

# Forecast: Relief at gas pump

Most American drivers can expect to see lower fuel prices as the 2012 summer season picks up

By Gary Strauss  
USA TODAY

Except for the supply-tight West Coast, motorists can expect more relief at the pump heading into peak summer driving season.

After topping out at \$3.92 in early April, gasoline now averages \$3.68 a gallon. Weak demand, slumping crude oil prices and ample inventories could push prices to \$3.55 by mid-June,

says Brian Milne, analyst at Telvent DTN.

That's a far cry from \$5-a-gallon fears in early 2012, when crude prices surged earlier and faster than ever before on fears that tensions with Iran threatened supplies.

In the Greenville metro area, the average price for a gallon of unleaded regular was \$3.245 Friday, down about 35 cents from both month-ago and year-ago numbers.

In the wake of a sputtering global economy, rising domestic production and lower demand, national prices topped out six weeks ahead of seasonal patterns and are peaking before Memorial Day for the third consecutive year. And though consumers still have plenty to grouch about, prices are 15 cents below year-ago levels and 43 cents off 2008's record \$4.11.

"We're getting a bit of a break here," says Tom Kloza, of the Oil Price Information Service, who notes that domestic supplies are at their highest levels since 1990. Benchmark West Texas crude

oil dipped below \$90 a barrel earlier this week, a seven-month low, before rebounding Thursday to \$90.66 a barrel. That's off 17 percent since February, American Petroleum Institute economist John Felmy says.

Still, disparities in regional prices are widening.

In California, Washington and Oregon — which sport the nation's costliest gas in the contiguous 48 states at statewide averages of up to \$4.34 a gallon — prices continue to climb and could average close to \$4.50 by

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this weekend, surpassing all-time highs in some cities.

In South Carolina and other Southern states, where gas is the cheapest, prices could soon flirt with \$3 or lower.

"I can't recall a wider variance or a time where prices in some states were up strongly and falling in others," says Patrick DeHaan, senior gas analyst for price-tracker gasbuddy.com.

Washington and Oregon have been hurt by lower refining capacity since February, when fire shuttered Washington's largest plant. California refineries have been hampered by switchovers to summer-grade blends.

Barring renewed tensions with Iran or a severe hurricane season, prices should stabilize and eventually drop on the West Coast.

"I don't see considerably lower prices, but we've seen highs for the year," Milne says. "Demand is really weak."

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