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Media Briefing

Jet Fuel Update

Marie Owens Thomsen, SVP Sustainability and Chief Economist, IATA
Hemant Mistry, Director, Energy Transition, IATA
Eleanor Budds, Research Director, Fuels and Refining Research, S&P

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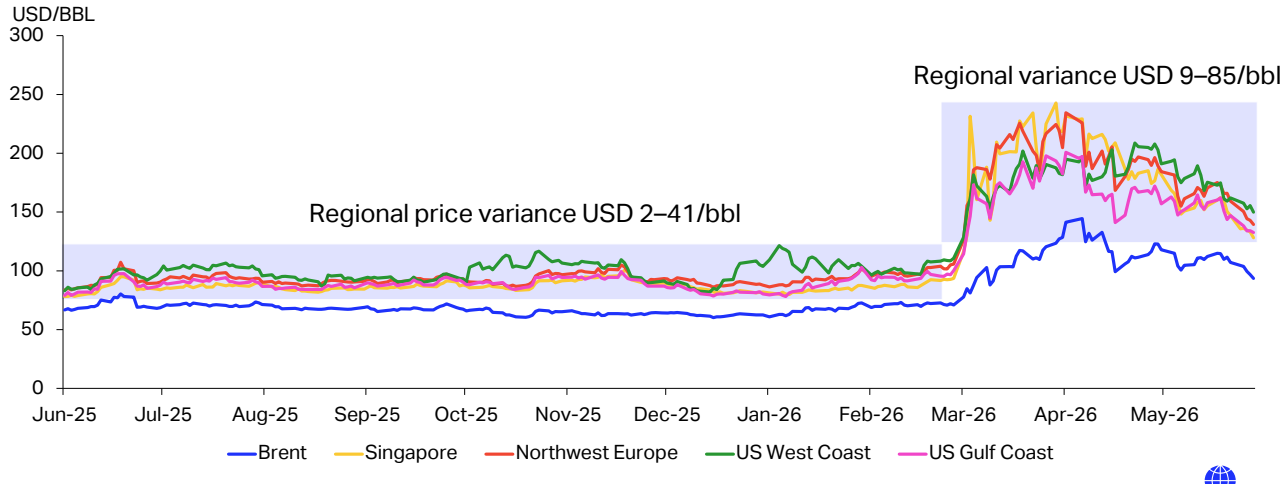
Impact of the oil crisis on the jet fuel market
Volatility and regional variance

