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# 2012 Summer Transportation Fuels Outlook



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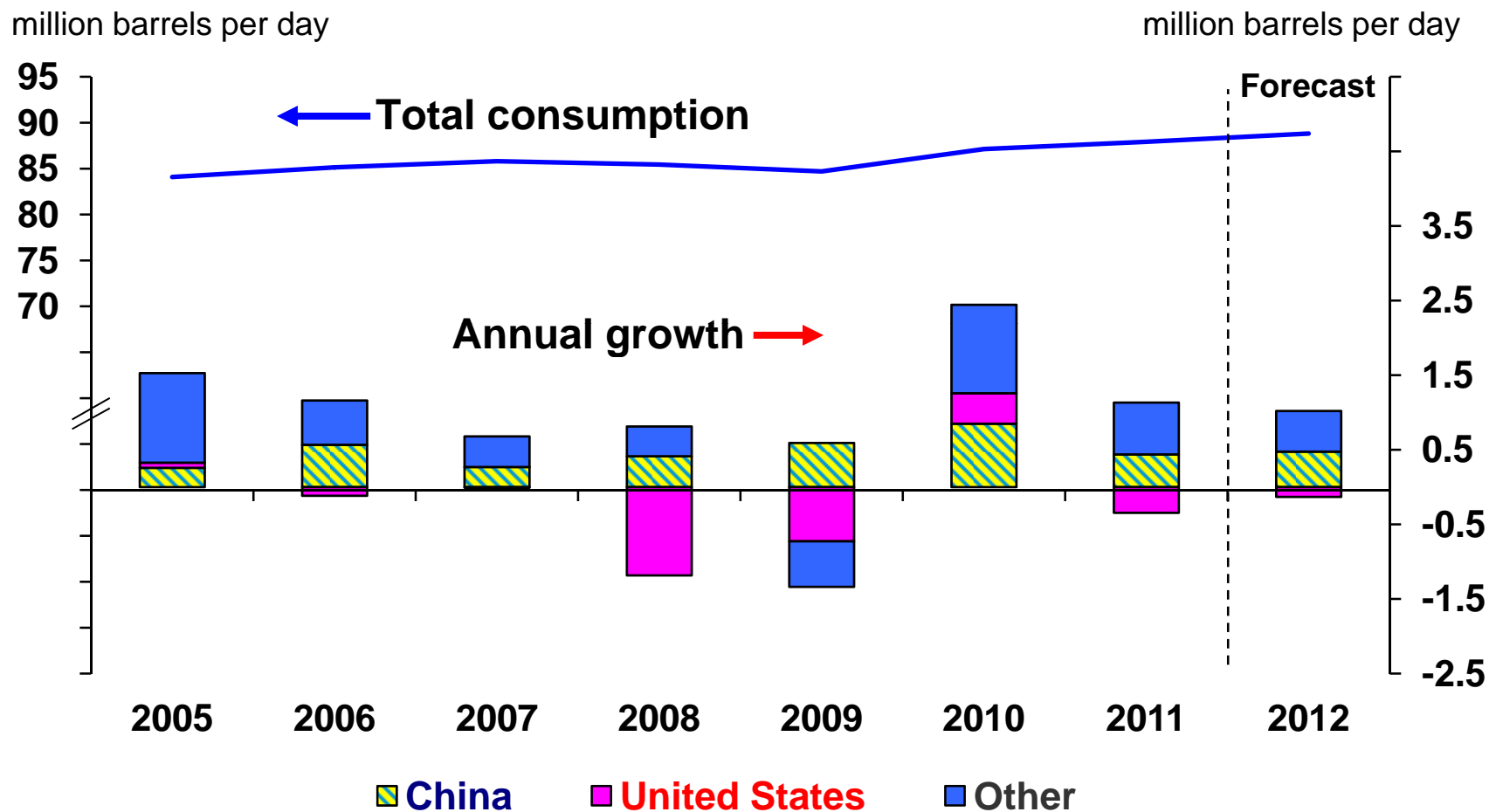
*April 10, 2012*



# Key factors driving the short-term outlook

- Recovery in Libyan production but lower crude oil exports from South Sudan, Syria, and Yemen and uncertainty over the level and security of supply from Iran and other countries in the Middle East and North Africa region.
- Decline in consumption in OECD countries including the United States but continuing consumption growth in emerging economies.
- Continuing discount for West Texas Intermediate crude oil relative to other world crudes.

