

# EIA's short-term oil market outlook



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*Federal Reserve Bank of Dallas and Federal Reserve Bank of Kansas City  
joint conference: Energy and the Economy: Charting the Course Ahead*

*September 7, 2018 | Dallas, Texas*

*By*

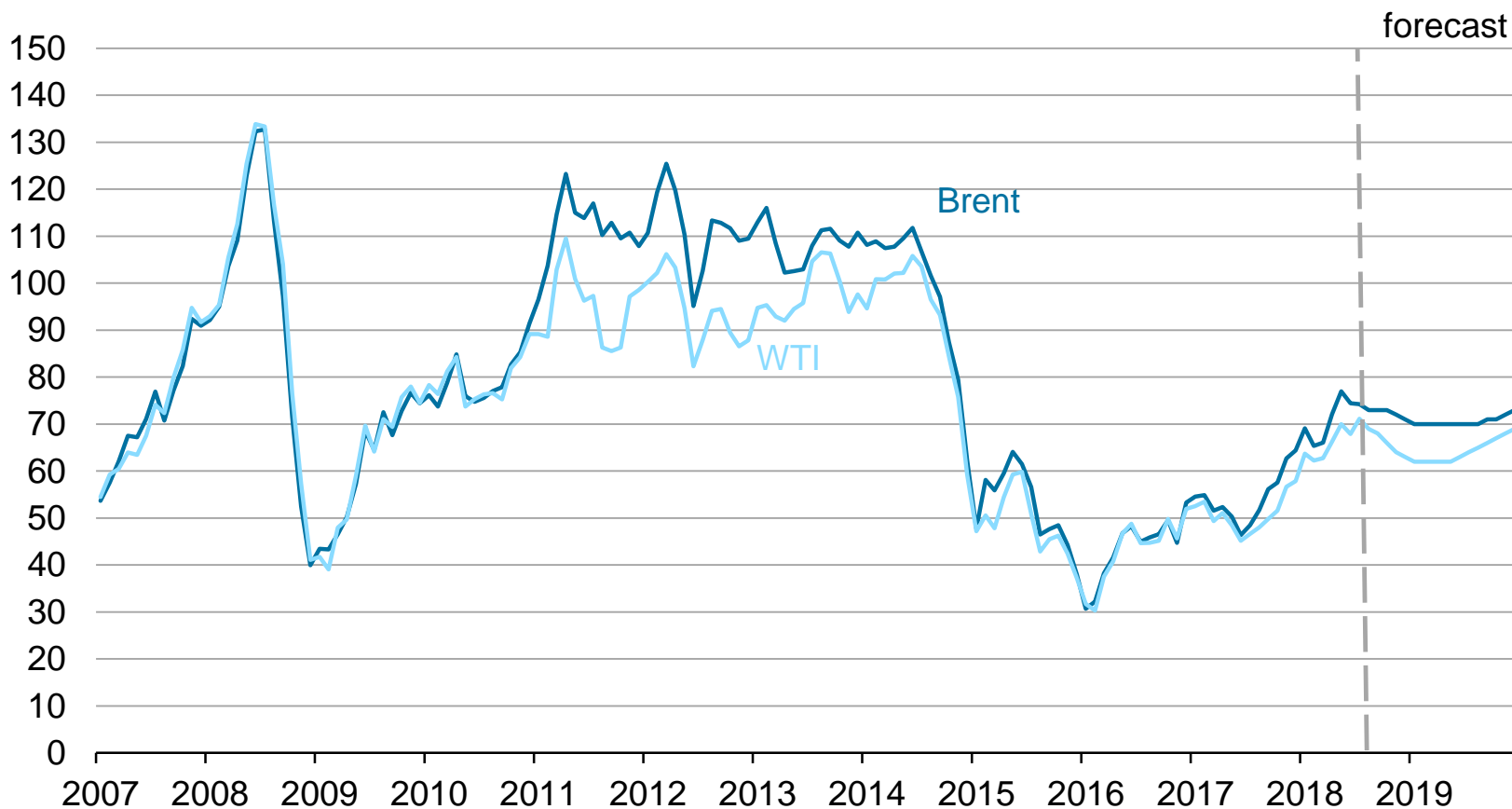
*Dr. Linda Capuano, EIA Administrator*

## Key takeaways

- Crude oil prices are expected to remain near current levels as oil markets are expected to be in relative balance in the coming months
  - Pipeline constraints in the Permian basin are expected to contribute to lower Permian well head and Cushing prices
  - Lower global oil inventory levels and OPEC spare capacity could contribute to oil price volatility and rising prices in the case of supply disruption
- Global oil demand growth is expected to be relatively strong in 2018 and 2019, but mounting concern over the pace of economic growth could trigger downward pressure on oil prices
- Crude oil and natural gas plant liquid production in the United States is expected to continue to grow strongly, even with pipeline constraints

