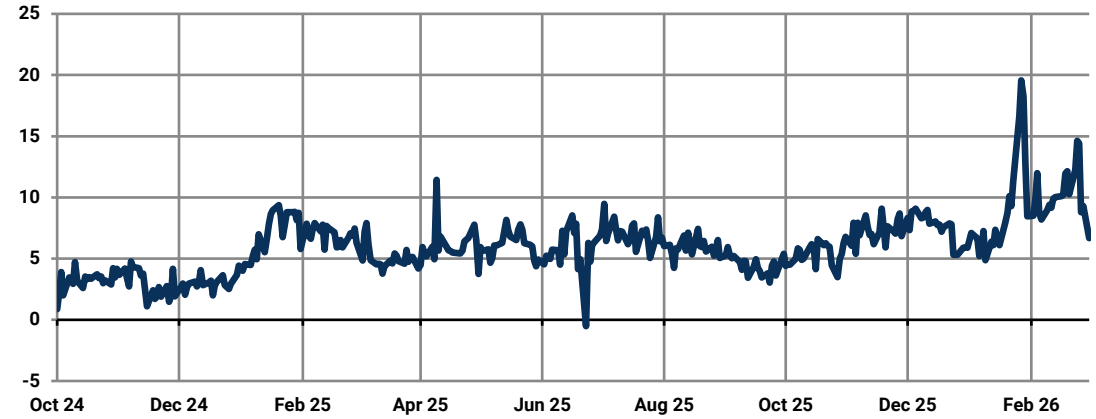
# Gasoil/diesel: Competition is about to heat up for cargoes

Particularly in PADD 1 and Brazil among others as Ukraine renews drone strikes

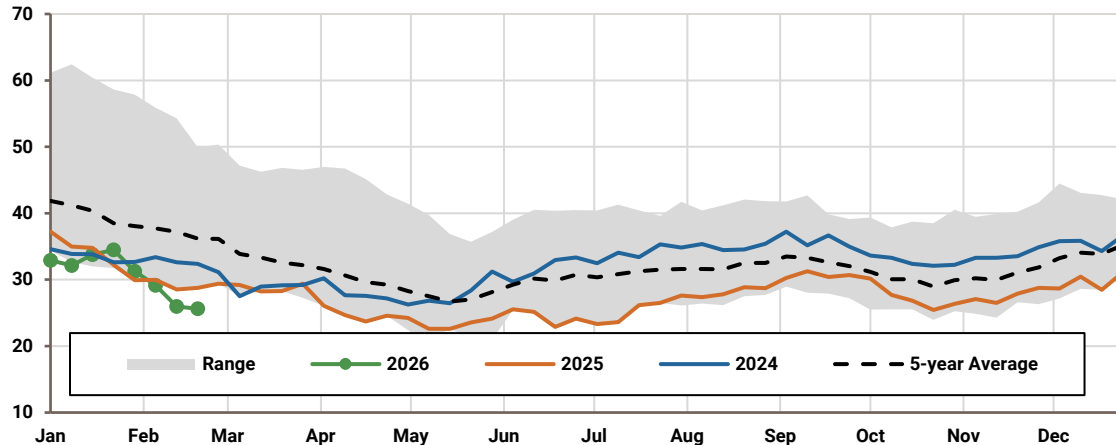
PADD 1 gasoil/diesel imports by origin (kbd)



NYMEX ULSD/ICE Gasoil spread (\$/bbl)

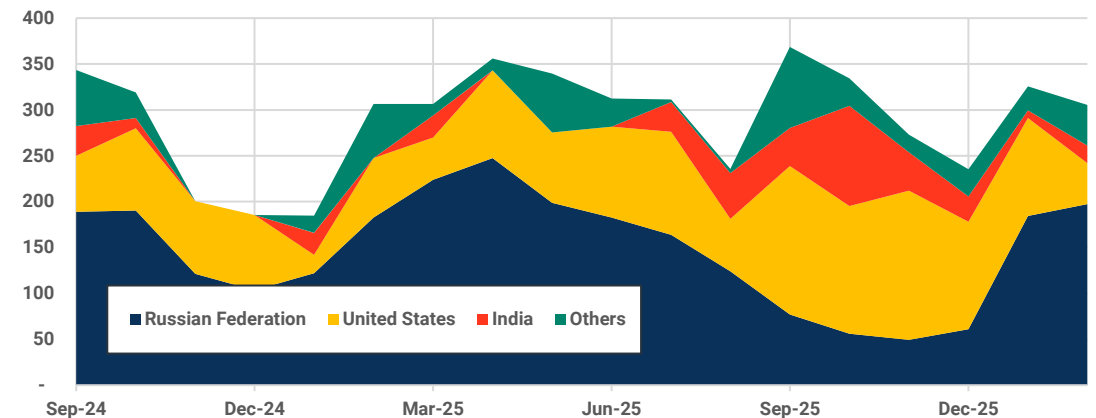


US: Weekly PADD-1 diesel inventories (Mbbbls)



Sources: Kpler, US EIA

Brazil gasoil/diesel imports by origin (kbd)

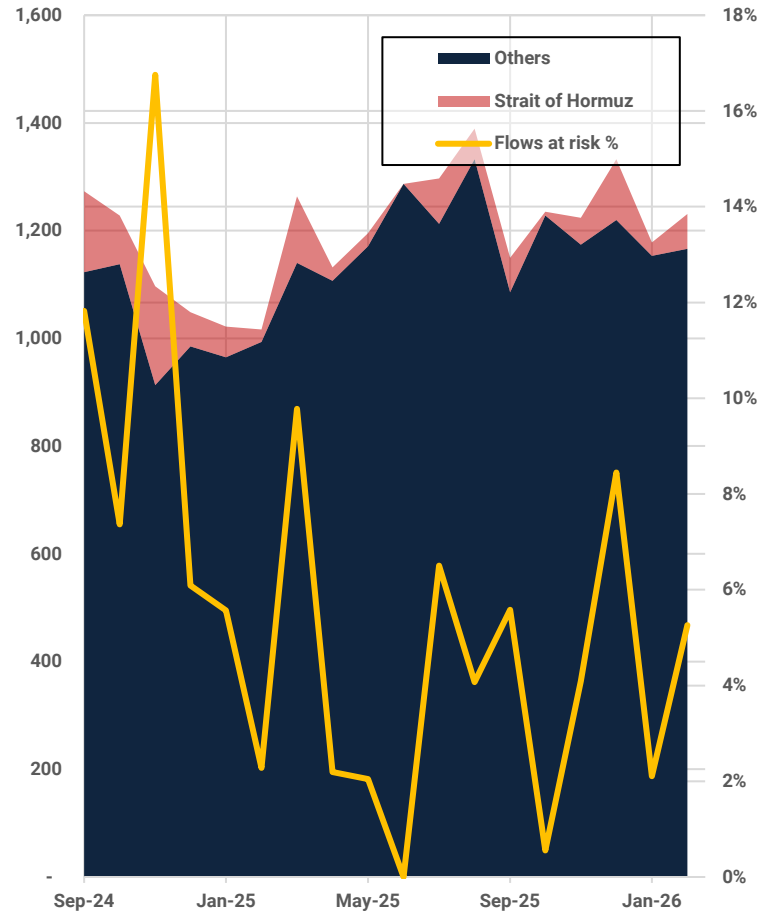


Sources: Marketview, Kpler

# Gasoil/diesel: Med exposure cannot be ignored

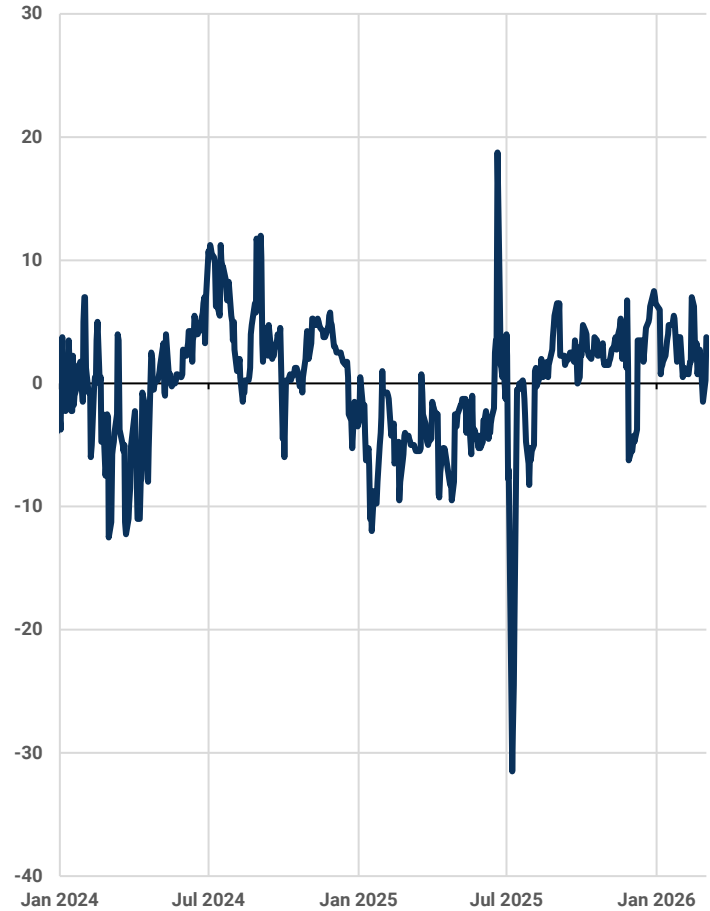
The region relies on Gulf flow for crude and to fill spot shorts as Russian supply has proved unreliable

Med gasoil/diesel imports by route (Mbd) vs exposed flows %



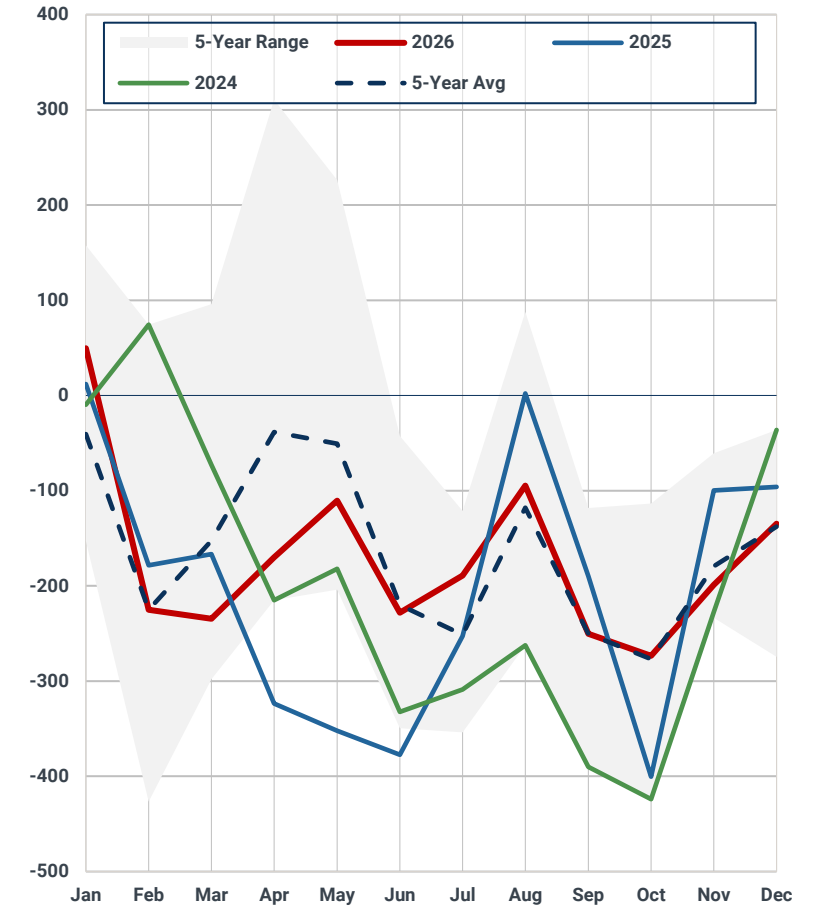
Source: Kpler

CIF Med/North ULSD spread (\$/t)



