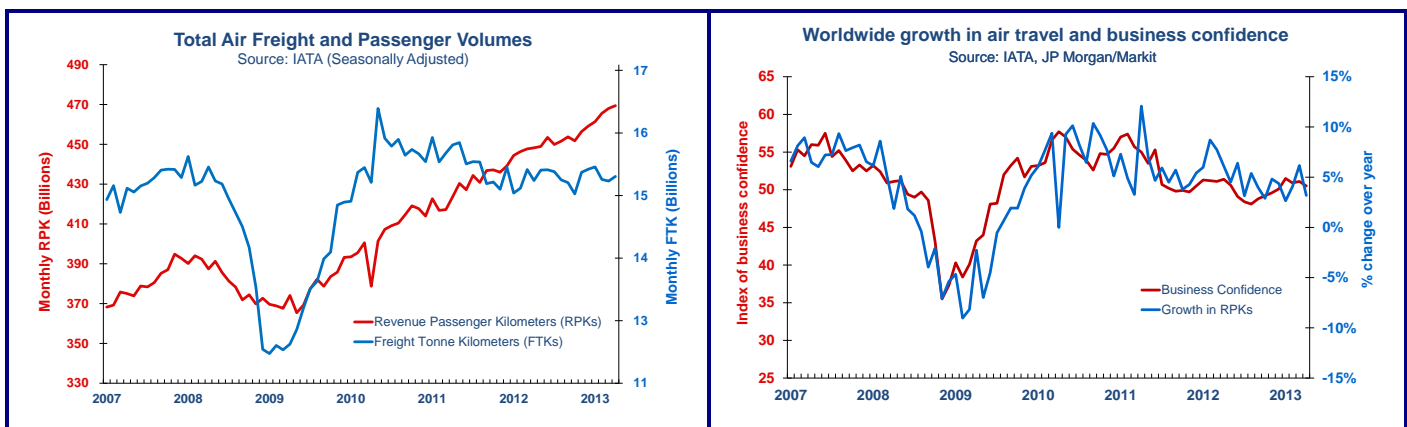


AIR PASSENGER MARKET ANALYSIS

APRIL 2013

KEY POINTS

- Global revenue passenger kilometers were up 3.2% in April compared to a year ago. Although this is a decline on March growth of 6.2%, there is a downward bias on the year-on-year comparisons in April due to the timing of Easter, which took place a month earlier (in March) in 2013 than in 2012.
- Seasonally adjusted passenger volumes, presented in the first chart below, show acceleration in the growth trend over the past 6 months which is consistent with a better business environment compared to the mid months of 2012. This series also shows that after adjusting for seasonal variability including Easter holidays, global RPKs are actually up almost 5% in April compared to a year ago – in line with the long-term historical trend.
- On international markets, airlines in all regions experienced an improvement in April compared to a year ago, with Middle Eastern airlines continuing to post the strongest growth rates (10.9%). Airlines in Africa and Latin America also recorded solid growth in international traffic, up 4.7% and 4.6% respectively, supported by expansion in trade volumes and growth in regional economies. Asia-Pacific airlines, which have driven the acceleration in passenger traffic over recent months, recorded weaker growth in April both compared to a year ago (up 2.4% after a 5.7% rise in March) and in the monthly trend (contracting 0.3%). This softness is consistent with falls in business confidence in major Asian economies as well as recent stagnation in Asian trade volumes.
- Domestic air travel performance shows divergence across markets. Air travel growth in China remains strong despite some weakening in April compared to March, likely reflecting sluggishness in both the manufacturing and services sectors. By contrast, domestic air travel in Japan contracted again this month (down 1.1% in April compared to a year ago), in spite of key indicators pointing to improvement in Japan's economy.
- Seasonally adjusted load factors remain high and near record levels at 80%, globally. Most airlines experienced an improvement in load factors in April compared to March, with African and European airlines leading the way. Capacity management by African airlines has helped load factors improve steadily since early 2012, but levels still remain well below the industry average.
- Business confidence levels are still above those of mid-2012, but the upswing that supported the acceleration in passenger travel at the end of 2012 has flattened over recent months, largely due to deterioration in the Eurozone economy. Nonetheless, expectations for global economic growth in 2013 remain above those in the previous two years, and export orders still signal modest increases in world trade growth ahead – both of which should support further growth in air travel demand.



