

EIA-Short-Term Energy Outlook – Highlights

U.S. regular gasoline retail prices this summer are forecast to average \$2.25/gallon (gal), 2 cents/gal lower than forecast in last month's STEO and 39 cents/gal lower than last summer, measured as April through September. U.S. regular gasoline retail prices are forecast to average \$2.12/gal in 2016 and \$2.28/gal in 2017.

U.S. crude oil production averaged 9.4 million barrels per day (b/d) in 2015. Production is forecast to average 8.6 million b/d in 2016 and 8.2 million b/d in 2017, both unchanged from last month's STEO. EIA estimates that crude oil production for June 2016 averaged 8.6 million b/d, which is 0.2 million b/d below the May 2016 level, and almost 1.1 million b/d below the 9.7 million b/d level reached in April 2015.

Natural gas working inventories were 3,179 billion cubic feet (Bcf) on July 1. This level is 20% higher than a year earlier, and 23% higher than the previous five-year (2011-15) average for that week. The natural gas storage injection season typically runs from April through October. EIA projects that natural gas inventories will be 4,022 Bcf at the end of October 2016, which would be the highest end-of-October level on record. Henry Hub spot prices are forecast to average \$2.36/million British thermal units (MMBtu) in 2016 and \$2.95/MMBtu in 2017, compared with an average of \$2.63/MMBtu in 2015.

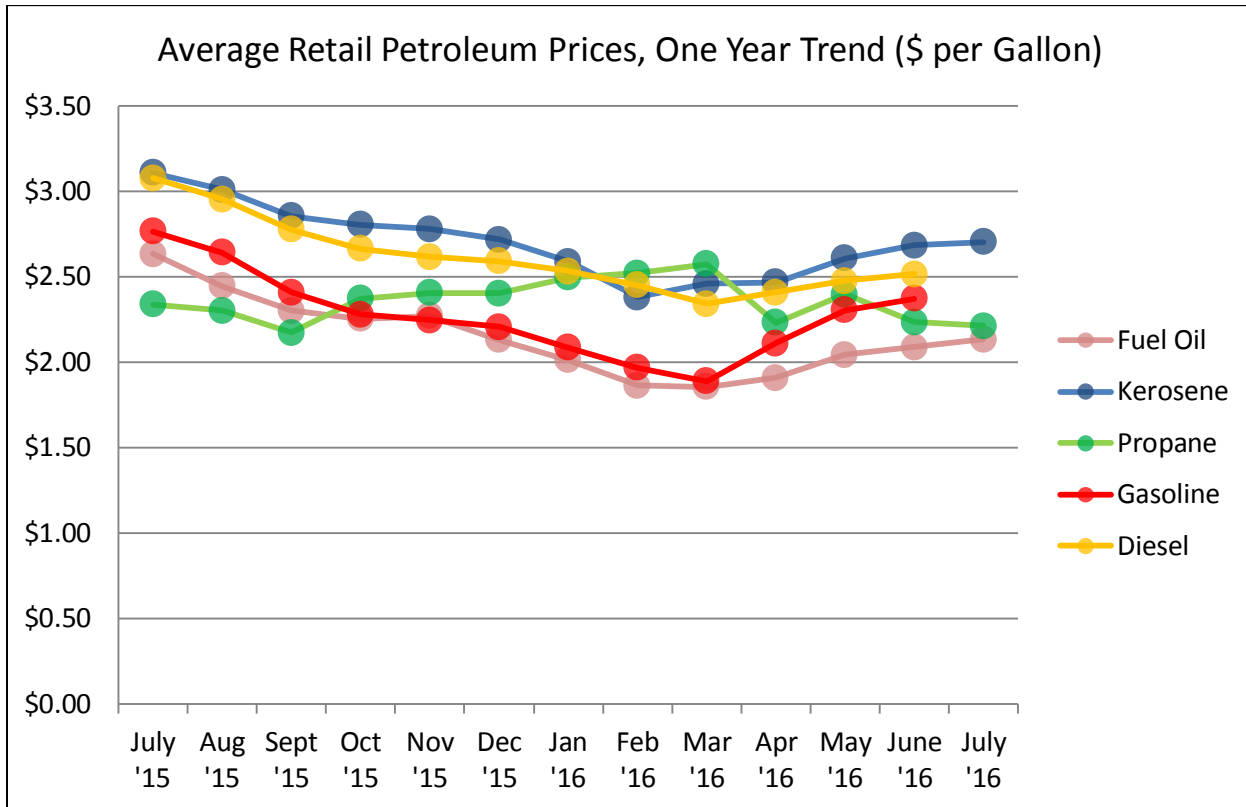
Benchmark North Sea Brent crude oil spot prices averaged \$48/barrel (b) in June, a \$2/b increase from May and the fifth consecutive monthly increase since reaching a 12-year low of \$31/b in January.

