Independent Statistics and Analysis
U.S. Energy Information Administration

Short-Term Energy Outlook

September 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**	**$91**	**$74**
Retail gasoline price (dollars per gallon)	**$3.10**	**$3.84**	**$3.35**
U.S. crude oil production (million barrels per day)	**13.7**	**13.8**	**14.3**
Natural gas price at Henry Hub (dollars per million British thermal units)	**$3.53**	**$3.43**	**$3.28**
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%	14%
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%**	**2.1%**	**2.4%**
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,* September 2026
Note: Values in this table are rounded and may not match values in other tables in this report.

- **Global oil market assumptions.** We forecast oil production in the Middle East will rise in the coming months because of gradually increasing flows through the Strait of Hormuz and the use of alternative routes out of the region, according to our September 2026 Short-Term Energy Outlook (STEO). However, we assume some constraints to exporting oil from the Middle East will persist through the end of the year, which keeps crude oil production in the region below pre-conflict averages until the second quarter of 2027 (2Q27).

- **Global oil prices.** Global oil prices rose to an average of $91 per barrel (b) in August, $7/b higher than in July. Prices remain elevated in response to falling global oil inventories, which we estimate have decreased by 400 million barrels so far this year. We expect inventories will continue falling through the end of 2026, which will keep prices near the August monthly average in the coming months. We now forecast the Brent crude oil spot price to average around $90/b in 2H26. As oil production rises into next year, and as inventories rebuild, we expect the Brent spot price to gradually fall to an average of $74/b in 2027.

- **Distillate fuel oil inventories**. We forecast U.S. distillate fuel oil inventories will drop below 100 million barrels in September and will remain below the five-year (2021–2025) low through much of 2027. Tightness in the global distillate market has raised domestic prices and incentivized U.S.

exporters to increase distillate exports. We assume global production of distillate fuel will remain below last year's levels in the coming months, contributing to low U.S. diesel inventories and high diesel prices.

- **Natural gas storage**. U.S. natural gas inventories are on track to be above the five-year average at the start of winter. We forecast natural gas inventories will total 3,969 billion cubic feet on October 31, 2026—the end of the injection season—5% above the five-year average. Rising natural gas production in the Permian and Haynesville regions has supported inventory builds over the summer.

- **Electricity demand.** The United States uses record amounts of electricity in our forecast. We expect electricity sales in the United States to total 4,135 billion kilowatthours (BkWh) in 2026 and 4,211 BkWh in 2027, driven by data center development and increased manufacturing activity in the commercial and industrial sectors. Despite a pause in connecting new data center projects in Texas to the grid, the West South Central region accounts for the largest share of total electricity sales growth in our forecast.

- **Forecast timeline**. We finalized inputs into the model on September 3, 2026. This month's forecast does not specifically account for market events after that day.

Notable forecast changes

Current forecast: September 9, 2026; previous forecast: August 11, 2026	**2026**	**2027**
Distillate crack spread (dollars per gallon)	**$0.94**	**$0.63**
Previous forecast	$0.84	$0.67
Percentage change	11.6%	-5.2%
Retail diesel price (dollars per gallon)	**$5.07**	**$4.40**
Previous forecast	$4.85	$4.07
Percentage change	4.4%	8.2%
West South Central region electricity sales (billion kilowatthours)	**761**	**790**
Previous forecast	765	829
Percentage change	-0.5%	-4.7%

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

The Brent crude oil spot price increased to an average of $91 per barrel (b) in August, $7/b higher than in July. Global crude oil prices rose in August as total exports out of the Middle East remained constrained, leading to more oil production shut-ins in the region. This is due, in part, to the renewal of the U.S. blockade on Iran's oil exports following Iran's attacks on tankers in the Strait of Hormuz, as well as because of a new rounds of sanctions from the Treasury Department's Office of Foreign Assets Control against Iranian economic and oil interests. We expect these policies to restrict Iran's oil exports and reduce its oil production.

In addition, attacks on Saudi Arabia's oil exports through the Bab el-Mandeb strait, a major world oil transit chokepoint, reduced oil exports departing from Saudi Arabia's Yanbu port on the Red Sea, a route which bypasses the Strait of Hormuz. In August, exports out of Yanbu were down by about half from July, according to estimates from Vortexa. In response, Saudi Arabia has increased oil shipments through the Suez Canal at the north end of the Red Sea, a longer and costlier route for customers in Asia. Although Saudi Arabia has also reportedly begun to use a series of ship-to-ship transfers outside of the Persian Gulf, we expect that the constrained Red Sea shipping channel will limit Saudi Arabia's supply in the near term until global shipping flows adjust.