Year on Year Comparison

	Apr 2013 vs. Apr 2012			YTD 2013 vs. YTD 2012		
	RPK	ASK	PLF	RPK	ASK	PLF
International	3.0%	4.3%	77.8%	4.3%	3.0%	78.0%
Domestic	3.5%	4.7%	78.6%	3.7%	2.7%	78.8%
Total Market	3.2%	4.4%	78.1%	4.1%	2.9%	78.3%

Month on Month Comparison

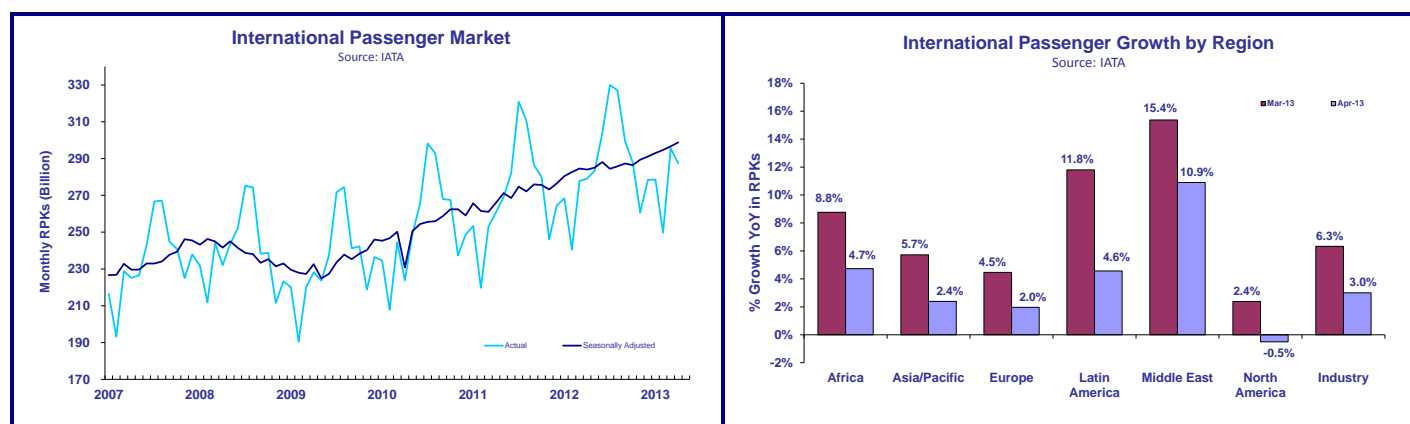
Apr 2013 vs. Mar 2013		
RPK	ASK	PLFpt
1.4%	0.7%	0.7%
-0.2%	0.4%	-0.5%
0.3%	0.5%	-0.2%

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.

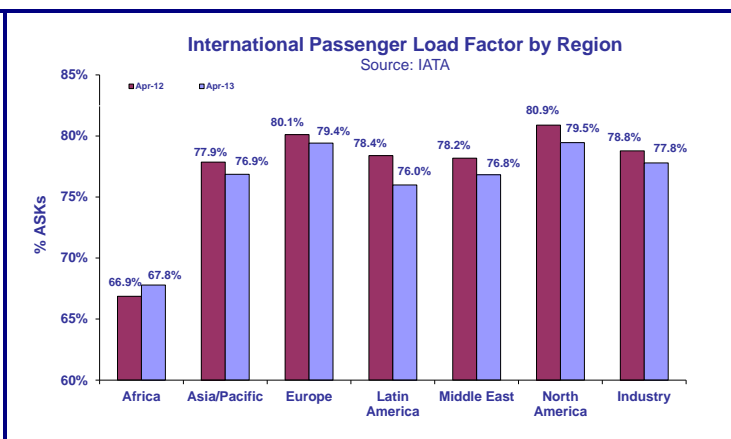
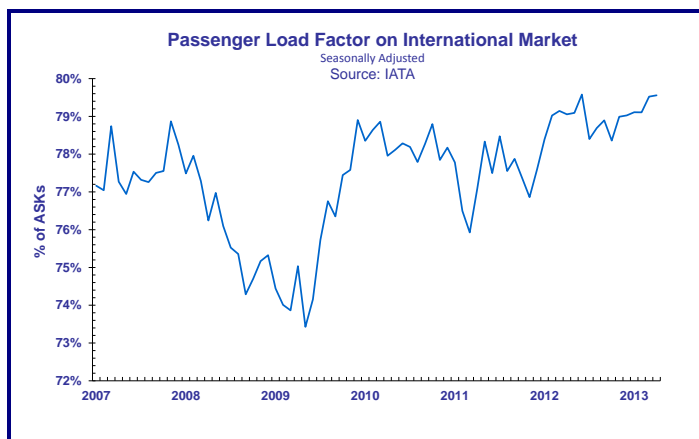
Data are seasonally adjusted. All figures are expressed in % change MoM except, FLFpt which are the percentage point difference between LF of two months.