# World liquid fuels consumption is projected to increase by 0.9 million bbl/d in 2012

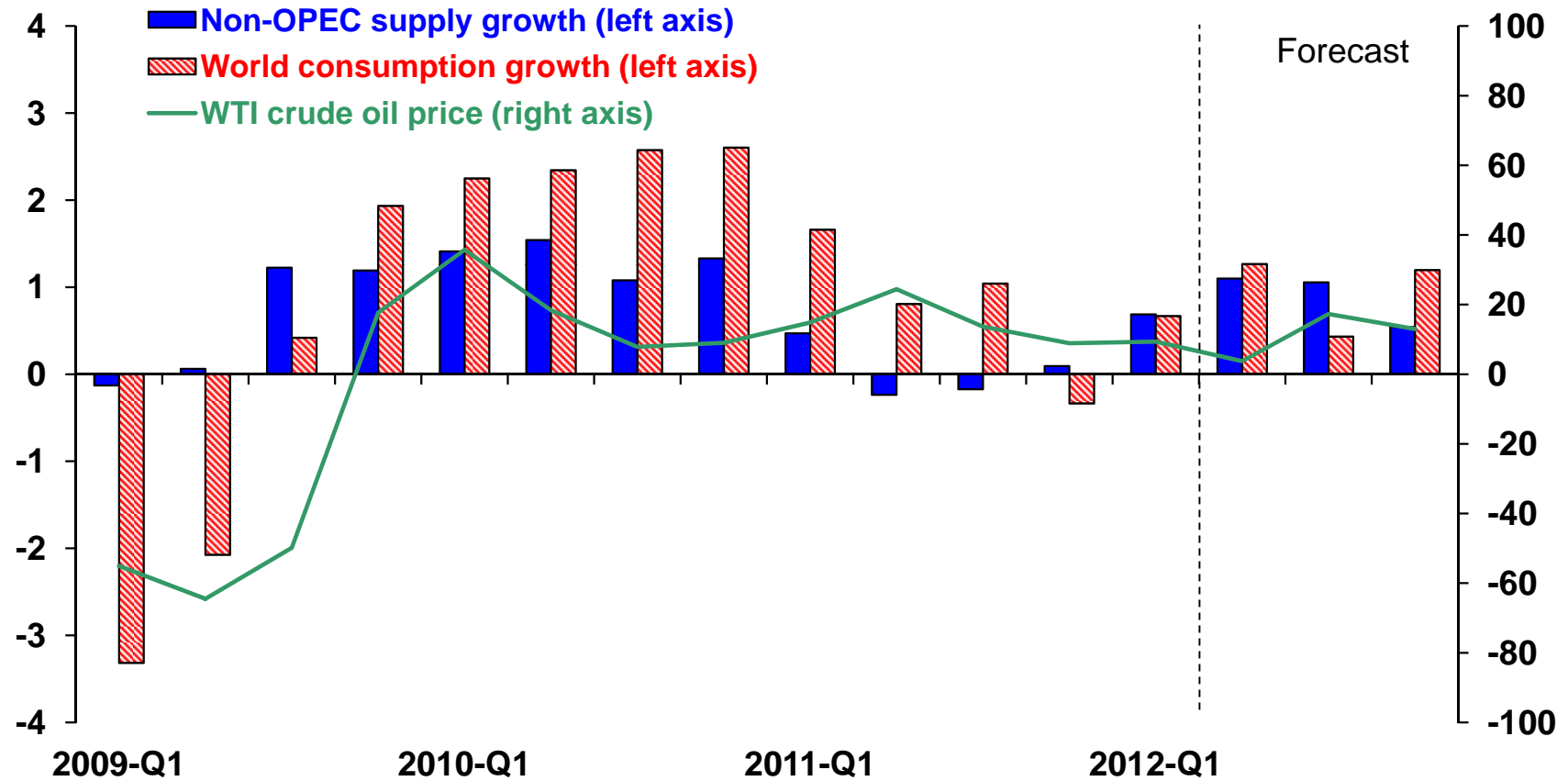


Source: Short-Term Energy Outlook, April 2012

# Non-OPEC production growth in 2012 is expected to keep pace with world consumption growth for first time since 2009

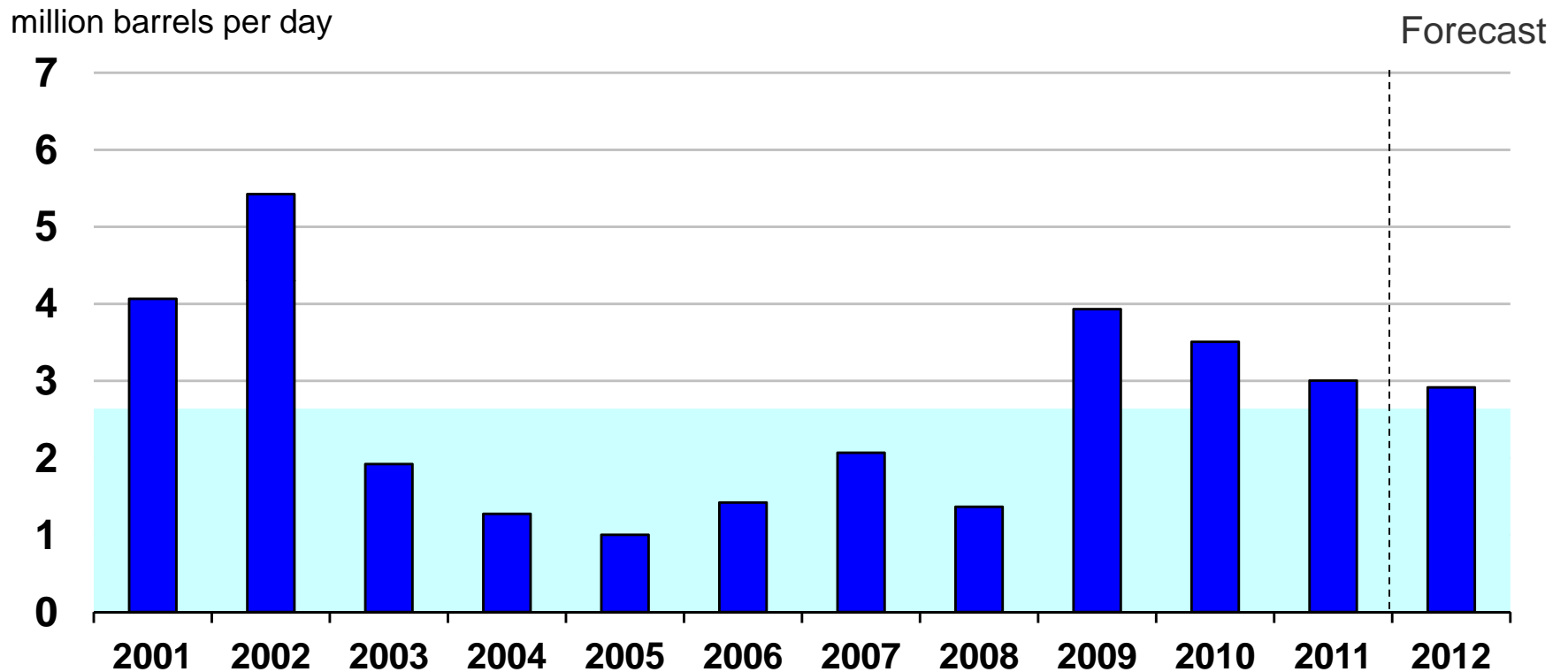
million barrels per day (change from prior year)

dollars per barrel (change from prior year)



