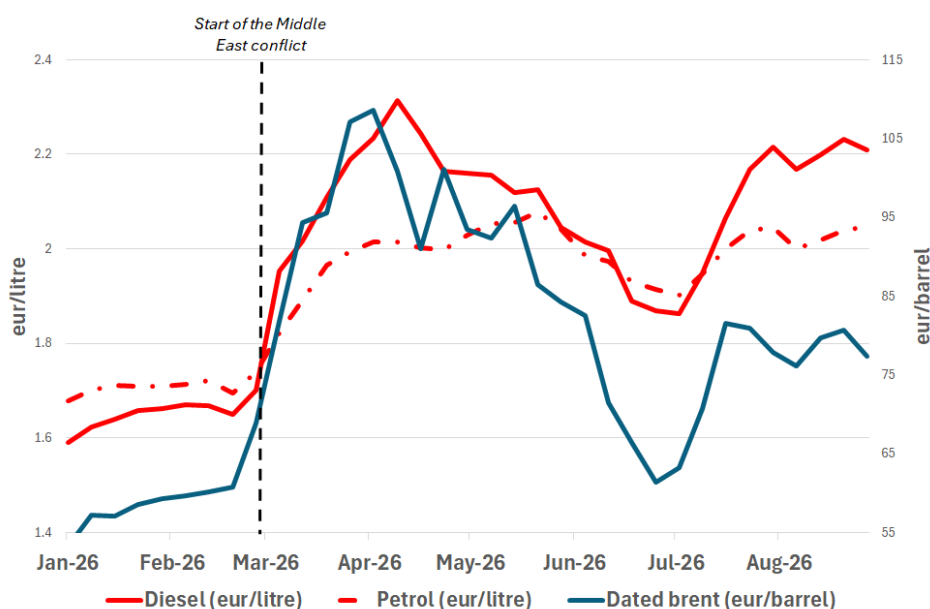


Why don't fuel prices always strictly follow global oil prices?

By Laurence Coursieras, Alexandre Ménard, Camille Thubin

Fuel prices do not depend solely on the global prices of crude oil. They also reflect the cost of its refinement into petrol, diesel or kerosene, as well as the specific supply and demand conditions for each refined product. When the supply of refined products is constrained by external factors, fuel prices may therefore remain high, or even rise, without a corresponding change in the price of crude oil. The spring and summer 2026 episode illustrates this mechanism: between February and August, pressure on refining capacity is estimated to account for around 60% of the cumulative rise in the prices of petroleum products in France.

Chart 1: Fuel prices (including VAT) in France and global oil prices (Brent) since January 2026 (in euro per litre on the left, in euro per barrel on the right)



Sources: Ministry of Ecological Transition, Regional Planning, Transport, Cities and Housing, prices of petroleum products for fuel prices. US Energy Information Administration (EIA), for dated Brent (spot price of physical North Sea oil cargoes for short-term delivery). Daily data as at 28 August.

