

2011 Summer Transportation Fuels Outlook

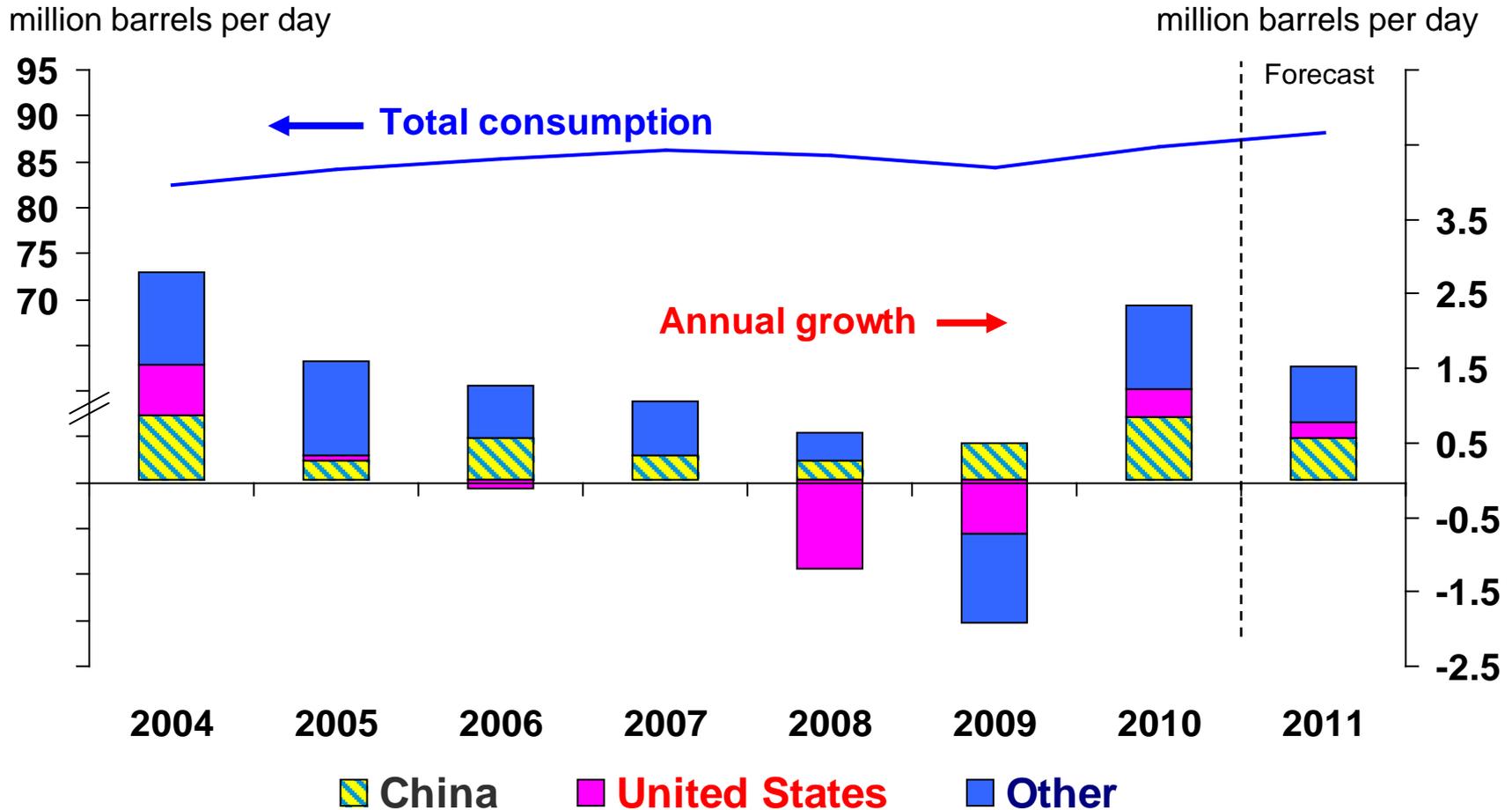


April 12, 2011

Key factors driving the short-term outlook

- Disruption of crude oil and liquefied natural gas supply from Libya and uncertainty over security of supply from other countries in the Middle East and North Africa region
- Strong growth in world consumption, driven by growth in emerging economies
- Slow growth in non-OPEC production
- Reliance on drawdown of inventories and increasing oil production from OPEC countries with a decline in available surplus production capacity

World liquid fuels consumption is projected to increase by 1.5 million bbl/d in 2011

