



## U.S. PUMP PRICE UPDATE – MARCH 17, 2010

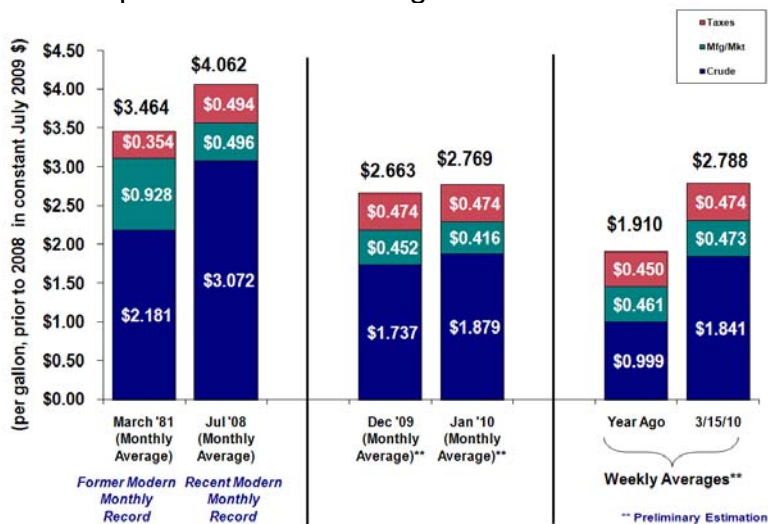
The average U.S. retail price for *all grades* of gasoline rose for the fourth time in nine weeks by 3.7 cents from the prior week to \$2.841 per gallon, according to the Energy Information Administration (EIA). Compared with the December 29, 2008 low of \$1.670, the all-grade average was higher by \$1.171 per gallon, or 70.1 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 ten weeks—and were up by 87.7 cents or 44.7 percent, from the year-ago average of \$1.964 per gallon. The average price for *regular grade* gasoline rose from prior week, according to the EIA—by 3.7 cents, to \$2.788 for the week ending March 15 - and remained above \$2.50 for the 21<sup>st</sup> consecutive week. Regular grade prices continued to be below annual averages of 2008 (see second chart to the right), when gasoline prices reached a high of \$3.224 in 2008 when adjusted to January 2010 dollars. Prices moved *higher* than a year ago, with regular gasoline up 87.8 cents or 46.0 percent from 52 weeks ago (see first chart to the right). For the week ending March 15, crude oil costs were higher by about 84.2 cents per gallon, or 84.36 percent, than a year ago, but were 0.38 cents per gallon lower than January average of 2010 on a monthly basis.

Compared with a year ago, the share for manufacturing and marketing gasoline this week was 1.2 cents *higher* or 2.6 percent.

January's monthly average price rose for the third time in the last four months, according to the EIA. January prices were up 10.6 cents or 4.0 percent from December to \$2.769 per gallon. Crude oil costs were up an estimated 14.2 cents per gallon from December to \$1.879 in December, while the combined share to manufacture, transport, and market gasoline is estimated to have declined by 3.6 cents to \$0.416. January's average retail price was down \$1.298, or by 31.9 percent, from the record level of \$4.062 in July 2008. Crude prices were \$1.2 or 38.9 percent lower than for July 2008. The combined share to manufacture, transport, and market gasoline was 7.9 cents or 16.0 percent lower than for last July.

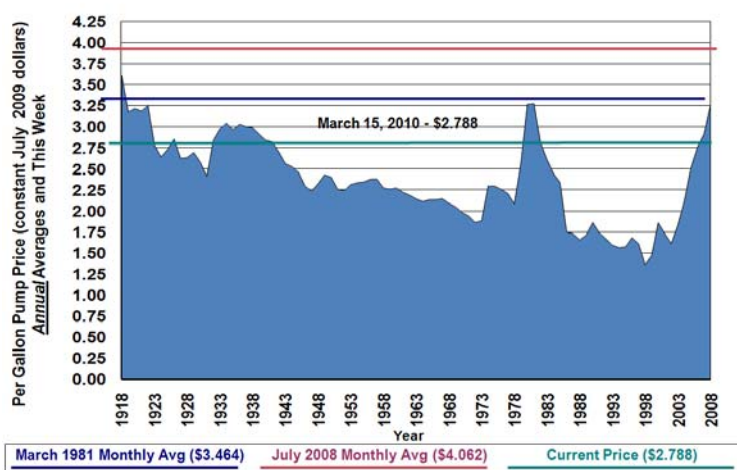
For the 17<sup>th</sup> time since July 2008, the *monthly* average price was below the previous inflation-adjusted record of \$3.464 set in March 1981,<sup>1</sup> by 25.1 percent in January 2010. Crude prices were lower than in March 1981 by 30.6 cents or 16.3 percent, and the combined share to manufacture, transport, and market gasoline, was 51.2 cents or 123.23 percent lower than for March 1981. Another

