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# 2010 Summer Transportation Fuels Outlook

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2010 Summer Energy Outlook Conference

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U.S. Energy Information Administration  
Independent Statistics and Analysis

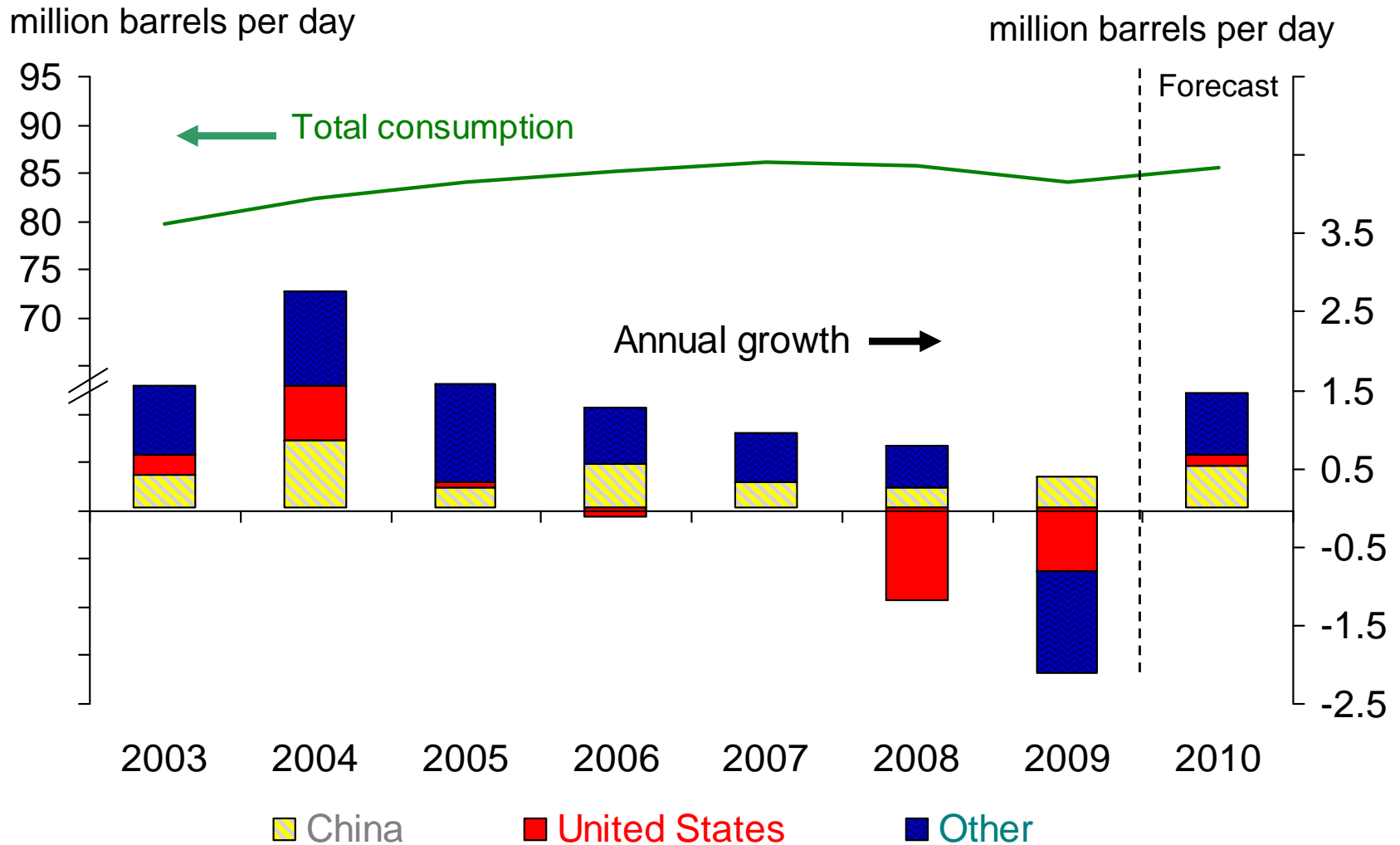
# Key factors driving the Short-Term Outlook

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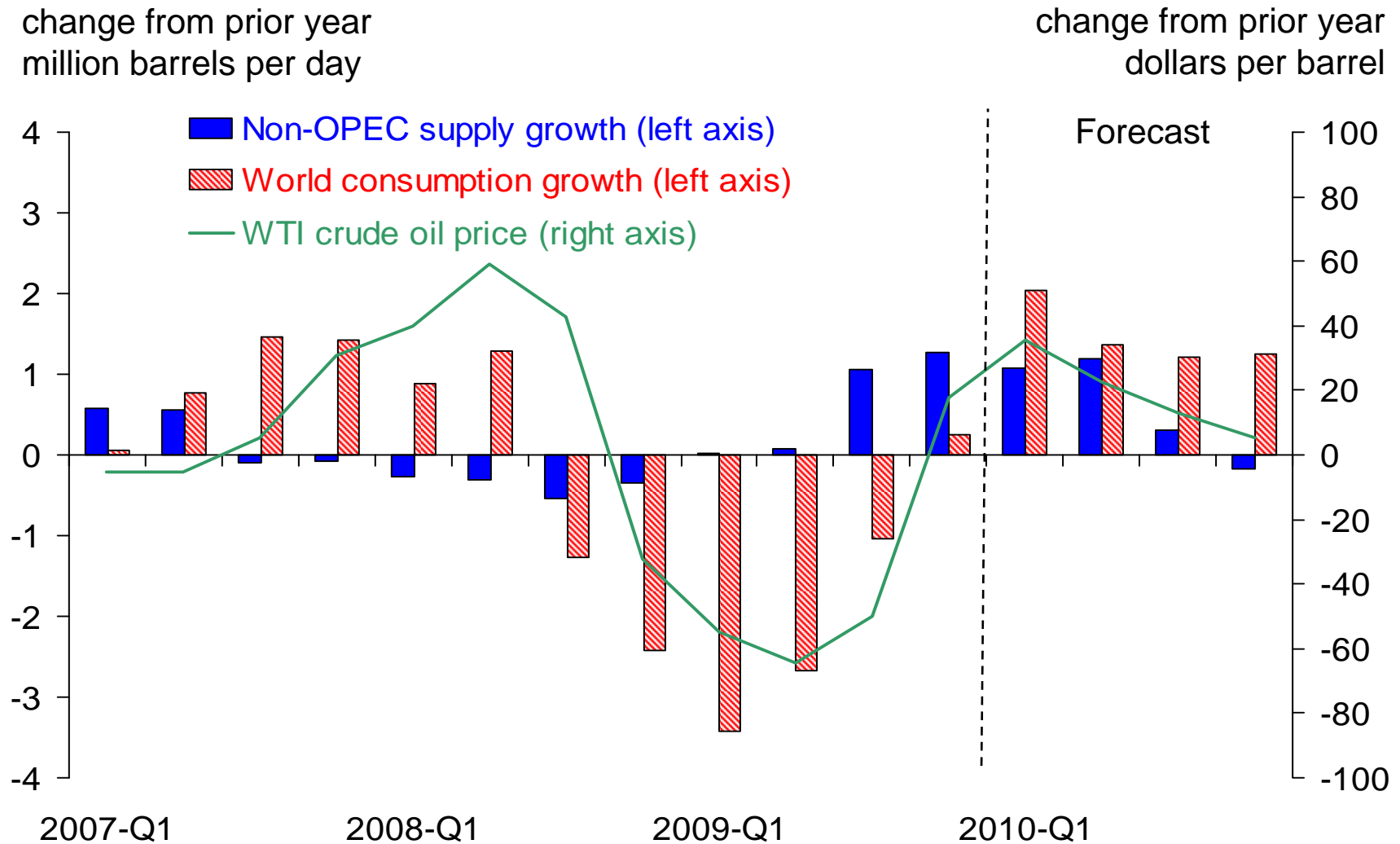
- 1) Stronger economic recovery in emerging economies
- 2) Slowing growth in non-OPEC production
- 3) Relatively high inventories
- 4) Higher OPEC surplus crude oil production capacity

