



Independent Statistics & Analysis

U.S. Energy Information  
Administration

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## **Natural gas prices expected to rise through 2021 before falling in 2022**

The U.S. Energy Information Administration reports that U.S. benchmark Henry Hub natural gas spot prices averaged \$2.91 per million British thermal units in May, up 25 cents from April. The increase in natural gas prices reflects the continued growth of U.S. liquefied natural gas (LNG) exports and rising seasonal demand for natural gas from the U.S. electric power sector.

In our June *Short-Term Energy Outlook*, we expect U.S. consumption of natural gas to decline by 0.5% in 2021 as electric power generators switch to coal in response to rising natural gas prices. U.S. power generation from natural gas will likely decrease 7.4% in 2021. This decrease will be slightly offset by a 3.8% increase in consumption outside of the power sector in response to expanding economic activity and colder winter temperatures in 2021.

We forecast that Henry Hub natural gas prices will average \$3.07 per million British thermal units in 2021, up more than a dollar from the 2020 average, before falling to \$2.93 per million British thermal units in 2022 as growth in LNG exports slows and U.S. natural gas production rises.

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