

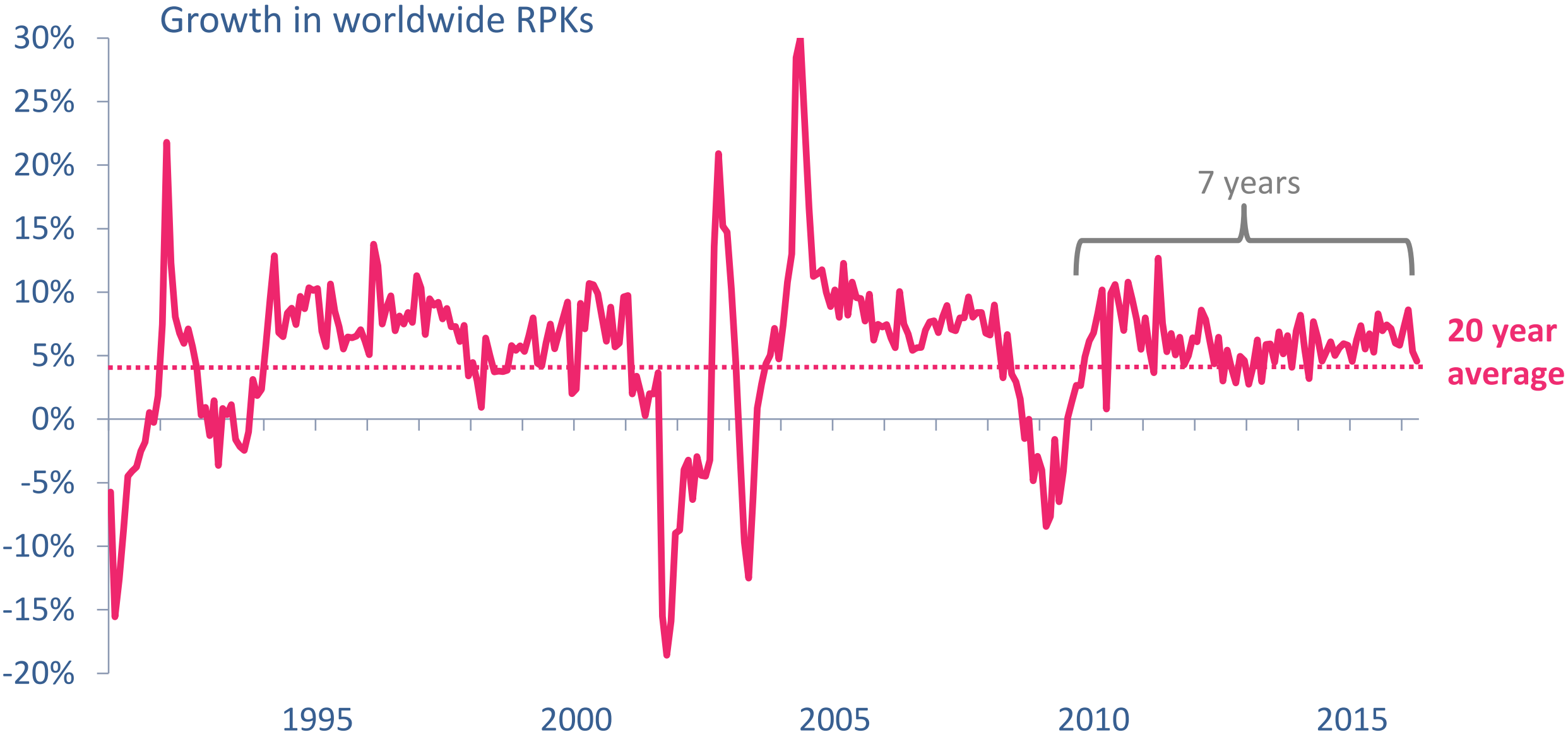


Air travel markets over the next two decades

October 2016

Brian Pearce
Chief Economist, IATA

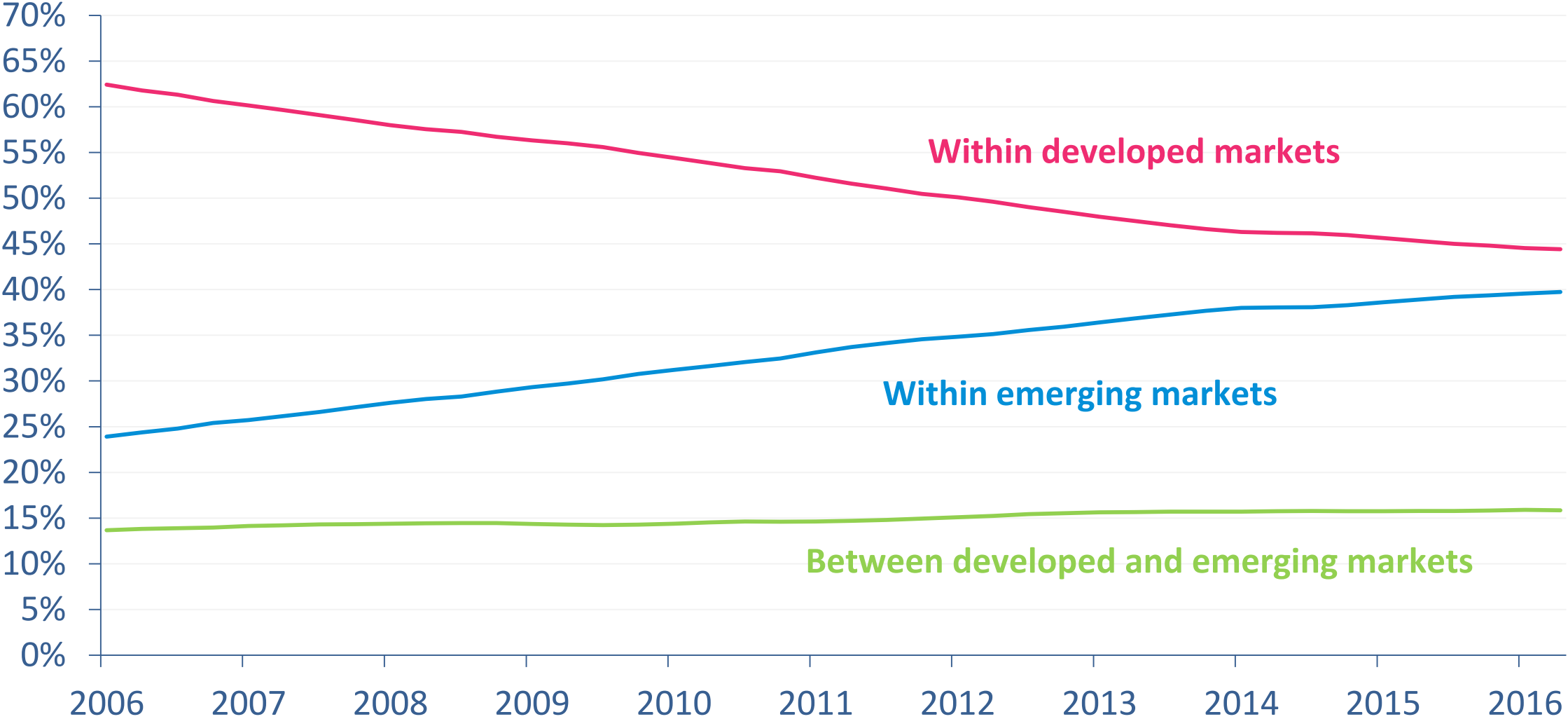
We've enjoyed a long period of above-trend air travel growth