# EIA forecasts crude oil prices to generally remain near current levels through the end of 2019

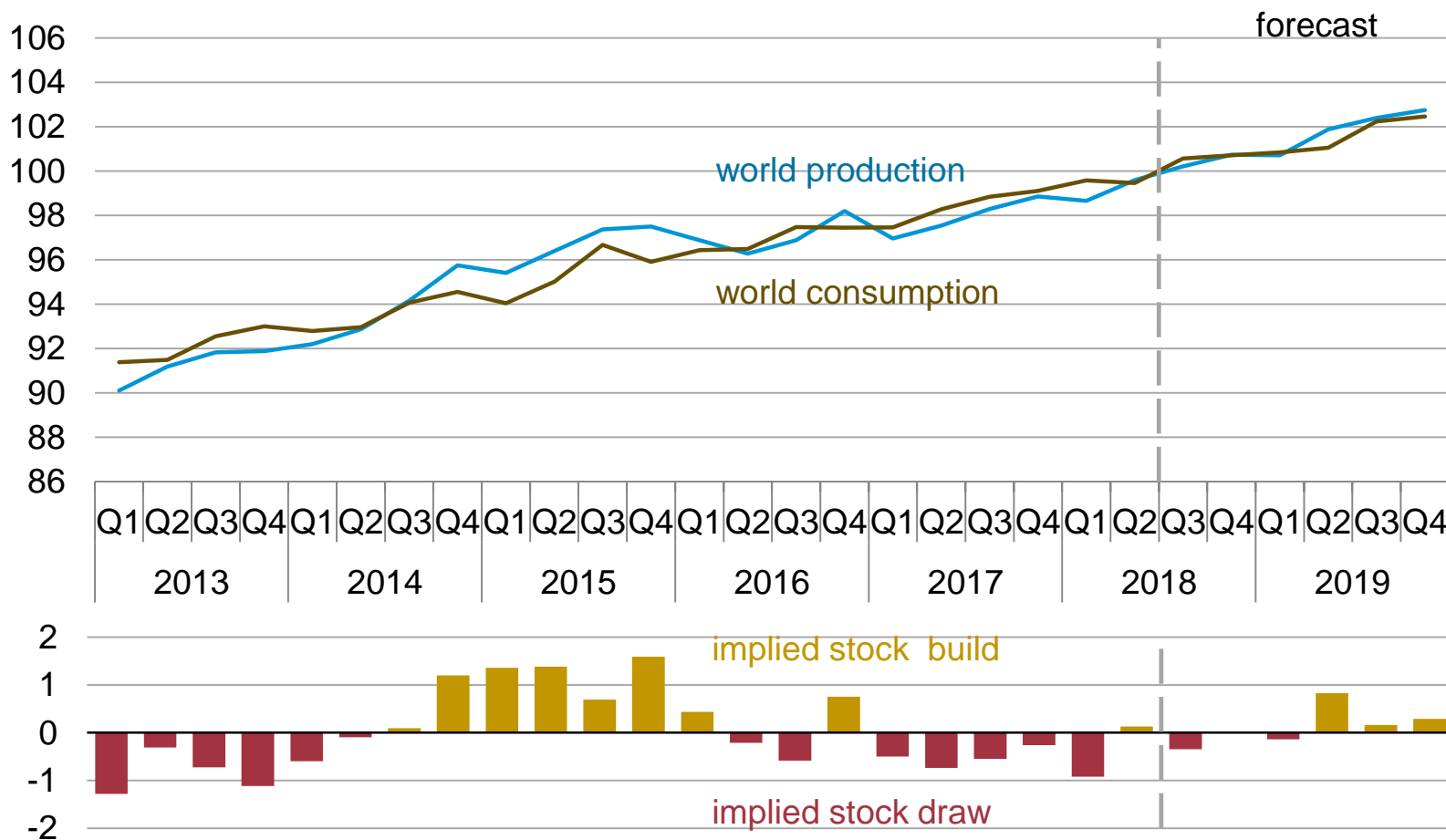
Crude oil spot prices (monthly average)  
dollars per barrel (nominal)



