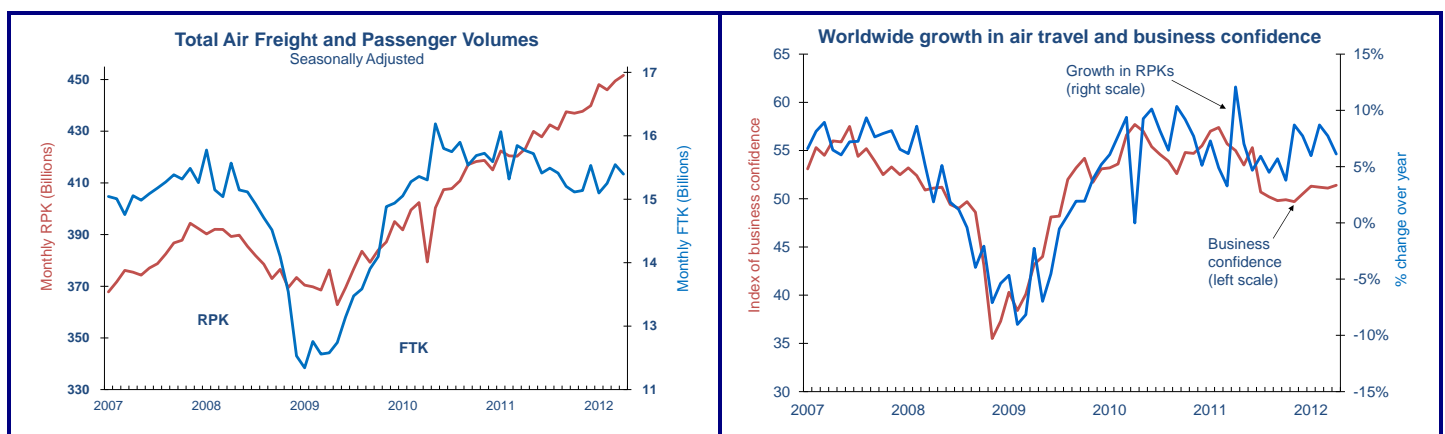


AIR TRANSPORT MARKET ANALYSIS

APRIL 2012

KEY POINTS

- Air travel markets expanded further in April, with passenger demand increasing 6.1% on a year ago. Demand for air travel has shown no signs of a slowdown, with the monthly trend indicating air travel is increasing at a 6% annualized rate, above the 20-year trend.
- Air freight is also now trending upwards, continuing the improvement seen since late last year. Boosted by increases in US consumer confidence and business confidence for five consecutive months, air freight markets have increased at a 4% annualized rate since the end of 2011. Owing to the decline in 2011, however, the level of FTKs in April was down 4.2% on April last year.
- The benefit from the improvement in air freight is being felt most by Middle Eastern airlines, which have captured 80% of the growth in air freight between November 2011 and April 2012. However, air freight carried by Asia/Pacific airlines, the largest share of the air cargo market, has continuing to show weakness into 2012.
- On domestic passenger markets, China's domestic travel reflected the slowdown seen more widely in the economy, with the lowest rate of growth in April since early 2011, increasing 6.3% year-on-year compared to 10.1% in March. In Japan, domestic travel has not yet recovered from the earthquake of mid-March 2011, with April levels still 8% below those before the earthquake. In fact domestic travel has started to deteriorate again, with 3% decline since the start of the year.
- On international markets, traffic growth in the Middle East has started to pick up pace, with air travel expanding 16% in April compared to the same month last year, after having softened in the second half of 2011. In Latin America, international air travel has been able to sustain solid growth, increasing in April by 9% on a year ago.
- Load factors continue to rise, with seasonally adjusted passenger load factors reaching record highs in April, largely supported by strong demand for international air travel and limited growth in capacity. Air cargo load factors were down slightly in April, but the levels are still above the lows in the fourth quarter of 2011.
- Over the next few months, air travel and air freight markets are likely to see further support from improvements in business and consumer confidence (except in Europe where economic conditions are deteriorating).



