

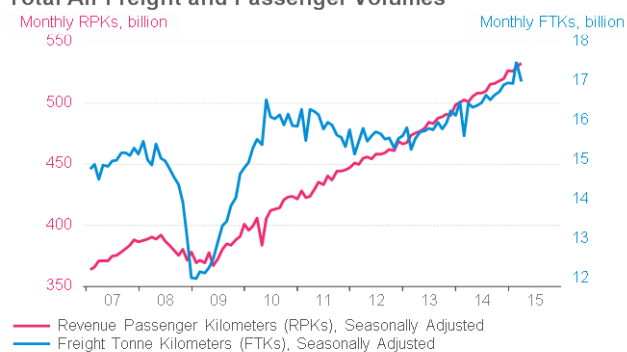
AIR PASSENGER MARKET ANALYSIS

MARCH 2015

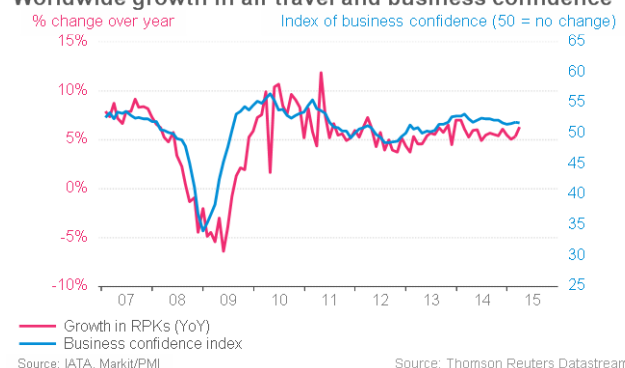
KEY POINTS

- ➔ Global air travel rose by a strong 7.4% in March compared to a year ago, an improvement on the February result of 6.4%. The acceleration in the year-on-year comparison continues to reflect the impact of the Lunar New Year celebrations, which occurred in February and tends to boost leisure travel in the weeks before and after the holiday. In 2015, the impacts continued into March. In 2014, the holiday occurred at the end of January.
- ➔ The trend in RPKs (first chart below) shows an expansion in volumes in March compared to February (0.5%). These volumes are adjusted for the different festival timings and therefore provide an indication of the underlying trend in air travel volumes. The March result confirms that growth remains robust.
- ➔ The timing of the Lunar New Year had its impact mostly on Asia Pacific carriers, which recorded a 13.5% rise in March demand, year-on-year. The Lunar New Year provided a boost to leisure travel for several weeks after the official holiday, this year extending into March. In 2014, the impacts of the holiday had already dissipated in February. The trend in air travel on Asia Pacific carriers is likely to be weaker than the Q1 results suggest. Regional trade activity appears to be reversing after strong gains in late 2014, which could be eroding demand for business related air travel. The next months of data, which will be free of holiday impacts, should provide a clearer indication of air travel trends on Asia Pacific carriers.
- ➔ On international markets, carriers in the Middle East recorded strong growth of 9.8%. European airlines' RPK growth has held up, rising 5.4% in March year-on-year, despite the Eurozone reporting very weak economic expansion. Outside the Eurozone, nations like Turkey continue to record strong growth. There have also been some positive developments in leading economic indicators for the region, which suggest easing downward pressure on growth in the months ahead.
- ➔ On domestic markets, China showed the impact of the Lunar New Year, up 22.0% in March year-on-year. The Indian market recorded a very strong 17.9% rise in March year-on-year, likely owing to market stimulation by local carriers as well as notable improvements in economic growth. By contrast, air travel in Russia was weak for a second consecutive month, down to 2.7% in March year-on-year. The favorable base effects seen in previous months now appear to have dropped out of the year-on-year comparison, consistent with the economy being in recession.
- ➔ Industry load factors are starting to show an upturn – even though there were no further gains in March compared to February, the trend since late 2014 remains positive. Despite lower oil prices, airlines are adding capacity at a slower rate than the expansion in demand.
- ➔ The fall in oil prices compared to mid-2014 should help support economic activity and passenger demand in 2015. In addition, recent improvement in business confidence in advanced economies should help support growth in international travel.

