



Maneuvering in difficult times

World Cargo Symposium

15 March 2016 Berlin

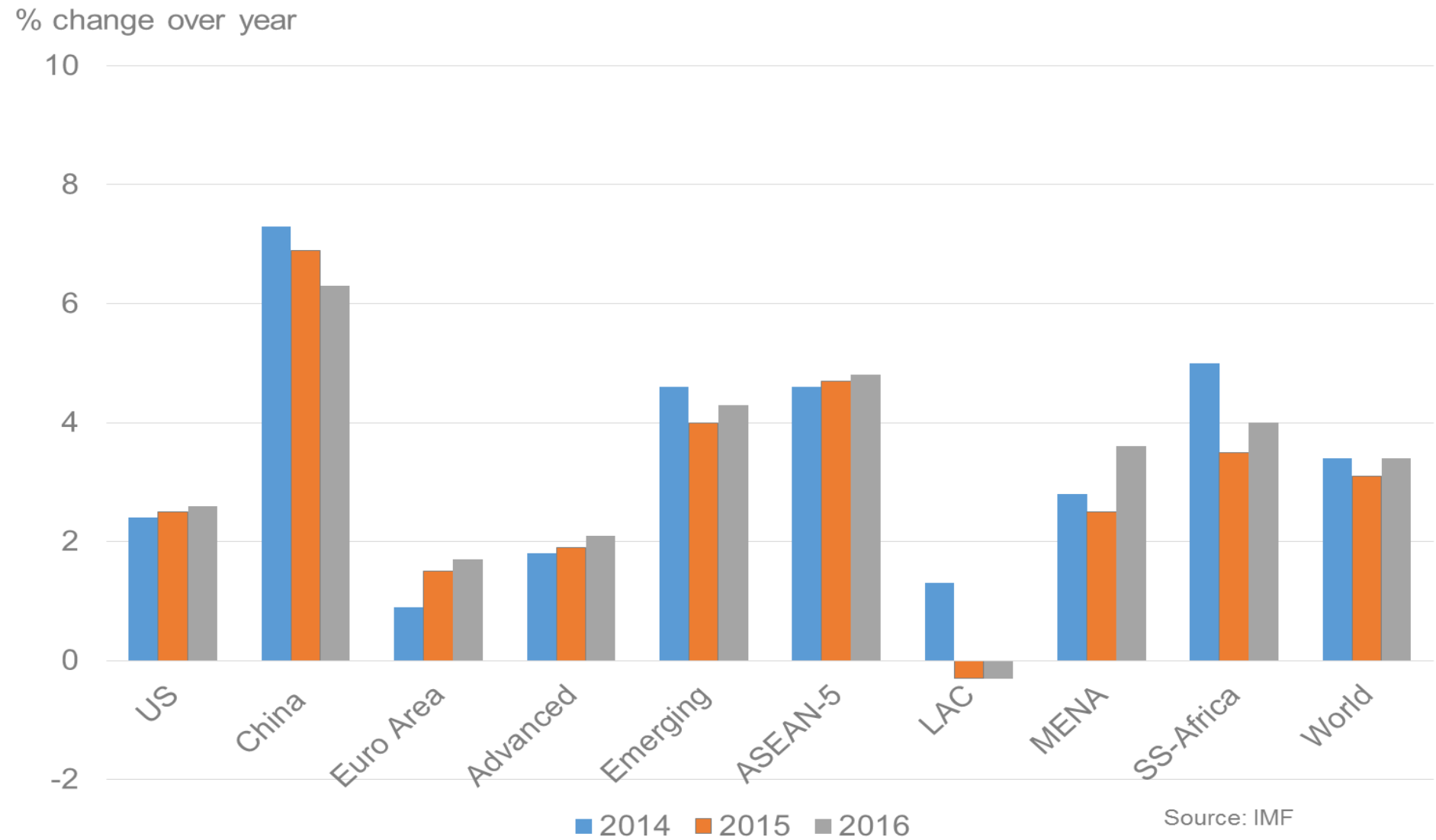
George Anjaparidze, Senior Economist

www.iata.org/economics

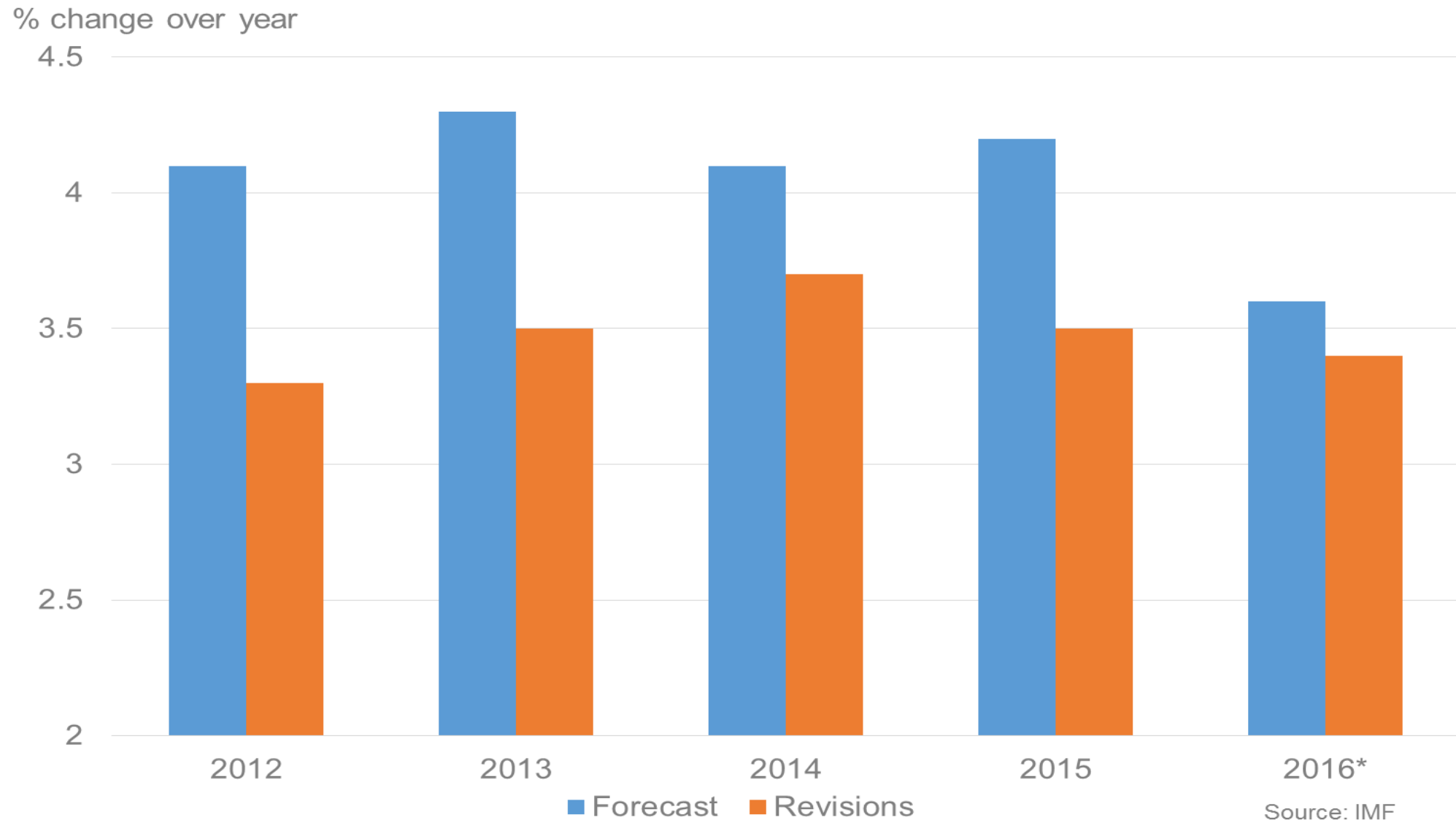
To represent, lead and serve the airline industry



