

NEWS

Contact: Daphne.Magnuson@ngsa.org (202) 631-0625
Hinson.Peters@ngsa.org (703) 964-6990



NGSA Winter Natural Gas Outlook: Economic Growth, Storage and Thriving Exports to Place Upward Pressure on Natural Gas

Washington, D.C. –Natural gas demand and production are both projected to grow this winter, due primarily to the recovering U.S. economy and global commodity market, the Natural Gas Supply Association (NGSA) said today in its 21st annual *Winter Outlook* forecast of the wholesale winter natural gas market.

“The fundamentals in NGSA’s Outlook show strong demand for natural gas at home and globally,” said David Attwood, Chairman of NGSA and Vice President of the Americas, Global Gas Optimization & Trading at ExxonMobil.

The NGSA *2021-2022 Winter Outlook for Natural Gas* predicts that a combination of strong economic growth, growing demand for natural gas, resurgent production, and decreased storage inventory is expected to result in upward pressure on natural gas prices compared to last winter’s average of \$3.09 per MMBtu at the Henry Hub. Winter is defined as November through March, the industry’s traditional heating season.

“NGSA forecasts production to provide a steady response to increased demand for natural gas and LNG this winter. Natural gas offers the opportunity of a cleaner energy future that is affordable, accessible and can help grow local economies all while helping to reduce global emissions,” Attwood said.

Key Demand Factors 2021-2022: Export, Industrial Growth

In total, the NGSA *Outlook* projects customer demand to reach 111.9 Bcf/day this winter, slightly higher than last winter’s 110.9 Bcf/d.

Export customers: Growth in LNG exports (+16%) and pipeline exports to Mexico (+18%) are expected, pushing them to new records and a combined increase of 2.7 Bcf/day in U.S. exports compared to last winter.

Domestic customers: The *Outlook* forecasts domestic demand of 86.5 Bcf/day from the electric, industrial and residential/commercial sectors combined this winter, a combined decrease of 1.4 Bcf/day compared to last winter. Sector breakdown below:

- **Electric growth.** Slight decrease of 2 Bcf/day due to the *Outlook’s* projection for less temporary “economic” switching to natural gas-fired electricity this winter. However continued growth in new “structural” natural gas-fired electricity is expected with the addition of 10 Gigawatts of new natural gas-fired capacity in 2021-2022 due to lower-emissions goals.
- **Industrial growth.** Expected to grow 1 Bcf/day primarily due to strengthening industrial activity and improved utilization rates of facilities this winter. New builds and capacity expansions in the natural gas-intensive petrochemical and fertilizer industries continue to contribute to the industrial demand. NGSA said 22 major gas-intensive projects are planned from 2021 to 2024, consuming an estimated average 1 Bcf/day more of natural gas by 2024.
- **Residential/commercial growth.** The National Oceanic and Atmospheric Administration’s (NOAA) forecast for a winter that is very similar (1 percent colder) to last winter is expected to cause residential/commercial demand to stay the same as last winter.

[Key Supply Factors 2021-2022 –Production Rebound, Less Storage](#)

In total, the NGSAs *Outlook* projects natural gas supply (production, storage, Canadian pipeline, and LNG imports) to average just over 99 Bcf/day this winter. The *Outlook* projects that production of natural gas will be 4 percent (3.7 Bcf/day) higher than last winter, reflecting a growing rig count and completion rate of wells, with non-associated gas contributing significantly to production.

Attwood said, “With a 40 percent increase in production since 2013, the shale revolution has ushered in a remarkable era, with ongoing improvements and efficiencies keeping supply flowing. It has benefited customers with stable, low prices, and enabled reductions in carbon emissions to reach a 15-year low. Natural gas producers are working to do even more to support a low-emissions energy future that is affordable for all.”

In brief, NGSAs analysis of individual supply and demand factors showed:

Economy –Expected GDP growth of 10 percent. *Upward pressure.*

Weather –Anticipated 1 percent colder than last winter. *Neutral pressure.*

Overall Demand – Customer demand projected to average 111.9 Bcf/day, a 1 percent increase winter-over-winter, primarily in the **export sector and industrial sector**. *Neutral pressure.*

Supply – Production is expected to increase by 4 percent. *Downward pressure.*

Storage – Expectation to enter winter 3 percent below the 5-year average with 3.6 Tcf of gas in storage, considerably less than last winter’s 4.0 Bcf levels. *Upward pressure.*

NGSA used data from Energy Ventures Analysis and the Energy Information Administration for its demand and supply projections and Moody’s Analytics, Bureau of Labor Statistics, the University of Michigan, and Energy Ventures Analysis for its economic projections. **The NGSAs analysis is based on publicly reported data; the association does not project actual price figures for wholesale or retail markets.**

NGSA said that utilities and industrial customers can use tools and strategies to help build a diverse and stable natural gas supply portfolio that balances daily spot market, short-term and longer-term contracts to help mitigate exposure to daily spot market price changes. Spot market prices represent a small percentage of the overall volumes of natural gas being bought and/or sold, NGSAs said.

For more information, please see [NGSAs 2021-22 Winter Outlook PowerPoint presentation](#) and the [EVA Executive Summary](#) at www.ngsa.org.

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The Natural Gas Supply Association (NGSA) represents integrated and independent companies that supply natural gas. Founded in 1965, NGSAs is the only national trade association that solely focuses on producer-marketer issues related to the downstream natural gas industry. NGSAs advocates for well-functioning markets that foster a growing, competitive market for natural gas. NGSAs is dedicated to achieving a cleaner future through strong partnerships with renewables and supporting innovative technologies and market solutions that reduce emissions. For more information, please visit www.ngsa.org.

Markets Matter: Representing Americas Major Producers and Suppliers of Natural Gas Since 1965