Summer Fuels Outlook

The U.S. Energy Information Administration's (EIA) *Summer Fuels Outlook* focuses on prices and consumption of gasoline, diesel, and electricity (see the motor gasoline table and electricity table). Consumption of these fuels typically peaks during the summer months, defined for this report as April through September. The *Summer Fuels Outlook*, released with the April *Short-Term Energy Outlook*, typically includes in-depth analysis on trends and expectations heading into the summer for each type of fuel. However, because of pronounced market uncertainty surrounding the development and impacts of the 2019 novel coronavirus disease (COVID-19), EIA will provide an abbreviated analysis for this year's release.

Gasoline and diesel

As new restrictions and measurements to combat the spread of COVID-19 rapidly evolve, near-term impacts on domestic gasoline and diesel fuel markets remain highly uncertain. COVID-19 has both directly and indirectly affected global fuel demand, oil production, fuel prices, global refinery activity, personal and business travel, manufacturing activity, and supply chain networks, and the effects of these impacts are manifesting in nearly every aspect of domestic and global economies. At this point, available real-time data are limited.

EIA's current analysis indicates that COVID-19 effects on fuel markets this summer will be substantial and that gasoline markets will be more affected than diesel markets. In addition to substantially less economic and business activity, stay-at-home orders and rapid increases in working remotely from private residences over the next quarter will dramatically reduce gasoline demand at a time when gasoline consumption typically begins to increase toward its annual peak in the summer. The strong reduction in demand, combined with increased supply, is likely to significantly reduce gasoline prices in the interim. However, despite these lower prices, many consumers will be driving significantly less than one might expect in such a low price environment.

EIA anticipates that impacts on diesel fuel markets will be less severe relative to gasoline because diesel fuel consumption is driven less by consumers and more by general economic and manufacturing activity. Although economic and manufacturing activity are still expected to drop sharply in the second quarter of 2020 compared with earlier forecasts, EIA assumes some increase in diesel fuel demand will occur as a result of more long-haul trucking distribution as well as an increase in last-mile deliveries of goods and services to consumers who are largely staying at home.

Electricity

The COVID-19 pandemic and the associated economic effects also create significant uncertainty regarding EIA's short-term outlook for U.S. electricity markets.

The current STEO forecast incorporates new macroeconomic projections. Including these new projections leads to declines in forecast retail sales of electricity to the commercial and industrial sectors. However, EIA also assumes the unique aspects of the stay-at-home orders will depress industrial and commercial electricity demand beyond the impact of the slowing economy.

As a result of the stay-at-home orders, weather-adjusted residential electricity consumption is likely to increase in the near term, in contrast to the effects on the commercial and industrial sectors. EIA assumes, in particular, that household usage of electronic equipment such as computers and televisions will increase. Other uses of electricity, such as for cooking and for heating water, may also rise. Household use of air conditioning during the summer months is also likely to be higher than normal as more people stay home. Although the National Oceanic and Atmospheric Administration (NOAA) expects the United States to be warmer over the next six months (April–September), with 4.9% fewer cooling degree days than during the same period in 2019, EIA assumes shifts in consumption patterns as a result of stay-at-home orders will contribute to more residential electricity sales during the next six months compared with the same time last year.

Table SF01. U.S. Motor Gasoline Summer Outlook

U.S. Energy Information Administration | Short-Term Energy Outlook - April 2020

	2019			2020			Year-over-year Change (percent)		
	Q2	Q3	Season	Q2	Q3	Season	Q2	Q3	Season
Nominal Prices (dollars per gallon)									
WTI Crude Oil (Spot) [a]	**1.43**	**1.34**	**1.38**	*0.48*	*0.56*	*0.52*	*-66.4*	*-58.4*	*-62.5*
Brent Crude Oil Price (Spot)	**1.64**	**1.47**	**1.56**	*0.54*	*0.64*	*0.59*	*-66.9*	*-56.5*	*-62.0*
U.S. Refiner Average Crude Oil Cost	**1.51**	**1.40**	**1.46**	*0.45*	*0.55*	*0.50*	*-70.1*	*-60.9*	*-65.7*
Wholesale Gasoline Price [b]	**2.05**	**1.89**	**1.97**	*0.69*	*0.93*	*0.83*	*-66.2*	*-50.6*	*-58.0*
Wholesale Diesel Fuel Price [b]	**2.03**	**1.92**	**1.97**	*0.99*	*1.07*	*1.03*	*-51.1*	*-44.3*	*-47.8*
Regular Gasoline Retail Price [c]	**2.79**	**2.65**	**2.72**	*1.48*	*1.67*	*1.58*	*-46.9*	*-37.2*	*-41.8*
Diesel Fuel Retail Price [c]	**3.12**	**3.02**	**3.07**	*2.14*	*2.12*	*2.13*	*-31.7*	*-30.0*	*-30.8*
Gasoline Consumption/Supply (million barrels per day)									
Total Consumption	**9.476**	**9.495**	**9.486**	*7.137*	*8.848*	*7.997*	*-24.7*	*-6.8*	*-15.7*
Total Refinery and Blender Net Supply [d]	**8.282**	**8.491**	**8.387**	*6.238*	*7.547*	*6.896*	*-24.7*	*-11.1*	*-17.8*
Fuel Ethanol Blending	**0.966**	**0.948**	**0.957**	*0.702*	*0.821*	*0.762*	*-27.3*	*-13.4*	*-20.4*
Total Stock Withdrawal [e]	**0.069**	**-0.023**	**0.023**	*0.178*	*0.075*	*0.126*			
Net Imports [e]	**0.159**	**0.079**	**0.119**	*0.019*	*0.405*	*0.213*			
Refinery Utilization (percent)	**91.2**	**92.7**	**91.9**	*75.1*	*84.5*	*79.8*			
Total Gasoline Stocks (million barrels)									
Beginning	**236.1**	**229.7**	**236.1**	*244.5*	*228.3*	*244.5*			
Ending	**229.7**	**231.9**	**231.9**	*228.3*	*221.4*	*221.4*			
Economic Indicators (annualized billion 2012 dollars)									
Real GDP	**19,022**	**19,121**	**19,071**	*18,502*	*18,423*	*18,463*	*-2.7*	*-3.6*	*-3.2*
Real Income	**14,934**	**15,012**	**14,973**	*16,722*	*14,779*	*15,750*	*12.0*	*-1.6*	*5.2*

