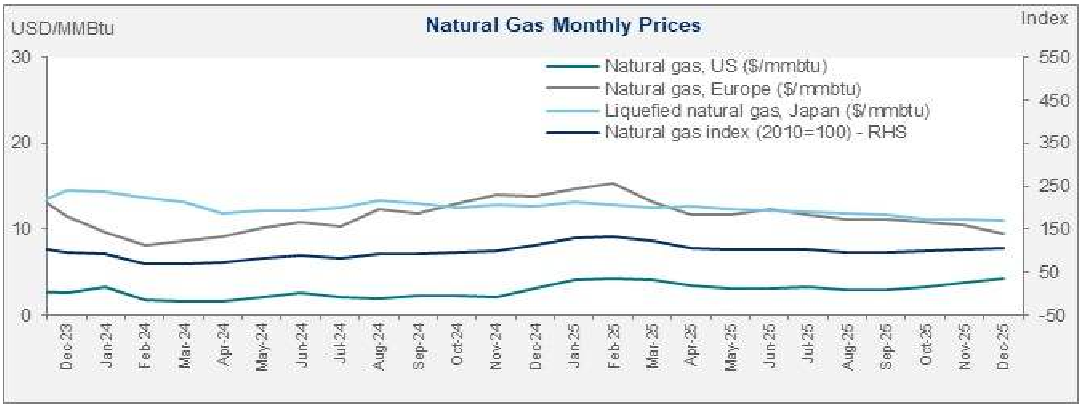
Natural Gas Market: 2025 - The Year That Was

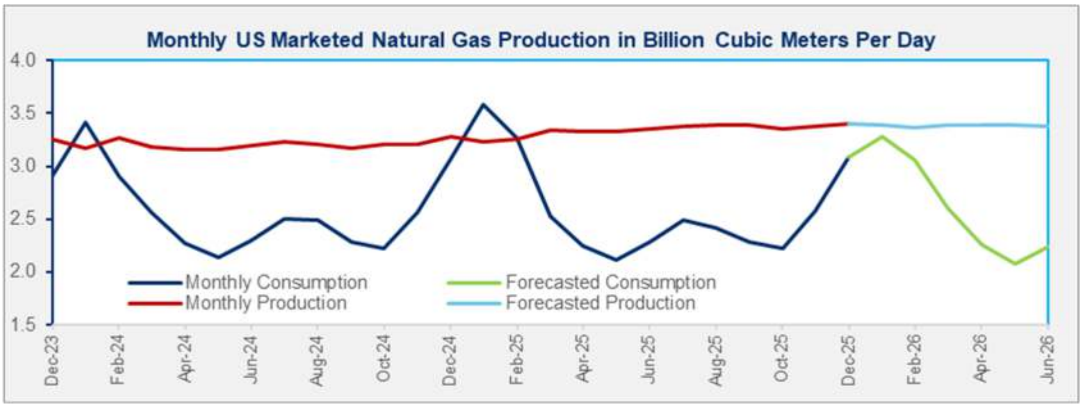
Natural gas demand and supply moderated in 2025 …

Global natural gas consumption exhibited moderate growth in 2025. According to the GECF (Gas Exporting Countries Forum), total natural gas consumption for a group of major gas-consuming nations, representing approximately 75% of global demand, increased by 1.6% year-over-year (y-o-y) to reach 2,902 billion cubic meters (bcm) for the initial ten months of 2025. Contextually, natural gas consumption rose in key regions including North America and the EU, whereas, by contrast, consumption declined within the Asia region during the same period. Overall global natural gas consumption is projected to average a growth rate of 1.5% throughout 2025, a consequence of subdued activity in the industrial sector. For comparison, global natural gas production is projected to experience a marginally higher growth rate than consumption, at 1.7% in 2025, as per the GECF. The majority of this additional global gas production is predominantly driven by increased output from the North American region. Conversely, natural gas production within the Asia region is forecast to decrease in 2025.

Global natural gas production attained 3,506 bcm, registering a 1.6% y-o-y increase, for the first ten months of 2025, a performance underpinned by robust production growth in North America which counterbalanced a decline in output from the Eurasia and European regions during this timeframe.

