Expect lower prices at pump

Price could drop 50 cents a gallon in fall

By Gary Strauss
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Autumn gasoline prices are about to drop faster than fall foliage.

With inventories rising and demand waning, gasoline prices could plunge up to 50 cents a gallon over the next few weeks from October's $3.86 peak average, providing a lift for the economy.

Gasoline, averaging $3.68 a gallon for regular, is expected to fall to $3.35 or lower by late November. In some regions, prices are already below $3.

"Most of the country is heading appreciably lower the next few weeks," said Tom Kloza of the Oil Price Information Service. He notes that wholesale prices in some key markets have dropped from as high as $4.35 a gallon to $2.71.

Pump prices typically lag behind big wholesale drops, but Kloza expects retail prices to sink five to 15 cents a gallon over each of the next three weeks.

Money to spend

"Certainly, lower gas prices are helpful in terms of consumer spending by increasing disposable income," said Brian Bethune, chief economist at Alpha Economic Foresights.

Gas prices have remained stubbornly high well past their traditional Memorial Day weekend peak, due largely to supply shortages and refinery problems on the West Coast and in the Midwest. But with oil inventories rising and production issues ebbing, prices have been easing for the past week, a trend likely to accelerate.