

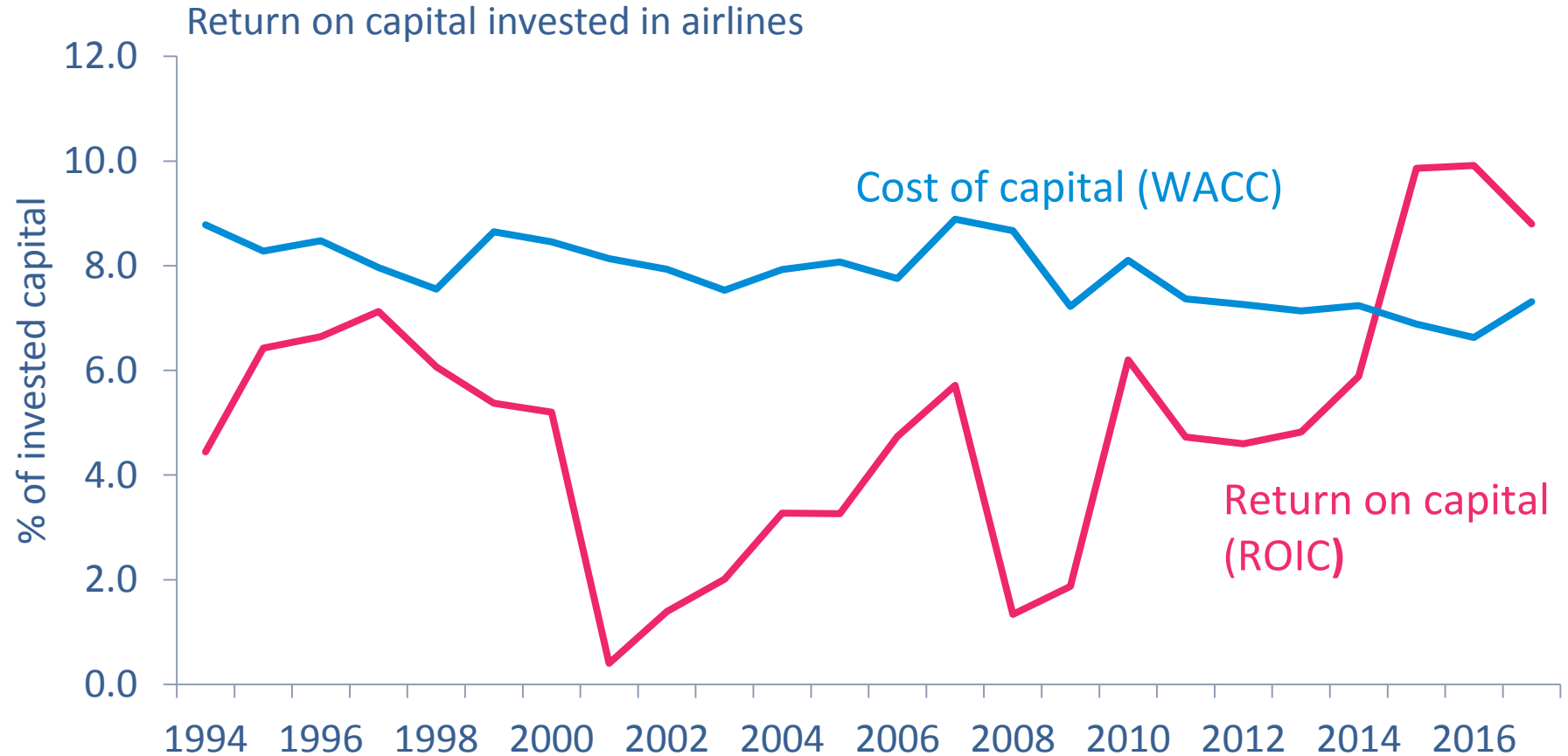


Above-trend growth, Airlines making money: What could go wrong?

