

Short-Term and Winter Fuels Outlook

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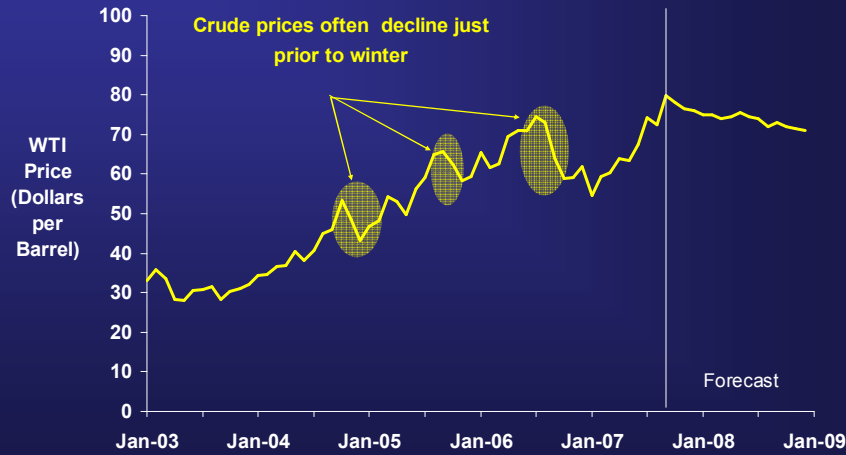


Tight global oil market conditions are projected to continue through 2008.

- OPEC production decisions will continue to influence the oil market situation.
- Low surplus production capacity of 2 to 3 million barrels per day, concentrated in Saudi Arabia, weakens the market's ability to respond to supply disruptions.
- Oil prices likely to remain high at least through 2008.
- Many uncertainties could alter the outlook and create volatility in global oil markets.



Crude oil prices, having recently exceeded \$80 per barrel, are projected to decline slowly over the forecast.

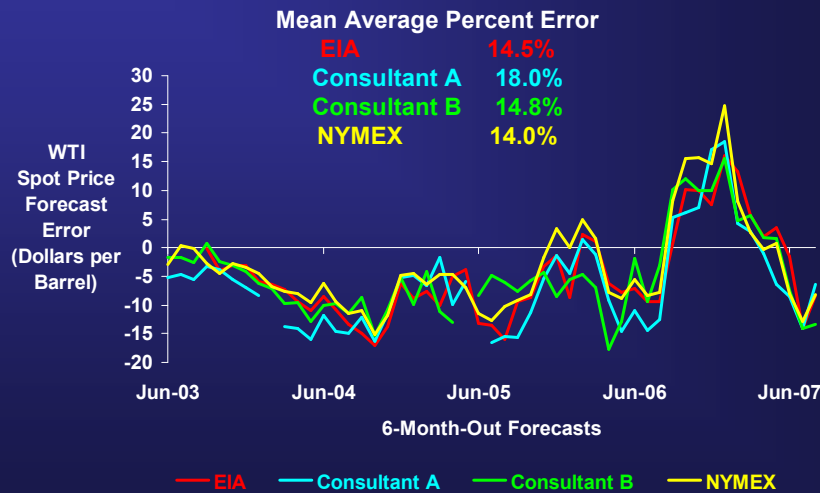


WTI = West Texas Intermediate crude oil.

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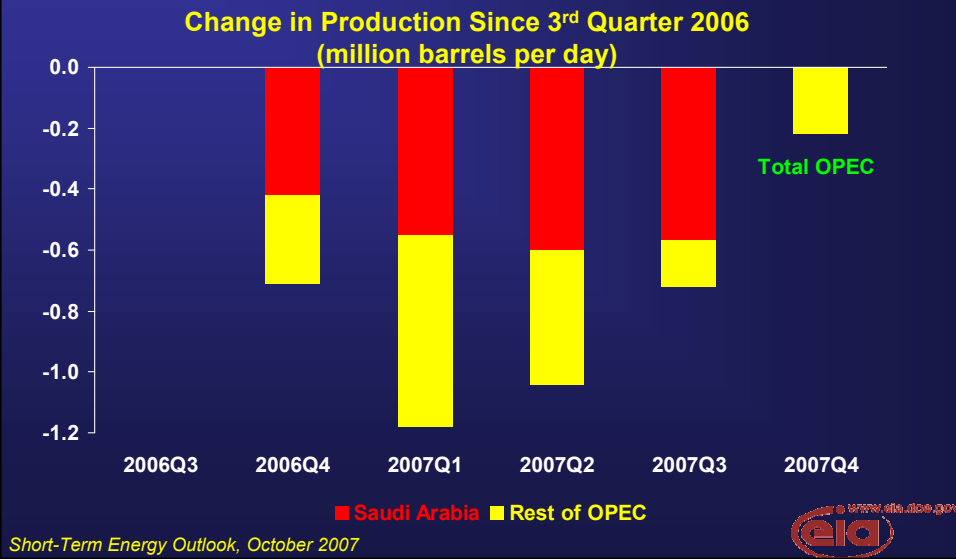
EIA has generally underpredicted the rise in the WTI price over the last several years.



