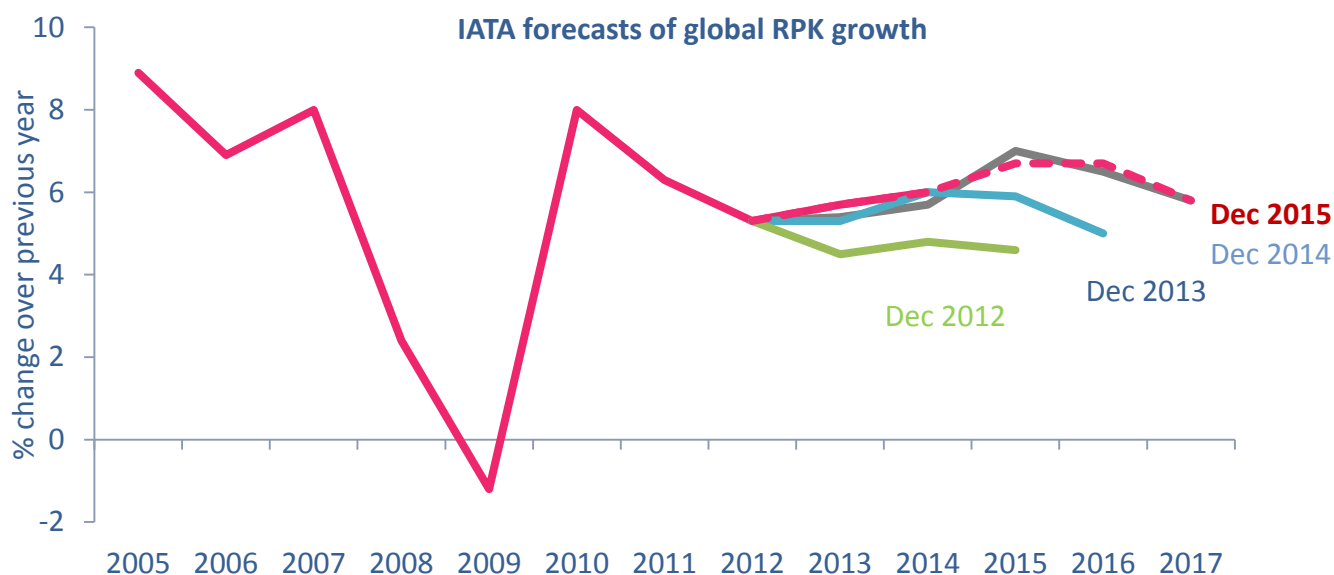
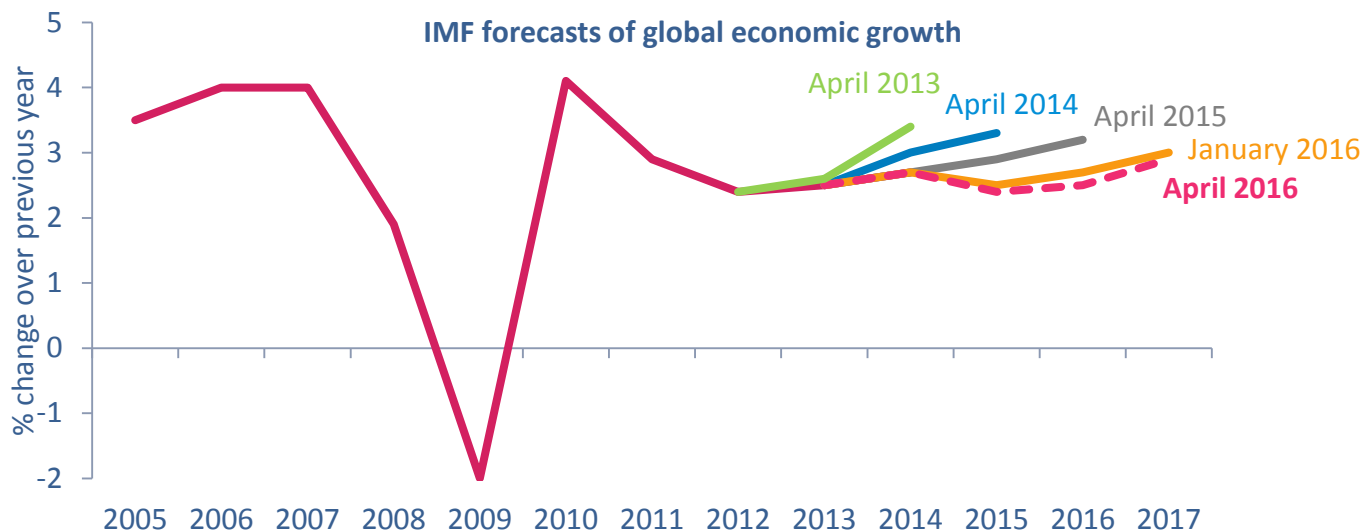




IATA ECONOMICS' CHART OF THE WEEK

15 APRIL 2016

AIR TRAVEL GROWTH DEFYING ECONOMIC GRAVITY?



Source: IMF World Economic Outlooks, IATA Economic Performance of the Airline Industry

- This week's release of the IMF's latest gloomy economic forecast shows the hoped-for acceleration of economic growth pushed out into the future yet again. The global economy seems stuck in a disappointingly low growth path.
- Yet the opposite has happened with our own forecasts of air travel growth, which we have been revising upwards. But air travel has not decoupled from the world economy. There have been two significant but one-off price stimuli to travel: a major rise of LCCs in some key Asian markets, and then the collapse of oil prices at the end of 2014.
- But this stimulus to travel will die away as new entry stabilizes and oil prices stop falling. Air travel growth will not be able to defy the downward pull of weak economic growth indefinitely.

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