PASSENGER MARKET

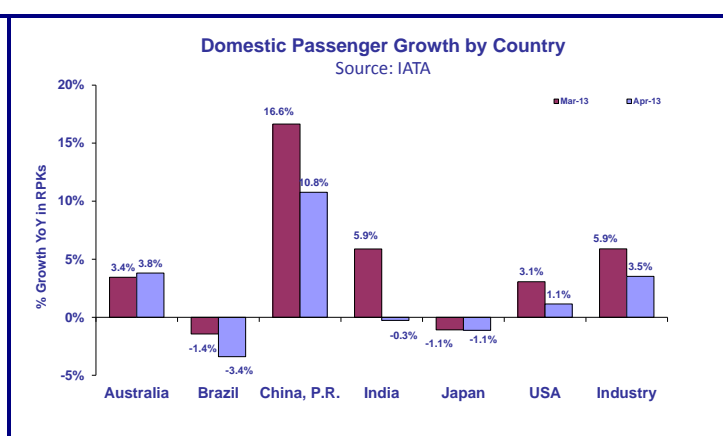
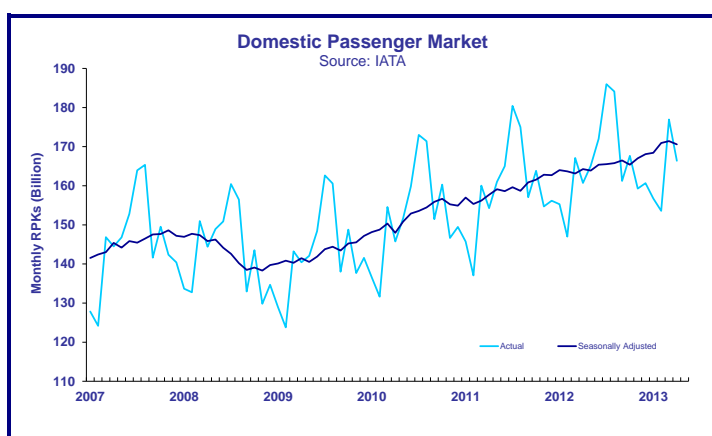
International Markets