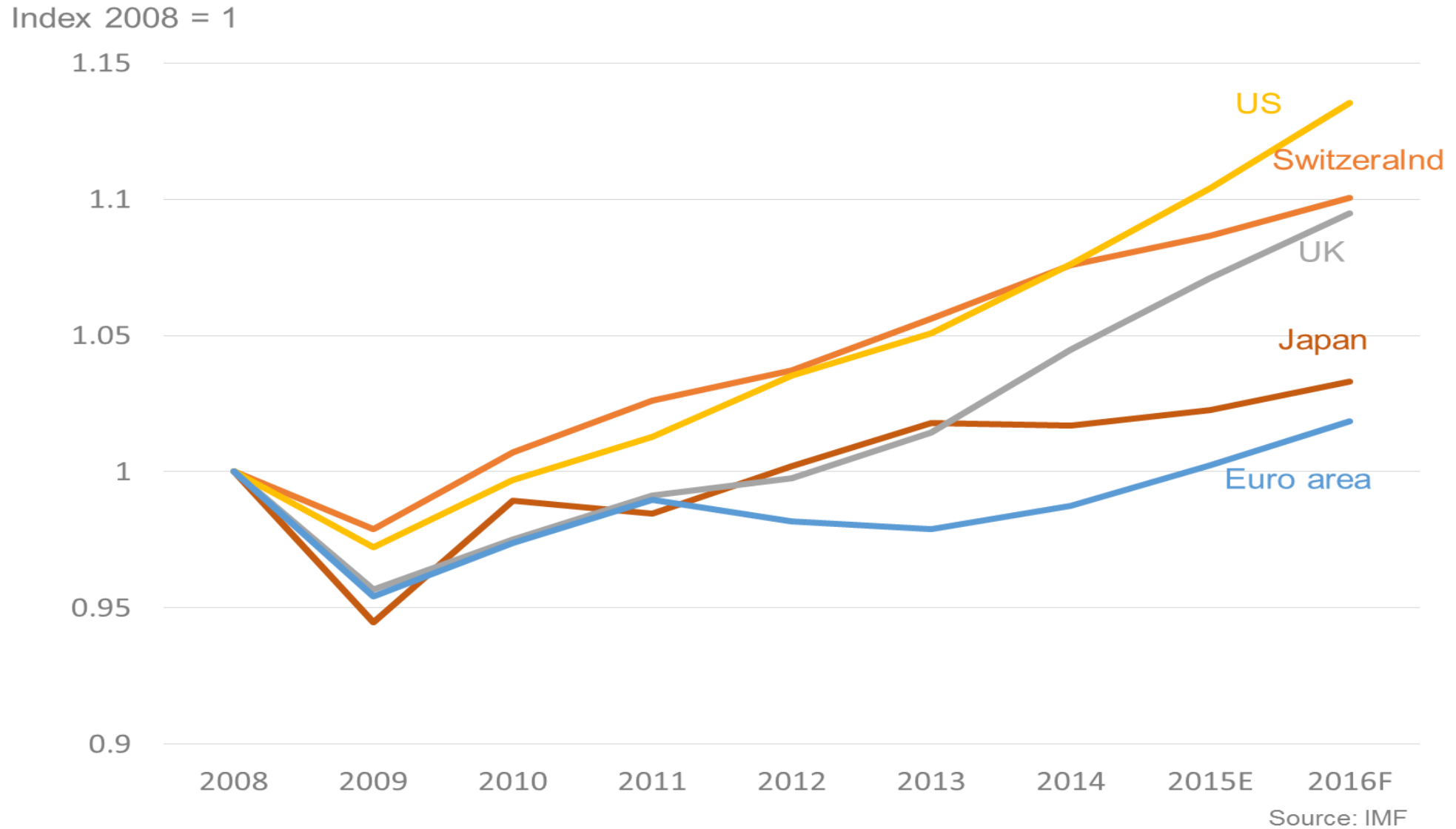
Global economy has stagnated – “new mediocre” is “new reality”



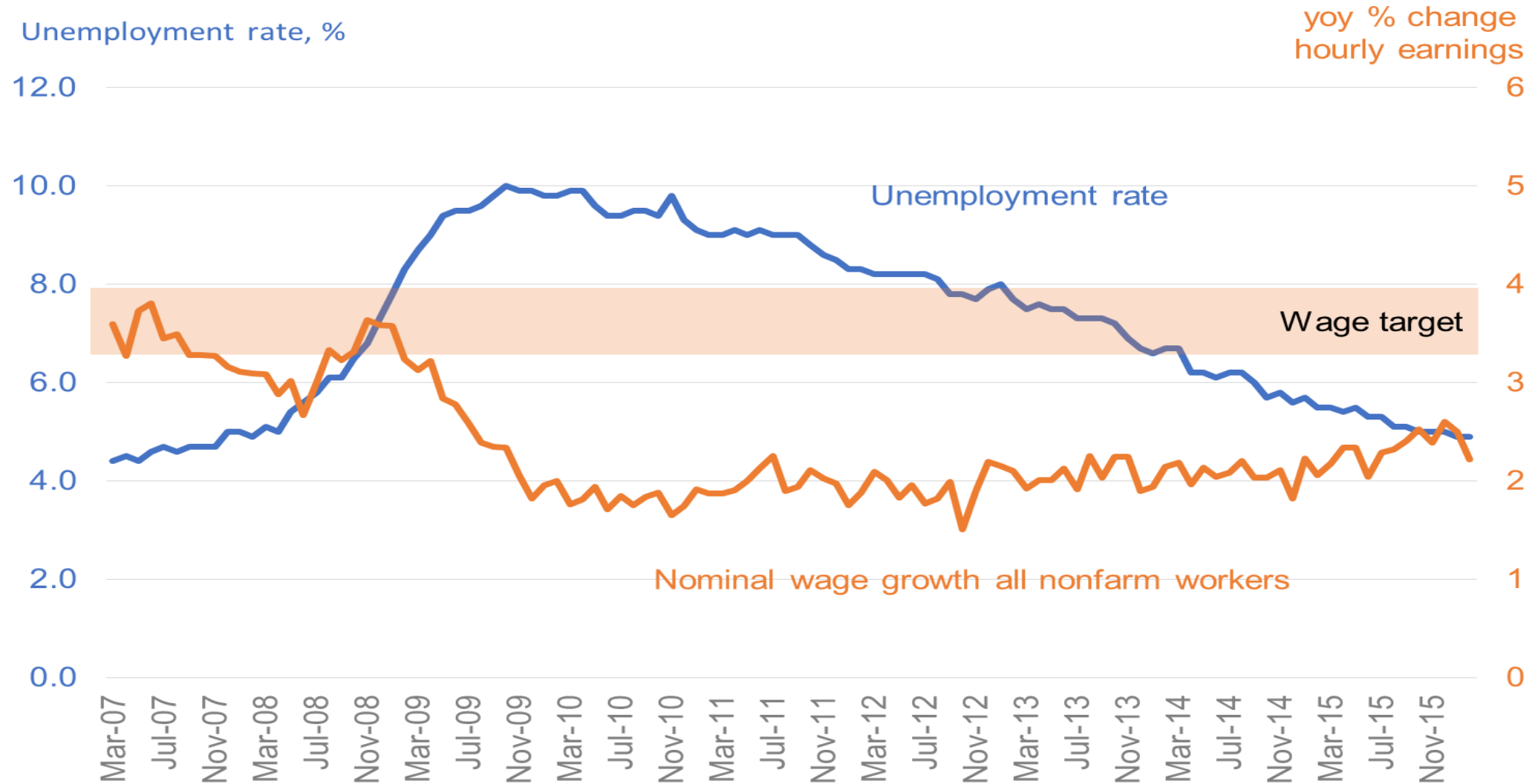
IMF forecasts have continuously been revised down