Brian Pearce,
Chief Economist,
IATA

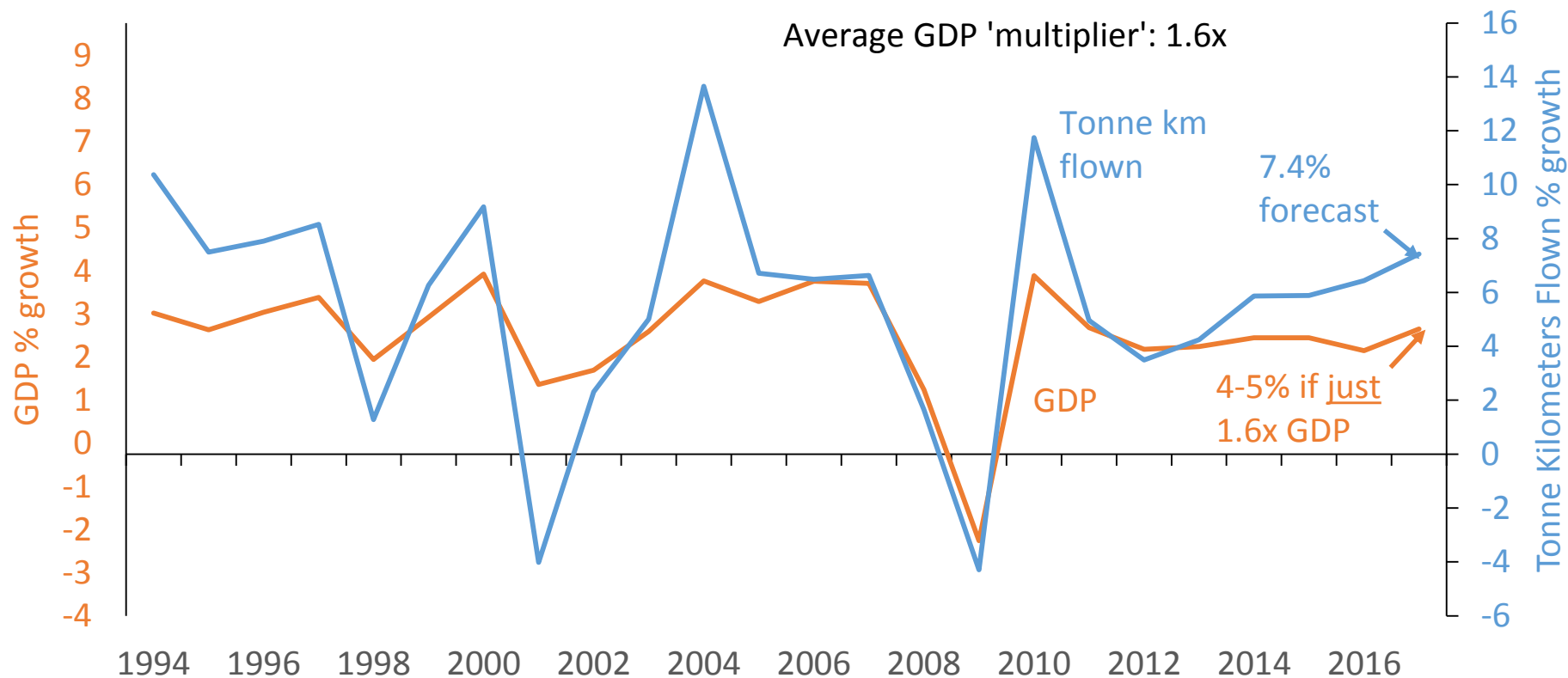
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Airlines creating investor value for 1st time since mid-1960s