Global natural gas price movements were stable but mixed during the year. Towards the end of the year, according to the World Bank, the US average monthly natural gas price for December 2025 surged by 40.6% y-o-y to reach USD 4.25/MMBtu, attributable to factors such as a polar vortex event, i.e., extreme cold weather. In contrast, European natural gas prices for December 2025 declined by 31.6% y-o-y, averaging USD 9.48/MMBtu for the month, primarily due to a global increase in LNG supply particularly from the USA which outpaced demand and mitigated concerns regarding relatively low storage levels. According to Kpler data, US LNG exports constituted approximately 56% of Europe's LNG imports in 2025. Mirroring the European gas price decline, the average monthly Japanese LNG price for December 2025 experienced a 12.5% y-o-y drop to USD 11.06/MMBtu.





Sources : EIA, World Bank and Kamco Invest Research

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The decrease in Asia's natural gas prices during 2025 was largely attributed to weakened gas demand from major consuming countries, including China and India. Overall, the World Bank's natural gas price index recorded a 6.2% y-o-y decline during December 2025, concluding the year at an average of 104.2 points, reflecting the downturn in both Asian and EU natural gas prices.

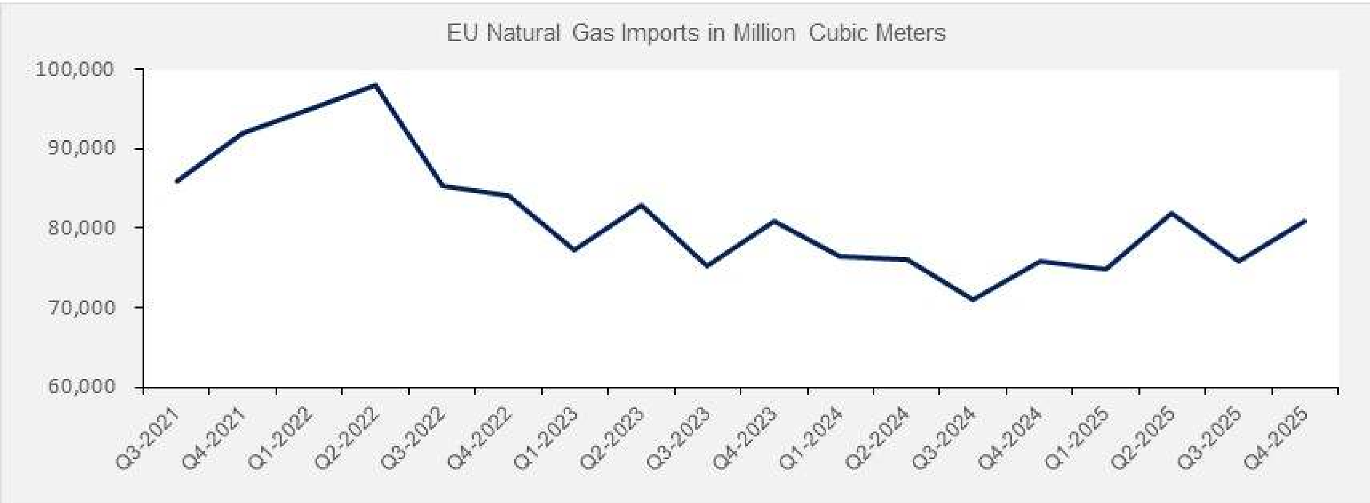
The United States emerged as the largest global LNG exporter in 2025. US LNG exports during 2025 were sufficiently robust for the nation to become the first country to exceed 100 million metric tons of LNG exports within a single year. The expansion in US LNG exports was supported by new American export capacity, such as the Venture Global Plaquemines facility, combined with substantial domestic gas consumption, thereby further solidifying the United States' dominant and enduring role as a global LNG exporter and underscoring its critical importance to worldwide natural gas supply.

EIA Forecast - US Natural Gas Supply and Consumption in Billions Cubic Feet Per Day				
	2024	2025	2026-e	2027-e
Marketed Production	103.19	107.36	108.82	109.70
Consumption	90.43	91.45	90.34	90.90
LNG Exports	11.90	15.00	16.40	18.10
Henry Hub Spot Prices ($/thousand cubic feet)	2.19	3.53	3.46	4.59

Sources : EIA and Kamco Invest Research

Natural Gas Consumption

Global natural gas consumption exhibited a moderated growth trajectory during 2025. According to Kpler, Asian LNG demand declined from 254 million tonnes in 2024 to 240 million tonnes in 2025. The most significant LNG import reduction originated from Asia's largest LNG importer in 2024, China, a development which enabled Japan to reclaim the top position as Asia's premier LNG importer. The contraction in China's LNG imports was principally attributable to escalating geopolitical tensions between China and the United States.



