



Federal Reserve
Bank of Dallas

Overflowing U.S. shale gas pouring into Mexico and global markets

Jesse Thompson

Federal Reserve Bank of Dallas – Houston Branch

2Q 2026



We need your input!

*Be part of a survey
that gauges regional
business activity and
informs monetary
policy making.*



Texas **Manufacturing**
Outlook Survey



Texas **Service Sector**
Outlook Survey



Texas **Retail**
Outlook Survey

The views expressed are my own and do not necessarily reflect official positions of the Federal Reserve System.

Key Points

U.S. shale boom overwhelmed domestic demand/infrastructure

- Real natural gas prices crushed from all-time-highs in 2000's down to all-time-lows in 2010's, to negative prices in the Permian post
- *Negative* prices threatened oil output growth in Permian.

Exports surge

- Pipeline exports surge, lowering prices gas (and electricity) in Mexico, met rising demand and offset falling domestic production.
- US LNG: Zero to 18 bcf/d in 10 years (more coming)... export through Mexico to the pacific?

U.S. energy exports *must* grow or domestic production curtailed.

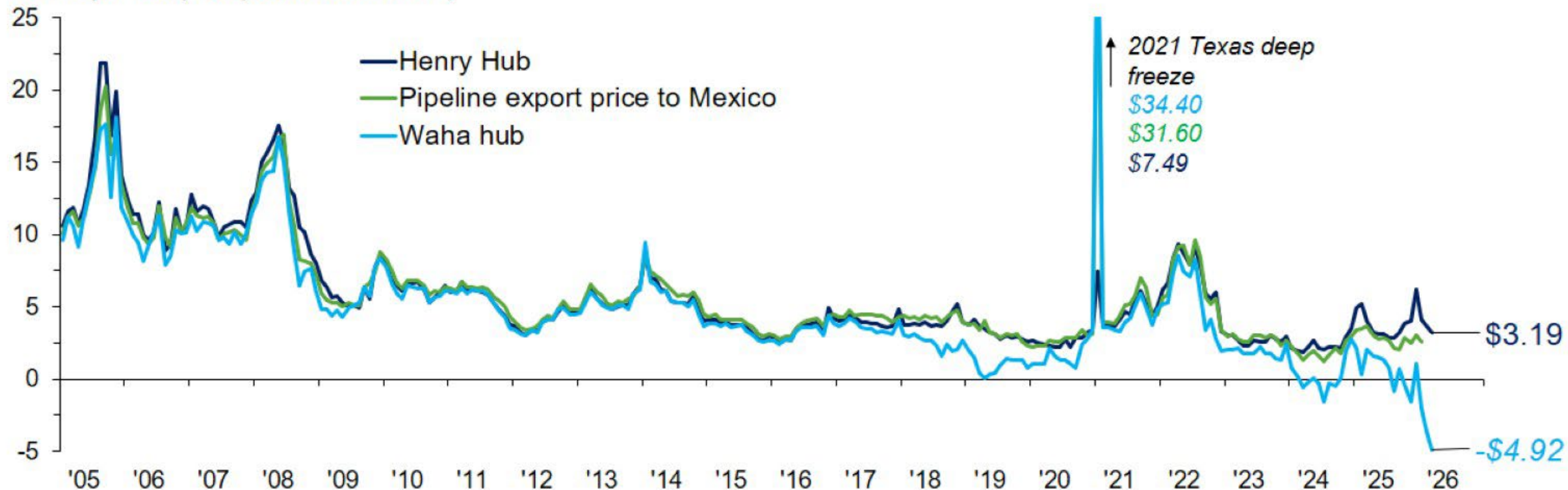
- Mexico remains the single largest importer of U.S. energy.

US Natural Gas: Desperately seeking customers

Real natural gas prices soft after shale gas boom expands supply

Real U.S. natural gas prices

Dollars per Mcf (first quarter 2026 dollars)



NOTES: Monthly average prices are seasonally adjusted and deflated to first quarter 2026 dollars using the Consumer Price Index. The benchmark price of U.S. natural gas is set at the Henry Hub in Louisiana. The Waha hub price is set in West Texas, close to Permian Basin producers. The U.S. pipeline export price of natural gas to Mexico is a volume weighted average of prices across all ports of exit. Mcf stands for one thousand cubic feet, a common unit of measure. Chart updated on 5/6/2026.

