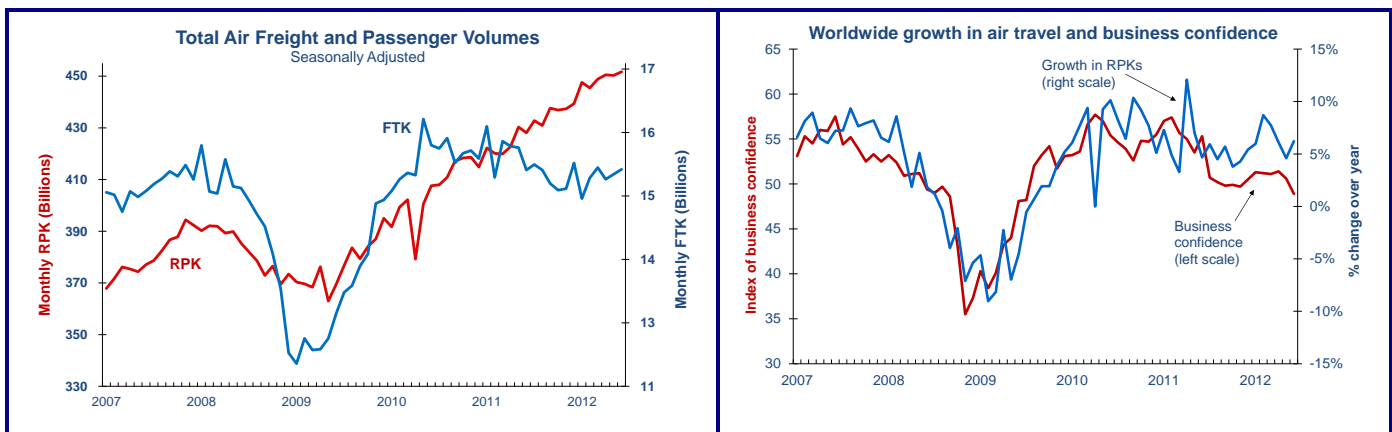


# AIR TRANSPORT MARKET ANALYSIS

## JUNE 2012

### KEY POINTS

- Air travel markets expanded in June, but the trend in passenger traffic growth has slowed. Global passenger markets were 6.2% higher in June than a year ago, up on weaker May growth of 4.5%. However, the broader trend in air travel, as shown by seasonally adjusted global RPKs in the first chart below, is losing pace. Over the month, air travel increased just 0.3% in June compared to May, an annualized rate of growth of less than 4%. In fact, the trend in air travel from early 2012 through to June has been growing at a weak 2% annualized rate.
- Air freight volumes increased by 0.6% in June compared to May, contributing to the minor recovery seen since late 2011. This brings seasonally adjusted June FTK levels about 2.5% above the low point in Q4 2011. This increase is no longer being primarily driven by only Middle Eastern airlines. Strong performance of air freight in North America over recent months means airlines in that region and in the Middle East each contribute about 45% to the increase in global FTKs since end 2011.
- On international passenger markets, all regions except Africa have increased in year-on-year growth rates in June. The growth trend, however, shows little promise, flattening further with a June month-on-month result of just 0.2%. Middle Eastern airlines continue to be the strongest performers, with international travel increasing 18.2% in June compared to a year ago. In contrast to the overall market, the growth trend in this region has been robust throughout 2012, gaining a further 1.9% in June compared to May.
- Developments in domestic passenger markets were similar. Domestic travel showed improvement in June overall, despite economic slowdowns in various countries keeping the growth trend soft throughout 2012. In India, however, domestic travel continues to be weak, with contraction in June of 0.7% compared to a year ago.
- Passenger load factors slipped further in June compared to May, after having reached record high seasonally adjusted levels in April. Improvement in the growth trend in air freight has helped to support freight load factors, despite an increase in capacity in June.
- Recent declines in business confidence have weakened the growth trend in air travel, and the pessimistic outlook continues to pose a threat to the airline industry. Leading indicators also point toward a further slowdown in world trade momentum, which could undermine passenger and freight demand in coming months.