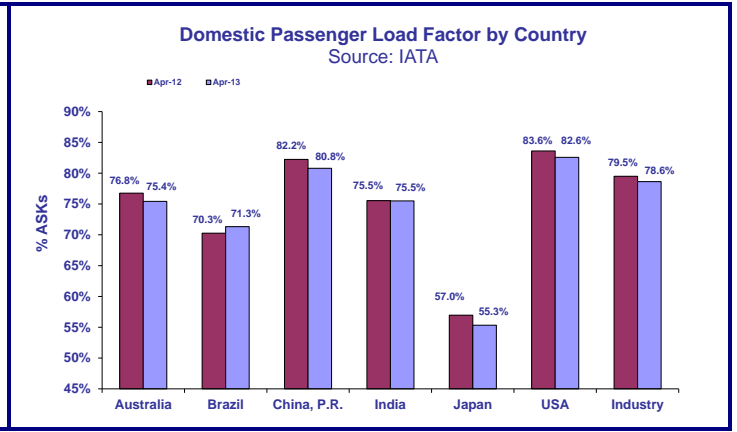
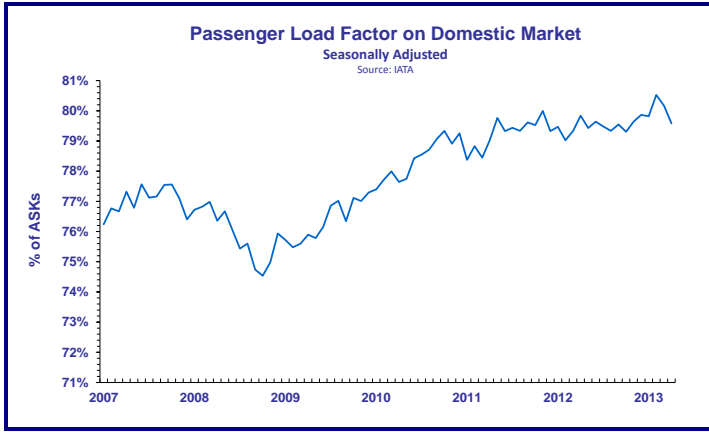
- The growth trend in international passenger travel continues to rise, with expansion of 0.3% in April compared to March. Compared to a year ago, international air travel was up 3.0%, which is down on the March result of 6.3%. Some of this decline is a result of the timing of the Easter holiday, which occurred a month earlier in 2013 (in March) compared to 2012, suppressing the April year-on-year comparison (while inflating the March result). Some of the regional year-on-year growth rates would also be impacted by the timing of the Easter holiday.
- Asia-Pacific airlines, which have driven the strong acceleration in passenger traffic over recent months, recorded weaker growth in April. Compared to a year ago, international passenger traffic carried by Asia-Pacific airlines was up 2.4% in April, a decline on the March result of 5.7%. Over the month, there was also a weakening in the trend. In April compared to March, international RPKs for Asia-Pacific airlines contracted 0.3%. This is the first decline since September 2012, and likely reflects the softening in regional economic indicators. China's business confidence slipped in April to levels indicating stagnation in the manufacturing sector, and growth in Asian trade volumes has flattened after a pick-up toward the end of 2012. Nonetheless, China's growth remains strong at well above 7%, and there are also signs of improvement in Japan's economy. Unless there are significant reversals in the economies of major trade partners – Europe and the US – sustained economic growth in Asia should support expansion in international air travel for the region's airlines.
- The strongest performers were airlines in other emerging markets, including the Middle East, Africa and Latin America. Middle East airlines continue to post the fastest growth rates, with international travel up 10.9% in April compared to a year ago. Demand for air travel has benefitted from continued expansion in trade volumes in the Middle East and Africa since late 2011, with regional airlines embarking on network and capacity expansion to take advantage of that growth. Africa airlines have also seen solid growth in air travel as a result of a sustained increase in trade and rapid economic expansion in some local economies. African airlines' international RPKs were up 4.7% in April compared to a year ago. In Latin America, demand for air travel continues to rise strongly. The growth trend for that region's continues to pick-up pace, with expansion of 0.7% over the month.
- International travel on European airlines was up 2.0% in April year-on-year, down on March growth of 4.5% - reflecting the downward bias of the timing of the Easter holiday. Despite the weakness in Eurozone economies and the subsequent dampening effect on air travel demand, European airlines have managed to maintain and even improve load factors through tighter capacity expansion. In April, seasonally adjusted European airlines' load factors on international markets were up 0.8% points compared to March.
- North American airlines' international traffic contracted 0.5% in April compared to a year ago, the only region to experience contraction. The underlying growth trend for North American airlines' international travel had been showing improvement since late last year, but over recent months has returned to levels in line with those of Q4 2012 – showing slow and steady increase. The economic consequences of the US government spending cuts are yet to be fully seen, but the initial impact on business confidence have been negative with a significant slip in the US Manufacturing Purchasing Managers Index (PMI) in April.