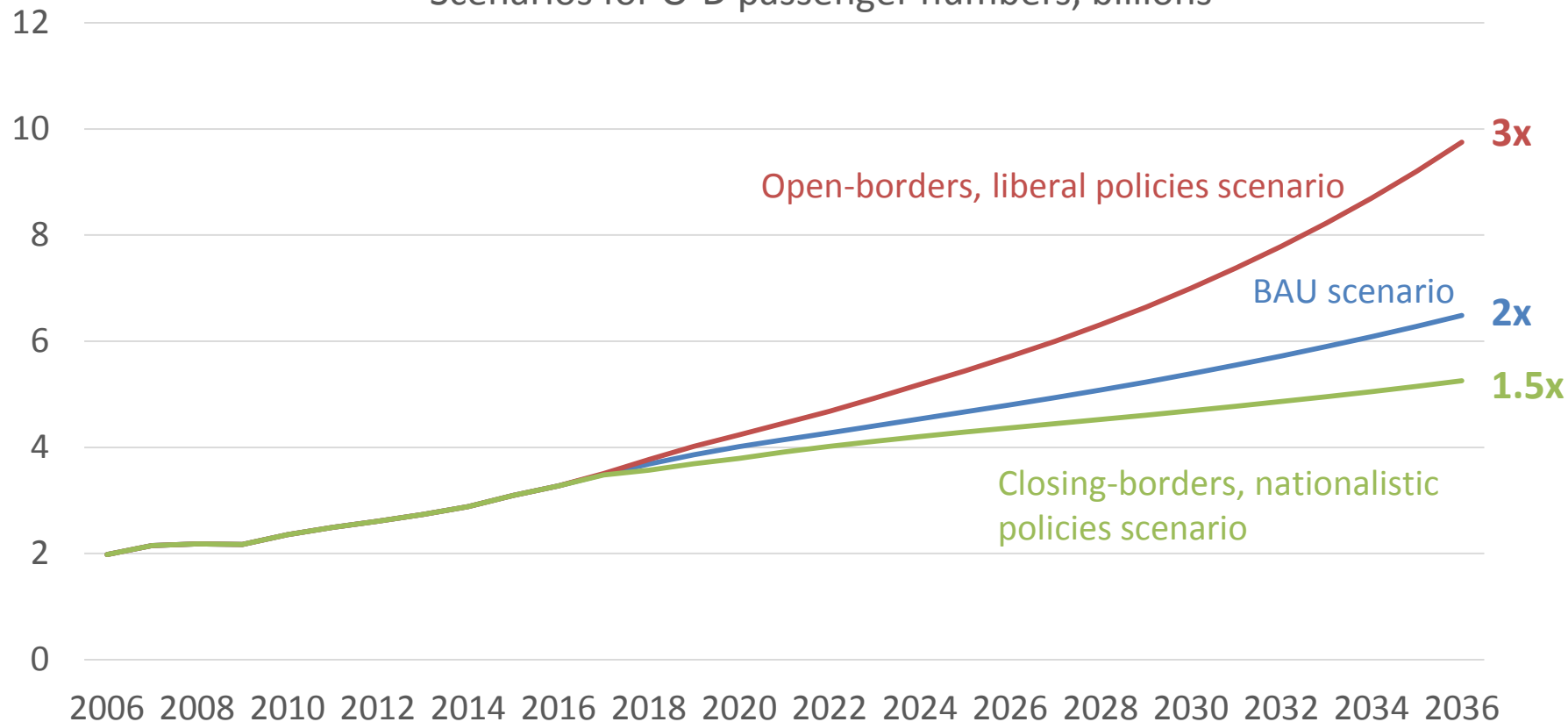
Passenger and cargo growth well ahead of trend and GDP

