

NY ENERGY FORUM OCTOBER 2025

Winter Fuels Outlook: Focus on US natural gas

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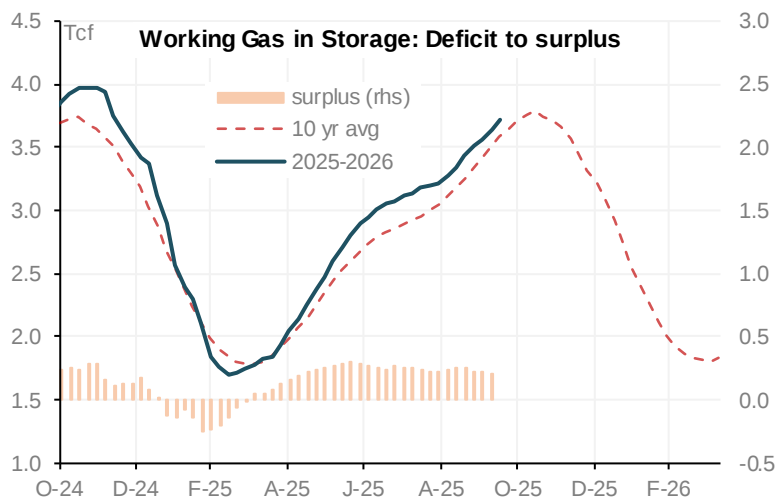
US NATURAL GAS: THE SET-UP – PRICE AND WORKING GAS INVENTORY-SURPLUS

The story of 2025 ytd: Consensus expectations for great and intensifying tightness driving prices north of \$4/MMBtu and beyond were once again frustrated

- a number of factors at play – incl mild weather, switch to coal for power, renewables etc; but one stood out: **terrific production growth** and the strip caught down to our fcst
- Two observations, a) futures prices remain elevated all but guaranteeing further production growth; b) there is a ~200 bcf surplus in inventory; we'll have plenty for winter

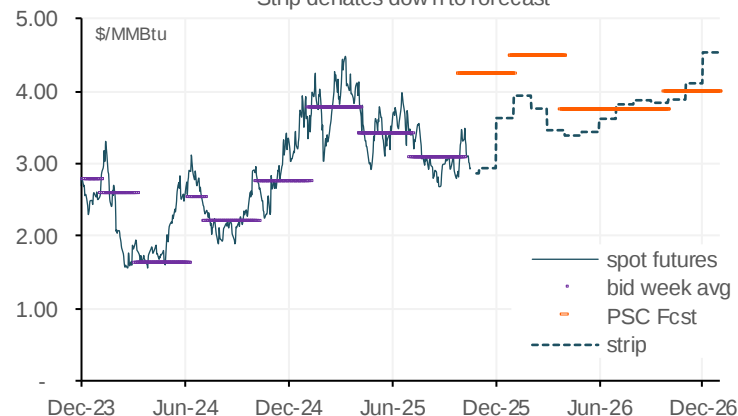
Bonus, core big-picture house thesis: *There'll be ample supply*

We still see much greater volatility in the next 3-5 years, but far lower odds that a period of sustained supply tightness develops and lasts beyond say 2 seasons (e.g. through next summer).

