Some have been surprised by recent refining margins, earnings in the refining sector and a seeming disconnect between finished fuel prices and prices of crude oil. There's a reason for this: in short, while the price of crude oil is the biggest factor determining fuel prices, it's not the only factor, and there's particular tightness in the global refined product market which hadn't been the case until recently. Take a look below to see what several analysts, reporters and market experts have explained about this topic, and make sure to visit AFPM's recent blog as well (What's going on with refining margins and industry profits?):

> *"Trump is correct about the problem — but he's dead wrong on the cause. It isn't corporate malfeasance, but geopolitical upheaval. The cost of gasoline, diesel and jet fuel is much higher than the price of crude would suggest because of several crises. Above all, a significant chunk of the world's refining capacity is, literally, on fire after Ukraine targeted Russian refineries on an almost daily basis for several weeks…"*
>
> *"The attacks have exacerbated a shortage in global oil processing capacity, triggering a huge rally in refining margins… This month, the 3-2-1 refining spread has surged to about $60 a barrel, a record high. History shows the magnitude of the rally. From 1985 to 2021, the crack spread averaged about $10.50 a barrel. Even between 2004 and 2008, during the so-called golden age of refining that saw strong margins, the crack spread never surpassed $30."*
> – **Javier Blas**, Bloomberg, Iran isn't the only conflict vexing the oil market

> *"Refining companies are earning historically high margins, not because of price gouging but because of basic supply-and-demand dynamics. Simply put, the world does not have enough refining capacity… For policymakers, this is another reminder that energy security depends not only on producing more crude oil but also on maintaining sufficient refining capacity to convert that oil into the gasoline, diesel, jet fuel, and other products that power the American economy."*
> – **James Rogan**, Washington Examiner, The refined fuel shortage, not oil prices, is what matters

> *"Prices are set by supply and demand. That economic law is as fundamental as they come…"*
>
> *"Oil prices fluctuate constantly. Relatively minor changes to demand can cause big price moves. Major changes, like a pandemic or war, have a far more substantial impact."*
> – **The Washington Post Editorial Board,** Gas prices rose because of Trump's Iran war, not oil company greed

> *"We have a long track record of politically reacting to high gasoline prices by accusing the industry of gouging," he said. "There have been many, many investigations, and none of them have found collusion or some sort of anti-competitive behavior."*
> – **Bob McNally**, Rapidan Energy and former energy adviser to George W. Bush administration -

Trump accuses oil companies of gouging drivers, orders DOJ to investigate - POLITICO

"If President Trump wants to protect consumers from high gasoline prices, the most important step is to ensure that the Strait of Hormuz returns to the open and secure state it was in before his attack on Iran."
– **Jason Bordoff**, founding director, Center on Global Energy Policy - Trump accuses oil companies of gouging drivers, orders DOJ to investigate - POLITICO

"…the biggest factor keeping product prices elevated this year has been the emergence of a refined product shortage. The most important drivers have been the disruption of normal vessel traffic through the Strait of Hormuz, damage inflicted on refineries in the Persian Gulf region, and the similar severe degradation of Russian refining operations by accelerated and more effective Ukrainian drone strikes. Contributing to these global product shortages are Chinese policies limiting product exports, a lack of new refining capacity coming online, and the impacts of a number of permanent refinery shutdowns over the past 18 months. Within the U.S. in particular, regulatory policies that have pushed Renewable Identification Number (RIN) prices to record levels have added to the high product prices."
– **Lisa Shidler**, RBN Energy, The factors keeping refined product prices high, even as crude prices fall

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About AFPM Editorial:

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