Sources: Thomson Reuters; EIA, August 2018 Short-Term Energy Outlook

# A forecast for mostly balanced crude oil markets contributes to the expectation of a narrow range for prices

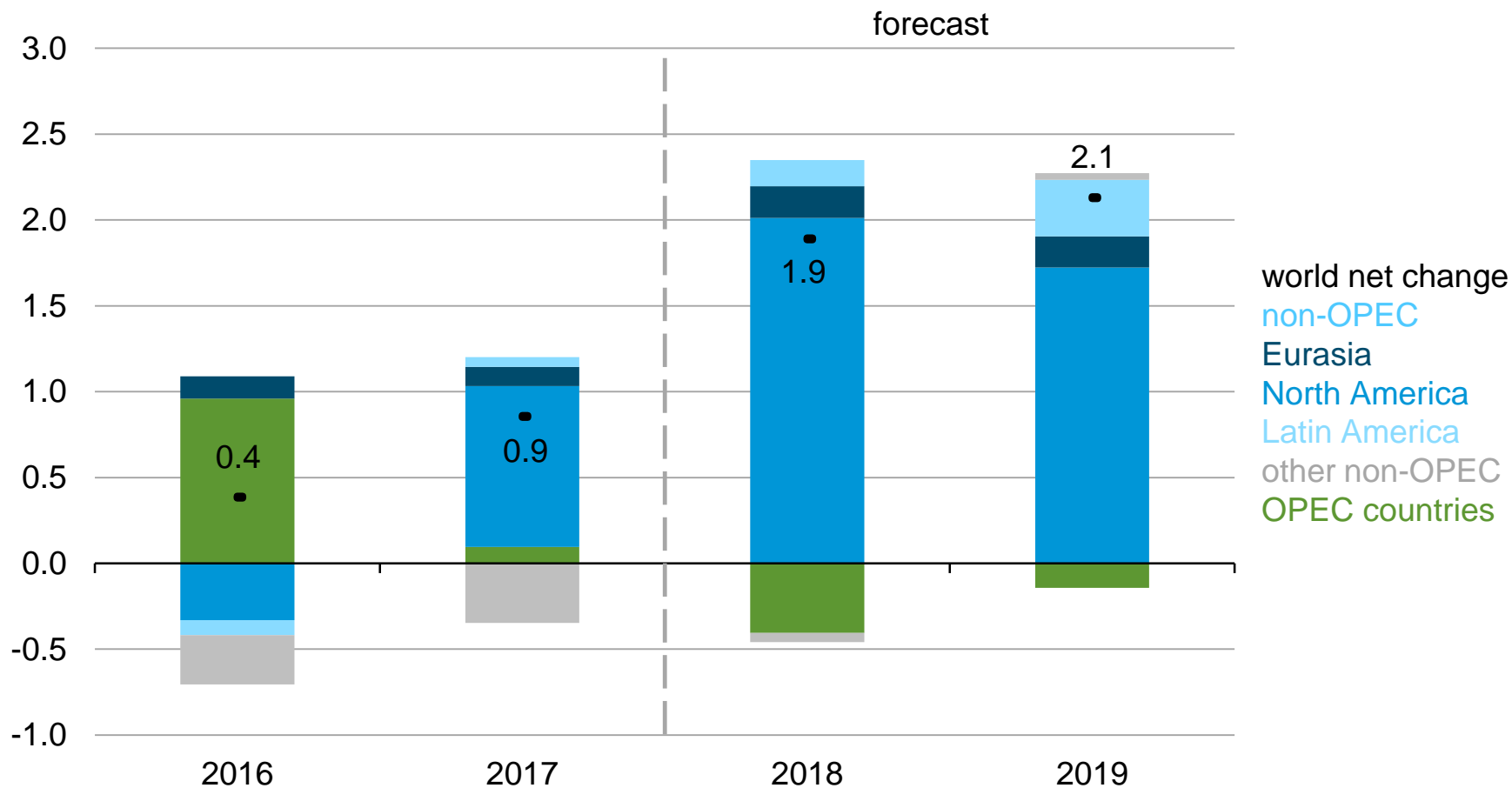
Global oil market balances  
million barrels per day



