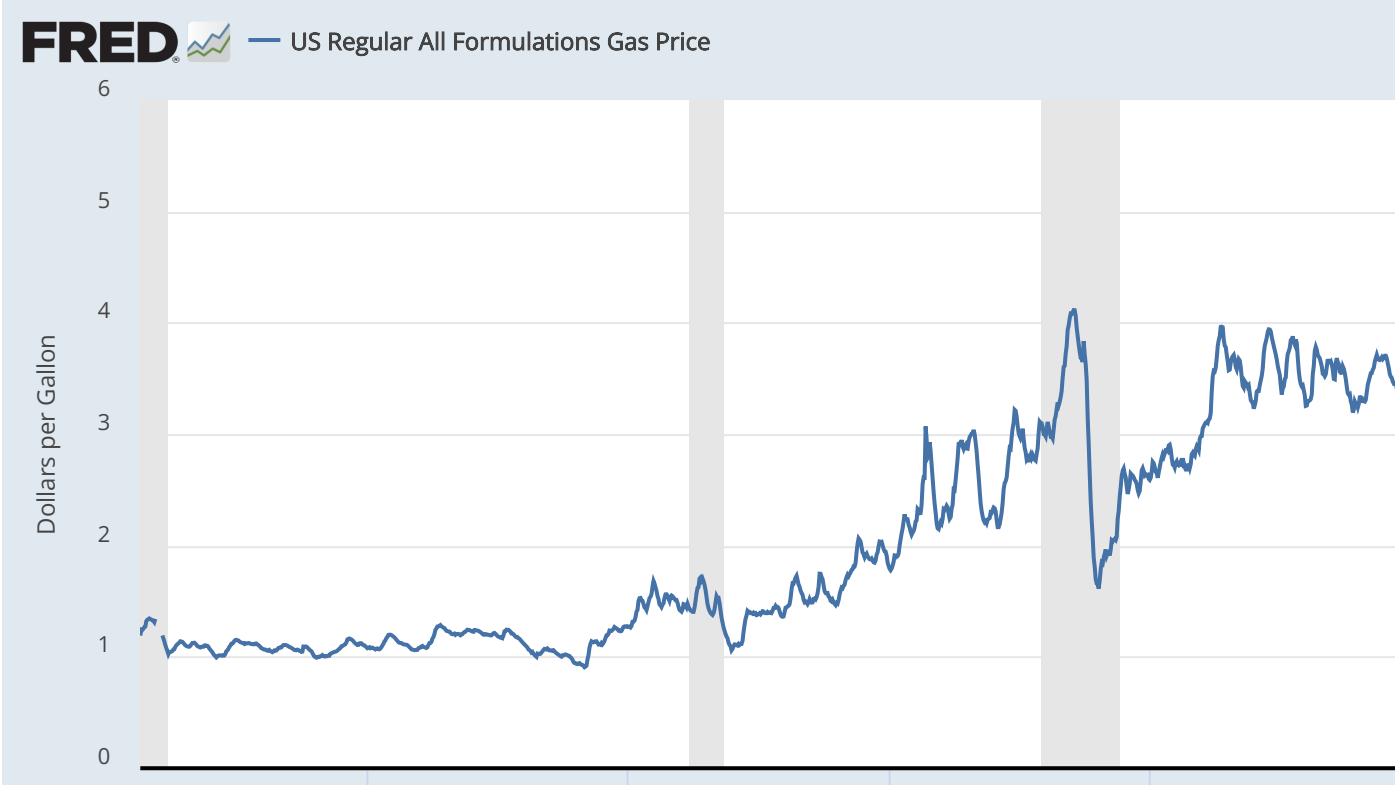
The FRED® Blog

Are real gasoline prices really higher?

Data from 900 gas stations for FRED Blog's 900th post

Posted on July 17, 2023



The FRED Blog is proud to have reached the milestone of 900 blog posts. As with every centennial, we present a graph that's related to the number. Although *900* was challenging, FRED always delivers.

Today's topic is gasoline, and the data set comes from a survey of 900 retailers. The values reflect the average prices of "regular" gasoline, with octane levels of 85 to 88. The FRED graph above offers some not-so-surprising observations: Gas prices fluctuate dramatically, and gas prices have increased substantially since the 1990s, peaking in mid 2022.

