Independent Statistics and Analysis
U.S. Energy Information Administration

Short-Term Energy Outlook

June 2026

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Short-Term Energy Outlook

Overview

U.S. energy market indicators	2025	2026	2027
Brent crude oil spot price (dollars per barrel)	**$69**	**$95**	**$79**
Retail gasoline price (dollars per gallon)	**$3.10**	**$3.90**	**$3.64**
U.S. crude oil production (million barrels per day)	**13.6**	**13.7**	**14.2**
Natural gas price at Henry Hub (dollars per million British thermal units)	**$3.53**	**$3.60**	**$3.46**
U.S. liquefied natural gas gross exports (billion cubic feet per day)	**15**	**17**	**19**
Shares of U.S. electricity generation			
Natural gas	40%	40%	40%
Coal	17%	16%	15%
Nuclear	18%	18%	18%
Conventional hydropower	6%	6%	6%
Wind	11%	11%	12%
Solar	7%	8%	9%
Other energy sources	1%	1%	1%
U.S. GDP (percentage change)	**2.1%**	**2.0%**	**1.7%**
U.S. CO_2 emissions (billion metric tons)	**4.9**	**4.8**	**4.8**

Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook,* June 2026
Note: Values in this table are rounded and may not match values in other tables in this report.

- **Global oil market assumptions.** We make the assumption that the Strait of Hormuz will remain effectively closed in the near term. In our forecast, oil shipments through the strait resume in the third quarter of 2026 (3Q26), however, we assume that it will likely take several months to ramp up to pre-conflict traffic, which we do not think will occur until early 2027. We expect some oil production in the Middle East to remain disrupted beyond the *Short-Term Energy Outlook* (STEO) forecast.

- **Global oil inventories**. Global oil markets remain highly volatile as very limited shipping traffic through the Strait of Hormuz has caused oil producers in the Middle East to reduce crude oil production by more than 11 million barrels per day (b/d) in May compared with pre-conflict levels. This drop in production has resulted in large global inventory draws to meet demand. Under our assumptions, we expect global oil inventories will fall by an average of 6.3 million b/d in 2Q26 and by 7.6 million b/d in 3Q26. Oil inventories in the Organization for Economic Cooperation and Development in our forecast fall to their lowest levels since 2003.

- **Global oil consumption**. High fuel prices, reduced fuel availability, and government initiatives have lowered oil demand. As a result, we now forecast that global oil demand will decrease by 1.1 million b/d over the course of 2026, compared to 104.0 in 2025. In our May STEO we

forecast global oil consumption would increase by 0.2 million b/d in 2026, and in our February STEO we forecast demand would increase by 1.2 million b/d. We assume oil demand will rebound next year following a return of supply flows later in 2026, with oil demand growing by 2.5 million b/d in 2027 to 105.3 million b/d.

- **Crude oil price forecast.** Despite production outages and lower oil inventories, the Brent crude oil spot price fell in May following reductions in oil demand and reports of a possible agreement between the United States and Iran. However, based on the assumption that the Strait of Hormuz remains closed to most shipping traffic in the near term, falling oil inventories keep Brent prices at an average of $105 per barrel (b) in June and July. Once flows through the Strait of Hormuz incrementally resume allowing producers to gradually restore shut-in production, we expect prices to fall to an average of $79/b in 2027.

- **U.S. petroleum product prices.** Higher global crude oil prices are pushing U.S. petroleum wholesale price forecasts higher. Diesel and jet fuel wholesale prices rise the most—more than 60% in 2026 and 40% in 2027, respectively—compared with our pre-conflict February STEO. We expect the wholesale gasoline price to increase by around 50% in 2026 and nearly 40% in 2027, compared with our February STEO.

- **U.S. petroleum product trade.** Disruptions to crude oil and refined product flows through the Strait of Hormuz have led to increased demand for U.S. supply, pushing U.S. crude oil and petroleum product net exports in April to a record 5.8 million b/d, with May net exports staying close to that level. Demand for U.S. diesel and jet fuel in particular has risen, with net exports for both expected to increase in 2Q26 compared with 2Q25. Overall, we expect U.S. crude oil and petroleum product net exports to average 4.2 million b/d this year, up 1.4 million b/d from 2025.

- **Natural gas prices.** The Henry Hub spot price rose slightly in May as warmer weather increased electric power sector demand. Despite the rising demand, natural gas prices remain relatively flat in 2026 as supply growth outpaces demand. Rising crude oil prices drive crude oil production higher in our forecast, which results in growth in associated natural gas production. However, rising natural gas demand next year for electricity generation and ongoing growth in U.S. natural gas exports put upward pressure on natural gas prices in the second half of (2H27). We expect the Henry Hub spot price to average about $3.34 per million British thermal units (MMBtu) in 2H26 and $3.55/MMBtu in 2H27.

- **Electricity generation.** Above-average temperatures this summer contribute to a 3% increase in forecast U.S. electricity generation compared with the summer of 2025. This growth is met by increased generation from renewable fuel sources, with solar generation increasing by 19% and wind generation increasing by 10%. Generation from coal is forecast to decrease by 2%. Natural gas generates about the same amount of electricity it did last summer.

Notable forecast changes

Current forecast: June 9, 2026; previous forecast: May 12, 2026	**2026**	**2027**
Henry Hub spot price (dollars per million British thermal units)	**$3.60**	**$3.46**
Previous forecast	$3.50	$3.18
Percentage change	2.8%	9.0%
OPEC+ crude oil production (million barrels per day)	**34.0**	**39.8**
Previous forecast	35.6	39.8
Percentage change	-4.5%	0.0%
World liquid fuels consumption growth (million barrels per day)	**-1.1**	**2.5**
Previous forecast	0.2	1.5
Percentage point change	-1.3	1.0
U.S. crude oil inventories (million barrels)	**419**	**422**
Previous forecast	431	434
Percentage change	-2.8%	-2.6%

Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*
Note: Percentages and changes are calculated from unrounded values.