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–June-26 Average	Estimated shut-ins Jul-26	Estimated shut-ins Aug-26	Forecast shut-ins 3Q26	Forecast shut-ins 4Q26	Forecast shut-ins 1Q27
Kuwait	2,560	1,648	850	680			
UAE	3,600	925	0	0			
Iran	3,390	455	200	1,000			
Iraq	4,400	2,880	1,720	1,160			
Qatar	557	463	150	200			
Bahrain	193	143	110	130			
Saudi Arabia	10,500	2,923	1,950	3,550			
Total	**25,200**	**9,435**	**4,980**	**6,720**	**6,230**	**5,663**	**2,717**

We only forecast aggregate disruptions for future months.

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

As flows through the Strait of Hormuz and the Bab el-Mandeb strait remain constrained and variable, crude oil production shut-ins rose over the past month. We assess that crude oil production shut-ins averaged 6.7 million barrels per day (b/d) in August, up from 5.0 million b/d in July. We assume that oil flows from the Middle East remain constrained through the fourth quarter of 2026 (4Q26), leading to shut-in production volumes averaging 5.7 million b/d during that quarter.

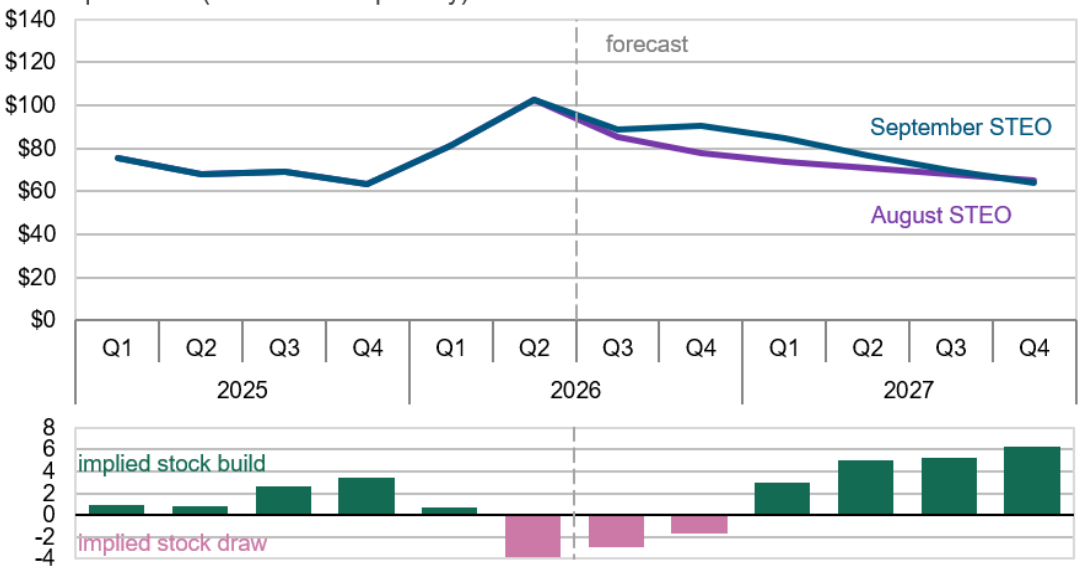
Although we raised our forecast for production disruptions in coming months, we expect oil flows out of the Middle East will gradually increase as shippers continue to find workarounds that allow them to

export oil from the Middle East: using pipeline and overland bypass routes, increasing ship-to-ship transfers, and using new bypass pipeline capacity in the United Arab Emirates, expected to come online in mid-2027. If these assumptions hold, we expect it will take until 2Q27 for most production and trade flows to return to pre-conflict averages. We anticipate, however, that some producers around the Persian Gulf will not be able to bring oil output back to pre-conflict averages during the forecast period.

Because of the large drawdown in global inventories driven by continued disruptions of crude oil production, we forecast that oil prices will remain elevated until global oil flows return to normal and oil inventories can be replenished. We estimate that global oil inventories fell by an average of 3.9 million b/d in 2Q26 and that they will fall by an additional 3.0 million b/d on average in 3Q26 and 1.7 million b/d on average in 4Q26. As a result, we forecast the Brent crude oil spot price will average around $90/b in the second half of 2026 (2H26), $8/b higher than in last month's STEO.

