

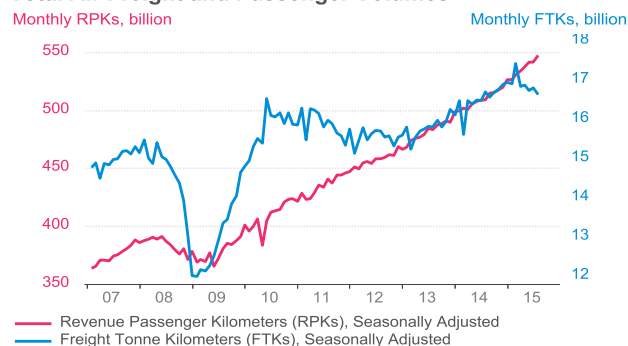
# AIR PASSENGER MARKET ANALYSIS

## JULY 2015

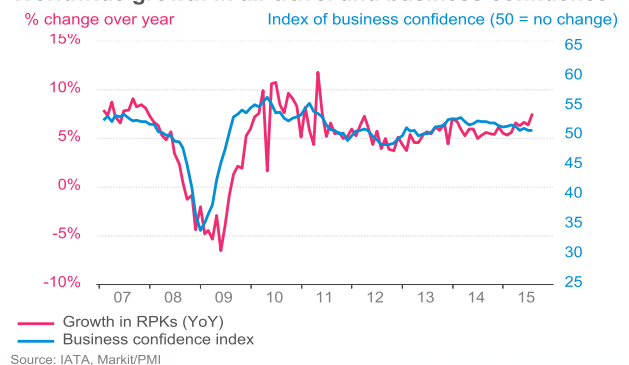
### KEY POINTS

- ✈ Global air travel rose 8.2% in July compared to a year ago, partly reflecting an upward bias due to the timing of Ramadan. But even after controlling for holiday impacts, the trend in air travel is robust and in contrast to falling air cargo volumes.
- ✈ There has been some downward pressure on air travel demand due to recent softening in global economic growth, mostly in emerging markets, but there is no sign of adverse impacts on RPK volumes. Growth in air travel, particularly the more price sensitive economy class leisure travel, has been given a boost by lower fares. The first chart below (RPKs adjusted for seasonal and holiday impacts) shows that after a moderation in volumes in June, the industry expanded in July to resume the robust growth trend seen throughout the year.
- ✈ International air travel growth for carriers in major regions was strong in July. Asia Pacific, Europe and North America recorded gains of 8.5%, 6.7% and 5.3% in July 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 impacting international air travel on the region's carriers to date. Economic recovery in the Eurozone and expectations for stronger demand in H2 in the US are supporting demand for international travel on carriers in these regions.
- ✈ In other regions, international air travel on Middle Eastern carriers rose 19.8% in July year-on-year. Part of this acceleration in the year-on-year comparison is due to the timing of Ramadan, which fell only partly in July this year but took place mostly in July in 2014. The holy month tends to subdue demand for air travel.
- ✈ On domestic markets, India continues to record very strong growth, up 28.1%, largely reflecting notable increases in service frequencies as well as improvements in economic growth. By contrast, air travel in Australia rose just 2.8% in July year-on-year. There are signs of improvements in the economy with business activity increasing over recent months, but domestic consumption remains weak.
- ✈ Industry load factors rebounded in July, after a few months of weakness. The increase in seasonally adjusted load factors resulted from a strong pick-up in volumes that outstripped growth in capacity.
- ✈ The global economic outlook has come under some downward pressure due to deepening weakness in emerging markets, particularly in China. But expectations are broadly positive with the fall in oil prices compared to mid-2014 expected to sustain growth and demand for passenger travel in 2015.

**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



Including  
comprehensive  
forecasts down to  
a country-pair level

## Year on Year Comparison

## Month on Month Comparison

	Jul 2015 vs. Jul 2014			YTD 2015 vs. YTD 2014			Jul 2015 vs. Jun 2015		
	RPK	ASK	PLF	RPK	ASK	PLF	RPK	ASK	PLFpt
International	8.6%	6.5%	83.5%	6.6%	6.2%	79.4%	1.2%	0.7%	0.4%
Domestic	7.6%	6.5%	83.6%	6.4%	5.7%	81.2%	0.9%	0.8%	0.1%
Total Market	8.2%	6.5%	83.6%	6.5%	6.0%	80.1%	1.1%	0.8%	0.3%

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.

