

Short-Term Energy Outlook

August 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	\$87	\$69
Retail gasoline price (dollars per gallon)	\$3.10	\$3.78	\$3.29
U.S. crude oil production (million barrels per day)	13.6	13.8	14.2
Natural gas price at Henry Hub (dollars per million British thermal units)	\$3.53	\$3.44	\$3.31
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%	2.4%
U.S. CO₂ emissions (billion metric tons)	4.9	4.8	4.8

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

Note: Values in this table are rounded and may not match values in other tables in this report.

- Global oil market assumptions.** We have increased our estimates of Middle East shut-in crude oil production in the coming months compared with our July forecast due to continued severe constraints on Strait of Hormuz transits, which we assume persist through August. We expect most crude oil production in the region to return to near pre-conflict averages in early 2027; however, we expect ongoing disruptions of about 0.6 million barrels per day to continue through the end of next year.
- Global oil prices.** Based on our updated assumption, reduced oil shipments through the Strait of Hormuz lower global oil inventories further in the coming months and keep crude oil prices near levels from the first week of August. We now forecast the Brent crude oil spot price to average around \$85 per barrel (b) in the third quarter of 2026 (3Q26). As inventories rebuild, with most production expected to recover by early 2027, we expect the Brent spot price to gradually fall to an average of \$69/b in 2027.
- Crude oil inventories.** We expect U.S. commercial crude oil inventories to remain below the five-year (2021–2025) low through the end of 2026. Increased crude oil exports, reduced imports, and high refinery runs since mid-April have led to consistent weekly declines in crude

oil stocks. Net imports are forecast to remain below average through 2027 due to strong international demand for U.S. crude oil exports.

- LNG exports.** U.S. liquefied natural gas (LNG) exports in 3Q26 average 16.5 billion cubic feet per day in our forecast, slightly lower than in last month's STEO, because of ongoing maintenance at Freeport LNG. Maintenance at export terminals has decreased feedgas demand, resulting in storage levels above the five-year average in the South Central region at the end of July. Mexico's new Energia Costa Azul LNG terminal and increased use of U.S. natural gas for power generation are driving pipeline exports higher, with total U.S. natural gas exports expected to rise through 2027.
- Natural gas prices.** The Henry Hub spot price is forecast to average \$2.87 per million British thermal units (MMBtu) in 3Q26, down 50 cents/MMBtu compared with the July STEO. The price decline is driven by reduced LNG feedgas demand and robust natural gas production. Our forecast assumes prices will remain below \$3.00/MMBtu in the coming months, driven by near record-high storage levels heading into October.
- Electricity demand.** U.S. electricity generation has been rising to meet growing demand from data centers. On August 3, the Texas governor announced a [pause on new data center development](#), and as a result, we have lowered our forecast for electricity demand in Texas. We expect electricity load in Texas will grow by 6% in 2027, in contrast to our forecast of 14% growth in the previous STEO.
- Electricity generation.** New solar projects and increased use of natural gas-fired power plants are leading sources of generation growth in 2026. Solar, hydropower, and wind generation grew by 21%, 9%, and 6%, respectively, in the first half of 2026 (1H26) compared with 1H25. We expect continued growth in renewable energy capacity additions to sustain this trend through 2027. Natural gas-fired electricity generation, which increased by 2% in 1H26, is forecast to increase in 2027 as natural gas prices remain relatively low, while coal generation continues to decline due to the shift toward lower-cost natural gas.
- Coal exports.** U.S. coal exports rose sharply in April and May, resulting in an upward revision of our 2026 coal exports forecast to 102 million short tons. Metallurgical coal exports increased throughout 1H26, supported by new and reopened mines, while steam coal exports fell in 1Q26 before rising in 2Q26 as global market conditions, including natural gas-to-coal switching in Europe and Asia, favored U.S. coal exporters.

Notable forecast changes

Current forecast: August 11, 2026; previous forecast: July 7, 2026

	2026	2027
Wholesale diesel price (dollars per gallon)	\$3.37	\$2.62
Previous forecast	\$3.10	\$2.47
Percentage change	8.5%	6.3%
Wholesale gasoline price (dollars per gallon)	\$2.91	\$2.32
Previous forecast	\$2.75	\$2.13
Percentage change	5.9%	9.0%
U.S. crude oil inventories (million barrels)	396	432
Previous forecast	433	432
Percentage change	-8.6%	0.1%
Henry Hub spot price (dollars per million British thermal units)	\$3.44	\$3.31
Previous forecast	\$3.67	\$3.49
Percentage change	-6.2%	-5.1%