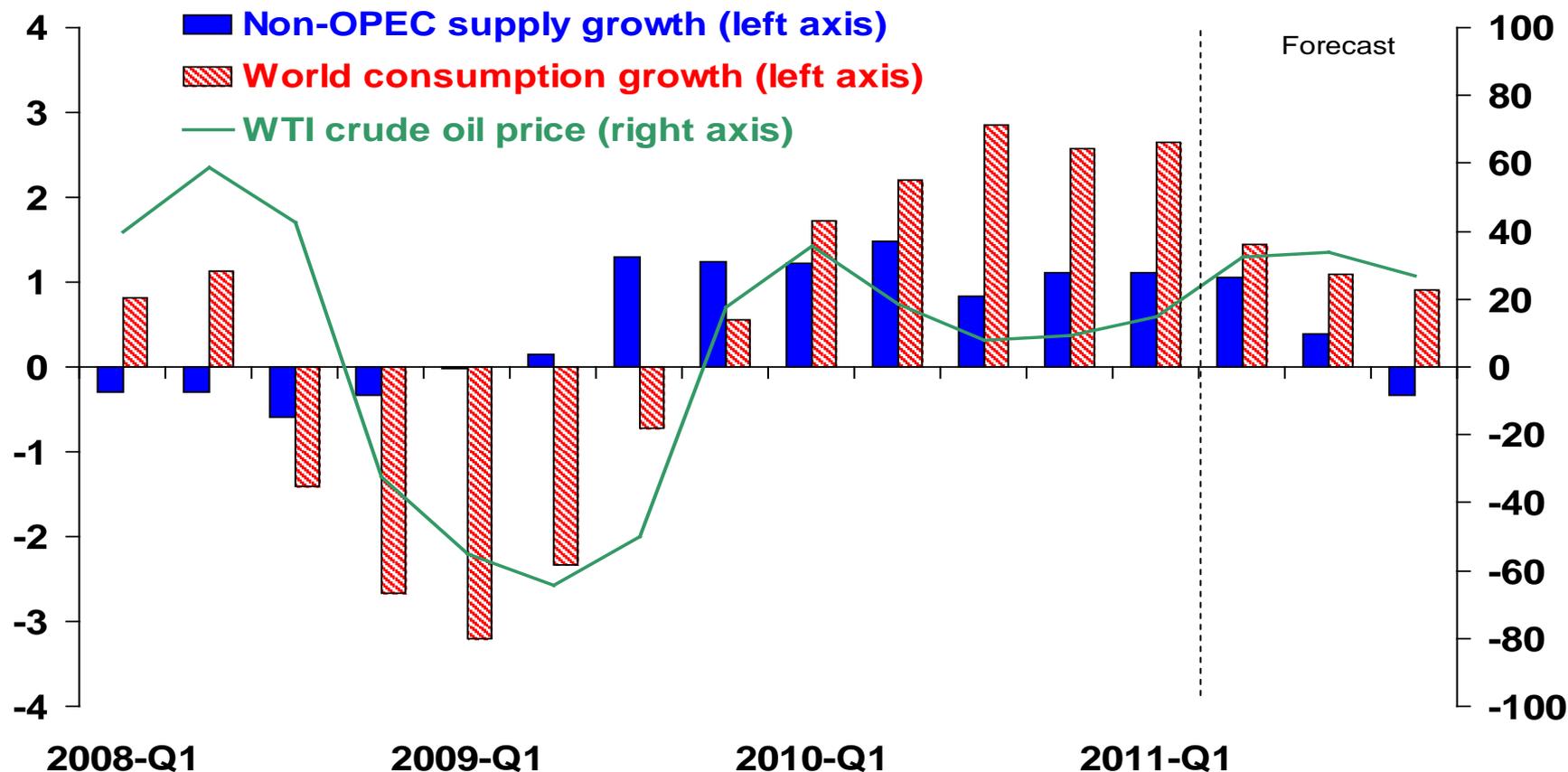


Source: Short-Term Energy Outlook, April 2011

Global oil consumption is growing faster than non-OPEC supply, which along with other factors is driving prices higher

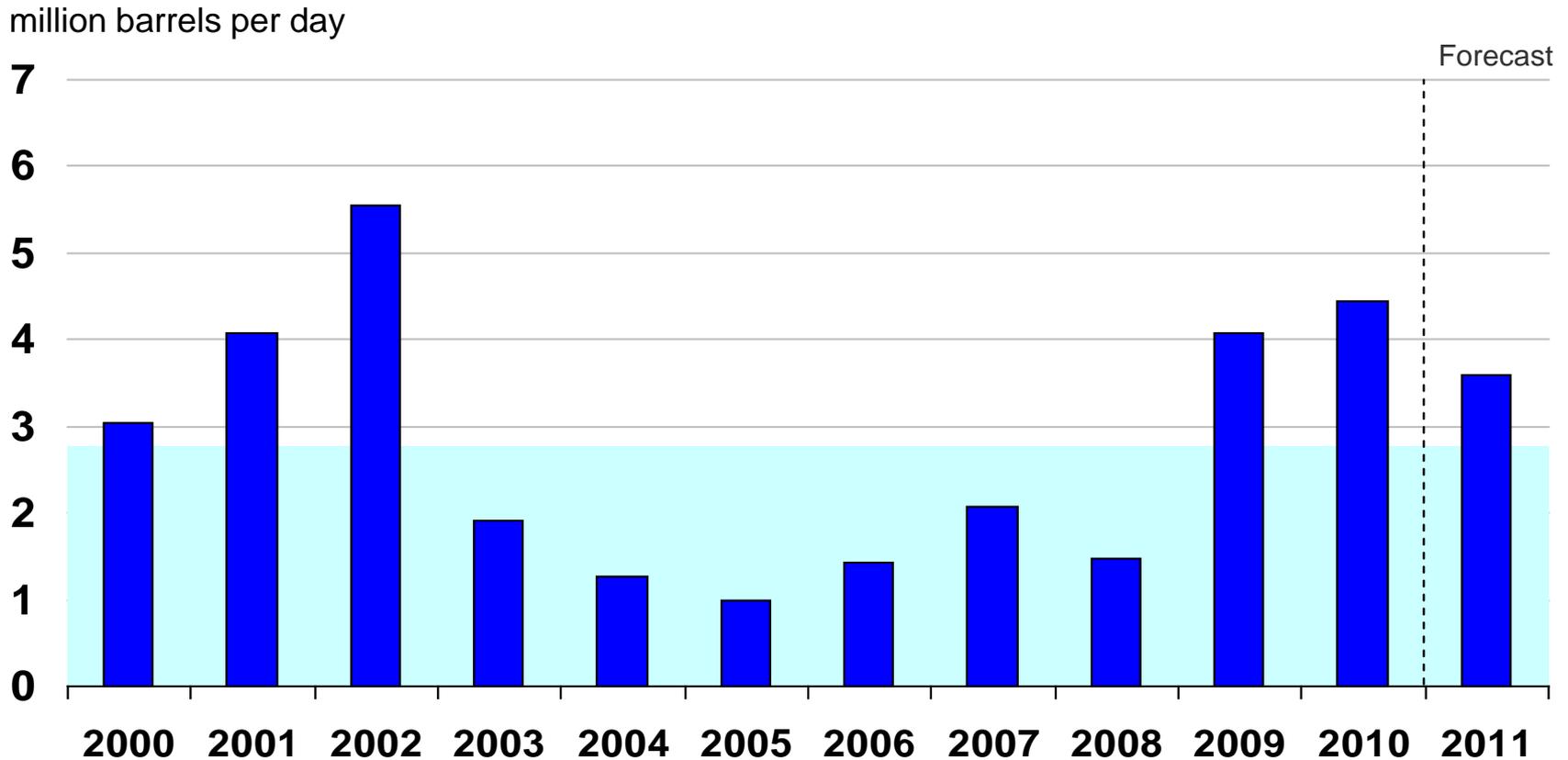
million barrels per day (change from prior year)

dollars per barrel (change from prior year)



