

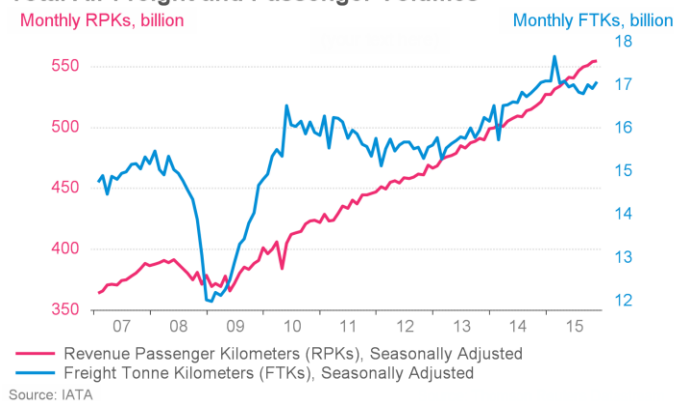
# AIR PASSENGER MARKET ANALYSIS

## NOVEMBER 2015

### KEY POINTS

- ✈ Global air travel was 5.9% higher in November compared to a year ago. This is a weaker result than the October figure of 7.1%, but is still a very healthy rate of growth. In fact, the November result is above the 10-year average growth rate of 5.6%. The slowdown compared to October is due to factors likely to have a temporary affect.
- ✈ The growth trend remains robust, despite some softening in global economic growth. The reason is that air travel has been boosted by a significant fall in the real cost for passengers. For the first 10 months of 2015, there was a 5% fall in average fares in currency adjusted terms. According to our Air Travel Demand<sup>1</sup> study, assuming an average elasticity of demand of 0.6, we estimate that the fall in fares has supported a rise in air travel of about 3.0% points, offsetting some of the weakness in confidence.
- ✈ International air travel growth was strong in several regions, with the exception of Europe where strikes at Lufthansa and the shutdown of Transaero in Russia negatively impacted international traffic growth for the region and the industry as a whole.
- ✈ Latin America, Middle East and Asia Pacific were all up strongly: 10.7%, 9.8% and 7.9%, respectively. Despite weakness in trade activity in Emerging Asia, as well as slower than expected growth in China, there has been no adverse impact to date on international RPKs for Asia Pacific carriers. Latin American carriers have seen strong growth in air travel, but yields have been falling significantly with weakness in key economies Brazil and Argentina, and that has placed significant downward pressure on financial performance.
- ✈ Domestic markets showed considerable variation in performance again in November. India continued to record very strong growth, up 25.1%, largely reflecting notable increases in service frequencies as well as ongoing economic strength. By contrast, air travel in Brazil fell 7.9%, with the recession worsening at the end of 2015.
- ✈ Industry load factors increased again in November, reaching a new record high. Recent improvements in industry load factors have been largely driven by domestic markets, particularly in India, where there has been a significant improvement in matching capacity to demand.
- ✈ Despite the recent moderation in economic activity in a number of emerging markets, particularly China, improved conditions in developed economies, combined with the fall in oil prices since mid-2014, is expected to support growth in demand for passenger travel into the New Year.

**Total Air Freight and Passenger Volumes**



**Worldwide growth in air travel and business confidence**



<sup>1</sup> [https://www.iata.org/whatwedo/documents/economics/air\\_travel\\_demand.pdf](https://www.iata.org/whatwedo/documents/economics/air_travel_demand.pdf)

## 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

	Nov 2015 vs. Nov 2014			YTD 2015 vs. YTD 2014			Nov 2015 vs. Oct 2015		
	RPK	ASK	PLF	RPK	ASK	PLF	RPK	ASK	PLFpt
International	5.6%	4.1%	76.2%	6.8%	6.1%	79.8%	0.1%	-0.4%	0.4%
Domestic	6.4%	4.4%	81.1%	6.4%	5.3%	81.6%	0.2%	-0.3%	0.4%
Total Market	5.9%	4.2%	78.0%	6.7%	5.8%	80.5%	0.1%	-0.3%	0.4%

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.

