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Atlanta gas prices rising at the pump as Russia-Ukraine crisis unfolds



< Caption

Credit: JOHN SPINK / AJC

LOCAL NEWS

By **Michael E. Kanell**

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Gas prices are already rising in metro Atlanta as retailers and drivers respond to the Russian invasion of Ukraine — and prices are likely to keep climbing.

Gas prices for vehicles generally follow the global price of oil but it's too soon for those changes to ripple all the way to the pump.

Still, demand for gasoline on Thursday nationally was the second-highest ever for a Thursday, a sign that drivers were well aware of the potential impact of the crisis and were

rushing to fill up in advance of price hikes, according to Patrick De Haan, head of petroleum analysis at Gas Buddy.

Demand was above normal in metro Atlanta as well, according to AAA.

And retailers were likewise fast to follow the rules of Economics 101: higher demand means higher prices.

On Thursday morning, the average price for regular gas in metro Atlanta was \$3.36 a gallon, according to Gas Buddy, which tracks prices nationwide. By Thursday afternoon, gas was averaging \$3.39. By noon Friday, the average was \$3.44.

The bump comes on top of the usual seasonal increase in prices as the worst of the winter passes. A month ago, the metro Atlanta average was \$3.19.

“Pump prices will likely continue to rise as crude prices continue to climb,” said Montrae Waiters, spokeswoman for AAA in Georgia. “Gas prices could see a 5 to 15 cents increase. The bottom line is we can’t predict exactly what they will be.”

Crude oil, which had breached \$100-a-barrel Thursday for the first time since 2014, dipped Friday morning, but was still trading in the mid-\$90 range.

For drivers, the current swell feels like piling on: Gas prices were rising already, as they typically do in late winter and through the spring. It also follows a year when oil production was struggling to catch up to demand as drivers shed their pandemic restrictions and returned to the roads.

A year ago, the metro Atlanta average was \$2.56 a gallon.

The United States does not buy much Russian oil — about 7% of total imports — but the price Americans pay is largely set by global markets. Worldwide shortfalls in supply — or worries about one — move everyone’s prices higher.

So far, the price hikes have been spurred by fear, not by any significant change in oil supplies.

Russia produces about 11% of the world’s oil, according to the Energy Information Administration. Ukraine oil production is less than 1% of Russia’s. While condemning the invasion and imposing sanctions on the Russian government, the Biden administration and its European allies have been careful so far not to force a cut-off of Russian oil.

If Russia's oil were blocked from the market, oil prices would soar, lifting gasoline prices, said Rajeev Dhawan, director of the Georgia State Economic Forecasting Center, during the organization's quarterly conference earlier this week. "If you take 10 million barrels of oil out of the market, there is no one in the world who can replace that."

Spiking gas prices have often triggered recession. But the economy does not depend as much on oil as in decades past. Moreover, current price increases are still relatively mild when adjusted for inflation.

Even so, the economy is vulnerable, Dhawan said. "If oil goes above \$100-a-barrel for three quarters, you'll have a hard (economic) landing."

And climbing gas prices have been one of the key factors fueling inflation, which last year reached a 40-year high. Rising prices have worried the Federal Reserve, which has been expected to start raising interest rates next month to try to curb inflation across much of the U.S. economy.

--An earlier version of this article incorrectly stated that the U.S. does not purchase Russian oil.

Average price for gas in metro Atlanta*

Friday noon: \$3.44

Thursday afternoon: \$3.39

Thursday morning: \$3.36

Week ago: \$3.35

Month ago: \$3.19

Year ago: \$2.56

Ten Years ago: \$3.60

All-time high: \$4.11 (2005)

*One gallon, regular grade, prices not adjusted for inflation

Source: Gas Buddy

World's top producers of oil, in millions of barrels per day

United States: 18.6

Saudi Arabia: 10.8

Russia: 10.5

Canada: 5.2

China: 4.9

Iraq: 4.2

United Arab Emirates: 3.8

Brazil: 3.8

Iran: 3.0

Kuwait: 2.8

Source: Energy Information Administration

About the Author

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Michael E. Kanell, the AJC's economics writer, has been reporting on jobs, housing and the economy at the AJC for nearly two decades. He has appeared on television and radio to analyze and report on business and economic developments.

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