

After 4-month surge, gas prices fall

By Sandy Shore
The Associated Press

NEW YORK — The worst appears to be over. Gasoline prices are going down.

After a four-month rise pushed gasoline to nearly \$4 per gallon in early April, drivers, politicians and economists worried that prices might soar past all-time highs, denting wallets, angering voters and dragging down an economy struggling to grow.

Instead, pump prices have dropped 6 cents over two weeks to a national average on Friday of \$3.88. Experts say gasoline could fall another nickel or more next week.

Drivers may also get to say something they haven't since October 2009 — they're paying less at the pump than they did a year ago. "It's nice, much more manageable," said Mark Timko, who paid less than \$4 per gallon Wednesday in the Chicago suburb of Burr Ridge, Ill., for the first time since March. "I wasn't sure how high they were going to go this year."

Prices are lower than they were a year ago in 11 states, according to the Oil Price Information Service. At \$3.88, the national average is still high, but it's down from a peak of \$3.94. Predictions of \$5 gasoline earlier this year have — mercifully — evaporated.

Tom Kloza, publisher and chief oil analyst at Oil Price Information Service, expects gasoline prices to drop to just above \$3.80 by late next week. Stuart Hoffman, chief economist at PNC Financial Services Group, said the falling prices will put more money into the economy for Americans to spend elsewhere.

A 10-cent drop in gasoline prices would mean drivers would have an extra \$37 million per day to spend on other things.

Gasoline prices have been pushed high by crude prices that have averaged \$104 per barrel this year. World oil demand is expected to set a record this



A customer fills up Friday in Montpelier, Vt. Gasoline prices are expected drop by 10 cents by next week. AP

year and a series of production outages globally have kept supplies low. Oil rose to \$110 as the West tightened sanctions on Iran in a bid to make it harder for Tehran to sell oil and pressure it to halt its nuclear ambitions. Fears that retaliation could disrupt Mid-eastern supplies pushed prices up by as much as \$15 per barrel, experts say.

Closer to home, there were concerns about restricted supplies of gasoline on the East Coast after three refineries closed and two more were set to be shuttered. Gasoline futures prices, which are quickly reflected in pump prices, rose to their highest levels in nearly a year.

But several factors contributed to the lower prices at the pump:

» Oil prices have fallen in recent weeks. Iran and the West are in talks, the growth in oil demand has moderated, and world oil supplies are rising again thanks to more production from Saudi Arabia, Libya and the U.S. Oil has fallen to \$103.05 per barrel, down from a peak of \$110.55 March 1.

» U.S. drivers have gotten frugal at the gas pump. Demand has fallen by about 6 percent, compared with the same period in 2011, according to government data.