Source: Argus

Med: gasoil balance (kbd)

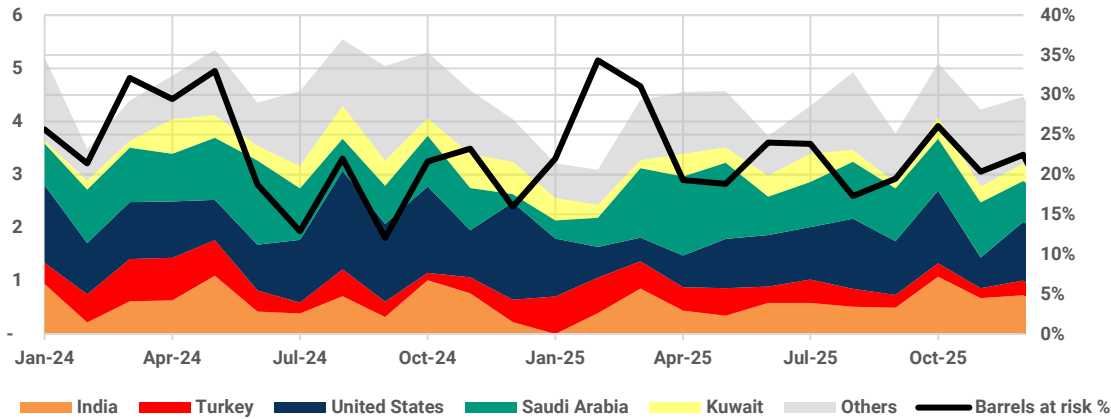


Source: Kpler

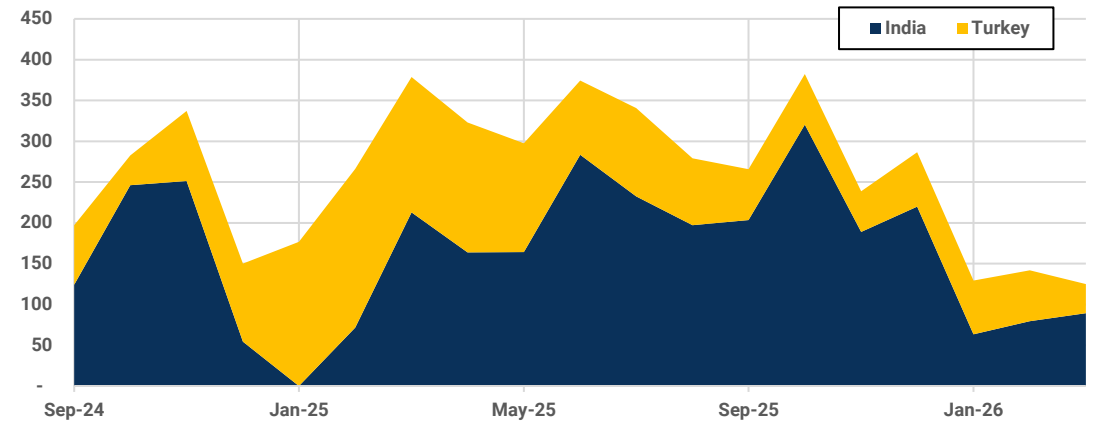
# Gasoil/diesel: EU can no longer afford the luxury of nitpicking Article 3ma

Indian cargoes are slowly making their way, but frictions persist

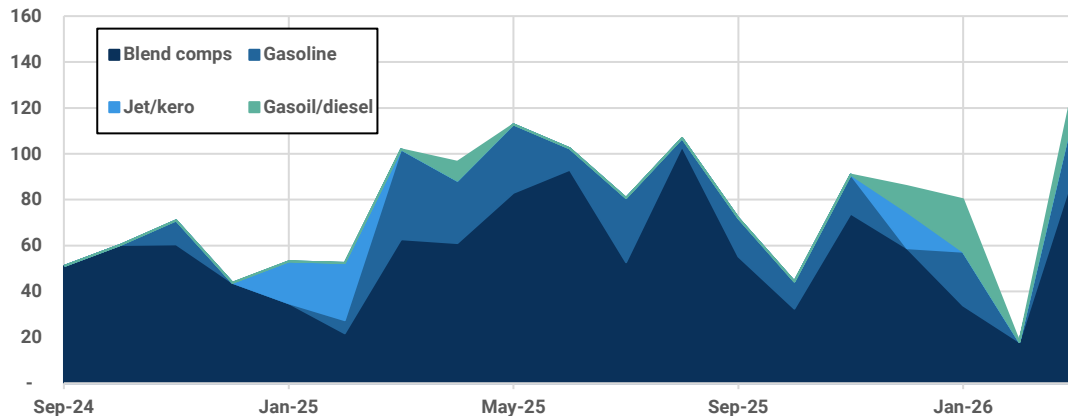
EU-27, UK gasoil imports by origin (Mt), vs flows at risk % (RHS)



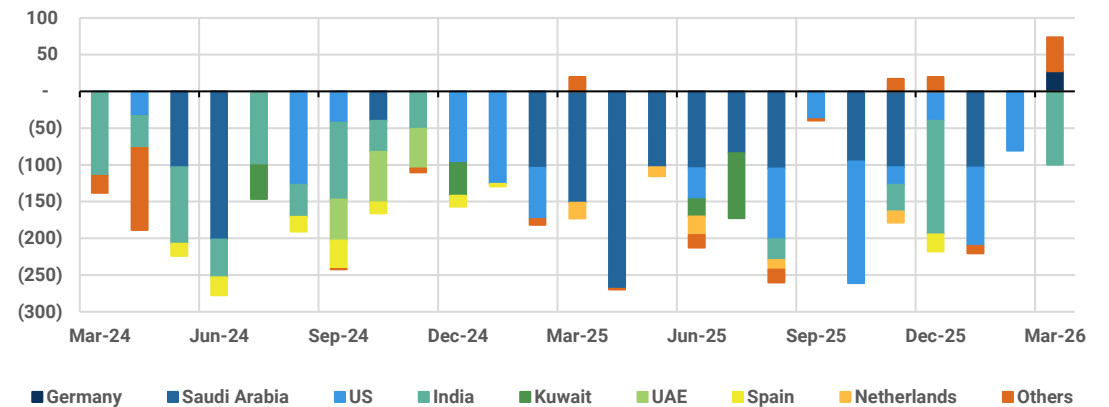
EU-27 middle distillates imports from India, Türkiye (kbd)



US CPP imports from India, Türkiye (kbd)



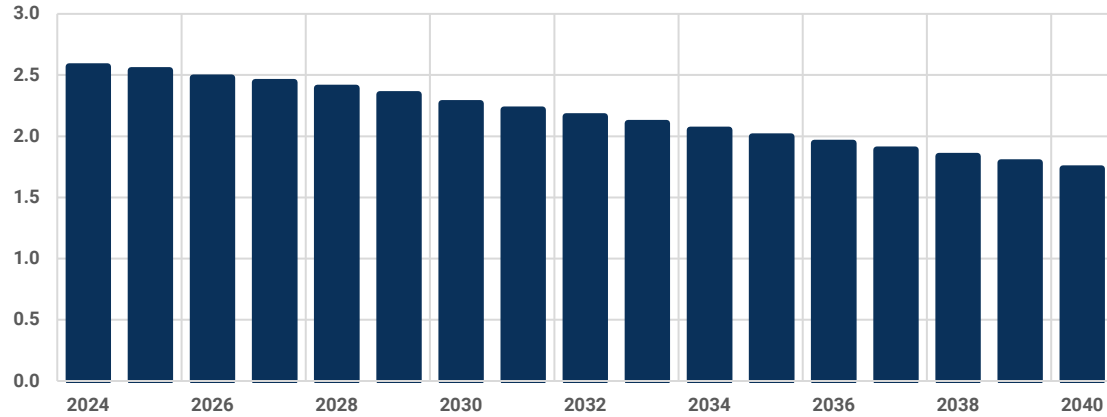
La Rochelle gasoil/diesel net exports (kbd)



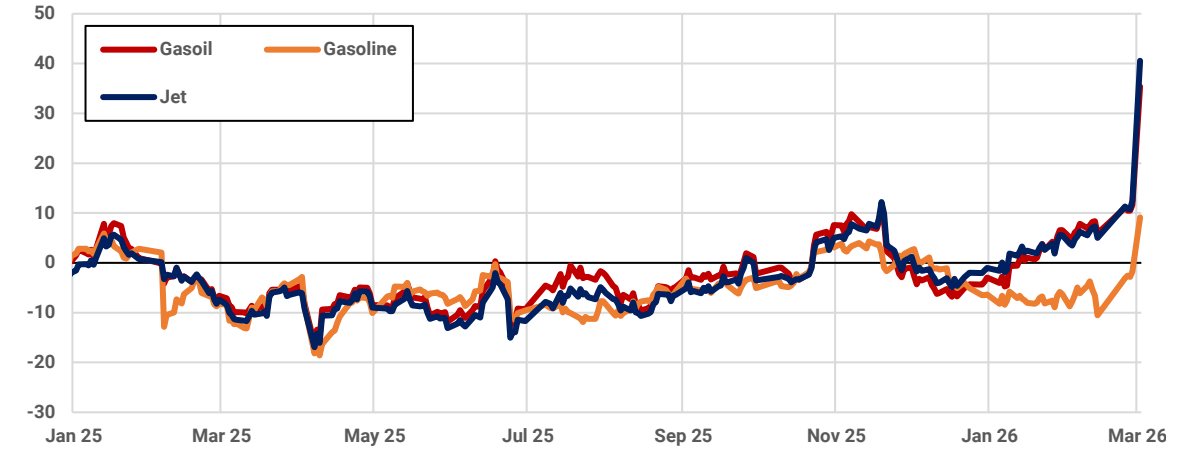
# Gasoil/diesel: China stood to gain the most from recent events

Decision to cut March exports means Singapore cracks have more runway, especially if the instruction holds in April

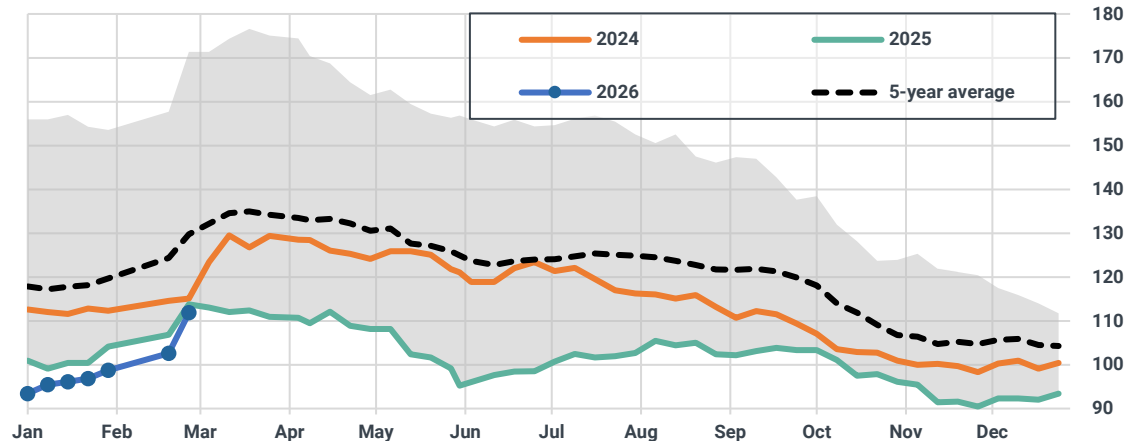
### China road diesel demand (Mbd)



