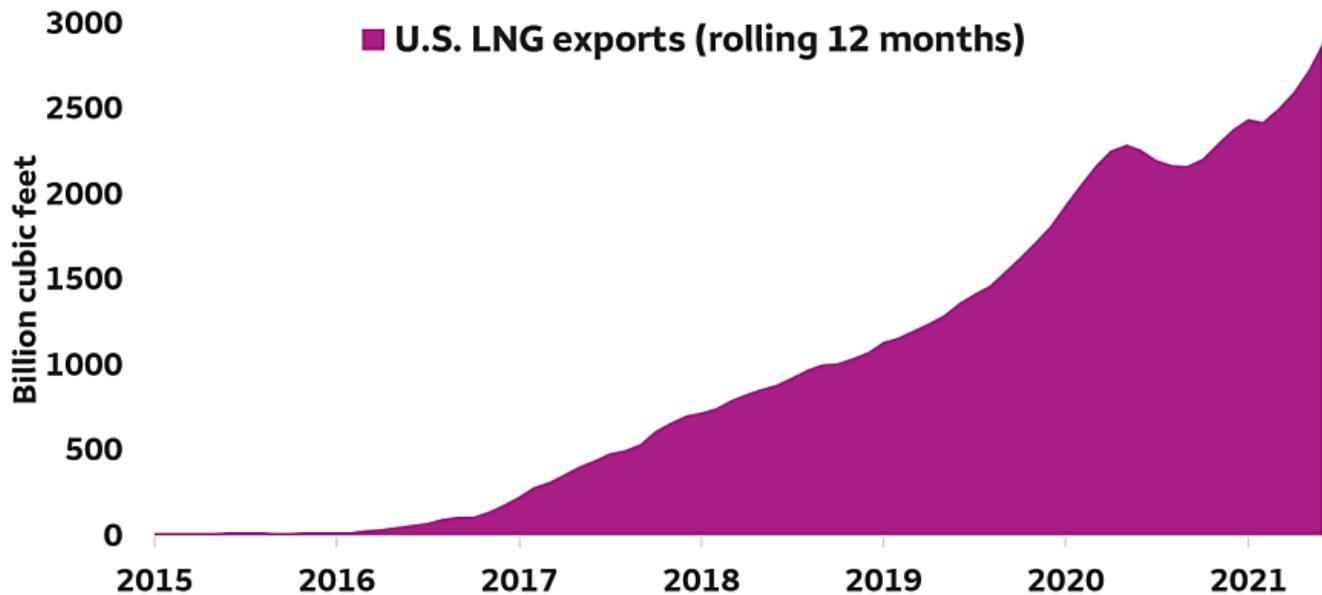


## U.S. natural gas has gone global



Sources: Bloomberg, Department of Energy (DOE), Wells Fargo Investment Institute. Monthly data: January 31, 2015 - June 30, 2021.

### U.S. liquefied natural gas exports from 2015 through 2021

The U.S. is the world's largest producer of natural gas — by far. Other regions are not as resource-rich and rely heavily on imports to meet demand. To benefit from this demand and to offload excess capacity, U.S. facilities have been built in the past few years to liquefy and export natural gas via special container ships.

The expansion of the U.S. liquefied natural gas (LNG) market is relatively new and continues to grow. The chart shows that LNG exports have gone from essentially nil in 2015 to a substantial source of demand for U.S. natural gas today. With U.S. natural gas no longer landlocked, its price has become increasingly susceptible to the global supply-and-demand story. That story right now is of supply crunches in key markets in Europe and Asia, where prices have surged and in some cases are five times that of the U.S.

#### What it may mean for investors

With exceptional overseas demand for U.S. liquefied natural gas, inventories relatively tight in the U.S. (and worse abroad), and producers reluctant to ramp up production, U.S. natural gas prices appear susceptible to further spikes — especially if the upcoming winter proves particularly cold.

**Austin Pickle, CFA**, Investment Strategy Analyst

This chart was excerpted from the Investment Strategy report dated October 4, 2021

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### Risks Considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. The **commodities** markets are considered speculative, carry substantial risks, and have experienced periods of extreme volatility. Investing in a volatile and uncertain commodities market may cause a portfolio to rapidly increase or decrease in value which may result in greater share price volatility.

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