



Media Release

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ANZ forecasts Australia will rival Qatar as world's biggest LNG exporter by 2018

- LNG to overtake iron ore as key export driver on surging Asian demand -**
- Australian households & manufacturers may face rising gas prices -**

Australia's LNG exports could triple within five years to an annual value of over AUD50 billion by 2020 as production from new fields comes on stream, lifting GDP growth and restoring a positive balance of trade, according to a new ANZ study published today.

The report '*Australia's Gas Industry: When Markets Collide*' predicts rising international gas prices over this period due to increasing LNG usage in Asia, which ANZ estimates could grow by over 40% in the next decade on rising clean energy demand and consumption increases.

ANZ expects LNG will overtake iron ore as the key driver in Australia's exports by the end of 2016, with significant long-lasting benefits for the Australian economy including higher taxation receipts, petroleum resource rent taxes and state royalties. Australian shareholders will also benefit from higher dividend payments from LNG companies.

The report also highlights that ambitious export commitments from new projects could strain domestic supply. Current low LNG prices and regulatory concerns around coal seam gas are curbing the development of additional capacity, potentially exacerbating a supply shortage. If supply issues are not addressed, there is a risk of Australian wholesale prices doubling in the next two years which would add an average 30% to household gas bills.

Australian manufacturers will also be impacted by increased gas prices, especially in the chemicals and metals industries. Without mitigation strategies in place, aggregate profitability of heavy gas consumers could drop by 20%, with return on equity halved.

Report highlights:

- Australia will rival Qatar as the world's largest LNG exporter by 2018, with annual exports tripling in value from AUD18bn in 2014 to over AUD50bn by 2020.
- LNG will overtake iron ore as the key driver of Australia's export growth by end of 2016.
- Asian LNG usage expected to grow 40% in next decade, driven by clean energy demand
- Australian wholesale gas prices could almost double, due to strain on domestic supply.
- Over USD200bn of investment in Australian LNG projects since 2010 has already seen capacity more than double in last 10 years.

ANZ Chief Economist Warren Hogan said: "Fast growing Australian LNG exports will have significant benefits for the Australian economy. However the gas market is set for a dramatic shake-up, with international forces likely to drive domestic prices higher. This will inevitably impact consumers and gas reliant manufacturers."

An abridged copy of the report is available at www.indepth.anz.com

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