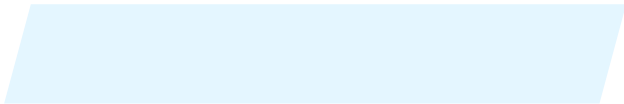


### World Gasoline/Diesel Consumption

The Energy Information Agency at DOE has some really interesting [projections](#) of future oil use and prices. According to the EIA, in their baseline scenario, “the price of light sweet crude oil in the United States (in real 2007 dollars) rises from \$61 per barrel in 2009 to \$110 per barrel in 2015 and \$130 per barrel in 2030.” The reason is rising demand in the developing world: “Total non-OECD energy consumption increases by 73 percent in the *IEO2009* reference case projection, as compared with a 15-percent increase in energy use among the OECD countries.” The chart to the left tells the tale.

However, there is considerable uncertainty depending on the extent to which OPEC continues to restrict supply and on oil sales from Russian and the Caspian area, as the second chart illustrates.



## Oil Price Forecasts

It will be interesting to see this year's projections. The 2009 forecasts seem to have been quite different from the 2008 ones, perhaps in part because of the change in Administrations. But at least the 2009 results suggest that oil prices like those of the summer of 2008 could well become the norm within the next decade.

Our chances of low prices seems to depend on favorable developments in the Middle East and Russia, not the most cheery of prospects. Energy security seems to require aggressive development of biofuels, hybrids, and electric vehicles.