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TRADE LENS

Bringing investing into focus.

MACRO INSIGHT / No.03

Connecting macro conditions to business cash flow

The Problem Is Diesel, Not Just Crude

How the Energy Shock Hits the Real Economy

How refined-fuel bottlenecks reach freight costs, business margins, inflation and consumption

Refining & logistics → Cost pass-through → Income & demand

The price of crude is not the delivered price of usable fuel.

Crude can ease while costs remain.

Diesel supply and contracts determine the real impact.

Crude still matters. This report isolates product-specific bottlenecks and who ultimately bears the cost.

01 / RESEARCH VIEW

Crude can recover while fuel costs stay high

TradeLens view | Recovery is measured in delivered fuel and cost recovery, not just barrels of crude.

Core conclusion

A crude-price headline is not enough to explain this shock. Refining and transport constraints can keep diesel users' costs elevated for longer. Even businesses that can pass costs on are not automatically protected against margin dilution or delayed cash collection.

On 2 October, the IEA said Middle Eastern crude exports had recovered significantly while refined-product flows remained severely constrained. That divergence is this report's starting point. Crude still matters; the question is what happens downstream of it. [\[1\]](#)

Question	This report's assessment	Evidence that matters
What changes?	Crude and product supply recover at different speeds	Diesel supply, stocks and delivered regional prices
Why does it matter?	Costs reach production, transport and real income	Fuel share, pass-through and physical volumes
Who bears the cost?	Suppliers, fuel users and customers share the burden	Contracts, hedges, inventories and collection lags
What confirms recovery?	Physical supply and business costs improve together	Product spreads, invoices and core inflation

Three recoveries, not one

Crude supply recovery → diesel supply recovery → business cash-flow recovery are not the same event. Ignoring refinery availability, delivery routes, fuel specifications and contract-reset dates can overstate the benefit of a supply announcement.

A decision rule for the reader

Ask whether usable fuel has arrived, who is being charged for it, and when cash changes hands—not only whether crude has become cheaper.

02 / THE RELEASE IS NOT THE DELIVERY

A 100-million-barrel plan is not delivered diesel

Announced action | Keep the volumes, time frame and product mix in the G7's 2 October statement distinct.

The G7 set out a coordinated release of 100 million barrels over four months, front-loading a substantial diesel release in the first 20 days. It also called for coordinated refinery maintenance and higher utilization where feasible. Announced volume is not completed diesel delivery. [2]

Statement element	What the economics require
100m barrels / four months	Product mix, actual release pace and destination
Diesel front-loaded in 20 days	Delivery of usable product, not just crude
Maintenance and utilization	Additional output within equipment, feedstock and safety limits
Prior commitments included	Distinguish implementation from wholly incremental supply



Conceptual transmission. Crude reserves and finished diesel do not reach users through identical steps or at identical speeds. [5] [6]

Do not add announcements into a new cumulative total

The statement refers to implementing March commitments and accounting for commitments already fulfilled. The 100 million barrels should not simply be added to earlier plans as wholly new supply. A stock release brings inventory forward; it does not itself create permanent production capacity. [2]