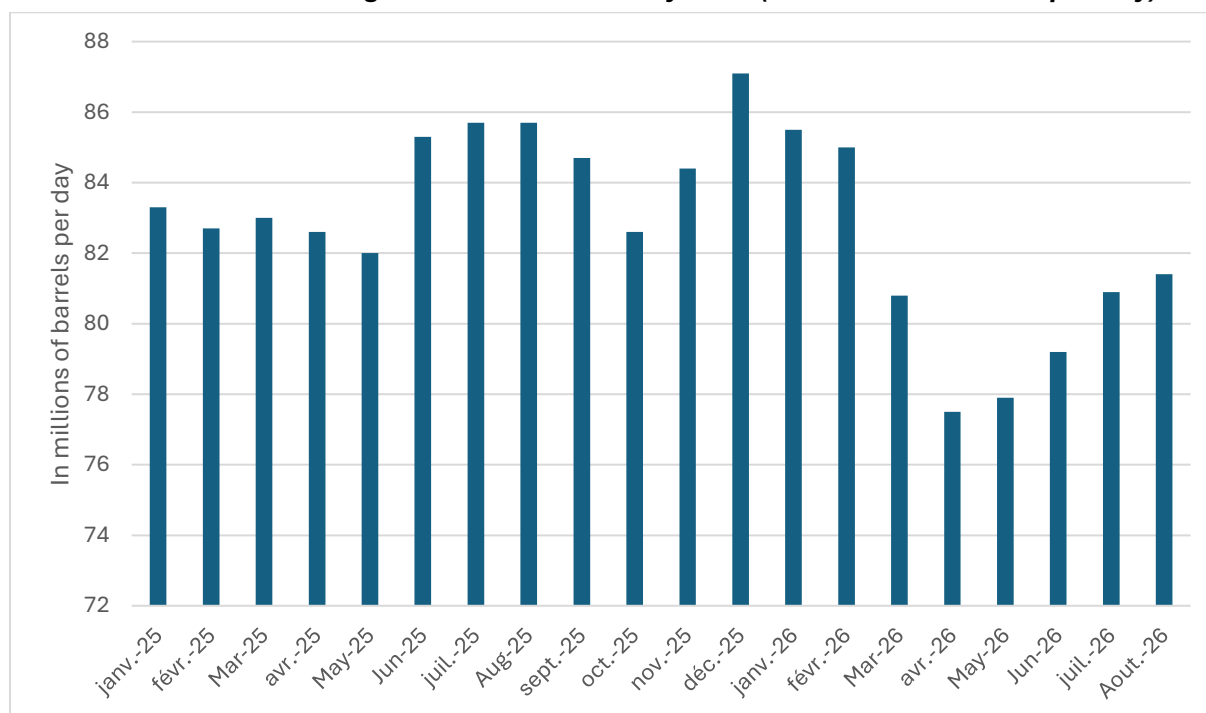
A sharp decline in global refining activity

The closure of the Strait of Hormuz since the US-Iran conflict began on 28 February has significantly reduced exports of crude oil and refined products from the Gulf. The Ukrainian attacks on Russian refineries and export infrastructure have simultaneously restricted Russian exports to international markets.

We compare the volume of crude oil processed daily by refineries worldwide with that recorded in the same month of 2025. According to the International Energy Agency, the difference was around 2.3 million barrels per day in March, 5.1 million in April, 4.2 million in May, 6.0 million in June, 4.7 million in July and 4.2 million in August. Between March and August, the cumulative production

shortfall amounted to approximately 810 million barrels, or an average of 4.4 million barrels per day, representing around 4% of global daily consumption.

Chart 2: Global refining volume since January 2025 (in millions of barrels per day)



Source: AIE, Oil Market Report, September 2026.