Year on Year Comparison	Apr 2012 vs. Apr 2011						YTD 2012 vs. YTD 2011					
	RPK	ASK	PLF	FTK	AFTK	FLF	RPK	ASK	PLF	FTK	AFTK	FLF
International	7.4%	4.3%	79.1%	-4.5%	0.2%	49.8%	8.1%	5.2%	77.1%	-2.5%	1.8%	49.6%
Domestic	3.9%	2.8%	79.7%	-2.7%	-2.0%	28.4%	5.5%	4.4%	78.1%	-0.9%	-1.4%	28.1%
Total Market	6.1%	3.8%	79.3%	-4.2%	-0.3%	45.3%	7.1%	4.9%	77.5%	-2.3%	1.1%	44.9%

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

COMPARING APRIL TO MARCH

April 2012 vs. March 2012

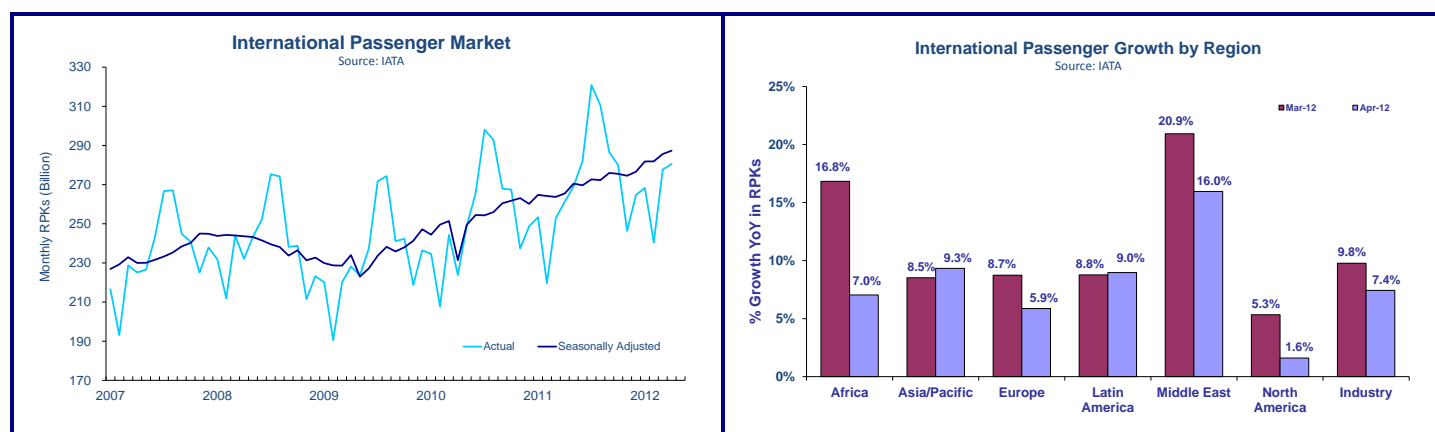
Month on Month Comparison	RPK	ASK	PLF pt	FTK	AFTK	FLF pt
International	0.6%	0.4%	0.2%	-1.3%	0.0%	-1.2%
Domestic	0.3%	-0.1%	0.3%	0.3%	0.5%	-0.1%
Total Market	0.5%	0.2%	0.2%	-1.1%	0.1%	-0.5%

Data are seasonally adjusted.
All figures are expressed in % change month on month except, PLF pt and FLF pt which are the percentage point difference between load factors of two consecutive months.

- After adjusting the April traffic data for seasonal factors, passenger markets showed a 0.5% increase compared to March. The increase in capacity was less than half the growth in demand, so passenger load factors in April gained on the previous month, by 0.2% points.
- Freight markets weakened slightly over the month, contracting by 1.1% compared to March. And with capacity increasing slightly, the result was a decline of 0.5% points in freight load factors in April.

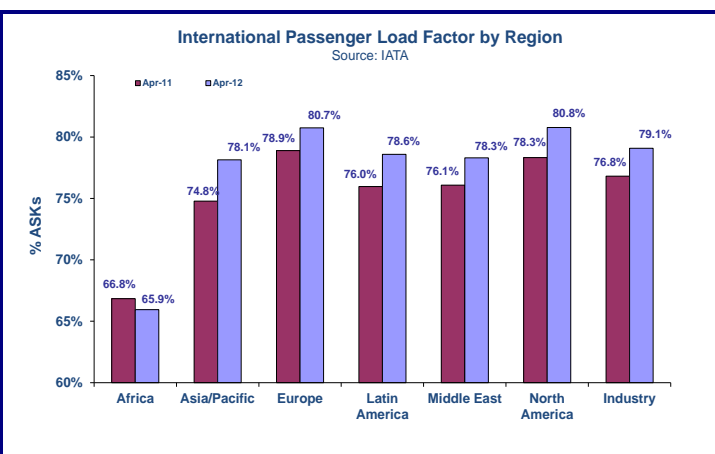
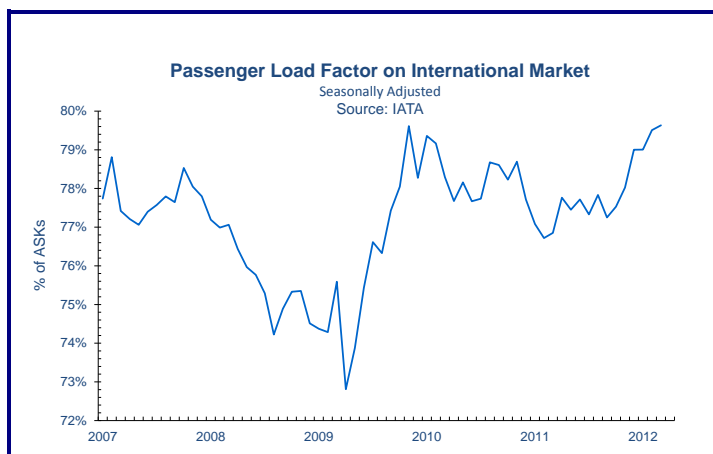
PASSENGER MARKET

