

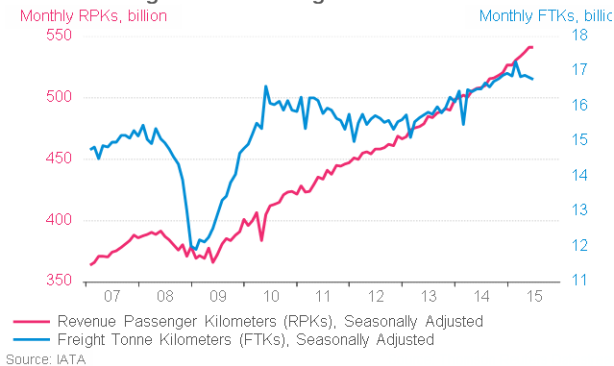
AIR PASSENGER MARKET ANALYSIS

JUNE 2015

KEY POINTS

- ➔ Global air travel rose 5.7% in June compared to a year ago, a slowdown on the strong May increase of 6.9%. The deceleration is due to slower growth in Asia Pacific as well as some holiday impacts in the Middle East.
- ➔ The trend in RPKs (first chart below) shows no change in volumes in June compared to May. This indicates a moderation in the very strong growth trend seen in earlier months. Although it is too early to tell, some slowdown would be consistent with softening in global growth with weaker than expected performance of the US economy and some emerging markets.
- ➔ International travel on Asia Pacific carriers remained robust with a rise of 6.8% in June year-on-year, but does show a slowdown on the May rise of 9.3%. Emerging Asia has experienced notable declines in trade activity in 2015, and this could place downward pressure on demand for business-related international air travel.
- ➔ In other regions, international air travel on Middle Eastern carriers rose 10.5% in June year-on-year, down on May's 14.0% result. Part of this moderation in the year-on-year comparison is due to the timing of Ramadan, which started in June this year and took place mostly in July in 2014. The holy month tends to subdue demand for air travel. European carriers recorded a 4.1% rise in international RPKs in June year-on-year, which is also slower than their respective May increase of 5.7%. Although indicators of business activity suggest that the region's economic recovery is on track, consumer sentiment has been hampered by the potential consequences of Greece exiting the Eurozone.
- ➔ On domestic markets, India continues to record very strong growth, up 16.3%, likely owing to market stimulation by local carriers as well as notable improvements in economic growth. By contrast, air travel in Australia fell by 2.1% in June year-on-year. There are signs of improvements in the economy with business activity increasing over recent months, but domestic consumption remains weak.
- ➔ Industry load factors have turned down slightly, after a stretch of positive momentum in 2015. The fall in seasonally adjusted load factors resulted from growth in capacity as demand volumes remained unchanged over the month.
- ➔ The global economic outlook has come under some downward pressure due to developing weakness in emerging markets and the US. But expectations are broadly positive with the fall in oil prices compared to mid-2014 expected to sustain growth and demand for passenger travel in 2015.

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

	Jun 2015 vs. Jun 2014			YTD 2015 vs. YTD 2014			Jun 2015 vs. May 2015		
	RPK	ASK	PLF	RPK	ASK	PLF	RPK	ASK	PLFpt
International	5.3%	6.0%	80.4%	6.3%	6.2%	78.6%	0.1%	0.3%	-0.2%
Domestic	6.5%	6.0%	82.2%	6.2%	5.6%	80.8%	0.0%	0.2%	-0.2%
Total Market	5.7%	6.0%	81.1%	6.3%	5.9%	79.4%	0.0%	0.3%	-0.2%

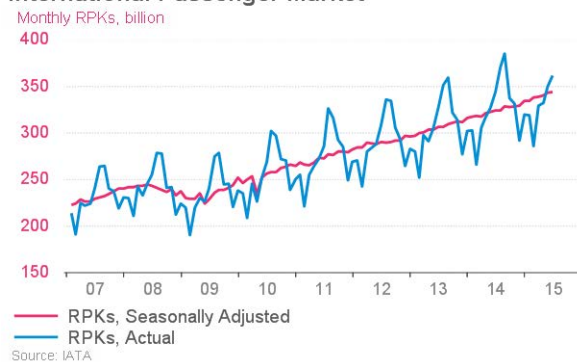
FTK: Freight-Tonne-Kilometers; AFTK: Available Freight Tonne Kilometers; FLF: Freight Load Factor. All Figures are expressed in % change Year on Year except FLF which are the load factors for the specific month.

