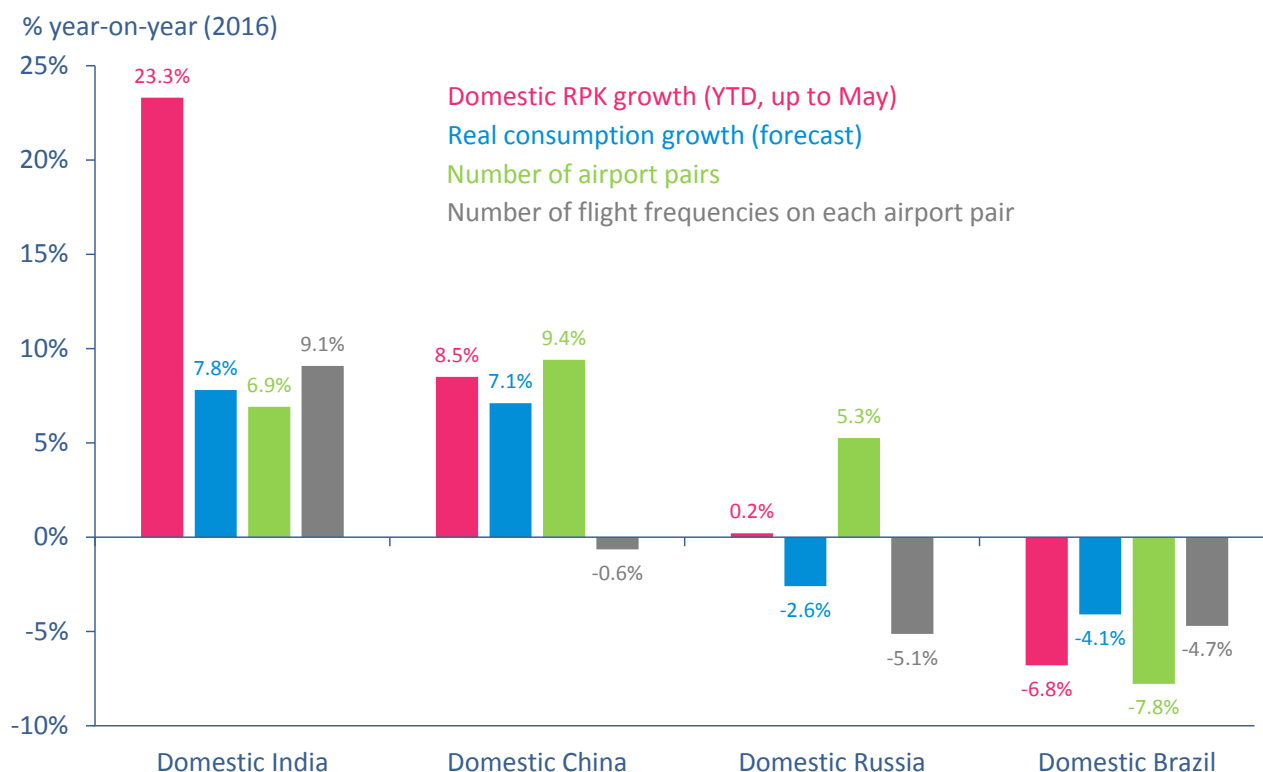




IATA ECONOMICS' CHART OF THE WEEK

29 JULY 2016

TRAFFIC DIFFERENCES IN THE BRICS DRIVEN BY A COMBINATION OF ECONOMIC AND NETWORK CHANGES



- The performance of domestic air passenger volumes in the so-called BRIC economies has continued to diverge markedly in recent months. This issue was the subject of a previous *Chart of the Week* earlier this year (see [here](#)). This week's chart takes a closer look at the drivers of the differing fortunes, using forecasts of real consumer spending from the Economist Intelligence Unit, as well as the latest flight schedules.
- The domestic **India** market has grown by over 23% year-on-year in 2016 so far. That's almost 3x the growth of consumer spending or GDP, well in excess of the usual elasticities. A big part of the additional traffic growth is because airlines are rapidly adding airport-pairs and frequencies. That cuts journey times for passengers and has the same effect as a large cut in fares. **China's** market is not growing as fast despite similar consumer spending growth (although it is more than seven times larger than India's in RPK terms). Chinese airlines are adding more airport-pairs which will stimulate travel but the big difference with India is that frequencies are not growing.
- Passenger markets in **Brazil** and **Russia** have been much weaker, mainly reflecting the deep and ongoing economic recessions that have hit both countries: real consumption in both cases is forecast to contract for the second consecutive year in 2016. Russia's network is scheduled to grow, albeit at the expense of average frequencies. But options for Brazilian travelers will be curtailed by fewer and less frequent air connections.
- Note that the next monthly *Air Passenger Market Analysis* report, with data from June 2016, will be released next week.

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