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

	Mar 2015 vs. Mar 2014			YTD 2015 vs. YTD 2014			Mar 2015 vs. Feb 2015		
	RPK	ASK	PLF	RPK	ASK	PLF	RPK	ASK	PLFpt
International	7.0%	5.4%	78.9%	6.3%	5.7%	78.1%	0.0%	0.2%	-0.1%
Domestic	8.0%	6.0%	82.0%	5.7%	5.0%	80.0%	1.5%	1.1%	0.3%
Total Market	7.4%	5.6%	80.0%	6.1%	5.4%	78.8%	0.5%	0.5%	0.0%

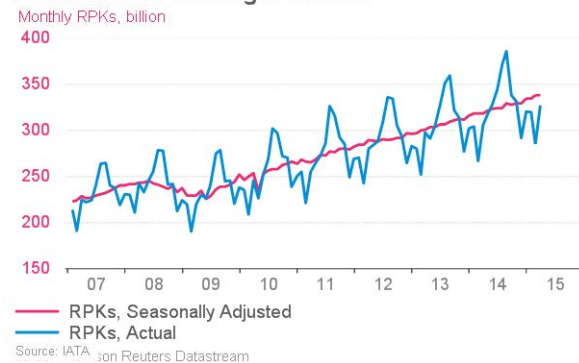
FTK: Freight-Tonne-Kilometers; AFTK: Available Freight Tonne Kilometers; FLF: Freight Load Factor. All Figures are expressed in % change Year on Year except FLF which are the load factors for the specific month.

