

Regular down to \$3.17 a gallon

AAA cites a drop in average price of gas on LI in the past week; some analysts expect further declines

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Gasoline prices locally dropped by an average of 7 cents a gallon in the past week, the American Automobile Association said yesterday. Some analysts expect prices to fall still further in coming weeks, but others are more cautious.

Meanwhile, after two days of strong increases, crude oil futures rose just slightly yesterday, by 18 cents, to \$72.63 a barrel, as Iran agreed to begin serious discussions about its nuclear program.

The AAA said regular unleaded averaged \$3.173 a gallon yesterday on Long Island, a decline from \$3.243 a week earlier and down almost 11 cents from the recent peak in late July. Still, the average is almost 51 cents higher than a year earlier, when it was poised to soar due to supply disruptions from hurricanes Katrina and Rita, to a record \$3.347 on Sept. 11.

Meanwhile, Consumer Reports magazine said yesterday a survey of more than 500 Americans planning to buy cars in the next two years named fuel economy their top consideration in selecting a vehicle.

Magazine spokesman C. Matt Fields said gas mileage has become a more important factor as gasoline prices have risen. "A lot of the information we're getting is suggesting that it is becoming a major buying factor."

And Americans do seem to be cutting back on their driving, said Mark Routt of Energy Security Analysis Inc., a consultancy in Wakefield, Mass. He said demand is up by less than 1 percent so far this year over last year, also a period of soft demand.

A significant decline in prices could rekindle demand, he said. He expects prices to fall further in coming weeks. "I can easily see another 15 cents or more come out of not only your local prices but national prices," he said.

He cited the lack of any impact on retail prices from the reduction in crude oil shipments from Alaska because of a leaky pipeline.

Further, he noted, demand usually falls seasonally by about 5 percent after Labor Day. And about the same time refiners will begin switching to production of cheaper winter-grade gasoline.

Routt also pointed to what he says will be a surplus of gasoline in Europe that will likely be offered for sale here, an inevitable refinery byproduct of increased production of heating oil for the coming winter. "Get ready for a flood of European gasoline," he said.

At least so far, this year's hurricane season has been absent of any destructive storms to interrupt supplies, but the private weather forecasting service Weather 2000 Inc. of Manhattan has a warning. "We've been telling clients not to close the books yet on the 2006 hurricane season," said chief meteorologist Michael Schlacter. "A lot can materialize from late August to mid-October."

There have been three named storms of the 2006 Atlantic hurricane season, and forecasters are watching a tropical depression in the far eastern Atlantic that was expected to become a Tropical Storm Debbu by today.

At the pump

Average price of regular unleaded on Long Island

Yesterday 3.17 3/10

Month ago 3.28 0/10

Year ago 2.66 7/10

Record (9/11/05) 3.44 7/10

SOURCE: AAA

At the pump

Average price of regular unleaded in the city.

Yesterday 3.24 8/10

Day before 3.31 1/10

Month ago 2.75 1/10

Record (9/11/05) 3.44 7/10

SOURCE: AAA

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