Source: Short-Term Energy Outlook, April 2011

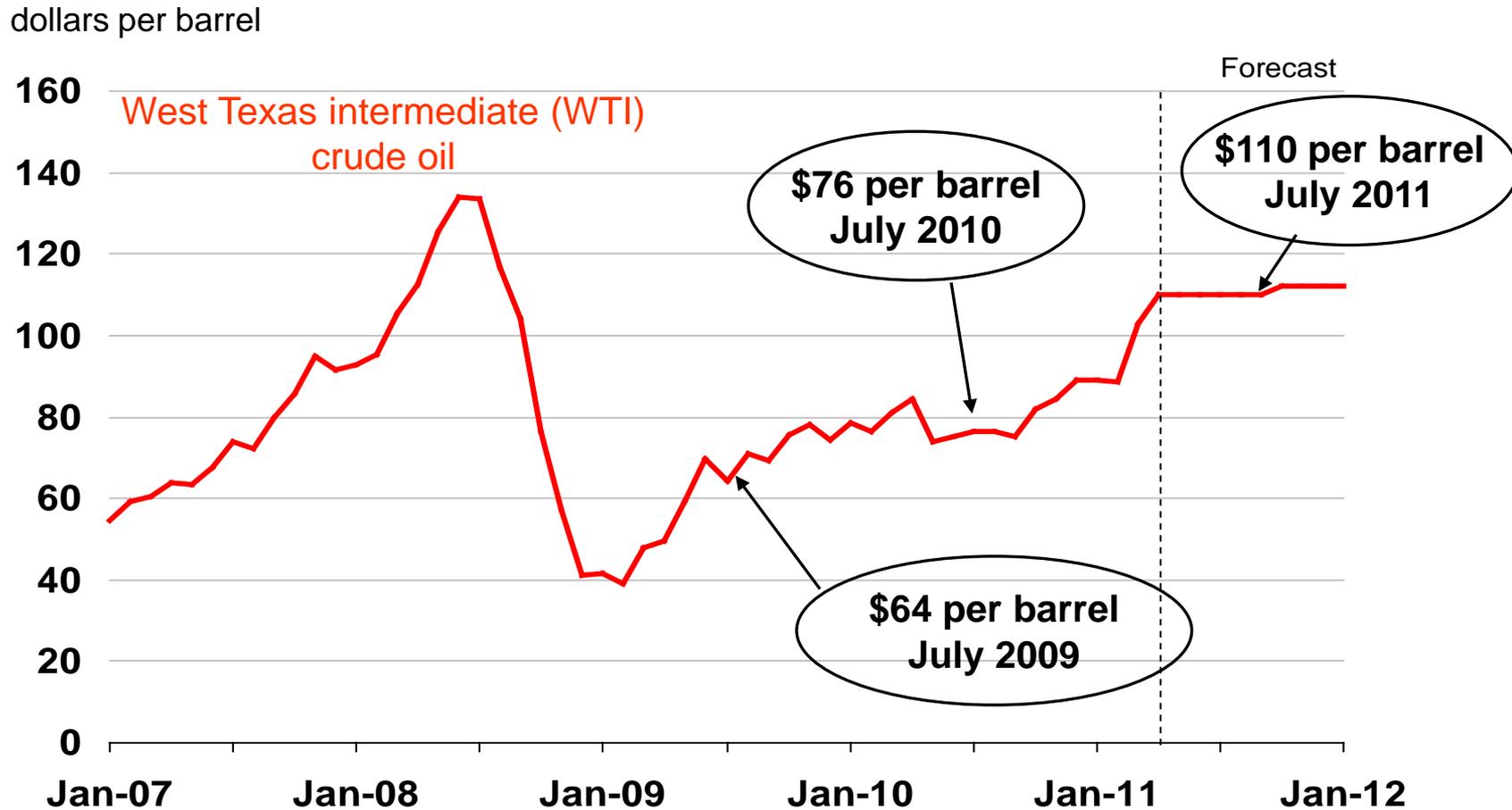
World oil spare production capacity begins to fall as world consumption grows and Libya supply disruptions continue



Note: Shaded area represents 2000 - 2010 average (2.8 million barrels per day)

Source: Short-Term Energy Outlook, April 2011

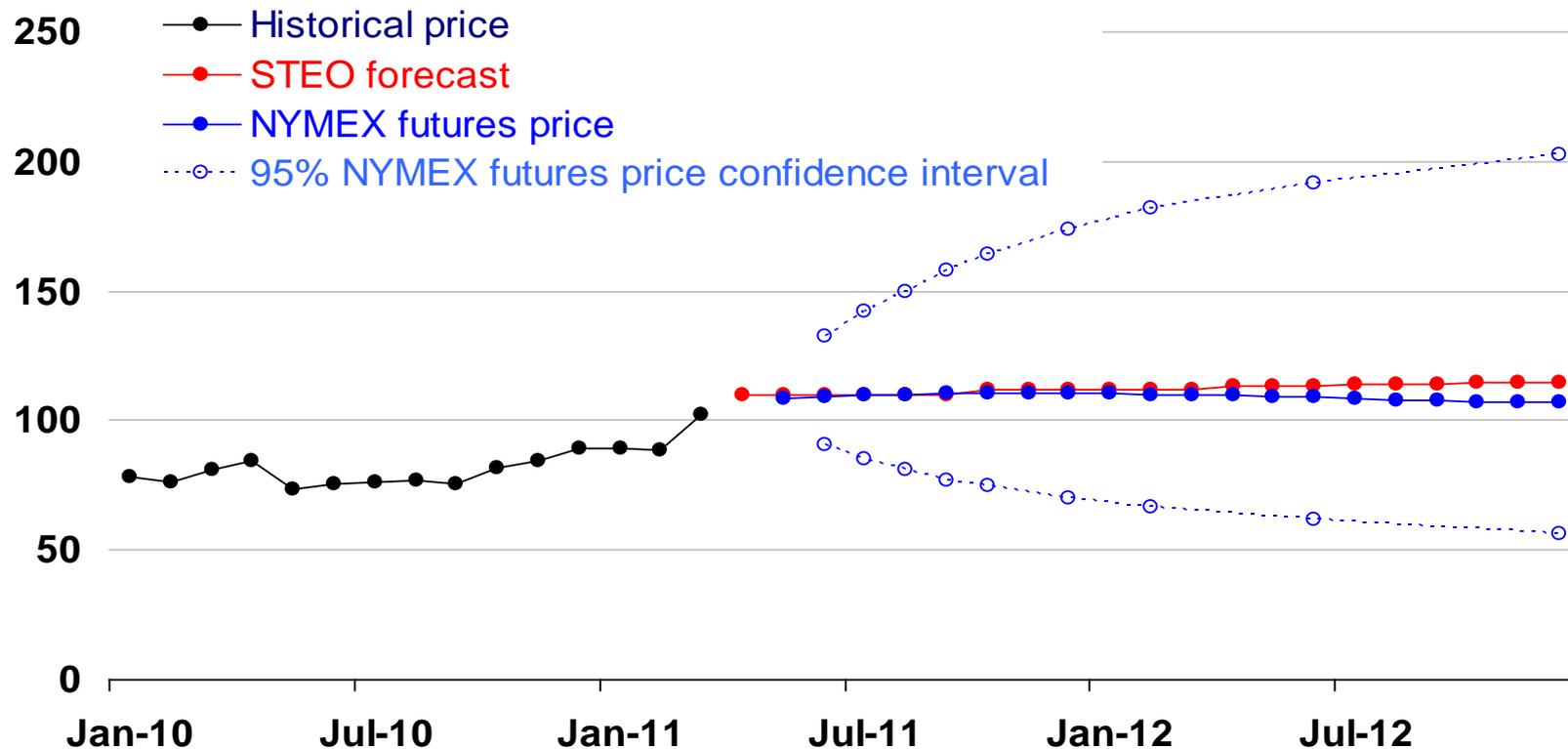
EIA expects WTI crude oil prices will average \$110 per barrel this summer (April – September)



