



# Natural Gas Price Outlook

## Table of Contents

<u>Executive Summary</u> .....	5
<u>Introduction</u> .....	9
<u>Terminology</u> .....	10
<u>Fundamentals vs. Technicals</u> .....	11
<u>History</u> .....	12
<u>Natural Gas Production</u>	
<u>U.S. Production Levels</u> .....	13
<u>Unconventional Shale Gas</u> .....	14
<u>Price Impacts of NGLs and Crude Oil Production</u> .....	17
<u>Drilling Rig Count Declines</u> .....	19
<u>Exploration and Production Company Outlook</u> .....	20
<u>Producer Hedging</u> .....	22
<u>Other Reasons Why Production Will Continue to Rise</u> .....	23
<u>Issues That Could Impact Shale Production and Prices</u> .....	24
<u>Conclusion</u> .....	27
<u>Storage Inventories</u> .....	29
<u>Liquefied Natural Gas Imports and Exports</u> .....	32
<u>Pipeline Imports and Exports</u> .....	35
<u>Natural Gas Demand</u> .....	37
<u>Electric Generation</u> .....	38
<u>Weather-driven Demand</u> .....	40
<u>Economic Recovery</u> .....	41
<u>Industrial Sector</u> .....	41
<u>Transportation</u> .....	42
<u>Conclusion</u> .....	42
<u>Pipeline Transportation or Pipeline Basis</u> .....	43
<u>The Price Link between Crude Oil and Natural Gas Prices</u> .....	45
<u>Natural Gas Fundamentals</u> .....	47
<u>Natural Gas Technicals</u> .....	48
<u>Natural Gas Price Forecasts</u> .....	50
<u>Potential Outlook Changers</u> .....	54
<u>Analysis Summary</u> .....	56
<u>Conclusion</u> .....	58