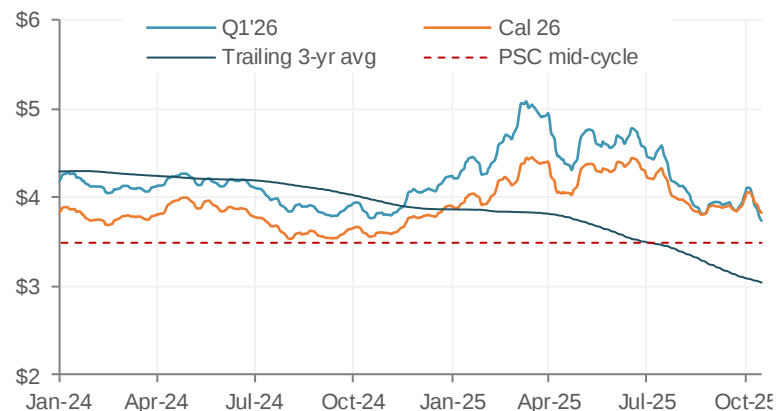


Henry Hub Natural Gas Futures and Forecast

Strip deflates down to forecast



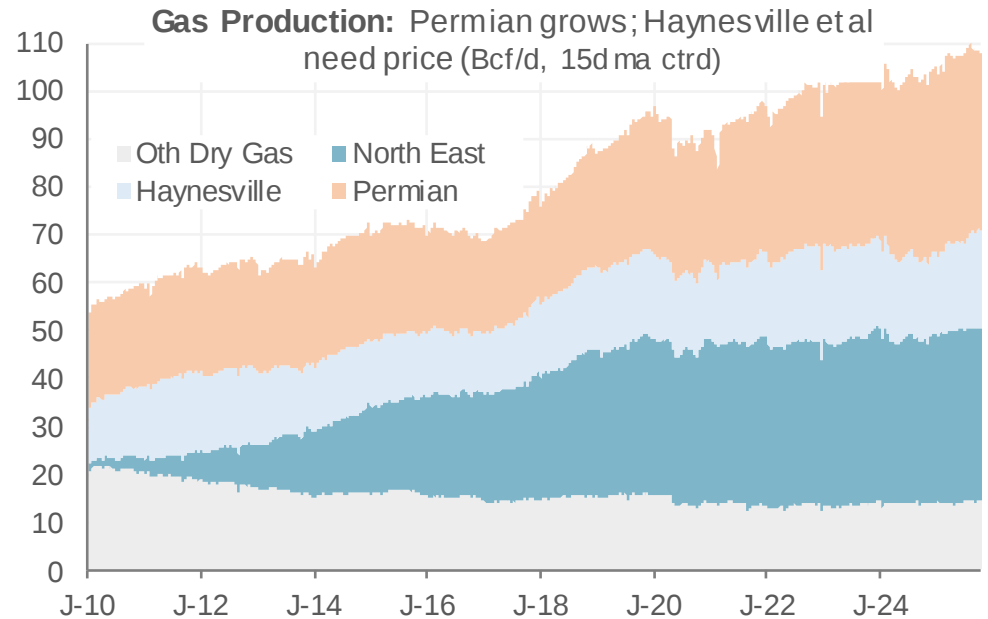
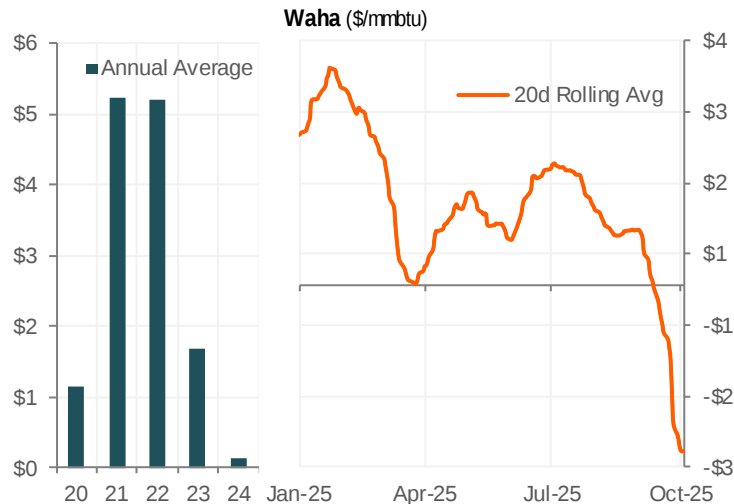
Market Signals to Grow: Futures track north of our mid-cycle \$3.50 marker



