

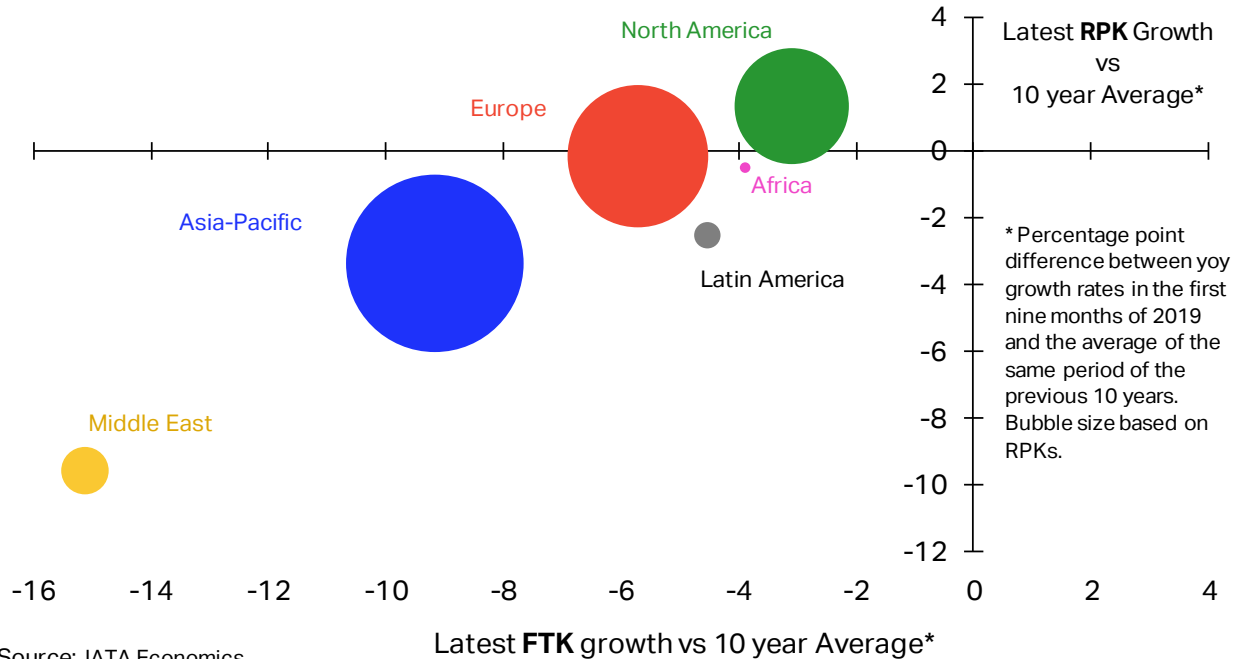


IATA Economics' Chart of the Week

08 November 2019

Demand weakness is clear in historical context as challenges mount

Latest Passenger and Freight Growth Rates vs Historical Average
(Jan- Sep period)



Source: IATA Economics

- While the general story of a broad-based slowing in air transport demand over 2019 is well known, this week's chart shows the extent of this slowdown at the regional level, compared with historical performance. Specifically, it compares the year-on-year growth rate over the first three quarters of the year with the average rate of growth over the same period in the past 10 years.
- On the air cargo side, industry-wide [freight volumes](#) fell by 3.5%yoy over the first three quarters of 2019. Unsurprisingly, given the decline in world trade volumes and slowing in overall economic activity, the performance was weaker in all regions compared to the historical average growth rate. The Middle East shows the largest underperformance compared with its 10-year average, as negative growth this year sits in stark contrast to a double-digit average rate. Africa is the only region with FTK expansion so far this year, but momentum is still weak compared to the past. The US-China trade dispute has affected both North America and Asia-Pacific, but the impact on the latter was more pronounced as the broader supply-chain throughout the region was adversely affected.
- Despite numerous headwinds, [passenger volumes](#) have held up relatively well, with RPKs increasing by 4.5%yoy over the first three quarters. At the regional level, only North America posted growth above its historical average, with the support of robust domestic economic activity. Growth in Europe was in line with the average despite economic slowdown, the collapse of a number of airlines and industrial action. The largest Asia-Pacific market underperformed its trend growth but the divergence was more benign on the passenger side than cargo, even with the recent disruptions in Hong Kong. Once again, the Middle East showed the largest underperformance of all regions, compared with its 10-year average.
- Looking forward, with the risks to the global outlook remaining tilted to the downside, there is a distinct chance that 2020 may deliver a consecutive year of below average outcomes at the regional level.

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