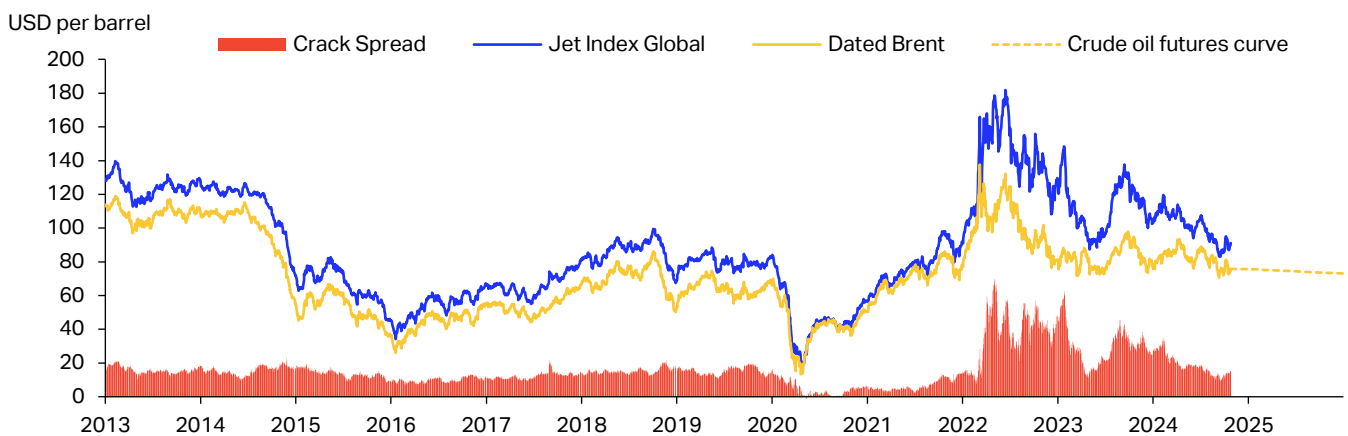


# Fuel

## Fact sheet

- The downward trend in global oil prices has accelerated recently, with Brent crude oil prices falling to USD 70 per barrel in September 2024 for the first time since the outbreak of war in Europe in February 2022. The decline in jet fuel prices has outpaced the decline in crude oil prices. The spread between jet fuel prices and crude oil prices (jet fuel crack spread) has recently narrowed to below USD 20 per barrel, even hitting USD 10 per barrel in September. This is significantly below the 2023 average of USD 30 per barrel and also below the 25-year average of USD 12 per barrel.

### Brent crude oil price with futures curve, jet fuel price, and jet crack spread, USD per barrel



Source: Platts, ICE, IATA Sustainability and Economics, Updated: 06/2024 Next Update: 12/2024

- The main driver of the decline in crude oil prices is the imbalance between supply and demand which has been impacted from both sides – ample supply coupled with lower demand for oil products. One notable structural development is China’s switching to LNGs regarding their trucking fleet. Sales of LNG-fueled trucks represents 30% of all new truck sales in 2024, up from 10% in 2023. There is still room for this segment to grow, as it now accounts for 9% of the total truck fleet in China. New electric vehicle sales in China also reached around 30% of all vehicle sales this year. In the United States, energy demand is also subject to structural shifts, as electricity production turns to more renewable energy sources.
- The average crude oil price in 2023 ended at USD 82.6 per barrel (18% lower YoY), while in 2024, it averages around USD 80 per barrel. Regarding 2025, the futures curve has recently ranged between USD 72 and USD 75 per barrel. Jet fuel prices in 2024 should average at USD 99 per barrel, implying a 12% drop YoY, which may translate into a 3.5% lower cost base for airlines (assuming a 30% share of fuel in the cost base). In 2025, jet fuel may reach USD 87 per barrel, based on a jet fuel crack spread of USD 12 per barrel and a crude price of USD 75 per barrel.
- One key reason for the drop in jet fuel prices is that demand for diesel has fallen. As both diesel and jet fuel are produced in any refinery, the drop in demand of the former benefits the latter in the refiner’s output optimization. The recent decline in demand for diesel is driven by greater adoption of LNG-fueled trucks, notably in China.
- Sustainable Aviation Fuel (SAF) is of critical importance in the aviation industry’s decarbonizing efforts. How much of the world’s total renewable energy production will be in the form of SAF will depend on the production pathway, operators’ optimization of the product mix at refineries, and policy drivers. According to



our estimates, SAF production has been around 1 Mt in 2024. The airline industry has consumed all of the SAF produced at a hefty price tag of USD 2,350 per tonne (or 3.1x jet fuel) in 2024, adding an incremental USD 1.7 billion to the industry fuel bill. In 2025, we estimate that SAF production could rise to 2 Mt and or 0.6% of airlines' total fuel consumption, adding USD 3.8 billion to the fuel bill at USD 2,500 per tonne (or 3.8x conventional jet fuel).