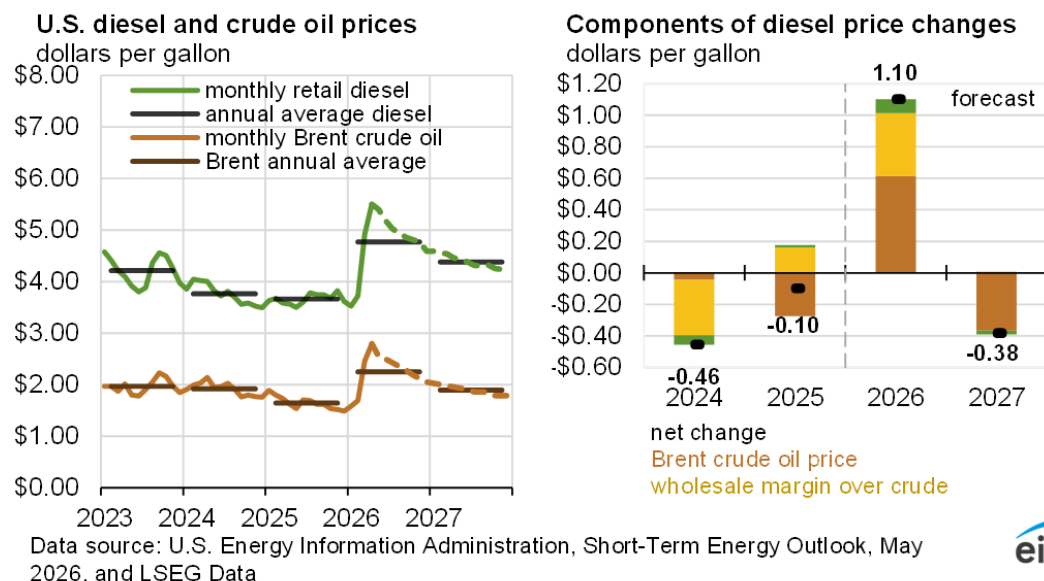


Short-Term Energy Outlook

Release Date: May 12, 2026 | Forecast Completed: May 7, 2026 | Next Release Date: June 9, 2026



Forecast overview

- Global oil production.** Disruptions to crude oil production in the Middle East have increased significantly since our April *Short-Term Energy Outlook* (STEO). We assess that Iraq, Saudi Arabia, Kuwait, the UAE, Qatar, and Bahrain collectively shut in 10.5 million barrels per day (b/d) of crude oil production in April. This report assumes that the Strait of Hormuz remains effectively closed until late May, with shipping traffic beginning to pick up in June. Oil shipments through the strait, however, will not likely reach pre-conflict levels until later this year, and we expect some oil production in the Middle East to remain disrupted over that period. Disrupted production leads to large oil inventory draws, particularly in May and June, limiting downward oil price pressures even after flows through the strait rise. Because this month we assume both a later reopening of the Strait of Hormuz and a longer recovery period for shut-in oil production, we forecast global oil inventories will decrease by 2.6 million b/d this year, compared with a 0.3 million b/d decrease in last month's STEO.
- OPEC.** The UAE announced its departure from OPEC, effective May 1, 2026. Our May STEO incorporates that change. OPEC production numbers in this outlook exclude data from the UAE, both for historical and forecast periods. Because the UAE held spare crude oil production capacity, we now expect OPEC's spare capacity to average 2.5 million b/d in 2027, compared with our previous forecast of 3.8 million b/d.
- Crude oil price forecast.** The Brent crude oil spot price increased sharply in April, reaching a high of \$138 per barrel (b) on April 7 and averaging \$117/b for the month, as the de facto closure of the Strait of Hormuz tightened global oil supplies. We expect global oil inventories will fall by an average of 8.5 million b/d in the second quarter of 2026 (2Q26), keeping Brent prices around \$106/b in May and June. As oil production in the Middle East rises, we expect crude oil prices to fall, dropping to an average of \$89/b in 4Q26 and \$79/b in 2027.
- Propane inventories.** U.S. propane inventories reached record highs in late 2025, and we expect they will remain above average throughout this year as production growth continues to outpace increases in demand. We expect propane inventories to peak in October 2026 before drawing down during the winter heating season (November—March) but to remain above the five-year average through the forecast period. Elevated inventory levels are expected to place downward pressure on U.S. propane prices,

leading to an increase in U.S. propane exports in 2026 and 2027 as buyers in Asia replace lost supply from the Persian Gulf after the Strait of Hormuz closure.

- **LNG exports.** U.S. liquefied natural gas (LNG) export capacity grew by about 0.9 billion cubic feet per day (Bcf/d) in April, led by the [first shipment from Golden Pass LNG's Train 1](#) and additional output from Corpus Christi Stage 3. Corpus Christi Train 6 is scheduled to come online in summer 2026, adding an additional 0.2 Bcf/d of nominal export capacity, but long lead times for adding new export capacity will constrain growth in U.S. LNG exports. [Global LNG prices remain elevated](#) as a result of reduced flows through the Strait of Hormuz, with a wide spread between U.S. domestic natural gas prices and international markets.
- **Natural gas production.** U.S. marketed natural gas production averaged 120.2 Bcf/d in 1Q26, up 4% from 1Q25. We expect production to keep rising through 2027, with associated natural gas output increasing as higher crude oil prices support more crude oil production. Natural gas production growth this year is driven primarily by 6% growth both in the Permian and Haynesville regions. We increased our forecast of marketed natural gas production by 1% this year and by 2% in 2027 compared with last month's forecast based on our analysis that shows rising gas-to-oil ratios from many wells in the Permian region.
- **Electricity consumption.** U.S. electricity demand in our forecast rises 1.3% in 2026, averaging almost 4,250 billion kilowatthours and growing another 3.1% in 2027. Electricity demand growth is led by [growth in the commercial sector](#), which is expected to outpace residential demand in 2027 for the first time on record. Industrial demand is also increasing, although at a slower pace, further contributing to overall growth.
- **Electricity prices.** Residential electricity prices are expected to increase by 5% in 2026 and to continue to rise in 2027, although at a slower pace. Prices are rising across the United States, but the largest increases will likely occur in regions along the East Coast.
- **Electricity generation.** Our forecast for utility-scale solar generation in 2026 is 1.4% higher than in the previous STEO because we revised our estimate of the amount of solar generating capacity that was online at the beginning of this year.

Global oil inventory change (million barrels per day)	-2.6	3.9
Previous forecast	-0.3	3.3
Change	-2.3	0.5
OPEC surplus production capacity (million barrels per day)	0.5	2.5
Previous forecast	1.2	3.8
Change	-0.6	-0.4
Henry Hub spot price (dollars per million British thermal units)	\$3.50	\$3.18
Previous forecast	\$3.67	\$3.59
Percentage change	-4.4%	-11.5%
U.S. marketed natural gas production (billion cubic feet per day)	121.8	126.8
Previous forecast	120.7	124.2
Percentage change	1.0%	2.1%

The current STEO forecast was released May 12.

The previous STEO forecast was released April 7.

You can find more information in the [detailed table of forecast changes](#).