TradeLens interpretation

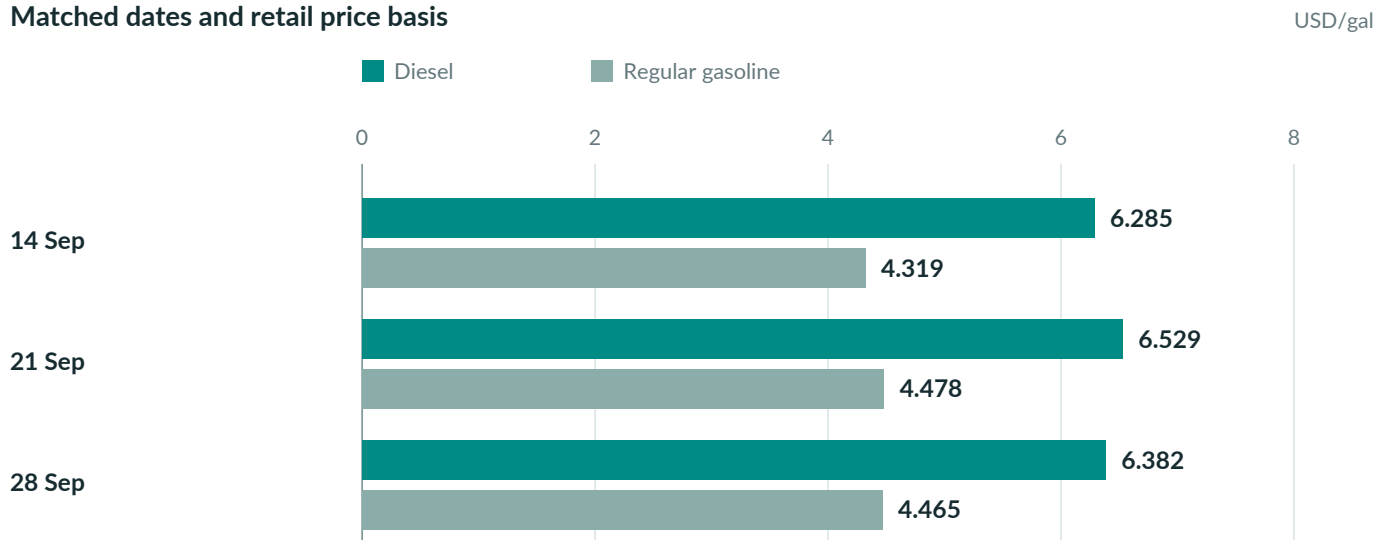
Judge the release by product mix, arrival speed and the recovery of sustained supply. Reserves can buy time, but refining and transport constraints still need to ease.

03 / RETAIL PRICE EVIDENCE

Diesel fell for a week. The cost level remains high.

U.S. national averages · EIA release, 29 September 2026 · USD per U.S. gallon, including taxes.

Matched dates and retail price basis



28 September observation	Price	Week change	Year change
On-highway diesel	6.382	-0.147	+2.628
Regular gasoline	4.465	-0.013	+1.347

Source: EIA [3]. Changes are also USD/gal, not percentage growth rates. Both series include taxes and use the same observation dates.

Direction is not the same as the size of the burden

Both fuels eased from the preceding week without returning to year-earlier levels. For carriers, the relevant combination is the price actually paid, fuel consumed and the timing of surcharge resets—not one weekly move.

Interpretation limits

The 28 September observation precedes the 2 October G7 announcement. It cannot establish that the announcement caused the decline. The diesel–gasoline retail-price gap is not a refinery crack spread.

04 / REFINING & PHYSICAL BOTTLENECKS

A barrel of crude is not a barrel of diesel

Refinery capacity, product yields and regional delivery impose different constraints.

Refineries separate crude into multiple products and process them further. A higher diesel price does not allow every unit to switch immediately to diesel production. The EIA describes how feedstocks and process configuration limit output flexibility. [5]

Bottleneck	Why more crude is not enough	Evidence of relief
Refinery operation	Maintenance, outages and unit-specific constraints	Actual runs and product shipments recover
Mix and specifications	Feedstocks and processes shape the product slate	More diesel of the required grade is supplied
Transport and ports	Extra supply is separated from demand by distance and time	Arrivals improve; freight and congestion ease
Inventory location	Global stocks are not locally available stocks	Regional coverage and delivery capacity improve

Domestic production does not isolate a market

Product trade connects regions. A shortage elsewhere can alter import demand, export incentives and domestic prices. Freight, fuel quality and taxes also affect price gaps, so not every regional premium is a pure scarcity measure. [6] [7]

Available now matters more than inventory in the abstract

Crude, intermediate products and finished fuel are not interchangeable stocks. Location, specification and time to replenishment matter. Rising inventories can signal better supply or unsold output after weaker orders; compare stocks with shipments and use.

The macro link

Companies facing uncertain delivery may carry more safety stock and allow longer procurement lead times, tying up cash and financing capacity. This is TradeLens analysis; the effect depends on each firm's contracts and inventory policy.

05 / FROM CRUDE TO THE PUMP

Crack spreads, pump prices and profits are different

Separate the pricing layers before deciding where economic value is captured.



