



Diesel Prices Surge as Iran Conflict Drives Up Costs

Description

The ongoing conflict in Iran is having significant repercussions for global shipping and fuel prices, with diesel emerging as a crucial factor in this economic fallout. While gasoline prices dominate media reports, the rising costs of diesel fuel are quietly influencing the operational dynamics of the U.S. economy.

Diesel fuels essential services, including transportation, agriculture, and freight movement, underpinning the supply chain that delivers goods from supermarkets to homes. As diesel prices increase, businesses experience heightened transportation costs, which often lead to overall inflation in consumer goods. According to the U.S. Energy Information Administration, the average price of diesel soared from \$3.56 per gallon in January 2025 to \$5.13 amid the Iran crisis.

A standard semi-truck, averaging only 6 to 7 miles per gallon, incurs substantial costs from filling its approximately 250-gallon fuel tank, now exceeding \$1,280. Bernard Yaros, the lead economist for Oxford Economics, expressed concern about the inflationary impact, particularly regarding food prices, as diesel is integral to the food supply chain.

An anonymous source from the energy sector indicated that recent price surges in diesel are directly linked to geopolitical tensions, especially the closure of the Strait of Hormuz, a vital maritime passage through which approximately 20 million barrels of oil transit daily. Disruptions in this area can sharply constrain fuel supplies and escalate diesel costs.

Even if regional tensions diminish, a quick return to earlier diesel prices is unlikely. Refineries do not process crude oil instantly; therefore, higher diesel costs may persist in the economy long after crude oil prices stabilise. This means consumers might face elevated prices for groceries and essential goods for an extended period despite any reduction in media coverage regarding the conflict.

Vocabulary List:

1. **repercussions** //ri:pər'kʌʃənz// (noun): effects that happen because of an event
2. **diesel** //ˈdi:zəl// (noun): a heavy fuel used in many engines
3. **underpinning** //ˌʌndər'pɪnɪŋ// (verb): to support or form the base for
4. **freight** //freɪt// (noun): goods moved by ship, truck, or train
5. **inflationary** //ɪn'fleɪʃə,nəri// (adjective): causing general price increases in the economy
6. **constrain** //kən'streɪn// (verb): to limit or make something smaller



Comprehension Questions

Multiple Choice

1. What factor is emerging as crucial in the economic fallout from the conflict in Iran?
Option: Gasoline
Option: Natural gas
Option: Diesel
Option: Coal
2. According to the U.S. Energy Information Administration, what was the average price of diesel in January 2025?
Option: \$2.56
Option: \$3.56
Option: \$4.13
Option: \$5.13
3. How many miles per gallon does a standard semi-truck average?
Option: 5 to 6 miles
Option: 6 to 7 miles
Option: 7 to 8 miles
Option: 8 to 9 miles
4. What is the approximate cost to fill a standard semi-truck's 250-gallon fuel tank?
Option: \$980
Option: \$1,080
Option: \$1,280
Option: \$1,480
5. What vital maritime passage is mentioned in relation to diesel price surges?
Option: Strait of Bab-el-Mandeb
Option: Strait of Hormuz
Option: Strait of Gibraltar
Option: Strait of Magellan
6. What aspect of consumer goods is expected to be affected due to increased diesel prices?



- Option: Electronics
- Option: Inflation
- Option: Luxury items
- Option: Clothing

True-False

7. Gasoline prices are having a more significant impact on the U.S. economy than diesel prices.
8. The average price of diesel increased to \$5.13 amid the Iran crisis.
9. A semi-truck's fuel costs have decreased due to lower diesel prices.
10. The Strait of Hormuz is an essential passage for oil transit.
11. Diesel does not play a role in the food supply chain.
12. Higher diesel costs may persist even when crude oil prices stabilize.

Gap-Fill

13. Diesel fuels essential services, including transportation, agriculture, and _____ movement.
14. The average diesel price rose from \$3.56 per gallon to \$5.13 amid the _____ crisis.
15. Refineries do not process crude oil _____; therefore, higher diesel costs may persist.
16. Approximately _____ million barrels of oil transit daily through the Strait of Hormuz.
17. A standard semi-truck's approximate fuel tank holds _____ gallons.
18. Even if regional tensions diminish, a quick return to earlier diesel prices is _____ unlikely.



Answer

Multiple Choice: 1. Diesel 2. \$3.56 3. 6 to 7 miles 4. \$1,280 5. Strait of Hormuz 6. Inflation

True-False: 7. False 8. True 9. False 10. True 11. False 12. True

Gap-Fill: 13. freight 14. Iran 15. instantly 16. 20 17. 250 18. unlikely

CATEGORY

1. Business - LEVEL6

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