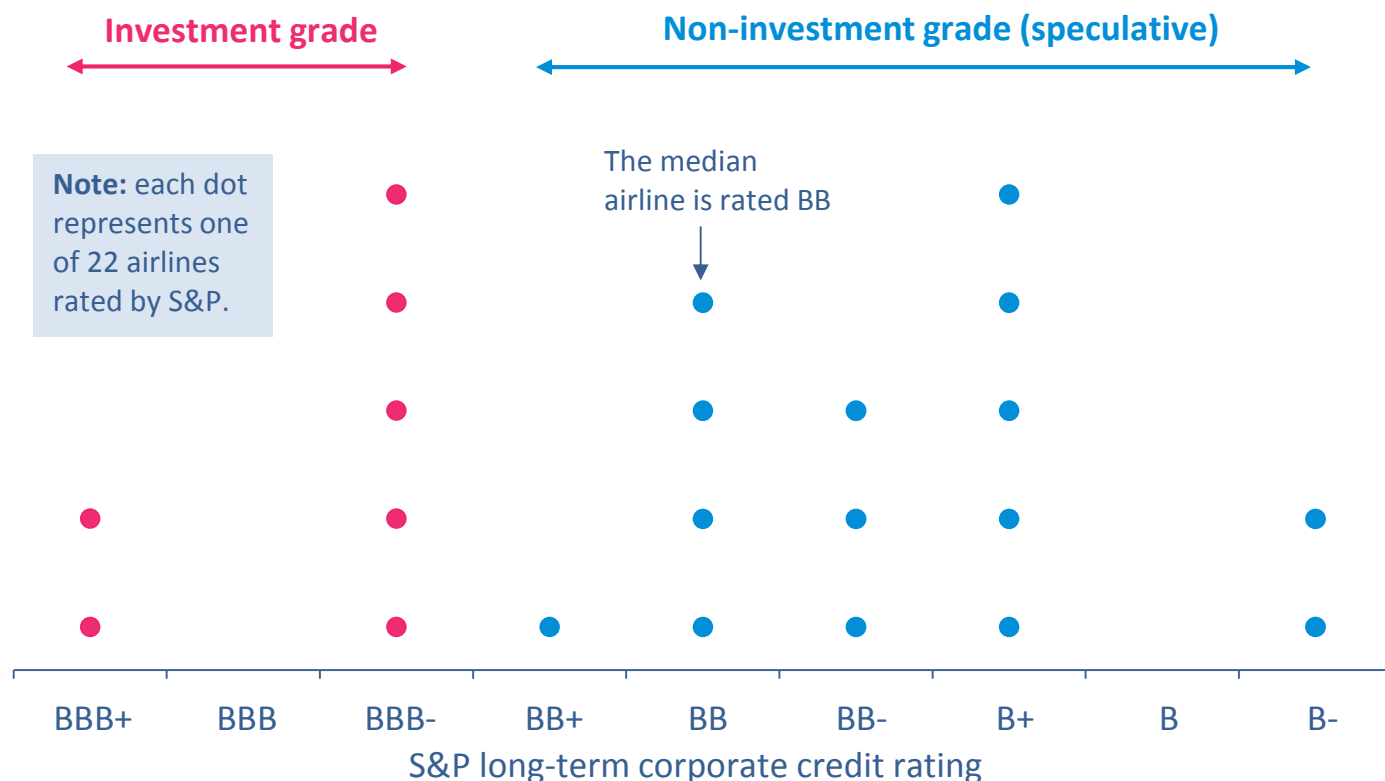




IATA ECONOMICS' CHART OF THE WEEK

20 NOVEMBER 2015

CREDIT (RATING) WHERE IT'S DUE...



Source: Airfinance Journal (November 2015)

- This week global ratings agency Standard and Poor's restored Qantas' investment grade credit rating status (at BBB-). The announcement coincided with Qantas' 95th anniversary celebrations – Happy Birthday Qantas!
- Qantas joins only six other airlines in the world currently with an investment grade rating from S&P – Air New Zealand, Lufthansa, Southwest Airlines, Alaska Airlines, Ryanair, and WestJet.
- Credit ratings are an opinion on the ability and willingness of a borrower to meet its financial obligations. An investment grade rating means that a company can borrow at a lower cost, since it is considered to be of lower credit or default risk than a company with a non-investment grade (or speculative) status.
- So why does this matter? Given future expected demand growth, and ongoing fleet renewal, airlines will need to raise lots of capital to finance aircraft deliveries in the future; [Boeing](#) and [Airbus](#) project a total of \$4.9-5.6 trillion worth of aircraft will be required over the next 20 years. Clearly, if airlines are going to be able to finance these at the best rates, we're going to need to see more carriers joining the investment grade 'club'.

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