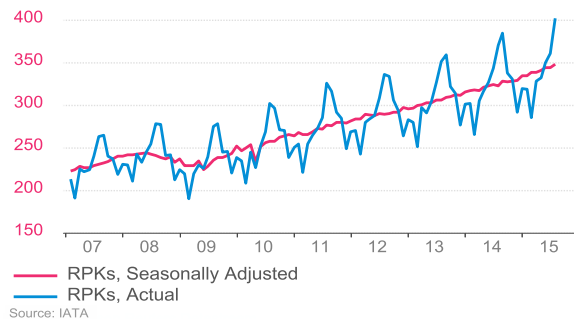
Data are seasonally adjusted. All figures are expressed in % change MoM except FLFpt which are the percentage point difference between LF of two months.

## PASSENGER MARKET

### International Markets

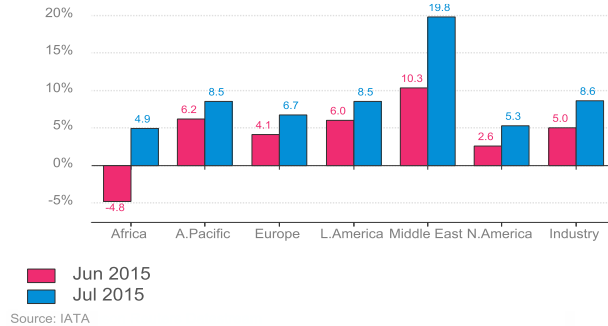
#### International Passenger Market

Monthly RPKs, billion



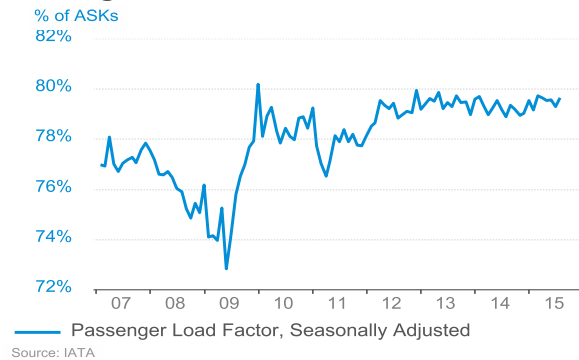
#### International Passenger Growth by Region

