



July 2, 2026

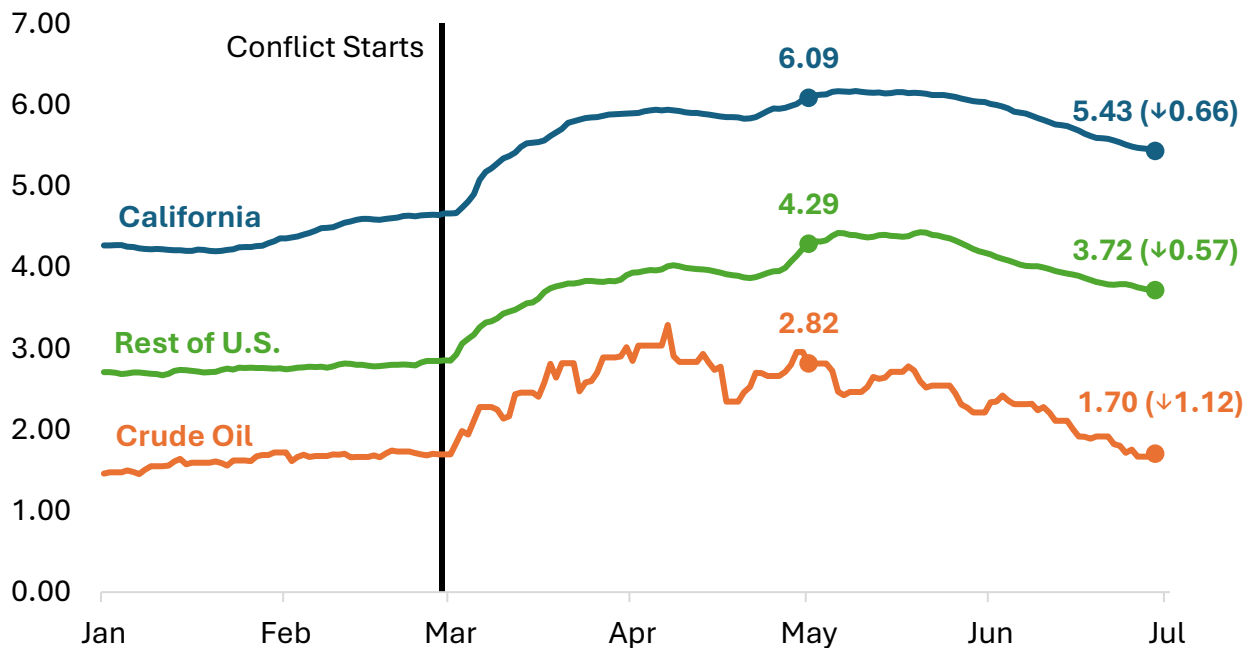
The Division of Petroleum Market Oversight (DPMO), an independent division of the California Energy Commission, is issuing this consumer advisory to encourage drivers to shop around ahead of the July 4 holiday.

**Consumer Advisory**

The onset of the Iran conflict on February 28, 2026 resulted in the sharpest increase in retail gasoline prices in recent history. Across the U.S., crude oil prices increased by over \$1.50/gal by April 2026 and retail gasoline prices increased by over \$1.50/gal by May 2026. Unfortunately, the decline in prices since the peak has been far more gradual. While crude oil prices decreased by \$1.00/gal between May 1 and June 29, regular retail gasoline prices have dropped by just \$0.66/gal in California and \$0.57/gal in the rest of the U.S. during the same period. See Exhibit 1.

**Exhibit 1: Retail Gasoline Prices Fall Slowly While Crude Oil Prices Fall Quickly**

**2026 Retail Gasoline and Crude Oil Prices, \$/gal**



DPMO analysis of Oil Price Information Service (OPIS) retail prices and U.S. Energy Information Administration Brent spot prices. Note that OPIS tends to overestimate California retail prices by at least \$0.10-\$0.20/gal.

## Consumer Advisory

At refining and at retail, decreases in input costs are *greater* than decreases in prices. National refining margins have increased to above \$1.40/gal — their highest levels since 2022 — as commodities prices stay elevated.<sup>1</sup> Retail margins have increased as well, as retailers are typically slower to pass on falling wholesale prices.<sup>2</sup>

Retail gasoline prices' tendency to rise quickly when input costs increase and fall slowly when input costs decrease is commonly known as “rockets and feathers.”<sup>3</sup> At retail, contributing factors include retailer market power (e.g., stations charging more because of limited local competition and/or branding)<sup>4</sup> and consumer search intensity (e.g., consumers do not shop around as much when prices fall).<sup>5</sup>

Unbranded gasoline remains the least expensive, most value-oriented option for Californians. Therefore, DPMO continues to encourage consumers to shop around for gasoline as prices fall and reminds consumers that all gasoline, branded and unbranded, must meet the state's high standards for emissions control and engine performance (comparable to TOP TIER™ standards).

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1 RBN Energy, “3-2-1 Crack Spread,” <https://rbnenergy.com/market-data/3-2-1-crack-spread>.

2 Mike Snider, “Trump Wants Cheaper Gas, But Are Retailers Gouging? What to Know” (June 30, 2026), <https://www.usatoday.com/story/money/2026/06/30/president-trump-wants-lower-gas-prices-no-gouging/90752639007/>.

3 Michael Owyang and Julie Bennett, “Oil and Gas Prices Move Together Like Rockets and Feathers” (June 23, 2022), The FRED Blog, <https://fredblog.stlouisfed.org/2022/06/oil-and-gas-prices-move-together-like-rockets-and-feathers/>.

4 Jeremy Verlinda, “Do Rockets Rise Faster and Feathers Fall Slower in an Atmosphere of Local Market Power? Evidence from the Retail Gasoline Market” (September 2008), *Journal of Industrial Economics*, vol. 56(3), pp. 581-612.

5 Michael Hiltzik, “Blame gas stations – and yourself – for the rise and fall of gas” (May 7, 2026), <https://www.latimes.com/business/story/2026-05-07/why-do-gas-prices-rise-so-sharply-and-fall-so-slowly-blame-gas-stations-and-yourself>.