Brent crude oil prices are forecast to average \$44/b in 2016 and \$52/b in 2017. West Texas Intermediate (WTI) crude oil prices are forecast to be the same as Brent in 2016 and in 2017. However, the current values of futures and options contracts suggest high uncertainty in the price outlook. For example, EIA's forecast for the average WTI price in October 2016 of \$48/b should be considered in the context of Nymex contract values for October 2016 delivery. Contracts traded during the five-day period ending July 7 (Market Prices and Uncertainty Report) suggest the market expects WTI prices could range from \$35/b to \$67/b (at the 95% confidence interval) in October 2016.

Editor's Note: Data presented in the Vermont Fuel Price Report, as in the past, is collected on the first Monday of the month. No gasoline prices were collected in July.

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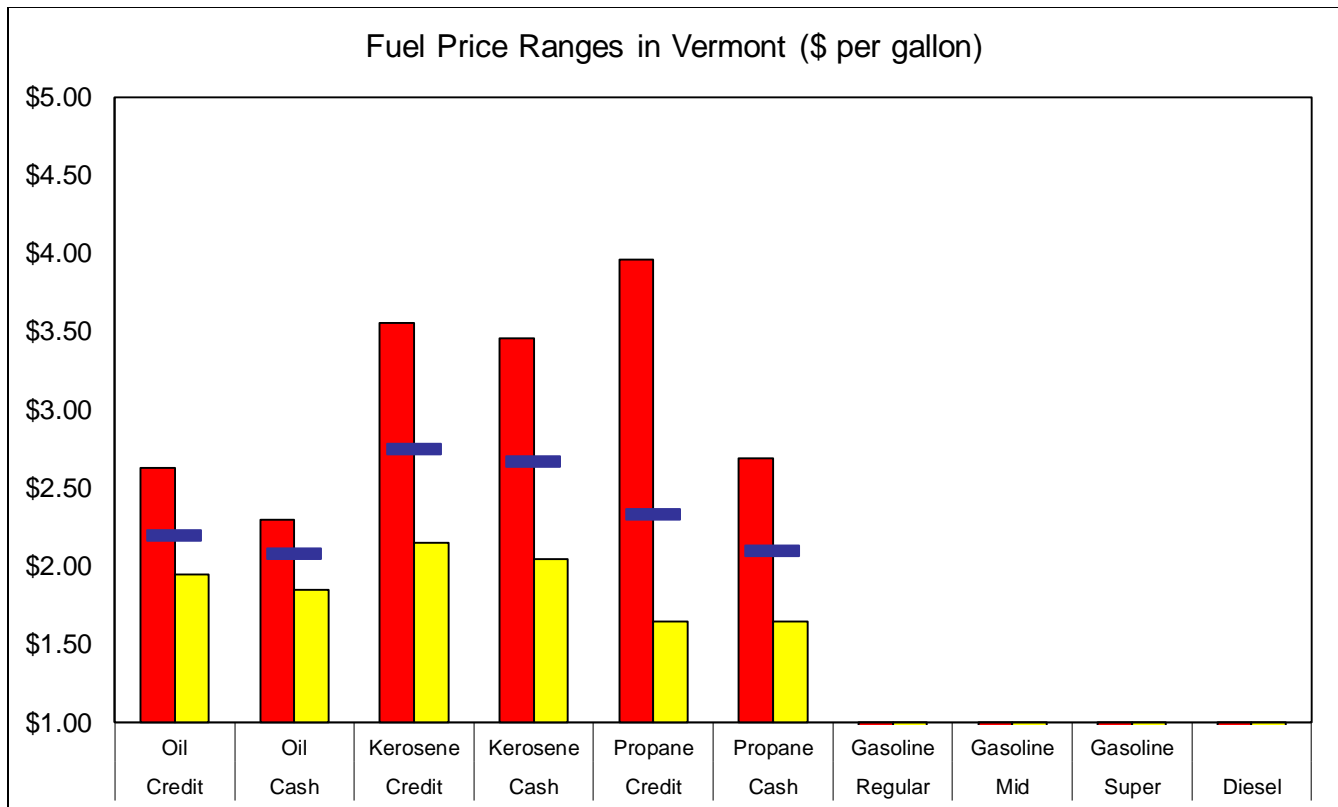
July
2016



| Percentage Change in Average Retail Petroleum Prices, Month over Month & Year To Date | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | <u>July '16</u> | <u>June '16</u> | <u>% Change</u> | <u>July '15</u> | <u>% Change</u> |
| No. 2 Fuel Oil | \$2.13 | \$2.09 | 2.2% | \$2.63 | -19.0% |
| Kerosene | \$2.70 | \$2.68 | 0.7% | \$3.11 | -13.0% |
| Propane | \$2.21 | \$2.24 | -1.1% | \$2.34 | -5.4% |
| Reg. Unleaded Gasoline | No Data | \$2.37 | N/A | \$2.77 | N/A |
| Diesel | No Data | \$2.52 | N/A | \$3.08 | N/A |

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NOTE: The Vermont Fuel Price Report is published monthly by the Vermont Department of Public Service. Prices are collected on or about the first Monday of each month and reflect dealer discounts for cash or self-service, except propane prices, which are an average of the credit and discount price. Propane prices are based on 1,000 + gallons. For more information please contact John Woodward at (802) 828-3061 or by email at john.woodward@vermont.gov.