Source: Short-Term Energy Outlook, April 2012

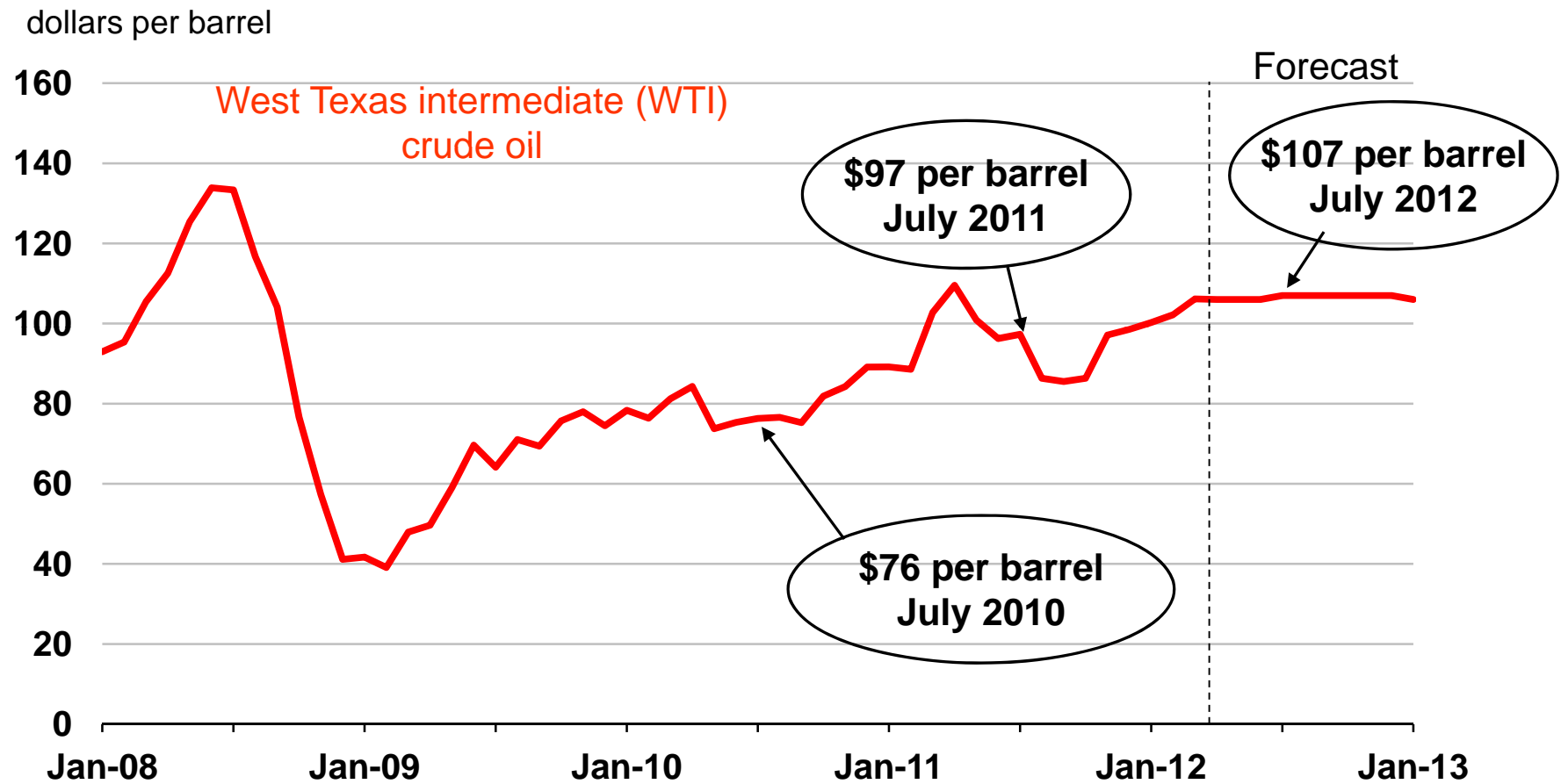
## World oil spare production capacity slowly increases from low point in as recovery in Libyan production is offset by production disruption elsewhere in the Middle East and North Africa



Note: Shaded area represents 2001 - 2011 average (2.6 million barrels per day)

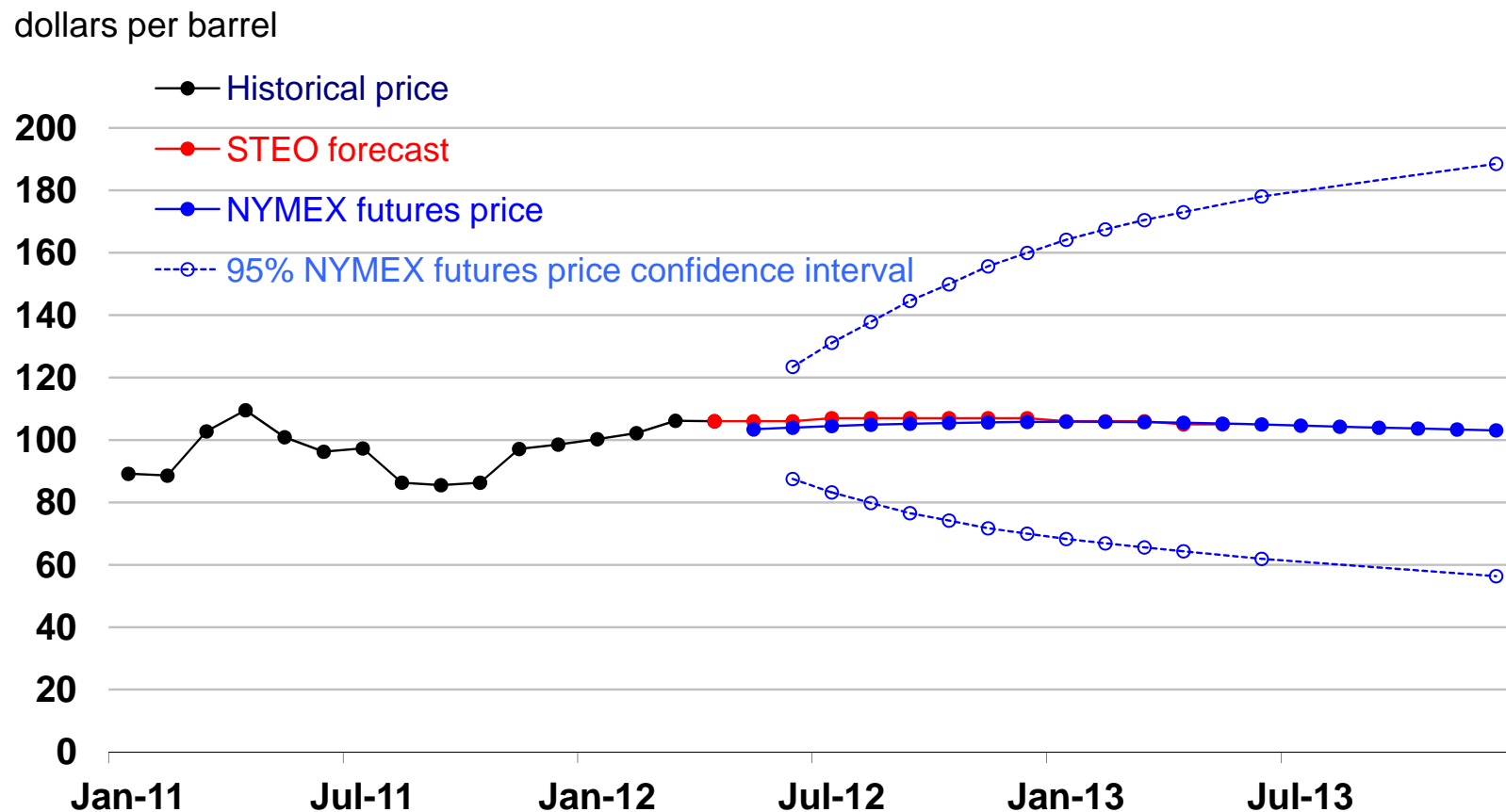
Source: Short-Term Energy Outlook, April 2012

