

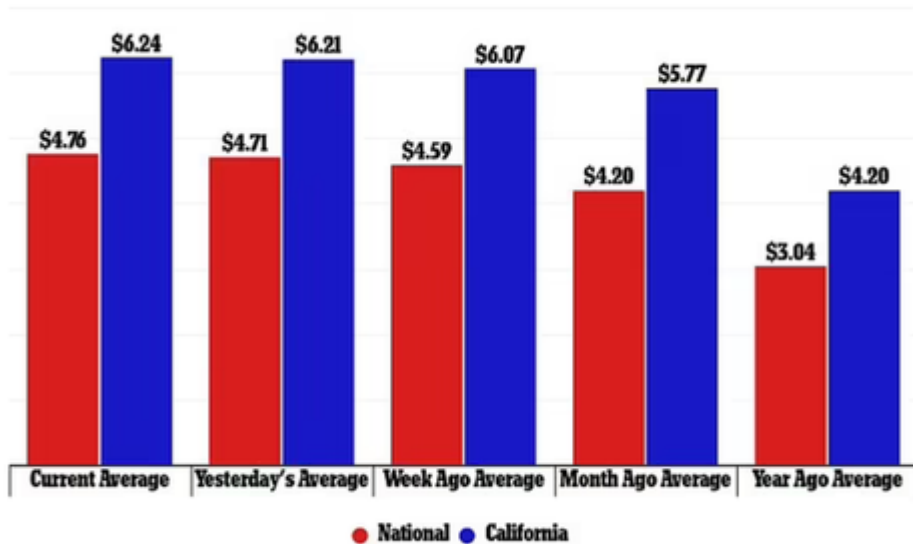


“The Options Are Looking Pretty Bleak”: California Gas Prices Sprint Past \$6 Per Gallon As Mendocino Station Approaches Double Digits

Description

USA: California: come for the poo-covered streets, stay for the crippling gas prices.

That’s right, while the national average gas price hit \$4.76 per gallon this week according to AAA, **Californians are now paying a record \$6.24 average per gallon** after the state saw prices surge past the \$6 mark for the first time in history last week.



Source: AAA

Via the Daily Mail

At one station in coastal Mendocino, **prices are just pennies away from \$10** – the highest ever in history, according to the [Daily Mail](#).



Breaking it down by city, **San Francisco motorists are paying an average of \$6.50**, while San Jose drivers are paying \$6.38, and Oakland drivers are forking over \$6.37. LA drivers are only doing slightly better at \$6.26 per gallon on average.

This is at least \$2 more per gallon in the same cities vs. this time last year.

And based on the 3-2-1 crack spread, which measures the difference in price between a barrel of crude oil and its byproducts, **it appears prices at the pump are about to head even higher.**

Some advice: gas up today pic.twitter.com/BRs7EloTFM

— zero hedge (@zero hedge) [June 2, 2022](#)

Indeed, the *Mail* notes that supplies at US refineries remain tight – with Thursday's US weekly inventory report showing that crude stock had fallen by more than the expected 5.1 million barrels, while gasoline inventories have also dropped **to dangerous levels**.

What's more, **Chinese oil demand is back online** after recently relaxing COVID restrictions, the Saudis are near peak output, and the Strategic Petroleum Reserve is being drained by the Biden administration at 1mmb/d.

Saudis now near peak output, SPR draining at 1mmb/d and war not ending any time soon.

When do we see double digit gas?

— zero hedge (@zero hedge) [June 2, 2022](#)

“I don’t think as many people are going to hit the road,” said Patrick De Haan, head of petroleum analysis at GasBuddy. “And if they do, I think a good portion are going to be staying close to home,” he told [CNBC](#) last weekend.

“They’re definitely should be a noticeable bump – but my impression is people are not driving as far,” he continued, adding “The concern is high prices that are keeping people a little closer.”

Diesel prices have also skyrocketed over 80% vs. last year to around \$5.58 per gallon, **an all-time record.**

The rising cost of the fuel – commonly used by truckers for their rigs – has further hampered America’s embattled economy, driving up prices of good being transported cross-country by truckers, who are now electing for shorter routes due to the ‘unprecedented’ increase.

‘I can pretty much count on setting on fire \$5-\$700 a day...minimum,’ 22-wheel driver Eric Jammer told NPR Saturday of the rise in diesel costs seen over the past 12 months.

*He told the outlet that **he typically transports military and construction equipment** – gear that often weighs well into the ton. He even once hauled an Apache helicopter.*

Jammer says the crisis has forced him not to take routes that are too far away from his home in Houston, Texas, forced to only accept jobs with destinations and pickups within a day or two from his residence. -Daily Mail

For reference, **the national average on President Trump’s last day in office was \$2.41 per gallon.**

“If exports persist at this elevated pace and refinery runs – already near the top range for reasonable utilization rates – fall within our expectations, gasoline inventories could continue to draw to levels below 2008 lows and **retail gasoline prices could climb to \$6/gallon or even higher,**” JPMorgan warned, adding that **total US gasoline inventories could soon fall to levels not seen since the 1950s** – a perfect storm.

“There is a real risk the price could reach \$6+ a gallon by August,” JPM head of commodities research, Natasha Kaneva, told [CNN](#) last week.

According to JPM, **unless refineries “immediately” halt most exports and shift towards domestic gasoline production, “US consumers should not expect much in the way of relief in prices at the pump until the end of the year.”**

On Monday, *CNN* business correspondent acknowledged that President Biden had exhausted his short-term solutions for high gas prices – including tapping the SPR.

“The pain is widespread,” she said on Monday, adding: **“The options are looking pretty bleak at this point.”**

by Tyler Durden

Category

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