The EIA separates diesel pump prices into crude, refining, distribution and marketing, and taxes. Tight product supply can change the wedge between crude and the final fuel bill. Component shares vary by place and time; a fixed historical share should not be imposed on today's price. [\[4\]](#) [\[7\]](#)

Measure	What it can show	What it cannot establish
Diesel crack spread	Wholesale product price less a comparable crude price	A refiner's after-tax profit margin
Retail diesel price	Fuel cost including distribution and taxes	The refinery's isolated earnings
Carrier fuel surcharge	A contractual adjustment to the customer's bill	Actual fuel cost share or profit margin

Crack-spread scope [\[4\]](#); distribution and taxes [\[7\]](#); surcharge versus statistical benchmark [\[10\]](#).

A wider spread is an opportunity, not guaranteed profit

Product prices rising faster than feedstocks can improve the economics of available refinery capacity. Outages, process energy, procurement terms and inventory valuation still matter. Connect the product spread to the company's operating cash rather than treating them as the same measure.

How to read a business

Product price → saleable volume → realized input cost → operating costs and inventory → cash collection. A single fuel price does not imply uniform results for refiners or carriers.

06 / WHERE THE COST TRAVELS

Diesel reaches well beyond the filling station

Households face indirect transport and production costs as well as their own fuel bills.

Exposure	Where the cost arises	Where it can travel
Road and rail freight	Fuel used by vehicles and equipment	Freight / surcharges → shippers → goods prices
Agriculture	Machinery, irrigation, harvest and transport	Farm margins or selling prices
Construction	Heavy equipment, site haulage and generators	Fixed-price project margins or new bids
Heating / industry	Distillate products with different uses and grades	Heating and operating costs → real income
Power / backup	Actual operation of diesel generators	Costs depend on running hours

Uses: EIA [8]; seasonality and pricing: [7]. Heating oil and on-highway diesel are not the same retail-price series.

Start with contracts and use, not revenue alone

A fuel-indexed contract and a fixed-price supply commitment create different exposures within the same industry. If volumes fall enough, total fuel expenditure can drop even at a higher unit price; profitability can still deteriorate because less revenue covers fixed costs.

Do not count aviation as road-diesel consumption

Jet fuel has a different product and price benchmark. It can face related refining constraints, but U.S. road-diesel prices should not be used to calculate aircraft fuel costs. FedEx distinguishes diesel and jet-fuel benchmarks across services. [9]

TradeLens view

The shock is not confined to direct fuel buyers. But fuel shares, pass-through and physical use determine how much reaches final prices and how much is absorbed in margins.

07 / CONTRACTS & COLLECTION

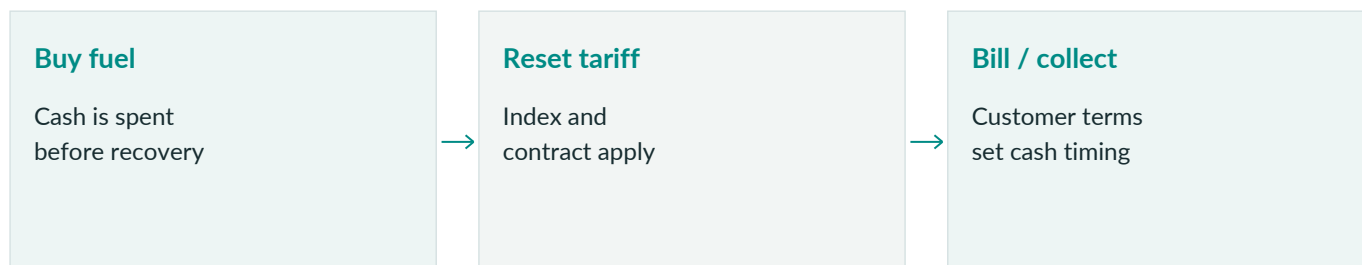
A surcharge does not remove the cash-flow lag

Benchmarks, effective dates and customer terms can differ even within one company.

