

Our View

Out of Touch with Reality

Philip Verleger
April 16, 2026

POLITICO published the following on April 15, Tax Day in the United States:

Treasury Secretary Scott Bessent on Wednesday said he's "optimistic" that retail gasoline prices will hit the \$3 range some time this summer, a later date than the Trump administration previously floated.

"I'm optimistic that during the summer we will see gas with a 3 in front of it sooner rather than later," the Treasury secretary continued, putting the timeline specifically between "June 20 and September 20."¹

Attuned listeners must have wondered what Bessent is smoking. Alternatively, they might have asked, "Did he forget to say September 20, 2027, or 2028?"

The POLITICO report added, "Bessent said the exact timeline for a decrease in gas prices will be "up to how the negotiations go" with Iran.

One can only say Bessent seems as delusional as President Trump, who yesterday posted a meme of Jesus hugging him.²

We will add that in our view, the first digit for gasoline prices by September 20, 2026, will likely be 5, not 3. It could be even higher.

Seriously, no one in the administration seems to understand the serious long-term nature of this crisis. Yes, opening the Gulf will help—a little. However, significant damage has been done to the world's refining capacity. Furthermore, Asian buyers, who typically source their crude oil from the Middle East, are turning to the US. As Amrita Sen wrote in *Financial Times*, "Asian refiners, prioritizing security of supply rather than economic margins, are vacuuming up all Atlantic basin crudes."³

US production is included in the Atlantic basin for those unfamiliar with oil lingo. Sen predicted that US crude inventories will be critically low by the end of May, thanks to buying by Asian customers.

¹ Diana Nerozzi, "White House assures voters gas prices will go down in summer despite 'short-term volatility,'" POLITICO, April 15, 2026 [<https://tinyurl.com/2mtmjus7>].

² Isabel Keane, "Trump posts a picture of Jesus hugging him days after his AI-deity image drew widespread anger," The Independent, April 15, 2026 [<https://tinyurl.com/2x9hkwfj>].

³ Amrita Sen, "The US is at risk of an oil shock too," *Financial Times*, April 14, 2026 [<https://tinyurl.com/54k5nwax>].

She added that the United States “is not immune from crude shortages because the region with the largest needs, Asia, is willing to pay up for US crude.”

Sen also observed that to avoid shortages, Bessent and other policymakers will need to accept higher prices or consider setting export limits.

The situation is made worse by damage to refineries in Persian Gulf countries, although details are scarce. Citing the consulting firm Rystad, *The Wall Street Journal* reported that one of the world’s largest refineries, located in the UAE, will require months to restore production.⁴ The same article quoted the CEO of Kuwait Petroleum as saying it would take three to four months to bring back output at his country’s large refinery. *Financial Times* reported that the Sitra refinery in Bahrain was shut and would not resume operations for months.⁵

The loss of refining capacity will drive product prices higher in the coming months, barring a sharp global economic downturn. US refiners will be pushed to produce more jet and diesel fuel to replace the volumes that normally flow from the Middle East. US motorists will see the impact for months, if not more than a year, all thanks to the United States’ war of choice.

⁴ Georgi Kantchev and Ed Ballard, “Iran War Cease-Fire Can’t Undo the Middle East Hangover,” *The Wall Street Journal*, April 8, 2026 [<https://tinyurl.com/yseyvn9h>].

⁵ Leslie Hook, Rachel Millard, and Verity Ratcliffe, “The damage wrought to the Middle East’s oil and gas supplies,” *Financial Times*, April 11, 2026 [<https://tinyurl.com/4c8n453f>].