

# LNG Winter Outlook 2026-27

*Executive summary*

LSEG Commodities Research

Natural Gas and LNG

## LNG Winter Outlook 2026-27: Conflict leaves Europe short

Winter 2026-27 comes after a summer that, in the global gas market, will be remembered mostly for the Middle East conflict and hot weather across key demand markets in Asia and Europe. This weaker supply and stronger power gas demand have driven considerable demand displacement across other key demand segments, such as industrial consumption, as well as provided ample incentive to boost output from liquefaction capacity outside of the Arabian Gulf. Even with new liquefaction capacity further helping to address the severe drop in Qatari and UAE exports, the supply gap has not been closed.

The deficit is seen most acutely in European underground gas stocks. The region ended last winter with stocks at their lowest since the start of summer 2018 but is set to enter winter 2026-27 with inventories at their lowest since 2013 when the region's working storage capacity was 100TWh less than presently—even failing to meet levels seen at the start of winter in 2021.

The Middle East conflict continues, however, weighing heavily on global LNG supply. Even with an exceptionally mild weather outlook for both Europe and Asia, the weak potential for an immediate resolution to the conflict leaves the global LNG market still in deficit. In particular, Europe will have to compete strongly for Atlantic LNG supply to avoid the risk of physical shortage late in the season.

### Forecast overview and market regime

The greatest variable for this winter, much as has been the case through summer, is if and when LNG shipping through the Strait of Hormuz could start to return to some form of normality.

This report relies on two scenarios for the transit restart. The 'base' scenario envisages the start of a return to normal transit in January 2027, with the full return achieved by late March considering the time required for liquefaction capacity to restart and ramp up to run-rate levels as well as to move shipping to the Arabian Gulf. This report also uses a 'prolonged' scenario which delays the restart and ramp-up process by three months—starting in April and returning to normal transit by late June.

Global LNG supply this winter under the base scenario is forecast at 301bcm, down from 313bcm over the previous winter, as additional supply outside of the Middle East is unable to fully offset the reduction in Middle East supply on the year. Under the prolonged scenario, global supply this winter drops to 291bcm with loadings in the following summer also reduced.

Under both scenarios, the tighter LNG supply this winter combined with Europe's low underground gas inventories is set to drive considerable demand displacement—primarily in Asia but also in Europe—as European buyers will have to bid up and compete for additional supply.