In advanced economies, Euro area a key story



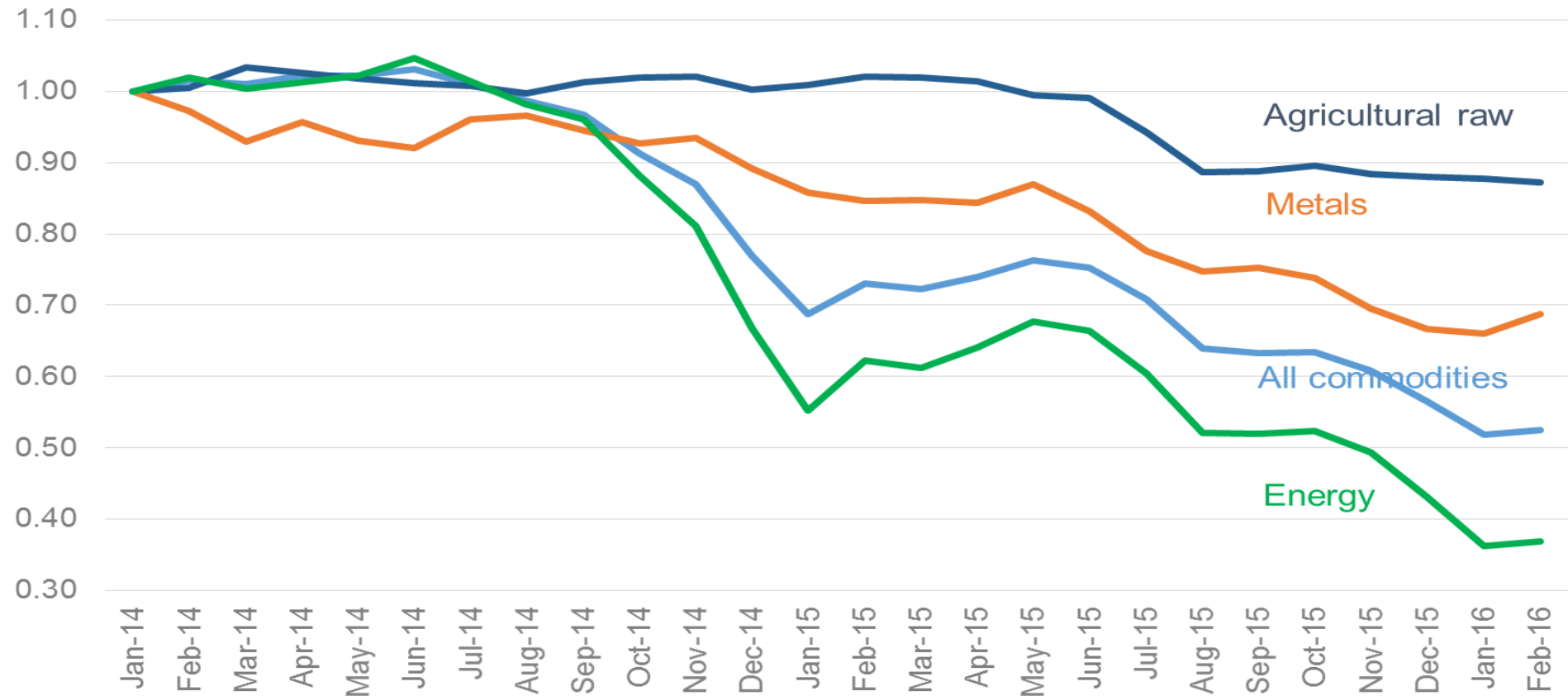
US economy slowing but underlying drivers are positive



Source: Economic Policy Institute, Bureau of Labor

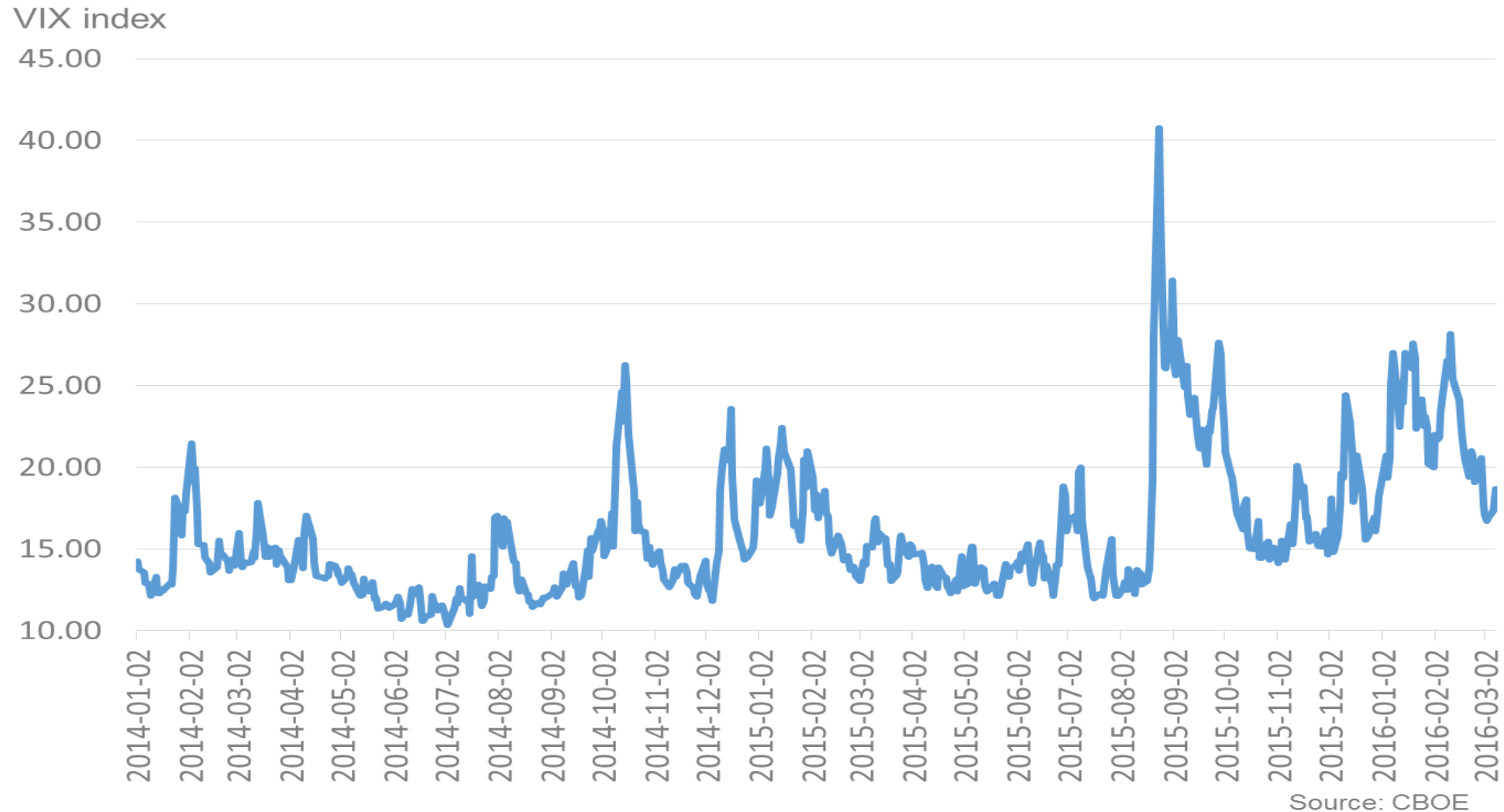
China's rebalancing and slowing has hit commodity exporters

