



# U.S. Natural Gas Outlook through 2020: Demand Is the New Captain of the Ship

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## Key Points:

- *Going forward, significant demand growth will usher in a new era for domestic natural gas markets – one that is defined by the growing influence of international markets as the U.S. becomes a net exporter of natural gas.*
- *Over the next five years, demand for natural gas is expected to grow about 25 percent, with over half of the growth coming from exports.*
- *Despite the substantial growth in the nation’s natural gas demand projected for the next five years, natural gas prices are likely to be little changed from current low levels and should remain well below \$5 per MMBtu.*
- *Texas and the Gulf Coast will remain the nation’s epicenter of natural gas consumption, due to new LNG export facilities, growing pipeline exports to Mexico, increased gas-fired power generation, and an expanding petrochemical industry.*
- *The Northeast will account for roughly 32 percent of total U.S. natural gas production by 2020, making it the single largest supply source in the country.*
- *For now, Northeast gas producers remain constrained by insufficient pipeline capacity to transport their gas to other parts of the country, especially Texas and the Gulf Coast.*
- *As a result of the pipeline capacity constraints, the regional gas glut in the Northeast will remain in place until late 2017 or early 2018, and Northeast regional prices will remain decoupled from the Henry Hub until then.*
- *Going forward, the nation’s power generators will likely be operating in an environment defined by greater natural gas price volatility, in terms of both frequency and magnitude.*