



Independent Statistics & Analysis

U.S. Energy Information
Administration

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Crude oil prices expected to rise as demand increases and inventories decline

The U.S. Energy Information Administration (EIA) is reporting that Brent crude oil spot prices averaged \$29 per barrel in May, up \$11 per barrel from April. EIA estimates Brent crude oil spot prices will average \$38 per barrel in 2020, an increase compared with last month's outlook. EIA's higher forecast crude oil price for 2020 reflects prices in May rising from their multi-year lows in April. The higher prices were driven by a combination of announced OPEC+ cuts to oil production, declining U.S. crude oil production, and rising oil demand related to relaxed COVID-19 stay-at-home orders.

In its June *Short Term Energy Outlook*, EIA forecast Brent prices will average \$37 per barrel during the second half of 2020 and rise to an average of \$48 per barrel in 2021. The forecast of rising crude oil prices reflects declining global oil inventories in the second half of 2020 and in 2021. EIA expects that high inventory levels and spare crude oil production capacity will limit upward price pressures in the coming months, but as inventories decline into 2021, those upward price pressures will increase.

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