US SHALE GAS PRODUCTION GROWTH IS RELENTLESS – AT ABOUT \$3.50 MID-CYCLE

Nor do we think that in the Permian, there is any flagging of gas production

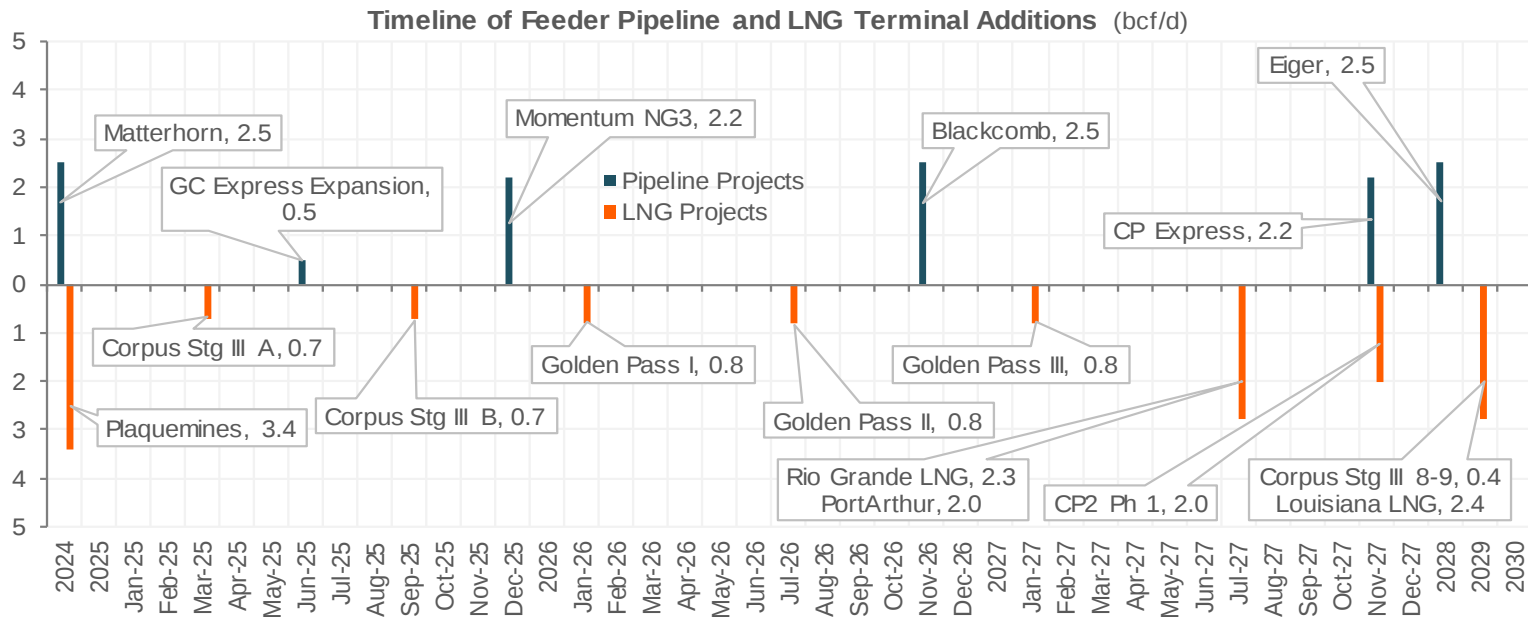
Quite the opposite in fact



IT'S ALL IN THE TIMING: PIPELINES CONNECTING PRODUCTION TO LNG

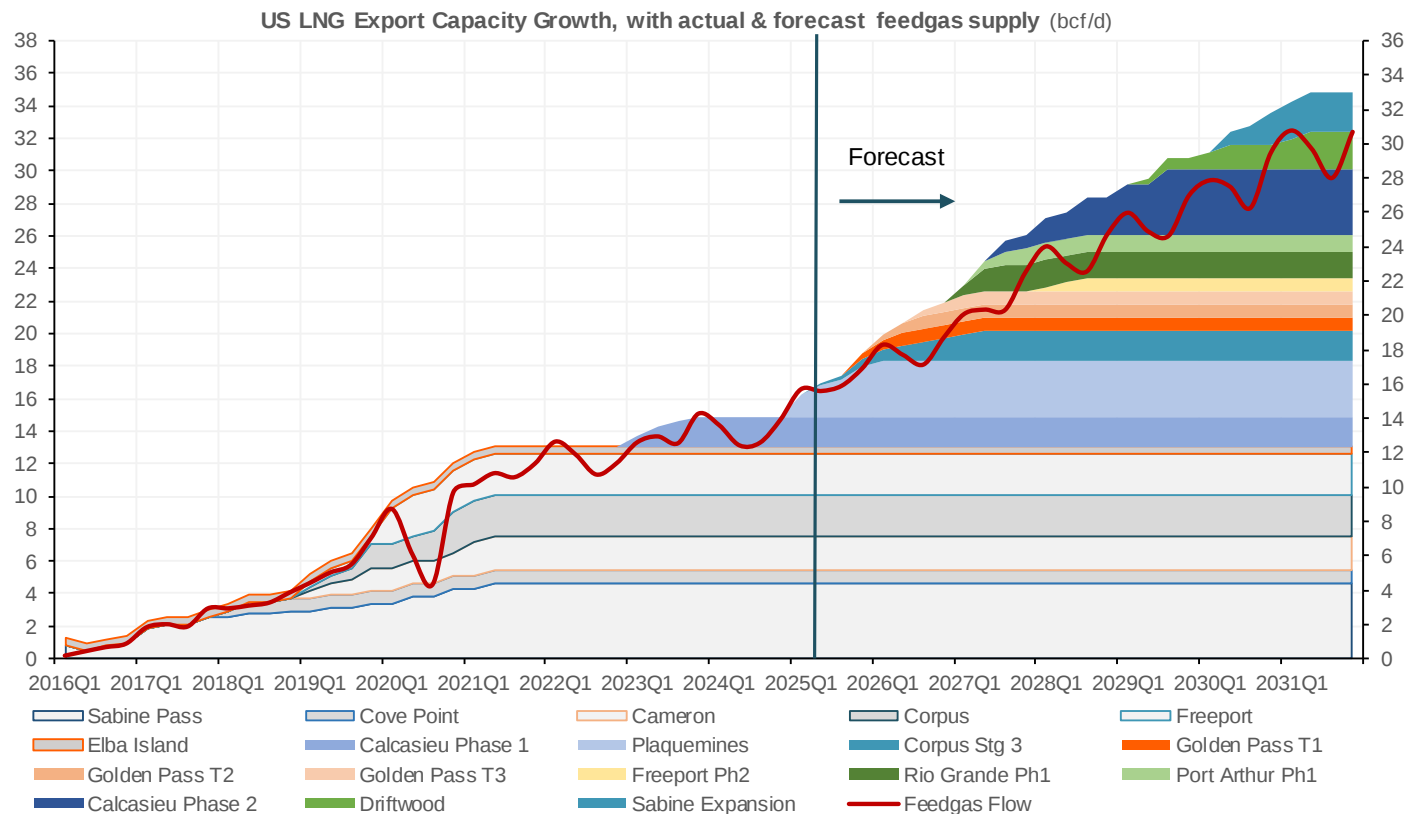
All that production growth needs to get to market

- The pipelines to do that have been FID-ed
- What else is needed, will be built



US LNG EXPORT EXPANSIONS: TONS OF GROWTH, THAT SHOULD BE MET

Capacity to Feedgas Demand (annual avg, y/y, bcf/d)			
Year	Annual Avg	y/y	Dec-to-Dec
2025	16.0	2.9	3.0
2026	18.0	1.9	1.8
2027	20.8	2.9	3.8
2028	23.6	2.8	2.2
2029	25.6	2.0	2.3
2030	27.8	2.2	2.5



LNG DEMAND CONT'D

LNG demand growth (from Asia) needs to pick up to a CAGR of +6.5% to 2030 ...

Europe's demand to grow a little bit only

- We assume that next year **Europe bans** imports of 20 bcm (1.9 bcf/d) of **Russian LNG**
 - *if it flakes*, more will have to go to Asia
- Post-2026, EU imports rise to offset -2% *declines* on 9 bcf/d of indigenous production
- **China** could easily import vastly more LNG (it has re-gas capacity of 149 mtpa (~20 Bcf/d), but is not likely to, unless price collapses
- **India et al** are similarly price sensitive