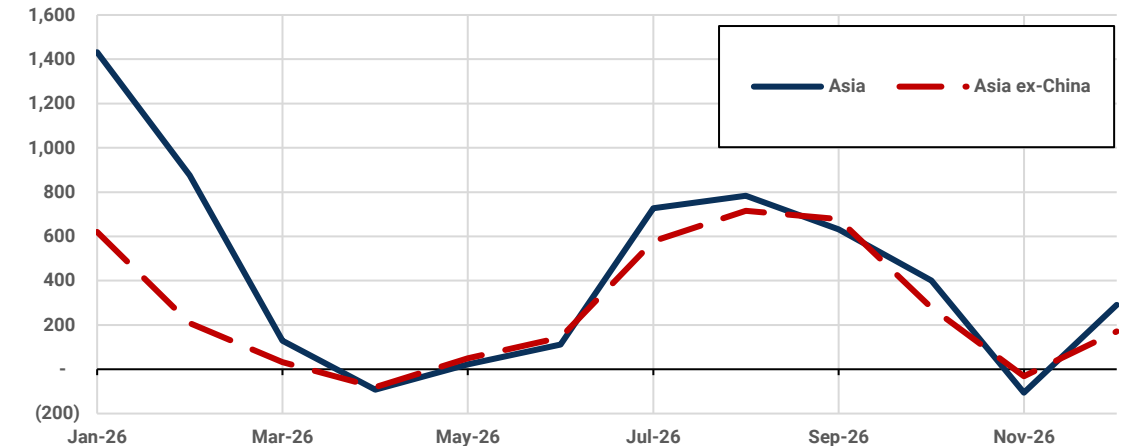
### China-Singapore oil products arbitrage incentive (\$/bbl)



### Chinese diesel commercial inventories (Mbbbls)



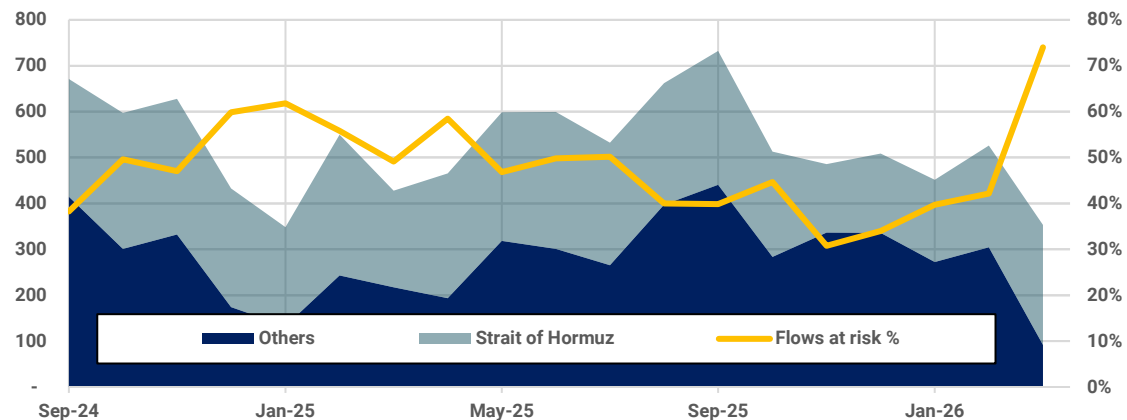
### Asia: gasoil/diesel balances (kbd)



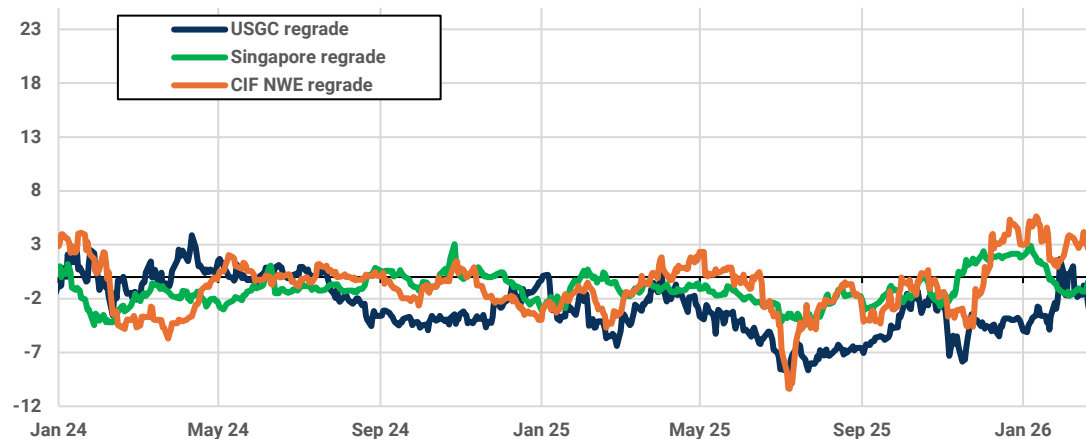
# Jet/kero: NWE is suffering the most from high exposure to regional imports

Outsized reaction on regrades reflects this fragility, easy solutions do not exist

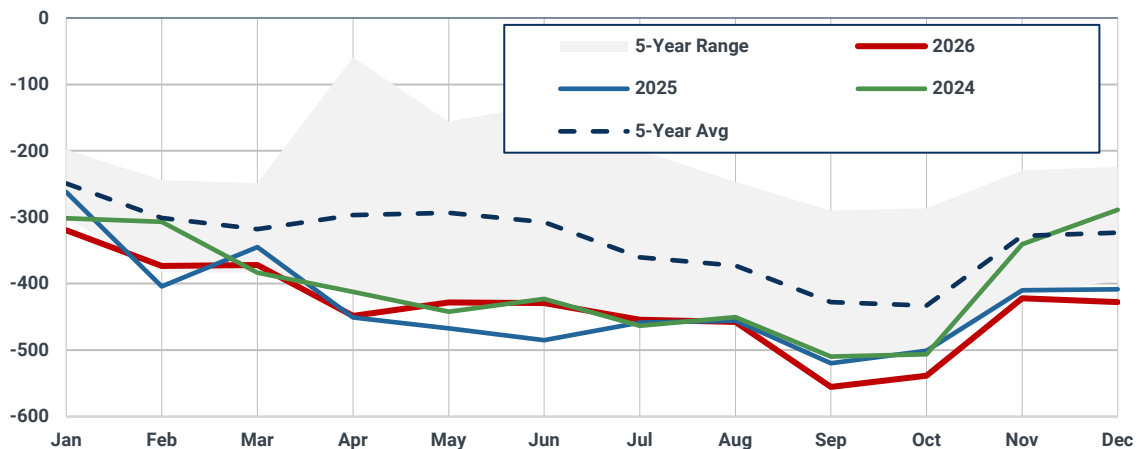
EU-27, UK jet/kero imports by origin (Mt), vs flows at risk % (RHS)



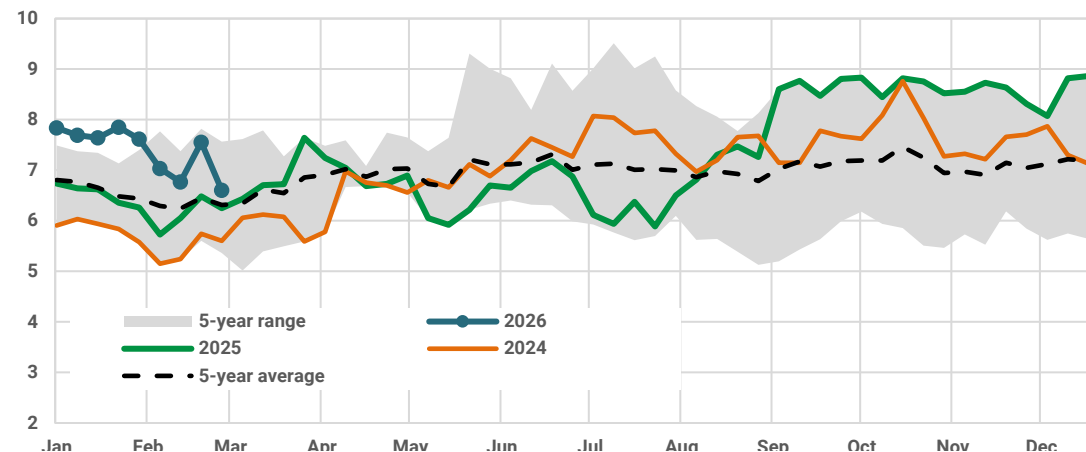
Global regrade spreads (\$/bbl)



NWE: jet/kero balance (kbd)



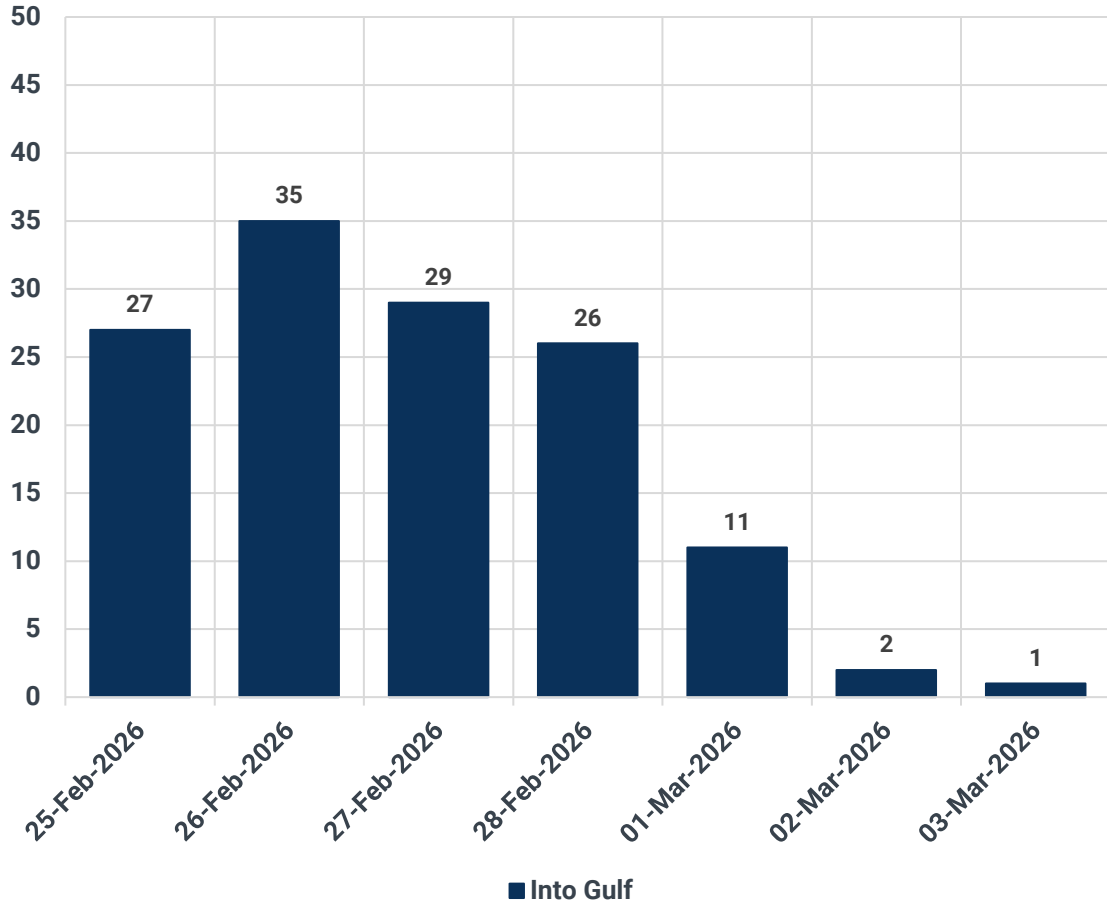
ARA: jet/kero stocks in independent storages (Mb)