**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**

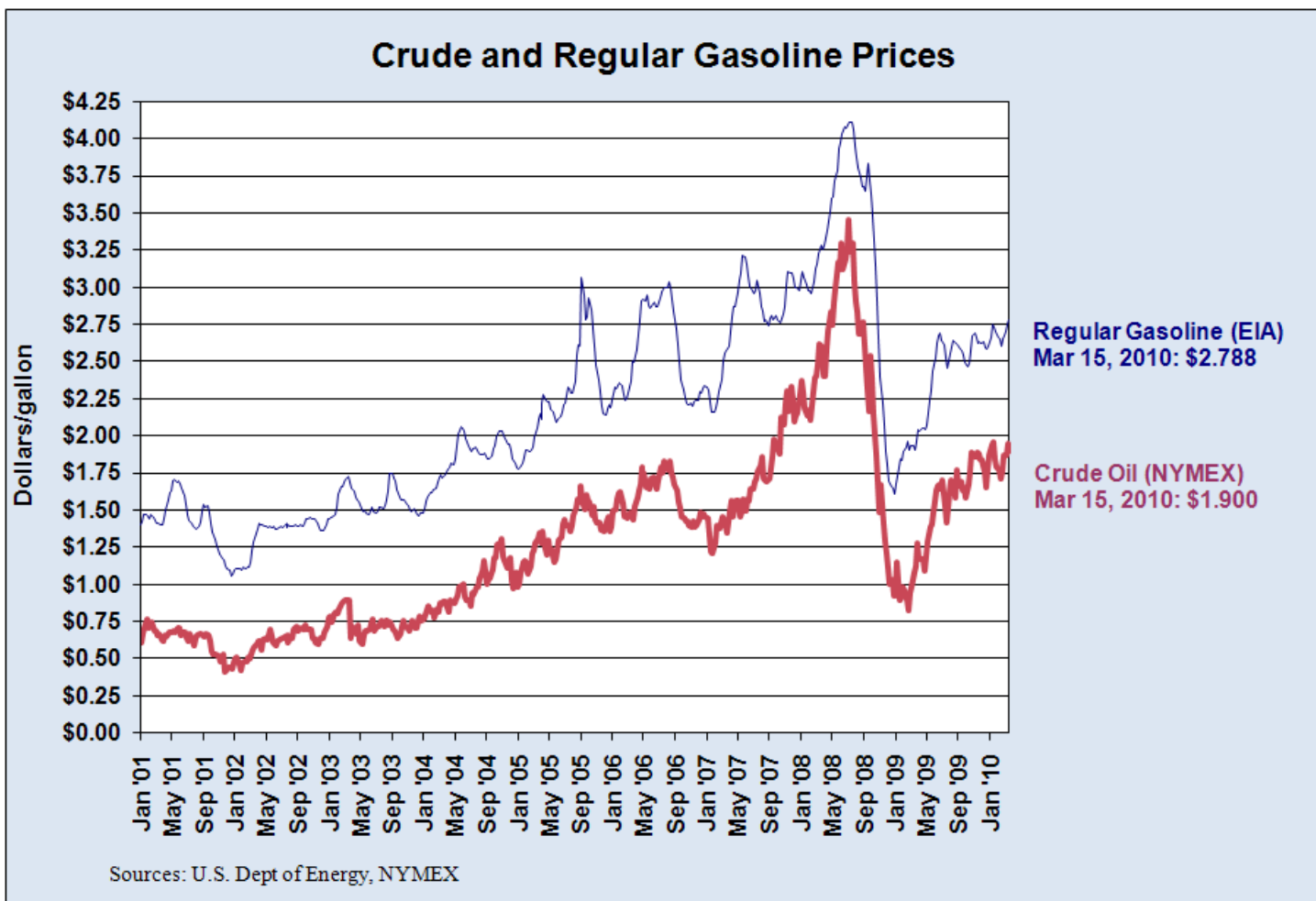


Sources: U.S. Dept of Energy, U.S. Dept of Labor, and API

<sup>1</sup> 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 Nov 2009) this is equivalent to spending \$3.464 on a gallon of gasoline today.

difference in price over the decades has been in taxes. In January 2010, the taxes collected on a gallon of gasoline were up compared to previous months, estimated by API to be 47.4 cents—18.5 cents per gallon in federal taxes and 29.0 cents per gallon in volume-weighted average state taxes. This was 34.2 percent higher than in March 1981 when combined inflation-adjusted federal and state taxes were just 35.3 cents.

On the NYMEX RBOB futures market<sup>2</sup> the near-term contract fell 6.64 cents from Monday, March 8 to \$2.2228 per gallon on Monday, March 15. RBOB was above the year-ago close by 85.71 cents, or 62.76 percent. At the same time, the NYMEX Crude Oil futures market<sup>2</sup> fell by \$2.07 per barrel for the week, to \$79.80 on Monday, March 15. This was up from a year ago by \$30.64 or 62.33 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.



<sup>2</sup> April 2010 for RBOB, Gulf Coast Gasoline and April 2010 for Crude Oil