Together these factors contribute to relatively stable but rising prices for crude oil and petroleum products.

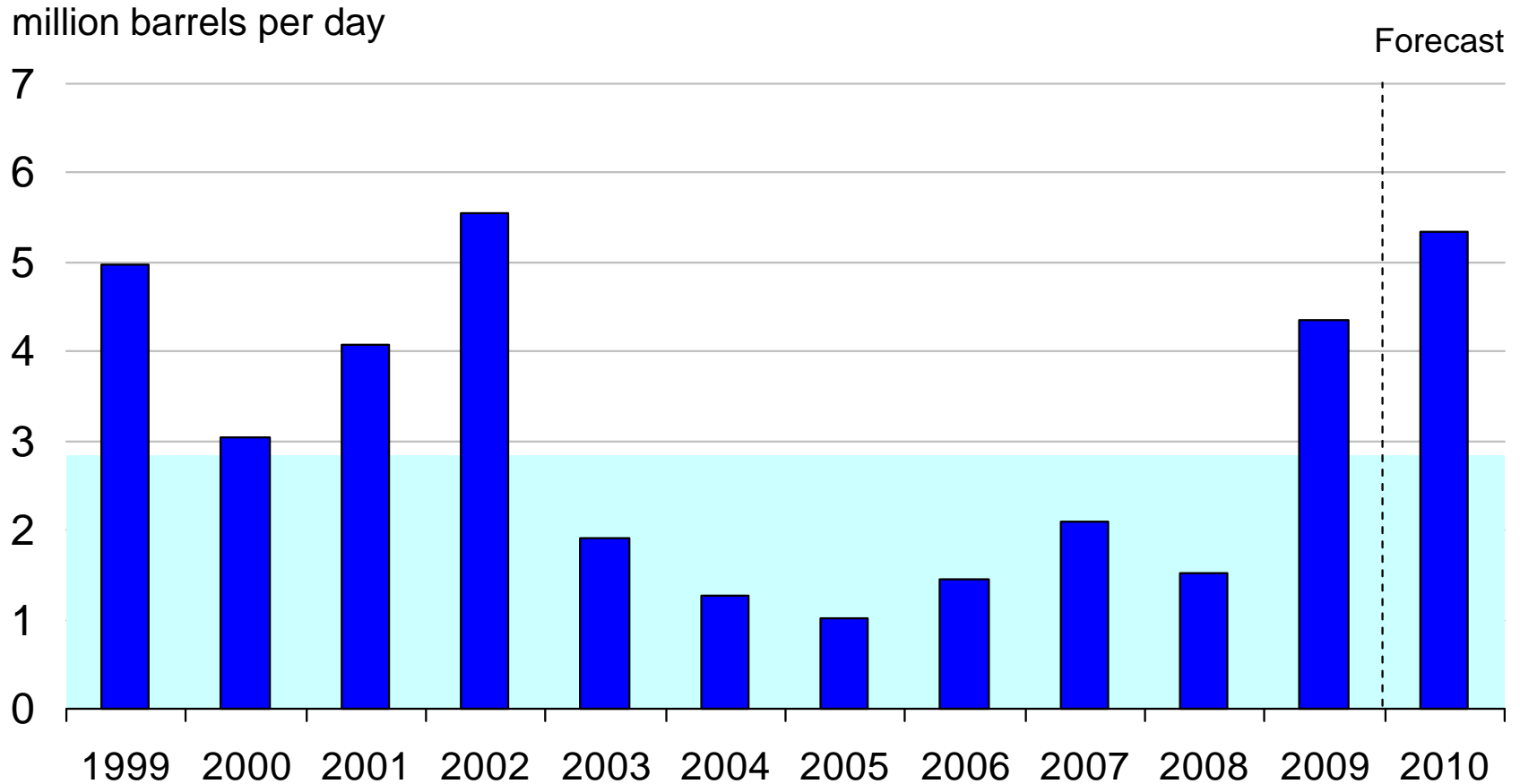
# World liquid fuels consumption is projected to increase by 1.5 million bbl/d in 2010