% change over year

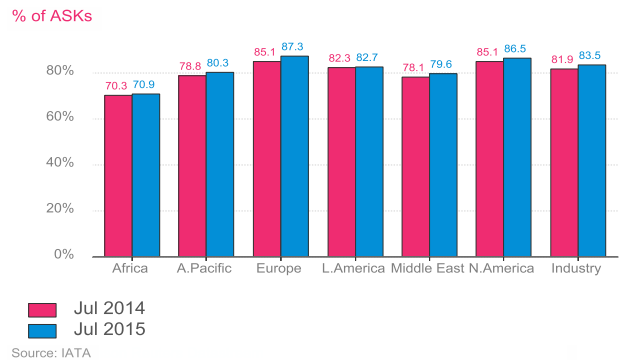


- ✈ International travel on Asia Pacific carriers rose by a strong 8.5% in July year-on-year. Emerging Asia has experienced notable declines in trade activity in 2015 as well as slower than expected growth in China. Neither factor appears to be impacting international air travel on the region's carriers, so far. According to Markit, China's manufacturing sector has been struggling during recent months, accompanied by weakness in export orders, causing some firms to cut employment at the steepest rates since 2009.
- ✈ In other regions, international air travel on Middle Eastern carriers rose 19.8% in July year-on-year. Part of this acceleration in the year-on-year comparison is due to the timing of Ramadan, which fell only partly in July this year but took place mostly in July in 2014. The holy month tends to subdue demand for air travel.
- ✈ Economic recovery in the Eurozone and expectations for stronger demand in H2 in the US are supporting demand for international travel on carriers in these regions. Carriers in these regions saw international RPKs rise 6.7% and 5.3%, respectively.
- ✈ Growth for Latin American carriers was a robust 8.5% in July year-on-year. Regional trade volumes have shown strong improvement during H1 2015, and despite recessionary conditions in Brazil and Argentina, the increase in trade activity has provided a boost to business-related international travel.
- ✈ International RPK growth for African carriers was weakest among all regions, but volumes improved on the previous month with a solid rise of 4.9% in July year-on-year. The trend over recent months, however, have been very weak, with volumes year-to-date contracting 1.7%. The recent weakness has likely reflected adverse economic developments in parts of the continent, not least in its largest economy, Nigeria, which is highly reliant on oil revenues. The July result, although an improvement, could well be owing to volatility in the volumes, as fundamental drivers suggest the weakness year-to-date could continue.