Source: IATA using data from IATA Statistics

With emerging air passenger markets catching up fast

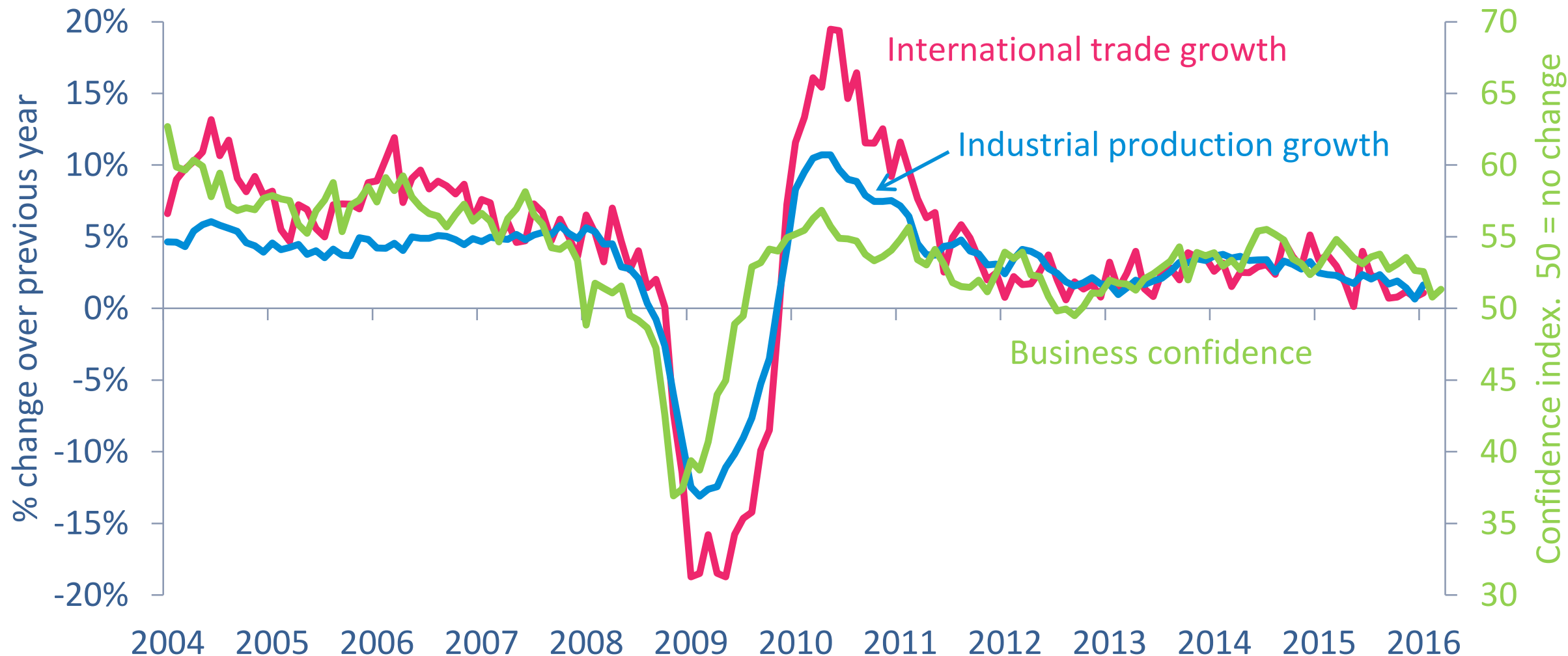
% of total O-D journeys (12m rolling sum)



Source: IATA using data from PaxIS+

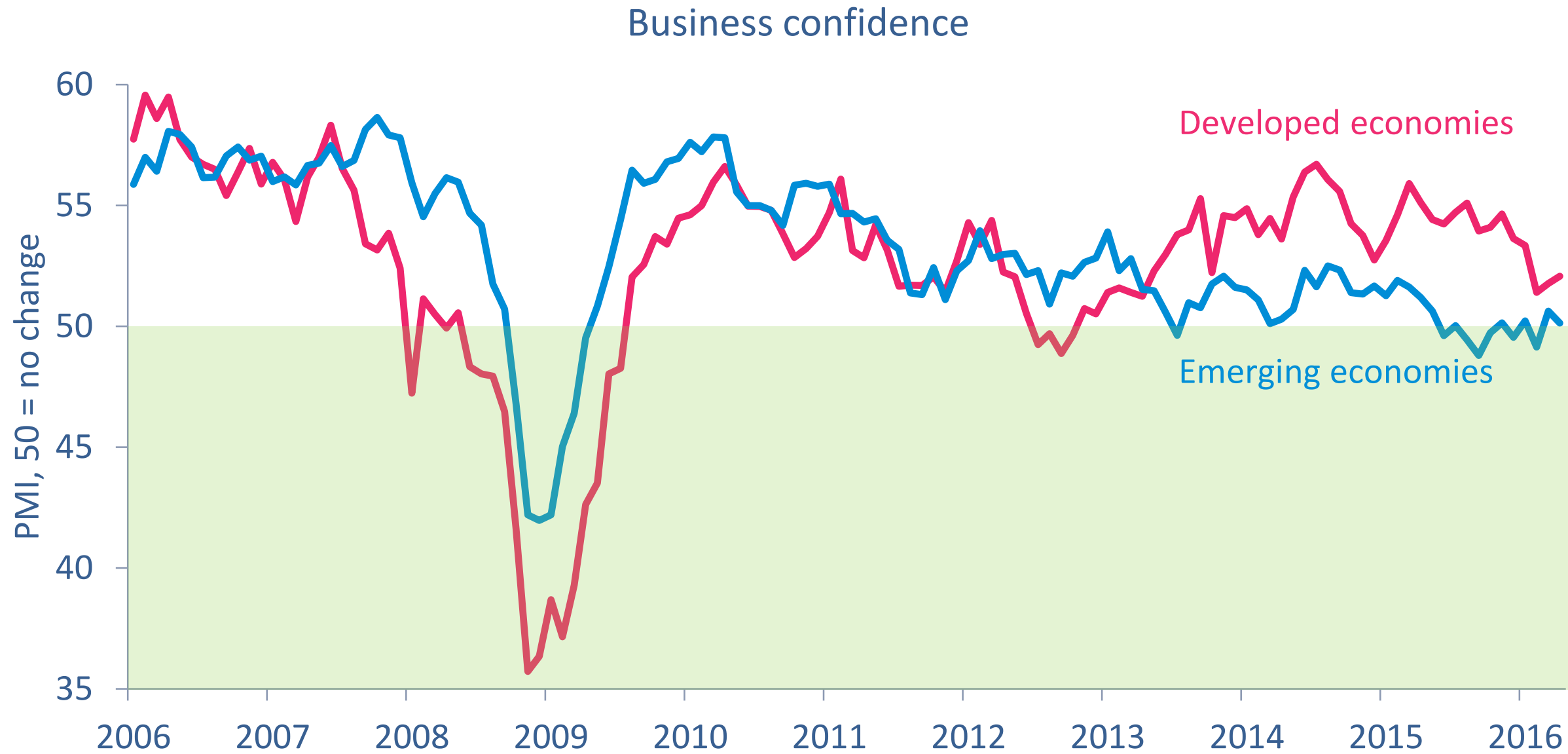
But lackluster economic cycle now seems to be slowing

Global economic cycle indicators



Source: IATA using Netherlands CPB and Markit data

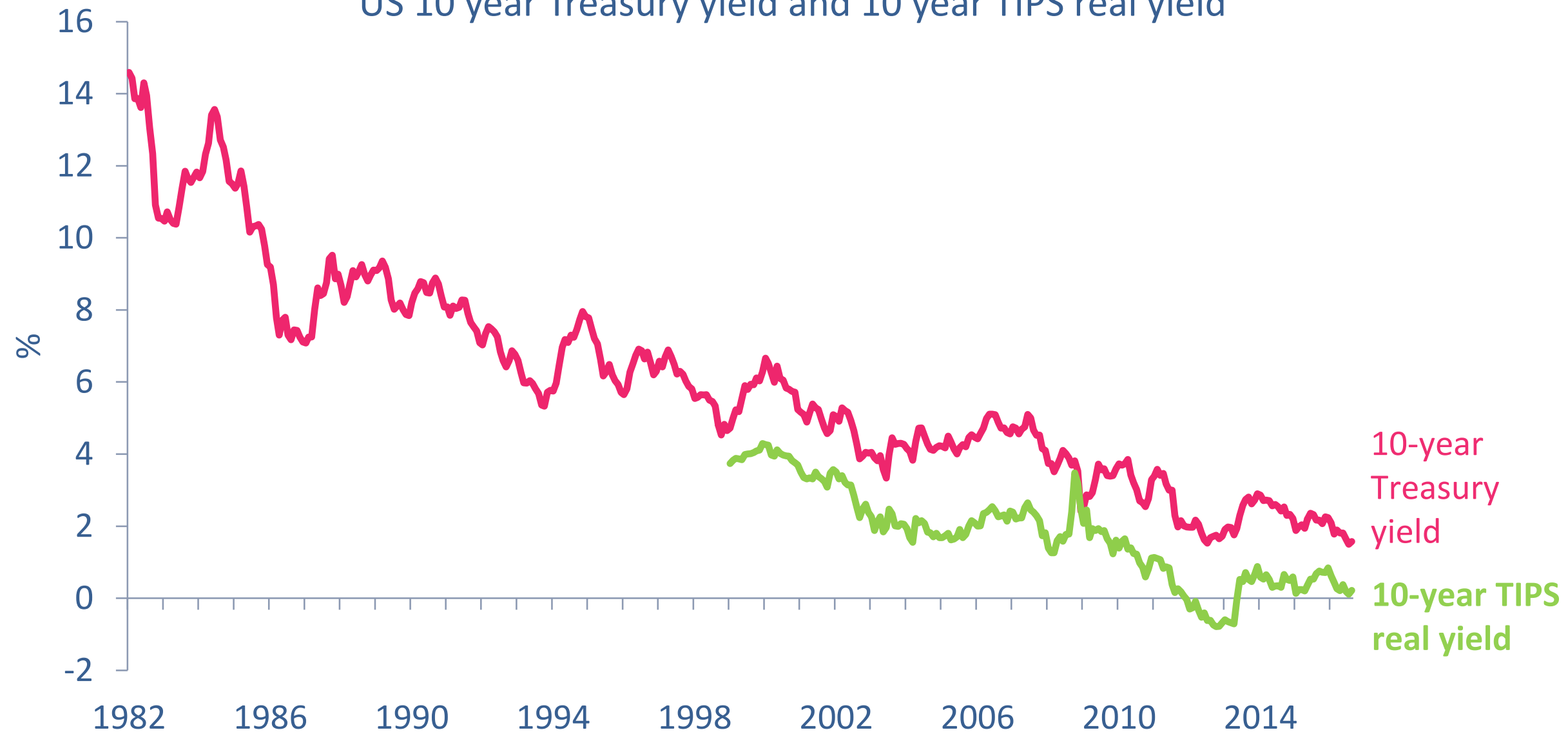
Both developed and emerging economies now weaker