Source: Short-Term Energy Outlook, April 2011

Uncertainty over crude oil price forecasts remains high

dollars per barrel



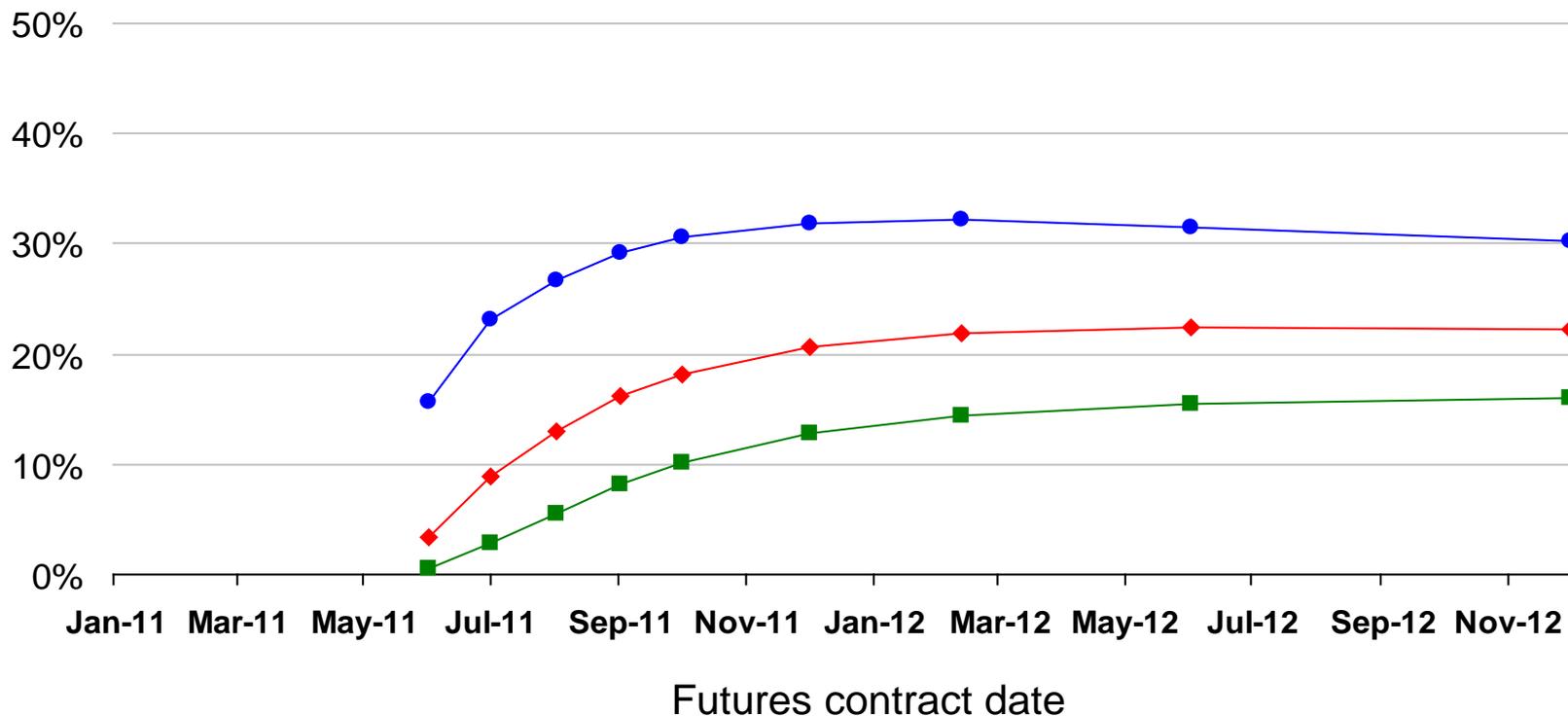
Notes: Confidence intervals calculated using NYMEX market data for the five trading days ending April 7, 2011. Intervals not shown for months with little trading in "close-to-the-money" options contracts.

Source: Short-Term Energy Outlook, April 2011

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

Probability of WTI price exceeding certain levels

■ Price > \$140 ◆ Price > \$130 ● Price > \$120



Notes: Price probabilities calculated using NYMEX market data for the five trading days ending April 7, 2010. Values not calculated for months with little trading in "close-to-the-money" options contracts.

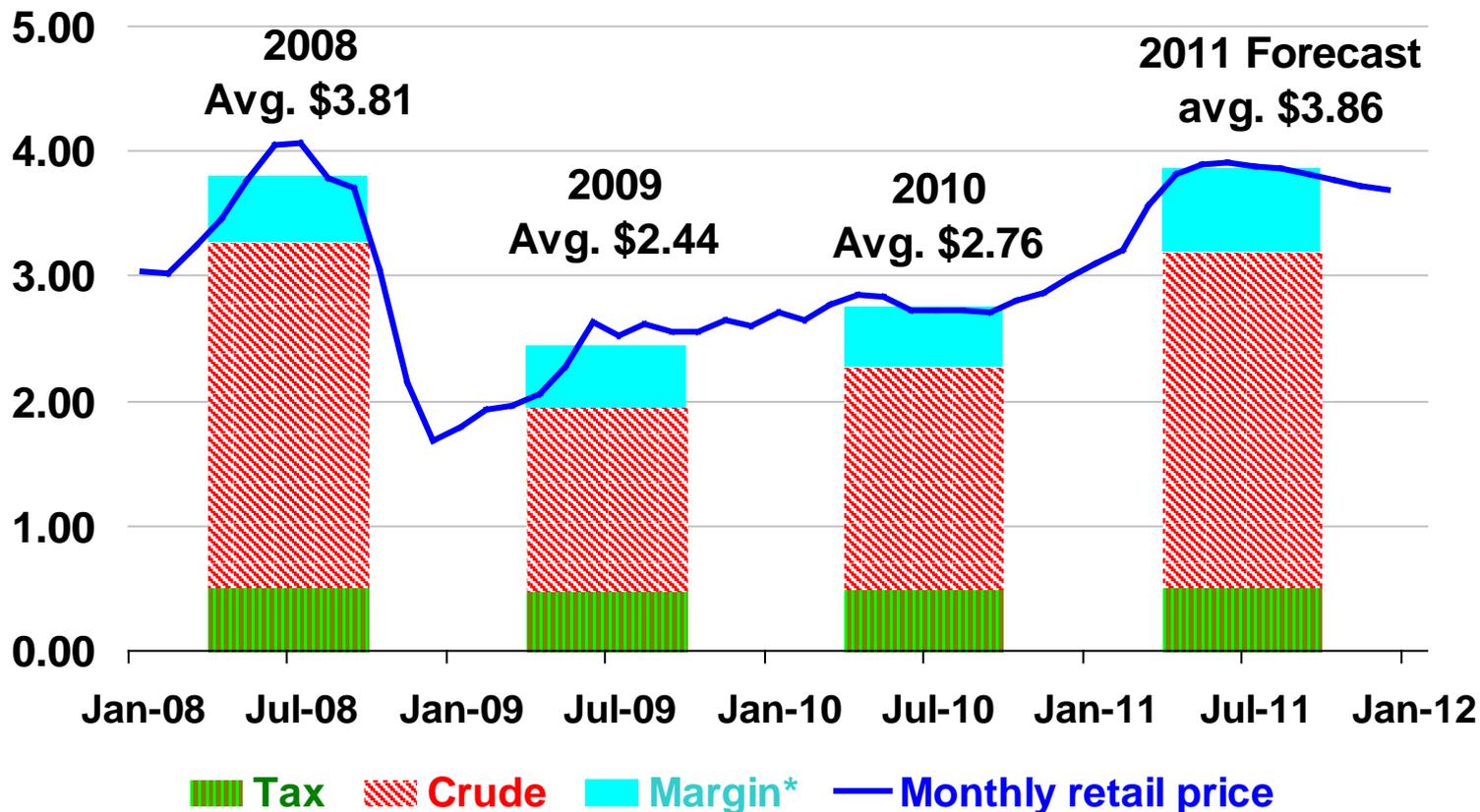
Source: Short-Term Energy Outlook, April 2011

