

Short-Term Energy and Summer Fuels Outlook

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Energy Information Administration

2007 Summer Energy Outlook Conference

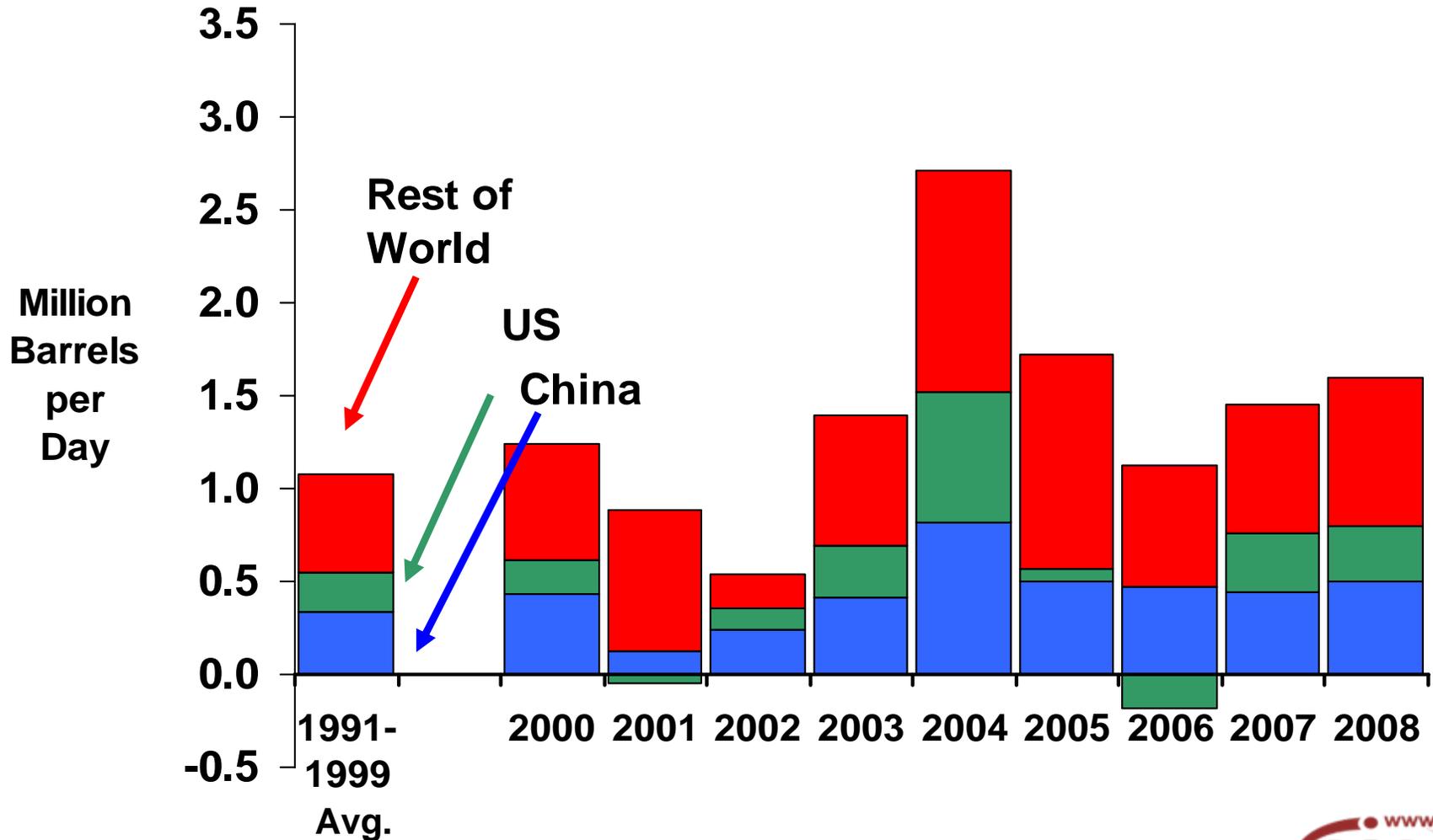
***April 17, 2007
Denver, Colorado***

Key Factors Driving the Short-Term Fuels Forecast

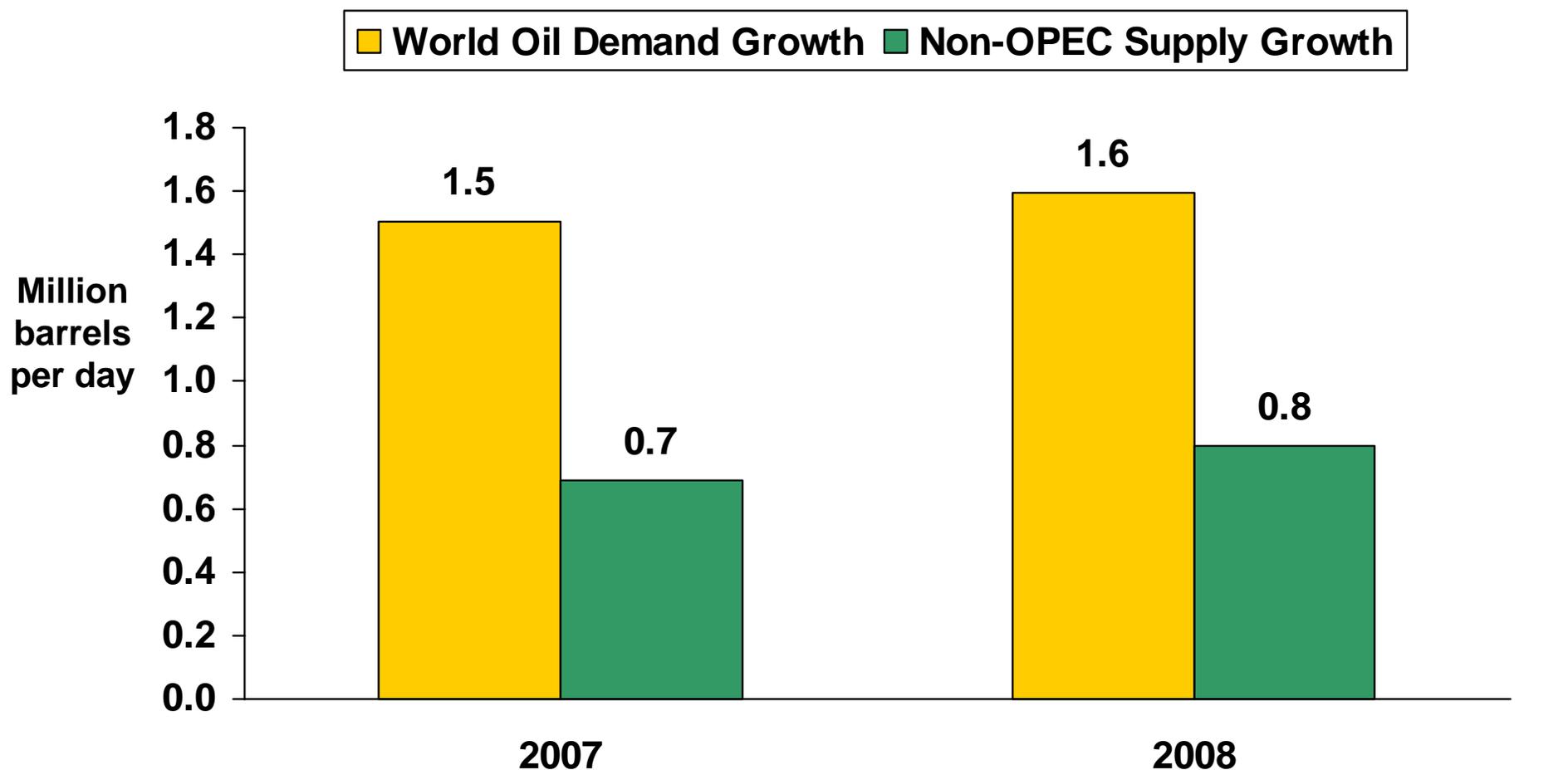
- 1) Rising world oil consumption
- 2) Low global surplus oil production capacity
- 3) Insufficient crude oil supply growth relative to demand
- 4) Supply concerns in international oil markets
- 5) Refinery outages in United States, Europe and elsewhere