# The balance between global consumption and non-OPEC supply growth drives oil prices



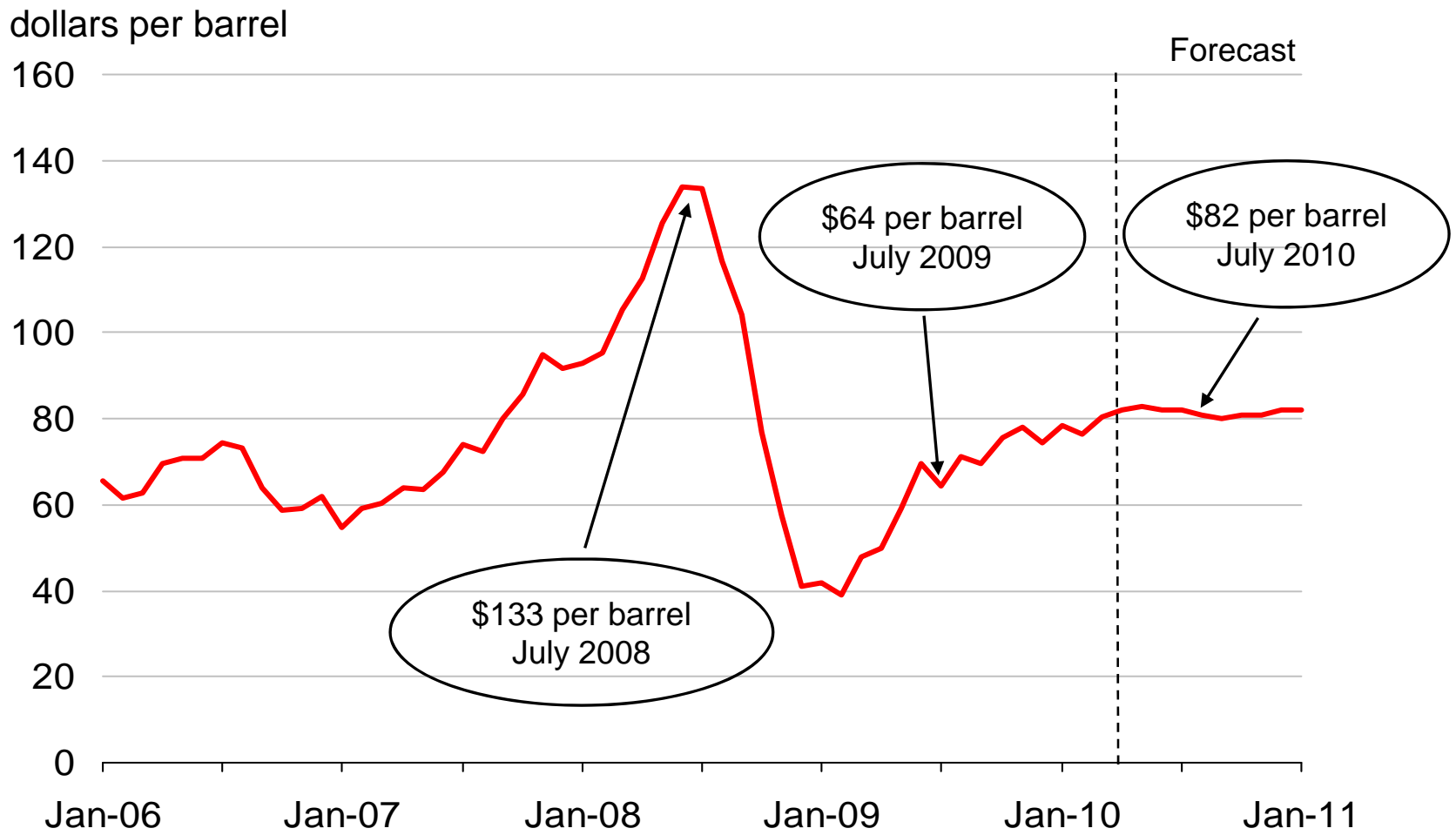
# World oil spare production capacity increases begin to slow this year



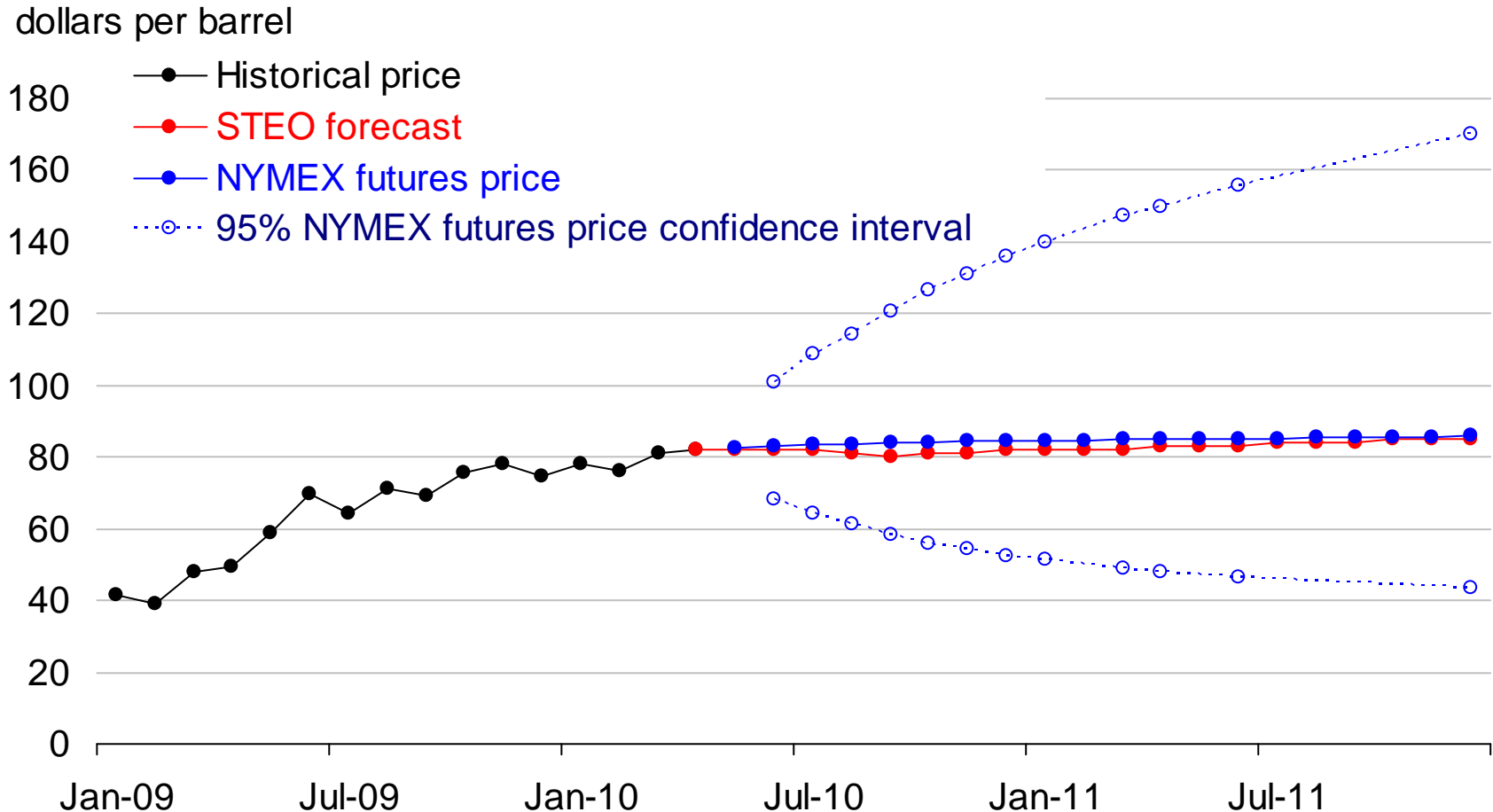
Note: Shaded area represents 1999-2009 average (2.8 million barrels per day)



