

Rising Retail Gasoline Prices

As Retail Gasoline Prices Rise, Big Oil Blames Biden While Boasting Record-Breaking Profits That It Uses For Stock Buybacks And Showering Billions On Investors

RHETORIC: Big Oil And Its Allies Say Biden Is To Blame For The Recent Increase In Gas Prices.

The American Petroleum Institute Has Called Increased Gas Prices One Of The “Consequences Of The Biden’s Administration’s Energy Policy Signals.” “In recent weeks API Chief Economist Dean Foreman has noted the return of petroleum demand, as economies strengthen in the U.S. and globally, to a level that’s outpacing supply (see here). In the Q&A that follows, Dr. Foreman discusses the impacts of the supply-demand mismatch on American consumers and markets, as well as the consequences of the Biden administration’s energy policy signals. [...] Higher oil demand and solid but relatively flat supply has spurred higher prices for crude oil and consequently gasoline so far this year, and the rough magnitude of these changes has actually worked out to be about what one would expect based on history.” [API, [06/01/21](#)]

Republican Operatives Blame The Biden Administration For July’s Increase Gas Prices.

““People are paying more at the grocery store, at the gas pump, and when buying everyday goods,” Republican National Committee Chair Ronna McDaniel tweeted Sunday. “Rising prices under Biden are a hidden tax paid by every American!” “Is it any wonder we’re seeing surging fuel prices and inflation?” Sen. John Barrasso (R-Wyo.) wrote in an op-ed Friday, pointing to White House policies that he said would reverse the U.S. oil boom of the past decade.” [Politico, [07/04/21](#)]

REALITY: As High Gas Prices Hurt Americans’ Wallets, Oil Corporations Are Raking In Billions More...

Oil And Gas Companies Benefit From Increased Oil Prices. “In addition, the surge in domestic oil production in recent years means that rising oil prices are no longer an unambiguous negative for the U.S. economy: Higher prices are bad news for drivers and consumers, but good news for oil companies and their workers, and the vast network of equipment manufacturers and service providers that supply them.” [New York Times, [07/06/21](#)]

- **Oil Producers Are Set To Make “Record Profits” In 2021.** “The world’s publicly traded independent oil producers will make record profits this year, surpassing the levels reached when crude hit an all-time high near \$150 a barrel more than a decade ago, according to Rystad Energy. Combined free cash flow from the sector is expected to surge to \$348 billion, beating the previous high of \$311 billion in 2008, Rystad said.” [Mint, [06/23/21](#)]

Exxon Boasted That Increased Oil And Gas Prices Will Give Them Hundreds Of Millions – And Potentially Even A Billion – In Increased Revenue. “ExxonMobil recently expressed optimism that higher oil prices would contribute significantly to its second-quarter 2021 upstream earnings. [...] The company projects second-quarter operating results from the oil and liquids businesses to improve \$600 million to \$1 billion from the March quarter thanks to an uptick in oil prices. The change in natural gas prices is likely to have contributed another, a maximum of \$400 million, to the profits of the upstream business, as forecast by the energy major.” [*Yahoo*, [07/08/21](#)]

In The First Quarter Of 2021, Oil Giants Like Exxon And Chevron Reported Billions In Income Thanks To Rising Oil Prices. “Exxon Mobil Corp. reported \$2.7 billion in net income Friday, its first quarterly profit since the pandemic erupted last spring, while Chevron Corp. reported \$1.4 billion in first-quarter profit. The results were boosted by rising oil prices during the first months of 2021, as countries around the world soften coronavirus quarantines. The largest European oil companies, BP PLC, Royal Dutch Shell PLC and Total SE, all reported profits earlier in the week after enduring huge losses last year.” [*Wall Street Journal*, [04/30/21](#)]

The Current Price Of Oil Is Well Above What Is Needed For Companies To Be Profitable.