## EIA expects WTI crude oil prices will average \$107 per barrel this summer (April – September)



Source: Short-Term Energy Outlook, April 2012

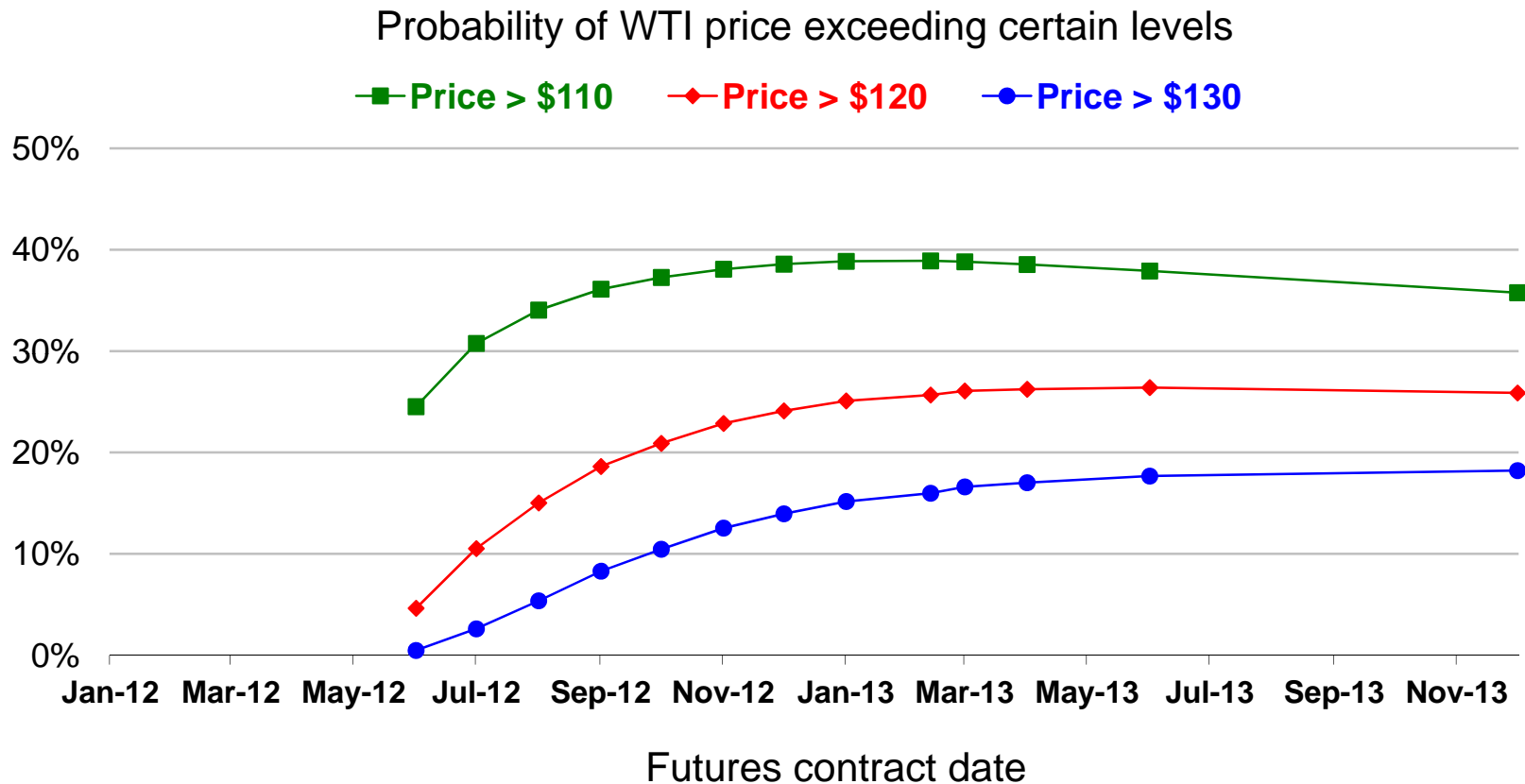
# Uncertainty over crude oil price forecasts remains high



Notes: Confidence intervals calculated using NYMEX market data for the five trading days ending April 5, 2012. Intervals not shown for months with little trading in "close-to-the-money" options contracts.

Source: Short-Term Energy Outlook, April 2012

# Probabilities the West Texas Intermediate (WTI) crude oil price may exceed given levels



Notes: Price probabilities calculated using NYMEX market data for the five trading days ending April 5, 2012. Values not calculated for months with little trading in "close-to-the-money" options contracts.

Source: Short-Term Energy Outlook, April 2012



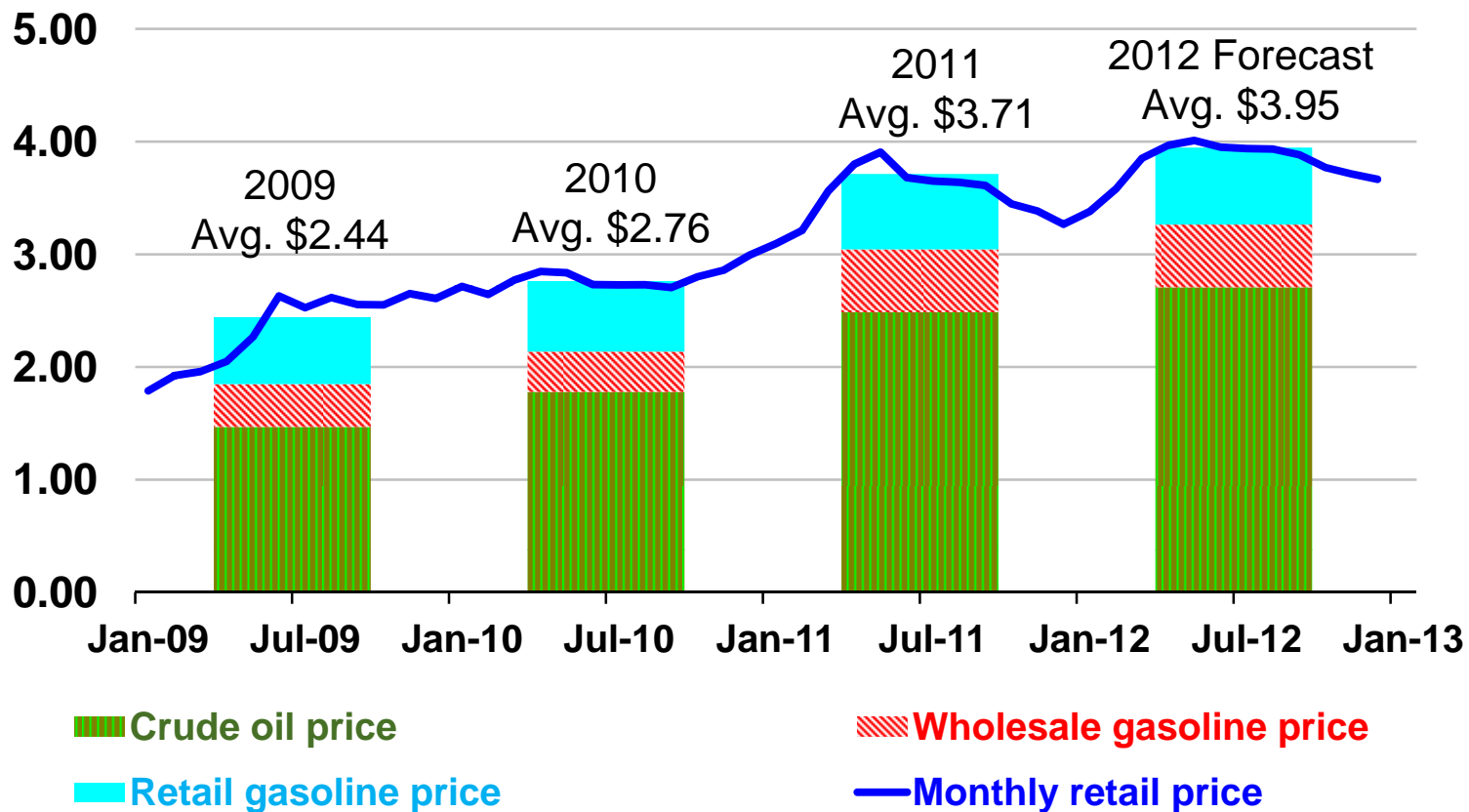
# Major characteristics of 2012 U.S. summer (April – September) outlook for gasoline

