

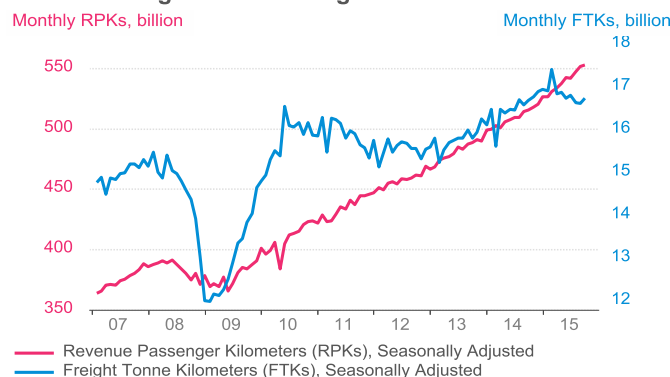
AIR PASSENGER MARKET ANALYSIS

SEPTEMBER 2015

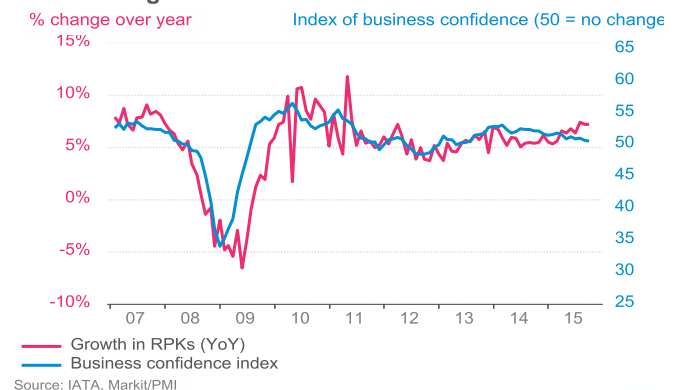
KEY POINTS

- ✈ Global air travel rose 7.3% in September compared to a year ago. The mid-year data showed some distortion from holiday impacts, but the last couple of months confirm that the strong demand trend is continuing, despite some softening in global economic growth, mostly in emerging markets.
- ✈ Growth in air travel, particularly the more price sensitive economy class leisure travel, has received some support from lower fares. The first chart below (RPKs adjusted for seasonal and holiday impacts) shows that after a brief moderation in volumes in mid-2015, the industry expanded throughout the third quarter, resuming the robust growth trend seen earlier in the year.
- ✈ International air travel growth for carriers in major regions remains robust. Asia Pacific, Europe and North America recorded gains of 6.8%, 7.1% and 4.1%, respectively year-on-year. Despite weakness in trade activity in Emerging Asia, as well as slower than expected growth in China, there has been no adverse impact to date on international RPKs for Asia Pacific carriers. Economic recovery in the Eurozone and stronger demand conditions in H2 in the US are supporting international air travel on carriers in these regions.
- ✈ Domestic markets showed considerable variation in performance in September. India continues to record very strong growth, up 13.2%, largely reflecting notable increases in service frequencies as well as ongoing economic strength. By contrast, air travel in Japan rose just 2.0% in September year-on-year, hampered by fragile economic conditions.
- ✈ Industry load factors dipped slightly in September, after reaching an all-time high in August. The decline in seasonally adjusted load factors resulted from a stronger pick-up in capacity that outstripped growth in demand. However, levels are still very high and indicative of the strong demand growth in most regions.
- ✈ Despite the recent moderation in economic activity in a number of emerging markets, particularly China, improved conditions in developed economies, combined with the fall in oil prices since mid-2014, is expected to support growth in demand for passenger travel throughout the remainder of 2015 and into the New Year.

Total Air Freight and Passenger Volumes



Worldwide growth in air travel and business confidence



Air Passenger Forecast service

The new joint venture between
IATA and Tourism Economics



Year on Year Comparison

Month on Month Comparison

	Sep 2015 vs. Sep 2014			YTD 2015 vs. YTD 2014			Sep 2015 vs. Aug 2015		
	RPK	ASK	PLF	RPK	ASK	PLF	RPK	ASK	PLFpt
International	7.0%	6.9%	80.5%	6.7%	6.2%	80.3%	-0.2%	0.6%	-0.6%
Domestic	7.8%	6.1%	81.0%	6.6%	5.7%	81.5%	0.9%	0.3%	0.5%
Total Market	7.3%	6.6%	80.7%	6.7%	6.0%	80.7%	0.2%	0.5%	-0.2%

FTK: Freight-Tonne-Kilometers; AFTK: Available Freight Tonne Kilometers; FLF: Freight Load Factor. All Figures are expressed in % change Year on Year except FLF which are the load factors for the specific month.