Growth in Tonne Kilometers Flown worldwide and GDP



Passenger market could grow 3x in next 20 years

Scenarios for O-D passenger numbers, billions

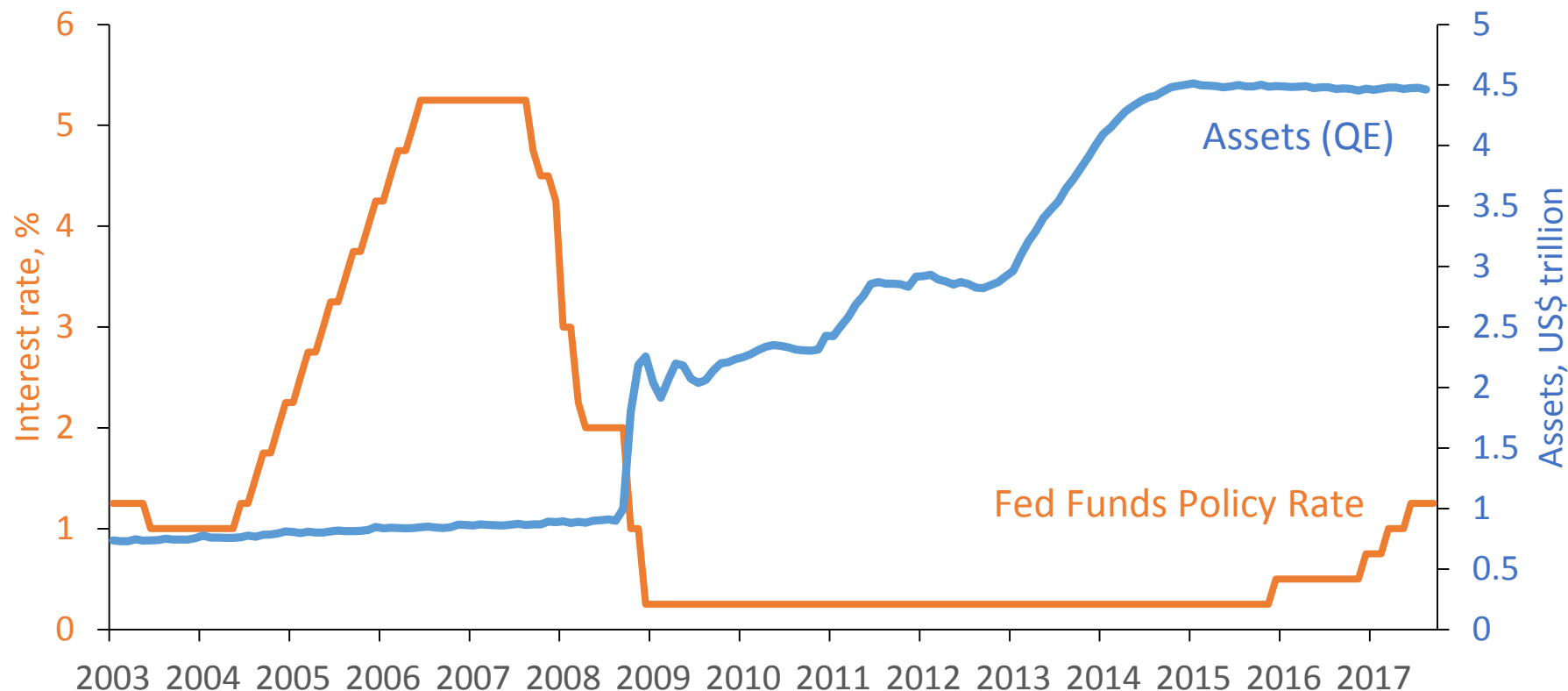


Source: IATA/Tourism Economics 20-year passenger forecasts, April 2017

What could go wrong?

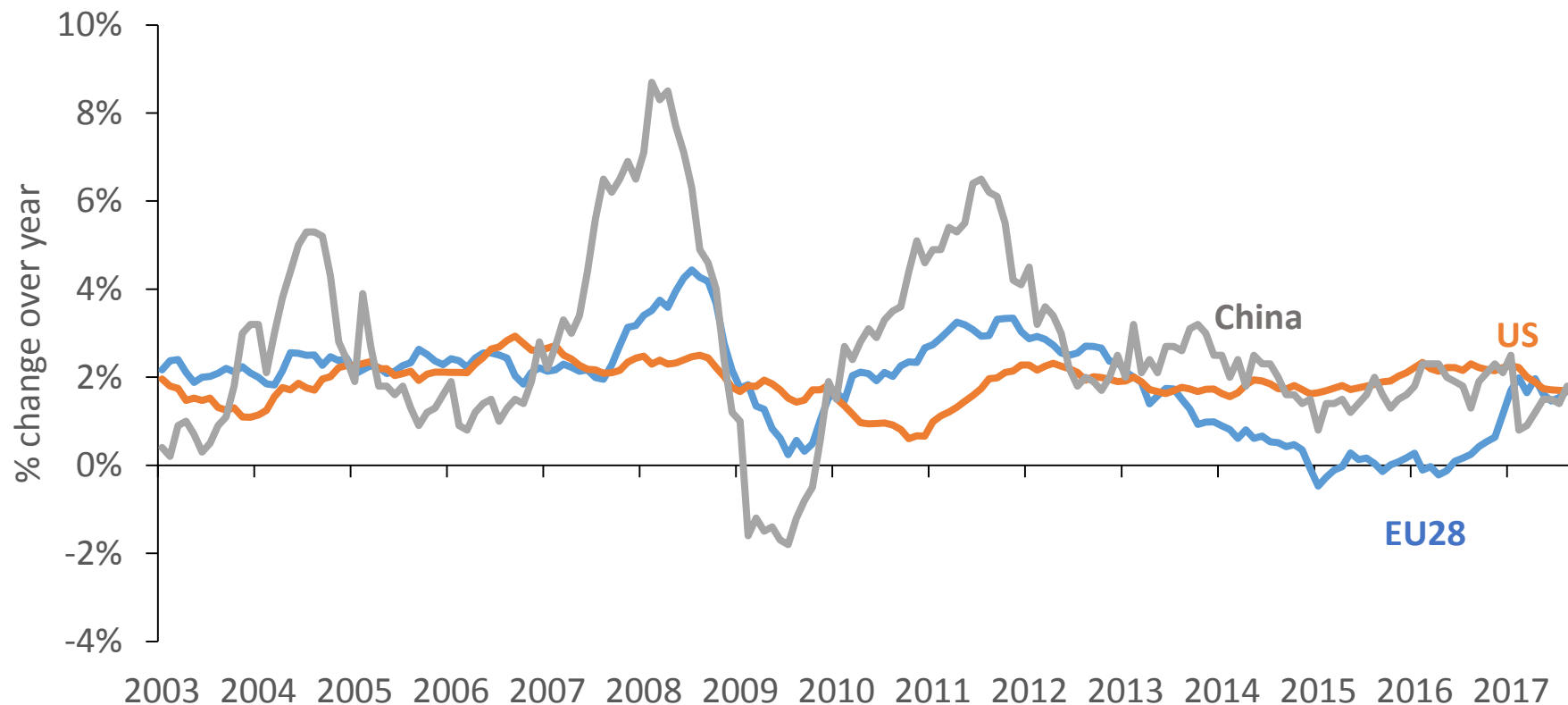
Monetary policy accident?