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

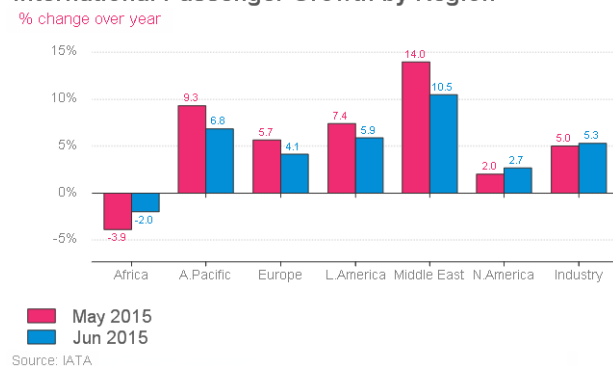
PASSENGER MARKET

International Markets

International Passenger Market



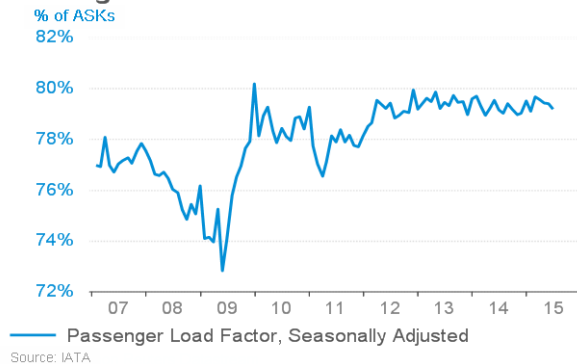
International Passenger Growth by Region



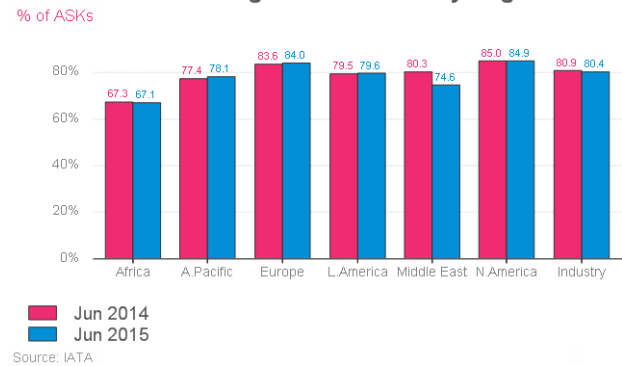
- International travel on Asia Pacific carriers remained robust with a rise of 6.8% in June year-on-year, but does show a slowdown on the May rise of 9.3%. Emerging Asia has experienced notable declines in trade activity in 2015, and this could place downward pressure on demand for business-related international air travel. Latest trade data (May) shows that trade activity to/from Emerging Asia is down 8% compared to the end of 2014. According to Markit, China's manufacturing sector has been struggling during the recent months, accompanied by weakness in export orders, causing some firms to cut employment at the steepest rates since 2009.
- In other regions, international air travel on Middle Eastern carriers rose 10.5% in June year-on-year, down on May's 14.0% result. Part of this moderation is due to the timing of Ramadan, which started in June this year and took place mostly in July in 2014. The holy month tends to subdue demand for air travel.
- European carriers recorded a 4.1% rise in international RPKs in June year-on-year, which is also slower than their respective May increase of 5.7%. Although indicators of business activity suggest that the region's economic recovery is on track, consumer sentiment has been hampered by the potential consequences of Greece exiting the Eurozone.
- International air travel on North American carriers was up just 2.7% in June, but this is an improvement on the May rise of 2.0%. Expectations for better economic performance in Q2 compared to Q1 should support demand for air travel, but it is likely that the strengthening dollar will continue to place downward pressure on international leisure travel to the US.
- Growth for Latin American carriers was a robust 5.9% in June year-on-year. Regional trade volumes have shown strong improvement during H1 2015, and despite weakness in Brazil and Argentina, the increase in trade activity has provided a boost to business-related international travel.

