



JET FUEL DATA "KEY" TO UNDERSTANDING CHINA'S EFFECT ON WORLD ECONOMY

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Soaring jet fuel demand data will be vital to understanding if China reopening will give the global economy a much-needed 'shot in the arm', says climate technology company Kayrros. Since China reopening on 8 January, which followed more than 1,000 days of Covid restrictions, jet fuel demand has been climbing. As the Chinese took to the skies to celebrate their freedom and the Lunar New Year, national jet fuel demand doubled within a week. The reopening has boosted the global aviation sector, which is still recovering after Covid.

Data from Kayrros, a global climate technology company and world leader in environmental intelligence, showed that year-on-year growth in jet fuel demand – a relatively 'niche' product – reached 20% last month. The company cited analysis of ADS-B data – signals from aircraft transponders. As jet fuel prices reach a 12-year high, compared to diesel, data on air cargo, a bellwether of the global economy, suggests the global economy may not be rising with them.

Passenger travel demand growth now outperforms that from air freight, which may be a worrying sign for the economy. Kayrros' President Antoine Rostand said real-time comprehensive

monitoring of jet fuel demand will be “key” to understanding if China’s reopening will give the global economy the boost it needs. He said: “Air freight is considered a leading economic indicator. That’s why the drop in air cargo demand which our data show could be a red flag for the economy. For now, this has been more than offset by the surge in passenger flights, particularly on low-cost airlines. But this will continue to cause rising prices, which will drive down air cargo demand. It therefore remains to be seen how the global economy will react. We can be certain that real-time monitoring of jet fuel data will be key to understanding whether China’s reopening will give the world economy the shot in the arm it needs.”

Despite accounting for just 6% of global oil demand in 2022, jet fuel demand is expected to have an outsize impact on global oil markets this year, the International Energy Agency said last month. The IEA added that it may account for 45% of global oil demand growth of 1.9 bpd, as the wider aviation sector continues to recover from its Covid slump. Kayrros has said that according to current trends, aviation will be the main factor contributing to annual oil demand of over 100 million bpd for the first time.

Since the beginning of the pandemic, air freight demand has expanded more rapidly in the Middle East and Asia than in most other regions, the company said, even though Asian passenger air travel lagged behind the rest of the world. In the US, the rise of e-commerce bolstered jet fuel demand for cargo planes at the peak of the pandemic. Kayrros warned last month that the re-diversification of the economy post-COVID could undermine this, citing reports that Amazon may lay off more than 18,000 employees.

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