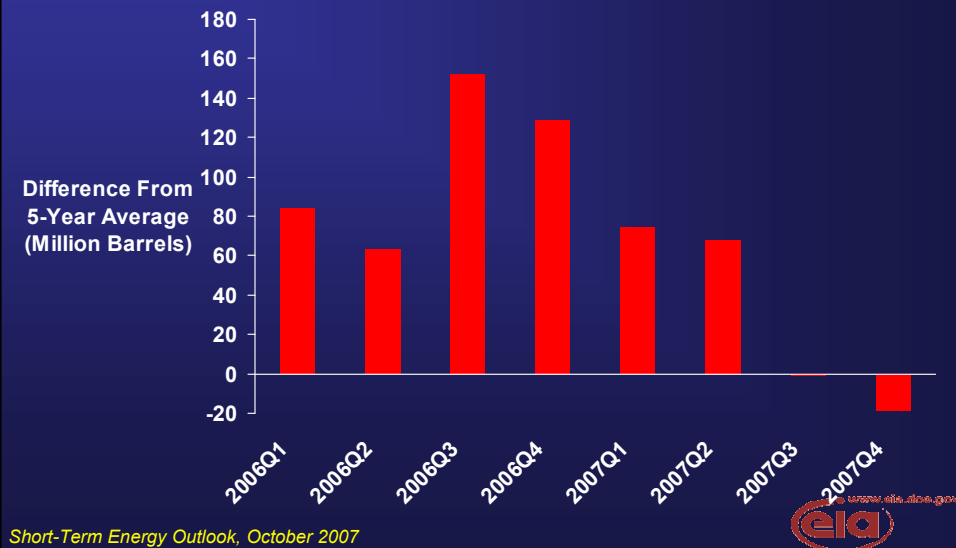
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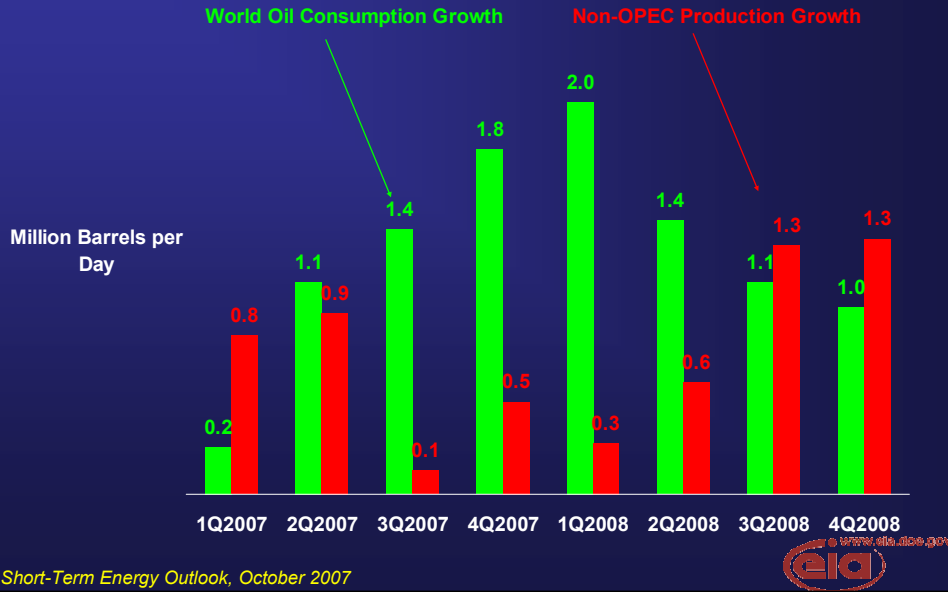
OPEC cut crude oil production last fall to firm world oil markets.