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

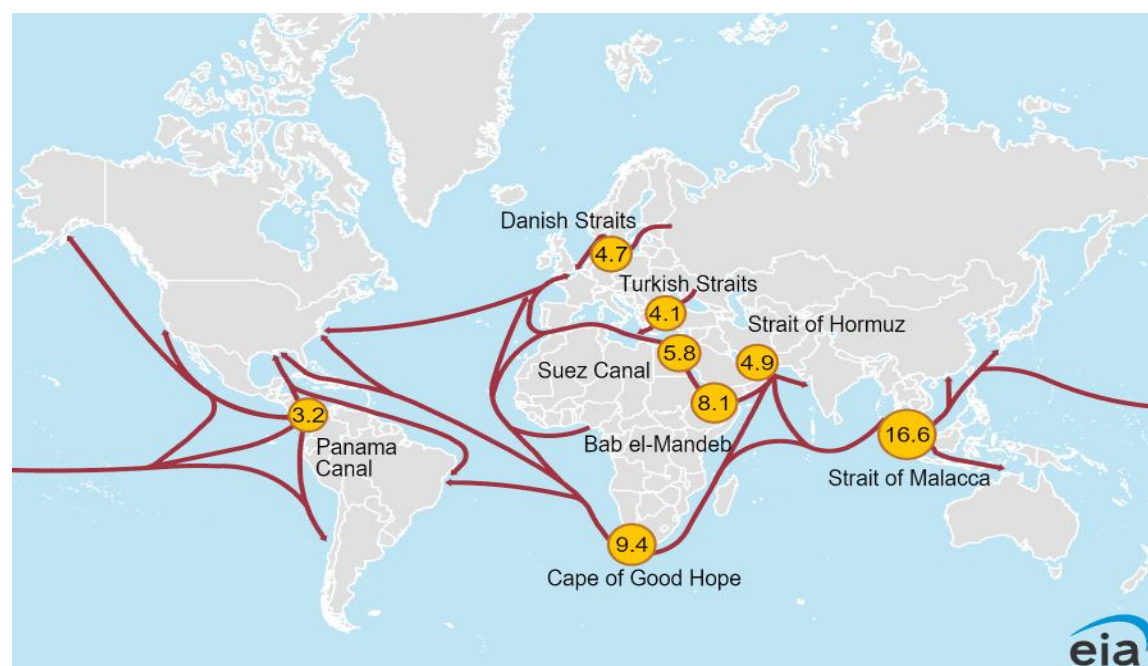
Global Oil Markets

Global oil prices

Following the signing in June of the memorandum of understanding between the United States and Iran, the spot price of Brent crude oil fell as low as \$69 per barrel (b) on July 2. Global crude oil prices rose and volatility increased later in July following renewed attacks on tankers transiting the Strait of Hormuz and the related reduction in oil shipments through the waterway. The Brent spot price reached as high as \$105/b on July 23.

In addition to renewed attacks on ships transiting the Strait of Hormuz, crude oil prices were driven higher due to a new blockade threat on Saudi Arabia's oil exports through the Bab el-Mandeb Strait. The Bab el-Mandeb is both a [major world oil transit chokepoint](#) and one of the alternative routes used to move Saudi Arabia's oil shipments while avoiding the Strait of Hormuz. Saudi Arabia retains the option to divert flows through the Suez Canal as well as via the Sumed pipeline in Egypt. However, these alternatives take longer, are more expensive, and are more limited in capacity.

Map of daily transit volumes of petroleum and other liquids through world maritime oil chokepoints, 2Q26
million barrels per day



Data source: U.S. Energy Information Administration (EIA) analysis, based on Vortexa tanker tracking; World Bank; and Panama Canal Authority data, using EIA conversion factors and calculations

Note: 2Q26=second quarter of 2026.

We estimate that [crude oil and petroleum liquids transported through the Strait of Hormuz](#) averaged 4.9 million barrels per day (b/d) in the second quarter of 2026 (2Q26), down from an average of 21.6 million b/d in 4Q25 before the conflict began. Similarly, total volumes of crude oil and liquids through the Bab el-Mandeb strait averaged 8.1 million b/d in 2Q26, up from an average of 5.4 million b/d in 4Q25 as

Saudi Arabia re-routed crude oil flows away from the Strait of Hormuz through the East-West pipeline to the port of Yanbu on the Red Sea.

We assess that production shut-ins averaged 5.5 million b/d in July. For this analysis, we assume that oil shipments through the Strait of Hormuz will remain severely constrained through August, with flows slowly increasing in September. This assumption is prompting us to raise our forecast of shut-in crude oil production in August, further reducing inventories. We do not assume that the recent threats to ships transporting Saudi Arabian crude oil through the Bab el-Mandeb strait have resulted in any additional shut-ins of crude oil production. If these assumptions hold, we expect it will take until early 2027 for production and trade patterns to generally return to pre-conflict status. We anticipate nonetheless that some producers around the Persian Gulf will not be able to bring oil output back to pre-conflict averages during the STEO forecast period.

Table 1. Estimated Strait of Hormuz closure-related disruptions in crude oil production
thousand barrels per day

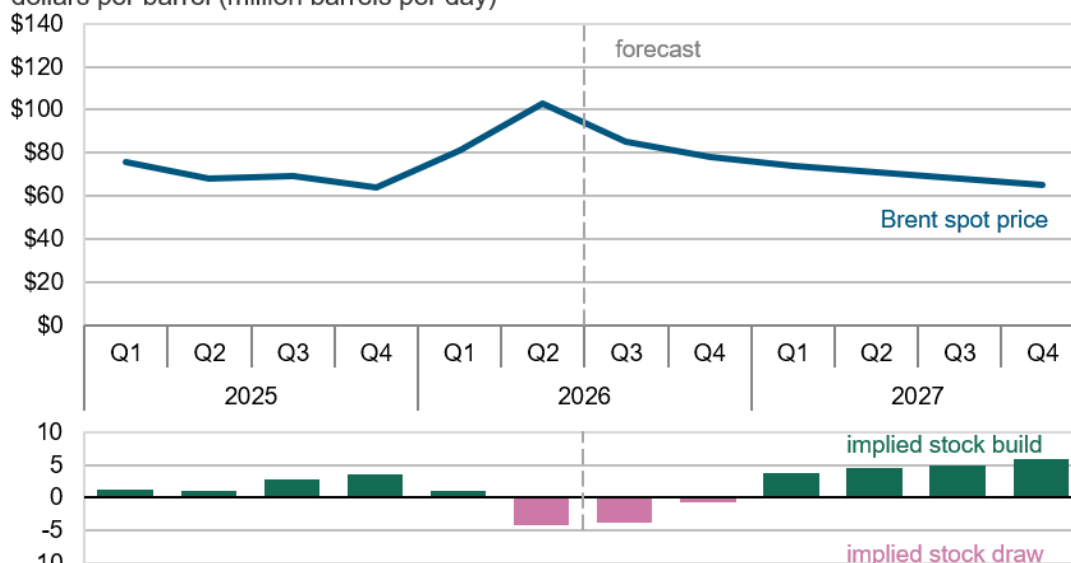
Country	Production Feb-26	Estimated shut-ins Mar-26–May-26 Average	Estimated shut-ins Jun-26	Estimated shut-ins Jul-26	Forecast shut-ins 3Q26	Forecast shut-ins 4Q26	Forecast shut-ins 1Q27
Kuwait	2,560	1,400	1,250	950	We only forecast aggregate disruptions for future months.		
UAE	3,600	1,450	0	0			
Iran	3,390	110	580	100			
Iraq	4,400	2,820	2,530	1,860			
Qatar	557	450	420	350			
Bahrain	193	120	150	130			
Saudi Arabia	10,500	2,500	2,550	2,070			
Total	25,200	10,050	7,480	5,460	6,573	4,200	1,637