Global Oil Markets

Global oil prices and inventories

Global oil markets remain in a period of heightened volatility and uncertainty as the de facto closure of the Strait of Hormuz, a major world oil transit chokepoint, has now surpassed three months. Shipping traffic through the strait has been extremely limited since military action began on February 28. The Brent crude oil spot price averaged $107 per barrel (b) in May, $10/b lower than the average in April, the first monthly average decline in prices since December 2025. Although oil price volatility remains elevated, prices fell in May as numerous reports surfaced that the United States and Iran were nearing an agreement to extend the existing ceasefire and re-open the Strait of Hormuz pending future negotiations. As of this writing, the agreement has not been finalized. Most oil production in the region remains shut-in, and global oil inventories have continued to fall to meet demand.

Although ships have occasionally transited the strait over the past month, for the purposes of this forecast, we assume that the Strait of Hormuz will remain effectively closed into early summer, with flows slowly starting to resume in the third quarter of 2026 (3Q26). If flows resume within this timeframe, we expect it will take until early 2027 for production and trade patterns to generally return to pre-conflict status, and we anticipate that some producers around the Persian Gulf will not be able to bring oil output back to pre-conflict levels during the STEO forecast period.

Disrupted crude oil production volumes in the Middle East increased last month. We assess that production shut-ins averaged 11.3 million barrels per day (b/d) in May, and we expect they will continue to rise through 2Q26 as storage levels, particularly in Iran, reach maximum limits, requiring producers to shut in additional volumes as the closure of the strait persists.

Table 1. Estimated Strait of Hormuz closure-related disruptions in crude oil production

thousand barrels per day

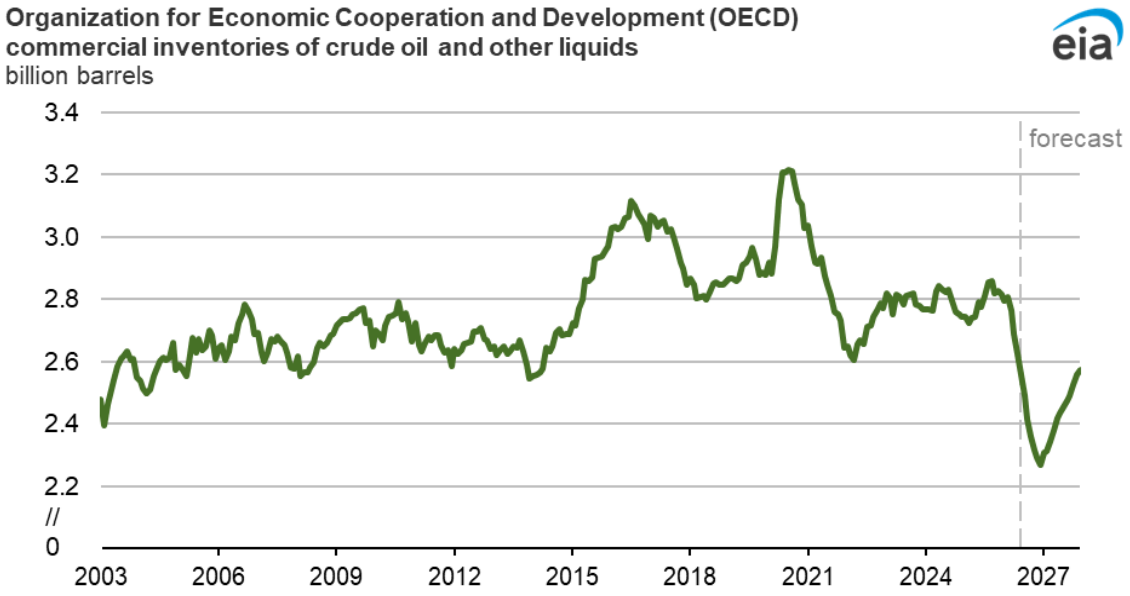
Country	Production Feb-26	Estimated shut-ins Mar-26	Estimated shut-ins Apr-26	Estimated shut-ins May-26	Forecast shut-ins Jun-26	Forecast shut-ins 3Q26	Forecast shut-ins 4Q26
Kuwait	2,560	1,400	2,050	1,980			
UAE	3,600	1,450	1,100	1,350			
Iran	3,390	130	230	780			
Iraq	4,400	2,840	3,130	3,190			
Qatar	557	450	500	500			
Bahrain	193	120	160	160			
Saudi Arabia	10,500	2,500	3,200	3,290			
Total	**25,200**	**8,890**	**10,520**	**11,250**	**11,340**	**10,112**	**5,703**

We only forecast aggregate disruptions for future months.

Data source: U.S. Energy Information Administration

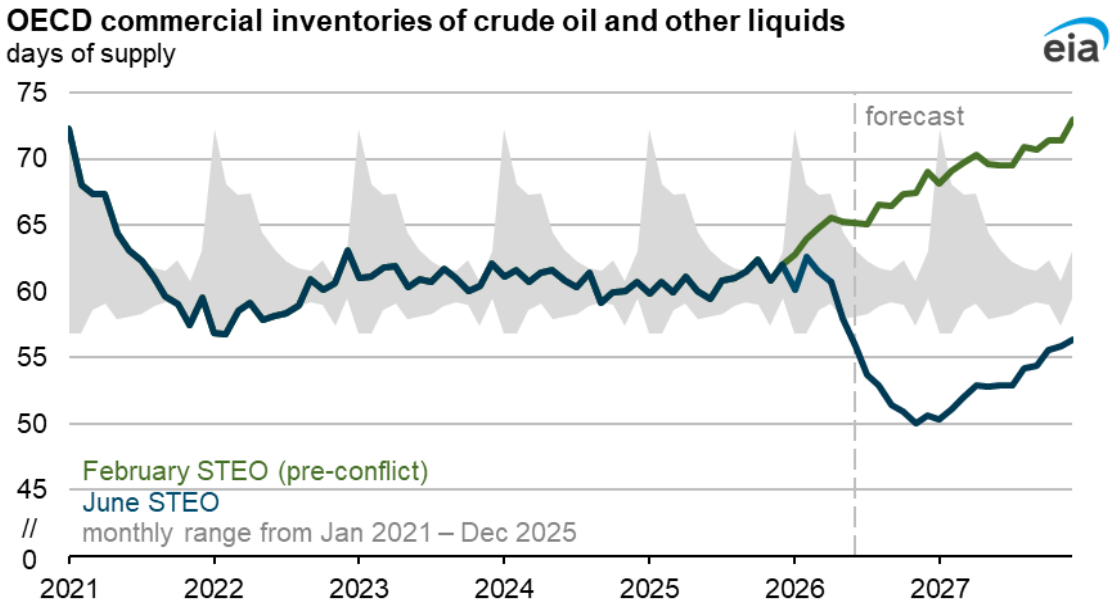
Prior to the conflict, we assessed the market was well positioned to weather a short-term disruption to oil flows as a result of months of global oversupply and global oil inventory builds in on-land and floating storage. As the conflict and disruption to oil supplies have persisted, global oil inventories have

