Assumptions to the Annual Energy Outlook 2026: International Energy Module

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International Energy Module

The International Energy Module (IEM) of the National Energy Modeling System (NEMS) simulates the interaction between U.S. and global petroleum markets. The IEM uses assumptions of economic growth and expectations of future U.S. and world petroleum liquids production and consumption to estimate the effects of changes in the U.S. liquid fuels market on the international petroleum market. For each year of the projection period, the IEM computes a supply curve of world crude oil and provides supply curves for each foreign crude oil type considered. The IEM also provides, for each year of the projection period, endogenous assumptions for petroleum products for U.S. import and export.

In the *Annual Energy Outlook 2026* (AEO2026) Counterfactual Baseline (CB) case, the world crude oil supply curve remains static. For all other side cases, including the High and Low Oil and Gas Supply cases, the IEM computes changes in the supply curve of world crude oil in response to:

- The difference between projected U.S. total crude oil production and the expected U.S. total crude oil production at the current crude oil price (estimated using the current crude oil price and the exogenous U.S. total crude oil supply curve for each year)
- The difference between projected U.S. total petroleum liquids consumption and the expected U.S. total petroleum liquids consumption at the current crude oil price (estimated using the current crude oil price and the exogenous U.S. total crude oil demand curve)

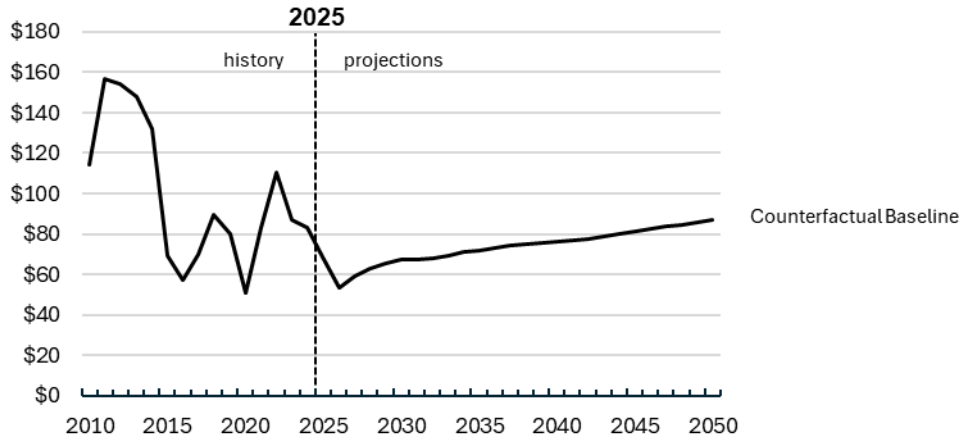
Key Assumptions

In the AEO2026 CB case, crude oil prices drop from $69 per barrel (b) in 2025 to $53/b in 2026 (all prices in real 2025 U.S. dollars). Crude oil prices recover, reaching $63/b by 2028; however, long-term oil prices gradually increase to $87/b by 2050 due to a combination of projected world economic growth and global oil supply growth (Figure 1).

The exogenous Brent price is used to calibrate global crude oil supply curves, and the resulting modeled Brent price reflects the effects of U.S. supply and demand pressures. Adjustments are made across crude oil types to reflect differences in quality and supply.

Figure 1. Brent crude oil prices, 2010–2050

2025 real U.S. dollars per barrel

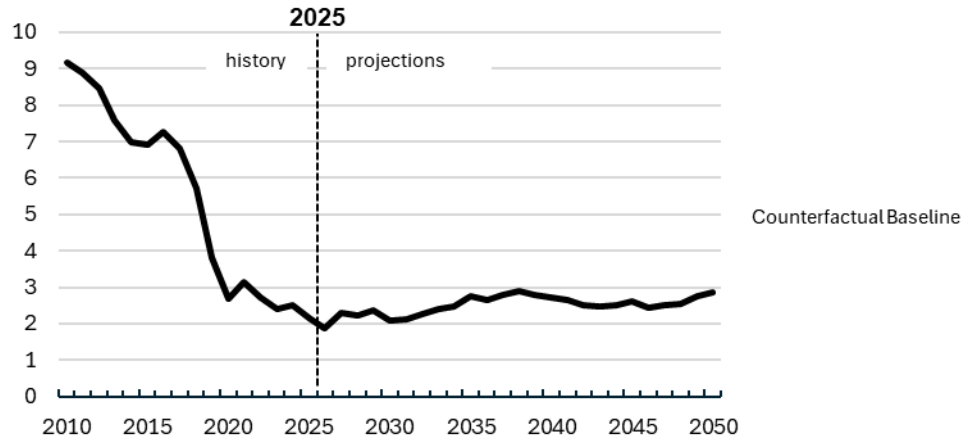


Data source: U.S. Energy Information Administration, *Annual Energy Outlook 2026*, National Energy Modeling System runs: cb2026.d012226a

U.S. crude oil production peaks in 2030 at 14.0 million barrels per day (b/d), gradually declining to 12.5 million b/d by 2050. U.S. net imports of crude oil slowly increase from 2.1 million b/d in 2025 to 2.9 million b/d by 2050 (Figure 2).

Figure 2. U.S. net crude oil imports, 2010–2050

million barrels per day



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