# The Strait of Hormuz has been effectively closed since the war started

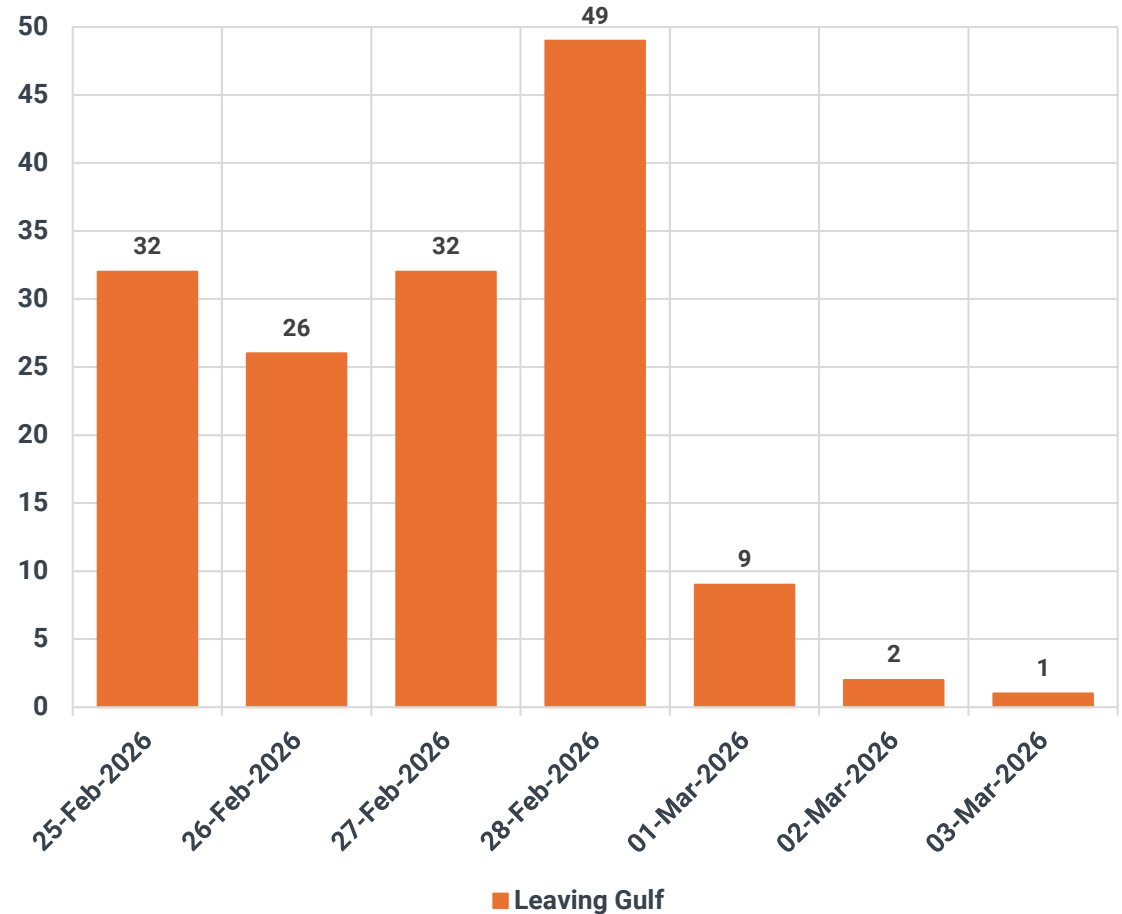
Threats of being hit by missiles and a major rise in insurance costs so far enough to stop flows

### Liquids tankers entering the Gulf



Source: Kpler

### Liquids tankers exiting the Gulf



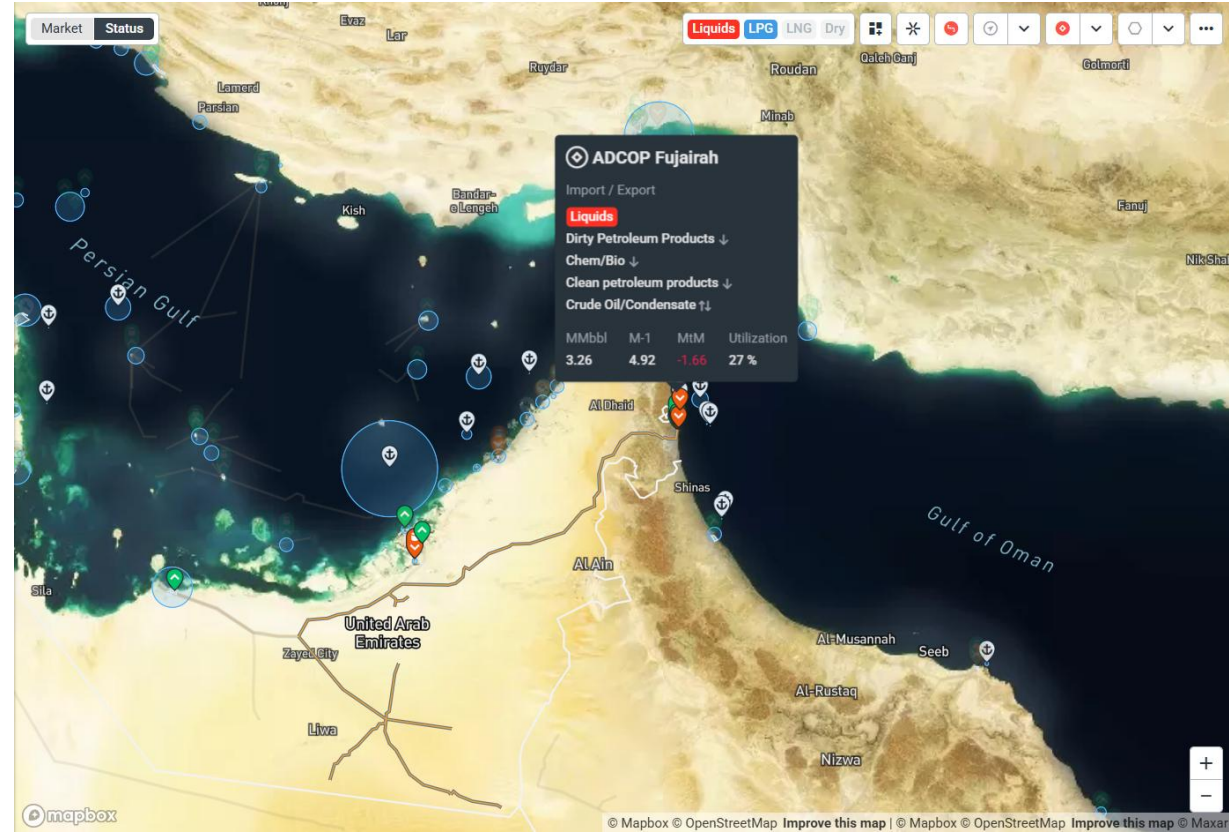
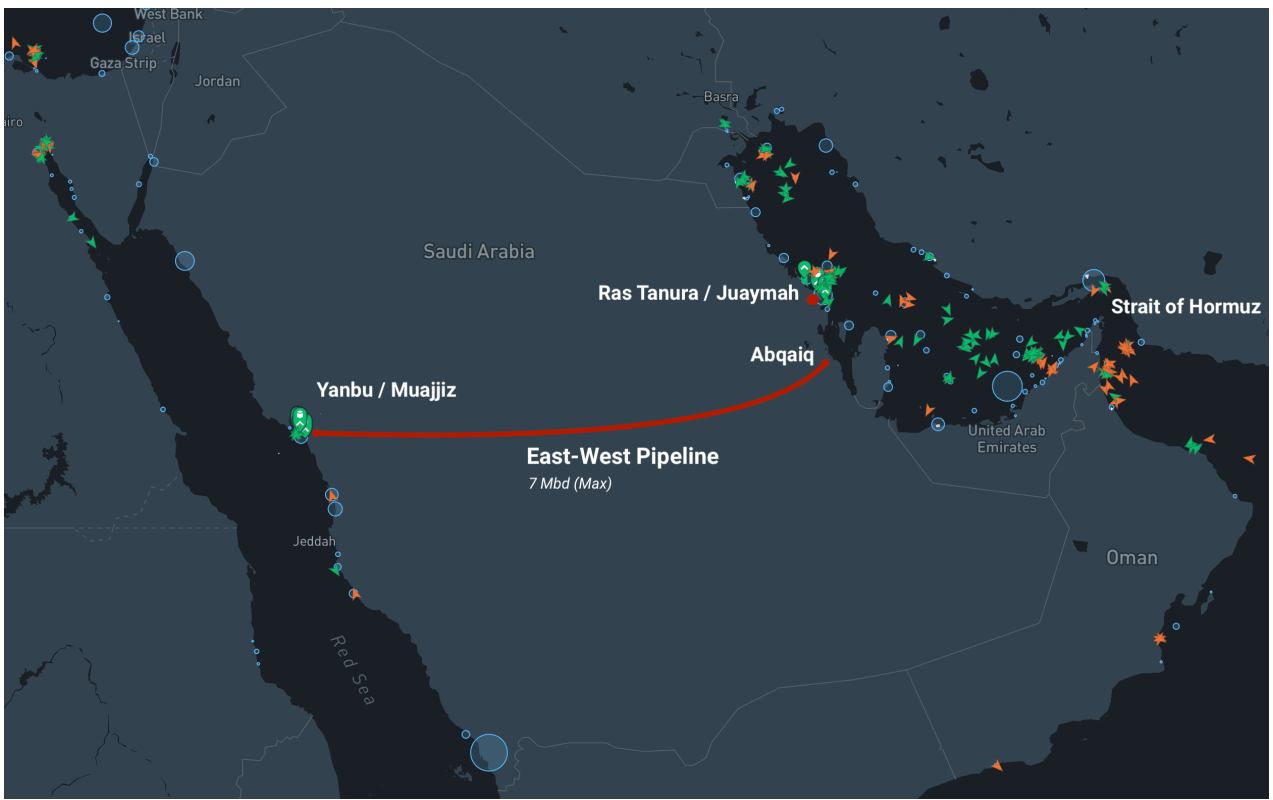
Source: Kpler

# The ability to bypass the Strait of Hormuz exists but remains limited

Iran's own Jask terminal is only partially built (300-500 kbd capacity) and only saw one test shipment so far

Saudi East-West Pipeline: 7 Mbd, utilisation rate 35%

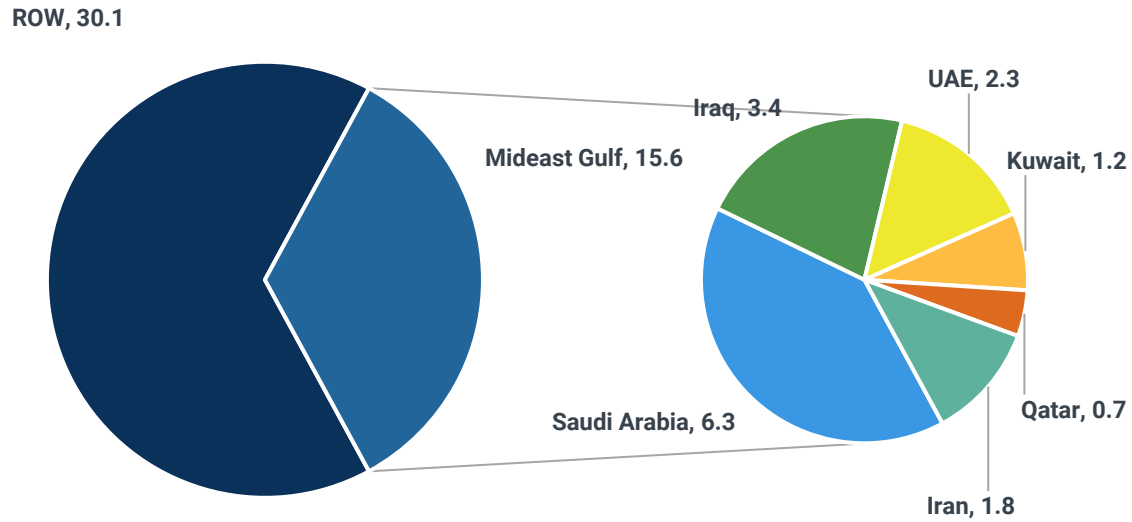
ADCOP pipeline: 1.5 to 1.8 Mbd, utilisation rate 75%



