Oil prices feel the pain; gas pumps don't

Gas may keep falling as crude dips to its lowest level since '10

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USA TODAY

Crude oil prices slumped again Thursday, falling to their lowest levels since September 2010.

Benchmark West Texas Intermediate sank 3.6% to $74.42 a barrel on the New York Mercantile Exchange, and Brent crude fell 3% to $77.92. That pushed wholesale gasoline for December delivery down 5% to $2.01 a gallon.

The fallout continues to roil the energy sector. But the slump in crude and wholesale gas prices is expected to push pump prices from a current $2.92 a gallon national average to $2.79 a gallon within the next month, says Patrick DeHaan, senior petroleum analyst for gasbuddy.com.

Gas prices peaked at $3.70 on April 28 and were expected to average $3.46 a gallon for the year.

"You could see some of the Gulf and Plains states, like South Carolina, at $2.50 a gallon, and Tennessee, Mississippi, Missouri and Virginia in the high $2.50 range," DeHaan says.

Behind Thursday's declines:

▶ The Energy Information Administration said domestic oil production has climbed to more than 9 million barrels a day, the highest level since 1986. The EIA said earlier this week that 2015 gas prices will average $2.94 a gallon, a 52-cent drop from 2014 averages.

▶ Saudi Arabia oil minister Ali al-Naimi said the market is setting prices, not his country, the world's leading oil producer. Earlier this month, Saudi Arabia cut prices for crude sold to the U.S., upending global markets.

▶ There's word that the Senate and House of Representatives will soon vote on legislation to approve the Keystone XL pipeline project, which would push Canadian crude oil to the Texas gulf coast. Proponents claim the 1,179-mile pipeline would keep gas prices in check; critics say the effect on pump prices would be negligible.



DAVID GOLDMAN, AP

Drivers in Augusta, Ga., were welcomed with $2.85 gas on Oct. 29.

While crude's slide continues to weigh heavily on energy stocks, especially drillers and service companies, lower gas prices could save U.S. consumers more than $60 billion in 2015, DeHaan says.

"Gas prices have been in decline for four straight years, and 2015 will be no exception," DeHaan says. The price-tracking website says annual prices typically bottom by Dec. 14. Even at current levels, consumers probably will see their lowest Thanksgiving weekend prices since 2009.

The American Automobile Association says 27 states now average sub-$3 gasoline, with South Carolina ($2.67) the cheapest. Priciest: Hawaii at $3.99, though that's the state's lowest level since Jan. 9.