

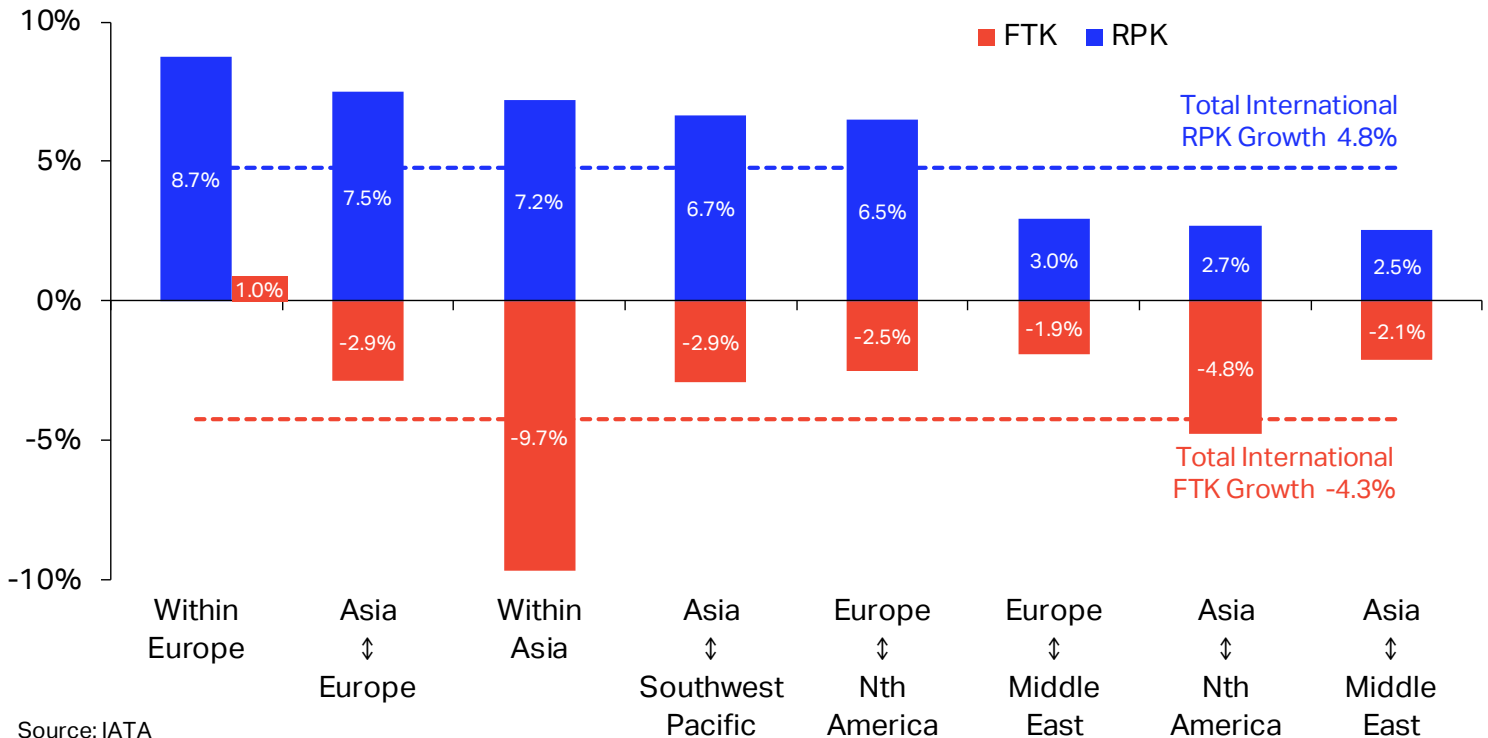


IATA Economics' Chart of the Week

30 August 2019

Diverse International Growth Performance Across Key Routes

International Air Passenger and Freight Growth
(1st Half 2019 vs 1st Half 2018)



Source: IATA

This week's chart delves into the detailed traffic data to show air transport market performance in the first of this year across the key global routes and business lines. The eight largest markets (depicted) account for more than 80% of total passenger volumes and 75% of total freight. As we have noted previously, there is a clear divergence between outcomes in the freight and passenger markets in all regions; this pattern is broadly matched across the key international routes.

Growth in global passenger traffic has slowed over the past year, but remained robust in the first half of 2019, a little below the long-run average rate, at 4.8%. Despite the weakness in economic growth amongst larger countries in the EU28, the Within Europe air passenger market posted the highest RPK growth rate among key routes in 1H19, thanks to stronger GDP growth in peripheral markets and price stimulation associated with LCC expansion. Demand in the Asia-Europe and Within Asia markets also performed strongly in the first six months of the year, recording growth above the industry-wide rate. The European market has likely benefitted from some substitution away from the US for Asian travelers, while the Within Asia market has also seen demand supported by lower air fares.

In contrast, air cargo traffic growth for the first half-year turned negative for the first time since the 2009 global crisis. The two weakest performers were Asia-North America and Within Asia, both of which highlight the detrimental impact of the US-China trade dispute and in the case of the latter through highly connected supply chains to China. Despite a weaker global trade backdrop, European air cargo markets remained relatively resilient, indeed Within Europe was the only main market to record positive year-on-year growth over the first half of the year.

Ahead of the release of the July region-level traffic data late next week, and in the face of escalated global trade tensions and augmented worries about global growth, we expect that the recent trends in air passenger and cargo performance are likely to be continued into 2H19.

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