



## **EIA expects natural gas prices to decrease in response to relatively warm weather**

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This year is off to a warmer-than-normal start, and the U.S. Energy Information Administration expects this warmer weather to reduce U.S. natural gas prices through 2023. In its January *Short-Term Energy Outlook*, EIA estimates that natural gas prices at the U.S. benchmark Henry Hub will average about 47% less this year compared with 2022.

U.S. natural gas demand has been increasing since the pandemic, which had been driving up prices, but domestic natural gas production has recently started growing faster than demand. This shift, along with an increase in natural gas storage because of the warmer January weather, has resulted in a decline in prices. However, EIA's forecast for energy prices remains uncertain given current volatility. One extreme winter storm could increase natural gas consumption and slow down production, but the possibility of extreme weather decrease as spring approaches.

EIA expects natural gas production to remain high enough to maintain lower prices through 2024.

This is Nate Washburn, for EIA, in Washington