increasingly met demand. Based on our assumptions around the reopening of the Strait of Hormuz and the gradual resumption of oil trade flows, we now forecast total liquid fuels inventories in the Organization for Economic Cooperation and Development (OECD) will fall to just under 2.3 billion barrels by December 2026, which would be the lowest level since 2003, when our dataset begins, and well below the previous five-year average (2021–2025) of 2.8 billion barrels.



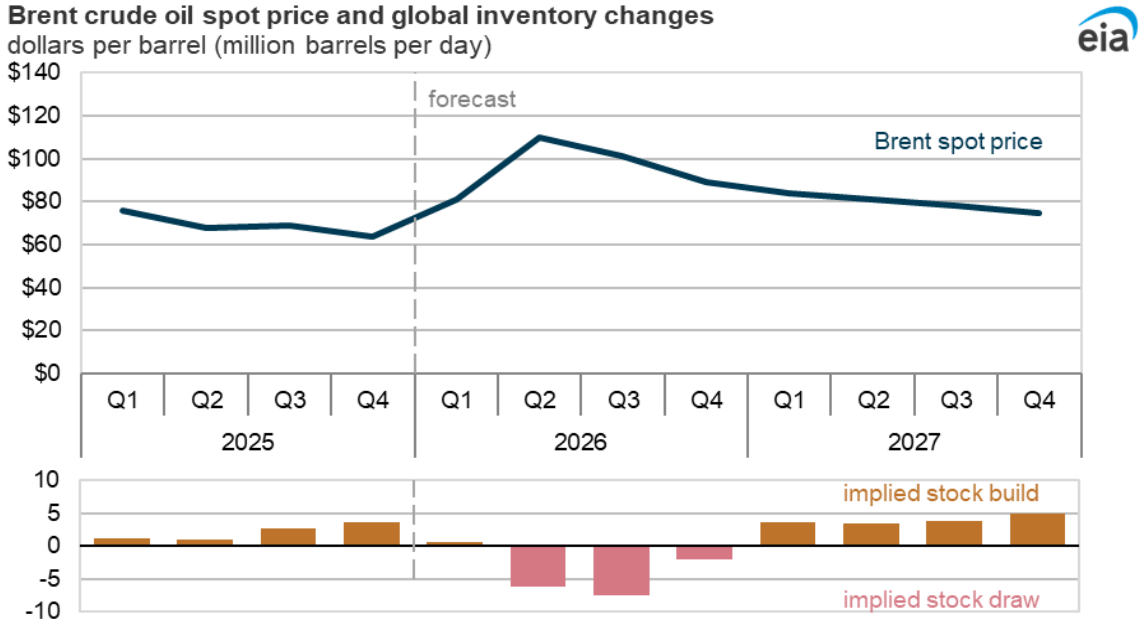
Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, June 2026

On a days-of-supply basis, which considers how many days of future demand current inventory levels can meet, we now expect OECD inventories to fall to a low of 50 days by the end of 2026, which would be the fewest days of future demand cover since January 2003, when our dataset begins. Furthermore, we do not expect OECD inventories will return to pre-conflict levels during the STEO forecast period. Prior to the onset of the conflict, in our February STEO, we expected that OECD oil inventories would continue to build over the forecast, reaching some of their highest levels since the recovery from the COVID-19 pandemic in early 2021, at more than 70 days of future demand cover.



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook* (STEO), June 2026

Because of the size of the drawdown in global inventories, we forecast that oil prices will remain elevated until global oil flows return to normal levels and oil inventories are replenished. We estimate that global oil inventories will fall by an average of 6.3 million b/d in 2Q26, and we forecast the Brent crude oil spot price will average around $105/b in June and July. Once the traffic through the Strait of Hormuz gradually begins to resume and shut-in oil production increasingly restarts, we assume oil prices will begin to fall, decreasing to an average of $89/b by 4Q26. We assess that most shut-in oil production will be fully restored in 1Q27 and that global oil inventories will again start building, gradually lowering oil prices to an average of $79/b in 2027.

