

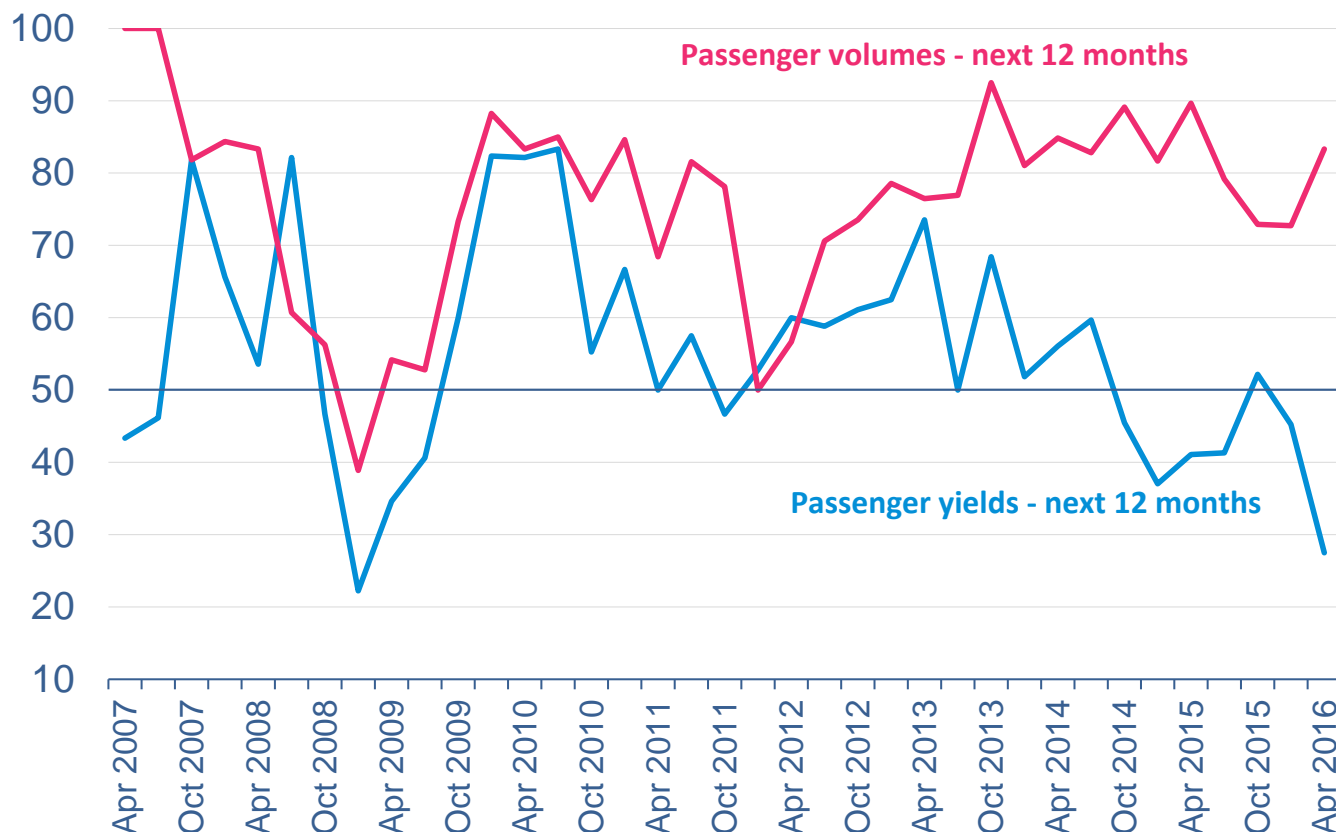


IATA ECONOMICS' CHART OF THE WEEK

29 APRIL 2016

DIVERGING VIEWS ON PASSENGER VOLUMES AND YIELDS

Business confidence survey results, weighted scores (50 = no change)



Source: IATA Airline Business Confidence Index

- The latest results of our regular quarterly survey of airline CFOs and heads of cargo are consistent with the good start of the year for the passenger market. The vast majority of respondents (71%) expect passenger demand to continue to improve over the next 12 months. With only 4.8% of respondents expecting demand conditions to deteriorate over the year ahead, the weighted score (the pink line on this week's chart) bounced back sharply in the April 2016 survey.
- That said, survey respondents' expectations of further gains in *profitability* over the year ahead have eased markedly in recent quarters. This partly relates to the fact that expectations of further reductions in input costs have diminished as oil prices have picked up from the lows seen in early 2016.
- But the weaker view on profitability also relates to strong downward pressure on yields from lower input costs and competition in the market. 55% of respondents expect yields to decline further over the year ahead, and the weighted score for passenger yields (the blue line) diverged significantly from its volume counterpart in April's survey.
- You can read the full analysis of the April 2016 business confidence survey [here](#).

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