Source: IATA Economics using Markit data

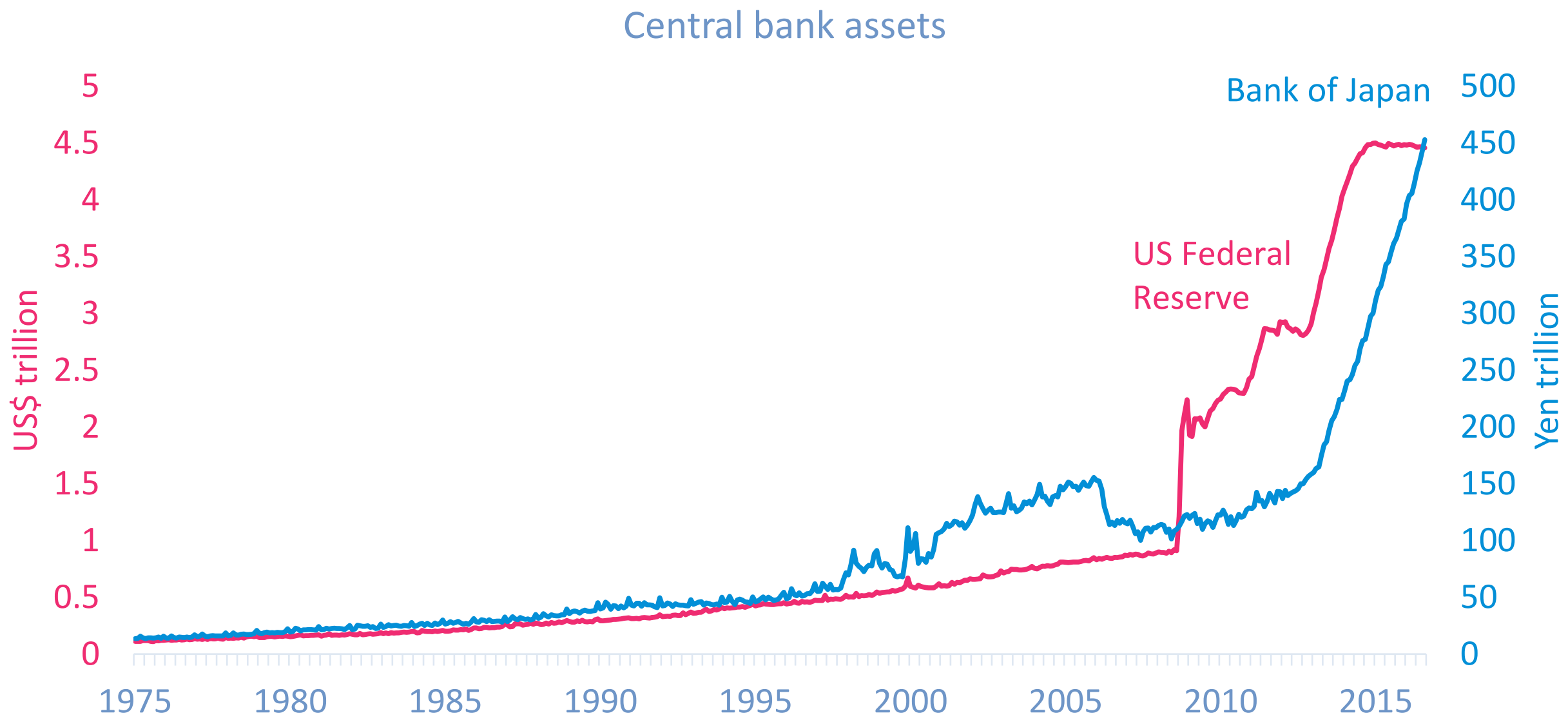
World awash with savings and short of investment