International Markets

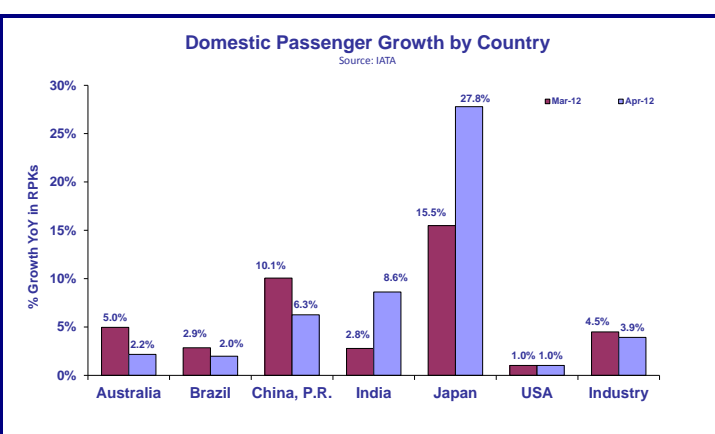
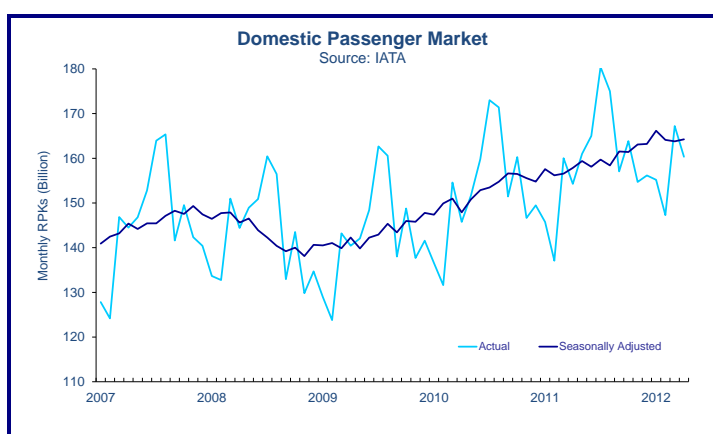


- International passenger travel increased again, with the market expanding 7.4% in April compared to the same month in 2011. All routes showed positive growth in April, but year-on-year growth for Asia/Pacific was exaggerated by the impact of the Japan earthquake, which suppressed international travel in the regions for many weeks. International traffic in Asia/Pacific is reported to have grown 9.3% year-on-year in April, of which we estimate about 3% points to be because of the events a year ago, resulting in growth of about 6% year-on-year.
- International passenger travel on North American airlines increased by 1.6% in April year-on-year, a weaker result compared to March when traffic expanded by 5.3%. International passenger travel in the region has been showing signs of improvement, in line with improving economic conditions in the US. In April, North America was the only region to cut capacity, by 1.5% year-on-year, which could be containing the growth in traffic.
- In Europe, the year-on-year growth rate in April was 5.9%, continuing strong performance in spite of persisting economic weakness throughout much of the continent. Over the month, however, international traffic contracted slightly, by 0.3%, which matches the declining monthly trend seen in January and February.
- Performance on international markets by Latin American airlines was strong again in April, expanding 9% on a year ago. Despite some suggestion of a risk of an economic slowdown, growth has been solid enough to support continued travel for both business and leisure purposes.
- Load factors continue to rise, with strong demand for international travel pushing load factors to match pre-recession highs. North American load factors continue to be the highest among regions, but in April only slightly above that of European airlines, which have significantly improved load factors compared to March.