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

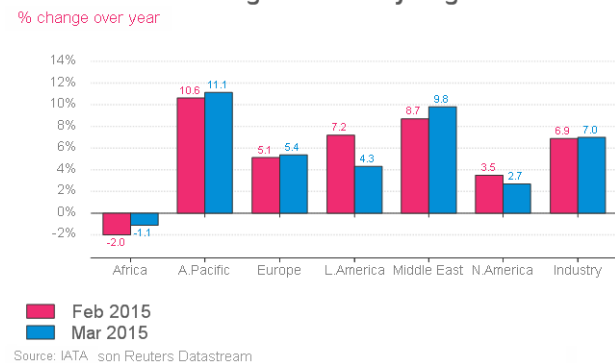
PASSENGER MARKET

International Markets

International Passenger Market

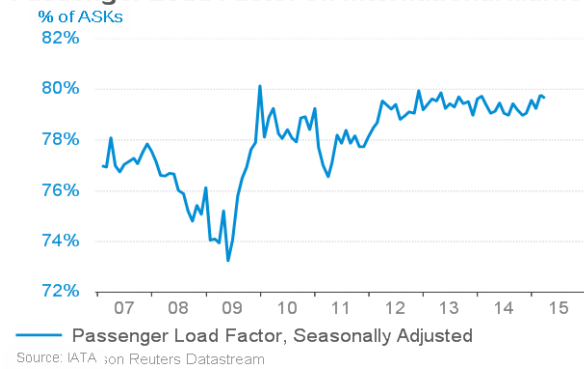


International Passenger Growth by Region

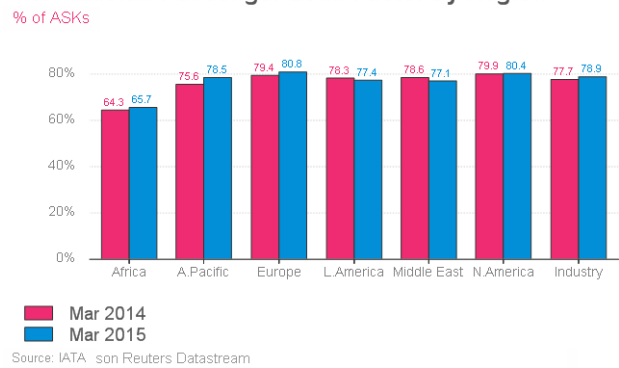


- ➔ The timing of the Lunar New Year had its impact mostly on Asia Pacific carriers, which recorded an 11.1% rise in March year-on-year. The Lunar New Year, which took place in February, provided a boost to leisure travel for several weeks after the official holiday, this year extending into March. In 2014, the impacts of the holiday had already dissipated in February. The trend in air travel on Asia Pacific carriers is likely to be weaker than the Q1 results suggest. Regional trade activity appears to be reversing after strong gains in late 2014, which could be eroding demand for business-related air travel. The next few months of data, which will be free of holiday impacts, will provide a clear indication of air travel growth in Asia Pacific carriers.
- ➔ On international markets, carriers in the Middle East recorded strong growth of 9.8%. Middle Eastern economies are comparatively well-placed to withstand the plunge in oil revenues and regional airlines continue to gain market share. Markit's measures of business activity in non-oil sectors continue to show improvement and point to strong growth.
- ➔ European airlines' RPK growth has held up, rising 5.4% in March year-on-year, despite the Eurozone reporting very weak economic expansion. Outside the Eurozone, nations like Turkey continue to record strong growth. There have also been some positive developments in leading economic indicators for the region, which suggest easing downward pressure on growth in the months ahead.
- ➔ Growth on Latin American carriers slowed slightly in March, rising 4.3% year-on-year. Favorable base effects continue to support positive growth rates for the region's carriers, but that may not continue much longer. Regional trade volumes have been improving over recent months, but the Brazilian economy continues to stagnate and could negate these positive developments in international business.
- ➔ North American airlines experienced solid growth of 2.7% in international RPKs in March year-on-year, slightly above the 3.1% expansion in 2014 overall. The US economy remains a stand-out performer among developed economies, and recent gains in trade volumes bode well for business-related travel.
- ➔ International RPK growth for African carriers was weakest among all regions, with volumes down 1.1% in March year-on-year. The recent weakness appears to reflect adverse economic developments in parts of the continent, not least in its largest economy, Nigeria, which is highly reliant on oil revenues.