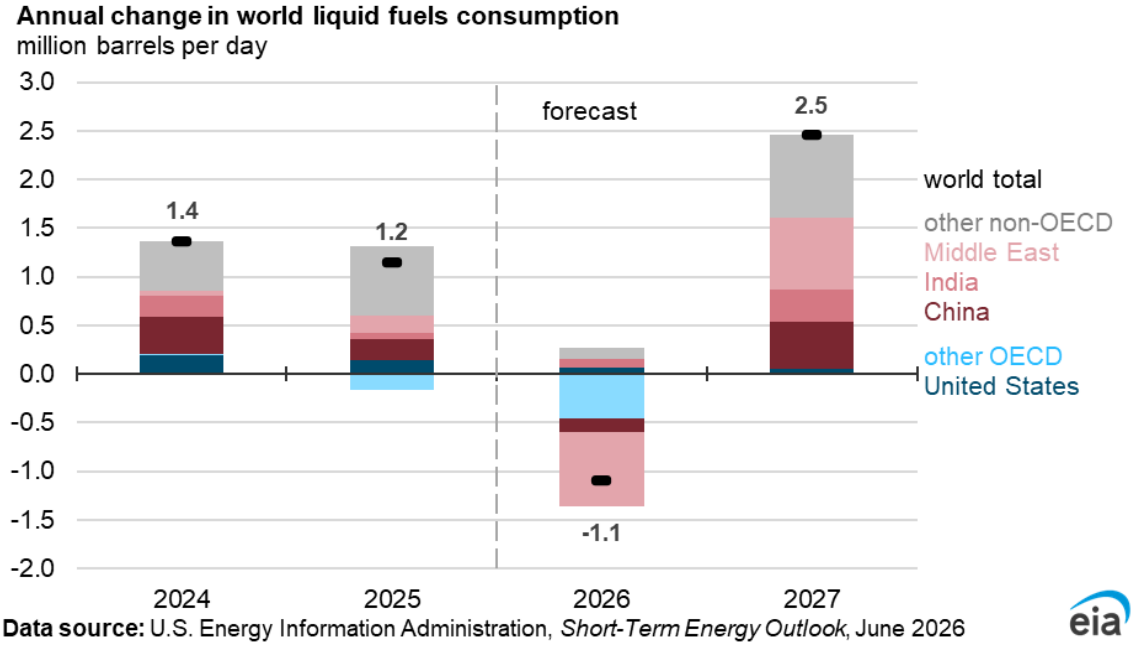


Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, June 2026

Global oil consumption

We expect high fuel prices, a reduction in fuel availability, and government initiatives have reduced oil demand. The reduction in demand has helped limit global oil inventory draws despite the loss in supply. We have reduced our expectations around global oil demand growth, based on reports of government initiatives to reduce fuel use, fuel shortages, and the curtailing of refined oil product exports.

Most of the reduction in demand is in Asia, which receives more crude oil supplies from the Middle East. Although timely data on demand is limited, particularly for countries in Asia that have been the most affected by the closure of the Strait of Hormuz, what data are available suggest demand has fallen by more than we previously thought. As a result, we now forecast that global oil demand will decrease by an average of 1.1 million b/d in 2026, compared with our expectation last month for 0.2 million b/d growth in oil demand and our February forecast for growth of 1.2 million b/d. We assume oil demand will rebound next year once prices drop and supply flows return later in 2026, with oil demand growing by 2.5 million b/d in 2027 to 105.3 million b/d.



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, June 2026

We assess oil demand is likely to fall further the longer the conflict persists. If the drop in oil demand continues to outpace our expectations, it could further limit oil price increases.

In addition, some Asian countries are among the largest consumers of hydrocarbon gas liquids (HGL) for petrochemical feedstocks, which could be a significant source of lost oil demand but is not as visible or reported as transportation fuel demand. As we continue to gather the latest global oil demand data and trends, our future forecasts and assumptions around global oil balances are subject to change.

U.S. Petroleum Products

U.S. wholesale product prices

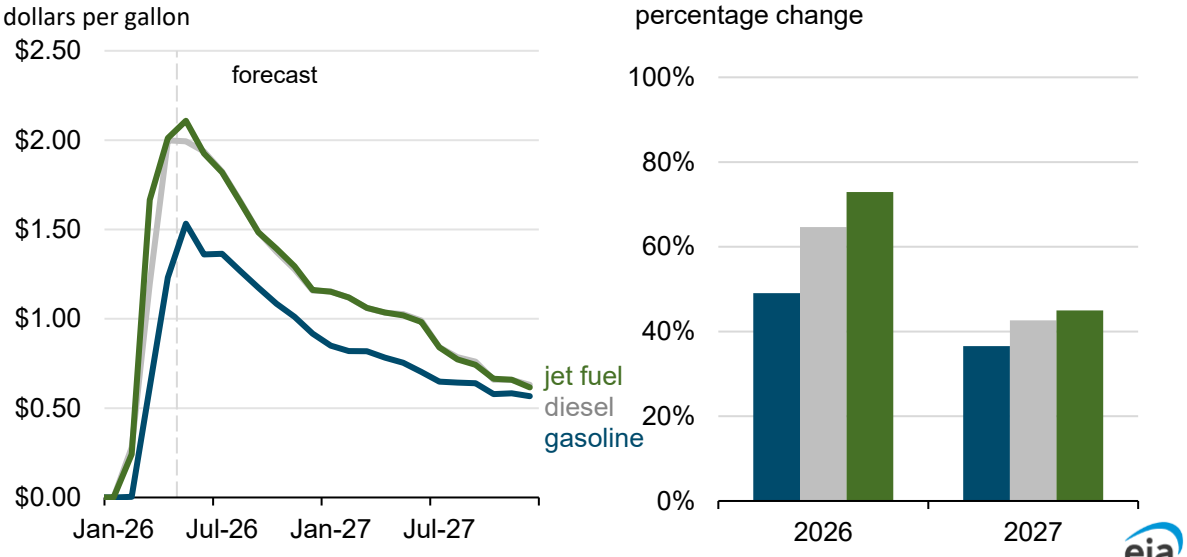
Higher crude oil prices have increased wholesale gasoline, diesel, and jet fuel product prices in the United States. The largest price changes are in the second quarter of 2026 (2Q26) due to supply concerns related to the de facto closure of the Strait of Hormuz, particularly for diesel and jet fuel.

We forecast an average wholesale gasoline price of $2.98 per gallon (gal) in 2026, an almost $1.00/gal increase from the February STEO, and an average price of $2.61/gal in 2027, a $0.70/gal increase from the February STEO. Our forecast for diesel prices is $3.40/gal in 2026 and $2.98/gal in 2027, which are $1.34/gal and $0.89/gal higher, respectively. For jet fuel, prices increase by $1.42/gal for 2026 and $0.89/ga for 2027, with average prices of $3.37/gal and $2.86/gal, respectively.