- Higher crude oil prices
- Declining gasoline consumption
- Slight decline in fuel ethanol blending
- Stronger refining margins for gasoline

Source: Short-Term Energy Outlook, April 2012

# Summer regular-grade gasoline retail price forecast averages \$3.95 per gallon

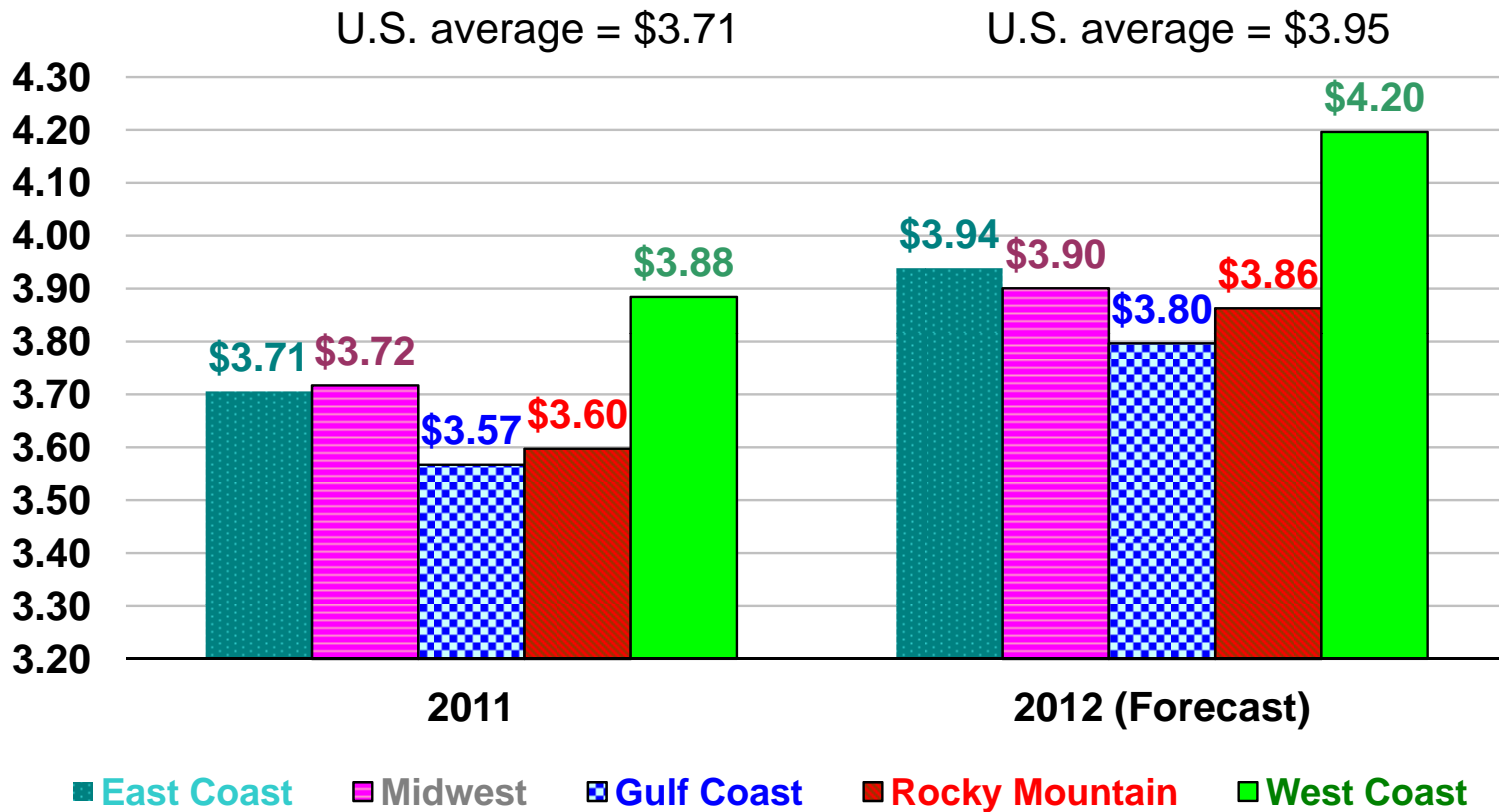
dollars per gallon



Source: Short-Term Energy Outlook, April 2012

# Regular gasoline summer prices vary by region

dollars per gallons



Source: Short-Term Energy Outlook, April 2012

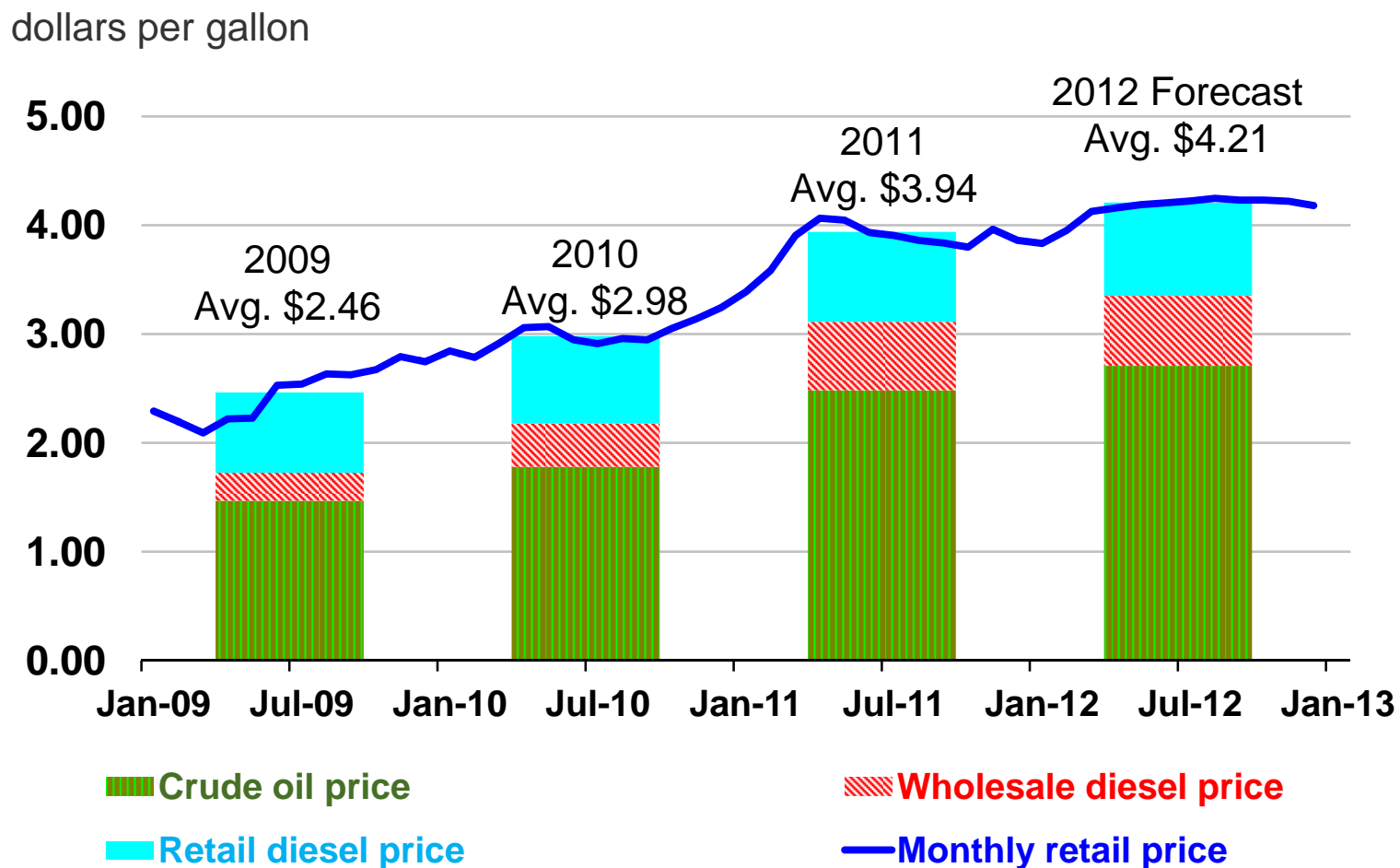