# A closure of the Strait of Hormuz puts ~8.1 mbd of crude flows at risk

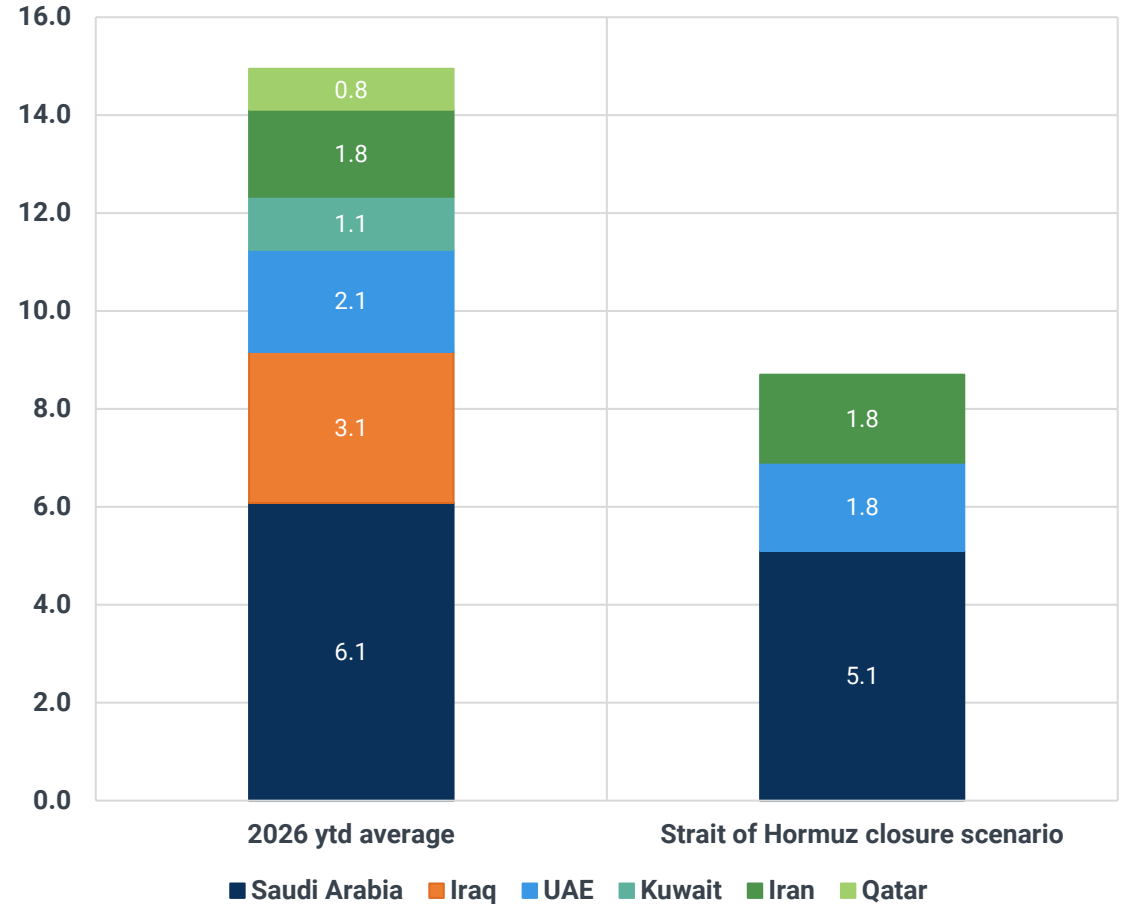
Nearly ~7 mbd of crude can be diverted via Aramco's East-West pipeline and ADNOC's ADCOP pipeline

### Global seaborne oil trade and share passing by the Strait of Hormuz, Mbd



Source: Kpler

### Crude flows impact, mbd

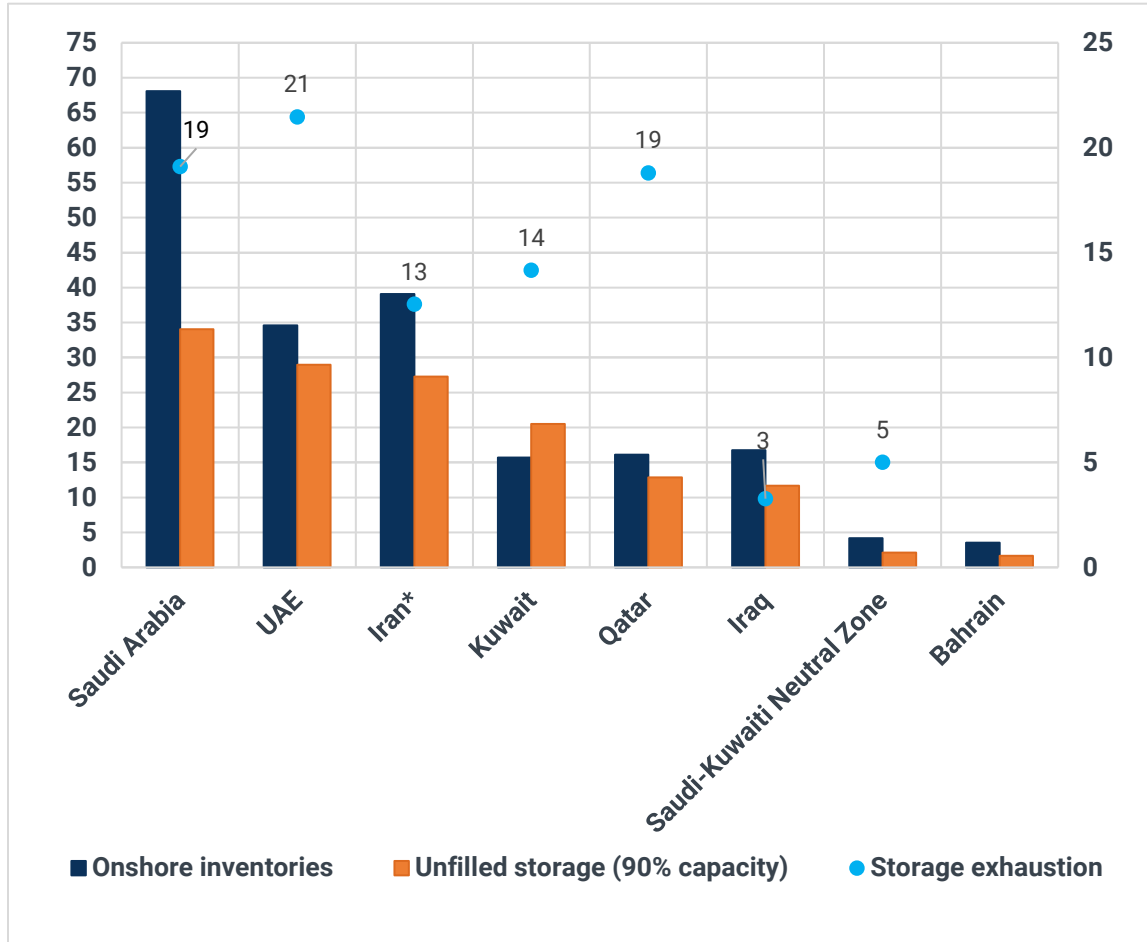


Source: Kpler

# If the strait remains closed, production cuts will intensify soon

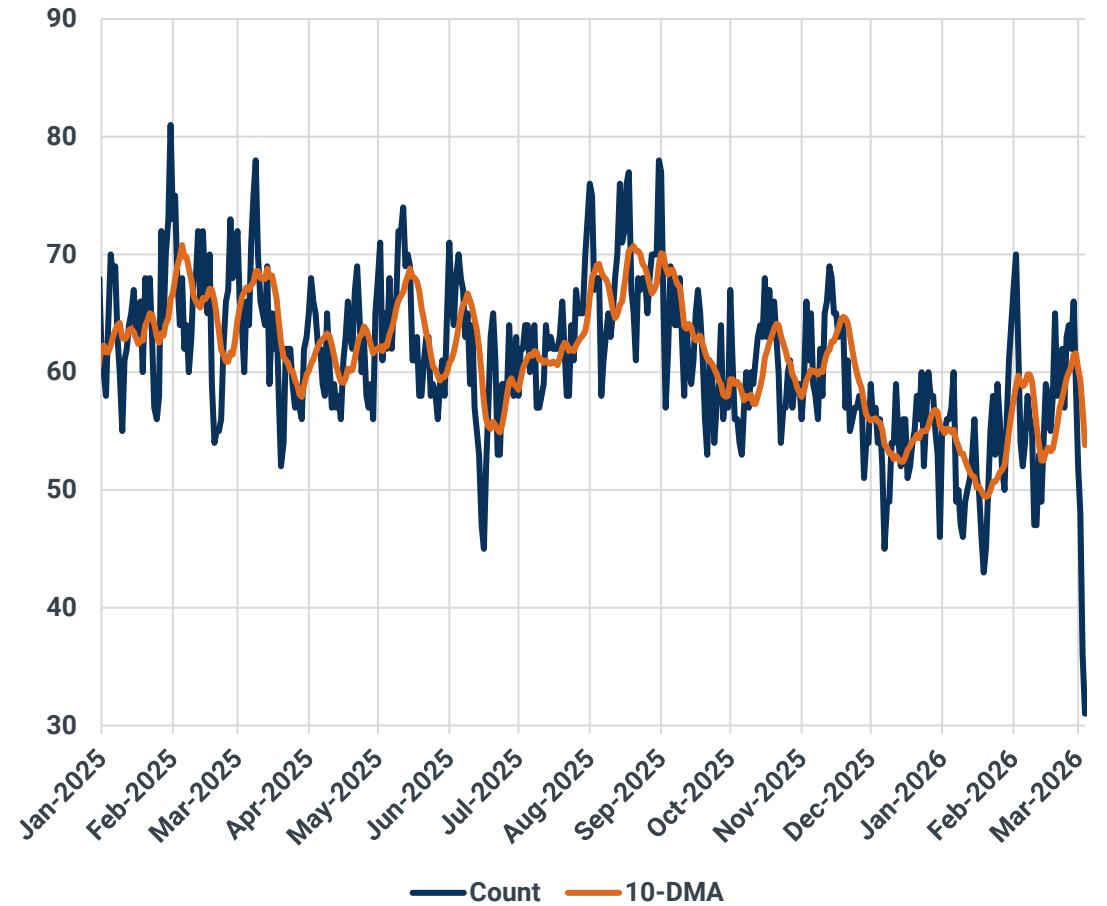
Iraq has already cut ~1.45 mbd due to limited storage capacity