As exports from the Middle East gradually increase and shut-in oil production restarts, we forecast oil prices will begin to fall, decreasing to an average of $77/b by 2Q27. We assess that most shut-in oil production will be largely restored in 2H27 and that global oil inventories will again start building, gradually lowering oil prices to an average of $67/b in 2H27, similar to last month's STEO. However, we expect continued volatility in flows both through the Strait of Hormuz and through alternative routes based on changing conditions in the conflict, which will likely lead to more volatility in short-term price movements than our forecast indicates.

Brent crude oil spot price and global inventory changes
dollars per barrel (million barrels per day)



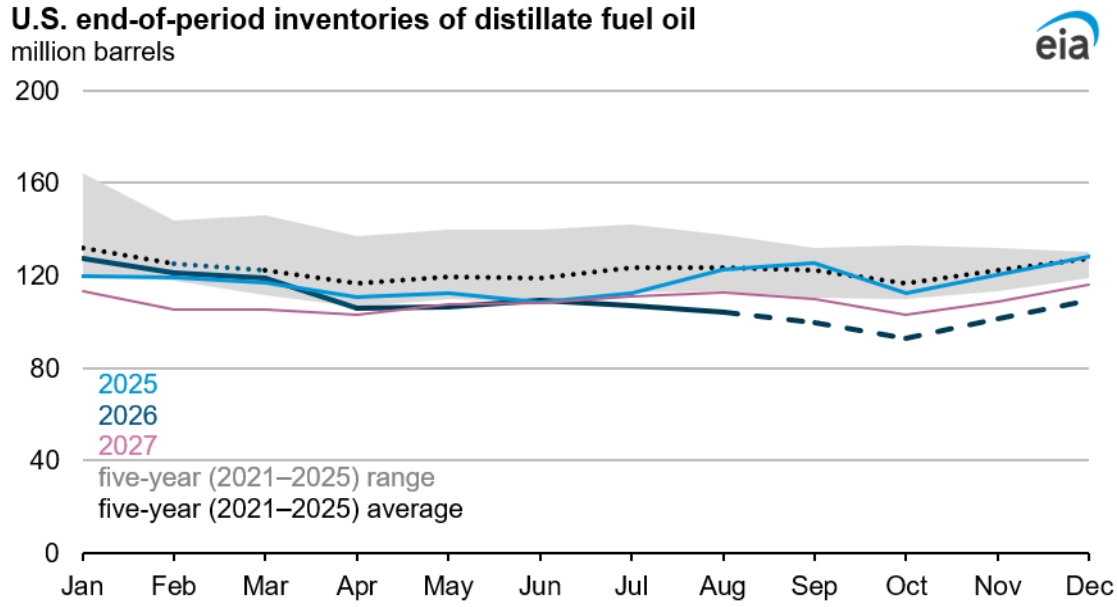
Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook* (STEO), September 2026

U.S. Petroleum Products

U.S. distillate inventories

We forecast inventories of distillate fuel oil—often sold as diesel—in the United States to fall below 100 million barrels in September and remain below the five-year (2021–2025) low through the end of 2026 and most of 2027. Distillate inventories fell below the five-year range in April, coinciding with high U.S.

net exports of the fuel following the loss of large amounts of distillate supply from the Middle East, Russia, and China. The low inventories are reflected in global distillate prices, which have increased throughout the summer in response to lower international refinery production of distillate fuel oil.



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

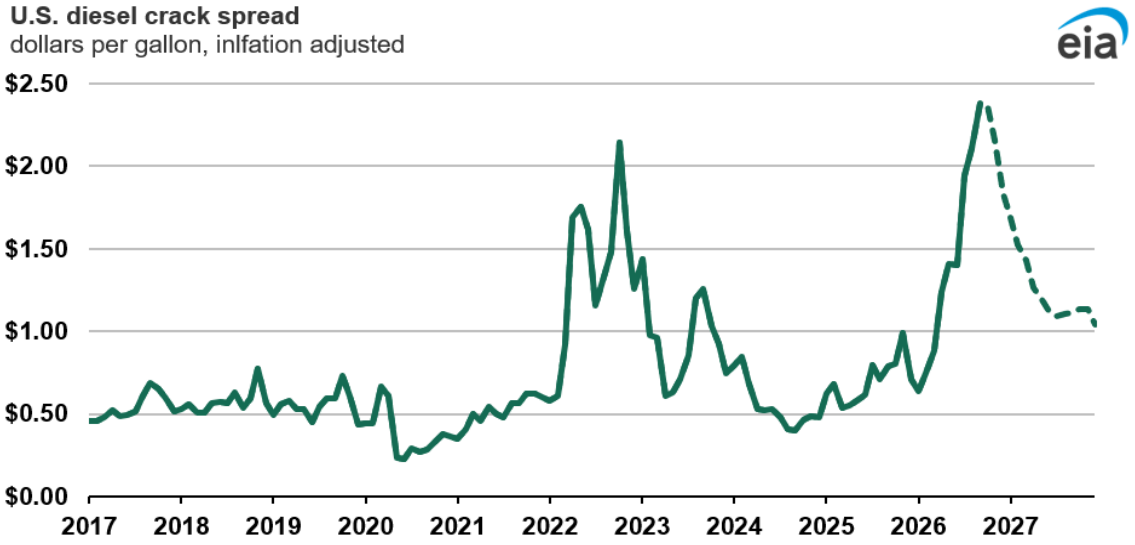
Tightness in the global distillate market raises global prices for distillate and incentivizes U.S. exports of distillate. In the STEO, we assume that global production of distillate fuel will remain below last year's levels in the coming months, which contributes to our forecast of higher net exports of distillate.