US Federal Funds Policy Rate and Assets



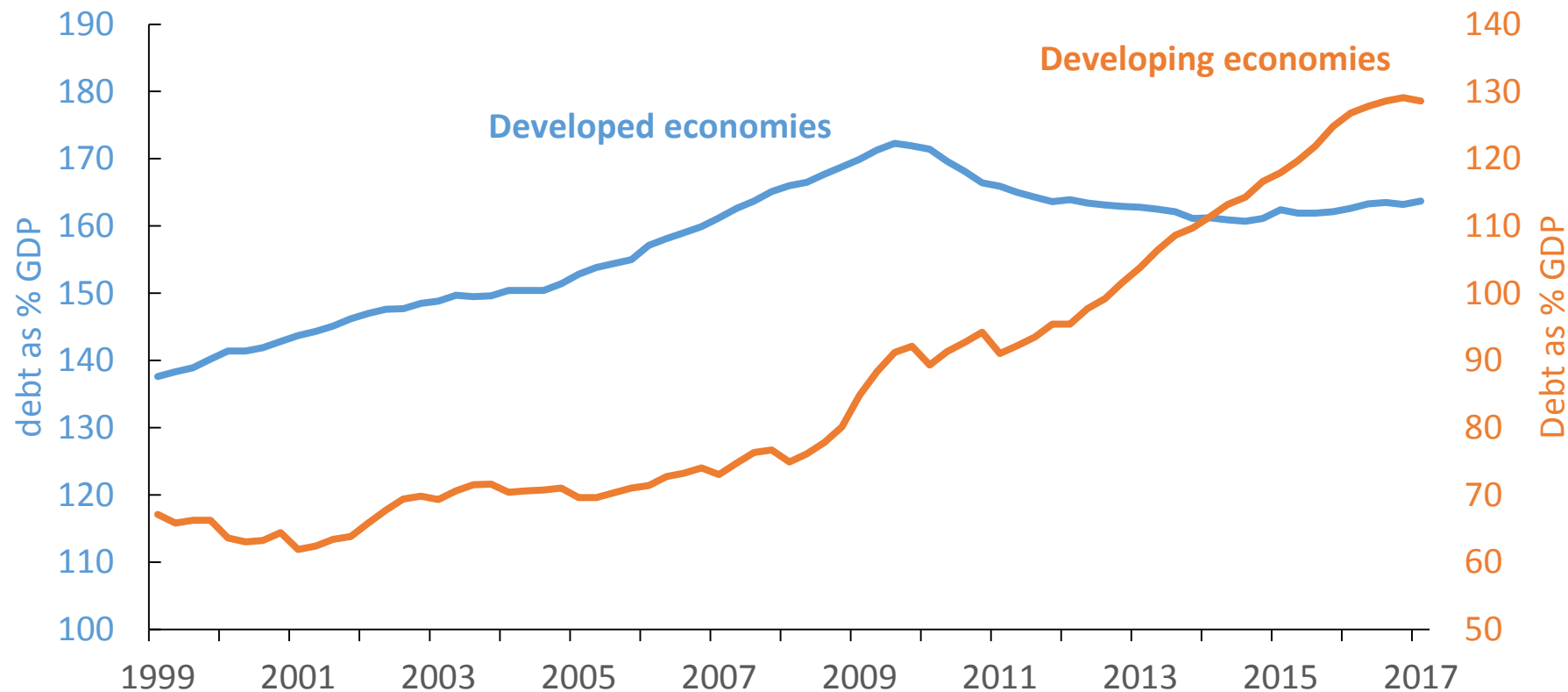
Inflation shock?

