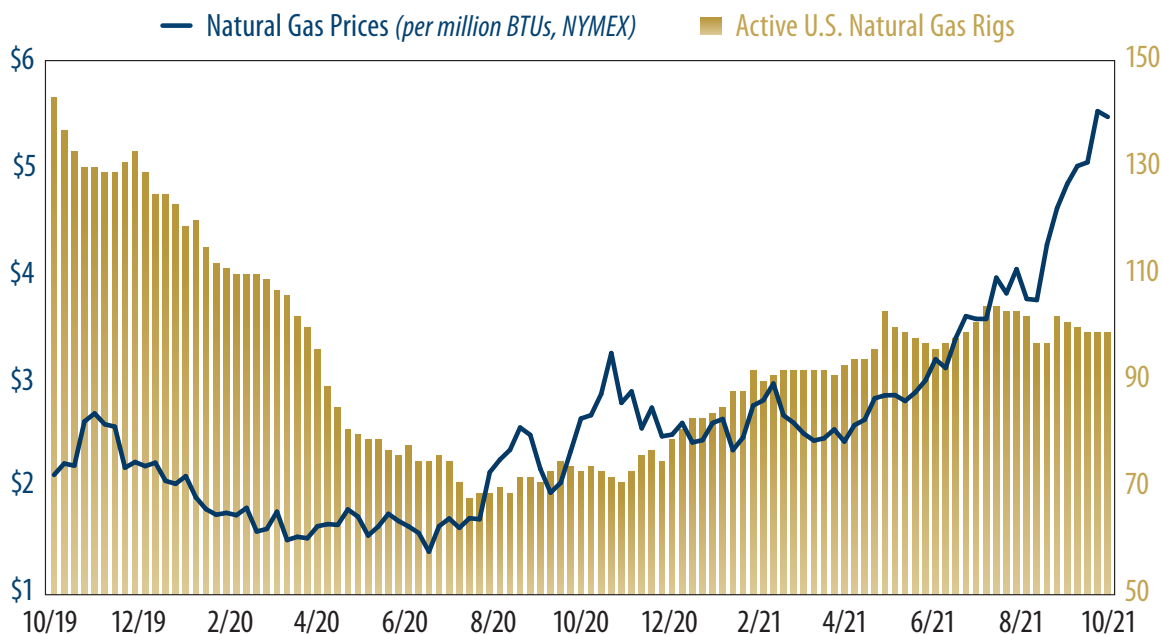


The Price Of Natural Gas Has Surged

Natural Gas Prices vs. Active U.S. Natural Gas Rigs (10/11/19-10/8/21)



Source: Bloomberg, Baker Hughes. Weekly data points.

View from the Observation Deck

1. As of the close on 10/8/21, the price of natural gas stood at \$5.57 per million British thermal units (BTUs), up 111.79% from \$2.63 per million BTUs at the close on 10/8/20.
2. The price of natural gas at the close on 10/8/21 was up 276.35% from its 2020-low of \$1.48 per million BTUs at the close on 6/25/20.
3. As indicated in the chart, the number of active natural gas rigs in the U.S. plunged from 143 on 10/11/19 to 99 on 10/8/21, or a decline of 30.77%. Natural gas producers have done so in an effort to curb production.
4. The price of natural gas is also up because demand for U.S. liquefied natural gas (LNG) is rising. The U.S. Energy Information Administration (EIA) reported that U.S. exports of LNG are expected to reach a record high in 2021 and then set another high in 2022. The EIA sees exports averaging 9.7 billion cubic feet per day (Bcf/d) in 2021, topping last year's record of 6.5 Bcf/d.
5. The winter season is closing in and that could impact the price of natural gas as well. The EIA estimates that U.S. households will spend 30% more for natural gas to heat their homes this winter, and this percentage could go higher if the weather is colder than expected.

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