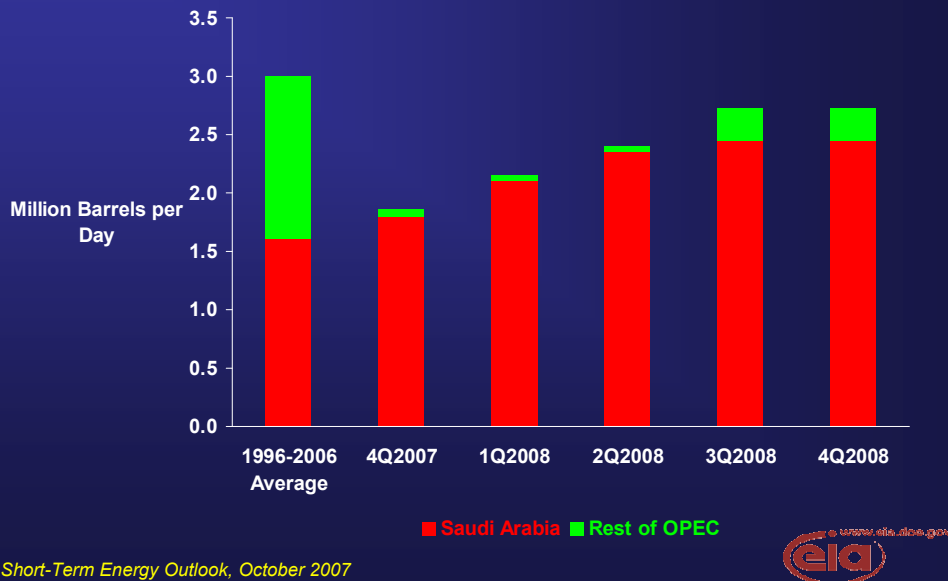
OECD commercial stocks have fallen from record highs to near-normal levels.



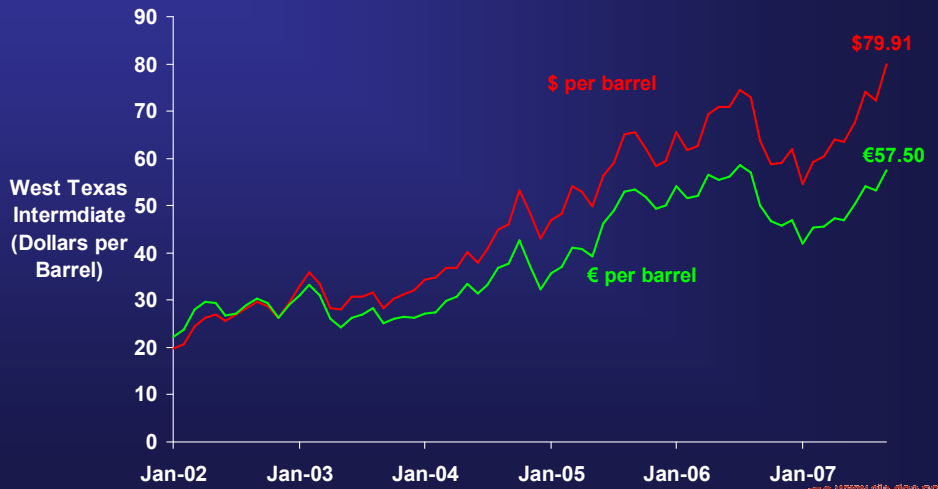
Market balance may loosen slightly in 2008.



OPEC surplus production capacity remains low.



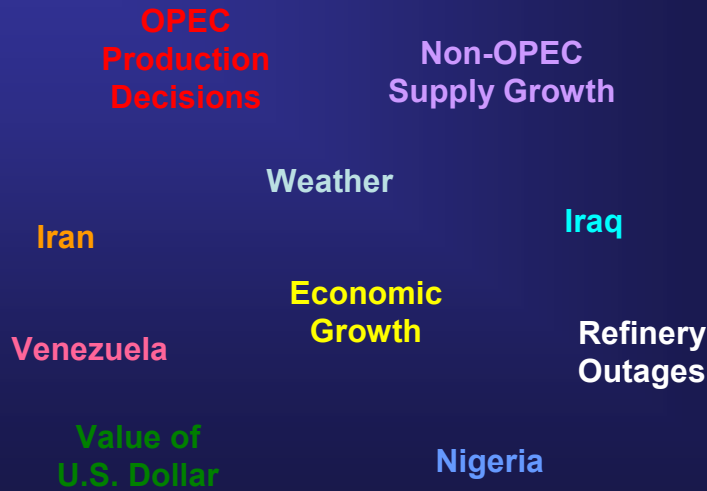
Dollar-based economies have experienced higher oil prices than those with other currencies.