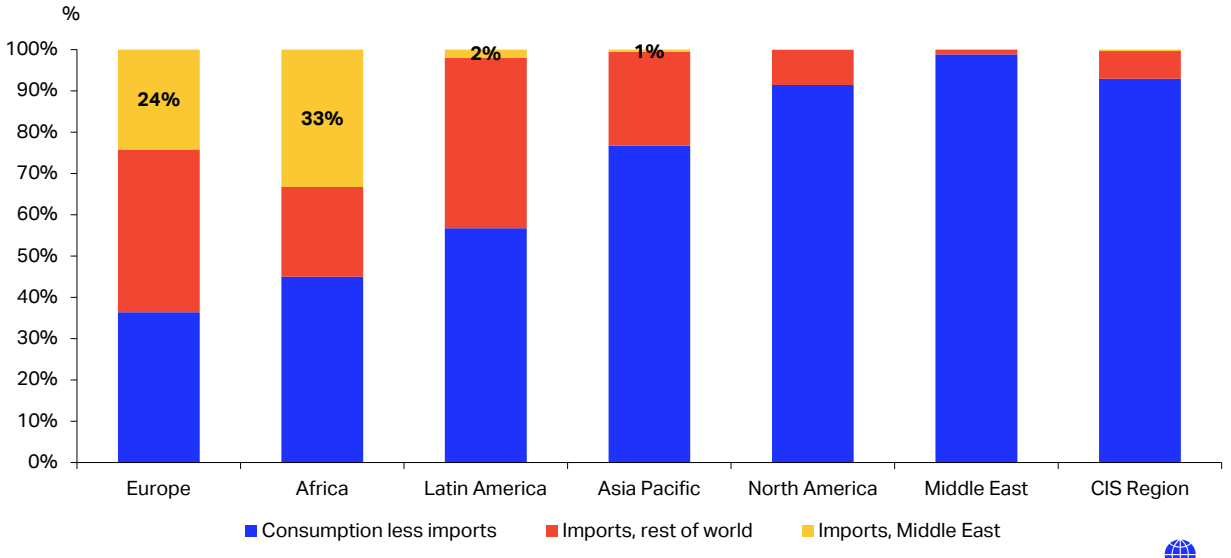
Jet fuel prices, USD/BBL



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

- Since the start of the Iran conflict in late February 2026, oil prices rose sharply, briefly exceeding 120–125 USD/BBL amid the effective closure of the Strait of Hormuz, before stabilizing in a still elevated and highly volatile 95–115 USD/BBL range.
- Jet fuel price increases have been at another level. In November 2025, the average global jet fuel price was around 96 USD/BBL. In April 2026, the global average jet fuel price had doubled to 188 USD/BBL and averaged at the elevated level of 158 USD/BBL during May.
- Jet fuel, which typically accounts for around 3 million b/d of global seaborne trade, has been disproportionately affected compared with diesel and gasoline. Available supply is estimated to have declined by 20–30%, amplified by reduced refinery runs.
- This imbalance has driven a pronounced widening of the jet fuel crack relative to diesel. Jet fuel cracks (the difference between the price of oil and of jet fuel), which averaged around USD 20–30 USD/BBL in 2025, have surged to 40–70 USD/BBL, at times moving higher, signaling acute tightness driven by logistical bottlenecks and refinery constraints.
- The impact remains highly uneven across regions. The loss of export flows has pushed spot jet fuel prices significantly higher across regions, in many cases reaching USD 160–200 per barrel, well above crude benchmarks.

Regional jet fuel imports dependence



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

- Part of reason for the differences in price elevation seen for jet fuel across regions is reliance on imports.
- Europe, Africa and Latin America have the greatest reliance on imports of jet fuel but it is Europe and Africa that are particularly exposed to the closure of the Strait of Hormuz.
- 24% of Europe jet fuel and 33% of Africa's jet fuel came from the Persian Gulf before the closure of SoH.
- The high need for imports in Europe is also due to the reduction in jet fuel production capacity: jet fuel production in Europe (including UK) declined by 13% in 2025 compared to 2019. For UK specifically, the reduction was 42%.
- The closure of the SoH has meant the lost barrels have to be compensated for by other means, leading to supply tightness and elevated prices.
- We have seen increased jet output from refineries, increased exports from the US and West Africa, use of national and commercial strategic reserves.
- This is a valiant effort from across the supply chain but there is still an impact of demand destruction that has to contribute to address the loss of barrels from the SoH.

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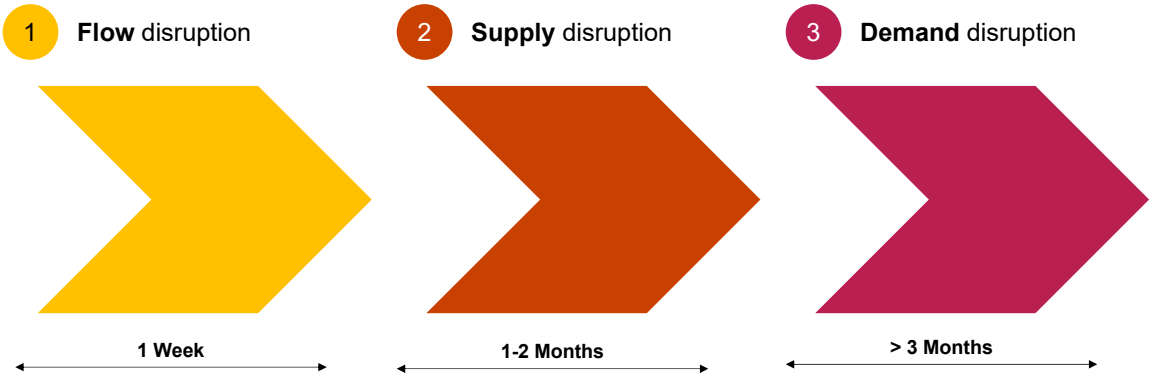
Oil market outlook amid ongoing Strait of Hormuz closure