The Oil And Gas Industry Requires Oil Prices To Be Around \$46-58 To Be Profitable For New Wells And Only \$17-34 For Existing Wells.

Average WTI price needed for U.S. oil and gas producers to stay profitable by well status in selected U.S. oilfields as of 2021*

(in U.S. dollars per barrel)



[Statista, accessed [07/12/21](#)]

...That It Showers Onto Investors With Stock Buybacks And Dividend Increases.

When Oil Prices Rose 77% In Early 2021, Exxon, Chevron, BP, And Shell Saw Their Shares Increase By 60%. “Share prices for the world’s largest energy companies have moved in tandem with oil prices that have rebounded markedly in recent months. U.S. oil prices are up about 77% over the past six months, while the shares of Exxon, Chevron, BP and Shell are collectively up about 60%.” [*Wall Street Journal*, [04/30/21](#)]

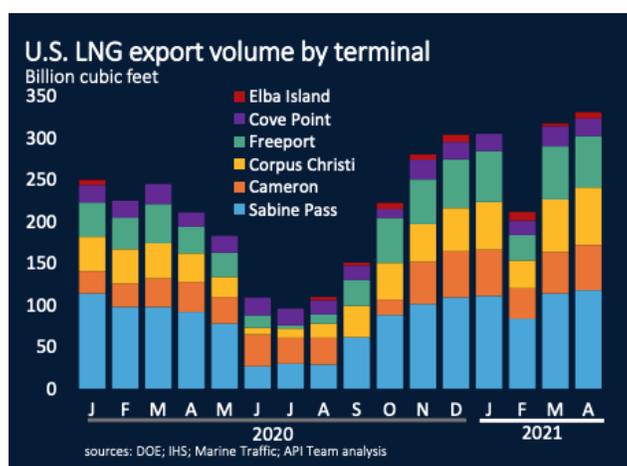
Amidst Increased Gas Prices For Consumers, ConocoPhillips Added To Their Stock Buyback Even More Stock And Give Over \$65B In Shareholders. “ConocoPhillips recently provided an ambitious 10-year operating plan and increased the share repurchase program. [...] The latest buyback move is likely to bring the total 2021 planned distribution to \$6 billion. Importantly, in the 2022-2031 time period, the company expects to return more than \$65 billion to its shareholders, which will be funded by cash from operations.” [*Yahoo*, [07/08/21](#)]

Shell Pledged To Buyback \$500M Worth Of Shares If Oil Prices Remain Around \$75 Per Barrel. “If oil remains at about \$75 a barrel, JPMorgan Chase & Co. said it expects Shell to repurchase about \$500 million of shares in the third quarter.” [*E&E News*, [07/08/21](#)]

Chevron, Shell, And BP Raised Their Dividend, Giving More Money To Investors In Response To Increase Oil Prices. “In response to growing profits, Chevron, BP and Shell boosted their payouts to investors. On Wednesday, Chevron increased its quarterly dividend by 4%, while Shell also raised its dividend 4%, the second increase since slashing it last year.” [*Wall Street Journal*, [04/30/21](#)]

REALITY: Oil And Gas Companies Have Increased Exports, Lining Their Pockets While Americans Pay More Due To “Lack” Of Supply.

According To The American Petroleum Institute, US Gas Exports Increased In April.



[API, Industry Outlook Second Quarter 2021, [07/17/21](#)]

- **Gas Prices Are Rising Due To Lack Of Supply To Meet US Demand.** “Experts largely agree that the White House usually has little to do with short-term moves in gasoline prices, which are a factor of global oil prices, U.S. refinery operations, and – especially this year – a sharp jump in demand from drivers as people emerge from lockdowns

and travel resumes. [...] Jeanette McGee, an AAA spokesperson, said the primary reasons for the price surge are the reawakening economy as the country grows more optimistic about vaccination against Covid-19, along with increased global oil demand and a surge in leisure travel." [*Politico*, [07/04/21](#)]