

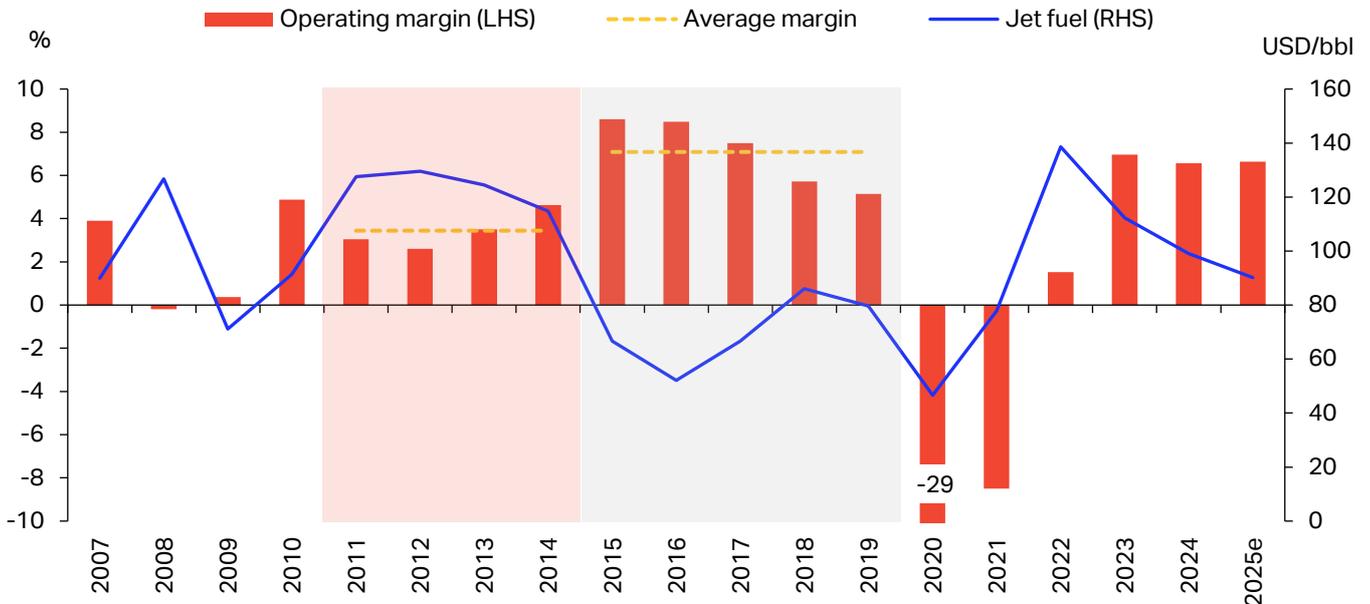


# Chart of the Week

13 March 2026

## Sudden Change is More Challenging Than High Fuel Prices

Operating margin of the airline industry, %, and average jet fuel price, USD per barrel



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

- Jet Fuel is the highest cost for airlines (along with labor), and fluctuations in fuel prices have an important effect on the airline industry's profitability. However, the pace of change tends to matter more than the price level. Rapid changes qualify as shocks and are hard to adjust to.
- Historical data illustrate this distinction clearly. One of the periods with the highest fuel prices in aviation history was 2011–2014, when jet fuel prices averaged around USD 124 per barrel. The global airline industry generated operating margins of about 3% on average over that period - lower than in 2015–2019 when fuel was cheaper, and average margins were 6-7%, but still a reasonable performance. The industry adapted to high fuel prices through fare adjustments, efficiency gains, capacity optimization, and procurement management, allowing profitability to remain positive despite high jet fuel costs.
- The most damaging episodes occur when fuel prices rise rapidly, and airlines do not have time to adapt their strategy. In 2008, jet fuel prices increased by roughly 40% year-on-year to USD 127 per barrel, equating to USD 190 per barrel in 2025 USD. Industry operating margins slumped from about 4% to around zero, as airlines were unable to pass through such a rapid cost increase quickly enough to protect margins.
- The key implication is that airline profitability is highly sensitive to the speed of fuel price changes. When fuel prices remain elevated but stable, airlines can adjust pricing and operations gradually and continue to operate profitably, although typically with thinner margins. Fuel price shocks, however, push costs higher faster than revenues can adjust, and pose an elevated risk of eroding margins and industry profits.

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