- ➔ International RPK growth for African carriers was weakest among all regions, with volumes down 2.0% in June 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

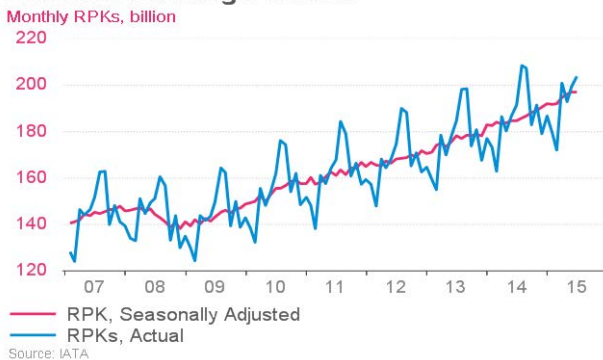


International Passenger Load Factor by Region

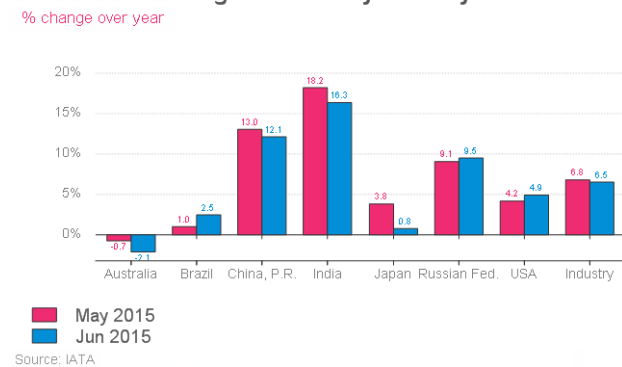


Domestic Market

Domestic Passenger Market

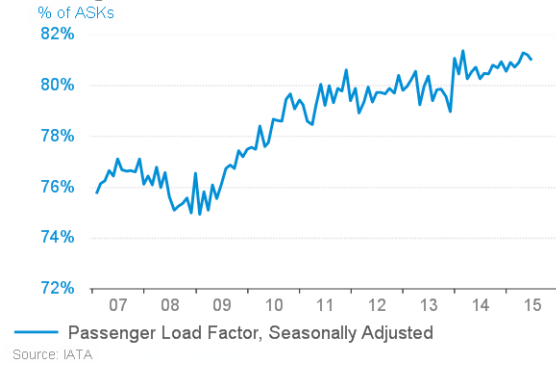


Domestic Passenger Growth by Country

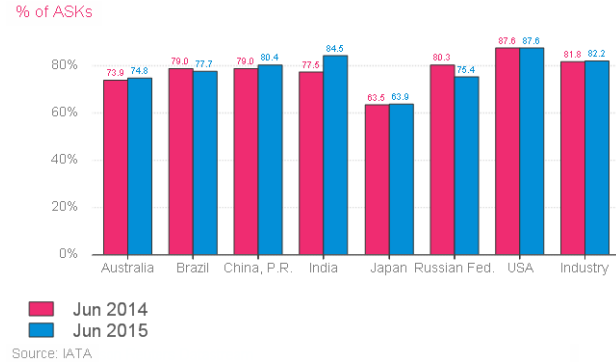


- ➔ On domestic markets, India continues to record very strong growth, up 16.3%, likely owing to market stimulation by local carriers as well as notable improvements in economic growth. Supportive monetary policy is expected to help economic growth in India surpass that of China during the next 2 years.
- ➔ By contrast, air travel in Australia fell by 2.1% in June year-on-year. There are signs of improvements in the economy with business activity increasing over recent months, but that is yet to translate to a turnaround for air travel and domestic consumption remains weak.
- ➔ Domestic RPKs in China were up by a strong 12.1% in June year-on-year. 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%. But most of that weakness is related to slowdown in the manufacturing sector – services activity continues to grow and is consistent with the nation's shift in focus toward its domestic market.