Data source: U.S. Energy Information Administration

Because of the large drawdown in global inventories triggered by continued disruptions in the Strait of Hormuz, we forecast that oil prices will remain elevated until global oil flows return to normal and oil inventories are replenished. We estimate that global oil inventories fell by an average of 4.2 million b/d in 2Q26 and that they will fall by an additional 3.8 million b/d on average in 3Q26. As a result, we forecast the Brent crude oil spot price will average around \$85/b in 3Q26, \$11/b higher than in last month's STEO. Once the traffic through the Strait of Hormuz gradually increases and shut-in oil production increasingly restarts, we forecast oil prices will begin to fall, decreasing to an average of \$78/b by 4Q26. We assess that most shut-in oil production will be largely restored in 1Q27 and that global oil inventories will again start building, gradually lowering oil prices to an average of \$69/b in 2027.

Brent crude oil spot price and global inventory changes

dollars per barrel (million barrels per day)

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

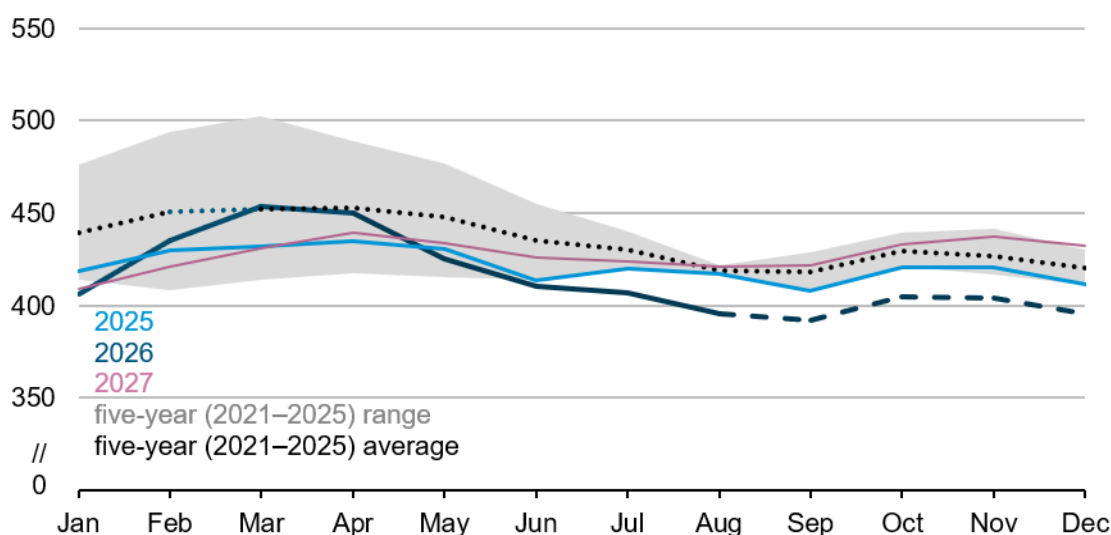
U.S. Petroleum Products

U.S. crude oil inventories

We expect commercial crude oil inventories in the United States to be below the five-year (2021–2025) low through the end of 2026 because of high refinery runs and lower net imports.

U.S. end of period commercial inventories of crude oil

million barrels

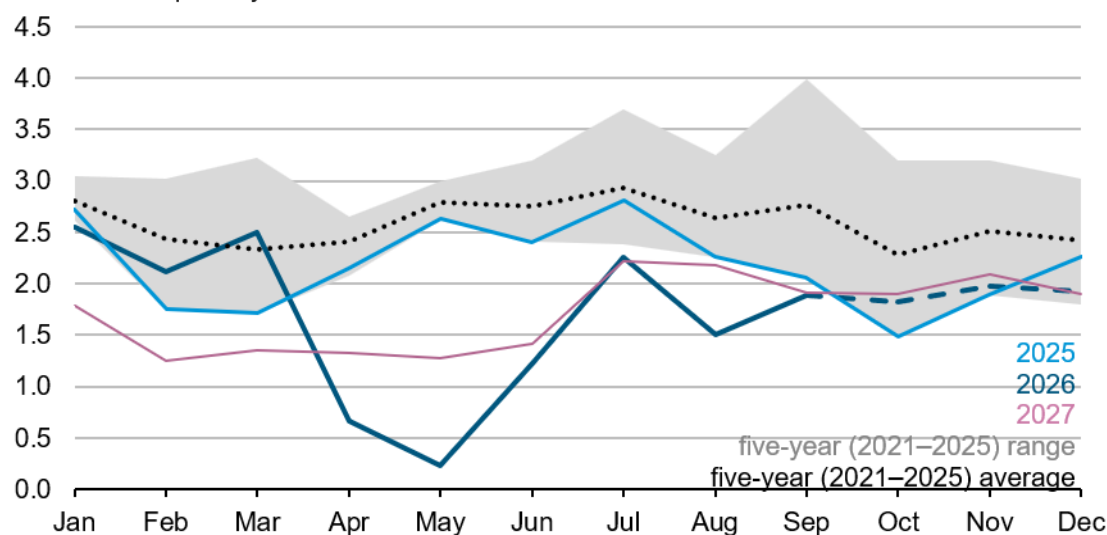
Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, August 2026

