YOUR GAS BILL MAY BE ABOUT TO FALL



Some predict sub-$3 prices coming after Labor Day

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USA TODAY

All that hand-wringing at the pump over rising gasoline prices may be over. For now.

Just days after consumers paid the highest average price for Fourth of July since 2008, crude oil and wholesale prices continue to ease.

Benchmark West Texas crude oil fell 13 cents to $103.40 a barrel after eight straight daily drops, oil's longest losing streak since December 2009. Brent crude oil fell $1.30 to $108.94. Like West Texas crude, it's below trading levels seen before insurgents captured Mosul, Iraq's second-biggest city.

"I think we'll drift a bit lower — with the occasional small bounce — from now until Labor Day," says Tom Kloza, senior energy analyst for Gasbuddy.com. "After Labor Day, we should see a return of sub-$3 a gallon prices" in areas of the South, Rocky Mountains and Midwest.

Gasoline averages $3.65 a gallon nationally, down from $3.67 over the holiday weekend. A year ago, consumers were paying an average $3.47 a gallon.

Of course, a flare-up of political unrest in the Mideast or a supply-disrupting storm system in the Gulf of Mexico could cause refinery outages and prices to spike again.

"You could have one more breakout to the upside this year — $110 a barrel is key," says energy trader Paul Kokuzian of Chicago-based Lakefront Futures & Options. "But barring some really concrete news, crude oil could go back to the $95 level after Labor Day."

Alison Ciacco, oil futures editor with Platts, notes that oil continues to flow out of Iraq, and more crude production from Libya has knocked oil prices lower and taken the momentum out of any rally.

"In the U.S, we continue to produce oil at multidecade highs and have ample supplies in storage, so that gives the market less of a need to rally prices," Ciacco says. "Futures prices have fallen from highs seen in June, and that translates to lower prices at the pump."

Still, Gasbuddy.com, which tracks prices in hundreds of metropolitan areas, says the recent spike in retail prices cost consumers $38.7 billion in June. That's up 36% from $28.3 billion in June 2009.

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PAYING MORE AT THE PUMP

Current national average (reg. unleaded): **$3.65**

Week ago average: **$3.67**

Year ago average: **$3.47**

Lowest-priced state: **South Carolina** **$3.35**

Highest price: **Hawaii** **$4.33**

SOURCES GASBUDDY.COM, AAA

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