Net exports of distillate have been above or near the five-year high in every month of 2026 since February. Low distillate inventories contribute to higher domestic diesel prices. We expect this effect will be particularly pronounced because of seasonal drops in distillate production and seasonal increases in distillate consumption during the fall and winter. Distillate production typically decreases during the fall refinery maintenance season while harvest-season agricultural demand for distillate increases. Low inventories may also contribute to higher prices for residential heating oil in the Northeastern United States.

U.S. diesel crack spreads

We estimate U.S. average diesel crack spreads to exceed $2 per gallon from August through November, before decreasing steadily through mid-2027. This decrease assumes a return to normal tanker traffic through the Strait of Hormuz in the near term, allowing refineries in Saudia Arabia and Kuwait to increase exports of distillate to the global market. We also expect the return of free-flowing crude oil through from the Middle East will improve the availability of crude oil supplies to East Asian refiners, who may increase production, thereby further contributing to lower international crack spreads. If the flows out of the Middle East remain constrained beyond the end of 2026, we would expect to see higher distillate crack spreads globally than what is included in our current forecast. Global distillate prices face

additional upward pressure from the loss of refinery activity in Russia. We estimate that those refinery outages will continue to affect the global market through the first half of 2027.



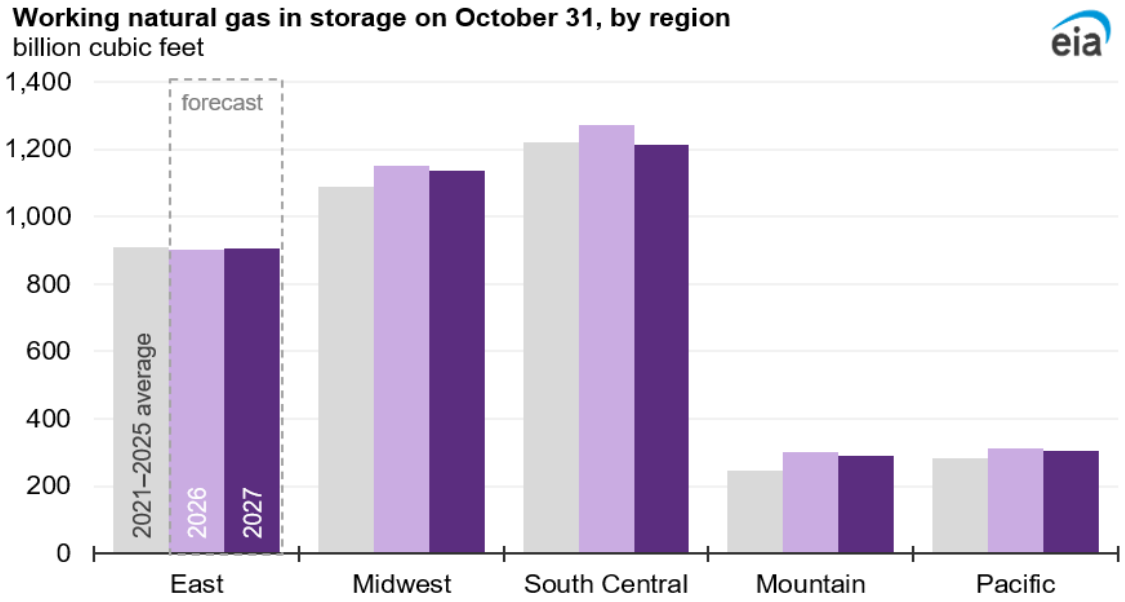
Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, September 2026
Note: The distillate crack spread is calculated as subtracting the cost of a gallon of crude oil from the cost of a gallon of diesel.