In April and May 2026, U.S. net imports of crude oil fell below 1 million barrels per day (b/d) as exports of crude oil from the United States surged to [historically high levels](#) and crude oil imports fell. Starting around mid-April, increased exports combined with decreased imports put pressure on U.S. stocks,

which declined every week from April 17 to June 26. Increasing refinery runs in May also contributed to inventory draws, after refiners completed seasonal maintenance. After ending April around the five-year average, U.S. commercial crude oil stocks decreased by 25 million barrels in May, 15 million barrels in June, and 4 million barrels in July. We forecast net imports of crude oil to remain below average through the end of our forecast because of relatively high international demand for U.S. crude oil exports and lower U.S. imports, keeping inventories low.

U.S. net imports of crude oil

million barrels per day



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

This outlook assumes no additional releases of crude oil from the U.S. Strategic Petroleum Reserve beyond the levels [announced on March 13, 2026](#).

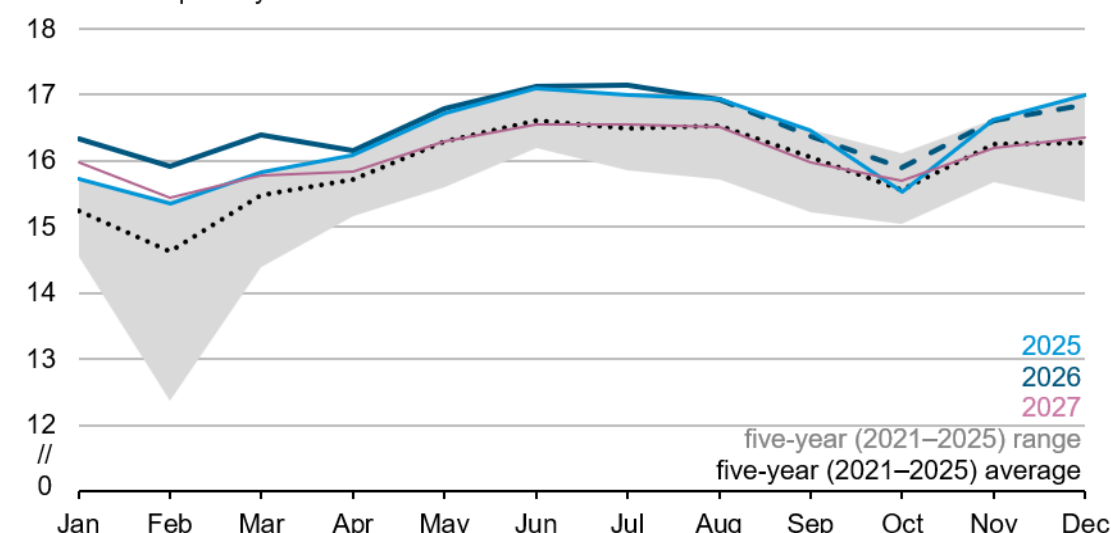
U.S. refinery inputs

We expect high [crack spreads](#), an indicator of refinery profitability, through the end of 2026 will result in relatively high crude oil inputs to refineries. Through the first seven months of the year, crude oil inputs to refineries have been the highest since 2019, and we forecast net inputs will remain near the top of the five year (2021–2025) range through the end of the year.

We expect U.S refinery demand for crude oil will be about 17 million b/d through August, in line with the five-year average. In September and October, we expect refiners to reduce utilization and crude oil inputs for seasonal maintenance, dropping below 16 million b/d on average in October, resulting in reduced petroleum product production during that period. In November and December, we estimate refinery production to increase, while remaining below 17 million b/d, as refiners seek to capitalize on higher-than-average margins.

U.S. refiner net inputs of crude oil

million barrels per day

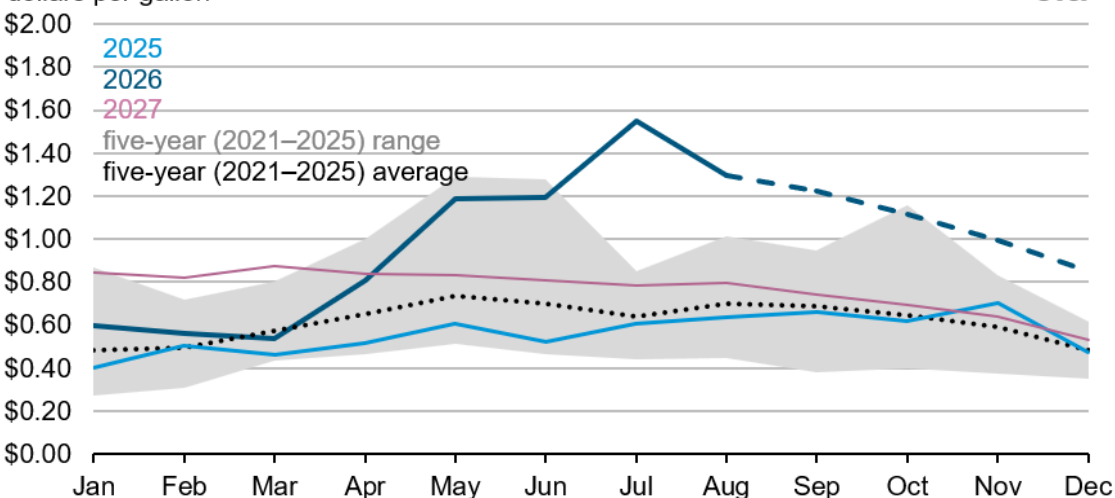


Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, August 2026

We estimate refinery margins in July have increased because of tighter global refined product market conditions. Lower refined product exports from Russia, the resumption of conflict around the Strait of Hormuz (limiting the flow of products from refineries in Saudi Arabia and Kuwait), and reduced crude runs through refineries in China have all contributed to lower global refining activity. We estimate that these factors will contribute to ongoing tightness in global petroleum product markets, thereby supporting refinery margins for U.S. refiners through the end of the year.