US 10 year Treasury yield and 10 year TIPS real yield



Source: IATA using data from Haver

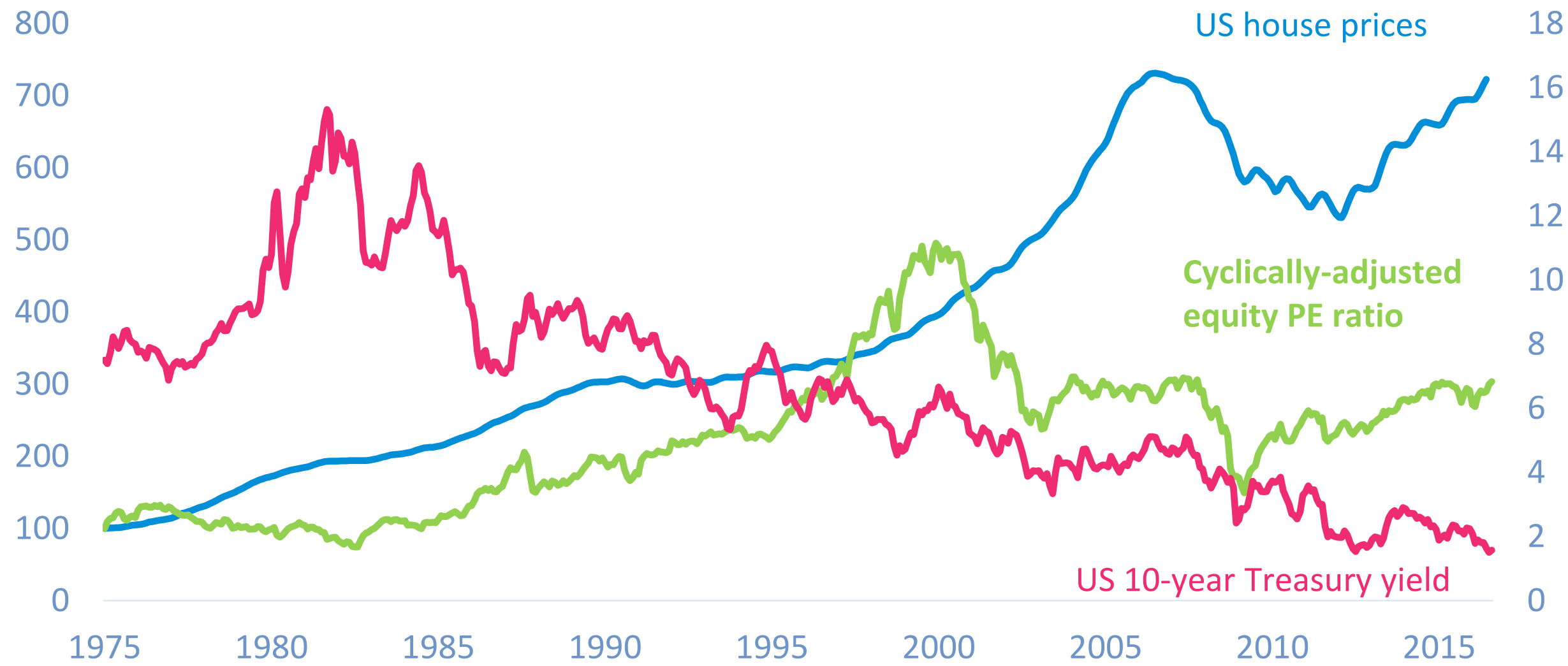
Central banks continue to print money



Source: IATA using data from Haver

Asset price valuations back to pre-GFC levels or more

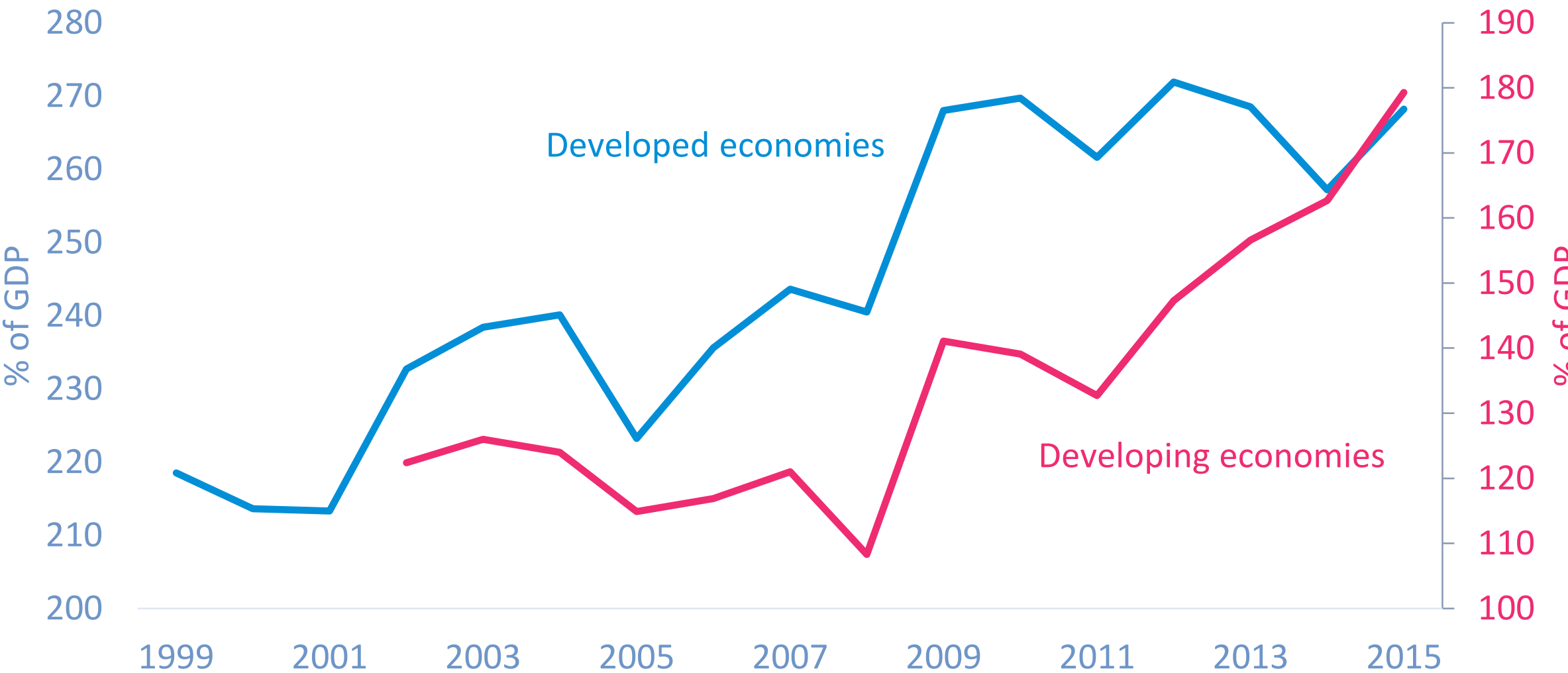
US Treasury yields, house prices and equity values



Source: IATA using data from Haver

The world has a debt problem, again

Outstanding debt of non-financial sector, % of GDP



Source: IATA using data from BIS



WE'RE OUT!

Overjoyed: A jubilant Nigel Farage in London early today celebrating the stunning victory for the Leave campaign

■ After 43 years UK freed from shackles of EU ■ PM in crisis as voters reject Project Fear ■ Leave surge sends pound to a 31-year low

A HUGE revolt by Middle England last night gave a stunning victory to Brexit. On a million households, there was a massive rejection of Brussels in mid-2016. The result was a historic win for the Leave campaign as Labour worked its heartlands as Leave scored an astonishing success. The pound plummeted wildly before rebounding to a 31-year low as traders reacted to the shock news. In Japan 1970 to return to the British club. The

By James Slack, Daniel Martin and Janet Groves

shares were in tatters. In key English areas including Birmingham, the South East, Dorset, Essex, Hertfordshire and the South West there was a massive protest against the London-based political class. At a dinner, the BBC and ITV declared that the vote was 'overwhelmingly in favour of Brexit'. The result was a historic win for the Leave campaign as Labour worked its heartlands as Leave scored an astonishing success. The pound plummeted wildly before rebounding to a 31-year low as traders reacted to the shock news. In Japan 1970 to return to the British club. The

rejection of Project Fear came despite warnings of a 'catastrophic' result. The Prime Minister and raised questions about his leadership. He was seen to be in a 'crisis' position. When the polls showed a massive victory for the Leave campaign, the pound fell to a 31-year low. The result was a historic win for the Leave campaign as Labour worked its heartlands as Leave scored an astonishing success. The pound plummeted wildly before rebounding to a 31-year low as traders reacted to the shock news. In Japan 1970 to return to the British club. The

