



# IATA ECONOMICS' CHART OF THE WEEK

3 FEBRUARY 2017

## 2016 TRAFFIC OUTCOMES – A BETTER THAN AVERAGE YEAR!

Figure 1: Regional contributions to RPK growth

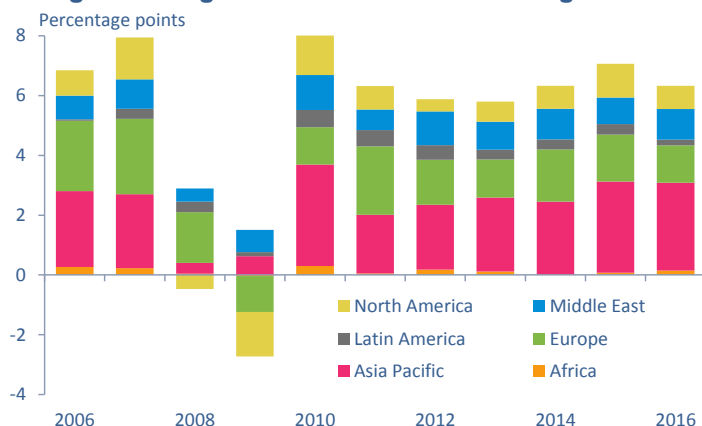


Figure 2: Regional contributions to FTK growth

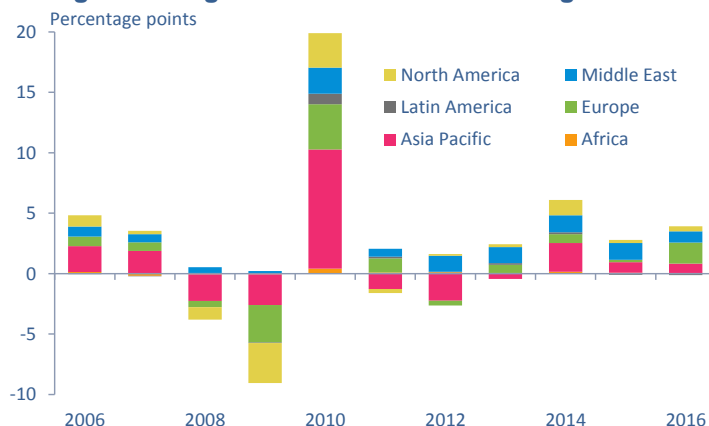


Figure 3: Lackluster global economic growth

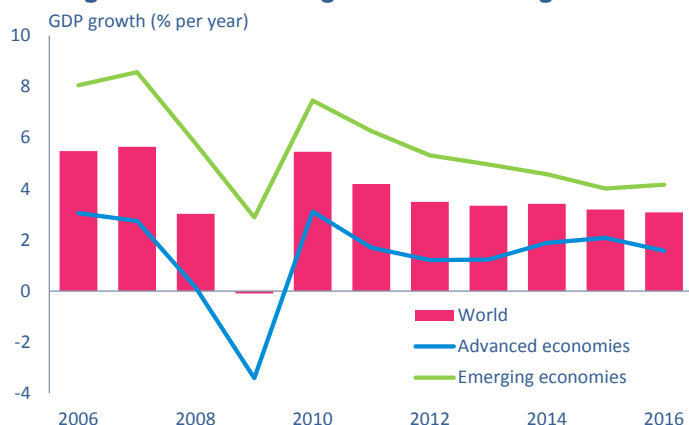
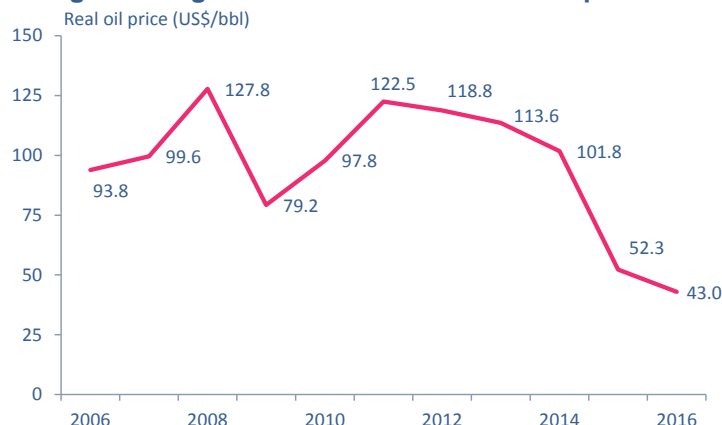


Figure 4: Significant stimulus from low oil prices



Source: IATA Statistics, IMF

- Our initial data for 2016 points to air passenger volume growth (RPKs) of 6.3% year-on-year (Figure 1) and 3.8% for air freight volumes (FTKs) (Figure 2). These outcomes compare favorably with the longer-term average growth rates of 5.5% for RPKs and 2.0% for FTKs. As Figures 1 & 2 show, the regional composition of growth varies considerably.
- Putting aside the region-specific influences, what fundamental factors – at the broader global level – have driven these positive industry outcomes? As Figure 3 shows, it isn't really explained by global GDP growth which has clearly stepped down in the years following the global recession. But, at the same time, world oil prices – a key input cost for airlines – have fallen dramatically (Figure 4) helping to underpin the healthy 2016 performance. (For a more detailed commentary on the latest data, see our monthly [passenger](#) & [freight](#) briefing.)
- Looking forward, the tailwinds for the industry from lower oil prices are expected to wane in 2017. Oil prices are around double their 12-year low of January 2016 and most commentators expect further gradual increases in 2017. Can global economic growth – or other broad-based factors – step up to fill the gap? Together, the lift in traffic volumes in 2H16 (which gives some momentum into the new year) along with generally upbeat confidence indicators and a forecast improvement in the global economy provide some confidence that air transport volumes will remain robust in 2017.

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