## Since summer 2011, 26% of East Coast refinery capacity has stopped operating

<b>Owner</b>	<b>Status</b>	<b>Crude Unit Capacity (barrels per calendar day)</b>	<b>Percent of Region</b>
Operating refineries (7)	Operating	675,200	49%
Sunoco Inc., Philadelphia, PA	Operating, For Sale (1)	335,000	24%
Sunoco Inc., Marcus Hook, PA	Idled 12/2011, For Sale	178,000	13%
ConocoPhillips, Trainer, PA	Idled 9/2011, For Sale	185,000	13%
<b>Total Operating and Idled</b>		<b>1,373,200</b>	<b>100%</b>

(1) Sunoco has announced plans to close the Sunoco Philadelphia refinery (335,000 bbl/d) in July 2012 if no buyer is found.

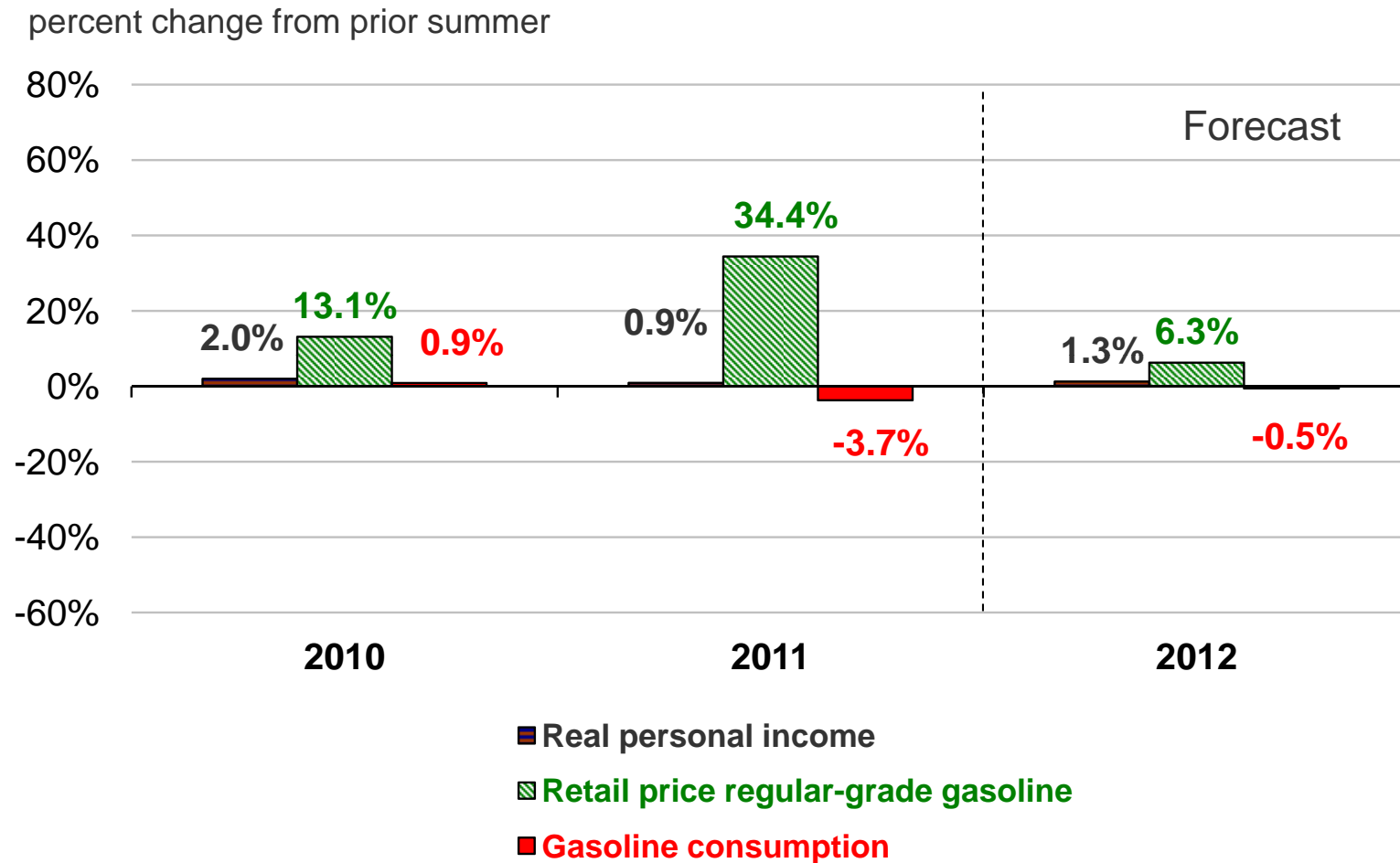
Source: Short-Term Energy Outlook, April 2012