Donald Trump Vows to Rip Up Trade Deals and Confront China

The New York Times
28 June 2016

Across Europe, distrust of mainstream political parties is on the rise

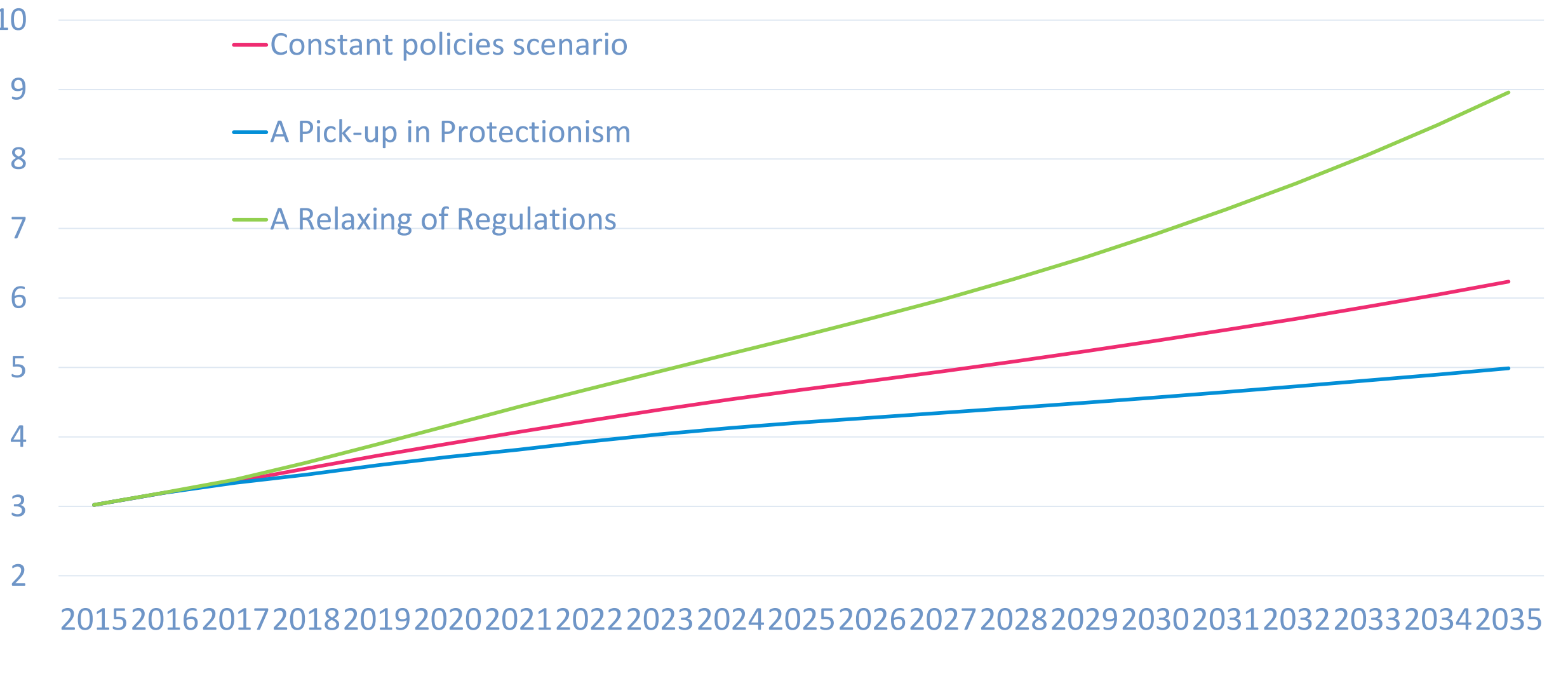
Guardian
25 May 2016

Clamour for trade protectionism on rise: Arun Jaitley

CNBC
13 October 2016

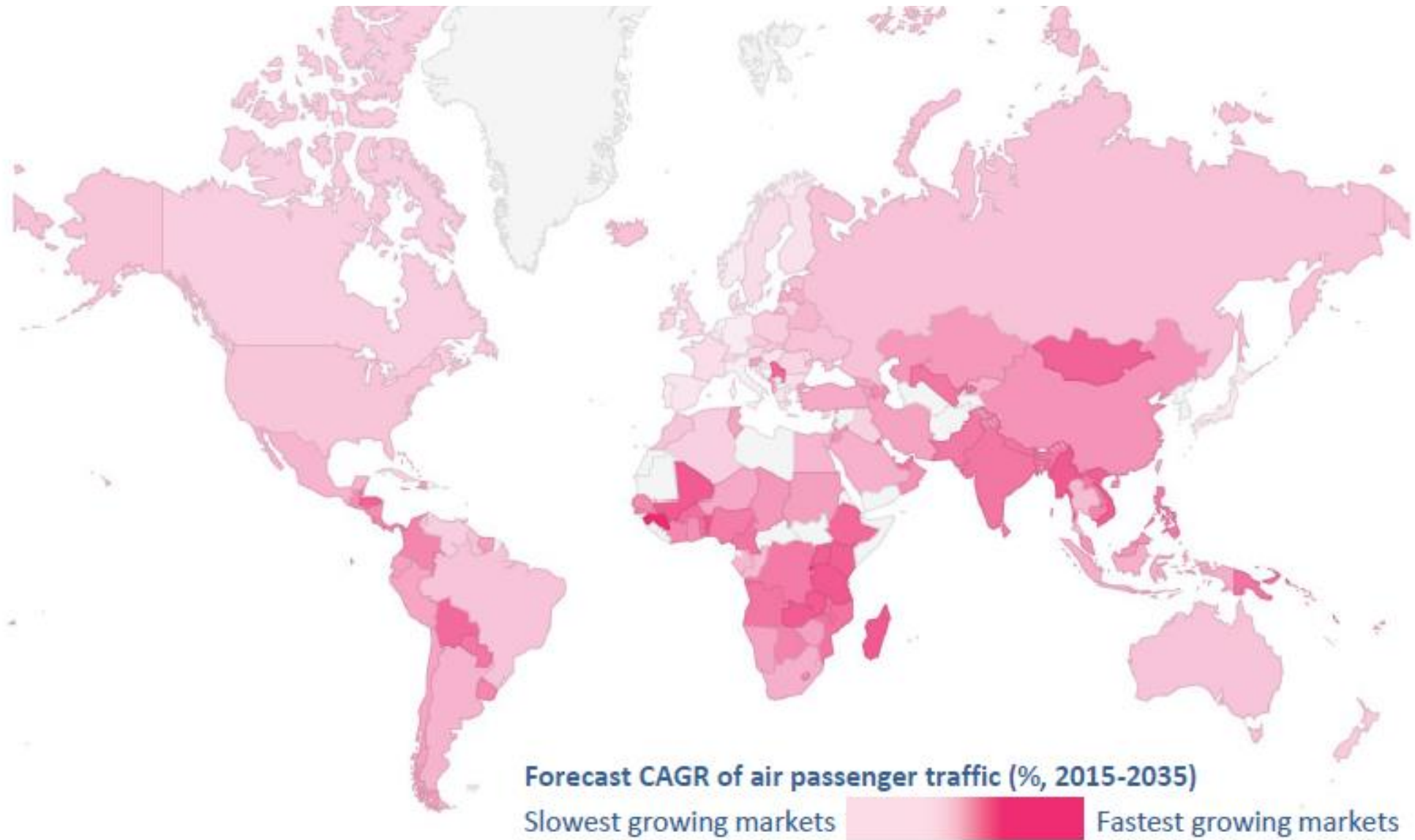
Air passenger markets expand substantially under most scenarios

Global passengers (O-D basis, billion)



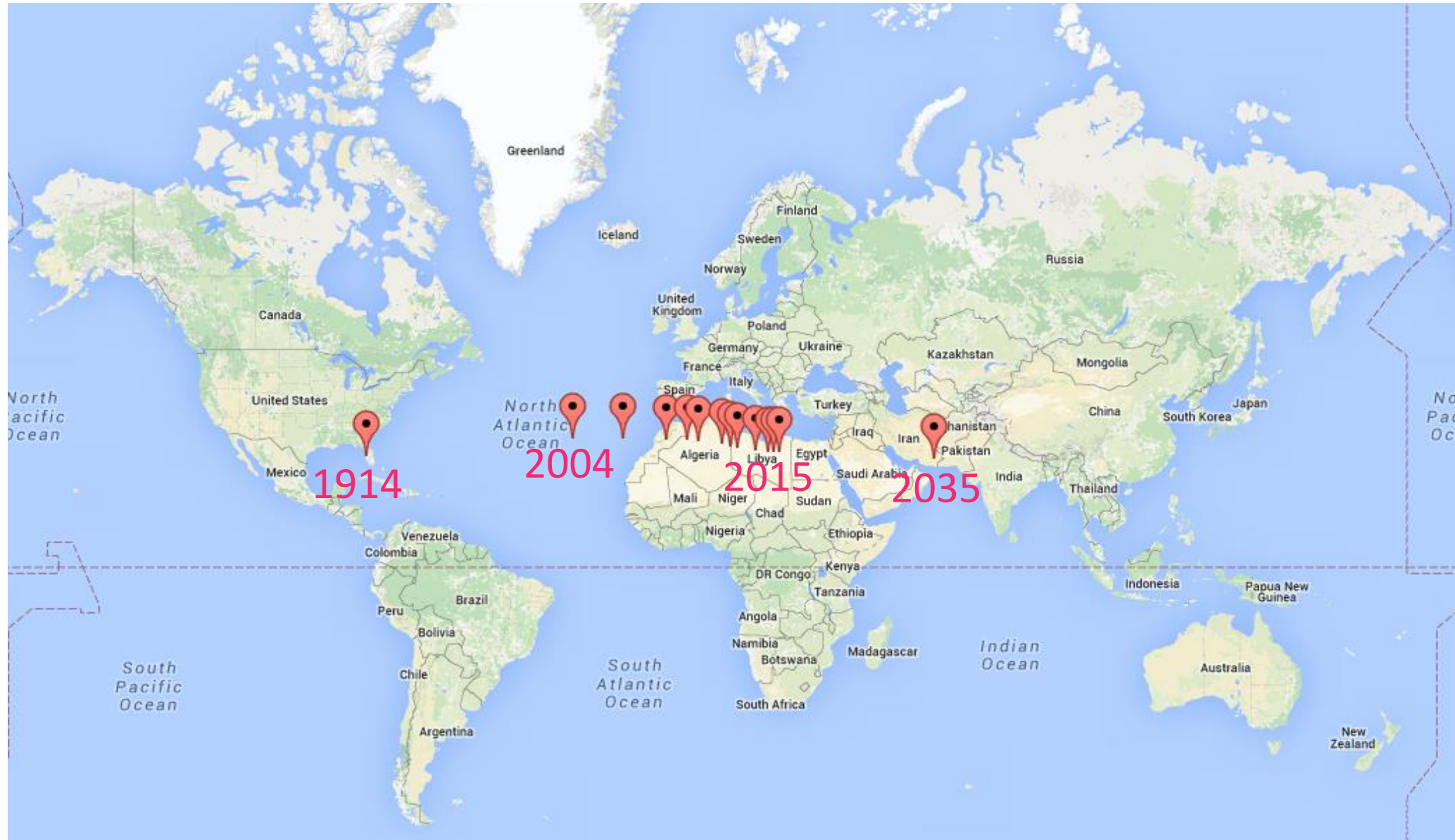
Source: IATA using data from TE/IATA Air Passenger Forecasts, October 2016

Centre of growth shifting East and South



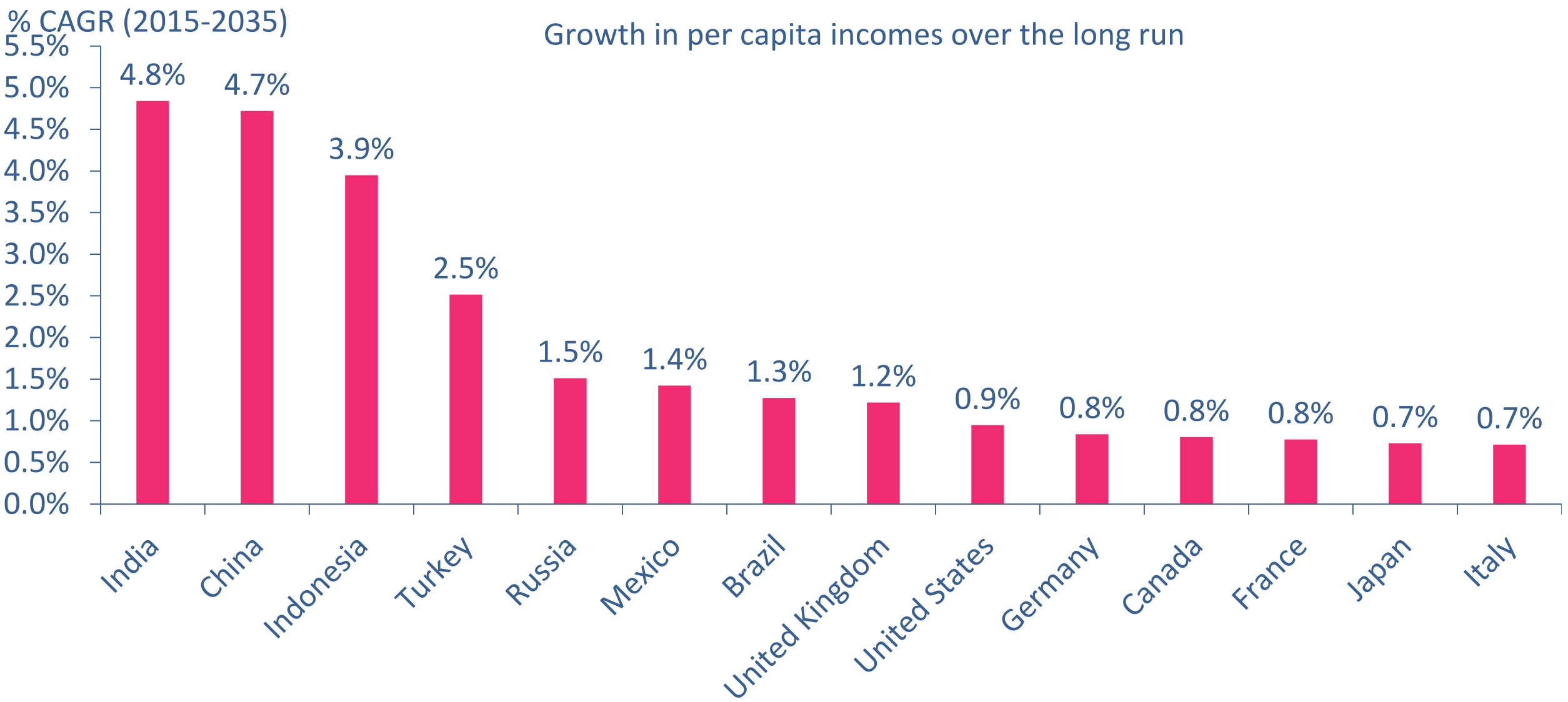
Source: IATA using data from TE/IATA Air Passenger Forecasts, October 2016