3-2-1 crack spread

dollars per gallon



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

Note: The 3-2-1 crack spread is calculated by subtracting the cost of three gallons of crude oil from the sum of two gallons of gasoline and one gallon of diesel, then dividing the difference by three.

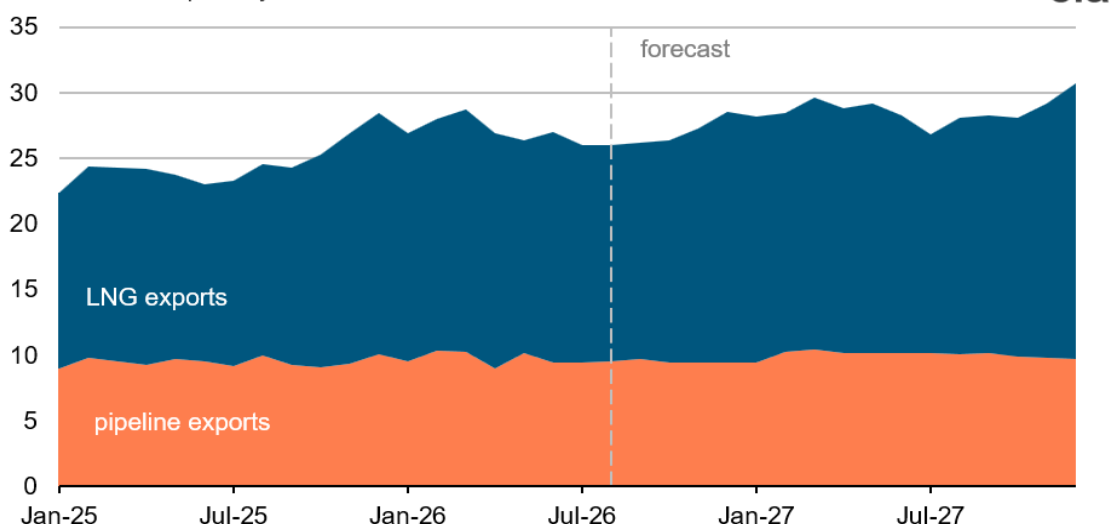
Natural Gas

Natural gas trade

We expect U.S. liquefied natural gas (LNG) exports in the third quarter of 2026 (3Q26) to average 16.5 billion cubic feet per day (Bcf/d), down 0.2 Bcf/d compared with last month's forecast. In July, international prices rose to levels last reached in early April, as LNG vessel traffic through the Strait of Hormuz slowed considerably after strikes on vessels resumed on July 7. Maintenance at [Freeport LNG](#) began on July 10 and is expected to be completed in late August, affecting 2.0 Bcf/d of nominal export capacity in the short-term. However, even with Freeport fully operational, exports would remain limited due to slow growth in additional export capacity despite U.S. price spreads to Europe and Asia remaining elevated due to [ongoing disruptions](#).

[Maintenance](#) at Freeport and other LNG export terminals have reduced feedgas demand on the Gulf Coast in June and July. Reduced demand has helped boost storage inventories in the South Central region to 5% above the five-year average (2021–2025) as of the week ending July 31, compared with inventories that were almost equal to the five-year average during the week ending May 29, according to our [Weekly Natural Gas Storage Report](#).

U.S. gross LNG and pipeline exports
billion cubic feet per day



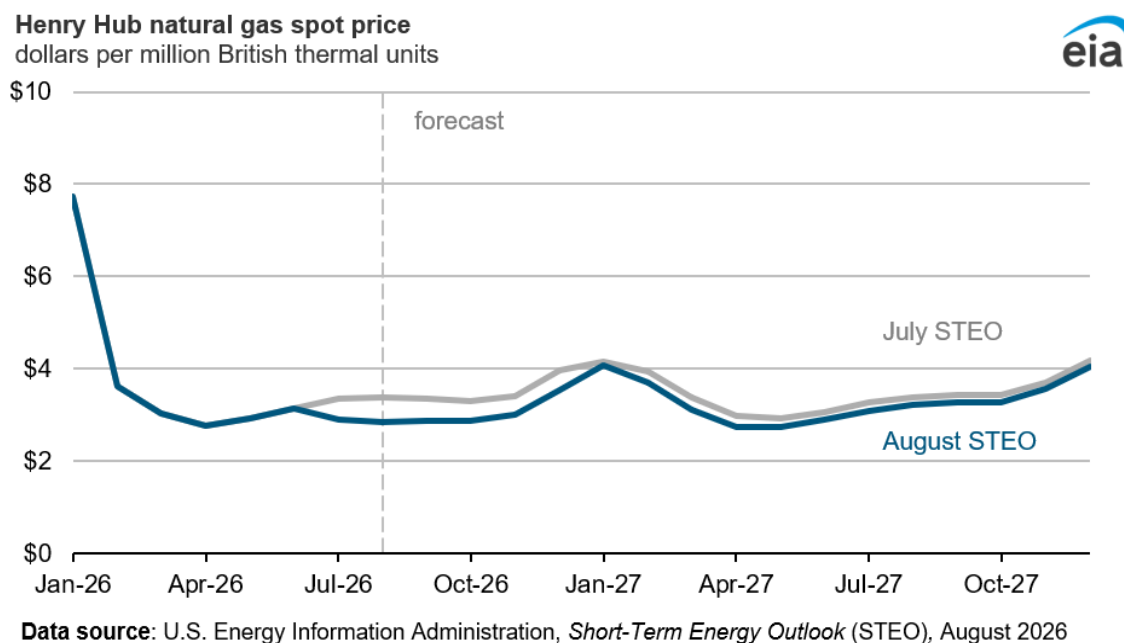
Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, August 2026