Major characteristics of 2011 U.S. summer (April – September) outlook for gasoline

- Higher crude oil prices
- Modest growth in gasoline consumption
- Slowing growth of fuel ethanol blending
- Stronger refining margins for gasoline

Summer retail regular-grade gasoline price forecast averages \$3.86 per gallon

Dollars per gallons

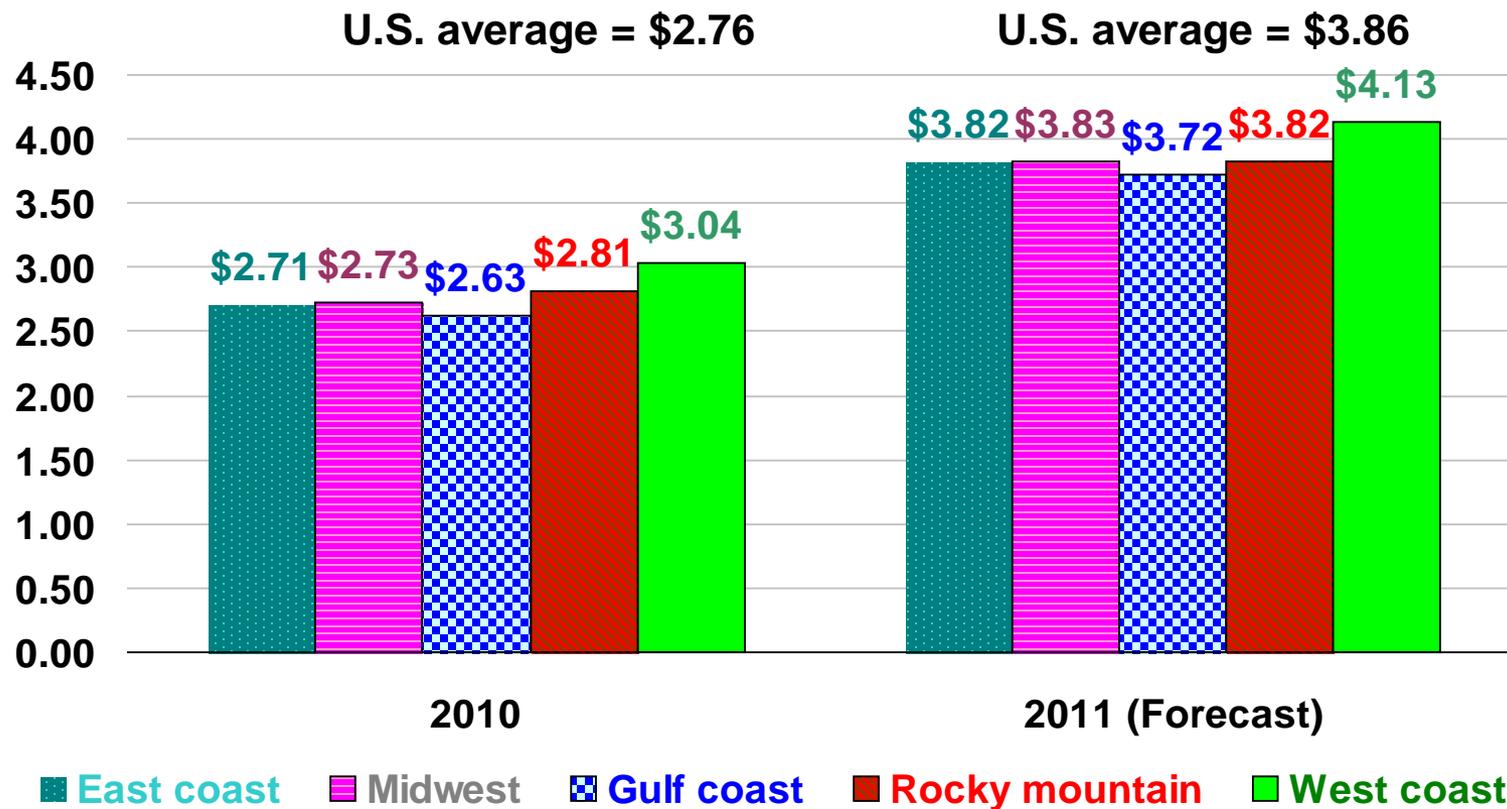