Natural Gas

Natural gas storage

U.S. natural gas inventories are set to be relatively high heading into the winter heating season. We forecast U.S. working natural gas inventories will total 3,969 billion cubic feet (Bcf) on October 31, 2026, 5% above the previous five-year average (2021–2025) and 1% above October 2025 levels. Relatively high inventories in part reflect strong growth in natural gas production in recent months. Regional balances vary entering the withdrawal season (November—March), with inventories in the Mountain region at 21% above their five-year average, followed by the Pacific at 10%, the Midwest at 6%, and South Central at 4%. Inventories in the East are expected to enter the withdrawal season about equal to the five-year average.

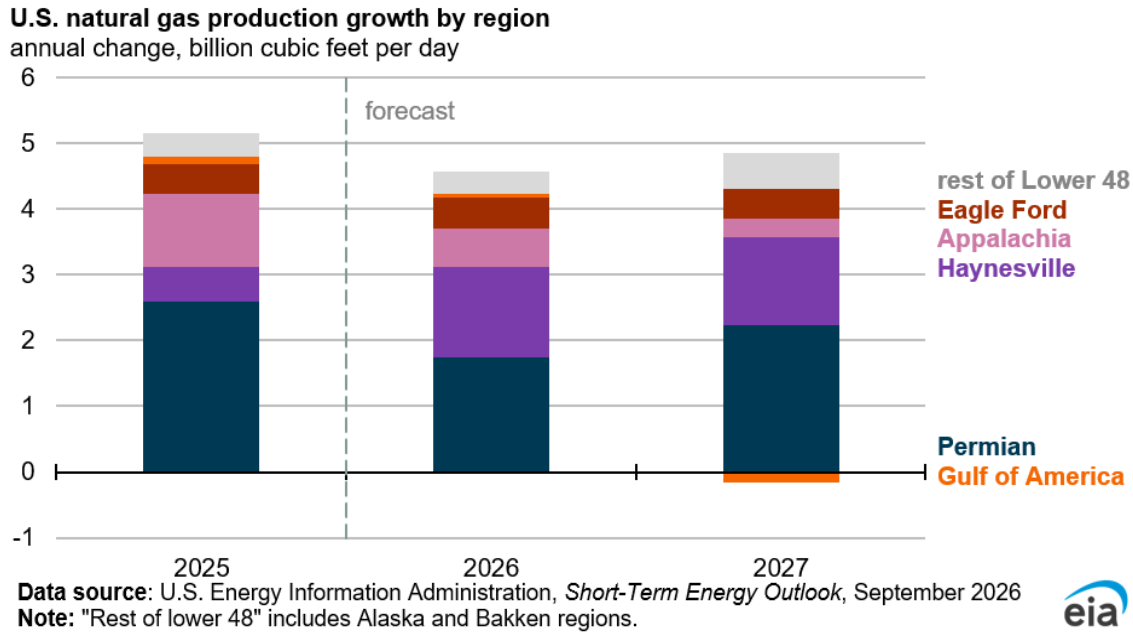
Lower relative inventories in the East largely stem from a lower starting point for the injection season relative to the other regions and more limited regional production growth. Inventories in the region began the injection season 11% below the five-year average, following relatively large winter withdrawals owing to colder-than-normal weather. Although Appalachian natural gas production remains near record highs, its growth has been slower this year compared with other regions.



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

Natural gas production

U.S. marketed natural gas production continues to grow in our forecast, providing additional supply to meet demand and support storage additions. Production increases by 4.5 billion cubic feet per day (Bcf/d) in 2026 and 4.6 Bcf/d in 2027. The Permian and Haynesville regions together account for more than 70% of production growth in our forecast.



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, September 2026
Note: "Rest of lower 48" includes Alaska and Bakken regions.

