

## As oil prices soar amid war, what it means for LI consumers

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Amid soaring crude oil prices, consumers will be among the first to experience price shocks brought on by the U.S.-Israel war with Iran, experts said.

Prices of crude oil were nearly \$120 a barrel early Monday before settling down to just below \$88 a barrel in late day trading. And while barrel prices may reflect the sale of only one commodity, the price of oil has broad implications for consumers on Long Island and nationwide.

"Anybody that is looking to purchase gasoline in the coming weeks is certainly likely to see price increases," said Richard Vogel, a professor of economics and dean of Farmingdale State College's school of business.

Despite concerns about the impact such increases might have on the price of gasoline, home heating oil or the price of a plane ticket, oil prices have eased somewhat considering news the G7 nations may decide to release oil reserves into the market, easing the current shortage being experienced by some countries outside the United States.

Here are five things to know about rising oil's impact on consumers. What is the average price of regular gas and diesel fuel on Long Island? Average local gas prices hit \$3.34 a gallon on Monday, up 3 cents from Sunday, according to data from AAA's online fuel prices tracker. Last week, the average price was \$2.87 a gallon.

Statewide, the average price per gallon was \$3.40, up nearly 40 cents from a week ago, according to AAA data.

On Long Island, the average price for a gallon of diesel fuel Monday was \$4.67. Nationally, according to AAA, the average cost per gallon for diesel was 4.66. Is this the highest gas prices have been? No, said Robert Sinclair Jr., senior manager of public affairs at AAA Northeast. In 2022, when Russia invaded Ukraine, triggering U.S.-levied sanctions, oil and gas prices saw a much steeper price increase.

"We've been in this range as far as the cost of oil goes," Sinclair said. "When Russia invaded Ukraine, that's when we hit the all-time high of over \$5 a gallon." What impact do oil prices have on gas prices? The relationship between the price of a barrel of oil and a gallon of gasoline is a fairly direct one, Sinclair said.

Historically, for every \$10 that the price of a barrel of oil goes up, consumers can expect to see a roughly 25 cent increase per gallon of gas, Sinclair said. However, it normally takes about 20 days for the price in oil to filter down to the price consumers pay at the pump.

Gas stations appear to be pricing their gas "speculatively," Sinclair said, meaning that retailers are anticipating higher wholesale prices on gas and are trying to get a leg up by pricing their current supply higher.

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"They're kind of hedging their bets that their next delivery will be more expensive," he said. What is happening with heating oil? The price of home heating oil, which is distilled from crude oil, has also gone up in recent days.

On Long Island, heating oil grew to an average of \$4.57 a gallon Monday, up from \$4.39 a gallon last week, according to online data from the New York State Energy Research and Development Authority.

While prices could continue to go up as a result of the war, demand for oil-based heating should be declining as winter gives way to warmer weather, said Juan Carlos Conesa, an economics professor at Stony Brook University.

"The good news is this is not happening in December or January, it's happening in mid-March and we're heading into the spring," Conesa said. "So, the negative impact of prices on heating are going to be somewhat muted because of the changing weather." Will flight plans be affected? Farmingdale's Vogel said it's likely that airlines, who often lock in jet fuel prices for extended periods in advance, will begin to take advantage of anticipated increases in fuel costs to charge more for tickets.

Jet fuel prices were selling at \$3.88 a gallon on March 6, up from \$2.50 a gallon on Feb. 27, according to the Argus U.S. Jet Fuel Index.

"The consumer will certainly feel the impact more quickly," Vogel said.

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