Eleanor Budds, Research Director,
Fuels and Refining Research

June 2026

Dawn of the demand squeeze: Longer Hormuz interruption shifts disruption from supply to demand



As of May 2026.
Source: S&P Global Energy.

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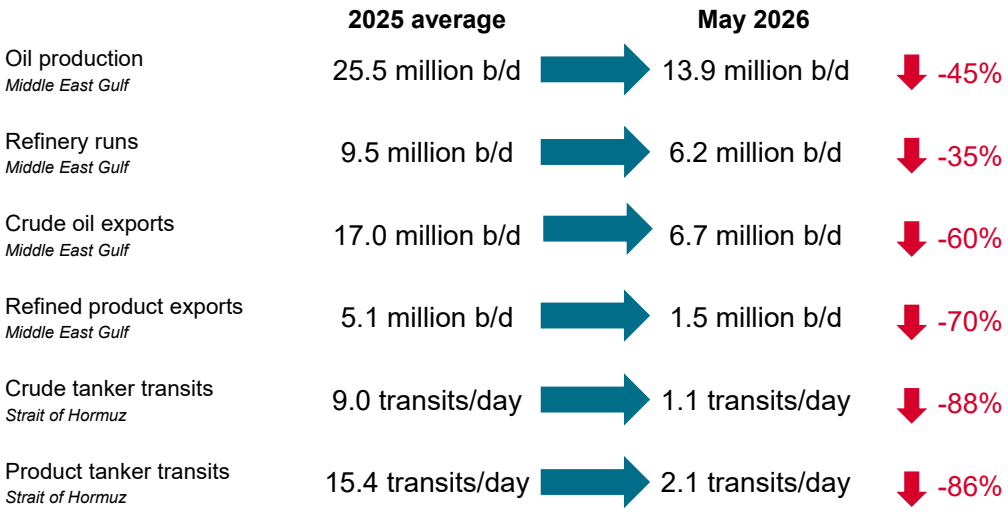
1. Initial disruption was to trade flows – big crisis but if it had been short-lived, it would have remained just a flow disruption that could clear quite quickly
2. But it didn't…. So then we moved into a period of major supply disruption – crude production and refinery operations in the Middle East Gulf locked in due to tanks filling up and damage to infrastructure, and refinery runs impacted in other regions, mainly Asia, due to crude sourcing difficulties
3. The prolonged supply and flow disruption made prices spike, and we are now moving into a period of demand disruption. Use of oil products in many sectors is being curtailed due to high prices.
4. The longer the supply disruption, the greater the likelihood of price spikes and demand curtailment

Status check | Production and flows have slowed significantly since the start of the Middle East war



Data compiled June 2026.
Middle East Gulf = Bahrain, Iran, Iraq, Kuwait, Saudi Arabia, Qatar, United Arab Emirates.
Product tankers include LPG tankers.
Source: S&P Global Energy, Commodities at Sea.

