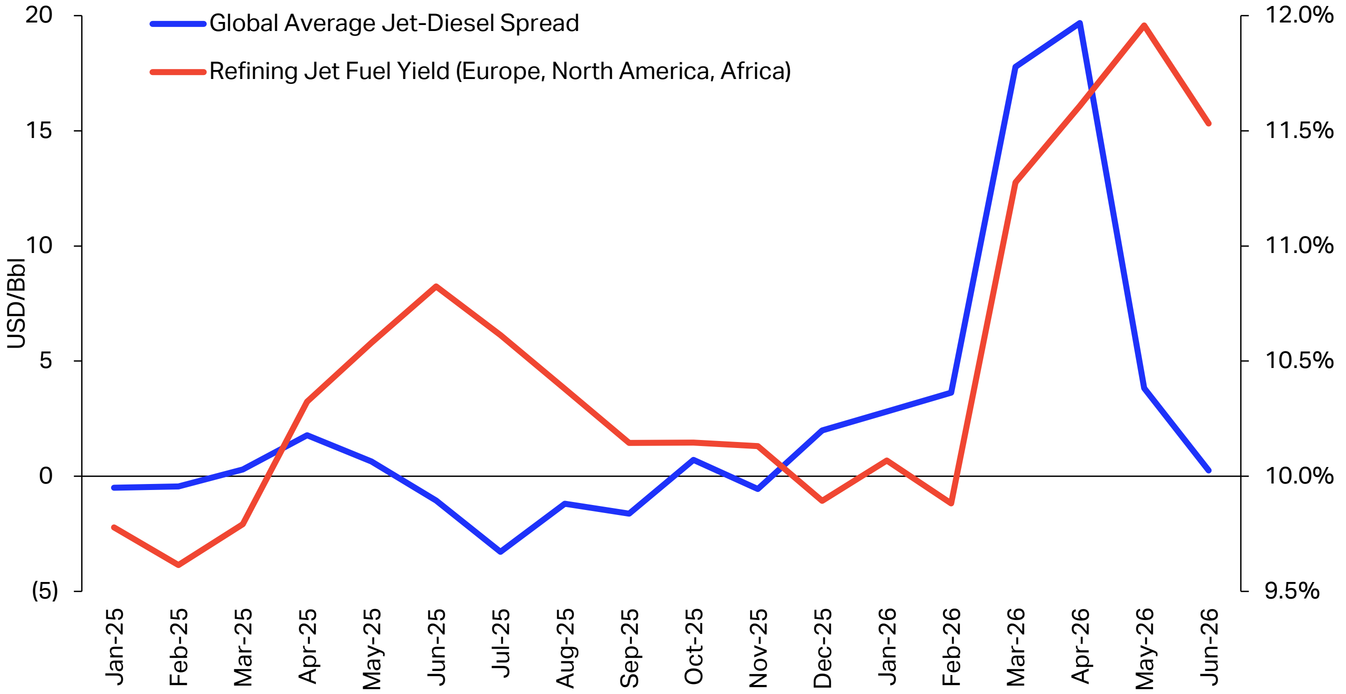
Chart of the Week

24 July 2026

Global Refining Response Cushions Jet Fuel Supply Shock

Jet-Diesel Spread versus Global Jet Fuel Yield, 2025-2026



Source: S&P Global Energy

- The Middle East conflict that began on 28 February 2026 disrupted a key source of global jet fuel supply. Between March and June 2026, Middle Eastern jet fuel production fell by an estimated average of 640,000 barrels/day compared with February levels. The disruption also affected Asia, where many refineries depend heavily on Middle Eastern crude. Asia had to reduce refinery runs as feedstock supplies tightened, lowering jet fuel production and exports.
- Refiners in Europe, North America, and West Africa were well-positioned to fill the sudden supply gap supported by their access to diversified crude supply sources. The sharp increase in jet fuel regrades—the premium charged for jet fuel over gasoil/diesel—provided a strong incentive to maximize jet fuel output. As a result, average jet fuel yields in these regions increased from around 10% of refined output before the crisis to 12% in May 2026.
- The increase in jet fuel yields translated into an additional 640,000 barrels/day of jet fuel production during March-June 2026 relative to February levels, broadly offsetting the decline in Middle Eastern production. Together with demand moderation from flight cancellations and releases of strategic petroleum reserves, this helped the market avoid more widespread and acute physical shortages, particularly in Europe.
- This experience illustrates the interdependence between diesel and jet fuel production and the importance of the relative price between the two. Diesel accounts for the largest share of refinery output and is generally more important to refinery economics than jet fuel. However, when the relative price of jet fuel rises sufficiently, refiners can increase jet fuel yields, helping to alleviate the supply tightness that contributed to the price increase in the first place.

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