Consumer price inflation



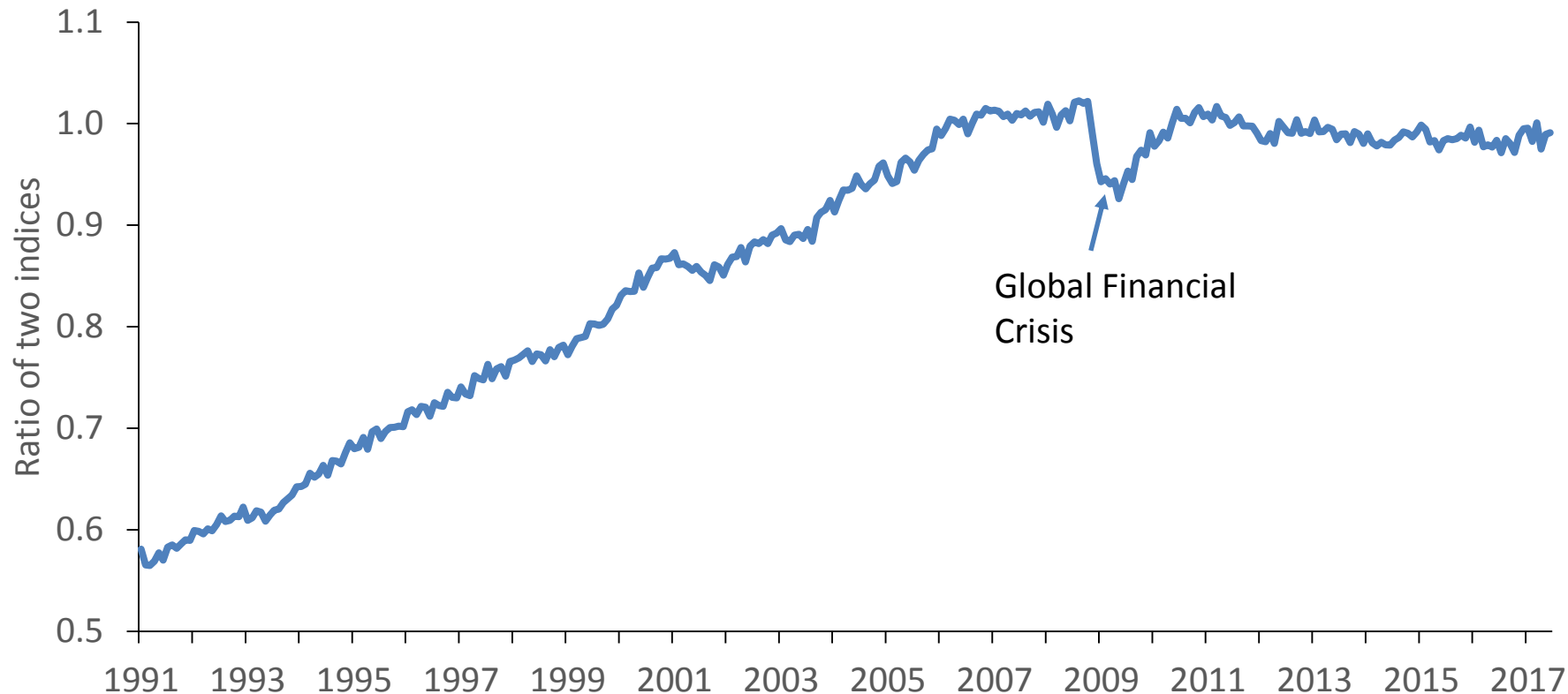
Private debt deflation?

Outstanding debt in the private non-financial sector



Protectionism?