Permian production in our forecast grows by 1.7 Bcf/d in 2026 and 2.2 Bcf/d in 2027. Most Permian natural gas production is associated with crude oil production. Natural gas production in the region has

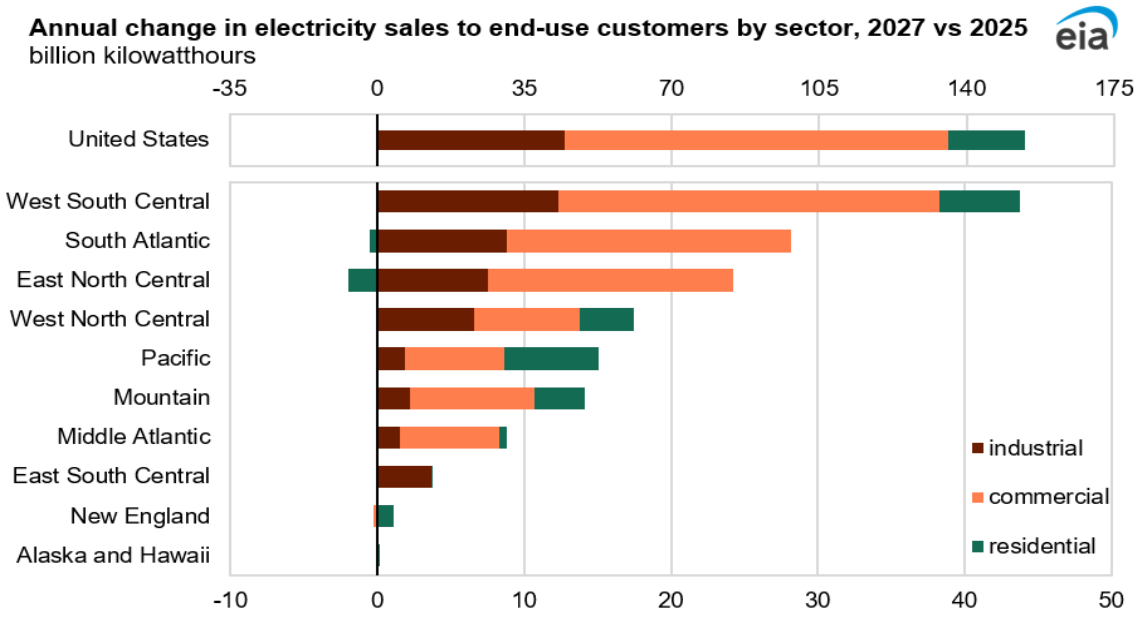
been growing faster than crude oil production as natural gas-to-oil ratios increase. The Permian natural gas-to-oil ratio averaged nearly 4,200 cubic feet per barrel in 2025, 15% higher than in 2021. Additionally, pipeline capacity additions help support production growth through the forecast period. Energy Transfer's Hugh Brinson pipeline—which originates in the Permian—began interstate natural gas shipments in June, which is earlier than we had previously expected. The pipeline will ramp up flows through early 2027.

Haynesville production in our forecast increases by 1.4 Bcf/d in 2026 and by 1.3 Bcf/d in 2027, supported by forecast stable natural gas prices at Henry Hub, the region's proximity to Gulf Coast liquefied natural gas export terminals, and nearby industrial demand. Appalachian production increases by about 0.6 Bcf/d in 2026 and 0.3 Bcf/d in 2027.

Electricity, Coal, and Renewables

Electricity consumption

Electricity consumption reaches record levels in our forecast, driven by data center development and increased manufacturing activity in the commercial and industrial sectors. We expect electricity sales in the United States to total 4,135 billion kilowatthours (BkWh) in 2026, an increase of almost 2% over 2025. We expect an additional growth of nearly 2% in electricity sales in 2027, with total electricity consumption totaling 4,211 BkWh in 2027. We forecast that commercial sector electricity sales will increase by 3.3% in 2026 and 2.7% in 2027, accounting for 63% and 56% of the increase in electricity sales in those years. We forecast industrial sector electricity sales will rise 1.6% in 2026 and 2.6% in 2027, accounting for an additional 22% and 36% of increased electricity sales, respectively. Although Texas has paused the connection of new data centers to the grid to facilitate a regulatory audit of proposed data center projects, the West South Central region still accounts for the largest regional share of growth in total electricity sales, totaling nearly 20% of nationwide growth in 2026 and nearly 40% in 2027.