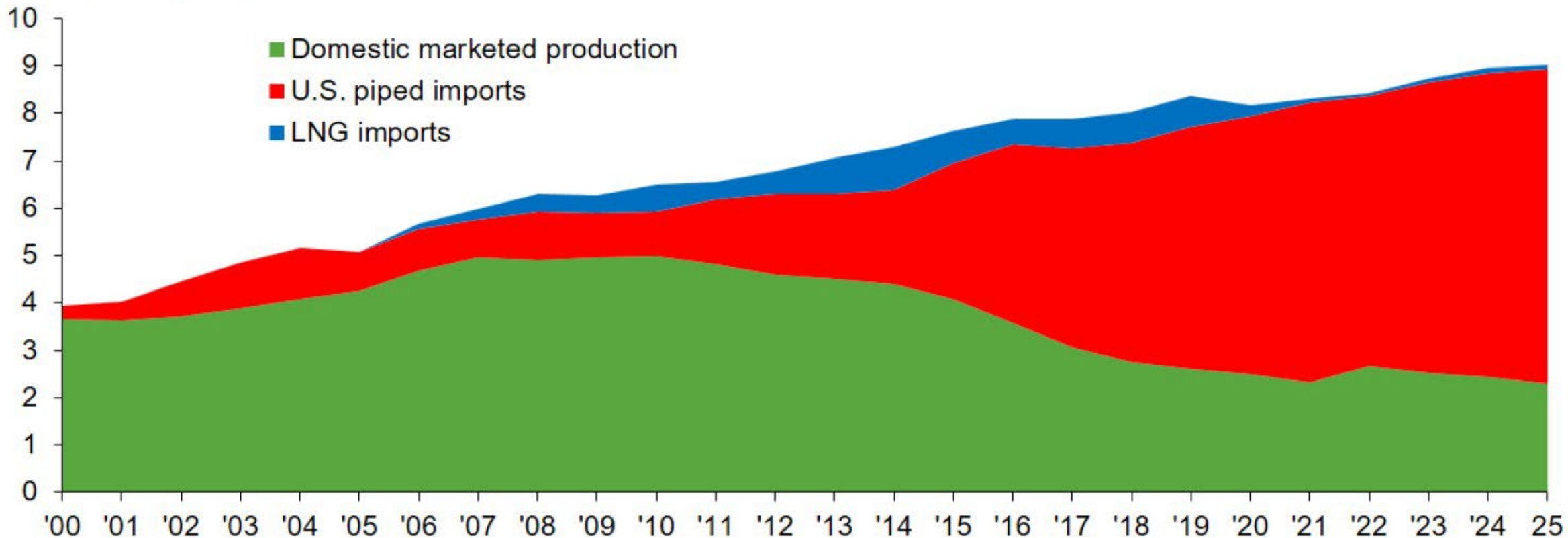
SOURCES: Bloomberg; Bureau of Labor Statistics; Energy Information Administration; Author's calculations.

Federal Reserve Bank of Dallas

U.S. became the main source of natural gas in Mexico after 2015... nearly 75% of total in 2025

Mexico gas supply

Billion cubic feet per day



NOTES: LNG stands for liquified natural gas. 2025 data for domestic Mexico production and LNG imports were estimated from partial data for the year.