World trade as a ratio of world industrial production



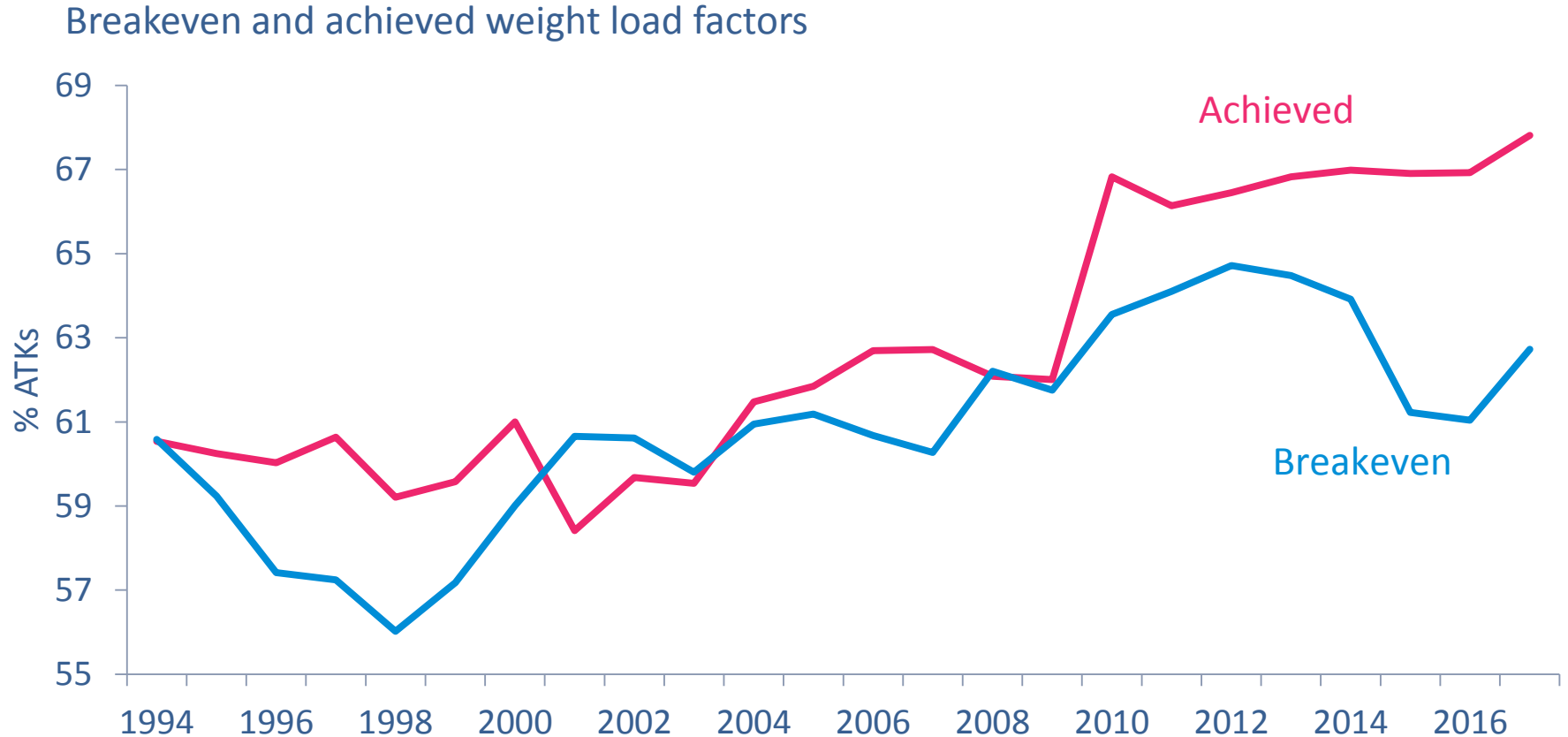
Brexit?

Table 3.D: Annual impact of leaving the EU on the UK (difference from being in the EU after 15 years)

	EEA	Negotiated bilateral agreement	WTO
GDP (%) – central	-3.8	-6.2	-7.5
GDP (%)	-3.4 to -4.3	-4.6 to -7.8	-5.4 to -9.5
GDP per capita ^a – central	-£1,100	-£1,800	-£2,100
GDP per capita ^a	-£1,000 to -£1,200	-£1,300 to -£2,200	-£1,500 to -£2,700
GDP per household ^a – central	-£2,600	-£4,300	-£5,200
GDP per household ^a	-£2,400 to -£2,900	-£3,200 to -£5,400	-£3,700 to -£6,600

^a Expressed in terms of 2015 GDP in 2015 prices, rounded to the nearest £100.

Short-lived airline value creation?



Source: IATA Economic Performance of the Airline Industry, Mid-Year 2017

LOOKING FOR INSIGHTS INTO AIR TRANSPORT MARKETS AND ISSUES?

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