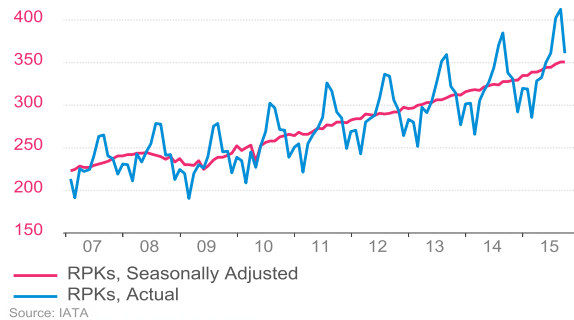
Data are seasonally adjusted. All figures are expressed in % change MoM except, FLFpt which are the percentage point difference between LF of two months.

PASSENGER MARKET

International Markets

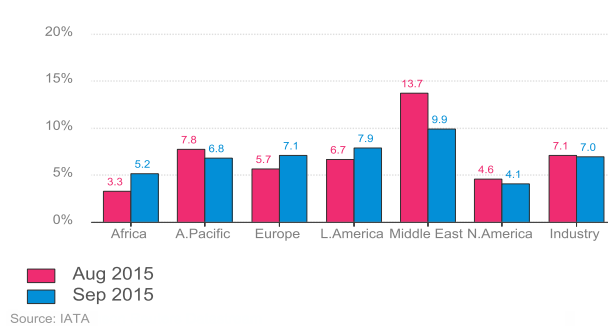
International Passenger Market

Monthly RPKs, billion



International Passenger Growth by Region

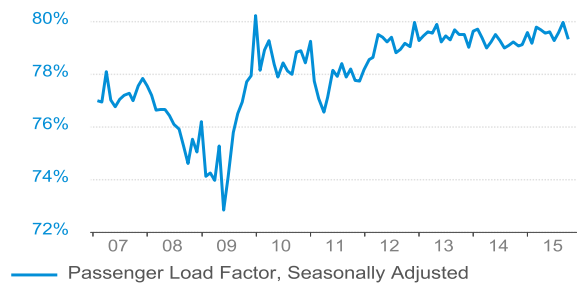
% change over year



- ✈ International travel on Asia Pacific carriers rose by a healthy 6.8% in September year-on-year. Emerging Asia has experienced notable declines in trade activity in 2015 as well as slower than expected growth in China. Neither factor appears to be significantly impacting international air travel on the region's carriers, however.
- ✈ Economic recovery in Europe and expectations for stronger demand in H2 in the US are supporting demand for international travel on carriers in these regions, where RPKs rose 7.1% and 4.1%, respectively, in September.
- ✈ International air travel on Middle Eastern carriers rose 9.9% in September year-on-year. This is a slowdown on August, but near double-digit growth is still very strong and it is premature to conclude that growth is slowing. Major economies in the Middle East, including Saudi Arabia and the United Arab Emirates, have seen slowdowns in non-oil sectors in Q2 2015 (Markit), but the rates of growth remain robust and this should help sustain solid expansion in air passenger demand for local carriers.
- ✈ Growth for Latin American carriers was a strong 7.9% in September year-on-year. Although there has been some decline in early H2, regional trade volumes have showed strong improvement during H1 2015. And despite recessionary conditions in Brazil and Argentina, solid trade activity has provided a boost to business-related international travel.
- ✈ International RPK growth for African carriers was up 5.2% in September year-on-year. Overall, however, the trend over recent months has been very weak, with year-to-date volumes contracting 0.3%. The recent weakness has likely reflected adverse economic developments in various parts of the continent, not least in its largest economy, Nigeria, which is highly reliant on oil revenues. Looking through the volatility in monthly volumes, fundamental drivers suggest the weakness year-to-date could continue.

