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Short-Term Energy Outlook

April 2005 Short-Term Energy Outlook
and
Summer Motor Gasoline Outlook

presented to

the

2005 EIA-EEA-NASEO Summer Transportation Fuels Outlook Conference

by

Guy Caruso

Administrator, Energy Information Administration

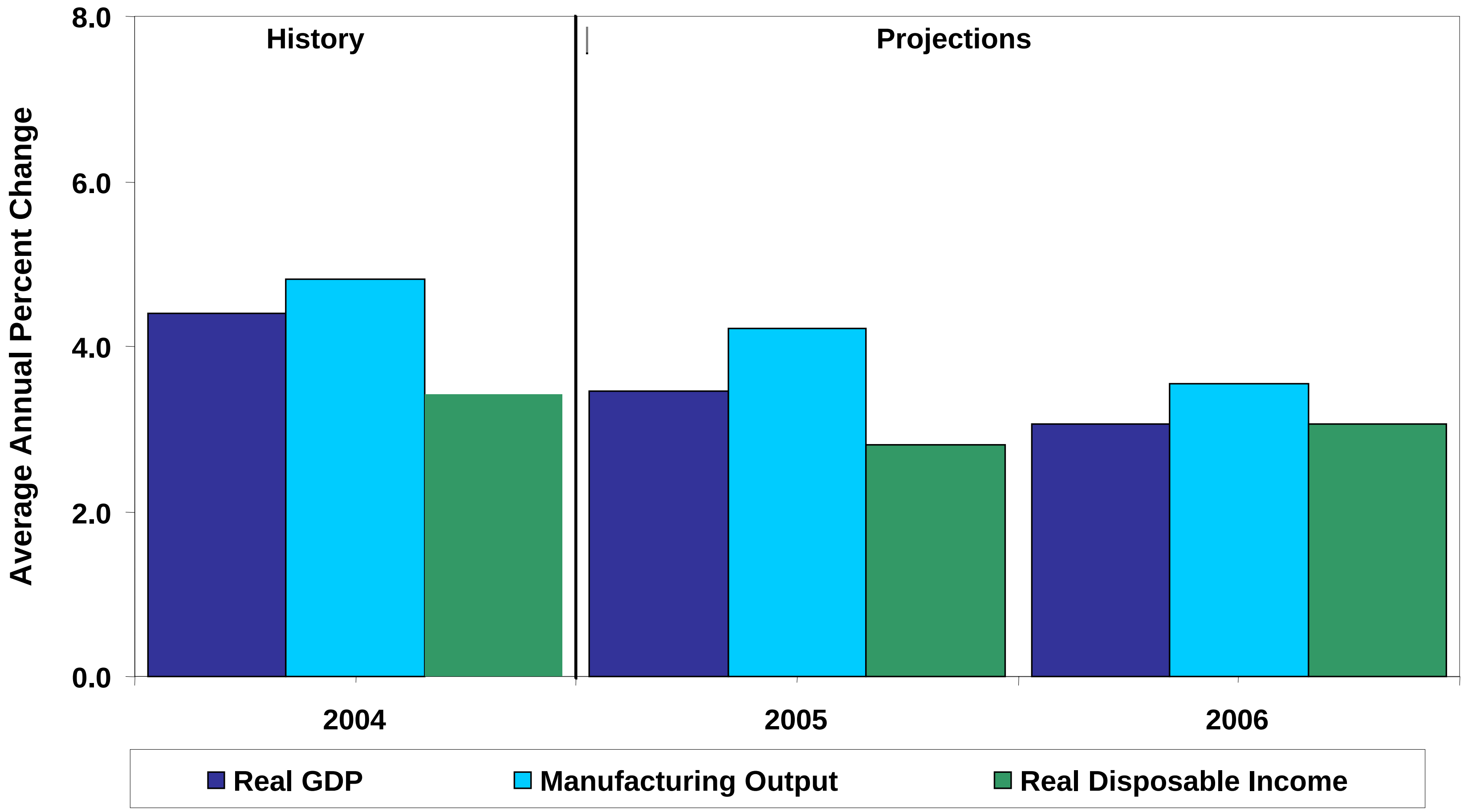
April 2005 Short-Term Energy Outlook: Overview

Baseline Assumptions for 2005

- **U.S. GDP is expected to grow by 3.7% (4.4% in 2004)**
- **U.S. Real personal disposable income: up 2.9% (3.5% in 2004)**
- **U.S. Manufacturing production: up 4.2% (4.8% in 2004)**
- **OPEC output: above 2004 level**

Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

U.S. Macroeconomic Indicators
(Percent Change from Year Ago)



Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

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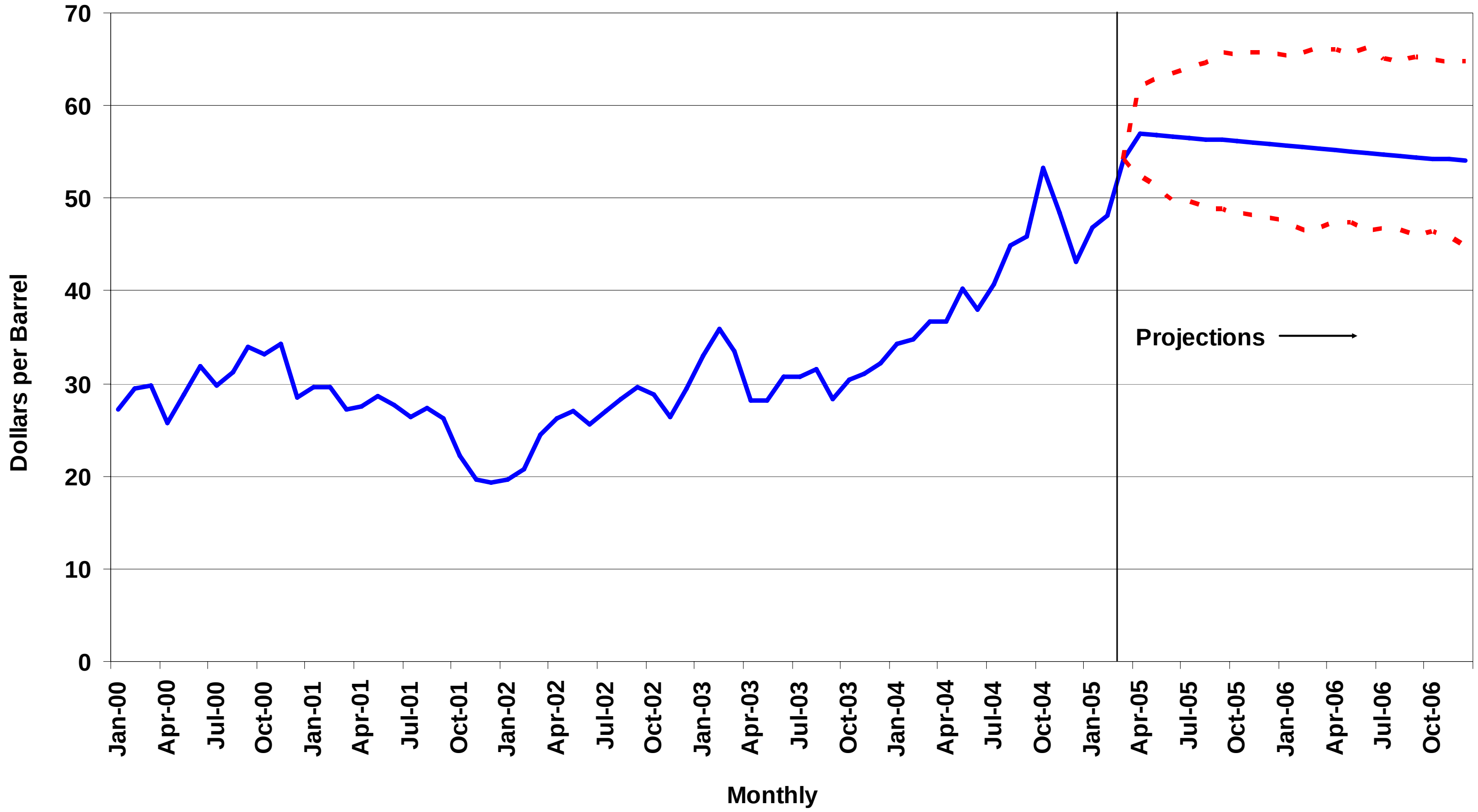
West Texas Intermediate Crude Oil Price
(Base Case and 95% Confidence Interval*)



**The confidence intervals show +/- 2 standard errors based on the properties of the model. The ranges do not include the effects of major supply disruptions.*

Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

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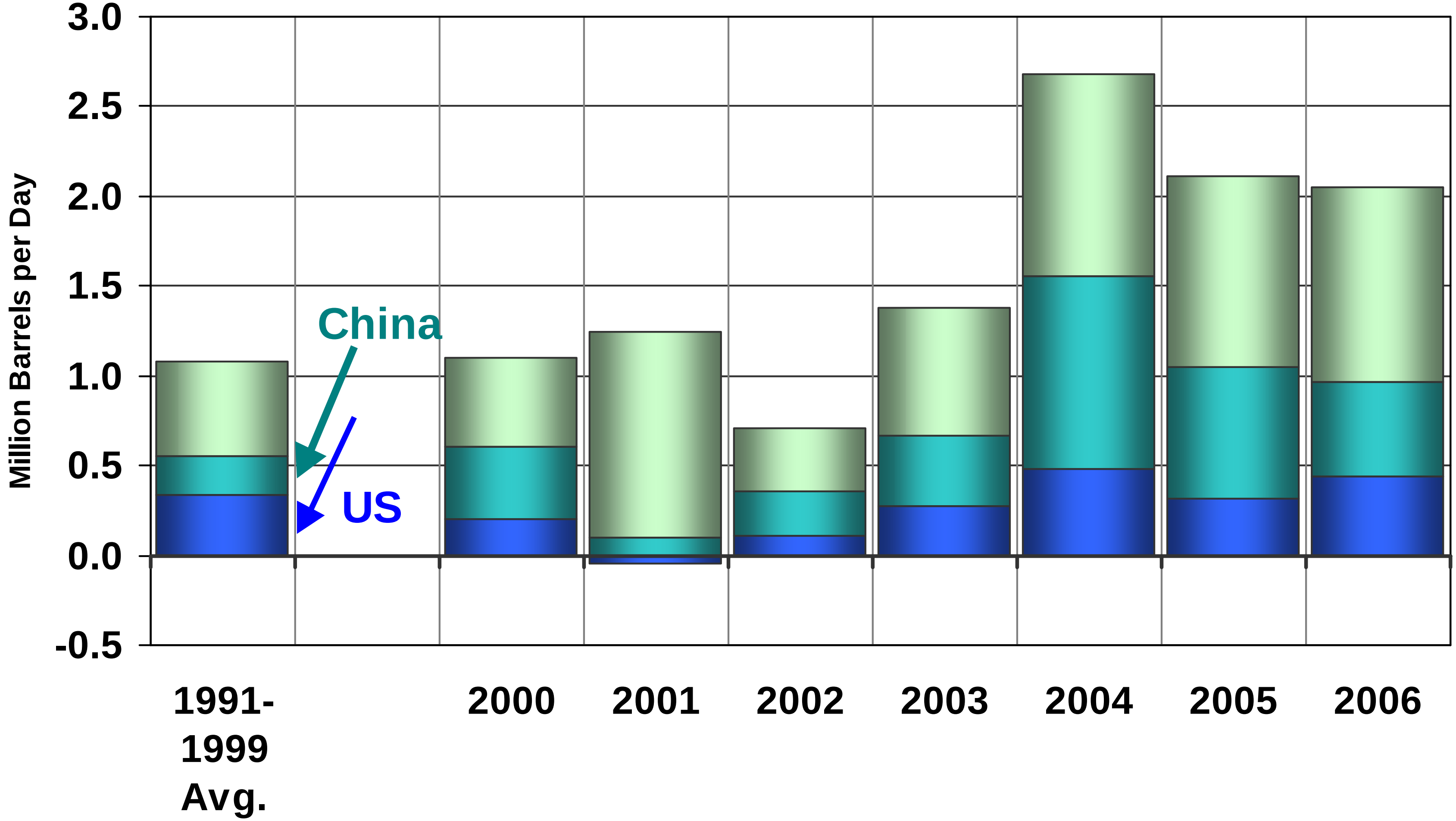
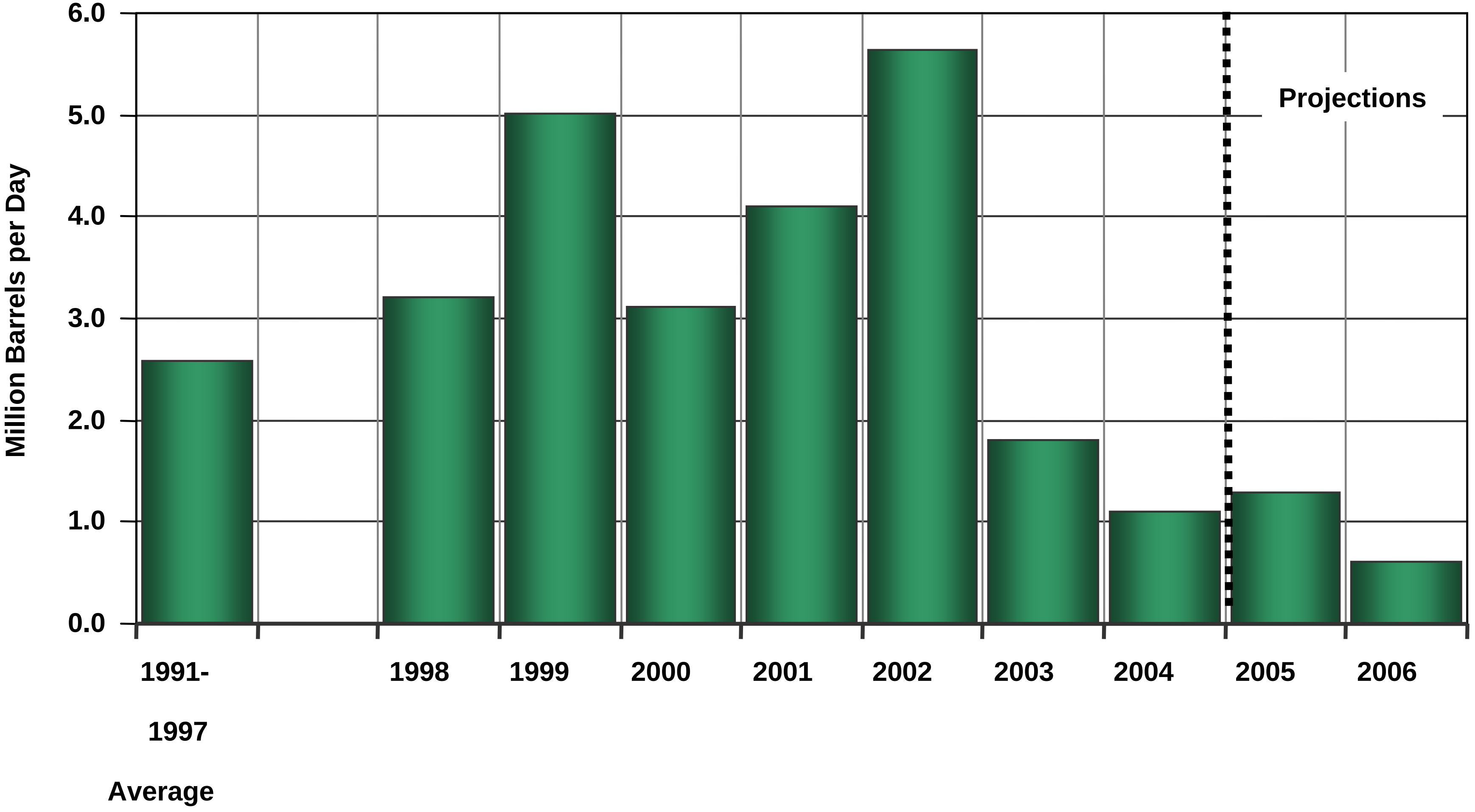
Annual U.S. and World Oil Demand Growth