Centre of gravity shifting East



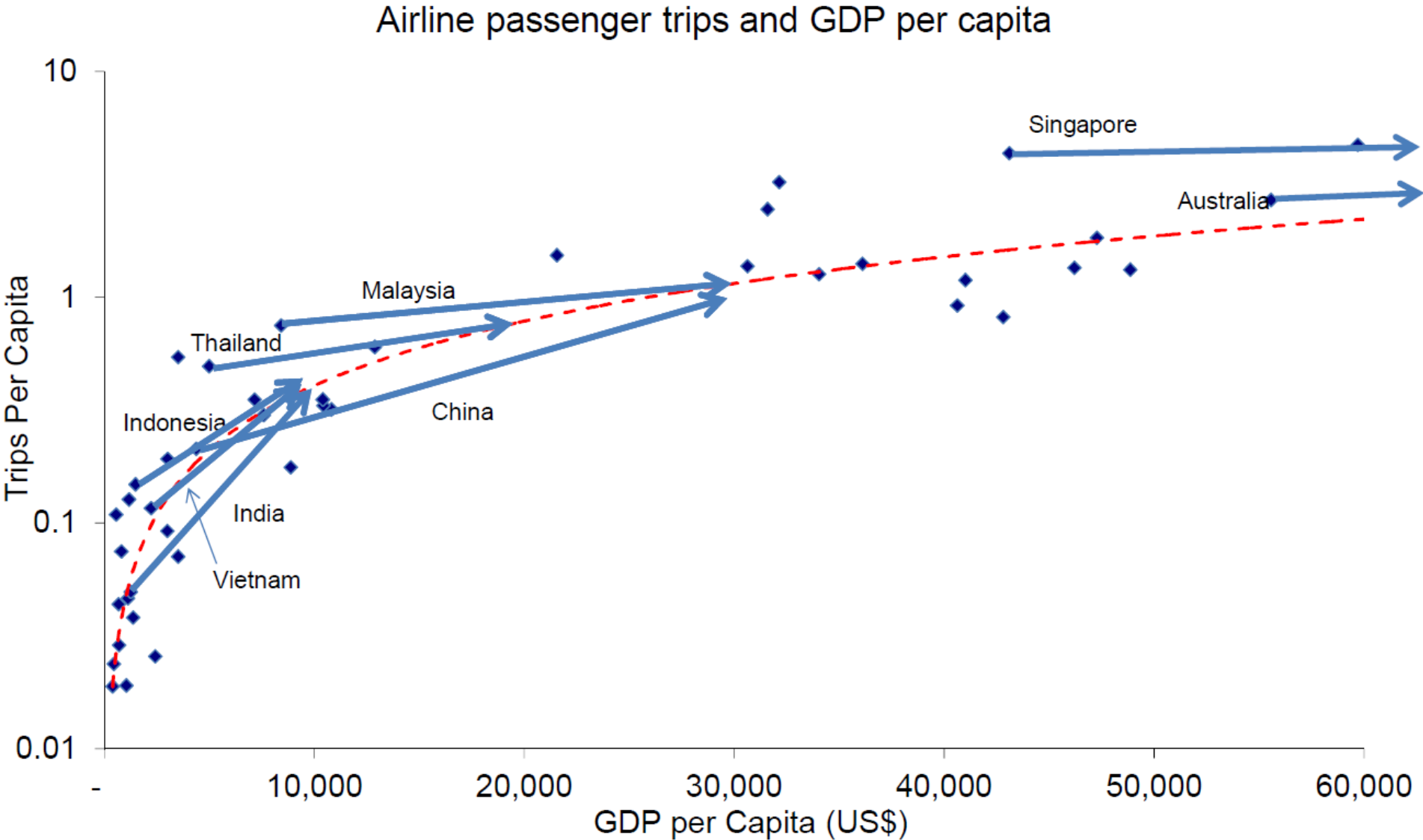
Source: IATA using data from TE/IATA Air Passenger Forecasts, October 2016

Varying catch-up in living standards



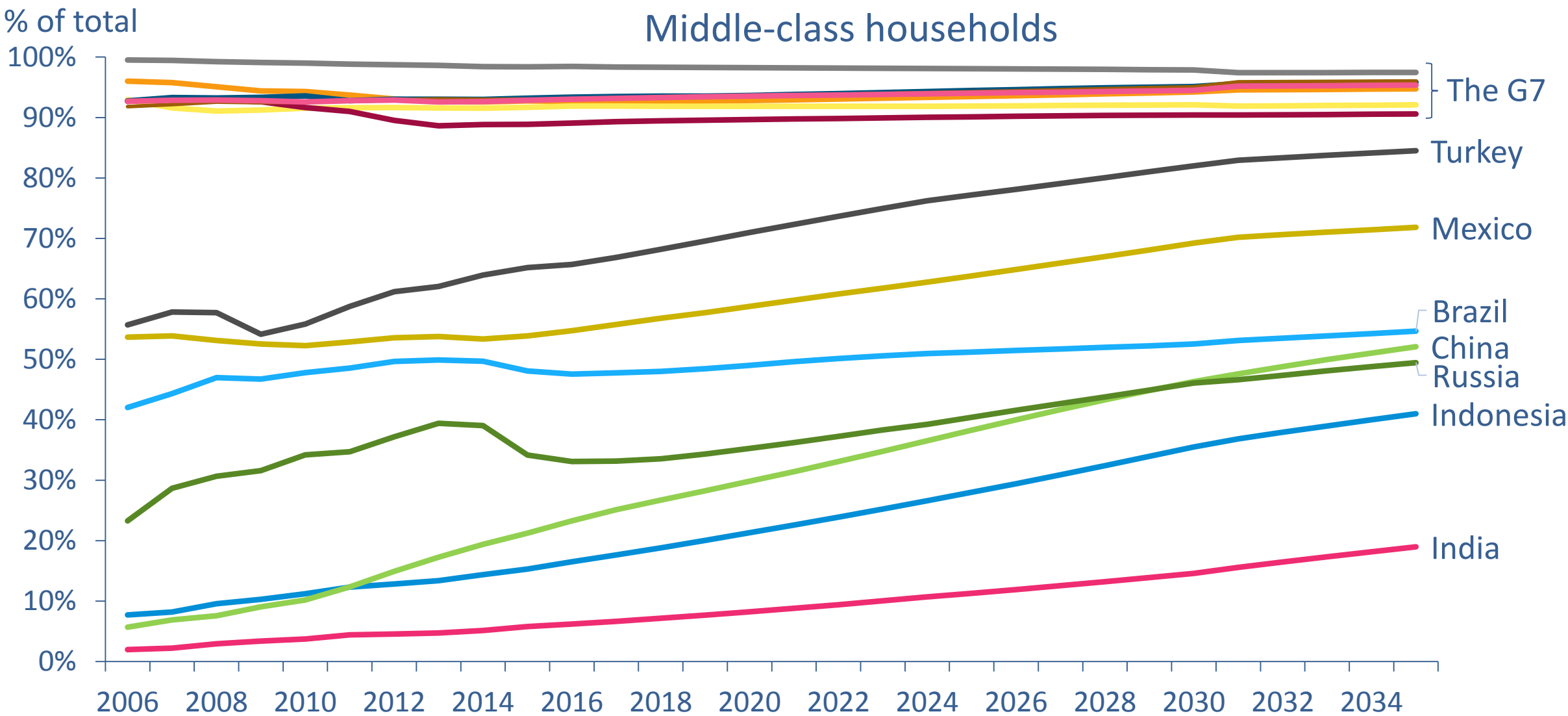
Source: IATA using data from TE/IATA Air Passenger Forecasts, October 2016

