2014 Summer Fuels Outlook

April 8, 2014
Key factors driving the short-term outlook

• World liquid fuels consumption growth driven by emerging economies, with continuing consumption declines in OECD countries.

• Non-OPEC supply growth, particularly in North America, expected to keep pace with world liquid fuels consumption growth and contribute to modest declines in world crude oil prices.

• Brent crude oil prices fall gradually over the forecast, averaging, from $109 per barrel in 2013 to $105 per barrel in 2014 and $101 per barrel in 2015.
World liquid fuels consumption is projected to increase by 1.2 million bbl/d in 2014 and 1.4 million bbl/d in 2015.

Source: Short-Term Energy Outlook, April 2014
Non-OPEC production growth in 2014 and 2015 expected to outpace world consumption growth

Source: Short-Term Energy Outlook, April 2014
Expected world oil spare production capacity increases as non-OPEC supply growth supports cutbacks in OPEC production

Note: Shaded area represents 2003-2013 average (2.2 million barrels per day)

Source: Short-Term Energy Outlook, April 2014
EIA expects Brent crude oil prices will average $2 per barrel lower this summer (April-September), compared with last summer.

Source: Short-Term Energy Outlook, April 2014
Uncertainty over crude oil price forecasts remains high

Notes: Price probabilities are calculated using Nymex market data for the five trading days ending April 3, 2014. Values not calculated for months with sparse trading in near-the-money options contracts.

Source: Short-Term Energy Outlook, April 2014
Probabilities the West Texas Intermediate (WTI) crude oil price may exceed given levels

Notes: Price probabilities calculated using Nymex market data for the five trading days ending April 3, 2014. Values not calculated for months with little trading in close-to-the-money options contracts.

Source: Short-Term Energy Outlook, April 2014
Major characteristics of 2014 U.S. summer (April-September) outlook for gasoline

• Slightly lower Brent crude oil prices compared with last summer

• Small increase in gasoline consumption as fuel economy improvements help offset growth in miles traveled

Source: Short-Term Energy Outlook, April 2014
Regular-grade gasoline retail price forecast averages $3.57 per gallon this summer compared with $3.58 per gallon last summer.

Source: Short-Term Energy Outlook, April 2014
Regular gasoline summer prices vary by region

U.S. average = $3.58

2013:
- East Coast: $3.53
- Midwest: $3.60
- Gulf Coast: $3.37
- Rocky Mountain: $3.87
- West Coast: $3.87

2014 (Forecast):
- East Coast: $3.53
- Midwest: $3.55
- Gulf Coast: $3.37
- Rocky Mountain: $3.52
- West Coast: $3.85

Source: Short-Term Energy Outlook, April 2014
Summer retail diesel price forecast averages $3.87 per gallon, down $0.02 per gallon from last summer.

Source: Short-Term Energy Outlook, April 2014
Smaller increases in gasoline consumption and refinery production expected this summer

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
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<tbody>
<tr>
<td>Gasoline Consumption</td>
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<td>Refinery supply</td>
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<td>Stock draw</td>
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<td>Net imports</td>
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<td>Ethanol blending</td>
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</table>

Source: Short-Term Energy Outlook, April 2014
Residential natural gas price averages $11.07 per thousand cubic feet in 2014, about 7% higher than last year.

Source: Short-Term Energy Outlook, April 2014
Residential electricity average price increase in 2014 remains lower than the previous 10-year average

change from prior year

<table>
<thead>
<tr>
<th>Year</th>
<th>Change from Prior Year</th>
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<tbody>
<tr>
<td>2004</td>
<td>2.6%</td>
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<tr>
<td>2005</td>
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<tr>
<td>2013</td>
<td>2.0%</td>
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<tr>
<td>2014</td>
<td>2.6%</td>
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</tbody>
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Forecast

Source: Short-Term Energy Outlook, April 2014
Summary

**Liquid Fuels:** Non-OPEC supply growth expected to outpace world consumption growth and keep oil prices from rising.

- Brent crude oil prices expected to average $105 per barrel this summer compared with $107 per barrel last summer.

- Regular gasoline retail prices expected to average $3.57 per gallon this summer, compared with $3.58 per gallon last summer.

- Diesel fuel prices also fall slightly from an average $3.89 per gallon last summer to $3.87 per gallon this summer.

- Multiple market uncertainties have the potential to significantly affect prices and supplies during the rest of 2014.

**Natural Gas.** Henry Hub spot price expected to average $4.58 per thousand cubic feet in 2014, $0.74 per thousand cubic feet above the 2013 average.

**Electricity Prices.** Small increase in average residential electricity price expected in 2014.
For more information

U.S. Energy Information Administration home page | [www.eia.gov](http://www.eia.gov)

Short-Term Energy Outlook | [www.eia.gov/steo](http://www.eia.gov/steo)

Annual Energy Outlook | [www.eia.gov/aeo](http://www.eia.gov/aeo)

International Energy Outlook | [www.eia.gov/ieo](http://www.eia.gov/ieo)

Monthly Energy Review | [www.eia.gov/mer](http://www.eia.gov/mer)

Today in Energy | [www.eia.gov/todayinenergy](http://www.eia.gov/todayinenergy)