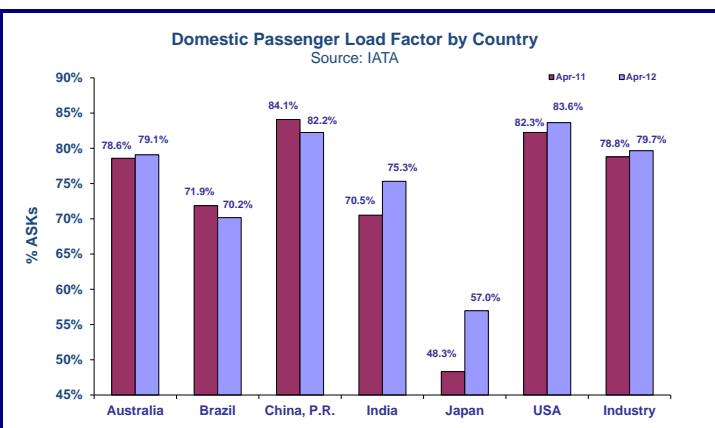
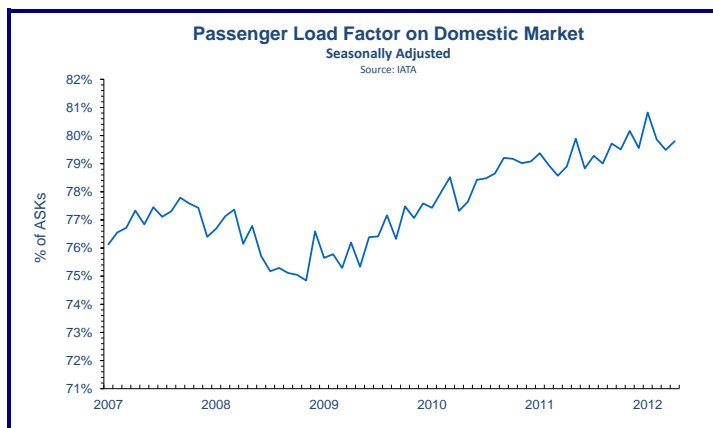
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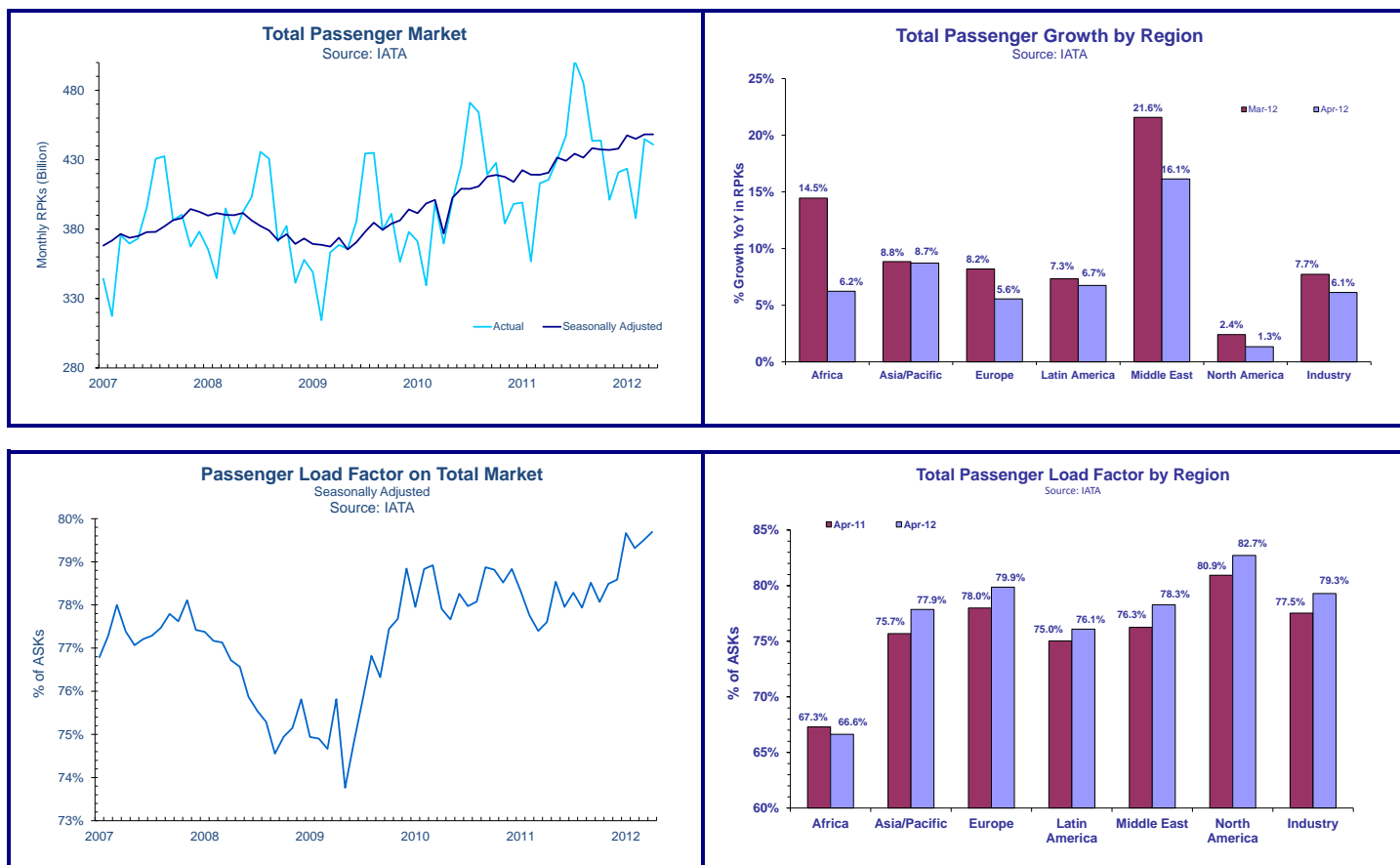
Domestic Market



