

MONEY (/MONEY/)

Living on a Budget



When Will Gas Prices Come Down and Why?

Consumers could get some relief at the pump later this year

by Donna Fuscaldo, **AARP** (<http://www.aarp.org>), June 3, 2022



ISTOCK / GETTY IMAGES

Gas prices keep setting new highs as the war in Ukraine rages on and demand for fuel continues unabated, begging the question of if and when will prices come down.

Nobody expects gas to return to the lows seen at the start of the pandemic, but there are some catalysts that could give consumers a little relief at the pump in the coming months.

“It depends on a range of external circumstances, but I believe they will start softening or at least level off in June and July,” says Usha Haley, a professor of management at the Barton School of Business at Wichita State University. “I don’t know which month, as gas prices remain volatile.”

An end to the Ukraine war might do it

There are several reasons why consumers across the country are [paying so much to fill up \(/money/budgeting-saving/info-2022/record-high-gas-prices-still-rising.html\)](/money/budgeting-saving/info-2022/record-high-gas-prices-still-rising.html) their vehicles. Russia’s invasion of Ukraine is a current catalyst. So is a switch on the part of refiners to a costlier summer blend of gasoline, which has lower vapor pressure, helping to prevent the evaporation of gas in the summer sun. Then there’s [summer travel \(/travel/vacation-ideas/road-trips/info-2022/scenic-drives.html\)](/travel/vacation-ideas/road-trips/info-2022/scenic-drives.html), which typically kicks off with Memorial Day weekend in the U.S. According to AAA, 80 percent to 90 percent of summer trips are made via motor vehicles. Such demand also drives prices higher. As of today a gallon of regular gas is at \$4.76, setting an all-new record high, according to AAA. Some gas experts expect gas to soar above \$5 per gallon before coming back down.

But when it comes to what will make gas cheaper, there are several factors that play a role. A big one that is out of consumers’ control is the war in Ukraine. Already three months in, this has been a major reason why gas is so expensive. Russia isn’t a large supplier of crude oil to the U.S., but it is to Europe. The fact that Europe is shunning oil from Russia and seeking it elsewhere is pressuring supply. If the war ended, oil prices — and thus what we pay at the pump — would decline. “There’s no question if we woke up one morning and Putin was not in charge anymore, prices would drop precipitously,” says Tom Kloza, global head of energy analysis at OPIS. “That has been a catalyst taking prices horribly higher in the last 90 days or so.”





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Summer travel lull

Absent an end to the war in Ukraine, consumers can look to the end of the summer for potential relief. That's when fewer road trips occur, which puts downward pressure on demand. It's also when refiners switch back to the cheaper blend of gasoline.

As it stands, this summer could set near records for road travel despite high gasoline prices. According to AAA, over 39 million people were expected to hit the road during the Memorial Day weekend, traveling 50 miles or more from home. That's 3 million more than 2021, or an 8.3 percent increase. It's also the second-highest growth in travelers for Memorial Day weekend since 2010. "Right now it seems that overwhelmingly people want to make up for lost time and get out there and take trips, be it flying or driving," says David Gulley, a professor of economics at Bentley University. "When demand for travel is high, high gas prices don't do much to curb people driving." But those trips tend to end in August when schools are back in session. As demand for gas declines, so should the price at the pump.