The primary driver of the increase in wholesale prices is rising crude oil prices. The Brent crude oil spot price rose sharply in March and April, rising from an average of $71 per barrel (b) in February to reach an average of $117/b for April. The Brent price fell to an average of $107/b for May. This brings the 2026 annual average to $95/b, representing the highest annual average price since 2022, following Russia's invasion of Ukraine.

In addition to higher crude oil prices, petroleum product prices have also increased because of higher refinery margins. Refinery margins have increased particularly for diesel and jet fuel because of a need in Europe and Asia to replace volumes previously supplied through the Strait of Hormuz.

June STEO forecast of U.S. wholesale petroleum prices compared to the February STEO

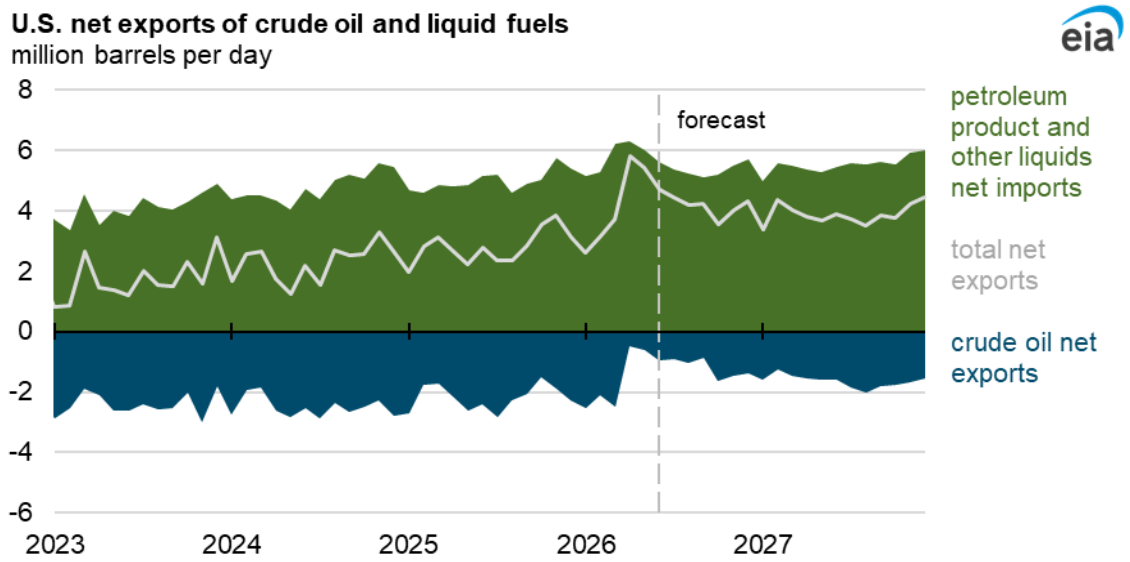


Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook* (STEO), June 2026

U.S. petroleum net exports

With both crude oil and petroleum product oil flows through the Strait of Hormuz disrupted, many countries are turning to the United States for supply. Since March, we estimate the United States has exported an average of 6.2 million b/d more petroleum products—not including crude oil—than it has

imported. Our April estimate of 6.3 million b/d net exports would be the highest on record. We forecast that net exports of petroleum products will average 5.6 million b/d in 2026, up 0.6 million b/d from 2025 and the most of any year on record.



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, June 2026
Note: Petroleum product and other liquids include: gasoline, distillate fuels, hydrocarbon gas liquids, jet fuel, residual fuel oil, unfinished oils, other hydrocarbons/oxygenates, and other oils.

Countries have been securing U.S. diesel and jet fuel to prevent shortages. We forecast the United States will export a net of 1.5 million b/d of distillate fuel in 2Q26, up 27% from the same quarter last year. U.S. net exports of jet fuel average 0.3 million b/d in our forecast for 2Q26, compared with about 0.1 million b/d in 2Q25.

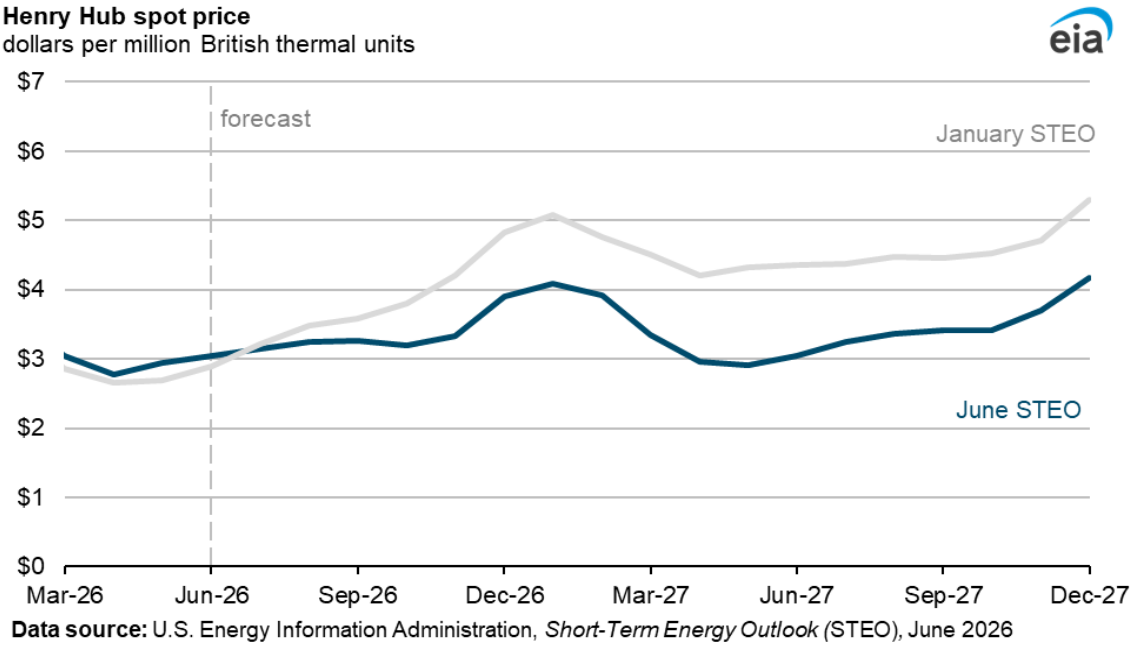
Many global refineries have also sought alternative sources of crude oil supply as well, such as crude oil from the United States. As a result, the United States exported almost as much crude oil as it imported in April. Data from our *Weekly Petroleum Status Report* show, the United States imported 5.6 million b/d of crude oil over the four weeks ending May 1, which is the least in any month since February 2021, when oil demand was still reduced because of the pandemic. Meanwhile, weekly data show the United States exported 5.4 million b/d of crude oil over the same four weeks, which would be the most on record. We expect U.S. net crude oil imports to average 1.4 million b/d in 2026, down 0.8 million b/d from last year.