- Growth rates for Japan's domestic travel market are still significantly exaggerated by the earthquake last year. The 27.8% increase in domestic travel in April is due to the natural disaster a year ago. In the absence of this event, we estimate domestic passenger travel would have declined by about 5% this April. Furthermore, domestic travel has not yet recovered from the earthquake of mid-March 2011, with April levels still 8% below those before the earthquake.
- Domestic passenger travel in China expanded 6.3% in April year-on-year, down on the March result of 10.1% growth. This is the lowest rate of increase seen since early 2011. Compared to March, Chinese domestic travel increased just 0.2% in April; moreover the trend in 2012 has shown some signs of softening.
- In the USA, domestic travel in April stayed the same as in March, increasing 1.0% on a year ago. In India, domestic travel demand was much stronger, with continued economic growth encouraging travel to increase 8.6%.

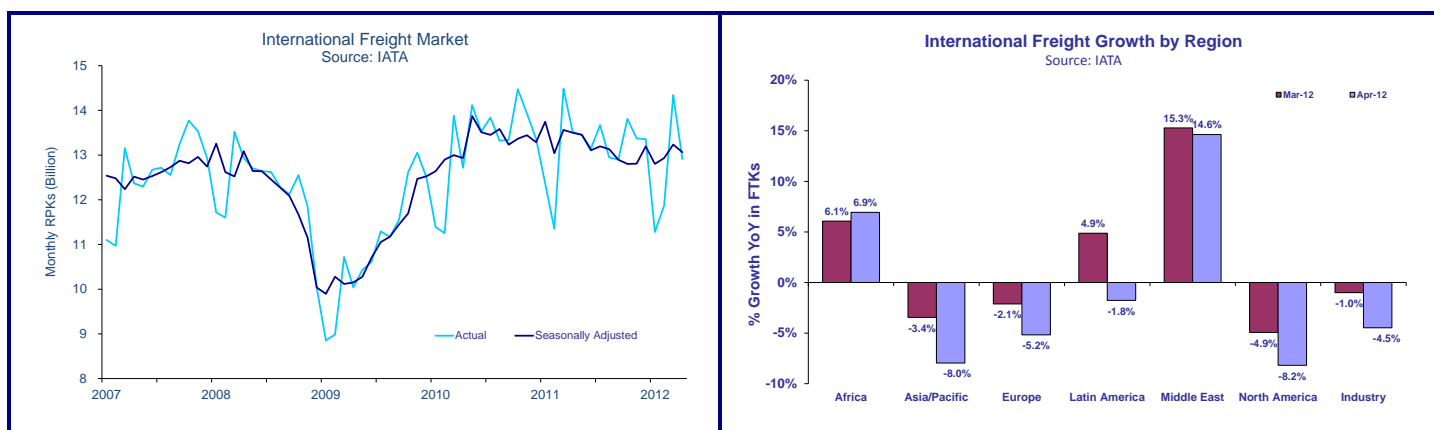


Total Market (Domestic + International)