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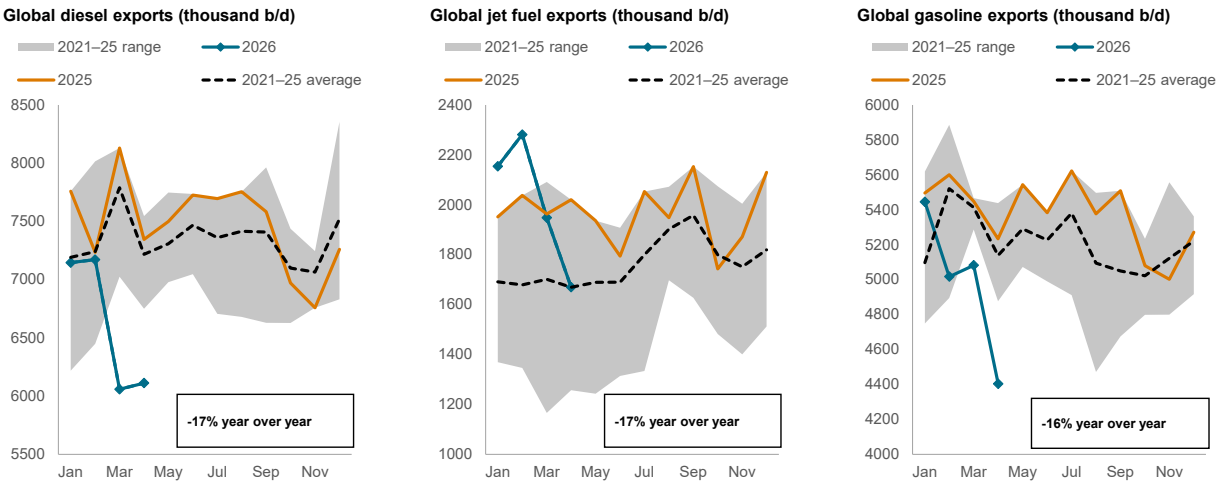
1. Shows the extent to which different oil market elements have been disrupted since the start of the war in the Middle East

Global product exports plummet: Traded volumes of all main products fall sharply



Data compiled May 27, 2026.
Source: S&P Global Commodities at Sea, a product of S&P Global Energy.

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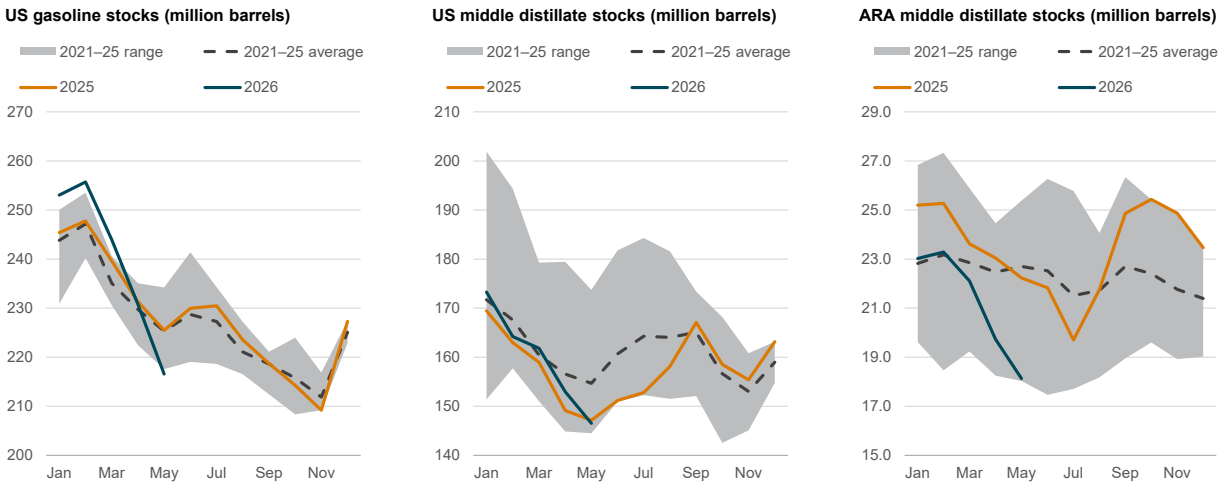
1. Why do we think the supply disruption is severe enough to cause significant demand curtailment?
2. These charts show global exports of diesel, jet fuel and gasoline, with the blue line for 2026 set against a five-year range and dotted line average.
3. The most striking falls out of the ranges here are gasoline and diesel, not jet, but jet fuel exports have also fallen
4. Several major global jet fuel exporters are either cut off from the market or have some sort of export restrictions
5. Other have increased their jet exports (US notably, Spain within Europe, Nigeria) but there are questions over whether they can maintain these levels.
6. Refiners cannot just produce jet fuel, they have to produce other products and gasoline and diesel exports have fallen out of the five-year range sharply here – as driving season approaches in the US and Europe