Together these factors contribute to high prices for petroleum products.

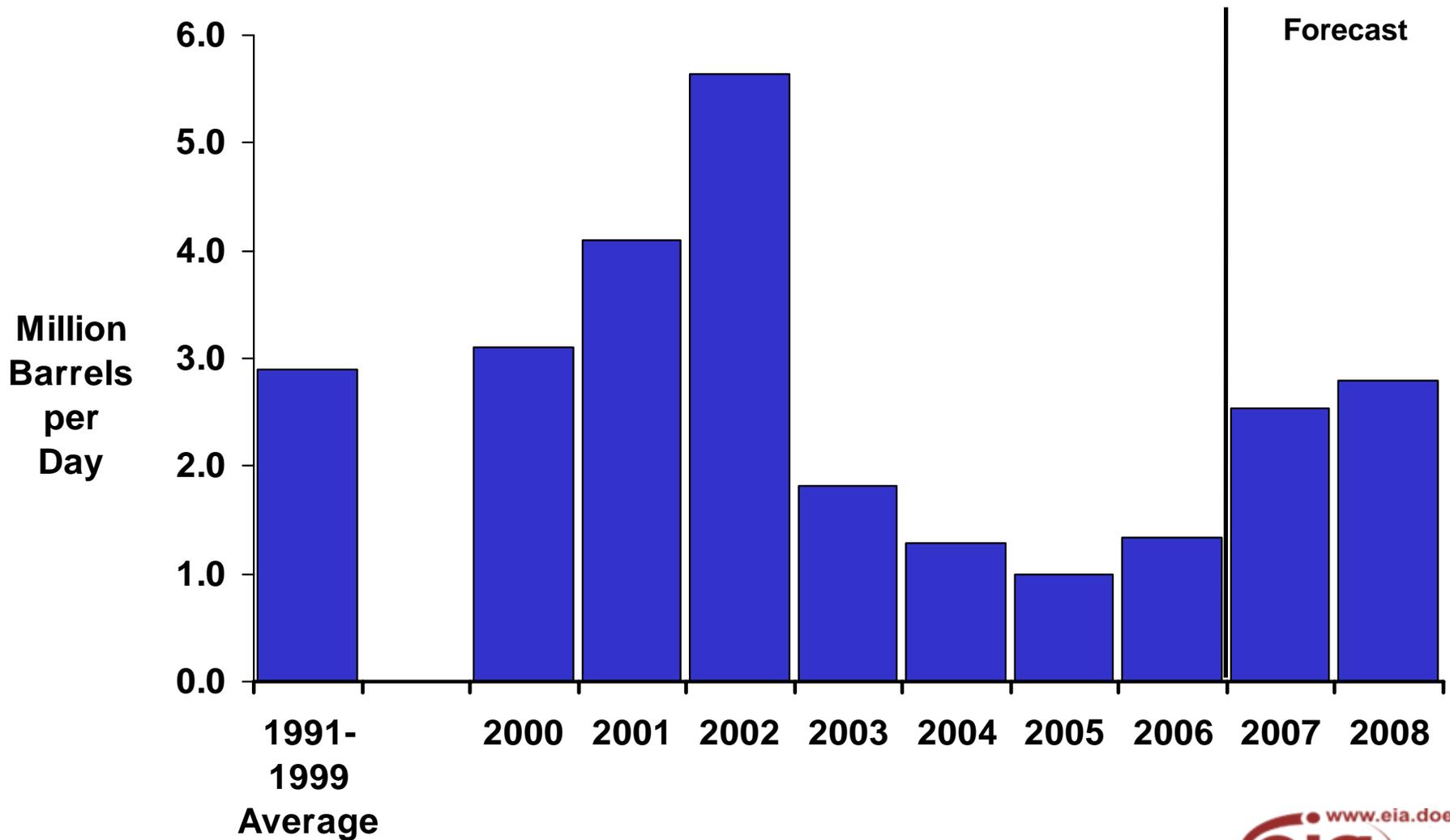
World Oil Consumption Projected to Grow by 1.5 million bbl/d in 2007 and 1.6 million bbl/d in 2008



Sluggish Non-OPEC Supply Growth Puts Pressure on OPEC Supply to Meet Demand Growth