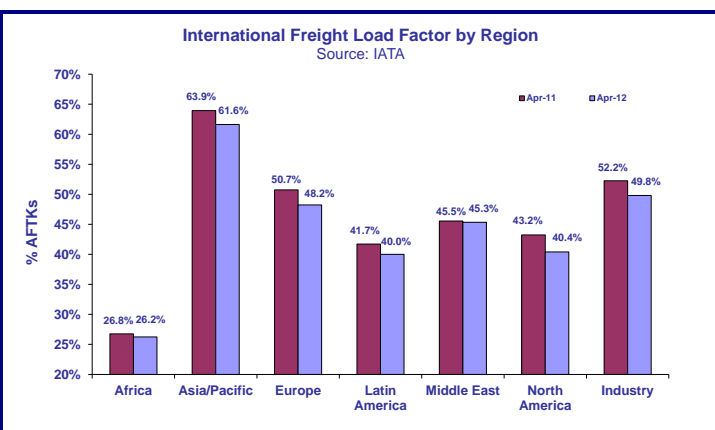
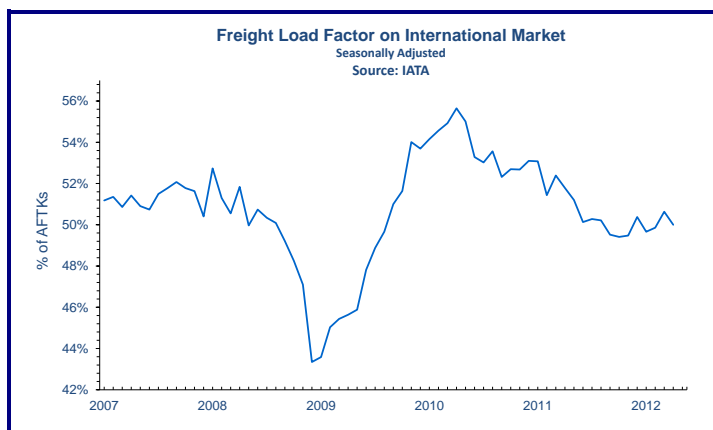
FREIGHT MARKET

International Market

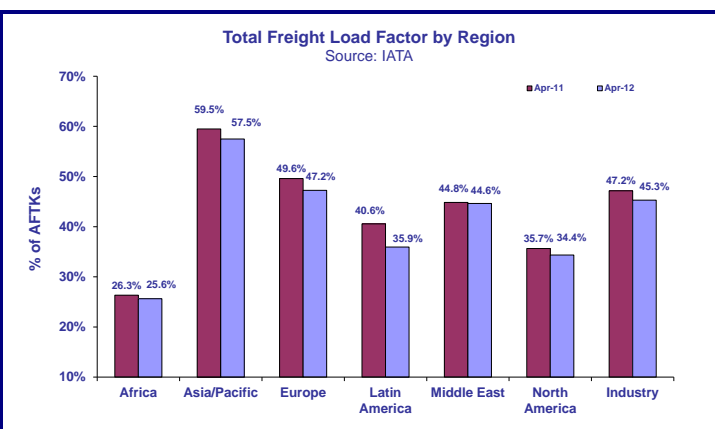
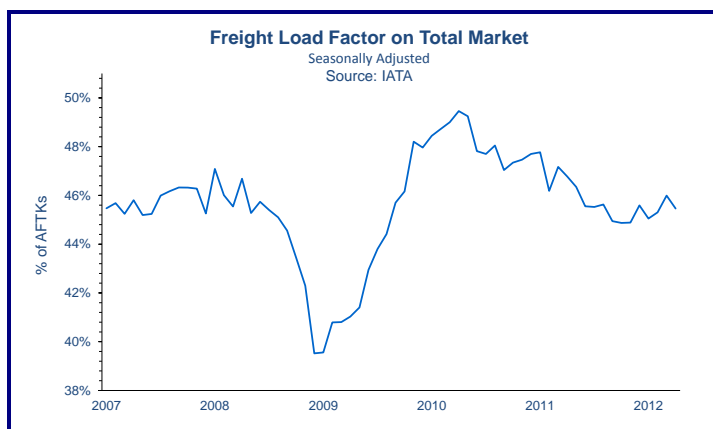
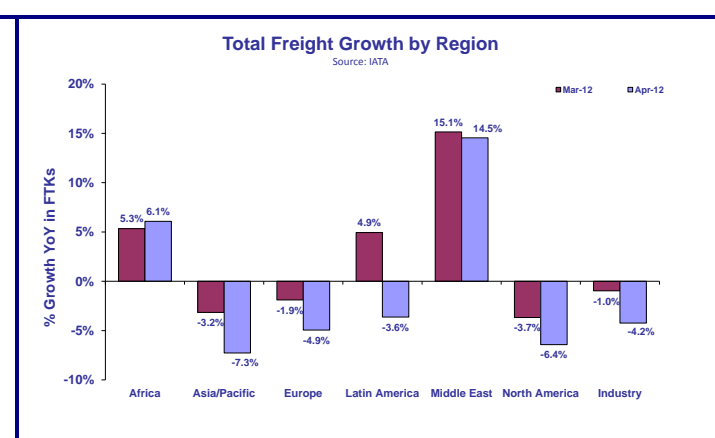
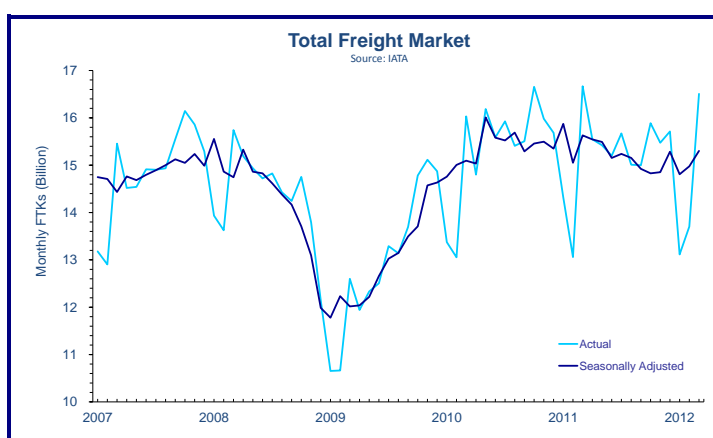