# WTI crude oil prices are projected to average \$82 per barrel this summer (April – September)



# Uncertainty over crude oil price forecasts remain high



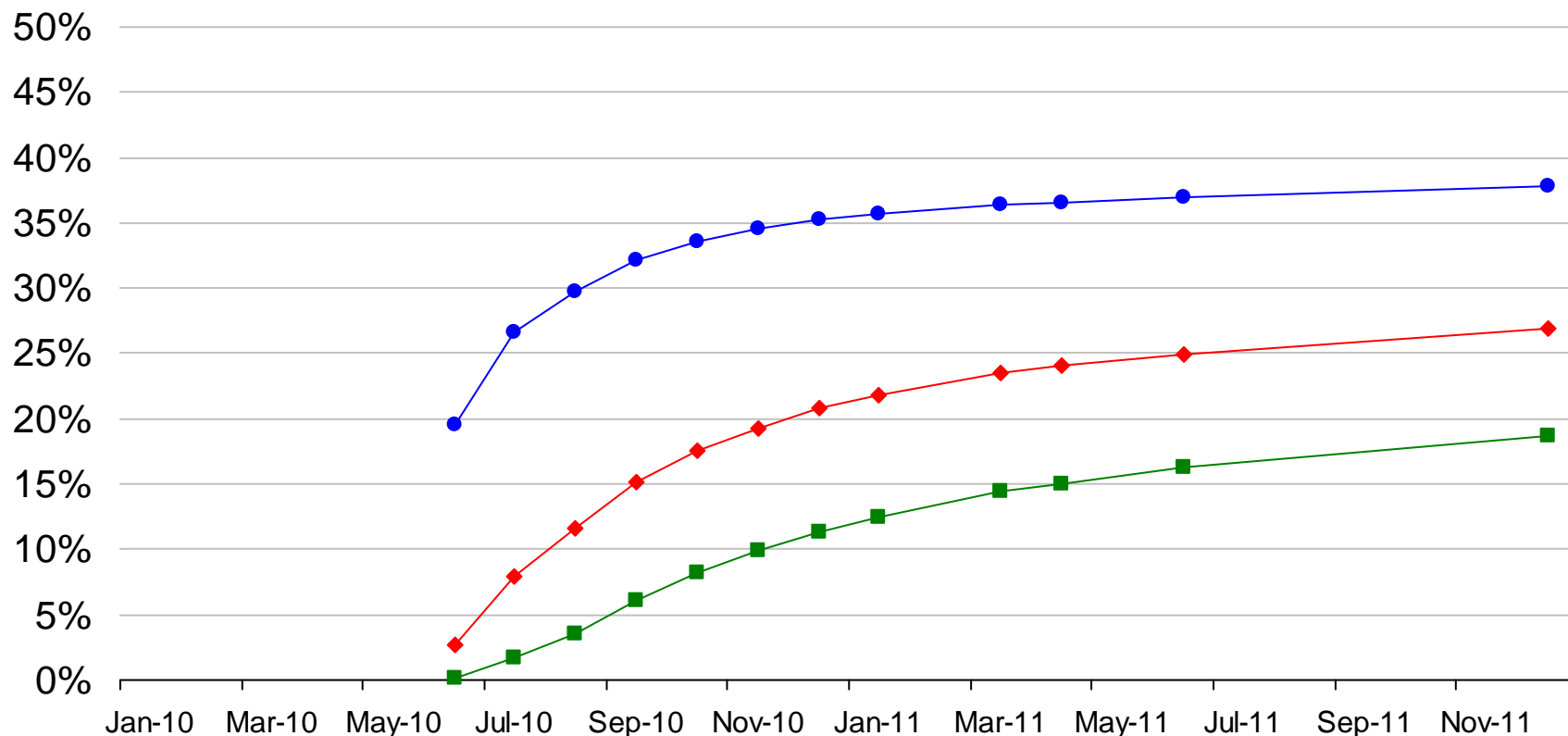
Notes: Confidence intervals calculated using NYMEX market data for the five trading days ending April 1, 2010. Intervals not shown for months with little trading in "close-to-the-money" options contracts.



# Probabilities the WTI price may exceed \$100 per barrel rise over time

Probability of WTI spot price exceeding certain levels

■ Price > \$110    ◆ Price > \$100    ● Price > \$90



Notes: Price probabilities calculated using NYMEX market data for the five trading days ending April 1, 2010. Values not calculated for months with little trading in "close-to-the-money" options contracts.