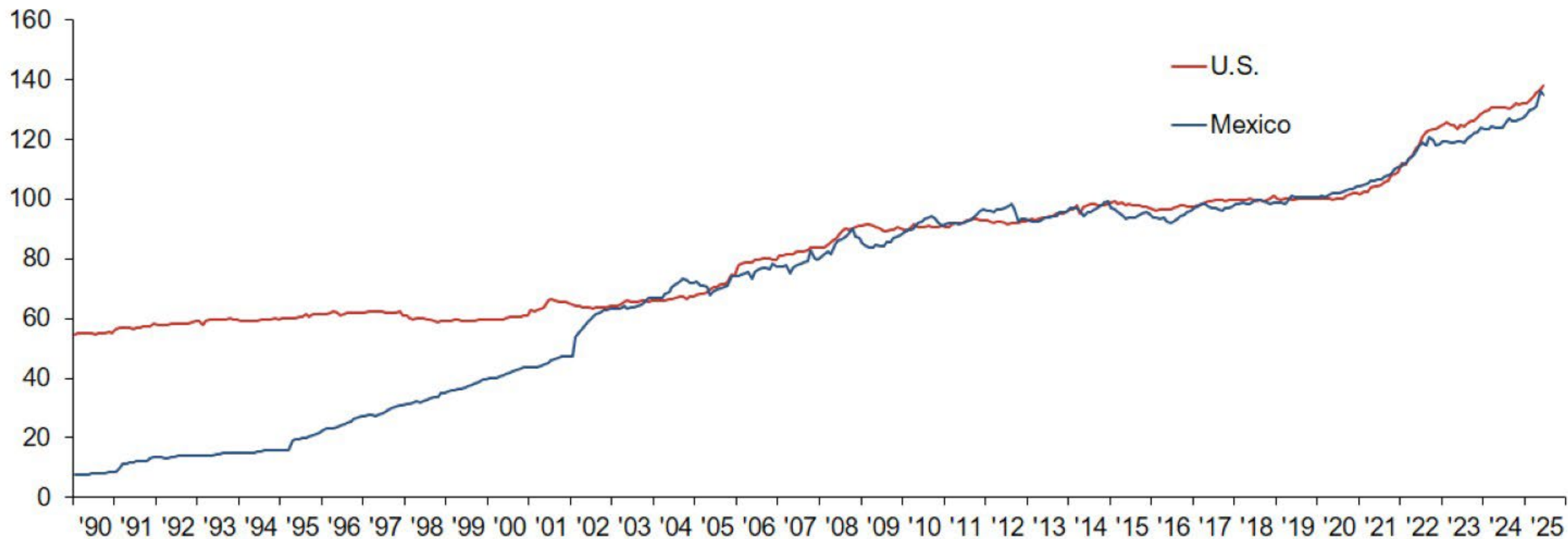
SOURCES: Energy Information Administration; Secretaría de Energía (Secretariat of Energy); author's calculations.

Federal Reserve Bank of Dallas

Mexico, U.S. electricity inflation converge after deregulation, flatten as natural gas prices fall

CPI component indexes for electricity in Mexico and the U.S.

Index 2019 = 100, SA



NOTE: Data series are the seasonally adjusted consumer price inflation (CPI) component indexes for electricity in Mexico and the U.S.

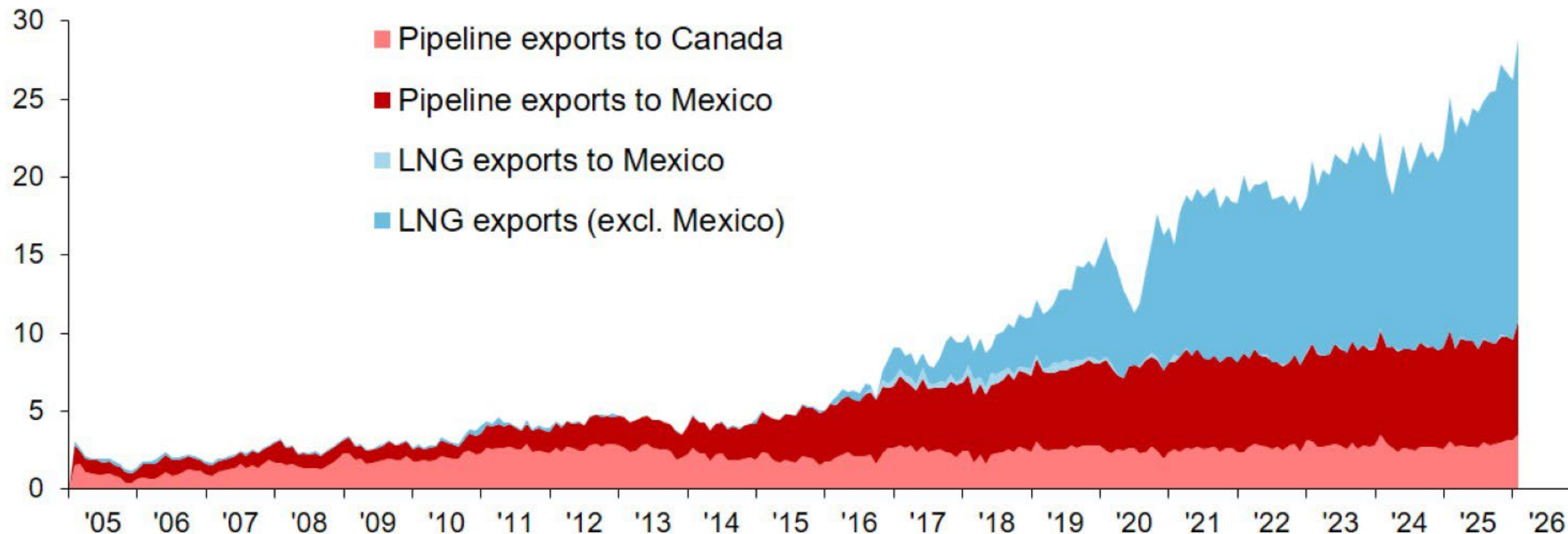
SOURCES: Bureau of Labor Statistics; Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

Federal Reserve Bank of Dallas

Shale drove U.S. natgas export exports after 2011; Total exports near 29 bcf/d in Feb'26

U.S. Natural gas exports to Mexico and the world.