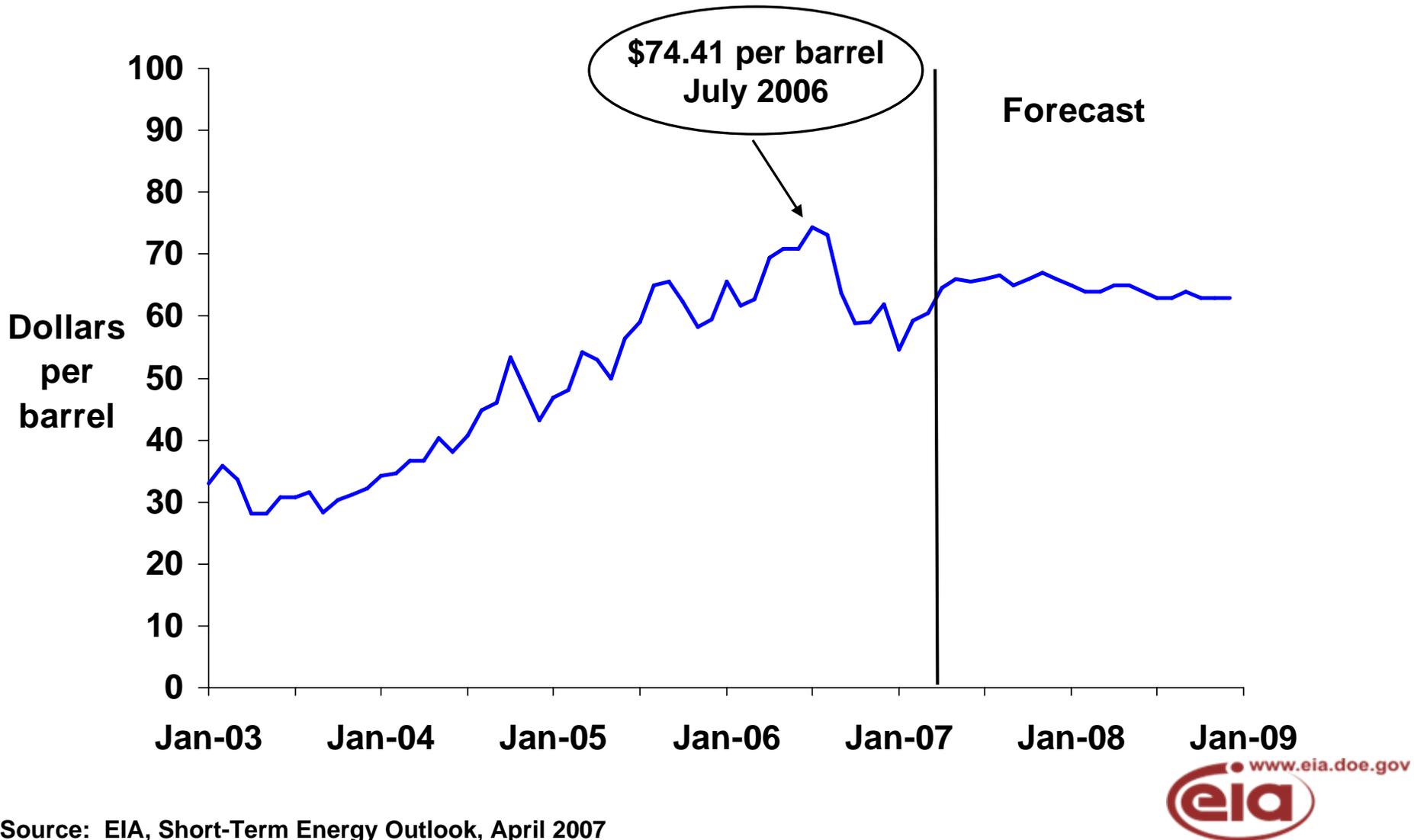


World Oil Spare Production Capacity Projected to Increase, but Still Below Historical Norms



Source: EIA, Short-Term Energy Outlook, April 2007

Crude Oil Price (WTI) Projected to Range Between \$65-\$67 per Barrel in 2007 before Falling Slightly



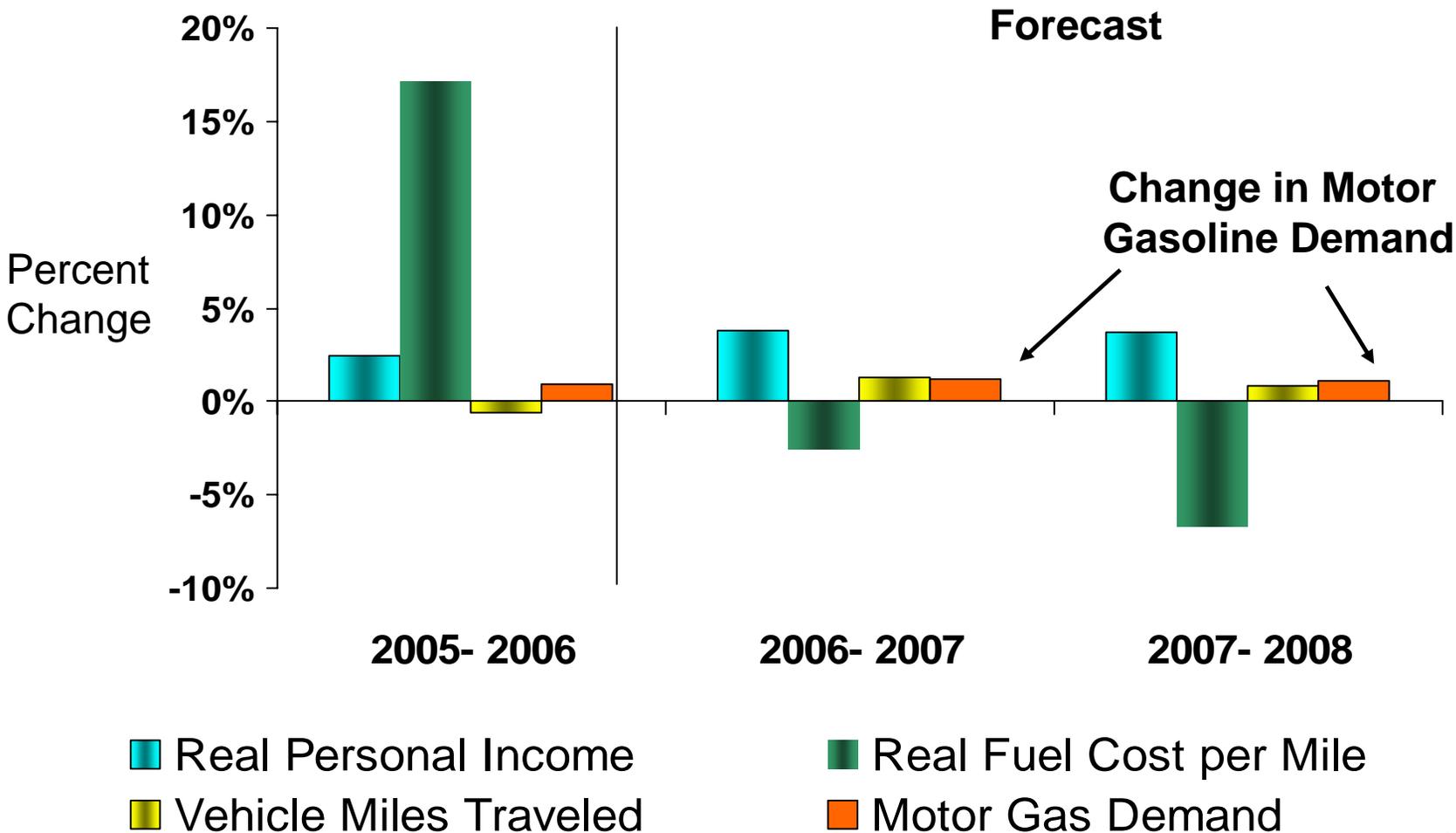
Source: EIA, Short-Term Energy Outlook, April 2007