Which drives frequency of trips



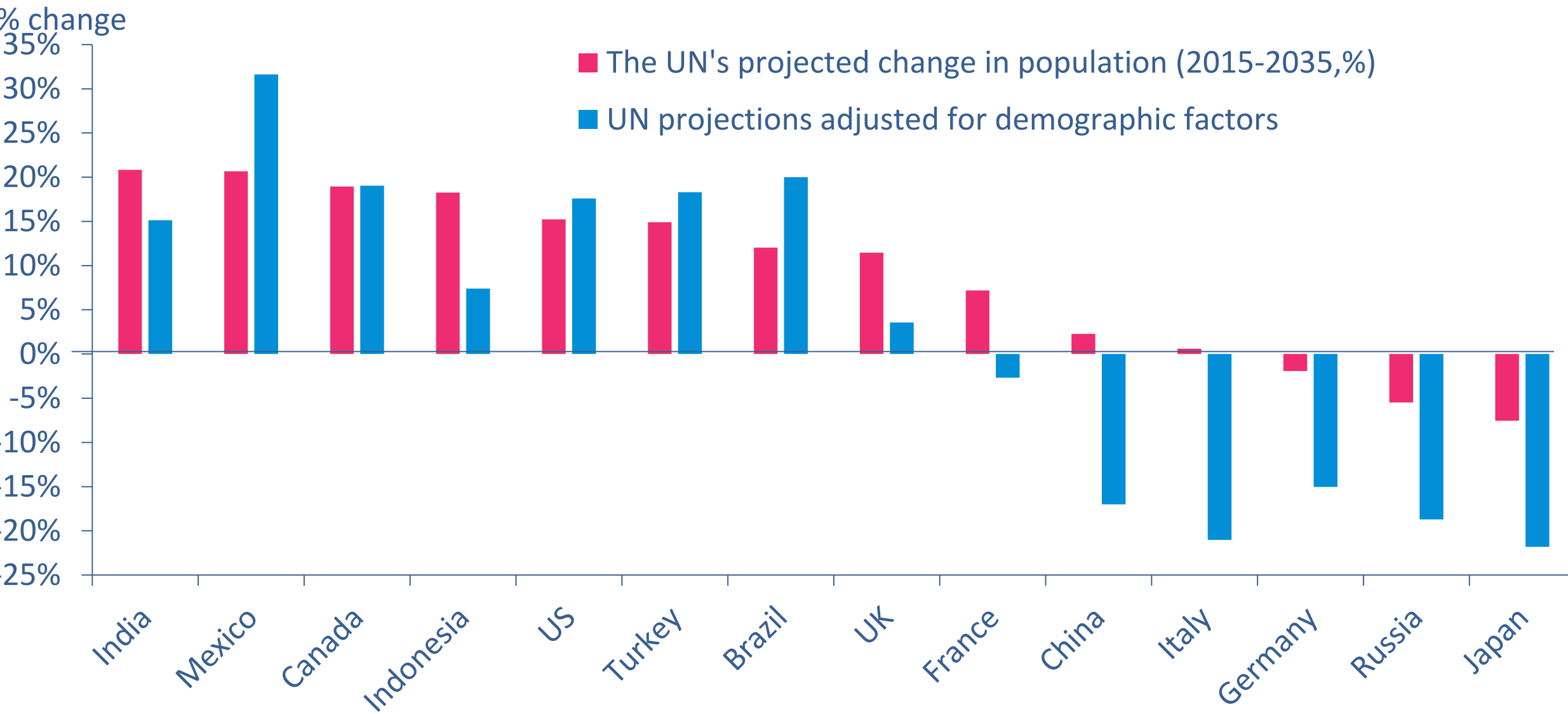
Source: IATA using data from TE/IATA Air Passenger Forecasts, October 2016

Emerging economies' middle income households catching up



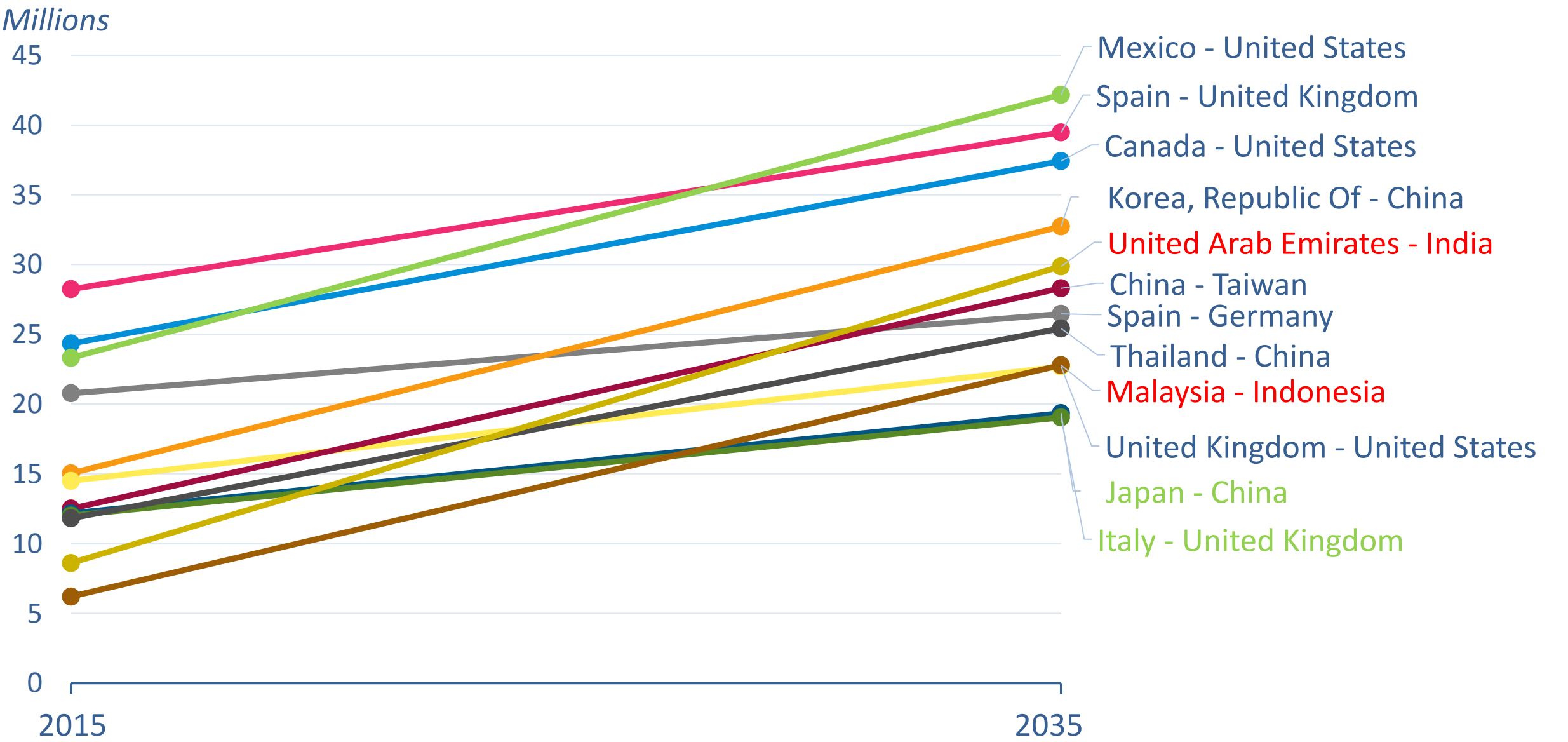
Source: IATA using data from TE/IATA Air Passenger Forecasts, October 2016