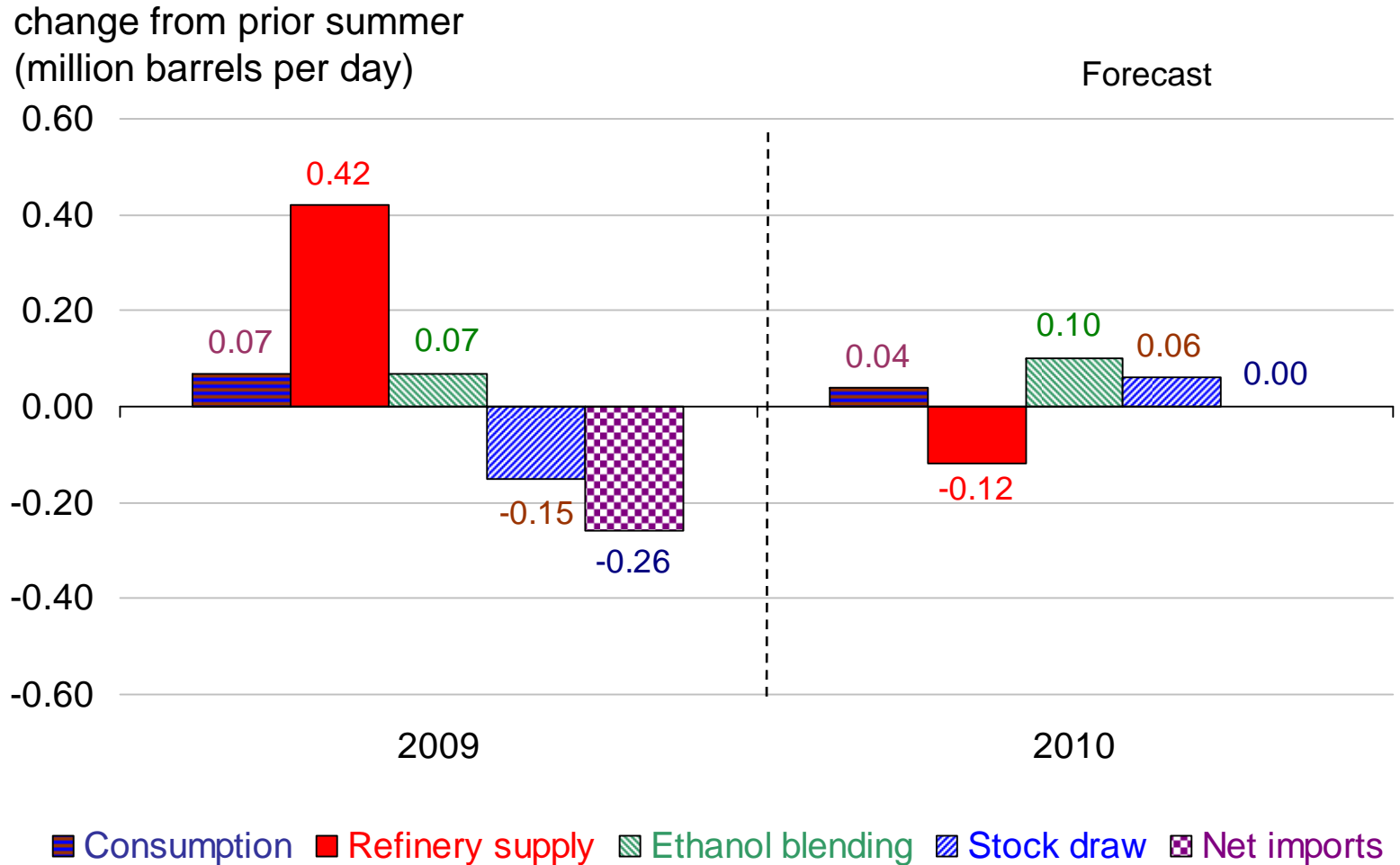


# Major characteristics of 2010 U.S. summer (April – September) outlook for gasoline

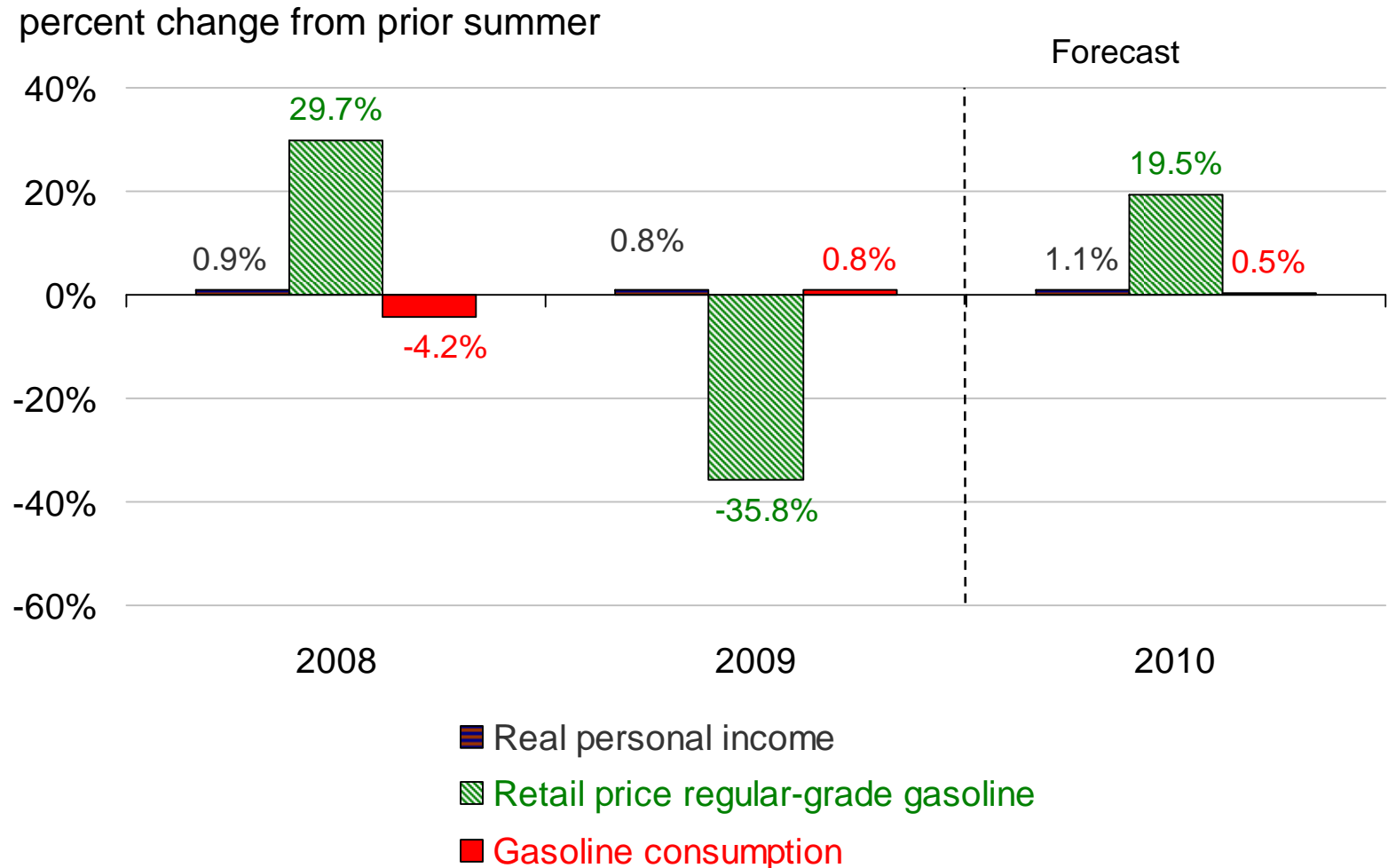
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- Higher crude oil prices
- Modest growth in gasoline consumption
- Continued growth of fuel ethanol blending
- High gasoline inventory levels at start of summer
- Higher gasoline imports
- Continuing weak refining margins for gasoline

