Subject: Re: Price of gas
Posted by Manualblock on Thu, 27 Apr 2006 18:20:49 GMT
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Funny but I just listened to a radio show with an economist who explained by the numbers exactly how much money each component of a gallon costs.For a 3:00$ gallon 1.67$ goes to the crude price. That was under a dollar six months ago so there is where the wiggle room is.The next highest cost is the refining. 67c per gallon. Tax equals 42c per on average across the states. Shipping is pretty cheap; 17c a gallon. Thats the reason ethanol is no bargain; because it must be trucked from the midwest instead of using the pipelines. The retailer makes 15c a gallon but one surprising thing is the credit card companies get 7c a g. Because all the retailers buy on credit.The reason for the sudden jump he claims is strictly demand; the supply is steady but the demand has risen; both due to more countries like China seeking gasoline and because we practice no conservation measures.Drilling in Alaska helps no one; the amount available is small and would go predominantly to Japan. The rise in crude price is fixed by the traders on the mercantile exchange in New York and Chicago. According to this industry spokeperson much of the rise in price is due to speculation on the part of huge money fund shifts. The sharks on Wall Street in other words.Another problem is the obscene salaries of oil company exectutives; running into the Billions if you count all of upper management.Next is thier accounting methods, FIFO means they can pay 20$ for a barrell of oil in 2005 and write off the current cost as tax deferred.I can't recall all of the rest of what he said but becuase it is fresh in my mind I got this much. Very interesting stuff.