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Stats Differ on Gas Demand, Miles Driven
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NEW YORK — With [gasoline prices](#) hitting records above \$3 a gallon, analysts are watching closely for any hints that motorists are altering their behavior.

This vigilance has led to an undisputed conclusion — that federal statistics reveal contradictory trends — and an unresolved debate.

For the first three months of 2007, Department of Energy data show U.S. demand for gasoline rose by more than 2 percent, while Department of Transportation data suggest Americans drove nearly 1 percent fewer miles.

UBS analyst Jan Stuart addressed the issue Friday in a research note: "A question we have gotten a lot lately is: How can gasoline demand be growing if miles traveled data are heading down in the first quarter?"

Stuart answers unequivocally that gasoline demand is growing, taking issue with the methodology used by the Transportation Department's Federal Highway Administration. He also suggested the Energy Department data may be flawed — underestimating demand.

The energy agency's data, which come from surveys of suppliers, show that daily gasoline demand from January to March averaged 9.1 million barrels per day, or 2.3 percent more than a year ago. Year-over-year demand has continued to rise since the start of April.

Average pump prices, meanwhile, have risen from \$2.17 a gallon at the end of January to \$3.18 a gallon on Sunday, according to AAA.

Tom Kloza, director of the Oil Price Information Service in Wall, N.J., said that at least some of the increased fuel demand showing up in the Energy Department data is misleading, revealing the behavior of gasoline wholesalers and not consumers. Wholesalers will stock up on gasoline early in the year, he explained, if they believe prices are going to increase sharply later on.

"There's almost an artificial flowering of demand ahead of these (price) increases," Kloza said.

What, then, can be gleaned from the federal highway data?

Given this year's spate of late-winter storms in the Northeast, it's not surprising people drove less, some analysts said.

"February, you're talking about the dead of winter," said Kevin Saville of Platts. "If you look at the (Department of Energy) numbers, ([gas prices](#) are) really not a factor."

According to the government's highway statistics, culled from preliminary reports

produced by state highway agencies, Americans drove 0.8 percent fewer miles in the first quarter, compared with a year earlier.

Federal Highway Administration spokesman Doug Hecox was reluctant to defend his agency's data as the final word on the matter, or to draw any causal link between the decline in miles driven and rise in gasoline prices.

Indeed, a closer look at the data show that while Americans drove fewer miles during the winter months of January and February, when gas prices were at least 93 cents lower than they are today, they drove more miles in March — well after prices had begun rising from those levels.

In any event, a few months' driving data does not a trend make, Hecox said.

"The more accurate impact of the effect (of higher prices) may not be know for some time yet," Hecox said.