Buffers are dwindling: US gasoline and Atlantic Basin diesel stocks are reaching five-year lows ahead of the summer season



Data compiled May 2026.
Light distillate includes gasoline and naphtha
ARA = Amsterdam-Rotterdam-Antwerp.
Sources: S&P Global Energy; IEA; IE Singapore; US EIA.

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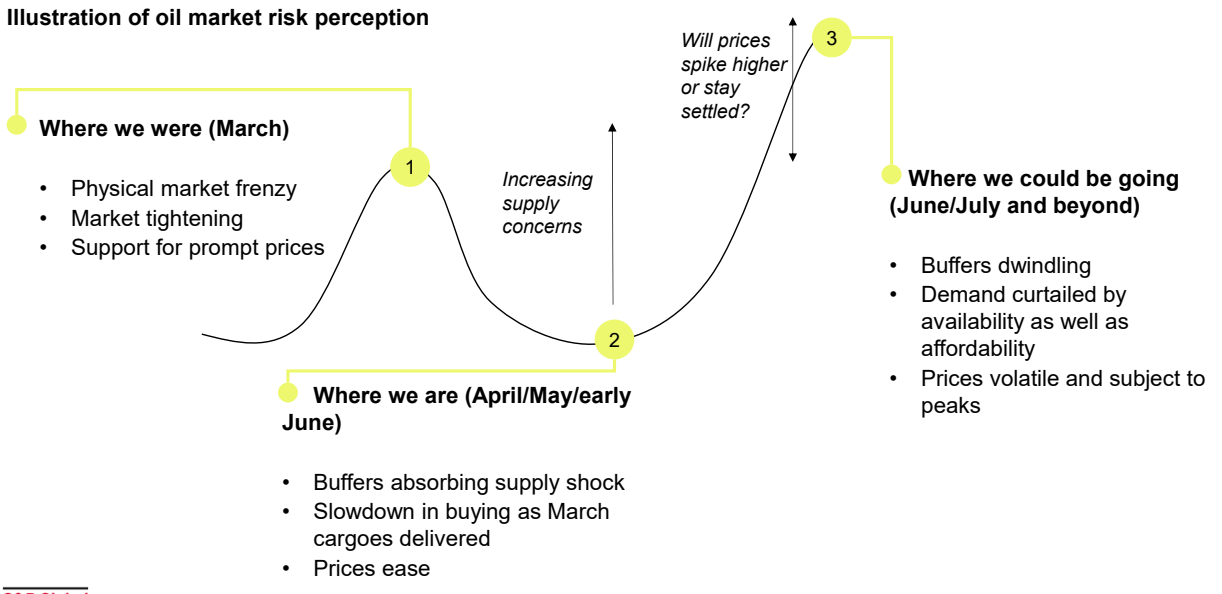
1. A further reason why refiners will have to tip some production back towards gasoline in particular
2. Left hand chart – you see US gasoline stocks declining fast leading into driving season – this will push up prices, which will not be popular with drivers
3. The other charts show middle distillate – that is diesel and jet fuel – stocks in the US and in the ARA ports in Europe. It is no surprise that US stocks are declining fast as they have increased their exports – but this is not sustainable
4. ARA stocks are just a small snapshot of Europe and not particularly representative of total stocks, but as the last total stock data dates from partial data in March, we do not fully know to what extent stocks are depleting. This itself poses an upward risk to prices.