- ➔ There was a spike in air travel in Russia, with a rise of 9.5% in June year-on-year. Despite the nation's economic woes, a combination of added capacity and a weak ruble has helped boost domestic air travel.
- ➔ In the US, June statistics show a robust 4.9% rise in domestic RPKs, which is an improvement on Q1 performance when economic growth was weaker than anticipated. Although there are expectations for improvement in economic growth in Q2, part of the solid growth in domestic air travel we are seeing is related to an acceleration in capacity growth.
- ➔ Domestic air travel in Japan recorded weak growth in June with a rise of only 0.8%. This result is well below trend for 2015, and although the economy remains moderately fragile, the weak yen should help support demand for domestic travel over international trips. Moreover, air travel demand should receive a boost if predictions for wage growth in 2015 are realized.

Passenger Load Factor on Domestic Market

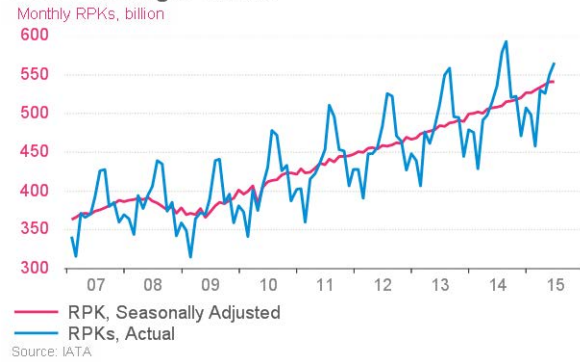


Domestic Passenger Load Factor by Country

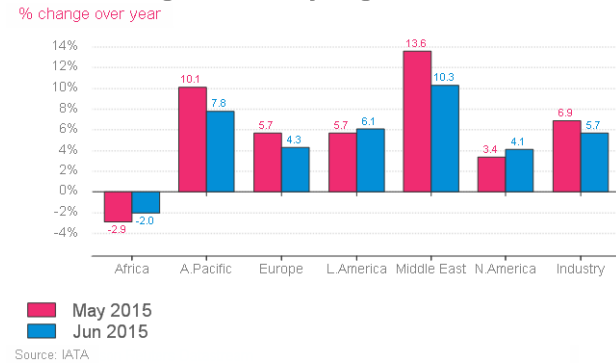


Total Market (Domestic + International)

