

Benchmark diesel price is now highest since war began

On back of a strong surge in futures, there's a new top number since military action started in March



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• Tuesday, August 25, 2026



A milestone has been reached for the benchmark diesel price used for most fuel surcharges.

The benchmark diesel price used for most fuel surcharges hit an important milestone this week: it is at its highest level since military action commenced against Iran in early March.

The weekly Department of Energy/Energy Information Administration average weekly retail diesel price rose 19.8 cents/gallon to \$5.652/g, effective Monday but published Tuesday. The previous high price was \$5.643/g set April 6.

That price is now up 39.5 cts/g in the last two weeks.

But after increasing for 12 out of 13 trading days through Friday, which translated into the higher retail price published by DOE/EIA, ultra low sulfur diesel (ULSD) on the CMD commodity exchange declined Monday by 22.72 cts/g, falling to \$4.2677/g. At approximately 10 a.m. Monday, it was up slightly though had been down about 6 cts/g earlier.

The high settlement during that runup was Friday, when it settled just under \$4.50/g, starting to push closer to the March 20 settlement of \$4.6084/g that marked the highest settle since military action against Iran began.

The sudden downward turn in prices that began as soon as trading on the CME commenced for the week Sunday evening U.S. time has been attributed to the U.S. Treasury Secretary Scott Bessent saying the Trump administration will focus more on economic pressure on Iran rather than renewed military action.

The diesel market has been marked in recent weeks by its strengthening on the retail level, even as retail gasoline has not moved anywhere near as much.

For example, the AAA average daily gasoline price Tuesday was \$4.0969/g. A month ago, it was \$4.1109/g.

Retail diesel was \$5.2778/g a month ago, according to AAA. On Tuesday, it was \$5.6199/g.

Diesel markets have their [own set of bullish factors](#) that gasoline avoids: Ukrainian strikes on diesel-oriented Russian refineries; the physical qualities of Middle East crudes that aren't getting to market, which tend to produce high quantities of diesel; and as has been the case for several years, reduced demand for the marginal barrel of gasoline because of steady adoption of electric vehicles around the world (though less so in the U.S.)

One debate that is ongoing in oil markets in the last several days has been wide swings in estimates of the amount of oil getting through the Strait of Hormuz.

Much of the debate was spurred by [reporting from Axios](#), which quoted unidentified U.S. officials as saying a "stealth" transit led by the U.S. through the southern portion of the Gulf, to avoid Iranian attacks, has helped the supply of oil out of the Gulf get up to 10 million b/d, which is still only about half of the pre-war level.

But given that the source of that information were Trump administration officials, the number received significant pushback in social media.

David Wech, the chief economist at tanker-tracking firm Vortexa, told CNBC Friday that the number it sees fluctuates. While he did not refer to the Axios report directly, he indirectly said it could be accurate on some days.

“Currently, where we are seeing it depends a lot on which time period you look at,” Wech said. “On the average of the last month, we see six to seven million barrels per day of crude oil going through. There are peaks in our data on the seven-day moving average of up to close to 10 million barrels per day, and the best day we saw was 40 million barrels per day. So it depends really a lot what time period you’re looking at.”