In our forecast, we expect global oil trade will return to more historically typical patterns once oil flows resume through the Strait of Hormuz. The return of more typical oil flows will reduce international demand for U.S. crude oil and petroleum products. We expect that this year the U.S. net exports of total crude oil and petroleum products will average 4.2 million b/d, but we forecast it will drop to 3.9 million b/d in 2027. However, our forecast for total net exports in 2027 remains higher than the 2.8 million b/d of net exports registered in 2025.

Natural Gas

Natural gas prices

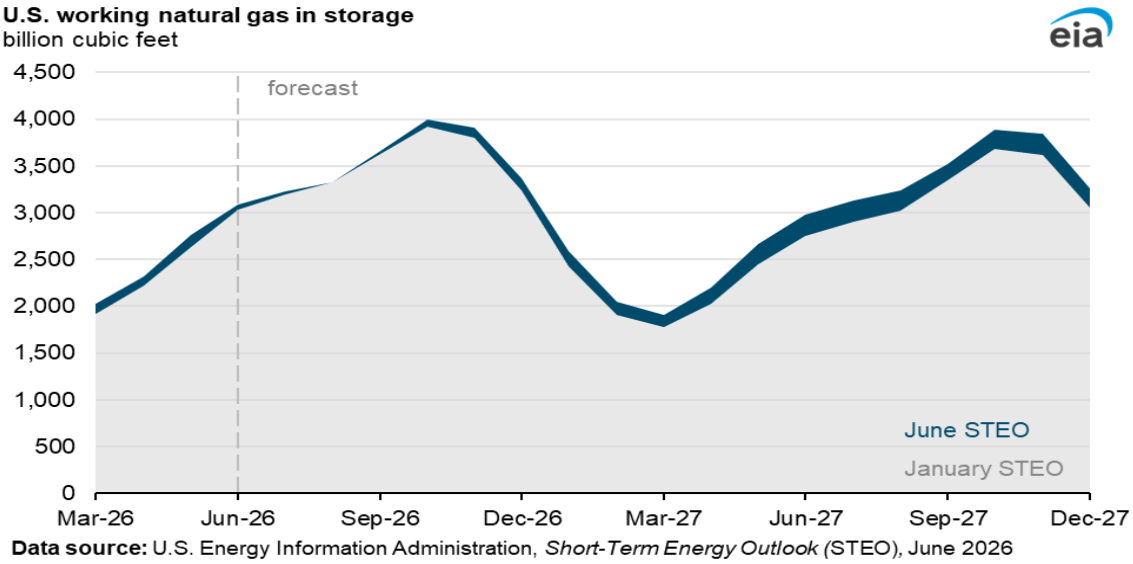
In May, the Henry Hub spot price for natural gas averaged $2.94 per million British thermal units (MMBtu), up 17 cents/MMBtu from April. Daily prices edged above $3.00/MMBtu towards the end of the month, as the season shifted into summer. The slight increase came as higher temperatures began to raise natural gas demand for electricity generation used for cooling, typically the main source of seasonal growth in summer natural gas consumption. These marginal price increases are attributable to steadily rising natural gas demand, which will likely continue into the third quarter of 2026.



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook* (STEO), June 2026

Despite expectations of rising demand, prices are lower in our outlook than we had forecast earlier this year. We now expect more natural gas will be held in inventory throughout the forecast than we had expected in the January 2026 STEO, largely because we have raised our forecast for natural gas production. The price curve retains the same general shape but has been translated vertically downward.

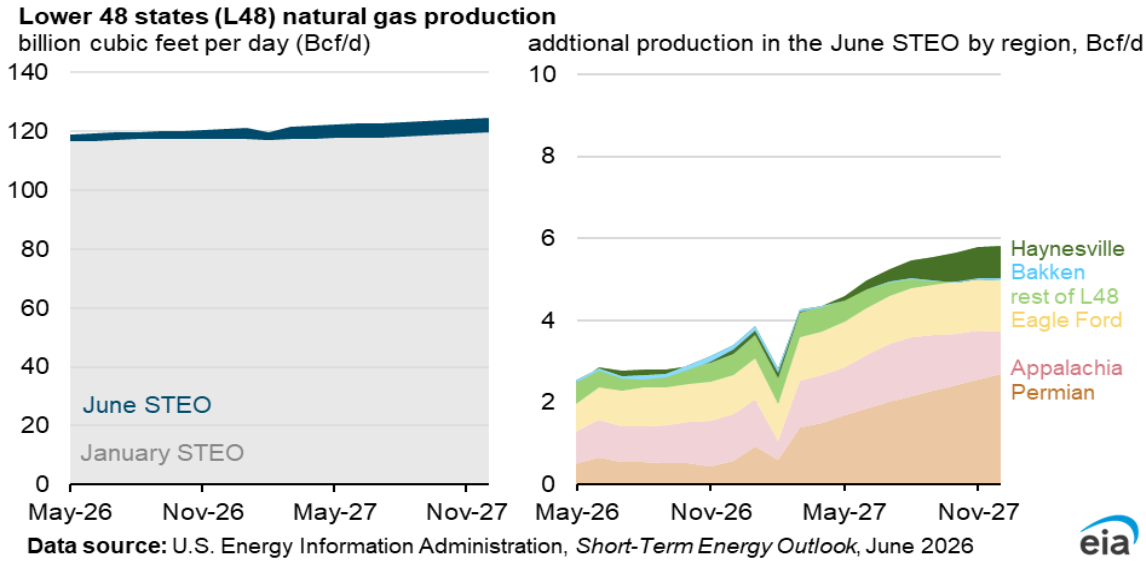
With more natural gas in storage, we have lowered our expectations for Henry Hub prices by $1.13/MMBtu for 2027, compared with our January STEO. Crude oil prices increased significantly in the first half of 2026 (1H26), and we expect that this will encourage additional oil production, concurrently producing more associated natural gas. With more production, we lowered our price forecast for 2027. We now expect the Henry Hub spot price will average about $3.34/MMBtu in 2H26 and $3.46/MMBtu in 2027.