Note: LNG = liquefied natural gas

We estimate total U.S. natural gas exports by pipeline will average 9.6 Bcf/d in 2026 and rise to 10.0 Bcf/d in 2027, up from 9.5 Bcf/d in 2025. This growth is due to rising demand from the new Energia Costa Azul LNG terminal, which is supplied by the U.S. Permian Basin and [shipped its first cargo](#) on July 8, bringing 0.4 Bcf/d of nominal export capacity online in Mexico's Pacific Coast. In addition, U.S. natural gas exports to Mexico have increased to supply natural gas-fired power plants that have been brought online this year, driven by stronger demand in Mexico as Energia Costa Azul and natural gas-fired power plants ramp to full capacity.

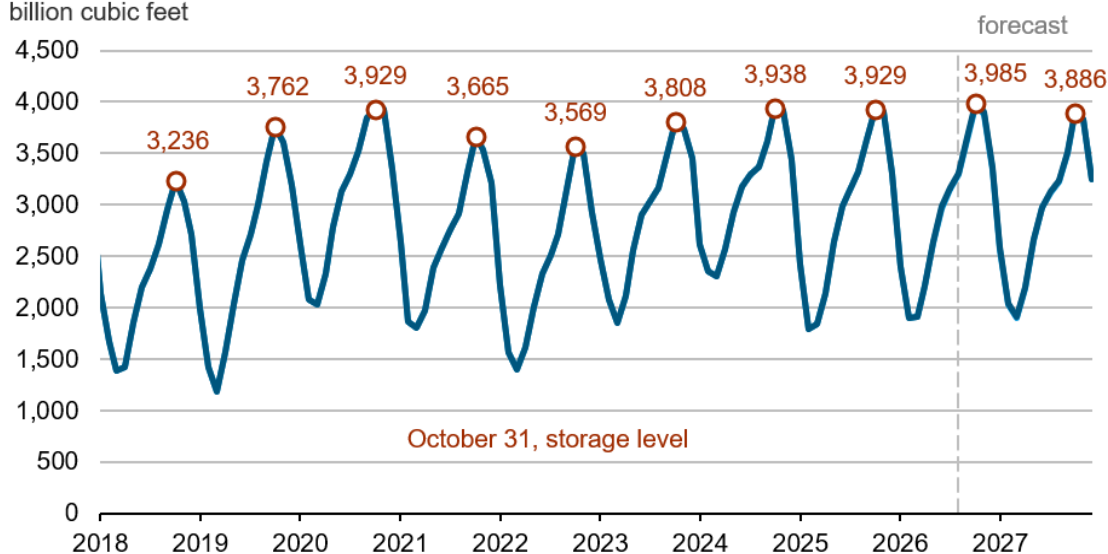
Natural gas prices and storage

We expect the Henry Hub spot price to average \$2.87 per million British thermal units (MMBtu), in 3Q26, down 50 cents compared with last month's forecast. Our lower price forecast reflects reduced LNG [feedgas](#) demand and record natural gas production, which we expect will leave natural gas inventories at their highest level heading into winter since 2016. We expect Henry Hub prices to rise gradually in the coming months but remain relatively low because inventories are well above the five-year average. Futures prices show a similar pattern, with contracts through September 2026 remaining below \$3.00/MMBtu.



In this forecast, we expect natural gas inventories to be a record 3,985 billion cubic feet (Bcf) at the end of October 2026, which is an increase of 19 Bcf compared with the July STEO and 5% above the five-year average. With high storage heading into winter, we expect the Henry Hub spot price will remain below \$3.00/MMBtu until November and average \$3.03/MMBtu over the remaining five months of the year, nearly 50 cents/MMBtu lower than last month's forecast.