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Multiple and hard-to-predict uncertainties drive the oil market forecast.



U.S. average fuel expenditures are expected to be higher for all fuels this winter, October – March.

Fuel	Average Household Expenditures (Percent Change from Last Winter)		
	Base Case	If 10% Warmer Than Forecast	If 10% Colder Than Forecast
Natural Gas	9.5	-1.7	20.3
Heating Oil	21.8	9.8	31.6
Propane	16.3	4.3	27.7
Electricity	3.9	-1.3	7.2
Average Expenditures	9.8	0.1	18.4

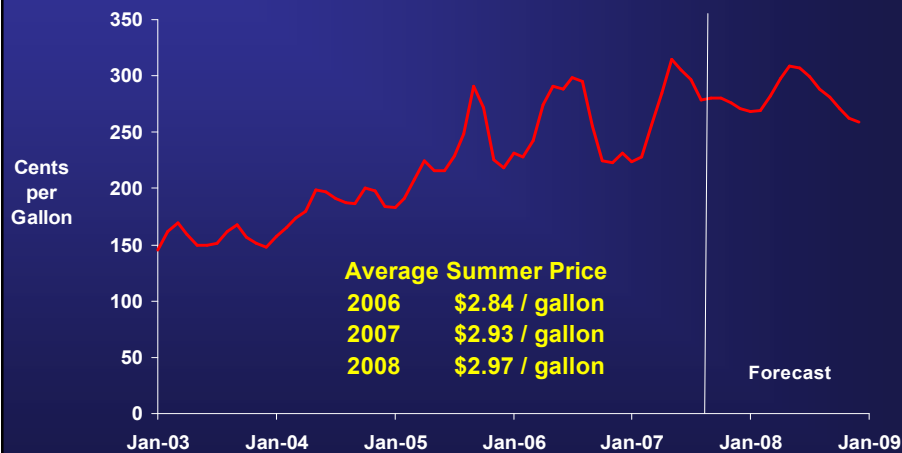
Winter = October 1 through March 31.

Expenditures are based on typical per household consumption adjusted for weather. Warmer and colder cases represent 10-percent decrease or 10-percent increase in heating degree-days, respectively.

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Retail gasoline prices are projected to be higher in 2008.



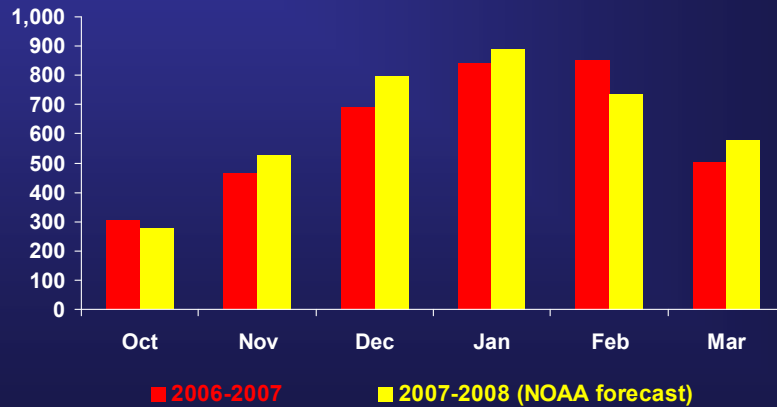
Summer = April 1 through September 30.

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Winter 2007-2008 is expected to be 4 percent colder than 2006-2007 but still 2 percent warmer than 30-year average.

U.S. Heating Degree-Days Population-Weighted



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Natural gas prices are expected to be higher than last winter.

