



**Thinkwise**

CREDIT UNION

**FALL 2023**

As most of you know, we were formed by San Bernardino City Unified School District employees in April 1952. We have been an educational-based credit union since. I always want to educate our members about credit union information and other things that may affect them. For this message, I would like to address a topic that directly impacts all of us and plays a significant role in our daily lives: gasoline prices in the United States. Understanding the factors that influence gasoline prices is essential for you as our member and our community as we navigate the ever-changing energy landscape.

Gasoline prices are influenced by a multitude of factors, many of which are interconnected. Knowing about these facts will not only help you understand, but it will also give you a lot to talk about at a party! Here are some of the key determinants of gasoline prices in the U.S.:

Crude Oil Prices: The most significant factor affecting gasoline prices is the cost of crude oil. Crude oil is the primary raw material for gasoline production. Changes in global crude oil prices, influenced by geopolitical events, supply and demand dynamics, and OPEC decisions, directly impact gasoline prices. The major world conflicts happening right now play a substantial role in pricing.

Refining and Distribution Costs: Once crude oil is extracted, it needs to be refined into gasoline and distributed to fueling stations. Refining costs, including maintenance, upgrades, and environmental compliance, can affect gasoline prices. Additionally, the cost of distribution, which includes transportation and infrastructure maintenance, plays a role. Between 2020 and 2021, six U.S. refineries closed because there was little demand for fuel, totaling 750,000 barrels per day of total capacity. Reopening a refinery can take a year or longer, so bringing it back online is not quick.

Taxes: Federal, state, and local taxes contribute to the price at the pump. These taxes vary by location and can significantly influence the overall cost of gasoline. In California, we pay about \$1.40 in taxes per gallon. Here is the breakdown:

- 54 cents in state excise tax
- 18.4 cents in federal excise tax
- 23 cents for California's cap-and-trade program to lower greenhouse gas emissions
- 18 cents for the state's low-carbon fuel programs
- 2 cents for underground gas storage fees
- An average of 3.7% in state and local sales taxes

Supply and Demand: Like any other commodity, gasoline prices are influenced by supply and demand dynamics. Seasonal fluctuations, economic conditions, and natural disasters can impact supply and demand, leading to price fluctuations. This is why gas was so inexpensive during the pandemic. No one was able to go anywhere! Also, did you know that California uses a summer and winter gas blend? The summer blend is priced higher due to everyone traveling for summer.

Exchange Rates: As crude oil is often traded in international markets, changes in exchange rates can affect the cost of importing crude oil and, consequently, gasoline prices in the U.S.

Environmental Regulations: Environmental standards and regulations, such as those requiring cleaner-burning fuels, can increase refining costs and potentially impact gasoline prices. California has been using a unique blend of gasoline that has only been used here since 1992. This gas is designed to lower emissions.

Competition and Market Structure: The level of competition in the retail gasoline market can influence prices. Areas with limited competition may experience higher prices. That's why prices are so high in places like Baker, California. You don't have a choice to fill up for miles!

Speculation and Financial Markets: Speculative trading in the futures markets can lead to short-term fluctuations in gasoline prices as investors react to news and market sentiment.

While we cannot control many of these factors, we can adapt our daily behaviors to manage their impact on our wallets. Here are some tips:

- Try consolidating trips (like stopping at the store on the way home from work instead of a special trip).
- Keep your vehicle maintained. Oil changes and proper tire pressure can affect your mileage.
- Carpool if possible.
- Limit harsh stops or accelerations.
- Get a vehicle with better gas mileage. I know of an AMAZING credit union with low rates if you need a vehicle (yes, that was a shameless plug).

I wanted our members to be better educated on how a complex interplay of factors influences gasoline prices. By knowing WHY something is the way it is, we can make better future decisions and choices.

Thank you for your continued support and dedication to your credit union!

Sincerely,



Heri "Eddie" Garcia  
President/CEO



# ♥ IN THE COMMUNITY



San Bernardino Fire Station Groundbreaking



San Bernardino PD Coffee With a Cop



Bite of Reality in Rialto



San Bernardino County Sheriff Information Exchange Meeting



Cooking Pancakes for Middle College High School



*(Left and Right)* Dancing With the Credit Union Stars



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\*APR = Annual Percentage Rate.



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PROMOTION VALID THROUGH DECEMBER 31ST ONLY. CASH BACK REDEMPTION OCCURS AUTOMATICALLY EACH MONTH. CASH BACK ACCRUES ONLY ON ELIGIBLE TRANSACTIONS. CASH BACK CAN BE APPLIED TO A SELECTED ACCOUNT OR AS A STATEMENT CREDIT.

## HOLIDAY CLOSURES

### CHRISTMAS BREAK

Saturday, December 23 & Monday, December 25

### NEW YEAR'S DAY

Monday, January 1

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## LEAVE US A REVIEW!

We love hearing from our members! If you've had a positive experience with

Thinkwise, please consider leaving us a review. Your feedback helps us continue to provide the best possible service to our community. Thank you

for your support!



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