Billion cubic feet per day



NOTE: Data in chart are seasonally adjusted. Last data points are for February 2026.

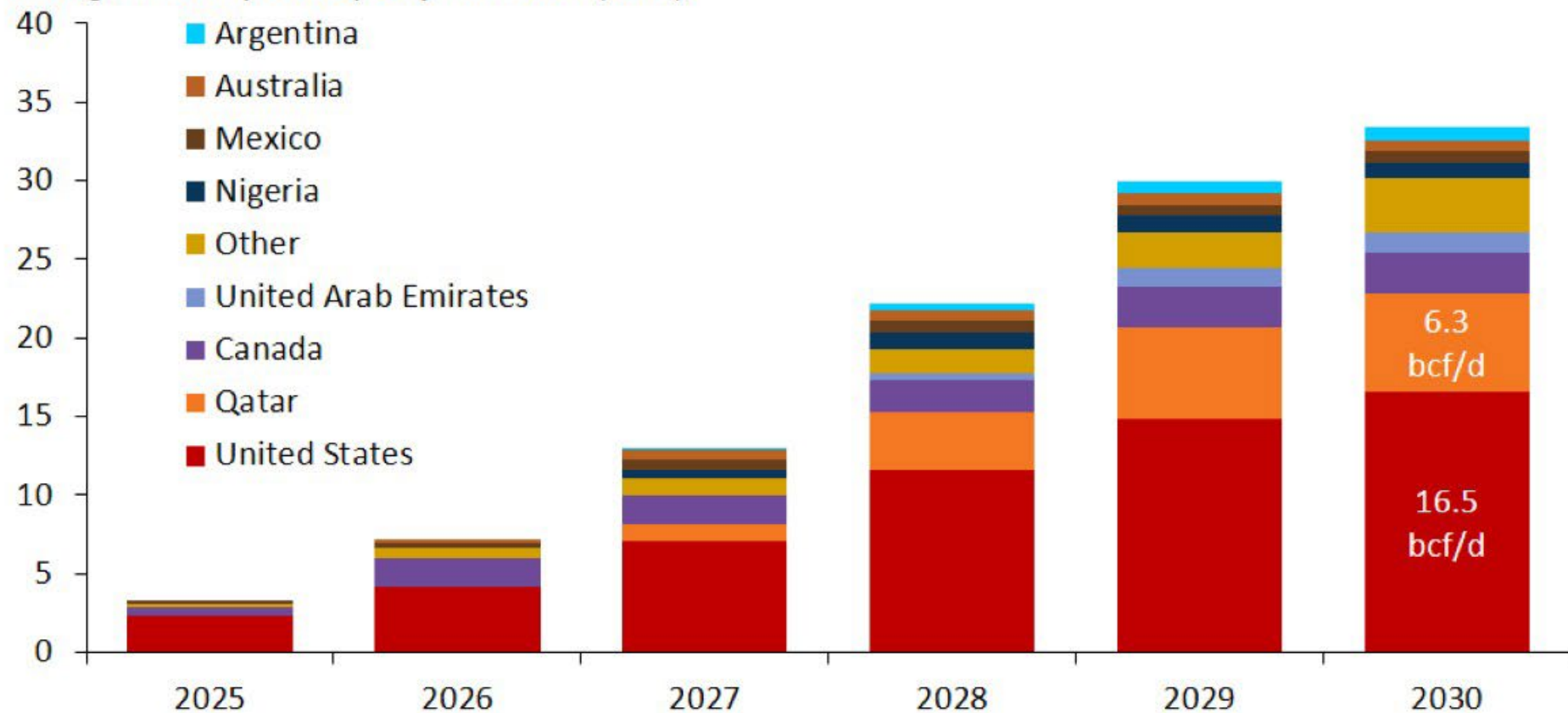
SOURCE: Energy Information Administration.

Federal Reserve Bank of Dallas

U.S. adding half of new global LNG capacity '25 - '30; *May increase w/ attacks on Qatar*

Cumulative Liquefaction Capacity Additions from Post-FID Projects

Change in nameplate capacity from 2024 (bcf/d)



More US LNG in the queue:

- 2.3 bcf/d under construction, slated for 2031.
- 3.4 bcf/d of new LNG fully permitted, but not FID'd.

