

## US Natural Gas Exports Surge in 2023, Led by LNG, in Meeting Global Demand

- \* **Producer resiliency.**
- \* **Innovation, technology play a big role.**
- \* **Current price level at Fair Value, estimates for Nov23/Mar24 Winter Season.**

### Connecting the Dots...

The stats are in for the first half of 2023, with the US exporting more natural gas than ever before. Natural gas exports surged, averaging 20.4 billion cubic feet per day (Bcf/d), marking a 4% increase (0.8 Bcf/d) compared to the same period in 2022. This growth was driven by both liquefied natural gas (LNG) exports and natural gas pipeline exports. LNG played a pivotal role in this record-breaking achievement as the US emerges as the world's leading LNG exporting country, with 1H23 movements averaging 11.6 Bcf/d. Despite some fluctuations in May and June, these figures represented a 4% increase (0.5 Bcf/d) compared to 1H22.

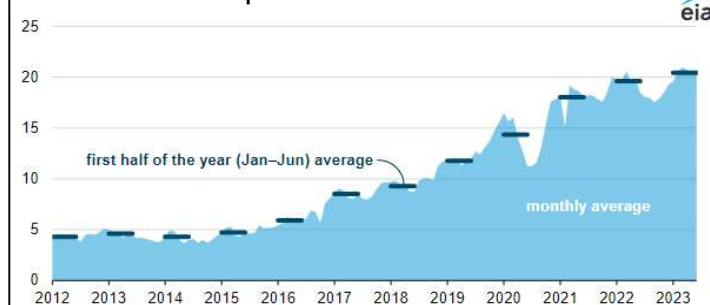
On the pipeline front, natural gas exports to Canada and Mexico also contributed significantly to the overall increase. In 1H23, these exports rose by 4% (0.3 Bcf/d) compared to the previous year, reaching an average of 8.8 Bcf/d. These exports, especially to Mexico, were instrumental in achieving record-high natural gas exports. Notably, US natural gas exports by pipeline to Mexico reached a monthly peak of 6.8 Bcf/d in June and constituted approximately 66% of total U.S. pipeline exports in the first half of the year. Mexico's rising demand for natural gas, particularly for its electric power sector, drove this surge in pipeline exports. Natural gas exports from West Texas to Mexico have been steadily increasing since 2019, as additional connecting pipelines in Central and Southwest Mexico came into service.

While the US is now a net exporter of natural gas, it still imports natural gas, primarily through pipelines. However, in 1H23, U.S. natural gas imports by pipeline, mainly from Canada, decreased by 5% (0.4 Bcf/d) compared to 1H22, totaling 7.9 Bcf/d. Several factors contributed to this decline, including a mild winter and disruptions caused by wildfires in Western Canada, which impacted natural gas deliveries to the U.S. LNG imports to the U.S. remained minimal, averaging less than 0.1 Bcf/d in 1H23. These imports primarily cater to the New England market, serving as a supplementary source during periods of high demand, especially in winter. However, warmer-than-average temperatures in the Northeast in the first quarter of 2023 resulted in lower LNG imports compared to the previous year.

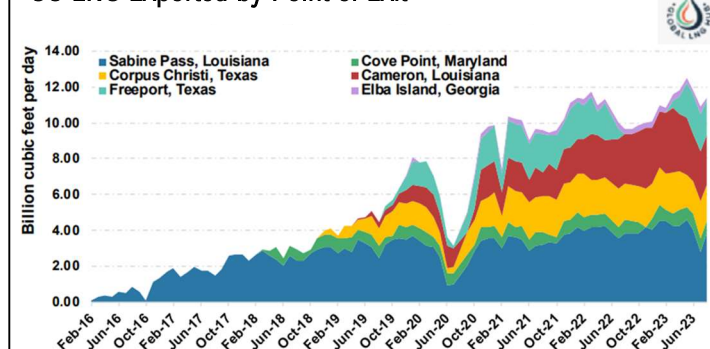
### Market Impact...

E\*Comdt believes that the growth of U.S. LNG exports will have a continued and growing effect on the NG futures curve. As LNG exports increase, domestic gas demand rises, leading to potential supply constraints and increased price volatility. This volatility is reflected in the futures curve: prices drop into the low-\$3/MMBtu range in early 2024 before rising again to \$3.50 in mid-summer, and potentially peaking around \$4.50 at the beginning of 2025. These fluctuations are tied to the anticipated online dates of additional Gulf Coast LNG terminals and the projected growth in dry gas production. Remember that by the decade's end, a quarter of U.S. natural gas demand could come from Gulf Coast and Mexican LNG projects, alone.

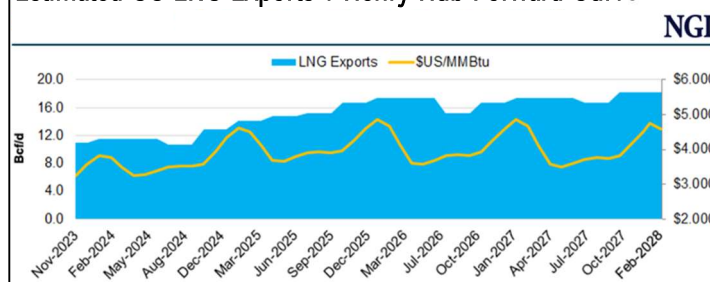
### Gross US Natural Exports - BCFD



### US LNG Exported by Point of Exit



### Estimated US LNG Exports v Henry Hub Forward Curve



Thursday,  
Oct 19<sup>th</sup>,  
2023

For more information on this report, contact the  
**ECRA Energy Team**  
[analysts@ecomdt.com](mailto:analysts@ecomdt.com)

The Energy Market Discussion series is sent to ECRA clients to provide an integrated view of political, fundamental, market & environmental factors impacting the energy sector.

