

**Abstract**

Oil price volatility harms economic growth. Diversifying into different fuel types can mitigate this effect by reducing volatility in fuel prices. Producing bio-fuels may thus have additional benefits in terms of avoided damage to macro-economic growth. In this study we investigate trends and patterns in the determinants of a volatility gain in order to provide an estimate of the tendency and the size of the volatility gain in the future. The accumulated avoided loss from blending gasoline with 20 percent ethanol-fuel estimated for the US economy amounts to 795 bn. USD between 2010 and 2019 with growing tendency. An amount that should be considered in cost-benefit analysis of bio-fuels.