2009 Summer Transportation Fuels Outlook

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Key Factors Driving the Short-Term Outlook

1) Global economic slowdown and falling world oil consumption

2) High inventories, and

3) Rising global surplus oil production capacity

Together these factors contribute to lower prices for crude oil and petroleum products. Recent OPEC production cuts stopped the price decline and are leading to a moderate price rebound.
World Liquid Fuels Consumption is Projected to Decline by 1.4 million bbl/d in 2009

World Liquid Fuels Consumption

Total Consumption

Annual Growth

Forecast

Change from prior year

(million barrels per day)

Million barrels per day

2002 2003 2004 2005 2006 2007 2008 2009

China US Other

EIA, Short-Term Energy Outlook, April 2009
The Balance Between Global Consumption and Non-OPEC Supply Growth Drives Oil Prices

- Non-OPEC Supply (Left Axis)
- World Consumption (Left Axis)
- WTI Crude Oil Price (Right Axis)

Forecast

Change from Prior Year

(million barrels per day)

2006-Q1 2007-Q1 2008-Q1 2009-Q1

Change from Prior Year

(dollars per barrel)
World Oil Spare Production Capacity Is Projected to Increase Significantly this Year

Million barrels per day

Note: Shaded area represents 1998-2008 average (2.8 million barrels per day)
WTI Crude Oil Prices Are Projected to Average $54 per barrel this Summer (April – September)

West Texas Intermediate (WTI) Crude Oil

$55 per barrel
July 2009

$133 per barrel
July 2008
Major Characteristics of 2009 U.S. Summer (April – September) Outlook for Gasoline

- Much lower crude oil prices
- Decline in gasoline consumption
- Slowdown in growth of fuel ethanol production
- High gasoline inventory levels
- Higher production from crude oil and lower imports
- Continuing weak refining margins for gasoline
Lower Gasoline Prices Begin to Result In Higher Gasoline Consumption

Percent change from prior Summer

- **2007**: 3.0% Real Personal Income, 3.3% Retail Price Regular-Grade Gasoline, 0.5% Gasoline Consumption
- **2008**: 1.8% Real Personal Income, 29.7% Retail Price Regular-Grade Gasoline, -4.6% Gasoline Consumption
- **2009**: 3.1% Real Personal Income, -41.3% Retail Price Regular-Grade Gasoline, 1.0% Gasoline Consumption

EIA, Short-Term Energy Outlook, April 2009
Refineries Are Expected to Maximize Gasoline Yields and Reduce Imports

Change from prior summer (million barrels per day)

Forecast

2008 2009

-0.43 0.20
-0.6 0.16
-0.19 0.09
0.24 0.04
-0.11 -0.07

Consumption
Refinery Supply
Ethanol Blending
Stock Draw
Net Imports

EIA, Short-Term Energy Outlook, April 2009
Summer Retail Regular-Grade Gasoline Prices Projected to Average $2.23 per Gallon

Dollars per gallon

- 2006 Avg. $2.85
- 2007 Avg. $2.93
- 2008 Avg. $3.81
- 2009 Forecast Avg. $2.23

EIA, Short-Term Energy Outlook, April 2009
Regular Gasoline Summer Prices Vary by Region

U.S. Average = $3.81

U.S. Average = $2.23

Summer = April through September average

EIA, Short-Term Energy Outlook, April 2009
Summer Retail Diesel Prices Are Projected to Average $2.27 per gallon, Down $2.10 from Last Summer

Dollars per gallon

- 2006 Avg. $2.88
- 2007 Avg. $2.85
- 2008 Avg. $4.37
- 2009 Forecast Avg. $2.27

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

EIA, Short-Term Energy Outlook, April 2009
Natural Gas Prices Are Projected to Remain Low Through 2009

Dollars per thousand cubic feet

Forecast

EIA, Short-Term Energy Outlook, April 2009
Growth in U.S. Residential Electricity Prices Is Expected to Slow During 2009

Change from prior year

<table>
<thead>
<tr>
<th>Year</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>-1.2%</td>
</tr>
<tr>
<td>2000</td>
<td>0.9%</td>
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<tr>
<td>2001</td>
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<tr>
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<td>2008</td>
<td>6.6%</td>
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<tr>
<td>2009</td>
<td>2.0%</td>
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</tbody>
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Summary

- **Oil and Gasoline**: Weak global economies and declining world oil demand have led to lower crude oil prices.
  - WTI Crude oil prices expected to rise through the forecast, averaging $54 this summer compared with $121 last summer;
  - Gasoline retail prices are expected to average $2.23 per gallon over this summer: Diesel retail prices expected to average $2.27.
  - Market uncertainties are many and may significantly impact prices and supplies during the rest of 2009.

- **Natural Gas**: Henry Hub spot price expected to average $4.25 per thousand cubic feet in 2009, $4.90 below the 2008 average.

- **Electricity Prices**: Residential electricity prices projected to grow slightly in 2009.