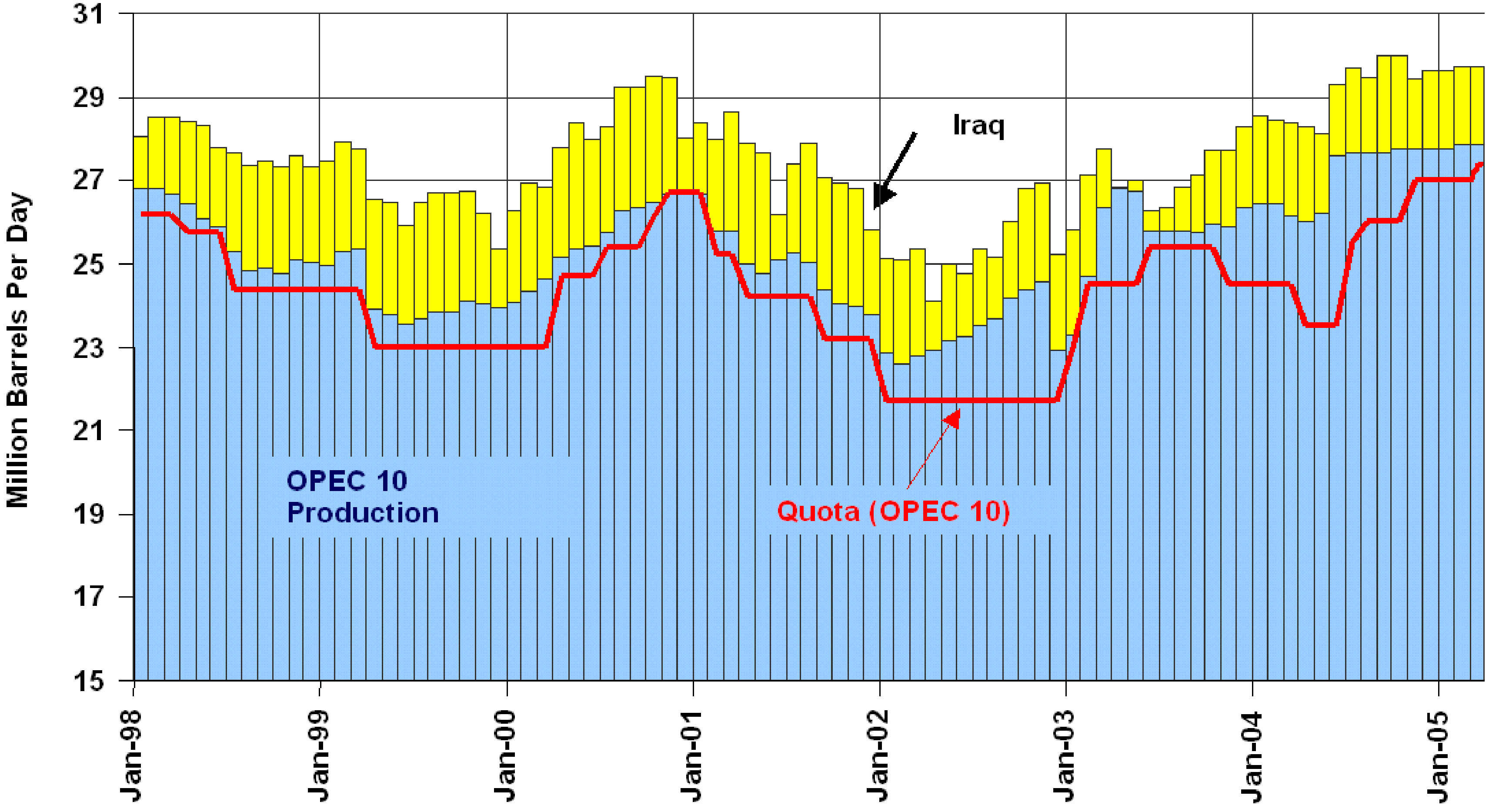
Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

World Oil Spare Production Capacity



Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

OPEC Crude Oil Production
(January 1998- est. April 2005)



Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

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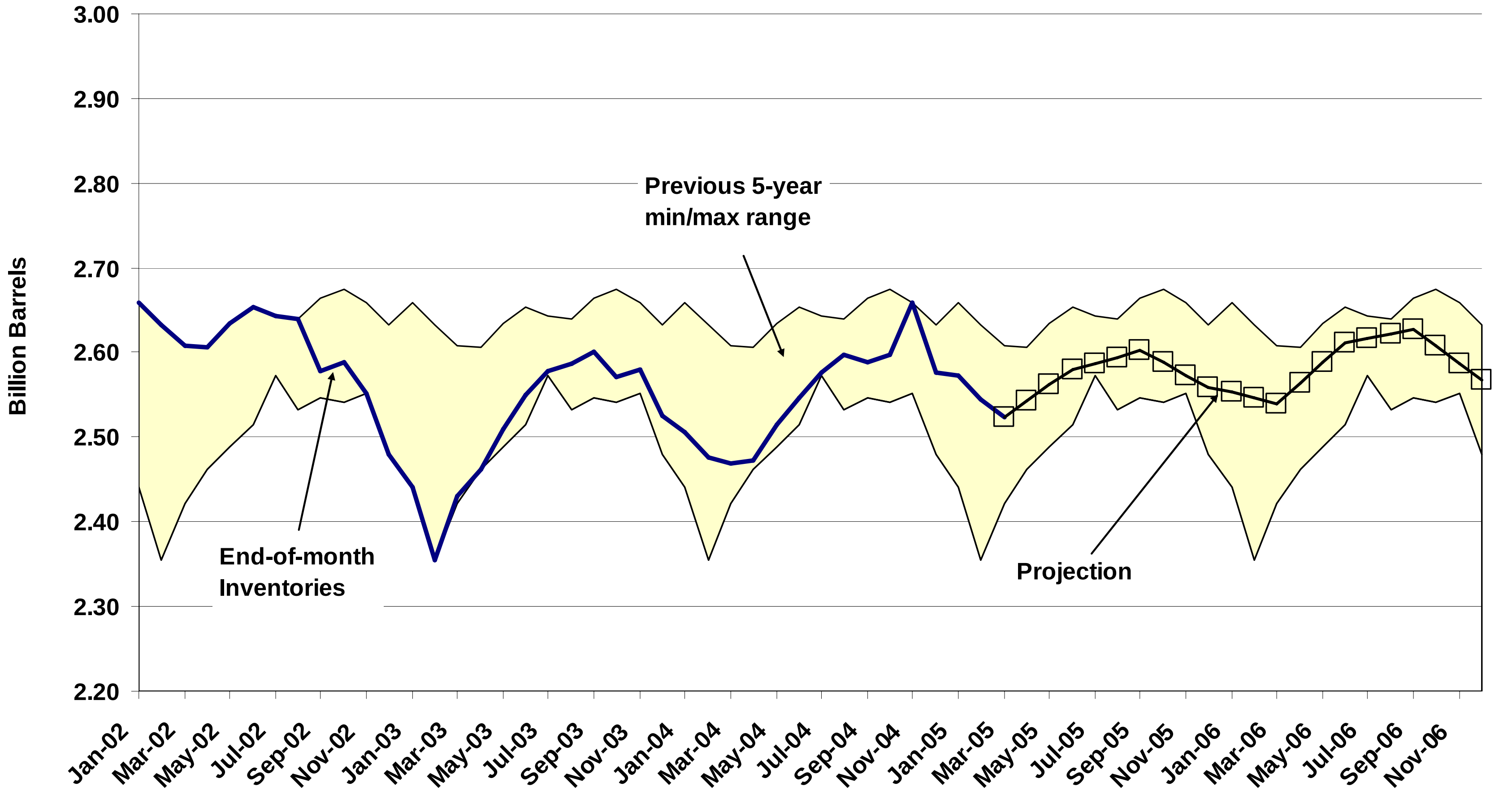
OECD* Commercial Oil Stocks



*Organization for Economic Cooperation and Development

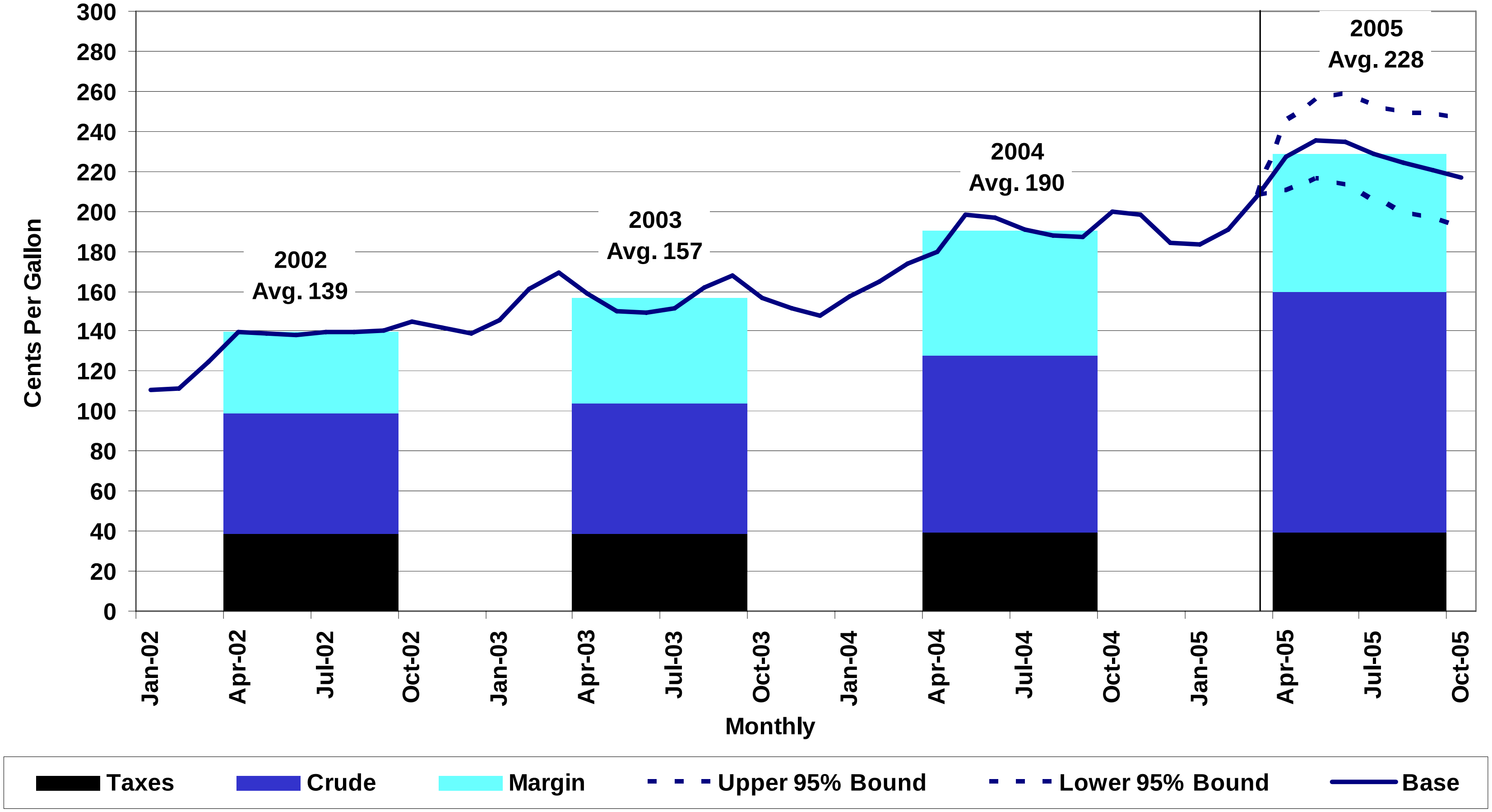
Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