Natural gas production

U.S. marketed natural gas production in our forecast grows by 3.3% in 2026, or about 3.9 billion cubic feet per day (Bcf/d), and by an additional 2.5% in 2027. We now expect the United States will produce 4.6 Bcf/d more natural gas in 2027 than we were forecasting in our January STEO. This upward revision is almost entirely the result of higher associated natural gas in the Permian region than we had previously expected.

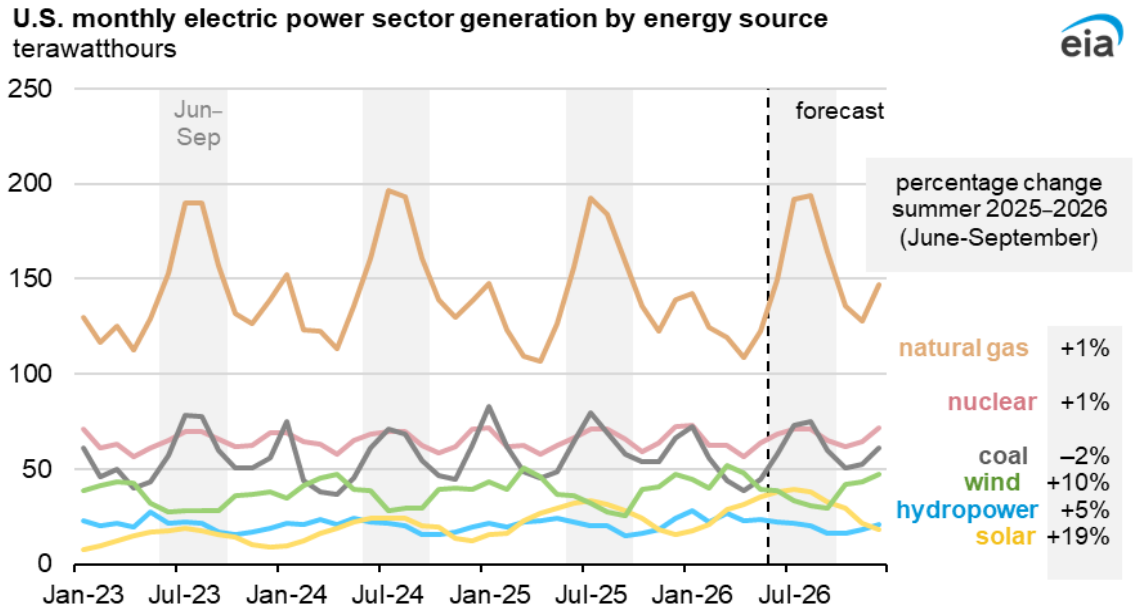
Natural gas production growth is not limited to the Permian, but the Permian region drives most of the increase between our January and June forecasts. We also expect natural gas production growth in the Haynesville region, where production is more directly tied to natural gas prices and demand from U.S. Gulf Coast LNG export facilities. Together, these regions produce enough natural gas to keep inventories above the five-year average and limit upward pressure on Henry Hub prices.



Electricity, Coal, and Renewables

Electricity generation

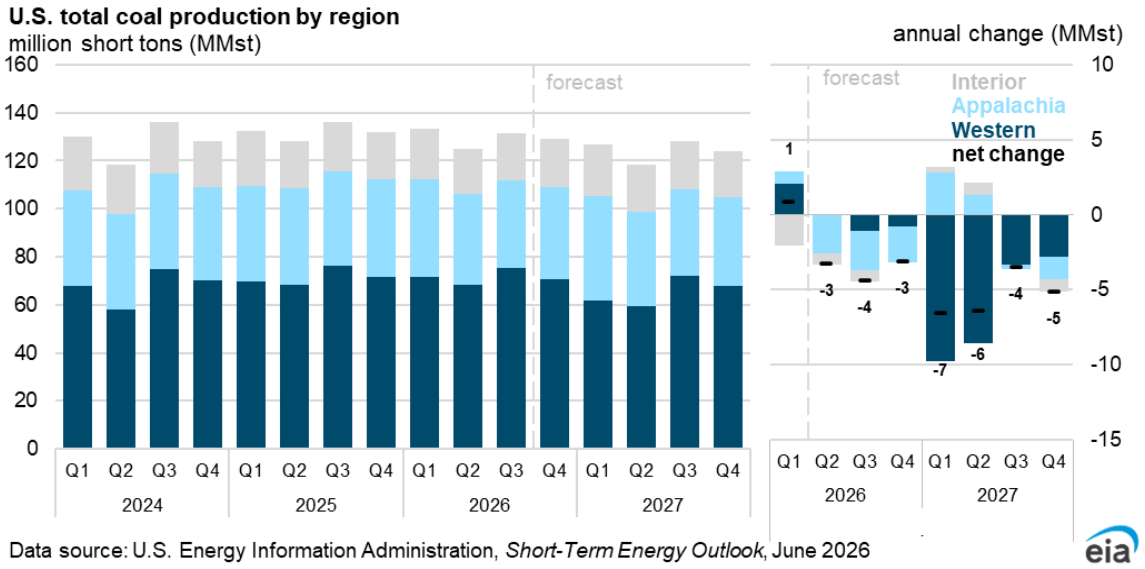
Above-average temperatures across the country in our forecast this summer lead to more electricity generation. Our forecast assumes a 3% increase in cooling degree days from June to September this year, which results in 1,620 billion kilowatthours (BKWh) of electricity being generated in these months, a 3% increase from last summer. We expect the increase will be met almost entirely by increased generation from renewable fuel sources. Coal generation in our forecast declines by 2% from last summer. This decline is offset by an increase of 19% in utility-scale solar generation relative to last summer, reflecting a 20% increase in the average utility-scale solar capacity available in the summer months of 2026 compared with last summer. Wind generation is also forecast to rise approximately 10%, which is consistent with a nearly 8% rise in average wind capacity this summer relative to last summer. We also forecast smaller increases of approximately 5% and 1% in hydro and nuclear generation, respectively.