FedEx links Ground services to the EIA's U.S. on-highway diesel benchmark and certain other services to U.S. Gulf Coast jet fuel. Weekly adjustment does not make the fuel observation date and the effective tariff date identical. [9]

Contract question	Cash-flow significance
Which benchmark?	Diesel or jet fuel; national or regional; wholesale or retail
When does it apply?	Observation → tariff reset → invoice → cash receipt
Which customers?	Published tariffs versus negotiated discounts and exceptions
What is recovered?	Fuel versus empty miles, detours and other changing costs

The EIA supplies price data; it does not set or regulate carriers' fuel surcharges. [10]



Illustrative timing calculation—not a company estimate

An extra USD 10,000 of fuel spending per month, fully recovered after 30 days, needs roughly USD 10,000 of extra working capital; a 60-day lag needs USD 20,000. Assume 30-day months, even spending, no payable offset and no other cash inflows. This is not a permanent monthly loss.

The value of a contract

Identical pass-through rates can require different funding when collection speeds differ. Indexation protects earnings; payment terms separately protect liquidity.



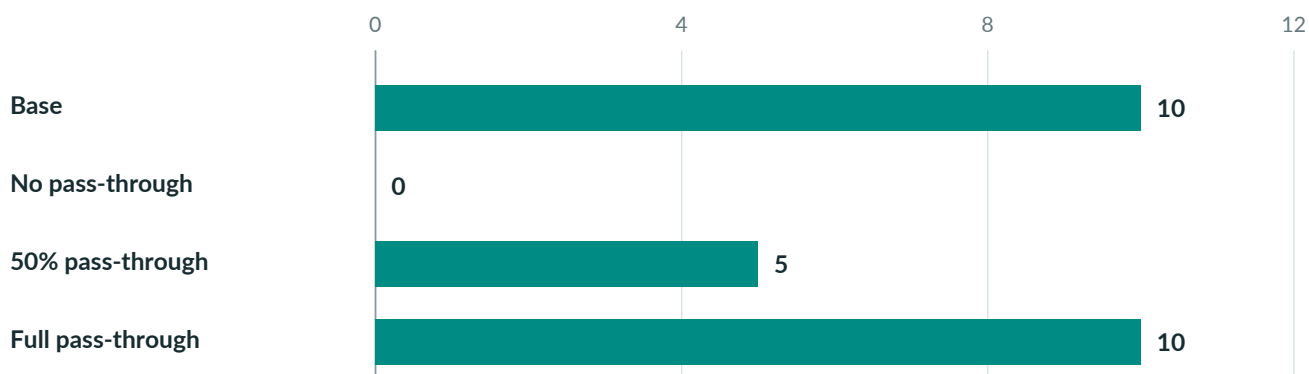
Full fuel-cost recovery can still dilute the margin

Illustrative assumptions | A 40% fuel-price increase at unchanged transport volume.

Monthly / USD thousand	Base	None	50%	Full
Revenue	100	100	105	110
Fuel	25	35	35	35
Other operating costs	65	65	65	65
Operating profit	10	0	5	10
Operating margin	10.0%	0.0%	4.8%	9.1%

Operating profit at unchanged volume

USD k/month · illustrative



Fuel: $25 \times 1.40 = 35$. Revenue recovers 0%, 50% or 100% of the extra 10. Margin = operating profit/revenue. These are assumptions, not observations or company forecasts.

Profit dollars and the profit rate recover differently

Full recovery restores profit to 10, but revenue rises to 110, lowering the margin to 9.1%. Surcharge-driven revenue growth is therefore not evidence of greater freight volume or improved competitiveness.

What the model asks

How much is passed on, how late is it collected, and does volume hold up? Volume, efficiency and other costs are fixed here. Taxes, interest, hedges and working capital are not separately calculated in the operating-profit model.

