



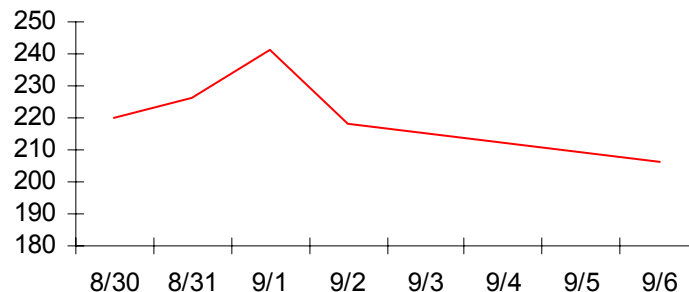
JOINT ECONOMIC COMMITTEE

ROBERT F. BENNETT, VICE CHAIRMAN SEPT. 6, 2005

Update on Economic Impacts of Katrina

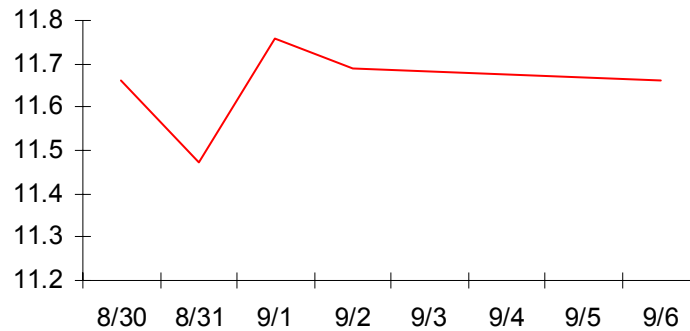
- The Gulf of Mexico region is home to about a quarter of all U.S. oil and gas output.
- Friday vs. Tuesday information (the latter from the Minerals Management Service's Monday reports):
 - **Crude Oil:**
 - **Friday:** 1.4 million barrels per day of offshore crude oil production was "shut in." This represents about 91% of daily oil production in the Gulf, which is around 1.5 million barrels per day.
 - **Tuesday:** 1.0 million barrels per day of offshore crude oil production was shut in as of Monday. This represents about 70% of the daily oil production in the Gulf. Early reports on Tuesday production indicate that shut in production may have fallen below 60%.
 - **Natural Gas:**
 - **Friday:** Natural gas production shut in was 8.345 billion cubic feet per day, or around 83% of daily gas production, which is approximately 10 billion cubic feet per day.
 - **Tuesday:** Shut-in natural gas production was 5.225 billion cubic feet per day, which represents around 52% of the daily production of the Gulf of Mexico region.
- There are media reports that Katrina may have damaged key natural gas processing facilities on the Gulf Coast, which could delay a recovery of natural gas supplies. Several plants may have been affected. The U.S. Department of Energy is following up on these reports.
- **Gasoline Futures:** The per gallon (futures) price of unleaded gasoline to be delivered in October was \$2.20 last Tuesday (8/30), climbed to \$2.26 last Wednesday (8/31), and spiked to \$2.41 last Thursday (9/01) on concerns about Katrina's effects on refining capacity as the aftermath of the storm revealed significant infrastructure damage. However, some of those concerns have eased as reports of refineries coming back on line began to surface. The (futures) price fell to \$2.18 per gallon last Friday (9/02) and closed at \$2.06 today (9/06). The per gallon price for December deliver, having risen slightly above \$2.00 last week, has declined to \$1.87.

Unleaded Gasoline (NY) Oct. Delivery
(cents/gallon)



- Natural Gas Futures:** The per million British thermal unit (MMBtu) price of natural gas for October delivery was \$11.66 last Tuesday, \$11.47 last Wednesday, and spiked to \$11.76 last Thursday on concerns about infrastructure damage. Since then, prices have receded. The price was \$11.69 last Friday and closed at \$11.66 today. However, the October delivery price remains around 19% above what it was pre-Katrina.

Natural Gas Oct. Delivery (\$/MMBtu)



- Crude Oil Futures:** The per barrel price of (light sweet) crude oil for October delivery was \$69.81 last Tuesday, \$68.94 last Wednesday, \$69.47 last Thursday, \$67.57 last Friday, and has receded to \$65.96 at today's close of markets.

Crude Oil, Light Sweet (\$/Barrel)