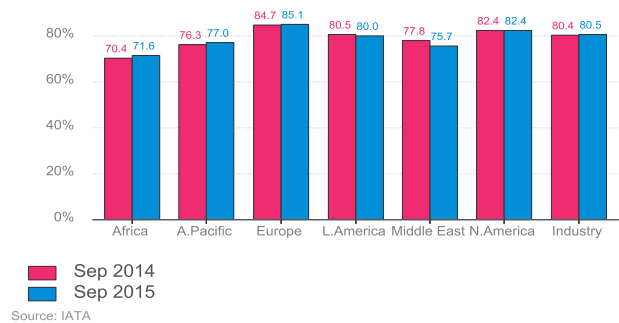
Passenger Load Factor on International Market

% of ASKs



International Passenger Load Factor by Region

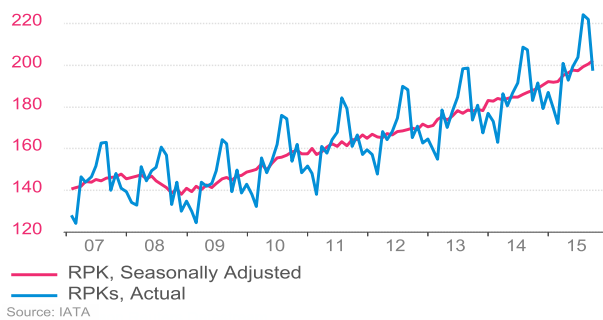
% of ASKs



Domestic Market

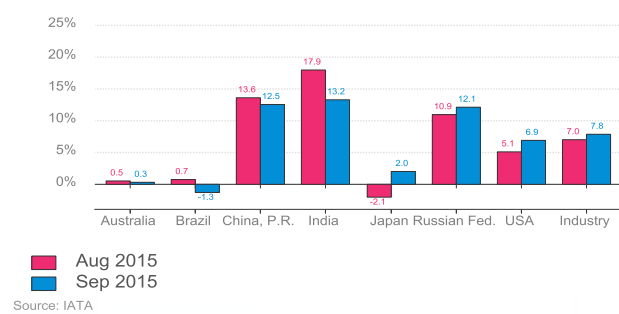
Domestic Passenger Market

Monthly RPKs, billion



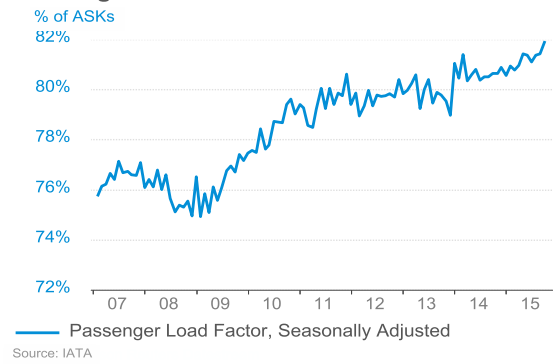
Domestic Passenger Growth by Country

% change over year

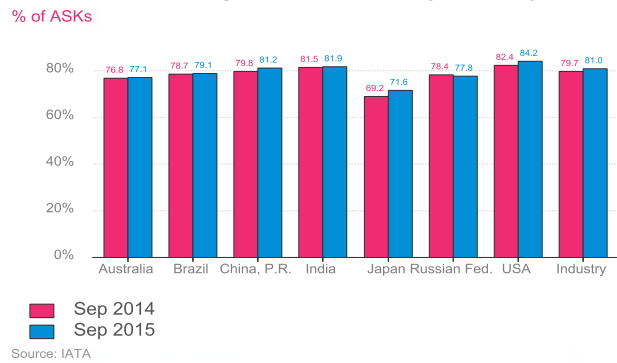


- ➔ On domestic markets, India continues to record very strong growth, up 13.2% year-on-year, largely reflecting notable increases in service frequencies but also ongoing economic strength. Supportive monetary policy is expected to help economic growth and that should help to sustain the near-20% year-to-date growth in this market.
- ➔ By contrast, air travel in Australia increased only 0.3% in September year-on-year. There are signs of improvements in the economy with business activity increasing over recent months, but income growth remains relatively subdued and the trend in domestic air travel remains weak. Load factors, however, have been holding up with a better matching of demand to capacity expansion.
- ➔ Domestic RPKs in China were up a strong 12.5% in September year-on-year. Recent developments in the Chinese economy have increased concerns about further slowdown in the economy. The growth trend in Chinese domestic RPKs, however, suggests that weakness in the economy may have already impacted demand earlier in the year with a flattening of volumes in March. Positively though, the trend in China domestic RPKs has been stable since April 2015.
- ➔ Air travel in Russia remains elevated, with a rise in RPKs of 12.1% compared to a year ago. Despite the sharp deterioration in economic activity, various factors including additional capacity and a weak ruble has helped boost domestic air travel.
- ➔ The US domestic air travel market was up a strong 6.9% year-on-year, which is the second month of strong performance, particularly after weakness earlier in the year. Although there are expectations for improvement in economic growth in H2, part of the solid expansion in domestic air travel is related to an acceleration in capacity additions.
- ➔ Domestic air travel in Japan recorded another month of slow growth with RPKs up just 2.0% year-on-year. Although this is an improvement on the August decline, the trend so far this year is weak with expansion of just 1.9%. The economy remains fragile, but the expectation is that the weak yen should help support demand for domestic travel over international trips.