In the **layer chart** at right,

1. US projects coming online.

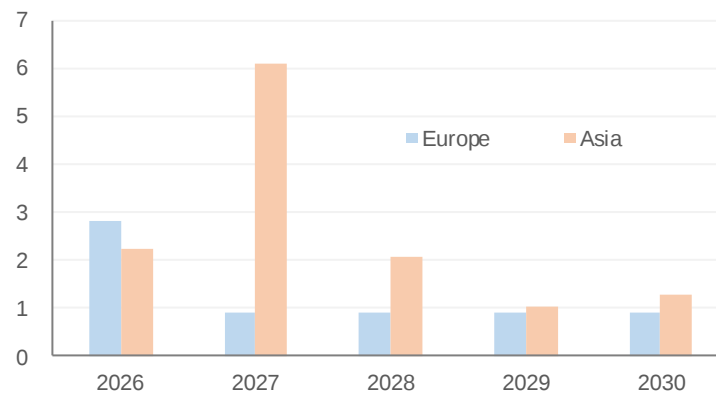
1. Our stack only includes projects that have an FID *and* all approvals. We also risk start-up time and ramp-up length
 - Including 2026 the US adds ~13.4 bcf/d of feedgas demand-capacity on a year-average basis **by 2030...**
 - ... which translates to **10.6 Bcf/d of new LNG exports**

2. **Qatar** adds 5.9 Bcf/d of 'North Field Expansion' exports

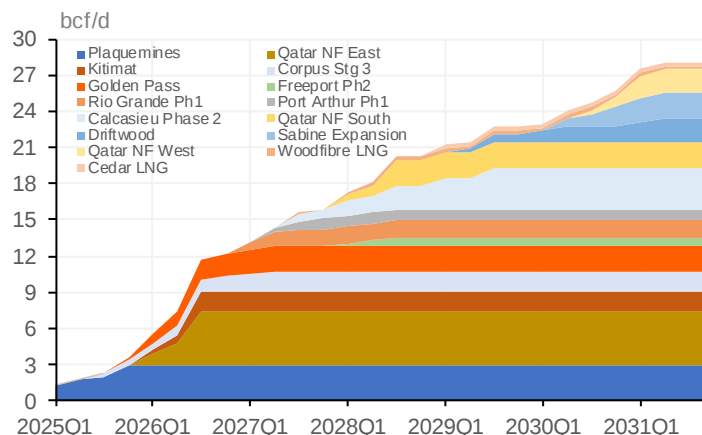
3. **Canada** adds 1.5 Bcf/d new in 2026, *Kitimat's* first full year

Conclusion: If sufficient demand growth does not materialize, **then** utilization will have to give; e.g. in 2020, US utilization fell -10% to 70% pa (including 26% from June-August, 40% from May-Sept).

"Required LNG Growth": Either Asia's price collapses or export utilization does (Bcf/d, annual)

