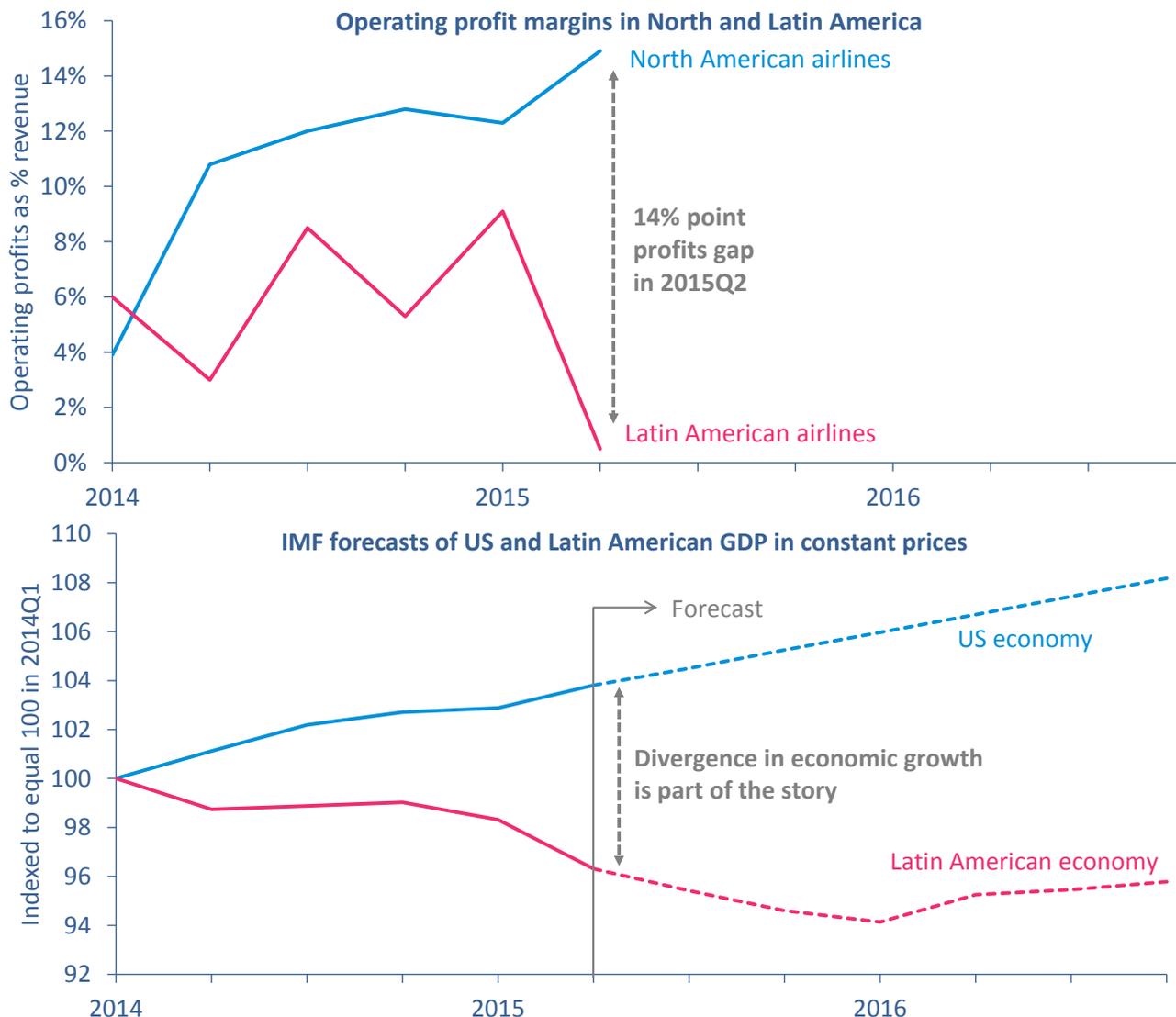




IATA ECONOMICS' CHART OF THE WEEK

9 OCTOBER 2015

DIVERGENT PERFORMANCE IN THE AMERICAS AND THE LATEST IMF ECONOMIC FORECASTS



Sources: IATA, Company Reports, The Airline Analyst, IMF

- Operating profit margins averaged over 14% for N American airlines in 2015Q2 but were barely positive in L America.
- This divergence is in part due to the success of restructuring in the US, but there has also been a stark divergence in economies too, with continued expansion in the US but recession in Brazil. Revenues have diverged as a result.
- Costs have also diverged as Latin American exchange rates have depreciated sharply against the US dollar, reflecting both relative economic performance but also concerns about policy. The latest IMF forecasts anticipate some stabilization – but not a reversal – of the economic performance divergence starting from the early part of next year.

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