Passenger Load Factor on Domestic Market

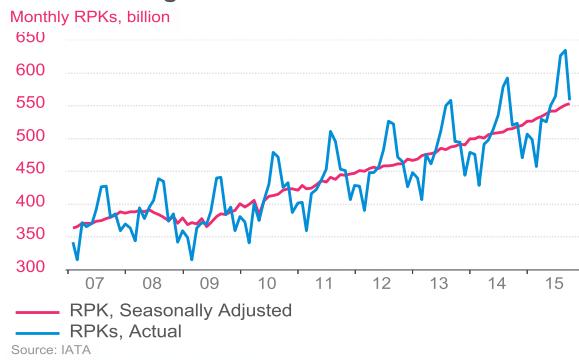


Domestic Passenger Load Factor by Country

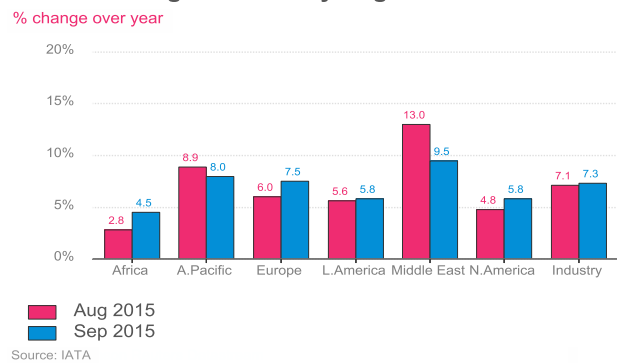


Total Market (Domestic + International)

