

MAGNET S2

INTELLIGENCE REPORT

DTG: 260919-0501Z | Geographic Focus: United States
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Record Diesel Prices Threaten Agriculture, Freight and Food Costs

REPORT IDENTIFICATION

Subject	Record Diesel Prices Threaten Agriculture, Freight and Food Costs
Purpose	Provide early warning and preparedness guidance concerning nationwide diesel-price and supply-chain pressure.
DTG	260919-0501Z
Reporting Period	260917-2203Z – 260919-0501Z
Geographic Focus	United States; elevated relevance to agricultural and freight-dependent regions
Precedence	RR – ROUTINE
MagCon Status	3 – ELEVATED (NO CHANGE)
Sources	Reuters; Barron's; KCRG-TV; AAA. See source list at the bottom of this report.

SUMMARY (BLUF)

U.S. retail diesel prices reached record nominal levels during the fall harvest, increasing costs for farmers, freight carriers and businesses dependent on diesel-powered equipment. Current reporting indicates that constrained global refining capacity, reduced Russian and Middle Eastern exports, and low U.S. distillate inventories could keep prices elevated beyond a short-term market spike. Grocery, delivery and construction costs will likely experience delayed upward pressure, but available reporting does not indicate a nationwide physical shortage or immediate breakdown in food distribution.

BACKGROUND

Diesel powers most heavy trucks, agricultural machinery, construction equipment and significant portions of rail, maritime and industrial activity. Unlike gasoline, diesel demand is difficult to reduce quickly without slowing commercial operations.

Current price pressure is associated with damage and reduced operations at Middle Eastern and Russian refineries, disruption connected to the Iran conflict, Ukrainian attacks on Russian refining facilities, and restrictions on Russian fuel exports. Reuters reported that combined diesel exports from Russia and the Gulf had fallen approximately two-thirds from 2025 levels.

U.S. refiners have increased seasonal diesel production, but limited spare refining capacity and depleted inventories restrict the ability to replace lost international supplies rapidly. Reuters reported that U.S. middle-distillate inventories were at their lowest seasonal level since at least 1982.

SITUATION

Reuters reported on 18 September that the average U.S. retail diesel price reached \$6.29 per gallon, an increase of 68% from \$3.74 one year earlier. Barron's separately reported a national price of \$6.31 per gallon on 16 September, while AAA data cited by KCRG-TV placed the average at \$6.39 on 17 September. Differences reflect collection dates and pricing methodologies.

Farmers reported substantial operating-cost increases during the corn, soybean, wheat and vegetable harvests:

Farm and Trucking Impact

- A South Dakota producer estimated daily fuel expenses of as much as \$1,500 for one combine, approximately twice the previous year's expense.

- Farm fuel expenses were reported to have increased approximately \$11 per acre for corn and \$7 per acre for soybeans.
- A California vegetable producer reported a roughly 40% increase in fuel expenses.
- Diesel exceeded \$8 per gallon in some California markets.
- Refrigerated freight rates for apples and pears from Washington's Yakima Valley reached a four-year high.
- Produce transportation costs from California increased between 40% and 120% compared with the previous year.

Consumer food prices were already 2.7% higher year over year in August. Economists told Reuters that produce, dairy and meat are particularly exposed because they require fuel-intensive harvesting, processing or refrigerated transportation.

Independent truckers generally purchase fuel before receiving payment for completed loads, increasing their near-term cash-flow exposure. An Iowa truck driver reported that filling a semi-truck cost approximately \$1,000. Drivers also reported restrictions on approved fueling locations and efforts to minimize idling and unnecessary travel.

The U.S. Department of Transportation was reported to be allowing drivers transporting gasoline to operate for an additional two hours daily. A USDA representative stated that the department was examining possible assistance and that additional measures could be announced in the coming weeks.

Supply Conditions

- Middle Eastern diesel exports declined by more than 50% between March and August.
- Russia imposed a diesel-export ban in July.
- Half of Russia's six largest diesel-producing refineries had reduced output sharply or shut down by September.
- U.S. refiners increased seasonal diesel production to its highest level since 2018.
- U.S. distillate inventories nevertheless remained at historically low seasonal levels.
- Proposals for a temporary U.S. diesel-export restriction were under discussion, but no such nationwide restriction had been implemented during the reporting period.

COMMENTS / ASSESSMENT

The principal near-term threat is economic disruption rather than physical unavailability. Fuel remains available nationally, but sustained prices above \$6 per gallon could reduce operating margins for small farms, independent truckers, regional delivery firms and contractors.

Food-price effects will probably appear unevenly and with a delay. Existing freight contracts and temporary absorption of costs by producers and retailers may initially limit retail increases. Perishable products — including produce, dairy and meat — are assessed as more exposed than shelf-stable goods because they depend on refrigerated transport and time-sensitive distribution.