Sources : Bruegel and Kamco Invest Research

Certain policy responses by China, driven by these tensions, involved a deliberate reduction in LNG imports and a strategic initiative to bolster national energy security by favoring fuel sources with closer geographical proximity. Furthermore, the availability of more economical energy alternatives including expanded domestic gas production, pipeline gas imports, coal, and domestically manufactured renewable energy—collectively facilitated China's unexpected 16% reduction in LNG imports during 2025. Consequently, China's overall natural gas demand registered a modest increase of 0.9% year-over-year (y-o-y) throughout the first ten months of 2025. Concurrently, Japan's LNG imports are anticipated to decline by 1% in 2025, while India's LNG purchases are projected to decrease by 8% over the year, outcomes primarily driven by elevated price levels and increasing renewable energy output which diminished LNG utilization within its power generation, refinery, and fertilizer sectors.

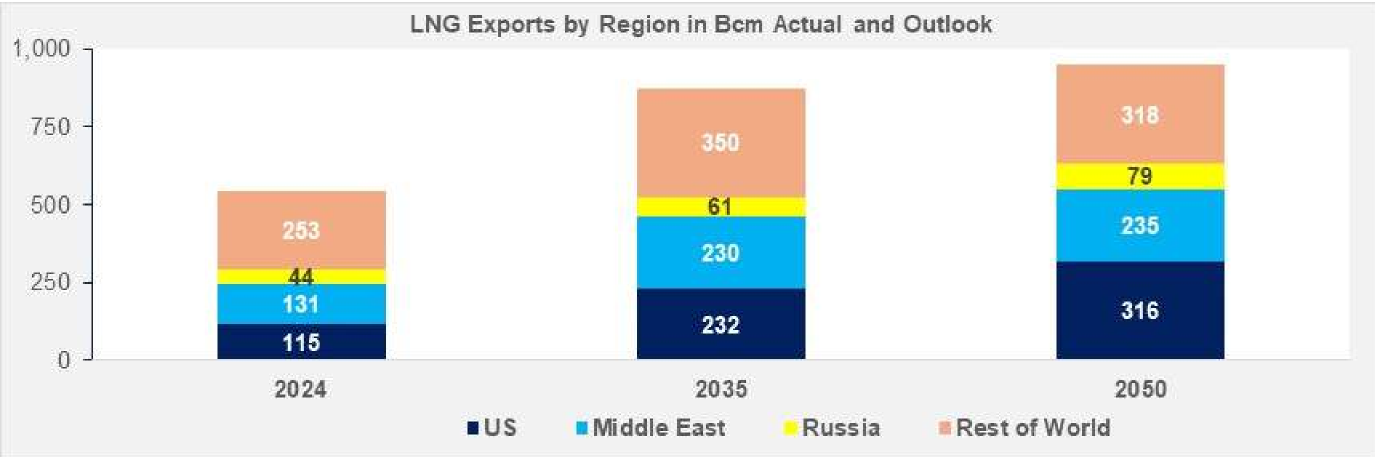
United States natural gas consumption is projected to achieve record levels during 2025. According to the American Gas Association, US natural gas demand averaged 90.4 billion cubic feet (Bcf) per day during the initial eleven months of 2025, representing a 1.9% increase compared to the corresponding period in 2024. This expansion in gas demand was chiefly propelled by heightened activity within the Commercial and Industrial sectors.

It is noteworthy to emphasize that current demand levels within the US Commercial and Industrial sectors are exceeding historical peaks by 1.8% and 1.1%, respectively. Per data from the Energy Information Administration (EIA), US natural gas consumption increased from 90.43 Bcf per day in 2024 to 91.45 Bcf in 2025, a rise which occurred despite the natural gas share of electricity generation declining from 42% in 2024 to 40% in 2025. In aggregate, according to the Gas Exporting Countries Forum (GECF), North America's total natural gas consumption attained 991 billion cubic meters (bcm) for the first eleven months of 2025, as contrasted with 984 bcm for the analogous period in 2024.

Regarding European natural gas demand for the year, escalating LNG imports fundamentally reshaped the region's gas supply dynamics as traditional pipeline supplies from sources such as Russia diminished and global LNG availability expanded. According to S&P Global, the European gas market observed an increase in market participants during 2025 as the United States consolidated its role as the predominant LNG supplier to Europe. The US accounted for 77.5% of Europe's (including the United Kingdom and Turkey) LNG imports in 2025, a substantial increase from a 57.6% share in 2024.