# Summer retail diesel price forecast averages \$4.21 per gallon, up \$0.27 per gallon from last summer



Source: Short-Term Energy Outlook, April 2012

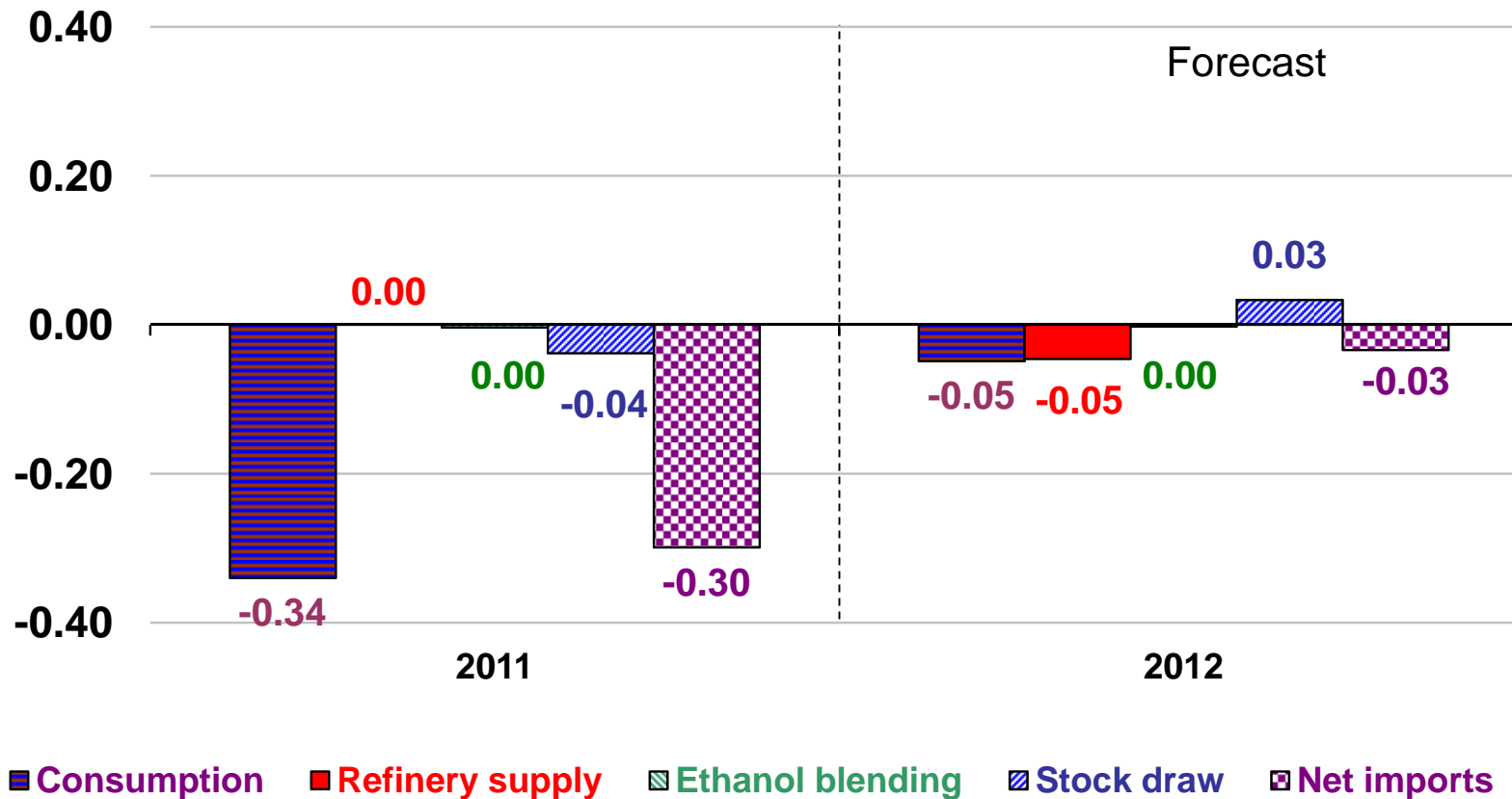
# Higher gasoline prices and modest income growth restrain U.S. gasoline consumption growth



Source: Short-Term Energy Outlook, April 2012

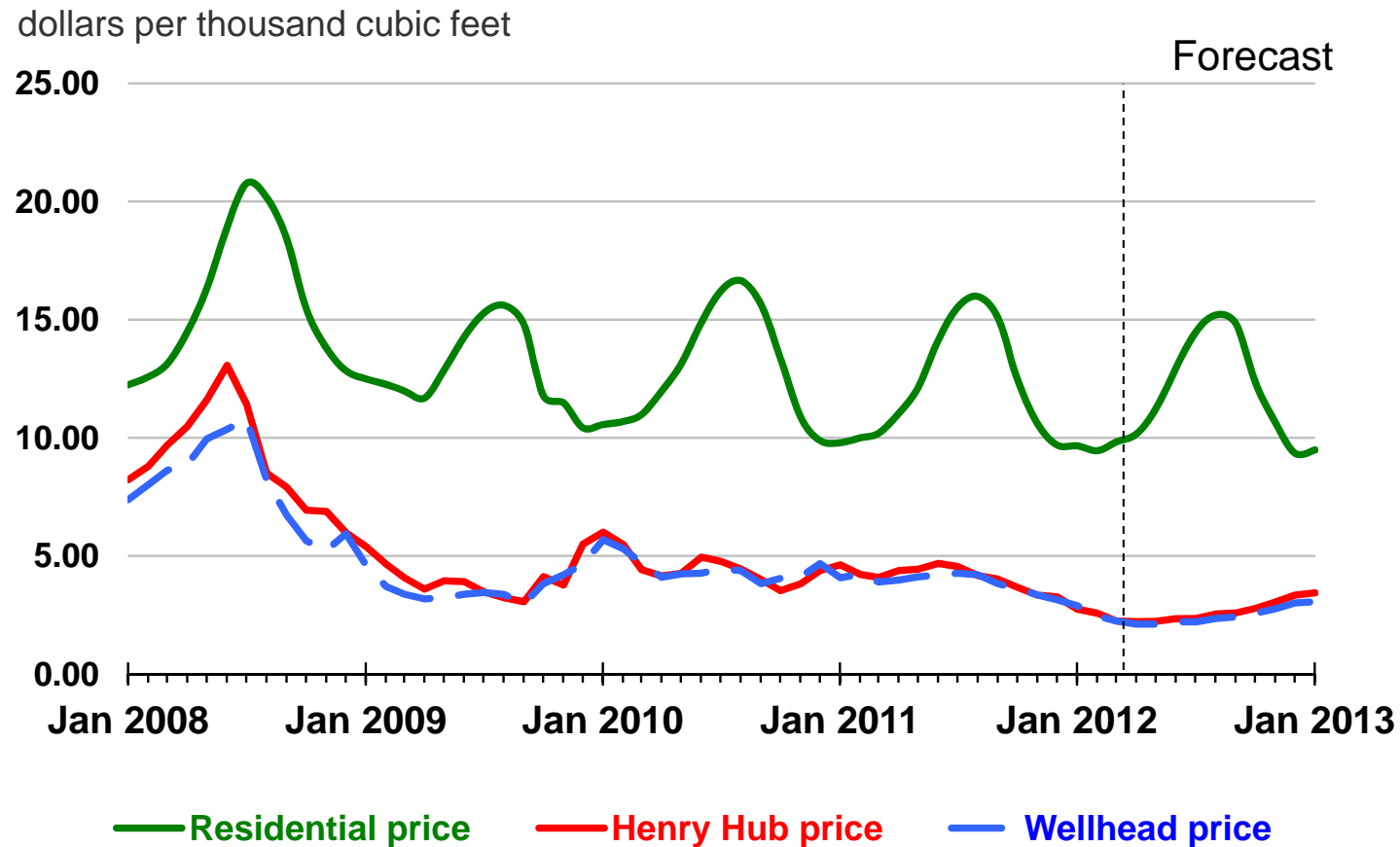
# The summer gasoline consumption and supply outlook at the national level in 2012 is very similar to that in 2011

