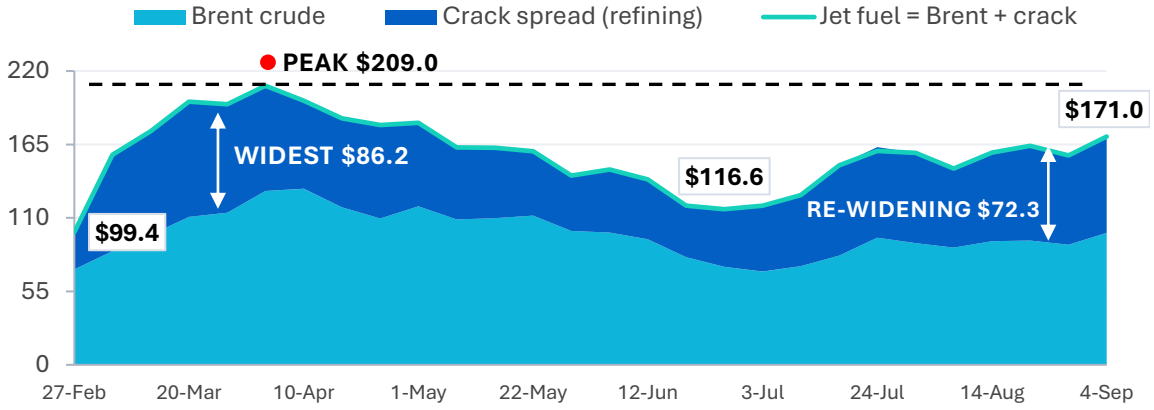
JET FUEL MARKET UPDATE | WEEK OF 4-SEP

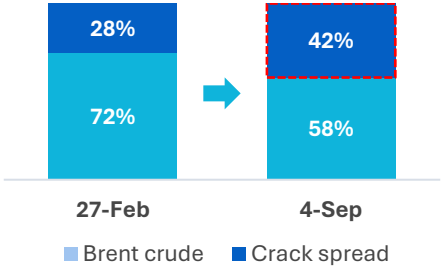
Fuel Costs Are Back on the Burner as Brent Nears $100 and Crack Spreads Re-Widen

Both legs of the price are rising again: the crack spread has widened **88% since the 19-Jun low to $72.3/bbl**, while Brent has risen **41% from its 3-Jul trough to $98.7/bbl**.

EVOLUTION OF JET FUEL PRICES SINCE THE WAR BEGAN ($/BBL)



JET FUEL PRICE COMPOSITION (%)



The crack spread was **28%** of what airlines paid at the 27-Feb base; it is **42%** today.

TAKEAWAY

- ▲ **Crack spreads** are the primary pressure now.
- ▲ **Crude is the second layer** - Brent rebuilds the floor.
- → **Implication:** Crude hedges alone leave crack-spread risk exposed.

JET FUEL
(Brent + crack spread)
$171.0
–18% vs 3-Apr peak
+72% vs 27-Feb base

CRACK SPREAD
(Refining premium)
$72.3
–16% vs 20-Mar peak
+160% vs 27-Feb base

BRENT CRUDE
(Base commodity cost)
$98.7
–25% vs 10-Apr peak
+38% vs 27-Feb base

Source: IATA; data to 4-Sep

Delta's structural answer – see the post

KevinJV