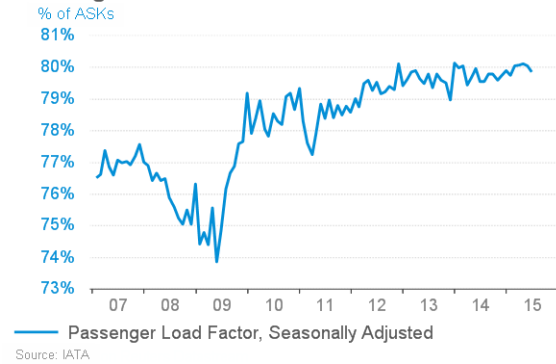
Total Passenger Market



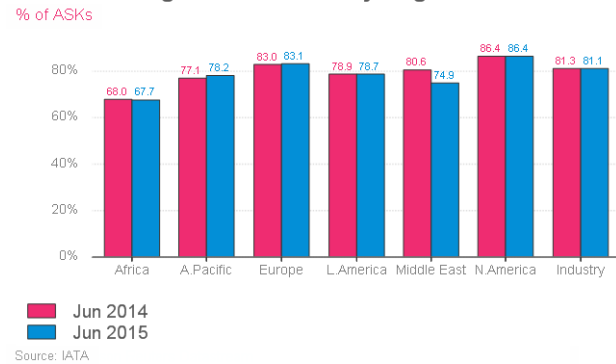
Total Passenger Growth by Region



Passenger Load Factor on Total Market



Total Passenger Load Factor by Region



ANNEX

Year on Year Comparison	Jun 2015 vs Jun 2014			YTD 2015 vs. YTD 2014		
	RPK	ASK	PLF	RPK	ASK	PLF
Africa	-2.0%	-1.7%	67.1%	-2.5%	-2.7%	65.9%
Asia/Pacific	6.8%	5.8%	78.1%	8.3%	6.6%	77.6%
Europe	4.1%	3.5%	84.0%	4.9%	4.1%	80.7%
Latin America	5.9%	5.8%	79.6%	6.3%	6.3%	79.4%
Middle East	10.5%	19.5%	74.3%	11.8%	16.0%	76.7%
North America	2.7%	2.8%	84.9%	2.4%	3.4%	80.3%
International	5.3%	6.0%	80.4%	6.3%	6.2%	78.6%
Australia	-2.1%	-3.3%	74.8%	-0.9%	-1.4%	75.0%
Brazil	2.5%	4.2%	77.7%	3.9%	3.1%	80.0%
China P.R.	12.1%	10.1%	80.4%	12.3%	11.4%	81.2%
India	16.3%	6.6%	84.5%	19.4%	5.4%	84.4%
Japan	0.8%	0.1%	63.9%	3.1%	1.2%	65.2%
Russian Federation	9.5%	16.6%	75.4%	5.9%	9.7%	70.0%
US	4.9%	4.9%	87.6%	3.7%	4.0%	84.7%
Domestic	6.5%	6.0%	82.2%	6.2%	5.6%	80.8%
Africa	-2.0%	-1.6%	67.7%	-2.0%	-2.2%	66.9%
Asia/Pacific	7.8%	6.2%	78.2%	9.1%	7.2%	78.1%
Europe	4.3%	4.3%	83.1%	4.8%	4.2%	79.8%
Latin America	6.1%	6.3%	78.7%	6.0%	5.6%	79.4%
Middle East	10.3%	18.7%	74.9%	11.3%	15.2%	77.1%
North America	4.1%	4.0%	86.4%	3.2%	3.7%	83.0%
Total Market	5.7%	6.0%	81.1%	6.3%	5.9%	79.4%

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	Jun 2015 vs. May 2015			Market Share
	RPK	ASK	PLFpt	RPK
Africa	1.6%	1.3%	0.2%	2.1%
Asia/Pacific	-1.0%	-0.1%	-0.6%	25.6%
Europe	0.3%	0.3%	0.0%	40.0%
Latin America	0.3%	1.5%	-1.0%	4.1%
Middle East	0.3%	0.9%	-0.4%	13.3%
North America	0.8%	0.2%	0.5%	14.3%
International	0.1%	0.3%	-0.2%	100.0%
Australia	-0.8%	-0.9%	0.1%	2.7%
Brazil	0.0%	1.0%	-0.8%	3.6%
China P.R.	-0.1%	0.3%	-0.4%	21.0%
India	0.6%	0.2%	0.3%	3.1%
Japan	-1.4%	-0.4%	-0.7%	3.0%
Russian Federation	0.5%	0.4%	0.1%	4.4%
US	0.1%	0.3%	-0.2%	44.8%
Domestic	0.0%	0.2%	-0.2%	
Africa	1.5%	1.1%	0.3%	2.1%
Asia/Pacific	-0.7%	-0.1%	-0.4%	29.2%
Europe	0.4%	0.4%	-0.1%	28.8%
Latin America	0.4%	1.3%	-0.7%	4.9%
Middle East	0.3%	0.8%	-0.4%	8.9%
North America	0.3%	0.2%	0.1%	26.1%
Total Market	0.0%	0.3%	-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
Contact: Julie Perovic
perovicj@iata.org
6th August 2015

Terms and Conditions for the use of this IATA Economics Report and its contents can be found here: www.iata.org/economics-terms
By using this IATA Economics Report and its contents in any manner, you agree that the IATA Economics Report Terms and Conditions apply to you and agree to abide by them. If you do not accept these Terms and Conditions, do not use this report.

FURTHER ANALYSIS AND DATA

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

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

NEW RELEASE ALERTS

To receive email notification of new analysis from IATA Economics, select 'Economic Briefings' from:

www.iata.org/optin