

# America's Fuel Boom: Why Record Exports Are a Headache for Trump

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*Note: the original article is provided as a separate file (attached to the email or downloadable from the website).*

## 1. Reading Passage

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When war broke out between the United States and Iran, almost no one predicted the most awkward consequence: an American energy boom that the White House would desperately want to slow down. Yet that is exactly the position President Donald Trump now finds himself in. With the Strait of Hormuz — the narrow sea lane that normally carries about a fifth of the world's oil — effectively shut for two months, Europe and Asia have lost their main supplier of Middle Eastern crude and refined fuel. They are turning to the United States to fill the gap, and US refiners are eagerly stepping in.

The numbers are striking. Last week, the United States exported more than 8.2 million barrels a day of refined products including petrol, diesel and jet fuel — a record, and an increase of more than 20% over the same period last year, according to the US Energy Information Administration. American oil companies could collect an extra \$60 billion this year if global prices stay elevated. For an industry that spent the previous decade pleading for export access, this is a once-in-a-generation windfall.

But here is the catch. Every barrel that leaves a Gulf Coast terminal is a barrel not sitting in a US storage tank, and inventories are draining fast. American drivers are now paying an average of \$4.53 a gallon at the pump — a four-year high — and a growing share of voters blame the president. One commodity strategist at Mizuho Securities warned that if petrol reaches \$5, Trump may have to "pull the export ban card out." The White House has insisted it will not restrict fuel shipments, which have become a lifeline for allies in Europe and Asia, but analysts believe domestic political pressure may eventually force a rethink.

The oil market itself reflects this uncertainty. Prices whipsawed in a single day this week, with Brent crude swinging from as high as \$109 a barrel down to \$97 — at one point Trump suggested the war would soon end and the strait would reopen "to all" — before climbing back to \$101 after he warned that bombing could resume "at a much higher level" if Iran refused a deal. Traders sold off aggressively on the peace rumours, fearing a price collapse if the roughly 100 million barrels of crude currently trapped inside the Gulf are suddenly released onto the market.

Diplomacy, meanwhile, is moving cautiously. After US-Iran talks held in Islamabad almost a month ago, an Iranian diplomat told the Financial Times that the latest American proposal includes a 30-day "confidence-building" period featuring a simultaneous reopening of the strait and lifting of the Iranian blockade. Tehran would also agree to a moratorium on nuclear enrichment in exchange for sanctions relief and the unblocking of frozen overseas funds. Iranian officials said they were reviewing the offer but cautioned against expecting a breakthrough.

The broader story is one of conflicting incentives. A wartime disruption has handed the United States unprecedented leverage as the world's emergency fuel supplier, a role traditionally played by Saudi Arabia. That status brings diplomatic power and corporate profits — but it also means that every dollar of profit abroad is felt as a higher pump price at home. For a president who campaigned on cheap petrol, the politics of plenty may turn out to be just as treacherous as the politics of scarcity.

## 2. Explanation

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*American oil companies are having their best month in years – and that's exactly why the White House is panicking. Welcome to the strange politics of a wartime energy boom.*

### What's Going On?

With Iran at war and the Strait of Hormuz effectively shut, Europe and Asia have lost their main artery of Middle Eastern oil. They're turning to the United States to fill the gap, and US refiners are happily obliging – shipping out more than 8.2 million barrels a day of petrol, diesel and jet fuel last week, over 20% more than a year earlier.

That's a windfall for US energy companies, who could earn an extra \$60 billion this year if prices stay high. The catch: every barrel sent abroad is one not sitting in American storage tanks, and US pump prices have climbed to a four-year high of \$4.53 a gallon. The same export boom enriching oil executives is squeezing American drivers – and the political bill is landing on President Trump's desk.

### How To Think About It

This is a textbook case of a government caught between two constituencies it normally wants to please at the same time.

- Imagine a popular pizzeria during a citywide blackout – every other restaurant is closed, so DoorDash orders from the suburbs flood in. The owner is thrilled, but regulars who used to walk in find empty ovens and higher prices. The owner's success and the neighborhood's frustration are the same event.
- Or think of a hospital exporting ventilators during a global shortage: profitable, diplomatically useful, but politically toxic the moment a local patient can't get one. The product is fungible; the politics is not.

### Key Things To Know

- US refined-fuel exports hit a record 8.2 million barrels per day, per the Energy Information Administration.
- The Strait of Hormuz, which normally carries about a fifth of global oil, has been shut for two months – the largest disruption ever.
- Brent crude swung wildly in a single day, from as high as \$109 down to \$97 on hints of a peace deal, then back to \$101 after Trump warned of renewed bombing.
- An export ban is the nuclear option oil traders fear most: it would dump 100 million barrels of trapped Gulf crude back on the market and crash prices.
- Most people assume the US is energy independent, so global wars shouldn't hit US pumps. The catch is that oil is a global market – when world prices spike, US prices spike too, regardless of where the fuel is produced.