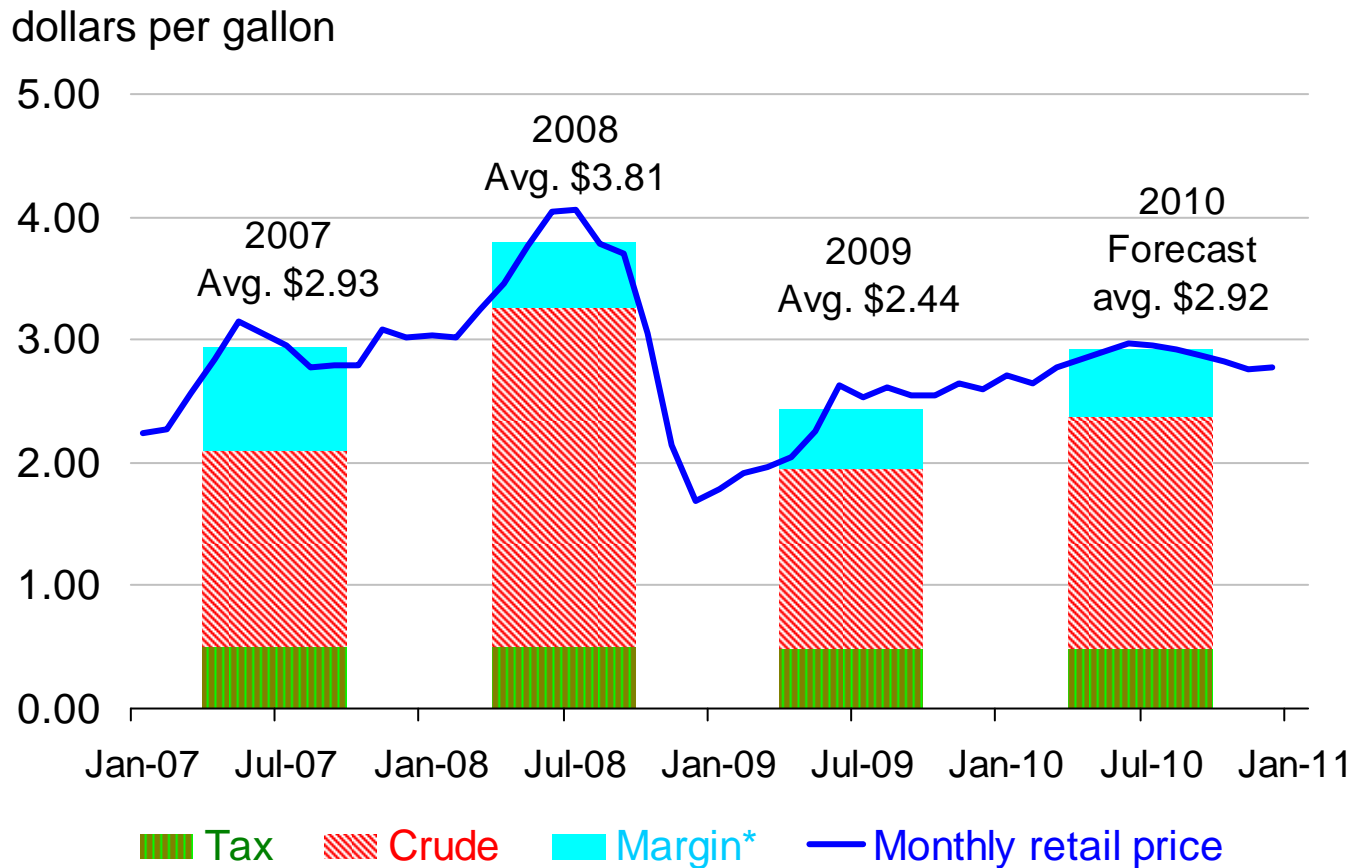
# Refinery production rates constrained by ethanol blending, high stocks, and imports



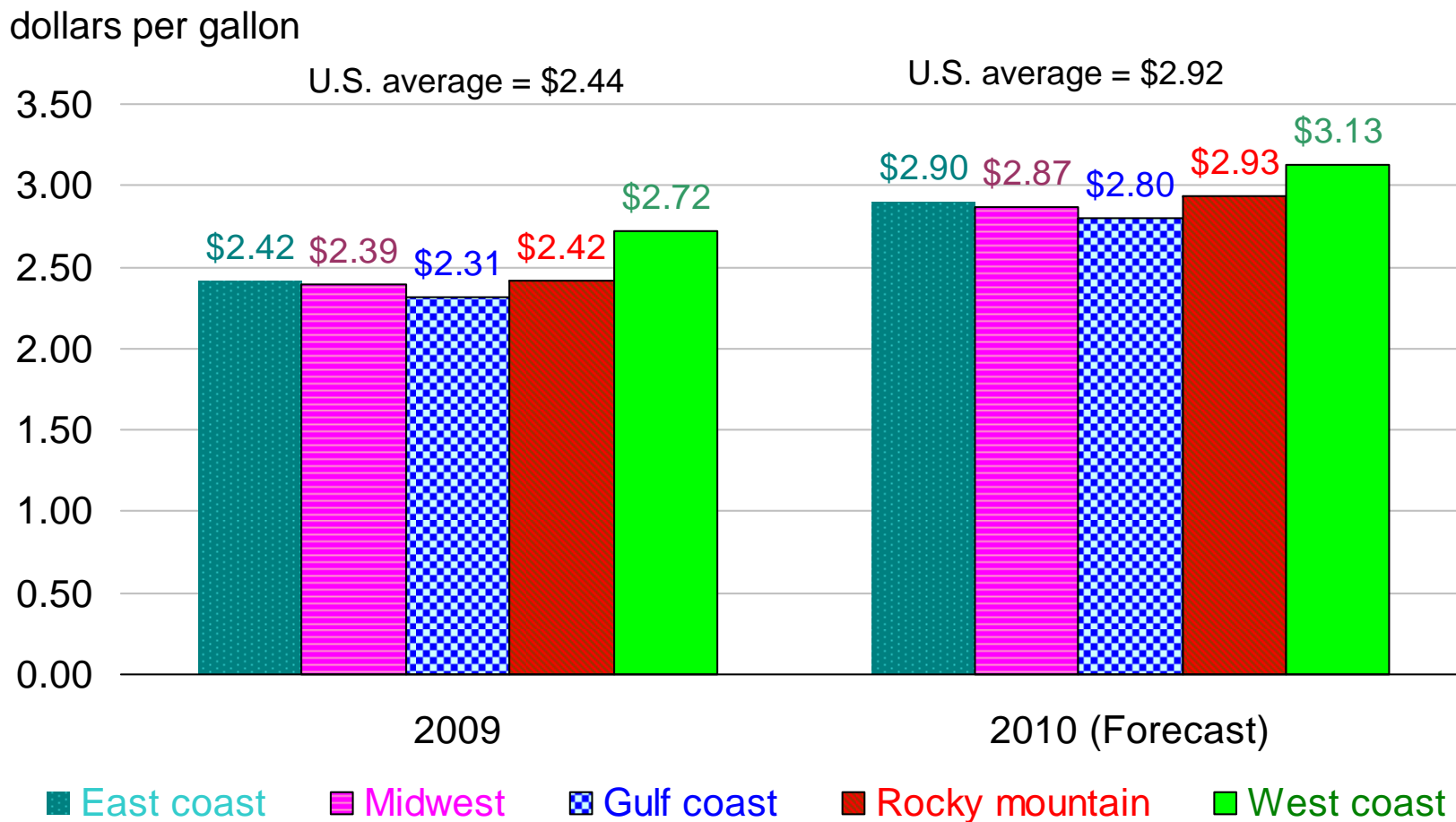
# Higher gasoline prices and modest economic recovery constrain gasoline consumption growth