Index 2014 = 1
real 2014 SDR

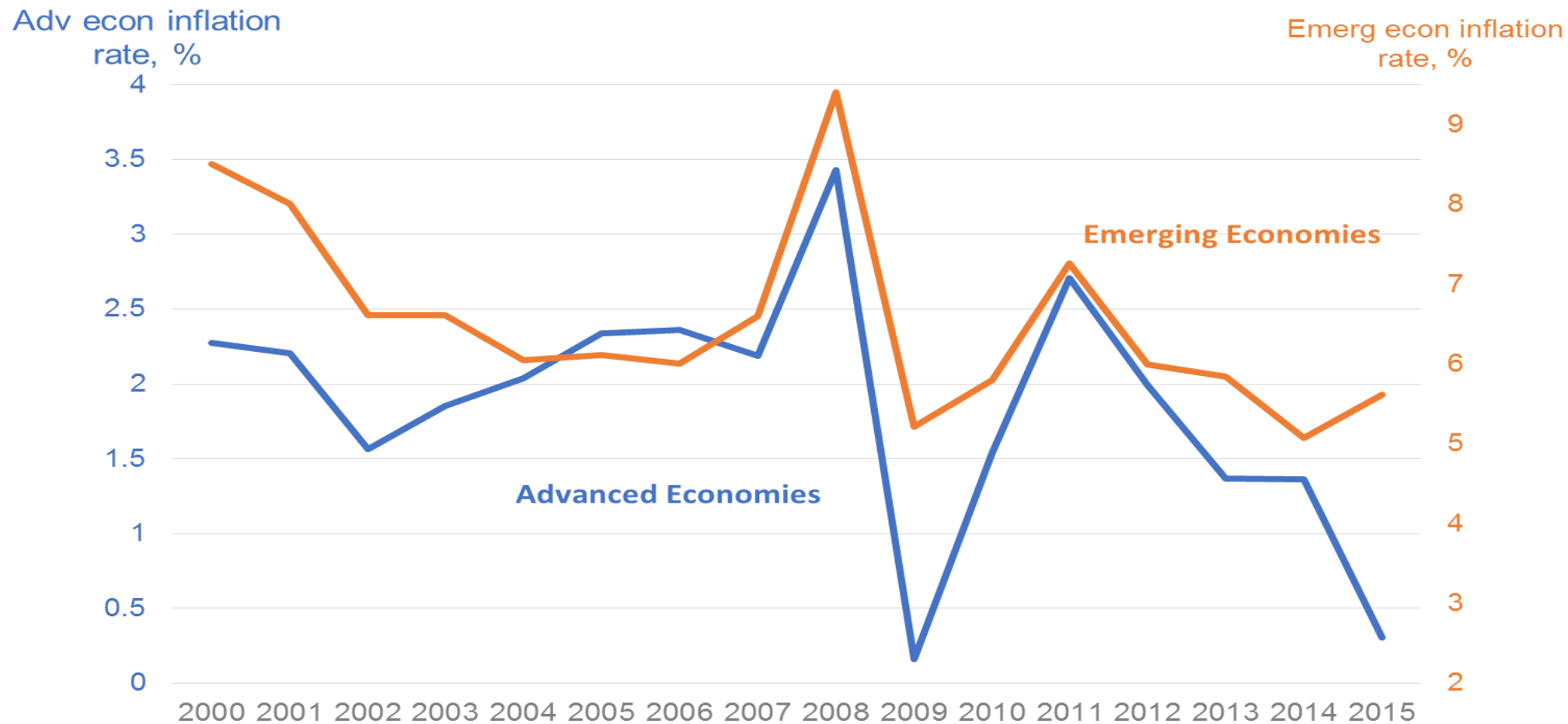


Source: IMF, IATA

Financial market volatility can impact real economy

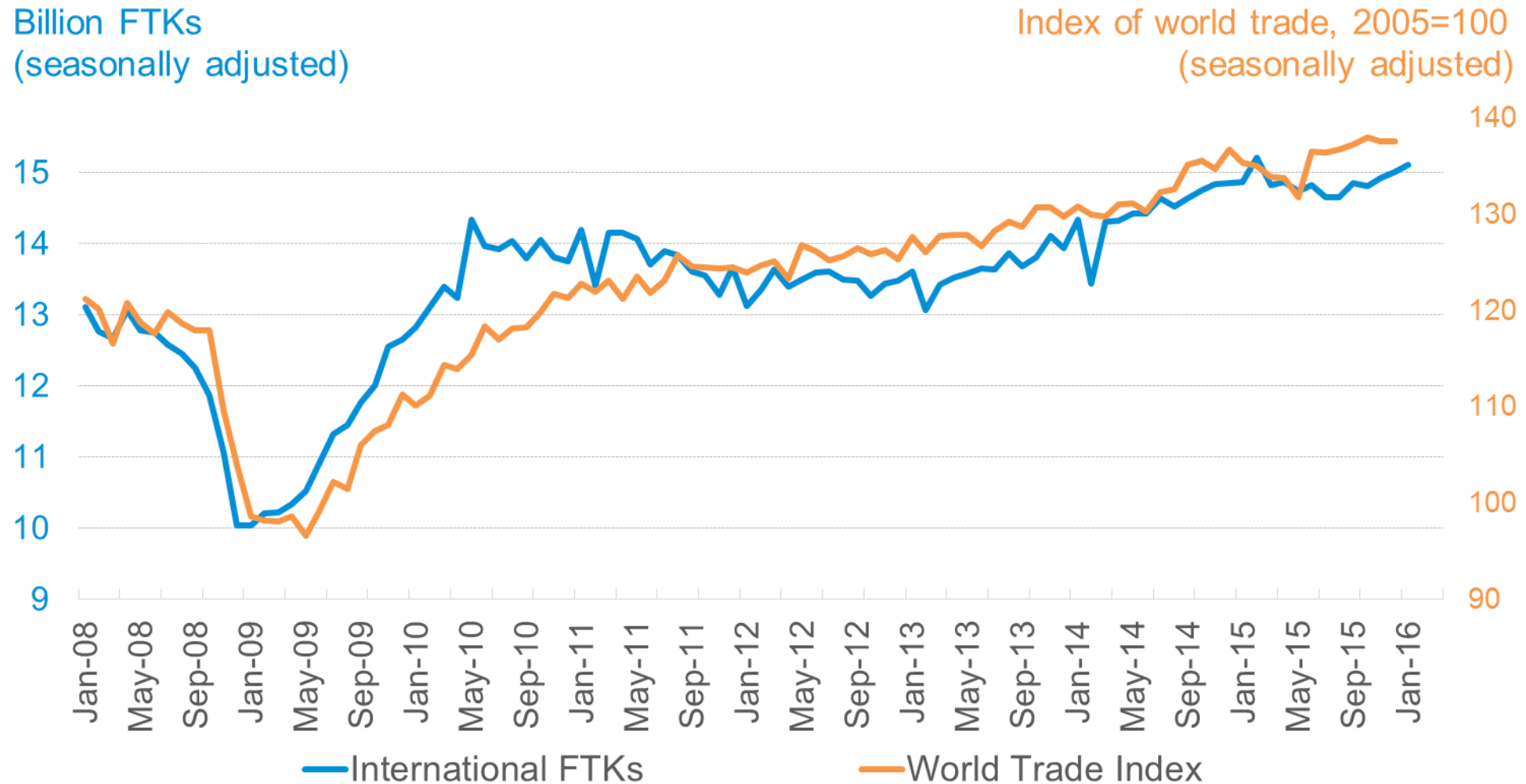


Deflationary pressure have adverse impacts on demand



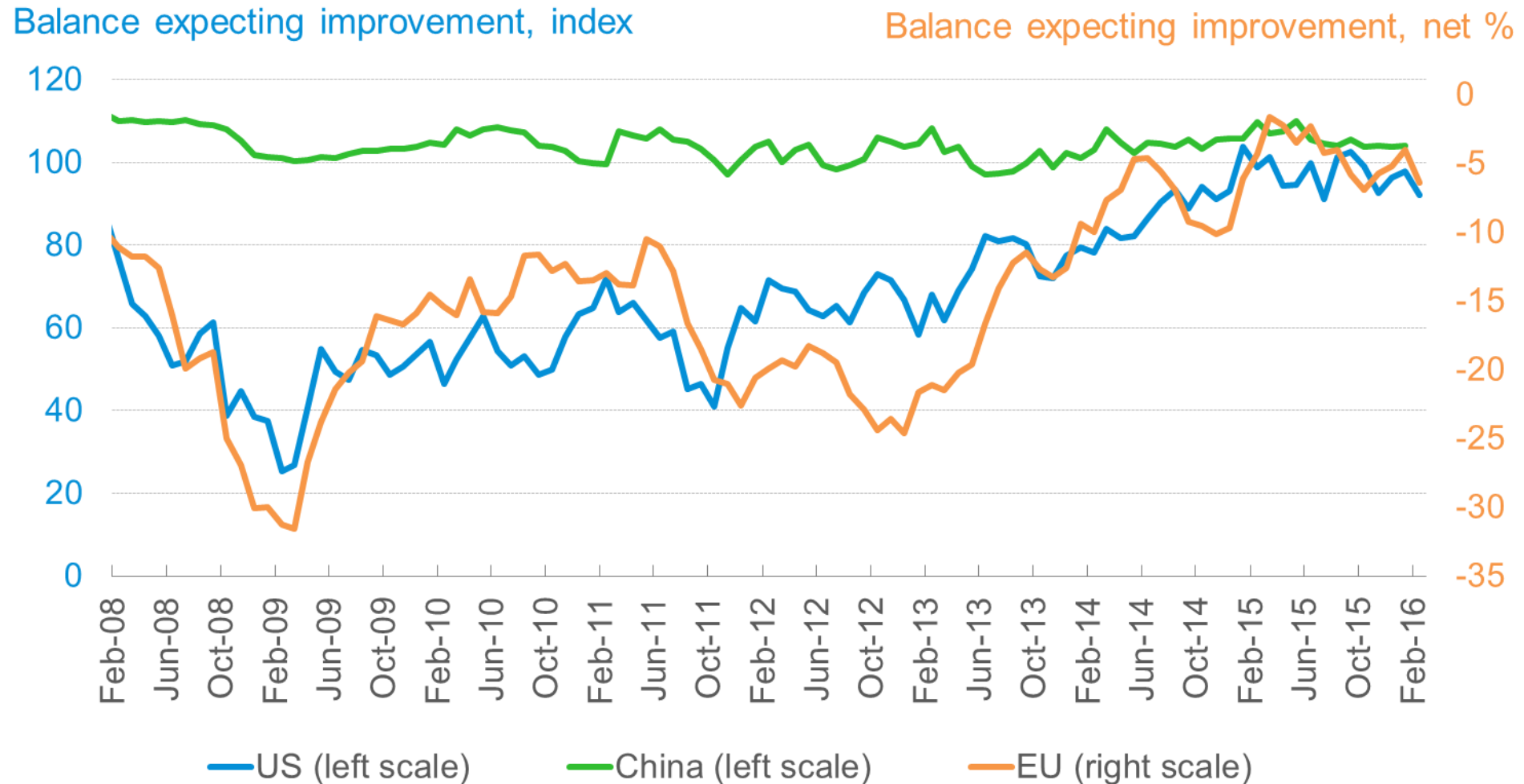
Source: IMF