Year on Year Comparison	June 2012 vs. June 2011						YTD 2012 vs. YTD 2011					
	RPK	ASK	PLF	FTK	AFTK	FLF	RPK	ASK	PLF	FTK	AFTK	FLF
International	7.4%	5.0%	81.0%	1.1%	2.5%	49.6%	7.5%	4.9%	77.8%	-2.6%	2.1%	49.1%
Domestic	4.1%	3.6%	81.1%	-0.5%	-1.2%	28.8%	4.8%	4.2%	78.7%	1.1%	-0.9%	28.6%
<b>Total Market</b>	<b>6.2%</b>	<b>4.5%</b>	<b>81.0%</b>	<b>0.8%</b>	<b>1.7%</b>	<b>45.2%</b>	<b>6.5%</b>	<b>4.7%</b>	<b>78.1%</b>	<b>-2.1%</b>	<b>1.4%</b>	<b>44.7%</b>

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 JUNE TO MAY

### June 2012 vs. May 2012

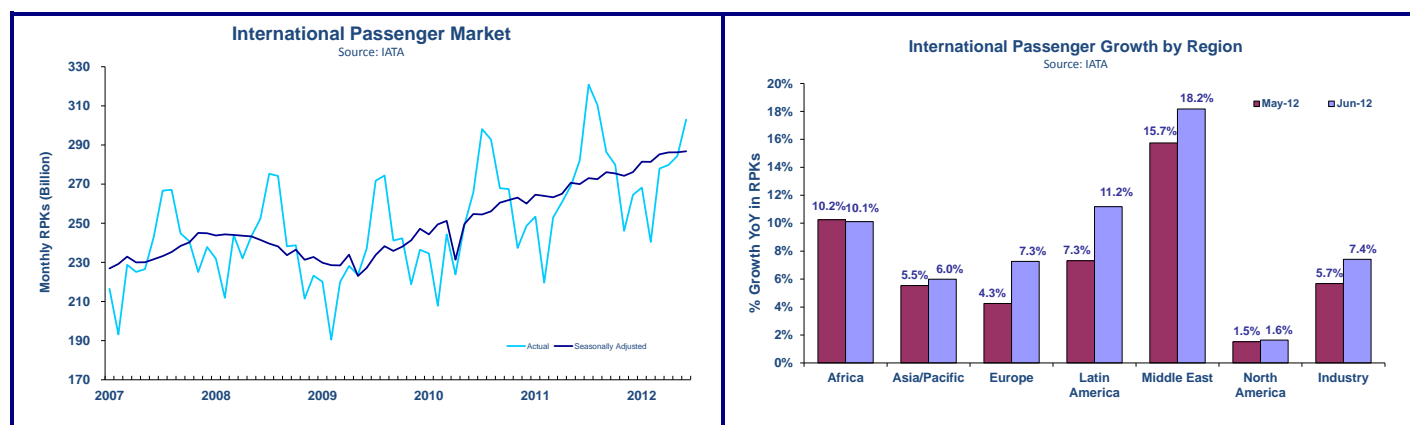
Month on Month Comparison	RPK	ASK	PLF pt	FTK	AFTK	FLF pt
International	0.2%	0.4%	-0.3%	0.6%	0.4%	0.2%
Domestic	0.6%	0.4%	0.1%	0.7%	0.3%	0.1%
<b>Total Market</b>	<b>0.3%</b>	<b>0.4%</b>	<b>-0.1%</b>	<b>0.6%</b>	<b>0.4%</b>	<b>0.1%</b>

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 air travel data for seasonal factors, passenger markets recorded an increase of 0.3% in June compared to May. Capacity expanded by 0.4% over the month, so passenger load factors fell in June compared to the previous month, by 0.1% points.
- Freight markets grew in June, expanding 0.6% compared to May. Although capacity also increased over the month, it was less than the improvement in demand, pushing freight load factors up slightly, by 0.1% points in June compared May.

## PASSENGER MARKET

### International Markets



- The trend in international passenger travel made little progress in June, increasing only 0.2% on the previous month. Compared to a year ago, however, the market grew by a strong 7.4% in June, up on May, with all regions except Africa strengthening.
- European airlines experienced strong growth in June, increasing by 7.3% compared to the same month last year, well above the May result. Furthermore, the seasonally adjusted trend also shows a rebound in growth, with the market increasing by 1.7% in June compared to May. The growth trend started to flatten in recent months, which is consistent with the persisting economic weakness throughout much of the continent, so the improved performance in June could be a result of volatility, rather than a legitimate reacceleration in international traffic in Europe.
- International passenger travel on Latin American airlines increased significantly in June compared to a year ago, by 11.2%. However, the trend in international travel had slowed in 2012, increasing at a 2% annualized rate from early 2012 through to May. In June, the growth was solid compared to May, 1.3%, but once again this month's performance may not be reflecting more than volatility, with Latin America's economies expanding at a lower rate in light of the persisting European crisis.
- Asia/Pacific airlines experienced an increase in international travel in June compared to a year ago, by 6%. This result was only slightly up on May, and in fact the month-on-month trend indicates a small decline in the market, by 0.1%. This is now the second month of negative trend, putting on hold the upward momentum in growth which had commenced at the end of 2011.

