



# US Natural Gas Market Evolution and Revolution

August 2025

# Executive Summary

- A confluence of factors is rapidly changing the global gas market. Geopolitics, renewable sources, and new infrastructure requirements are reshaping the critical role of US natural gas in international markets and creating new levels of volatility in domestic markets as a result.
- Gas traders are facing a spike in volatility and uncertainty as multiple market forces cause wide daily and even intraday swings. With an increasingly internationalized marketplace, US markets have also seen a steady inflow of global traders hedging through US gas markets.
- Brokers at Tullet Prebon, part of TP ICAP, are at the forefront of price formation. As markets become more volatile, trading is less cut and dry as quotes and market depth disappear from the screen.
- This is where OTC data becomes a critical tool for managing risk in volatile markets. The Tullett Prebon broking desk has an innate understanding of how the US natural gas market operates, with accurate and granular price data for 27 of the major US natural gas hubs. Built through years of developing deep relationships with their clients, inter-broker dealers find liquidity and prices for physical and financial counterparties. Parameta Solutions, also part of TP ICAP, is the exclusive provider of OTC natural gas trading data from the Tullet Prebon trading desks.



# Trading through tariffs

Since early spring, tariffs have been the main concern of traders, driving volatility in every asset class. The first set came against imports from Canada and Mexico in early March and later expanded globally on 2 April, leading to some of the most volatile trading sessions since the pandemic.

Exchange traded contracts can provide the most liquid and transparent price for the gas market, but in times of market stress, traders are less willing to openly display their quotes. Uncertainty and volatility cause markets to trade away from screen prices, with price discovery moving to the OTC market.

This was especially true over the first four months of 2025. Brokers on the North American natural gas trading desk found an environment which was very fluid as the market priced in tariffs. Price action whipsawed in near real time response to everything from social media posts to formal policy proclamations.

With the threat of tariffs between the US and Canada, AECO, the natural gas benchmark contract for Canadian gas was at the epicenter of how markets were reacting to new and unexpected trade barriers.

To get the most granular and full picture of the market, Tullett Prebon broker marks data are invaluable. Prices published by exchanges and the major price reporting agencies don't always relate to where the market is actually trading. Settlement prices differ between execution venues, based on the different liquidity pools. Market participants operate on different venues, which highlights the importance of both OTC and exchange data.

OTC trading in the first four months of the 2025 saw a high degree of intraday volatility amid a fluid situation on tariffs with Canada and Mexico and in April with the rest of the world. In times of market stress, short and medium-term volatility is managed through the inter-broker dealers. Traders turn to voice trading over electronic execution, with the market often trading within the screen bid/ask spread.



# Trading through tariffs



Prices compiled of OTC in 1-month AECO by Parameta were often indicative of where the market would later trade

In the chart above, the prices from Tullet Prebon's brokerage activity, reflected in data published by Parameta, are a more accurate barometer of volatility that was present in the market at the time. Prices provided by agency aggregators, by definition of their methodologies, smoothed over trading volatility. Furthermore, on average the trendline of Tullet Prebon's close price was frequently predictive of the next day's aggregator fair value close. The indicative nature of Parameta's price stems from the significant role of broker trades in aggregate price setting.

# The evolution of the natural gas market

As the rhetoric around tariffs ratcheted up in the spring, AECO – the price hub for border points with Canada – demonstrated the unease around positions and how the gas market reacted to tariff news in real time. The increased interconnectedness of hubs along with the internationalization of natural gas has fundamentally changed the market forces affecting pricing.

Natural gas has historically been a local affair driven by pure fundamentals. Gas produced in one region rarely left and most users of gas would be local utilities local utilities and industries segregated by geography, global factors like demand abroad would have little or no impact on the gas price in eastern Pennsylvania or New England. Local weather would often have the biggest influence on the wholesale price of gas.

But in the last 25 years, those geographic barriers have broken down. The expansion of pipelines has connected the US into a vast single market. The shale revolution has massively expanded US production and Russia's invasion of Ukraine has left Europe searching for alternative sources of energy. The gas market of today, via LNG, is increasingly an international one and where the US market is playing a pivotal role in price discovery.





## As a transition fuel

Despite the disruption of tariffs, global demand for natural gas is still set to rise modestly in 2025 according to the [International Energy Agency](#). The ongoing energy transition is one of the main factors supporting robust demand. Natural gas emits less CO<sub>2</sub> than other fossil fuels. Compared to coal it produces around half the emissions; against oil, natural gas produces about 30% less carbon.