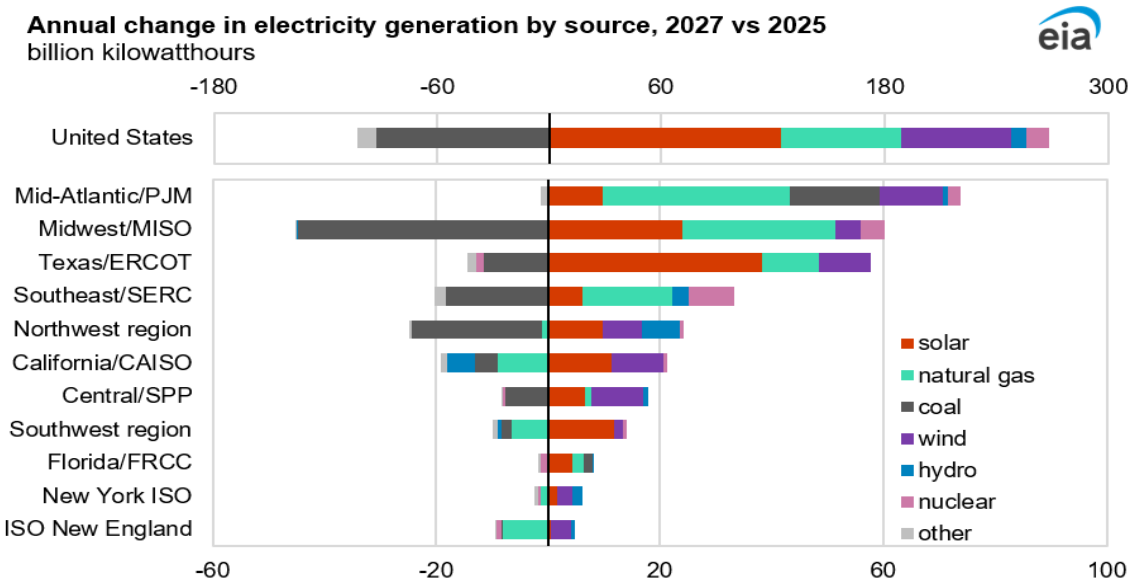


Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, September 2026

Electricity generation

Electricity generation grows in line with electricity use in the forecast. With natural gas generation in the United States rising by 2% in 2026 and 1% in 2027, coal generation falls by 8% in 2026 and 6% in 2027. As wind and utility-scale solar capacity continues to be added to the grid, we expect solar generation to grow by 21% in 2026 and by 18% in 2027, while wind generation grows 7% in 2026 and 5% in 2027.

We expect the PJM interconnection to account for nearly 45% of the growth in total U.S. generation in our forecast, with natural gas generation driving the increase in 2026 and natural gas, coal, and wind generation driving the increase in 2027. Meanwhile, the growth in solar generation is concentrated in the parts of the grid managed by the Electric Reliability Council of Texas (ERCOT) and the Midcontinent Independent System Operator (MISO). In 2026, we expect added solar generation of 18 BkWh in ERCOT and 13 BkWh in MISO, followed by an additional 20 BkWh in ERCOT and 11 BkWh in MISO in 2027.