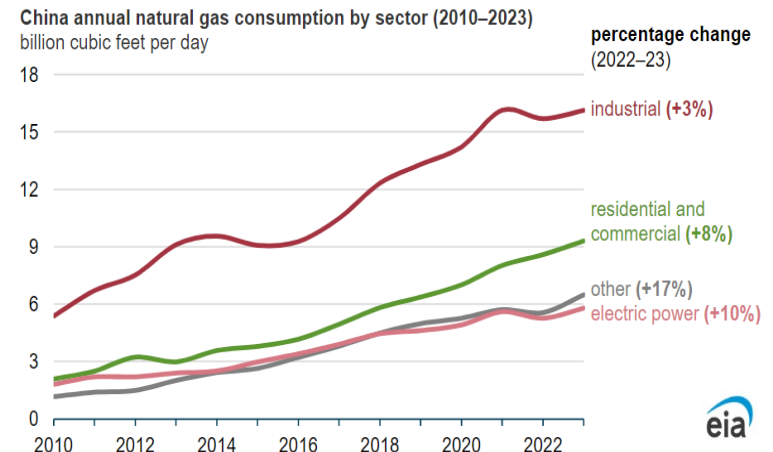
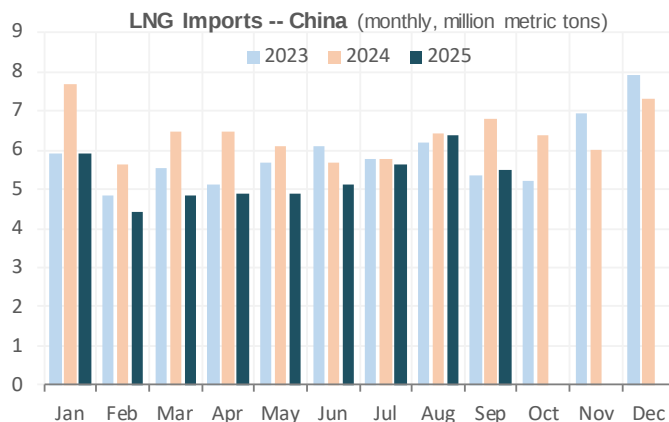
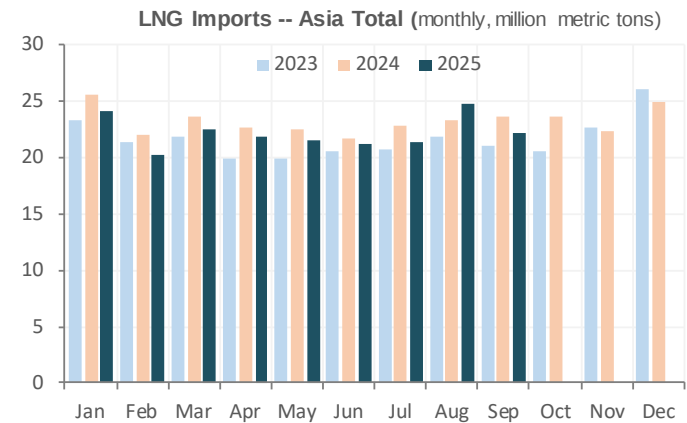
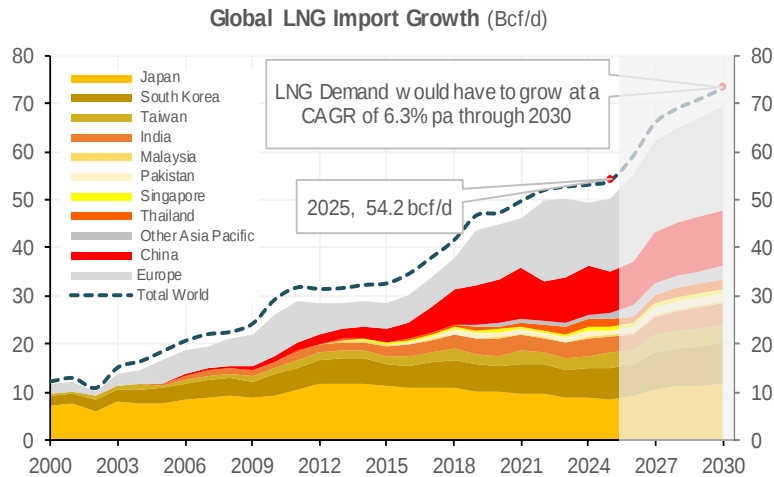


Global LNG Export Capacity Growth (Select)

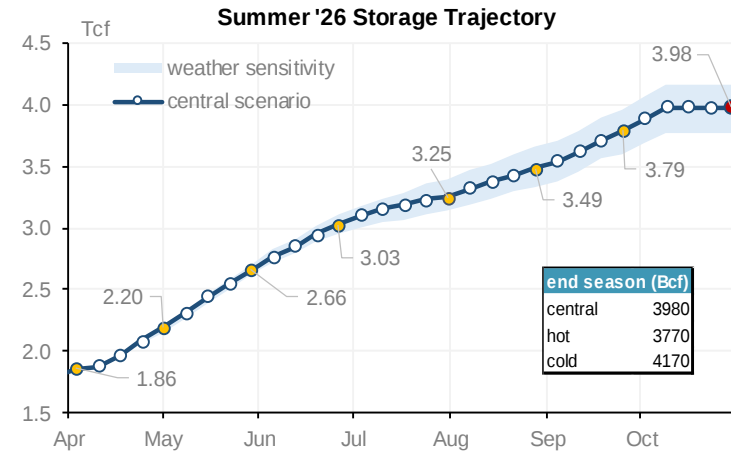
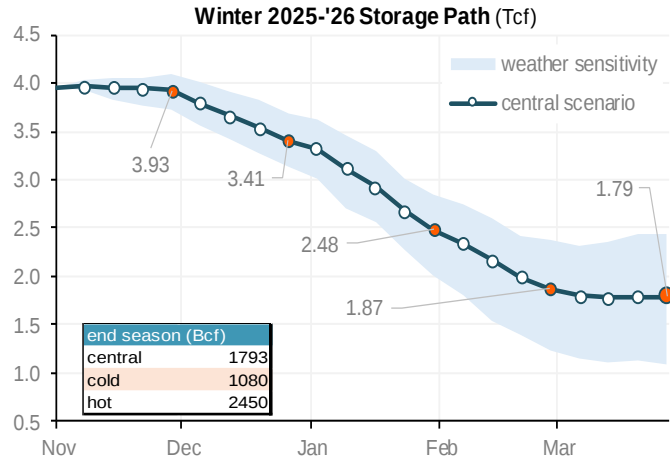