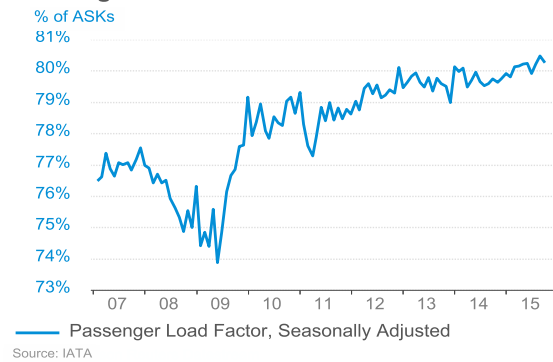
Total Passenger Market



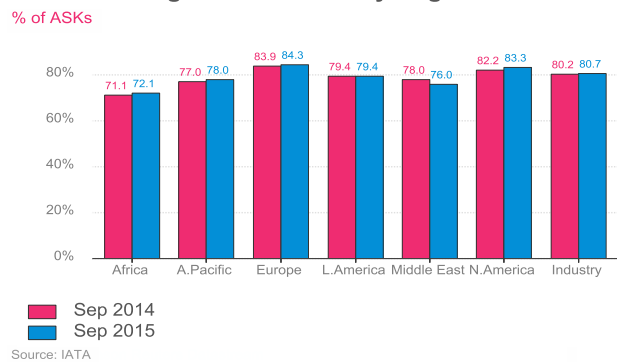
Total Passenger Growth by Region



Passenger Load Factor on Total Market



Total Passenger Load Factor by Region



ANNEX

Year on Year Comparison	Sep 2015 vs Sep2014			YTD 2015 vs. YTD 2014		
	RPK	ASK	PLF	RPK	ASK	PLF
Africa	5.2%	3.5%	71.6%	-0.3%	-0.7%	68.2%
Asia/Pacific	6.8%	5.9%	77.0%	8.0%	6.4%	78.4%
Europe	7.1%	6.6%	85.1%	5.5%	4.3%	83.1%
Latin America	7.9%	8.5%	80.0%	6.8%	6.8%	80.2%
Middle East	9.9%	12.9%	75.7%	12.8%	15.5%	77.8%
North America	4.1%	4.1%	82.4%	3.2%	3.5%	82.2%
International	7.0%	6.9%	80.5%	6.7%	6.2%	80.3%
Australia	0.3%	0.0%	77.1%	0.2%	-0.3%	76.1%
Brazil	-1.3%	-1.8%	79.1%	3.3%	2.4%	80.2%
China P.R.	12.5%	10.5%	81.2%	12.3%	10.8%	81.6%
India	13.2%	12.6%	81.9%	19.3%	7.7%	82.9%
Japan	2.0%	-1.4%	71.6%	1.9%	0.6%	66.4%
Russian Federation	12.1%	13.0%	77.8%	8.3%	10.9%	74.9%
US	6.9%	4.6%	84.2%	4.4%	4.3%	85.4%
Domestic	7.8%	6.1%	81.0%	6.6%	5.7%	81.5%
Africa	4.5%	3.0%	72.1%	-0.1%	-0.5%	69.0%
Asia/Pacific	8.0%	6.6%	78.0%	9.0%	7.0%	78.7%
Europe	7.5%	7.0%	84.3%	5.5%	4.5%	82.3%
Latin America	5.8%	5.8%	79.4%	6.3%	5.9%	80.0%
Middle East	9.5%	12.4%	76.0%	12.2%	14.7%	78.1%
North America	5.8%	4.4%	83.3%	3.9%	4.0%	84.1%
Total Market	7.3%	6.6%	80.7%	6.7%	6.0%	80.7%

RPK: Revenue-Passenger-Kilometers; ASK: Available-Seat-Kilometers; PLF: Passenger-Load-Factor;
All Figures are expressed in % change Year on Year except PLF which are the load factors for the specific month.

Month on Month Comparison	Sep 2015 vs. Aug 2015			Market Share
	<i>RPK</i>	<i>ASK</i>	<i>PLFpt</i>	<i>RPK</i>
Africa	-0.2%	0.3%	-0.4%	2.3%
Asia/Pacific	-1.3%	0.2%	-1.2%	25.5%
Europe	0.7%	1.1%	-0.3%	40.6%
Latin America	0.8%	1.4%	-0.5%	4.3%
Middle East	-0.5%	0.5%	-0.8%	13.7%
North America	-0.2%	0.2%	-0.3%	12.8%
International	-0.2%	0.6%	-0.6%	100.0%
Australia	-0.5%	-0.1%	-0.4%	3.1%
Brazil	-0.7%	-1.0%	0.2%	3.7%
China P.R.	0.6%	1.1%	-0.4%	23.6%
India	6.7%	1.4%	4.4%	3.2%
Japan	2.9%	-0.3%	2.0%	3.5%
Russian Federation	1.0%	1.5%	-0.3%	4.6%
US	1.3%	-0.1%	1.2%	40.2%
Domestic	0.9%	0.3%	0.5%	
Africa	-0.4%	0.2%	-0.4%	2.3%
Asia/Pacific	-0.4%	0.4%	-0.7%	30.4%
Europe	0.8%	1.1%	-0.3%	29.7%
Latin America	0.4%	0.5%	-0.1%	5.1%
Middle East	-0.5%	0.5%	-0.8%	9.2%
North America	0.8%	0.0%	0.6%	23.4%
Total Market	0.2%	0.5%	-0.2%	100%

Data are seasonally adjusted. All figures are expressed in % change MoM except, *PLFpt* which are the percentage point difference between load factors of two months.

IATA Economics
Contact: Julie Perovic
perovicj@iata.org
5th November 2015

Terms and Conditions for the use of this IATA Economics Report and its contents can be found here: www.iata.org/economics-terms
By using this IATA Economics Report and its contents in any manner, you agree that the IATA Economics Report Terms and Conditions apply to you and agree to abide by them. If you do not accept these Terms and Conditions, do not use this report.

FURTHER ANALYSIS AND DATA

Access data related to this briefing through
the Monthly Statistics publication:

<http://www.iata.org/monthly-traffic-statistics>

NEW RELEASE ALERTS

To receive email notification of new analysis from
IATA Economics, select 'Economic Briefings' from:

www.iata.org/optin