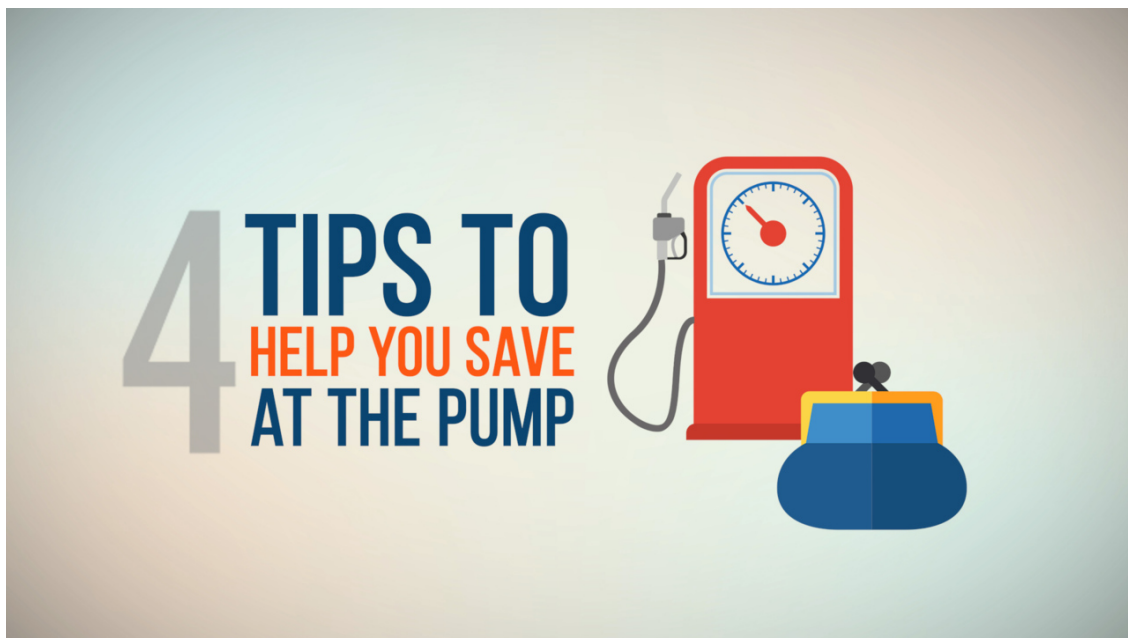
The one big caveat: [hurricane season \(/home-family/your-home/info-2016/hurricane-survival-preparedness-tips.html\)](/home-family/your-home/info-2016/hurricane-survival-preparedness-tips.html). “I’m worried about August,” says Kloza. “Hurricane predictions came out, and it’s expected to be a very active storm season, much more active than normal.” If one of those storms knocks a refinery out of commission, even for a few days, gas prices will likely soar again, he says.

Another reason gasoline prices may fall in the next few months is the White House. In April the Biden administration announced it would release oil from the Strategic Petroleum Reserve, putting more than 1 million barrels per day on the market over the next six months. A lot of the releases, which will bring more supply online, are coming through the summer, which should also temper gas prices, says Kloza.

Futures prices signal a decline

Commodity traders, investors and economists tend to look at how oil futures are trading to get a sense of when consumers will get relief at the pump. Based on that, Gulley says oil, which is currently hovering at more than \$105 a barrel, is projected to come down to around \$85 by the end of 2022. “If that comes to fruition, that would put downward pricing pressure,” on gasoline, says Gulley.

Donna Fuscaldo is a contributing writer and editor focusing on personal finance and health. She has spent over two decades writing and covering news for several national outlets, including The Wall Street Journal, Forbes, Investopedia and HerMoney.



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AARPStacyP M

PINNED

2 HRS AGO

Some gas experts expect gas prices to soar above \$5 per gallon before coming back down. What is the most you have paid for a gallon of gas to date and how have higher prices changed your road travel? **EDITED**

REPLY | 0

GeneA547142

51 MIN AGO

The usual AARPaganda.... Ignore the actual cause in the White House and blame Russia just as they instructed you to AARP.

REPLY | 1 Reply | 2

dm17423143

9 MIN AGO

Reply to **GeneA547142**

As you know, the left always places the blame somewhere else. Never ever do they accept they are the problem and search for a solution to correct their bad policies.

REPLY |  **0**[Add your reply](#)**BillS127719**

3 HRS AGO

AARP = Advocates Against Republican Party

This article is another piece of propaganda designed to deflect responsibility from the Biden Administration's consistent failures, lack of action, and poor decisions. If AARP did indeed care about seniors it would write truthful articles that capture and expose the full scope of the issue. To exclude truth supports no one, and in doing so, makes for a worthless organization.

REPLY | **1 Reply** |  **8****JamesJ135821**

46 MIN AGO

Reply to **BillS127719**

I'd rather pay higher gas prices (while choosing to try to use less) than be forced to breath polluted air. Then there's the planet getting hotter and hotter because of the polluted air. High gas prices may suck but it'll push people to drive cleaner cars. That's a good thing.

REPLY |  **1**[Add your reply](#)

kingand


4 HRS AGO

What BS!! No mention of Biden's advertised PLAN to cut oil supplies. Prominent are his pre-Ukraine actions -- end pipeline, limit drilling, restrict leases. The environment is not helped by begging Arabs to produce more for us to use instead of producing and using our own -- which is cleaner anyway. November can't get here quick enough.

REPLY |  7**allansinger3117**

10 HRS AGO


Putting one million barrels of oil into the gas supply is a spit in the ocean. It's worthless and insignificant at best. Biden must open oil production and the Alaskan and Canadian pipeline for there to have any meaningful impact. But he refuses to do so. We don't need international oil. We have more than enough just in America to supply the world. Biden refuses to live in the real world and that is where it starts and where it could end.

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