➤ The international air freight market is 4.5% lower in April than it was in the same month last year, but this result is not representative of developments over recent months. The trend for air freight continues to indicate improvement on the lows of Q4 2011, with 4% annualized growth for the total air freight market since that period. The positive trend is consistent with the improvements in business and consumer confidence seen over the last several months.

➤ The trend in freight load factors started to look better at the end of 2011, and has shown gradual improvement since then. Over the month, contraction in international freight demand brought load factors down by 1.2%, while in domestic freight markets load factors were almost flat in April compared to March. The overall trend remains positive.



Total Market



- On the total air freight market, cargo carried by Middle Eastern airlines increased 14.5% in April compared to a year ago, the strongest result among regions. In fact, the improvement in air freight demand since late last year has benefited Middle Eastern airlines most, which has captured 80% of the growth in air freight between November 2011 and April 2012.
- Air freight carried by Asia/Pacific and European airlines was down in April compared to a year ago, by 7.3% and 4.9% respectively. In contrast to the improvement in air freight carried by Middle Eastern airlines since the end of 2011, these air cargo markets – particularly Asia/Pacific - continue to show weakness.

ANNEX

Year on Year Comparison	April 2012 vs. April 2011						YTD 2012 vs. YTD 2011					
	RPK	ASK	PLF	FTK	AFTK	FLF	RPK	ASK	PLF	FTK	AFTK	FLF
Africa	7.0%	8.5%	65.9%	6.9%	9.0%	26.2%	10.1%	8.8%	65.2%	4.2%	9.3%	25.2%
Asia/Pacific	9.3%	4.6%	78.1%	-8.0%	-4.5%	61.6%	7.8%	5.4%	77.2%	-4.4%	-1.5%	60.9%
Europe	5.9%	3.4%	80.7%	-5.2%	-0.2%	48.2%	6.8%	3.7%	77.6%	-4.6%	0.8%	48.5%
Latin America	9.0%	5.3%	78.6%	-1.8%	2.4%	40.0%	10.1%	8.4%	78.6%	0.2%	4.1%	39.5%
Middle East	16.0%	12.7%	78.3%	14.6%	15.1%	45.3%	18.6%	12.9%	78.2%	14.6%	14.4%	45.1%
North America	1.6%	-1.5%	80.8%	-8.2%	-1.8%	40.4%	2.9%	0.7%	77.8%	-6.8%	-0.1%	39.8%
International	7.4%	4.3%	79.1%	-4.5%	0.2%	49.8%	8.1%	5.2%	77.1%	-2.5%	1.8%	49.6%
Australia	2.2%	1.5%	79.1%				3.9%	3.4%	77.4%			
Brazil	2.0%	4.5%	70.2%				7.9%	12.4%	69.0%			
China P.R.	6.3%	8.6%	82.2%				10.9%	11.9%	80.8%			
India	8.6%	1.7%	75.3%				7.8%	7.5%	74.8%			
Japan	27.8%	8.4%	57.0%				4.4%	-2.5%	59.9%			
US	1.0%	-0.7%	83.6%				1.9%	0.3%	81.4%			
Domestic	3.9%	2.8%	79.7%	-2.7%	-2.0%	28.4%	5.5%	4.4%	78.1%	-0.9%	-1.4%	28.1%
Africa	6.2%	7.3%	66.6%	6.1%	9.0%	25.6%	8.5%	7.5%	65.9%	3.6%	9.4%	24.6%
Asia/Pacific	8.7%	5.7%	77.9%	-7.3%	-4.1%	57.5%	8.4%	6.7%	77.1%	-4.1%	-1.2%	56.3%
Europe	5.6%	3.1%	79.9%	-4.9%	-0.2%	47.2%	6.7%	3.5%	76.7%	-4.3%	0.9%	47.6%
Latin America	6.7%	5.2%	76.1%	-3.6%	8.8%	35.9%	9.8%	10.3%	75.5%	-0.1%	6.2%	36.9%
Middle East	16.1%	13.1%	78.3%	14.5%	15.1%	44.6%	19.0%	13.3%	78.3%	14.4%	14.2%	44.3%
North America	1.3%	-0.8%	82.7%	-6.4%	-2.9%	34.4%	2.3%	0.5%	80.2%	-4.7%	-1.6%	34.0%
Total Market	6.1%	3.8%	79.3%	-4.2%	-0.3%	45.3%	7.1%	4.9%	77.5%	-2.3%	1.1%	44.9%