The underlying constraint is refining capacity rather than an absolute shortage of crude oil. Damaged refinery infrastructure cannot be replaced quickly; consequently, increased crude production or emergency crude releases may provide less relief than during conventional oil-supply disruptions.

Probability Assessment

DEVELOPMENT	PROBABILITY	TIMEFRAME	CONFIDENCE
Diesel remains above historically normal levels	High	Next 30–60 days	High
Grocery prices rise measurably because of freight and production costs	Likely	Next 1–3 months	Moderate
Small trucking firms reduce routes or cease operations	Likely	Next 30–90 days	Moderate
Localized delivery delays or increased fuel surcharges	Likely	Next 2–8 weeks	Moderate–High
Widespread national diesel outage	Unlikely	Next 30 days	Moderate
Federal relief or market intervention	Even chance	Next 2–6 weeks	Moderate
Rapid price decline without geopolitical improvement	Unlikely	Next 30 days	Moderate–High

Indicators Requiring Monitoring

- National and regional diesel prices continuing upward for two consecutive weeks.
- Retail stations imposing purchase limits or reporting repeated delivery failures.

- Declining U.S. distillate inventory reports.
- Additional refinery shutdowns, attacks or maintenance extensions.
- Expansion of Russian or other national fuel-export restrictions.
- New disruption in the Strait of Hormuz or Bab el-Mandeb.
- Trucking-company closures, route reductions or escalating fuel surcharges.
- USDA emergency assistance or federal action affecting diesel exports.
- Sustained increases in wholesale produce, dairy and meat prices.

INTELLIGENCE GAPS

- Duration of current refinery outages and timelines for repair.
- Size and timing of any USDA assistance package.
- Current regional diesel inventories below the national level.
- Ability of small carriers to recover fuel costs through contract surcharges.
- Whether retailers will absorb transportation costs or transfer them fully to consumers.

MITIGATION RECOMMENDATIONS

- Maintain normal, mission-appropriate fuel reserves where lawful and safely stored; avoid panic buying or unsafe fuel storage.
- Review generator, vehicle and equipment fuel requirements for at least seven days of essential operations.
- Consolidate travel, supply runs and training movements to reduce unnecessary fuel consumption.
- Inspect generators and diesel-powered equipment before an emergency creates immediate demand.
- Record local diesel prices, station outages, purchase limits and fuel-delivery delays using date, time and location.
- Identify alternate fuel suppliers and routes, especially in rural areas dependent on a small number of distributors.
- Monitor grocery costs and availability, prioritizing perishables, dairy, meat and agricultural inputs.
- Farms, nonprofits and emergency-support organizations should document increased fuel expenses for potential reimbursement or assistance programs.
- Avoid treating higher prices alone as proof of a shortage; confirm physical supply problems through multiple local reports.
- Prepare for increased transportation surcharges in organizational budgets over the next 30–90 days.

MAGNET GUIDANCE

Maintain routine monitoring and report verified local disruptions. This development does not presently justify panic purchasing, public shortage claims or a MagCon change by itself.

Suggested Member Message

"U.S. diesel prices have reached record nominal levels during the fall harvest. Higher fuel costs are affecting farms, trucking and refrigerated freight and may gradually raise food and delivery costs. Fuel remains available nationally; members should maintain normal reserves, avoid panic buying and report verified station outages, purchase limits or transportation disruptions through established MAGNET channels."

Priority Reporting Items

- Diesel unavailable at three or more stations in the same area.
- Fuel purchase limits or delayed commercial deliveries.
- Closure or route reduction by a local trucking carrier.
- Delayed food, medical or agricultural shipments.
- Generator-fuel availability affecting essential services.
- Official emergency declarations or fuel waivers.

SOURCE LIST

- [A2] Reuters — Record U.S. diesel prices squeeze farmers; food prices may rise — <https://www.reuters.com/business/energy/record-us-diesel-prices-squeeze-farmers-food-prices-may-rise-2026-09-18/>
- [B2] Reuters Commentary — Record diesel prices could be Trump's Achilles' heel — <https://www.reuters.com/commentary/reuters-open-interest/record-diesel-prices-could-be-trumps-achilles-heel-2026-09-18/>
- [B2] KCRG-TV — Diesel prices squeeze truck drivers; some Cedar Rapids pumps top national average — <https://www.kcrg.com/2026/09/17/diesel-prices-squeeze-truck-drivers-some-cedar-rapids-pumps-top-national-average/>

[A1] AAA — Fuel Prices — <https://gasprices.aaa.com/>

Barron's price data (16 Sep, \$6.31/gal) referenced in Section 3 is drawn from a paywalled article; no direct link is included. Rated B2.

Submit reports through established MAGNET situational awareness channels.

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