Passenger Load Factor on International Market

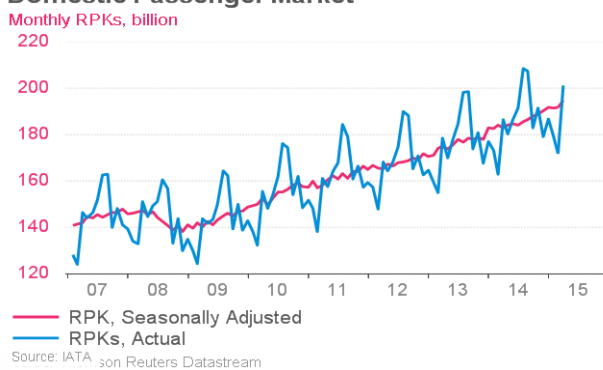


International Passenger Load Factor by Region

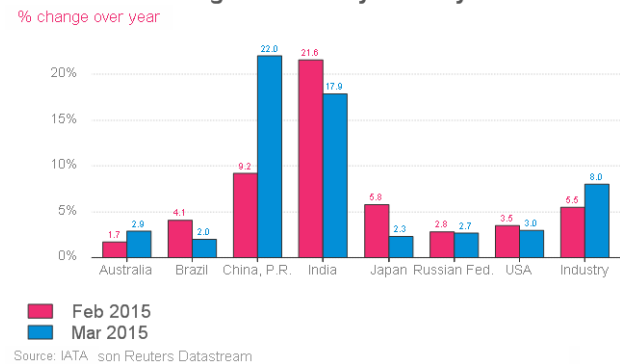


Domestic Market

Domestic Passenger Market

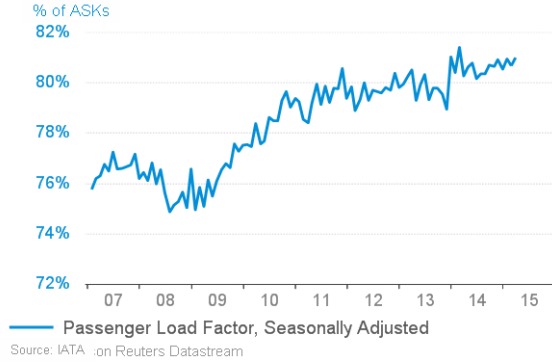


Domestic Passenger Growth by Country

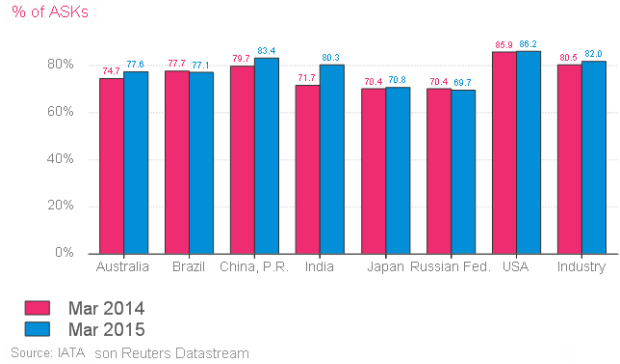


- ➔ On domestic markets, China showed the impact of the Lunar New Year, with demand up 22.0% in March year-on-year. The first quarter air travel performance for China is unlikely to be indicative of the underlying trend. Recent data show that Q1 2015 GDP growth was 7% compared to same period a year ago, which is a slowdown on Q4 2014 growth of 7.3%.
- ➔ The Indian market recorded a very strong 17.9% rise in March traffic year-on-year, likely owing to market stimulation by local carriers as well as notable improvements in economic growth.
- ➔ By contrast, air travel in Russia was weak for a second consecutive month, down to 2.7% in March year-on-year. The favorable base effects seen in previous months now appear to have dropped out of the year-on-year comparison, consistent with the economy being in recession.
- ➔ Growth in domestic air travel in Australia improved in March, with a 2.9% rise in volumes compared to a year ago. Volumes had experienced very little growth since the middle of 2013 as the economy has struggled to rebalance away from mining investment-led growth. The March result could be reflecting some early signs of economic growth edging up, with Q4 2014 data suggesting a slight improvement on the earlier sluggish trend.
- ➔ Domestic air travel in Japan recorded a slow month in March, up just 2.3% year-on-year. The economy stabilized in Q4 2014 and expectations for 2015 are becoming more positive. Air travel demand should receive a boost if predictions for wage growth in 2015 are realized.
- ➔ The US domestic market trended up in the latter months of 2014, coinciding with a pick-up in consumer confidence and rising employment activity. The market was up 3.0% in March year-on-year. That said, the US air travel market is very mature, and the prospects for strong growth in air travel demand remain limited.

Passenger Load Factor on Domestic Market

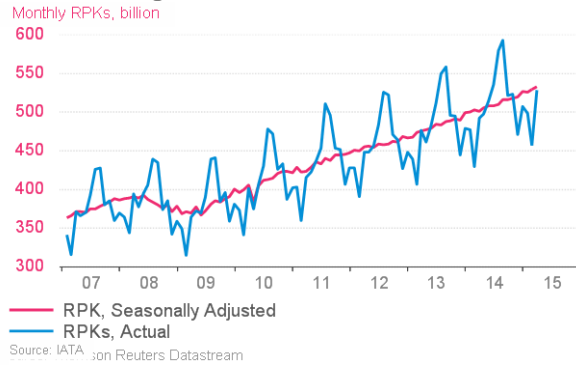


Domestic Passenger Load Factor by Country

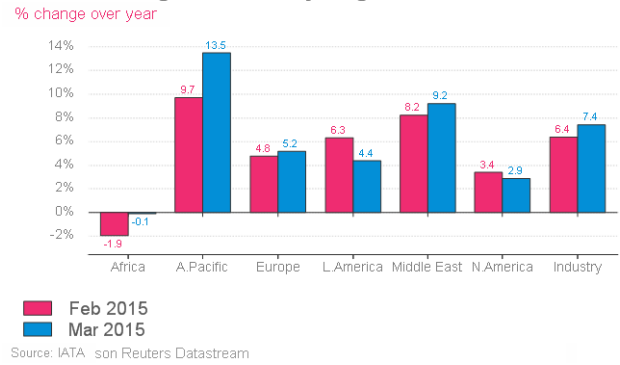


Total Market (Domestic + International)