# Summer retail regular-grade gasoline prices projected to average \$3 per gallon



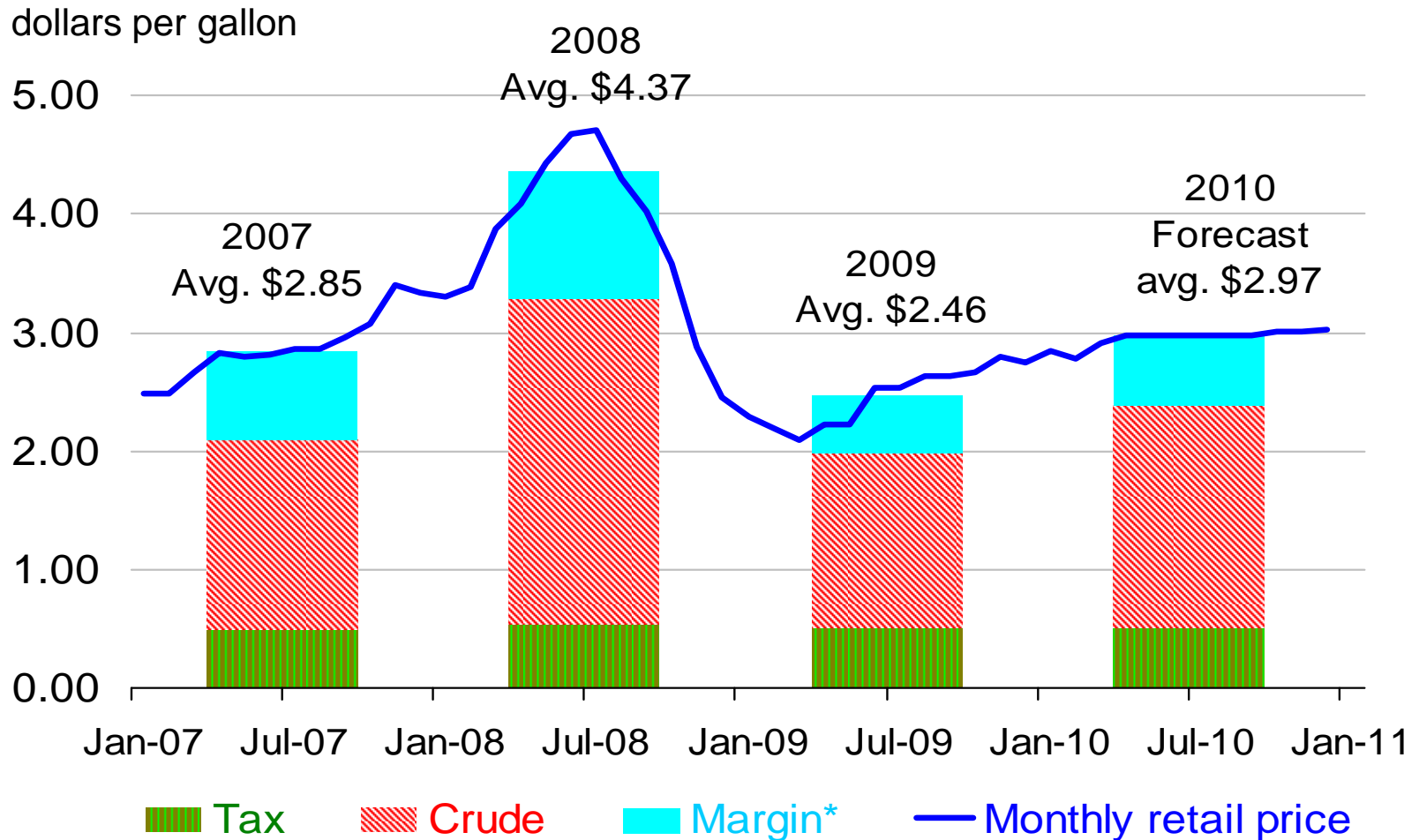
# Regular gasoline summer prices vary by region



Summer = April through September average



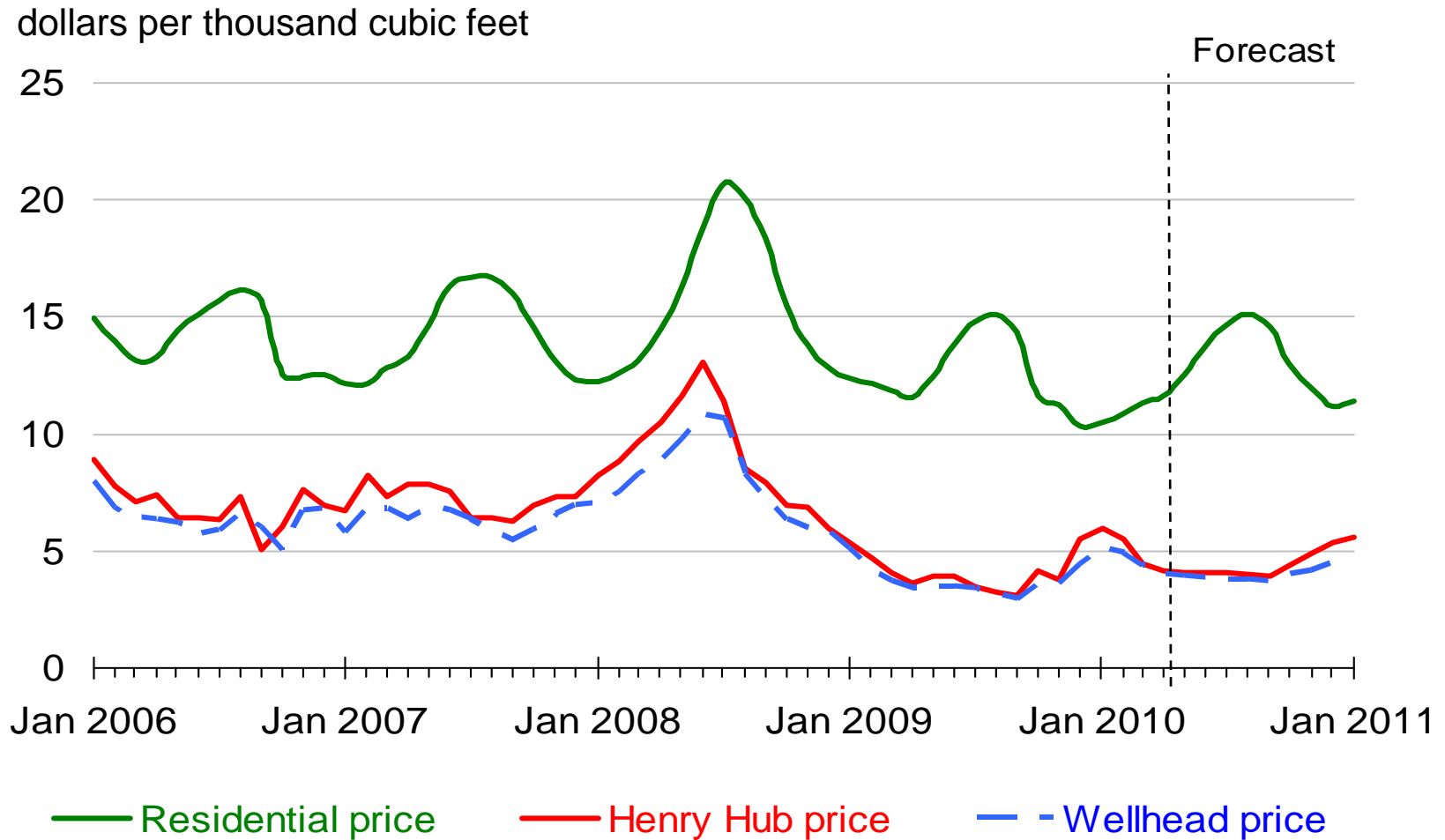
# Summer retail diesel prices are projected to average \$2.97 per gallon, up \$0.19 from last summer