Several Factors Are Driving 2007 U.S. Summer (April – September) Outlook for Motor Fuels

- 1) Increased gasoline demand growth
- 2) Imports slightly lower
- 3) Refining capacity constraints and refinery outages
- 4) Lower gasoline inventories

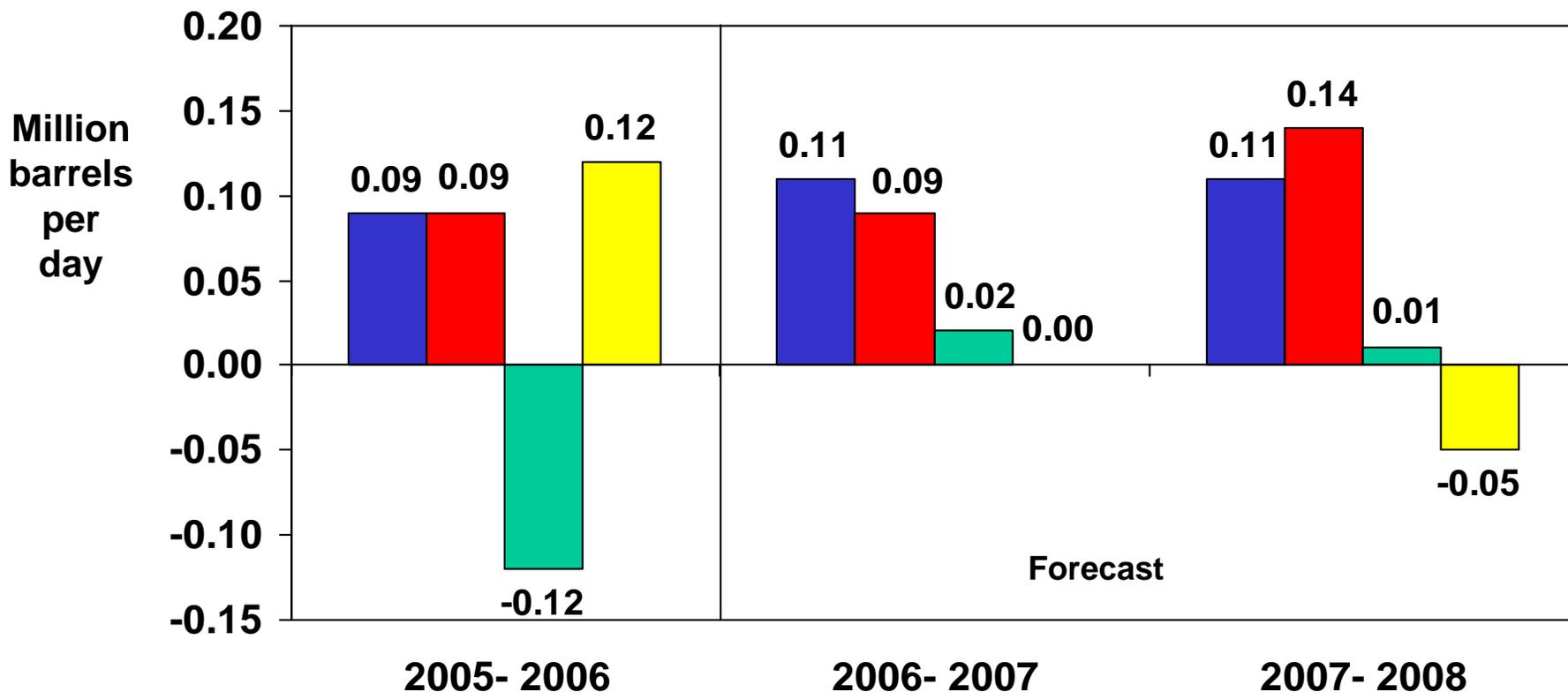
Projected Increases in Personal Income and Miles Traveled Drive Up U.S. Gasoline Demand