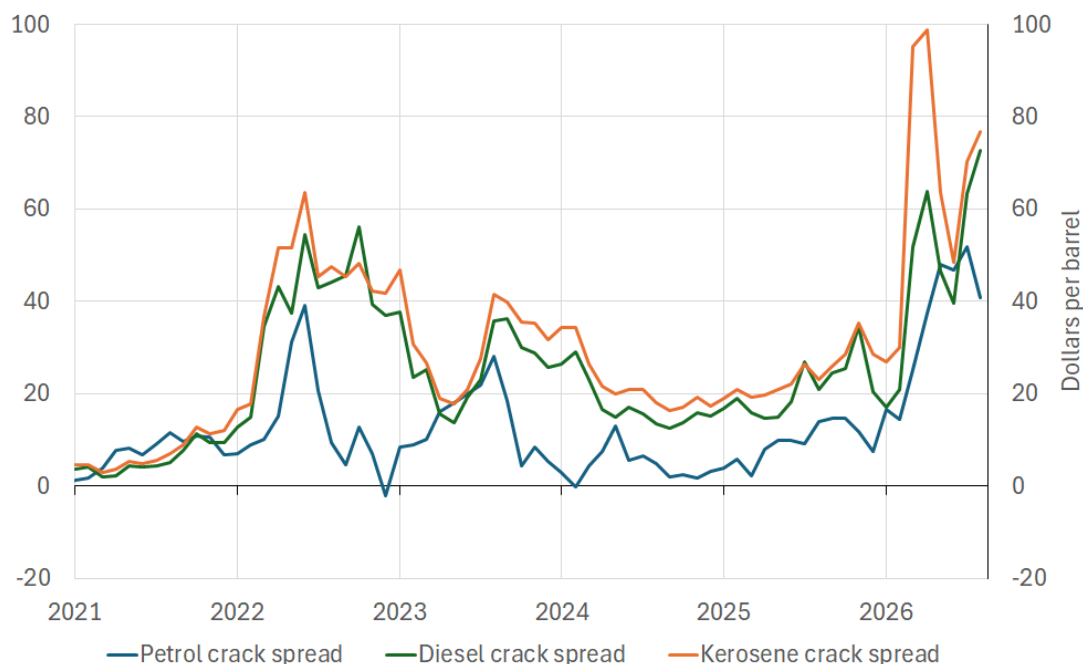
The decline in global refining volumes, driven by geopolitical tensions, has reduced the availability of the main refined products, notably petrol, diesel and kerosene, putting upward pressure on their prices. However, this readjustment of supply varied across different products, which explains the contrasting trends in their wholesale prices. Several mechanisms might explain, in particular, the price difference between refined petrol and diesel. Global diesel exports have been disrupted by transit difficulties in the Strait of Hormuz, while many countries remain heavily dependent on supplies from the Middle East. Moreover, attacks on Russian oil infrastructure have reduced the global supply of refined products, particularly diesel, of which Russia is one of the main suppliers. Lastly, demand for diesel is fairly price-insensitive, as it is linked in particular to road freight, maritime transport and agriculture.

These tensions are reflected in the trend in crack spreads (see Chart 3). The crack spread is the difference between two prices quoted on the futures markets: the price of a refined product, such as petrol or diesel, and that of crude oil. Like the refining margin – for which it serves as a good proxy – the crack spread reflects not only the costs of processing crude oil, but also supply and demand pressures in the refined products markets. The refining margin, however, differs in that it also deducts the cost of oil freight and insurance charges. According to Bloomberg data, in Northwest Europe, average diesel crack spreads remained close to USD 50 per barrel between April and June, before rising to over USD 70 in July. The petrol crack spread, which was negative in April, rose to USD 23 in May, then to USD 26 in June and to USD 40 in July. The kerosene crack spread fell after peaking in March, but remained above USD 45 per barrel in June and rose again to USD 67 per barrel in July.

The fall in crude oil prices observed between April and June did not, therefore, lead to a corresponding and immediate drop in the prices of refined products. Between the end of April and the end of June, the price of North Sea crude oil (Brent) declined by USD 51 per barrel, compared

with just USD 25 for European petrol. The petrol crack spread therefore more than tripled over this period. Tensions then remained evident in July and August, particularly in the diesel market.

Chart 3: Crack spreads for petrol, diesel and kerosene in Northwest Europe



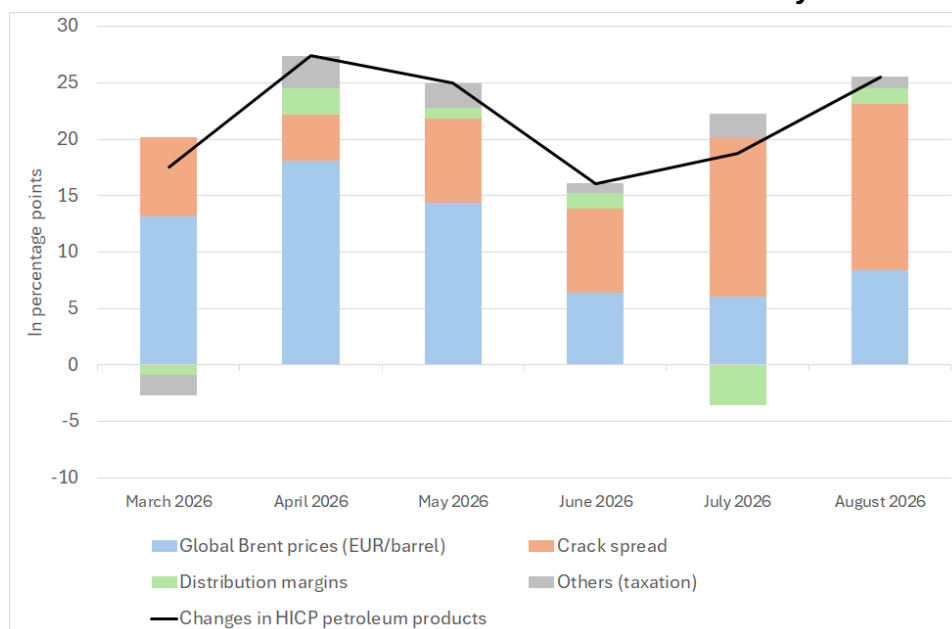
Sources: LSEG Datastream, IEA and Argus Media Group. Monthly averages in USD per barrel.