LNG: ASIA'S IMPORTS, KEY TO “GROWTH”, COLOR US SKEPTICAL THROUGH 2030

- There is nice steady growth ... normally. The trend, as per the top left is about 3 bcf/d
- But Europe is done growing and Asia's new importers are terribly price sensitive
- Much will come down to China, which has pipeline alternatives and an economic growth model that's ... (debate)



STORAGE PROJECTIONS: THINGS RE-FILL JUST FINE *IF* PRODUCTION GROWS ...



Winter 2025/26 vs 2024/25						
Bcf/d	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	avg
Residual = Prod-Dem-Exp	0.4	-0.7	-1.7	0.1	0.1	-0.4
Demand	0.7	0.7	1.7	0.8	0.6	0.9
Electric Power	0.2	0.2	1.1	0.2	0.1	0.3
Industrial	0.2	0.2	0.2	0.2	0.2	0.2
Other	0.4	0.3	0.4	0.4	0.3	0.4
Net Exports	4.2	3.4	5.1	4.2	2.4	3.8
LNG Net Exports	3.0	2.8	3.6	2.2	2.0	2.7
Mexico Net Exports	0.3	0.5	0.0	0.2	0.5	0.3
Canada Net Imports	-0.9	-0.1	-1.6	-1.8	0.1	-0.8
Production (Dry Gas)	5.3	3.4	5.1	5.0	3.1	4.4
Memo: Levels						
Demand	96.1	107.6	123.3	111.5	91.9	106
Power	33.2	33.5	37.5	33.5	27.0	32.9
Net Exports	18.0	18.2	18.8	20.0	21.3	19
LNG	16.8	17.3	18.3	18.3	18.3	17.8
Production	108.3	109.0	109.5	110.0	110.6	109
Indicative daily draws	-6	-17	-33	-21	-3	-16
weekly draws	-41	-118	-229	-150	-18	-111

Summer 2026 vs 2025: Balance-item changes, ex-w eather (y/y)								
Bcf/d	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	avg
Residual = Prod-Dem-Exp	1.0	1.3	0.3	0.5	4.9	2.2	2.5	1.8
Demand	1.1	1.2	1.0	0.8	0.9	1.2	1.5	1.1
Electric Power	0.2	0.2	0.3	0.3	0.3	0.3	0.2	0.3
Industrial	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.4
Other	0.6	0.7	0.4	0.1	0.2	0.5	0.8	0.5
Net Exports	2.0	2.4	3.3	2.8	-0.4	1.6	1.1	1.8
LNG Net Exports	1.3	2.3	2.8	1.7	0.2	1.9	2.0	1.7
Mexico Net Exports	0.4	0.2	0.3	0.7	0.0	0.6	0.3	0.4
Canada Net Imports	-0.4	0.0	-0.2	-0.4	0.6	0.8	1.2	0.2
Production (Dry Gas)	4.1	4.9	4.6	4.1	5.3	5.0	5.1	4.7
Memo: Levels								
Demand	80.8	75.8	81.8	89.1	86.0	81.0	80.9	82.2
Power	28.1	31.6	40.8	48.7	45.7	40.0	34.1	38.4
Net Exports	21.7	20.3	19.7	20.2	18.2	19.9	19.6	19.9
LNG	17.7	17.7	17.7	17.2	16.1	18.2	18.5	17.6
Production	111.2	111.5	111.9	112.1	112.4	112.7	113.0	112.1
Indicative daily build	9	15	10	3	8	12	12	10
weekly	61	108	73	19	57	82	87	70