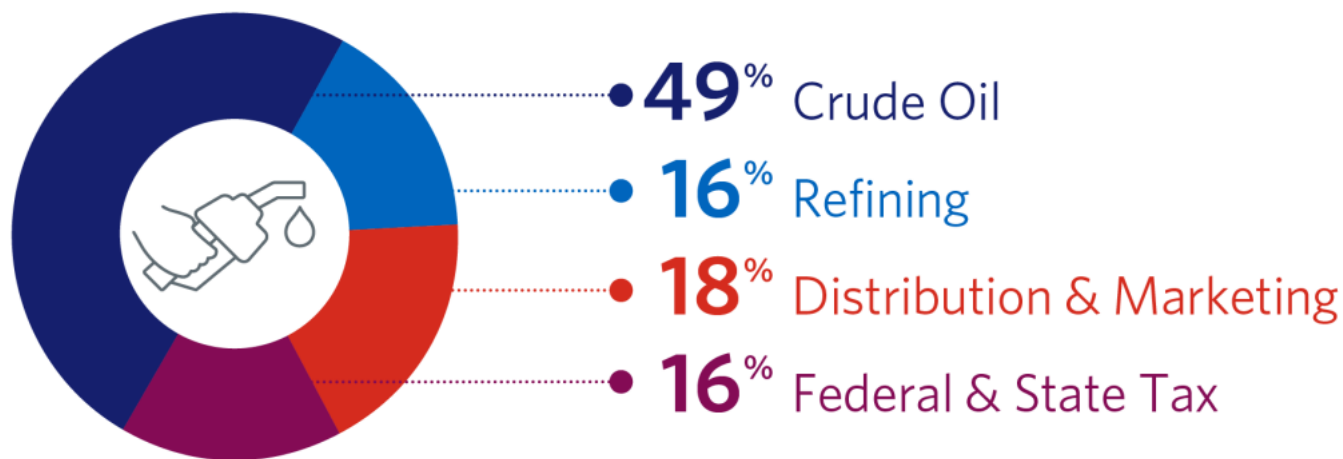

TLDR; the current high diesel prices are fundamentally the result of demand outpacing supply, as of the posting of this blog. There are four primary drivers of this imbalance.

1. The cost of crude oil

Coming out of the pandemic, global demand for fuel has recovered at a much faster pace than global crude oil production, the primary feedstock for both gasoline and diesel fuel. That imbalance was one of the first triggers of our current fuel price challenges and is still the major factor. The cost of crude oil accounts for 49% of the cost of diesel according to January 2025 data from the [U.S. Energy Information Agency](#).

Factors Affecting Diesel Fuel Prices



Source: U.S. Energy Information Administration, January 2025 data

2. Global refining capacity losses

Refining capacity losses—essentially the volume of crude oil refiners can process daily—have also created a bottleneck. Since 2020, the world has lost about 3.2 million barrels a day of capacity with roughly one-third of the losses occurring in the United States. Europe also shuttered or transitioned some facilities away from petroleum refining. European refiners predominantly produce diesel, and reduced refining capacity left Europe more heavily dependent on imports, specifically imports from Russia.

3. The geopolitical factor

Speaking of Russia, its war on Ukraine has had a significant impact on energy markets. Many countries are shunning Russian crude and refined product leading to [reduced utilization of Russian refineries](#), with

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About AFPM:

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