Summer Outlook for Motor Gasoline

- **Expected summer price: $2.28 per gallon (regular)**
- **Expected summer demand: up 1.8% from 2004**
- **Beginning inventories: close to normal**
- **California prices: continue to be higher and more volatile than elsewhere**

Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

Summer Retail Motor Gasoline Prices*
(Base Case and 95% Confidence Range**)

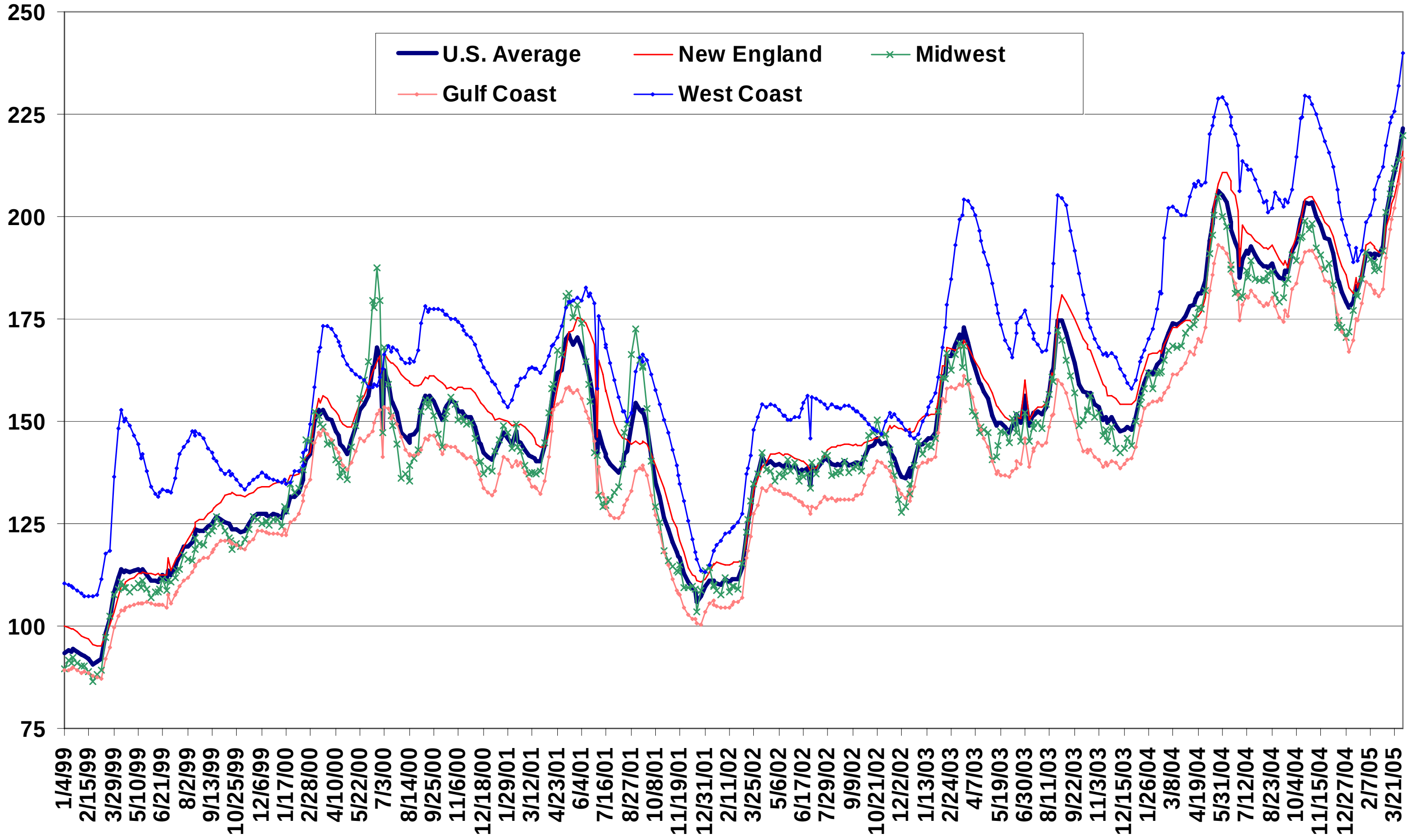


**Regular gasoline, average all formulations.*

***The confidence range is based on the properties of the short-term model and excludes explicit consideration of major supply disruptions.*

Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

Weekly Regular Motor Gasoline Prices
(Cents per Gallon)



Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

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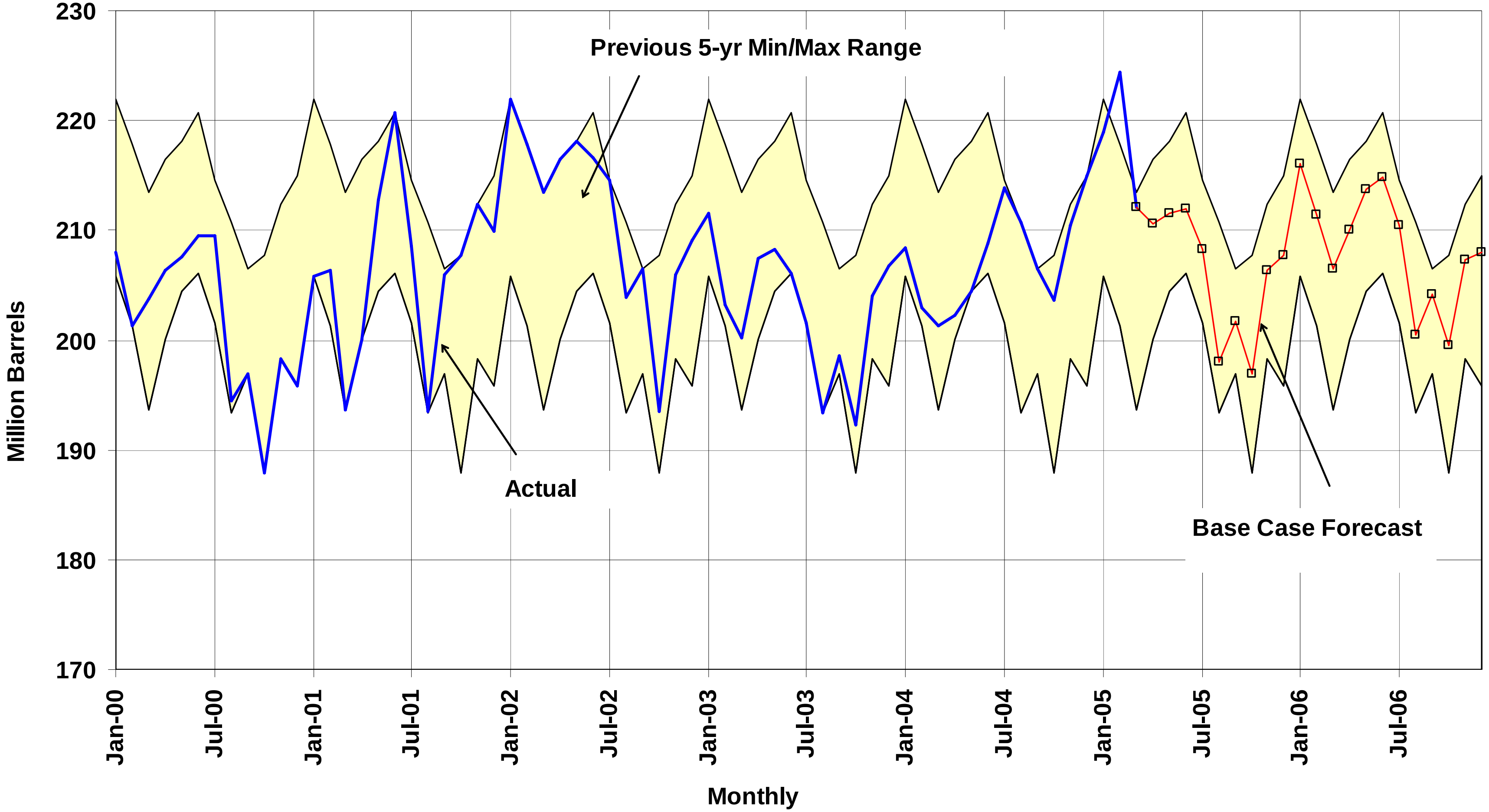
U.S. Total Motor Gasoline Stocks



Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

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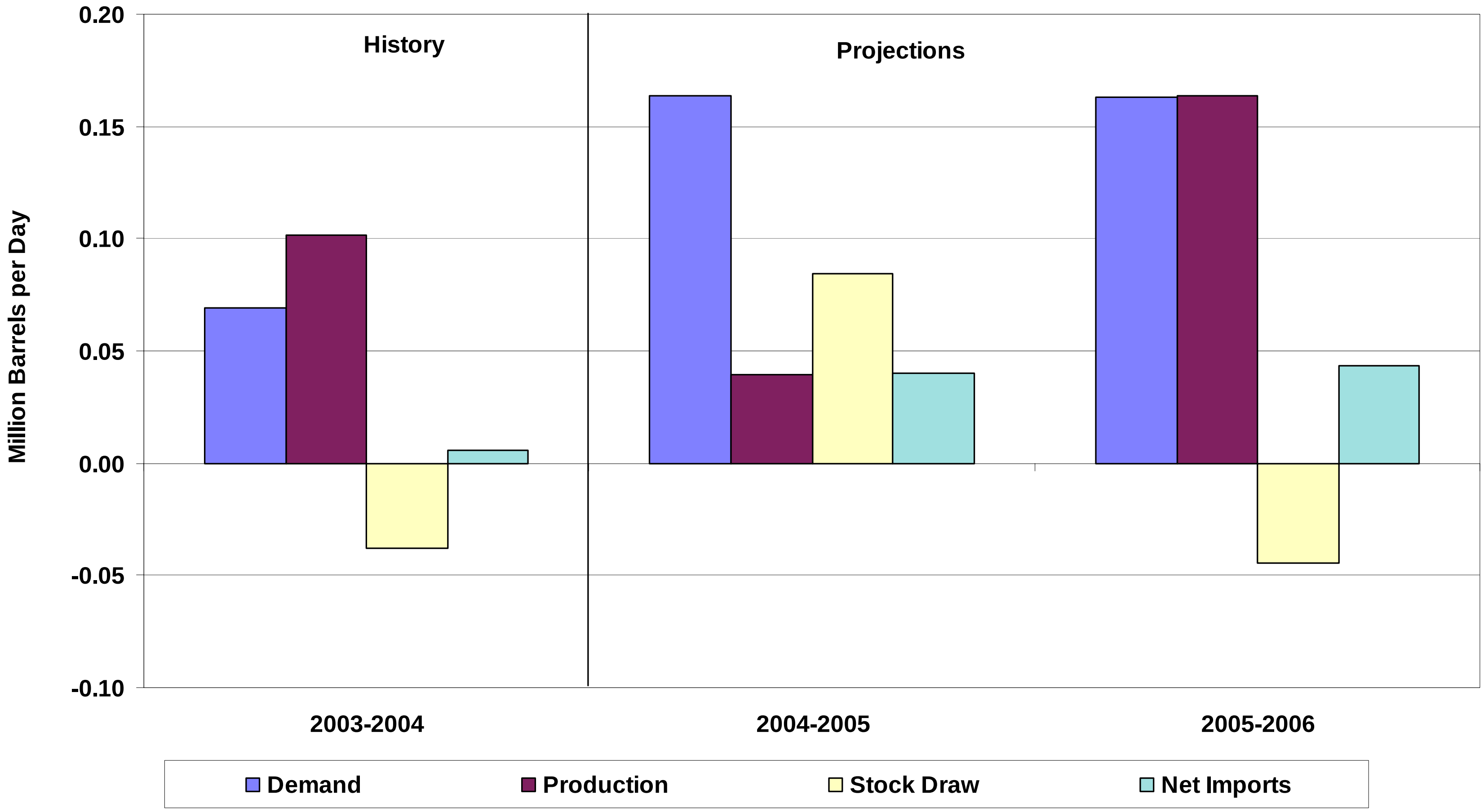
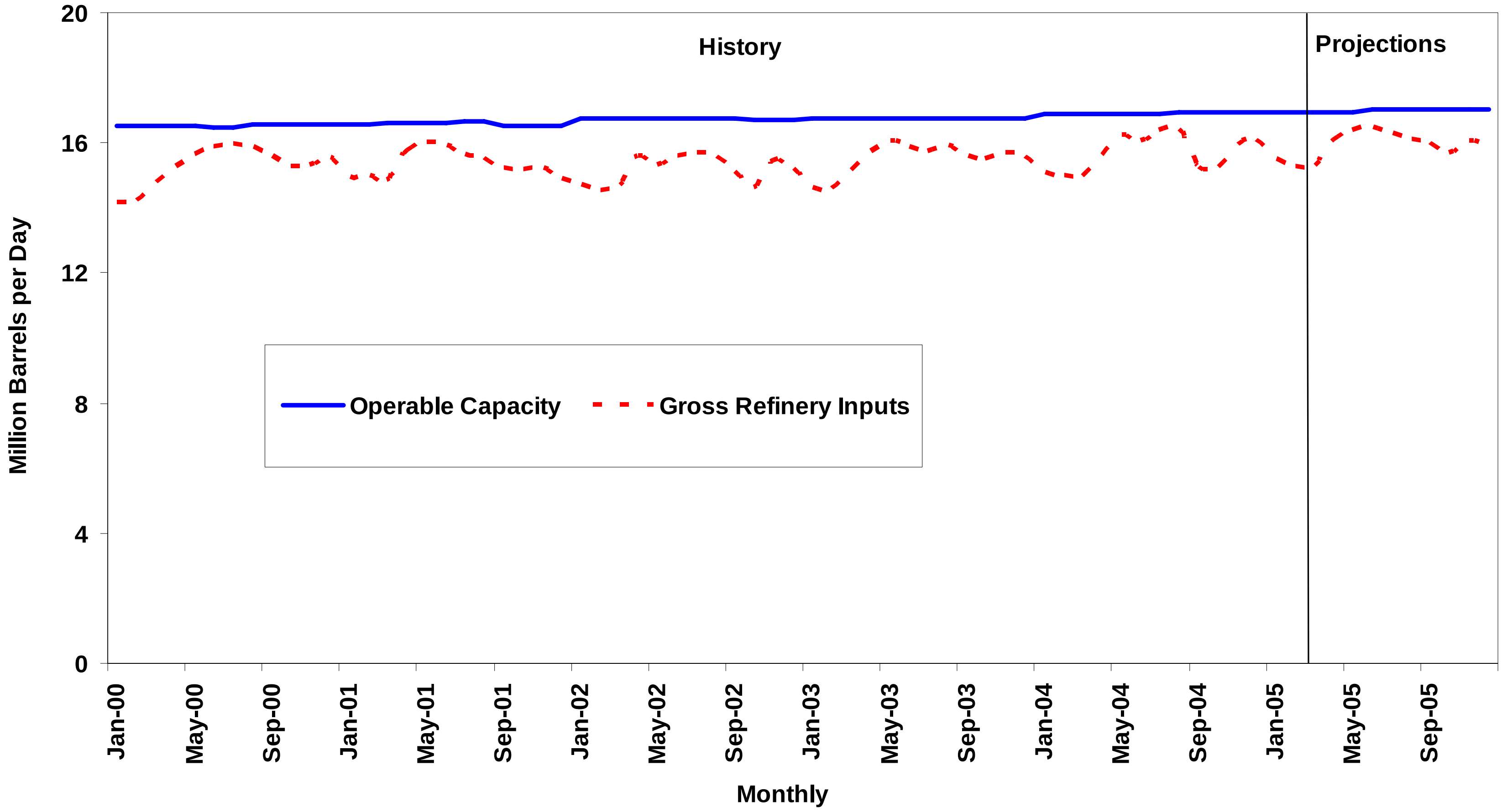
Summer Motor Gasoline Supply by Source
(Change from Year Ago)



Note: Net imports and stock draw include blending components.

Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

U.S. Refinery Capacity and Utilization



Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

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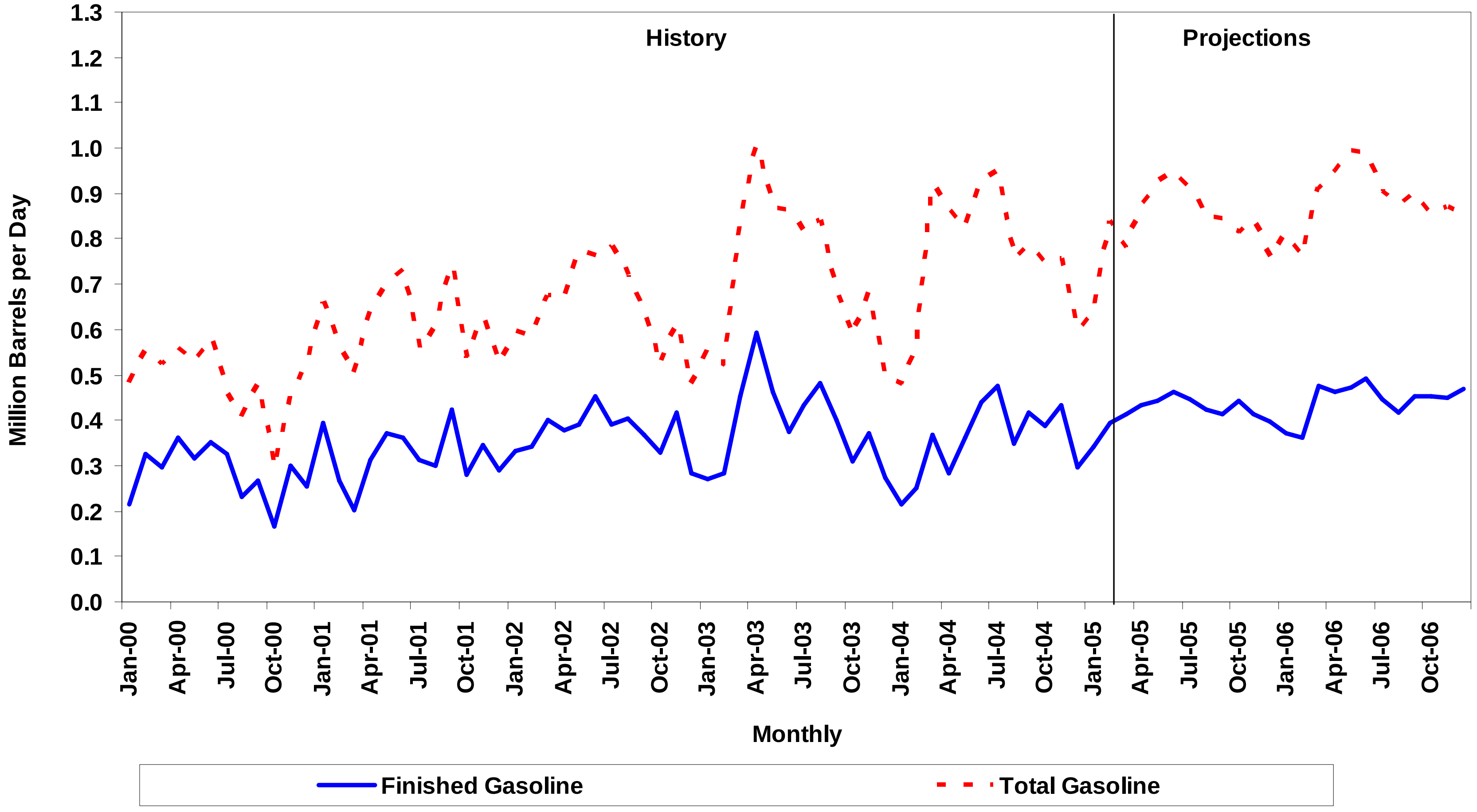
Finished and Total Motor Gasoline Imports



Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

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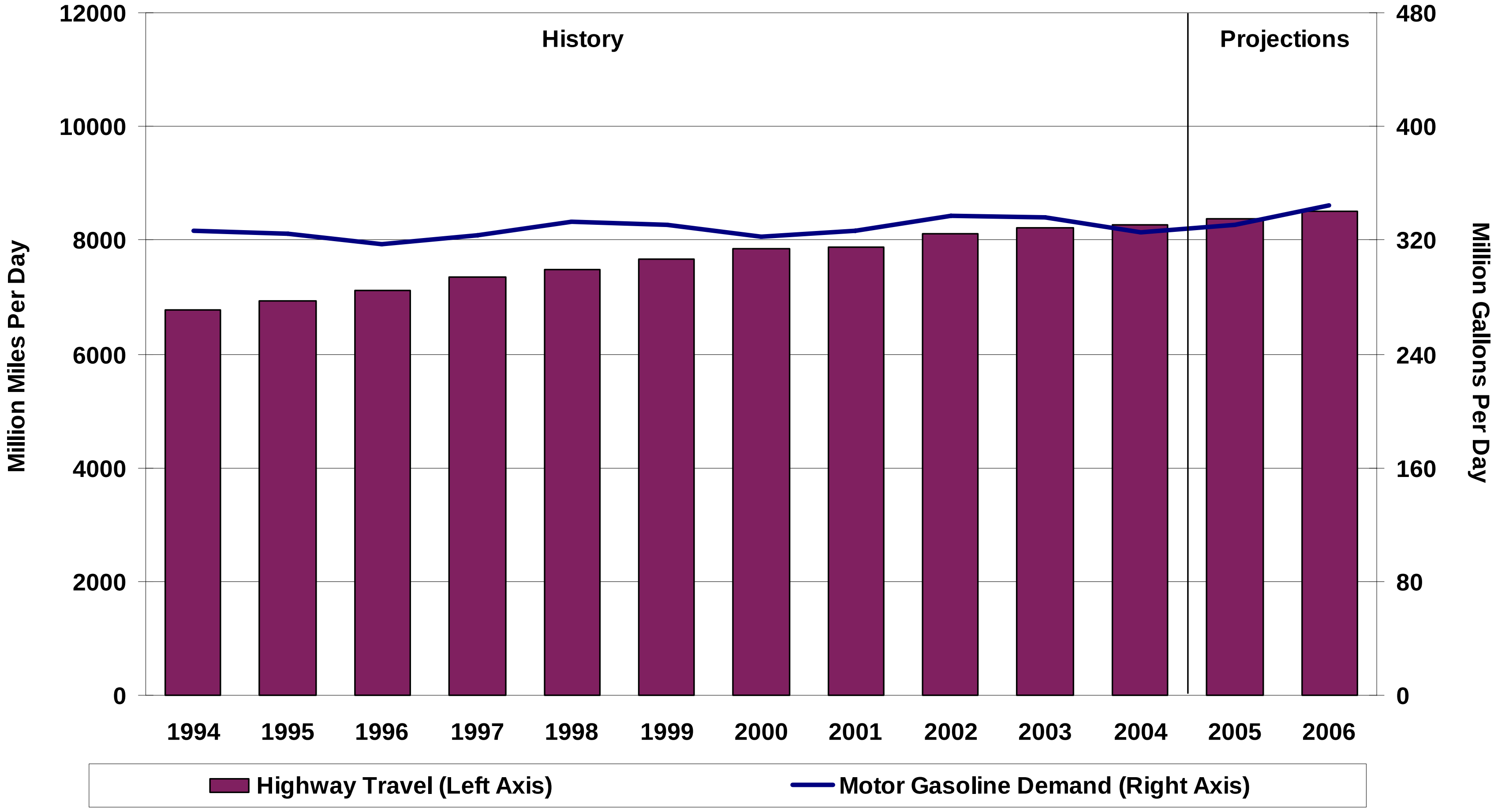
Summer Highway Travel and Gasoline Demand, 1994-2006



Sources: History: EIA and US DOT; Projections: Short-Term Energy Outlook, April 2005

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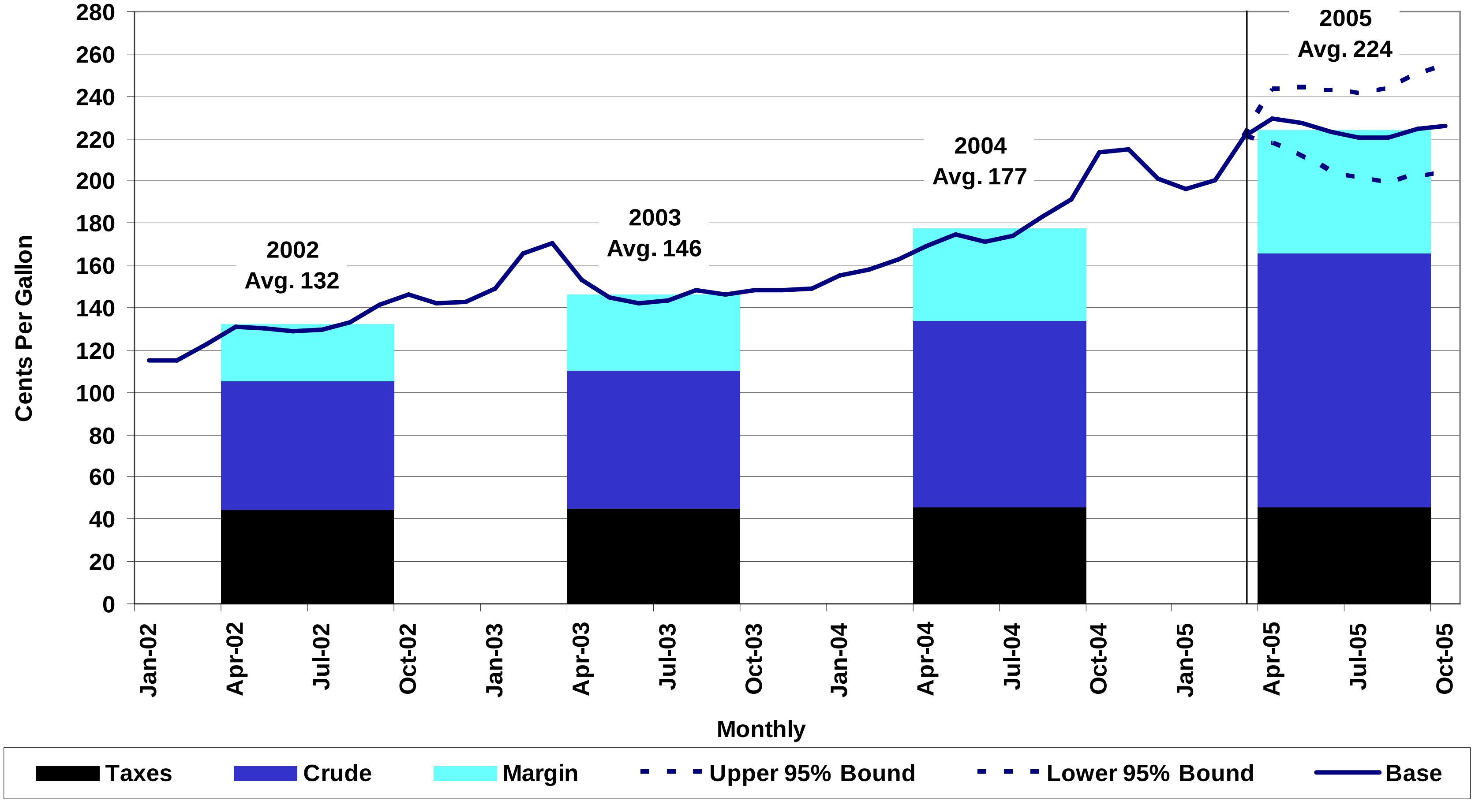
Summer Retail Diesel Prices*
(Base Case and 95% Confidence Range**)



Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

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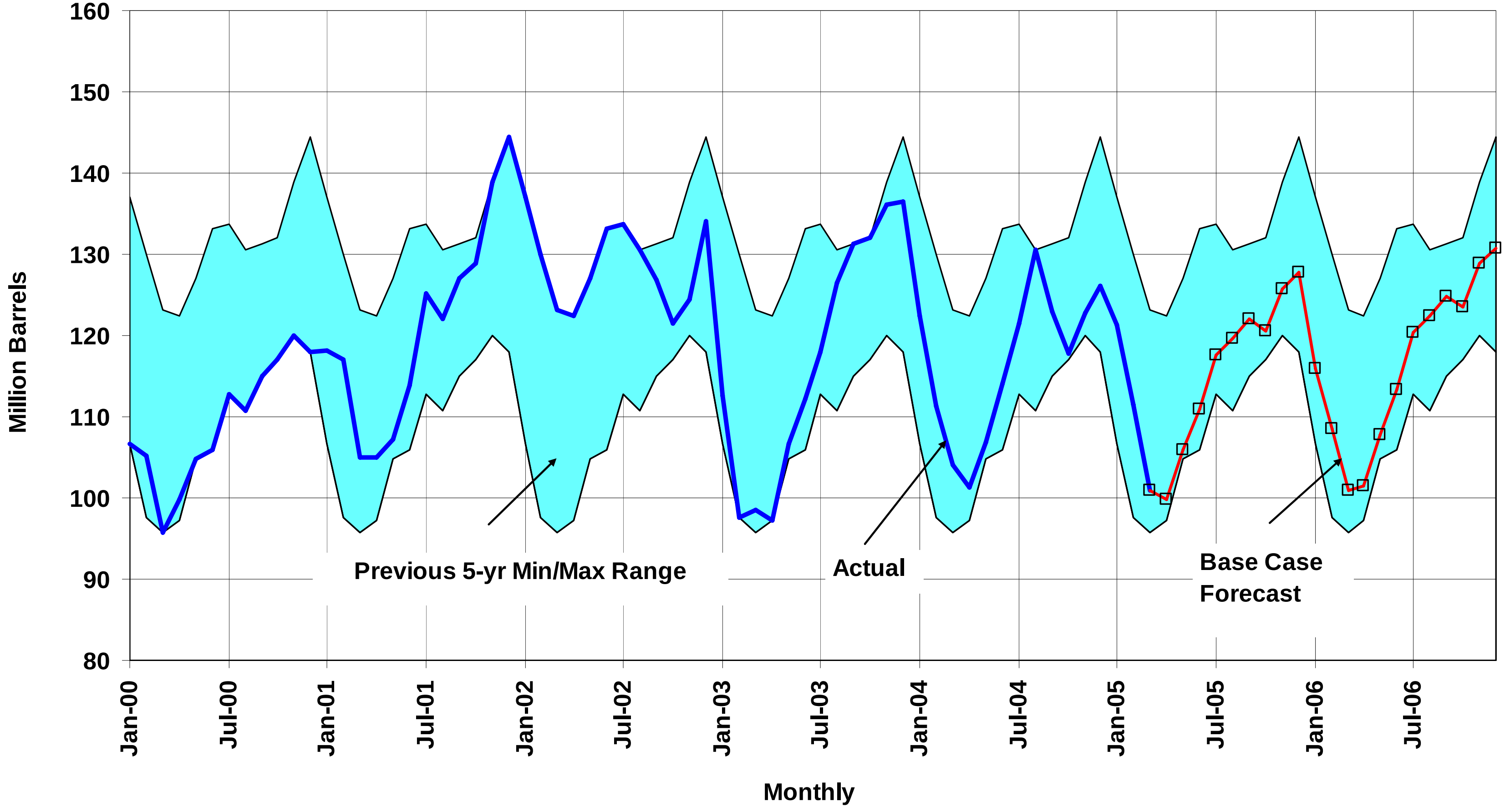
Distillate Inventories



Sources: History: EIA and US DOT; Projections: Short-Term Energy Outlook, April 2005

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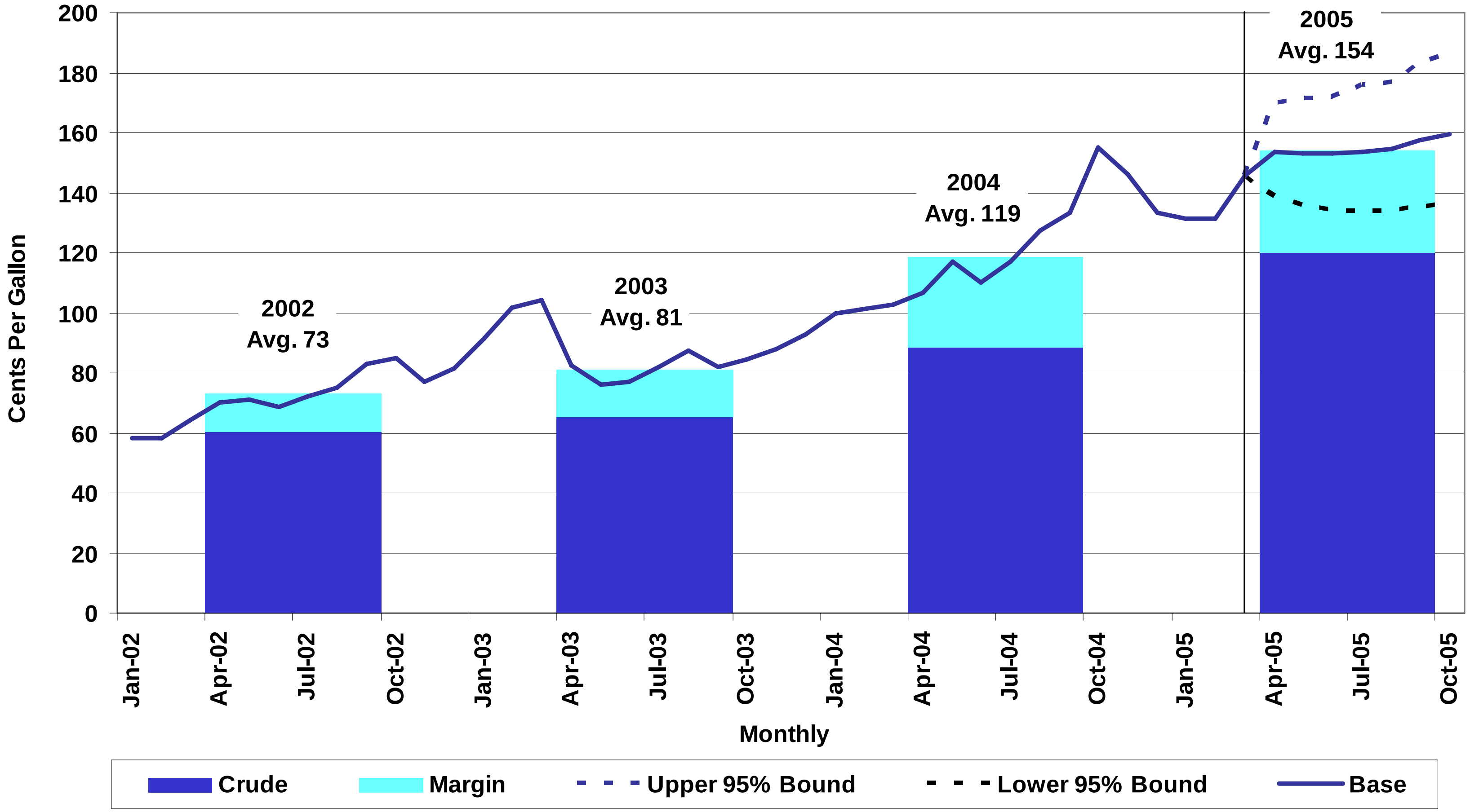
Summer Jet Fuel Prices*

