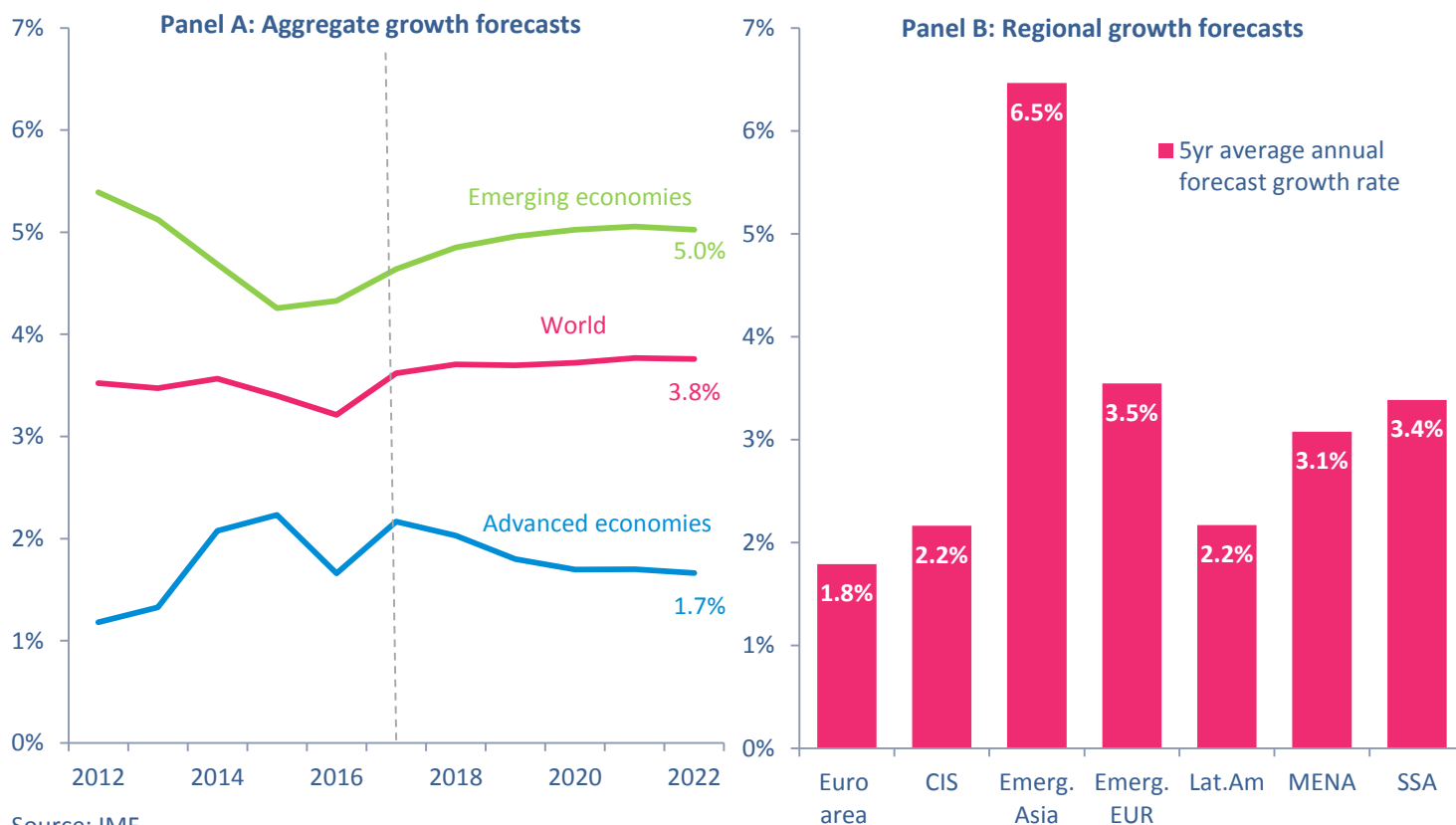




# IATA ECONOMICS' CHART OF THE WEEK

13 OCTOBER 2017

## CONFIDENCE GROWING THAT CYCLICAL UPTURN WILL CONTINUE



Source: IMF

- This week the IMF released its latest *World Economic Outlook*. Overall, the IMF suggests that the 'global upswing in economic activity is strengthening' and it forecasts global GDP growth of 3.7-3.8% per year over its 5-year horizon. The outlook for emerging markets is stronger than for the advanced economies (Panel A of today's chart), with growth lifting to 5% in the former, but easing slightly to 1.7% in the latter. In the near-term, broad-based upward revisions in the euro area, Japan, emerging Asia, emerging Europe and Russia more than offset downward revisions for the US and UK.
- At the regional level (Panel B on today's chart), the diverse outlook is clear. The emerging Asian economies standout, with growth forecast to average a very robust 6.5% per year over the next 5 years. The emerging economies of Europe, along with the nations in sub-Saharan Africa follow, with growth of around 3.5% per year. In contrast, the Eurozone countries are faced with more subdued GDP growth prospects of just 1.8% a year.
- The IMF cautions that while its baseline outlook is strengthening, growth remains weak in many countries, and a number of challenges remain. Although the short-term risks to the outlook are broadly balanced, the medium-term risks to growth are still tilted to the downside.
- So what does all this mean for air transport? The strong growth in RPKs over the past year or so has accompanied the improvement in the global economy over this period. And the favourable near-term economic outlook bodes well for the industry – indeed, as we have noted previously, with oil prices moving higher, economic activity will be an increasingly important driver of air transport demand going forward. The divergence in the regional economic growth outlook will also influence the evolution and changing pattern of air traffic demand over time. We could reasonably expect to see some of these trends reflected in our updated 20-year air passenger forecast, due for release in coming weeks.

Terms and Conditions for the use of this IATA Economics Report and its contents can be found here: [www.iata.org/economics-terms](http://www.iata.org/economics-terms)  
By using this IATA Economics Report and its contents in any manner, you agree that the IATA Economics Report Terms and Conditions apply to you and agree to abide by them. If you do not accept these Terms and Conditions, do not use this report.

**IATA Economics**  
[economics@iata.org](mailto:economics@iata.org)