Qatar LNG:

- 1.7 bcf/d plant bombed, 3+ years to repair
- Other LNG project timelines delayed.

NOTES: Data as of 2/5/2026. "Other" category includes Republic of Congo, Gabon, Indonesia, Malaysia, Mozambique, Oman, and Senegal.

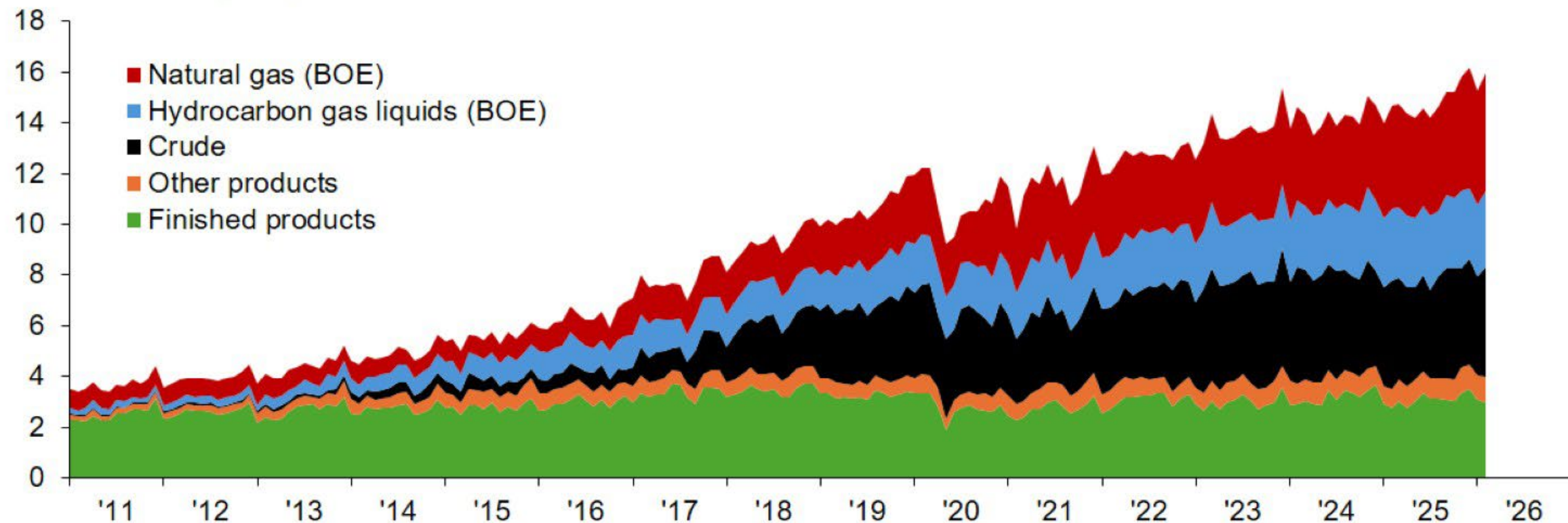
SOURCE: International Energy Agency.

Federal Reserve Bank of Dallas

Rising US oil and gas output *must* flow through to exports...

US Exports of crude, Petroleum products, and Hydrocarbon Gas Liquids (HGLs)

Millions of barrels per day



NOTE: "Hydrocarbon gas liquids" is a blanket term that includes ethane, propane, butane, and pentanes. Monthly data through April, 2025.

SOURCES: Energy Information Administration.

Federal Reserve Bank of Dallas

Key Points

U.S. shale boom overwhelmed domestic demand/infrastructure

- Real natural gas prices crushed from all-time-highs in 2000's down to all-time-lows in 2010's, to negative prices in the Permian post
- *Negative* prices threatened oil output growth in Permian.

Exports surge

- Pipeline exports surge, lowering prices gas (and electricity) in Mexico, met rising demand and offset falling domestic production.
- US LNG: Zero to 18 bcf/d in 10 years (more coming)... export through Mexico to the pacific?

U.S. energy exports *must* grow or domestic production curtailed.

- Mexico remains the single largest importer of U.S. energy.



Federal Reserve
Bank of Dallas

Thank you

Jesse Thompson

Federal Reserve Bank of Dallas – Houston Branch

3Q 2025

Discover
more about
the Dallas Fed



Explore all our resources at dallasfed.org