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Gas price hike: Brace for 3 more months of pain at pumps

Had your fill of high gas prices? More markups could be coming, energy and gas price analysts say

By Matt Kwong, CBC News Posted: Jun 20, 2014 4:01 PM ET | Last Updated: Jun 20, 2014 10:47 PM ET



Gas in Smooth Rock Falls, Ont., was at just under \$1.44 a litre on June 20, 2014, about average in an informal look by CBC at pump prices across the country. (Nabi-Alexandre Chartier/CBC)

1 of 12

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Pain at the pumps 2:14

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Record-high gasoline prices across Canada aren't expected to dip until summer weather and sectarian clashes in Iraq cool off, energy analysts and gas-price watchers say.

That could mean more grumbling at the pump for cottage-bound motorists until at least September, when the holiday road-trip season winds down.

- **ISIS battle over Iraqi refinery drives oil prices to 9-month high**
- **Motorists hit with record-high gas prices**

Average prices per litre reached records in parts of Ontario last week. On Friday, prices in Toronto were nearing \$1.42 (14 cents higher than the same day last year), and in Edmonton it was close to \$1.26 (six cents

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- Tomorrow's Gas Price Today
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higher). In Halifax, gasoline was selling at about \$1.40 a litre (up 11 cents) and the Vancouver average was hovering around \$1.55 a litre (up 12 cents).

"[Thursday] was a record here and the day before tied for the record. Tomorrow will be a record," said Toronto-based Dan McTeague, who runs the gas-price forecasting website Tomorrow's Gas Price Today.

"We've been in record territory now for several days."

The previous all-time high for Toronto was in 2008, which was around \$1.37 a litre.



A snapshot of gas-station signs taken by CBC reporters on Friday show prices in various cities. From left: Sudbury, Ont.; Sydney, N.S.; Edmonton and St. John's. (CBC)

Stockpiling fuel

McTeague blamed jitters and excessive financial speculation over instability in the Middle East for "distorting" fuel prices.

Meanwhile, he noted, actual supply for crude has never been better.

Toronto resident Frank Evans, anticipating steeper prices to come, was seen stockpiling fuel for his 12-metre boat at an east-end gas station.

Laura Lau, a senior vice-president portfolio manager with the Brompton Group specializing in natural resources, said the markups are a direct reflection of international headlines.

'It won't be until September until we start seeing gas prices going down substantially.'

—Jason Toews, co-founder of GasBuddy.com

The risk premium for oil has soared, even though the unrest hasn't stopped crude from flowing.

"We could see some relief, but it depends on what happens in Iraq," Lau said. "If it escalates, we'll probably see it go up. If it's resolved or the intensity comes down, we could see oil and gasoline prices come down."

She noted that no shortages have been reported so far, although oil companies in the region have begun to withdraw nonessential staff following the violent siege of northern Iraq's Baiji refinery by Sunni militants.

"So could oil production be reduced? Yes," Lau said. "But right now, it's more the threat of it than the actual reality."

Jason Toews, co-founder of GasBuddy.com, which tracks average gasoline prices across Canada, said motorists hoping to get a financial break at service stations over the next few weeks are in for a tough summer break.

Could drop to around \$1.30 in September

The end of June is traditionally "the real kickoff to the summer driving season," Toews said.

"It won't be until September until we start seeing gas prices going down substantially. It's the end of the summer driving season, so the weather gets cooler, kids are back in school, families are done taking vacation and it gets into work mode," he said.

By that time, he expects to see prices down to the \$1.30 range. At the end of last September, he said, prices were down to about \$1.23 a litre.

Interested in comparing gas prices? Here are 2 sources:

- **Tomorrow's Gas Price Today** gives gas-price predictions
- **GasBuddy** tracks current average gas prices across



Pain at the pumps

2:14

Gas prices are up across the country and, as Bal Brach reports, there is no sign of prices coming down anytime soon



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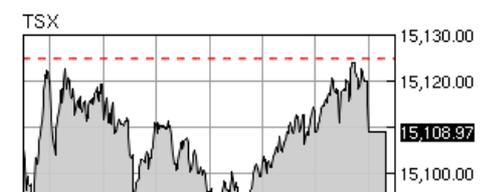
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Dr. Oz's 'kooky' choices

Medical ethicist Dr. Arthur Caplan cr

Markets



Regarding turmoil in Iraq, Toews predicted that the national average gas prices would only inch up two or three cents per litre in the next few weeks if the situation holds steady and doesn't deteriorate further.

North America

- [Tomorrow's Gas Price Today](#)
- [GasBuddy](#)

Canada's national average pump price was fluctuating around \$1.38 on Friday, Toews said. On July, 31, 2008, when crude was selling at its all-time high of \$147 a barrel, the national average pump price was around \$1.32.

GasBuddy.com supplied a sampling of average gas prices in major Canadian urban centres, comparing June 2013 prices to this month's:

- Calgary: \$1.27/L (2014), \$1.257/L (2013).
- Edmonton: \$1.26 (2014), \$1.20/L (2013).
- Halifax: \$1.40/L (2014), \$1.26 (2013).
- Montreal: \$1.52/L (2014), \$1.38/L (2013).
- Ottawa: \$1.40/L (2014), \$1.27/L (2013.)
- Regina: \$1.31/L (2014), \$1.30/L (2013).
- Toronto: \$1.42/L (2014), \$1.27/L (2013).
- Vancouver: \$1.50/L (2014), \$1.42/L (2013).
- Winnipeg: \$1.30/L (2014), \$1.34/L (2013).

Michael Ervin, a Calgary-based energy analyst and president of MJ Ervin and Associates, said people will likely have to wait until after the Labour Day weekend for refiners' prices to go down as supply starts to exceed demand.

In the meantime, he said it was "remarkable" that despite the geopolitical unrest, prices have not spiked higher.

"Ten years ago, crude prices would have soared much higher than they did so far," Ervin said. "That really speaks to the fact that the world crude markets are quite well supplied compared to the pre-recession era, when fuel demand was so high."

Lau said that while motorists continue to groan about getting gouged when they fill up, many have come to expect it.

"There's less sticker shock. I remember when there were gas stations that you couldn't even put a dollar sign on, it was just 99.9," she said.

The pump-price situation isn't dire all over the country, particularly in the North.

Nunavut was boasting relatively low gas prices. In Iqaluit on Friday, only one of the three stations in town was displaying a price for gas, showing \$1.37 per litre. The territorial government buys winter-grade fuel in bulk, then sets a price every year.

With files from CBC's Philip Lee-Shanok

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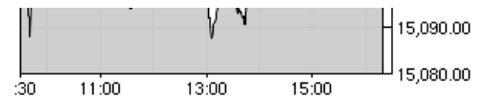
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