

Chart of the Day



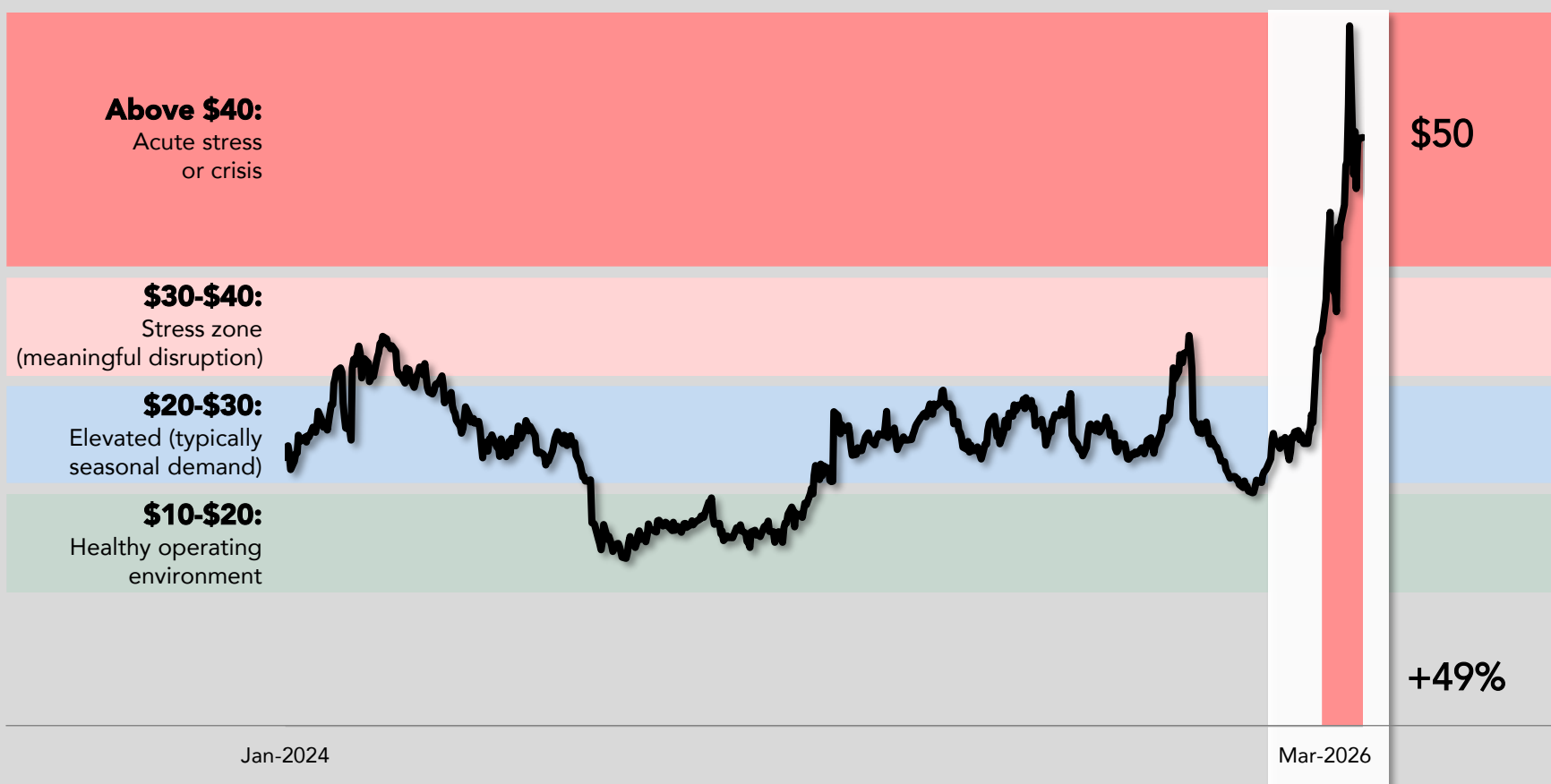
The 3-2-1 Crack Spread Widens Sharply



The 3-2-1 crack spread is the refining industry's core profitability benchmark, measuring the gross margin a refinery earns per barrel. With a name that reflects the ratio itself, the calculation represents the combined value of two barrels of gasoline and one barrel of heating oil minus three barrels of crude, then divided by three to give a dollar-per-barrel margin proxy. If the crack spread is positive, refined products are priced above the cost of crude and refining is profitable. Historically, the \$10-20 band has signaled a normal, healthy operating environment. Levels above \$30 indicate a stress threshold, with above \$40 considered acute stress. In a normal supply shock, crude rises and the crack spread compresses. Current levels, however, signal a supply shock emanating from Hormuz closure, product shortages and refinery outages.

WTI 3-2-1 refining margin, USD/barrel

Change since
Mar 1 Iran Strikes



Source: (1) Bloomberg. Data as of March 30, 2026.

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“Macro stability isn’t everything, but without it, you have nothing.”