* Retail price minus crude oil cost minus taxes, per gallon

Source: Short-Term Energy Outlook, April 2011

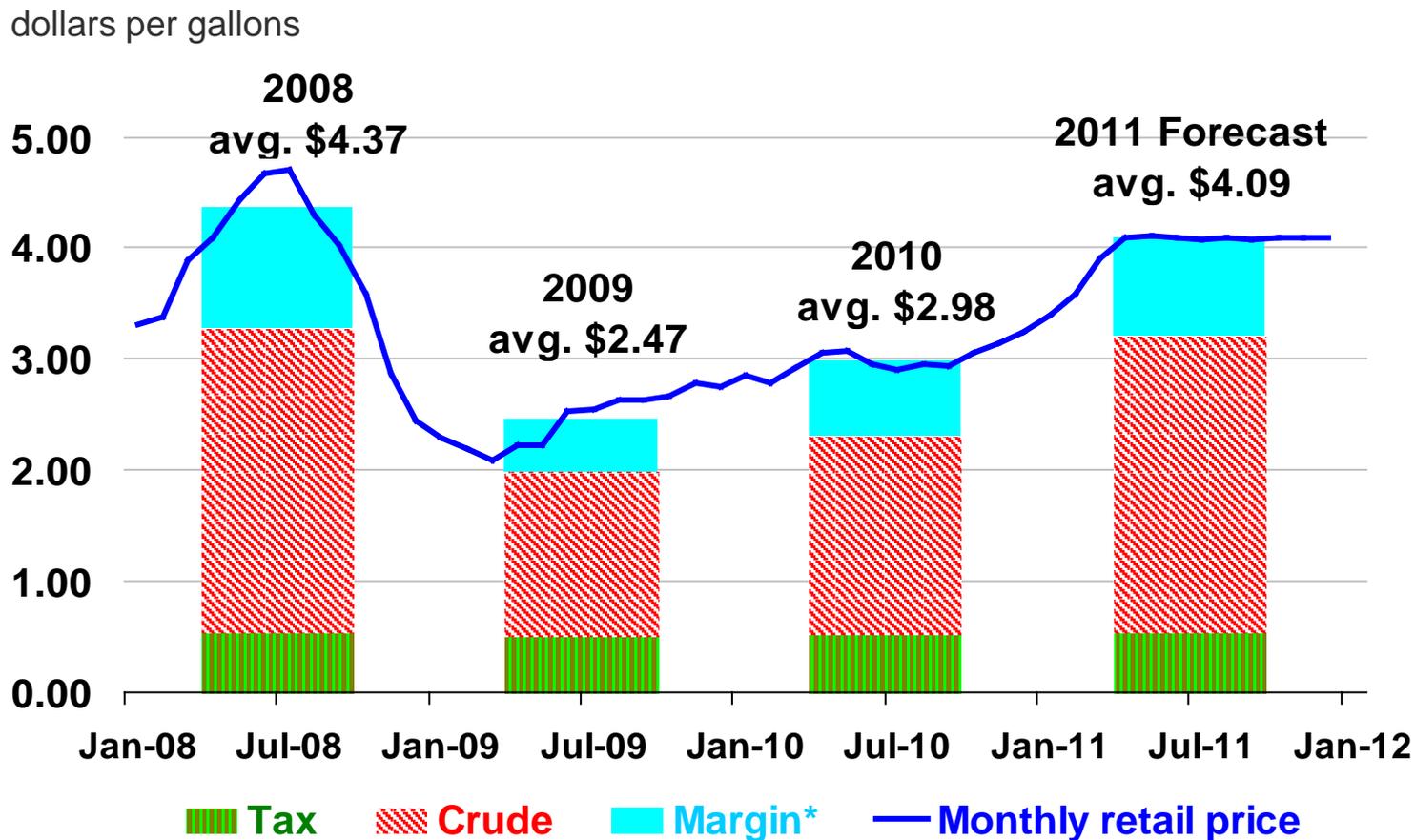
Regular gasoline summer prices vary by region

dollars per gallons



Source: Short-Term Energy Outlook, April 2011

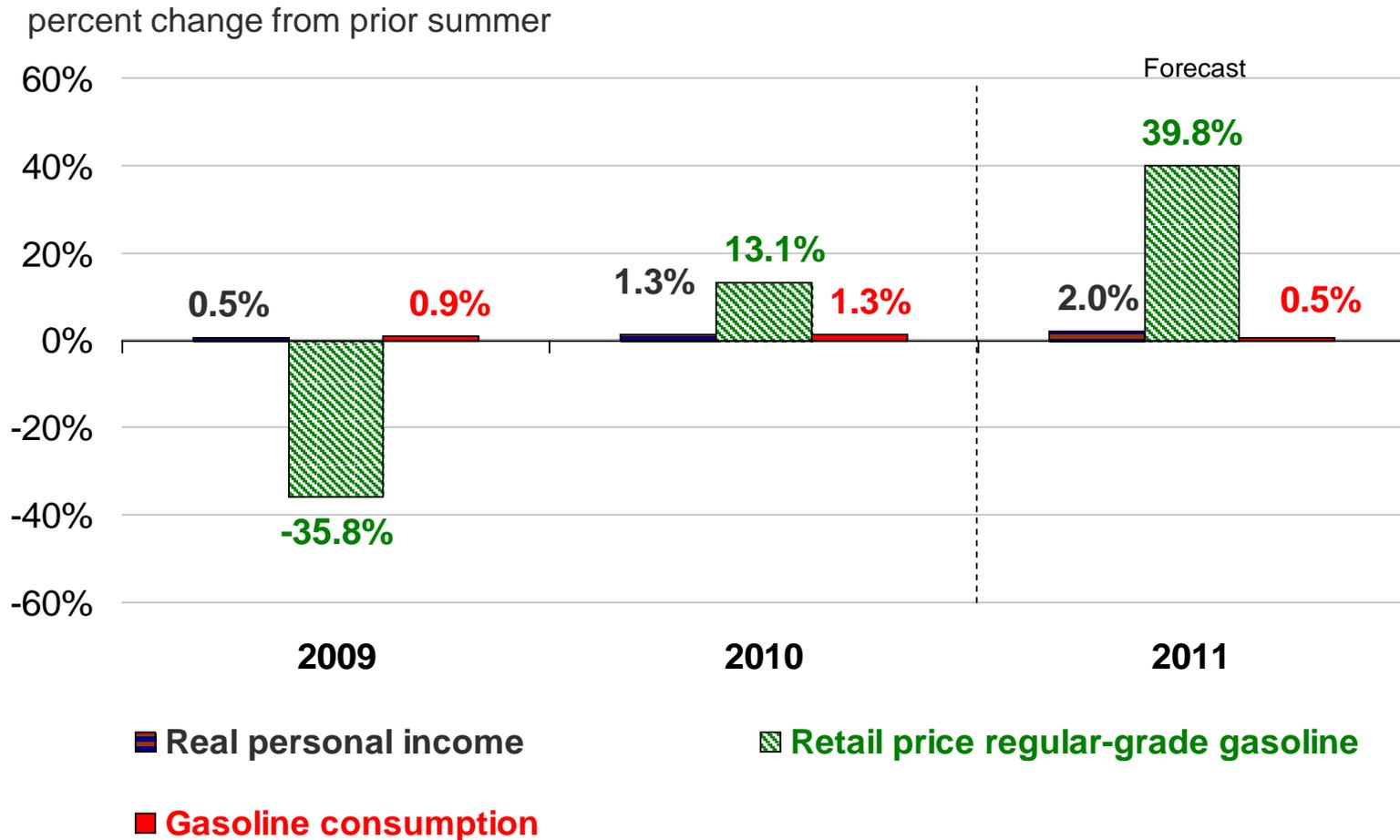
Summer retail diesel prices forecast averages \$4.09 per gallon, up \$1.11 per gallon from last summer