### Mideast Gulf countries oil storage (mmbbls, LHS) and storage exhaustion (days, RHS)



Source: Kpler

### Ballast vessels in the Mideast Gulf, count

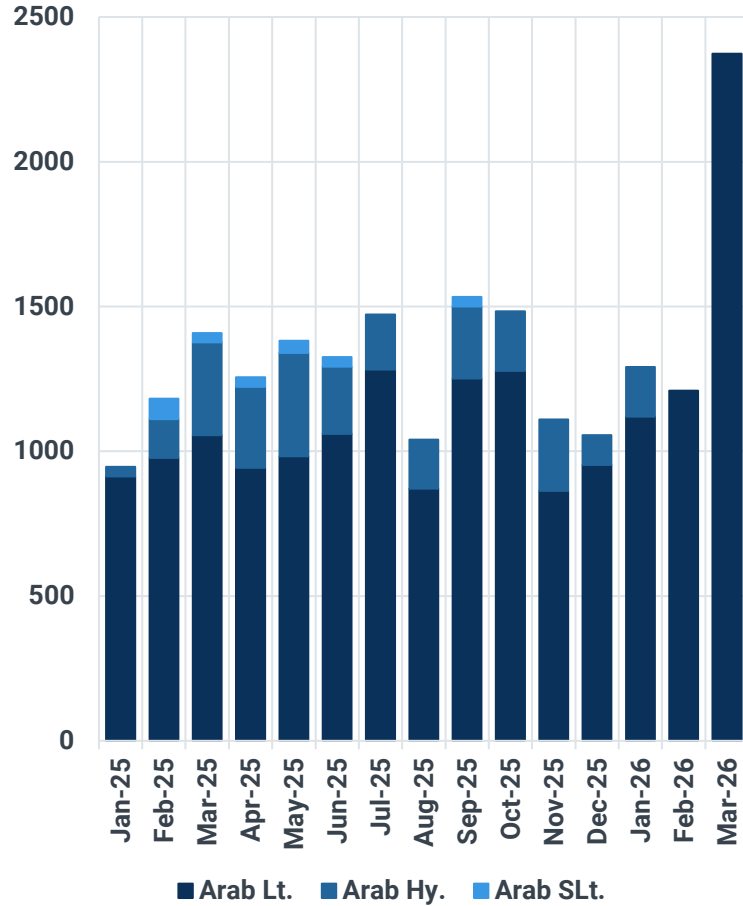


Source: Kpler

# First signs that oil is starting to bypass the Strait of Hormuz

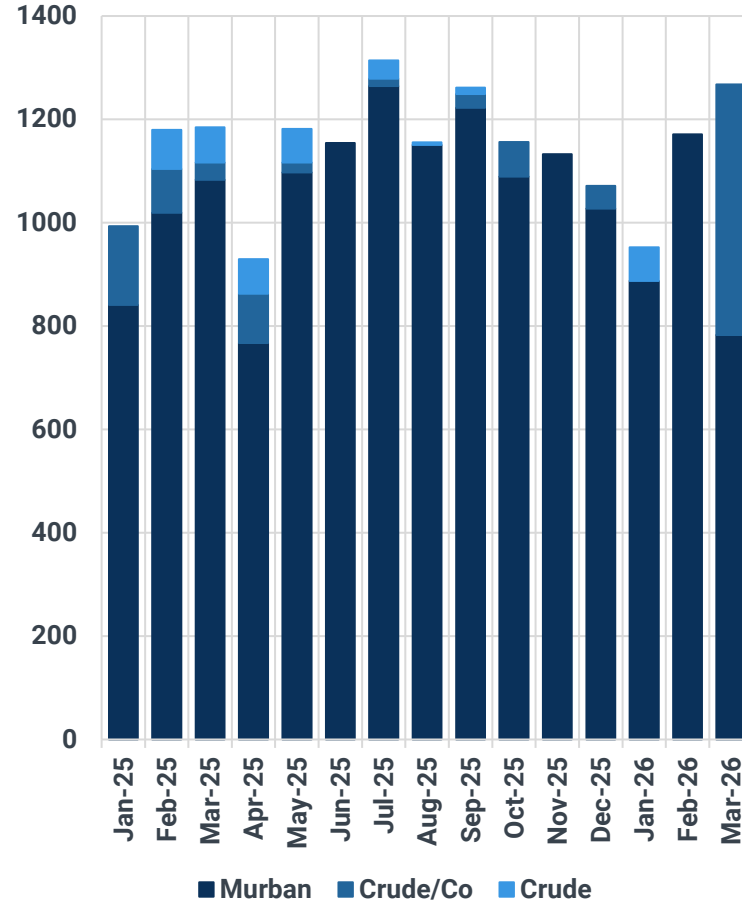
Some Iraqi Kurdish production has been cut

West Coast Saudi shipments, kbd



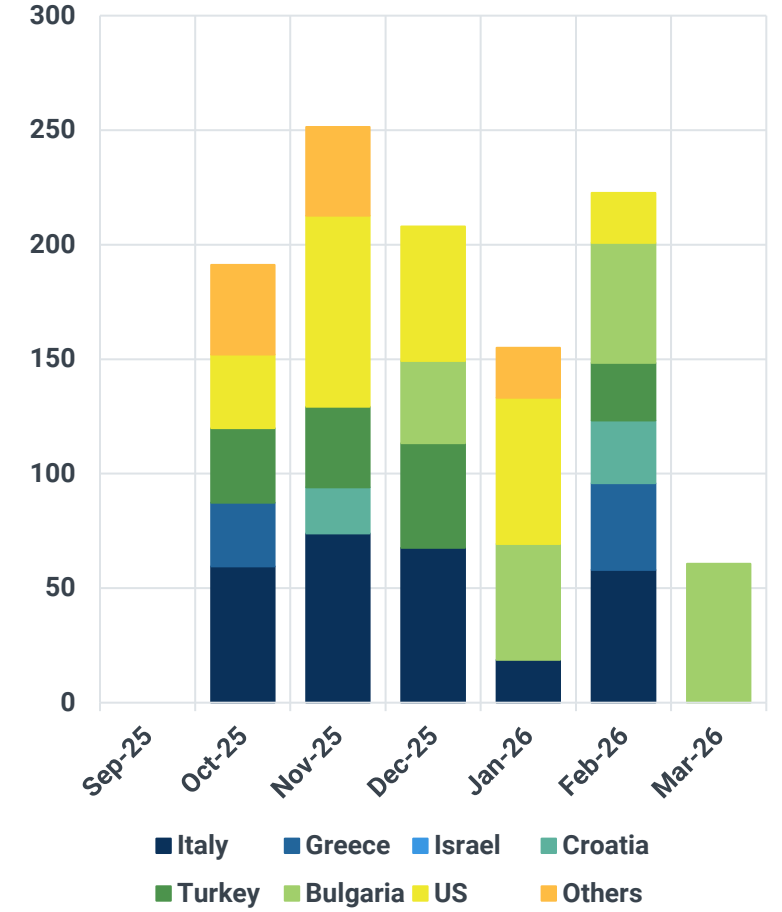
Source: Kpler

East Coast UAE exports, kbd



Source: Kpler

Northern Iraqi oil exports via Ceyhan, kbd

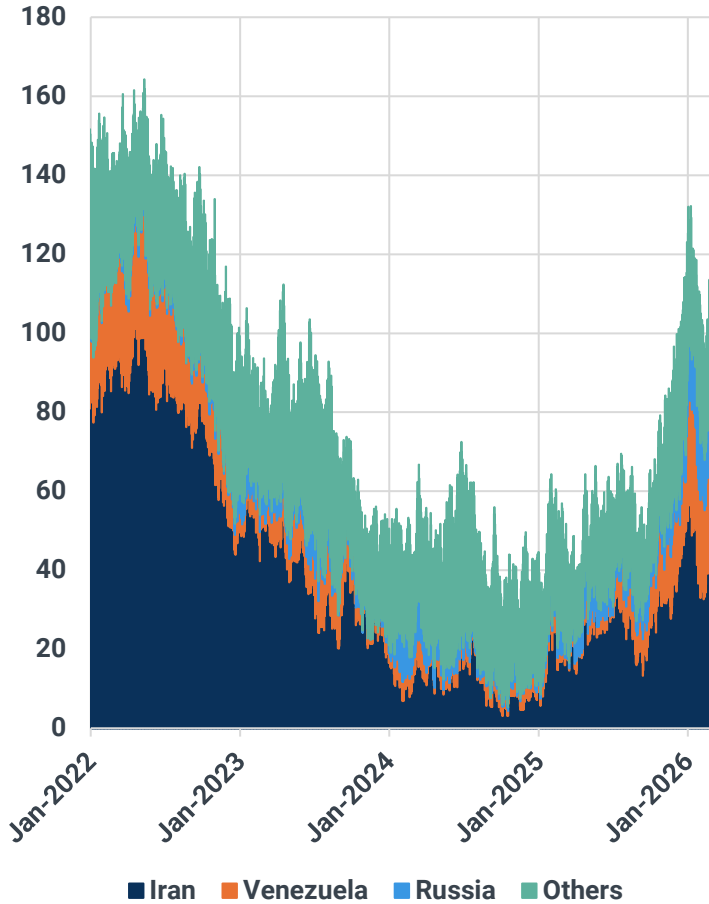


Source: Kpler

# Floating storage remains high, particularly for sanctioned crude

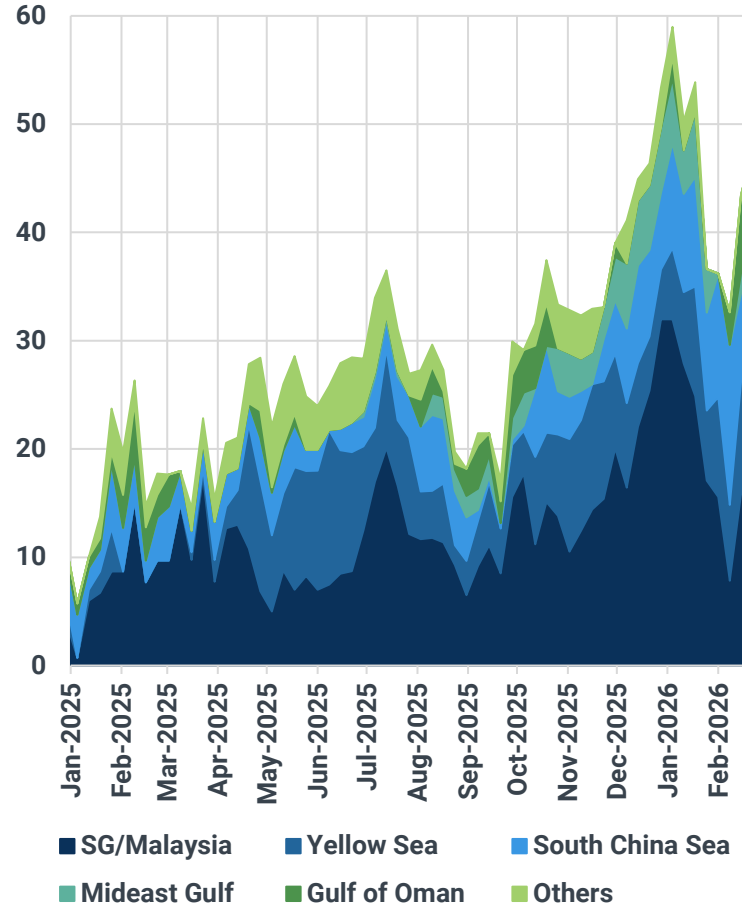
Floating storage drops near India but jumps near China

