

What Impacts the Price of Gas?



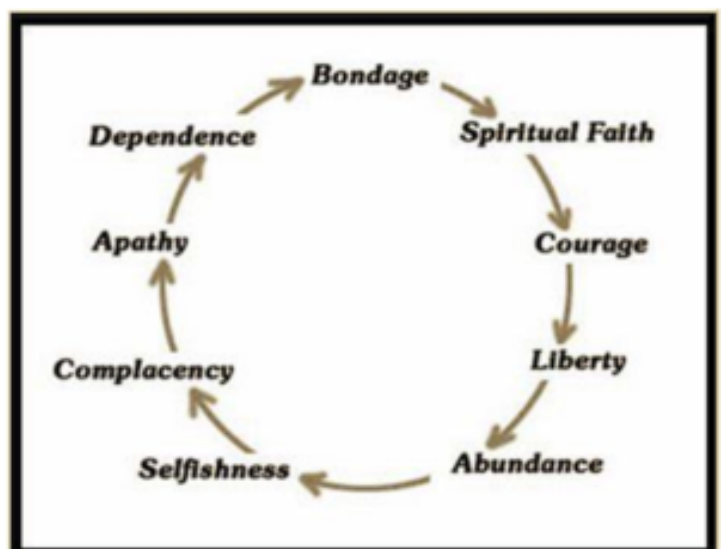
By Lex Greene

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In the swampy cesspool of politics, mass propaganda and the blame game are fundamental weapons of the most corrupt trade on earth. No political figure ever wants to take responsibility for what they did wrong, but every politician is quick to take credit for things that in most cases, they had nothing to do with.

The correct issue isn't really WHO is right or wrong, but rather WHAT is right or wrong. The WHO is a secondary matter. When the price of gas rises, the price of literally everything rises with it. So, it's no small matter to understand what affects the price of gas at the pump. *(All data herein is based upon a gallon of regular gas, for each \$1.00 spent at the pump)*

On October 5, 2020, the average price of a gallon of gas in the USA was \$2.18 just ahead of the 2020 elections. The national gas price average was at the cheapest for the month of since 2016, when Donald Trump was elected President. That average was nearly 50 cents cheaper



than in 2015. These are simply recorded facts. We'll decide what to make of these facts at the end of this report.

In contrast, the average price of a gallon of gas was \$3.69 at the end of Barack Obama's first term, as he headed into the November 2012 elections. At the end of Obama's second term, the average gas price in the USA was \$2.23 in October 2016. Did Obama take credit for reducing the price of gas from \$3.69 at the end of his first term, to \$2.23 at the end of his second term? You bet!

Looking back a little farther, a gallon of gas cost an average of \$1.46 in 2001 before the 9/11/01 terror attack, followed by the beginning of the war in Afghanistan, peaking at \$3.27 a gallon on the "great real estate recession" of 2007-2008. But by the end of the second George W. Bush term, that price was falling from a high of \$3.27 a gallon to \$2.35 a gallon as Obama entered office.

Prior to 2021 and the Biden Administration, the highest gas price in history was in 2012 under Obama, at \$3.64 per gallon of regular at the pump. Today, this price just hit a new all-time average high at \$4.54 a gallon, with prices as high as \$8.00 per gallon in several democrat controlled states, California being the worst, of course.

Now fundamentally, the basic cost of gas at the pump is broken down into only four categories. The percentages indicated are based upon each \$1.00 spent on a gallon of gas at the pump.

- The price of crude oil – 65% of the pump price
- The cost of refining – 14% of the pump price
- Taxes – 13% of the pump price
- Distribution – 8% of the pump price

So, distribution of the product at 8%, the companies that make sure there is gas at your local filling station, is the least profitable with the smallest impact on prices at the pump. Taxes are almost double the distribution costs at 13%,

followed by refining at 14%.

But clearly, the single biggest factor affecting the price of gas at the pump is the price of crude oil at a whopping 65% of every dollar spent at the pump. To make sure you understand these numbers, for each dollar you spend at the pump, on average, it looks like this in dollars instead of percentages...*(if the gas price was \$1.00 per gallon)*

- The price of crude oil – \$0.65 of the pump price
- The cost of refining – \$0.14 of the pump price
- Taxes – \$0.13 of the pump price
- Distribution – \$0.08 of the pump price.