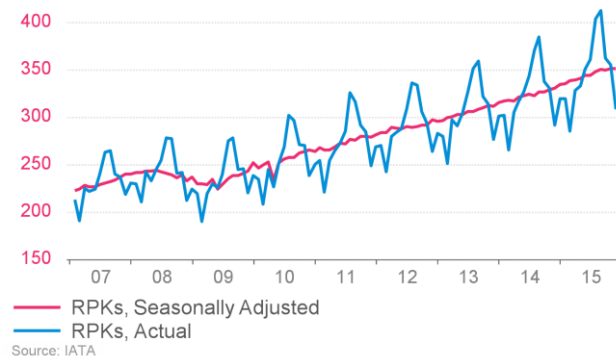
Data are seasonally adjusted. All figures are expressed in % change MoM except, FLFpt which are the percentage point difference between LF of two months.

## PASSENGER MARKET

### International Markets

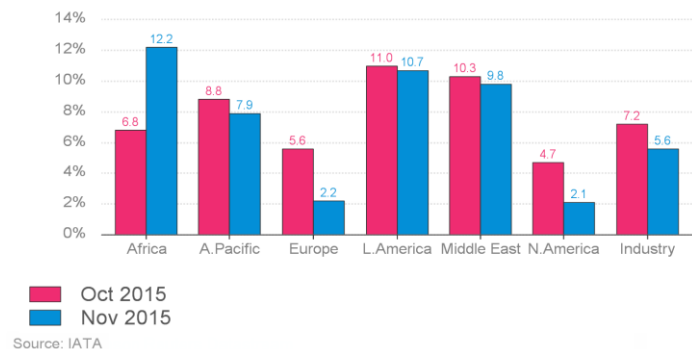
#### International Passenger Market

Monthly RPKs, billion



#### International Passenger Growth by Region

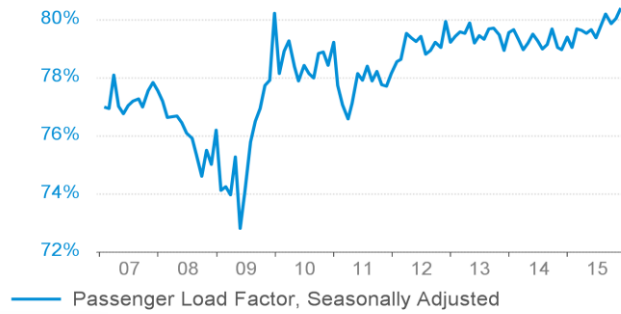
% change over year



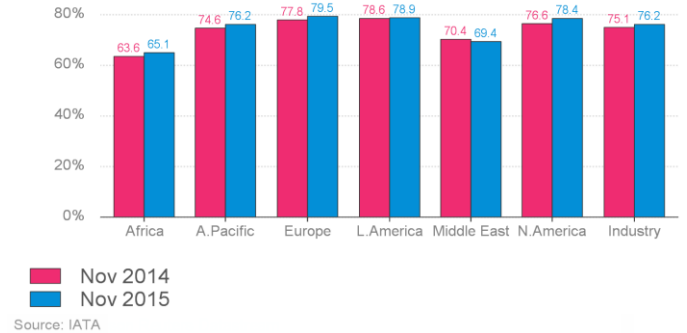
- ➔ International travel on Asia Pacific carriers rose by a healthy 7.9% in November year-on-year. Although there has been some rebound over recent months, we have seen notable declines in trade activity to/from Emerging Asia in 2015, and growth in the Chinese economy has been slower than expected. However, neither factor appears to be significantly impacting international RPKs on the region's carriers.
- ➔ The growth result for Europe showed a negative bias as a result of the Lufthansa strikes as well as the cessation of operations of Russian carrier Transaero. The November rise on a year ago was only 2.2%.
- ➔ North American carriers recorded a similar result, up 2.1% in November year-on-year. This growth rate is weaker than the trend year-to-date (3.4%), but with capacity down on a year ago (-0.2%), there was support for strong load factors.
- ➔ International air travel on Middle Eastern carriers rose 9.8% in November year-on-year. After declines in the first half of 2015, Q4 data from purchasing managers (Markit) pointed to further gains in business conditions across the non-oil producing private sectors of the UAE and Saudi Arabia, and this should help sustain solid expansion in air passenger demand for local carriers.
- ➔ Growth for Latin American carriers was a strong 10.7% in November year-on-year. Latin American carriers have seen robust growth in air travel for the year-to-date, but yields have been falling significantly with weakness in key economies Brazil and Argentina, and that has placed significant downward pressure on financial performance.
- ➔ International RPK growth for African carriers was up 12.2% in November year-on-year. This is the fifth consecutive month of increase on the year-ago period, but the trend for the year-to-date so far remains weak, with growth of just 1.3%. The weakness in 2015 reflects adverse economic developments in various parts of the continent, not least in its largest economy, Nigeria, which is highly reliant on oil revenues. Over the past few months, exports from Africa have

held up better than they did earlier in 2015, and this could be helping boost international air travel on the region's carriers.