#### MarketS

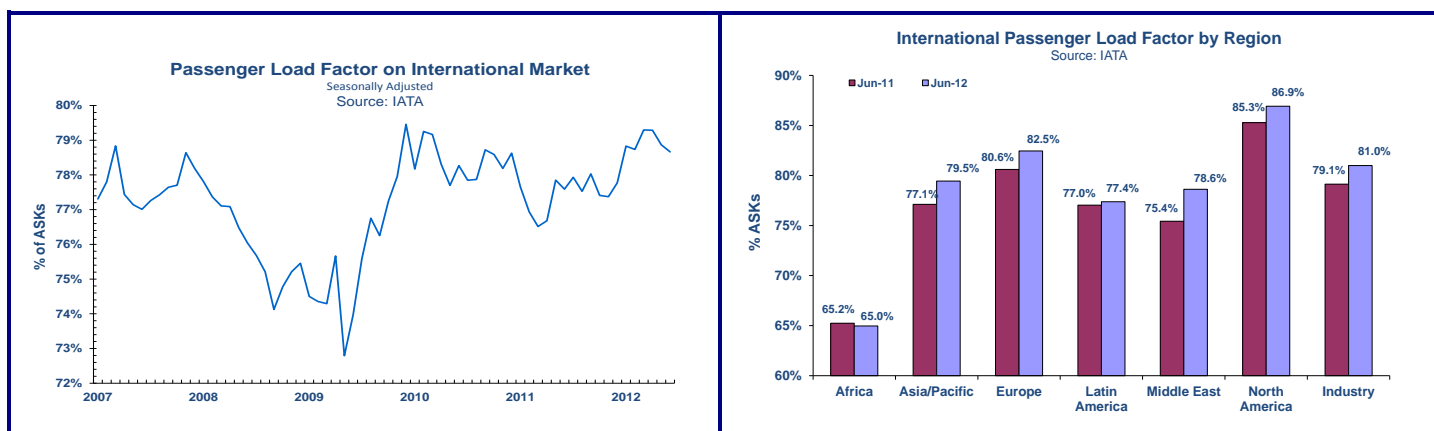
Airline Data on Demand:

Access the airline industry's market data essential to strategic analysis.

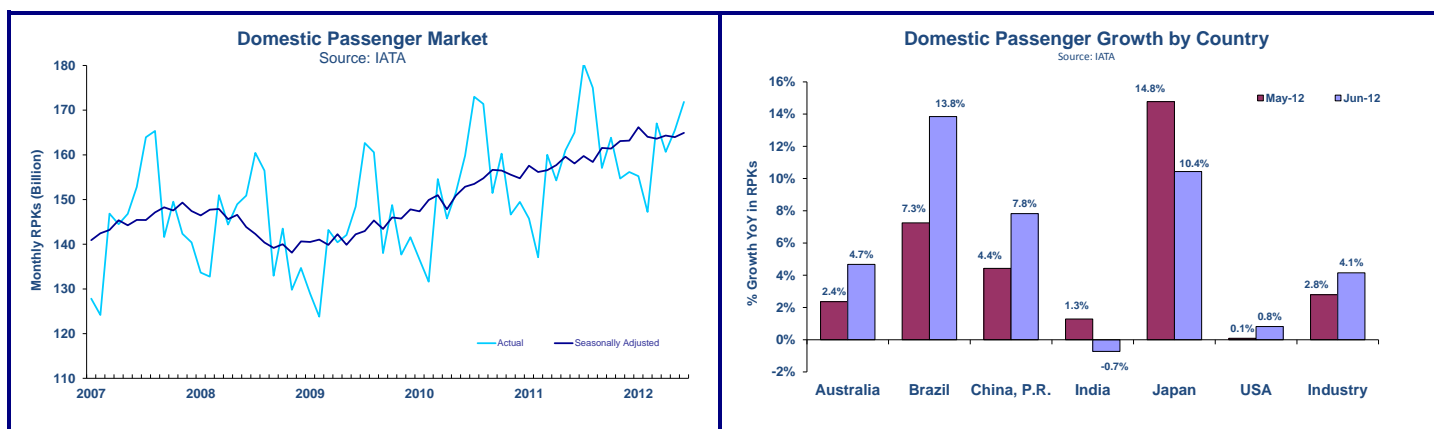
Get a sample report!

