

Nebraska Gasoline and Diesel Prices

The average gasoline price in Nebraska exceeded its historical high on Monday and has continued to set a new record on a daily basis this week. Various factors have contributed to the high prices — high [spot prices](#), [spot outages](#) at terminals, ailing refinery production rates, refinery turnarounds, refinery problems, and a heavily [backwardated](#) market.

Nebraska is in the center of the region that has the highest spot gasoline prices in the nation. Spot gasoline prices are more than 30 cents per gallon above Gulf spot prices. The current market is considered the boldest market since the aftermath of the 2005 hurricane season.

Several Nebraska terminals are experiencing spot outages of gasoline supplies. Spot outages are short periods of time during which the gasoline storage tanks at the terminal are empty. Spot outages are occurring as a result of ailing refinery production rates and the heavily backwardated market.

Refinery production rates are low due to a continued rash of problems and refinery turnarounds (periods of time during which maintenance is performed).

Backwardation is the condition where spot prices for a commodity are higher than the price for future delivery. This signals that the market is currently experiencing tight conditions and scrambling for supplies. In other words, prices are high now but people believe prices will go down so they carry a low inventory. With the heavy backwardation situation, any material shipped north from the Gulf would be worth much less on arrival than at the origin point.

For the week of May 14, Nebraska's average gasoline price had risen 18 cents from the previous week to \$3.28, which was 41 cents higher than the price at this time last year. This week, average prices in surveyed cities increased 16-22 cents per gallon and ranged from \$3.22 in Norfolk to \$3.39 in North Platte. New record-highs were reported each day in various cities while the state average established a new record-high on a daily basis. As of May 11, the Midwest gasoline stock level was below the normal range with 46.4 million barrels.

For the second consecutive week, Nebraska's average diesel price had no change from the previous week at \$2.92. According to the [weekly price report](#), this week's state average was one cent lower than the price at this time last year. Weekly averages in the surveyed cities ranged from \$2.86 in Grand Island to \$2.95 in Kearney and North Platte. On the supply side, the Midwest distillate fuel inventory level was in the normal range with 19.3 million barrels of ultra-low sulfur diesel fuel and 5.9 million barrels of low sulfur diesel fuel as of May 11.

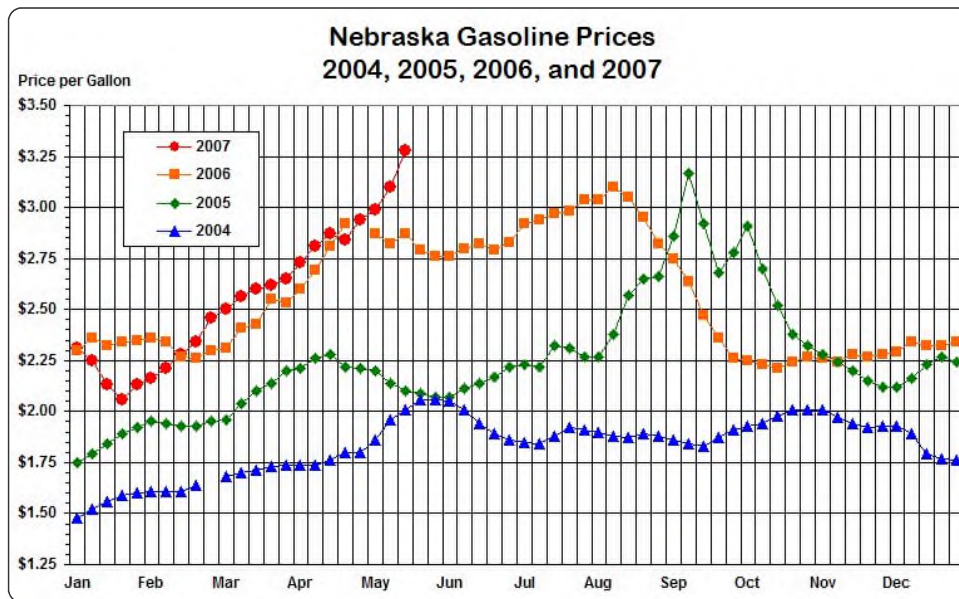
Regular unleaded gasoline is regular unleaded motor gasoline with an 87 to 88 octane. Diesel fuel is fuel used for internal combustion in diesel engines. Ultra-low sulfur diesel fuel has sulfur levels of 15 ppm and less while low sulfur diesel fuel ranges from more than 15 ppm to 500 ppm sulfur.