### Why It Matters

If you've noticed gas stations creeping toward \$5, this is why – and it's a preview of an economic

squeeze that affects everything from grocery prices to the cost of a flight home for the holidays. It's also a live demonstration of a tension you'll keep seeing your whole adult life: presidents are judged on consumer prices, but those prices are set by global forces (wars, cartels, shipping lanes) that no White House actually controls.

### **The Bigger Picture**

America just became, briefly, the world's emergency fuel supplier — a role Saudi Arabia used to play. That's geopolitical leverage Washington has never had before. But if Trump caves to political pressure and curbs exports to protect US drivers, allies in Europe and Asia get hurt, and the dollar's reputation as a reliable energy backstop takes a hit. Watch for two signals: whether nuclear talks with Iran in Islamabad actually reopen the Strait, and whether the White House quietly floats an export cap. Either move could whipsaw oil prices by \$10+ overnight.

### 3. Key Terms Glossary

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**Strait of Hormuz**

A narrow sea passage between Iran and Oman through which roughly a fifth of the world's oil normally travels by tanker. Closing it is the single fastest way to spike global energy prices.

**Brent crude**

The benchmark price for oil produced in the North Sea, used as the reference for most internationally traded crude. When you see 'oil prices' in a headline, it usually means Brent.

**Refined products**

Fuels processed from crude oil – petrol (gasoline), diesel, and jet fuel – rather than the raw crude itself. Refining adds value, which is why exporting these is so lucrative.

**Export ban**

A government order forbidding domestic producers from selling a good abroad, usually to keep more supply at home and lower local prices. It's politically popular but hated by producers and trading partners.

**Inventories**

The stockpiles of oil and fuel held in storage tanks, pipelines, and tankers. When inventories drop fast, traders read it as a sign that real shortages are coming.

**Moratorium**

A temporary, agreed-upon halt to an activity – here, Iran pausing nuclear enrichment in exchange for sanctions relief and access to its frozen funds abroad.

**Confidence-building period**

In diplomacy, a stretch of time where two distrustful sides each take small reversible steps (like reopening a strait or releasing funds) to test whether the other will keep its word before signing a bigger deal.

## 4. Reading Comprehension Quiz

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Circle the best answer for each question.

**Q1.** The passage primarily argues that the surge in US fuel exports has

- A) ended the energy crisis caused by the Iran war
- B) created a political dilemma for the Trump administration
- C) permanently replaced Middle Eastern supply for Asia
- D) lowered domestic petrol prices for US drivers

**Q2.** According to the passage, US pump prices have risen to a four-year high primarily because

- A) domestic refineries have shut down for repairs
- B) Congress has imposed a new fuel tax nationwide
- C) global supply has been disrupted and exports are draining inventories
- D) American drivers are consuming more fuel than usual

**Q3.** Which choice best states the central idea of the passage?

- A) America's energy independence has insulated it from global shocks
- B) Oil markets reward stability over geopolitical disruption
- C) A wartime export boom can be both an economic windfall and a political liability
- D) Iran's nuclear programme is the main driver of global oil prices

**Q4.** As used in the passage, the word "lifeline" most nearly means

- A) rescue rope
- B) essential supply source
- C) emergency phone call
- D) long career path

**Q5.** As used in the passage, the word "whipsaw" most nearly means

- A) cut precisely
- B) swing sharply in opposite directions
- C) decline gradually over time
- D) remain stubbornly stable

**Q6.** Which statement about the relationship between US fuel exports and domestic petrol prices can most reasonably be inferred?

- A) Higher exports tend to push domestic prices down
- B) Higher exports tend to coincide with higher domestic prices
- C) Domestic prices are set independently of export volumes
- D) Exports affect only the price of jet fuel, not petrol

**Q7.** The passage suggests that a US export ban would be considered because

- A) oil companies are demanding government intervention
- B) rising domestic petrol prices are creating political pressure on Trump
- C) Europe and Asia have asked Washington to redirect supply
- D) the Energy Information Administration has formally recommended it

**Q8.** The author's tone in describing Trump's situation is best described as

- A) openly mocking and dismissive
- B) analytical and attentive to contradictions
- C) celebratory of the export boom's results
- D) alarmed about an imminent economic collapse

**Q9.** It can most reasonably be inferred that oil traders sold off positions on news of a possible peace deal because

- A) they expected the Strait of Hormuz to remain closed indefinitely
- B) they anticipated trapped Gulf crude flooding back into the market and lowering prices
- C) they believed the US would impose new sanctions on Iran
- D) they wanted to punish Iran for its nuclear programme

**Q10.** Which choice provides the best evidence for the answer to the previous question?

- A) "Oil prices whipsawed yesterday, with Brent swinging from as high as \$109 a barrel..."
- B) "...they fear a drop in prices when the 100 million barrels of crude trapped inside the Gulf are released onto the market."
- C) "An Iranian diplomat told the FT the latest US proposal included a 30-day confidence-building period..."
- D) "Iran officials said they were reviewing the latest US proposal but tempered any expectations of a breakthrough."