[Click here](#)

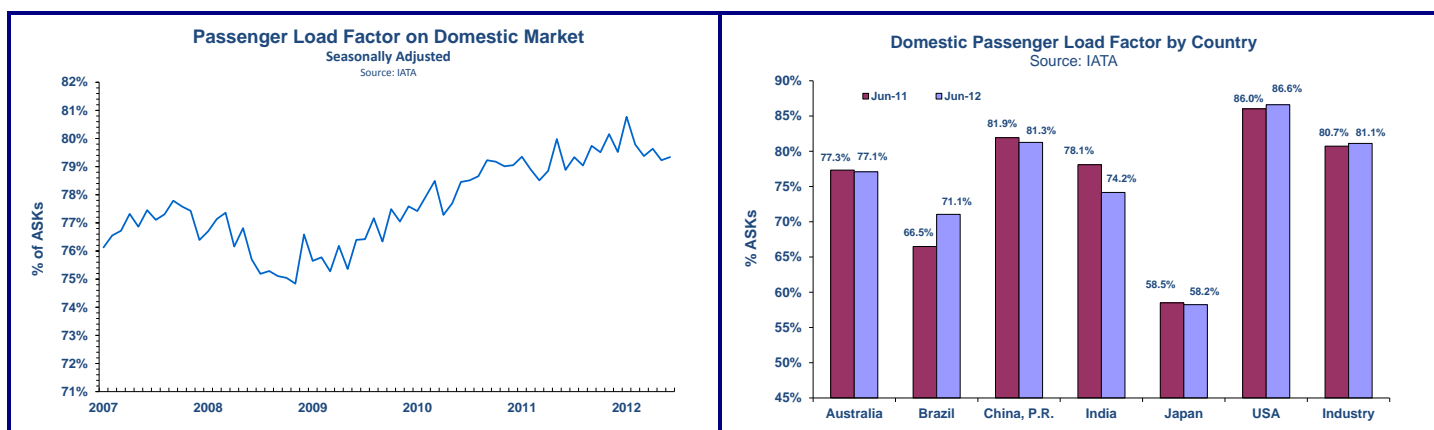
- International load factors fell for the second consecutive month in June, declining 0.3% points compared to May. This slip follows a period of strong increase, which had pushed seasonally adjusted load factors to pre-recession highs in April. In June, despite an increase in international travel compared to May, the expansion in capacity was greater, pushing load factors to fall further away from recent highs.



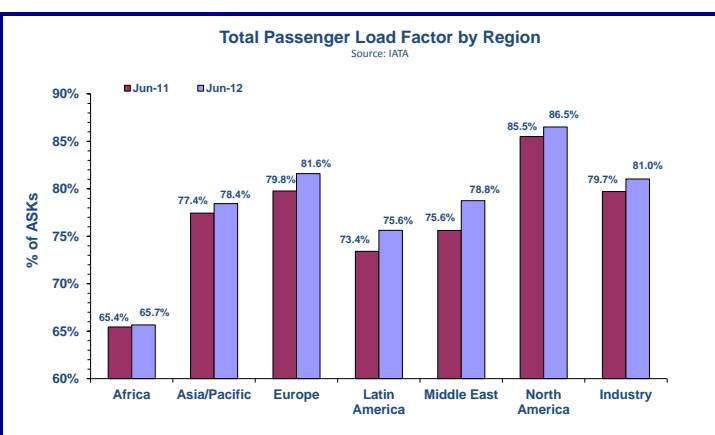
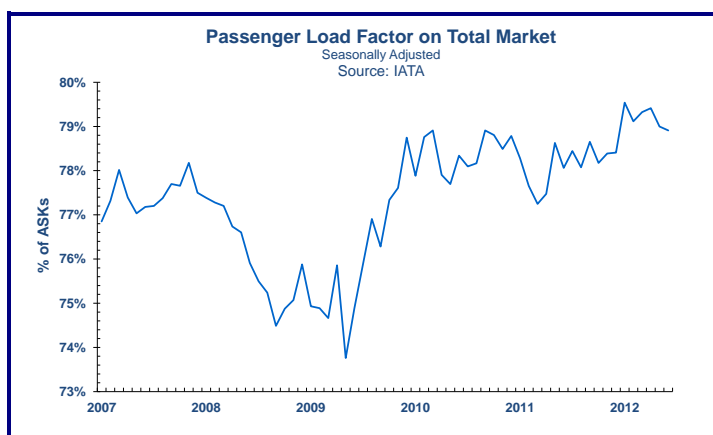
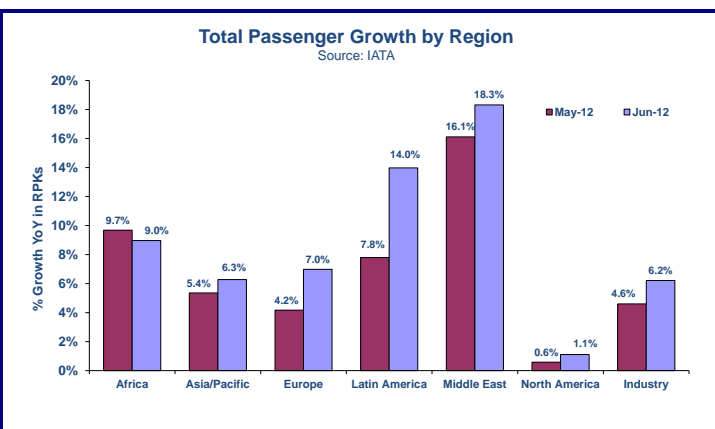
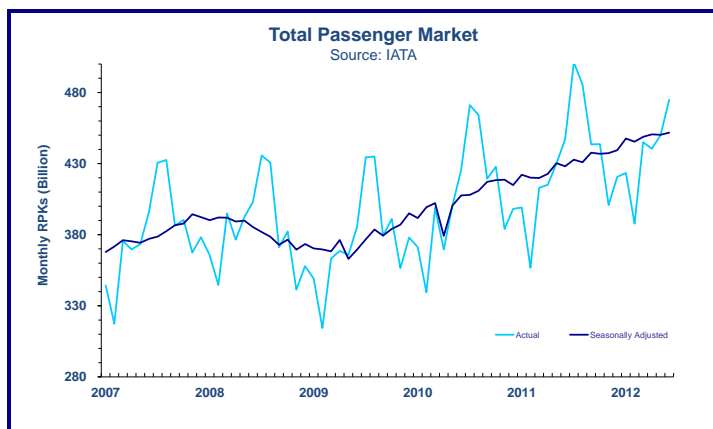
### Domestic Market



