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## **Hurricanes, Higher Fuel Prices May Impact U.S. Economy: NACS Survey**

U.S. consumers are feeling less optimistic about the state of the economy in the wake of two historic back-to-back hurricanes that curtailed fuel supply and increased demand, according to the latest NACS Consumer Fuels Survey.

NACS is the Association for Convenience and Fuel Retailing, representing the convenience store industry that sells an estimated 80% of the fuel sold in the country.

With gas prices rising 30cts/gal over the 30-day period to \$2.59/gal at the time of the survey, Americans also say they are less optimistic about the economy, NACS said.

Overall, 54% of Americans are optimistic about the economy, a six-point drop from the prior month and the lowest level since October 2016, the survey said. More than four in five Americans (83%) say that gas prices impact their feelings about the economy, it said.

The past few weeks have had a significant impact on the U.S. transportation market, NACS said. Hurricane Harvey was the first major hurricane to hit the U.S. mainland since 2005, and its impact will last far longer than the initial storm, with approximately 10% of U.S. refining capacity still offline. The September NACS survey was conducted in the aftermath of Hurricane Harvey and during the time that warnings of Hurricane Irma dominated the national news and huge swaths of the Southeast faced evacuations and concerns over fuel availability.

More than four of five Americans (82%) say that gas prices are "much higher" (32%) or "somewhat higher" (50%) than prices were 30 days ago, NACS said. This is the largest monthly increase reported in nearly five years of the NACS Monthly Consumer Fuels Survey, which has fielded continuously since January 2013, it added.

Consumers in the southern United States, who have been battered the most by recent storms, are the most likely to say gas prices today are "much higher" than 30 days ago (42%), NACS said. However, the general impact of "higher" prices is observed across all regions: 81% in the Northeast, 80% in Midwest, 88% in the South, and 76% in the West, it said.

In Texas alone, there are 10,522 convenience stores selling fuel, 8.5% of all convenience stores selling fuel in the country, according to NACS. Florida is

home to 6,639 stores (5.4% of all U.S. stores selling fuel), Georgia has 5,331 stores selling fuel (4.3% of all U.S. stores selling fuel), Alabama has 2,929 stores selling fuel (2.4% of all U.S. stores selling fuel) and Tennessee has 2,961 stores selling fuel (2.4% of all U.S. stores selling fuel).

Anticipating lingering effects from Hurricanes Harvey and Irma, 55% of American gas consumers say they believe that gas prices 30 days from now will be higher than today, according to NACS. That being said, consumers over the past several months have reported an expectation of rising gas prices, including 42% in August anticipating higher September prices as well 41% in July anticipating a higher August price, it added.

"So far we are seeing the same patterns that we typically see after major storms, with retail prices lagging behind wholesale prices. From August 23 through September 4, wholesale prices jumped 21.1% and retail prices went up 12.7%. Similar metrics were seen after Katrina and Rita in 2005, the last time a major hurricane hit the U.S. mainland. Like their customers, retailers hope that the damage to the fueling infrastructure -- including to their retail locations -- is minimal and can quickly return to normal operations," said Jeff Lenard, NACS vice president of strategic industry initiatives.

The survey was conducted online by Penn Schoen Berland; 1,162 U.S. adults who purchase fuel for a vehicle such as a car, truck or van at least once per month were surveyed Sept. 5-8, 2017.

In preparation of -- and in response to -- these historic storms, NACS has worked with its partners at the American Red Cross to help collect donations for areas impacted by the hurricanes. NACS also has developed resources to assist retailers and others with disaster recovery and relief.

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