Lower 48 states monthly working natural gas in storage
billion cubic feet



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

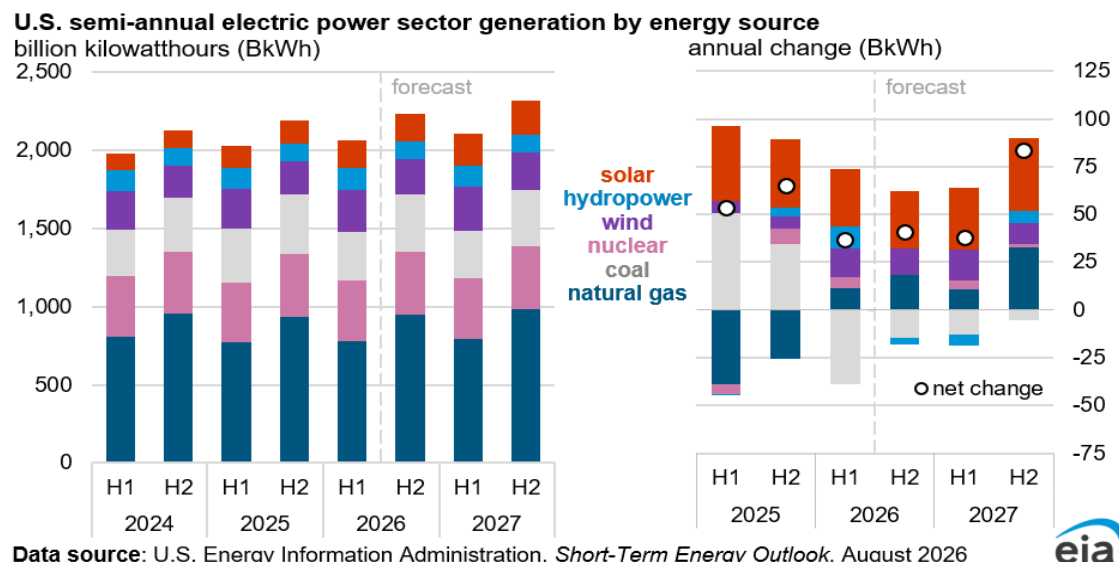


Electricity, Coal, and Renewables

Electricity generation

The amount of electricity generated in the United States has been growing consistently in recent years to meet increasing [power demand from data centers](#). On August 3, the Texas governor announced a [pause on new data center development](#) in order to collect more information about projects that are currently undergoing review. As a result, we have lowered our forecast for electricity demand in Texas, with electricity load growing by 6% in 2027 in contrast to our forecast of 14% growth in the previous STEO.

Generation from [new solar power projects](#) and rising generation from natural gas have been the leading sources of growth so far in 2026, and we expect that pattern to continue over the next year.



During the first half of 2026 (1H26), total generation by the U.S. electric power sector was up 37 billion kilowatthours (BkWh), or 1.8%, compared with the first six months of 2025. Generation from solar and wind was up 21% and 6%, respectively, in 1H26, reflecting [continuing growth in renewable energy](#) generating capacity. We expect that new additions of generating capacity, including the new 3.7 gigawatt [SunZia wind farm](#), will keep U.S. renewable generation growing at similar rates in 2H26 and throughout 2027. [Hydropower](#) generation during 1H26 was up 9% compared to 1H25, but we forecast a 3% decrease in 2H26 because of intensifying [drought conditions](#) in the western United States.

Natural gas-fired electricity generation has been rising this year as well, in contrast to year-over-year declines that occurred in 2025 as [natural gas prices were up](#) sharply last year. We expect the Henry Hub price of natural gas will average 2% lower in 2026 and 4% lower in 2027. This contributes to our forecast that U.S. natural gas generation will rise by 30 BkWh (2%) in 2026 and by 44 BkWh (3%) in 2027.

With the shift to lower-cost natural gas, coal-fired generation has been declining. During 1H26, U.S. coal generation was down 39 BkWh (11%), reversing the increases that occurred in 2025. And we expect another year-over-year decline of 15 BkWh (4%) in 2H26. We forecast the declines in coal generation to slow somewhat in 2027, falling by 18 BkWh (3%) for the year.

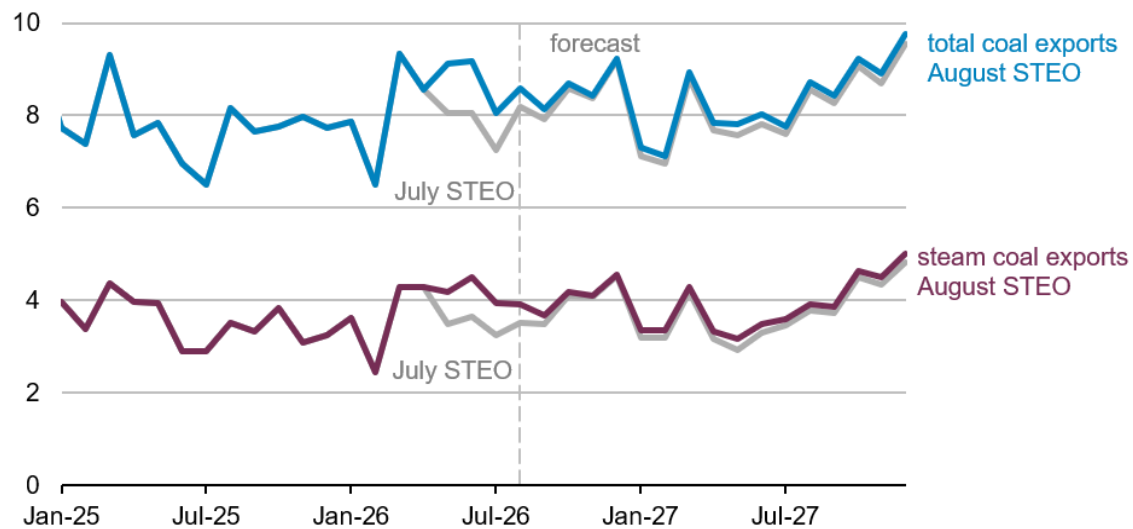
Coal markets

Total U.S. coal exports increased by 32% year-over-year in June. As a result, we have raised our forecast of U.S. coal exports in 2026 to 102 million short tons MMst, compared with 98 MMst in our July STEO. Metallurgical coal exports increased year-over-year in each of the first six months of 2026, which likely reflects the [opening](#) of Warrior Met Coals' Blue Creek mine, as well as the reopening of Allegheny Metallurgical's [Longview](#) mine and Core Natural Resources' [Leer South](#) mine.