- On domestic passenger markets, India's domestic travel fell sharply in June compared to May, contracting by 0.7% year-on-year. This is the second month of weak year-on-year growth, and the trend in growth continues to be flat since the start of 2012.
- Japan's domestic market continues to show no growth. There were signs of post-earthquake recovery toward the end of 2011, but that expansion lost steam in 2012 and the market remains more than 8% smaller than prior to the disaster. The 10.4% year-on-year growth result for June is entirely due to growth in the second half of 2011.
- The downward trend in domestic load factors persists, despite some pickup in June compared to May, where an improvement in demand helped load factors gain slightly, by 0.1%. Weakness in domestic travel demand since the start of 2012 has been placing downward pressure on load factors for several months.

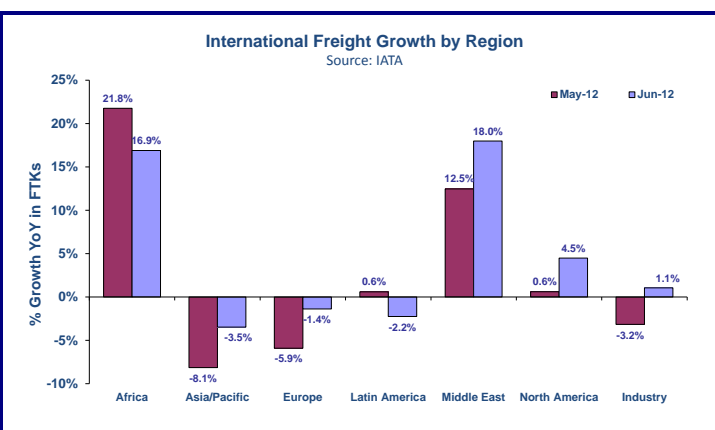
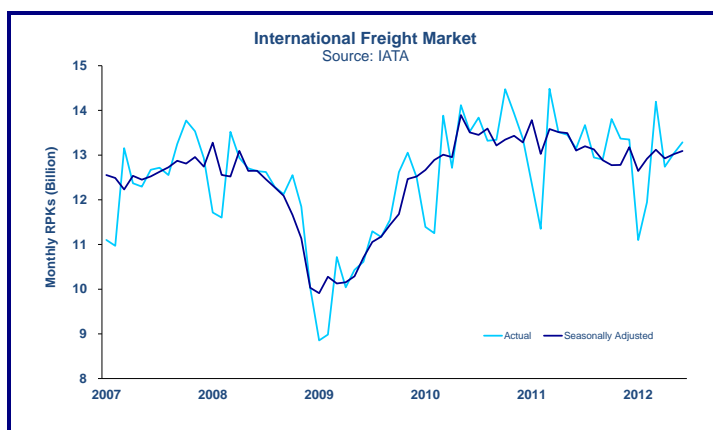