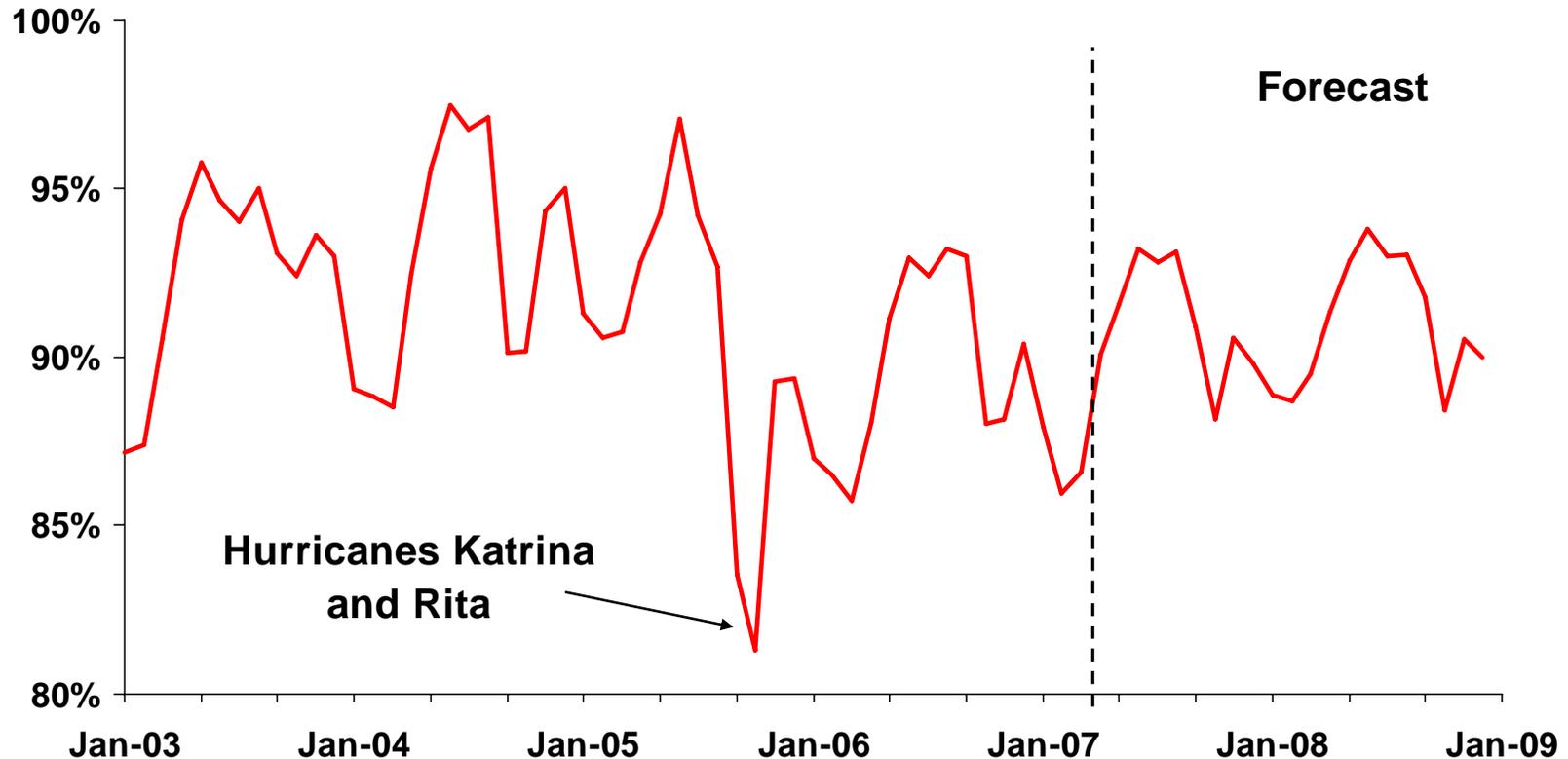
Source: EIA, Short-Term Energy Outlook, April 2007

Average Refinery Production Projected to Increase but Lower Stocks and Imports Strain Downstream Markets

■ Consumption ■ Production ■ Stock Draw ■ Net Imports



Refinery Utilization Rates Projected to Average About 92%, up from 91.8% Last Summer



Utilization Rate = Distillation inputs / atmospheric distillation **operable** capacity

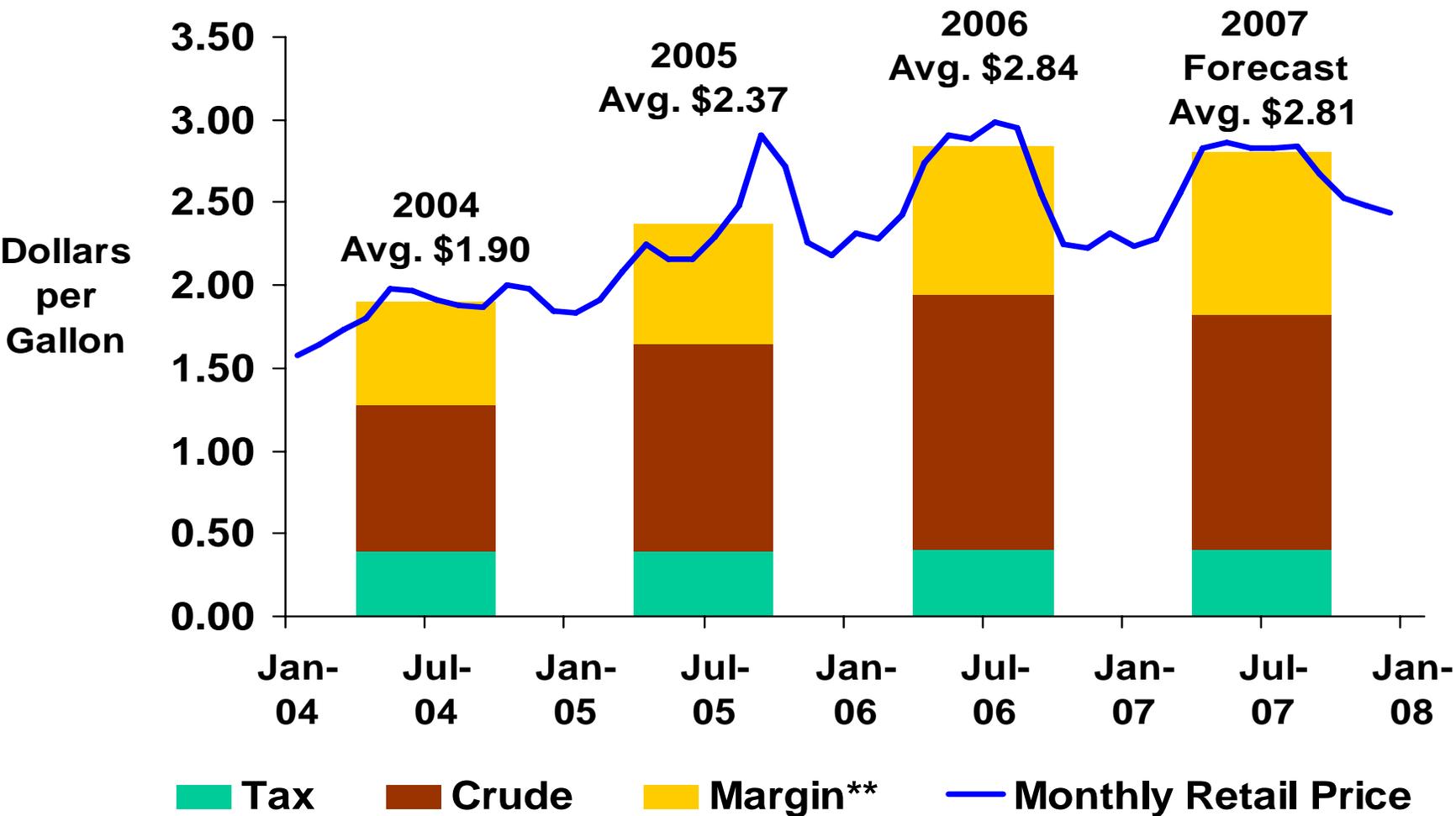
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Source: EIA, Short-Term Energy Outlook, April 2007