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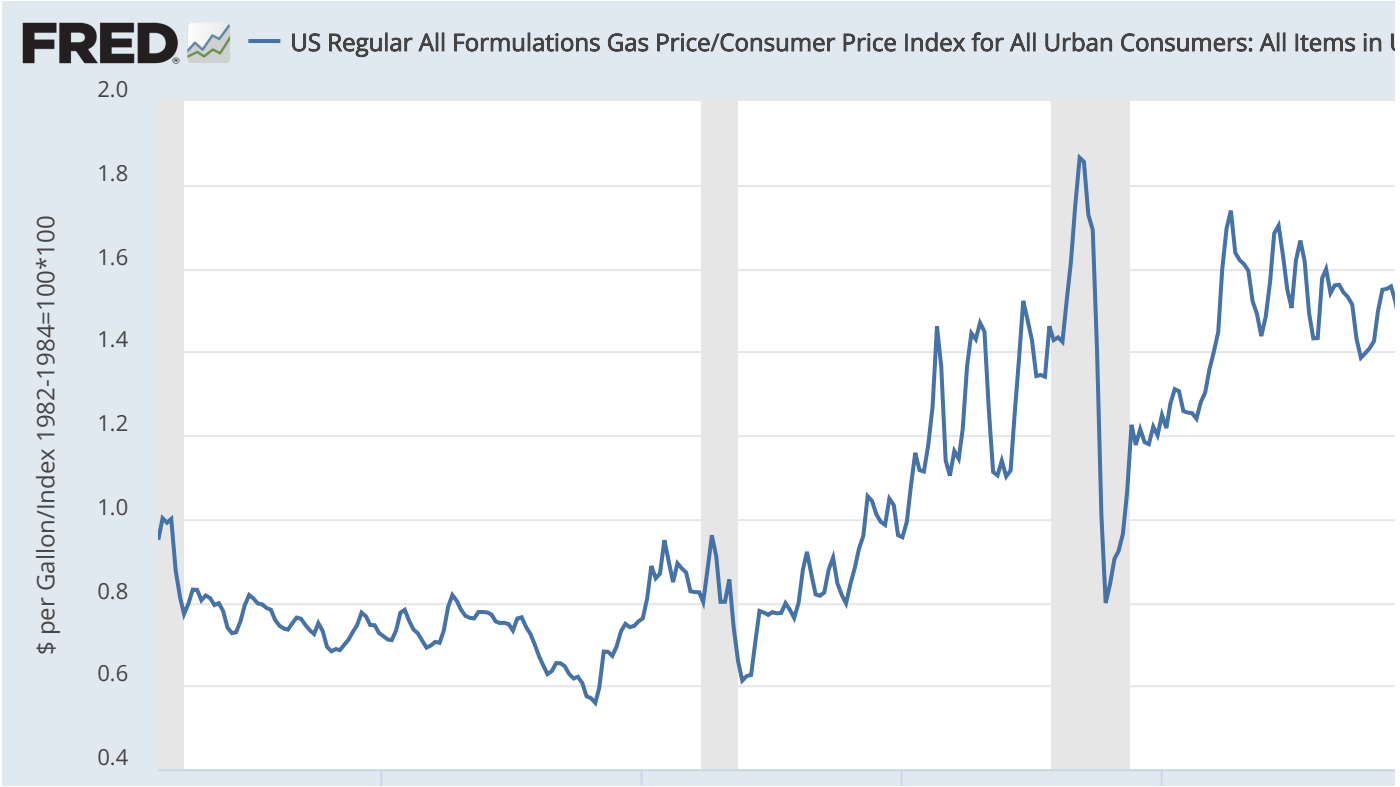

Adjusting for consumer price inflation, as we do in our second graph, shows the same variability but reveals something new: After the increase in the early 2000s, the *real* gas price has not been trending up and the 2022 peak in the first graph is surpassed on several occasions. But, of course, what really matters is how gas prices relate to incomes, which we show in our third graph. There, we see that current gas prices (measured as the number of minutes of work it takes to purchase a gallon of gasoline) are not that much higher than in the 1990s.

