

Why Gasoline Prices Are Rising Faster Than Usual - Energy Overview

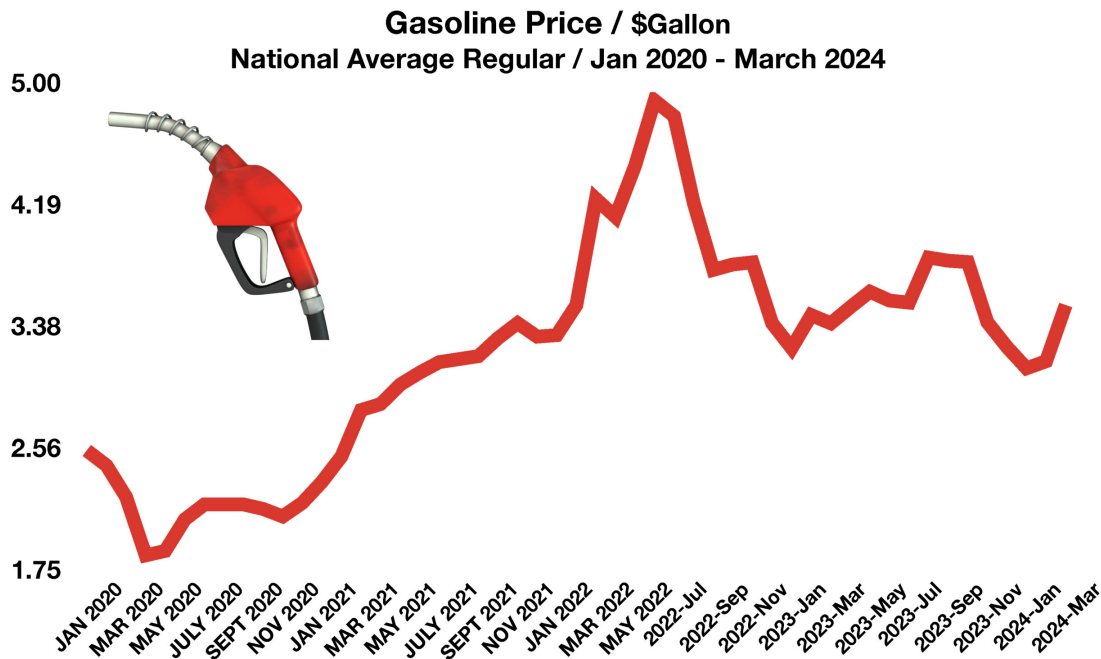
Various factors are contributing to sustained high gas prices, which are expected to add to price pressures heading into the summer months. Traditionally, gasoline prices move higher as vacation travelers hit the road during the summer months. Transportation companies, railroads, and airlines also see enhanced activity during the summer season.

This summer, however, may produce higher prices than usual, as continued supply constraints, shipping issues, and increased international demand for U.S. oil and gasoline driven by the Russian invasion of Ukraine the Middle East conflict. The EIA reported that the average price of a gallon of regular gasoline rose to over \$3.50 per gallon in March nationally.

Rising gasoline prices can become a burden for both consumers and companies. Not only are consumers spending more of their income on fuel, companies also pass along the higher costs of fuel to consumers. Higher fuel prices tend to filter down to the consumer since the cost of food, transportation, and travel are all affected by rising fuel expenses.

There is also the prospect of lower fuel prices. Historically, rising fuel prices eventually hinder economic growth, thus slowing industrial and consumer activity and lessening demand for fuel. Many economists believe that a recession would also curtail demand for fuel, thus bringing fuel prices lower.

Sources: U.S. Energy Information Administration (EIA)



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