The trough between waves: Panic has subsided, but worse may yet come



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1. This illustrates the wavy price track we have seen since the start of the Strait closure
2. Initial panic has given way to calmer markets as multiple small adjustments have stabilised prices – some demand curtailment in certain products and regions, some higher production and trade reshuffling
3. Now however we are looking at a possible worsening of supply conditions and resulting price rises as stocks draw down, refiners need to pivot some production back to gasoline, and the actual volume of oil lost from the market since crude production shut down and refinery runs in the MEG fell adds up. **Every day that passes is another day of supply lost**.
4. Stocks dwindle, tension in prices are volatile and subject to peaks, and demand could start to be impacted by availability as well as affordability

Restarting the Persian Gulf oil system | Restart is likely to play out in three main phases, which will partially overlap

1	Logistics restart	**Risk considerations:** Is the Strait safe enough to transit Eastbound?	**1-8 weeks** Laden tankers start to exit. Ballasting tankers enter **1-8 weeks:** Crude tankers arriving at destinations **3-5 weeks:** Asian refiners resupply product to market
2	Inventory draw down	**Risk considerations:** Is the Strait open reliably for a ship to enter, load, and exit?	**6-9 weeks:** New ballast tankers load from crude and product tanks which have filled during the closure of the Strait
3	Crude and refinery production restart	**Risk considerations:** Are flows stable enough to give producers and refiners the confidence to restart?	As storage constraints are alleviated, oil production and export-oriented refining restarts **5 months**: Refinery runs recover to pre-war levels **4 months:** 80% of Feb 2026 crude production back

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1. Once there is a deal to reopen the Strait, how does this happen logistically and how long does everything take to go back to normal?
2. Logistics restart – risk of passing the Strait – timescales to get tankers out and get crude and products delivered to market
3. Storage tank draw down – space needs to be made in the tanks before crude and refining can start producing again. Risk – is the Strait reliably open so that empty ships enter, fill up and leave – not just about confidence but insurance risk
4. Crude and refining restart – several months in an optimistic case to get production back to pre-war
5. Conclusion – it takes time, and if you account for potential flare-ups, stop-start reopening, it all drags out longer.
6. So – higher prices are drawn out for longer; we call this a risk premium

Medium-term five-year oil scenarios: what are the enduring impacts of the war and the Strait of Hormuz closure?

	Description	Crude supply	Crude demand	Crude price
Base Case **Precarious recovery** (Short strait shock)	Shock is painful, but the system bends — not breaks	Spare capacity tight post-reopening	Near-term curtailment	Spike, then settle structurally higher than pre-war
High Case **Quagmire** (Strait stop-start for 3 years)	Demand and policy — not supply — do the rebalancing.	~10–15 mb/d at risk at peaks	Destruction with only partial recovery	Persistently high and volatile
Low Case **Iran capitulates** (Negotiated peace)	Shock removed – fundamentals re-assert	Inventories rebuild; spare capacity recovers	Stabilizes	Crude trends lower within the cycle