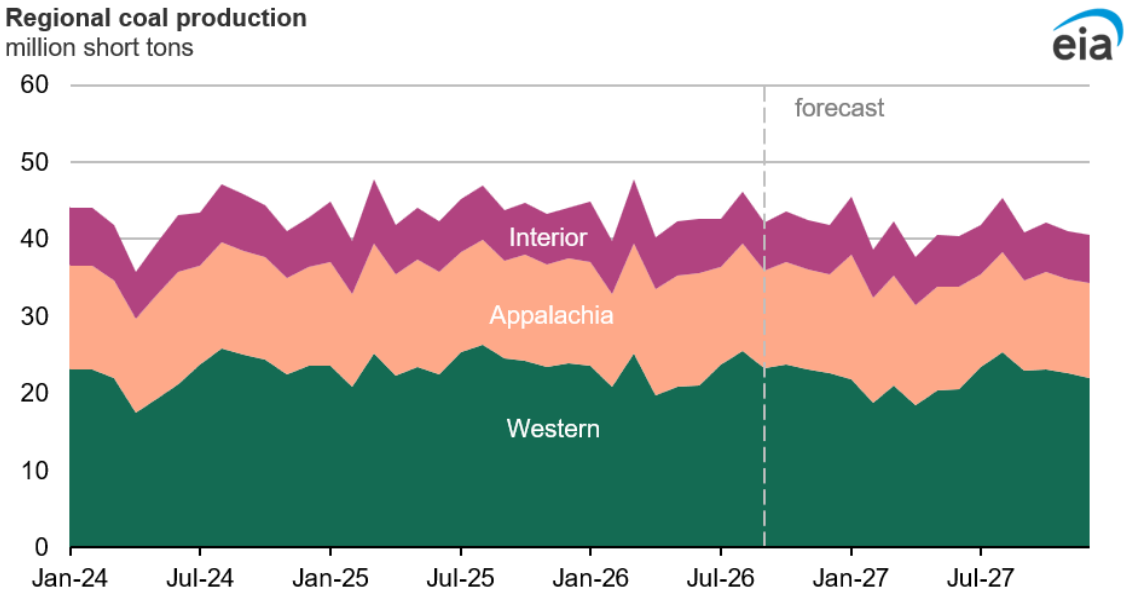


Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, September 2026

Coal markets

Reduced demand for coal in the electric power sector leads to lower coal production in our forecast. We expect coal production to fall from 528 million short tons (MMst) in 2025 to 516 MMst in 2026 and 497 MMst in 2027. The decline is driven primarily by the Western region, which produces about half of total coal supply in the country. We expect production in the Western region to decline by about 4% in 2026 and another 5% in 2027, to a total of 260 MMst. Smaller changes are expected in the Appalachian region, where production in 2026 remains relatively flat before declining by about 2% in 2027. The Interior region also is expected to have similar production levels in 2026 as last year, before dropping by about 5% in 2027 to 79 MMst.

Although coal exports in our forecast increase compared with 2025, we forecast domestic demand for coal from the electric power sector will decline by 8% in 2026 and 6% in 2027, as natural gas and renewables generation in the Northwest and MISO regions increases.



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

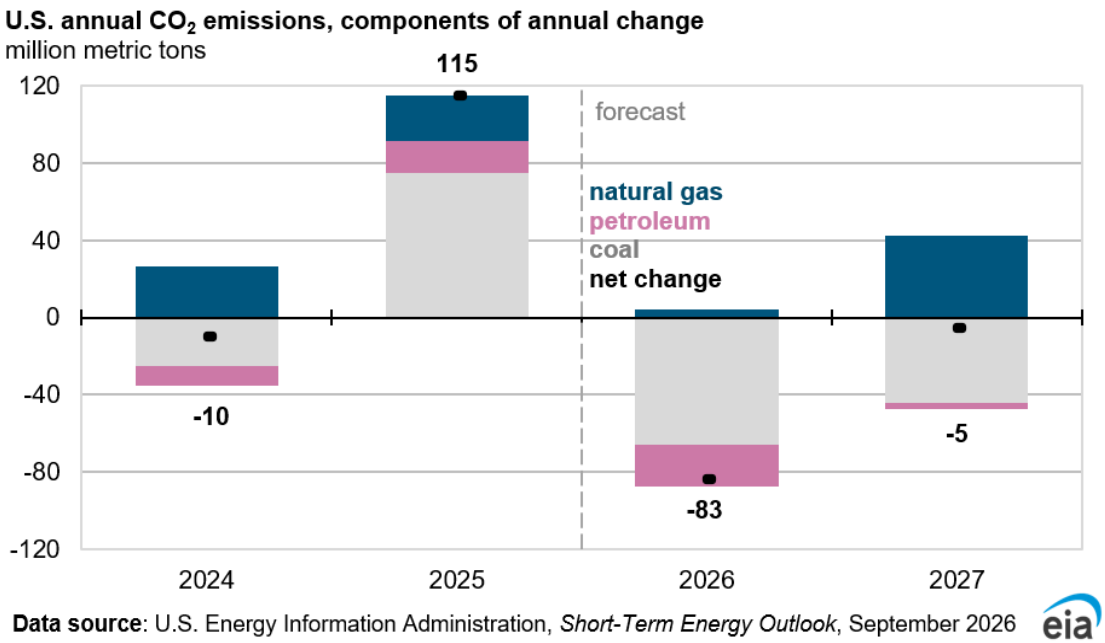
Economy, CO_2, and Weather

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 1.7% in 2026 relative to 2025 and to decrease by 0.1% in 2027. In 2026, decreases in CO_2 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 offset by rising natural gas-related emissions, largely in the form of natural gas-fired electricity generation, resulting in a net decrease in total CO_2 emissions.



Weather

We expect average temperatures in the final weeks of summer (June—September) to slightly offset warmer-than-average temperatures in July and August. Based on our current forecasts and data from the National Oceanic and Atmospheric Administration, we expect the United States to average 208 cooling degree days (CDDs) in September, 3% more CDDs than September 2025 about the same as the 10-year monthly average. Overall, our forecast assumes 2026 will be warmer than average, supported by warmer weather this summer—5% more CDDs than the 10-year summer average—and 5% fewer heating degree days in the first quarter of 2026 than the 10-year quarterly average.