



U.S. PUMP PRICE UPDATE – NOVEMBER 18 2009

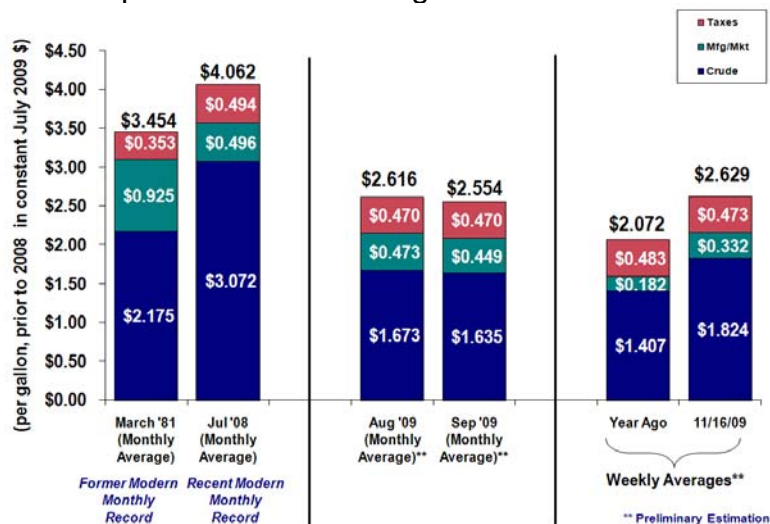
The average U.S. retail price for *all grades* of gasoline fell 3.6 cents from the prior week to \$2.684 per gallon, according to the Energy Information Administration (EIA). Compared with the December 29, 2008 low of \$1.67, the all-grade average was higher by \$1.01 per gallon, or 60.7 percent. The average has been above \$2.50 per gallon since the beginning of June. Nominal prices have been above the year-ago average for two weeks —and were up by 55.2 cents or 25.9 percent, from the year-ago average of \$2.132 per gallon. The average price for *regular grade* gasoline fell for the second time in five weeks, according to the EIA—by 3.7 cents, to \$2.629 for the week ending November 16 - and remained above \$2.50 for the fourth consecutive week. Regular grade prices continued to be below annual averages for any of the prior three years when adjusted for inflation (see second chart to the right), which have ranged from \$2.728 in 2006 to \$3.224 in 2008 when adjusted to September 2009 dollars. Prices moved *higher* than a year ago, with regular gasoline up 5.57 cents or 26.9 percent from 52 weeks ago (see first chart to the right). For the week ending November 16, crude oil costs were higher by about 41.7 cents per gallon, or 29.7 percent, than a year ago, but were 18.9 cents per gallon lower than September average of this year on a monthly basis. Compared with a year ago, the share for manufacturing and marketing gasoline was 15.0 cents *higher* or 82.1 percent.

September's monthly average price decreased reversing last month's trend, according to the EIA. September prices fell 6.2 cents or 2.37 percent from August to \$2.554 per gallon. Crude oil costs were down an estimated 3.8 cents per gallon from August to \$1.635 in September, while the combined share to manufacture, transport, and market gasoline is estimated to have dropped by 2.4 cents to \$0.449.

September's average retail price was down \$1.508, or by 37.1 percent, from the record level of \$4.062 in July 2008. Crude prices were \$1.438 or 46.8 percent lower than for July 2008. The combined share to manufacture, transport, and market gasoline was 4.6 cents or 9.4 percent lower than for last July.

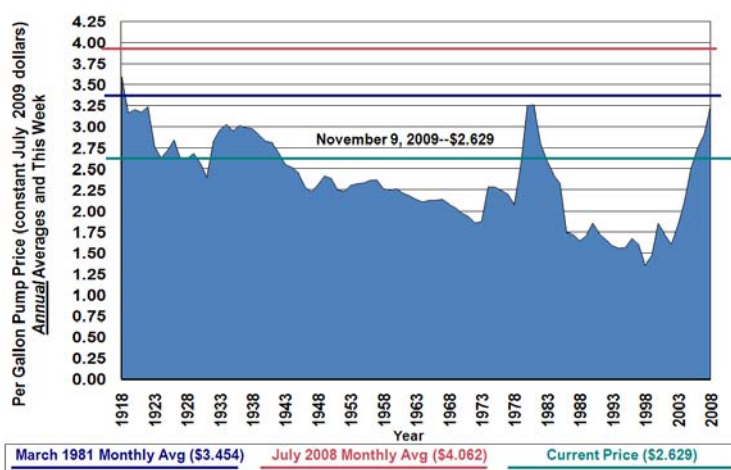
For the 13th time since July 2008, the *monthly* average price was below the previous inflation-adjusted record of \$3.424 set in March 1981,¹ by 26.0 percent in September 2009. Crude prices were lower than in March 1981 by 54.0 cents or 24.8 percent, and the combined share to manufacture, transport, and market gasoline, was 47.6 cents or 51.4 percent