An [archive](#) of this report, [average gasoline prices for each month](#), [average diesel prices for each month](#), and [historical weekly prices](#) are available for diesel and three grades of motor gasoline.

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A general rule of thumb: A dollar increase in the [West Texas Intermediate](#) (WTI) crude oil price per barrel will result in a 2.5-cent increase in the gasoline price per gallon and the diesel fuel price per gallon. Likewise, a dollar decrease in the WTI crude oil price per barrel will result in a 2.5-cent decrease in the gasoline price per gallon and the diesel fuel price per gallon.

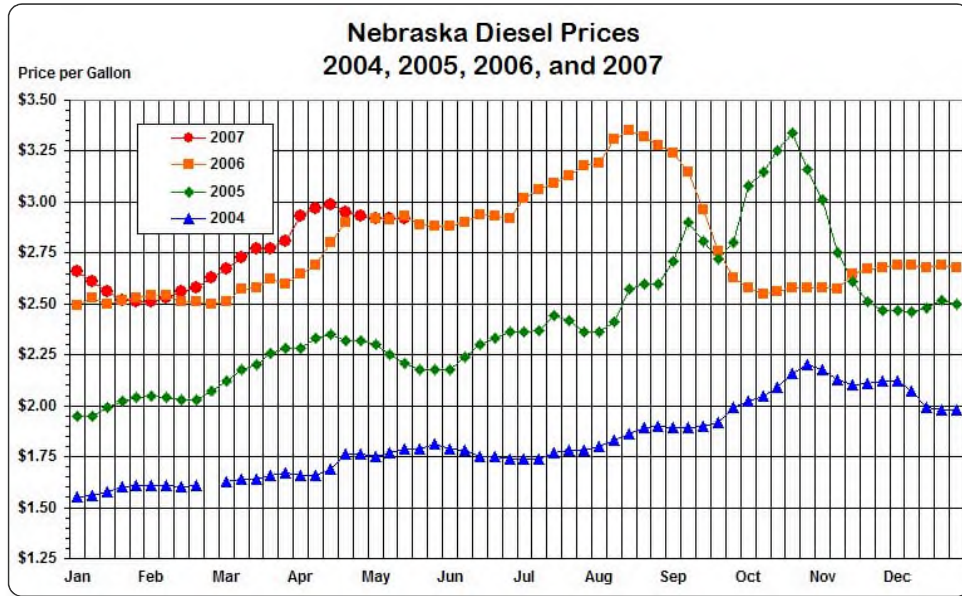


Unleaded Gasoline Prices for the Week of May 14, 2007 (Price per Gallon)

Columbus	Grand Island	Kearney	Lincoln	Norfolk	North Platte	Omaha	State
Notes: The average may not equal the average of the components due to independent rounding. NA = Not Available.							

	Columbus	Grand Island	Kearney	Lincoln	Norfolk	North Platte	Omaha	State
Weekly Average	\$3.24	\$3.28	\$3.32	\$3.35	\$3.22	\$3.39	\$3.26	\$3.28

Notes: The average may not equal the average of the components due to independent rounding. NA = Not Available.



**Diesel Prices for the Week of May 14, 2007
(Price per Gallon)**

	Columbus	Grand Island	Kearney	Lincoln	Norfolk	North Platte	Omaha	State
Weekly Average	\$2.87	\$2.86	\$2.95	\$2.90	\$2.94	\$2.95	\$2.92	\$2.92

Notes: The average may not equal the average of the components due to independent rounding. NA = Not Available.

Source: Nebraska Energy Office, Lincoln, NE.

*This report was updated on May 18, 2007.
Typically, there is one week between updates.*