To understand why our current gas price average is \$4.54 per gallon, look no further than the cost of crude oil at any given time in history, first.*(65% of that price is the cost of crude oil, or \$2.95 per gallon at present)*

When Barack Obama took office in 2009, the average price for a barrel of crude oil was \$61.95. By the beginning of Obama's second term in 2013, that price had peaked at \$97.98 per barrel, up 58.2% during Obama's first term.

In contrast, when Trump took office in 2017, that average cost of crude was \$50.80 a barrel. By the end of Trump's first term, the crude price was down to \$39.68 a barrel, and America was 100% energy independent for the first time in decades.

Now, since January 20, 2021, and the beginning of the alleged Biden administration, the price of crude has skyrocketed from Trump's \$39.68 a barrel to \$98.00 per barrel, projected by Biden to reach more than \$103.01 per barrel in 2022, which does not yet consider any adjustment for what's currently happening in Russia and Ukraine! International crude producers are projecting crude will reach more than \$200 a barrel before end of year 2022.

As of today, this is a record increase in crude prices of

131.6% in just the first 12-months of the Biden administration, before any impact from the Russia-Ukraine conflict. During the same time frame, the price of a gallon of gas at the pump has already increased 108.3%, and they are just getting started.

That explains why Biden's economic advisers are predicting that Biden's record inflation rate will continue to rise every month for the foreseeable future, because the price of crude drives the price of gasoline, and the price of gasoline drives the price of everything else.

Allow me to bring this into bright focus...

<u>GASOLINE AT THE PUMP</u>	<u>CRUDE COST</u>
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\$1.00	
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\$0.65	
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\$2.18	
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\$1.42	
--------	--

\$4.54	
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\$2.95	
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FOUR COST SECTORS at \$4.54 per gallon

- Crude Cost – \$2.95 per gallon
- Refining Cost – \$0.63 per gallon
- Taxes – \$0.59 per gallon
- Distribution – \$0.36 per gallon

It's the price of crude that is most responsible for the price of gas at the pump. So, what causes the price of crude to go up at least 131.6% just since Joe Biden took office on January 20, 2021?

When Trump was president, crude was down at \$39.68 a barrel and the price at the pump was \$2.18 per gallon. Today, the price of crude is up 131.6% since January 2021, and the price

at the pump is an average of \$4.54 per gallon as a result. As I write, the price of crude is averaging \$98.00 a barrel. It has more than doubled since Biden took office just a year ago, and so has the price at the pump, without entering events in Ukraine into the equation.

Only two things have changed impacting gas prices since January 20, 2021... a) Biden is president now instead of Trump, when gas was much more affordable, and the USA was 100% energy independent. b) Biden's energy policies are 180-degrees opposite those of Donald Trump.

Before Joe Biden went to bed on the evening of his inauguration, 1/20/21, he signed no less than fifteen "Green New Deal" Executive Orders essentially reversing all of Trump's policies that brought the cost of crude down to \$39.68 a barrel and gas prices at the pump down to \$2.18 a gallon.

Between January 2021 and October 2021, crude prices more than doubled from \$39 a barrel to \$90 a barrel. As a direct result, gas prices skyrocketed from \$2.18 per gallon before Biden took office, to break over \$3.00 a gallon by May 2021 and is now, \$4.54 a gallon just one year after Biden changed the USA energy policies by way of Executive Orders.

In closing, the price of crude has more than doubled as a direct result of Biden's energy policy that started on 1/20/21, and as a direct result, so have your prices at the pump.

Making matters much worse soon, Biden foreign policies responsible for the war in Ukraine and his suicidal sanctions against Russian oil, which he made the USA dependent upon again in January of 2021, will shorten supply even more, which will drive gas prices up even higher. Soon, truckers may not be able to afford the fuel in their trucks to deliver the fuel to your fueling stations. Citizens won't be able to afford to put gas in their tanks in order to get to work.

All of your home heating fuel and food costs are skyrocketing too, all as a result of crude prices and intentional supply chain shortages also caused by the Biden administration.

Biden just signed another \$1.5 trillion in taxpayer spending, none of which is earmarked to deal with this issue. But the package did include a 21% raise for all members of Congress. All members of Congress were bribed with this raise, to pass the \$1.5 trillion spending spree.

Vladimir Putin has nothing to do with the current prices at the pump. Joe Biden and his Green New Deal is 100% responsible for what you are paying at the pump today, and what it will cost you tomorrow. Follow crude prices and they will track entirely to what you pay at the pump. To bring gas prices down, we have no choice but to bring crude prices down, which will require Biden to reinstate Trump energy policies. There is no other fix!

The only question remaining is, what are we going to do about it? Where are we in the cycle below?

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