**Passenger Load Factor on International Market**  
% of ASKs

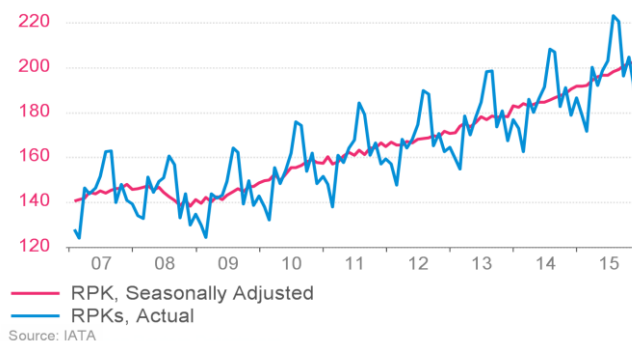


**International Passenger Load Factor by Region**  
% of ASKs

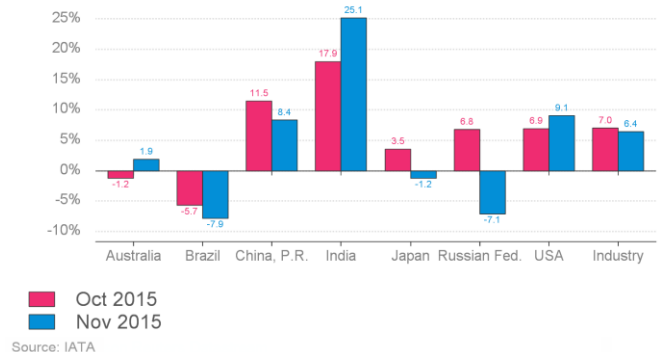


## Domestic Market

**Domestic Passenger Market**  
Monthly RPKs, billion

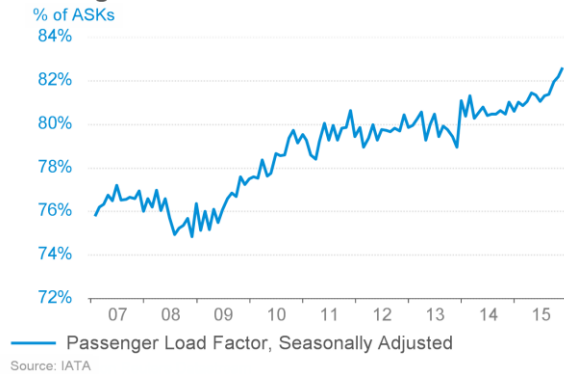


**Domestic Passenger Growth by Country**  
% change over year

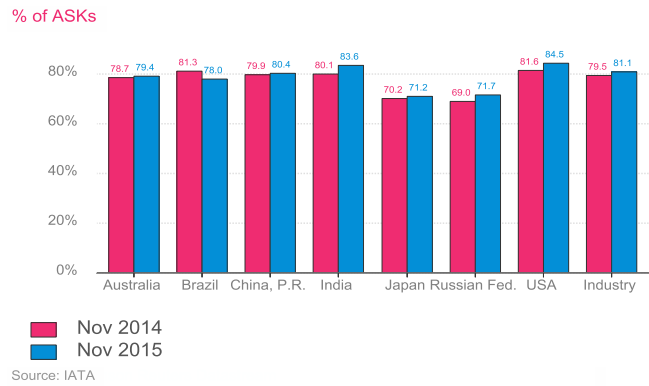


- ✈ Domestic markets showed considerable variation in performance again in November. India continues to record very healthy growth, largely reflecting notable increases in service frequencies as well as ongoing economic strength. In November, the particularly strong result of 25.1% year-on-year reflects an additional boost from the timing of the Diwali holiday, which fell in October in 2014.
- ✈ Domestic RPKs in China were up by a strong 8.4% in November year-on-year. The Chinese economy showed fragility during parts of 2015. The growth trend in domestic RPKs, however, suggests that weakness in the economy may have impacted demand earlier in the year with a flattening of volumes in March. More positively, the trend in China domestic RPKs has been stable since April 2015.
- ✈ The US domestic air travel volumes were 9.1% higher in November year-on-year, which is the third month of strong performance. Although economic performance was better in H2 compared to earlier in 2015, part of the solid expansion in domestic air travel is related to an acceleration in capacity additions.
- ✈ By contrast, air travel in Japan was down 1.2% in November compared to a year ago. Economic growth had faltered in Q2, but that reversed in Q3 and November measures of manufacturing activity improved strongly. This suggests that the economy is starting to expand again, which should ultimately help support demand for domestic air travel.
- ✈ Air travel in Russia was down significantly in November, by 7.1% compared to a year ago. This result is mostly due to the cessation of operations of Russian carrier Transaero, which had been Russia's second largest domestic carrier in terms of RPKs.