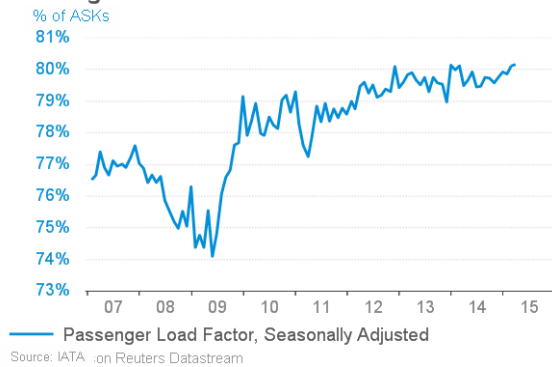
Total Passenger Market



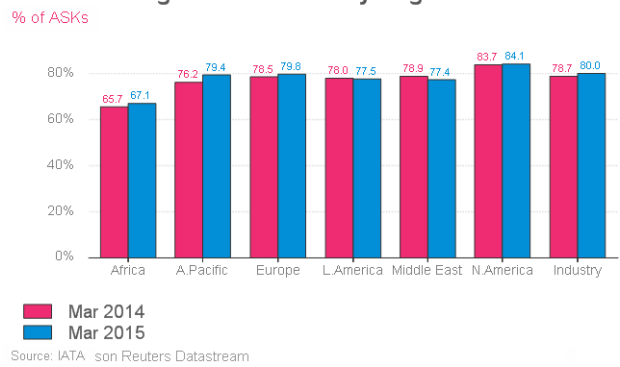
Total Passenger Growth by Region



Passenger Load Factor on Total Market



Total Passenger Load Factor by Region



ANNEX

Year on Year Comparison	Mar 2015 vs Mar 2014			YTD 2015 vs. YTD 2014		
	RPK	ASK	PLF	RPK	ASK	PLF
Africa	-1.1%	-3.2%	65.7%	-1.2%	-1.4%	65.9%
Asia/Pacific	11.1%	7.1%	78.5%	8.7%	7.1%	78.0%
Europe	5.4%	3.6%	80.8%	5.2%	4.0%	78.9%
Latin America	4.3%	5.5%	77.4%	6.1%	5.9%	79.5%
Middle East	9.8%	11.9%	77.1%	9.1%	11.3%	78.0%
North America	2.7%	2.1%	80.4%	3.0%	2.9%	79.0%
International	7.0%	5.4%	78.9%	6.3%	5.7%	78.1%
Australia	2.9%	-0.9%	77.6%	1.4%	-0.5%	76.9%
Brazil	2.0%	2.8%	77.1%	5.3%	3.8%	80.8%
China P.R.	22.0%	16.5%	83.4%	11.0%	11.2%	81.5%
India	17.9%	5.2%	80.3%	20.5%	3.5%	83.7%
Japan	2.3%	1.8%	70.8%	3.7%	2.8%	65.8%
Russian Federation	2.7%	3.7%	69.7%	4.8%	3.7%	68.5%
US	3.0%	2.6%	86.2%	3.0%	3.5%	82.8%
Domestic	8.0%	6.0%	82.0%	5.7%	5.0%	80.0%
Africa	-0.1%	-2.1%	67.1%	-0.9%	-0.9%	66.9%
Asia/Pacific	13.5%	8.9%	79.4%	9.0%	7.4%	78.5%
Europe	5.2%	3.4%	79.8%	5.0%	3.6%	78.0%
Latin America	4.4%	5.1%	77.5%	6.2%	5.5%	79.9%
Middle East	9.2%	11.3%	77.4%	8.6%	10.7%	78.3%
North America	2.9%	2.5%	84.1%	3.0%	3.2%	81.4%
Total Market	7.4%	5.6%	80.0%	6.1%	5.4%	78.8%

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	Mar 2015 vs. Feb 2015			Market Share
	RPK	ASK	PLFpt	RPK
Africa	0.5%	-0.1%	0.5%	2.0%
Asia/Pacific	-1.0%	-0.8%	-0.1%	29.0%
Europe	0.3%	0.4%	0.0%	35.0%
Latin America	0.1%	0.2%	-0.1%	4.0%
Middle East	1.0%	1.0%	0.0%	15.0%
North America	0.0%	0.9%	-0.7%	14.0%
International	0.0%	0.2%	-0.1%	100.0%
Australia	-0.4%	-0.6%	0.2%	3.0%
Brazil	-1.1%	-1.0%	-0.1%	4.0%
China P.R.	3.4%	1.8%	1.3%	24.0%
India	2.8%	2.6%	0.2%	3.0%
Japan	0.8%	0.8%	0.0%	3.0%
Russian Federation	1.0%	2.6%	-1.2%	3.0%
US	0.8%	1.0%	-0.2%	43.0%
Domestic	1.5%	1.1%	0.3%	-
Africa	0.8%	0.0%	0.6%	2.0%
Asia/Pacific	0.7%	0.2%	0.4%	33.0%
Europe	0.4%	0.4%	-0.1%	24.0%
Latin America	0.1%	0.1%	0.0%	5.0%
Middle East	0.9%	1.0%	0.0%	10.0%
North America	0.5%	1.0%	-0.4%	26.0%
Total Market	0.5%	0.5%	0.0%	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.

Contact: Julie Perovic
perovicj@iata.org
 6th May 2015

FURTHER ANALYSIS AND DATA

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

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

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