* Retail price minus crude oil cost minus taxes, per gallon

Source: Short-Term Energy Outlook, April 2011

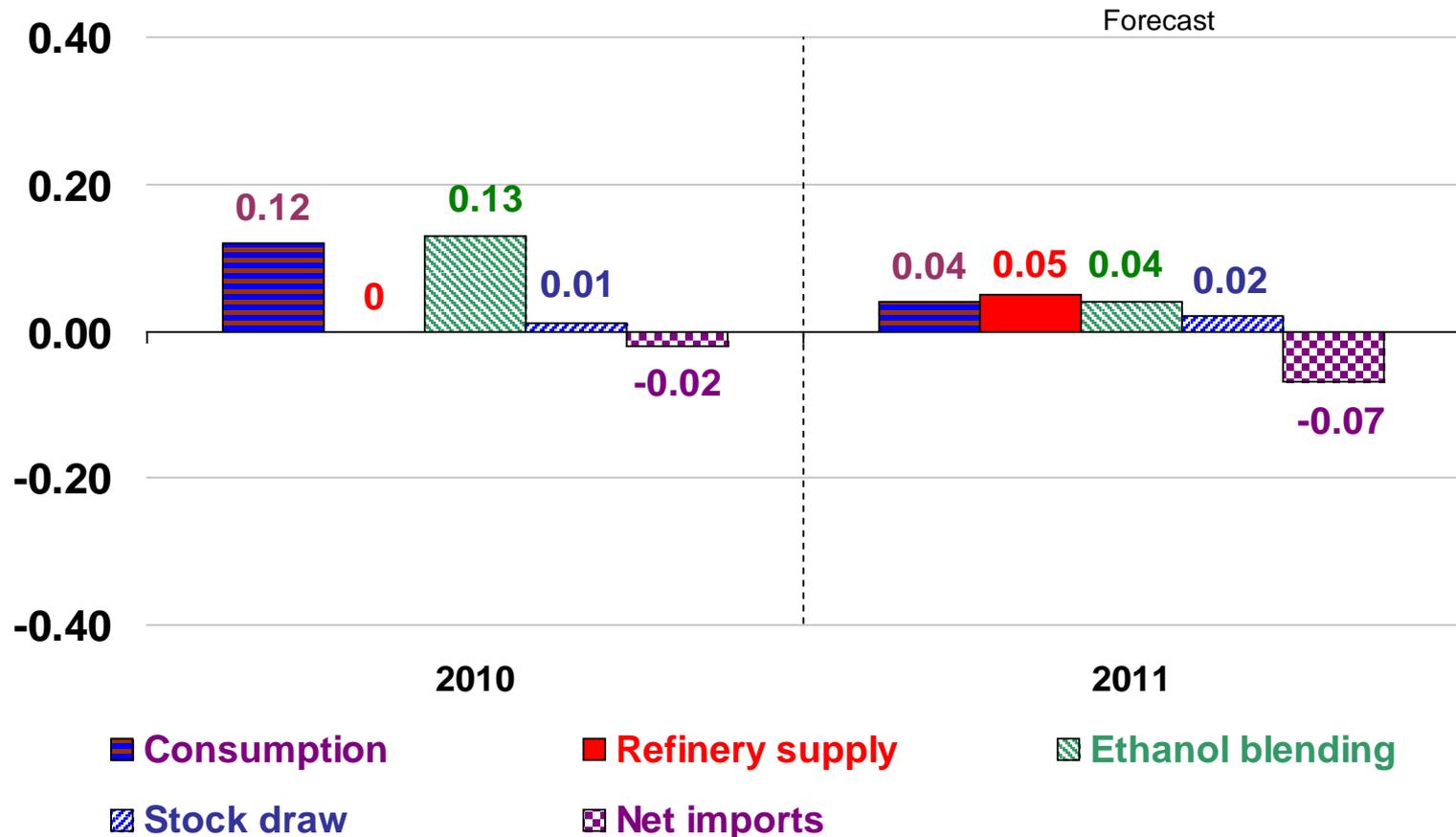
Higher gasoline prices and modest income growth restrain U.S. gasoline consumption growth



Source: Short-Term Energy Outlook, April 2011

Forecast U.S. refinery gasoline production increases with continuation of strong gasoline export market

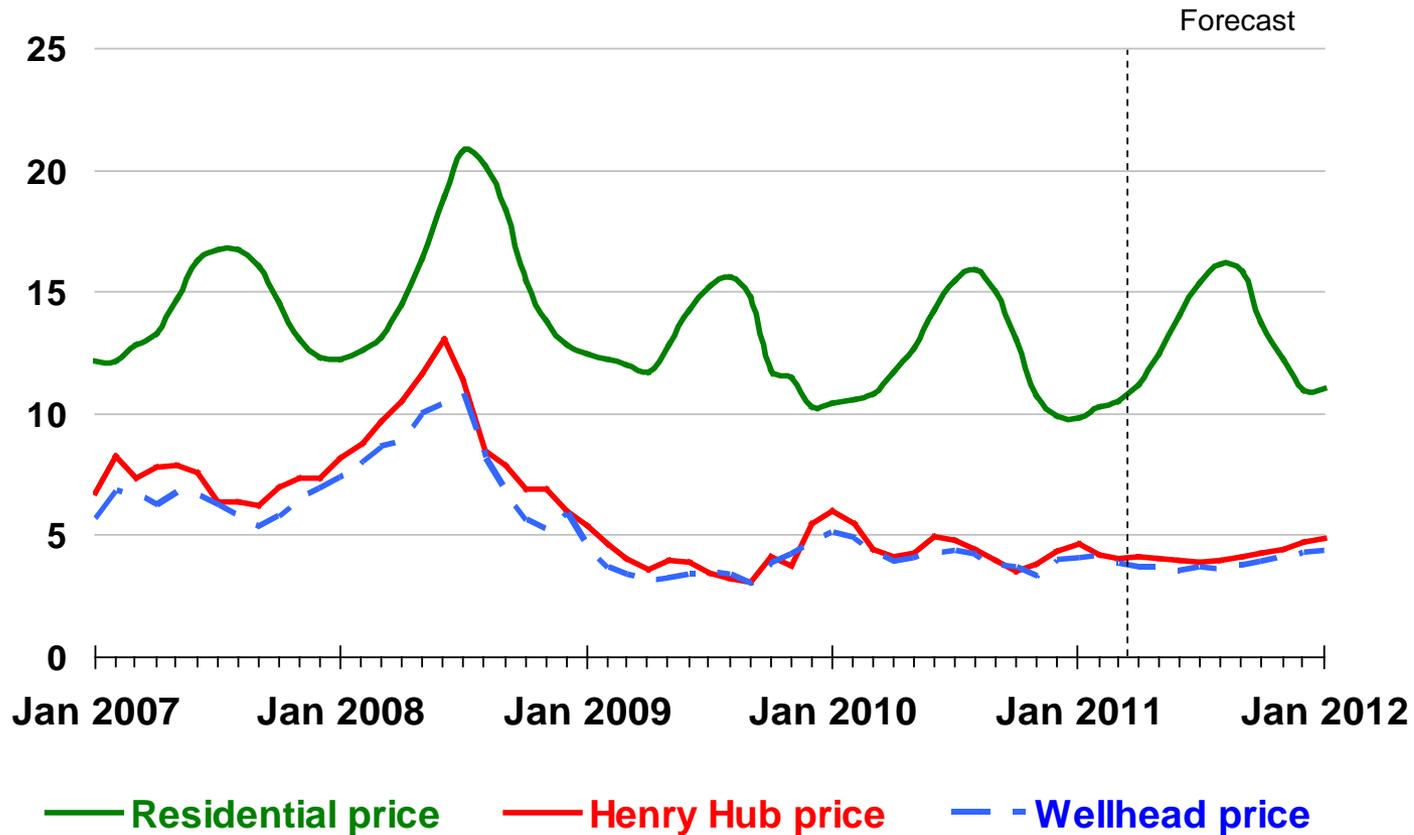
million barrels per day (change from prior summer)



