Several factors causing drop in gas prices around US

BY MONICA KREBER
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Crude oil, Hurricane Sandy, global issues and the incoming winter season continue to drive down gas prices – in some Upstate communities more than others.

"Over the last month we've seen prices in every state in the country – and Washington, D.C. – decline," said AAA spokesperson Avery Ash.

In the Upstate, prices in Greenville and Anderson County are some of the lowest in the state, while Oconee and Pickens drivers are paying up to 15 to 18 cents more per gallon.

That was not unusual as prices varied across the state. Regular gas in Bluffton had gone down to $2.77 on Tuesday, the lowest found. The highest price in the state on Tuesday was $3.49 in Holly Hill, according to southcarolinagasprices.com.

Ash said there are a "whole slew of factors" affecting gas prices across the state,

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GAS: 'One word for variation: competition,' DeHaan said

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including higher realistic values for gas stations to the distribution of trucks coming into cities.

"We do tend to see prices in urban areas are higher than prices in more rural areas," Ash said.

Patrick DeHaan, senior petroleum analyst in Chicago, Ill., said some stations differ in prices because of competition.

"One word for variation: competition," he said. "It may sound simple, but is all encompassing."

DeHaan said prices may soon go back up to cover wholesale prices.

"Wholesale gasoline prices saw a good sized rally last Friday, likely prompting some stations that had very little margin to boost their prices to cover the rise in wholesale coast," he said.

Ash said the primary reason for the lower gas prices is lower crude oil prices. Crude oil prices are in the mid-$80s now per barrel –15 percent lower from their mid-September price.

"We have also seen lower demand, which has been the case throughout the year," Ash said.

Gas prices have also been affected by the destruction of Hurricane Sandy.

Ash said with the storm ripping through the Northeast – the most populous area in the country – Sandy impacted roughly 30 percent of the nation's drivers.

"There is concern that demand will be lower in the wake of Hurricane Sandy," Ash said.

Various global economic factors are also affecting gas prices, Ash added.

"As economies overseas worsen, they consume less crude oil, which puts a downward pressure on prices," he said.

The final reason for the price decrease is the country's transition from summer blend gasoline to winter blend.

"Winter blend is cheaper to produce by about 10 to 15 cents than summer gasoline," Ash said. "So that has contributed to the downward pressure."

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