Our View

No Room to Cut Gasoline Prices

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In an August 3 article, Politico reported on President Trump's unhappiness with gasoline prices. On Monday, James Bikales wrote that the president had criticized Chevron and Exxon for their high profits, saying they were "making too much money."[1] He then offered this warning:

> "They better cut the retail price, the consumer price," Trump said. "I'll say it loud and clear. I'm not happy about it."

In a related article, Politico's Scott Waldman stated, without offering factual support, that "Trump has been able to keep retail prices lower than experts say they should be through the sheer power of promises—which have yet to come through—of a swift end to the [Iran] conflict."[2] Waldman warned, though, that Trump's "ability to jawbone the market may be diminishing."

Of course, Waldman is wrong regarding Trump's prior success in taming crude oil prices. China deserves all the credit, as *The New York Times*, *Financial Times*, and *The Wall Street Journal* have noted.

Trump does seem to have moderated retail gasoline prices somewhat, however. Margins are quite low given the current spot price level.

In the table below, I list the gasoline spot prices for five cities as reported by Platts. For these metropolises, I also show the additional costs marketers would pay. These include taxes, distribution costs (which I put at $0.05 per gallon), the cost of Renewable Identification Numbers (RINs), which the EPA requires to encourage ethanol use, and the low-carbon fuel charges assessed by California and Washington State.

The spot price is what independent marketers and some larger marketers such as Costco pay for gasoline. Exxon or Chevron dealers or other firms marketing large volumes under the "flag" of a major oil company often pay less.

Those who buy gasoline at the spot price often set the overall price in a community. The margin they earn tells one the per-gallon profit for the most price-aggressive and low-cost marketers.

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[1] James Bikales, " 'Making too much money': Trump blasts Exxon Mobil, Chevron profits," Politico, August 3, 2026 [https://tinyurl.com/45ev9myt].

[2] Scott Waldman, "Trump has been able to keep oil prices low. But that power may not last forever," Politico, August 3, 2026 [https://tinyurl.com/52sa6fzv].

As you can see from the table, these margins are slim, which indicates that little room exists to cut retail gasoline prices unless spot prices fall.

Margin Earned by Retail Marketers in Five Cities Purchasing Gasoline at Spot Prices ($/gal)

	Houston	New York	Chicago	Los Angeles	Seattle
Spot Price	3.04	3.09	3.10	3.35	3.23
Tax	0.38	0.43	0.90	0.92	0.80
RIN Cost	0.23	0.23	0.23	0.23	0.23
Low-Carbon Fee				0.25	0.62
Distribution	0.05	0.05	0.05	0.05	0.05
Total	3.70	3.79	4.28	4.80	4.93
Retail Price*	3.60	4.12	4.45	5.07	5.33
Retail Margin	–0.11	0.33	0.17	0.27	0.40

*Note: these numbers assume retailers receive the average price reported by AAA.

Sources: S&P Global Platts; California Energy Commission "Estimated Gasoline Price Breakdown and Margins [https://tinyurl.com/49c7d39b]; *Washington State Standard* [https://tinyurl.com/4n3re5y2]; Affordable Fuel Washington [https://tinyurl.com/y98zp6v3].