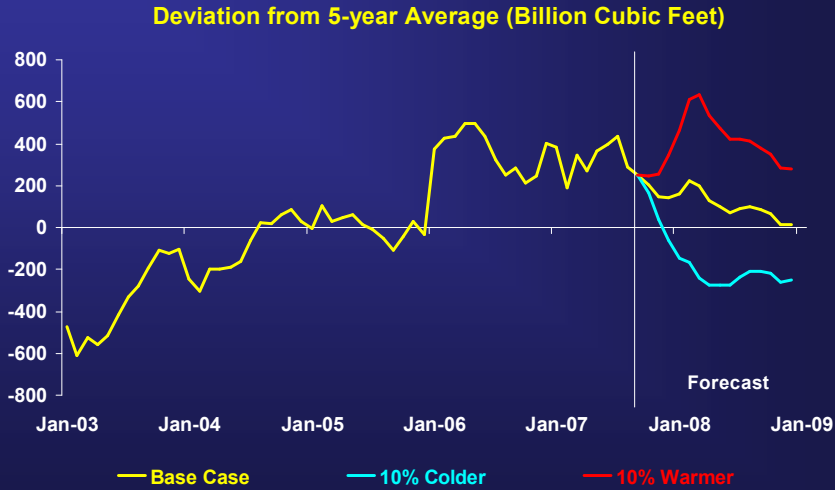
Henry Hub Winter Average Spot Price	Residential Winter Average Price
10% Colder = \$8.71/ mcf	10% Colder = \$13.53/ mcf
Base Case = \$7.79/ mcf	Base Case = \$13.14/ mcf
10% Warmer = \$7.05/ mcf	10% Warmer = \$12.87/ mcf



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U.S. natural gas in storage is projected to remain above historical averages.



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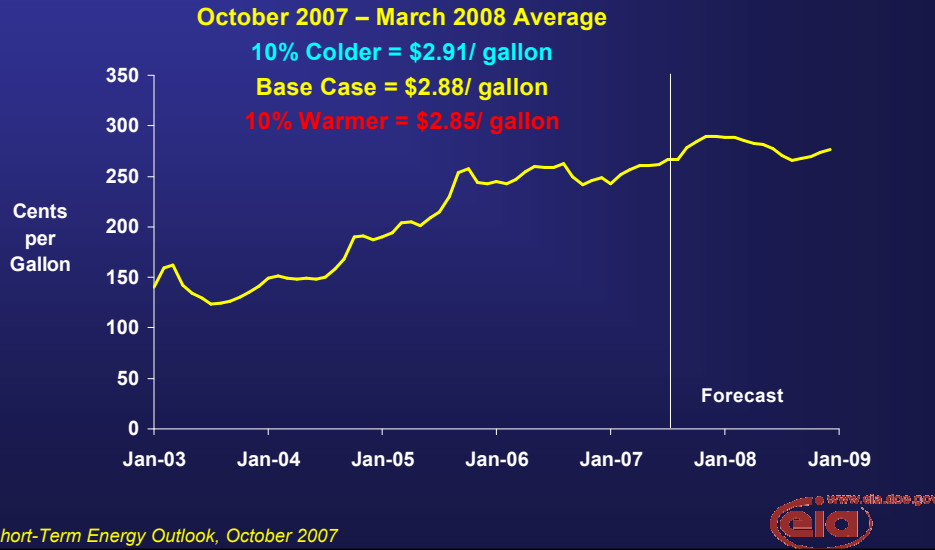
Natural gas heating bills are projected to be higher for all regions this winter.

Households using natural gas as primary heating fuel	Percent Change from Last Winter (Projected)		
	Consumption	Average Price	Total Expenditures
West 66%	+ 2	+ 2	+ 5
South 41%	+ 1	+ 9	+ 11
Midwest 79%	+ 3	+ 8	+ 11
Northeast 55%	+ 6	+ 4	+ 10
U.S. 58%	+ 3	+ 6	+ 10