World trade has been weak but positive momentum for FTKs



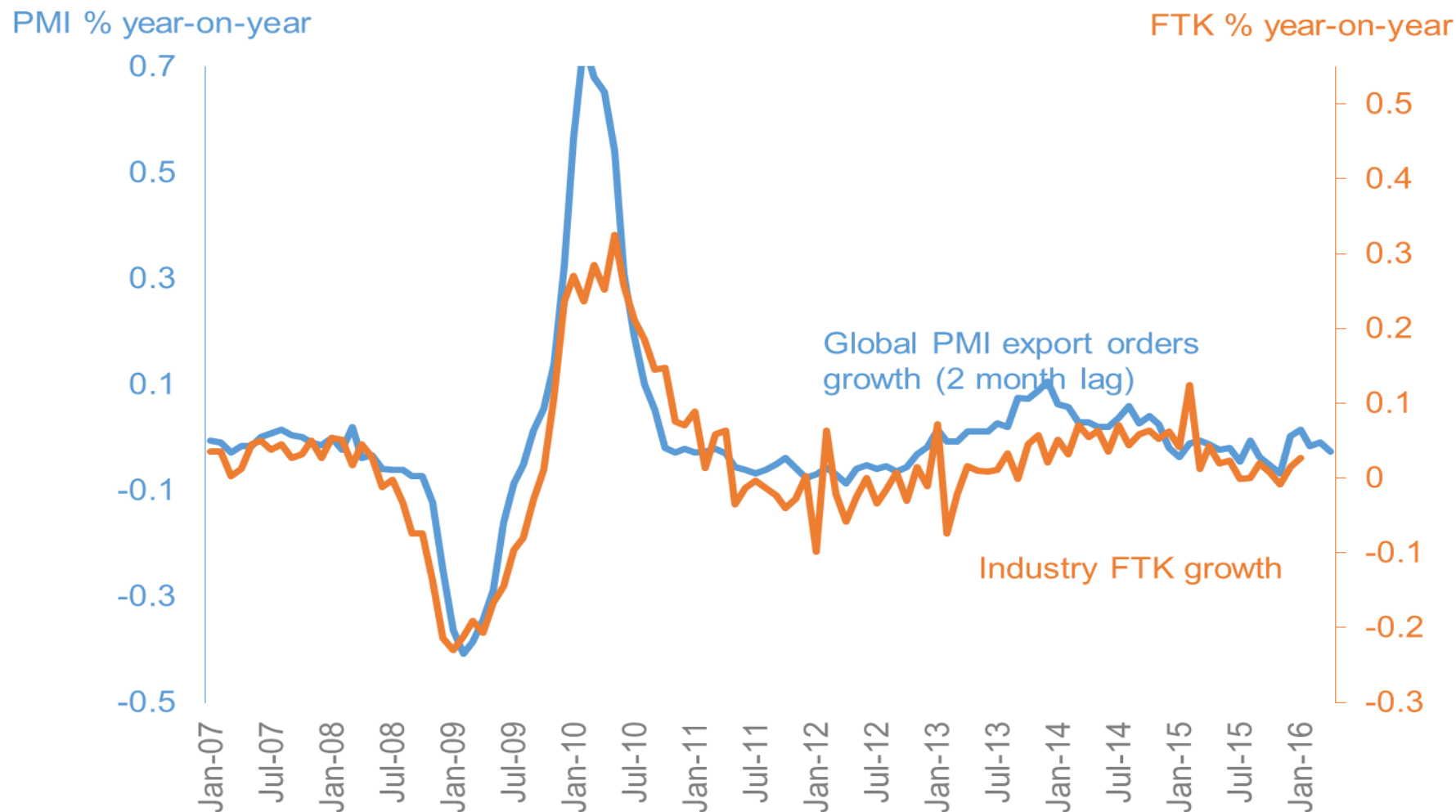
Source: Netherlands CPB, IATA

Consumer confidence is a source of optimism



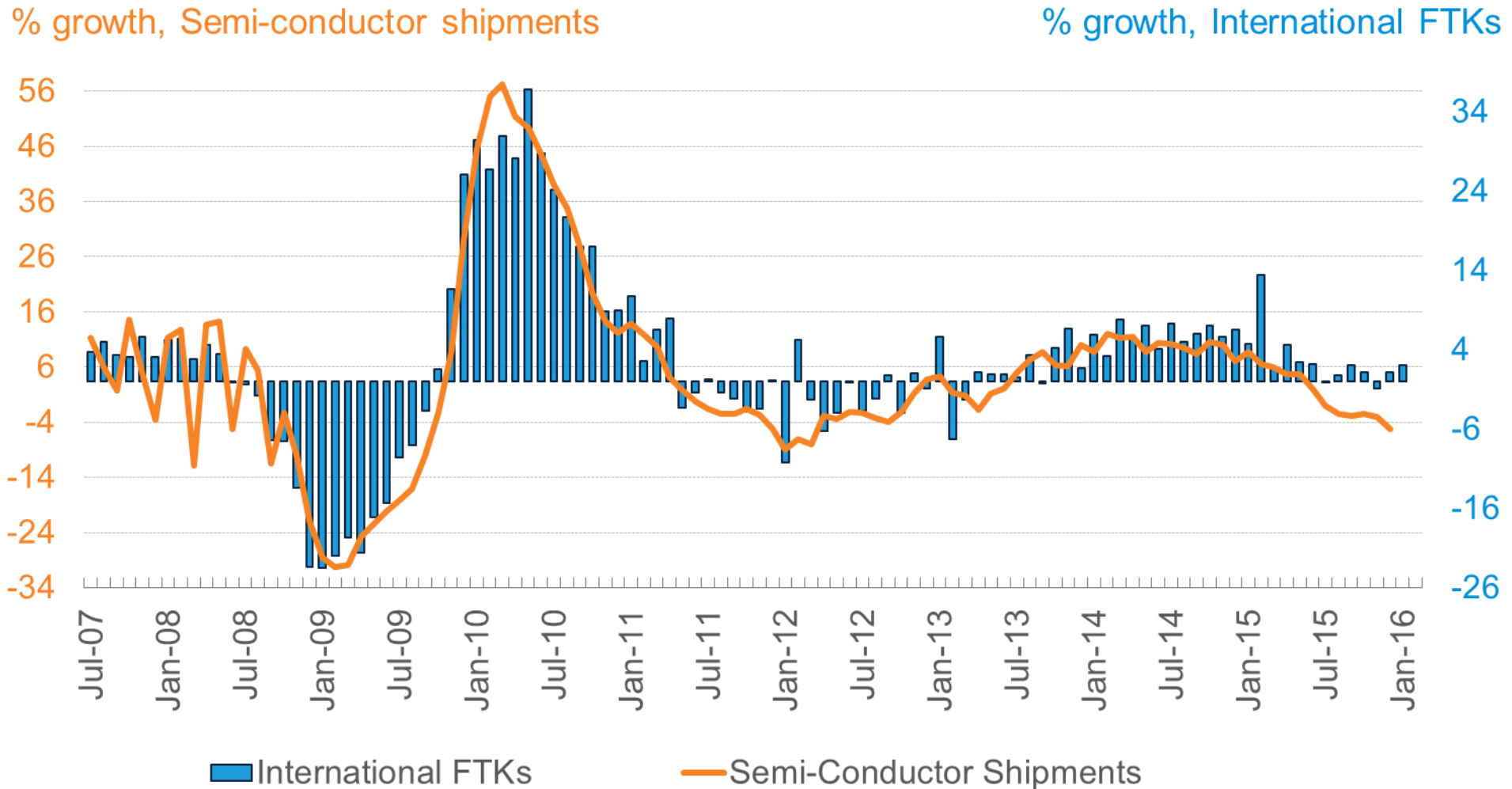
Source: DatasStream

Purchasing managers index on export orders bearish in short term



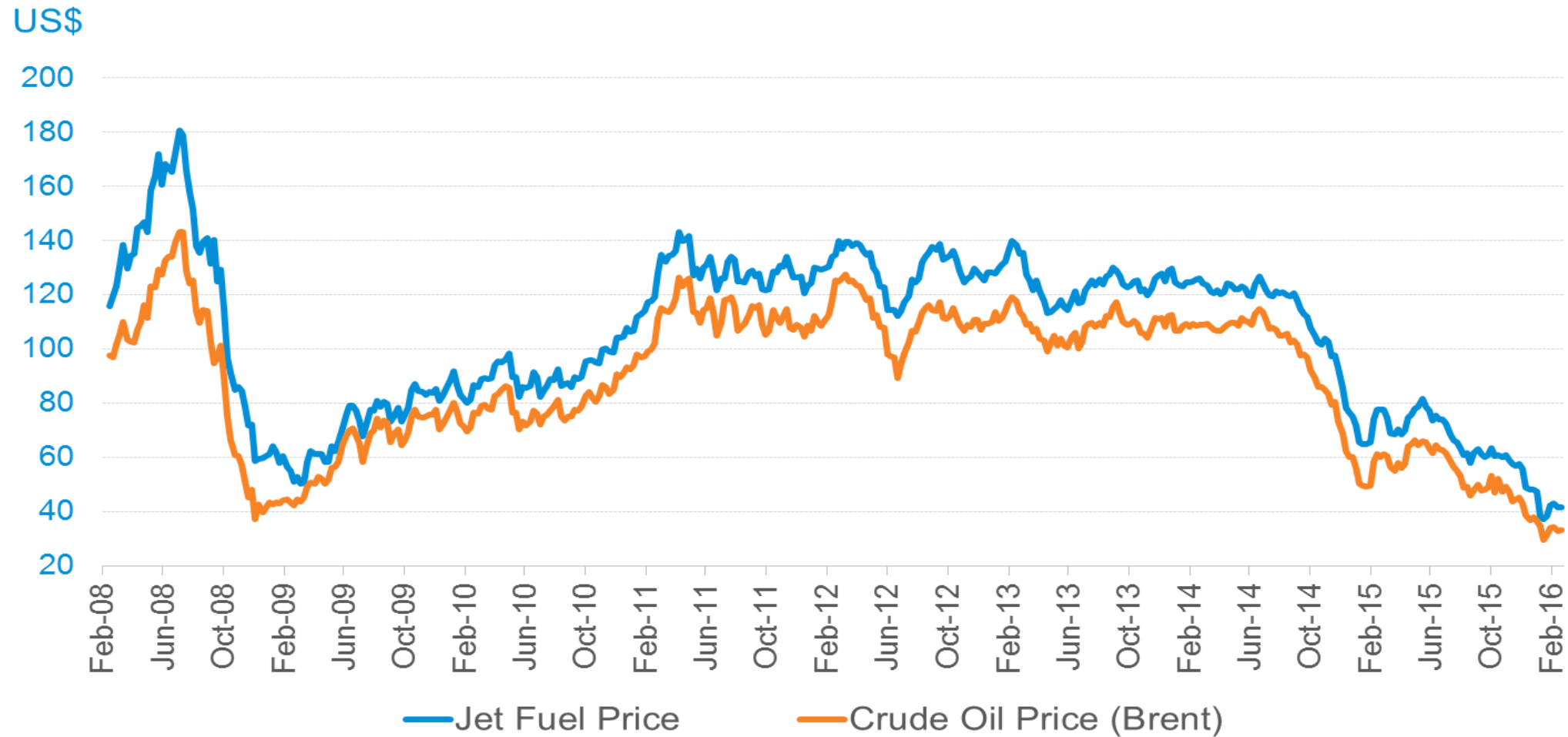