Very different demographics



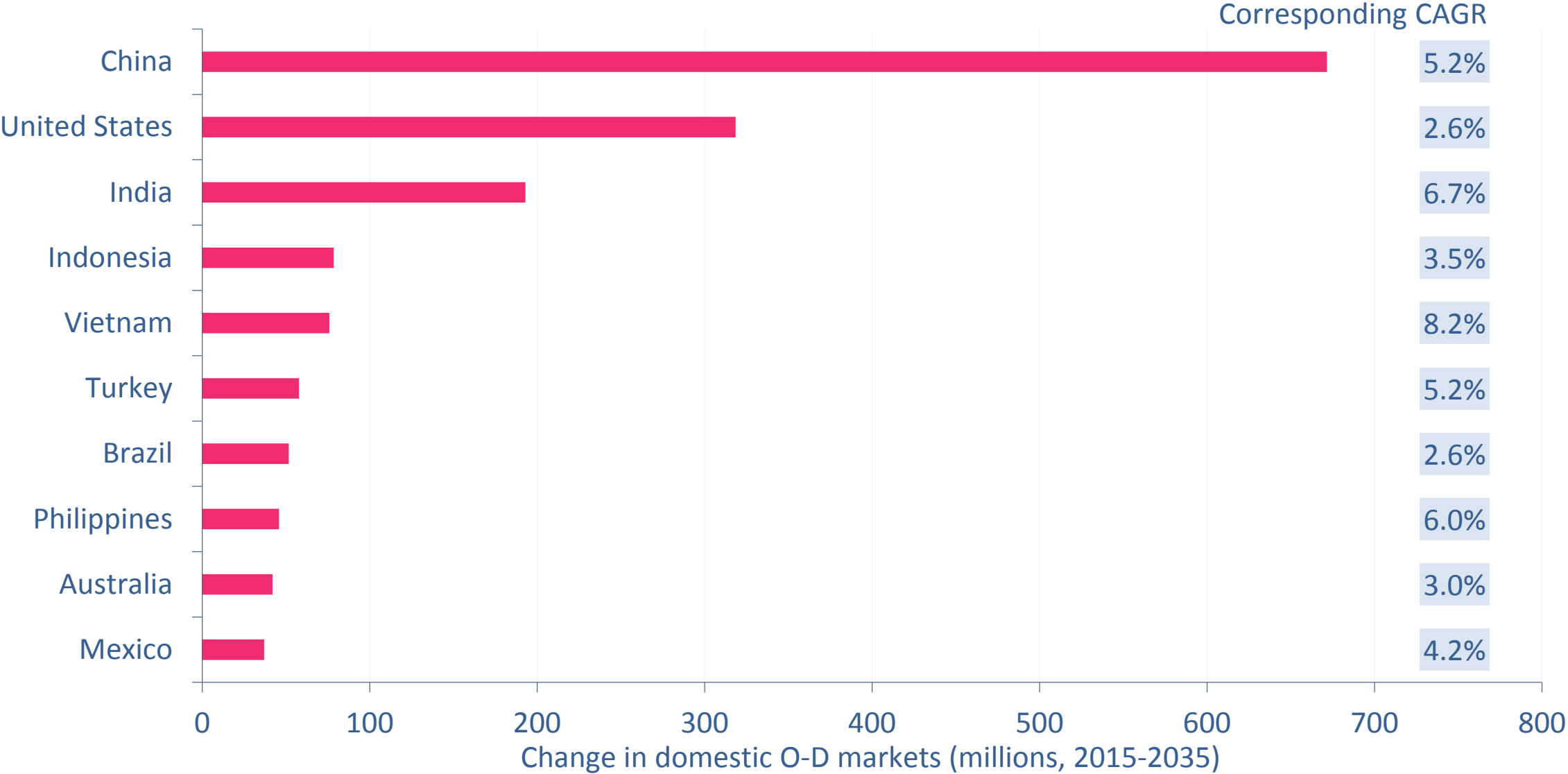
Source: IATA using data from TE/IATA Air Passenger Forecasts, October 2016

New top international country-pair markets emerging



Source: IATA using data from TE/IATA Air Passenger Forecasts, October 2016

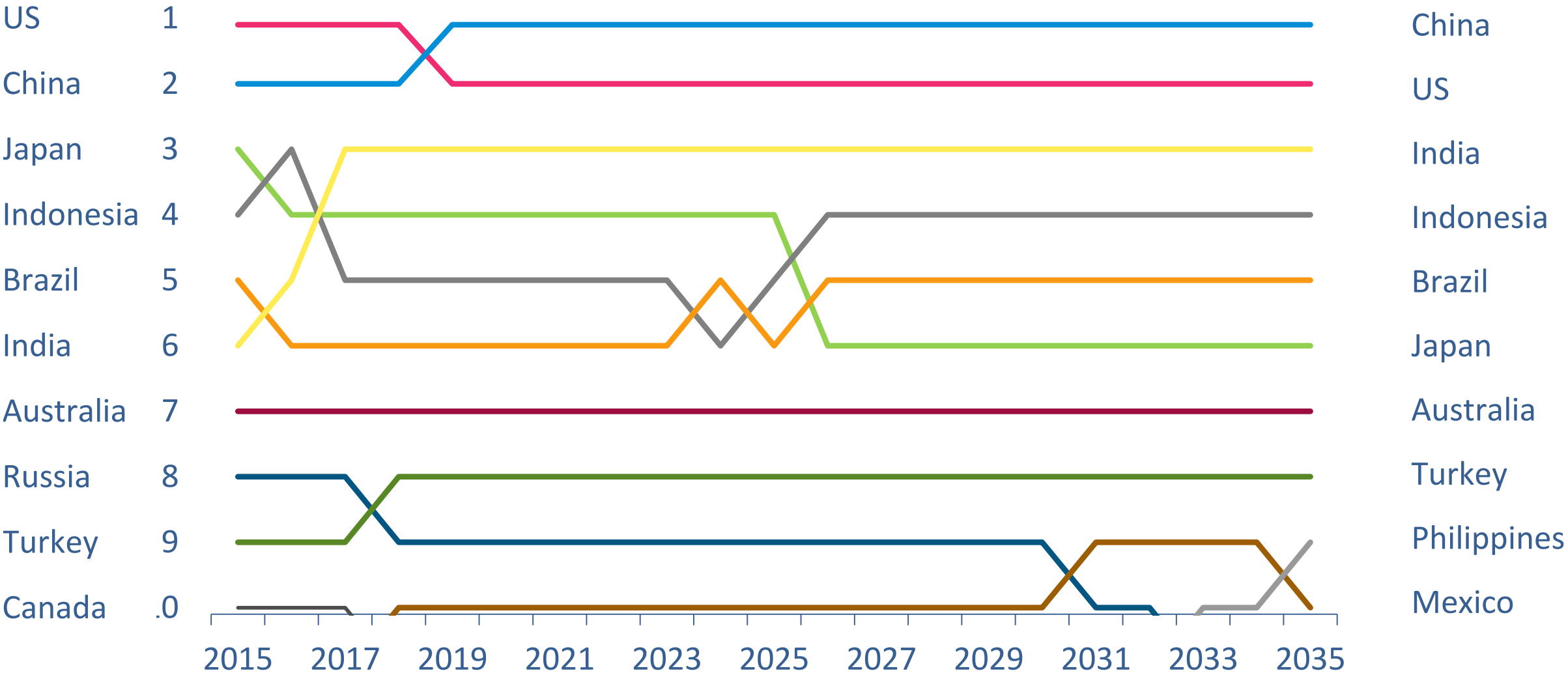
Largest increment to passenger numbers on domestic markets



Source: IATA using data from TE/IATA Air Passenger Forecasts, October 2016

Rise of Asian domestic markets

Top domestic passenger markets, ranked by passenger numbers

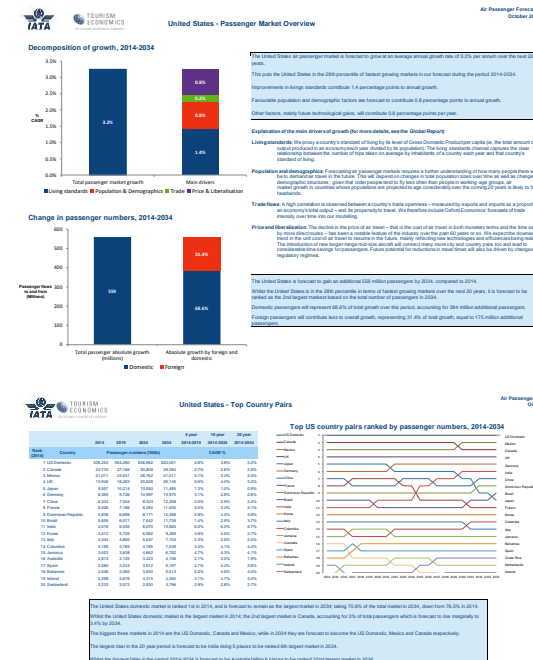


Source: IATA using data from TE/IATA Air Passenger Forecasts, September 2016

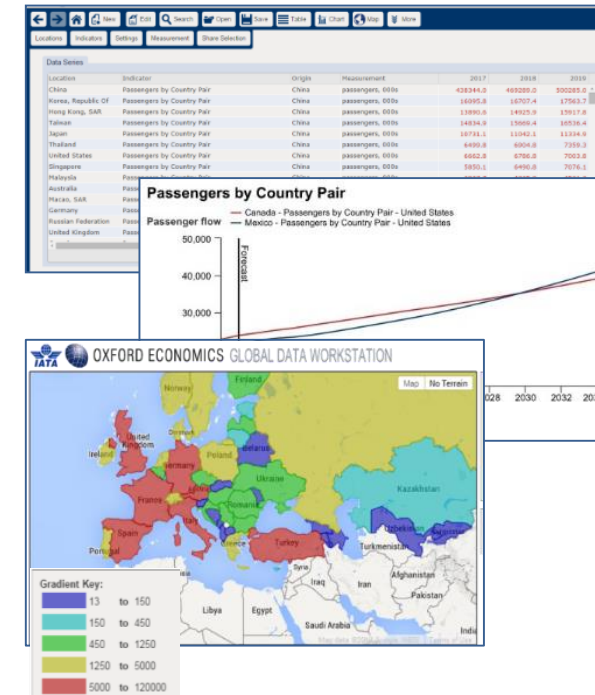
Global Report



Country Reports



Online database/webtool



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