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, June 2026

Coal production

Starting in the second quarter of 2026 (2Q26), we currently expect decreases in coal production across all producing regions through at least December 2027. Since mid-April, weekly coal production has fallen slightly below 10 million short tons (MMst) per week through the time of this publication. In comparison, weekly production for the same period in 2025 was on average 10 MMst per week. The largest declines in 2Q26 through the rest of 2026 come from the Appalachia region. Overall, we forecast total coal production in 2026 to drop slightly by 2% (10 MMst) totaling 518 MMst. Starting in 2027, the largest declines particularly in the first half of the year come from the Western region. We expect total coal production in 2027 to decline by just over 4% year over year, or 22 MMst, and total 497 MMst. We finalized the forecast before policies related to recent White House coal industry announcements were enacted.



Coal consumption

Coal consumption is mostly driven by consumption in the electric power sector. During 1Q26, coal consumption declined by 11% (13 MMst) compared with the same period last year. A warm March and April combined with lower natural gas prices have reduced the need to burn coal. We expect coal consumption to decrease by 11% in 2Q26 compared with the same period last year. We anticipate total coal consumption from the electric power sector overall this year to fall by 8% to 386 MMst. Warmer-than-normal temperatures may lead to an increase in coal consumption over the summer, especially if natural gas prices rise in tandem.

With lower coal consumption, inventory levels are expected to remain near the top of the five-year range (2021–2025), increasing by 4% in 2026 and 3% in 2027, reducing the pressure to increase production.

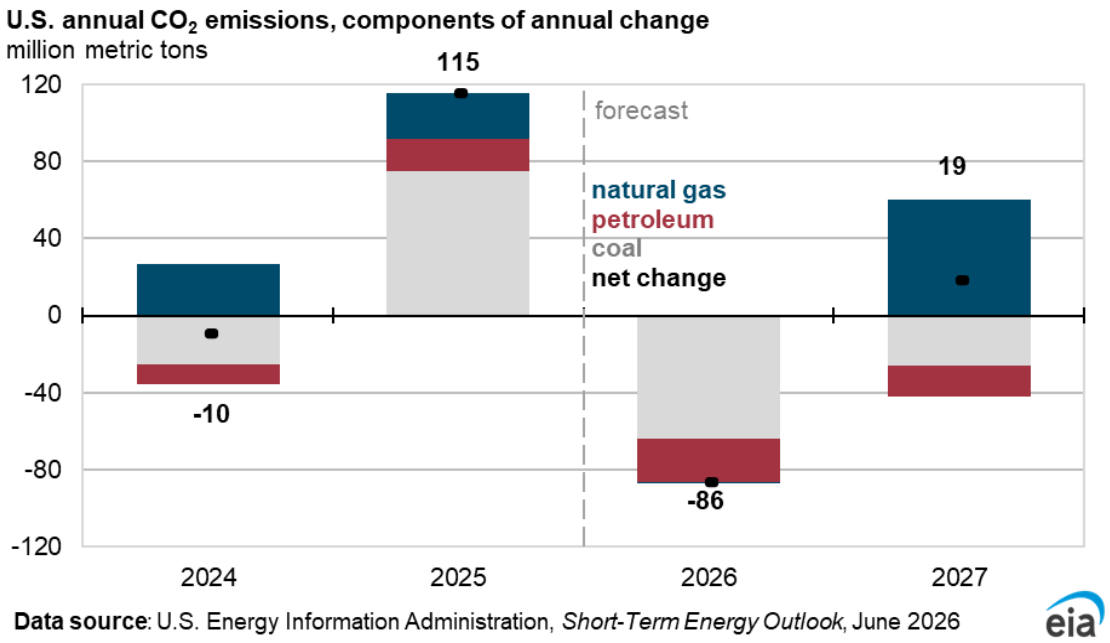
Economy, CO_2, and Weather

U.S. macroeconomics

To generate the macroeconomic assumptions in the *Short-Term Energy Outlook* (STEO), we input STEO energy price forecasts into S&P Global's Short-Term U.S. Macroeconomic Model to produce a conditional macroeconomic forecast. For more details on the macroeconomic model, see our documentation.

Emissions

We forecast U.S. energy-related carbon dioxide (CO_2) emissions to decrease by 1.8% in 2026 relative to 2025 and to increase by a 0.4% in 2027 relative to 2026. In 2026, decreases in CO_2 emissions are due primarily to expected declines in coal consumption, most of which occur at power plants for electricity generation. Declines in coal-fired generation and coal-related emissions are expected to continue in 2027 but are counteracted by growth in natural gas-fired generation, resulting in a modest increase in total CO_2 emissions.



Weather

Our forecast assumes a slightly warmer summer (June–September) in 2025 with 3% more U.S. cooling degree days (CDDs) than the summer of 2025. Based on our current forecasts and data from the National Oceanic and Atmospheric Administration, we expect the United States to average around 240 CDDs in June, 15% fewer CDDs than in June 2025 and 9% fewer than the 10-year monthly average. Warmer weather in the third quarter of 2026 (3Q26) is expected to offset the cooler start to the summer with 8% more CDDs than 3Q25. As a result, we expect the United States will average about 4% more CDDs in 2026 than in 2025 and 4% more than the 10-year average.