Summer Ethanol Production Projected to Increase About 30% Over Last Summer

- Ethanol production capacity expected to continue increasing rapidly in 2007 and 2008 as construction of about 80 new plants and plant expansion projects is completed.
- This summer, ethanol production is projected to average about 400,000 barrels per day, up from last summer's average of 313,000 barrels per day.

Summer Retail Gasoline Prices* Projected to Average \$2.81 per Gallon



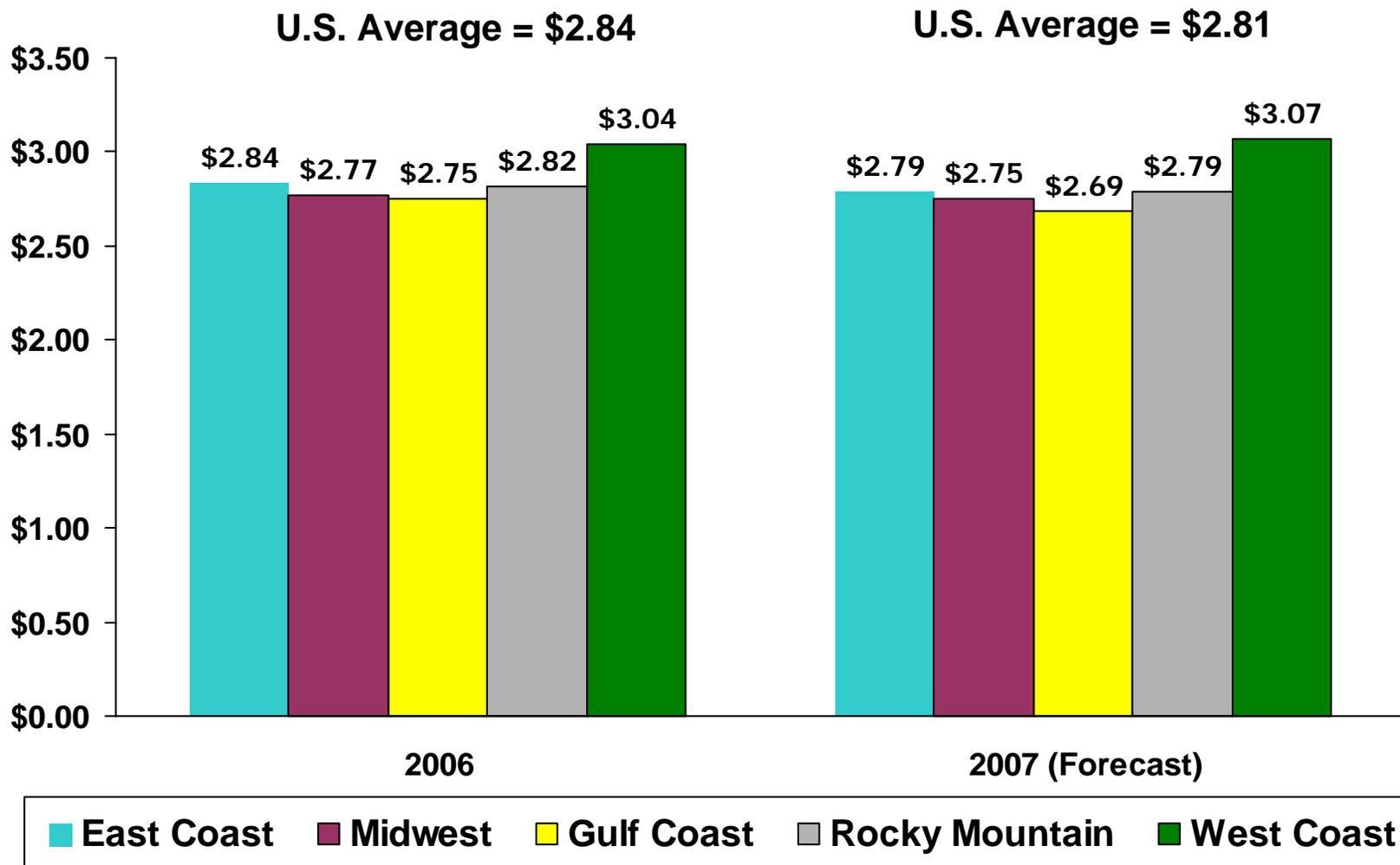
Source: EIA, Short-Term Energy Outlook, April 2007

* Regular gasoline, average all formulations.

