

EIA: Gas Prices to Hit Record \$2.15 in Spring

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WASHINGTON — U.S. retail gasoline prices will hit a record high this spring, reaching a national monthly average of \$2.15 a gallon due mostly to soaring crude oil prices, the government said Tuesday.

During the busy 2005 driving season of April through September, gasoline will average \$2.10 a gallon, up 20 cents from the same period last year, the **Energy Information Administration** said in its monthly energy forecast.

The record average nationwide price is \$2.06 a gallon set last May. However, when adjusted for inflation in today's dollars, the highest U.S. price was \$3.08 a gallon in March 1981, according to the Energy Department's analytical arm.

The current average pump price for regular unleaded fuel is \$2 a gallon, the EIA said. That represents a climb of nearly 22 cents a gallon since the beginning of the year.

Crude oil prices have been above \$50 a barrel for several weeks. On Tuesday, crude oil futures briefly hit \$55.15 in trading at the New York Mercantile Exchange before last trading at \$54.60 a barrel, up 71 cents.

The EIA revised up its estimate of U.S. gasoline demand for April through June by 30,000 barrels per day to 9.33 million barrels per day.

Despite higher gasoline inventories, the number of days that motor fuel stocks could meet demand has been falling because of strong consumption, which the EIA said suggests "increasing short-term tightness for gasoline markets."

The EIA estimates that a 10 percent increase in the price of oil could lower the U.S. economic growth rate by between 0.05 and 0.1 percentage points.

1. Assuming a family has two vehicles, each of which consumes 60 gallons of gasoline a piece, how much more may they anticipate paying at the pump with the recent climb of 22 cents a gallon in comparison to what it would have cost over the period of one year?
2. In 1981, gas was **NOT** \$3.08 a gallon however, in terms of "inflation" it was. Explain.
3. The U.S. imports about 9,665,000 barrels a day (ref: <http://www.eia.doe.gov/>). How much more is being spent as a result of the 71 cents increase per barrel?
4. In appropriate paragraph form, how do you propose the U.S. alleviate the burden upon the average American encountering pain at the pump?
5. What new information have you learned in this edition of The Daughtry Times?