**Total Market (Domestic + International)**

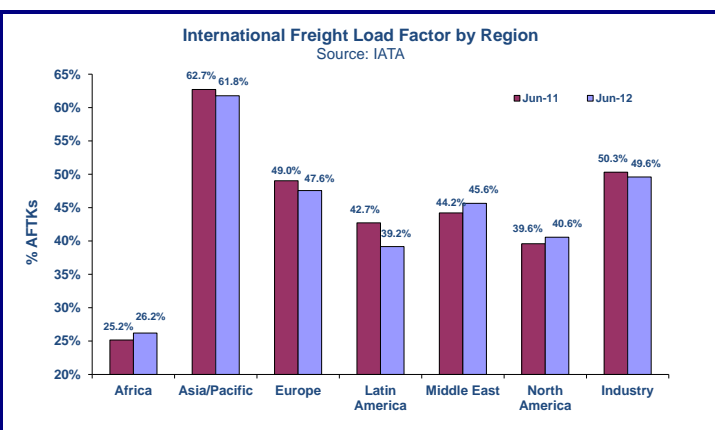
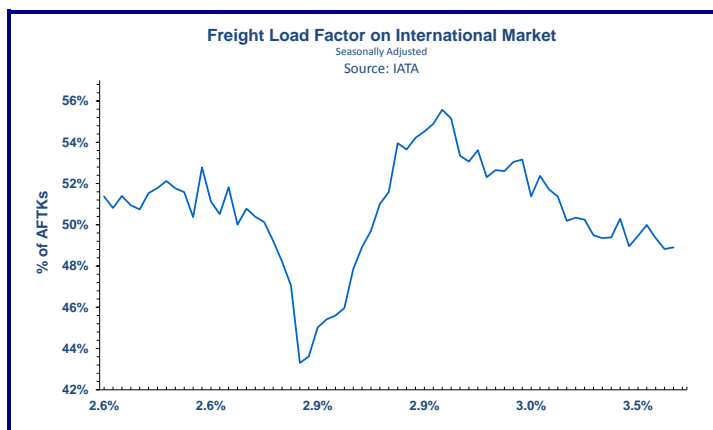


**FREIGHT MARKET**

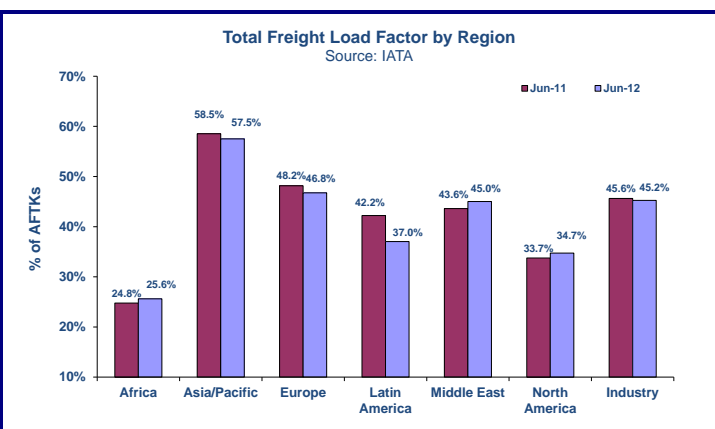
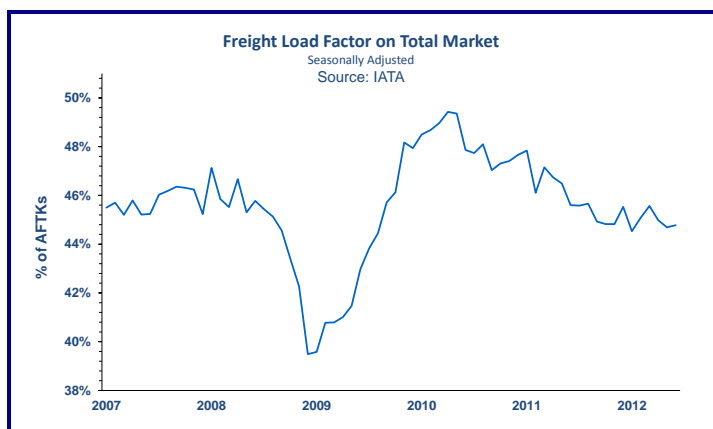
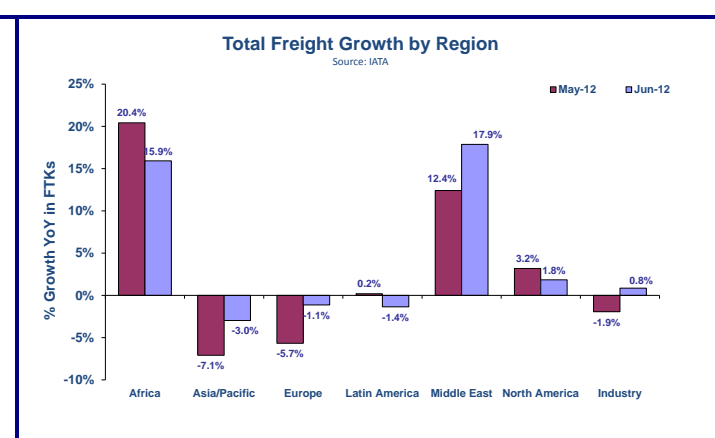
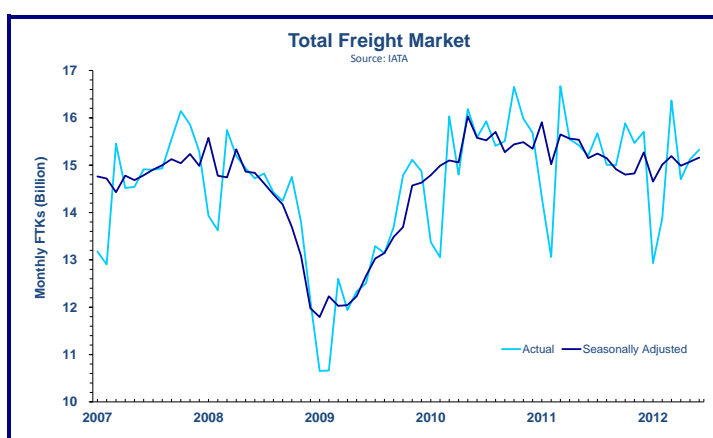
**International Market**



