

Pump Prices: China COVID-19 connection

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The recent dip in gas prices has reversed as crude oil prices remain stubbornly elevated, according to the latest American Automobile Association (AAA) price survey.

Upward pricing pressure on concerns that less Russian oil will enter the global market is countered by fears of a COVID-induced economic slowdown in China, the world's leading oil consumer.

These opposing forces are causing the oil price to remain near \$100 per barrel.

For the week, the national average for regular adds three cents to \$4.13 a gallon. The Oregon average holds steady at \$4.67. Prices in Columbia County remain a few cents higher than the state average.

"Pump prices will struggle to fall as long as the price of oil remains elevated. While pump prices have slipped from record highs set in March, consumers shouldn't expect any dramatic drops this spring," Oregon/Idaho AAA Public Affairs Director Marie Dodds said.

The national and Oregon averages are both a bit lower than their record highs set last month. The national average peaked at \$4.331 on March 11 while the Oregon average peaked at \$4.739 on March 11. These

prices eclipse the old record highs set in 2008 when the national average peaked at \$4.11 on July 17, and the Oregon average peaked at \$4.29 on July 3.

On average, about 53% of what we pay for in a gallon of gasoline is for the price of crude oil, 12% is refining, 21% distribution and marketing, and 15% are taxes, according to the U.S. Energy Information Administration.

About 3% of oil, and a total of 8% of oil and refined products used in the U.S. last year came from Russia, while about 25% of Europe's oil is imported from Russia. The U.S. is the largest oil producer in the world. Other top producers are Saudi Arabia and Russia.

One business is using the pump prices as a sales advantage.

Krispy Kreme Doughnuts has announced it will lower the price of a dozen original glazed donuts to the national average that AAA reports each Monday. The offer runs through Wednesday, May 4. A dozen glazed doughnuts typically cost around \$12. This Wednesday's dozen should cost \$4.12, not including sales tax, only in shop, drive-through, and online pickup.