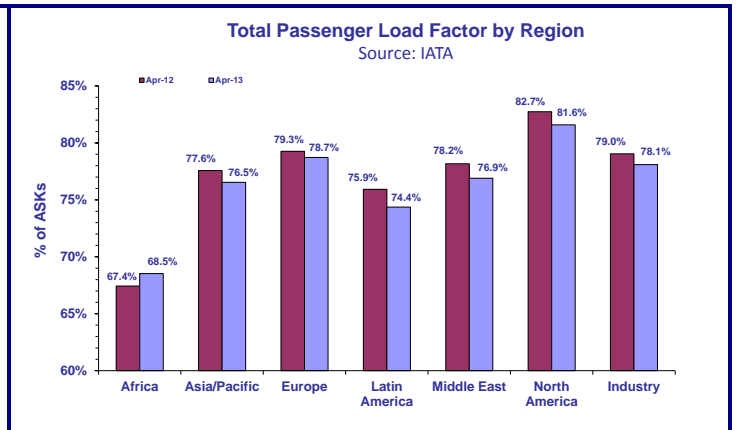
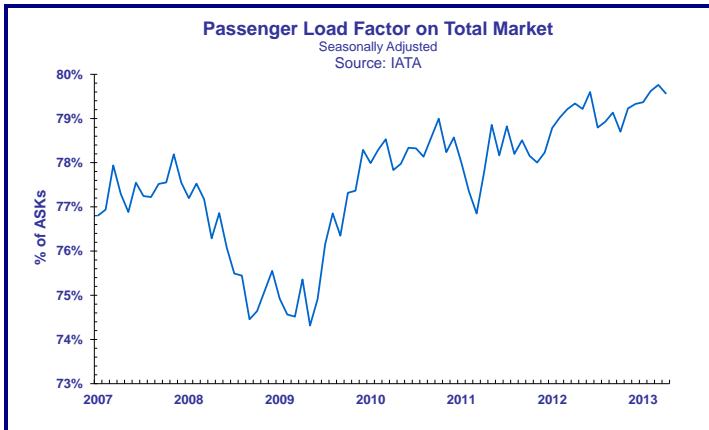
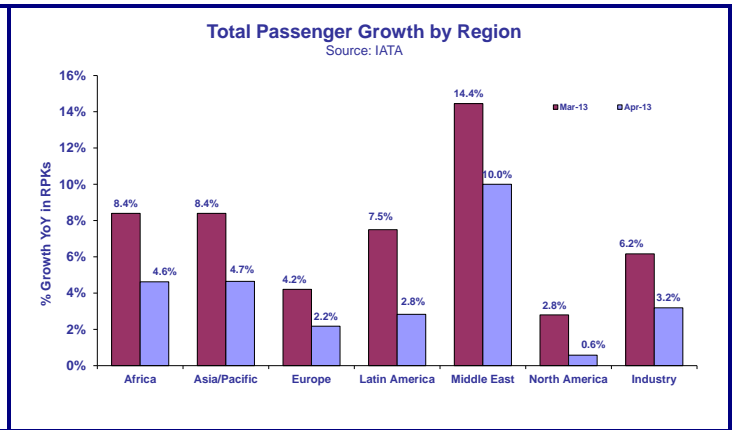
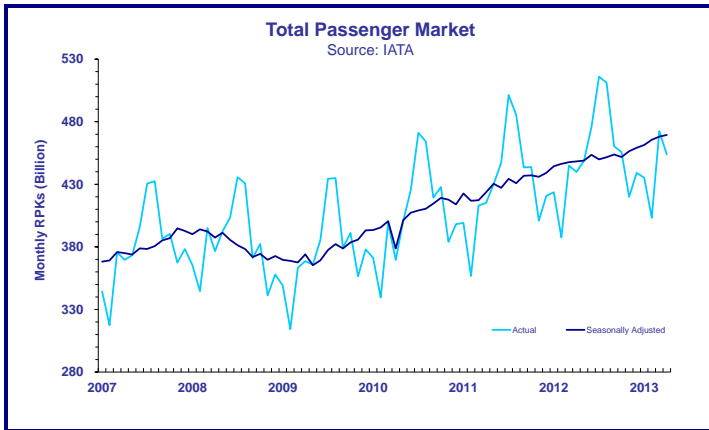
Domestic Market



- Total domestic air travel contracted 0.2% in April compared to March, driven by weakening in the Chinese market over the month. Compared to a year ago, however, domestic air travel was up 3.5%.
- While domestic air travel in China did slip in April compared to March, the rate of growth compared to a year ago remains very strong. China domestic RPKs were up 10.8% in April year-on-year. The decline compared to March (when year-on-year growth reached 16.6%) and the contraction month-on-month of 1.9% is likely reflecting the reversal in the previous upswing in China's business confidence indicators, pointing to sluggishness in both the manufacturing and services sectors.
- The US domestic market was up 1.1% in April compared to a year ago, down on the March growth of 3.1%. Much like other year-on-year results, the timing of Easter could have negatively impacted this result. However, when taking into account the monthly trend, which showed a 0.5% contraction, it does appear that earlier acceleration is starting to weaken. The growth trend for the US domestic markets had been showing strong acceleration since Q4 2012 in line with an improving economic outlook and consumer confidence, but the last few months have shown declines month-on-month, which reflect the recent falls in business confidence.
- Air travel in both Brazil and Japan experienced another month of contraction in April compared to a year ago, 3.4% and 1.1%, respectively. In Brazil, declines in traffic growth have followed significant capacity cuts, with airlines acting to offset downward pressure on profitability from slower than expected economic growth. Load factors continue to benefit though, with further improvement in the April load factor compared to a year ago. In fact, Brazil was the only market to improve load factors compared to a year ago. In Japan, air travel is yet to reflect improvements in economic indicators, which show business confidence and exports on the rise.
- The Indian domestic market contracted 0.3% in April compared to a year ago, after a sharp rise in traffic in March as a result of fare discounting. The April contraction is more consistent with key drivers, with the Indian economy expected to experience further weakening.
- Domestic market load factors remain strong, at almost 80%. But the slight weakening in seasonally adjusted traffic volumes over the past two months, coupled with continued expansion in capacity, has caused loads to slip slightly. In fact, when comparing April to March, all markets except Japan saw a contraction in the load factor trend.



