

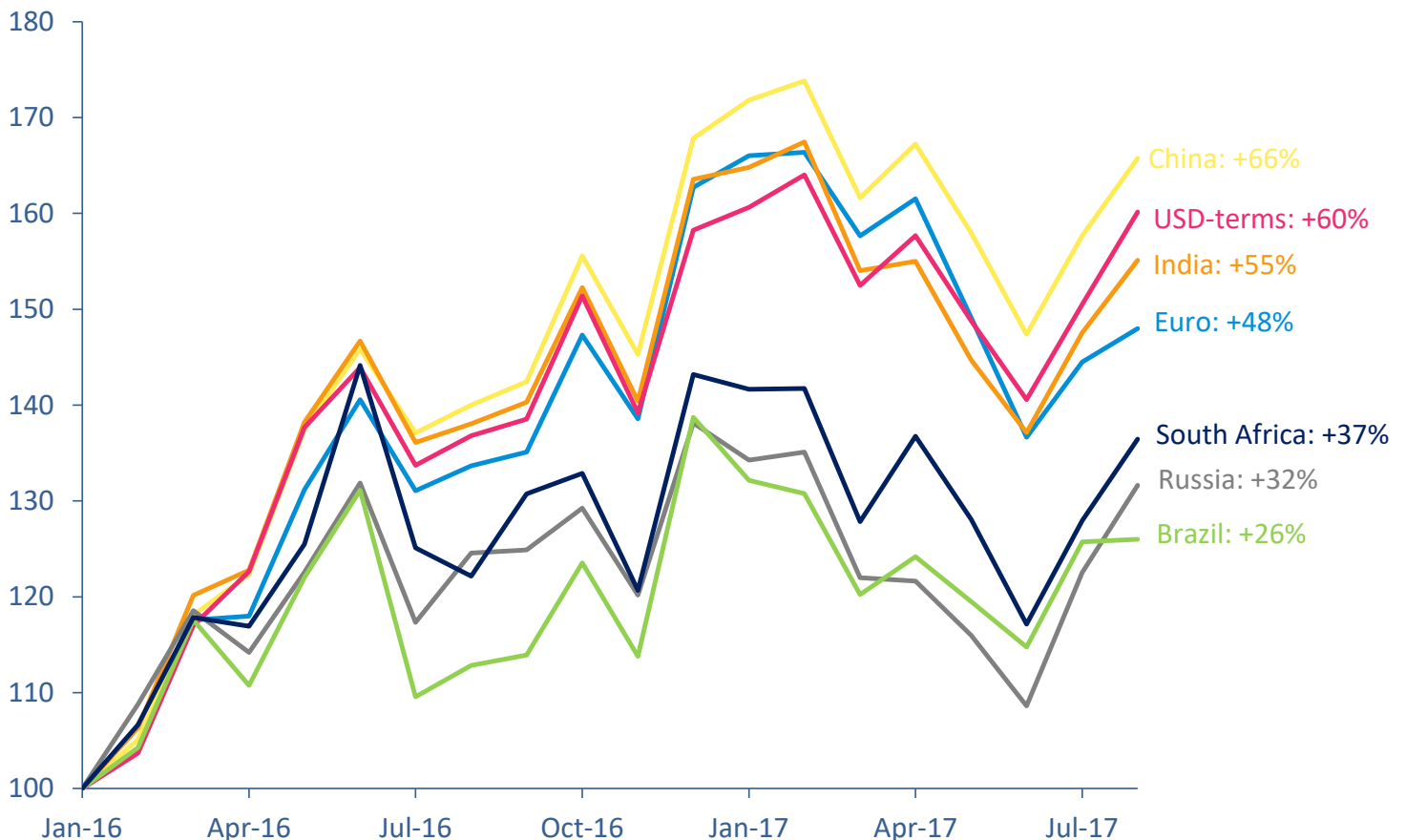


IATA ECONOMICS' CHART OF THE WEEK

1 SEPTEMBER 2017

WEAKER DOLLAR IS HELPING NON-US AIRLINES MANAGE FUEL INCREASES

Jet Fuel Prices (Index, January 2016 = 100)



- World oil and jet fuel prices have risen by 60% since their low of January 2016. Along with labor costs and maintenance, repair and overhaul (MRO), this rise in fuel prices has been a key factor underpinning the general increase in airline operating costs over the past 12-18 months. As we have noted [previously](#), this led to a sizeable squeeze on airline operating margins, which was particularly evident in the first quarter of this year.
- Having said that, the impact of the developments in the world price of jet fuel – which is typically denominated in US\$ – has not been felt evenly across all countries. This is primarily due to fluctuations in the value of individual currencies against the US\$ over the same period, which may exacerbate or help to offset developments in the world price. This divergence is shown for a selection of countries in today's chart.
- For all of the countries shown, with the exception of China, oil prices measured in local-currency terms have shown a smaller increase than the US\$-denominated world price because of gains in the value of their currencies against the US\$. The difference is most apparent for Brazil and Russia where the oil price has risen by a more modest 25-30% in real and rouble terms respectively. (Recall that these two countries, didn't share in the 2014-15 fall in oil and jet fuel prices to the same extent as many others.) Conversely, the modest fall in the value of the Chinese renminbi against the US\$ since January 2016 has meant that fuel prices have risen by 66%, vs the 60% gain in the US\$ benchmark.

Terms and Conditions for the use of this IATA Economics Report and its contents can be found here: www.iata.org/economics-terms
By using this IATA Economics Report and its contents in any manner, you agree that the IATA Economics Report Terms and Conditions apply to you and agree to abide by them. If you do not accept these Terms and Conditions, do not use this report.

IATA Economics
economics@iata.org