## Passenger Load Factor on Domestic Market

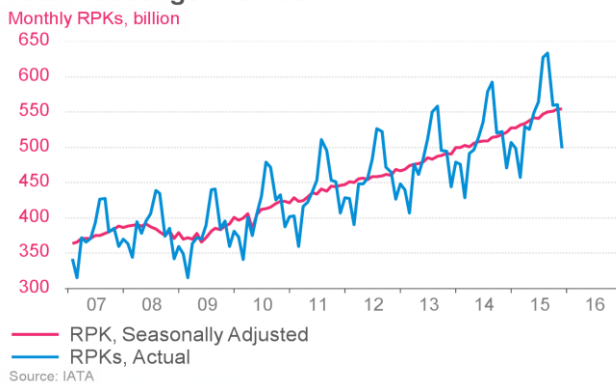


## Domestic Passenger Load Factor by Country

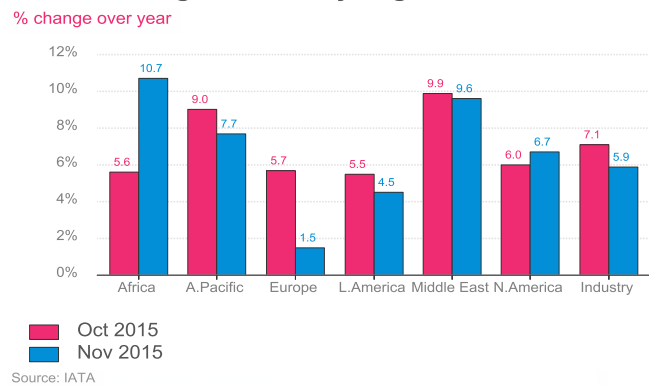


## Total Market (Domestic + International)

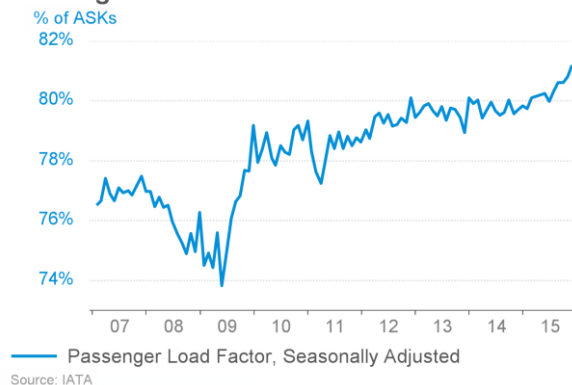
### Total Passenger Market



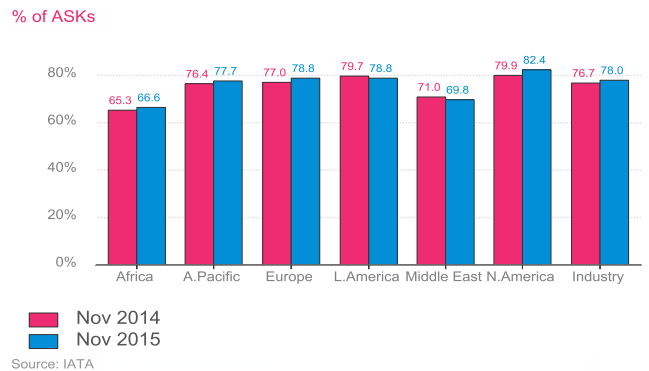
### Total Passenger Growth by Region



## Passenger Load Factor on Total Market



## Total Passenger Load Factor by Region





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## ANNEX

Year on Year Comparison	Nov 2015 vs Nov 2014			YTD 2015 vs. YTD 2014		
	RPK	ASK	PLF	RPK	ASK	PLF
Africa	12.2%	9.8%	65.1%	1.3%	0.7%	67.8%
Asia/Pacific	7.9%	5.7%	76.2%	8.2%	6.4%	78.1%
Europe	2.2%	-0.1%	79.5%	5.2%	3.8%	82.9%
Latin America	10.7%	10.1%	78.9%	9.3%	9.2%	80.1%
Middle East	9.8%	11.5%	69.4%	12.3%	14.9%	76.5%
North America	2.1%	-0.2%	78.4%	3.4%	3.2%	81.8%
<b>International</b>	<b>5.6%</b>	<b>4.1%</b>	<b>76.2%</b>	<b>6.8%</b>	<b>6.1%</b>	<b>79.8%</b>
Australia	1.9%	1.0%	79.4%	0.1%	-0.3%	76.6%
Brazil	-7.9%	-4.1%	78.0%	1.5%	1.3%	80.0%
China P.R.	8.4%	7.7%	80.4%	11.1%	9.5%	81.6%
India	25.1%	19.8%	83.6%	19.7%	9.3%	82.8%
Japan	-1.2%	-2.5%	71.2%	2.0%	0.4%	67.4%
Russian Federation	-7.1%	-10.6%	71.7%	7.0%	8.5%	74.8%
US	9.1%	5.3%	84.5%	5.0%	4.3%	85.5%
<b>Domestic</b>	<b>6.4%</b>	<b>4.4%</b>	<b>81.1%</b>	<b>6.4%</b>	<b>5.3%</b>	<b>81.6%</b>