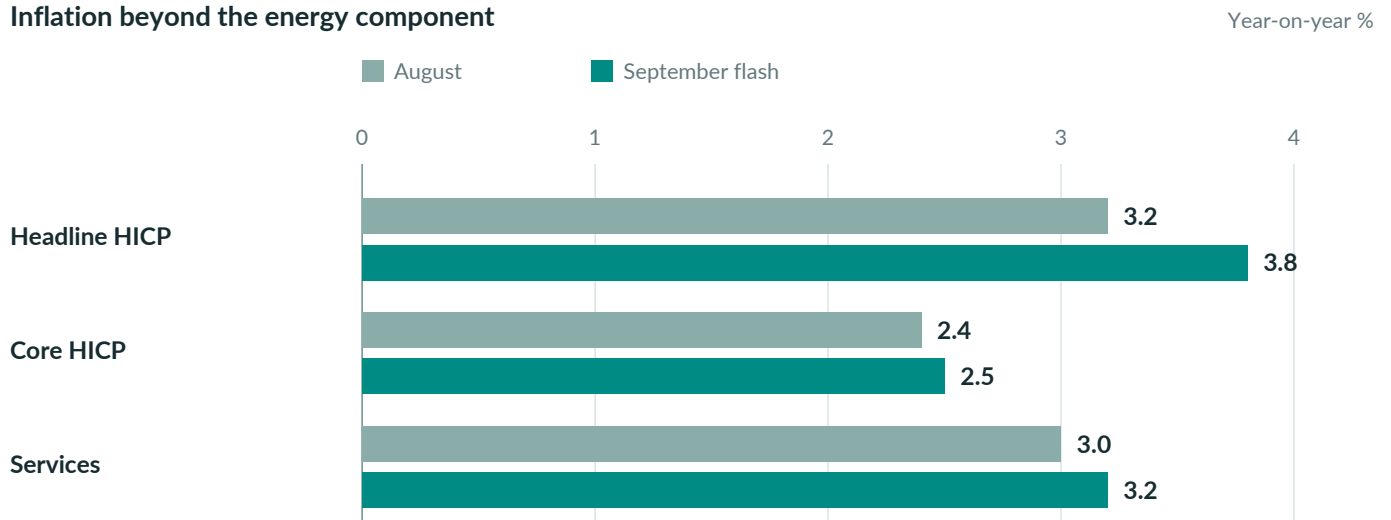


09 / INFLATION EVIDENCE

Energy at 18.8%, core at 2.5%: different signals

Euro area • September 2026 HICP flash estimate versus August in the same release.

Inflation beyond the energy component



Matched basis / year-on-year	August	Sep flash
Energy	14.3%	18.8%
Food, alcohol and tobacco	1.1%	1.4%
Non-energy industrial goods	1.2%	1.1%

Eurostat, 2 October [11]. Core excludes energy, food, alcohol and tobacco. Rates are not percentage-point contributions to headline inflation and must not be added together.

The initial source and the persistence are separate

Energy inflation stands out in the flash release, but diesel alone cannot explain the aggregate move. Core prices, services, wages and expectations must be read together to assess whether the cost shock is spreading.

Avoid two premature conclusions

High energy inflation does not establish a lasting price–wage spiral. A modest change in core inflation does not rule out indirect effects arriving later.

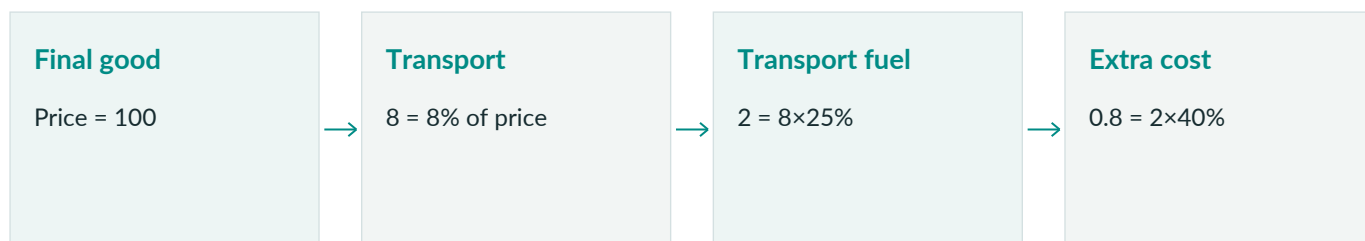
10 / PASS-THROUGH LAB

A 40% diesel jump is not a 40% rise in goods prices

Illustrative assumptions | Apply cost shares and pass-through before calculating the final price effect.

Model B | A product initially priced at 100

Transport costs 8, with fuel representing 25% of that amount: fuel costs 2. Holding use and other costs fixed, a 40% fuel-price increase adds 0.8. This model is separate from the carrier operating-profit illustration.



Passed into the final price	Price increase	New price
0%	0.0	100.0
50%	0.4	100.4
100%	0.8	100.8

Indexed units: initial price=100. The 8%, 25% and 40% inputs are assumptions, not national CPI weights or observed company cost shares.

