

Gas prices could fall to under \$2.50 a gallon in California

By Gary Richards grichards@mercurynews.com

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Gas prices may soon begin falling to levels not seen since the Great Recession in 2008 to under \$2.50 a gallon in California and -- gasp! -- to below two bucks nationwide.

That would be a pleasant shock on the West Coast, coming just two weeks after rising nearly 75 cents overnight in Southern California to \$4.30 a gallon.

If refineries continue producing at full capacity, the switch over to winter-blend gas in the fall/winter months, which is cheaper to produce and lower in demand, then:

"It is possible to see the average price in California down to \$2.30-\$2.50 by the end of the year," said Allison Mac, the west coast analyst for GasBuddy.com.

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The gas tracking agency believes that as many as 20 states could have average prices below \$2 per gallon with a national average of \$1.98 by Christmas.

State gas prices last fell to less than \$2 a gallon in late 2008 as the economy tanked in George W. Bush's final days in the White House. The U.S. average was \$2.67 Friday, while California was still much higher at \$3.79. The AAA estimates a huge drop could save drivers \$500 by the end of the year



"Every dime counts," said Shane Leonard of Hayward. "I just hate it when prices jump 10-20 cents in one day."

Dwindling supplies led to last month's run-up. But a surge of imports in recent weeks to California, Oregon, Washington, Nevada, Arizona, Alaska, and Hawaii broke the upward spiral.

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In addition, U.S. crude prices have fallen over 20 percent over the last month.

Less driving, no major refinery problems, a cheaper blend of fuel and more efficient gas-powered cars and more hybrids and electric cars -- "it's the perfect recipe for savings at the pump till the end of the year," said Will Speer, another senior petroleum analyst for GasBuddy.

The average U.S. price last fell below \$2 at \$1.85 a gallon in early 2008. The country was less than four cents shy of slipping under the threshold in January before an oil rally and a spate of refinery outages cut the decline short. A handful of filling stations in the U.S. are already selling gasoline for less than \$2, and the southeastern and central U.S. will probably be home to the most places with \$2 gas by winter, AAA said.

Mercury News wire services contributed to this report. Follow Gary Richards at [Twitter.com/mrroadshow](https://twitter.com/mrroadshow), look for him at [Facebook.com/mr.roadshow](https://facebook.com/mr.roadshow) or contact him at mrroadshow@mercurynews.com or 408-920-5335.

LOWEST STATE gas prices since recession Oct. 2008: \$2.62

Nov. 2008: \$1.85

Dec. 2008: \$1.95

Feb. 2009: \$2.20

Oct. 2009: \$2.98

AAA