

How low can gasoline prices go?

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After marching relentlessly higher this year, gasoline prices suddenly have made a sharp U-turn in the past few weeks. Analysts say consumers can expect even more relief at the pump in the coming weeks. "Wholesale prices are down 70 cents since Aug. 7, and retail are down about 30 cents," said Tom Kloza at Oil Price Information Service. "It doesn't take John Maynard Keynes to anticipate that we've got tens of cents of catching up to do." The average retail price for a gallon of regular gasoline fell 11.8 cents last week to \$2.73 per gallon, Energy Department figures released Thursday. That is 34 cents lower than this time last year and the lowest since April.

And gasoline inventories continued to build, making it likely the pump prices will continue to drop. Refineries are running at 93.6 percent of capacity — the highest levels since hurricanes Katrina and Rita took a big bite out of production last fall. "I think we'll quickly see prices move to \$2.50 on a national average and may go as low as \$2.25," said John Kilduff, an oil analyst at Fimat USA.

Just as the sharp spike in pump prices this year had multiple causes, several factors have combined to send prices lower again. Much of the price run-up was based on fears that gasoline producers, still recovering from refinery damage inflicted by last year's hurricanes, would have trouble keeping up with the annual rise in demand for the summer driving season. Those fears were amplified by bottlenecks early in the season caused by a switch to a seasonal ethanol blend. A lot of the supply fears concerning the use of ethanol really didn't come to fruition," said Kilduff. "We made it through the peak driving season."

The biggest drop was in the Midwest, where the average price fell 16.5 cents last week to \$2.60 a gallon. Diesel fuel prices are down, falling 6 cents nationwide to an average \$2.97 a gallon. Kloza figures Americans will spend \$3 billion less on gasoline this month than they did last September. Beutel estimates consumers will save another \$3.8 million a day for every penny knocked off the average pump price.

Major oil producers like Saudi Arabia and Venezuela want to prevent crude prices from falling. In such countries gas prices are as follows: Venezuela (v) – 0.12, Nigeria (n)– 0.38, Egypt (e) – 0.65, Kuwait (k) – 0.78, and Saudi Arabia (s) – 0.91. And oil production in Iraq, and to a lesser extent Nigeria, has been slowed by violence and insurgent attacks. "We're going to need some of the uncertainty in the oil-producing countries to be rectified (before oil prices fall)," said Kilduff. Beutel says that over the next five years or so increased drilling activity worldwide could send oil prices crashing — and pump prices as low as \$1 a gallon in some parts of the country. But that forecast is on the optimistic end of the range. While consumers may once again see pump prices below \$2 a gallon, most analysts expect pump prices to remain volatile. "

1. In a complete sentence(s) explain the primary cause of the recent decline in fuel prices.
2. If your family operates two Sport Utility Vehicles, each of which burns approximately 32.17 gallons of gas in a week, compare and contrast their annual gas expense at the current mean retail price in relation to the cost last week.
3. Two years ago, the Chevron at East Lake and 155 sold regular unleaded gas at \$1.74 per gallon. A year later, after Katrina, it was \$3.29. Last night at 8:12:16 p.m., gas was \$2.49. Using the family data in question two, monthly and annually, how much will they spend in all three scenarios?
4. What is the percent of change between national average gas prices between last week and today?
5. Over duration of nineteen days, with gas prices falling an average of 1.23 cents the first four, 1.76 cents the next six, 1.11 cents a couple, 1.09 for 1/3 of a dozen days and 1.03 the remainder, approximately how much will consumers save?
6. Solve the following equation: [(product of v cubed and n squared)] divided by the [absolute value] of the sum of e to the fourth power & the opposite of (2k)(s)v cubed and the difference of (eknsv).
7. Compare and contrast the roles, perspectives, and if applicable agendas of Kilduff, Beutel, & Kloza.
8. In the passage above, in paragraph form, explain at least five ways using the red "Four-Step Reading" poster simplifies understanding of the material. Be specific.
9. Using contextual clues only, explain the meaning of the italicized words: *bipolar*, *fruition*, *insurgent*, *volatile*, *rectified*, *optimistic*, and *amplified*.
10. In paragraph form, explain five legitimate and educational purposes behind The Daughtry Times.