A buffered price does not imply an eliminated loss

If the seller holds the final price unchanged, consumers face less immediate pressure but the cost still exists. Supplier or distributor margins may absorb it, or later contracts may reprice it. The point of absorption changes the transmission to investment, employment and consumption.

Limits and use of the model

Fuel used directly in production, energy embedded in other materials, substitute sourcing and lower volumes are excluded. The 0.8% is not an economy-wide inflation estimate. The calculation shows why cost shares and pass-through cannot be skipped.

Policy depends on persistence, not one oil threshold

A conditional framework for reading cost pressure alongside weaker demand.

The ECB held rates on 23 July and raised all three key rates by 25bp on 10 September. Those decisions do not establish a mechanical crude-price rule. The institution assesses the inflation outlook, underlying inflation and policy transmission together. [\[12\]](#) [\[13\]](#)

Stage	Macro evidence to assess	Inference to avoid
Direct price effect	Fuel, heating and other energy prices	An energy jump guarantees permanent inflation
Indirect pass-through	Freight and manufacturing inputs versus selling prices	All goods rise at the same rate as freight
Second-round effects	Persistent wages, expectations and services prices	One flash release fixes the next rate decision
Real income / demand	Non-energy spending, volumes and margins	Falling prices prove supply has normalized

An importer paying in another currency: Korea as an example

Dollar fuel prices and the won exchange rate are separate variables. Higher foreign-currency prices and a weaker won can amplify the local-currency import bill, all else equal. Taxes, contracts, hedging and domestic refining alter the final price; U.S. pump prices should not simply be converted into Korean pump prices.

At unchanged nominal income, higher essential fuel and transport spending leaves less for other consumption. If firms absorb costs, consumer-price transmission may be delayed while margins and investment capacity weaken first.

The import-cost and income channels are TradeLens analysis, not forecasts of exchange rates, Korean inflation or future central-bank decisions.

TradeLens view

Cost pressure can persist while demand weakens. Assess wages, expectations and domestic spending as well as fuel supply. No single crude price is a universal trigger for a rate increase.

12 / WHO CAPTURES THE VALUE

A larger fuel bill is not everyone's profit

Separate industry revenue growth from company cash generation.

Participant	Condition for earnings or protection	Burden to check
Available refiners	Product spreads and saleable volume	Energy, maintenance, feedstock and inventory effects
Storage / transport	Throughput, tariff terms and capacity	Congestion, outages, operating costs and liability
Freight carriers	Indexation, collection timing and efficiency	Lower volume, uncovered costs and liquidity
Shippers / producers / retailers	Repricing and alternative sourcing	Demand response, lead times and inventory funding
Households	Stable prices and recovering income	Other spending crowded out by essentials

TradeLens framework based on public pricing and contractual structures. It does not establish company orders, margins, pricing power or investment returns. [\[4\]](#) [\[6\]](#) [\[9\]](#)

A country and its companies need not have the same exposure

An energy-importing economy can include refined-product exporters. Higher export prices can coexist with a larger national import bill and weaker real income. Within a company, product mix, net import/export volumes and currency hedges further divide the effect.

Cash-conversion checklist

Are selling prices and volumes secured? Are realized costs recovered? How much cash is tied up in inventories and receivables? Is extra funding needed before payment? Higher revenue is not automatically higher cash.

The economic conclusion

Sustainable outcomes depend on available supply, the scope of cost recovery, payment speed and resilient demand—not simply on high oil prices.

13 / SCENARIOS & MONITORING

Cheaper fuel: supply recovery or weaker demand?

Conditional paths and evidence—not scenario probabilities or price targets.

Path	Conditions that move together	Business and macro meaning
Product supply normalizes	More shipments and arrivals; stocks rebuild	Relief in fuel costs, lead times and working capital
Crude improves; products remain tight	Cheaper crude but constrained diesel and firm spreads	Downstream costs persist
Demand-driven price decline	Lower prices with weaker freight volumes and orders	Lower utilization and sales can outweigh input relief
Supply disruption returns	Outages or transport constraints; less regional stock	Renewed procurement, pass-through and funding pressure

The EIA's September outlook projected U.S. distillate stocks below 100 million barrels in October. That is a forecast released on 9 September, not observed inventory as of 3 October. Test it against weekly stocks, shipments and the next outlook. [\[14\]](#)

Next evidence	What to read
EIA fuel prices / next release 6 October	Product and regional price levels and direction [3]
G7 delivery during the first 20 days	Diesel mix, actual arrivals and refining / logistics progress [2]
Eurostat revisions, later prices and contracts	Flash revisions, core / services and actual customer bills [11] [9]

Evidence that strengthens or reverses the view

If crude eases without improvement in diesel prices, stocks and customer bills, product bottlenecks remain important. Joint recovery in supply, delivered costs and cash collection weakens the persistent-shock case. Falling prices with falling volumes instead require a demand-contraction explanation.