**My Score:** \_\_\_\_\_ / 10

## 5. Answer Key with Explanations

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**Q1.** The passage primarily argues that the surge in US fuel exports has

**Answer: B**

The passage's central tension is that the export boom enriches oil firms while raising US pump prices, putting pressure on Trump. A overstates the situation – supplies are strained, not solved. SAT Tip: For 'primarily argues' questions, look for the option that captures the passage's central tension or contradiction, not just one true detail.

**Q2.** According to the passage, US pump prices have risen to a four-year high primarily because

**Answer: C**

The passage links high US prices to the Strait of Hormuz closure plus heavy exports drawing down domestic inventories. A is wrong because the passage never mentions refinery shutdowns – that's TRAP C, plausible in the real world but unsupported. SAT Tip: 'According to the passage' questions only reward answers grounded in the text – eliminate options that sound reasonable but rely on outside knowledge.

**Q3.** Which choice best states the central idea of the passage?

**Answer: C**

C captures the dual nature the passage emphasises: profits for oil firms, pain for drivers, pressure on Trump. D is TRAP C – Iran is mentioned but the passage's argument is about US trade-offs, not Iranian nuclear policy. SAT Tip: A 'central idea' is broader than any one paragraph; if an option only covers part of the passage, it isn't central.

**Q4.** As used in the passage, the word "lifeline" most nearly means

**Answer: B**

In context, US fuel has become a 'lifeline' for European and Asian economies – meaning a crucial source of supply they depend on. A is the literal common meaning (TRAP B), but ropes aren't being shipped across oceans. SAT Tip: On vocab-in-context, substitute each option back into the sentence – only the right answer keeps the sentence's meaning intact.

**Q5.** As used in the passage, the word "whipsaw" most nearly means

**Answer: B**

The passage shows oil prices jumping from \$109 to \$97 and back to \$101 in a single day – that's the whipsaw. A is the literal carpentry meaning (TRAP B, the passage's vocabulary used in a wrong sense). SAT Tip: When a word has both a literal and a figurative meaning, the SAT almost always tests the figurative one – anchor your choice to the sentence's actual subject.

**Q6.** Which statement about the relationship between US fuel exports and domestic petrol prices can most reasonably be inferred?

**Answer: B**

The passage links record exports to drained inventories and a four-year high in pump prices. A reverses the relationship – TRAP A, right scope but wrong direction. SAT Tip: For inference questions, beware of options that simply reverse cause and effect; the SAT loves this trap.

**Q7.** The passage suggests that a US export ban would be considered because

**Answer: B**

*The analyst quoted says that if petrol hits \$5, Trump 'may have to pull the export ban card out' – clearly a response to political pressure. D is TRAP C – sounds official but the passage never mentions any EIA recommendation. SAT Tip: When the passage explicitly quotes a cause, that quote is your evidence – don't drift to a more authoritative-sounding distractor.*

**Q8.** The author's tone in describing Trump's situation is best described as

**Answer: B**

*The author lays out competing pressures – windfall profits versus voter anger – without taking sides, which is analytical. D overstates the passage's measured tone (TRAP A, right scope, wrong direction of intensity). SAT Tip: Tone questions reward the most moderate accurate option; extreme adjectives like 'mocking' or 'alarmed' are usually wrong unless the language is clearly loaded.*

**Q9.** It can most reasonably be inferred that oil traders sold off positions on news of a possible peace deal because

**Answer: B**

*The passage explicitly notes traders feared a price drop when 100 million barrels of trapped Gulf crude could be released. A reverses the logic – TRAP A, opposite direction. SAT Tip: Inference doesn't mean guessing – it means picking the option the passage's evidence directly supports.*

**Q10.** Which choice provides the best evidence for the answer to the previous question?

**Answer: B**

*B directly states the mechanism – trapped Gulf crude flooding back would lower prices – which is exactly what Q9 asks about. A describes the volatility but doesn't explain the cause. SAT Tip: On evidence-pairing questions, lock in your Q9 answer first, then find the line that says the same thing in the passage's own words – don't be tempted by quotes that merely sound related.*