million barrels per day (change from prior summer )



Source: Short-Term Energy Outlook, April 2012

## EIA expects natural gas prices will remain low this year

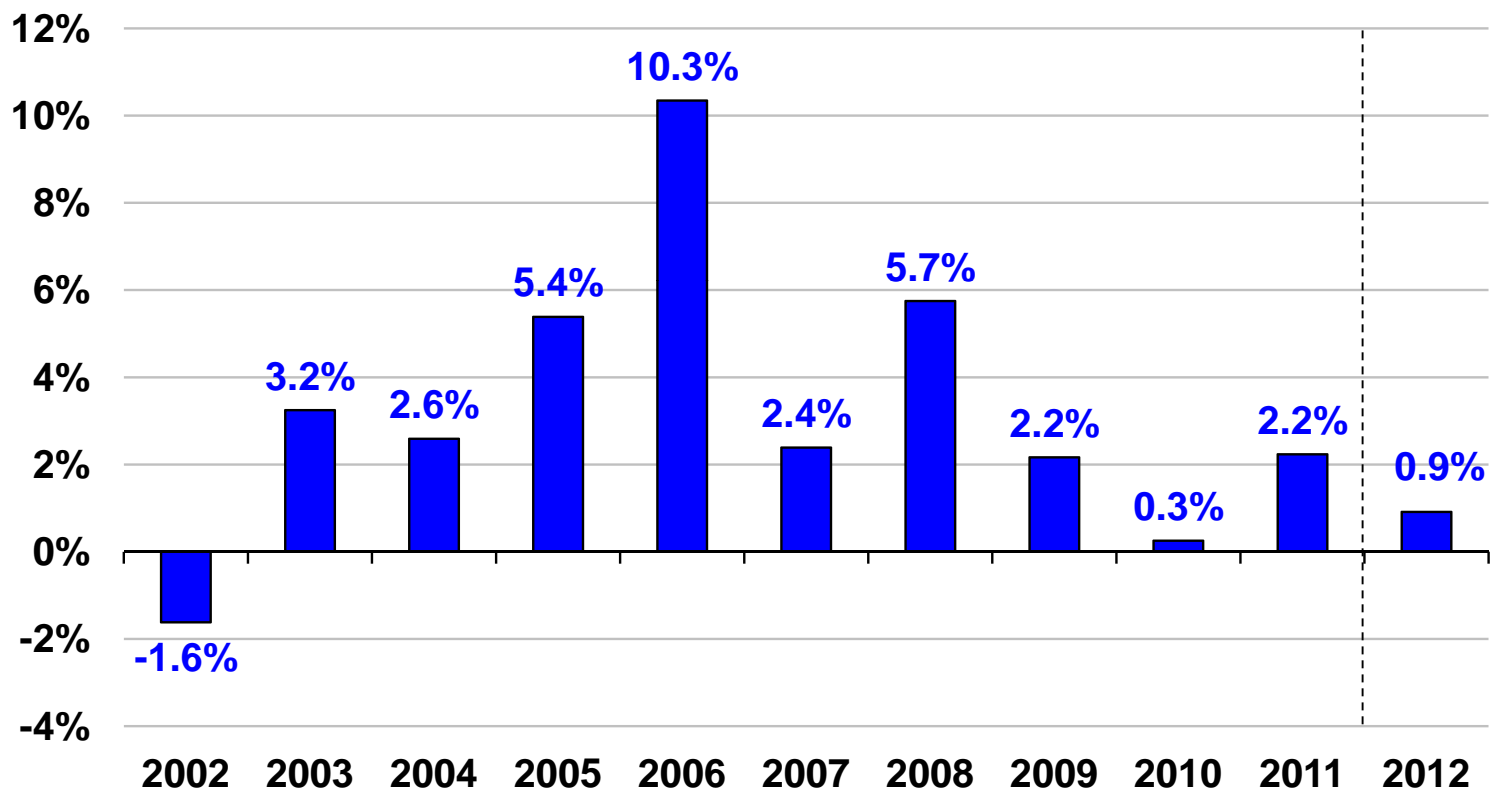


Source: Short-Term Energy Outlook, April 2012



## A small increase expected in residential electricity average price during 2012

change from prior year



Source: Short-Term Energy Outlook, April 2012

# Summary

**Oil and Gasoline:** World consumption growth and supply disruptions and unrest in Middle East and North Africa regions contribute to higher oil and product prices.

- *WTI Crude oil prices expected to average about \$107 per barrel this summer compared with \$96 per barrel last summer.*
- *Gasoline retail prices are expected to average \$3.95 per gallon this summer, compared with \$3.71 per gallon last summer.*
- *Diesel fuel prices increase from an average \$3.94 per gallon last summer to \$4.21 per gallon this summer*
- *Market uncertainties are many and may significantly impact prices and supplies during the rest of 2012.*

**Natural Gas.** Henry Hub spot price expected to average \$2.51 per million Btu in 2012, \$1.49 below the 2011 average.

**Electricity Prices.** Slight increase in average residential electricity price expected in 2012.

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## For more information

U.S. Energy Information Administration home page | [www.eia.gov](http://www.eia.gov)

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Annual Energy Outlook | [www.eia.gov/aeo](http://www.eia.gov/aeo)

International Energy Outlook | [www.eia.gov/ieo](http://www.eia.gov/ieo)

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