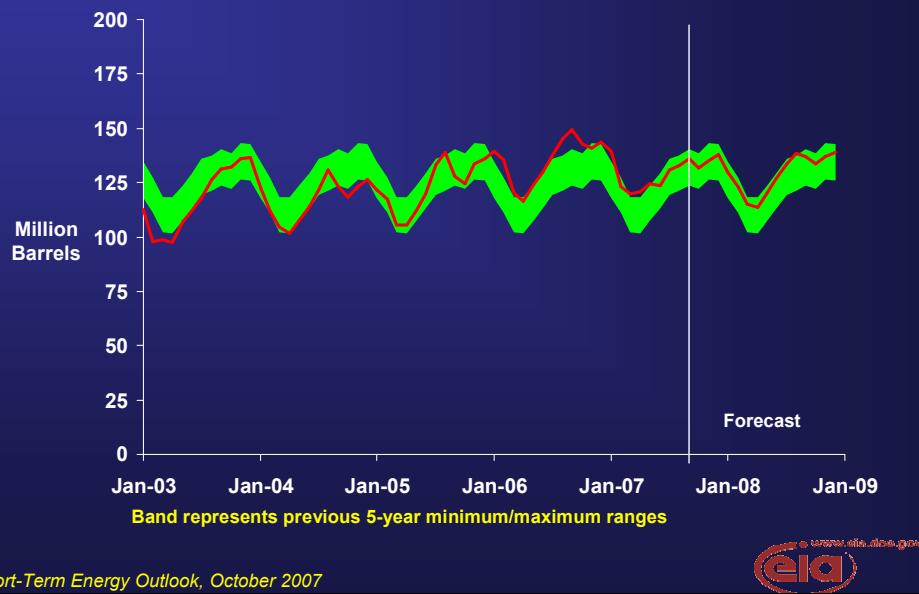
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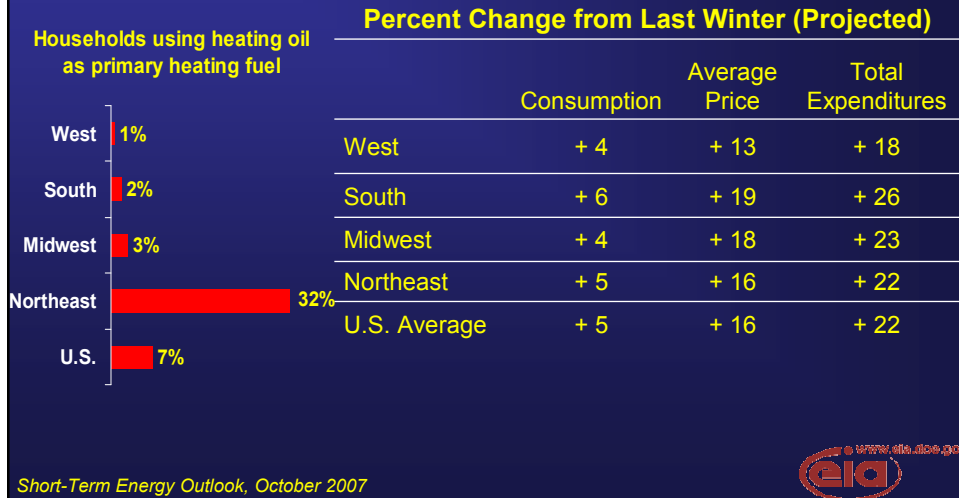
Retail heating oil prices are projected to average about 40 cents per gallon higher than last winter.



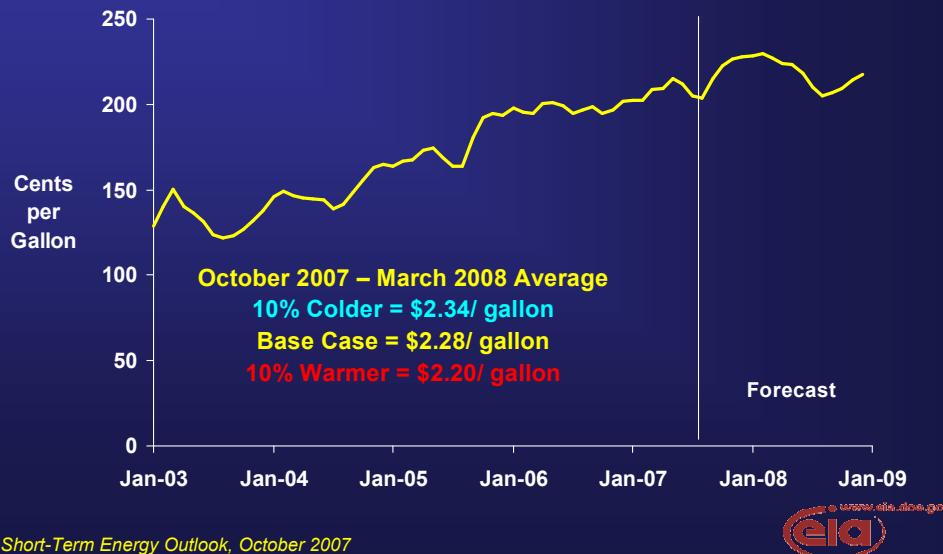
Distillate fuel inventories are expected to remain at average levels.



