

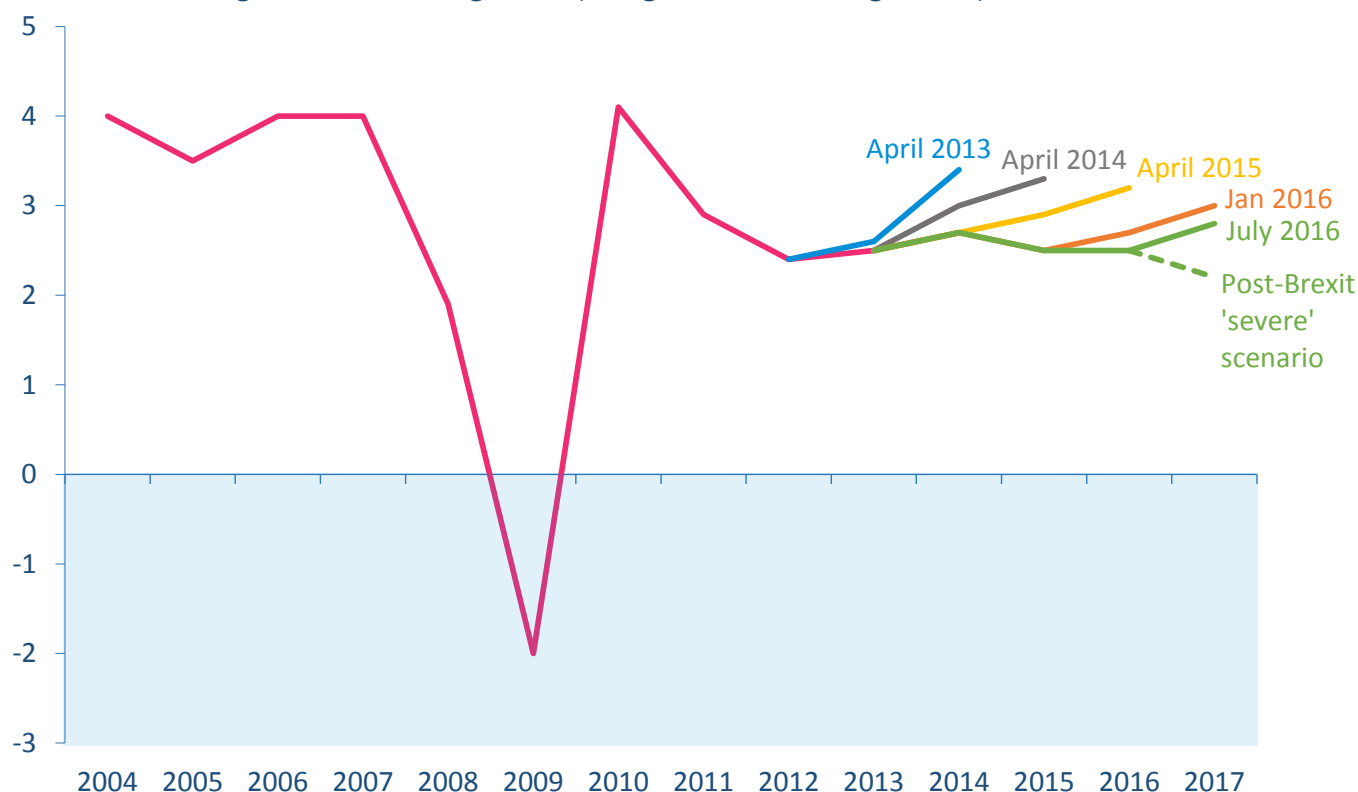


## IATA ECONOMICS' CHART OF THE WEEK

22 JULY 2016

### GLOBAL ECONOMIC GROWTH LOOKING MORE FRAGILE AFTER BREXIT

IMF forecasts of global economic growth (using market exchange rates)



Source: IMF World Economic Outlook

- This week the IMF released the July update to their *World Economic Outlook*. It didn't make for encouraging reading... Once more the IMF have cut their forecast for expected global economic growth a year ahead. They attribute this (modest) downward revision entirely to the effects of Brexit (see our own research note on Brexit [here](#)).
- This downward revision in global economic prospects by the IMF is the latest in successive downward revisions over the past three years. Every forecast anticipates a return to 3%+ GDP growth. Every time that expected improvement gets pushed further and further into the future. Moreover, the IMF also worry that the erosion of confidence resulting from Brexit and possible spillovers could cause a more 'severe' scenario where growth slows below the already low growth path on which the economy has been stuck ever since the post-Global Financial Crisis rebound in 2010.
- Both air travel and airline profitability have improved in recent years despite this low growth global economic backdrop. But some of that has been due to low fuel prices, which seem to have passed their low point. A more fragile global economic backdrop over the coming year will mean airlines will be even more focused on making structural improvements to lower breakeven load factors and boost capital productivity.

IATA Economics  
[economics@iata.org](mailto:economics@iata.org)

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