Total oil in floating storage, mbbbls



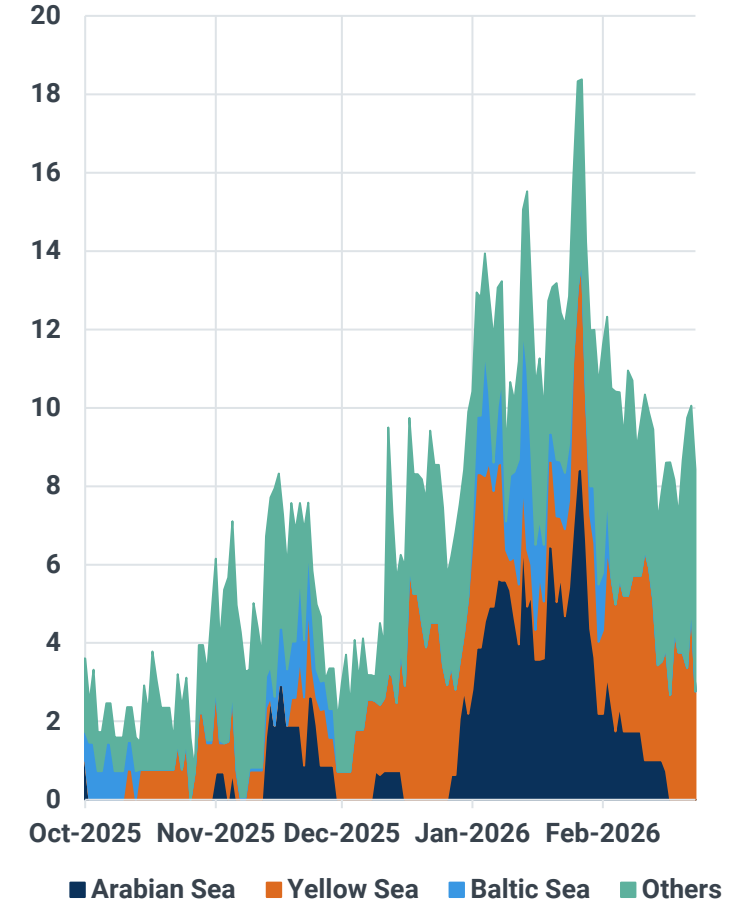
Source: Kpler

Iranian oil in floating storage, mbbbls



Source: Kpler

Russian oil in floating storage, mbbbls

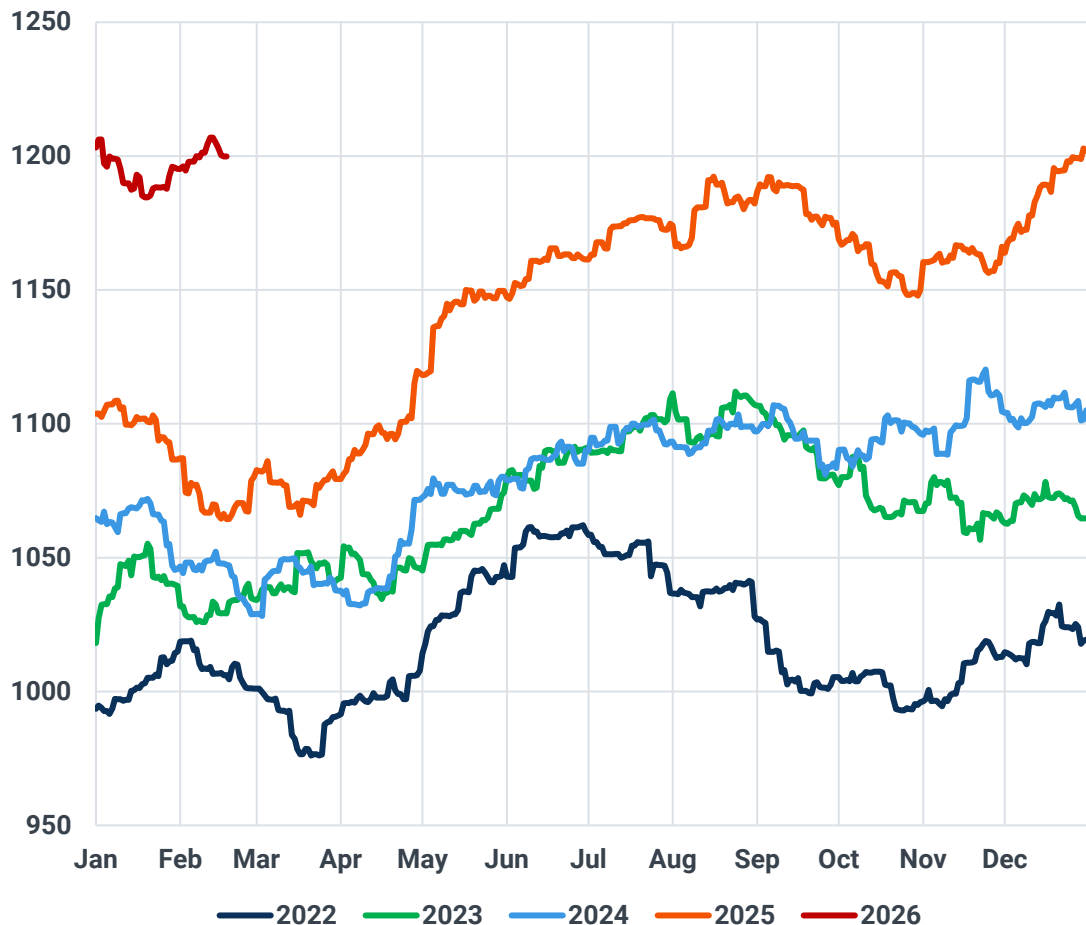


Source: Kpler

# China prepared accordingly to the new world order by building stocks

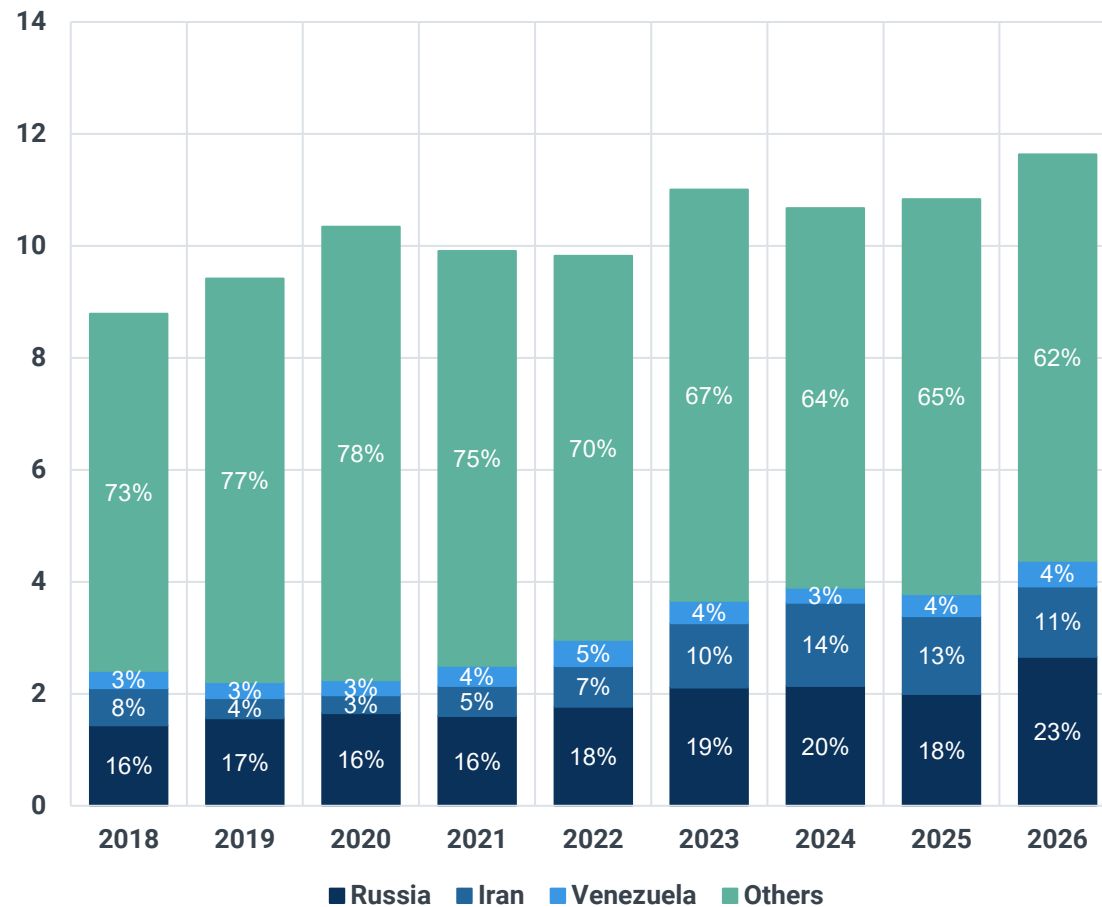
China is set to bring ~300 mmbbls of storage capacity online (94 mmbbls commercial and 200 mmbbls underground)

### China onshore oil inventories, mmbbls



Source: Kpler

### China oil imports by source, mbd

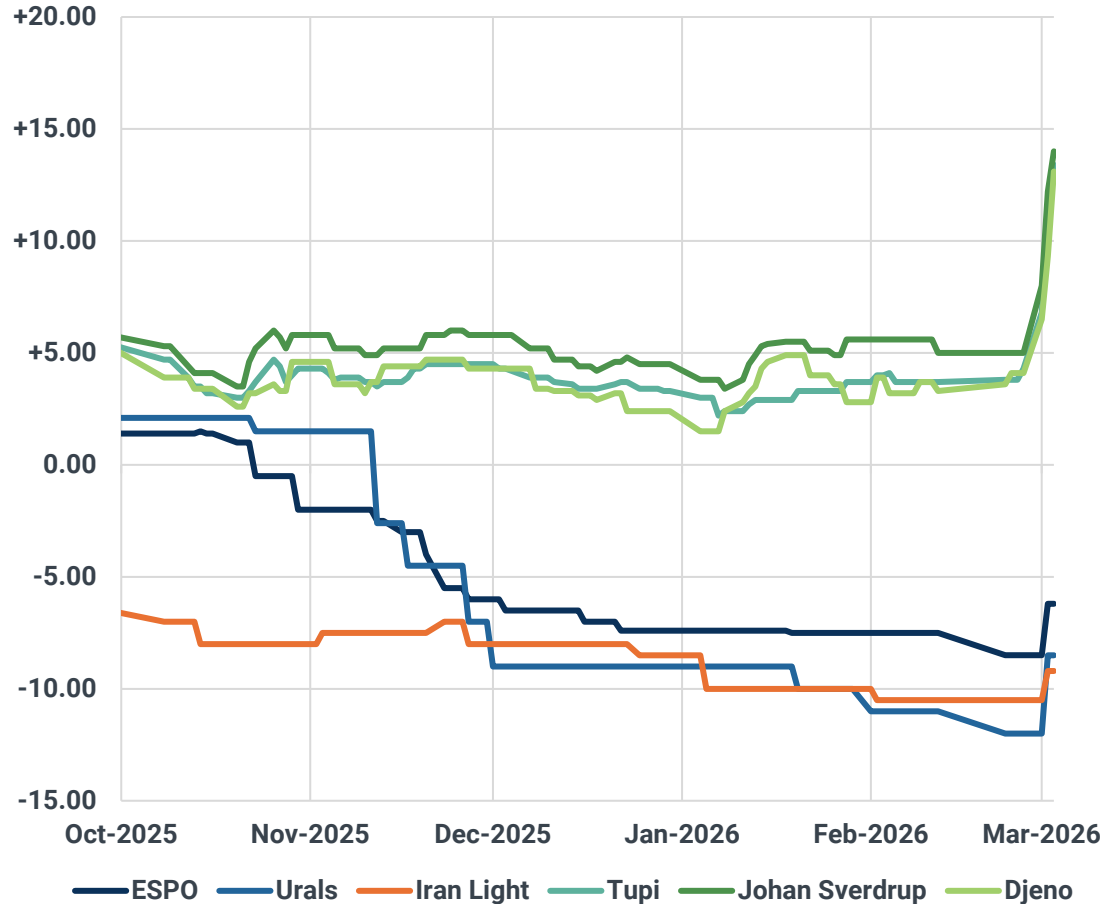


Source: Kpler

# High levels of sanctioned crude in Asia to limit physical market pressure

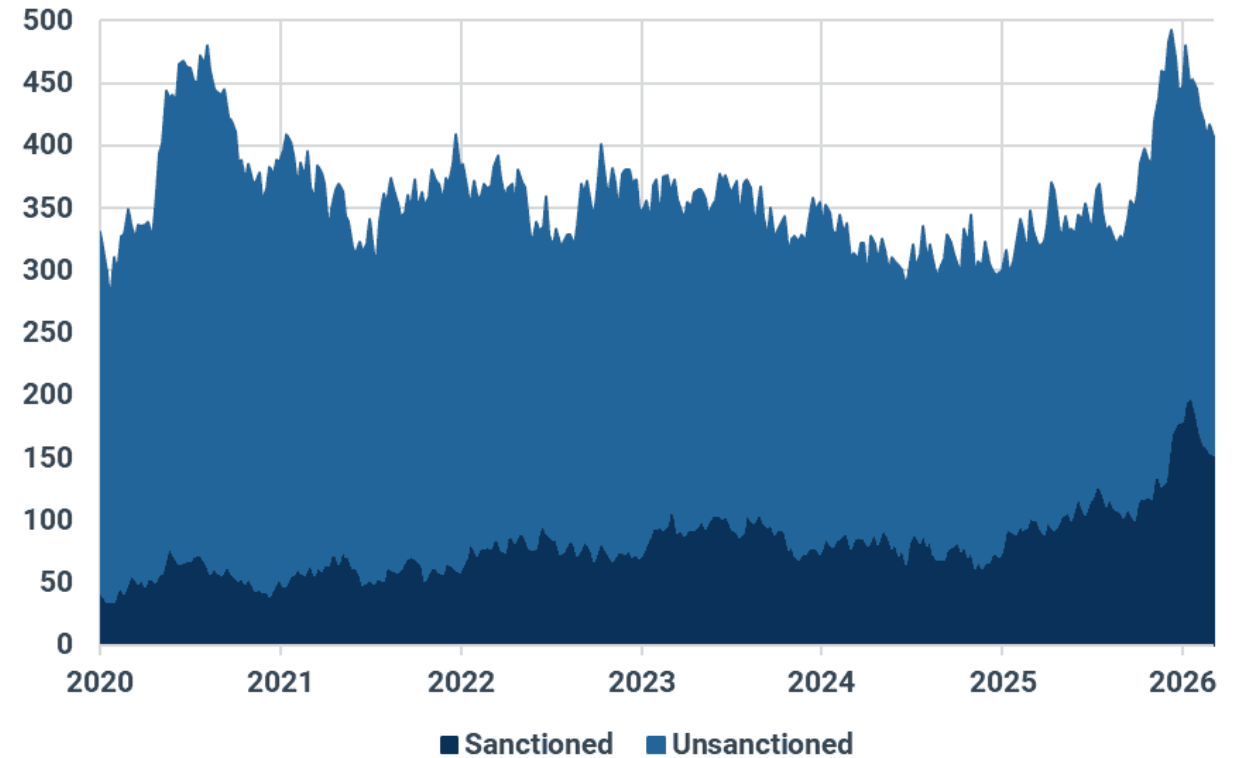
The US-India trade deal is bearish for Russia and Iran