Natural gas now makes up 25% of global energy needs serving as a transition fuel to greener sources of power.

But even as more wind and solar energy come online, gas will continue to play an important role as a “floor” for electricity generation. Whereas wind and solar are subject to known and unknown intermittency, gas fired generation can quickly be brought online. Gas will continue to serve as the bedrock of the energy transition since alternatives like nuclear - the only other scalable emissions-free energy source - requires years of planning and billions in investment to bring online.



# US natural gas goes global

Investment and construction into liquefaction plants in the US to turn gas into LNG and regasification facilities in Europe and Asia means more US gas can be exported out and accepted in the international market.

Across North America, LNG export capacity is expected to more than double by 2028, according to the [US Energy Information Administration](#). Interstate pipelines also mean more gas from Northeast fields like Marcellus and Utica are making it abroad, with several new LNG facilities under construction in the Gulf.

Demand from Asia is creating opportunities for gas production on the West Coast where an LNG tanker only takes eight days to reach Asian ports compared to the 20 days from the Gulf via the Panama Canal. Though the US has no active LNG export terminals on the Pacific, Canada has three facilities under construction in British Columbia.

Equally, Europe has greatly expanded its reliquification capabilities after the invasion of Ukraine. LNG now makes up 30% of Europe's [gas supply](#) with around half of it coming from the US.

In June 2025 the escalating conflict between Israel and Iran, and US strike on nuclear targets inside Iran, caused upheaval in all commodity markets. US gas and global LNG markets have whipsawed along with all cargoes relying on safe passage through the Straits of Hormuz.

Expiring HH front month contracts and the steeply contangoed curve are up 10%+ but retreating along with the complex, recording wild intraday swings reacting in real-time to actual events and headlines.



# The US benchmarks in a globalized marketplace

As the world's largest producer of natural gas, the US market now serves as a price setter for the global market. US government policy promoting the export of natural gas will maintain the influence the US gas market has on global markets.

The US [exported](#) just over 7.7 million cubic feet of natural gas in 2024, significantly impacting other global natural gas benchmarks such as Asia's JKM and Europe's TTF.

According to the IEA, price correlation between the two benchmarks reached an all-time high in 2024 and trade at a premium compared to the North American benchmark, Henry Hub.

Both the Asian and European benchmarks have little natural production. Europe is the largest regional importer of natural gas.

With more US supply now making it abroad, international traders are also more active in US markets. Brokers at TP have seen a steady increase in overseas firms active in hub trading. Prior to the Russian invasion of Ukraine there were only two or three, now that has grown to 10 or 12 international firms regularly trading US natural gas. So far, new entrants have been physical users of gas looking to hedge against their home markets.



## Conclusion

US natural gas will continue to play an outsized role in influencing global gas prices. At the same time, tariffs and retaliatory tariffs will increase short term volatility where granular data is most needed.

For the foreseeable future, volatility is here to stay. Data from the OTC market will be key in managing risks coming from a rapidly changing geopolitical environment, providing nuance in how the market trades through every new tariff or delay.

## Tullett Prebon's US Natural Gas Indicative Data, available exclusively from Parameta Solutions

Screen prices can only show so much. As any commodity trader will know, just because the price moved on screen doesn't mean it's the right price. You need expertise from a trading desk with decades of experience in the US natural gas market. As the exclusive provider of data from the Tullett Prebon trading desks, Parameta Solutions provides a rich and reliable source of insights on this dynamic slice of the market. Learn more at [ParametaSolutions.com](https://ParametaSolutions.com).

# About Parameta Solutions

Parameta Solutions is a leading financial technology company delivering market data, indices, and analytics solutions that empower the world's financial professionals.

Our unique multi-asset class data – spanning OTC, cash, and derivatives – helps clients seize opportunities in the world's most opaque markets.

With extensive coverage across interest rates, FX, money markets, fixed income, equities, commodities, and digital currencies, we provide the clarity and confidence needed to drive smarter trading, manage risk effectively, and stay ahead of regulatory demands.

Parameta is part of the TP ICAP Group and the exclusive provider of TP ICAP market data.

With 2,600 brokers trading in 28 countries, TP ICAP's network provides access to deep liquidity pools.

Our solutions include:

- Capital Markets Indicative Data
- Energy & Commodities Indicative Data
- Evidential Data
- Benchmarks & Indices
- Workflow Solutions
- Delivery & Feeds



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