Sources: EIA, August 2018 Short-Term Energy Outlook

# Most forecasted global oil supply growth is expected to come from North America

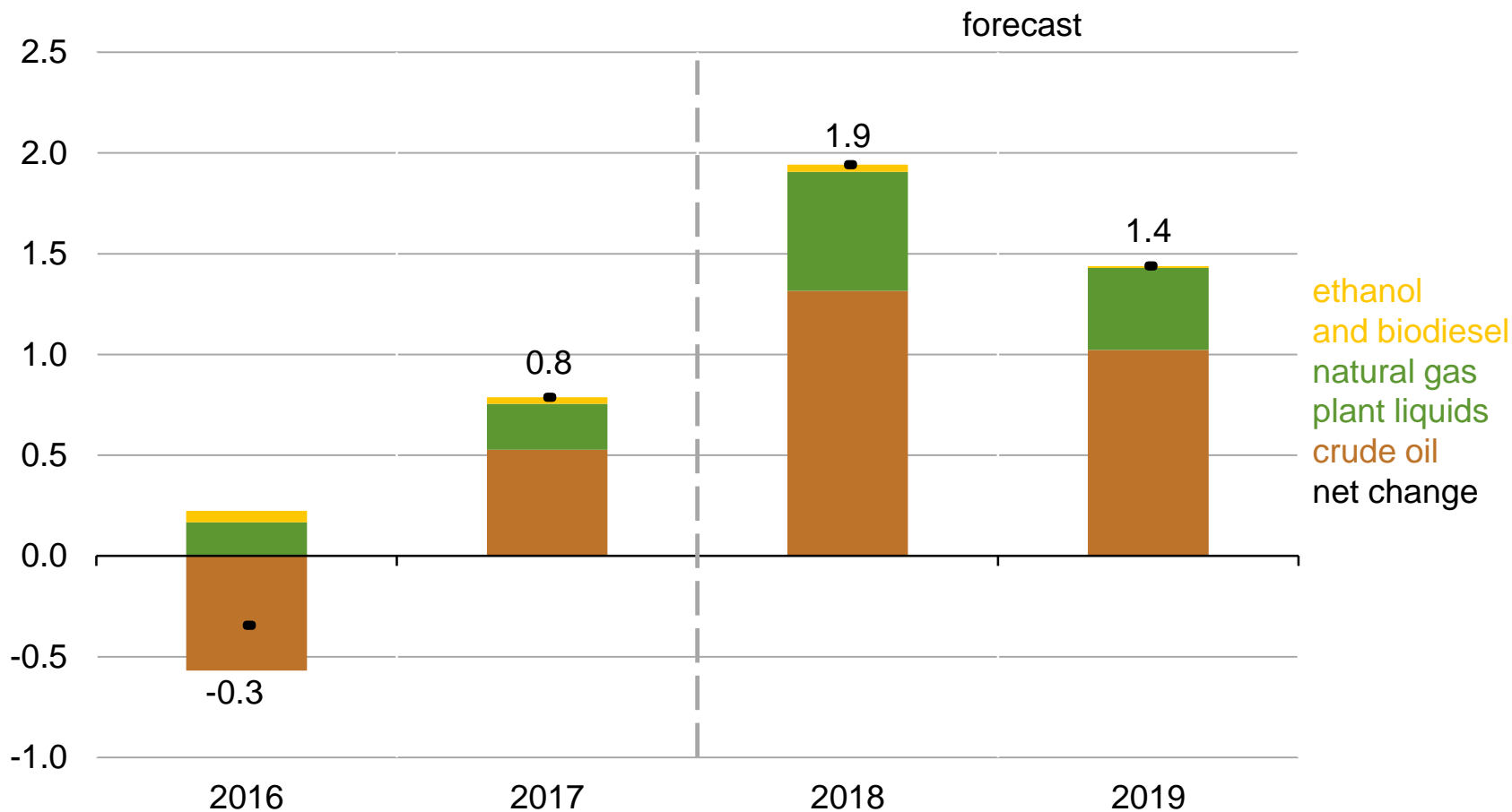
Annual change in liquid fuels production  
million barrels per day