➤ The trend for international air freight was positive in June, improving further on the lows of Q4 2011. The positive trend has been consistent with improvements in business and consumer confidence seen earlier in the year. In the most recent months, however, business confidence has started to soften as has growth in world trade, and a continuation in this trend could threaten the recovery in demand for air freight in coming months. The international air freight market was 1.1% larger in June than the same month last year, and the month-on-month trend was also positive, increasing 0.6% in June compared to May.



**Total Market**



- The trend in total air freight continues to show improvement, with an increase of 0.6% in global FTKs in June compared to May. This brings seasonally adjusted June FTK levels more than 3% above the low point in Q4 2011. Moreover, air freight also expanded slightly compared to a year ago, with a 0.8% increase in June.
- This increase is no longer being primarily driven by only Middle Eastern airlines. Strong performance of air freight in North American over recent months means airlines in that region and in the Middle East each contribute about 45% each to the increase in global FTKs since end 2011. Air freight carried by Asia/Pacific airlines, the largest share of the air cargo market, is now responsible for only about 2% of the improvement to date.
- Air freight load factors improved slightly in June month-on-month, on the back of the improvement in demand, maintaining levels above the 2011 year-end lows. Middle Eastern and North American airlines have benefited the improvements in air freight demand, both regions increasing load factors on a year ago.

## ANNEX

Year on Year Comparison	Jun 2012 vs. Jun 2011						YTD 2012 vs. YTD 2011					
	RPK	ASK	PLF	FTK	AFTK	FLF	RPK	ASK	PLF	FTK	AFTK	FLF
Africa	10.1%	10.6%	65.0%	16.9%	12.2%	26.2%	10.5%	9.7%	64.9%	11.2%	11.3%	26.1%
Asia/Pacific	6.0%	2.9%	79.5%	-3.5%	-2.0%	61.8%	7.0%	4.5%	77.3%	-7.1%	-1.7%	59.3%
Europe	7.3%	4.9%	82.5%	-1.4%	1.7%	47.6%	6.5%	3.8%	78.6%	-4.3%	1.2%	48.1%
Latin America	11.2%	10.7%	77.4%	-2.2%	6.6%	39.2%	10.0%	8.2%	78.3%	-0.4%	3.9%	39.5%
Middle East	18.2%	13.4%	78.6%	18.0%	14.3%	45.6%	18.1%	12.9%	77.5%	14.8%	14.0%	45.2%
North America	1.6%	-0.3%	86.9%	4.5%	2.0%	40.6%	2.3%	0.5%	80.2%	-1.2%	1.0%	41.0%
<b>International</b>	<b>7.4%</b>	<b>5.0%</b>	<b>81.0%</b>	<b>1.1%</b>	<b>2.5%</b>	<b>49.6%</b>	<b>7.5%</b>	<b>4.9%</b>	<b>77.8%</b>	<b>-2.6%</b>	<b>2.1%</b>	<b>49.1%</b>
Australia	4.7%	5.0%	77.1%				3.3%	3.3%	77.0%			
Brazil	13.8%	6.5%	71.1%				9.5%	11.2%	68.7%			
China P.R.	7.8%	8.7%	81.3%				9.3%	10.8%	80.5%			
India	-0.7%	4.5%	74.2%				5.1%	6.9%	75.1%			
Japan	10.4%	10.9%	58.2%				7.1%	1.9%	59.4%			
US	0.8%	0.1%	86.6%				1.3%	0.3%	82.8%			
<b>Domestic</b>	<b>4.1%</b>	<b>3.6%</b>	<b>81.1%</b>	<b>-0.5%</b>	<b>-1.2%</b>	<b>28.8%</b>	<b>4.8%</b>	<b>4.2%</b>	<b>78.7%</b>	<b>1.1%</b>	<b>-0.9%</b>	<b>28.6%</b>
Africa	9.0%	8.6%	65.7%	15.9%	12.1%	25.6%	9.1%	8.2%	65.7%	10.4%	11.3%	25.5%
Asia/Pacific	6.3%	4.9%	78.4%	-3.0%	-1.3%	57.5%	7.4%	6.1%	77.0%	-6.5%	-1.2%	55.1%
Europe	7.0%	4.6%	81.6%	-1.1%	1.8%	46.8%	6.4%	3.6%	77.8%	-4.0%	1.3%	47.2%
Latin America	14.0%	10.6%	75.6%	-1.4%	12.5%	37.0%	10.5%	9.9%	75.2%	-0.5%	6.1%	37.3%
Middle East	18.3%	13.6%	78.8%	17.9%	14.2%	45.0%	18.4%	13.2%	77.7%	14.7%	13.8%	44.5%
North America	1.1%	-0.1%	86.5%	1.8%	-1.0%	34.7%	1.7%	0.4%	81.9%	-0.4%	-0.8%	34.9%
<b>Total Market</b>	<b>6.2%</b>	<b>4.5%</b>	<b>81.0%</b>	<b>0.8%</b>	<b>1.7%</b>	<b>45.2%</b>	<b>6.5%</b>	<b>4.7%</b>	<b>78.1%</b>	<b>-2.1%</b>	<b>1.4%</b>	<b>44.7%</b>