[a] Spot Price of West Texas Intermediate (WTI) crude oil.

[b] Price product sold by refiners to resellers.

[c] Average retail price including taxes.

[d] Finished gasoline net production minus gasoline blend components net inputs minus fuel ethanol blending and supply adjustment.

[e] Total stock withdrawal and net imports includes both finished gasoline and gasoline blend components.

GDP = gross domestic product.

Notes: Minor discrepancies with other Energy Information Administration (EIA) published historical data are due to rounding. Historical data are printed in bold. Forecasts are in italic. The forecasts were generated by simulation of the Short-Term Integrated Forecasting System.

Sources: Historical data: latest data available from: EIA, *Petroleum Supply Monthly* , DOE/EIA-0109; Monthly Energy Review, DOE/EIA-0035; U.S. Department of Commerce, Bureau of Economic Analysis (GDP and income); Refinitiv (WTI and Brent crude oil spot prices). Macroeconomic projections are based on IHS Markit Macroeconomic Forecast Model.

Table SF02. Average Summer Residential Electricity Usage, Prices and Expenditures

U.S. Energy Information Administration | Short-Term Energy Outlook - April 2020

	2015	2016	2017	2018	2019	Forecast 2020	Change from 2019
United States							
Usage (kWh)	3,165	3,327	3,126	3,264	3,128	**3,205**	2.5%
Price (cents/kWh)	12.92	12.77	13.14	13.15	13.32	**13.16**	-1.3%
Expenditures	$409	$425	$411	$429	$417	**$422**	1.2%
New England							
Usage (kWh)	1,982	2,108	1,986	2,130	2,033	**2,071**	1.8%
Price (cents/kWh)	18.65	18.34	19.25	20.17	20.70	**20.19**	-2.5%
Expenditures	$370	$386	$382	$429	$421	**$418**	-0.7%
Middle Atlantic							
Usage (kWh)	2,376	2,549	2,328	2,455	2,434	**2,441**	0.3%
Price (cents/kWh)	16.37	15.90	16.39	16.36	16.16	**15.82**	-2.2%
Expenditures	$389	$405	$382	$402	$393	**$386**	-1.9%
East North Central							
Usage (kWh)	2,565	2,902	2,585	2,808	2,634	**2,680**	1.7%
Price (cents/kWh)	13.27	13.08	13.43	13.32	13.42	**13.43**	0.1%
Expenditures	$340	$380	$347	$374	$354	**$360**	1.8%
West North Central							
Usage (kWh)	3,075	3,302	3,039	3,272	2,974	**3,179**	6.9%
Price (cents/kWh)	12.65	12.85	13.41	13.32	13.16	**13.28**	0.9%
Expenditures	$389	$424	$408	$436	$392	**$422**	7.9%
South Atlantic							
Usage (kWh)	3,999	4,147	3,852	3,894	3,887	**3,907**	0.5%
Price (cents/kWh)	12.04	11.79	12.09	11.87	12.16	**11.90**	-2.1%
Expenditures	$482	$489	$466	$462	$473	**$465**	-1.6%
East South Central							
Usage (kWh)	4,279	4,413	4,038	4,315	4,199	**4,321**	2.9%
Price (cents/kWh)	10.91	10.93	11.36	11.19	11.50	**11.62**	1.1%
Expenditures	$467	$482	$459	$483	$483	**$502**	4.0%
West South Central							
Usage (kWh)	4,538	4,605	4,362	4,685	4,388	**4,621**	5.3%
Price (cents/kWh)	11.03	10.58	10.80	10.87	11.35	**10.93**	-3.7%
Expenditures	$501	$487	$471	$509	$498	**$505**	1.4%
Mountain							
Usage (kWh)	3,298	3,437	3,384	3,377	3,221	**3,288**	2.1%
Price (cents/kWh)	12.33	12.04	12.24	12.20	12.25	**12.21**	-0.4%
Expenditures	$407	$414	$414	$412	$395	**$401**	1.7%
Pacific							
Usage (kWh)	2,051	2,097	2,193	2,190	1,985	**2,030**	2.3%
Price (cents/kWh)	15.33	16.00	16.35	17.05	17.15	**17.50**	2.0%
Expenditures	$314	$336	$359	$373	$340	**$355**	4.4%

Notes: kWh = kilowatthours. All data cover the 3-month period of June-August of each year. Usage amounts represent total residential retail electricity sales per customer. Prices and expenditures are not adjusted for inflation.

Source: EIA Form-861 and Form-826 databases, Short-Term Energy Outlook.