Natural Gas Production

Global gas production increased by 1.6% year-over-year (y-o-y) for the first ten months of 2025, reaching 3,506 billion cubic meters (bcm) compared to 3,452 bcm during the corresponding period in 2024. This growth was primarily driven by robust production expansion in North America, which compensated for declines in production levels within Europe and Eurasia. European natural gas production recorded a 2.1% y-o-y decrease for the first ten months of 2025, falling to 152.2 bcm from 155.5 bcm in the same period of 2024, according to the Gas Exporting Countries Forum (GECF), indicating a downward production projection for Europe for the entirety of 2025.



Sources : BP, Bloomberg and Kamco Invest Research

The decline in European gas output was largely attributable to a fall in Norwegian gas production during the period, followed by similar production reductions in the United Kingdom and the Netherlands. According to the GECF, Norwegian natural gas production declined by 4.1% y-o-y to 100.3 bcm for the first ten months of 2025.

In the Asia Pacific region, natural gas production remained stable, recording marginal growth of 0.3% for the first ten months of 2025 to reach 584.6 bcm, underpinned by robust gas output from China. China's natural gas production improved by 6.9% y-o-y, rising from 204 bcm during the first ten months of 2024 to 216.9 bcm during the analogous period in 2025. The increase in China's natural gas production was buoyed by strong growth from unconventional sources, such as shale gas extracted from the Sichuan and Shanxi basins.

In North America, cumulative natural gas production for the first ten months of 2025 increased by 3.4% y-o-y to reach 1,109 bcm. Natural gas production in Canada rose by 2.5% y-o-y to 193.8 bcm. Comparatively, United States natural gas production increased by 4.4% y-o-y to 1,014 bcm, during Jan-Nov 2025, up from 971 bcm during the same period in 2024. In its latest Short-Term Energy Outlook, the U.S. Energy Information Administration (EIA) forecast that U.S. natural gas consumption in 2026 would be 1.2% lower than in 2025, at 91.45 billion cubic feet per day (bcf/d) or 2.59 bcm per day, reflecting an expected stabilization in demand. The EIA also estimates that U.S. marketed natural gas production will reach 108.8 bcf/d (3.08 bcm/d) in 2026, representing an increase of 1.4% from 2025 to 2026. By sector, the EIA forecasts the U.S. natural gas share of electricity generation to decline from 40% in 2025 to 39% in 2026. Regarding natural gas prices in the U.S., the EIA forecasts the Henry Hub natural gas spot price to average USD 3.53 per million British thermal units (MMBtu) during 2025 and to maintain that level at USD 3.46/MMBtu in 2026, due to an expected moderation in demand for LNG exports concurrent with rising production. The United States was the largest global LNG exporter in 2025, selling 111 million metric tonnes (mmt) of LNG during the year.

The growth in U.S. LNG exports was primarily driven by Venture Global’s Plaquemines facility, the second-largest LNG export plant in the United States, which exported 16.4 million metric tonnes of LNG during 2025. Some market estimates suggest the United States could increase its LNG exports by a further 20 million metric tonnes in 2026 as the Plaquemines facility targets full operational capacity. Europe remained the principal destination for U.S. LNG exports throughout the year.

GCC

In the GCC region, Aramco has commenced natural gas production at the Jafurah field, the world's largest shale gas development outside of the United States. This step underlines a major shift in global natural gas production as the Kingdom pivots to scale its unconventional resources and expand its domestic supply. It is expected that natural gas from Jafurah will primarily be consumed within Saudi Arabia itself, utilized mainly as fuel for power generation. The Jafurah gas field is estimated to contain approximately 200 trillion cubic feet (tcf) of gas, equivalent to 5.7 trillion cubic meters (tcm). Current production stands at 450 million cubic feet per day (MMcf/d), or 0.01 billion cubic meters per day (bcm/d), with plans to increase output to 2 billion cubic feet per day (Bcf/d), equivalent to 0.06 bcm/d.

On the other hand, Qatar, the world's second-largest LNG exporter, has awarded a USD 4 billion engineering, procurement, construction, and installation (EPCI) contract to a consortium led by Italian and Chinese contractors. This award is part of a strategic drive to meet its expanding LNG output targets. The contract is expected to take five years to complete. In 2025, Qatar exported nearly 80 million tonnes (mmt) of LNG, with Asian countries serving as the primary destination. China, India, and South Korea were the top three importers of Qatari LNG.

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