Sources: EIA, August 2018 Short-Term Energy Outlook

# NGPLs and crude oil drive U.S. production growth, with much of this growth from the Permian

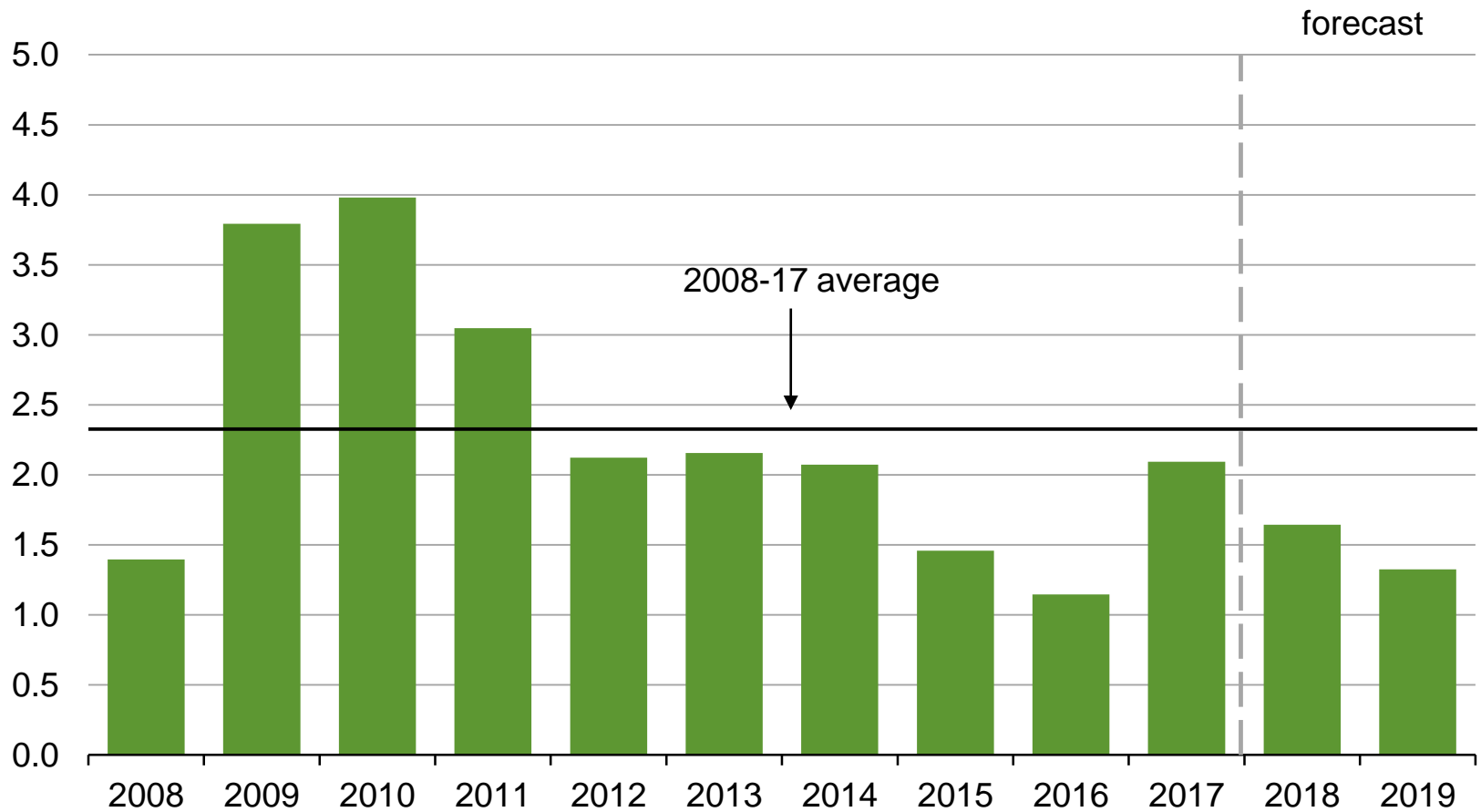
Annual change in U.S. liquid fuels production  
million barrels per day