### DES prices into Shandong against ICE Brent, \$/bbl



Source: Argus Media

### Crude and condensate on water in Asia-Pacific, mbbls

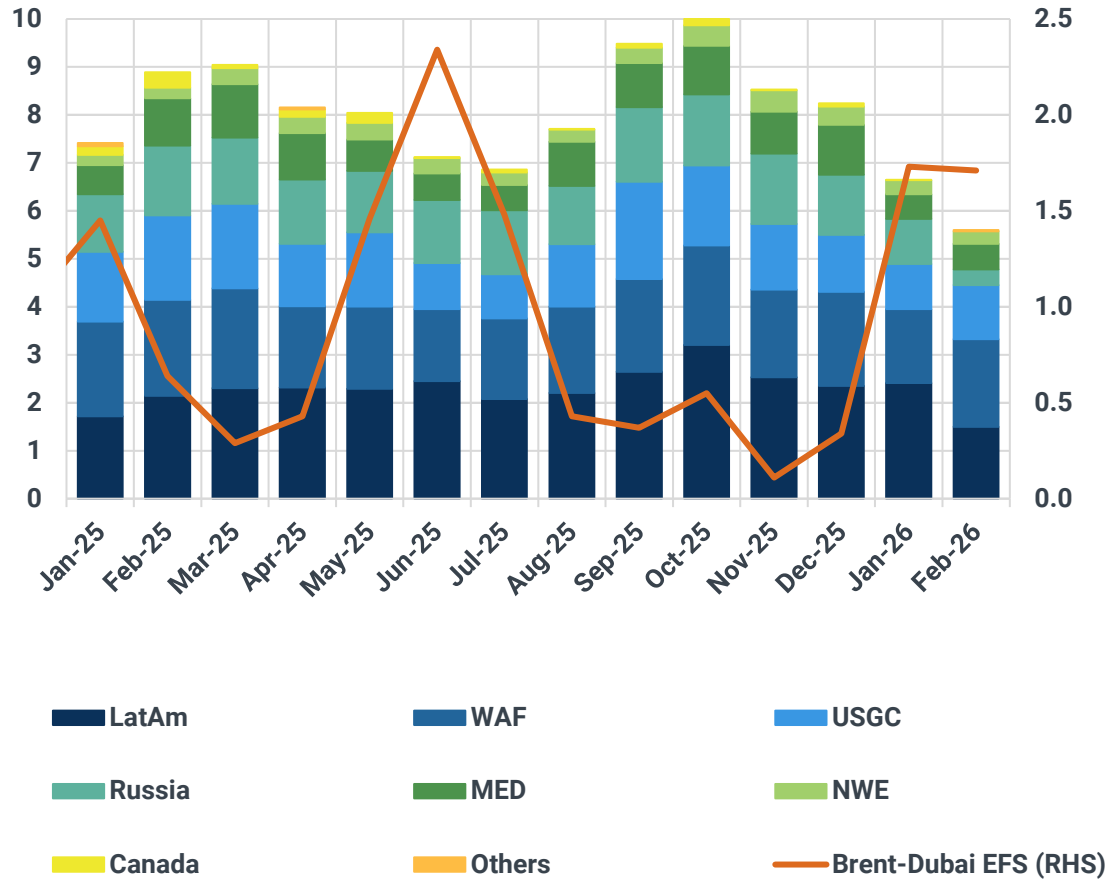


Source: Kpler

# A wide Brent-Dubai EFS and high freight rates close arbitrage barrels

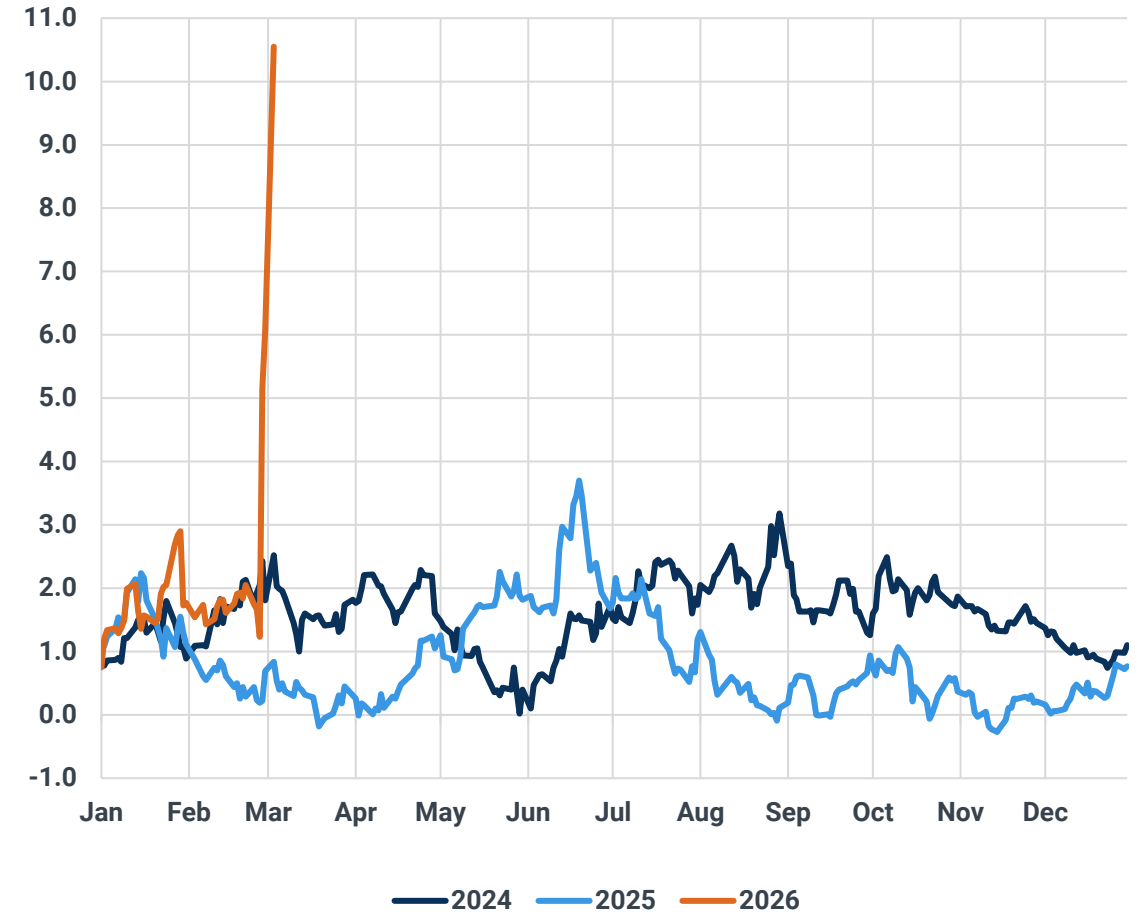
West to East flows plummet 6 mbd, to the lowest since September 2021

### WoS to EoS flows, mbd and Brent-Dubai EFS spread (RHS, \$/bbl)



Source: Kpler

### Brent-Dubai EFS spread, \$/bbl

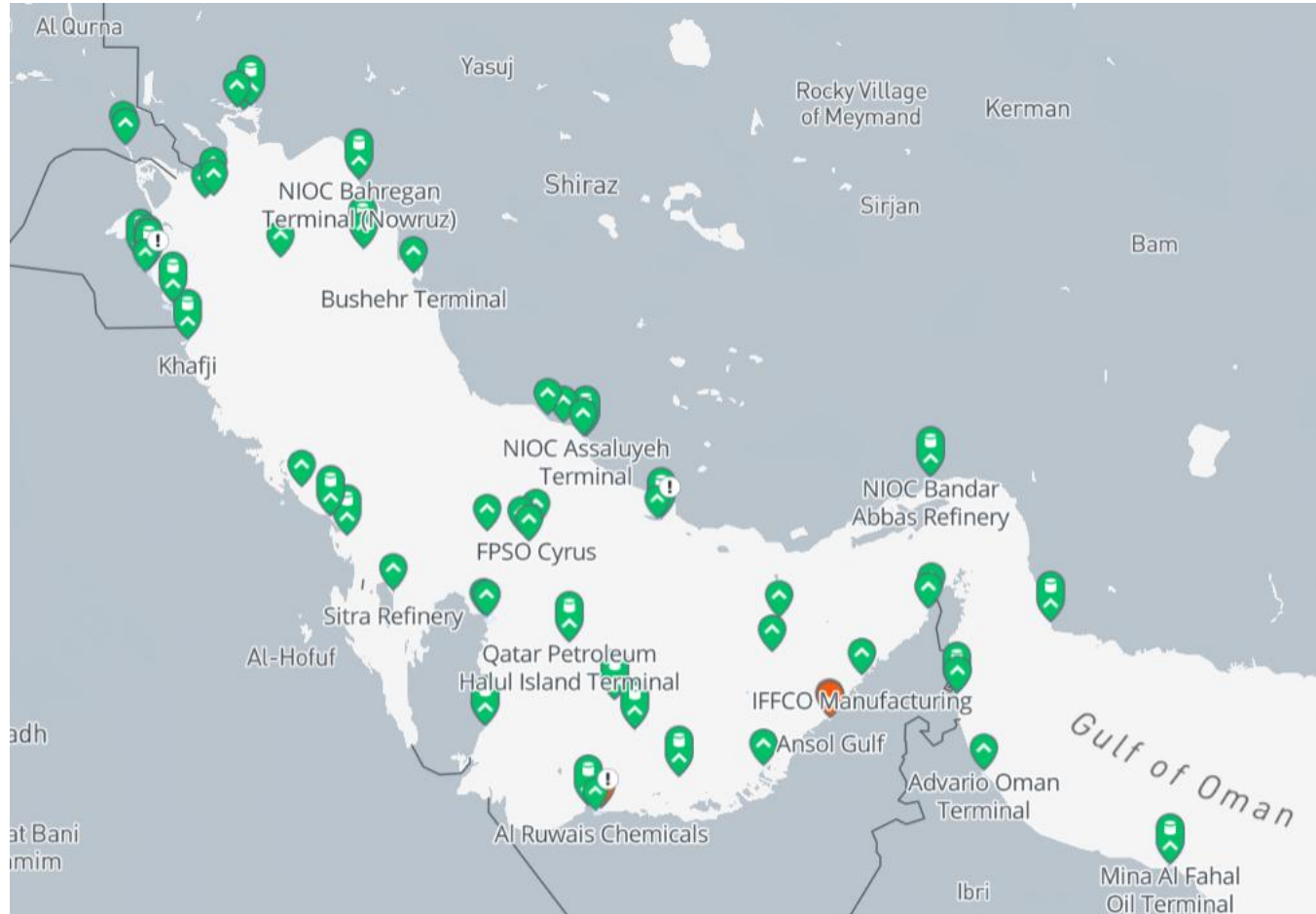


Source: Argus Media

# No shortage of installations to be targeted by Iran

Before the war, Iran an estimated ballistic missiles stockpile of ~3,000

## Middle East oil and gas export infrastructure map



Source: Kpler, Mapbox

**Thank you!**

