

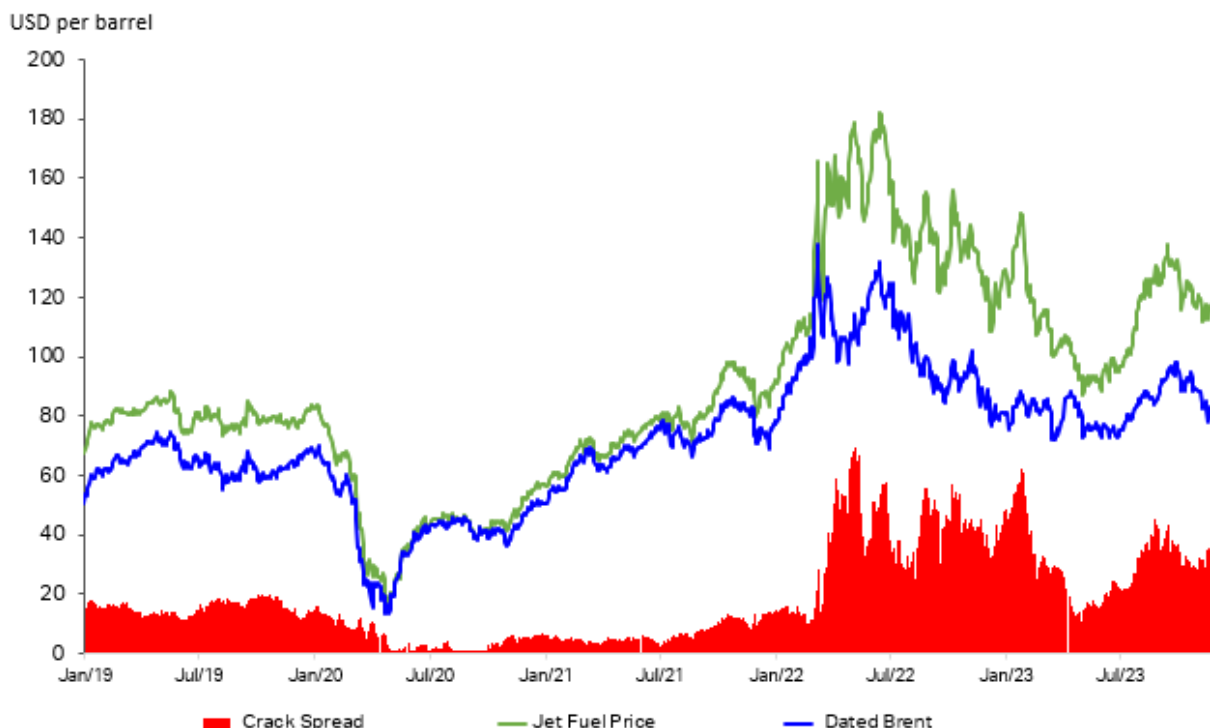


# Fuel

## Fact Sheet

- The outbreak of war in Europe in February 2022 caused a sharp increase in global oil prices. The price of jet fuel rose further still, exceeding USD 175 per barrel in the summer of 2022, causing the spread between jet fuel and crude oil prices (jet crack spread) to climb above USD 60 per barrel.
- In 2023, crude oil prices again increased in the second half of the year but have so far remained below the levels of 2022. The main driver of this trend is the war in the Middle East, which poses a risk to the stability of oil production and exports, as well as OPEC's production curbs. We estimate the average crude oil price in 2023 at USD 85 per barrel and the crack spread remaining high at USD 30.6 per barrel, reflecting the limited refining capacity allocated to jet fuel. As a result the global airline industry's fuel bill is estimated to reach USD 271 billion this year, accounting for around 32% of operating expenses.
- In 2024, we forecast that crude oil prices will remain high between USD 85-90 per barrel, depending on the evolution of the geopolitical situation in the Middle East, and the production decisions of OPEC. The cartel's current production targets expire at the end of 2024. If it decides to increase its output targets to meet the growing demand, the price could drop. Clearly, a sharper decline in global GDP growth could also push the price lower. In our central scenario, the crack spread should narrow to 30%, down from 36% in 2023, equivalent to USD 26 per barrel.

### Oil and Jet Fuel prices, USD/bbl



**Source:** IATA Sustainability and Economics, S&P Global

**Updated:** 12/2023 **Next Update:** 06/2024