Components of Retail Regular Gasoline Prices



Sources: U.S. Dept of Energy, U.S. Dept of Labor, and API

U.S. Annual Pump Prices, 1918 - 2008

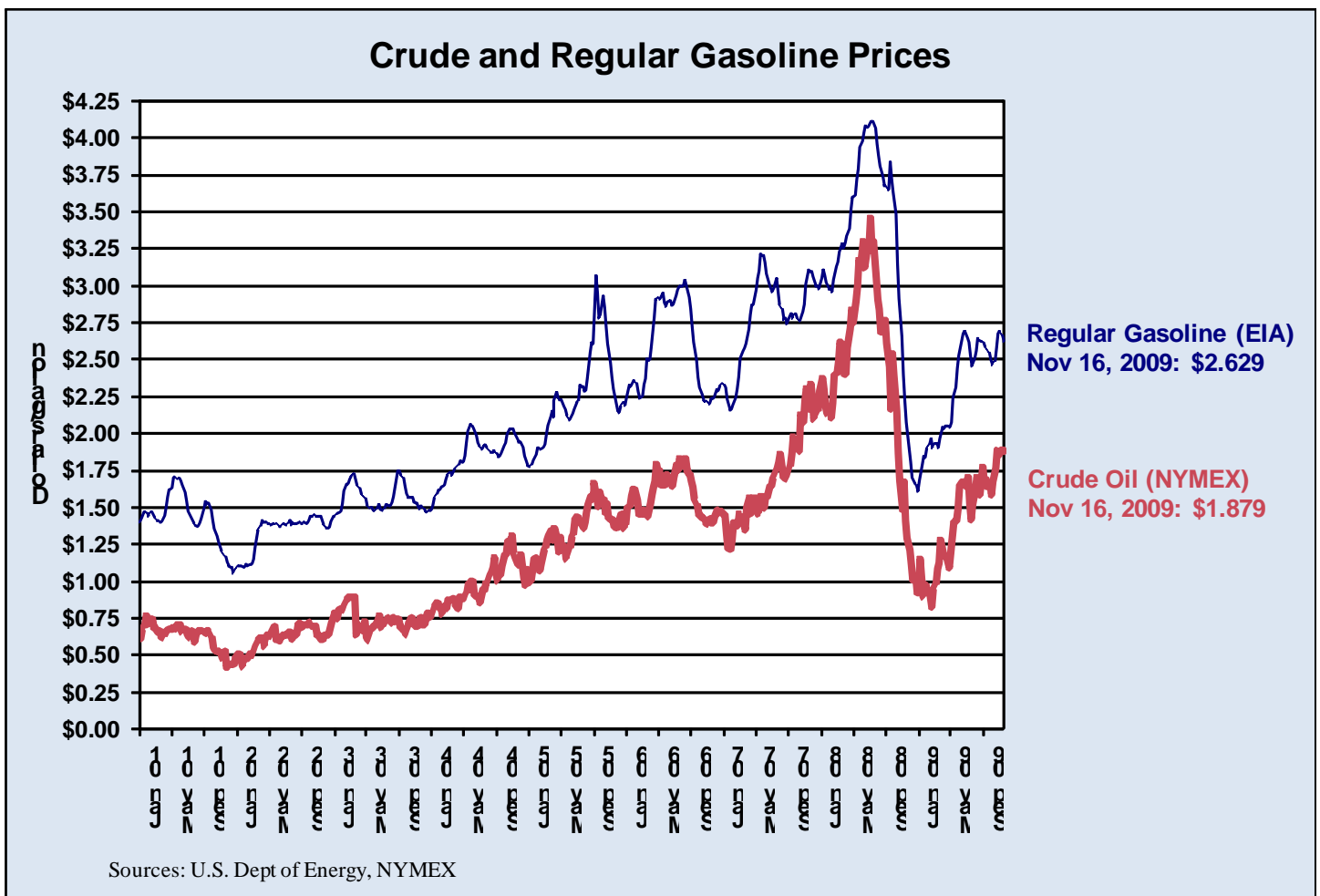


Sources: U.S. Dept of Energy, U.S. Dept of Labor, and API

¹ To make price comparisons over longer periods, it is important to factor in inflation. For example, in March 1981 motorists paid \$1.417 per gallon for regular gasoline; however, in current dollars (for June 2009) this is equivalent to spending \$3.424 on a gallon of gasoline today.

lower than for March 1981. Another difference in price over the decades has been in taxes. In October 2009, the taxes collected on a gallon of gasoline were up compared to previous months, estimated by API to be 47.3 cents—18.5 cents per gallon in federal taxes and 28.9 cents per gallon in volume-weighted average state taxes. This was 34.0 percent higher than in March 1981 when combined inflation-adjusted federal and state taxes were just 35.3 cents.

On the NYMEX RBOB futures market² the near-term contract rose 0.50 cents from Monday, November 9, to \$1.9868 per gallon on November 16. RBOB was above the year-ago close by 81.22 cents, or 69.15 percent. At the same time, the NYMEX Crude Oil futures market² fell by \$0.53 per barrel for the week, to \$78.90 on Monday, November 16. This was up from a year ago by \$23.95 or 43.59 percent. Gasoline prices generally track crude oil prices—as the chart below demonstrates; however, historically there has often been a lag before crude oil price changes are reflected in retail gasoline prices. Other factors can also affect this correlation such as seasonal factors, changes in supply or demand for gasoline, refinery outages, and transportation problems.



² December 2009 for RBOB, Gulf Coast Gasoline and Crude Oil