

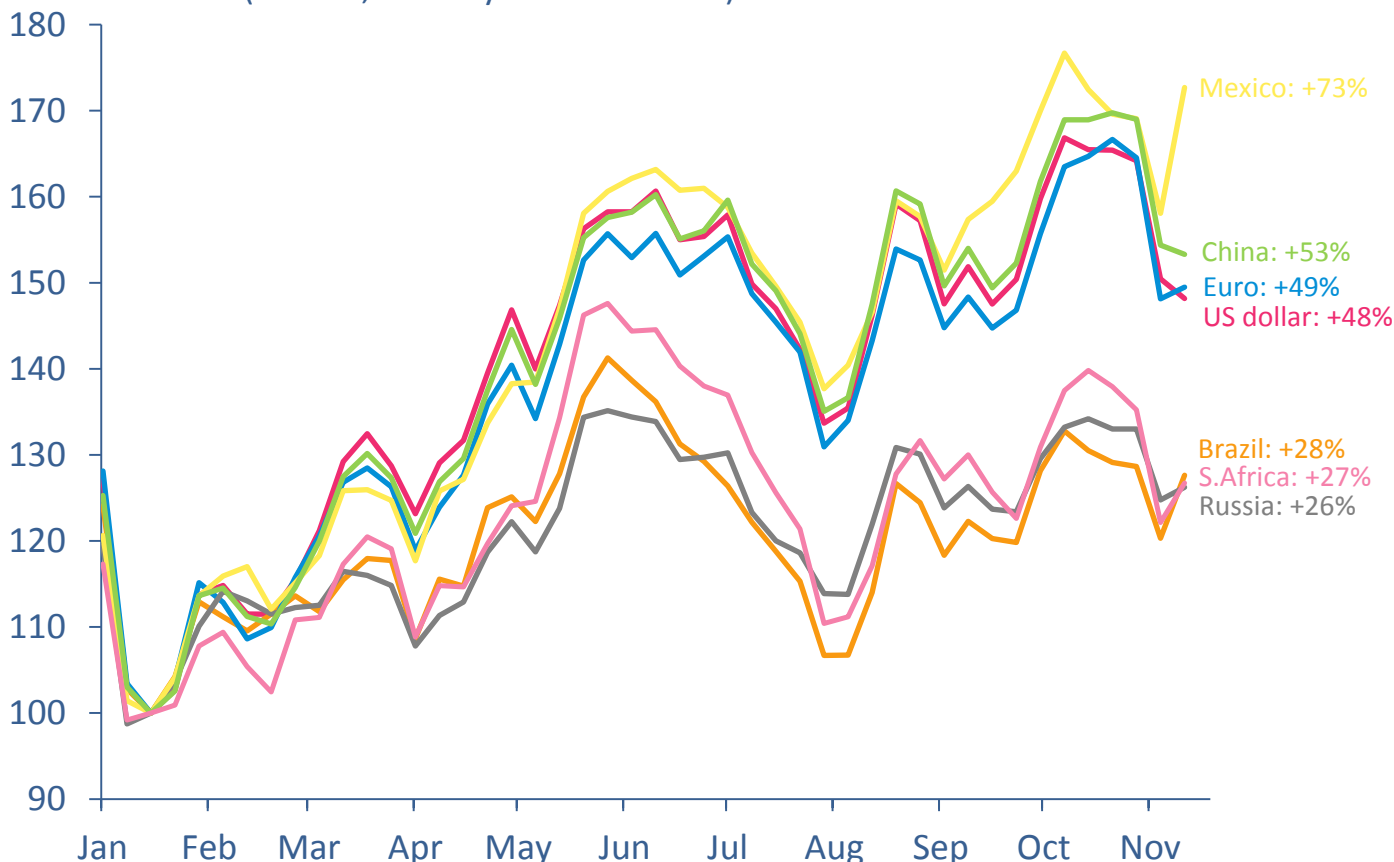


IATA ECONOMICS' CHART OF THE WEEK

18 NOVEMBER 2016

THE RISE IN JET FUEL PRICES IN 2016 HAS NOT BEEN FELT EVENLY

Jet Fuel Prices (Indices, January 2016 low=100)



Sources: IATA Economics, Platts, Thomson Reuters Datastream

- Having reached a 13-year low below US\$35/bbl in January 2016, jet fuel prices have trended upwards during the rest of the year. Although volatile, jet fuel prices are currently around 48% higher in US dollar terms than they were in early-2016.
- However, as was the case during the last period of *falling* oil prices, shifts in the value of currencies against the dollar over the course of the year mean that the pick-up in US dollar-priced jet fuel has not been felt evenly.
- The recoveries in the Russian rouble, Brazilian real, and the South African rand against the US dollar in 2016 to date have partially shielded airlines in these countries from the increase in US dollar-priced jet fuel: local-currency fuel prices in these cases have risen by 26-28% over the course of 2016 (although, of course, acute currency weakness in 2015 meant that such airlines did not benefit as much as others during the period of falling oil prices). By contrast, the euro and the Chinese renminbi have eased modestly against the dollar during 2016, leaving jet fuel some 49% and 53% higher in euro and renminbi terms respectively. (Note that the renminbi recently fell to a six-year low against the US dollar.)
- But the Mexican peso has been amongst the hardest hit of currencies this year, not least in recent weeks following the US election. All told, jet fuel prices in Mexican peso terms are currently 73% higher than they were in early-2016.

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