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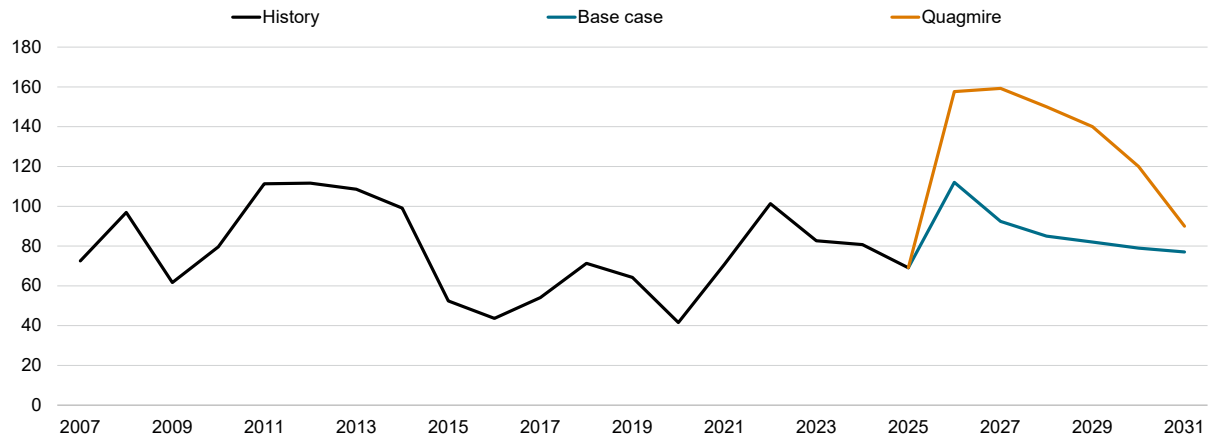
1. How long could the impact on prices and supply last? Medium term scenarios based on a few different assumptions
2. Low case is not considered very likely –a negotiated peace and full reopening would result in quite rapid return to pre-war and lower prices before year-end. No price/supply impact beyond 2027.
3. Base case is a “precarious” recovery – as spelled out in the previous slide: reopening of the Strait from end-July/August could be stop-start, with high insurance risk premium and elevated prices through year-end. Prices elevated for longer, stabilizing over 2028 if fragile peace holds.
4. Our high case is called “Quagmire”, reflecting the Hormuz closure experiencing stop-start conditions for several years, with demand and policy having to adapt to much tighter supplies. Prices are persistently high and volatile through entire period.

Brent price peaks at $110/b (average) in 2026 in base case but could reach over $150/b for extended period in high case

Dated Brent forecast (real $)



Data compiled May 2026.
Source: S&P Global Energy.

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1. This is the Brent crude price track that goes with the Base case and the Quagmire case
2. Base case has crude prices back to pre-war over 2028
3. Quagmire prices are higher for almost the entire five-year outlook period

Contact us

Primary contact(s)

Eleanor Budds
eleanor.budds@spglobal.com

Contact us

Americas	+1 800 597 1344
Asia-Pacific	+60 4 296 1125
Europe, Middle East, Africa	+44 (0) 203 367 0681

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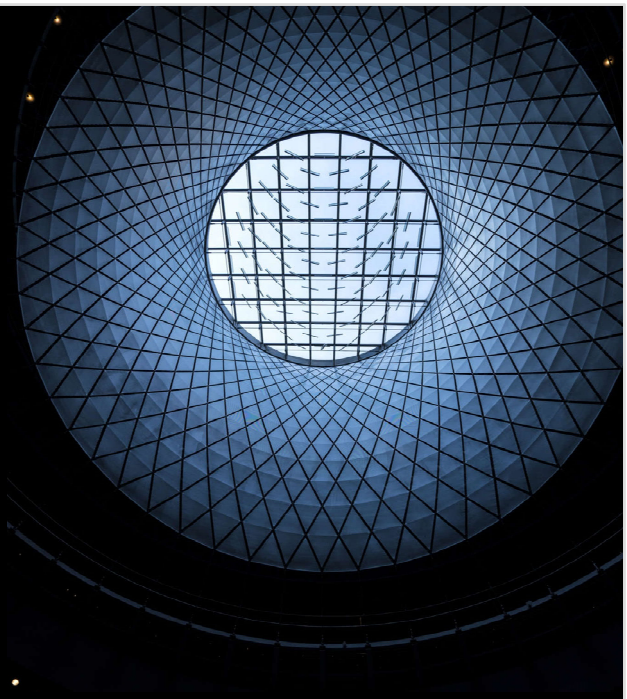

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