14 / SOURCE REGISTER

Connect the evidence to the original source

Select a teal citation, a source title or “Open source” to open the original publication.

01. IEA | G7 meeting on energy security and markets

[Open source](#)

2026.10.02 · Official release · crude exports versus refined-product constraints

02. G7 / Élysée | Global energy security and market stability

[Open source](#)

2026.10.02 · Joint statement · 100m barrels, four months, first 20 days and refining

03. U.S. EIA | Gasoline and Diesel Fuel Update

[Open source](#)

2026.09.29 · Official statistics · 14, 21 and 28 Sep U.S. retail prices, including tax

04. U.S. EIA | What goes into diesel prices?

[Open source](#)

2026.09.18 · Official analysis · diesel price components and crack-spread definition

05. U.S. EIA | Energy & Financial Markets: Production

[Open source](#)

As of 3 Oct 2026 · Official explainer · refinery processes and limits on product yields

06. U.S. EIA | Energy & Financial Markets: Trade

[Open source](#)

As of 3 Oct 2026 · Official explainer · product trade and links between regional markets

07. U.S. EIA | Factors affecting diesel prices

[Open source](#)

As of 3 Oct 2026 · Official explainer · crude, refining, distribution, tax and seasonality

08. U.S. EIA | Use of diesel

[Open source](#)

As of 3 Oct 2026 · Official explainer · transport, agriculture, construction and generators

09. FedEx | Fuel Surcharges

[Open source](#)

As of 3 Oct 2026 · Company tariff · diesel-linked Ground versus jet-fuel-linked services

10. U.S. EIA | Diesel fuel surcharges

[Open source](#)

As of 3 Oct 2026 · Official explainer · an EIA benchmark is not a regulated surcharge

11. Eurostat | Euro area annual inflation up to 3.8%

[Open source](#)

2026.10.02 · Official flash · September HICP and components; matched August vintage

12. ECB | Monetary policy decisions — 23 July 2026

[Open source](#)

2026.07.23 · Official decision · rates held; persistence and transmission monitored

13. ECB | Monetary policy decisions — 10 September 2026

[Open source](#)

2026.09.10 · Official decision · three key rates raised by 25bp; inflation outlook

14. U.S. EIA | EIA expects record electricity generation in 2026 and 2027

[Open source](#)

2026.09.09 · Official forecast · October distillate inventory outlook and update

Source scope: statistics retain their observation dates; forecasts and announced actions are not outcomes. Geographies, periods, taxes and measurement bases are kept distinct.

Methodology, disclaimer and use of this report

Separate facts, official forecasts and plans, TradeLens analysis and illustrative assumptions.

Item	Basis
Dates / scope	As of 3 October 2026. U.S. prices through 28 September; G7, IEA and euro-area inflation releases dated 2 October.
Prices / inflation	U.S. retail fuel: USD per U.S. gallon, including tax. September euro-area HICP is a flash estimate. Energy inflation is not decomposed into a diesel effect.
Model A / page 9	Monthly revenue 100, fuel 25, other costs 65 (USD k); fuel price +40%; 0%, 50% and 100% recovery of the extra cost. Volume and other costs fixed.
Model B / page 11	Product price 100; transport 8; fuel 2; fuel price +40%. Separate cost-transmission model, not a national inflation estimate.
Cash / coverage	Page 8 timing assumes 30-day months, even spending and full extra-cost recovery. No price, rate or equity targets, or individualized investment advice.

Underlying values are rounded for display. 1bp=0.01 percentage point. Diesel, jet fuel and heating oil retain distinct measurement scopes. TradeLens charts do not imply source-institution approval or endorsement.

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