BUSINESS

Motorists may catch a break

With less hope for economy, experts back off projections of higher gas prices this summer

By Susan Tompor
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Nobody is complaining, but what happened to those gas prices that were going to hit $5 a gallon this summer?

Consumers' wallets could be pinched even less by the Fourth of July. The U.S. average for gas prices is expected to be about $3.50 a gallon by July 4, down from $3.64 nationwide now, said Gregg Laskoski, senior petroleum analyst for GasBuddy.com.

"It helps the consumer if gasoline prices continue to decline," Laskoski said. "I don't think it's necessarily going to be a catalyst for the economy."

Summer clearly is getting off to a sluggish start.

U.S. employers only added a disappointing 69,000 jobs in May — leading the U.S. jobless rate up to 8.2 percent from 8.1 percent in April.

The Dow Jones industrial average dropped more than 800 points, losing 6.2 percent, in May. The Dow had a rough day Friday, the first day of June, after dismal jobs numbers.

The nation is not in a recession now. But Robert A. Dye, chief economist for Comerica Bank, is more concerned about the possibility of a recession in early 2013 if the economy falls off the "fiscal cliff" and Congress does not take action to avoid upcoming tax hikes and spending cuts next year.

This summer, the good news is that many consumers are not as uptight about spending as two or three summers ago. One sign: Walk through any mall and see the explosion of bright red and mango-colored denim jeans on the shelves. It is not exactly a true economic indicator, but this is not a wardrobe for hunkering down, either.

Lower gas prices will encourage more people to take well-planned vacations, too, said Nancy Cain, a spokeswoman for AAA Michigan.

"We see gas prices holding steady for the summer," she said. "Right now, there is ample supply."

Less tension in the Middle East, in addition to less optimism for global economic growth, are pushing down expectations for higher gas prices this summer, said Paul Traub, business economist for the Federal Reserve Bank of Chicago's Detroit branch.

Many experts believe, Traub said, that crude oil prices should be settling down close to what they're going to be this summer.