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	Jun 2012 vs. May 2012						Market Share	
	RPK	ASK	PLF	FTK	AFTK	FLF	RPK	FTK
Africa	-0.7%	0.0%	-0.5%	-0.1%	0.1%	-0.1%	3.0%	1.4%
Asia/Pacific	-0.1%	0.2%	-0.2%	1.1%	0.3%	0.5%	25.0%	40.8%
Europe	1.7%	0.6%	0.8%	-0.7%	-0.4%	-0.1%	41.3%	24.6%
Latin America	1.3%	0.0%	1.0%	-3.4%	0.3%	-1.5%	4.0%	2.9%
Middle East	1.9%	1.5%	0.2%	0.7%	1.0%	-0.1%	11.5%	13.0%
North America	-0.1%	-1.1%	0.8%	2.5%	1.4%	0.4%	15.1%	17.3%
<b>International</b>	<b>0.2%</b>	<b>0.4%</b>	<b>-0.3%</b>	<b>0.6%</b>	<b>0.4%</b>	<b>0.2%</b>	<b>100.0%</b>	<b>100.0%</b>
Australia	0.4%	0.2%	0.1%				2.9%	
Brazil	2.9%	0.3%	2.5%				3.4%	
China P.R.	1.7%	1.1%	0.5%				17.9%	
India	1.4%	1.3%	0.0%				3.0%	
Japan	-0.1%	0.4%	-0.3%				2.6%	
US	-0.4%	0.4%	-0.7%				48.7%	
<b>Domestic</b>	<b>0.6%</b>	<b>0.4%</b>	<b>0.1%</b>	<b>0.7%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>100.0%</b>	
Africa*	-1.7%	-3.4%	1.3%	-9.1%	-0.3%	-1.0%	2.1%	1.2%
Asia/Pacific	1.5%	0.7%	0.6%	-1.0%	-1.1%	0.0%	27.3%	38.7%
Europe	0.6%	0.4%	0.2%	3.4%	1.5%	0.5%	29.6%	21.8%
Latin America	4.1%	2.1%	1.4%	7.8%	33.2%	-5.4%	5.0%	2.7%
Middle East	1.1%	0.3%	0.6%	-1.2%	-2.9%	0.2%	7.8%	11.3%
North America	0.2%	0.3%	-0.1%	0.4%	0.5%	0.0%	28.2%	24.2%
<b>Total Market</b>	<b>0.3%</b>	<b>0.4%</b>	<b>-0.1%</b>	<b>0.6%</b>	<b>0.4%</b>	<b>0.1%</b>	<b>100.0%</b>	<b>100.0%</b>

*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**  
E-Mail: [economic@iata.org](mailto:economic@iata.org)  
2<sup>ND</sup> August 2012

#### FURTHER ANALYSIS AND DATA

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

[www.iata.org/ps/publications/Pages/carrier-tracker](http://www.iata.org/ps/publications/Pages/carrier-tracker)

#### 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)