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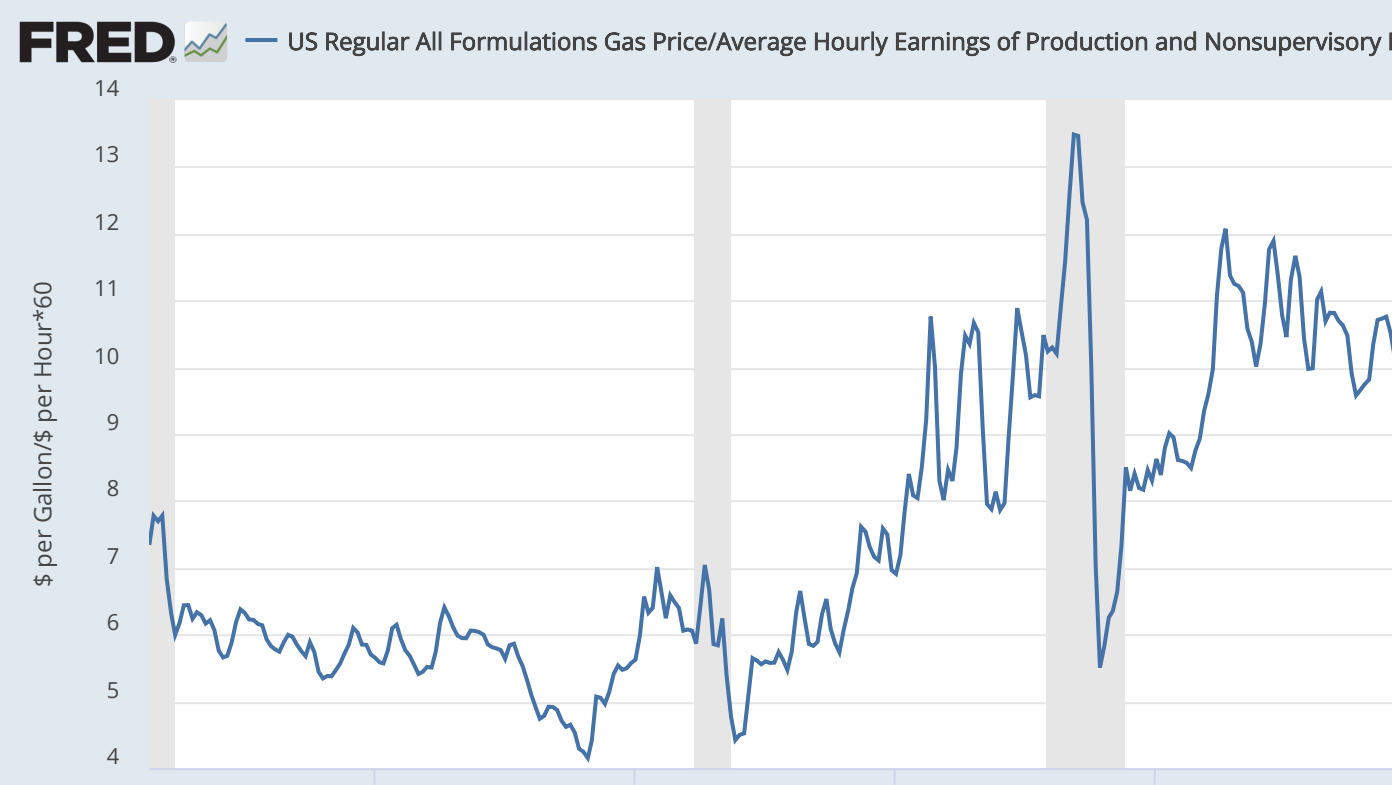

How these graphs were created: The first graph can easily be found by searching FRED for "gasoline price." For the second, click on "Edit Graph," in the "Add Line" tab search for CPI, and then apply formula *a/b*100*. For the third, replace the CPI by the average hourly wage (selecting the series for non-supervisory workers, which goes back further than other series) and then apply formula *a/b*60*.

Suggested by Yvetta Fortova and Christian Zimmermann.