

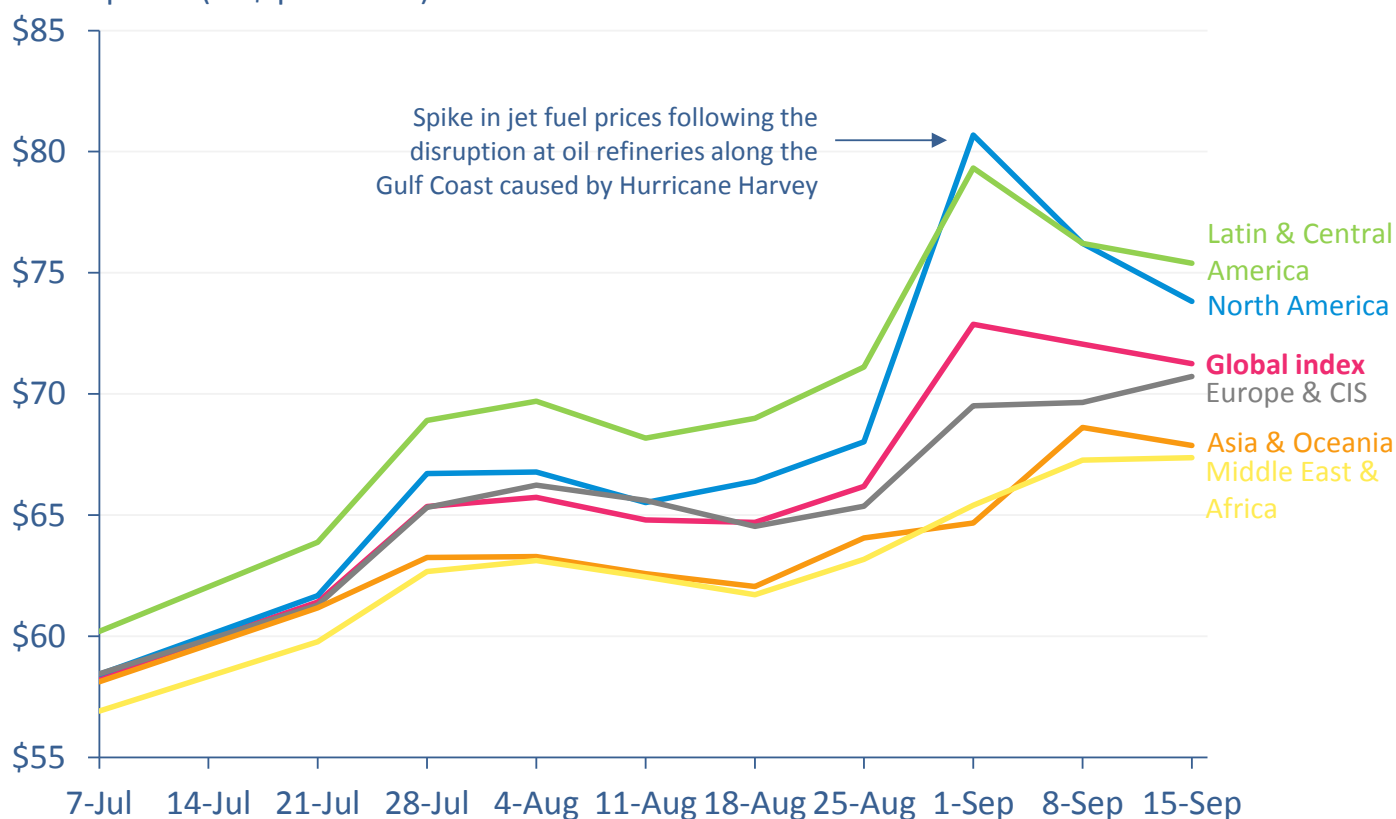


## IATA ECONOMICS' CHART OF THE WEEK

22 SEPTEMBER 2017

### HURRICANE HARVEY TO ADD 0.3% TO THE INDUSTRY'S 2017 FUEL BILL

Jet fuel prices (US\$ per barrel)



Source: Platts

- The full impacts of the 2017 Atlantic hurricane season on aviation will be widespread and varied. The forced closure of major airport hubs in the US including Houston and Miami had direct impacts on passenger traffic and revenues (for context, these two airports alone accounted for almost 5% of departing passengers in the US in 2016). The impact on tourism-related travel flows in the Caribbean is more uncertain at this stage and will be longer lasting. We will continue to monitor and assess these impacts as more information becomes available.
- One immediate and visible impact so far has been on jet fuel prices in the Americas. Reports indicate that more than 20% of crude oil refining capacity in the US was at least partially shut down in late-August because of Hurricane Harvey, and such closures resulted in temporary spikes in the prices of refined oil products, including gasoline and jet fuel. Indeed, as shown in this week's chart, jet fuel prices in North America jumped by more than 18% during the final week of August. Given that the region accounts for nearly 40% of global fuel uplift, this drove a strong increase in the global price index too. (Note that the jet fuel price in Latin & Central America tends to be higher than in other regions; it also rose sharply at the end of August, but to a lesser degree than in North America.)
- This impact on jet fuel prices has been just temporary: the cost of jet fuel in North America has already started to decline as refining capacity has been restored. Nonetheless, we estimate that the cumulative impact of the spike in jet fuel prices in the Americas over the past four weeks has added around US\$350-400 million to airlines' costs. All told, this is equivalent to adding around 0.3% to the industry-wide fuel bill in 2017.

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