

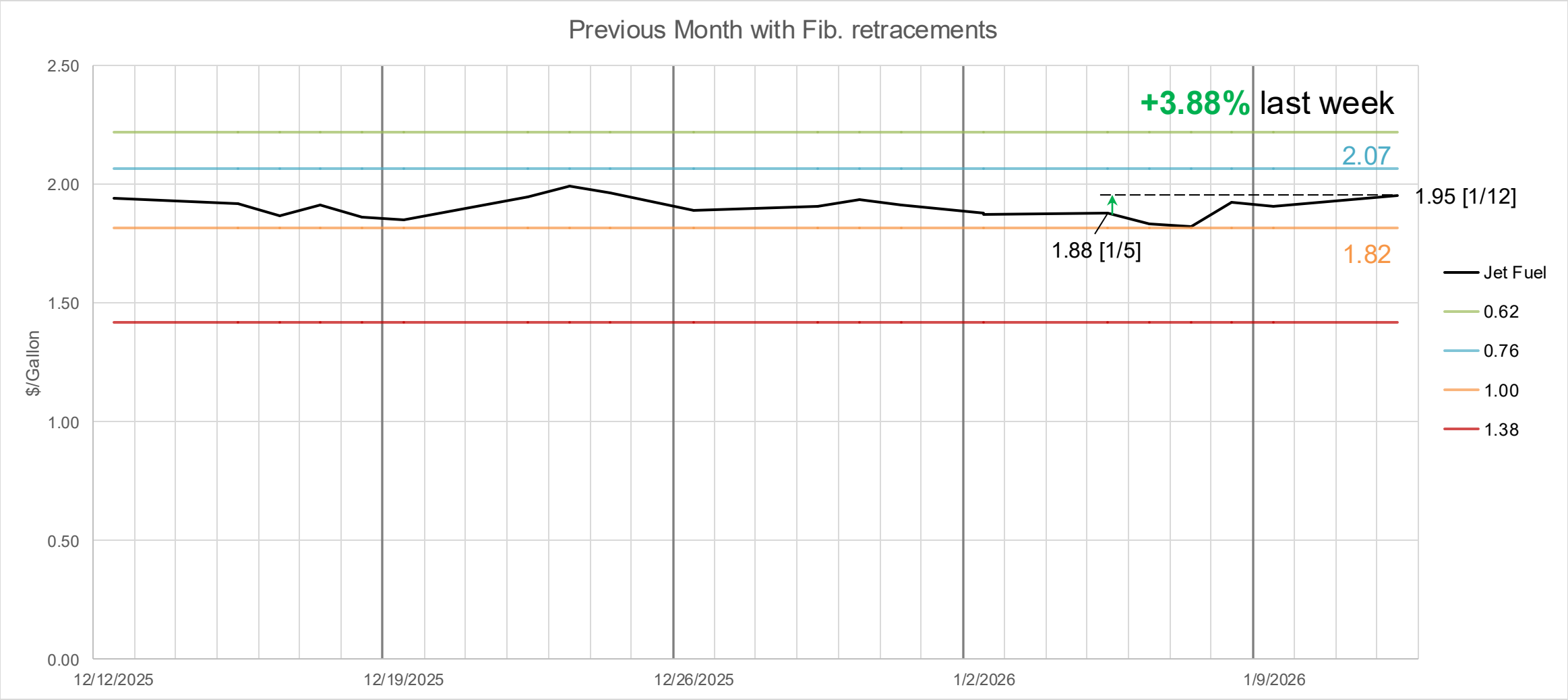
# Jet Fuel

U.S. Gulf Coast Kerosene

Week of January 15th, 2026

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# Jet Fuel Price Trends



# Price Drivers



## Component Pricing

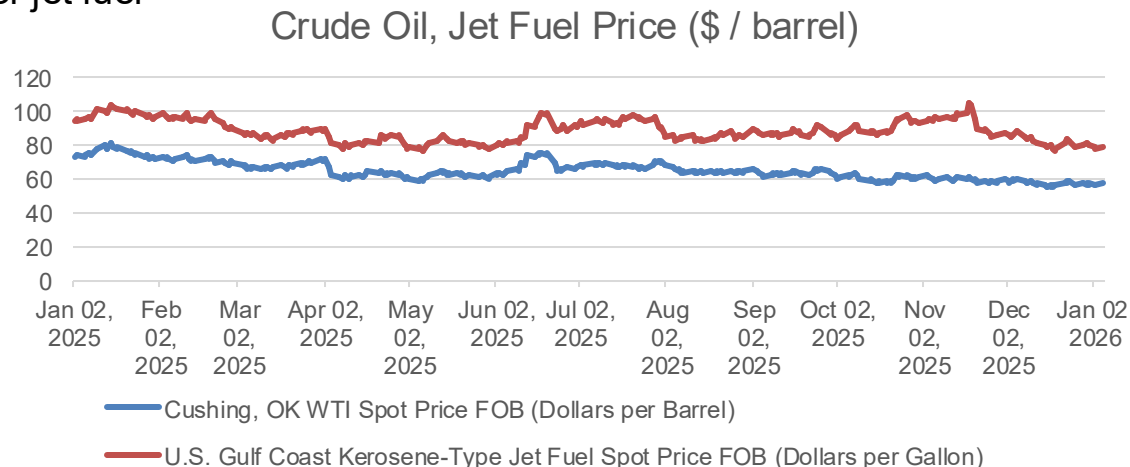
- Crude oil price is primary price driver
- “Crack spread” – the difference in price between a barrel of crude oil and a barrel of jet fuel
  - Reflects how much more refiners are earning for jet fuel compared to crude
  - Higher crack spread indicates more price movement based on supply constraints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



## Crude Oil Price

- Crude Oil Price is expected to continue to decrease by 6% in 2026. Excess supply in the market relative to demand for crude oil-based fuels is the main factor.

## World Economic Forum

- The Davos 2026 WEF takes place this week and fiery commentary between Donald Trump and Mark Carney have spurred recent trends of geopolitical instability. We speculate that worries of supply chain disruption will indicate higher prices in the near-to-medium term

## Slimmer Passengers

- Due to the recent prevalence of weight-loss drugs, the four major US airlines are projected to save over 16 billion gallons of fuel, which may significantly impact demand for jet fuel.

## Major US Winter Storm

- A major winter weather storm pattern is sweeping across the United States this weekend and flight cancellations all across the country are expected. Airlines even preemptively lifted flight change fees. Grounded airplanes will leave surplus fuel which should cause price decline.

# Prediction

## GOING DOWN

\*Might go up slightly until it hits resistance level of ~\$2/ Gallon and then will trend back down