Total Market (Domestic + International)



ANNEX

Year on Year Comparison	Apr 2013 vs. Apr 2012			YTD 2013 vs. YTD 2012		
	<i>RPK</i>	<i>ASK</i>	<i>PLF</i>	<i>RPK</i>	<i>ASK</i>	<i>PLF</i>
Africa	4.7%	3.3%	67.8%	7.4%	4.5%	67.3%
Asia/Pacific	2.4%	3.7%	76.9%	3.3%	2.4%	77.9%
Europe	2.0%	2.9%	79.4%	2.4%	0.6%	78.7%
Latin America	4.6%	7.9%	76.0%	8.9%	11.0%	77.3%
Middle East	10.9%	12.9%	76.8%	13.0%	12.9%	78.3%
North America	-0.5%	1.3%	79.5%	1.0%	-1.1%	79.6%
International	3.0%	4.3%	77.8%	4.3%	3.0%	78.0%
Australia	3.8%	5.6%	75.4%	3.6%	4.9%	75.6%
Brazil	-3.4%	-4.8%	71.3%	-3.0%	-8.5%	73.2%
China P.R.	10.8%	12.7%	80.8%	11.6%	10.8%	81.4%
India	-0.3%	-0.2%	75.5%	-0.7%	-2.9%	76.5%
Japan	-1.1%	1.8%	55.3%	-2.0%	-2.1%	59.9%
US	1.1%	2.4%	82.6%	1.8%	1.2%	81.8%
Domestic	3.5%	4.7%	78.6%	3.7%	2.7%	78.8%
Africa	4.6%	3.0%	68.5%	7.3%	4.2%	68.1%
Asia/Pacific	4.7%	6.1%	76.5%	5.3%	4.4%	77.7%
Europe	2.2%	2.9%	78.7%	2.2%	0.4%	77.9%
Latin America	2.8%	5.0%	74.4%	5.1%	4.1%	76.2%
Middle East	10.0%	11.8%	76.9%	12.1%	11.9%	78.4%
North America	0.6%	2.0%	81.6%	1.5%	0.4%	81.1%
Total Market	3.2%	4.4%	78.1%	4.1%	2.9%	78.3%

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	Apr 2013 vs. Mar 2013			Market Share
	<i>RPK</i>	<i>ASK</i>	<i>PLFpt</i>	<i>RPK</i>
Africa	2.1%	0.1%	1.3%	3.4%
Asia/Pacific	-0.3%	0.6%	-0.8%	26.5%
Europe	1.8%	0.9%	0.8%	39.1%
Latin America	0.7%	-1.2%	1.5%	4.5%
Middle East	2.0%	1.1%	0.7%	12.9%
North America	-1.5%	0.9%	-2.0%	13.7%
International	1.4%	0.7%	0.7%	100%
Australia	0.2%	0.9%	-0.7%	3.3%
Brazil	0.3%	2.0%	-1.7%	3.5%
China P.R.	-1.9%	0.6%	-2.0%	21.3%
India	-3.2%	-0.7%	-2.0%	3.0%
Japan	1.5%	1.1%	0.2%	2.4%
US	-0.5%	0.1%	-0.5%	45.9%
Domestic	-0.2%	0.4%	-0.5%	100%
Africa	1.9%	0.0%	1.3%	2.4%
Asia/Pacific	-0.5%	0.8%	-1.0%	29.6%
Europe	1.6%	0.6%	0.9%	27.7%
Latin America	0.3%	0.3%	0.0%	5.5%
Middle East	1.8%	0.9%	0.7%	8.5%
North America	-0.8%	0.3%	-0.9%	26.3%
Total Market	0.3%	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
E-Mail: economics@iata.org
30TH May 2013

FURTHER ANALYSIS AND DATA

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

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