

Jet Fuel

U.S. Gulf Coast Kerosene

Week of February 5, 2026

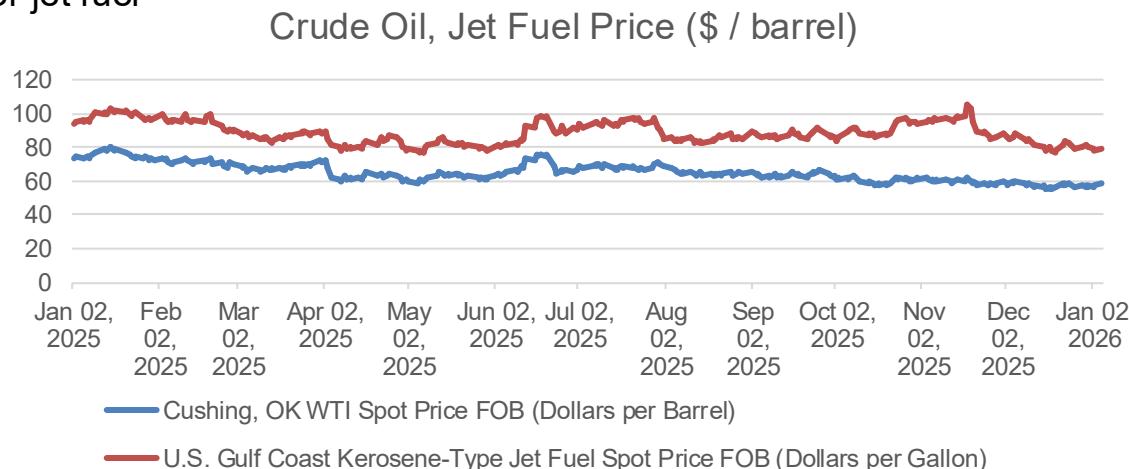
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Price Drivers



Component Pricing

- Crude oil price is primary price driver
- “Crack spread” – the difference in price between a barrel of crude oil and a barrel of jet fuel
 - Reflects how much more refiners are earning for jet fuel compared to crude
 - Higher crack spread indicates more price movement based on supply constraints and changes in demand for diesel or jet fuel



Joint Output Relationships

- Diesel is the other primary middle-distillate refining output from crude oil
- Increased demand for diesel (trucking, rail, light-duty vehicles in European markets) can shift the middle-distillate yield towards diesel, which drives up jet fuel prices as it becomes relatively more scarce

Air Travel Trends

- Air travel generally peaks in summer
- Local air travel peaks and troughs can affect local jet fuel price
- Air-travel trends generally amplify price volatility rather than acting as a main price driver
- Since the pandemic, passenger air travel and air cargo have seen steady rise year-over-year with demand increasing over 5% in both categories from 2024 to 2025 (IATA)
 - It is likely that jet fuel production will continue to increase to facilitate these markets
 - Even with tariff, air cargo is projected to grow 2.6% due to the growth of AI and E-commerce
 - 4.3% growth of flying passengers

New Drivers This Week



US Crude Price Volatility

- Oil prices climb 3% as market awaits US-Iran talks
- Commercial crude oil stocks fell by 3.5 million barrels to 420.3 million barrels
- Competing trends causes speculation and confusion around how the price of crude will move
- Overall stockpiles are healthy so it is likely that bearish pressure continue

Government Shutdown Disrupts Air

- A federal shutdown may be inevitable as lawmakers work to pass a bipartisan spending deal
- Air travel is disrupted more the longer a shutdown lasts. Trump's last government shutdown lasted 43 days and saw airlines cutting back 10% of travel

Prediction

GOING DOWN

Oversupply of Jet Fuel from the massive nationwide winter storm should still place downward pressure on price