### Passenger Load Factor on International Market

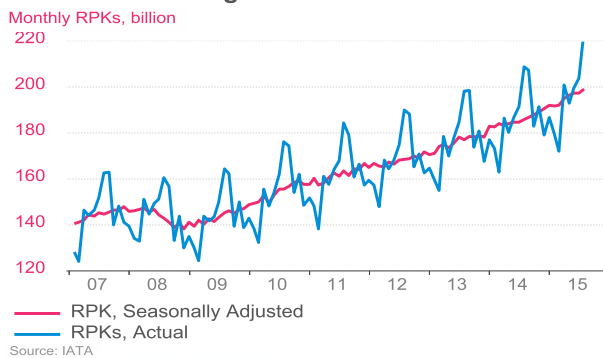


### International Passenger Load Factor by Region

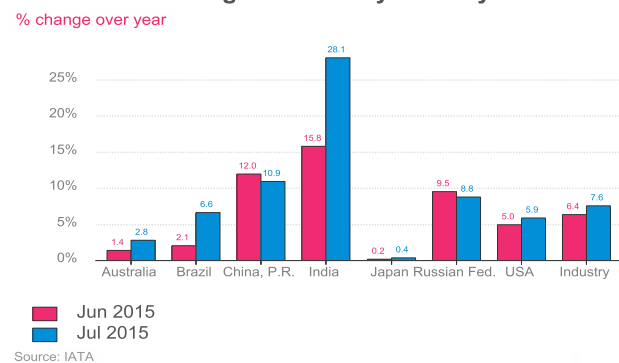


### Domestic Market

#### Domestic Passenger Market

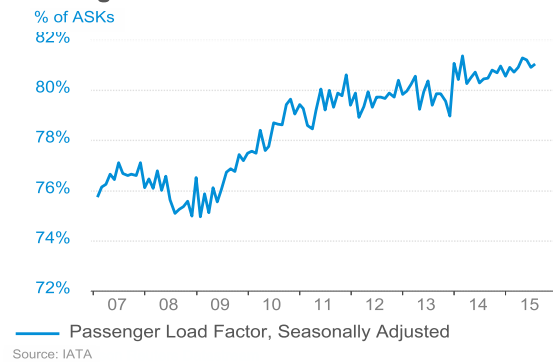


#### Domestic Passenger Growth by Country

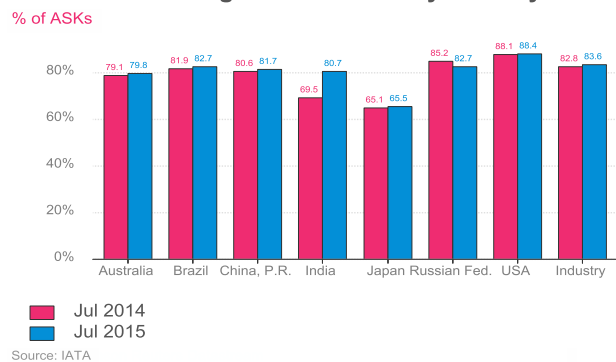


- ✈ On domestic markets, India continues to record very strong growth, up 28.1%, largely reflecting notable increases in service frequencies but also improvements in economic growth. Supportive monetary policy is expected to help economic growth in India surpass that of China during the next 2 years.
- ✈ By contrast, air travel in Australia increased only 2.8% in June year-on-year. There are signs of improvements in the economy with business activity increasing over recent months, but that is yet to translate to a turnaround for air travel and domestic consumption remains weak.
- ✈ Domestic RPKs in China were up by a strong 10.9% in July year-on-year. Recent developments in the Chinese economy, including the nation's stock market experiencing its largest one-day fall since 2007, 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 China domestic RPKs has been stable since April 2015.
- ✈ There was another strong increase in air travel in Russia in July, with a rise of 8.8% compared to a year ago. Despite the nation's economic woes, a combination of added capacity and a weak ruble has helped boost domestic air travel.
- ✈ In the US, July results show a robust 5.9% rise in domestic RPKs, which is an improvement on Q1 performance when economic growth was hampered by temporary factors. This is the strongest monthly increase since the end of 2010. Although there are expectations for improvement in economic growth in Q2, part of the solid growth in domestic air travel we are seeing is related to an acceleration in capacity growth.
- ✈ Domestic air travel in Japan recorded another month of weak growth in July with a rise of only 0.4%. This result is well below trend for 2015, and although the economy remains moderately fragile, the weak yen should help support demand for domestic travel over international trips. Moreover, air travel demand should receive a boost if predictions for wage growth in 2015 are realized.