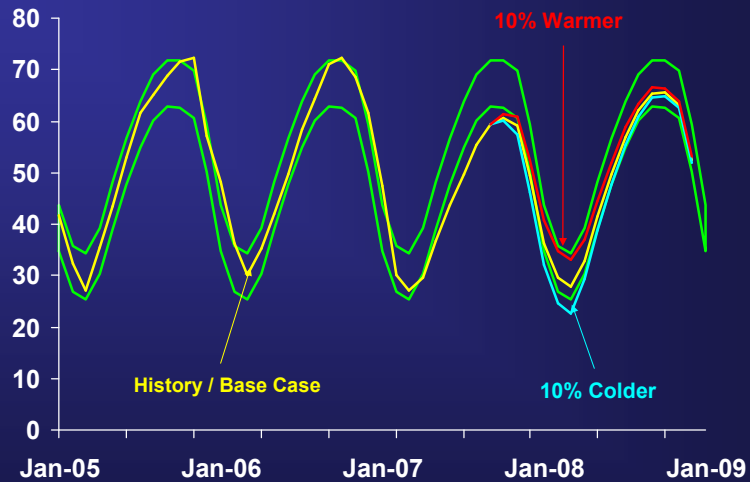
U.S. winter heating oil expenditures projected to increase for all regions.



Residential propane prices are expected to average about 23 cents per gallon higher than last winter.



Propane inventories are low.



Colored green bands represent normal range published in Energy Information Administration, *Weekly Petroleum Status Report*.

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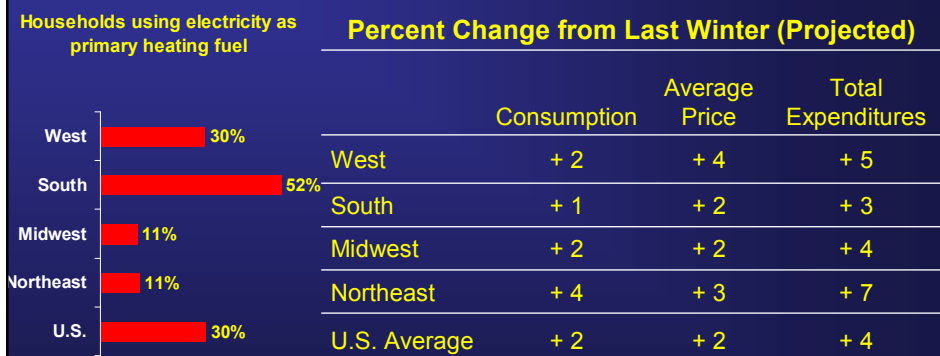
Propane expenditures are projected to increase in all regions.

Households using propane as primary heating fuel	Percent Change from Last Winter (Projected)		
	Consumption	Average Price	Total Expenditures
West	+ 2	+ 8	+ 10
South	+ 2	+ 13	+ 16
Midwest	+ 4	+ 15	+ 19
Northeast	+ 5	+ 15	+ 21
U.S.	+ 3	+ 13	+ 16

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Winter electricity expenditure increases are expected to be smaller than other fuels.



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Summary

- On average, U.S. households will pay about \$88, or 10 percent, more for heating this winter.
- Higher expenditures are driven by higher fuel prices and weather-related increases in consumption.
- Under the baseline forecast, natural gas expenditures could be about \$78, or 10 percent, higher for the average U.S. household this winter.
- Heating oil expenditures are projected to be about \$319, or 22 percent, higher for the average U.S. household this winter.
- Electricity expenditures are forecasted to be \$32, or 4 percent, higher for the average U.S. household this winter.
- A colder winter would raise estimated expenditures somewhat from those of the base case.

Short-Term Energy Outlook, October 2007



Periodic Reports

Petroleum Status and Natural Gas Storage Reports, weekly

Short-Term Energy Outlook, monthly

Annual Energy Outlook 2007, February 2007

International Energy Outlook 2007, May 2007

Examples of Special Analyses

“Economic Effects of High Oil Prices,” *Annual Energy Outlook 2006*

Analysis of Oil and Gas Production in the Arctic National Wildlife Refuge,
March 2004

The Global Liquefied Natural Gas Market: Status and Outlook, December 2003

“Impacts of Increased Access to Oil and Natural Gas Resources in the Lower 48
Federal Outer Continental Shelf,” *Annual Energy Outlook 2007*

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