Steam coal exports declined by an average of 11% year-over-year in the first three months of 2026 but then increased as global coal market dynamics favored incremental sales by U.S. coal exporters in April, May, and June. Global coal [prices rose in May](#) and remained elevated through June because of seasonal restocking, tighter supply, and uncertainty surrounding the conflict in Iran. Moreover, higher gas prices

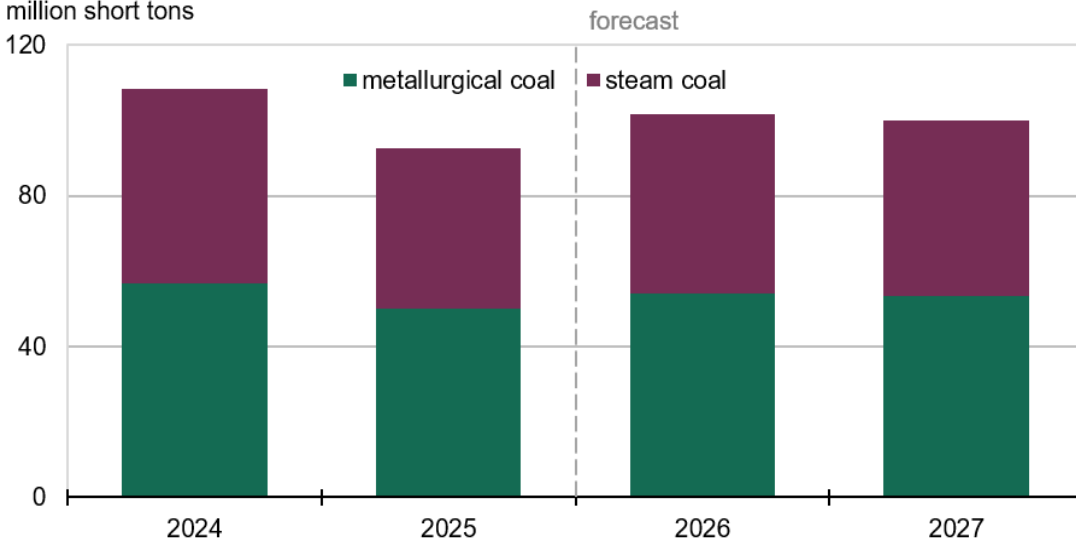
resulting from the Strait of Hormuz conflict led to [natural gas-to-coal switching](#) in Europe and Asia. Changes in weather and a rise in solar and wind curtailments in China also [contributed](#) to increased global coal utilization in the first half of 2026.

U.S. coal exports million short tons



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

U.S. annual coal exports million short tons



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

Economy, CO₂, and Weather

U.S. macroeconomics

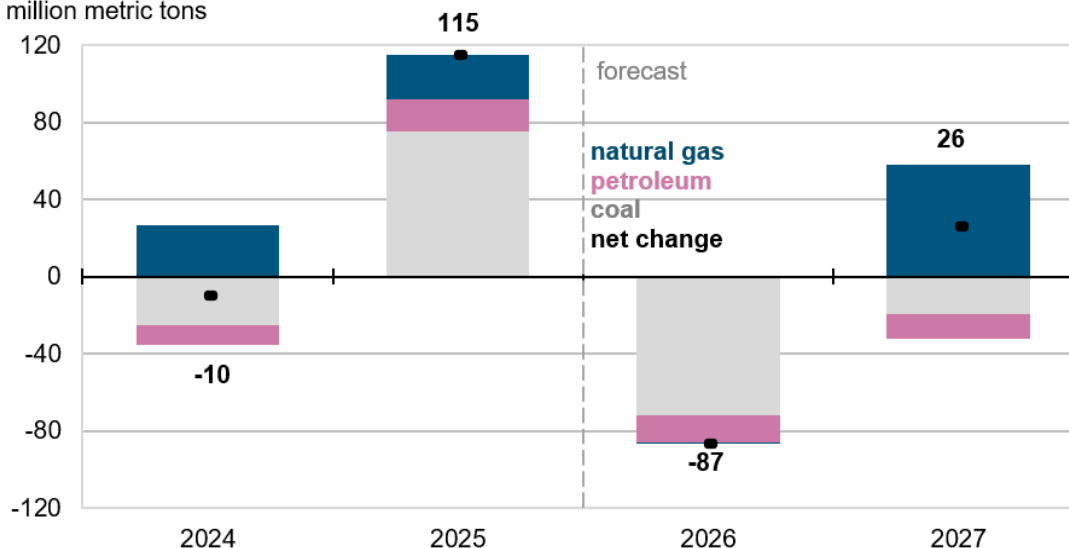
To generate the macroeconomic assumptions in the *Short-Term Energy Outlook* (STEO), we input STEO energy price forecasts into S&P Global's Short-Term U.S. Macroeconomic Model to produce a conditional macroeconomic forecast. For more details on the macroeconomic model, see [our documentation](#).

Emissions

We forecast U.S. energy-related carbon dioxide (CO₂) emissions to decrease by 1.8% in 2026 relative to 2025 and to increase by a 0.5% in 2027. In 2026, decreases in CO₂ emissions are due primarily to expected declines in coal consumption and, to a lesser extent, declines in consumption of various petroleum products, most notably motor gasoline and distillate fuel oil. Declines in both coal-related and petroleum-related emissions are expected to continue in 2027 but are counteracted by rising natural gas-related emissions, largely in the form of natural gas-fired electricity generation, resulting in a net increase in total CO₂ emissions.

U.S. annual CO₂ emissions, components of annual change

million metric tons



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



Weather

As the summer months come to an end, we expect warmer weather in the third quarter of 2026 (3Q26)—4% more [cooling degree days](#) (CDDs) than 3Q25—to offset cooler weather in 2Q26. Based on our current forecasts and data from the National Oceanic and Atmospheric Administration, we expect temperatures in August will be warmer than both August 2025, with 13% more CDDs, and the monthly 10-year average, with 2% more CDDs. Overall, our forecast assumes the United States will average around 1,200 CDDs this summer (June–September), 2% more CDDs than last summer and 1% more CDDs than the 10-year average.