The estimated impact of tensions affecting refined petrol and diesel on energy prices in France

In order to estimate the impact of supply tensions affecting refined petrol and diesel on energy prices in France, we break down the contributions of the various components to inflation in petroleum products between February and August 2026, on a monthly average basis (see Chart 4): the price of Brent expressed in euro, the difference between the wholesale price of the refined product and the price of Brent in euro (crack spread) on spot markets, distribution margins and other components, primarily taxation. For each month, the daily wholesale prices of petrol and diesel on European markets are converted into euro per litre using the euro-dollar exchange rate. The contributions of the various products are then aggregated into an average crack spread, weighted according to their [share in the petroleum products index](#) published by INSEE. In 2026, petrol accounted for 44.7% of this index, road diesel for 49.3% and domestic heating oil for 6.0%. This calculation is consistent with the [gross refining margin](#) estimated by the Ministry of Ecological

Transition. Distribution margins are the difference between the pre-tax retail price and the price of the refined product.

Chart 4: Harmonised index of consumer prices for petroleum products in France – Breakdown of the cumulative increase since February 2026



Sources: Bloomberg, INSEE, Banque de France calculations

The contribution of the average crack spread to the cumulative rise in petroleum product prices compared with February 2026 is evident from March onwards and became the main component as of June 2026. Tensions initially emerged mainly in the diesel market, where the crack spread rose sharply from March onwards, before spreading more markedly to the petrol market as of June. Between February and August 2026, the prices of petroleum products rose by around 26%. According to our breakdown, the rise in the average crack spread contributed to this increase by around 15 percentage points, representing nearly 60% of the cumulative change. Based on the weight of petroleum products in the energy HICP, this contribution would account for around 7 percentage points of the cumulative rise in energy prices over the period. As a proportion of the overall HICP, this would account for around 0.6 percentage point of the cumulative rise in consumer prices.

Pressure on refined products could persist even after crude oil flows have returned to normal, which itself depends on the conflict in Iran. Indeed, repairing damaged infrastructure and restoring production and supply chains may take several months.

Kerosene is not included in this direct estimate, as it is not purchased directly by households and does not have its own weighting in the HICP for petroleum products. However, its price increase may, with some lag, be passed on to the price of airline tickets. This indirect effect may add to the one estimated here, but cannot be measured using the same method.

The spring and summer 2026 episode therefore shows that changes in fuel prices do not depend solely on changes in the price of crude oil. They also depend on the global system's capacity to process crude oil and transport refined products to consumers. Pressure on global refining capacity may exacerbate or sustain fuel price rises, even when crude oil prices begin to ease. However, we cannot rule out the possibility that even a partial resolution of the conflict in the Middle East could lead to a sharp fall in the price of Brent. This could then feed through to prices at the pump, despite

crack spreads remaining at persistently high levels due to more enduring pressures on global refining capacity.

These findings do not call into question the structural decline in the sensitivity of French inflation to crude oil prices over the last decade, as evidenced by Chatelais, Kalantzis and Ulgazi (2026, to be published). This analysis nevertheless highlights the fact that specific pressures on refining capacity may, during certain periods, act as a separate driver of inflation.