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

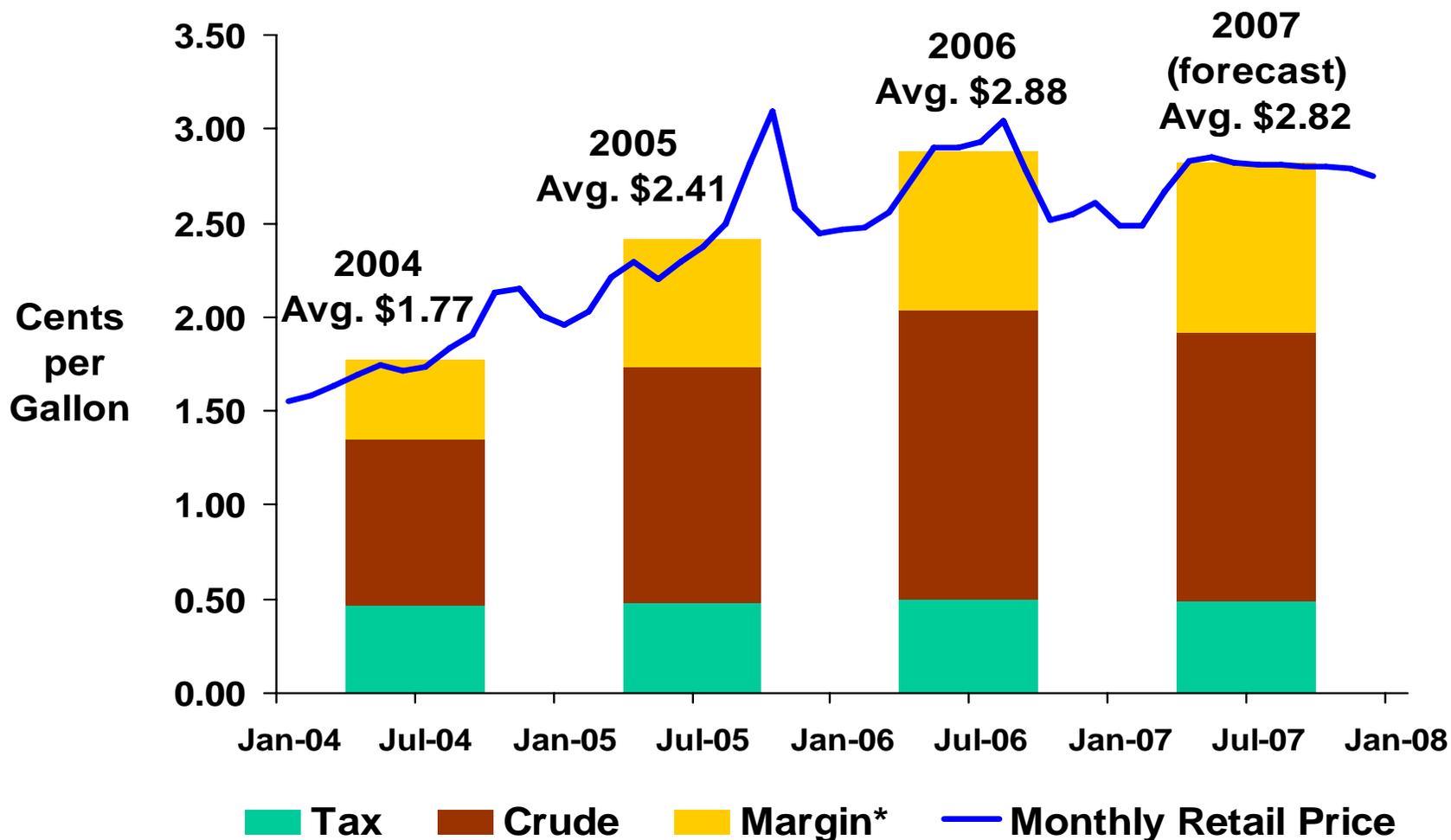


Regular Gasoline Summer Prices Vary by Region



Summer = April through September average

Summer Retail Diesel Prices Projected to Average \$2.82 per gallon, down 6 cents from Last Summer