RPK: Revenue-Passenger-Kilometers; ASK: Available-Seat-Kilometers; PLF: Passenger-Load-Factor; FTK: Freight-Tonne-Kilometers; AFTK: Available Freight Tonne Kilometers; FLF: Freight Load Factor;

All Figures are expressed in % change Year on Year except PLF and FLF which are the load factors for the specific month.

Month on Month Comparison	April 2012 vs. March 2012						Market Share	
	RPK	ASK	PLF	FTK	AFTK	FLF	RPK	FTK
Africa	0.2%	2.4%	-1.4%	0.3%	0.1%	0.0%	3.2%	1.3%
Asia/Pacific	2.9%	0.6%	1.8%	-2.2%	-1.3%	-0.5%	26.6%	41.2%
Europe	-0.3%	0.4%	-0.6%	-0.4%	-0.2%	-0.1%	39.8%	24.7%
Latin America	0.1%	-0.1%	0.1%	-3.6%	-0.3%	-1.4%	4.4%	3.3%
Middle East	0.7%	0.7%	0.0%	2.5%	1.9%	0.3%	11.9%	13.1%
North America	-1.2%	-1.0%	-0.2%	-2.2%	-1.0%	-0.5%	14.0%	16.4%
International	0.6%	0.4%	0.2%	-1.3%	0.0%	-1.2%	100.0%	100.0%
Australia	-0.4%	-1.5%	1.2%				3.3%	
Brazil	-1.6%	-2.3%	0.7%				3.6%	
China P.R.	0.2%	-0.1%	0.2%				20.0%	
India	0.3%	-0.2%	0.4%				3.1%	
Japan	2.3%	0.2%	1.3%				2.6%	
US	-0.3%	-0.2%	-0.1%				47.1%	
Domestic	0.3%	-0.1%	0.3%	0.3%	0.5%	-0.1%	100.0%	
Africa	0.4%	2.2%	-1.2%	0.5%	0.1%	0.1%	2.3%	1.2%
Asia/Pacific	2.1%	0.4%	1.3%	-2.1%	-1.4%	-0.4%	29.2%	39.3%
Europe	-0.2%	0.3%	-0.4%	-0.4%	-0.2%	-0.1%	28.3%	21.8%
Latin America	-0.2%	-0.6%	0.3%	-4.6%	4.5%	-3.6%	5.4%	3.0%
Middle East	0.7%	0.7%	0.0%	2.5%	1.9%	0.3%	8.0%	11.4%
North America	-0.5%	-0.6%	0.0%	-1.1%	-0.9%	-0.1%	26.8%	23.3%
Total Market	0.5%	0.2%	0.2%	-1.1%	0.1%	-0.5%	100.0%	100.0%

Data are seasonally adjusted.

All figures are expressed in % change month on month except, PLF pt and FLF pt which are the percentage point difference between load factors of two consecutive months.

IATA Economics
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30TH May 2012

FURTHER ANALYSIS AND DATA

Access data related to this briefing through the Route Tracker publication:

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