Sources: EIA, August 2018 Short-Term Energy Outlook

# Low OPEC spare capacity combined with lower inventory levels could contribute to price volatility

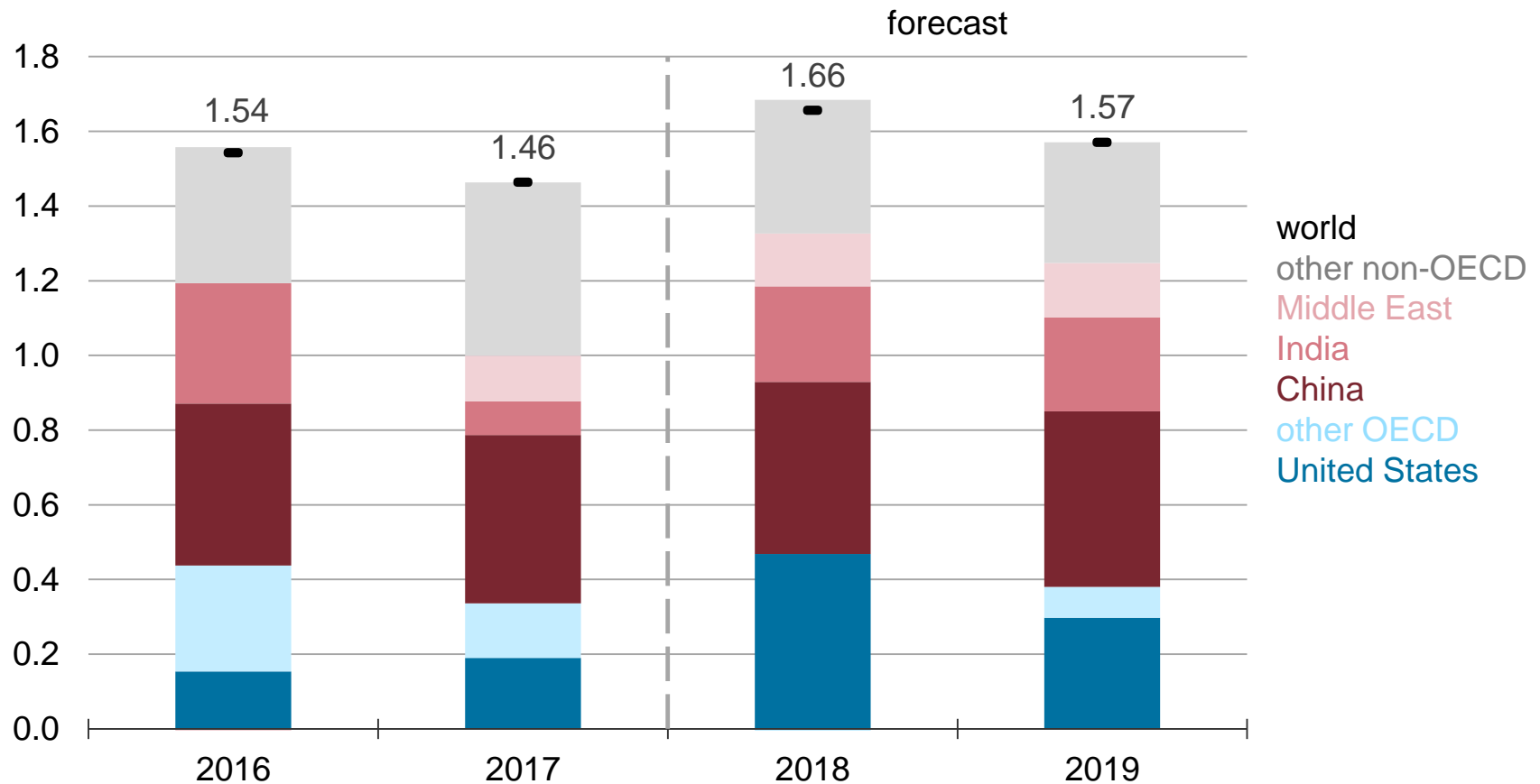
OPEC spare crude oil production capacity (annual average)  
million barrels per day



Sources: EIA, August 2018 Short-Term Energy Outlook

# In the forecast, China, India, and the United States provide about two-thirds of global liquid fuels consumption growth