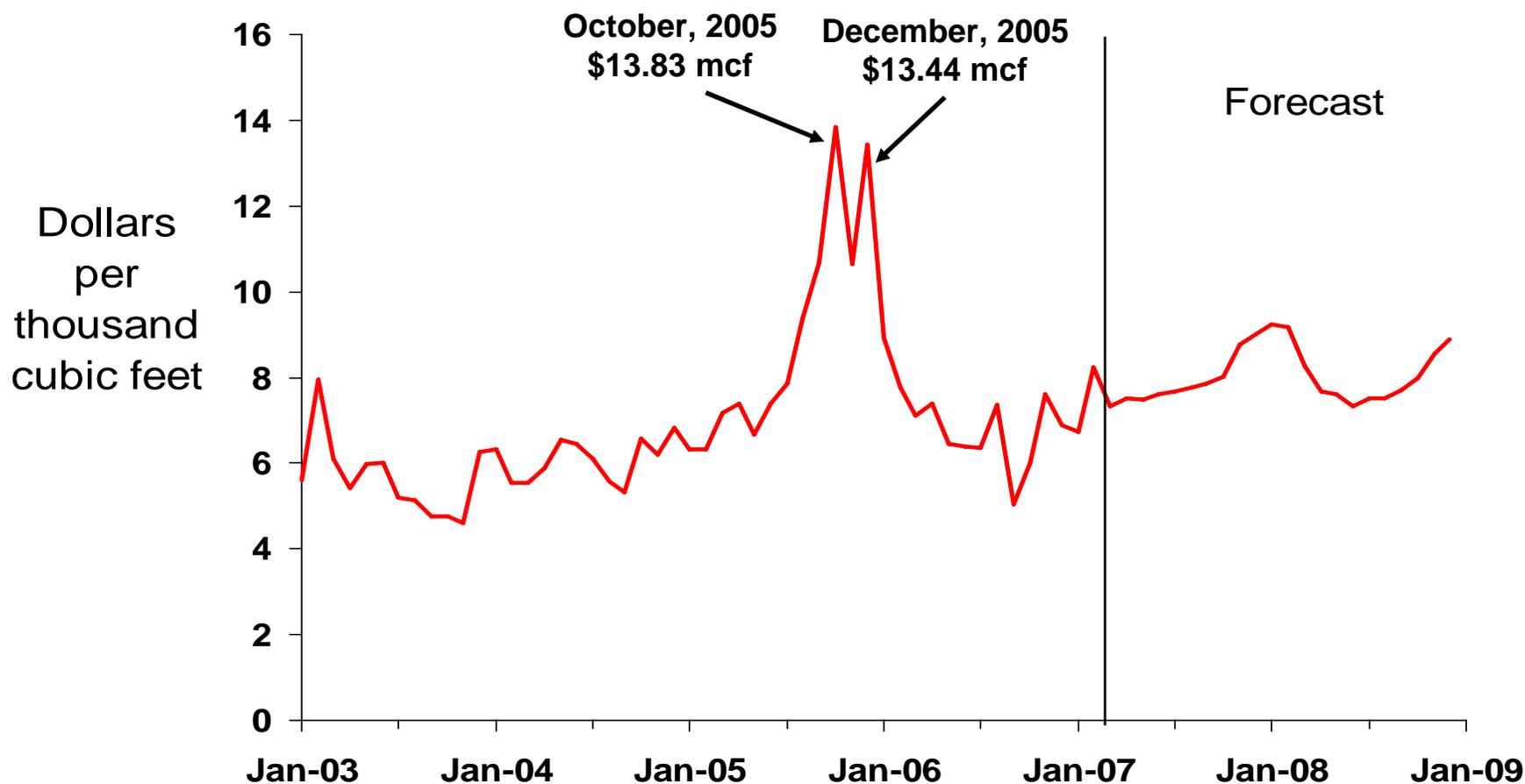


* Retail price minus crude oil cost minus taxes, per gallon

Source: EIA, Short-Term Energy Outlook, April 2007



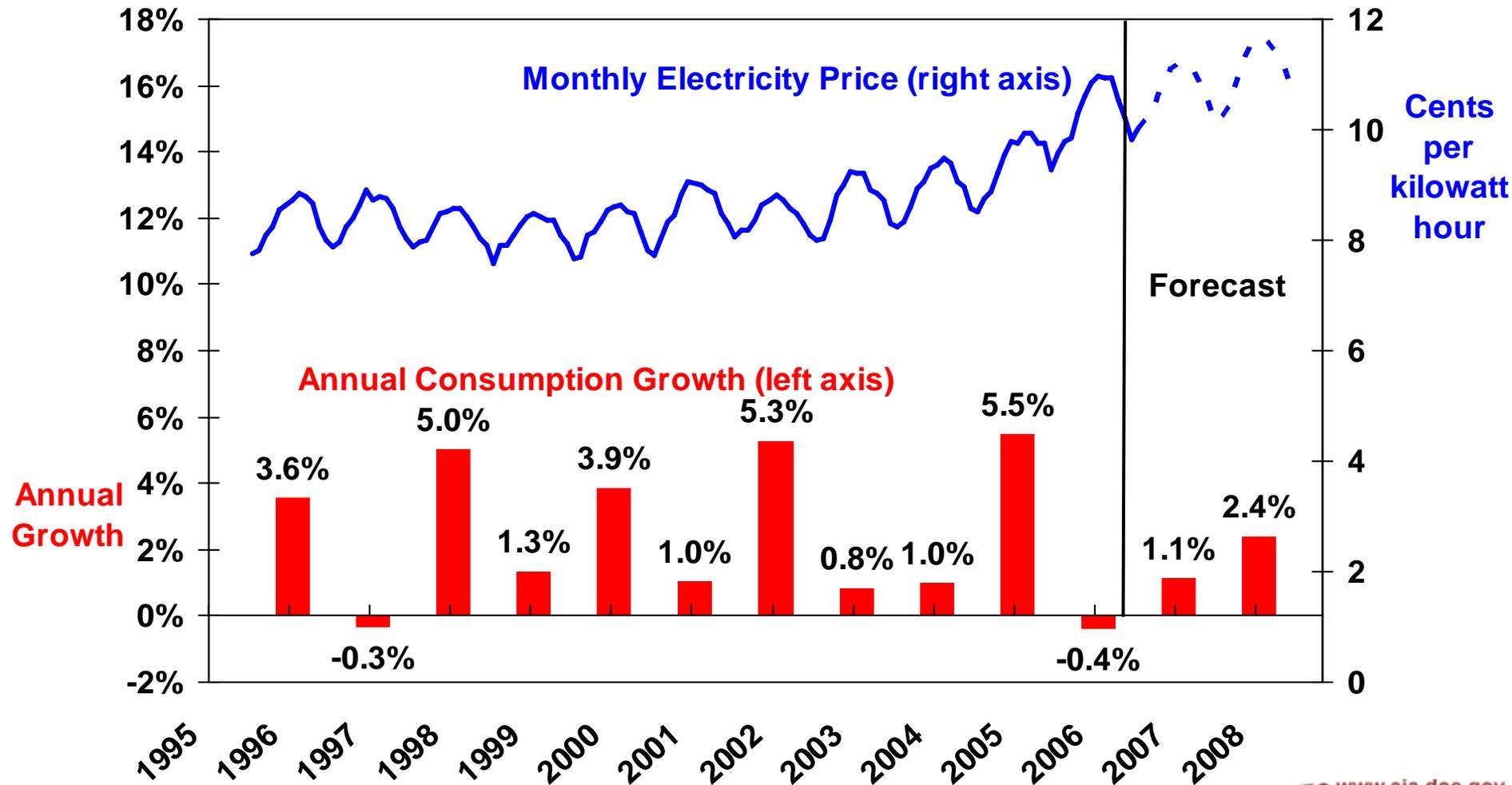
Natural Gas Spot Prices Projected to Slowly Rise Over the Next Several Months



Source: EIA, Short-Term Energy Outlook, April 2007



Growth in U.S. Residential Electricity Prices Expected to Slow during 2007



Source: EIA, Short-Term Energy Outlook, April 2007

Summary

- ***Oil and Gasoline:*** High world oil demand continues to keep crude oil prices high and increase competition for gasoline imports.
 - Crude oil expected to remain above \$60 for the rest of 2007 and 2008;
 - Gasoline prices are expected to average \$2.81 over this summer: Diesel prices expected to average \$2.82.
 - Market uncertainties are many and may significantly impact prices and supplies during the rest of 2007.
- ***Natural Gas.*** Henry Hub spot price expected to average \$7.83 per thousand cubic feet in 2007, 89 cents more than 2006 average.
- ***Electricity Prices.*** Residential electricity prices projected to grow more slowly during 2007 but some regions could face volatile prices in 2007 and 2008.