Africa	10.7%	8.5%	66.6%	1.2%	0.7%	68.7%
Asia/Pacific	7.7%	5.9%	77.7%	8.7%	6.7%	78.7%
Europe	1.5%	-0.8%	78.8%	5.2%	3.9%	82.1%
Latin America	4.5%	5.7%	78.8%	6.9%	6.6%	79.9%
Middle East	9.6%	11.3%	69.8%	11.7%	14.2%	76.9%
North America	6.7%	3.5%	82.4%	4.3%	3.9%	84.1%
<b>Total Market</b>	<b>5.9%</b>	<b>4.2%</b>	<b>78.0%</b>	<b>6.7%</b>	<b>5.8%</b>	<b>80.5%</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	Nov 2015 vs. Oct 2015			Market Share
	RPK	ASK	PLFpt	RPK
Africa	3.4%	1.6%	1.2%	2.3%
Asia/Pacific	0.1%	-0.5%	0.5%	29.3%
Europe	-0.3%	-0.8%	0.4%	35.2%
Latin America	0.5%	0.3%	0.2%	5.1%
Middle East	0.3%	0.4%	-0.1%	14.7%
North America	-0.2%	-0.7%	0.4%	12.5%
<b>International</b>	<b>0.1%</b>	<b>-0.4%</b>	<b>0.4%</b>	<b>100.0%</b>
Australia	1.4%	0.1%	1.0%	3.1%
Brazil	-1.0%	0.4%	-1.2%	3.9%
China P.R.	0.4%	0.6%	-0.2%	23.3%
India	0.3%	3.3%	-2.5%	3.6%
Japan	-1.2%	-1.0%	-0.1%	3.5%
Russian Federation	-12.1%	-13.0%	0.8%	2.9%
US	0.6%	0.6%	0.1%	42.4%
<b>Domestic</b>	<b>0.2%</b>	<b>-0.3%</b>	<b>0.4%</b>	
Africa	3.0%	1.5%	1.0%	2.3%
Asia/Pacific	0.3%	0.0%	0.2%	33.3%
Europe	-0.5%	-1.9%	1.2%	24.4%
Latin America	0.0%	0.5%	-0.3%	5.8%
Middle East	0.3%	0.5%	-0.2%	9.5%
North America	0.4%	0.1%	0.2%	24.6%
<b>Total Market</b>	<b>0.1%</b>	<b>-0.3%</b>	<b>0.4%</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.

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