Annual change in liquid fuels consumption  
million barrels per day

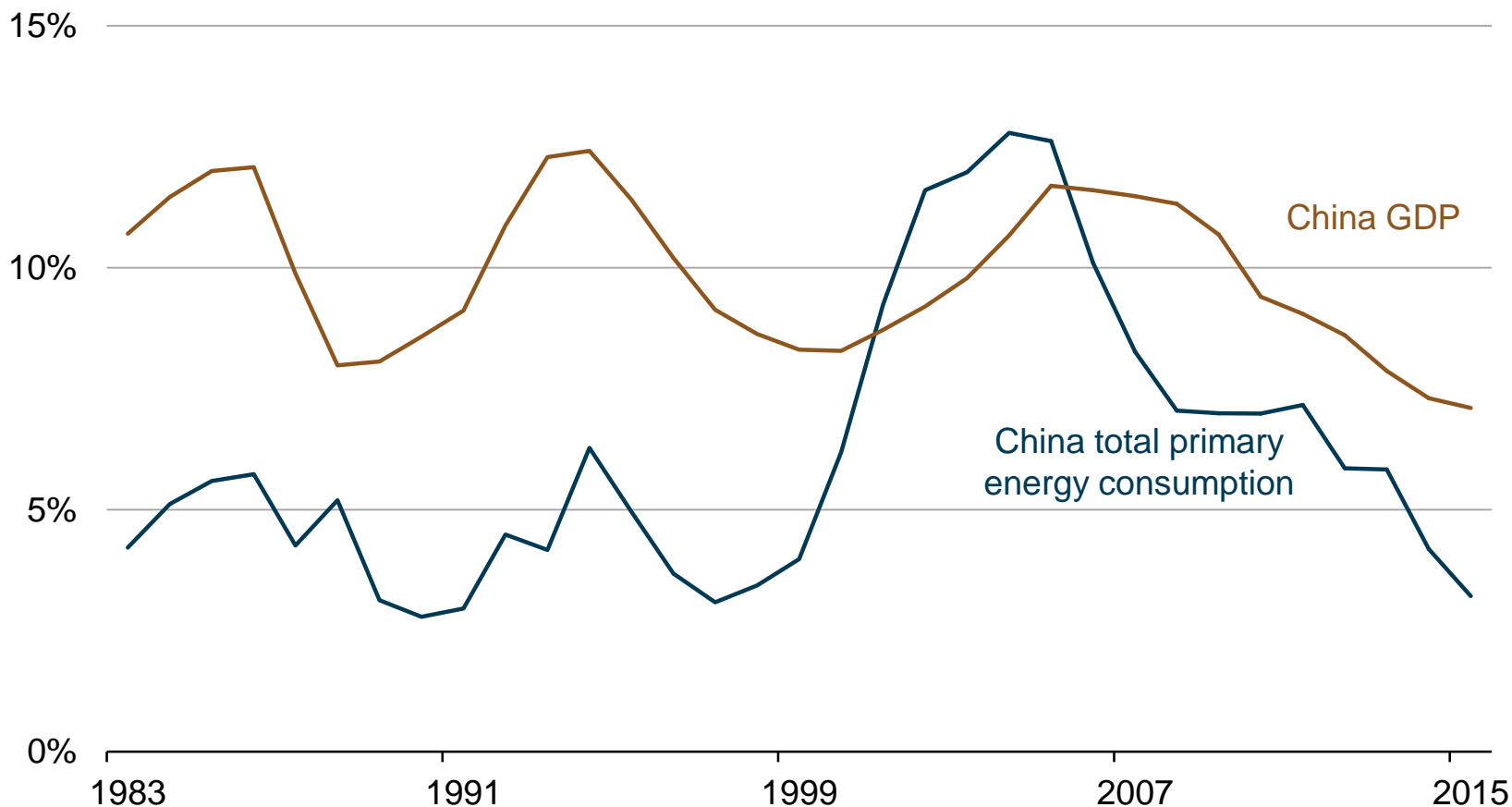


Sources: EIA, August 2018 Short-Term Energy Outlook



# China's GDP and energy consumption growth have slowed in recent years

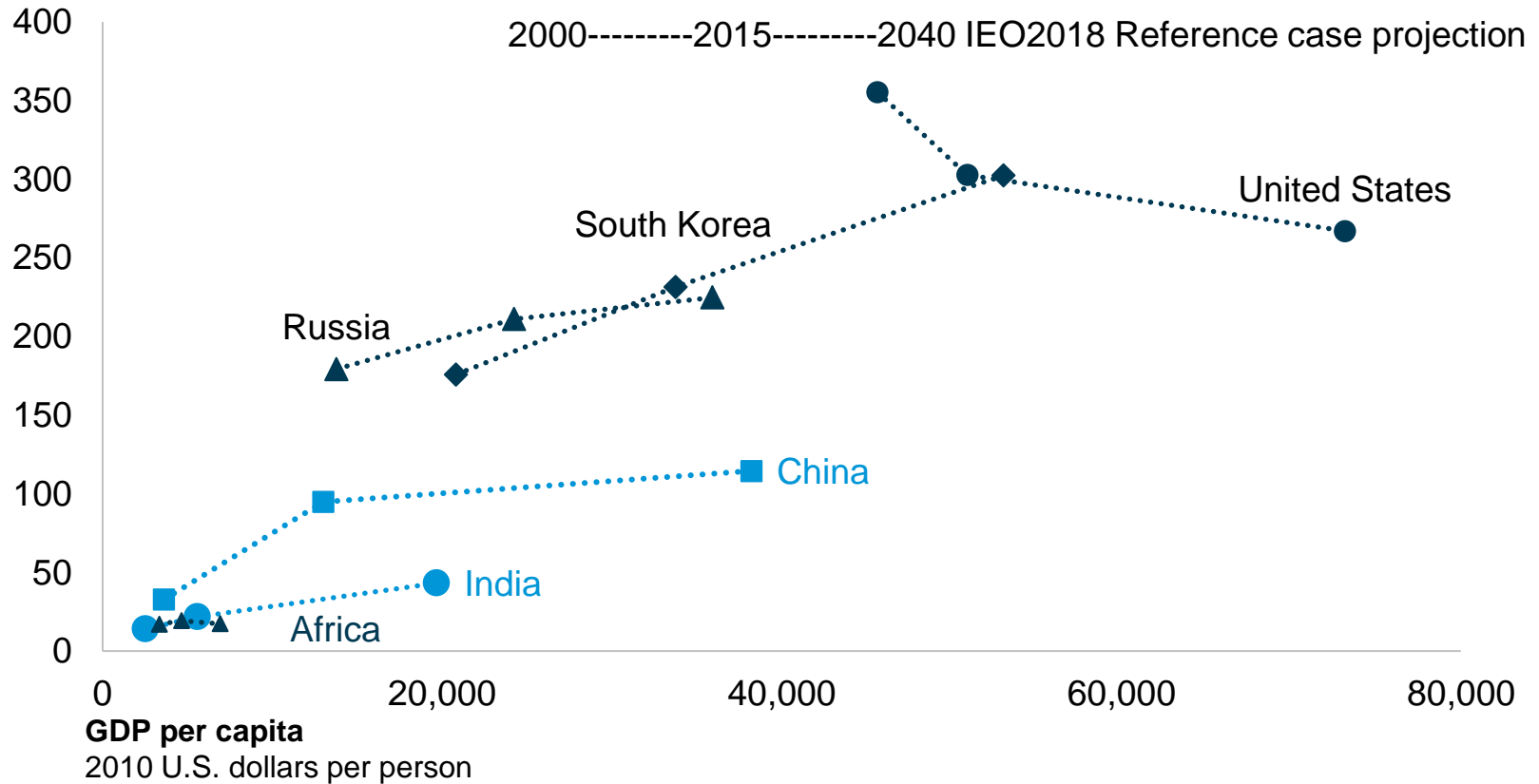
Chinese GDP and energy consumption annual growth rate, five-year moving average



Source: EIA, International Energy Outlook 2018

# Per capita income and energy consumption continue to lag other major economies

IEO2018 Reference case  
energy consumption per capita  
million Btu per person



Source: EIA, International Energy Outlook 2018

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## For more information

U.S. Energy Information Administration home page | [www.eia.gov](http://www.eia.gov)

Short-Term Energy Outlook | [www.eia.gov/steo](http://www.eia.gov/steo)

Annual Energy Outlook | [www.eia.gov/aeo](http://www.eia.gov/aeo)

International Energy Outlook | [www.eia.gov/ieo](http://www.eia.gov/ieo)

Monthly Energy Review | [www.eia.gov/mer](http://www.eia.gov/mer)

Today in Energy | [www.eia.gov/todayinenergy](http://www.eia.gov/todayinenergy)