(Base Case and 95% Confidence Range**)



* *Refiner price to end users.*

***The confidence range is based on the properties of the short-term model and excludes explicit consideration of major supply disruptions.*

Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

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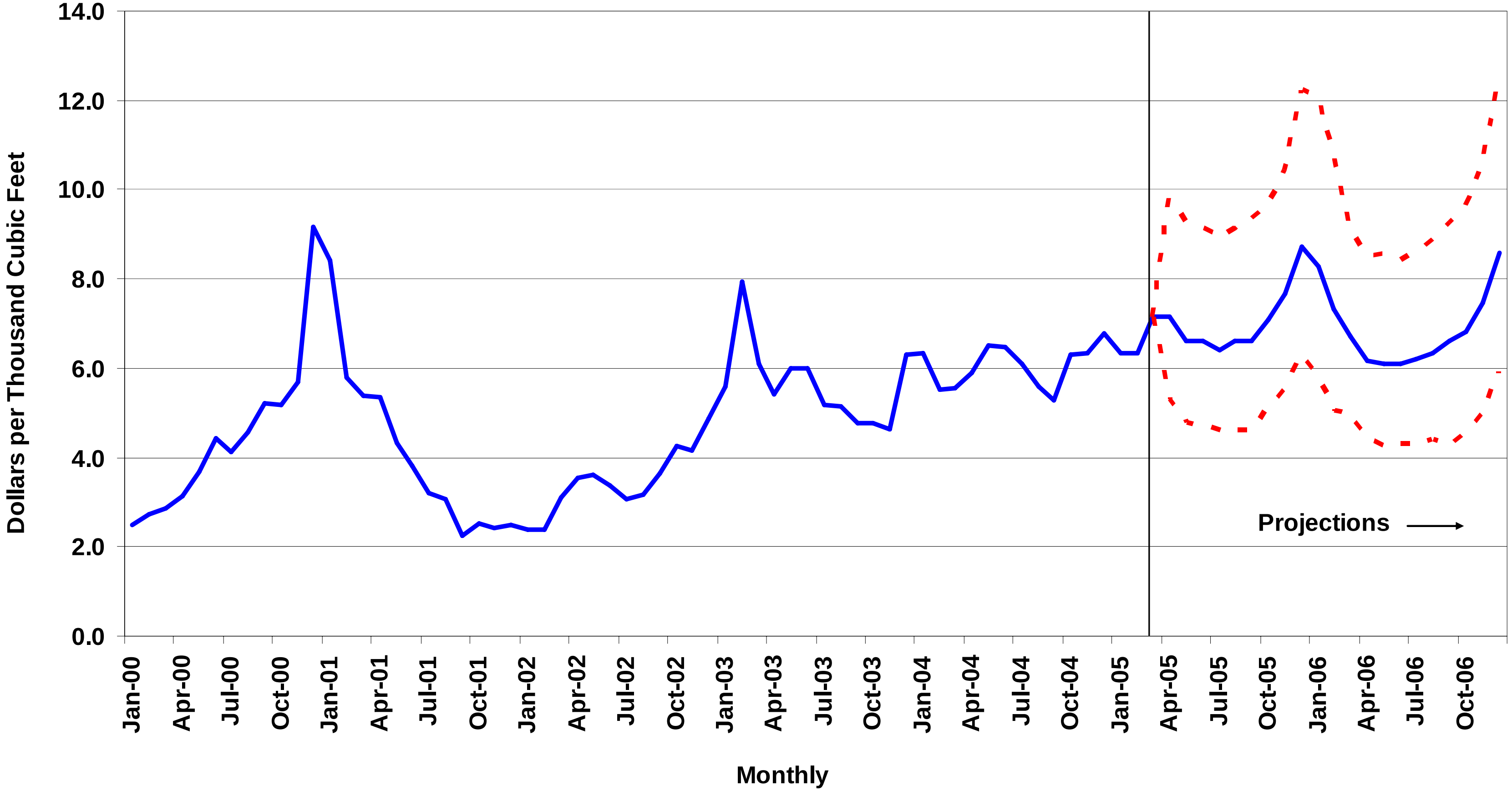
Natural Gas Spot Prices
(Base Case and 95% Confidence Interval*)



**The confidence intervals show +/- 2 standard errors based on the properties of the model. The ranges do not include the effects of major supply disruptions.*

Sources: History: Natural Gas Week; Projections: Short-Term Energy Outlook, April 2005

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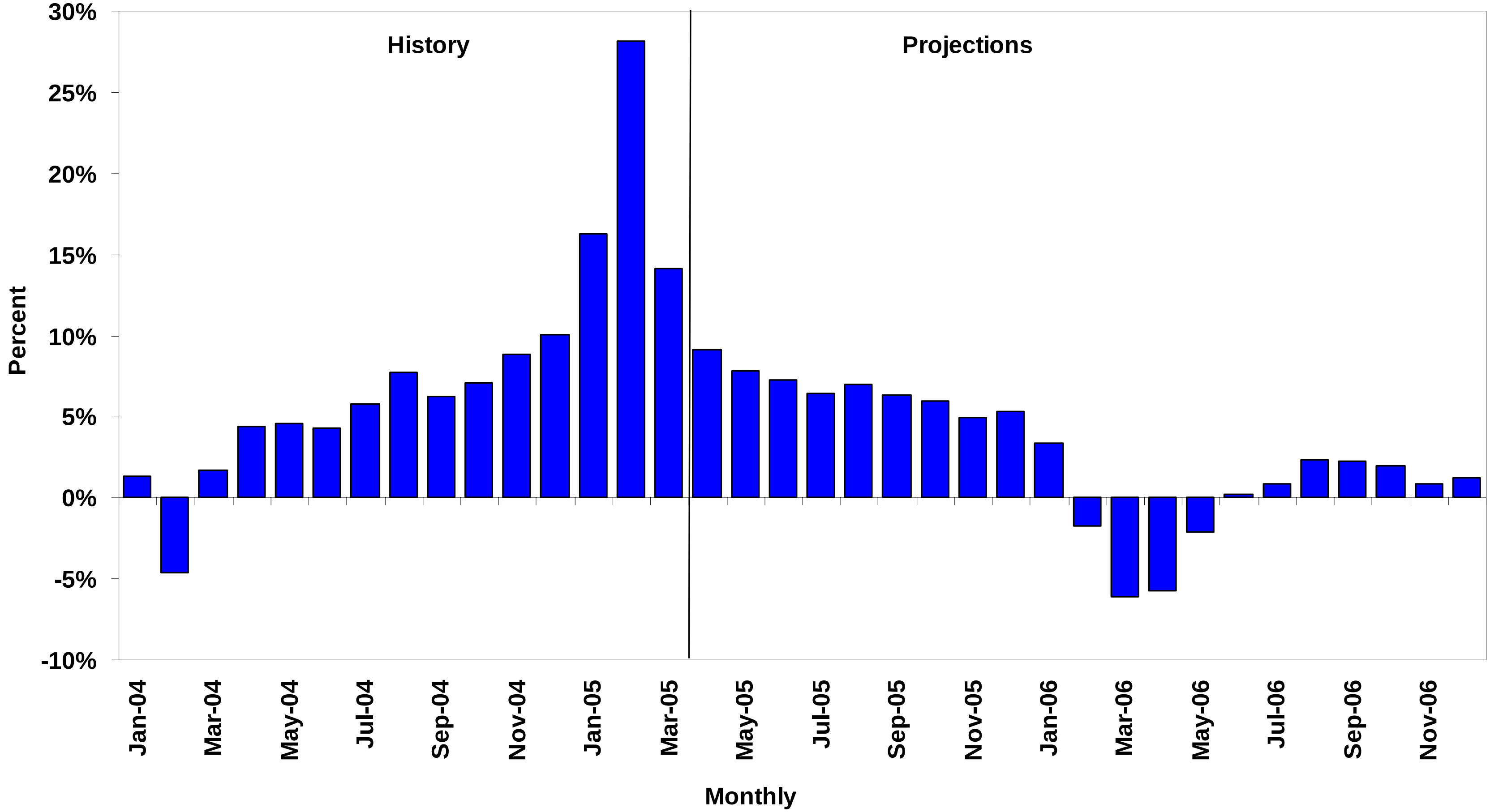
Working Gas in Storage
(Difference from Previous 5-Year Average)



Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005

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Conclusion

- **Crude oil, gasoline and natural gas markets are expected to remain tight in the near term.**

- **In 2005:**

  - **Crude prices (WTI) are expected to remain above $50 per-barrel for the rest of 2005 and 2006;**

  - **Gasoline prices are expected to average $2.28 over this summer;**

  - **Natural gas spot prices are expected to average $6.95 per mcf this year and $6.90 in 2006.**

Sources: History: EIA; Projections: Short-Term Energy Outlook, April 2005