Source: Markit, IATA

Semi-conductor shipments are contracting



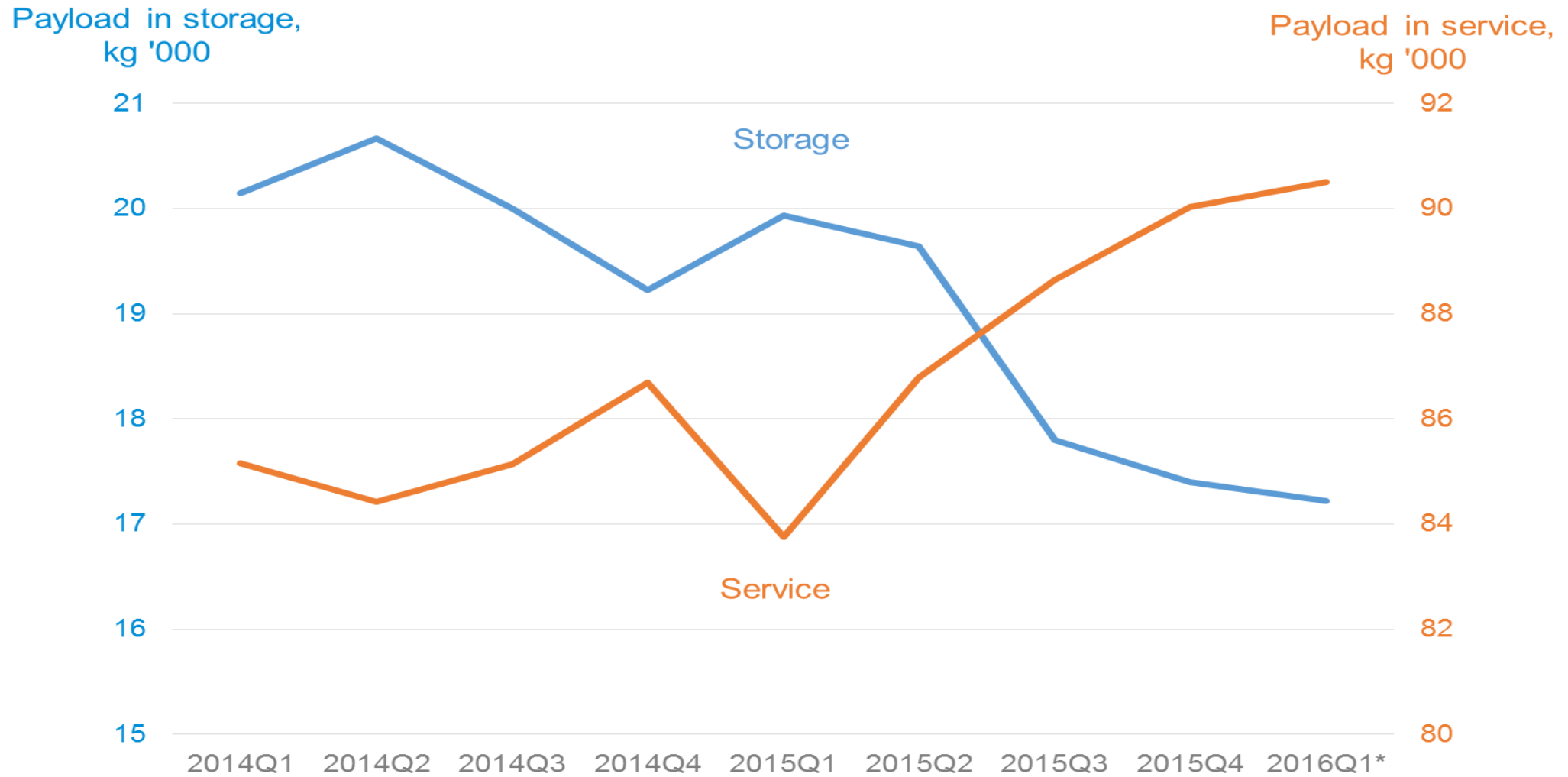
Source: IATA, SIA

Fuel prices fall - short term gain but can be a double-edged sword



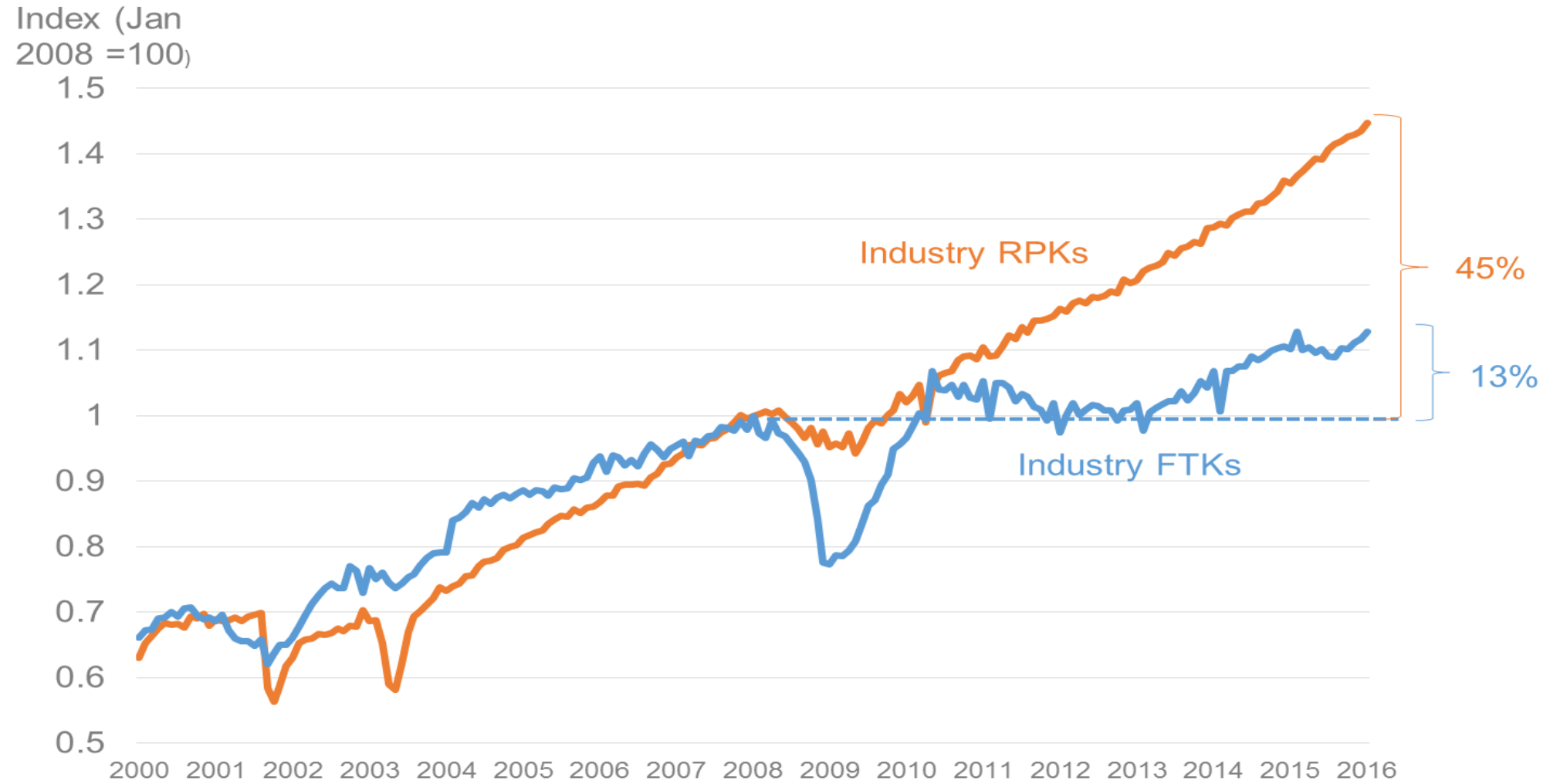
Source: Platts, Oanda, DigitalLook

Freighters have been coming out of storage



