

When Will Fuel Prices Drop?

Learn about what that means for your business as changes affect the market.



Fuel Costs: A Top Concern in Transportation

Drivers across the nation were hurting at the pump in 2022, especially when the price of fuel hit a record high of more than \$5 per gallon. With the national fuel average going up again, many drivers wonder when they can expect some relief.

According to the Energy Information Administration, fuel prices have risen since the start of the year, and the average U.S. diesel price ran at \$4.62 a gallon. A \$0.78 increase from January of last year. Some experts suspect they won't fall anytime soon but hope to see lower prices than before as the year progresses.

It's no secret that gas prices impact transportation and trucking services because higher fuel costs drive up shipping expenses. The details get complex, which forces companies to pivot and adapt. It's vital to rely on flexible solutions to respond effectively to challenges in the market.

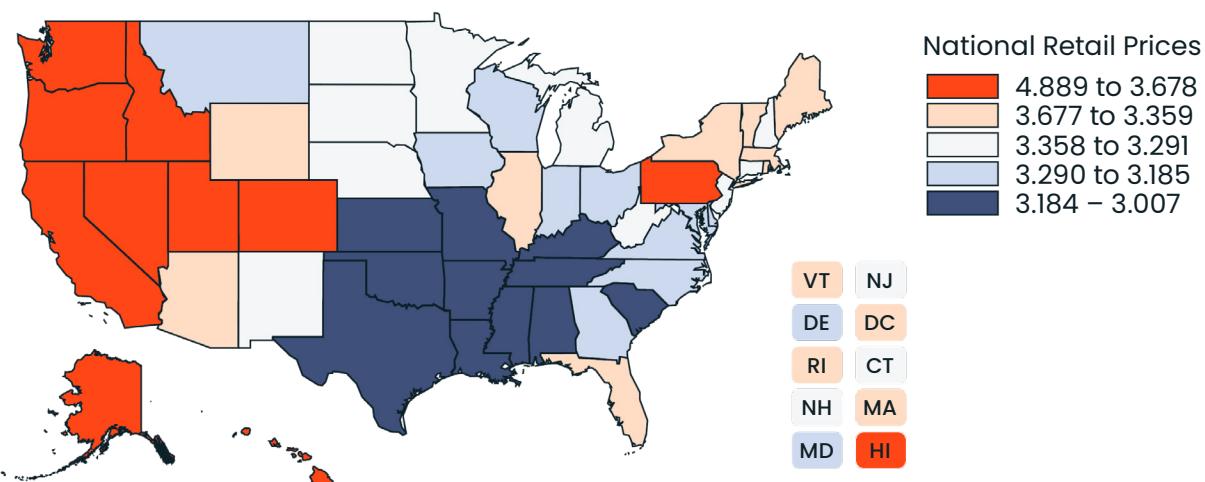
Factors Affecting Fuel Prices

Supply and demand issues are some of the most significant factors when it comes to the price of gas. At the moment, refining capacity in the U.S. is not what it was before the pandemic. Plus, Russia's war in Ukraine has significantly impacted the price of oil. And as China reopens, demand will most likely go up. While these numbers are trending towards going down, they will still be higher than the Federal Reserve's target of 2-2.5%, so the Fed will not be cutting short-term interest rates this year.

Fuel Stats to Consider

The decision by the Organization of Petroleum Exporting Countries (OPEC) to maintain current production levels and not make any cuts led to steadier oil prices. But a report stating that 517,000 jobs were added in January drops the unemployment rate to a 54-year low of 3.4%, which may have the opposite effect and lead to more demand for oil and higher prices.

Average Price of Fuel Across the U.S.¹



Fuel Forecasts

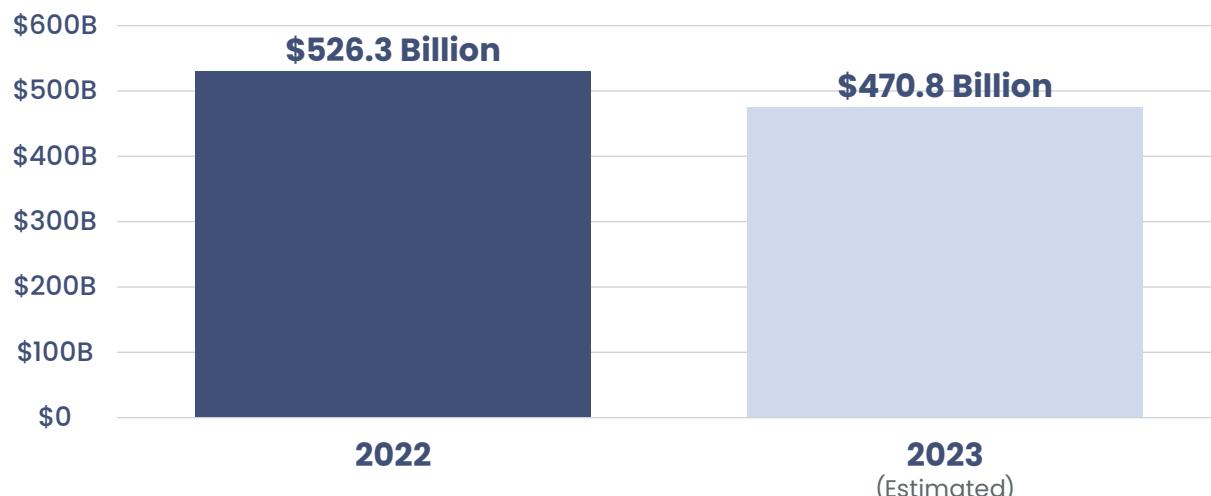
This forecast indicates a drop of nearly 50 cents per gallon from 2022. But as is usually the case with the summer driving season, expect a higher average of about \$4 during this time. A prediction that is lower than last year's average price.

Predicted Fuel Price Average for 2023²

\$3.49
Per Gallon

This \$55 billion drop in spending signals that either prices or demand for fuel will be lower. Since predicting the future is a tricky game, what will happen with gas prices over the upcoming year remains to be seen. Until then, businesses should prepare for curveballs, monitor the market, and emphasize vehicle maintenance, including regular tire pressure checks, to increase fuel efficiency.

American Spending on Fuels²



Sources: ²GasBuddy

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With so many global factors affecting fuel prices on a daily basis, taking control of transportation operations is vital for navigating today's challenges. The COOP platform is a great tool that provides ultimate flexibility for your fleet needs. COOP offers modern and transparent commercial vehicle rental solutions to offset costs and improve your bottom line.

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