

# U.S. natural gas price vagaries

(19 January 2023)

1. An interesting phenomenon is that U.S. natural gas prices have recently dropped to their lowest levels since 2021, at \$3.11 per MMBTU today. See chart below.
2. Prices dropped despite severe cold weather in the U.S..
3. For comparison, European gas prices have dropped to about \$36 per MMBTU, from a high in September 2022 of \$70. Deduct about \$4 for liquefaction and transportation to find the equivalent U.S. export price of \$32, still ten times higher than domestic prices.
4. The peaks of last August at nearly \$10 in the U.S., which were related to a sudden increased demand from Europe, were apparently short lived.
5. Despite heightened exports, low prices are due to steeply increased production. Last week, gas production in the U.S. reached 105.8 billion cubic feet per day, including Canada imports of 5.5.
6. U.S. natural gas reserves seem to be 380 trillion cubic feet at the end of 2022, while Canada's may be 68.
7. If the current production rate is sustained and no new deposits are found, the U.S. will run out of natural gas within 10 years, by 2032.
8. After that, if you'd want natural gas you'd have to beg Russia or Iran, and to a lesser degree Qatar, and of course at much inflated prices. If these countries are not accommodating you'd have to invade them, or beg young Greta for a quick remedy.