Source: Ascend, IATA

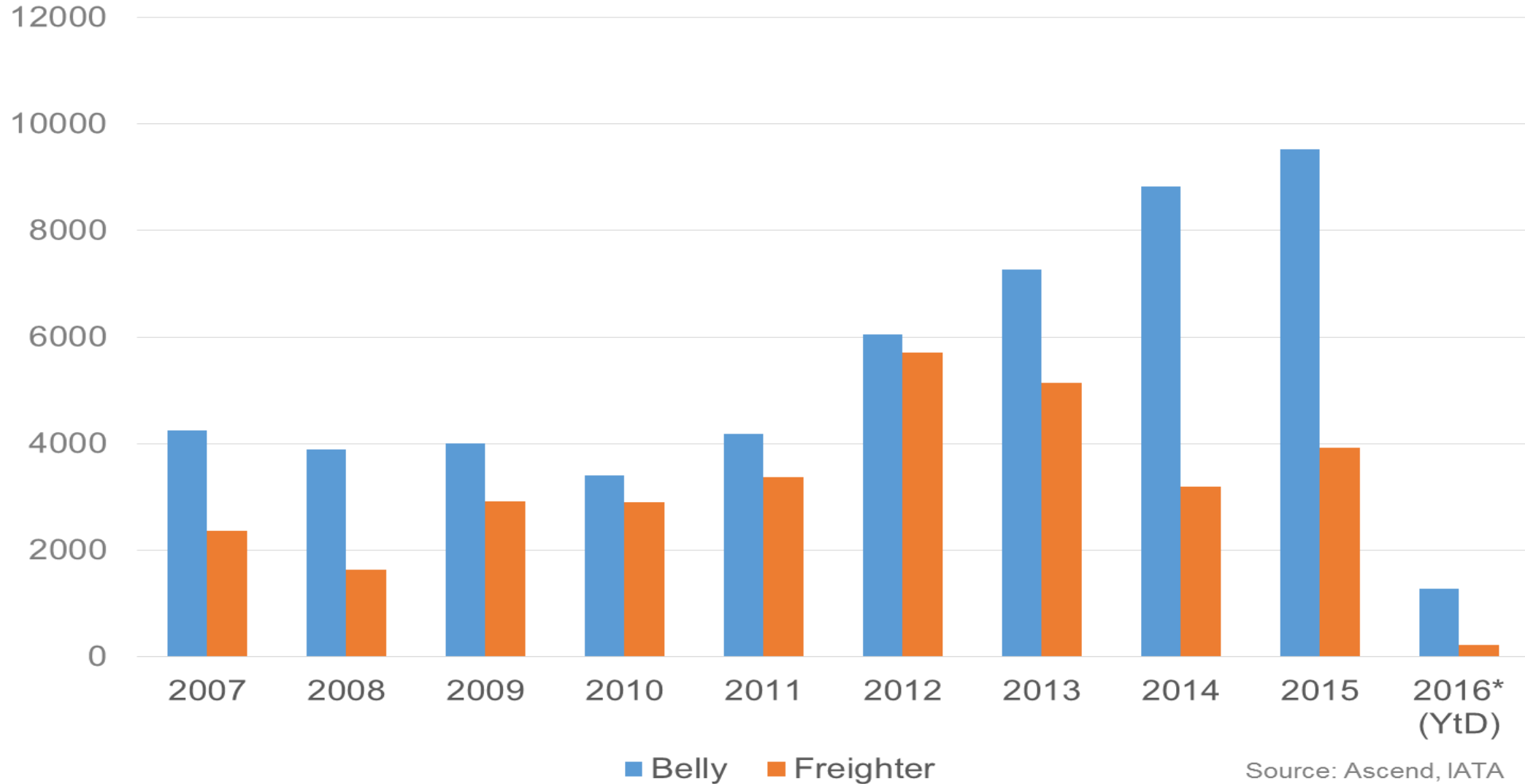
Passenger business outstrips cargo



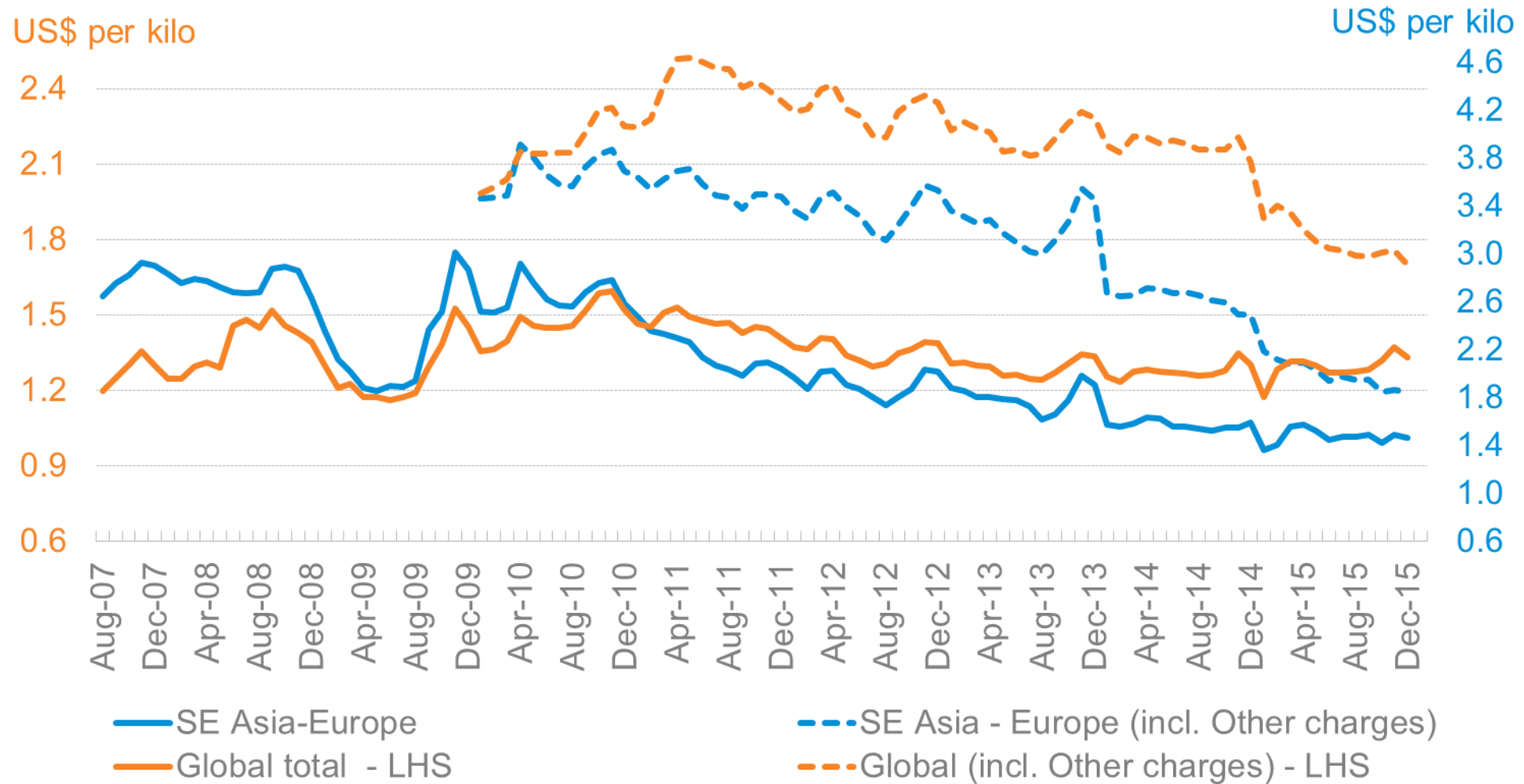
Source: IATA

Widebody payload capacity deliveries leads to bulging belly

Payload capacity, kg



Yields stable but pressure likely to build



Source: IATA CASS

Summing it up

- Macro-economy: “new mediocre” is “new reality”
- Positive momentum in air cargo but short-term export weakness a concern
- Mid-term consumer confidence can be a source of optimism
- Air cargo capacity rising as lower fuel prices prevail
- Yields likely to come under increasing pressure