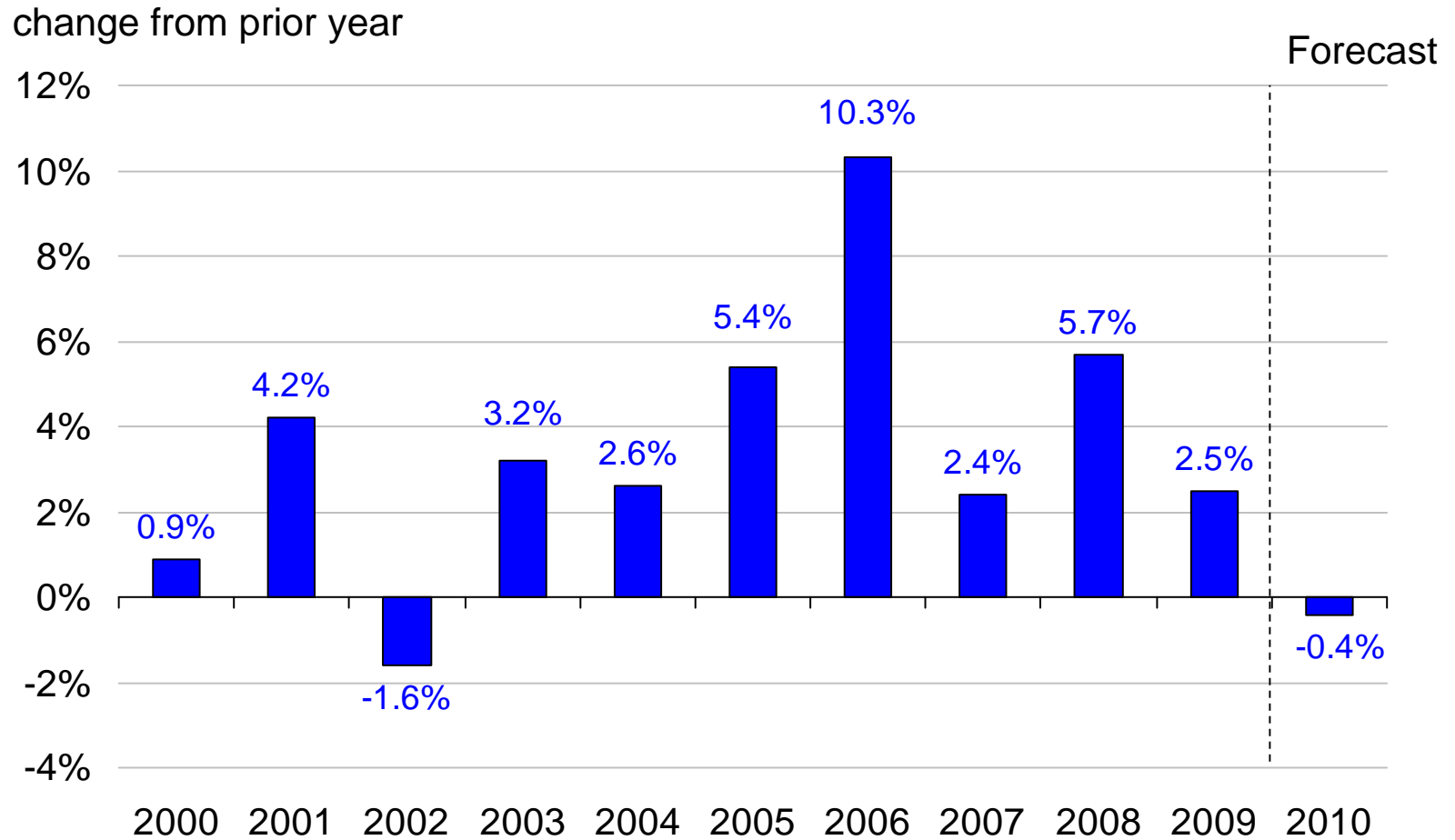
\* Retail price minus crude oil cost minus taxes, per gallon



# Natural gas prices are projected to remain low this year



# Little change expected in electricity prices during 2010



# Summary

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- **Oil and Gasoline:** High inventories and growing surplus crude oil production capacity expected to dampen unexpected increases in oil prices this year.
  - WTI Crude oil prices expected to average about \$82 this summer compared with \$64 last summer.
  - Gasoline retail prices are expected to average \$2.92 per gallon over this summer: Diesel retail prices expected to average \$2.97.
  - Market uncertainties are many and may significantly impact prices and supplies during the rest of 2010.
- **Natural Gas.** Henry Hub spot price expected to average \$4.45 per million Btu in 2010, \$0.50 above the 2009 average.
- **Electricity Prices.** Little change in residential electricity prices expected in 2010.