### Passenger Load Factor on Domestic Market

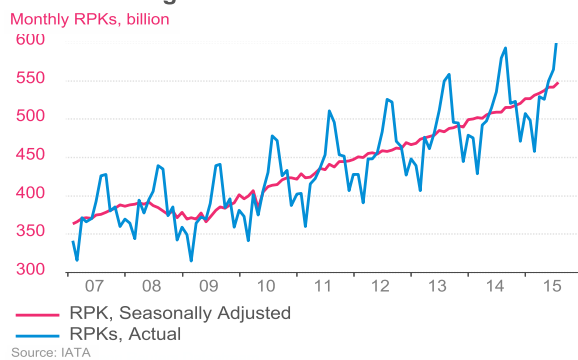


### Domestic Passenger Load Factor by Country

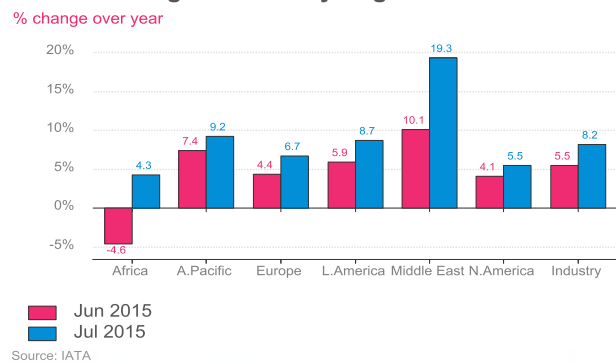


### Total Market (Domestic + International)

#### Total Passenger Market



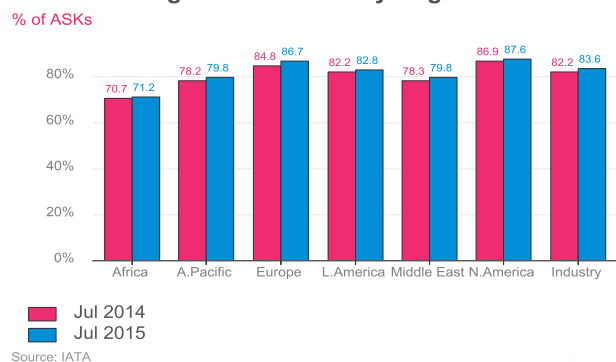
### Total Passenger Growth by Region



### Passenger Load Factor on Total Market



### Total Passenger Load Factor by Region



# ANNEX

Year on Year Comparison	Jul 2015 vs Jul 2014			YTD 2015 vs. YTD 2014		
	RPK	ASK	PLF	RPK	ASK	PLF
Africa	4.9%	3.9%	70.9%	-1.7%	-1.6%	66.4%
Asia/Pacific	8.5%	6.5%	80.3%	8.3%	6.6%	78.0%
Europe	6.7%	4.0%	87.3%	5.1%	3.9%	81.9%
Latin America	8.5%	8.0%	82.7%	6.7%	6.6%	79.9%
Middle East	19.8%	17.7%	79.6%	13.0%	16.2%	77.1%
North America	5.3%	3.5%	86.5%	2.9%	3.3%	81.4%
<b>International</b>	<b>8.6%</b>	<b>6.5%</b>	<b>83.5%</b>	<b>6.6%</b>	<b>6.2%</b>	<b>79.4%</b>
Australia	2.8%	1.9%	79.8%	0.2%	-0.4%	75.7%
Brazil	6.6%	5.7%	82.7%	4.2%	3.3%	80.5%
China P.R.	10.9%	9.5%	81.7%	12.1%	11.1%	81.3%
India	28.1%	10.4%	80.7%	20.5%	6.4%	83.6%
Japan	0.4%	-0.1%	65.5%	2.6%	1.0%	65.1%
Russian Federation	8.8%	12.2%	82.7%	6.5%	10.1%	72.5%
US	5.9%	5.5%	88.4%	4.1%	4.3%	85.3%
<b>Domestic</b>	<b>7.6%</b>	<b>6.5%</b>	<b>83.6%</b>	<b>6.4%</b>	<b>5.7%</b>	<b>81.2%</b>
Africa	4.3%	3.7%	71.2%	-1.3%	-1.3%	67.3%
Asia/Pacific	9.2%	7.0%	79.8%	9.1%	7.2%	78.3%
Europe	6.7%	4.4%	86.7%	5.1%	4.0%	81.0%
Latin America	8.7%	7.8%	82.8%	6.4%	5.9%	79.9%
Middle East	19.3%	17.2%	79.8%	12.4%	15.5%	77.5%
North America	5.5%	4.6%	87.6%	3.6%	3.8%	83.8%
<b>Total Market</b>	<b>8.2%</b>	<b>6.5%</b>	<b>83.6%</b>	<b>6.5%</b>	<b>6.0%</b>	<b>80.1%</b>

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	Jul 2015 vs. Jun 2015			Market Share
	RPK	ASK	PLFpt	RPK
Africa	2.5%	3.4%	-0.5%	2.2%
Asia/Pacific	1.0%	0.5%	0.3%	25.1%
Europe	1.0%	0.5%	0.4%	40.1%
Latin America	1.0%	0.4%	0.4%	4.3%
Middle East	2.3%	1.3%	0.7%	13.5%
North America	0.9%	0.5%	0.3%	14.0%
<b>International</b>	<b>1.2%</b>	<b>0.7%</b>	<b>0.4%</b>	<b>100.0%</b>
Australia	1.3%	0.3%	0.8%	2.9%
Brazil	2.8%	3.5%	-0.6%	3.9%
China P.R.	0.4%	0.6%	-0.1%	22.2%
India	8.7%	2.3%	5.1%	2.8%
Japan	-0.2%	0.0%	-0.1%	2.9%
Russian Federation	0.7%	-0.4%	0.8%	4.6%
US	0.7%	0.4%	0.2%	43.2%
<b>Domestic</b>	<b>0.9%</b>	<b>0.8%</b>	<b>0.1%</b>	
Africa	2.0%	3.1%	-0.7%	2.2%
Asia/Pacific	1.0%	0.7%	0.2%	29.1%
Europe	0.9%	0.5%	0.4%	29.0%
Latin America	1.6%	1.2%	0.3%	5.3%
Middle East	2.2%	1.4%	0.6%	9.0%
North America	0.8%	0.5%	0.2%	25.4%
<b>Total Market</b>	<b>1.1%</b>	<b>0.8%</b>	<b>0.3%</b>	<b>100%</b>

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](mailto:perovicj@iata.org)  
4th September 2015

**Terms and Conditions** for the use of this IATA Economics Report and its contents can be found here: [www.iata.org/economics-terms](http://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](http://www.iata.org/optin)