Source: Short-Term Energy Outlook, April 2011

EIA expects natural gas prices will remain low this year

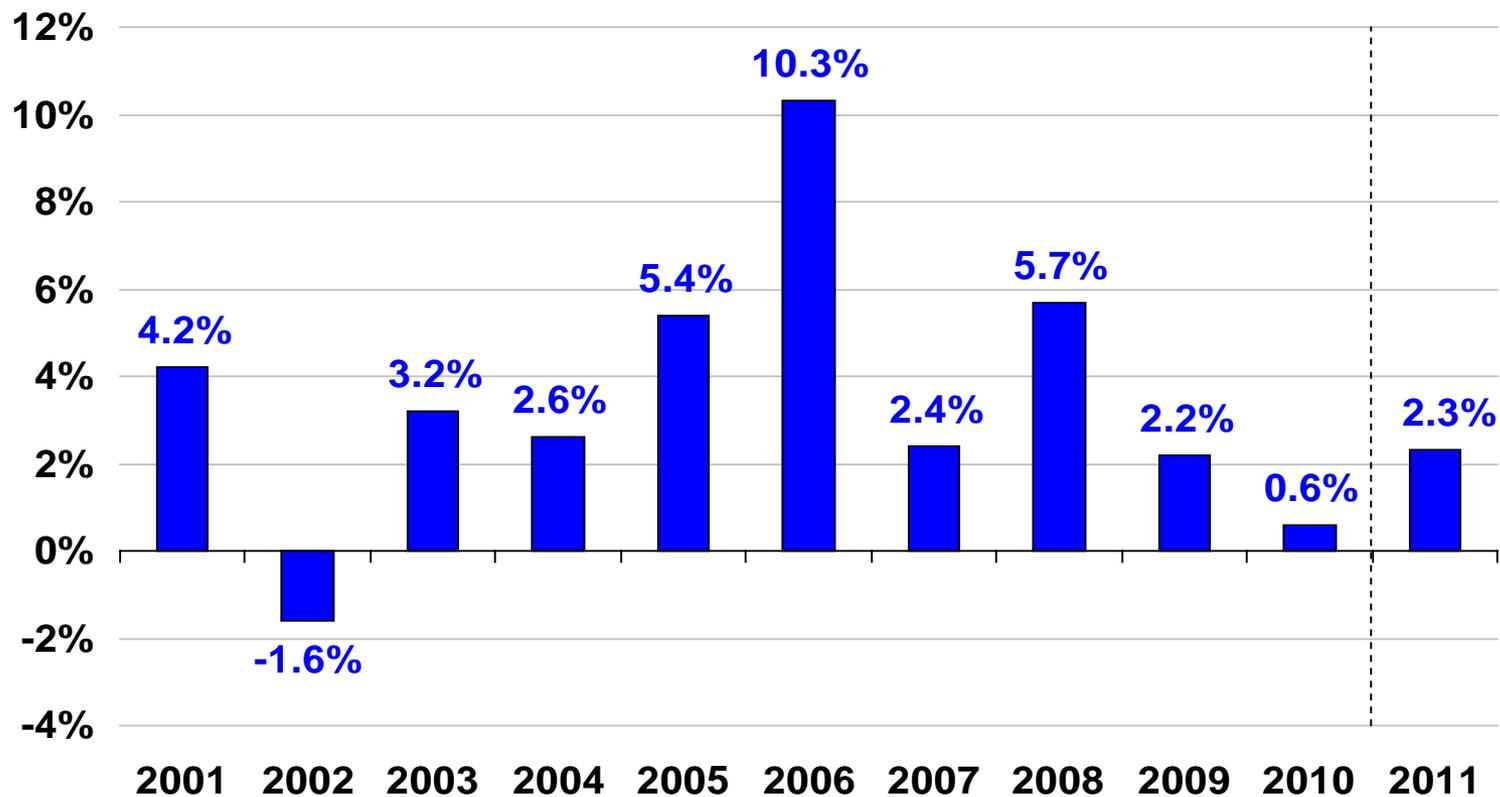
dollars per thousand cubic feet



Source: Short-Term Energy Outlook, April 2011

A small increase expected in residential electricity prices during 2011

change from prior year



Source: Short-Term Energy Outlook, April 2011

Summary

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

- *WTI Crude oil prices expected to average about \$110 per barrel this summer compared with \$77 per barrel last summer.*
- *Gasoline retail prices are expected to average \$3.86 per gallon this summer, compared with \$2.76 per gallon last summer.*
- *Diesel fuel prices increase from an average \$2.98 per gallon last summer to \$4.09 per gallon this summer*
- *Market uncertainties are many and may significantly impact prices and supplies during the rest of 2011.*

Natural Gas. Henry Hub spot price expected to average \$4.10 per million Btu in 2011, \$0.28 below the 2010 average.

Electricity Prices. Little change in residential electricity prices expected in 2011.

Source: Short-Term Energy Outlook, April 2011

For more information

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