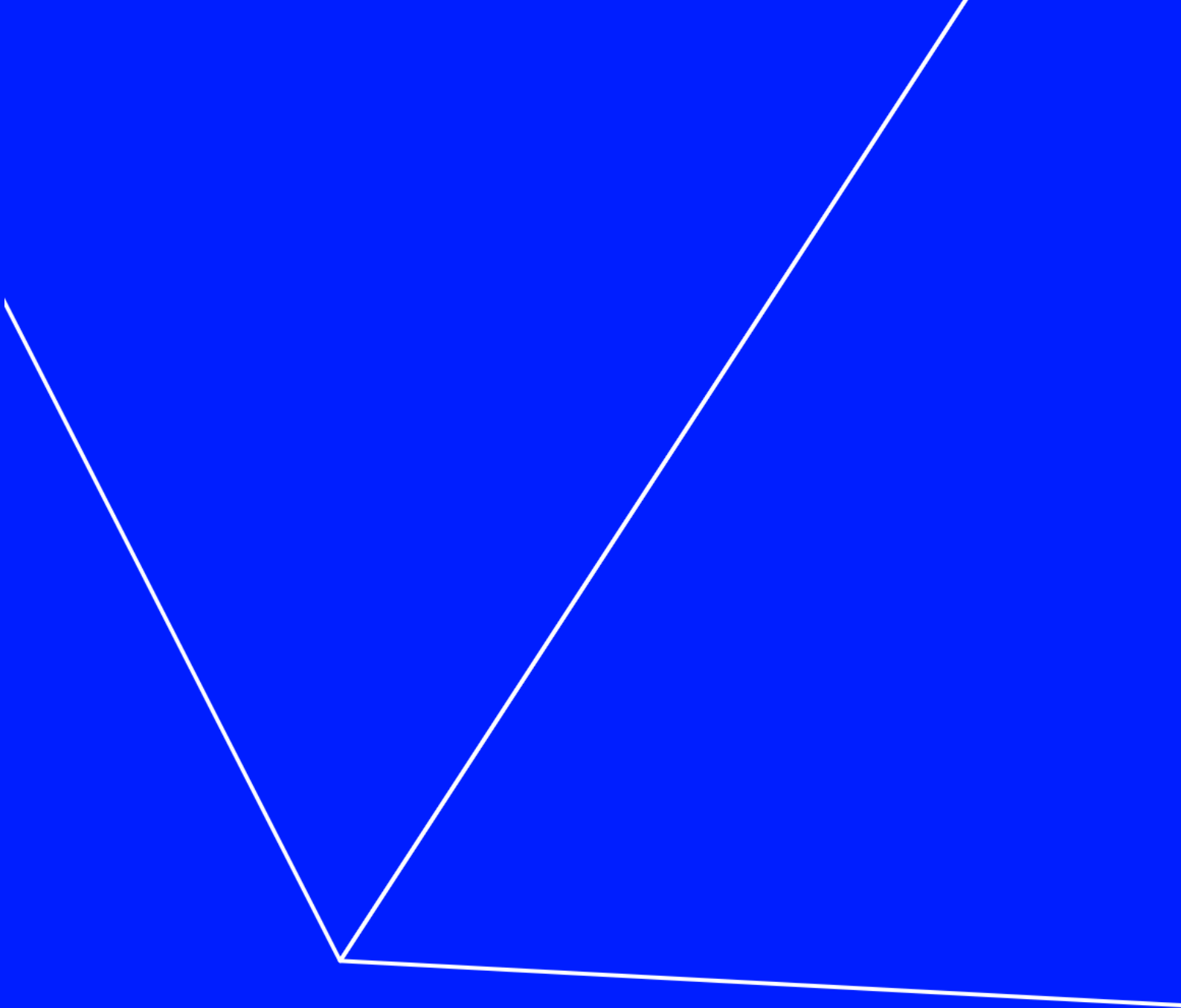
To keep Northwest European (NWE) underground gas inventories at around 20% of working capacity by the end of winter and avoid the risk of physical shortage in the closing weeks of the season, demand would need to be cut. But with limited short-term demand flexibility within Europe, the demand reduction would have to fall on in Asia. Under the base scenario, global demand outside of NWE will have to fall to 247bcm, from 265bcm during last winter. In turn, this would leave NWE receiving 47.2bcm over the season, down from 49.8bcm.

Under the prolonged scenario, however, demand outside of NWE would have to fall further to 239bcm to maintain NWE deliveries that avoid the risk of physical shortage by March. The rest of the supply shortfall would be seen in the second quarter of 2027, both to Asia and to Europe where weaker early summer storage injections help to absorb some of the deficit.

Global prices have already begun to rally in recent weeks, largely in recognition of the strong likelihood for a substantial winter deficit. To achieve the base scenario's required further demand reduction of around 10-11bcm across winter from demand anticipated price points in late August of low-to-mid \$20s/MMBtu, delivered LNG prices in Asia would likely have to rise further and near the low-to-mid \$30s/MMBtu, with NWE delivered prices having to hold close to these levels to keep Atlantic cargoes within the basin.

To achieve the prolonged scenario's required Asian winter demand displacement of a further 8-10bcm, prices would have to rise much further and could approach \$50/MMBtu, to further displace industrial demand and push more on industrial production hiatuses. That said, such levels could also drive rationing policies within Europe that could limit the need for Asian demand displacement over late winter, and the timing of price rallies—earlier or later within the season—will also dictate how effectively demand can be displaced at certain price points.

A return to normal Hormuz transits earlier than envisaged in the base scenario would cut the LNG market's winter deficit, requiring less demand displacement in Asia and thereby lower pricing. A revision by one month earlier, i.e. starting in December and reaching normal levels by late February, would add around 6.5bcm to the global balance, suggesting prices would likely need to hold closer to \$30/MMBtu for the market to balance.



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