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NJ gas prices hit 4-year high amid Iran war. How high will it go?

3-minute read

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- New Jersey gas prices have reached a four-year high, averaging \$4.09 a gallon.
- Analysts attribute the price surge to a U.S.-Israeli war against Iran and the switch to summer-blend fuel.
- Experts suggest that rising fuel prices will also lead to an increase in grocery costs.

New Jersey gas prices are hitting their highest levels in four years amid global fuel shortages caused by the U.S.-Israeli war against Iran, but the demand at the pumps isn't falling, analysts say.

"Rising gas prices have not led to a dip in demand at this point," said Robert Sinclair of the travel club AAA Northeast. "As the busy spring and summer driving seasons get underway, time will tell if higher prices have any impact on drivers' desire to hit the road."

AAA data from Tuesday, April 7 shows that the average cost of gas in New Jersey was \$4.09 a gallon, up from \$3.92 a week ago, \$3.28 a month ago and \$3.06 this time last year.



The record high was over \$5 a gallon in June 2022, AAA figures show, amid 40-year-high inflation and Russia's invasion of Ukraine.

But even then, motorists were still buying gas, and demand rose, said Tom Kloza, an energy analyst working at Gulf Oil.

The higher gas prices follow the ongoing U.S.-Israeli war against Iran, which has led to the closure of the Strait of Hormuz, through which 20% of the world's oil and natural gas passes.

In addition, oil refineries are switching to the most expensive summer blend of gas, which is also pushing up gas prices.

As of Tuesday morning, the U.S. standard for oil — West Texas Intermediate oil, or WTI — was trading at nearly \$115 a barrel, [CNBC data shows](#), versus \$67 a barrel at the onset of the war.

The international standard — Brent crude oil — was trading at [\\$110 a barrel](#), versus \$72 at the beginning of the conflict.

Why is demand rising?



Demand has not been dampened as gas prices rise because many New Jerseyans “already made travel plans,” plus there will be a “lag in prices” from current events, said Robert Scott, an economist at Monmouth University.

“The fall is when I anticipate we see the biggest weakening,” he said in an email. “People are holding back on spending due to uncertainty and concerns of rising prices in various sectors.”

“Longer days, less hostile weather play into that,” said Kloza of Gulf Oil. “Serious expectations” of inflation also cause people to stock up earlier at the gas stations, he said.

NJ State Budget: ['Downside risks' continue to threaten NJ state budget](#)

“Another wildcard this year might be the aversion to flying (long TSA lines, expensive fares),” he said. “That can provide a little extra lift to routes like Newark to Boston, etc. Driving may be more expensive than last year, but who wants to wait in TSA lines?”

Can gas prices keep going up?

The federal Energy Information Administration said last month that heightened oil prices could linger at least into 2027.

“At this point, the trajectory of fuel prices remains highly uncertain and is largely contingent on the reopening of the Strait of Hormuz,” said Patrick De Haan, head of petroleum analysis at GasBuddy.com, in a [Monday, April 6 note](#). “Until that occurs, the risk of further increases remains firmly in place.”

Kloza expects that at some point there could be “demand destruction” — that is, the price is high enough that fewer people are buying the product.

AAA’s Sinclair said that most motorists polled felt that the price point was around the \$5 per gallon mark.

“As long as prices keep rising, I think at some point we will see at least a leveling off of demand,” he said in an email. “Other economic measures say that most families don’t have the elasticity in their family finances to pay for continually escalating gas prices.”

Higher oil prices also push up grocery costs

Most groceries move through the U.S. by truck, which runs on the [increasingly pricier diesel](#).

“A loaf of bread requires diesel to harvest the grain, move the grain to a mill, move the flour to a bakery, and move the bread to the store,” said Kevin Lyons, who leads the Rutgers Center for Local Supply Chain Resiliency in Newark. “Every leg adds a new surcharge.”

The effects won’t be immediate, [Lyons said in an email](#). Right now, the impact is being felt primarily by truckers, who might opt for shorter-haul trips. Truckers are allowed to tack on a fuel surcharge based on federal data, but there’s typically a week’s lag, Lyons said.

More than a third of U.S. consumers said they’ve started cutting back on groceries — mostly snacks, beverages, alcohol, fresh meat and seafood — since the start of the Iran conflict, according to [recent data from Snipp](#), a company that helps grocery chains run consumer-engagement programs.

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