PRICES SOAR: Diesel Shortage Could Cripple America's Economy

Prices for diesel fuel are soaring, and shortages of the critical transportation fuel could leave economies, including America's, in shambles. At *MarketWatch*, Dan Molinski reports on the fears of a shortage of diesel, writing:

> *One of the U.S.'s largest truck stops, Love's, said Wednesday it is closely watching its diesel fuel supplies in the Northeast amid growing concerns of industry-wide shortages, but said it has no plans to limit purchases.*
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> *"Love's is monitoring the fluid situation on the East Coast, we have experienced minimal outages during low traffic hours," Oklahoma-based Love's Travel Stops said in an emailed statement. "The company has no plans to restrict purchases of diesel."*
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> *Inventories of diesel fuel, which in the U.S. is mostly used by truckers, have been on the decline since the pandemic began, but those declines have accelerated since the start of this year. Analysts attribute the declines to reduced refining capacity, robust demand for the trucker fuel during the pandemic, and a recent rise in diesel exports.*
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> *Earlier on Wednesday, the U.S. government's Energy Information Administration said total inventories of distillates, which is mainly diesel fuel but also heating oil, fell last week to a 17-year low of 104 million barrels, which is 23% below normal.*
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> *On the East Coast, the situation is even worse. The EIA said distillate fuel oil inventories in the so-called PADD 1 district that covers the Northeastern states fell by 1.1*

> *million barrels last week to just 21 million barrels, the lowest ever recorded in data going back to 1990.*
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> *Love's truck stops, with some 550 locations across 41 states, also seemed to confirm reports on social media Wednesday that said Love's and other truck stops such as Pilot were informing their fleet operators that shortages of diesel fuel on the East Coast may happen in the coming week at some stores.*

In *The Wall Street Journal*, Paul Page details the price spike for diesel that has followed its scarcity, writing:

> *Diesel costs are reaching new highs across the U.S., straining the operations of trucking companies and wrecking the transportation budgets of businesses that need to ship goods.*
>
> *The price of the fuel that powers heavy-duty trucks has increased by more than $1.50 a gallon in roughly two months, according to the U.S. Energy Information Administration. The national average price has climbed to $5.62 a gallon, setting a record for the second week in a row, as prices at the pump surpassed $6 in some markets.*
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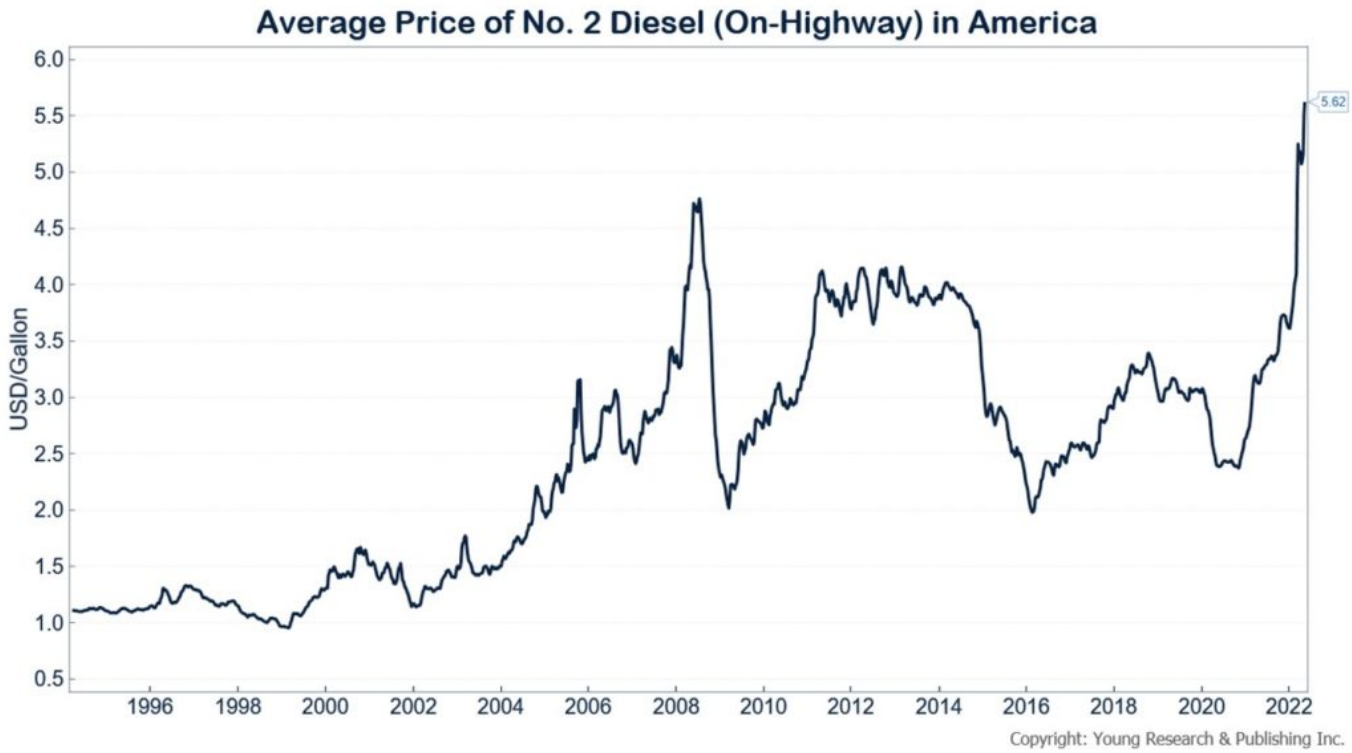
> *"These fuel costs are the biggest thing we're facing right now," said Jake Phipps, chief executive of Phipps & Co., a West Palm Beach, Fla.-based manufacturer of interior finishes and building materials for real-estate developers.*
>
> *He said the company's shipping costs within the U.S. have risen 15% to 20% from last year, pushing it to make changes to its distribution operations as some customers reconsider projects because of rising costs.*

You can see the staggering spike in diesel prices on my chart below.


Average Price of No. 2 Diesel (On-Highway) in America
USD/Gallon
6.0
5.5
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
5.62
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